



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Nineteenth Congress
First Regular Session

HOUSE BILL NO. **5817**

Introduced by Representative Arnan C. Panaligan

EXPLANATORY NOTE

This bill seeks to provide to micro, small and medium enterprises (MSMEs) a financial lifeline in view of the debilitating effects to the viability of these enterprises of the prolonged Covid-19 pandemic and the subsequent economic crises that followed.

The micro, small and medium enterprises (MSMEs) play a vital role in national economic development and in fighting poverty. MSMEs provide income and livelihood opportunities to hundreds of thousands of Filipinos who make a living out of being entrepreneurs. MSMEs also provide employment to many Filipinos. They also have linkages to other sectors, whether in agriculture, industry or in services thereby contributing to the over-all vitality of the economy.

Data from the Philippine Statistics Authority (PSA) show that out of a total of 1,080,810 recorded business enterprises in the Philippines in 2021, a total of 1,076,279 are MSMEs. Thus, MSMEs represent 99.58% of all businesses in the country. Micro enterprises constitute 90.54% (978,612) of MSMEs, small enterprises represent 8.63% (93,230) and medium enterprises account for 0.41% (4,437). Together, these MSMEs generated a total of 5,461,731 jobs or 64.67% of total employment in the country. These figures validate the view that MSMEs constitute the backbone of the national economy. The vitality of MSMEs is translated to the overall dynamism of the Philippine economy. It can therefore be said that MSMEs are truly “Negosyo ng Pilipino.”

However, MSMEs have not been spared from the ravages of the economic crisis brought about by the lingering effects of the Covid-19 pandemic. Many MSMEs were forced to scale down or even shut down their businesses during the prolonged lock down. When the economy was just reopening, external factors such as the Russian-Ukraine War that affected supply chains, the astronomical increase in world oil prices and the resulting inflationary spiral hampered the recovery of many MSMEs. The perennial natural disasters that visit our country also impact on the operations of MSMEs.

In view of these factors, there is need to provide MSMEs with assistance in the form of accessible and affordable financing to enable them to resume and sustain their operations and recover from the debilitating effects of the pandemic lockdown and the economic hardships that followed. Considering that many MSMEs find it difficult to obtain financing from commercial banks and other financial institutions because of many documentary and collateral requirements, a number of them, especially the microenterprises, resort to loan sharks and the so-called “5-6” lenders that only add to their financial burden.

In view of this, approval of this Act is earnestly sought.



ARNAN C. PANALIGAN



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1 **AN ACT TO PROMOTE THE RECOVERY AND**
2 **REVITALIZATION OF MICRO, SMALL AND MEDIUM ENTERPRISES**
3 **(MSMEs) THROUGH THE PROVISION OF ACCESSIBLE AND**
4 **AFFORDABLE FINANCING BY ESTABLISHING THE PONDO SA PAG-**
5 **ASENSO NG PILIPINO, APPROPRIATING FUNDS THEREFOR AND**
6 **FOR OTHER PURPOSES**

7
8 Be it enacted by the Senate and the House of Representatives of the Philippines in
9 Congress assembled:

10
11 SECTION 1. Short title. – This Act shall be known as the “Pondo sa Pag-assenso ng
12 Pilipino Act.”

13
14 SECTION 2. Declaration of Policy. – The State recognizes the vital role of micro, small
15 and medium enterprises (MSMEs) in national economic development, particularly in promoting
16 income and livelihood opportunities, in generating jobs and in creating a self-reliant economy
17 with a vibrant agro-industrial and commercial base. To this end, the State shall endeavor to ensure
18 the recovery and development of MSMEs by promoting entrepreneurship, ensuring access of
19 MSMEs to financial and other forms of assistance to ensure their viable operations and by creating
20 a policy environment conducive to the development of MSMEs.

21
22 SECTION 3. Objectives. – The objectives of this Act are as follows:

- 23 a) To support the recovery of MSMEs from the effects of the Covid-19 pandemic
24 lockdown and ensure their viability;
- 25 b) To enable MSMEs to obtain affordable and accessible financing to support their
26 operations and provide a better alternative to the so-called “5-6” money lending system;

- 1 c) To promote the growth of entrepreneurship, particularly the MSME sector, as a tool for
2 national economic development and in poverty alleviation especially in the
3 countryside.
4

5 SECTION 4. Coverage. – This Act shall cover micro, small and medium enterprises
6 (MSMEs) as defined under Republic Act No. 6977, as amended, otherwise known as the “Magna
7 Carta for Micro, Small and Medium Enterprises (MSMEs).”
8

9 SECTION 5. Creation of the Pondo sa Pag-Asenso ng Pilipino Fund. – There is hereby
10 created the Pondo sa Pag-Asenso ng Pilipino Fund, hereinafter referred to as 3Ps Fund which shall
11 be made available for lending to qualified micro, small and medium enterprises (MSMEs) as
12 referred to in Section 4 hereof under such terms and conditions that will meet the objectives of
13 this Act. The Small Business Corporation, as the financing arm of the Department of Trade and
14 Industry, shall manage the fund and shall be the lead implementing agency for the 3Ps Fund.
15

16 SECTION 6. Access to the Fund. – The 3Ps Fund can be accessed by qualified MSMEs
17 through the accredited partner financial institutions (PFIs) such as rural banks, thrift banks,
18 development banks, cooperative banks with license to lend, non-stock savings and loan
19 associations, non-government microfinance organizations and lending institutions.
20

21 The Small Business Corporation, as manager of the fund and its lead implementing
22 agency, can make the fund accessible to qualified MSMEs either through direct lending or through
23 the accredited partner financial institutions. In order to facilitate access to the fund and its delivery
24 to qualified beneficiaries, the Small Business Corporation shall endeavor to utilize financial
25 technology enabled systems and processes in the implementation of the 3Ps program.
26

27 The Small Business Corporation shall accredit its partner financial institutions based on
28 such terms and conditions as may be provided in the Implementing Rules and Regulations of this
29 Act.
30

31 An amount not exceeding five percent (5%) of the total loans disbursed as 3Ps Fund can
32 be utilized by Small Business Corporation to cover the annual administrative and operating
33 expenses incurred by it in implementing the program.
34

35 SECTION 7. Features of the 3Ps Fund. – The 3Ps Fund shall have the following features:

- 36 a) The loanable amount for individual loans of MSMEs shall be determined and regularly
37 reviewed by the Micro, Small and Medium Enterprises Development (MSMED)
38 Council;
39 b) The allowable interest rate, which shall include service fee and other charges, shall not
40 exceed twelve percent (12%) per annum. The interest earnings shall accrue to the 3Ps
41 Fund;

- 1 c) No collateral shall be required as security for the availment of the loan not exceeding
2 Three Million Pesos (PhP 3,000,000.00);
3 d) The MSMED Council shall device the collection mechanism for payments of the loan
4 which can be on a daily, weekly or monthly basis depending on the income cycle of
5 the project. The loan conduit shall be responsible for the collection of the principal of
6 the loan and the interest thereto.
7

8 SECTION 8. Oversight function. – The MSMED Council shall monitor the utilization and
9 disbursement of the 3Ps Fund and shall submit to the President of the Philippines and to the
10 Congress, through the Congressional Oversight Committee on Micro, Small and Medium
11 Enterprises, an annual report on the status of the program implementation.
12

13 SECTION 9. Appropriations. – The initial amount for the implementation of this Act shall
14 be charged against the current year’s appropriation of the Small Business Corporation. Thereafter,
15 such amount necessary shall be included in the annual General Appropriations Act.
16

17 SECTION 10. Implementing Rules and Regulations. – Within sixty (60) days from the
18 approval of this Act, the Department of Trade and Industry shall formulate and promulgate the
19 implementing rules and regulations of this Act.
20

21 SECTION 11. Separability Clause. – If any part or section of this Act is declared
22 unconstitutional or invalid, the provisions not affected shall remain in force and effect.
23

24 SECTION 12. Repealing Clause. – Section 22 of Republic Act No. 8367 is hereby
25 repealed. All other laws, decrees, proclamations, issuances or ordinances that are violative of or
26 inconsistent with the provisions of this Act are hereby amended, repealed or modified accordingly.
27

28 SECTION 13. Effectivity. – This Act shall take effect fifteen (15) days after its
29 publication in the Official Gazette or in a newspaper of general circulation.
30

31 Approved,