

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila
NINETEENTH CONGRESS



Second Regular Session
HOUSE BILL NO. 10414

Introduced by Representative Ivan Howard A. Guintu

EXPLANATORY NOTE

Section 2 of Republic Act no. 9501 or the 'Magna Carta for Micro, Small, and Medium Enterprises' (MSMEs) states that the national government recognizes "that MSMEs have the potential for more employment generation and economic growth and therefore can help provide a self-sufficient industrial foundation for the country, it is hereby declared the policy of the State to promote, support, strengthen and encourage the growth and development of MSMEs in all productive sectors of the economy particularly rural/agri-based enterprises.."

According to the 2022 data of the Philippine Statistics Authority (PSA), MSMEs comprise 99.59% of all registered businesses in the Philippines, amounting to 1,109,684 business enterprises operating in the country. Of this, 90.49% or 1,004,195 are micro enterprises, 8.69% or 96,464 are small enterprises, and 0.40% or 4,484 are medium enterprises. However, a paper by Bautista and Manzano¹ (2021) reported that the number of exported products among micro establishments are negligible.

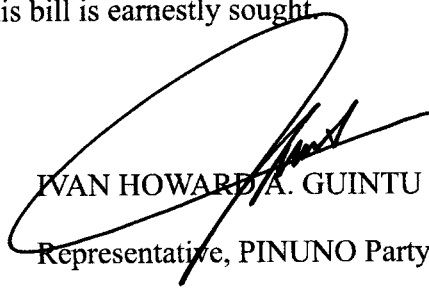
MSMEs are crucial to the growth of the Philippine economy. We recognize that they contribute to the reduction of poverty by generating employment for the nation's expanding labor force. Furthermore, they promote economic growth in rural areas, act as suppliers of support services to major corporations, and serve as start-up opportunities for emerging entrepreneurs.

The international market would expose our MSMEs to a bigger market. Exportation would entail a wider access to customers and buyers, therefore potentially increasing profits and greater potentials for growth. Moreover, having consumers with higher expectations and market competitors with higher product standards will push our MSMEs to improve the quality of their products.

¹ Bautista, M., & Manzano¹, G. (2021). Survival Analysis of Export Relationships of Philippine MSMEs. *Philippine Journal of Development*, 45(1). <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidspjd2018-1c.pdf>

This proposed measure aims to assist MSMEs who seek to apply for export clearances and permits for the exportation of their local products. This shall lessen the administrative costs that are incurred by MSMEs who seek to export their products, and thus, make the international market within their reach.

In view of the foregoing, the passage of this bill is earnestly sought.



IVAN HOWARD A. GUINTU

Representative, PINUNO Partylist

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AN ACT
AMENDING REPUBLIC ACT NO. 10644, OTHERWISE KNOWN AS THE “GO
NEGOSYO ACT” BY EMPOWERING MSMEs THROUGH THE ESTABLISHMENT
OF THE EXPORTATION-ASSISTANCE FUND

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

SEC. 1. Section 4 of Republic Act (RA) No. 10644, otherwise known as the “Go Negosyo Act” is hereby amended to read as follows:

SEC 4. *Functions of the Negosyo Centers.* – Negosyo Centers shall have the following functions:

(a) Promote ease of doing business and access to services for MSMEs within its jurisdiction;

XXX.

(n) Facilitate access to grants and other forms of financial assistance, shared service facilities and equipment, and other support for MSMEs;

(O) EMPOWER MSMEs THROUGH THE PROVISION OF SUBSIDIES FOR START-UPS, AND EXPORT CLEARANCES AND PERMITS FOR PURPOSES THAT SHALL ALLOW THEM TO EXPORT THEIR PRODUCTS;

[(o)] **(P)** Ensure management guidance, assistance and improvement of the working conditions of MSMEs;

[(p)] **(Q)** Establish a databank which shall be a source of all information necessary for project monitoring, research and policy studies and informal dissemination campaigns;

[(q)] **(R)** Map out all information and services essential to prospective entrepreneurs and prospective investors especially in key value chains and economic subsectors within its jurisdiction;

[(r)] **(S)** Establish a feedback mechanism among the MSMEs in the respective jurisdiction of Negosyo Centers: and

[(s)] **(T)** Conduct other programs or projects for entrepreneurial development in the country aligned with the MSMEs development plan.

SEC 2. Section 7 of RA 10644 is hereby amended and shall read as follows:

SEC. 7. [*Start-up Funds for MSMEs.*] **SUBSIDIES FOR MSMEs.** – Aside from the existing benefits for MSMEs, the MSMED Council, through the DTI, the Department of Finance (DOF) and the appropriate financing institutions, shall establish a Start-up Fund for MSMEs to be sourced from the MSME Development Fund and BMBE Fund to provide financing for the development and promotion of MSMEs in priority sectors of the economy as specified in the MSMED Plan.

FURTHERMORE, THE MSMED COUNCIL, THROUGH THE DTI, DOF, AND THE APPROPRIATE FINANCING INSTITUTIONS, SHALL ESTABLISH AN EXPORTATION-ASSISTANCE FUND WHICH SHALL BE PROVIDED TO MSMEs WHO SEEK TO APPLY FOR EXPORT CLEARANCES AND PERMITS. THIS SHALL ALSO BE SOURCED FROM THE MSME DEVELOPMENT FUND AND BMBE FUND, PROVIDED, THAT THE ELIGIBILITY CRITERIA FOR GOVERNMENT ASSISTANCE PROVIDED IN SECTION 4 OF REPUBLIC ACT NO. 9501, OTHERWISE KNOWN AS THE ‘MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs)’ SHALL BE OBSERVED.