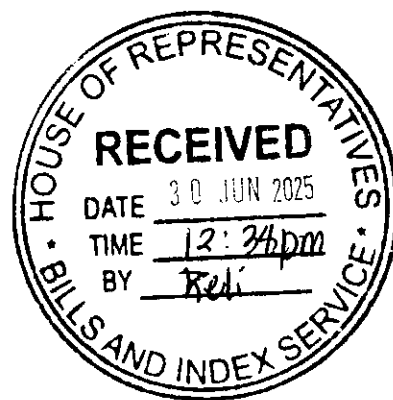




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session



House Bill No. 179

Introduced by Representative MARLESA “DOC MARLY” HOFER-HASIM

EXPLANATORY NOTE

Micro and small enterprises (MSEs) serve as the backbone of the Philippine economy, contributing significantly to employment generation, regional development, and poverty reduction.

The Department of Trade and Industry reports that MSMEs generated a total of 6,351,466 jobs, accounting for 66.97% of total employment in the country. However, despite their economic importance, MSEs continue to face serious challenges, particularly in accessing affordable and sustainable financing. This lack of access often pushes micro entrepreneurs to rely on informal lenders, such as the notorious “5-6” lending system, which imposes usurious interest rates and traps borrowers in cycles of debt.

In recognition of this problem, this bill seeks to institutionalize the Pondo sa Pagbabago at Pag-asenso (P3) Program, which has been implemented on a pilot basis by the government since 2017. The proposed “P3 Act” aims to establish a stable and inclusive financing mechanism that will provide micro and small enterprises with an accessible, affordable, and simple alternative to informal lending systems.

By institutionalizing the P3 Program, this proposed legislation will not only strengthen the financial ecosystem for MSEs, but also help drive economic resilience, reduce dependency on informal lenders, and build a more inclusive entrepreneurial environment in the Philippines.

This legislation was approved by the House of Representatives on third and final reading last 19th Congress.

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

MARLESA “DOC MARLY” HOFER-HASIM
Representative, 2nd District of Zamboanga Sibugay



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. **179**

Introduced by Representative MARLESA “DOC MARLY” HOFER-HASIM

AN ACT

**PROMOTING ENTREPRENEURSHIP BY ESTABLISHING A SUSTAINABLE FINANCING
PROGRAM FOR MICRO AND SMALL ENTERPRISES THROUGH THE PONDO SA
PAGBABAGO AT PAG-ASENSO PROGRAM, AND APPROPRIATING FUNDS THEREFOR**

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

1
SECTION 1. *Short Title.* – This Act shall be known *as the “Pondo sa Pagbabago at Pag-assenso Act” or the “P3 Act”.*

2
3 **SEC. 2. *Declaration of Policy.*** – It is the declared policy of the State to foster national development,
4 promote inclusive growth, and reduce poverty by promoting the growth of micro and small enterprises
5 (MSEs) that facilitate local job creation, production and trade in the country.
6

7 Towards this end, the State shall develop policies, plans and programs, and initiate means to
8 encourage entrepreneurial activities, and to ease the constraints and challenges to MSEs, particularly on
9 access to financing.
10

11 **SEC. 3. *Objectives.*** – The objectives of this Act are:

12 a. To provide an affordable, accessible, and simple financing program for the country’s MSEs,
13 especially those in the poorest populations and underserved areas;

14 b. To provide a better alternative to informal lenders or the so-called “5-6” money lending system
15 availed of by micro enterprises;

16 c. To bring down the interest rate at which financial services is made available to MSEs;

17 d. To boost the development of entrepreneurship and the micro, small and medium enterprise
18 (MSME) sector, particularly the MSEs; and
19

20 **SEC. 4. *Creation of the Pondo sa Pagbabago at Pag-assenso (P3) Fund.*** – There is hereby created
21 the Pondo sa Pagbabago at Pag-assenso Fund, hereinafter referred to as the “P3 Fund”, which shall be lent
22 out to qualified MSEs under such terms and conditions that will meet the purposes of this Act.

1
2 The beneficiaries of the P3 Fund shall be the micro and small enterprises, as defined under
3 Republic Act No. 6977, as amended, otherwise known as the “Magna Carta for Micro, Small and Medium
4 Enterprises (MSMEs)”.

5
6 The fund shall be accessible through the Small Business Corporation (SB Corp.) and through
7 accredited partner financial institutions (PFIs) such as rural banks, thrift banks, development banks,
8 cooperative banks, cooperatives, non-stock savings and loan associations, microfinance non-government
9 organizations, or lending companies.

10
11 For efficient implementation and operation, cooperatives except cooperative banks and insurance
12 cooperatives shall be under the sole supervision and examination of the Cooperative Development
13 Authority (CDA); all other financial entities, corporations and financial intermediaries, such as non-
14 government organizations, financing companies, non-stock savings and loan associations, microfinance
15 non-government organizations, and lending investors shall be under the Securities and Exchange
16 Commission (SEC); banks shall be under the Bangko Sentral ng Pilipinas (BSP); and insurance
17 companies shall be under the Insurance Commission (IC).

18
19 Cooperative banks shall be under the supervision and examination of the CDA and BSP; while
20 insurance cooperatives shall be under the supervision and examination of the CDA and Insurance
21 Commission (IC).

22
23 **SEC. 5. Lead Implementing Agency.** – The SB Corp., the financing arm of the Department of
24 Trade and Industry (DTI), shall be the lead implementing agency for the P3 Fund. The SB Corp. shall
25 handle the fund delivery to MSEs through the following modes:

- 26 a. Direct lending for forty percent (40%) of the P3 Fund; and
27 b. Lending through accredited PFIs for sixty percent (60%) of the P3 Fund.

28
29 The SB Corp. shall prioritize lending to underserved and unserved areas and MSE segments of the
30 country, subject to the review and approval of the Micro, Small and Medium Enterprise Development
31 (MSMED) Council.

32
33 With the goal to achieve greater outreach to all provinces and barangays of the country, financial
34 technology-enabled systems and processes can be utilized in the implementation of the P3 program.

35
36 An amount sourced from the accumulated P3 Fund of not more than five percent (5%) of the total
37 loans disbursed for the period can be used by the SB Corp. to support its annual administrative and
38 operating expenses for the P3 Fund, inclusive of the cost of regular plantilla personnel, up to the extent
39 of their involvement in developing and managing the P3 loan portfolios.

40
41 **SEC. 6. Features of the P3 Fund.** – The P3 Fund shall have the following features:

- 42 a. The loanable amount for individual loans shall be set and regularly reviewed by the MSMED
43 Council;

1 b. The effective interest rate to be imposed on the loan availed of by the P3 Fund beneficiaries
2 shall not exceed one percent (1%) per month for direct lending, and shall not exceed two and a half
3 percent (2.5%) per month for lending through accredited PFIs;

4 c. The interest earnings shall accrue to the P3 Fund;

5 d. There shall be no collateral requirement from the P3 Fund loan beneficiaries; and

6 e. The lenders shall have a collection mechanism, whereby payments are made on a daily, weekly,
7 or monthly basis, or depending on the livelihood project income cycle. It shall be the duty of the lender
8 to collect the loan principal and the interest payments from the borrower.

9
10 **SEC. 7. Policy Oversight Function.** – The MSMED Council shall monitor the utilization and
11 disbursements of the P3 Fund. It shall submit to the President of the Philippines and to Congress, through
12 the Congressional Oversight Committee on Micro, Small and Medium Enterprise Development (COC-
13 MSMED), a quarterly report on the status of the P3 Fund

14
15 **SEC. 8. Appropriations.** – The initial amount for the implementation of this Act shall be charged
16 against the current year's appropriations of the SB Corp. Thereafter, such amount necessary shall be
17 included in the annual General Appropriations Act.

18
19 **SEC. 9. Implementing Rules and Regulations.** – Within sixty (60) days from the approval of
20 this Act, the DTI, in consultation with the stakeholders concerned, shall formulate and promulgate the
21 necessary rules and regulations to implement the provisions of this Act.

22
23 **SEC. 10. Separability Clause.** – If any part or section of this Act is declared unconstitutional,
24 such declaration shall not affect in any manner other parts or sections hereof.

25
26 **SEC. 11. Repealing Clause.** – Section 22 of Republic Act No. 8367, otherwise known as the
27 “Revised Non-Stock Savings and Loan Association Act of 1997” is hereby repealed.

28
29 All laws, decrees, proclamations, issuances, or ordinances that are contrary to or inconsistent
30 with the provisions of this Act are hereby amended, repealed or modified accordingly.

31
32 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the
33 Official Gazette or in a newspaper of general circulation.

34
35 *Approved,*