

TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES
House Bill No. 2474

Introduced by Hon. Antonio B. Legarda, Jr.

AN ACT
TO PROMOTE AND ADVANCE SUSTAINABLE LIVELIHOOD AND
ENTREPRENEURSHIP BY INTEGRATING, ENHANCING, AND
INSTITUTIONALIZING FINANCING AND OTHER PROGRAMS FOR
LIVELIHOOD SUPPORT FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(MSMEs), APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES

EXPLANATORY NOTE

Despite decades of economic progress, poverty in the Philippines remains deeply entrenched. A key driver is the lack of equitable access to human capital, enterprise support, infrastructure, institutions, and knowledge among poor households. Many are forced to begin livelihoods or small businesses with minimal capital—often relying on high-interest informal loans—only to be caught in a recurring cycle of poverty.

With an average monthly income of just ₱12,523, a typical poor Filipino household must stretch its limited resources to start even the most modest venture, such as a ₱5,000 sari-sari store.¹ The broader structural challenge is inequality: the top 1% of the population accounts for 17% of national income, while the bottom 50% receives only 14%, with a Gini index hovering around 40.²

¹ Retrieved June 26, 2025, from: PSA (2023) <https://rss02.psa.gov.ph/system/files/attachment-dir/2025R0215-SR004%202023%20Full%20Year%20Poverty%20Statistics.pdf>

² Retrieved June 26, 2025, from: World Bank (2022). <https://www.worldbank.org/en/news/press-release/2022/11/24/ph-reducing-inequality-key-to-becoming-a-middle-class-society-free-of-poverty#:~:text=Yet%20inequality%20remains%20high:%20the%20income%20inequality%20in%20East%20Asia>

In this context, Micro, Small, and Medium Enterprises (MSMEs) offer critical opportunities. Representing 99.5% of all business establishments³ and employing 63% of the national workforce, MSMEs have historically contributed up to 40% of the country's GDP.⁴ Globally, MSMEs comprise over 90% of businesses, contribute about 70% of employment, and 50% of GDP. As such, they are not just engines of economic growth but potential levers for inclusive and green recovery.⁵

Yet despite their importance, MSMEs in the Philippines remain underserved. They face persistent barriers – low demand, limited capital, weak logistics and supply chains, and poor market access. MSMEs are also highly vulnerable to external shocks. The COVID-19 pandemic exposed these fragilities: many MSMEs were forced to shut down, especially those led by women, youth, indigenous peoples, and migrants. According to global surveys, women-led MSMEs were 27% more likely not to survive the pandemic, underscoring intersectional vulnerabilities.⁶

The threat of climate change, biodiversity loss, and environmental degradation further compounds the risks. These crises are expected to have lasting impacts on health, employment, and livelihoods, disproportionately affecting the poor and the informal sector.

The Philippine government's commitment to reducing poverty, as aligned with the Sustainable Development Goals (SDGs), recognizes that solutions go beyond raising incomes. They must build people's capacity for self-reliance and resilience. In this regard, entrepreneurship is a vital tool—a proven strategy to generate income, create jobs, and foster sustainable development.

However, existing laws and programs are fragmented, underfunded, or misaligned with the lived realities of MSMEs and marginalized entrepreneurs. Many lack access to government support, such as financing, tax incentives, training,

³ Retrieved June 26, 2025, from: DTL. <https://www.dti.gov.ph/resources/msme-statistics/>

⁴ Retrieved June 26, 2025, from: MSME Sector is Key to COVID Inclusive Recovery for the Philippines. <https://www.ph.undp.org/content/philippines/en/home/presscenter/pressreleases/202-/msme-sector-is-key-to-covid-19-inclusive-recovery-for-ph.html>

⁵ Retrieved June 26, 2025, from: Asian Development Bank Institute (2021) COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises Under the Lockdown: Evidence from A Rapid Survey in the Philippines. <https://www.adb.org/sites/default/files/publication/677321/adbi-wpl216.pdf>

⁶ Retrieved June 26, 2025, from: MSMEs: Key to an inclusive and sustainable recovery: <https://www.un.org/en/observances/micro-small-medium-businesses-day>

logistics, or markets. Crucially, they are also excluded from climate adaptation support and just transition programs.

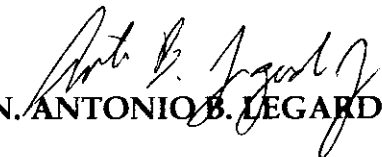
This bill responds to that gap. It aims to integrate and enhance financing and livelihood support mechanisms for MSMEs and underprivileged entrepreneurs. Its objective is not only to improve access to funding, but also to provide support for capacity-building, market linkages, supply chain resilience, and climate adaptation.

Key features of the bill include:

1. Mandatory 10% loan allocation by banks for MSMEs;
2. Creation of a Pangkabuhayan Fund, with at least 70% earmarked for direct beneficiaries;
3. Priority access for vulnerable groups, using transparent and equitable selection mechanisms;
4. Establishment of a Regulatory Sandbox to test innovative and inclusive business models;
5. Annual impact assessments to ensure policy effectiveness and accountability.

By passing this measure, the government affirms that empowering MSMEs and marginalized entrepreneurs is essential to building a more inclusive, equitable, and sustainable Philippine economy.

In line with the policy espoused by its original proponent, Senator Loren Legarda, this bill is being introduced as a counterpart measure. In view of the foregoing, the immediate passage of this measure is earnestly sought.


HON. ANTONIO B. LEGARDA JR.

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(MSMEs), APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES

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

Section. 1. *Short Title.* – This Act shall be known as the “Pangkabuhayan Act.”

Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State that the
diffusion and more equitable distribution of opportunities, income, and wealth shall
be the goals of the national economic development programs; and expanding
productivity, coupled with a sustained increase in the number of goods and services
produced for the direct benefit of the people is the key to empowerment, poverty
reduction, and enhancement of the quality of life for all, especially the
underprivileged. Consistent with the aforestated policy, the State shall:

(a) Promote, strengthen, and encourage sustainable livelihoods,
entrepreneurship, and the growth and development of MSMEs in all
productive sectors of the economy, particularly rural, agri-based
enterprises, research and development, invention, innovation, cultural and
creative industries, and other careers that contribute to environmental and
cultural preservation;

(b) Harmonize and strengthen the implementation of existing MSME laws,

1 social legislation, and livelihood and poverty alleviation programs to
2 promote sustainable production, develop skills and capabilities, expand
3 access to financial services and resource support, improve information flow
4 and market access, foster value chain participation, and create greater
5 opportunities for economic empowerment and increased incomes;

6 (c) Adopt livelihood, entrepreneurial, and/or MSME development and
7 support that is holistic, comprehensive, integrated, people-centered,
8 responsive, and participatory, in lessening the socioeconomic and
9 environmental impacts of disasters including epidemics and climate
10 change, and promoting the involvement and participation of all sectors and
11 all stakeholders concerned, at all levels, especially the local community;

12 (d) Institutionalize the policies, structures, coordination mechanisms, and
13 programs with continuing budget appropriation from national down to
14 local levels towards building economic empowerment and improved
15 incomes;

16 (e) Simplify and minimize procedural rules and documentary requirements in
17 the act of registration, availing of financing, or accessing government
18 services;

19 (f) Complement and supplement financing programs to remove stringent and
20 burdensome collateral requirements;

21 (g) Engage the participation of the beneficiaries, especially the poor and
22 vulnerable, in the design, development, and implementation of sustainable
23 livelihood policies or programs;

24 (h) Engage the participation of civil society organizations (CSOs) and the
25 private sector in the government's livelihood development and support for
26 MSMEs programs towards complementation of resources and effective
27 delivery of services to the citizenry; and

28 (i) Assure a balanced and sustainable development through the establishment
29 of a feedback and evaluation mechanism that will monitor socio-economic
30 contributions as well as bottlenecks and environmental effects.

31 Sec. 3. *Scope.* – This Act provides for the development of policies and plans and
32 the implementation of actions and measures pertaining to all aspects of sustainable

livelihood development and support and the growth and development of MSMEs.

Sec. 4. *The Pangkabuhayan Council.* - The Pangkabuhayan Council is hereby established to develop the country's sustainable livelihood and entrepreneurship goals, priorities, and long-term national strategy. The Council shall mainstream principles that are integrated, people-centered, participatory, responsive, and sustainable in the development, implementation, and assessment of sustainable livelihood and entrepreneurial programs and strategies.

Sec. 5. *Composition of the Pangkabuhayan Council.* - The Council shall be composed of the following members:

- (a) President of the Philippines as the Chairperson;
- (b) Secretary of the Department of Trade and Industry (DTI) as the Vice-Chairperson;
- (c) Secretary of the Department of Economy, Planning, and Development (DEPDev);
- (d) Secretary of the Department of Agriculture (DA);
- (e) Secretary of the Department of Environment and Natural Resources (DENR);
- (f) Secretary of the Department of Labor and Employment (DOLE);
- (g) Secretary of the Department of Tourism (DOT);
- (h) Secretary of the Department of Social Welfare and Development (DSWD);
- (i) Secretary of the Department of Science and Technology (DOST);
- (j) Chairperson of the Commission on Higher Education (CHED);
- (k) Secretary of the Department of Budget and Management (DBM);
- (l) Secretary of the Department of Education (DepEd);
- (m) Secretary of the Department of Interior and Local Government (DILG);
- (n) Director-General of the Intellectual Property Office of the Philippines (IPOPHIL); and
- (o) Seven (7) Executive Members are to be appointed by the President.

The Executive Members shall be appointed from the ranks of business, entrepreneurs, academe, and the scientific community, at least one (1) of whom shall be a woman. There shall be at least one (1) representative from the MSME sector. Those to be appointed from the academe and the scientific community shall have at

1 least seven (7) years of experience in the field of science and technology, research and
2 development, or innovation.

3 The President may designate the Executive Secretary to attend on his behalf
4 and preside over the meetings of the Pangkabuhayan Council. The Department
5 Secretaries and other members may not designate alternate representatives other than
6 their respective undersecretaries to the meetings.

7 The majority of the members shall constitute a quorum.

8 The DTI shall designate one of its existing units as the lead Secretariat for the
9 Pangkabuhayan Council. The DTI Secretary may establish a dedicated unit or
10 designate an inter-staff team to support the Council's coordination, monitoring, and
11 programmatic functions. Subject to a review of workload, implementation
12 performance, and budgetary availability, the DTI may propose to the DBM the
13 creation of a dedicated Livelihood and Entrepreneurship Policy Office within DTI to
14 serve as the permanent Secretariat for the Pangkabuhayan Council with
15 corresponding plantilla positions and budget.

16 Sec. 6. *Powers and Functions.* - The Pangkabuhayan Council shall have the
17 following powers and functions:

- 18 1. The Council shall act as the primary coordinating and supervising body for
19 all national government agencies and instrumentalities involved in the
20 design, implementation, evaluation, and enhancement of programs that
21 promote sustainable livelihood and inclusive entrepreneurship. The
22 Council shall ensure the integration, harmonization, and alignment of these
23 programs with the national strategy for poverty reduction, economic
24 empowerment, and innovation-led enterprise development.
- 25 2. At all times, the Council shall safeguard the integrity and targeting of
26 support by ensuring that interventions provided to beneficiaries are aligned
27 with their actual needs, qualifications, and development potential.
28 Beneficiaries shall be guided to access the most suitable forms of assistance,
29 whether financial, non-financial, or a combination thereof, based on
30 transparent assessments, not on personal preference or perceived
31 entitlement to multiple benefits. To this end, Sustainable Livelihood and
32 Entrepreneurial Development (SLED) Centers under Section 7 of this Act

1 shall serve as the primary local facilitation hubs, providing accessible, user-
2 friendly, and needs-responsive guidance to ensure that beneficiaries are
3 matched with appropriate programs efficiently and with minimal burden.
4 The system shall be designed to simplify procedures, reduce transaction
5 costs, and promote informed decision-making among applicants and
6 program implementers alike.

7 3. The Council shall coordinate the implementation and policy alignment of
8 the following programs and initiatives, among others:

- 9 a. DTI's Negosyo Center Program, which is responsible for promoting
10 ease of doing business and facilitating access to services for MSMEs;
- 11 b. DSWD's Sustainable Livelihood Program (SLP), which is a
12 community-based program that provides income-generating
13 activities to low-income households;
- 14 c. DOLE's Tulong Panghanapbuhay sa Ating
15 Disadvantaged/Displaced Workers (TUPAD) or Cash for Work
16 Program, a community-based package assistance that provides
17 emergency employment for displaced workers, underemployed, and
18 seasonal workers;
- 19 d. DOLE'S Integrated Livelihood Program-Kabuhayan, which
20 provides assistance through grants to individuals and groups that
21 can be used to start a livelihood project, expand or upgrade an
22 existing project, restore or re-establish existing livelihood projects
23 destroyed due to natural and human-made disasters, or transform
24 existing livelihood assistance to community/group enterprises.
- 25 e. DOST's Small Enterprises Technology Upgrading Program (SETUP),
26 a nationwide strategy that aims to encourage and assist SMEs to
27 adopt technological innovations to improve their operations and
28 thus boost their productivity and competitiveness;
- 29 f. DTI and the Technical Education and Skills Development
30 Authority's (TESDA) Barangay Kabuhayan, a national program that
31 ensures that all livelihood and skills training centers offered by the
32 National Government are properly implemented at the municipal

level.

- g. DEPED, DOST, and DTI's implementation of the Philippine Innovation Act, a law that seeks to guide the country's innovation goals and is expected to make the policy environment in the country conducive to more science, technology, and innovation efforts;
- h. DTI's Shared Service Facilities (SSF) Project, a flagship program of the DTI aimed at improving the productivity and efficiency of small enterprises through access to better technology; and,
- i. Other existing or future programs that advance the objectives of this Act.

4. The Council shall coordinate with local government units (LGUs), the DILG, and relevant private sector organizations or industry associations to monitor the progress and development of MSMEs and individual beneficiaries at the local level. This coordination shall ensure that the implementation of programs under this Act is responsive to local conditions, aligned with national priorities, and supported by multi-stakeholder engagement. For this purpose, the Council shall work in close coordination with the SLED Centers established under Section 7 of this Act, which shall serve as the local convergence hubs for program implementation, beneficiary support, and feedback mechanisms.
5. The Council shall monitor and evaluate the implementation of programs and projects under this Act. It shall establish a results-based M&E framework with clearly defined performance indicators, reporting timelines, and mechanisms for tracking beneficiary outcomes, fund utilization, and institutional performance.
6. The Council shall conduct periodic impact evaluations to assess the relevance, effectiveness, efficiency, and sustainability of the programs supported under this Act. These evaluations shall examine social, economic, and environmental outcomes, and shall include equity analysis across priority sectors such as women, youth, indigenous peoples, and persons with disabilities. This shall include efforts to simplify rules and regulations, as well as a review of the applicability and relevance of procedural and

documentary requirements in the registration, financing, and other activities relevant to MSMEs and individual beneficiaries.

7. The Council shall submit to Congress an annual report assessing the effectiveness and implementation of the programs under this Act. The report shall include key findings and recommendations based on the Council's monitoring and evaluation activities. At a minimum, it shall contain the following:

- a. Status of fund utilization and disbursement;
- b. Performance metrics, including job creation, enterprise survival rates, and distribution of support across sectors and priority groups;
- c. Analysis of implementation challenges, bottlenecks, and program outcomes; and
- d. Proposed policy, administrative, or legislative reforms to improve program efficiency and impact.

All monitoring and evaluation reports, impact evaluation findings, and other related studies, including those funded wholly or partially through the Pangkabuhayan Fund, shall be submitted to Congress through the Congressional Oversight Committee on Sustainable Livelihood and Entrepreneurship Development (COC-SLED) as referred to under Section 11 for transparency, learning, and policy refinement.

8. The Council shall promulgate guidelines, programs, and operating principles as may be deemed proper and necessary in the light of government policies and objectives of this Act.

9. The Council shall publish Compliance Guidelines, streamlining and simplifying the rules and regulations on procedural and documentary requirements for registration, financing, and other activities relevant to the implementation of the specified programs. The Compliance Guideline shall be written in plain language or the applicable local dialect. The publication of each Compliance Guideline shall include the posting of the guide in a conspicuous location on the website of the concerned agencies, and distribution of the guide to known industry contacts, such as small entities, associations, or industry leaders affected by the rule. The Council shall

1 publish and disseminate the Compliance Guideline within ninety (90) days
2 from the date of issuance.

3 10. The Council shall develop and adopt transparent, performance-based
4 eligibility criteria. The eligibility framework shall be reviewed and revised
5 as may be necessary based on emerging needs, data, and policy directions.
6 Provided, however, that the framework shall, at the minimum, include the
7 following priority sectors and enterprise profiles:

- 8 a. women-led, youth-led, indigenous peoples, and PWD-led
9 enterprises;
- 10 b. the poorest households and displaced or informal workers seeking
11 to start or grow entrepreneurial activities; and
- 12 c. environmentally sustainable, community-based, or innovation-
13 driven business models.

14 11. To support innovation and risk-taking, the Council may endorse the use of
15 regulatory sandboxes, pilot-testing mechanisms, or innovation challenge
16 grants to test inclusive business models in coordination with relevant
17 agencies and regulators.

18 12. The Council shall conduct research to support women's entrepreneurship
19 including entrepreneurial behavior, barriers, participation and cessation
20 rates, discriminatory practices, and contribution to the national economy
21 and growth. The Council shall provide policy direction towards recognizing
22 women's propensity and talent in entrepreneurship as well as establish
23 linkages that will enable more opportunities for women to engage in
24 entrepreneurship.

25 13. The Council shall develop, in coordination with the DepEd, TESDA, and
26 Commission on Higher Education, a course curriculum or training program
27 in entrepreneurship that will promote entrepreneurial culture and
28 competence. Entrepreneurship shall be integrated into the curriculum of
29 educational and training institutions at all levels.

30 *Sec. 7. Establishment of a Sustainable Livelihood and Entrepreneurial Development*
31 *Centers.* – There shall be established in every rural municipality a Sustainable
32 Livelihood and Entrepreneurial Development Center (SLED) in accordance with a

1 national program framework to be developed by the DTI, through the Bureau of
2 MSME Development (BMSMED), in consultation with the Pangkabuhayan Council.
3 The framework shall consider the socio-economic profile, literacy, employment
4 conditions, health status, market opportunities, local support systems, and availability
5 of skills training activities in each community. Priority shall be given to the most
6 economically depressed areas with the highest percentage of disadvantaged and
7 marginalized citizens.

8 Within one (1) year from the effectivity of this Act, at least one (1) pilot SLED
9 shall be established in each region of the country, including the Bangsamoro
10 Autonomous Region in Muslim Mindanao and the Cordillera Administrative Region.

11 In areas where Go Negosyo Centers are already operational, they shall continue
12 to function and be reintegrated under the SLED framework, subject to the provisions
13 and minimum standards of this Act. The SLEDs shall function as local one-stop service
14 centers for MSMEs and aspiring entrepreneurs, responsible for: Promoting ease of
15 doing business; Facilitating access to livelihood services, financial assistance, and
16 training; Serving as physical and digital access points for programs of the DTI, DOLE,
17 TESDA, DOST, DSWD and other implementing agencies.

18 The SLEDs may be set up under the auspices of the local government units, or
19 non-government organizations tapped by DTI, in coordination with DILG, as may be
20 necessary, to assist in the implementation of this Act.

21 The SLED shall be assisted by the DOLE by rendering technical assistance and
22 training to the personnel of the SLED and shall be supported by officials in
23 encouraging the participation of residents in the programs and training offered by the
24 SLED. The DILG, DOH, DOLE, DA, and other government agencies shall gear their
25 programs to support the activities and actions envisioned and implemented by the
26 SLED.

27 The DTI, in coordination with the Pangkabuhayan Council, shall issue
28 guidelines on the minimum service standards, operational protocols, and
29 performance indicators for all SLEDs nationwide. Where practicable, digital platforms
30 and mobile delivery models shall be adopted to allow remote communities to access
31 SLED services. SLEDs shall endeavor to enable virtual, digital, and contactless
32 transactions, particularly for applications, registration, and financial assistance, in

1 coordination with the national digital infrastructure strategy.

2 Sec. 8. *Capitalization and Funding of the Pangkabuhayan Council.* - A
3 Pangkabuhayan Fund to strengthen livelihood, entrepreneurial, and/or MSME
4 development and support is hereby established. This Fund, from which grants will be
5 issued, shall be administered by the Pangkabuhayan Council which shall screen and
6 approve qualified proposals. Subject to availability of funds, a revolving fund in the
7 initial amount of One Billion Pesos (Php 1,000,000,000.00) is hereby allocated for the
8 initial year's implementation of this Act, and such funds necessary for its continuous
9 and effective implementation shall thereafter be included in the annual General
10 Appropriations Act.

11 At least seventy percent (70%) of the Pangkabuhayan Fund shall be allocated
12 directly to program beneficiaries in the form of grants, co-financing arrangements,
13 livelihood starter kits, training subsidies, production tools and equipment, shared
14 service facilities, community-managed enterprises, or other forms of developmental
15 assistance that build sustainable income-generating capacity. Disbursement shall be
16 guided by the performance-based eligibility and prioritization criteria adopted by the
17 Pangkabuhayan Council under Section 6 of this Act. The Council shall issue detailed
18 implementing guidelines to ensure transparent, equitable, and outcome-oriented
19 delivery of this allocation.

20 The remaining thirty percent (30%) of the Pangkabuhayan Fund shall be
21 allocated for program administration, digital transformation, monitoring and
22 evaluation, compliance and reporting systems, and the institutional capacity-building
23 of implementing entities. This shall include operational support to the SLED Centers
24 and the Secretariat, and may cover the hiring of plantilla and contractual personnel,
25 consultants, or other necessary human resources to ensure effective implementation,
26 oversight, and continuous improvement of programs and services. It may also
27 support the development and maintenance of digital platforms, beneficiary databases,
28 and compliance tracking systems, as well as the conduct of policy research, feasibility
29 studies, market analyses, and other knowledge-generation activities necessary to
30 inform program design, improve targeting, and assess the economic, social, and
31 environmental impacts of funded initiatives. Of this amount, not less than three
32 percent (3%) of the total Pangkabuhayan Fund shall be earmarked and expended

1 exclusively for monitoring and evaluation activities, including the conduct of impact
2 assessments, performance audits, and data analytics, to ensure evidence-based
3 decision-making and accountability.

4 Subject to the approval of the Pangkabuhayan Council, the allocation for direct
5 beneficiary support under the seventy percent (70%) portion may be increased by
6 utilizing portions of the administrative allocation, where warranted by demand,
7 absorptive capacity, or program expansion needs.

8 The Council is hereby authorized to enter into co-financing or public-private
9 collaboration agreements with local government units, cooperatives, development
10 partners, and accredited private institutions for the implementation of livelihood and
11 MSME development programs under this Act.

12 Further, the Pangkabuhayan Council, in coordination with the agencies
13 concerned, shall explore the possibility of accessing a growing range of bilateral and
14 multilateral funds in order to be able to assist in the funding of livelihood,
15 entrepreneurial, and/or MSME programs and initiatives. Strategic partnerships and
16 cooperation between the public and private sectors shall also be encouraged in the
17 development and implementation of programs and initiatives.

18 *Sec. 9. Mandatory Allocation of Credit Resources for Livelihood Support Programs*
19 *and Micro, Small, and Medium Enterprises.* – For a period of ten (10) years from the date
20 of the effectivity of this Act, all lending institutions as defined under Bangko Sentral
21 ng Pilipinas (BSP) rules, whether public or private, shall set aside at least ten percent
22 (10%) of their total loan portfolio based on their balance sheet as of the end of the
23 previous quarter for Micro, Small and Medium Enterprises, and make it available for
24 MSME credit or livelihood support programs as herein contemplated. Compliance
25 with this provision shall include:

26 The actual extension of loans to eligible MSMEs or beneficiaries; or

- 27 a. Wholesale lending to Participating Financial Institutions (PFIs) for on-
28 lending to MSMEs; or
29 b. Purchase/discount of MSMEs receivables; or
30 c. Extension of loans to MSME value chain actors who allow MSMEs to
31 participate in organized or formal value chains. Chain actors include,
32 among others, traders, suppliers, processors, and aggregators who conduct

1 linked sequences of value-adding activities involved in bringing a product
2 to final consumers.

3 The BSP and the Securities and Exchange Commission (SEC), in consultation
4 with the Pangkabuhayan Council, shall formulate rules for the effective
5 implementation of this provision: *Provided*, That the purchase of government notes,
6 securities, and other negotiable instruments shall not be deemed compliant with the
7 foregoing provisions: *Provided, further*, That the BSP and the SEC, in consultation with
8 all stakeholders, shall establish a meaningful incentive system to encourage
9 compliance with this provision; *Provided, finally*, that the BSP and the SEC shall align
10 their regulations on penalties for banks and other entities for non-compliance with the
11 provision for mandatory lending.

12 The Pangkabuhayan Council shall set up the appropriate systems to monitor
13 all loan applications of MSMEs to account for the absorptive capacity of the MSME
14 sector. Each lending institution shall designate a Chief Compliance Officer who will
15 prepare and sign the report on compliance and noncompliance with the mandatory
16 credit allocation, for submission to the BSP in the case of banks, and the SEC in the
17 case of non-bank financial intermediaries.

18 The BSP in the case of banks, and the SEC in the case of non-bank financial
19 intermediaries shall furnish to the Pangkabuhayan Council every quarter
20 comprehensive reports on the lending entity's compliance and noncompliance with
21 the above provisions on the mandatory credit allocation for MSMEs and beneficiaries,
22 and shall submit an annual report, signed by an officer with the rank of at least a
23 managing director, on the amounts of the penalties for non-compliance with the
24 mandatory lending provision of this act.

25 All banks shall provide access to deposit accounts, such as savings, checking,
26 and debit accounts, to registered MSMEs. Financial technology shall be provided to
27 MSMEs to ensure their financial inclusion.

28 All lending entities shall report credit information and transactions of MSMEs
29 to a national credit registry to monitor proper compliance and efficient
30 implementation.

31 For efficient implementation and operation, cooperatives, except cooperative

1 banks and insurance cooperatives, shall be under the sole supervision and
2 examination of the Cooperative Development Authority (CDA); all other financial
3 entities, corporations and financial intermediaries, such as non-government
4 organizations, financing companies, non-stock savings and loan associations,
5 microfinance non-government organizations, and lending investors shall be under the
6 SEC; banks shall be under the BSP; and insurance companies shall be under the
7 Insurance Commission (IC). For clarity, cooperative banks shall be under the
8 supervision and examination of the CDA and BSP; while insurance cooperatives shall
9 be under the supervision and examination of the CDA and Insurance Commission
10 (IC).

11 Lending institutions that are not qualified to acquire or hold lands of the public
12 domain in the Philippines shall be permitted to bid and take part in sales of mortgaged
13 real property in case of judicial or extra-judicial foreclosure, as well as avail of
14 receivership, enforcement, and other proceedings, solely upon default of a borrower,
15 and for a period not exceeding five (5) years from actual possession: *Provided, That in*
16 *no event shall title to the property be transferred to such lending institution. If the*
17 *lending institution is the winning bidder, it may, during said five (5) year period,*
18 *transfer its rights to a qualified Philippine national, without prejudice to a borrower's*
19 *rights under applicable laws.*

20 Sec. 10. *Recovery Fund.* - Aside from the existing benefits for MSMEs and
21 eligible entrepreneurs, the Pangkabuhayan Council shall establish a Recovery Fund
22 for MSMEs and beneficiaries, to be sourced from the Pangkabuhayan Fund, to provide
23 MSMEs with aid, relief, and recovery interventions for disasters, calamities,
24 epidemics, or complex emergencies, such as but not limited to, the COVID-19
25 pandemic.

26 Sec. 11. *Congressional Oversight Committee.* - To monitor and oversee the
27 implementation of this Act, there shall be a Congressional Oversight Committee on
28 Sustainable Livelihood and Entrepreneurship Development (COC-SLED) composed
29 of the chairpersons of the Senate Committee on Economic Affairs and the House
30 Committee on Small Business and Entrepreneurship Development as chairperson and
31 co-chairperson, respectively; five (5) members of each of the Senate and House of
32 Representatives to include the chairpersons of the Senate committees on Trade and

Commerce, and Banks, Financial Institutions and Currencies; and the chairpersons of the House Committees on Trade and Industry, Banks and Financial Intermediaries, and Appropriations: *Provided*, That two (2) of the five Senators and two (2) of the five House members shall be nominated by the respective minority leaders of the Senate and the House of Representatives.

The COC-SLED shall set the guidelines and overall framework for the monitoring of the implementation of this Act and shall adopt its internal rules of procedure. The Secretariat of the COC-SLED shall be drawn from the existing personnel of the Senate and House of Representatives committees comprising the COC-SLED.

A mandatory review of the implementation of this Act shall be conducted five (5) years from its effectivity. Thereafter, the continued requirement for annual reporting under this Act may be modified or discontinued upon a determination by Congress, through a resolution, that the objectives of the Act have been substantially achieved and that its core functions are sustainably institutionalized.

Sec. 12. *Information Dissemination.* - The Philippine Information Agency, in coordination with the DTI and the DILG, shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to pertinent media entities and all cities, municipalities, and barangays.

Sec. 13. *Considerations in Setting Priority Areas for Sustainable Livelihood and Entrepreneurship.* - In identifying the priority areas for livelihood and entrepreneurship development, the Pangkabuhayan Council shall, in consultation with the sectors concerned, consider the following areas:

- a. Food security and sustainable agriculture;
- b. Regenerative systems;
- c. Health;
- d. Secure, clean, and reliable energy;
- e. Climate change and disaster resilience;
- f. Innovation of traditional knowledge, traditional cultural expressions, and genetic resources;
- g. Digital economy;

1 h. Sustainable transportation services; and

2 i. Sustainable tourism, among others.

3 Sec. 14. *Whole of Government Approach.* – In order to effectively promote and
4 advance sustainable livelihood and entrepreneurship across all areas of government
5 policy, a "whole of government approach" shall be adopted by all agencies concerned.
6 This approach shall facilitate engagement with business, the research, development,
7 and engineering (RD&E) sector, MSMEs, and the broader community towards
8 ensuring the full and effective implementation of this Act.

9 Sec. 15. *Digital Access and Transparency.* – To promote transparency,
10 accountability, and citizen empowerment consistent with open government
11 principles, the Pangkabuhayan Council shall ensure that all relevant information on
12 livelihood and MSME programs under this Act is made accessible through a unified
13 online portal managed in coordination with implementing agencies.

14 The portal shall provide real-time and comprehensive access to the following:
15 Information on policies, strategies, and programs, including services, grants, training,
16 and financial assistance; A searchable database of ongoing and completed initiatives,
17 project locations, and implementing agencies; M&E reports, impact evaluation results,
18 and related studies, including those funded under the Pangkabuhayan Fund; Annual
19 reports submitted to Congress and the COC-SLED; Compliance guidelines and
20 program application procedures in plain language.

21 The Council shall ensure that, to the greatest extent practicable:

- 22 1. All processes may be initiated, tracked, and completed virtually,
23 including the online filing of applications and submission of
24 requirements;
- 25 2. Inquiries filed through the portal shall be acknowledged within three (3)
26 working days;
- 27 3. All transactions are assigned a reference number and acknowledgment
28 receipt for tracking and monitoring purposes;
- 29 4. Where feasible, digital and contactless transactions shall be enabled,
30 including mobile-friendly interfaces and integration with government
31 digital ID systems, e-wallets, and national databases.

32 Reforms to streamline application procedures and enable virtual processing

1 shall be reported to the Council within six (6) months from the effectivity of this Act,
2 and shall be continuously updated thereafter, unless otherwise required by the COC-
3 SLED.

4 Sec. 16. *Removing Barriers to Livelihood and MSME Support.* – The
5 Pangkabuhayan Council and its member government agencies, in coordination with
6 ARTA, shall eliminate regulatory barriers and cut red tape to enable access to
7 livelihood and MSME support programs. Towards this end, the Council shall facilitate
8 consultations with stakeholders to identify and cause the removal of barriers, such as
9 procedural rules and documentary requirements in registration, access to financing,
10 or accessing government services.

11 Sec. 17. *Institutional Safeguards and Depoliticization.* – To ensure fairness,
12 transparency, and accountability in the use of public resources, the following
13 safeguards shall be observed:

14 (a) The Council shall adopt and publish a standardized compliance and
15 eligibility framework applicable to all beneficiaries, including documentary
16 and performance requirements;

17 (b) Political intervention, influence-peddling, or favoritism in the
18 identification, selection, or implementation of program beneficiaries,
19 training activities, fund disbursement, or technical assistance under this Act
20 is strictly prohibited;

21 (c) All implementing agencies and LGUs shall adhere to non-partisan, rule-
22 based protocols, and shall maintain complete and auditable records of all
23 program activities.

24 Sec. 18. *Coordination with Existing Bodies.* – The Pangkabuhayan Council shall
25 align its policies and programs with the mandates of existing interagency bodies,
26 including but not limited to the MSME Development Council (MSMEDC), the Social
27 Development Committee (SDC), and the National Innovation Council (NIC). All
28 MSME-specific policy frameworks, including those under the MSMEDC, shall be
29 integrated and harmonized with the broader sustainable livelihood agenda of the
30 Pangkabuhayan Council.

31 Sec. 19. *Non-Discrimination.* – No individual or group shall be denied access to
32 the benefits, services, or opportunities under this Act on the basis of gender, age,

1 ethnicity, religion, disability, civil status, sexual orientation, gender identity or
2 expression, geographic location, political affiliation, or any other status or condition
3 that unduly limits participation.

4 All implementing agencies, partner institutions, and local government units
5 shall ensure that application, selection, and delivery processes are conducted in a fair,
6 inclusive, and transparent manner. The Council shall issue guidelines to
7 operationalize this provision, including grievance mechanisms, monitoring systems,
8 and capacity-building for frontline personnel to prevent discrimination and promote
9 inclusive access.

10 Any official or personnel proven to have engaged in discriminatory practices
11 in the implementation of this Act shall be subject to administrative, civil, or criminal
12 liability, as may be appropriate under existing laws.

13 Sec. 20. *Implementing Rules and Regulations.* – The Secretary of DTI, in
14 coordination with all members of the Pangkabuhayan Council, shall formulate the
15 necessary rules and regulations to implement the provisions of this Act within ninety
16 (90) days after its approval. The rules and regulations issued pursuant to this Section
17 shall take effect fifteen (15) days after its publication in a newspaper of general
18 circulation.

19 Sec. 21. *Separability Clause.* – If any provision of this Act shall be held
20 unconstitutional, the remainder of this Act not otherwise affected shall remain in full
21 force and effect.

22 Sec. 22. *Repealing Clause.* – All laws, executive orders, presidential decrees,
23 rules, and regulations, or parts thereof inconsistent with any provisions of this
24 Act are hereby repealed, amended, or modified accordingly.

25 Sec. 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its
26 publication in the Official Gazette or in a newspaper of general circulation.

Approved,