

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3749



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE, HON. VINCENZO RENATO LUIGI R. VILLAFUERTE, HON. TSUYOSHI ANTHONY G. HORIBATA, AND HON. TERRY L. RIDON**

EXPLANATORY NOTE

Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as a cornerstone of the Philippine economy. According to 2023 data from the Philippine Statistics Authority (PSA), MSMEs account for over 99% of all business establishments nationwide, with microenterprises alone comprising more than 90%.¹ They are key drivers of local employment and inclusive growth—generating jobs, expanding market participation, and supporting large enterprises across supply chains. Despite their economic importance, MSMEs remain vulnerable to external shocks such as financial disruptions, market volatility, and disasters.

To address these challenges, the government established the *Pondo sa Pagbabago at Pag-asenso (P3)* program to provide accessible and affordable credit to small entrepreneurs. Since its launch, the program has disbursed more than P8.65 billion in loans, directly benefiting over 220,000 entrepreneurs nationwide.² These include market vendors, small store owners, agribusiness operators, and members of cooperatives who otherwise lack access to formal financing systems.

To further institutionalize the program and expand its reach, this proposed measure seeks to strengthen the implementation of the P3 Fund, making it a core instrument for MSME development. The measure underscores the importance of financial inclusion as a critical component of sustainable economic recovery and equitable growth.

Aligned with President Ferdinand R. Marcos Jr.'s 2025 State of the Nation Address, this bill responds to his administration's call to support Filipino entrepreneurs by improving access to credit and livelihood assistance, especially for those in the countryside and informal sectors.³

The same measure was approved during the 19th Congress, reflecting continued legislative momentum to scale up assistance and ensure MSMEs receive the institutional support necessary to thrive.

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

¹ Philippine Statistics Authority. (2023). *List of Establishments, Department of Trade and Industry*. <https://www.dti.gov.ph/resources/msme-statistics>

² Assistance.PH. *Pondo sa Pagbabago at Pag-Asenso (P3) Program*. <https://assistance.ph/pondo-sa-pagbabago-at-pag-asenso-p3-program>

³ Presidential Communications Office. (2025). *PBBM vows to empower entrepreneurs, boost livelihood programs for Filipinos*. <https://stateofthenation.gov.ph/sona/2025>



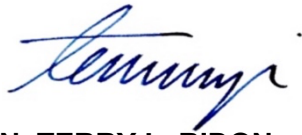
HON. MIGUEL LUIS R. VILLAFUERTE



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

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

SECTION 1. *Title.* – This Act shall be known as the "Pondo sa Pagbabago at Pag-asensto Act" or the "P3 Act."

SECTION 2. *Declaration of Policy.* – It is the declared policy of the State to foster national development, promote inclusive growth, and reduce poverty by promoting the growth of micro and small enterprises (MSEs) that facilitate local job creation, production and trade in the country. Towards this end, the State shall develop policies, plans and programs, and initiate means to encourage entrepreneurial activities, and to ease the constraints and challenges to MSEs, particularly on access to financing.

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

- (a) To provide an affordable, accessible, and simple financing program for the country's MSEs, especially those in the poorest populations and underserved areas;
- (b) To provide a better alternative to informal lenders or the so-called "5-6" money lending system availed of by micro enterprises;
- (c) To bring down the interest rate at which financial services is made available to MSEs;
- (d) To boost the development of entrepreneurship and the micro, small and medium enterprise (MSME) sector, particularly the MSEs; and
- (e) To support the recovery of MSEs from the effects of the covid-19 pandemic lockdown and ensure their viability.

SECTION 4. *Creation of the Pondo sa Pagbabago at Pag-asensto (P3) Fund.* – There is hereby created the Pondo sa Pagbabago at Pag-asensto Fund, hereinafter referred to as the "P3 Fund," which shall be lent out to qualified MSEs under such terms and conditions that will

meet the purposes of this Act.

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

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

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

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

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

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

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

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

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

SECTION 6. Features of the P3 Fund. – The P3 Fund shall have the following features:

- (a) The loanable amount for individual loans shall be set and regularly reviewed by the MSMED Council;
- (b) The effective interest rate to be imposed on the loan availed of by the P3 Fund beneficiaries shall not exceed one percent (1%) per month for direct lending, and shall not exceed two and a half percent (2.5%) per month for lending through accredited PFIs;

- (c) The interest earnings shall accrue to the P3 Fund;
- (d) There shall be no collateral requirement from the P3 Fund loan beneficiaries; and
- (e) The lenders shall have a collection mechanism, whereby payments are made on a daily, weekly, or monthly basis, or depending on the livelihood project income cycle. It shall be the duty of the lender to collect the loan principal and the interest payments from the borrower.

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

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

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

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

SECTION 11. *Repealing Clause.* – Section 22 of Republic Act No. 8367, otherwise known as the "Revised Non-Stock Savings and Loan Association Act of 1997" is hereby repealed. All laws, decrees, proclamations, issuances, or ordinances that are contrary to or inconsistent with the provisions of this Act are hereby amended, repealed or modified accordingly.

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

Approved,