



Republic of the Philippines
House of Representatives
Quezon City

TWENTIETH CONGRESS

First Regular Session

House Bill No. 4509



Introduced by Representative Jernie Jett V. Nisay

EXPLANATORY NOTE

Micro and small enterprises (MSEs) play a vital role in driving local economies and creating jobs, yet many struggle to access affordable financing. This often forces them to rely on informal lenders with high interest rates, hindering their growth and sustainability.

This bill establishes the Pondo sa Pagbabago at Pag-asenso (P3) Fund to provide low-interest, collateral-free loans to MSEs, particularly in underserved areas. It mandates the Small Business Corporation (SB Corp.) to manage the fund through direct lending and accredited partners, with strict oversight and regular reporting to ensure transparency.

By creating an accessible and sustainable financing program, this measure aims to empower small entrepreneurs, reduce poverty, and promote inclusive economic growth.

Support for this bill is earnestly requested from my colleagues.


REP. JERNIE JETT V. NISAY
Pusong Pinoy Partylist



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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-ASENSO 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-
asenso Act” or the “P3 Act”.

SEC. 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.

SEC. 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;

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

3 e. To support the recovery of MSEs from the effects of the covid-19 pandemic
4 lockdown and ensure their viability.
5

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

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

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

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

25 Cooperative banks shall be under the supervision and examination of the CDA and
26 BSP; while insurance cooperatives shall be under the supervision and examination of the CDA
27 and Insurance Commission (IC).
28

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

32 a. Direct lending for forty percent (40%) of the P3 Fund; and

33 b. Lending through accredited PFIs for sixty percent (60%) of the P3 Fund.

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

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

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

9
10 **SEC. 6. Features of the P3 Fund.** – The P3 Fund shall have the following
11 features:

12 a. The loanable amount for individual loans shall be set and regularly
13 reviewed by the MSMED Council;

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

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

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

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

24
25 **SEC. 7. Policy Oversight Function.** – The MSMED Council shall monitor the
26 utilization and disbursements of the P3 Fund. It shall submit to the President of the Philippines
27 and to Congress, through the Congressional Oversight Committee on Micro, Small and Medium
28 Enterprise Development (COC-MSMED), a quarterly report on the status of the P3 Fund.

29
30 **SEC. 8. Appropriations.** – The initial amount for the implementation of this Act shall
31 be charged against the current year's appropriations of the SB Corp. Thereafter, such amount
32 necessary shall be included in the annual General Appropriations Act.

33
34 **SEC. 9. Implementing Rules and Regulations.** – Within sixty (60) days from the
35 approval of this Act, the DTI, in consultation with the stakeholders concerned, shall formulate
36 and promulgate the necessary rules and regulations to implement the provisions of this Act.

37

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

3
4 **SEC. 11. Repealing Clause.** – Section 22 of Republic Act No. 8367, otherwise known
5 as the “Revised Non-Stock Savings and Loan Association Act of 1997” is hereby repealed. All
6 laws, decrees, proclamations, issuances, or ordinances that are contrary to or inconsistent with
7 the provisions of this Act are hereby amended, repealed or modified accordingly.

8
9 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its 2 publication
10 in the Official Gazette or in a newspaper of general circulation.

11
12 Approved,