



**HOUSE OF REPRESENTATIVES**

**H. No. 9533**

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BY REPRESENTATIVES YAP (V.), VILLAFUERTE, ABELLANOSA, LIMKAICHONG, UNABIA, ROMERO, CASTELO, DELOS SANTOS, BOLILIA, DE VENECIA, VERGARA, NIETO, AGABAS, ECLEO, OLIVAREZ, MADRONA, FERRER (J.M.), MATBA, RODRIGUEZ, ACOSTA, AMANTE-MATBA, DUAVIT, VILLARICA, SANTOS-RECTO, DALIPE, GUYA, DAGOOC, CAMINERO, SILVERIO, GARCIA (P.J.), SAGARBARRIA, ORTEGA, BABASA, SAVELLANO, SALCEDA, MOMO, TAMBUNTING, RIVERA, VILLANUEVA (E.), LACSON, MARIANO-HERNANDEZ, REYES, PINEDA, SARMIENTO, YAP (E.), CABATBAT, BAUTISTA-BANDIGAN, BIAZON, CUA, CUARESMA, DAZA, FARIÑAS I (R.C.), GARCIA (J.E.), GASATAYA, GO (E.C.), NUÑEZ-MALANYAON, TEJADA, VIOLAGO, ZAMORA (W.K.), ABUEG-ZALDIVAR, BALINDONG, BORDADO, BRAVO, CARI, DALOG, DELOSO-MONTALLA, DIMAPORO (A.), DUJALI, DY (F.), GORRICETA, GULLAS, HOFER, LABADLABAD, MACEDA, NATIVIDAD-NAGAÑO, NAVA, OUANO-DIZON, PLAZA, SANCHEZ, TAN (A.S.), TIANGCO, TUTOR, VARGAS ALFONSO, BANAS-NOGRALES, GO (M.), LARA, LOYOLA, LUSOTAN, RAMIREZ-SATO, SANGCOPAN, TADURAN AND TAN (A.), PER COMMITTEE REPORT NO. 1022

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AN ACT

PROMOTING ENTREPRENEURSHIP BY ESTABLISHING A SOCIALIZED MICROFINANCING PROGRAM FOR MICRO 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:*

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

1 asenso Act” or the “P3 Act”.

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

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

9 a. To provide an affordable, accessible, and simple micro financing program for  
10 the country’s micro enterprises, especially those in the poorest populations;

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

13 c. To bring down the interest rate at which micro finance is made available to  
14 micro enterprises; and

15 d. To boost the development of entrepreneurship and the micro, small and  
16 medium enterprise (MSME) sector, particularly the micro enterprises.

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

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

24 The fund shall be primarily accessible through accredited partner financial  
25 institutions (PFIs) such as rural banks, thrift banks, development banks, cooperatives with  
26 license to lend, non-stock savings and loan associations, microfinance non-government  
27 organizations, or lending companies.

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

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

4 *SEC. 5. Lead Implementing Agency.* – The Small Business Corporation (SB Corp.),  
5 the financing arm of the Department of Trade and Industry (DTI), shall be the lead  
6 implementing agency for the P3 Fund. The SB Corp. shall handle the fund delivery to  
7 micro enterprises through the following modes:

- 8 a. Direct lending; and
- 9 b. Lending through accredited PFIs.

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

13 To support annual administrative and operating expenses of the SB Corp., an  
14 amount of not more than five percent (5%) of the total loans disbursed can be used by the  
15 Corporation.

16 *SEC. 6. Features of the P3 Fund.* – The P3 Fund shall have the following features;

- 17 a. The loanable amount for individual loans shall be set and regularly  
18 reviewed by the Micro, Small and Medium Enterprise Development (MSMED) Council;
- 19 b. The allowable interest rate, which includes service fee and other charges,  
20 shall not exceed twelve percent (12%) per annum. Reasonable and actual cost of collection  
21 may be allowed upon proper justification;
- 22 c. The interest earnings shall accrue to the P3 Fund;
- 23 d. There shall be no collateral requirement from the P3 Fund loan  
24 beneficiaries; and
- 25 e. The lenders shall have a collection mechanism, whereby payments are made  
26 on a daily, weekly, or monthly basis, or depending on the livelihood project income cycle. It  
27 shall be the duty of the lender to collect the loan principal and the interest payments from  
28 the borrower.

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

34 *SEC. 8. Appropriations.* – The initial amount for the implementation of this Act  
35 shall be charged against the current year’s appropriations of the Small Business  
36 Corporation.

1    Thereafter, such amount necessary shall be included in the annual General  
2    Appropriations Act.

3           SEC. 9. *Implementing Rules and Regulations.* – Within sixty (60) days from the  
4    approval of this Act, the DTI shall formulate and promulgate the necessary rules and  
5    regulations to implement the provisions of this Act.

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

9           SEC. 11. *Repealing Clause.* – Section 22 of Republic Act No. 8367 is hereby  
10   repealed. All laws, decrees, proclamations, issuances, or ordinances that are contrary to or  
11   inconsistent with the provisions of this Act are hereby amended, repealed or modified  
12   accordingly.

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

          Approved,