



HOUSE OF REPRESENTATIVES

H. No. 7446

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BY REPRESENTATIVES UNABIA, LIMKAICHONG, ABELLANOSA, ACOSTA, GONZALES (A.P.), PANOTES, MARQUEZ, BELARO, HERRERA-DY, CASTELO, SY-ALVARADO, UY (J.), TAN (A.), MONTORO, VILLARAZA-SUAREZ, BERTIZ, GARCIA (J.E.), NOEL, RODRIGUEZ (M.), SAVELLANO, ALVAREZ (P.), BULUT-BEGTANG, NOGRALES (K.A.), ZAMORA (M.C.), DEL MAR, NUÑEZ-MALANYAON, VILLAFUERTE, ANTONINO, SAMBAR, SUANSING (E.), MANALO, TEJADA, ZUBIRI, SALON, ROMUALDO, ZARATE AND GONZAGA, PER COMMITTEE REPORT NO. 683

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AN ACT PROVIDING A SOCIALIZED MICROFINANCING PROGRAM FOR MICRO ENTERPRISES THEREBY PROMOTING ENTREPRENEURSHIP

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

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

3 SEC. 2. *Declaration of Policy.* – It is the declared policy of the  
4 State to foster national development, promote inclusive growth, and  
5 reduce poverty by promoting the growth of micro, small and  
6 medium enterprises (MSMEs) that facilitate local job creation,  
7 production and trade in the country. Towards this end, the State  
8 shall develop policies, plans and programs, and initiate means to

1 encourage entrepreneurial activities, and to ease the constraints  
2 and challenges to MSMEs, particularly on access to financing.

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

4 (a) To provide an affordable, accessible and simple micro  
5 financing program for the country's micro enterprises, especially  
6 those in the poorest populations;

7 (b) To provide a better alternative to the informal lenders or  
8 the so-called "5-6" money lending system availed of by micro  
9 enterprises; and

10 (c) To bring down the interest rate at which micro finance is  
11 made available to micro enterprises.

12 **SEC. 4. Creation of the Pondo sa Pagbabago at Pag-asenso**  
13 **(P3).** – There is hereby created the "Pondo sa Pagbabago at  
14 Pag-asenso", hereinafter referred to as the "P3 Fund", which shall  
15 be lent out to qualified MSMEs under such terms and conditions  
16 that will meet the purposes of this Act.

17 The beneficiaries of the "P3 Fund" shall be micro enterprises  
18 and entrepreneurs, including market vendors, agribusinessmen and  
19 members of cooperatives, industry associations and cooperators.

20 The fund shall be primarily lent through conduit financial  
21 institutions to be accredited for the purpose.

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

27 (a) Direct lending to micro enterprises;

1 (b) Wholesale lending to conduits, such as micro finance  
2 institutions (MFIs), rural banks and credit cooperatives, which shall  
3 on-lend the fund to micro enterprises; and

4 (c) Provision of guarantees to loans granted by the banks to  
5 qualified P3 beneficiaries.

6 To support administrative and operating expenses of the  
7 SB Corp., an amount of not more than ten percent (10%) of the total  
8 loans disbursed shall be provided annually to the SB Corp., to be  
9 sourced from the earnings of the "P3 Fund".

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

12 (a) The components of the "P3 Fund" shall be:

13 (1) Loan fund; and

14 (2) Guarantee fund of not more than twenty-five percent  
15 (25%) of the total loan exposure;

16 (b) The loanable amount for individual loans, and the  
17 interest rate to the conduits and to the end beneficiaries shall be set  
18 and regularly reviewed by the Micro, Small and Medium Enterprise  
19 Development (MSMED) Council: *Provided*, That the interest rate  
20 shall be lower than the prevailing interest rate charged by the  
21 MFIs. The interest earnings shall accrue to the "P3 Fund"; and

22 (c) There shall be no collateral requirement from the P3 loan  
23 beneficiaries.

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

1           SEC. 8. *Appropriations.* – The amount necessary to carry out  
2 the provisions of this Act shall be charged against the  
3 appropriations released for the purpose under the General  
4 Appropriations Act for the SB Corp. Thereafter, such sums as may  
5 be necessary for the continued implementation of this Act shall be  
6 included in the annual General Appropriations Act.

7           SEC. 9. *Implementing Rules and Regulations.* – Within sixty  
8 (60) days from the approval of this Act, the DTI, in consultation  
9 with the concerned agencies, shall formulate and promulgate the  
10 necessary rules and regulations to implement the provisions of this  
11 Act. The implementing rules and regulations issued pursuant to  
12 this section shall take effect thirty (30) days after its publication in  
13 at least two (2) national newspapers of general circulation.

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

17           SEC. 11. *Repealing Clause.* – All laws, decrees,  
18 proclamations, issuances, or ordinances that are contrary to or  
19 inconsistent with the provisions of this Act are hereby amended,  
20 repealed or modified accordingly.

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

Approved,

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