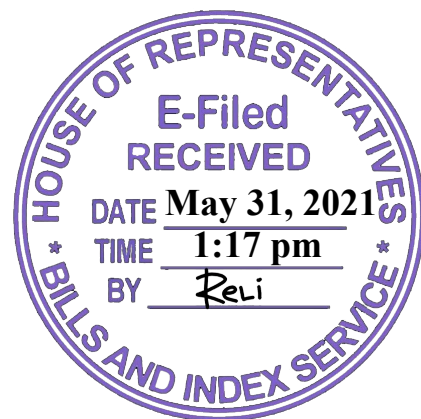


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

EIGHTEENTH CONGRESS  
Second Regular Session



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**COMMITTEE REPORT NO. 1022**

Submitted by the Committee on Micro, Small and Medium Enterprise Development, and the Committee on Appropriations on May 31, 2021

Re: House Bill No. 9533

Recommending its approval in substitution of House Bills Numbered 60, 404, 562, 1069, 2215, 3699, 4072 and 4792

Sponsors: Representatives Virgilio S. Lacson and Eric Go Yap

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Mr. Speaker:

The Committee on Micro, Small and Medium Enterprise Development, and the Committee on Appropriations to which were referred:

**House Bill No. 60**, introduced by Rep. Victor A. Yap, entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship”;

**House Bill No. 404**, introduced by Rep. Luis Raymund “LRay” F. Villafuerte, Jr., entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship”;

**House Bill No. 562**, introduced by Rep. Rodrigo A. Abellanosa, entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship”;

**House Bill No. 1069**, introduced by Reps. Jocelyn S. Limkaichong and Christian S. Unabia, entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship”;

**House Bill No. 2215**, introduced by Rep. Michael L. Romero, entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship, and for Other Purposes”;

**House Bill No. 3699**, introduced by Rep. Precious Hipolito Castelo, entitled: “An Act Institutionalizing the Pondo para sa Pagbabago at Pag-asenso (P-3) Program of the Government, Providing Funds Therefor and for Other Purposes”;

**House Bill No. 4072**, introduced by Rep. Alfred C. Delos Santos, entitled: “An Act Providing a Socialized Microfinancing Program for Micro Enterprises Thereby Promoting Entrepreneurship”; and

**House Bill No. 4792**, introduced by Rep. Lianda B. Bolilia, entitled: “An Act Institutionalizing the Pondo para sa Pagbabago at Pag-asenso (P3) Program of the Government and Appropriating Funds Therefor”,

have considered the same and recommend that the attached House Bill No. 9533,  
entitled:

**“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 approved in substitution of House Bills Numbered 60, 404, 562, 1069, 2215, 3699, 4072 and 4792, with Representatives Victor A. Yap, Luis Raymund “LRay” F. Villafuerte, Jr., Rodrigo A. Abellanosa, Jocelyn S. Limkaichong, Christian S. Unabia, Michael L. Romero, Precious Hipolito Castelo, Alfred C. Delos Santos, Lianda B. Bolilia, Christopher V.P. De Venecia, Rosanna “Ria” Vergara, John Marvin “Yul Servo” C. Nieto, Tyrone D. Agabas, Alan 1 B Ecleo, Eleandro Jesus F. Madrona, Juliet Marie De Leon Ferrer, Rashidin H. Matba, Rufus B. Rodriguez, Gil “Kabarangay Jr.” A. Acosta, Ma. Angelica M. Amante-Matba, Michael John R. Duavit, Henry R. Villarica, Vilma Santos-Recto, Manuel Jose “Mannix” M. Dalipe, Godofredo N. Guya, Sergio C. Dagooc, Wilfredo “Willy” S. Caminero, Lorna C. Silverio, Pablo John F. Garcia, Manuel T. Sagarbarria, Pablo C. Ortega, Leonardo L. Babasa, Jr., Deogracias Victor “DV” B. Savellano, Joey Sarte Salceda, Romeo S. Momo, Sr., Joy Myra S. Tambunting, Domingo C. Rivera, Eduardo “Bro. Eddie” C. Villanueva, Virgilio S. Lacson, Ruth Mariano-Hernandez, Allan Benedict S. Reyes, Enrico A. Pineda, Edgar Mary S. Sarmiento, Eric Go Yap, Argel Joseph T. Cabatbat, Lorna P. Bautista-Bandigan, Ruffy B. Biazon, Junie E. Cua, Luisa Lloren Cuaresma, Paul Ruiz Daza, Rudys Caesar G. Fariñas I, Jose Enrique "Joet" S. Garcia III, Greg G. Gasataya, Ed Christopher S. Go, Corazon T. Nuñez-Malanyaon, Jose "Pingping" I. Tejada, Micaela S. Violago, Way Kurat Zamora, Cyrille "Beng" F. Abueg-Zaldivar, Yasser Alonto Balindong, Gabriel H. Bordado, Jr., Narciso R. Bravo, Jr., Carl Nicolas C. Cari, Maximo Y. Dalog, Jr., Cheryl P. Deloso-Montalla, Abdullah D. Dimaporo, Alan R. Dujali, Faustino "Inno" A. Dy V, Michael B. Gorriceta, Eduardo "Eddie" R. Gullas, Ann K. Hofer, Glona G. Labadlabad, Edward Vera Perez Maceda, Maricel G. Natividad-Nagaño, Ma. Lucille L. Nava, M.D., Emmarie "Lolypop" Ouano-Dizon, Eddiebong G. Plaza, Hector S. Sanchez, Alyssa Sheena P. Tan, John Reynald M. Tiangco, Kristine Alexie B. Tutor, Samantha Louise Vargas Alfonso, Shirlyn L. Banas-Nogralles, Mark O. Go, Joseph “Jojo” L. Lara, Dahlia A. Loyola, Macnell M. Lusotan, Josephine Ramirez-Sato, Amihilda J. Sangcopan, and Rowena Niña O. Taduran as authors thereof.

Respectfully submitted:



**ERIC GO YAP**  
Chairperson  
Committee on Appropriations



**VIRGILIO S. LACSON**  
Chairperson  
Committee on Micro, Small and Medium  
Enterprise Development

**THE HONORABLE SPEAKER**  
HOUSE OF REPRESENTATIVES  
Quezon City

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City, Metro Manila

EIGHTEENTH CONGRESS  
Second Regular Session

**HOUSE BILL NO. 9533**

(In substitution of House Bills Numbered 60, 404, 562, 1069, 2215, 3699, 4072 and 4792)

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Introduced by Representatives Victor A. Yap, Luis Raymund “LRay” F. Villafuerte, Jr., Rodrigo A. Abellanosa, Jocelyn S. Limkaichong, Christian S. Unabia, Michael L. Romero, Precious Hipolito Castelo, Alfred C. Delos Santos, Lianda B. Bolilia, Christopher V.P. De Venecia, Rosanna “Ria” Vergara, John Marvin “Yul Servo” C. Nieto, Tyrone D. Agabas, Alan 1 B Ecleo, Eric L. Olivarez, Eleandro Jesus F. Madrona, Juliet Marie De Leon Ferrer, Rashidin H. Matba, Rufus B. Rodriguez, Gil “Kabarangay Jr.” A. Acosta, Ma. Angelica M. Amante-Matba, Michael John R. Duavit, Henry R. Villarica, Vilma Santos-Recto, Manuel Jose “Mannix” M. Dalipe, Godofredo N. Guya, Sergio C. Dagooc, Wilfredo “Willy” S. Caminero, Lorna C. Silverio, Pablo John F. Garcia, Manuel T. Sagarbarria, Pablo C. Ortega, Leonardo L. Babasa, Jr., Deogracias Victor “DV” B. Savellano, Joey Sarte Salceda, Romeo S. Momo, Sr., Joy Myra S. Tambunting, Domingo C. Rivera, Eduardo “Bro. Eddie” C. Villanueva, Virgilio S. Lacson, Ruth Mariano-Hernandez, Allan Benedict S. Reyes, Enrico A. Pineda, Edgar Mary S. Sarmiento, Eric Go Yap, Argel Joseph T. Cabatbat, Lorna P. Bautista-Bandigan, Ruffy B. Biazon, Junie E. Cua, Luisa Lloren Cuaresma, Paul Ruiz Daza, Rudys Caesar G. Fariñas I, Jose Enrique “Joet” S. Garcia III, Greg G. Gasataya, Ed Christoper S. Go, Corazon T. Nuñez-Malanyaon, Jose “Pingping” I. Tejada, Micaela S. Violago, Way Kurat Zamora, Cyrille “Beng” F. Abueg-Zaldivar, Yasser Alonto Balindong, Gabriel H. Bordado, Jr., Narciso R. Bravo, Jr., Carl Nicolas C. Cari, Maximo Y. Dalog, Jr., Cheryl P. Deloso-Montalla, Abdullah D. Dimaporo, Alan R. Dujali, Faustino “Inno” A. Dy V, Michael B. Gorriceta, Eduardo “Eddie” R. Gullas, Ann K. Hofer, Glona G. Labadlabad, Edward Vera Perez Maceda, Maricel G. Natividad-Nagaño, Ma. Lucille L. Nava, M.D., Emmarie “Lolypop” Ouano-Dizon, Eddiebong G. Plaza, Hector S. Sanchez, Alyssa Sheena P. Tan, John Reynald M. Tiangco, Kristine Alexie B. Tutor, Samantha Louise Vargas Alfonso, Shirlyn L. Banas-Nograles, Mark O. Go, Joseph “Jojo” L. Lara, Dahlia A. Loyola, Macnell M. Lusotan, Josephine Ramirez-Sato, Amihilda J. Sangcopan, and Rowena Niña O. Taduran

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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

1 Corporation. 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,

## FACT SHEET

### House Bill No. 9533

(In substitution of House Bills Numbered 60, 404,  
562, 1069, 2215, 3699, 4072 and 4792)

(As Approved by the Committee on Micro, Small and Medium  
Enterprise Development on March 10, 2020 and March 17, 2021)

### “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

*Introduced by REPRESENTATIVES VICTOR A. YAP, LUIS RAYMUND “LRAY” F. VILLAFUERTE, JR., RODRIGO A. ABELLANOSA, JOCELYN S. LIMKAICHONG, CHRISTIAN S. UNABIA, MICHAEL L. ROMERO, PRECIOUS HIPOLITO CASTELO, ALFRED C. DELOS SANTOS, LIANDA B. BOLILIA, CHRISTOPHER V.P. DE VENECIA, ROSANNA “RIA” VERGARA, JOHN MARVIN “YUL SERVO” C. NIETO, TYRONE D. AGABAS, ALAN 1 B ECLEO, ELEANDRO JESUS F. MADRONA, JULIET MARIE DE LEON FERRER, RASHIDIN H. MATBA, RUFUS B. RODRIGUEZ, GIL “KABARANGAY JR.” A. ACOSTA, MA. ANGELICA M. AMANTE-MATBA, MICHAEL JOHN R. DUAVIT, HENRY R. VILLARICA, VILMA SANTOS-RECTO, MANUEL JOSE “MANNIX” M. DALIPE, GODOFREDO N. GUYA, SERGIO C. DAGOOC, WILFREDO “WILLY” S. CAMINERO, LORNA C. SILVERIO, PABLO JOHN F. GARCIA, MANUEL T. SAGARBARRIA, PABLO C. ORTEGA, LEONARDO L. BABASA, JR., DEOGRACIAS VICTOR “DV” B. SAVELLANO, JOEY SARTE SALCEDA, ROMEO S. MOMO, SR., JOY MYRA S. TAMBUNTING, DOMINGO C. RIVERA, EDUARDO “BRO. EDDIE” C. VILLANUEVA, VIRGILIO S. LACSON, RUTH MARIANO-HERNANDEZ, ALLAN BENEDICT S. REYES, ENRICO A. PINEDA, EDGAR MARY S. SARMIENTO, ERIC GO YAP, ARGEL JOSEPH T. CABATBAT, LORNA P. BAUTISTA-BANDIGAN, RUFFY B. BIAZON, JUNIE E. CUA, LUISA LLOREN CUARESMA, PAUL RUIZ DAZA, RUDYS CAESAR G. FARIÑAS I, JOSE ENRIQUE “JOET” S. GARCIA III, GREG G. GASATAYA, ED CHRISTOPHER S. GO, CORAZON T. NUÑEZ-MALANYAON, JOSE “PINGPING” I. TEJADA, MICAELA S. VIOLAGO, WAY KURAT ZAMORA, CYRILLE “BENG” F. ABUEG-ZALDIVAR, YASSER ALONTO BALINDONG, GABRIEL H. BORDADO, JR., NARCISO R. BRAVO, JR., CARL NICOLAS C. CARI, MAXIMO Y. DALOG, JR., CHERYL P. DELOSO-MONTALLA, ABDULLAH D. DIMAPORO, ALAN R. DUJALI, FAUSTINO “INNO” A. DY V, MICHAEL B. GORRICETA, EDUARDO “EDDIE” R. GULLAS, ANN K. HOFER, GLONA G. LABADLABAD, EDWARD VERA PEREZ MACEDA, MARICEL G. NATIVIDAD-NAGAÑO, MA. LUCILLE L. NAVA, M.D., EMMARIE “LOLYPOP” OUANO-DIZON, EDDIEBONG G. PLAZA, HECTOR S. SANCHEZ, ALYSSA SHEENA P. TAN, JOHN REYNALD M. TIANGCO, KRISTINE ALEXIE B. TUTOR, SAMANTHA LOUISE VARGAS ALFONSO, SHIRLYN L. BANAS-NOGRALES, MARK O. GO, JOSEPH “JOJO” L. LARA, DAHLIA A. LOYOLA, MACNELL M. LUSOTAN, JOSEPHINE RAMIREZ-SATO, AMIHILDA J. SANGCOPAN, AND ROWENA NIÑA O. TADURAN*

Committee Referral: **COMMITTEE ON MICRO, SMALL AND  
MEDIUM ENTERPRISE DEVELOPMENT** (Primary)

Committee Chairperson: **REP. VIRGILIO S. LACSON**

Committee Referral: **COMMITTEE ON APPROPRIATIONS** (Secondary)

Committee Chairperson: **REP. ERIC GO YAP**

## **OBJECTIVES:**

- To provide an affordable, accessible, and simple microfinancing program for the country's micro enterprises, especially those in the poorest populations
- To provide a better alternative to informal lenders or the so-called "5-6" money lending system availed of by micro enterprises
- To bring down the interest rate at which microfinance is made available to micro enterprises
- To boost the development of entrepreneurship, particularly micro enterprises

## **KEY PROVISIONS:**

- Mandates the creation of the Pondo sa Pagbabago at Pag-asenso (P3) Fund, which shall be lent out to qualified micro enterprises through accredited partner financial institutions (PFIs) such as rural banks, thrift banks, development banks, cooperatives with license to lend, non-stock savings and loan associations, microfinance non-government organizations, or lending companies
- Mandates the sole supervision and examination of cooperatives, except cooperative banks and insurance cooperatives, to 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). Further clarifies that 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 the IC.
- Mandates the Small Business Corporation (SB Corp.), the financing arm of the Department of Trade and Industry (DTI), to be the lead implementing agency for the P3 Fund which shall handle the fund delivery to micro enterprises through direct lending, and lending through accredited PFIs
- Provides that financial technology (fintech)-enabled systems and processes can be used in the implementation of the P3 Program
- Provides for the policies in the management and utilization of the P3 Fund, such as an interest rate of not more than twelve percent (12%) per annum, no collateral requirement, and a collection mechanism whereby payments may be made on a daily, weekly, or monthly basis, or depending on the livelihood project income cycle
- Allows reasonable and actual cost of collection upon proper justification



- Mandates the Micro, Small and Medium Enterprise Development (MSMED) Council to set and review the loanable amount for individual loans on a regular basis as well as to monitor the utilization and disbursements of the P3 Fund
- Mandates the MSMED Council to submit to the President of the Philippines and to Congress, through the Congressional Oversight Committee on Micro, Small and Medium Enterprise Development, a yearly report on the status of the P3 Fund
- Mandates that the initial amount for the implementation of the Act shall be charged against the current year's appropriations of the Small Business Corporation. Thereafter, such amount necessary shall be included in the annual General Appropriations Act
- Mandates the DTI to promulgate the rules and regulations to implement the Act within sixty (60) days from its effectivity.

**RELATED LAWS:**

- Republic Act No. 6977, as amended, otherwise known as the "Magna Carta for Micro, Small and Medium Enterprises (MSMEs)"
- Republic Act No. 8367, otherwise known as "Revised Non-Stock Savings and Loan Association Act of 1997"