

THIRTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P3:36

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SENATE

S. No. 275

Introduced by Senator S. R. Osmeña III

EXPLANATORY NOTE

Latest figures of the National Statistics Office estimate that about 3.9 million Filipinos are out of jobs. To reduce, if not minimize the unemployment situation which has reportedly reached unprecedented proportions, the outlook of Filipino workers need to undergo a paradigm shift - i.e. they need to begin to see themselves as new entrepreneurs - creators rather than seekers of job opportunities.

The drive towards industrial development of most advanced countries were invariably motivated by the vigor of small and medium enterprises (SMEs) that generated massive employment, thereby harnessing the creativity and energy of the people. The emerging small and medium enterprises in the Philippines, especially in the countryside face slim chances of survival because of technology backwardness, lack of accessibility to credit resources and to market opportunities. If the Philippines is to become globally competitive, the SMEs will provide the backbone for such competitiveness. Therefore no effort should be spared in promoting the development of these key sectors.

This bill seeks to establish the Entrepinoy Development Authority, mandated to generate and coordinate various livelihood activities of all government agencies in order to accelerate the development of the Filipino entrepreneurial class. The Authority shall be governed by an inter-agency council with cabinet ranking officials as members. Existing offices such as the Small and Medium Enterprise Development Council, the DTI's Bureau of Small and Medium Business Development, *Entrepreneurial Development Services Department*, and Cottage Industry Technology Center shall be dissolved, and their functions transferred to the Authority for a more cohesive, and unified approach to entrepreneurial development. The bill presents the new administration with the valuable opportunity to rationalize all the diverse programs for the development of Livelihood, Micro, Cottage, Small and Medium enterprises (LMCSMEs) at the national and local levels.

In view of the foregoing, the immediate approval of this bill is earnestly requested.


SERGIO OSMEÑA III
Senator

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AN ACT
CREATING THE ENTREPINYOY DEVELOPMENT AUTHORITY THEREBY
INSTITUTIONALIZING, THE LIVELIHOOD MOVEMENT IN THE PHILIPPINES,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

1 SECTION 1. **Short Title.** – This Act shall be known as the “**Entrepinoy**
2 **Development Act of 2004.**”

3 SEC. 2. **Declaration of Policy** – The state hereby recognizes that an
4 entrepreneurial culture, as manifested in the proliferation, growth and
5 development of Livelihood, Micro, Cottage, Small and Medium Enterprises
6 (LMCSME) that generates employment through out the country at relatively
7 modest amounts of capital outlay is an indispensable catalyst of economic
8 growth. It is therefore hereby declared the policy of the State to promote,
9 develop and assist Entrepreneurial Filipinos (Entrepinoys) in establishing and
10 launching the above-mentioned enterprises as the backbone of the country’s
11 economic development.

12 For this purpose, the state hereby rationalizes, and refocuses all
13 government assistance and support programs and concerned agencies relating
14 to LMCSMEs in order to:

- 1 (a) promote an enabling business environment supported by appropriate
2 non-discriminatory policies and regulations, including the grant of
3 uniform and neutral incentives;
- 4 (b) strengthen, redefine and ensure the maximum participation of the
5 private sector in the economy, in line with the privatization of
6 government assets; and
- 7 (c) accelerate the evolution of effective consultative processes between
8 government agencies and their private sector constituencies, at
9 national and local levels to develop mechanisms for the evaluation,
10 review, and upgrading of policies, rules and regulations.

11 **SEC. 3. *Entrepinoy Development Authority.*** – The Authority shall have
12 the following duties and responsibilities:

- 13 (a) To formulate a medium term inter-agency entrepreneurial
14 development plan which will be updated every year;
- 15 (b) To monitor and evaluate the implementation of all livelihood programs
16 and projects;
- 17 (c) To establish effective coordinating mechanisms for program planning
18 and implementation;
- 19 (d) To encourage the participation of duly-accredited non-governmental
20 organizations' in the formulation and implementation of the
21 comprehensive national livelihood development programs;
- 22 (e) To conduct a performance review of all livelihood programs and
23 projects of all government agencies, departments, government
24 corporations and their subsidiaries, to determine whether livelihood
25 activities are rationalized within the defined framework, whether the
26 delivery of assistance is focused on the poor, the recommend to the
27 President the appropriate structural reforms;
- 28 (f) To provide aspiring entrepreneurs and other persons with reliable and
29 up-to-date market information by the establishment of an integrated

1 and efficient information system on market opportunities, production
2 technologies that will guide them in starting up new enterprises; and
3 (g) To formulate basic policies, guidelines and implementing rules for the
4 disposal or development of acquired or existing assets, of attached
5 agencies which are not required for the accomplishment of their basic
6 mandates.

7 **SEC. 5. Powers and Authorities.** – To carry out its objectives, the
8 Authority is hereby vested with the following powers and authorities:

9 (a) To enter into, make and perform and carry out contracts of every class
10 and description which are necessary or incidental to the realization of
11 its purposes with any person, firm or corporation, private or public,
12 and with foreign government entities;

13 (b) To contract loans, indebtedness, credit and issue commercial papers
14 and bonds, in any local or convertible foreign currency from any
15 international financial institutions, foreign government entities, and
16 local or foreign private commercial banks or similar institutions under
17 terms and conditions prescribed by law, rules and regulations;

18 (c) To execute any deed of guarantee, mortgage, pledge, trust or
19 assignment of any property for the purpose of financing the program
20 and projects deemed vital for the early attainment of its goals and
21 objectives;

22 (d) To acquire, own, hold, administer and lease real and personal
23 properties, including agricultural land, property rights and interests
24 and encumber, lease, mortgage, sell, alienate or otherwise dispose of
25 the same at fair market value it may deem appropriate;

26 (e) To receive any asset, grant or property, whether real or personal
27 given by way of bequest, grant, donation, assistance, devise gift,
28 purchase or lease either absolutely, or in trust from foreign and
29 domestic sources, subject to such limitations as are provided for

1 under existing laws and regulations and to convey such assets, grants
2 or property;

3 (f) To invest and reinvest the same under this provision or deal with and
4 expand its assets and income in such manner as will promote its
5 objects.

6 (g) To determine, fix and collect reasonable amounts to be charged as
7 filing fees, inspection fees and other administrative or service fees
8 necessary for the effective implementation of all the laws, rules and
9 regulations and other legal issuances enforced by the Authority;

10 (h) To sue and be sued;

11 (i) To promulgate all rules and regulations necessary for the effective
12 implementation of its mandate, duties, and responsibilities; and

13 (j) To exercise such powers and perform such acts as may be
14 necessary, useful, incidental or auxiliary to carry out the provisions of
15 this Act.

16 SEC. The ***Entrepinoy Promotion and Development Board***. – The
17 mandate, objectives, responsibilities and powers vested in the Authority under
18 the preceding sections shall be exercised by the *Entrepinoy Promotion and*
19 *Development Board*, herein after referred to as the Board. The Board shall have
20 fifteen (15) members with the Secretary of the Department of Trade and Industry
21 as Chairman and the Administrator of the Authority as Vice-Chairman. The other
22 members of the board shall be as follows:

23 (a) Secretary of the DECS;

24 (b) Secretary of the Department of Science and Technology;

25 (c) Secretary of the NEDA;

26 (d) Chairman of the Board of the Development Bank of the Philippines;

27 (e) Chairman of the Board of the Land Bank of the Philippines;

28 (f) Secretary of the Department of Finance;

29 (g) Secretary of the Department of Labor and Employment;

- 1 (h) Secretary of the Department of Agriculture;
- 2 (i) Secretary of the Department of Environment and Natural Resources;
- 3 (j) Secretary of the Department of Interior and Local Government;
- 4 (k) Three (3) Representatives from the private sector, each one
5 representing Luzon, Visayas and Mindanao, respectively, to be
6 nominated from among accredited associations, and appointed by the
7 President of the Philippines, upon the recommendation of the
8 Secretary of the Department of Trade and Industry.

9 **SEC. 7. *Dissolution of Existing Agencies.*** – The following agencies are
10 hereby abolished or dissolved and its powers and functions are hereby
11 transferred to the Authority, any provision of law or their respective charters to
12 the contrary notwithstanding:

- 13 (a) Small and medium Enterprise Development Council;
- 14 (b) Bureau of Small and Medium Business Development of the DTI;
- 15 (c) Entrepreneurial Development Services Department of the DTI;
- 16 (d) Cottage Industry Technology Center of the DTI.

17 The Authority shall, by virtue of this Act, succeed to all rights and assume
18 all the liabilities of the attached agencies, and all funds, records, property,
19 assets, equipment, and such personnel as necessary, including unexpended
20 appropriations and/or allocations. All contracts and liabilities of the said officers
21 are hereby transferred to an assumed by the Authority and shall be acted upon
22 in accordance with the Auditing Code of the Philippines and other pertinent
23 laws, rules and regulations. *Provided*, That the officers and employees of the
24 said office shall continue on a hold-over capacity until such time as the new
25 officers and employees of the Authority shall have been duly appointed pursuant
26 to the provisions of this Act.

27 **SEC. 8. *Supervision over Existing Agencies.*** – The Authority shall
28 exercise control and supervision for the purpose of policy and program

1 coordination and integration over the following agencies, any provision of the
2 law or their respective charters to the contrary notwithstanding:

- 3 (a) Philippine Trade and Training Center of the DTI;
- 4 (b) Product Development and Design Center of the Philippines of the DTI;
- 5 (c) Small Business Guarantee Fund Corporation of the DTI;
- 6 (d) Technology and Livelihood Resource Center;
- 7 (e) Guarantee Fund for Small and Medium Enterprises;
- 8 (f) The Livelihood Corporation;
- 9 (g) Technology Application and Promotion Institute of the Department of
10 Science and Technology (DOST).

11 Any provision of law to the contrary notwithstanding, the Secretary of the
12 Department of Trade and Industry is designated as Chairman and the
13 Administrator as Vice-Chairman of the governing board of the controlled and
14 supervised agencies and corporations.

15 **SEC. 9. *Continuing Rationalization.*** – The Secretary of Trade and
16 Industry may recommend to the President and Congress other projects,
17 *agencies and bureaus belonging to other Departments to be integrated under*
18 *the Authority* should there be rational justification for purposes of economy and
19 effectiveness in pursuit of common objectives of Entrepinoy and Livelihood
20 promotion and development.

21 **SEC. 10. *Powers and Duties of the Administrator.*** – The Administrator
22 shall be the Chief Executive of the Authority who shall be appointed by the
23 President of the Philippines upon the recommendation of the Secretary of the
24 DTI with the rank of Undersecretary. The Administrator shall be a person
25 experienced in the technical and administrative fields related to the objectives of
26 this Act.

27 The Administrator shall among others, execute and administer the
28 policies and resolutions approved by the Board. The Administrator shall direct
29 and supervise the administration of the Authority. The office of the Administrator

1 shall consist of the Administrator, Program or Project Directors and their
2 immediate staff.

3 SEC. 11. **Senior Officers.** – The senior officers of the Authority shall
4 consist of five (5) Directors who shall oversee the operational activities of the
5 Authority. The Directors shall be as follows:

6 (a) Information, Publications, and Training Director

7 (b) Technology Director

8 (c) Finance Access Director

9 (d) Community Livelihood Centers and Livelihood Estates Director

10 (e) Market Access and Promotions Director

11 The Administrator shall be assisted by two (2) Assistant Directors one of
12 whom shall be responsible for policy, planning and monitoring and the other for
13 the staff support services. The reporting procedures to be followed by them shall
14 be determined by the Administrator.

15 SEC. 12. **Regional Offices.** – There shall be established as many
16 regional officers as are necessary and consistent with the requirements of
17 economy and efficiency: *Provided*, That they are established in accordance with
18 the regional pattern as prescribed by the existing laws.

19 A regional office shall have, with its administrative region, the following
20 functions:

21 (a) To implement rules and regulations, policies, plans, programs and
22 projects of the Authority;

23 (b) To provide efficient and effective services to LMCSMEs;

24 (c) To establish Community Livelihood Centers, Livelihood Estates for
25 Small Enterprises; Common Service Facilities; and such other
26 facilities as the Authority may prescribe;

27 (d) To identify and promote Industrial Districts – viable agglomerations of
28 related industries with forward and backward linkage and supported
29 by productive specialization among related manufacturers as

1 determined by market, raw materials, costs, infrastructure skills and
2 technology.

3 (e) To coordinate with regional officers of other Departments, Offices and
4 agencies in the region;

5 (f) To advocate programs promoting LMCSMEs in the Regional
6 Development Council and develop LGU capabilities in its
7 development and finance; and

8 (g) To perform such other functions as may be provided by resolutions,
9 rules and regulations, policies, plans, programs and projects adopted
10 by the Board.

11 SEC. 13. **Organizational Framework.** – The organization framework and
12 staffing pattern of the Authority shall be approved by the President of the
13 Philippines upon the recommendation of the Secretary of Trade and Industry
14 within sixty (60) days after the effectivity of this Act and the authorized positions
15 created therein shall be filled by regular appointments by the President or the
16 Administrator as the case may be: *Provided*, That in the filling of positions
17 created, preferences shall be given to the personnel of the abolished or
18 dissolved agencies: *Provided, further*, That such individuals are, by
19 demonstrated ability, background, training or experience, especially qualified to
20 assess fairly the needs and concerns of all interests affected by the policies and
21 objectives enunciated under this Act.

22 SEC. 14. **Development Plan.** – Within ninety (90) days after the
23 institution of the Authority, it shall with the assistance of appropriate government
24 agencies and private entities, formulate and implement a comprehensive
25 Development Plan for Entrepinoys and LMCSMEs; *Provided*, That they conduct
26 investigations, studies, and researches prior to the formulation of such plan;

27 The Administrator shall submit such comprehensive Development Plan
28 for the approval of the President and/or the Congress of the Republic of the
29 Philippines after ninety (90) days from his appointment which shall detail the

1 overall manner by which the attached agencies shall be reorganized, the
2 objectives they will pursue under the mandate of the Authority, the agencies that
3 will be dissolved, merged, restructured; the programs, projects and agencies,
4 government corporations that will be transferred from other National
5 Government Departments and attached to the Authority along with assets,
6 personnel and budget appropriations, which should properly be under the
7 Authority for purposes of rationalization, and to achieve a greater efficiency and
8 effectiveness in the pursuit of its mandate to promote an develop
9 entrepreneurship and creation and expansion of LMCSMEs.

10 SEC. 15. **Compensation Package.** – The Authority shall prescribe the
11 compensation and position classification policies for attached agencies, in
12 coordination with the Civil Service Commission and the Department of Budget
13 and Management, pursuant to the compensation standardization provision of
14 the Constitution and implementing laws.

15 SEC. 16. **Appropriations.** – In the implementation of this Act, the initial
16 appropriation shall be that amount appropriated for the abolished shall be that
17 amount appropriated for the abolished, dissolved, controlled and supervised
18 agencies and such other amounts as the President may allocate from other
19 sources. Thereafter, such sums as may be needed for the operations and
20 maintenance of the Authority shall be included in the Annual General
21 Appropriations Act.

22 SEC. 17. **Disclosure of business Interests.** – Before assumption to the
23 office, the Administrator, the Directors and the Assistant Directors shall submit
24 to the Civil Service Commission a list of all companies, partnerships or business
25 enterprises, including non-profit organizations, with which they have any form of
26 financial interest or employment relationship. Such interests and employment
27 held by the heads of the Authority shall be immediately terminated upon
28 assumption of office.

1 Within thirty (30) days thereafter, complete divestment of financial
2 interests in any institution, firm or company which fall under the supervisory or
3 regulatory jurisdiction of the Authority shall be made; *Provided, however,* That in
4 cases where confirmation of appointments by the Commission on Appointments
5 is required, the divestment mandated herein shall be complied with within thirty
6 (30) days after such confirmation.

7 SEC. 18. ***Separability Clause.*** – The provision of this Act shall be held
8 invalid or unconstitutional, the remainder of this Act not otherwise affected shall
9 remain in full force and effect.

10 SEC. 19. ***Repealing Clause.*** - All laws, executive orders, issuance,
11 rules and regulations or parts thereof inconsistent herewith are hereby repealed
12 or modified accordingly.

13 SEC. 20. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its
14 publication in the Official Gazette or in at least two (2) national newspapers of
15 general circulation

16 Approved,