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SENATE

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COMMITTEE REPORT No. 500

Submitted by the Committees on Trade, Commerce and Entrepreneurship; and Finance on NOV 15 2018.

Re: Senate Bill No. 2017

Recommending its approval with amendments.

Sponsor: Senator Aquilino "Koko" Pimentel III

Mr. President:

The Committees on Trade, Commerce and Entrepreneurship; and Finance, to which was referred **Senate Bill No. 2017**, introduced by Senator Pimentel III, *entitled:*

"AN ACT

PROVIDING A SOCIALIZED MICROFINANCING PROGRAM FOR MICRO ENTERPRISES THEREBY PROMOTING ENTREPRENEURSHIP"

have considered the same and have the honor to report it back to the Senate with the recommendation that it be approved with the following amendments:

- 1) On page 2, line 31, delete the phrase "earnings of the P3 Fund." and replace it with **"ADDITIONAL ANNUAL ALLOCATION."**; and

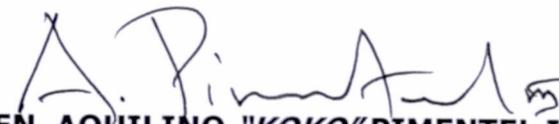
- 2) On page 2, line 37, after the word "month;," insert the phrase "**PROVIDED, THAT AFTER THREE (3) YEARS FROM THE EFFECTIVITY OF THIS ACT, A HIGHER CEILING MAY BE ALLOWED UP TO 3% PER MONTH, SUBJECT TO THE REVIEW OF THE SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (SMED) COUNCIL;**"

Respectfully submitted:

Chairpersons



SEN. LOREN B. LEGARDA
Committee on Finance
Member, Committee on Trade, Commerce
and Entrepreneurship

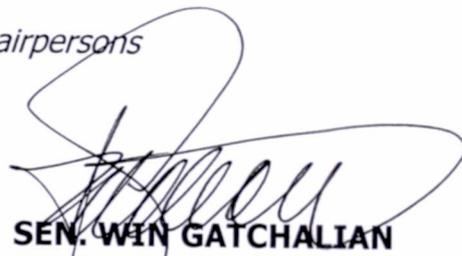


SEN. AQUILINO "KOKO" PIMENTEL III
Committee on Trade, Commerce and
Entrepreneurship

Vice-Chairpersons



SEN. PANFILO M. LACSON,
Committee on Finance E

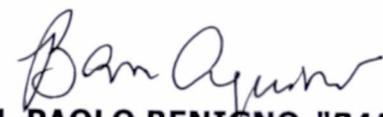


SEN. WIN GATCHALIAN
Committee on Trade, Commerce and
Entrepreneurship
Member, Committee on Finance



SEN. JOSEPH VICTOR G. EJERCITO
Committee on Finance F

SEN. CYNTHIA A. VILLAR
Committee on Finance B
Member, Committee on Trade, Commerce
and Entrepreneurship



SEN. PAOLO BENIGNO "BAM" AQUINO IV
Committee on Finance D



SEN. SONNY ANGARA
Committee on Finance C
Member, Committee on Trade, Commerce

*Member, Committee on Trade, Commerce and Entrepreneurship
and Entrepreneurship*

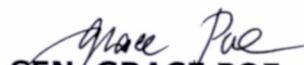
Members



SEN. MARIA LOURDES NANCY S. BINAY
Committee on Finance

SEN. RICHARD J. GORDON
*Committee on Trade, Commerce and Entrepreneurship
Committee on Finance*

SEN. GREGORIO B. HONASAN II
Committee on Finance



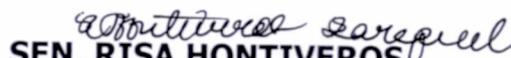
SEN. GRACE POE
*Committee on Trade, Commerce and Entrepreneurship
Committee on Finance*

SEN. JOEL VILLANUEVA
Committee on Finance

SEN. FRANCIS "KIKO" PANGILINAN
*Committee on Trade, Commerce and Entrepreneurship
Committee on Finance*



SEN. FRANCIS "CHIZ" G. ESCUDERO
Committee on Finance



SEN. RISA HONTIVEROS
Committee on Finance

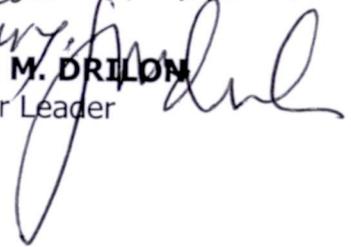


SEN. ANTONIO "SONNY" F. TRILLANES IV
Committee on Finance

Ex-Officio Members:


SEN. RALPH G. RECTO
President Pro-Tempore


SEN. JUAN MIGUEL "MIGZ" F. ZUBIRI
Majority Floor Leader

With reservations, Concurs only to allow consideration in the Plenary.

SEN. FRANKLIN M. DRILON
Minority Floor Leader

HON. VICENTE SOTTO III
Senate President
Senate of the Philippines
Pasay City

SENATE

S. B. No. 2017

18 SEP 19 P2:20

RL. 

Introduced by Senator Aquilino "Koko" Pimentel III

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 be known as the “*Pondo sa*
2 *Pagbabago at Pag-asenso*” or the “*P3 Act*”.

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

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

- 12
13 (a) To provide an affordable, accessible, and simple micro
14 financing program for the country’s micro enterprises,
15 especially those in the poorest populations;
16
17 (b) To provide a better alternative to the informal lenders or the
18 so-called “5-6” money lending system availed of by micro
19 enterprises; and
20
21 (c) To bring down the interest rate at which micro finance is made
22 available to micro enterprises.

1 **SEC. 4.** *Creation of the Pondo sa Pagbabago at Pag-asenso (P3).*
2 – There is hereby created the Pondo sa Pagbabago at Pag-asenso Fund.
3 hereinafter referred to as the “P3 Fund”, which shall be made available to
4 qualified micro enterprises under such terms and conditions that will meet
5 the purposes of this Act.

6
7 The beneficiaries of the P3 Fund shall be micro enterprises, as
8 defined under Republic Act No. 6977, as amended, or the “Magna Carta
9 for Micro, Small and Medium Enterprises (MSMEs)”.

10
11 The P3 Fund shall be primarily accessible through accredited
12 partner financial institutions (PFIs) such as rural banks, cooperatives with
13 license to lend, micro financing institutions, or lending companies duly
14 licensed by the Bangko Sentral ng Pilipinas (BSP), Cooperative
15 Development Authority (CDA), or the Securities and Exchange
16 Commission (SEC).

17
18 **SEC. 5.** *Lead Implementing Agency.* – The Small Business
19 Corporation (SB Corp.), the financing arm of the Department of Trade
20 and Industry (DTI), shall be the lead implementing agency for the P3
21 Fund. It shall handle the fund delivery to micro enterprises through the
22 following modes:

- 23
24 (a) Direct lending; and
25
26 (b) Lending through accredited PFIs.

27
28 To support administrative and operating expenses of the SB Corp.,
29 an amount not more than five percent (5%) of the total loans disbursed
30 shall be provided annually to the SB Corp., to be sourced from the
31 earnings of the P3 Fund.

32
33 **SEC. 6.** *Features of the P3 Fund.* – The P3 Fund shall have the
34 following features:

- 35
36 (a) The interest rate to be imposed on the loan availed of by the
37 P3 Fund beneficiaries shall not exceed 2.5% per month;
38
39 (b) The interest earnings shall accrue to the P3 Fund;
40
41 (c) There shall be no collateral requirement from the P3 Fund loan
42 beneficiaries; and

1 (d) The loanable amount for individual loans shall be set and
2 regularly reviewed by the Micro, Small and Medium
3 Enterprise Development (MSMED) Council.
4

5 **SEC. 7. Policy Oversight Function.** – The MSMED Council shall
6 monitor the utilization and disbursements of the P3 Fund. It shall submit
7 to the President of the Philippines and to Congress, through the
8 Congressional Oversight Committee on Micro, Small and Medium
9 Enterprise Development (COC-MSMED), a yearly report on the status of
10 the P3 Fund.
11

12 **SEC. 8. Appropriations.** – The amount necessary to carry out the
13 provisions of this Act shall be charged against the appropriations released
14 for the purpose under the General Appropriations Act for the SB Corp.
15 Thereafter, such sums as may be necessary for the continued
16 implementation of this Act shall be included in the annual General
17 Appropriations Act.
18

19 **SEC. 9. Implementing Rules and Regulations.** – Within sixty (60)
20 days from the approval of this Act, the DTI shall formulate and
21 promulgate the necessary rules and regulations to implement the
22 provisions of this Act. The implementing rules and regulations issued
23 pursuant to this section shall take effect thirty (30) days after its
24 publication in at least two (2) newspapers of general circulation.
25

26 **SEC. 10. Separability Clause.** – If any part or section of this Act is
27 declared unconstitutional, such declaration shall not affect in any manner
28 the other parts or sections hereof.
29

30 **SEC. 11. Repealing Clause.** – All laws, decrees, proclamations,
31 issuances, or ordinances that are contrary to or inconsistent with the
32 provisions of this Act are hereby amended, repealed, or modified
33 accordingly.
34

35 **SEC. 12. Effectivity.** – This Act shall take effect fifteen (15) days
36 after its publication in the Official Gazette or in any newspaper of general
37 circulation.
38

39 *Approved,*
40