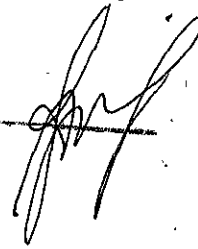


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUN 30 1999

SENATE

RECEIVED BY: 

S. No. 108

INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

The sustainability of Mirco, Small and Medium Enterprises (MSMEs) is, and should be, a priority of government because of its significant contributions to income and employment generation. It has a potential to be a leading force in stimulating economic development. At present, MSMEs comprise 99.6% of all registered companies and accounts for 69.1% of employment. Unfortunately, the value-added contributed by MSMEs to the economy is only 32%.

R.A. No. 6977 was passed into law in 1991 to promote, develop and assist small and medium scale enterprises through the creation of a Small and Medium Enterprise Development (SMED) Council, and to rationalize government assistance, programs and agencies concerned with the development of small and medium enterprises. The passage of this law signaled awareness and recognition of a much-needed policy base to support the growth of SMEs. By outlining guidelines for institutional support to improve productivity, upgrade of technologies, lower the cost of doing business and expand access to financing, government has laid the foundation for a national agenda to economic progress.

After fifteen (15) years, strengths and weaknesses are now apparent. Despite the growth of the sector due to the passage of R.A. No. 6977 in 1991, the sector still faces limitations in delivering expected benefits to the economy. Areas needing attention are lack of access to financing, inefficient operating practices, insufficient technology and technical knowledge and lack of access to markets. By providing an enabling environment to SMEs, the potential of the sector could be maximized.

This bill strengthens R.A. No. 6977, the Magna Carta for Small Enterprises. The focus of the amendments of this bill rest on three points: guidelines, institutional support and organizational support. Guidelines refer to the specific asset size definition, appropriating a definite and regular amount for the Small and Medium Enterprise Development (SMED) Council and increase in the mandatory allocation to lending activities.

Institutional support comprises of additional government agencies to coordinate SME efforts and formalization of the SME Development Plan. Lastly, organizational support to intensify the powers and increase capitalization of the Small Business and Guarantee Finance Corporation to complement the growing demands for financing. Other features of the bill include formalizing the celebration of the Micro, Small and Medium Enterprise (MSME) Week and recognition of outstanding MSMEs.

Truly, MSMEs are indispensable to overall economic growth, but their full potential has yet to be developed and realized. It is in the hope that, through this measure, the enabling environment needed to provide meaningful policy and support from SMES would be ensured.

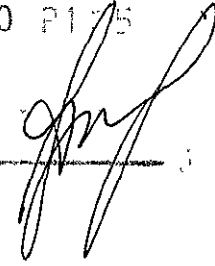
In view of the foregoing, the passage of this bill is earnestly requested.



M A R ROXAS
Senator

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

7 JUN 30 21 25



RECEIVED BY:

SENATE
S. No. 108

INTRODUCED BY HONORABLE MAR ROXAS

AN ACT

TO PROMOTE ENTREPRENEURSHIP BY STRENGTHENING DEVELOPMENT AND ASSISTANCE PROGRAMS TO MICRO, SMALL AND MEDIUM SCALE ENTERPRISES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6977, AS AMENDED, OTHERWISE KNOWN AS THE "MAGNA CARTA FOR SMALL ENTERPRISES" AND FOR OTHER PURPOSES"

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

1 SECTION 1. Republic Act No. 6977, as amended, Section 1, is further amended to
2 read as follows:

3 "Section 1 Title. - This Act shall be known as the Magna Carta
4 for MICRO, Small AND MEDIUM Enterprises (MSME)."

5 SEC. 2. Section 2 of the same Act is hereby amended to read as follows:

6 "Section 2. *Declaration of Policy.* - Recognizing the MICRO, small and
7 medium scale enterprises (MSME) have the potential for more employment
8 generation and economic growth and therefore can help provide a self-sufficient
9 industrial foundation for the country, it is hereby declared the policy of the State to
10 promote, support, strengthen and encourage the growth and development of [small
11 and medium enterprises] MSME in all sectors of the economy particularly rural/agri-

1 based enterprises. To this end, the State shall undertake to [spur the growth and
2 development of small and medium enterprises throughout the country] PROMOTE
3 ENTREPRENEURSHIP, SUPPORT ENTREPRENEURS, ENCOURAGE THE
4 ESTABLISHMENTS OF MICRO, SMALL AND MEDIUM ENTERPRISES AND
5 ENSURE THEIR CONTINUING VIABILITY AND GROWTH and thereby attain
6 countryside industrialization BY:

7 “[a] By assuring, through the establishment of adequate support structure, and
8 the creation and promotion of an environment conducive to the viability of these
9 enterprises, establishment of mechanisms, the access and transfer of appropriate
10 technology needed by small and medium enterprises;]

11 “[b] A) [By] intensifying and expanding programs for training in
12 entrepreneurship and for skills development for labor;

13 “[c] B) [By] facilitating their access to sources of funds;

14 “[d] C) [By] assuring to them access to a fair share of government contracts and
15 related incentives and preferences;

16 “[e] D) [By] complementing and supplementing financing programs for
17 MICRO, small and medium enterprises and doing away with stringent and
18 burdensome collateral requirements that small entrepreneurs invariably find extreme
19 difficulty complying with;

20 “[f] E) [By] instituting safeguards for the protection and stability of the credit
21 delivery system;

22 “[g] F) [By] raising government efficiency and effectiveness in providing
23 assistance to MICRO, small and medium enterprises throughout the country, at the
24 least cost;

1 “[h] G) [By] promoting linkages between large and small enterprises, and by
2 encouraging the establishment of common service facilities;

3 “[i] H) [By] making the private sector a partner in the task of building up
4 MICRO, small and medium enterprises through the promotion and participation of
5 private voluntary organizations, viable industry associations, and cooperatives; and

6 “[j] I) [By] assuring a balanced and sustainable development through the
7 establishment of a feedback and evaluations mechanism that will monitor the
8 economic contributions as well as bottlenecks and environmental effects of the
9 development of MICRO, small and medium [scale] enterprises.’

10 SEC. 3. Section 3 of the same Act, as amended, is hereby further amended to read as
11 follows:

12 “Section 3. *MICRO, Small and Medium Enterprises as Beneficiaries.* -
13 [‘Small and medium enterprise’] MSME shall be defined as any business activity or
14 enterprise engaged in industry, agribusiness, and/or services, whether single
15 proprietorship, cooperative, partnership or corporation whose total assets, inclusive of
16 those arising from loans but exclusive of the land on which the particular business
17 entity’s office, plant and equipment are situated, must have value falling under the
18 following categories;

19 Micro : [less than P 1,500,000] NOT MORE THAN P 3,000,000

20 Small : [P 1,500,000] P3,000,001 - P 15,000,000

21 Medium : P15,000,001 - [P 60,000,000] P 100,000,000

1 “The above definition shall be subject to review and adjustment [by the said
2 Council] *motu proprio* BY THE MSMED COUNCIL UNDER SECTION 6 OF THIS
3 LAW or upon recommendation of sectoral organization(s) CONCERNED, taking into
4 account inflation and other economic indicators. The Council may use [us] OTHER
5 variables [the] SUCH AS number of employees, equity capital and asset size.

6 “THE COUNCIL SHALL ENSURE THAT NOTWITHSTANDING THE PLANS
7 AND PROGRAMS SET FOR MSMEs AS A WHOLE, THERE SHALL BE SET AND
8 IMPLEMENTED OTHER PLANS AND PROGRAMS VARIED AND DISTINCT
9 FROM EACH OTHER, ACCORDING TO THE SPECIFIC NEEDS OF EACH
10 SECTOR, ENCOURAGING MSME TO GRADUATE FROM ONE CATEGORY TO
11 THE NEXT OR EVEN HIGHER CATEGORY.”

12 SEC. 4. Section 4 of the same act, as amended, is hereby further amended to read as
13 follows:

14 “Section 4. *Eligibility for Government Assistance.* - To qualify for assistance,
15 counseling, incentives and promotion under this Act, business falling under the above
16 definition must be:

17 “a) duly registered with the appropriate agencies as presently provided
18 by law; *Provided*, That in the case of micro enterprises as defined herein, as
19 defined herein, registration with the office of the municipal or city treasurer
20 shall be deemed sufficient compliance with this requirement:

21 “b) one hundred percent (100%) owned [and], capitalized by Filipino
22 citizens, [if] WHETHER single proprietorship or partnership. If the enterprise

1 is a juridical entity, at least sixty percent (60%) of its capital or outstanding
2 stocks must be owned by Filipino citizens.

3 “c) a business activity within the practice of one’s profession, the
4 operation of tourism-related establishment, and agri-business, which for
5 purposes of this Act refers to any business activity involving the
6 manufacturing, processing, and/or production of agricultural produce[,
7 excluding farm level agricultural/crop production]; and

8 “d) it must not be a branch, subsidiary or division of a large-scale
9 enterprise [nor may its policies be determined by a large scale enterprise or by
10 persons who are not owners or employees of the enterprise].

11 “However, this requirement shall not preclude a [small and medium
12 enterprise] MSME from accepting subcontracts [from large enterprises or
13 firms] **AND ENTERING INTO FRANCHISE PARTNERSHIP WITH LARGE**
14 **ENTERPRISES OR FROM** joining in cooperative activities with other [small
15 and medium enterprises] MSME.

16 “Programs of the [financing corporation] **SMALL BUSINESS**
17 **CORPORATION (SBC)** as provided in subsequent [Sections] **PROVISIONS** of
18 this Act shall be exclusively [targeted] **DELIVERED AND DIRECTED** to
19 [medium, small, and mirco-sized enterprises] **BONAFIDE MSMEs.**

20 “**THE DEPARTMENT OF BUDGET AND MANAGEMENT SHALL**
21 **MONITOR THE COMPLIANCE OF GOVERNMENT AGENCIES ON THE**
22 **REQUIRED PROCUREMENT FOR MSME AND SUBMIT ITS REPORT TO**
23 **THE MSMED COUNCIL ON A SEMESTRAL BASIS.”**

24 SEC. 5. Section 5 of the same Act is hereby further amended to read as follows:

1 “Section 5. Guiding Principles. - To set the pace for [small and medium
2 enterprises] MSME development, the State shall be guided by the following
3 principles:

4 x x x

5 “c) Coordination of government efforts. Government efforts shall be
6 coordinated to achieve coherence in objectives. All appropriate offices,
7 particularly those under the Department of Trade and Industry, Finance,
8 Budget and Management, Agriculture, Agrarian Reform, Environment and
9 Natural Resources, Labor and Employment, Transportation and
10 Communications, Public Works and Highways, Science and Technology,
11 INTERIOR AND Local Government and Tourism as well as the National
12 Economic and Development Authority, PHILIPPINE INFORMATION
13 AGENCY and the Bangko Sentral ng Pilipinas, through their national, regional
14 and provincial offices, shall to the best of their effort and in coordination with
15 local government units, provide the necessary support and assistance to [small
16 and medium enterprises] MSMEs.

17 x x x

18 SEC. 6. A new section, numbered Section 6 is hereby inserted after Section 5 of the
19 same Act, to read as follows:

1 “Section 6. **MICRO, SMALL AND MEDIUM ENTERPRISES**
2 **DEVELOPMENT PLAN (MSMEDP).** - THE PRESIDENT SHALL APPROVE A
3 ROLLING THREE-YEAR MICRO, SMALL AND MEDIUM ENTERPRISES
4 DEVELOPMENT PLAN PREPARED BY THE MICRO, SMALL AND MEDIUM
5 ENTERPRISE COUNCIL THROUGH THE DEPARTMENT OF TRADE AND
6 INDUSTRY WHICH SHALL FORM PART OF THE MEDIUM TERM PHILIPPINE
7 DEVELOPMENT PLAN (MTDP). IT SHALL BE FORMULATED IN
8 CONSULTATION WITH THE PRIVATE SECTOR, VALIDATED AND UPDATED
9 SEMESTRALLY.”

10 SEC. 7. Section 6 of the same Act is hereby renumbered as Section 7 and further
11 amended to read as follows:

12 “Section 7 [6]. [*Creation of A Small and Medium Enterprise Development*
13 *Council]* **MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT**
14 **COUNCIL.** - THE EXISTING SMALL AND MEDIUM ENTERPRISE
15 DEVELOPMENT COUNCIL, WHICH WAS CREATED BY REPUBLIC ACT NO
16 6977, AS AMENDED BY REPUBLIC ACT NO. 8289, SHALL BE STRENGTHENED
17 [T]to effectively spur the growth and development of [small and medium enterprises]
18 MSMEs throughout the country, and to carry out the policy declared on this Act, [a
19 Small and Medium Enterprises Development (SMED) Council is hereby created.]
20 The Council shall be attached to the Department of Trade and Industry and shall be
21 constituted within sixty (60) days after the approval of this Act.

1

x x x

2 SEC. 8. Section 7 of the same Act, as amended, is hereby renumbered as Section 7-A,
3 and further amended to read as follows:

4 “Section 7-A [7]. *Composition.* - The Council shall be headed by the
5 Secretary of Trade and Industry as Chairman, and may elect from among themselves a
6 Vice-chairman to preside over the Council meetings in the absence of the Chairman,
7 The members shall be the following:

8 “a) Director General of the National Economic and Development Authority;

9 “b) Secretary of Agriculture;

10 “c) Secretary of Labor and Employment;

11 “d) Secretary of Environment and Natural Resources;

12 “E) SECRETARY OF THE INTERIOR AND LOCAL GOVERNMENT;

13 “[e] F) Secretary of Science and Technology;

14 “[f] G) Secretary of Tourism;

15 “[g] H) The Chairman of the Monetary Board;

1 “[h] I) Chairman of [Small Business Guarantee and Finance Corporation]
2 SMALL BUSINESS CORPORATION;

3 “[i] J) Chairman of the MICRO, small and medium enterprises promotion
4 body which the President shall undertake to establish this Act; [Act]

5 “[j] K) Three (3) representatives from the private sector at large, all Filipino
6 citizens, to represent Luzon, Visayas and Mindanao, and one representative
7 from the MICRO, small and medium enterprise sector, to be appointed by the
8 President; and

9 “[k] L) [a] One (1) representative EACH form the private banking sector: [to
10 serve alternately among] the Chamber of Thrift Banks, the Rural Bankers’
11 Association of the Philippines (RBAP); and the Bankers’ Association of the
12 Philippines (BAP);

13 “ALL MEMBERS OF THE COUNCIL SO APPOINTED, EXCEPT FOR THE
14 *EX-OFFICIO* MEMBERS, SHALL SERVE FOR A TERM OF THREE (3) YEARS. THE
15 PERSON SO APPOINTED TO plain text formatted text A MEMBER WHO HAS
16 RESIGNED, DIED, OR BEEN REMOVED FOR CAUSE SHALL SERVE ONLY FOR
17 THE UNEXPIRED PORTION OF THE TERM.

18 “Cabinet-rank ex-officio members of the Council shall designate an
19 undersecretary or assistant secretary, and the chairman of the Monetary Board or his

1 representative as their permanent representative in case they fail to attend meeting of
2 the Council.

3 “The private sector members of the Council shall [initially] received *per diem*
4 of [One] TWO thousand (P[1]2,000) per meeting, for a maximum of twenty-four (24)
5 meetings per year, which [*per diem* may be adjusted] AMOUNT SHALL BE
6 DETERMINED by the Council: Provided, that THE AMOUNT AND any such
7 adjustment shall take effect upon approval of the [President] MSMED COUNCIL.

8 “ [The Department of Trade and Industry shall allocate Five million pesos
9 (P5,000,000.00) out of its saving for the initial operating expenses of the Council, after
10 which the Council’s budget shall be included in the annual appropriation of the
11 Department of Trade and Industry.]

12 “THE COUNCIL SHALL HAVE A SEPARATE ANNUAL APPROPRIATION
13 WHICH SHALL BE PROVIDED IN THE GENERAL APPROPRIATIONS ACT
14 STARTING IN THE FISCAL YEAR IMMEDIATELY FOLLOWING THE APPROVAL
15 OF THIS ACT.

16 “The Council may [,from time to time,] call upon the participation of any
17 NATIONAL OR LOCAL government agency [or], association of local government
18 officials OR PRIVATE SECTOR ORGANIZATION in its deliberations especially
19 when such agency OR PRIVATE SECTOR ORGANIZATION is directly or indirectly
20 concerned with and/or affecting the growth and development of [small and medium
21 enterprise] MSMEs in any particular area or manner.

1 “The Council may create an Executive Committee of five (5) members elected
2 by the Council from among themselves or their designated permanent
3 representatives, with at least two (2) members representing the private sector, and
4 with authority to act for and on behalf of the Council during intervals of council
5 meetings, and within the specific authority granted by the Council.”

6 SEC. 9. Sector 8 of the same Act, as amended, hereby renumbered as Section 7-B and
7 further amended to read as follows:

8 “SECTION 7-B {8}. Powers and Functions. - The [Small and Medium
9 Enterprise Development (SMED) MSMED) Council shall have the following powers,
10 duties and functions:

11 “a) To help establish the needed environment and opportunities conducive to
12 the growth and development of the [small and medium enterprises] MSME sector;

13 “b) To recommend to the President and the Congress all policy matters
14 affecting [small and medium scale enterprises] MSMEs;

15 “c) To formulate a comprehensive [small and medium enterprises] MSME
16 development plan to be integrated into the National Economic and Development
17 Authority (NEDA) Development Plans;

1 “d) To coordinate and integrate various government and private sector
2 activities relating to [small and medium enterprise] MSME development;

3 “e) To review existing policies of government agencies that would affect the
4 growth and development of [small and medium enterprises] MSMES and recommend
5 changes to the President and [/or to the] Congress THROUGH THE COMMITTEE
6 ON ECONOMIC AFFAIRS OF THE SENATE AND THE SPECIAL COMMITTEE ON
7 ENTREPRENEURSHIP DEVELOPMENT, OR ANY APPROPRIATE COMMITTEE
8 OF THE HOUSE OF REPRESENTATIVES, whenever deemed necessary. This shall
9 include efforts to simplify rules and regulations, as well as procedural and
10 documentary requirements in the registration, financing, and other activities relevant
11 to [small and medium enterprises] MSMEs.

12 “f) To monitor and determine the progress of various agencies geared towards
13 the development of the sector. This shall include overseeing, in coordination with
14 local government units and the Department of THE INTERIOR AND Local
15 Government as well as private sector groups/associations, the cottage and micro-sized
16 firms.];

17 “g) To promulgate implementing guidelines, programs, and operating
18 principles as may be deemed proper and necessary in the light of government and
19 objectives of this Act;

20 “h) To provide the appropriate policy and coordinative framework in assisting
21 relevant government agencies, in coordination with [the National Economic and

1 Development Authority] NEDA and the Coordinating Council for the Philippine
2 Assistance Program, as may be necessary, in the tapping of local and foreign funds for
3 [small and medium enterprises] MSME development;

4 “i) To promote the productivity and viability of [small and medium
5 enterprises] MSMEs by way of directing and/or assisting relevant government
6 agencies and institutions at the national, regional and provincial levels towards the:

7 “1) Provision of business training courses, technical training for technicians
8 and skilled laborers and continuing skills upgrading programs;

9 “2) Provision of labor-management guidance, assistance and improvement of
10 the working conditions of employees in [small and medium-sized firms]
11 MSMEs;

12 “3) Provision of guidance and assistance regarding product quality/product
13 development and product diversification;

14 “4) Provision of guidance and assistance for the adoption of improved
15 production techniques and commercialization of appropriate technologies for
16 the product development and for increased utilization of indigenous raw
17 materials;

18 “5) Provision of assistance in marketing and distribution of products of [small
19 and medium enterprises] MSMEs through local supply-demand information,

1 industry and provincial profiles, overseas marketing promotion, domestic
2 market linkaging and the establishment of common service facilities such as
3 common and/or cooperative bonded warehouse, grains storage, agro-
4 processing and drying facilities, ice plants, refrigerated storage, cooperative
5 trucking facilities, etc.:

6 “6) Intensification of assistance and guidance to enable greater access to credit
7 through a simplified multi-agency financing program; to encourage
8 development of other modes of financing such as leasing and venture capital
9 activities; to provide effective credit guarantee systems, and encourage the
10 formation of credit guarantee associations, including setting up of credit
11 records and information systems and to decentralize loan approval mechanism;

12 “7) Provision of concessional interest rates, lower financing fees, which may
13 include incentives for prompt credit payments, arrangements tying
14 amortizations to business cash flows, effective substitution of government
15 guarantee cover on loans for the borrower’s lack of collateral;

16 “8) Provision of bankruptcy preventive measures through the setting up of a
17 mutual relief system for distressed enterprises, and the establishment of
18 measures such as insurance against extraordinary disasters;

19 “9) Intensification of information dissemination campaigns and
20 entrepreneurship education activities;

1 “10) Easier access to and availment of tax credits and other tax and duty
2 incentives as provided by the Omnibus Investment Code and other laws;

3 “11) Provision of support for product experimentation and research and
4 development activities as well as access to information on commercialized
5 technologies; and

6 “12) Provision of more infrastructure facilities and public utilities to support
7 operations of [small and medium enterprises] MSMEs.

8 “j) To submit to the President and the Congress THROUGH THE SENATE
9 COMMITTEE ON ECONOMIC AFFAIRS AND THE SPECIAL COMMITTEE ON
10 ENTREPRENEURSHIP DEVELOPMENT, OR ANY APPROPRIATE COMMITTEE
11 OF THE HOUSE OF REPRESENTATIVES, a yearly report on the status of [small and
12 medium enterprises] MSMEs in the country, including the progress and impact of all
13 relevant government policies, programs and legislation as well as private sector
14 activities;

15 “k) To assist in the establishment of modern industrial estates outside urban
16 centers; and

17 “l) Generally, to exercise all powers and functions necessary for the objectives
18 and purposes of this Act [.]: AND

1 “M) TO APPROVE THE MSMEDP, COORDINATE, MONITOR AND ASSESS
2 THE IMPLEMENTATION THEREOF, AND WHEN NECESSARY, INSTITUTE
3 APPROPRIATE ADJUSTMENTS THEREON IN THE LIGHT OF CHANGING
4 CONDITIONS IN BOTH DOMESTIC AND INTERNATIONAL ENVIRONMENT.”

5 SEC. 10. Section 9 of the same Act, as amended is hereby renumbered as Section 8
6 and amended to read as follows:

7 “SEC. 8 [9]. Designation of the Bureau of MICRO, Small and Medium Business
8 Development as a Council Secretariat. - The Bureau of MICRO, Small and Medium
9 Business Development is hereby designated to act as the Council Secretariat and shall
10 have the following duties and functions:

11 x x x

12 SEC. 11. A new section hereby inserted after Section 9 of the same Act, as amended,
13 and numbered as Section 9 to read as follows:

14 “SECTION 9. APPROPRIATIONS. - FUNDING OF ACTIVITIES AND
15 OPERATIONAL EXPENSES OF THE COUNCIL SHALL BE SUPPORTED BY
16 CONTRIBUTIONS FROM THE GOVERNMENT AND THE PRIVATE SECTOR.
17 THE AMOUNT OF CONTRIBUTION BY THE GOVERNMENT WILL BE
18 RECOMMENDED BY THE DEPARTMENT OF TRADE AND INDUSTRY, UPON
19 CONSULTATION WITH THE DEPARTMENT OF BUDGET AND MANAGEMENT,

1 AND APPROVED BY THE PRESIDENT, THE ANNUAL CONTRIBUTIONS OF THE
2 GOVERNMENT SHALL BE INCLUDED IN THE ANNUAL APPROPRIATIONS
3 ACTS AFTER CONSULTATIONS WITH THE DEPARTMENT OF BUDGET AND
4 MANAGEMENT.”

5 SEC. 12. Section 10 of the Act, as amended, is hereby further amended to read as
6 follows:

7 “Section 10. *Rationalization of Existing MICRO, Small and Medium*
8 *Enterprise Programs and Agencies.* - The MSMED Council shall conduct continuing
9 review of government programs for [small and medium enterprises] MSMEs and
10 submit to Congress and the President a report thereon together with its policy
11 recommendations.”

12 [The President is hereby also empowered to establish a small and medium
13 enterprise promotion body which shall be the principal government agency that will
14 formulate, implement, coordinate and monitor all non-financing government
15 programs, including fee-based services, to support and promote micro, small and
16 medium enterprises. It shall be attached to the *Department of Trade and Industry*
17 and shall be under the policy, program and administrative supervision of the SMED
18 Council. The said office receive no less than fifty percent (50%) of the assets, and
19 budgetary allocations of the agencies for promotion, development and financing of
20 small and medium enterprises that may be henceforth dissolved and/or abolished and
21 absorbed, incorporated and integrated into the SMED Council]

1 SEC. 13. Section 11 of the same Act, as amended, is hereby further amended to read
2 as follows:

3 “Section 11. *Creation of [Small Business Guarantee and Finance Corporation]*
4 **SMALL BUSINESS CORPORATION.** - There is hereby created a body corporate to
5 be known as the Small Business Guarantee and Finance Corporation, hereinafter
6 referred to as the [SBGFC.] **SMALL BUSINESS CORPORATION (SBC)**, which shall
7 [source and adopt development initiatives for globally competitive small and medium
8 enterprises in terms of finance, technology, production, management and business
9 linkages, and provide, promote, develop and widen in both scope and service reach
10 various alternative modes of financing for small and medium enterprises, including
11 but not limited to, direct and indirect project lending, venture capital, financial
12 leasing, secondary mortgage and/or rediscounting of loan papers to small business,
13 secondary/regional stock markets: *Provided*, That crop production financing shall not
14 be serviced by the Corporation.] **BE CHARGED WITH THE PRIMARY**
15 **RESPONSIBILITY OF IMPLEMENTING COMPREHENSIVE POLICIES AND**
16 **PROGRAMS TO ASSIST MICRO, SMALL AND MEDIUM ENTERPRISES IN ALL**
17 **AREAS, INCLUDING BUT NOT LIMITED TO FINANCE, INFORMATION**
18 **SERVICES, TRAINING AND MARKETING.**

19 “[The Corporation shall guarantee loans obtained by qualified small and
20 medium enterprises, local and/or regional associations’ small enterprises and
21 industries, private voluntary organizations and/or cooperatives, under such terms and

1 conditions adopted by its Board. It may guarantee loans up to one hundred percent
2 (100%). It may also provide second level guarantee (i.e., reinsurance) on the credit
3 and/or investment guarantees made by credit guarantee associations and other
4 institutions in support of small entrepreneurs.]

5 “[The Corporation shall become liable under its guarantees upon proof that the
6 loan has become past due under such terms and guidelines adopted by its Board and
7 printed on the contract of guarantee.]

8 “[The Small Business Guarantee Finance Corporation shall:]

9 “[a] be attached to the Department of Trade and Industry and shall be
10 under the policy, program and administrative supervision of the SMED
11 Council.]

12 “[b] have its principal place of business in Metro Manila endeavor to
13 have one or more branch offices in every province of the country;]

14 “[c] exercise all the general powers conferred by law upon corporations
15 under the Corporation Code as are incidental or conducive to the attainment
16 of the objectives of this Act;]

1 “[d] have a board of directors upon which the powers of the
2 Corporation shall be vested, to be composed of nine (9) members including;]

3 “1) [three (3) members from the private sector appointed by the
4 President upon recommendation of the SMED Council and from among whom
5 the Chairman of the Board shall be appointed by the President to serve on a
6 full-time basis;]

7 “[2) the Secretary of Trade and Industry or his Udersecretary; and]

8 “[3) a representative from each of the five (5) government financial
9 institutions mandated in this Act to provide the initial capital of the
10 Corporation, who shall be designated, under guidelines agreed upon the Board
11 Chairmen of said institutions;]

12 “[e) notwithstanding the provisions of Republic Act no. 6758, and
13 Compensation of Budget and Management, the Board of Directors of SBGFC
14 shall have the authority to extend to the employees and personnel thereof the
15 allowance and fringe benefits similar to those extended to and currently
16 enjoyed by the employees and personnel of other government financial
17 institutions.]”

18
19
20 SEC. 14. A new sub-section is inserted after section 11 of the same Act, as amended,
21 to read as follows:

1 “SECTION 11-A. COMPOSITION OF THE BOARD OF DIRECTORS AND
2 ITS POWERS. - THE SBC CORPORATE POWERS SHALL BE VESTED ON A
3 BOARD OF DIRECTORS COMPOSED OF ELEVEN (11) MEMBERS WHICH SHALL
4 INCLUDE THE FOLLOWING;

5 “A) THE SECRETARY OF TRADE AND INDUSTRY

6 “B) THE SECRETARY OF FINANCE

7 “C) A PRIVATE SECTOR REPRESENTATIVE TO BE APPOINTED BY THE
8 PRESIDENT UPON THE RECOMMENDATION OF THE MSMED COUNCIL;

9 “D) SEVEN (7) REPRESENTATIVES OF THE SBC COMMON STOCK
10 SHAREHOLDERS WHO SHALL BE ELECTED BASED ON PROPORTIONAL
11 DISTRIBUTION, IN ACCORDANCE WITH SECTION 24 OF THE CORPORATION
12 CODE; AND

13 “E) THE PRESIDENT OF THE SBC AS *EX-OFFICIO* MEMBER AND TO
14 SERVE AS VICE CHAIRMAN OF THE BOARD.

15 “THE PRESIDENT SHALL APPOINT THE CHAIRMAN OF THE BOARD
16 FROM AMONG ITS MEMBERS.

1 “ALL MEMBERS OF THE BOARD SO APPOINTED, EXCEPT FOR THE EX-
2 OFFICIO MEMBERS, SHALL SERVE FOR A TERM OF THREE (3) YEARS
3 WITHOUT REAPPOINTMENT. THE PERSON SO APPOINTED TO plain text
4 formatted text A MEMBER WHO HAS RESIGNED, DIED OR BEEN REMOVED
5 FOR CAUSE SHALL SERVE ONLY FOR THE UNEXPIRED PORTION OF THE
6 TERM.

7 “THE BOARD OF DIRECTORS SHALL HAVE AMONG OTHERS THE
8 FOLLOWING SPECIFIC POWERS AND AUTHORITIES;

9 “A) FORMULATE POLICIES NECESSARY TO CARRY OUT
10 EFFECTIVELY THE PROVISIONS OF THIS CHARTER AND TO PRESCRIBE,
11 AMEND AND REPEAL BY-LAWS, RULES AND REGULATIONS FOR THE
12 EFFECTIVE OPERATIONS OF THE SMALL BUSINESS CORPORATION;

13 “B) ESTABLISH SUCH BRANCHES, AGENCIES AND SUBSIDIARIES AS
14 MAY BE DEEMED NECESSARY AND CONVENIENT;

15 “C) COMPROMISE OR RELEASE, IN WHOLE OR IN PART, ANY
16 CLAIM OR LIABILITY WHATSOEVER FOR OR AGAINST THE SBC, INCLUDING
17 INTEREST, PENALTIES, FEES AND/OR OTHER CHARGES IN ACCORDANCE TO
18 ITS OWN BY-LAWS AND BANGKO SENTRAL PILIPINAS RULES;

1 “D) FIX THE FEATURES OF NON-VOTING PREFERRED SHARES
2 WHICH SHALL BE PRINTED ON THE STOCK CERTIFICATES EVIDENCING THE
3 SAME;

4 “E) EXERCISE ALL SUCH OTHER POWERS AS MAY BE NECESSARY
5 OR INCIDENTAL TO CARRY OUT THE SMALL BUSINESS CORPORATION
6 PURPOSES.

7 “F) NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT NO.
8 6758 AND COMPENSATION CIRCULAR NO. 10, SERIES OF 1989 ISSUED BY THE
9 DEPARTMENT OF BUDGET AND MANAGEMENT, THE BOARD SHALL HAVE
10 THE AUTHORITY TO PROVIDE FOR THE ORGANIZATIONAL STRUCTURE
11 AND STAFFING PATTERN OF SBC AND TO EXTEND TO THE EMPLOYEES AND
12 PERSONNEL THEREOF SALARIES ALLOWANCE AND FRINGE BENEFITS
13 SIMILAR TO THOSE EXTENDED TO AND CURRENTLY ENJOYED BY
14 EMPLOYEES AND PERSONNEL OF OTHER GOVERNMENT FINANCIAL
15 INSTITUTIONS.’

16 SEC. 15. A new sub-section is hereby inserted after Section 11 of the same Act, as
17 amended, to read as follows:

18 “SECTION 11-B. CORPORATE STRUCTURE AND POWERS. - THE SBC
19 SHALL:

20 (A) BE ADMINISTRATIVELY ATTACHED TO THE DEPARTMENT OF
21 TRADE AND INDUSTRY AND SHALL BE UNDER THE POLICY AND
22 PROGRAM SUPERVISION OF THE MSMED COUNCIL.

1 (B) HAVE ITS PRINCIPAL OFFICES IN METRO MANILA AND
2 WHENEVER NECESSARY, ESTABLISH BRANCH OFFICE IN THE
3 PROVINCE.

4 (C) EXERCISE ALL THE GENERAL POWERS EXPRESSLY CONFERRED BY
5 LAW UPON CORPORATIONS UNDER THE CORPORATION CODE,
6 INCLUDING THOSE POWERS THAT ARE INCIDENTAL OR
7 NECESSARY TO THE ATTAINMENT OF THE OBJECTIVE OF THIS
8 ACT.

9 "FOR THIS PURPOSE, THE SBC MAY AMONG OTHERS, SERVE THE
10 FOLLOWING FUNCTIONS AND DUTIES:

11 (A) SOURCE AND ADOPT DEVELOPMENT INITIATIVES FOR GLOBALLY
12 COMPETITIVE MSME IN FINANCE AND BUSINESS TECHNOLOGIES;

13 (B) TO EXTEND ALL FORMS OF FINANCIAL ASSISTANCE WHICH MAY
14 BE IN THE FORM OF DIRECT LENDING, AND TECHNICAL
15 ASSISTANCE TO QUALIFIED AND REGISTERED MSME. SBC MAY
16 ALSO ENGAGE IN WHOLESALE LENDING PROVIDED THAT IT
17 SHALL NOT IN ANY GIVEN TIME BE MORE THAN FIFTY PERCENT
18 (50%) OF ITS TOTAL AVAILABLE LOAN PORTFOLIO. THE SBC
19 SHALL BE GIVEN TWO (2) YEARS FROM THE EFFECTIVITY OF THIS
20 ACT TO COMPLY WITH THIS REQUIREMENT.

21 (C) GUARANTEE LOANS OBTAINED BY QUALIFIED MSME UNDER SUCH
22 TERMS AND CONDITIONS ADOPTED BY THE SBC BOARD OF
23 DIRECTORIES;

24 (D) HOLD, PURCHASE, LEASE OR OTHERWISE ACQUIRE AND OWN
25 REAL AND PERSONAL PROPERTY, INTRODUCE NECESSARY

1 IMPROVEMENTS THEREON AND TO SELL, MORTGAGE, INCUMBER
2 OR OTHERWISE DISPOSE OF THE SAME AS MAY BE NECESSARY IN
3 THE NORMAL COURSE OF BUSINESS;

4 (E) FORMULATE MEANS AND METHODS OF ACCEPTING
5 ALTERNATIVE COLLATERALS AND IMPLEMENTING ALTERNATIVE
6 LOAN EVALUATION MODELS;

7 (F) APPLY FOR, RECEIVE AND ACCEPT GRANTS AND DONATIONS
8 FROM SOURCES WITHIN AND OUTSIDE THE COUNTRY;

9 (G) HOLD, OWN, PURCHASE, ACQUIRE, SELL, MORTGAGE, DISPOSE,
10 OR OTHERWISE INVEST OR RE-INVEST IN STOCKS, BONDS,
11 TREASURY BILLS, DEBENTURES, SECURITIES AND SIMILAR FORMS
12 OF INDEBTEDNESS OF THE GOVERNMENT, ITS AGENCIES AND
13 INSTRUMENTALITIES OR ANY GOVERNMENT FINANCIAL
14 INSTITUTION;

15 (H) ESTABLISH AN MSME ACADEMY WHICH SHALL PROVIDE COURSES
16 AND DEVELOPMENT PROGRAMS, TRAINING, ADVICE,
17 CONSULTATION ON BUSINESS CONCEPTUALIZATION AND
18 FEASIBILITY, FINANCING, MANAGEMENT, CAPACITY BUILDING,
19 HUMAN RESOURCES, MARKETING, AND SUCH OTHER SERVICES TO
20 SUPPORT THE NEEDS OF MSMEs;

21 (I) ESTABLISH, OPERATE, AND ADMINISTER A SMALL BUSINESS
22 INCUBATION PROGRAM IN COORDINATION WITH ACADEMIC
23 INSTITUTIONS, DEPARTMENT OF SCIENCE AND TECHNOLOGY
24 AND OTHER APPROPRIATE GOVERNMENT ENTITIES THAT WILL
25 PROVIDE SPACE FOR START-UP AND EXPANDING FIRMS, SHARED

1 USE OF EQUIPMENT AND WORK AREAS, DAILY MANAGEMENT
2 SUPPORT SERVICES ESSENTIAL TO HIGH-QUALITY COMMERCIAL
3 OPERATIONS, TECHNICAL ASSISTANCE AND OTHER SERVICES TO
4 DEVELOP INNOVATIVE AND DESERVING MSMEs.

5 (J) CONDUCT A NATIONWIDE INFORMATION CAMPAIGN WITH THE
6 PHILIPPINE INFORMATION AGENCY THAT SHALL INFORM THE
7 PUBLIC OF ALL PROGRAMS AND SERVICES, GOVERNMENT AND
8 NON-GOVERNMENT, AVAILABLE TO MSMEs.

9 (K) PROVIDE LOCAL AND INTERNATIONAL NETWORK AND LINKAGES
10 FOR MSME DEVELOPMENT;

11 (L) COMPILE AND INTEGRATE STATISTICAL DATABANK ON
12 PHILIPPINE MSMEs;

13 (M) SET-UP NEW MSME CENTERS AND REVITALIZE ALREADY
14 ESTABLISHED MSME CENTERS TO PROVIDE MSMEs IN THE
15 REGIONS EASIER ACCESS TO SERVICES SUCH AS, BUT NOT LIMITED
16 TO, THE FOLLOWING:

17 i. ACCEPT AND ACT ON ALL REGISTRATION APPLICATIONS OF
18 MSME

19 ii. STREAMLINE REGISTRATION PROCESS AND FACILITATE
20 SPEEDY REGISTRATION FOR THE ESTABLISHMENT OF BUSINESS
21 ENTERPRISES IN THE COUNTRY;

22 iii. PROVIDE ALL INFORMATION AND REFERRAL SERVICES IT
23 SHALL DEEM NECESSARY OR ESSENTIAL TO THE
24 DEVELOPMENT AND PROMOTION OF MSMEs;

1 iv. CONDUCT OTHER PROGRAMS OR PROJECTS FOR
2 ENTREPRENEURIAL DEVELOPMENT IN THEIR RESPECTIVE
3 AREAS.”

4 SEC. 16. Section 12 of the same Act, as amended, is hereby further amended to read
5 as follows:

6 “Section 12. Capitalization and Funding OF THE SBC. - The [Small Business
7 Guarantee and Finance Corporation] SBC shall have an authorized capital stock of
8 [five] TEN billion pesos [(P 5,000,000,000.00)] (P10,000,000,000.00) shall be
9 established from a pool of funds to be contributed in the form of equity investments
10 in common stock by the Land Bank of the Philippines (LBP), [the Philippine National
11 Bank (PNB),] the Development of Bank of the Philippines (DBP), in the amount of
12 Two hundred million pesos (P200,000,000.00) each. The Social Security System (SSS)
13 and the Government Service Insurance System (GSIS) shall also set aside Two
14 hundred million pesos (P200,000,000.00) each [to be placed in preferred
15 stocks of the SBC] FOR THE SBC. AUTHORIZED CAPITAL STOCK OF THE
16 SMALL BUSINESS CORPORATION SHALL BE DIVIDED INTO 80,000,000
17 COMMON SHARES AND 20,000,000 PREFERRED SHARES WITH A PAR VALUE
18 OF ONE HUNDRED PESOS (100.00) PER SHARE. *PROVIDED*, THAT THE
19 COMMON SHARES WHICH HAVE BEEN ISSUED, INCLUDING THOSE ISSUED
20 AGAINST THE ASSETS OF THE KKK GUARANTY FUND CONSOLIDATED
21 UNDER THE SMALL BUSINESS CORPORATION BY VIRTUE OF EXECUTIVE
22 ORDER NO. 233, SERIES OF 2000 AND EXECUTIVE ORDER NO. 19, SERIES OF
23 2001 AND INCLUDING THOSE ALREADY SUBSCRIBED, SHALL FORM PART OF
24 THE CAPITALIZATION OF THE CORPORATION: *PROVIDED, FURTHER*, THAT
25 HOLDERS OF PREFERRED SHARES ISSUED UNDER REPUBLIC ACT 6977 , AS

1 AMENDED, SHALL HAVE THE OPTION TO CONVERT THE SAME INTO
2 COMMON SHARES, Additional EQUITY funding shall come from trust placements
3 of excess and unused funds of existing government agencies, bilateral and multilateral
4 official development assistance funds, subscriptions from government owned or
5 controlled corporations, and investments of private financial institutions and
6 corporations[.]: PROVIDED, THAT ANY INVESTMENT FROM THE PRIVATE
7 SECTOR SHALL ONLY BE IN THE FORM OF PREFERRED SHARES.

8
9 "TO ALLOW FOR CAPITAL BUILD-UP, SBC SHALL BE GIVEN A FIVE (5)
10 YEAR GRACE PERIOD ON DIVIDEND COMMITMENTS BEGINNING ON THE
11 DATE OF EFFECTIVITY OF THIS AMENDMENT. THEREAFTER, IT MAY ONLY
12 DECLARE AS DIVIDEND NOT MORE THAN 30% OF ITS NET INCOME AND THE
13 REST WITHHELD AS RETAINED EARNINGS."

14 SEC. 17. New section are hereby inserted after Section 17 of the same Act, as
15 amended, to read as follows:

16 "SECTION 13. *GUARANTEE RESERVE FUND.* - THE SMALL BUSINESS
17 CORPORATION SHALL SET ASIDE FIVE PERCENT (5%) OF ITS ANNUAL NET
18 OPERATING REVENUES BEFORE INTEREST AS RESERVE OR SINKING FUND
19 TO ANSWER FOR GUARANTEE CALLS. THIS FUND SHALL BE CALLED THE
20 GUARANTEE RESERVE FUND (GRF).

21 "THE PRIMARY PURPOSE OF THE GRF IS TO ASSURE THE LONG-TERM
22 FINANCIAL VIABILITY OF THE GUARANTEE CALLS, THE AMOUNT SET
23 ASIDE FOR THE RESERVE FUND SHALL BE SUBJECT TO THE CONDUCT OF AN
24 ACTUARIAL STUDY TO DETERMINE THE APPROPRIATE REQUIREMENT, BUT

1 IN NO CASE SHALL IT BE LOWER THAN 5% OF THE ANNUAL NET
2 OPERATING REVENUE OF THE CORPORATION AS PRESCRIBED IN THE ACT.”

3 SEC. 18. Section 13 of the same Act, as amended, is hereby renumbered as Section
4 14, and further amended to read as follows:

5 “Section 14 [13]. *Mandatory allocation of Credit Resources to MICRO, Small*
6 *and Medium Enterprises.* - For the period of ten (10) years from the date of the
7 effectivity of this AMENDATORY Act, all lending institutions as defined under
8 Bangko Sentral ng Pilipinas rules, whether public or private, shall set aside at least six
9 [six] EIGHT percent [6] (8%) FOR MICRO AND SMALL ENTERPRISES and at least
10 two percent (2%) for [small and] medium enterprises [, respectively.] of their total
11 loan portfolio based on their balance sheet as of the end of the previous quarter, and
12 make it available for [small and medium enterprise] MSME credit as herein
13 contemplated.

14 “COMPLIANCE OF THIS PROVISION SHALL BE:

- 15 A. ACTUAL EXTENSION OF LOANS TO QUALIFIED AND REGISTERED
16 MICRO, SMALL AND MEDIUM ENTERPRISES; OR
- 17 B. ACTUAL SUBSCRIPTION OF PREFERRED SHARES OF STOCK OF SBC; OR
- 18 C. WHOLESALE LENDING TO PARTICIPATING FINANCIAL INSTITUTIONS
19 (PFIs) FOR ON-LENDING TO SMEs; OR
- 20 D. PURCHASE/DISCOUNT OF MSME RECEIVABLES; OR
- 21 E. LOANS GRANTED TO EXPORT, IMPORT, AND DOMESTIC TRADERS
22 SUBJECT TO COMPLIANCE WITH SECTION 3 OF THIS ACT; OR
- 23 F. SUBSCRIBE/PURCHASE LIABILITY INSTRUMENTS AS MAY BE OFFERED
24 BY SBC.

1 “The *Bangko Sentral ng Pilipinas*[, in consultation with the Council,] MAY
2 PRESCRIBE ALTERNATIVE FORMS OF COMPLIANCE SUBJECT TO THE
3 APPROVAL OF THE MSMED COUNCIL. FURTHER, THE *BANGKO SENTRAL*
4 *ANG PILIPINAS* shall formulate rules for the effective implementation of this
5 provision: *Provided*, That the purchase of government notes, securities and other
6 negotiable instruments[, with the exception of such instrument as may be offered
7 by the SBGFC which do not pay market rates,]shall not be deemed compliance
8 with the foregoing provisions; *Provided, further*, That the *Bangko Sentral ng*
9 *Pilipinas* shall establish an incentive program to encourage lending to [small and
10 medium] MSME industries beyond the mandatory credit allocation to said
11 enterprises, such as possible reduction in bank’s reserve requirement.

12 “The *Bangko Sentral ng Pilipinas* shall [require lending institutions
13 covered by this Act to] furnish to the [Small and Medium Development Council]
14 MSMED Council on a quarterly basis [regular] COMPREHENSIVE reports [on
15 their compliance with the above provisions on the mandatory credit allocation for
16 small and medium enterprises and expeditiously act on the Council’s reports of
17 non-compliance therewith.] ON THE BANKS’ COMPLIANCE, NON-
18 COMPLIANCE AND PENALTIES OF THE ABOVE PROVISIONS ON THE
19 MANDATORY CREDIT ALLOCATION FOR MSME.”

20 SEC. 19. New sections to be numbered as section 15 and 16 are hereby inserted after
21 Section 13 of the same Act, as amended, to read as follows:

22 “SECTION 15. *MICRO, SMALL AND MEDIUM ENTERPRISE WEEK*. - IN
23 ORDER TO INSTITUTE CONTINUING AWARENESS OF THE PRIMACY OF
24 SMALL BUSINESS IN NATION-BUILDING AND IN PEOPLE EMPOWERMENT,
25 AND TO CELEBRATE AND ESPOUSE THE FIRM COMMITMENT OF THE STATE

1 IN THE PROMOTION, GROWTH AND DEVELOPMENT OF SMALL BUSINESS,
2 THE SECOND WEEK OF JULY OF EVERY YEAR SHALL BE DECLARED AS THE
3 "MICRO, SMALL, AND MEDIUM ENTERPRISE DEVELOPMENT WEEK". THE
4 MSMED COUNCIL, THE DEPARTMENT OF TRADE AND INDUSTRY, AND THE
5 SBC SHALL BE JOINTLY RESPONSIBLE IN ORGANIZING ACTIVITIES FOR THE
6 EVENT."

7 "SECTION 16. *PRESIDENTIAL AWARDS FOR OUTSTANDING MSME* -
8 *PRESIDENTIAL AWARDS FOR OUTSTANDING MSME*, CONSISTING OF
9 REWARDS IN CASH OR IN KIND SHALL BE GRANTED TO ONE HUNDRED
10 PERCENT (100%) FILIPINO-OWNED COMPANIES DURING THE MSME
11 DEVELOPMENT WEEK"

12 SEC. 20. Section 14 of the same Act, as amended , on Penal Clause to hereby
13 renumbered as Section 17.

14 SEC. 21. A new section hereby inserted after Section 14 of the same Act, to read as
15 follows:

16 "SECTION 18. *IMPLEMENTING RULES AND REGULATIONS*. - THE
17 DEPARTMENT OF TRADE AND INDUSTRY, THROUGH THE BUREAU OF
18 MICRO, SMALL AND MEDIUM BUSINESS DEVELOPMENT AND IN
19 CONSULTATION WITH OTHER CONCERNED GOVERNMENT AGENCIES, NON-
20 GOVERNMENT ORGANIZATIONS AND PRIVATE SECTOR INVOLVED IN THE
21 PROMOTION OF MICRO, SMALL AND MEDIUM ENTERPRISES, SHALL
22 FORMULATE THE IMPLEMENTING RULES AND REGULATIONS (IRR)
23 NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS ACT WITHIN NINETY
24 (90) DAYS FROM THE APPROVAL OF THIS ACT. THE IRR ISSUED PURSUANT

1 TO THIS SECTION SHALL TAKE EFFECT THIRTY (30) DAYS AFTER
2 PUBLICATION IN A NATIONAL NEWS PAPER OR GENERAL CIRCULATION.”

3 SEC. 22. *Separability Clause*, - If any provision of this is declared unconstitutional or
4 invalid, the other provisions not affected thereby shall remain in full force and effect.

5 SEC. 23. *Repealing Clause*. - All laws, executive orders, rules and regulations, or
6 parts thereof, inconsistent herewith are hereby repealed or modified accordingly.

7 SEC. 24. *Effectivity Clause*. - This Act shall take effect immediately following its
8 publication in two (2) national newspapers of general circulation or in the *OficiaE Gazette*,
9 whichever takes place earlier.

Approved,