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taking into consideration H. B. No. 5811)

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Prepared jointly by the Committees on Economic Affairs; Banks, Financial Institutions and Currencies; and Finance with Senators Ejercito-Estrada (L.), Osmeña III, Roxas, Gordon, Lapid and Revilla, Jr. as authors thereof.

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“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 read  
2 as follows:

3 “Section 1 Title.- This Act shall be known as the Magna Carta for  
4 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 that 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-  
9 sufficient industrial foundation for the country, it is hereby declared the policy

1 of the State to promote, support, strengthen and encourage the growth and  
2 development of [small and medium enterprises] MSME in all productive  
3 sectors of the economy particularly rural/agri-based enterprises. To this end,  
4 the State shall undertake to [spur the growth and development of small and  
5 medium enterprises throughout the country] **PROMOTE**  
6 **ENTREPRENEURSHIP, SUPPORT ENTREPRENEURS, ENCOURAGE THE**  
7 **ESTABLISHMENTS OF MICRO, SMALL AND MEDIUM ENTERPRISES**  
8 **AND ENSURE THEIR CONTINUING VIABILITY AND GROWTH** and  
9 thereby attain countryside industrialization BY:

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

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

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

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

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

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

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

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

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

13            “[j] I) [By] assuring a balanced and sustainable development  
14 through the establishment of a feedback and evaluation mechanism  
15 that will monitor the economic contributions as well as bottlenecks and  
16 environmental effects of the development of MICRO, small and  
17 medium [scale] enterprises.”

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

20            “Section.3. *MICRO, Small and Medium Enterprise as Beneficiaries.* –  
21 [‘Small and medium enterprise’] MSME shall be defined as any business  
22 activity or enterprise engaged in industry, agribusiness, and/or services,  
23 whether single proprietorship, cooperative, partnership or corporation whose

1 total assets, inclusive of those arising from loans but exclusive of the land on  
2 which the particular business entity's office, plant and equipment are situated,  
3 must have value falling under the following categories:

4 Micro : [less than P 1,500,000] NOT MORE THAN P3,000,000

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

6 Medium : P 15,000,001 - [P 60,000,000] P 100,000,000

7 "The above definitions shall be subject to review and adjustment [by  
8 the said Council] *motu proprio* BY THE MSMED COUNCIL UNDER  
9 SECTION 6 OF THIS LAW or upon recommendation of sectoral  
10 organization(s) CONCERNED, taking into account inflation and other  
11 economic indicators. The Council may use [as] OTHER variables [the] SUCH  
12 AS number of employees, equity capital and asset size.

13 "THE COUNCIL SHALL ENSURE THAT NOTWITHSTANDING THE  
14 PLANS AND PROGRAMS SET FOR MSMEs AS A WHOLE, THERE SHALL  
15 BE SET AND IMPLEMENTED OTHER PLANS AND PROGRAMS VARIED  
16 AND DISTINCT FROM EACH OTHER, ACCORDING TO THE SPECIFIC  
17 NEEDS OF EACH SECTOR, ENCOURAGING MSME TO GRADUATE FROM  
18 ONE CATEGORY TO THE NEXT OR EVEN HIGHER CATEGORY."

19 SEC. 4. Section 4 of the same Act, as amended, is hereby further amended to read as  
20 follows:

21 "Section 4. *Eligibility for Government Assistance.* - To qualify for  
22 assistance, counseling, incentives and promotion under this Act, businesses  
23 falling under the above definition must be;

1           “a) duly registered with the appropriate agencies as presently  
2 provided by law: *Provided*, That in the case of micro enterprises as  
3 defined herein, as defined herein, registration with the office of the  
4 municipal or city treasurer shall be deemed sufficient compliance with  
5 this requirement:

6           “b) one hundred percent (100%) owned [and], capitalized by  
7 Filipino citizens, [if] **WHETHER** single proprietorship or partnership.  
8 If the enterprise is a juridical entity, at least sixty percent (60%) of its  
9 capital or outstanding stocks must be owned by Filipino citizens.

10           “c) a business activity within the major sectors of the economy,  
11 namely; industry, services, including the practice of one’s profession,  
12 the operation of tourism-related establishments, and agri-business,  
13 which for purposes of this Act refers to any business activity involving  
14 the manufacturing, processing, and/or production of agricultural  
15 produce[, excluding farm level agricultural/crop production]; and

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

20           “However, this requirement shall not preclude a [small and  
21 medium enterprise] MSME from accepting subcontracts [from large  
22 enterprises or firms] **AND ENTERING INTO FRANCHISE**  
23 **PARTNERSHIP WITH LARGE ENTERPRISES OR FROM** joining in

1 cooperative activities with other [small and medium enterprises]  
2 MSME.

3 "Programs of the [financing corporation] SMALL BUSINESS  
4 CORPORATION (SBC) as provided in subsequent [Sections]  
5 PROVISIONS of this Act shall be exclusively [targeted] DELIVERED  
6 AND DIRECTED to [medium, small, and micro-sized enterprises]  
7 BONAFIDE MSMEs.

8 "Registered small enterprises shall be entitled to a share of at  
9 least ten percent (10%) of total procurement value of goods and  
10 services supplied to the Government, its bureaus, offices and agencies  
11 annually: *Provided*, That prices and quality of goods offered by the  
12 registered small enterprises are competitive.

13 "THE DEPARTMENT OF BUDGET AND MANAGEMENT  
14 SHALL MONITOR THE COMPLIANCE OF GOVERNMENT  
15 AGENCIES ON THE REQUIRED PROCUREMENT FOR MSME AND  
16 SUBMIT ITS REPORT TO THE MSMED COUNCIL ON A  
17 SEMESTRAL BASIS. "

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

19 "Section 5. *Guiding Principles.* – To set the pace for [small and  
20 medium enterprise] MSME development, the State shall be guided by the  
21 following principles:

22 x x x

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

14                  x x x

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

17                  “Section 6. ***MICRO, SMALL AND MEDIUM ENTERPRISES***  
18                  ***DEVELOPMENT PLAN (MSMEDP).*** – THE PRESIDENT SHALL APPROVE  
19                  A ROLLING THREE-YEAR MICRO, SMALL AND MEDIUM ENTERPRISES  
20                  DEVELOPMENT PLAN PREPARED BY THE MICRO, SMALL AND  
21                  MEDIUM ENTERPRISE COUNCIL THROUGH THE DEPARTMENT OF  
22                  TRADE AND INDUSTRY WHICH SHALL FORM PART OF THE MEDIUM  
23                  TERM PHILIPPINE DEVELOPMENT PLAN (MTDP). IT SHALL BE

1           FORMULATED IN CONSULTATION WITH THE PRIVATE SECTOR,  
2           VALIDATED AND UPDATED SEMESTRALLY.”

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

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

18                           x x x

19   SEC. 8. Section 7 of the same Act, as amended, is hereby renumbered as Section  
20   7-A, and further amended to read as follows:

21           "Section 7-A [7]. *Composition.* - The Council shall be headed by the  
22          Secretary of Trade and Industry as Chairman, and may elect from among



1 themselves a Vice-chairman to preside over the Council meetings in the  
2 absence of the Chairman. The members shall be the following:

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

5 “b) Secretary of Agriculture;

6 “c) Secretary of Labor and Employment;

7 “d) Secretary of Environment and Natural Resources;

8 “E) **SECRETARY OF THE INTERIOR AND LOCAL GOVERNMENT;**

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

10 “[f] G) Secretary of Tourism;

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

12 “[h] I) Chairman of [Small Business Guarantee and  
13 Finance Corporation] **SMALL BUSINESS CORPORATION ;**

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

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

21 “[k] L) [a] **One (1) representative EACH** from the private  
22 banking sector : [to serve alternately among] the Chamber of

1 Thrift Banks; the Rural Bankers' Association of the Philippines  
2 (RBAP); and the Bankers' Association of the Philippines (BAP);

3 "ALL MEMBERS OF THE COUNCIL SO APPOINTED, EXCEPT FOR  
4 THE *EX-OFFICIO* MEMBERS, SHALL SERVE FOR A TERM OF THREE (3)  
5 YEARS. THE PERSON SO APPOINTED TO REPLACE A MEMBER WHO  
6 HAS RESIGNED, DIED, OR BEEN REMOVED FOR CAUSE SHALL SERVE  
7 ONLY FOR THE UNEXPIRED PORTION OF THE TERM.

8 "Cabinet-rank *ex-officio* members of the Council shall designate an  
9 undersecretary or assistant secretary, and the chairman of the Monetary Board  
10 or his representative as their permanent representative in case they fail to  
11 attend meetings of the Council.

12 "The private sector members of the Council shall [initially]  
13 receive *per diem* of [One] TWO thousand pesos (P[1]2,000) per meeting, for  
14 a maximum of twenty-four (24) meetings per year, which [*per diem* may be  
15 adjusted] AMOUNT SHALL BE DETERMINED by the Council: *Provided*,  
16 That THE AMOUNT AND any such adjustment shall take effect upon  
17 approval of the [ President.] MSMED COUNCIL.

18 " [The Department of Trade and Industry shall allocate Five million  
19 pesos (P5,000,000.00) out of its savings for the initial operating expenses of the  
20 Council, after which the Council's budget shall be included in the annual  
21 appropriation of the Department of Trade and Industry.]

22 "THE COUNCIL SHALL HAVE A SEPARATE ANNUAL  
23 APPROPRIATION WHICH SHALL BE PROVIDED IN THE GENERAL

1 APROPRIATIONS ACT STARTING IN THE FISCAL YEAR IMMEDIATELY  
2 FOLLOWING THE APPROVAL OF THIS ACT.

3 "The Council may [, from time to time,] call upon the participation of  
4 any NATIONAL OR LOCAL government agency [or], association of local  
5 government officials OR PRIVATE SECTOR ORGANIZATION in its  
6 deliberations especially when such agency OR PRIVATE SECTOR  
7 ORGANIZATION is directly or indirectly concerned with and/or affecting the  
8 growth and development of [small and medium enterprises] MSMEs in any  
9 particular area or manner.

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

15 SEC. 9. Section 8 of the same Act, as amended, is hereby renumbered as Section  
16 7-B and further amended to read as follows:

17 "SECTION 7-B [8]. *Powers and Functions.* - The [Small and  
18 Medium Enterprise Development (SMED)] MSMED Council shall have the  
19 following powers, duties and functions:

20 "a) To help establish the needed environment and opportunities  
21 conducive to the growth and development of the [small and medium  
22 enterprises] MSME sector;

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

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

6           “d) To coordinate and integrate various government and private  
7 sector activities relating to [small and medium enterprises] MSME  
8 development;

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

19           “f) To monitor and determine the progress of various agencies  
20 geared towards the development of the sector. This shall include overseeing,  
21 in coordination with local government units and the Department of THE  
22 INTERIOR AND Local Government as well as private sector

1 groups/associations, the developments among [small and medium enterprises]  
2 MSMEs [particularly the cottage and micro-sized firms];

3 “g) To promulgate implementing guidelines, programs, and  
4 operating principles as may be deemed proper and necessary in the light of  
5 government policies and objectives of this Act;

6 “h) To provide the appropriate policy and coordinative framework  
7 in assisting relevant government agencies, in coordination with [ the National  
8 Economic and Development Authority] NEDA and the Coordinating Council  
9 for the Philippine Assistance Program, as may be necessary, in the tapping of  
10 local and foreign funds for [small and medium enterprises] MSME  
11 development;

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

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

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

22 “3) Provision of guidance and assistance regarding product  
23 quality/product development and product diversification;

1                   “4) Provision of guidance and assistance for the adoption of  
2                   improved production techniques and commercialization of  
3                   appropriate technologies for the product development and for  
4                   increased utilization of indigenous raw materials;

5                   “5) Provision of assistance in marketing and distribution of products  
6                   of        [small and medium enterprises]   MSMEs through local  
7                   supply-demand information, industry and provincial profiles,  
8                   overseas marketing promotion, domestic market linkaging and the  
9                   establishment of common service facilities such as common and/or  
10                  cooperative bonded warehouse, grains storage, agro-processing and  
11                  drying facilities, ice plants, refrigerated storage, cooperative  
12                  trucking facilities, etc;

13                  “6) Intensification of assistance and guidance to enable greater  
14                  access to credit through a simplified multi-agency financing  
15                  program; to encourage development of other modes of financing  
16                  such as leasing and venture capital activities; to provide effective  
17                  credit guarantee   systems, and encourage the formation of credit  
18                  guarantee associations, including setting up of credit records and  
19                  information systems and to decentralize loan approval mechanisms;

20                  “7) Provision of concessional interest rates, lower financing fees,  
21                  which may include incentives for prompt credit payments,  
22                  arrangements tying amortizations to business cash flows, effective

1 substitution of government guarantee cover on loans for the  
2 borrower's lack of collateral;

3 "8) Provision of bankruptcy preventive measures through the  
4 setting up of a mutual relief system for distressed enterprises, and  
5 the establishment of measures such as insurance against  
6 extraordinary disasters;

7 "9) Intensification of information dissemination campaigns and  
8 entrepreneurship education activities;

9 "10) Easier access to and availment of tax credits and other tax and  
10 duty incentives as provided by the Omnibus Investment Code and  
11 other laws;

12 "11) Provision of support for product experimentation and research  
13 and development activities as well as access to information on  
14 commercialized technologies; and

15 "12) Provision of more infrastructure facilities and public utilities to  
16 support operations of [small and medium enterprises] MSMEs;

17 "j) To submit to the President and the Congress THROUGH THE  
18 SENATE COMMITTEE ON ECONOMIC AFFAIRS AND THE SPECIAL  
19 COMMITTEE ON ENTREPRENEURSHIP DEVELOPMENT, OR ANY  
20 APPROPRIATE COMMITTEE OF THE HOUSE OF REPRESENTATIVES, a  
21 yearly report on the status of [small and medium enterprises] MSMEs in the  
22 country, including the progress and impact of all relevant government  
23 policies, programs and legislation as well as private sector activities;

1           “k) To assist in the establishment of modern industrial estates  
2 outside urban centers; [and]

3           “l) Generally, to exercise all powers and functions necessary for the  
4 objectives and purposes of this Act[.]; AND

5           “M) TO APPROVE THE MSMEDP, COORDINATE, MONITOR AND  
6 ASSESS THE IMPLEMENTATION THEREOF, AND WHEN NECESSARY,  
7 INSTITUTE APPROPRIATE ADJUSTMENTS THEREON IN THE LIGHT OF  
8 CHANGING CONDITIONS IN BOTH DOMESTIC AND INTERNATIONAL  
9 ENVIRONMENT. “

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

12           “SEC. 8 [9]. *Designation of the Bureau of MICRO, Small and Medium*  
13 *Business Development as a Council Secretariat.* – The Bureau of MICRO,  
14 Small and Medium Business Development is hereby designated to act as the  
15 Council Secretariat and shall have the following duties and functions:

16           XXX

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

19           “SECTION 9. *APPROPRIATIONS.* – FUNDING OF ACTIVITIES AND  
20 OPERATIONAL EXPENSES OF THE COUNCIL SHALL BE SUPPORTED BY  
21 CONTRIBUTIONS FROM THE GOVERNMENT AND THE PRIVATE  
22 SECTOR. THE AMOUNT OF CONTRIBUTION BY THE GOVERNMENT  
23 WILL BE RECOMMENDED BY THE DEPARTMENT OF TRADE AND



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

7 SEC. 12. Section 10 of the same Act, as amended, is hereby further amended to read  
8 as follows:

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

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

1 enterprises that may be henceforth dissolved and/or abolished and absorbed,  
2 incorporated and integrated into the SMED Council.]

3 **SEC. 13.** Section 11 of the same Act, as amended, is hereby further amended to  
4 read as follows:

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

1            [The Corporation shall guarantee loans obtained by qualified small and  
2 medium enterprises, local and/or regional associations' small enterprises and  
3 industries, *private voluntary organizations and/or cooperatives*, under such  
4 terms and conditions adopted by its Board. It may guarantee loans up to one  
5 hundred percent (100%). It may also provide second level guarantee (i.e.,  
6 reinsurance) on the credit and/or investment guarantees made by credit  
7 guarantee associations and other institutions in support of small  
8 entrepreneurs.]

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

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

13            “[a] be attached to the Department of Trade and Industry and  
14 shall be under the policy, program and administrative supervision of  
15 the SMED Council;]

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

19            “[c] exercise all the general powers conferred by law upon  
20 corporations under the Corporation Code as are incidental or  
21 conducive to the attainment 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  
3 including:]

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

8                    “[2] the Secretary of Trade and Industry or his Undersecretary;  
9 and]

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

14                    “[e) notwithstanding the provisions of Republic Act No. 6758,  
15 and Compensation Circular No. 10, series of 1989 issued by the  
16 Department of Budget and Management, the Board of Directors of  
17 SBGFC shall have the authority to extend to the employees and  
18 personnel thereof the allowance and fringe benefits similar to those  
19 extended to and currently enjoyed by the employees and personnel of  
20 other government financial institutions.]”

21 **SEC. 14.** A new sub-section is inserted after section 11 of the same Act, as amended,

22 to read as follows:

1           "SECTION 11-A. *COMPOSITION OF THE BOARD OF DIRECTORS*  
2           *AND ITS POWERS* – THE SBC CORPORATE POWERS SHALL BE VESTED  
3           ON A BOARD OF DIRECTORS COMPOSED OF ELEVEN (11) MEMBERS  
4           WHICH SHALL 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  
8           BY THE PRESIDENT UPON THE RECOMMENDATION OF THE MSMED  
9           COUNCIL;

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

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

16          "THE PRESIDENT SHALL APPOINT THE CHAIRMAN OF THE  
17          BOARD FROM AMONG ITS MEMBERS.

18          "ALL MEMBERS OF THE BOARD SO APPOINTED, EXCEPT FOR  
19          THE *EX-OFFICIO* MEMBERS, SHALL SERVE FOR A TERM OF THREE (3)  
20          YEARS WITHOUT REAPPOINTMENT. THE PERSON SO APPOINTED TO  
21          REPLACE A MEMBER WHO HAS RESIGNED, DIED, OR BEEN REMOVED  
22          FOR CAUSE SHALL SERVE ONLY FOR THE UNEXPIRED PORTION OF  
23          THE TERM.

1           "THE BOARD OF DIRECTORS SHALL HAVE, AMONG OTHERS  
2 THE FOLLOWING SPECIFIC POWERS AND AUTHORITIES:

3           "A)           FORMULATE POLICIES NECESSARY TO CARRY OUT  
4 EFFECTIVELY THE PROVISIONS OF THIS CHARTER AND TO  
5 PRESCRIBE, AMEND AND REPEAL BY-LAWS, RULES AND  
6 REGULATIONS FOR THE EFFECTIVE OPERATIONS OF THE SMALL  
7 BUSINESS CORPORATION;

8           "B)   ESTABLISH SUCH BRANCHES, AGENCIES AND  
9 SUBSIDIARIES AS MAY BE DEEMED NECESSARY AND CONVENIENT;

10          "C)           COMPROMISE OR RELEASE, IN WHOLE OR IN  
11 PART, ANY CLAIM OR LIABILITY WHATSOEVER FOR OR AGAINST  
12 THE SBC, INCLUDING INTEREST, PENALTIES, FEES AND/OR OTHER  
13 CHARGES IN ACCORDANCE TO ITS OWN BY-LAWS AND *BANGKO*  
14 *SENTRAL NG PILIPINAS* RULES;

15          "D)           FIX THE FEATURES OF NON-VOTING PREFERRED  
16 SHARES WHICH SHALL BE PRINTED ON THE STOCK CERTIFICATES  
17 EVIDENCING THE SAME;

18          "E)   EXERCISE ALL SUCH OTHER POWERS AS MAY BE  
19 NECESSARY OR INCIDENTAL TO CARRY OUT THE SMALL BUSINESS  
20 CORPORATION PURPOSES;

21          "F)   NOTWITHSTANDING THE PROVISIONS OF REPUBLIC ACT  
22 NO. 6758 AND COMPENSATION CIRCULAR NO. 10, SERIES OF 1989  
23 ISSUED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT, THE

1 BOARD SHALL HAVE THE AUTHORITY TO PROVIDE FOR THE  
2 ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN OF SBC AND  
3 TO EXTEND TO THE EMPLOYEES AND PERSONNEL THEREOF  
4 SALARIES, ALLOWANCE AND FRINGE BENEFITS SIMILAR TO THOSE  
5 EXTENDED TO AND CURRENTLY ENJOYED BY EMPLOYEES AND  
6 PERSONNEL OF OTHER GOVERNMENT FINANCIAL INSTITUTIONS.”

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

9 “SECTION 11-B. CORPORATE STRUCTURE AND POWERS. - THE  
10 SBC SHALL :

11 (A) BE ADMINISTRATIVELY ATTACHED TO THE  
12 DEPARTMENT OF TRADE AND INDUSTRY AND  
13 SHALL BE UNDER THE POLICY AND PROGRAM  
14 SUPERVISION OF THE MSMED COUNCIL.

15 (B) HAVE ITS PRINCIPAL OFFICES IN METRO MANILA  
16 AND WHENEVER NECESSARY, ESTABLISH BRANCH  
17 OFFICE IN THE PROVINCES.

18 (C) EXERCISE ALL THE GENERAL POWERS EXPRESSLY  
19 CONFERRED BY LAW UPON CORPORATIONS UNDER  
20 THE CORPORATION CODE, INCLUDING THOSE  
21 POWERS THAT ARE INCIDENTAL OR NECESSARY TO  
22 THE ATTAINMENT OF THE OBJECTIVE OF THIS ACT.

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

3           (A)       SOURCE AND ADOPT DEVELOPMENT INITIATIVES  
4                   FOR GLOBALLY COMPETITIVE MSME IN FINANCE  
5                   AND BUSINESS TECHNOLOGIES;

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

16          (C)       GUARANTEE LOANS OBTAINED BY QUALIFIED  
17                   MSME UNDER SUCH TERMS AND CONDITIONS  
18                   ADOPTED BY THE SBC BOARD OF DIRECTORS;

19          (D)       HOLD, PURCHASE, LEASE OR OTHERWISE ACQUIRE  
20                   AND OWN REAL AND PERSONAL PROPERTY,  
21                   INTRODUCE NECESSARY IMPROVEMENTS THEREON  
22                   AND TO SELL, MORTGAGE, ENCUMBER OR



- 1 OTHERWISE DISPOSE OF THE SAME AS MAY BE  
2 NECESSARY IN THE NORMAL COURSE OF BUSINESS;
- 3 (E) FORMULATE MEANS AND METHODS OF ACCEPTING  
4 ALTERNATIVE COLLATERALS AND IMPLEMENTING  
5 ALTERNATIVE LOAN EVALUATION MODELS;
- 6 (F) APPLY FOR, RECEIVE AND ACCEPT GRANTS AND  
7 DONATIONS FROM SOURCES WITHIN AND OUTSIDE  
8 THE COUNTRY;
- 9 (G) HOLD, OWN, PURCHASE, ACQUIRE, SELL,  
10 MORTGAGE, DISPOSE OR OTHERWISE INVEST OR  
11 RE-INVEST IN STOCKS, BONDS, TREASURY BILLS,  
12 DEBENTURES, SECURITIES AND SIMILAR FORMS OF  
13 INDEBTEDNESS OF THE GOVERNMENT, ITS  
14 AGENCIES AND INSTRUMENTALITIES OR ANY  
15 GOVERNMENT FINANCIAL INSTITUTION;
- 16 (H) ESTABLISH AN MSME ACADEMY WHICH SHALL  
17 PROVIDE COURSES AND DEVELOPMENT PROGRAMS,  
18 TRAINING, ADVICE, CONSULTATION ON BUSINESS  
19 CONCEPTUALIZATION AND FEASIBILITY,  
20 FINANCING, MANAGEMENT, CAPACITY BUILDING,  
21 HUMAN RESOURCES, MARKETING, AND SUCH  
22 OTHER SERVICES TO SUPPORT THE NEEDS OF  
23 MSMEs .

- 1           (I)       ESTABLISH, OPERATE, AND ADMINISTER A SMALL  
2                   BUSINESS       INCUBATION       PROGRAM       IN  
3                   COORDINATION WITH ACADEMIC INSTITUTIONS,  
4                   DEPARTMENT OF SCIENCE AND TECHNOLOGY AND  
5                   OTHER APPROPRIATE GOVERNMENT ENTITIES  
6                   THAT WILL PROVIDE SPACE FOR START-UP AND  
7                   EXPANDING FIRMS, SHARED USE OF EQUIPMENT  
8                   AND WORK AREAS, DAILY MANAGEMENT SUPPORT  
9                   SERVICES       ESSENTIAL       TO       HIGH-QUALITY  
10                  COMMERCIAL       OPERATIONS,       TECHNICAL  
11                  ASSISTANCE AND OTHER SERVICES TO DEVELOP  
12                  INNOVATIVE AND DESERVING MSMEs.
- 13           (J)       CONDUCT A NATIONWIDE INFORMATION  
14                   CAMPAIGN WITH THE PHILIPPINE INFORMATION  
15                   AGENCY THAT SHALL INFORM THE PUBLIC OF ALL  
16                   PROGRAMS AND SERVICES, GOVERNMENT AND  
17                   NON-GOVERNMENT, AVAILABLE TO MSMEs.
- 18           (K)       PROVIDE LOCAL AND INTERNATIONAL NETWORK  
19                   AND LINKAGES FOR MSME DEVELOPMENT;
- 20           (L)       COMPILE AND INTEGRATE STATISTICAL DATABANK  
21                   ON PHILIPPINE MSMEs;
- 22           (M)       SET-UP NEW MSME CENTERS AND REVITALIZE  
23                   ALREADY ESTABLISHED MSME CENTERS TO

1 PROVIDE MSMEs IN THE REGIONS EASIER ACCESS  
2 TO SERVICES SUCH AS, BUT NOT LIMITED TO, THE  
3 FOLLOWING:

- 4 i. ACCEPT AND ACT ON ALL REGISTRATION  
5 APPLICATIONS OF MSME;
- 6 ii. STREAMLINE REGISTRATION PROCESS AND  
7 FACILITATE SPEEDY REGISTRATION FOR  
8 THE ESTABLISHMENT OF BUSINESS  
9 ENTERPRISES IN THE COUNTRY;
- 10 iii. PROVIDE ALL INFORMATION AND  
11 REFERRAL SERVICES IT SHALL DEEM  
12 NECESSARY OR ESSENTIAL TO THE  
13 DEVELOPMENT AND PROMOTION OF  
14 MSME;
- 15 iv. CONDUCT OTHER PROGRAMS OR PROJECTS  
16 FOR ENTREPRENEURIAL DEVELOPMENT IN  
17 THEIR RESPECTIVE AREAS.”

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

20 “Section 12. *Capitalization and Funding OF THE SBC.* - The [Small  
21 Business Guarantee and Finance Corporation] SBC shall have an authorized  
22 capital stock of [Five] TEN billion pesos [(P 5,000,000,000.00)]  
23 (P10,000,000,000.00). The initial capital of One billion pesos

1 (P1,000,000,000.00) shall be established from a pool of funds to be contributed  
2 in the form of equity investments in common stock by the Land Bank of the  
3 Philippines (LBP), the Philippine National Bank (PNB), the Development  
4 Bank of the Philippines (DBP), in the amount of Two hundred million pesos  
5 (P200,000,000.00) each. The Social Security System (SSS) and the Government  
6 Service Insurance System (GSIS) shall also set aside Two hundred million  
7 pesos (P200,000,000.00) each [to be placed in preferred stocks of the SBGFC]  
8 **FOR THE SBC. AUTHORIZED CAPITAL STOCK OF THE SMALL BUSINESS**  
9 **CORPORATION SHALL BE DIVIDED INTO 80,000,000 COMMON SHARES**  
10 **AND 20,000,000 PREFERRED SHARES WITH A PAR VALUE OF ONE**  
11 **HUNDRED PESOS (P100.00) PER SHARE: *PROVIDED*, THAT THE**  
12 **COMMON SHARES WHICH HAVE BEEN ISSUED, INCLUDING THOSE**  
13 **ISSUED AGAINST THE ASSETS OF THE KKK GUARANTY FUND**  
14 **CONSOLIDATED UNDER THE SMALL BUSINESS CORPORATION BY**  
15 **VIRTUE OF EXECUTIVE ORDER NO. 233, SERIES OF 2000 AND**  
16 **EXECUTIVE ORDER NO. 19, SERIES OF 2001 AND INCLUDING THOSE**  
17 **ALREADY SUBSCRIBED, SHALL FORM PART OF THE CAPITALIZATION**  
18 **OF THE CORPORATION: *PROVIDED, FURTHER*, THAT HOLDERS OF**  
19 **PREFERRED SHARES ISSUED UNDER REPUBLIC ACT 6977, AS**  
20 **AMENDED, SHALL HAVE THE OPTION TO CONVERT THE SAME INTO**  
21 **COMMON SHARES. Additional EQUITY funding shall come from trust**  
22 **placements of excess and unused funds of existing government agencies,**  
23 **bilateral and multilateral official development assistance funds, subscriptions**

1 from government owned or controlled corporations, and investments of  
2 private financial institutions and corporations[.]: *PROVIDED*, THAT ANY  
3 INVESTMENT FROM THE PRIVATE SECTOR SHALL ONLY BE IN THE  
4 FORM OF PREFERRED SHARES.

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

11 SEC. 17. New sections are hereby inserted after Section 12 of the same Act, as  
12 amended, to read as follows:

13 "SECTION 13. *LIMITED SOVEREIGN GUARANTEE FOR SMALL*  
14 *BUSINESS CORPORATION.* – MSME CREDIT GUARANTEE  
15 OBLIGATIONS CONTRACTED AND INCURRED BY SBC BY VIRTUE OF  
16 THE PROVISIONS OF THIS ACT, SHALL BE GUARANTEED BY THE  
17 REPUBLIC OF THE PHILIPPINES, BOTH AS TO PRINCIPAL SUMS AND  
18 INTEREST PAYMENT: *PROVIDED*, THAT SUCH GUARANTEE SHALL  
19 NOT EXCEED THREE HUNDRED PERCENT (300%) OF THE NET WORTH  
20 OF THE CORPORATION.

21 "THE REPUBLIC OF THE PHILIPPINES SHALL SUCCEED TO ALL  
22 THE RIGHTS TO THE COLLATERALS, NOTES OR OTHER INSTRUMENTS  
23 TO THE EXTENT OF THE PAYMENTS MADE, UNLESS THE SUMS SO

1 PAID BY THE REPUBLIC OF THE PHILIPPINES SHALL BE REFUNDED BY  
2 THE CORPORATION WITHIN A REASONABLE TIME.”

3 “SECTION 14. *GUARANTEE RESERVE FUND.* – THE SMALL  
4 BUSINESS CORPORATION SHALL SET ASIDE FIVE PERCENT (5%) OF ITS  
5 ANNUAL NET OPERATING REVENUES BEFORE INTEREST AS RESERVE  
6 OR SINKING FUND TO ANSWER FOR GUARANTEE CALLS. THIS FUND  
7 SHALL BE CALLED THE GUARANTEE RESERVE FUND (GRF).

8 “THE PRIMARY PURPOSE OF THE GRF IS TO ASSURE THE LONG-  
9 TERM FINANCIAL VIABILITY OF THE GUARANTEE CALLS. THE  
10 AMOUNT SET ASIDE FOR THE RESERVE FUND SHALL BE SUBJECT TO  
11 THE CONDUCT OF AN ACTUARIAL STUDY TO DETERMINE THE  
12 APPROPRIATE REQUIREMENT, BUT IN NO CASE SHALL IT BE LOWER  
13 THAN 5% OF THE ANNUAL NET OPERATING REVENUE OF THE  
14 CORPORATION AS PRESCRIBED IN THE ACT.”

15 SEC. 18. Section 13 of the same Act, as amended, is hereby renumbered as Section  
16 15, and further amended to read as follows:

17 “Section 15 [13]. *Mandatory Allocation of Credit Resources to MICRO,*  
18 *Small and Medium Enterprises.* - For the period of ten (10) years from the  
19 date of the effectivity of this AMENDATORY Act, all lending institutions as  
20 defined under *Bangko Sentral ng Pilipinas* rules, whether public or private,  
21 shall set aside at least [six] EIGHT percent [6] (8%) FOR MICRO AND SMALL  
22 ENTERPRISES and at least two percent (2%) for [small and] medium  
23 enterprises [, respectively,] of their total loan portfolio based on their balance

1 sheet as of the end of the previous quarter, and make it available for [small and  
2 medium enterprise] MSME credit as herein contemplated.

3 "COMPLIANCE OF THIS PROVISION SHALL BE:

4 A) ACTUAL EXTENSION OF LOANS TO QUALIFIED AND  
5 REGISTERED MICRO, SMALL AND MEDIUM ENTERPRISES;

6 OR

7 B) ACTUAL SUBSCRIPTION OF PREFERRED SHARES OF  
8 STOCK OF SBC; OR

9 C) WHOLESALE LENDING TO PARTICIPATING FINANCIAL  
10 INSTITUTIONS (PFIs) FOR ON-LENDING TO SMEs; OR

11 D) PURCHASE/DISCOUNT OF MSME RECEIVABLES; OR

12 E) LOANS GRANTED TO EXPORT,IMPORT, AND DOMESTIC  
13 TRADERS SUBJECT TO COMPLIANCE WITH SECTION 3 OF  
14 THIS ACT; OR

15 F) SUBSCRIBE/PURCHASE LIABILITY INSTRUMENTS AS MAY  
16 BE OFFERED BY SBC.

17 "The *Bangko Sentral ng Pilipinas*[, in consultation with the Council,]  
18 MAY PRESCRIBE ALTERNATIVE FORMS OF COMPLIANCE SUBJECT TO  
19 THE APPROVAL OF THE MSMED COUNCIL. FURTHER, THE *BANGKO*  
20 *SENTRAL NG PILIPINAS* shall formulate rules for the effective  
21 implementation of this provision: *Provided, That the purchase of government*  
22 *notes, securities and other negotiable instruments*[, with the exception of such  
23 instruments as may be offered by the SBGFC which do not pay market rates,]

1 shall not be deemed compliance with the foregoing provisions: *Provided,*  
2 *further,* That the *Bangko Sentral ng Pilipinas* shall establish an incentive  
3 program to encourage lending to [small and medium] MSME industries  
4 beyond the mandatory credit allocation to said enterprises, such as possible  
5 reduction in bank's reserve requirement.

6 "The MSMED Council shall set up the appropriate systems to monitor  
7 all loan applications of [small and medium enterprises] MSMEs in order to  
8 account for the absorptive capacity of the MICRO, small and medium  
9 enterprise sector.

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

18 SEC. 19. New sections to be numbered as sections 16 and 17 are hereby inserted after  
19 Section 13 of the same Act, as amended, to read as follows:

20 "SECTION 16. *MICRO, SMALL, AND MEDIUM ENTERPRISE WEEK.*

21 ~ IN ORDER TO INSTITUTE CONTINUING AWARENESS OF THE  
22 PRIMACY OF SMALL BUSINESS IN NATION-BUILDING AND IN PEOPLE  
23 EMPOWERMENT, AND TO CELEBRATE AND ESPOUSE THE FIRM



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

7 "SECTION 17. *PRESIDENTIAL AWARDS FOR OUTSTANDING*  
8 *MSME.* - PRESIDENTIAL AWARDS FOR OUTSTANDING MSME,  
9 CONSISTING OF REWARDS IN CASH OR IN KIND SHALL BE GRANTED  
10 TO ONE HUNDRED PERCENT (100%) FILIPINO-OWNED COMPANIES  
11 DURING THE MSME DEVELOPMENT WEEK."

12 SEC. 20. Section 14 of the same Act, as amended, on Penal Clause is hereby  
13 renumbered as Section 18.

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

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

1 PROVISIONS OF THIS ACT WITHIN NINETY (90) DAYS FROM THE  
2 APPROVAL OF THIS ACT. THE IRR ISSUED PURSUANT TO THIS  
3 SECTION SHALL TAKE EFFECT THIRTY (30) DAYS AFTER PUBLICATION  
4 IN A NATIONAL NEWSPAPER OF GENERAL CIRCULATION.”

5 SEC. 22. *Separability Clause.* - The provisions of the Act are hereby declared to be  
6 separable. If any provision of this Act shall be held unconstitutional, the remainder  
7 of the Act not otherwise affected shall remain in full force and effect.

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

10 SEC. 24. *Effectivity Clause.* - This Act shall take effect within fifteen (15) days  
11 from its publication in at least two (2) national newspapers of general circulation.

Approved,