



Senate
Office of the Secretary

**TWENTIETH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**]
First Regular Session]

25 AUG -7 P1:24

SENATE

RECEIVED BY: 

S.B. No. 1093

Introduced by SEN. WIN GATCHALIAN

AN ACT
PROMOTING ENTREPRENEURSHIP BY ESTABLISHING A SUSTAINABLE
FINANCING PROGRAM FOR MICRO AND SMALL ENTERPRISES THROUGH
THE PONDO SA PAGBABAGO AT PAG-ASENSO PROGRAM, AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Micro and small enterprises (MSEs) are a vital sector of our economy. In fact, out of the more than 1.24 million enterprises included in the 2023 List of Establishments of the Philippine Statistics Authority (PSA), 90.43% or 1.13 million are micro enterprises and 8.82% or almost 110,000 are small enterprises. Collectively, MSEs generated 5.71 million jobs in 2023, accounting for roughly 60.2% of the country's total employment.¹

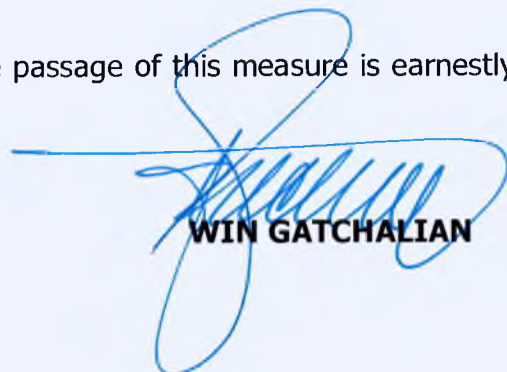
As the backbone of our economy, MSEs contribute to local and national economies and to sustaining livelihoods, especially among the working poor, women, youth, and other groups in vulnerable situations. Despite the challenges brought about by the COVID-19 pandemic, MSEs have proven to be resilient, powering through various calamities, disasters, and even global supply chains disruptions and continuously serving as the lifeline of many Filipinos.

¹ Department of Trade and Industry, 2023 *Philippine MSME Statistics*, DTI, at [https://www.dti.gov.ph/resources/msme-statistics/#:~:text=2023%20Philippine%20MSME%20Statistics&text=Of%20these%2C%201%2C241%2C733%20\(99.63%25\),at%200.38%25%20\(4%2C763\)](https://www.dti.gov.ph/resources/msme-statistics/#:~:text=2023%20Philippine%20MSME%20Statistics&text=Of%20these%2C%201%2C241%2C733%20(99.63%25),at%200.38%25%20(4%2C763).). (last visited June 25, 2025).

Unfortunately, even with the vast potential for growth of MSEs and their undeniable role in uplifting the lives of Filipinos, many MSEs still struggle in growing their enterprises given their limited access to credit and financing. This proposed measure aims to help Filipino entrepreneurs, especially those who are underprivileged, in growing their businesses by making available affordable and accessible financing.

This bill seeks to institutionalize the DTI's *Pondo sa Pagbabago at Pag-asenso* (P3) Program by creating the P3 Fund, which shall be accessible through the Small Business Corporation (SB Corp.) and through accredited partner financial institutions (PFIs). It aims to provide a better alternative to informal lenders typically availed of by micro enterprises by imposing a maximum of 1% interest rate per month on loans extended to P3 Fund beneficiaries by direct lending, with no collateral requirement. To make the P3 Fund more accessible, 60% of the fund shall be extended as loans to target beneficiaries through accredited PFIs such as rural banks, cooperatives, and micro-finance non-government organizations. Through these mechanisms, this measure aims to strengthen MSEs and aid them in growing their businesses, thereby supporting the crucial role of micro and small entrepreneurs in job creation and poverty alleviation in the country.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



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ASENSO PROGRAM, AND APPROPRIATING FUNDS THEREFOR

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

1 **SEC. 1. Title.** – This Act shall be known as the “*Pondo sa Pagbabago*
2 *at Pag-asenso Act*” or the “P3 Act”.

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

10 **SEC. 3. Objectives.** – The objectives of this Act are:

- 11 (a) To provide an affordable, accessible, and simple financing
12 program for the country’s MSEs, especially those in the poorest
13 populations and underserved areas;
- 14 (b) To provide a better alternative to informal lenders or the so-called
15 “5-6” money lending system availed of by micro enterprises;

- 1 (c) To bring down the interest rate at which financial services is made
2 available to MSEs;
- 3 (d) To boost the development of entrepreneurship and the MSE
4 sector, particularly the MSEs; and
- 5 (e) To support the recovery of MSEs from the effects of the COVID-
6 19 pandemic lockdown, as well as in the event of any calamity or
7 disaster, and ensure their viability.

8 **SEC. 4. *Creation of the Pondo sa Pagbabago at Pag-asenso (P3)***

9 **Fund.** – There is hereby created the Pondo sa Pagbabago at Pag-asenso Fund,
10 hereinafter referred to as the “P3 Fund”, which shall be lent out to qualified
11 MSEs under such terms and conditions that will meet the purposes of this Act.

12 The beneficiaries of the P3 Fund shall be the micro and small enterprises,
13 as defined under Republic Act No. 6977, as amended, otherwise known as the
14 “Magna Carta for Micro, Small and Medium Enterprises (MSMEs)”.

15 The fund shall be accessible through the Small Business Corporation (SB
16 Corp.) and through accredited partner financial institutions (PFIs) such as rural
17 banks, thrift banks, development banks, cooperative banks, cooperatives, non-
18 stock savings and loan associations, microfinance non-government
19 organizations, or lending companies.

20 For efficient implementation and operation, cooperatives except
21 cooperative banks and insurance cooperatives shall be under the sole
22 supervision and examination of the Cooperative Development Authority (CDA);
23 all other financial entities, corporations and financial intermediaries, such as
24 non-government organizations, financing companies, non-stock savings and
25 loan associations, microfinance non-government organizations, and lending
26 investors shall be under the Bangko Sentral ng Pilipinas (BSP); and insurance
27 companies shall be under the Insurance Commission (IC).

28 Cooperative banks shall be under the supervision and examination of the
29 CDA and BSP; while insurance cooperatives shall be under the supervision and
30 examination of the CDA and the IC.

1 **SEC. 5. *Lead Implementing Agency.*** – The SB Corp., the financing
2 arm of the Department of Trade and Industry (DTI), shall be the lead
3 implementing agency for the P3 Fund. The SB Corp. shall handle the fund
4 delivery to MSEs through the following modes:

5 (a) Direct lending for forty percent (40%) of the P3 Fund; and

6 (b) Lending through accredited PFIs for sixty percent (60%) of the P3
7 Fund.

8 The SB Corp. shall prioritize lending to underserved and unserved areas
9 and MSE segments of the country, subject to the review and approval of the
10 Micro, Small and Medium Enterprise Development (MSMED) Council.

11 With the goal to achieve greater outreach to all provinces and barangays
12 of the country, financial technology-enabled systems and processes can be
13 utilized in the implementation of the P3 program.

14 An amount sourced from the accumulated P3 Fund of not more than five
15 percent (5%) of the total loans disbursed for the period can be used by the SB
16 Corp. to support its annual administrative and operating expenses for the P3
17 Fund, inclusive of the cost of regular plantilla personnel, up to the extent of
18 their involvement in developing and managing the P3 loan portfolios.

19 **SEC. 6. *Features of the P3 Fund.*** – The P3 Fund shall have the
20 following features:

21 (a) The loanable amount for individual loans shall be set and regularly
22 reviewed by the MSMED Council;

23 (b) The effective interest rate to be imposed on the loan availed of
24 by the P3 Fund beneficiaries shall not exceed one percent (1%)
25 per month for direct lending, and shall not exceed two and a half
26 percent (2.5%) per month for lending through accredited PFIs;

27 (c) The interest earnings shall accrue to the P3 Fund;

28 (d) There shall be no collateral requirement from the P3 Fund loan
29 beneficiaries; and

30 (e) The lenders shall have a collection mechanism, whereby
31 payments are made on a daily, weekly, or monthly basis, or

1 depending on the livelihood project income cycle. It shall be the
2 duty of the lender to collect the loan principal and the interest
3 payments from the borrower.

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

9 **SEC. 8. *Appropriations.*** – The initial amount for the implementation
10 of this Act shall be charged against the current year's appropriations of the SB
11 Corp. thereafter, such amount necessary shall be included in the annual
12 General Appropriations Act.

13 **SEC. 9. *Implementing Rules and Regulations.*** – Within sixty (60)
14 days from the approval of this Act, the DTI, in consultation with the
15 stakeholders concerned, shall formulate and promulgate the necessary rules
16 and regulations to implement the provisions of this Act.

17 **SEC. 10. *Separability Clause.*** – If any part or section of this Act is
18 declared unconstitutional, such declaration shall not affect in any manner other
19 parts or sections hereof.

20 **SEC. 11. *Repealing Clause.*** – Section 22 of Republic Act No. 8367,
21 otherwise known as the "Revised Non-Stock Savings and Loan Association Act
22 of 1997" is hereby repealed. All laws, decrees, proclamations, issuances, or
23 ordinances that are contrary to or inconsistent with the provisions of this Act
24 are hereby amended, repealed or modified accordingly.

25 **SEC. 12. *Effectivity.*** – This Act shall take effect fifteen (15) days after
26 its publication in the Official Gazette or in at least two (2) newspapers of general
27 circulation.

28 Approved,