



HOUSE OF REPRESENTATIVES

H. No. 5811

BY REPRESENTATIVES SY-ALVARADO, CUA (J.), VILLAR, BARBERS, NICOLAS, SILVERIO, DE GUZMAN, ASISTIO, BADELLES, MARCOS, ABAYON, ESPINO, GOZOS, ALMARIO, AMIN, MANGUDADATU, UMALI (A.V.), VILLANUEVA, REYES (V.), CHATTO, MACAPAGAL ARROYO AND GONZALEZ, PER COMMITTEE REPORT NO. 1947

AN ACT PROMOTING ENTREPRENEURSHIP AND SUPPORTING THE DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6977, OTHERWISE KNOWN AS THE "MAGNA CARTA FOR SMALL ENTERPRISES", AS AMENDED

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

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

3 "SECTION 1. *Title.* — This Act shall be known as the
4 'Magna Carta for **MICRO**, Small AND **MEDIUM** Enterprises'."

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

7 "SEC. 2. *Declaration of Policy.* — Recognizing that
8 **MICRO**, small and medium scale enterprises (**MSMEs**) [have the
9 potential for] **CAN GENERATE** more employment [generation]

1 and SPUR economic growth and CAN therefore [can] help
2 provide a self-sufficient industrial foundation for the country, it
3 is hereby declared the policy of the State to promote, support,
4 strengthen and encourage the growth and development of [small
5 and medium enterprises] MSMEs in all productive sectors of the
6 economy particularly rural/agri-based enterprises. To this end,
7 the State shall undertake to [spur the growth and development of
8 small and medium enterprises throughout the country] PROMOTE
9 ENTREPRENEURSHIP, SUPPORT ENTREPRENEURS, ENCOURAGE
10 THE ESTABLISHMENT OF MICRO, SMALL AND MEDIUM
11 ENTERPRISES AND ENSURE THEIR CONTINUING VIABILITY AND
12 GROWTH and thereby attain countryside industrialization BY:

13 (a) By assuring, through the establishment of adequate
14 support structure, and the creation and promotion of an
15 environment conducive to the viability of these enterprises,
16 establishment of mechanisms, the access and transfer of
17 appropriate technology needed by small and medium enterprises;

18 b) By](A) [i]Intensifying and expanding programs for
19 training in entrepreneurship and for skills development for labor;

20 [c)](B) [By] [f]Facilitating their access to sources of
21 funds;

22 [d)](C) [By] [a]Assuring [to] them [access to] a fair
23 share of government contracts and related incentives and
24 preferences;

25 [e)](D) [By] [c]Complementing and supplementing
26 financing programs for [small and medium enterprises] MSMEs

1 and doing away with stringent and burdensome collateral
 2 requirements that small entrepreneurs invariably find extreme
 3 difficulty complying with;

4 [f])(E) [By] [i]Instituting safeguards for the protection
 5 and stability of the credit delivery system;

6 [g])(F) [By] [r]Raising government efficiency and
 7 effectiveness in providing assistance to [small and medium
 8 enterprises] **MSMES** throughout the country, at the least cost;

9 [h])(G) [By] [p]Promoting linkages [between large and
 10 small] **AMONG MICRO, SMALL, MEDIUM AND LARGE**
 11 enterprises[,] and by encouraging the establishment of common
 12 service facilities;

13 [i])(H) [By] [m]Making the private sector a partner in
 14 the task of building up [small and medium enterprises] **MSMES**
 15 through the promotion and participation of private voluntary
 16 organizations, viable industry associations[,] and cooperatives;
 17 and

18 [j])(I) [By] [a]Assuring a balanced and sustainable
 19 development through the establishment of a feedback and
 20 evaluation mechanism that will monitor the economic
 21 contributions as well as bottlenecks and environmental effects of
 22 the development of [small and medium scale enterprises]
 23 **MSMES.**”

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

26 “SEC. 3. *MICRO, Small and Medium Enterprises as*

1 *Beneficiaries.* – [‘Small and medium enterprise’] **MSMES** shall
 2 be defined as any business activity or enterprise engaged in
 3 industry, agribusiness and/or services, whether single
 4 proprietorship, cooperative, partnership or corporation whose
 5 *total assets, inclusive of those arising from loans but exclusive of*
 6 *the land on which the particular business entity's office, plant and*
 7 *equipment are situated, must have value falling under the*
 8 *following categories:*

9 micro : [less than P1,500,001] **NOT MORE THAN P 3,000,000**

10 small : [P1,500,001] **P3,000,001 - P 15,000,000**

11 medium : P15,000,001 - [P60,000,000] **P100,000,000**

12 “The above definitions shall be subject to review and
 13 adjustment [by the said Council] *motu proprio* **BY THE MSMED**
 14 **COUNCIL UNDER SECTION 6 OF THIS ACT** or upon
 15 recommendation of sectoral organization(s) **CONCERNED** taking
 16 into account inflation and other economic indicators. The
 17 Council may use [as] **OTHER** variables [the] **SUCH AS** number of
 18 employees, equity capital and assets size.”

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

21 “**SEC. 4. Eligibility for Government Assistance.** – To
 22 qualify for assistance, counseling, incentives and promotion
 23 under this Act, businesses falling under the above definition must
 24 be:

25 (a) [d]Duly registered with the appropriate agencies as
 26 presently provided by law: *Provided*, That in the case of micro
 27 enterprises as defined herein, registration with the office of the

1 municipal or city treasurer shall be deemed sufficient compliance
2 with this requirement:

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

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

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

19 "However, this requirement shall not preclude a [small
20 and medium enterprise] MSME from accepting subcontracts
21 [from large enterprises or firms] AND ENTERING INTO
22 FRANCHISE PARTNERSHIP WITH LARGE ENTERPRISES OR FROM
23 joining in cooperative activities with other [small and medium
24 enterprises] MSMEs.

1 “Programs of the [financing corporation] **SMALL**
2 **BUSINESS CORPORATION** as provided in subsequent [Sections]
3 **PROVISIONS** of this Act shall be exclusively [targeted]
4 **DELIVERED AND DIRECTED** to [medium, small, and micro-sized
5 enterprises] **BONA FIDE MSMES**.

6 “Registered **MICRO AND** small enterprises shall be entitled
7 to a share of at least ten percent (10%) of total procurement
8 value of goods and services supplied to the [G]government, its
9 bureaus, offices and agencies annually: *Provided*, That prices
10 and quality of goods offered by the registered **MICRO AND** small
11 enterprises are competitive.”

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

14 “SEC. 5. *Guiding Principles*. – To set the pace for [small
15 and medium enterprise] **MSME** development, the State shall be
16 guided by the following principles:

17 (a) Minimal set of rules and simplification of procedures
18 and requirements. All government agencies having to do with
19 small enterprises shall pursue the principles of minimum
20 regulation to ensure stability of rules and to encourage
21 entrepreneurial spirit among the citizenry. The agencies shall see
22 to it that procedural rules and requirements, within their
23 respective offices and in coordination with other agencies, are
24 minimized in the act of registration, availment of financing and
25 accessing other government services and assistance.

1 (b) Role of the private sector. In order to hasten growth
2 and expansion of [small and medium enterprises] **MSMEs**, the
3 private sector throughout the country shall be encouraged to
4 assist in the effective implementation of this Act by participating
5 in government programs for [small and medium enterprises]
6 **MSMEs** strictly in accordance with the law, and consistent with
7 the attainment of the purposes hereof. To encourage private
8 sector participation, the Council, in consultation with the
9 concerned sector, may recommend simplified procedure and
10 localized incentives to [small enterprises] **MSMEs**. The
11 [G]overnment shall encourage the organization and
12 establishment of [small and medium enterprise] **MSME** industry
13 associations at the local and regional levels preferably unified
14 under a national federation/association.

15 (c) *Coordination of government efforts.* *Government*
16 *efforts shall be coordinated to achieve coherence in objectives.*
17 *All appropriate offices, particularly those under the Departments*
18 *of Trade and Industry, Finance, Budget and Management,*
19 *Agriculture, Agrarian Reform, Environment and Natural*
20 *Resources, Labor and Employment, Transportation and*
21 *Communications, Public Works and Highways, Science and*
22 *Technology, INTERIOR AND Local Government and Tourism as*
23 *well as the National Economic and Development Authority,*
24 **PHILIPPINE INFORMATION AGENCY** *and the Bangko Sentral ng*
25 *Pilipinas, through their national, regional and provincial offices,*
26 *shall to the best of their effort and in coordination with local*

1 government units, provide the necessary support and assistance
2 to [small and medium enterprises] **MSMES**.

3 (d) Decentralization. The State shall accelerate the
4 decentralization process by establishing regional and provincial
5 offices in order to enhance and attain greater efficiency in the
6 provision of services to the countryside and the implementation
7 of this Act, in coordination with local government units. To this
8 end, the government agencies shall effect a substantial delegation
9 of authority to their regional and provincial offices to make
10 decisions, particularly in the registration of beneficiaries of this
11 law, qualification for availment of benefits, accreditation of
12 private voluntary organizations, industry associations and
13 cooperatives, and to resolve complaints for violation of
14 applicable laws.”

15 **SEC. 6.** The **SMED** Council created under Section 6 of the same Act is
16 hereby renamed as the **MSMED** Council. For this purpose, said section, as
17 amended, is hereby further amended to read as follows:

18 “**SEC. 6.** *Creation of [a] **MICRO, Small and Medium***
19 *Enterprise Development (**MSMED**) Council.* – To effectively
20 spur the growth and development of [small and medium
21 enterprises] **MSMES** throughout the country, and to carry out
22 the policy declared in this Act, a **MICRO, Small and Medium**
23 **Enterprise Development [(SMED)] (**MSMED**)** Council is
24 hereby created. The Council shall be attached to the Department
25 of Trade and Industry (**DTI**) and shall be constituted within sixty
26 (60) days after the approval of this Act.

1 “The Council shall be the primary agency responsible for
2 the promotion, growth and development of [small and medium
3 enterprises] **MSMES** [in the country by way of facilitating and
4 closely coordinating national efforts to promote the viability and
5 growth of small and medium enterprises,] including assisting
6 relevant agencies in the tapping of local and foreign funds for
7 small and medium enterprise development, as well as promoting
8 the use of existing programs, [as well as] **AND** seeking ways to
9 maximize the use of [our] **FILIPINO** labor resources.”

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

12 “**SEC. 7. Composition.** – The Council shall be headed by
13 the Secretary of Trade and Industry as Chairman, and may elect
14 from among themselves a Vice [-c]Chairman to preside over the
15 [Council] meetings in the absence of the Chairman. The
16 members shall be the following:

17 (a) Director General of the National Economic and
18 Development Authority;

19 (b) Secretary of Agriculture;

20 (c) Secretary of Labor and Employment;

21 (d) Secretary of Environment and Natural Resources;

22 (e) **SECRETARY OF THE INTERIOR AND LOCAL**
23 **GOVERNMENT;**

24 [e)](f) Secretary of Science and Technology;

25 [f)](g) Secretary of Tourism;

26 [g)](h) [The] Chairman of the Monetary Board;

1 [h)](i) Chairman of Small Business [Guarantee and
2 Finance] Corporation;

3 [i)](j) Chairman of the MICRO, small and medium
4 enterprises promotion body which the President OF THE
5 **REPUBLIC OF THE PHILIPPINES** shall [undertake to] establish
6 under this Act; [and]

7 [j)](k) [Three (3)] **ONE (1)** representative[s] from the
8 private sector at large, [all] A Filipino citizen[s], to represent
9 Luzon[, Visayas and Mindanao, and one representative from the
10 small and medium enterprise sector] to be appointed by the
11 President **OF THE REPUBLIC OF THE PHILIPPINES**; [and]

12 (L) **ONE (1) REPRESENTATIVE FROM THE PRIVATE**
13 **SECTOR AT LARGE, A FILIPINO CITIZEN, TO REPRESENT**
14 **VISAYAS, TO BE APPOINTED BY THE PRESIDENT OF THE**
15 **REPUBLIC OF THE PHILIPPINES**;

16 (M) **ONE (1) REPRESENTATIVE FROM THE PRIVATE**
17 **SECTOR AT LARGE, A FILIPINO CITIZEN, TO REPRESENT**
18 **MINDANAO, TO BE APPOINTED BY THE PRESIDENT OF THE**
19 **REPUBLIC OF THE PHILIPPINES**;

20 [k)] (N) [a] **ONE (1)** representative from the [private
21 banking sector to serve alternately among the] Chamber of Thrift
22 Banks; [the Rural Bankers' Association of the Philippines
23 (RBAP); and the Bankers' Association of the Philippines
24 (BAP).]

1 (O) ONE (1) REPRESENTATIVE FROM THE RURAL
2 BANKERS' ASSOCIATION OF THE PHILIPPINES (RBAP);

3 (P) ONE (1) REPRESENTATIVE FROM THE BANKERS'
4 ASSOCIATION OF THE PHILIPPINES (BAP); AND

5 (Q) ONE (1) REPRESENTATIVE FROM THE ACADEME, A
6 FILIPINO CITIZEN, TO BE APPOINTED BY THE PRESIDENT OF
7 THE REPUBLIC OF THE PHILIPPINES.

8 "ALL MEMBERS OF THE COUNCIL SO APPOINTED,
9 EXCEPT FOR THE *EX OFFICIO* MEMBERS, SHALL SERVE FOR A
10 TERM OF THREE (3) YEARS WITHOUT REAPPOINTMENT. THE
11 PERSON SO APPOINTED TO REPLACE A MEMBER WHO HAS
12 RESIGNED, DIED OR REMOVED FOR CAUSE SHALL SERVE ONLY
13 FOR THE UNEXPIRED PORTION OF THE TERM.

14 "EXCEPT FOR THE DTI SECRETARY, [C]abinet-rank *ex*
15 *officio* members of the Council shall designate an undersecretary
16 or assistant secretary, and the chairman of the Monetary Board or
17 his representative, as their permanent representative in case they
18 fail to attend meetings of the Council.

19 "The private sector members of the Council shall
20 [initially] receive *per diem* of One thousand pesos (P1,000.00)
21 per meeting, for a maximum of twenty-four (24) meetings per
22 year, which *per diem* may be adjusted by the Council: *Provided*,
23 That any such adjustment shall take effect upon approval of the
24 President OF THE REPUBLIC OF THE PHILIPPINES.

25 [The Department of Trade and Industry shall allocate Five
26 million pesos (P5,000,000.00) out of its savings for the initial
27 operating expenses of the Council, after which the Council's

1 budget shall be included in the annual appropriation of the
2 Department of Trade and Industry.]

3 **“THE COUNCIL’S ANNUAL BUDGET SHALL BE**
4 **SEPARATELY PROVIDED IN THE GENERAL APPROPRIATIONS**
5 **ACT BEGINNING IN THE FISCAL YEAR IMMEDIATELY**
6 **FOLLOWING THE APPROVAL OF THIS ACT.**

7 **“THE COUNCIL, THROUGH THE DTI MAY ACCEPT**
8 **GRANTS, DONATIONS OR CONTRIBUTIONS FROM PUBLIC AND**
9 **PRIVATE SOURCES SUBJECT TO EXISTING LAWS.**

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

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

25 SEC. 8. Section 8 of the same Act is hereby amended to read as
26 follows:

1 “SEC. 8. *Powers and Functions.* – The [Small and
2 Medium Enterprise Development (SMED)] **MSMED** Council
3 shall have the following powers, duties and functions:

4 (a) To help establish the needed environment and
5 opportunities conducive to the growth and development of the
6 [small and medium enterprise] **MSME** sector;

7 (b) To recommend to the President **OF THE REPUBLIC**
8 **OF THE PHILIPPINES** and the Congress **OF THE PHILIPPINES** all
9 policy matters affecting [small and medium scale enterprises]
10 **MSMES**;

11 (c) To formulate a comprehensive [small and medium
12 enterprise] **MSME** development plan to be integrated into the
13 National Economic and Development Authority (**NEDA**)
14 Development Plans;

15 (d) To coordinate and integrate various government and
16 private sector activities relating to [small and medium
17 enterprise] **MSME** development;

18 (e) To review existing policies of government agencies
19 that would affect the growth and development of [small and
20 medium enterprises] **MSMES** and recommend changes to the
21 President **OF THE REPUBLIC OF THE PHILIPPINES** and[or to
22 the] Congress **OF THE PHILIPPINES**, whenever deemed
23 necessary. This shall include efforts to simplify rules and
24 regulations, as well as procedural and documentary requirements

1 in the registration, financing[,] and other activities relevant to
2 [small and medium enterprises] **MSMES**;

3 (f) To monitor and determine the progress of various
4 agencies geared towards the development of the sector. This
5 shall include overseeing, in coordination with local government
6 units and the Department of **THE INTERIOR AND** Local
7 Government as well as private sector groups/associations, the
8 developments among [small and medium enterprises,] **MSMES**
9 [particularly the cottage and micro-sized firms];

10 (g) To promulgate implementing guidelines, programs,
11 and operating principles as may be deemed proper and necessary
12 in the light of government policies and objectives of this Act;

13 (h) To provide the appropriate policy and coordinative
14 framework in assisting relevant government agencies, in
15 coordination with the [National Economic and Development
16 Authority] **NEDA** and the Coordinating Council for the
17 Philippine Assistance Program, as may be necessary, in the
18 tapping of local and foreign funds for [small and medium
19 enterprise] **MSME** development;

20 (i) To promote the productivity and viability of [small
21 and medium enterprises] **MSMES** by way of directing and/or
22 assisting relevant government agencies and institutions at the
23 national, regional and provincial levels towards the:

24 (1) Provision of business training courses, technical
25 training for technicians and skilled laborers and continuing skills
26 upgrading programs;

1 (2) Provision of labor-management guidance, assistance
2 and improvement of the working conditions of employees in
3 [small and medium-sized firms] **MSMEs**;

4 (3) Provision of guidance and assistance regarding
5 product quality/product development and product diversification;

6 (4) *Provision of guidance and assistance for the adoption*
7 *of improved production techniques and commercialization of*
8 *appropriate technologies for the product development and for*
9 *increased utilization of indigenous raw materials;*

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

18 (6) Intensification of assistance and guidance to enable
19 greater access to credit through a simplified multi-agency
20 financing program; to encourage development of other models of
21 financing such as leasing and venture capital activities; to
22 provide effective credit guarantee systems, and encourage the
23 formation of credit guarantee associations, including setting up
24 of credit records and information systems and to decentralize
25 loan approval mechanisms;

26 (7) Provision of concessional interest rates, lower
27 financing fees, which may include incentives for prompt credit
28 payments, arrangements tying amortizations to business cash

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

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

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

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

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

15 (12) Provision of more infrastructure facilities and public
16 utilities to support operations of [small and medium enterprises]
17 **MSMES**;

18 (j) To submit to the President **OF THE REPUBLIC OF THE**
19 **PHILIPPINES** and the Congress **OF THE PHILIPPINES** a yearly
20 report on the status of [small and medium enterprises] **MSMES**
21 in the country, including the progress and impact of all relevant
22 government policies, programs and legislation as well as private
23 sector activities;

24 (k) To assist in the establishment of modern industrial
25 estates outside urban centers; and

26 (l) [Generally, to exercise all powers and functions
27 necessary for the objectives and purposes of this Act.] **TO SEE**

1 TO IT THAT THE PROVISIONS OF THIS ACT ARE FULLY
2 IMPLEMENTED AND THE OBJECTIVES AND POLICIES FULLY
3 ATTAINED.”

4 SEC. 9. Section 9 of the same Act, as amended, is hereby further
5 amended to read as follows:

6 “SEC. 9. *Designation of the Bureau of Small and*
7 *Medium [Business] ENTERPRISE Development OF THE*
8 *DEPARTMENT OF TRADE AND INDUSTRY (DTI) as a Council*
9 *Secretariat.* – The Bureau of Small and Medium [Business]
10 ENTERPRISE Development OF THE DTI is hereby designated to
11 act as the Council Secretariat and shall have the following duties
12 and functions:

13 (1) TO FORMULATE, COORDINATE AND MONITOR ALL
14 NON-FINANCING GOVERNMENT PROGRAMS, INCLUDING FEE-
15 BASED SERVICES, TO SUPPORT AND PROMOTE MSMEs, AND to
16 prepare, in coordination with NATIONAL AGENCIES, local
17 government units [and/or associations of local government
18 officials,] AND PRIVATE SECTOR ORGANIZATIONS, [and
19 recommend] annual as well as medium-term MICRO, small and
20 medium enterprise development plans for approval of the
21 Council;

22 (2) [t]To coordinate the preparation of position papers
23 and background materials for discussion or approval during
24 Council meetings;

25 (3) [t]To assist the Council in coordinating and
26 monitoring [small and medium enterprise] MSME policies and

1 programs and activities of all government agencies with respect
2 to MICRO, small and medium enterprises;

3 (4) [t]To prepare[, collate] and integrate all inputs to the
4 Council's yearly report on the status of [small and medium
5 enterprises] MSMEs in the country;

6 (5) [t]To submit periodic reports to the Council on the
7 progress and accomplishment of its work programs; and

8 (6) [t]To perform ad hoc functions as authorized by the
9 Council.”

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

12 “SEC. 10. *Rationalization of Existing MICRO, Small and*
13 *Medium Enterprise Programs and Agencies.* – The **MSMED**
14 Council shall conduct continuing review of government
15 programs for [small and medium enterprises] MSMEs and
16 submit to [Congress and] the President **OF THE REPUBLIC OF**
17 **THE PHILIPPINES AND CONGRESS OF THE PHILIPPINES** a report
18 thereon together with its policy recommendations.

19 “[The President is hereby also empowered to establish a
20 small and medium enterprise promotion body which shall be the
21 principal government agency that will formulate, implement,
22 coordinate and monitor all non-financing government programs,
23 including fee-based services, to support and promote micro,
24 small and medium enterprises. It shall be attached to the
25 Department of Trade and Industry and shall be under the policy,
26 program and administrative supervision of the SMED Council.

1 The said office shall receive no less than fifty percent (50%) of
2 the assets, and budgetary allocations of the agencies for
3 promotion, development and financing of small and medium
4 enterprises that may be henceforth dissolved and/or abolished
5 and absorbed, incorporated and integrated into the SMED
6 Council.]"

7 SEC. 11. The Small Business Guarantee and Finance Corporation
8 (SBGFC) created under Section 11 of the same Act is hereby renamed as the
9 SB Corporation with new functions. For this purpose, said section is hereby
10 further amended to read as follows:

11 “SEC. 11 *Creation of Small Business Guarantee and*
12 *Finance Corporation.* – There is hereby created a body
13 corporate to be known as the Small Business Guarantee and
14 Finance Corporation, hereinafter referred to as [SBGFC,] **THE**
15 **SMALL BUSINESS CORPORATION (SB CORPORATION)**, which
16 shall [source and adopt development initiatives for globally
17 competitive small and medium enterprises in terms of finance,
18 technology, production, management and business linkages, and
19 provide, promote, develop and widen in both scope and service
20 reach various alternative modes of financing for small and
21 medium enterprises, including but not limited to, direct and
22 indirect project lending, venture capital, financial leasing,
23 secondary mortgage and/or rediscounting of loan papers to small
24 businesses, secondary/regional stock markets: *Provided, That*
25 *crop production financing shall not be serviced by the*
26 Corporation.

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

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

14 “The Small Business Guarantee and Finance Corporation
15 shall:

16 (a) be attached to the Department of Trade and
17 Industry and shall be under the policy, program and
18 administrative supervision of the SMED Council;

19 (b) have its principal place of business in Metro
20 Manila and endeavor to have one or more branch offices in every
21 province of the country;

22 (c) exercise all the general powers conferred by law
23 upon corporations under the Corporation Code as are incidental
24 or conducive to the attainment of the objectives of this Act;

25 (d) have a board of directors upon which the powers of
26 the Corporation shall be vested, to be composed of nine (9)
27 members including:

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

5 (2) the Secretary of Trade and Industry or his
6 Undersecretary; and

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

12 (e) notwithstanding the provisions of Republic Act No.
13 6758, and Compensation Circular No. 10, series of 1989 issued
14 by the Department of Budget and Management, the Board of
15 Directors of SBGFC shall have the authority to extend to the
16 employees and personnel thereof the allowance and fringe
17 benefits similar to those extended to and currently enjoyed by the
18 employees and personnel of other government financial
19 institutions.] **HAVE THE FOLLOWING FUNCTIONS:**

20 **(A) SOURCE AND ADOPT DEVELOPMENT INITIATIVES**
21 **FOR GLOBALLY COMPETITIVE MSMEs IN FINANCE AND**
22 **BUSINESS TECHNOLOGIES;**

23 **(B) EXTEND ALL FORMS OF FINANCIAL AND TECHNICAL**
24 **ASSISTANCE TO QUALIFIED AND REGISTERED MSMEs THAT**
25 **SHALL COMPLEMENT AND SUPPORT SIMILAR ACTIVITIES OF**
26 **OTHER FINANCIAL CONDUITS; AND**

1 **(C) GUARANTEE LOANS OBTAINED BY QUALIFIED**
 2 **MSMES UNDER SUCH TERMS AND CONDITIONS ADOPTED BY**
 3 **THE SB CORPORATION BOARD OF DIRECTORS.**

4 **“THE SB CORPORATION SHALL BE ATTACHED TO THE**
 5 **DTI. IT SHALL ALSO BE UNDER THE POLICY AND PROGRAM**
 6 **SUPERVISION OF THE MSMED COUNCIL TO ENSURE THE**
 7 **VIABILITY OF ITS OPERATIONS AND THE STABILITY OF ITS**
 8 **FINANCIAL POSITION. IT SHALL HAVE ITS PRINCIPAL**
 9 **OFFICES IN METRO MANILA AND WHENEVER NECESSARY,**
 10 **ESTABLISH BRANCH OFFICES IN THE PROVINCES.”**

11 SEC. 12. There shall be incorporated after Section 11 of the same Act,
 12 as amended, new sections to read as follows:

13 **“SEC. 12. CORPORATE POWERS. – THE SMALL**
 14 **BUSINESS CORPORATION SHALL EXERCISE ALL THE GENERAL**
 15 **POWERS EXPRESSLY CONFERRED BY LAW UPON**
 16 **CORPORATIONS UNDER THE CORPORATION CODE, INCLUDING**
 17 **THOSE POWERS THAT ARE INCIDENTAL OR NECESSARY TO THE**
 18 **ATTAINMENT OF THE OBJECTIVES OF THIS ACT.**

19 **“FOR THIS PURPOSE, THE SB CORPORATION MAY ALSO:**

20 **(A) HOLD, PURCHASE, LEASE OR OTHERWISE ACQUIRE**
 21 **AND OWN REAL AND PERSONAL PROPERTY, INTRODUCE**
 22 **NECESSARY IMPROVEMENTS THEREON AND TO SELL,**
 23 **MORTGAGE, ENCUMBER OR OTHERWISE DISPOSE OF THE SAME**
 24 **AS MAY BE NECESSARY IN THE NORMAL COURSE OF BUSINESS;**

25 **(B) APPLY FOR, RECEIVE AND ACCEPT GRANTS AND**
 26 **DONATIONS FROM SOURCES WITHIN AND OUTSIDE THE**
 27 **COUNTRY;**

28 **(C) HOLD, OWN, PURCHASE, ACQUIRE, SELL,**
 29 **MORTGAGE, DISPOSE OR OTHERWISE INVEST OR REINVEST IN**

1 STOCKS, BONDS, TREASURY BILLS, DEBENTURES, SECURITIES
2 AND SIMILAR FORMS OF INDEBTEDNESS OF THE GOVERNMENT,
3 ITS AGENCIES AND INSTRUMENTALITIES OR ANY GOVERNMENT
4 FINANCIAL INSTITUTION.”

5 “SEC. 13. *COMPOSITION, POWERS AND AUTHORITY OF*
6 *THE SMALL BUSINESS CORPORATION BOARD.* – THE
7 CORPORATE POWERS OF THE SB CORPORATION SHALL BE
8 VESTED ON A BOARD OF DIRECTORS COMPOSED OF ELEVEN
9 (11) MEMBERS WHICH SHALL INCLUDE THE FOLLOWING:

10 (A) THE SECRETARY OF TRADE AND INDUSTRY;

11 (B) THE SECRETARY OF FINANCE;

12 (C) THE PRESIDENT OF THE SB CORPORATION AS *EX*
13 *OFFICIO* MEMBER AND TO SERVE AS VICE CHAIRMAN OF THE
14 BOARD.

15 (D) SEVEN (7) REPRESENTATIVES OF THE SB
16 CORPORATION COMMON STOCK SHAREHOLDERS WHO SHALL
17 BE ELECTED BASED ON PROPORTIONAL DISTRIBUTION, IN
18 ACCORDANCE WITH SECTION 24 OF THE CORPORATION
19 CODE; AND

20 (E) A PRIVATE SECTOR REPRESENTATIVE TO BE
21 APPOINTED BY THE PRESIDENT OF THE REPUBLIC OF THE
22 PHILIPPINES UPON THE RECOMMENDATION OF THE MSMED
23 COUNCIL.

24 “THE PRESIDENT OF THE REPUBLIC OF THE
25 PHILIPPINES SHALL APPOINT THE CHAIRMAN OF THE BOARD
26 FROM AMONG ITS MEMBERS.

27 “THE BOARD OF DIRECTORS SHALL HAVE, AMONG
28 OTHERS, THE FOLLOWING SPECIFIC POWERS AND
29 AUTHORITIES:

1 (A) FORMULATE POLICIES NECESSARY TO CARRY OUT
2 EFFECTIVELY THE PROVISIONS OF THIS CHARTER AND TO
3 PRESCRIBE, AMEND AND REPEAL BYLAWS, RULES AND
4 REGULATIONS FOR THE EFFECTIVE OPERATIONS OF THE SB
5 CORPORATION;

6 (B) ESTABLISH WHOLLY-OWNED SUBSIDIARIES AS
7 MAY BE DEEMED NECESSARY AND CONVENIENT SUBJECT TO
8 THE APPROVAL OF THE PRESIDENT OF THE REPUBLIC OF THE
9 PHILIPPINES;

10 (C) COMPROMISE OR RELEASE, IN WHOLE OR IN
11 PART, ANY CLAIM OR LIABILITY WHATSOEVER FOR OR
12 AGAINST THE SB CORPORATION, INCLUDING INTEREST,
13 PENALTIES, FEES AND/OR OTHER CHARGES IN ACCORDANCE
14 TO ITS OWN BYLAWS AND BANGKO SENTRAL NG PILIPINAS
15 RULES;

16 (D) FIX THE FEATURES OF NONVOTING PREFERRED
17 SHARES WHICH SHALL BE PRINTED ON THE STOCK
18 CERTIFICATES EVIDENCING THE SAME; AND

19 (E) EXERCISE ALL OTHER SUCH POWERS AS MAY BE
20 NECESSARY OR INCIDENTAL TO CARRY OUT THE SB
21 CORPORATION PURPOSES.”

22 SEC. 13. Section 12 of the same Act is hereby renumbered as Section
23 14 and is amended to read as follows:

24 “SEC. [12] 14. *Capitalization and Funding.* – The [Small
25 Business Guarantee and Finance] SB Corporation shall have an
26 authorized capital stock of [Five] TEN billion pesos
27 [(P5,000,000,000.00)] (P10,000,000,000.00). The initial capital
28 of One billion pesos (P1,000,000,000.00) shall be established

1 from a pool of funds to be contributed in the form of equity
2 investments in common stocks by the Land Bank of the
3 Philippines (LBP), the Philippine National Bank (PNB)[,] AND
4 the Development Bank of the Philippines (DBP) in the amount
5 of Two hundred million pesos (P200,000,000.00) each. The
6 Social Security System (SSS) and the Government Service
7 Insurance System (GSIS) shall also set aside Two hundred
8 million pesos (P200,000,000.00) each [to be placed in preferred
9 stocks of the SBGFC] FOR THE SB CORPORATION. THE TEN
10 BILLION PESOS (P10,000,000,000.00) AUTHORIZED CAPITAL
11 STOCK OF THE SB CORPORATION SHALL BE DIVIDED INTO
12 EIGHTY MILLION (80,000,000) COMMON SHARES AND TWENTY
13 MILLION (20,000,000) PREFERRED SHARES WITH A PAR VALUE
14 OF ONE HUNDRED PESOS (P100.00) PER SHARE: *PROVIDED,*
15 *THAT THE COMMON SHARES WHICH HAVE BEEN ISSUED,*
16 *INCLUDING THOSE ISSUED AGAINST THE ASSETS OF THE KKK*
17 *GUARANTY FUND CONSOLIDATED UNDER THE SB*
18 *CORPORATION BY VIRTUE OF EXECUTIVE ORDER NO. 233,*
19 *SERIES OF 2000 AND EXECUTIVE ORDER NO. 19, SERIES OF*
20 *2001 AND INCLUDING THOSE ALREADY SUBSCRIBED, SHALL*
21 *FORM PART OF THE CAPITALIZATION OF THE CORPORATION:*
22 *PROVIDED, FURTHER, THAT HOLDERS OF PREFERRED SHARES*
23 *ISSUED UNDER REPUBLIC ACT NO. 6977, AS AMENDED, SHALL*
24 *HAVE THE OPTION TO CONVERT THE SAME INTO COMMON*
25 *SHARES. Additional EQUITY funding shall come from trust*
26 *placements of excess and unused funds of existing government*
27 *agencies, bilateral and multilateral official development*
28 *assistance funds, subscriptions from government-owned or*

1 -controlled corporations, and investments of private financial
2 institutions and corporations[.]: *PROVIDED, FINALLY, THAT*
3 *PRIVATE SECTOR INVESTMENTS SHOULD NOT BE MORE THAN*
4 *FORTY PERCENT (40%) OF THE TOTAL SUBSCRIBED CAPITAL*
5 *STOCK AND FORTY PERCENT (40%) OF THE TOTAL ISSUED*
6 *COMMON STOCK.”*

7 SEC. 14. There shall be incorporated new sections to read as follows:

8 “*SEC. 15. SOVEREIGN GUARANTEE FOR SMALL*
9 *BUSINESS CORPORATION. – GUARANTEE OBLIGATIONS*
10 *CONTRACTED AND INCURRED BY SB CORPORATION BY VIRTUE*
11 *OF THE PROVISIONS OF THIS ACT SHALL BE GUARANTEED BY*
12 *THE REPUBLIC OF THE PHILIPPINES, BOTH AS TO PRINCIPAL*
13 *SUMS AND INTEREST PAYMENT, IN THE EVENT THAT THE*
14 *CORPORATION FAILS TO DO SO: PROVIDED, THAT SUCH*
15 *GUARANTEE SHALL NOT EXCEED THREE HUNDRED PERCENT*
16 *(300%) OF THE NET WORTH OF THE CORPORATION.*

17 “*THE REPUBLIC OF THE PHILIPPINES SHALL SUCCEED*
18 *TO ALL THE RIGHTS TO THE COLLATERALS, NOTES OR OTHER*
19 *INSTRUMENTS TO THE EXTENT OF THE PAYMENTS MADE,*
20 *UNLESS THE SUMS SO PAID BY THE REPUBLIC OF THE*
21 *PHILIPPINES SHALL BE REFUNDED BY THE CORPORATION*
22 *WITHIN A REASONABLE TIME.”*

23 “*SEC. 16. GUARANTEE RESERVE FUND. – THE SMALL*
24 *BUSINESS CORPORATION SHALL SET ASIDE FIVE PERCENT*
25 *(5%) OF ITS ANNUAL NET OPERATING REVENUES BEFORE*
26 *INTEREST AS RESERVE OR SINKING FUND TO ANSWER FOR*
27 *GUARANTEE CALLS. THIS FUND SHALL BE CALLED THE*
28 *GUARANTEE RESERVE FUND (GRF).*

1 “THE PRIMARY PURPOSE OF THE GRF IS TO ASSURE
2 THE LONG-TERM FINANCIAL VIABILITY OF THE GUARANTEE
3 CALLS. THE AMOUNT SET ASIDE FOR THE RESERVE FUND
4 SHALL BE SUBJECT TO THE CONDUCT OF AN ACTUARIAL STUDY
5 TO DETERMINE THE APPROPRIATE REQUIREMENT, BUT IN NO
6 CASE SHALL IT BE LOWER THAN FIVE PERCENT (5%) OF THE
7 ANNUAL NET OPERATING REVENUE OF THE CORPORATION AS
8 PRESCRIBED IN THIS ACT.”

9 “*SEC. 17. ORGANIZATIONAL STRUCTURE OF THE SMALL*
10 *BUSINESS CORPORATION.* – THE BOARD OF DIRECTORS SHALL
11 HAVE THE AUTHORITY TO PROVIDE FOR THE
12 ORGANIZATIONAL STRUCTURE AND STAFFING PATTERN FOR
13 OFFICERS AND EMPLOYEES OF THE SB CORPORATION AND
14 UPON THE RECOMMENDATION OF ITS PRESIDENT, APPOINT
15 AND FIX THEIR SALARIES IN ACCORDANCE WITH EXISTING
16 COMPENSATION LAWS. SUBJECT TO THE APPROVAL OF THE
17 PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES, THE
18 BOARD MAY ALSO GRANT PERFORMANCE INCENTIVES,
19 ALLOWANCES AND FRINGE BENEFITS TO OFFICIALS AND
20 EMPLOYEES OF THE CORPORATION COMPARABLE TO THOSE
21 EXTENDED TO AND ENJOYED BY OFFICIALS AND EMPLOYEES
22 OF OTHER GOVERNMENT FINANCIAL INSTITUTIONS.”

23 “*SEC. 18. LEGAL COUNSEL.* – NOTWITHSTANDING ANY
24 LAW OR STATUTE TO THE CONTRARY, SB CORPORATION
25 SHALL HAVE ITS OWN LEGAL DEPARTMENT AND MAY HIRE
26 EXTERNAL COUNSELS FOR ALL ITS CASES PENDING BEFORE
27 ANY COURT, TRIBUNAL, ADMINISTRATIVE BODY OR ANY
28 QUASI-JUDICIAL BODY.”

1 SEC. 15. Sections 13 and 14 of the same Act, as amended, are hereby
2 renumbered as Sections 19 and 20, respectively, and are further amended to
3 read as follows:

4 “SEC. [13] 19. *Mandatory Allocation of Credit Resources*
5 *to MICRO, Small and Medium Enterprises.* – For the period of
6 ten (10) years from the date of effectivity of this Act, all lending
7 institutions as defined under Bangko Sentral ng Pilipinas rules,
8 whether public or private, shall set aside at least [six] EIGHT
9 percent ([6]8%) FOR MICRO AND SMALL ENTERPRISES and at
10 least two percent (2%) for [small and] medium enterprises,
11 [respectively,] of their total loan portfolio based on their balance
12 sheet as of the end of the previous quarter, and make it available
13 for [small and medium enterprises] MSMEs credit as herein
14 contemplated.

15 “[The Bangko Sentral ng Pilipinas, in consultation with
16 the Council, shall formulate rules for the effective
17 implementation of this provision: *Provided,* That the purchase
18 of government notes, securities and other negotiable instruments,
19 with the exception of such instruments as may be offered by the
20 SBGFC which do not pay market rates, shall not be deemed
21 compliance with the foregoing provisions: *Provided, further,*
22 That the Bangko Sentral ng Pilipinas shall establish an incentive
23 program to encourage lending to small and medium industries
24 beyond the mandatory credit allocation to said enterprises, such
25 as possible reduction in bank’s reserve requirement.]

1 **“A LENDING INSTITUTION SHALL BE DEEMED IN**
2 **COMPLIANCE OF THIS PROVISION BASED ON:**

3 **(A) ACTUAL EXTENSION OF LOANS TO QUALIFIED**
4 **AND/OR REGISTERED MICRO, SMALL AND MEDIUM**
5 **ENTERPRISES; OR**

6 **(B) ACTUAL SUBSCRIPTION OF PREFERRED SHARES OF**
7 **STOCK OF THE SB CORPORATION.**

8 **“LENDING TO CONDUIT FINANCIAL INSTITUTIONS SHALL**
9 **BE DEEMED IN COMPLIANCE WITH THIS PROVISION:**
10 ***PROVIDED, THAT THE PROCEEDS OF THESE LOANS SHALL BE***
11 ***USED EXCLUSIVELY FOR RELENDING TO MSMES: *PROVIDED,****
12 ***FURTHER, THAT THE BANGKO SENTRAL NG PILIPINAS SHALL***
13 ***ESTABLISH AN INCENTIVE PROGRAM TO ENCOURAGE LENDING***
14 ***TO MSMES.***

15 **“The [SMED] MSMED Council shall set up the**
16 **appropriate systems to monitor all loan applications of [small**
17 **and medium enterprises] MSMES in order to account for the**
18 **absorptive capacity of the MICRO, small and medium enterprise**
19 **sector.**

20 **“The Bangko Sentral ng Pilipinas shall [require lending**
21 **institutions covered by this Act to] furnish [to] the [Small and**
22 **Medium Development] MSMED Council on a quarterly basis**
23 **[regular] COMPREHENSIVE reports [on their compliance with the**
24 **above provisions on the mandatory credit allocation for small**
25 **and medium enterprises and expeditiously act on the Council’s**
26 **reports of non-compliance therewith.] ON THE BANKS’**
27 **COMPLIANCE, NONCOMPLIANCE AND PENALTIES OF THE**

1 **ABOVE PROVISIONS ON THE MANDATORY CREDIT ALLOCATION**
2 **FOR MSMEs.”**

3 “SEC. [14] 20. *Penalty Clause.* – The Bangko Sentral ng
4 Pilipinas shall impose administrative sanctions and other
5 penalties on the lending institutions for noncompliance with
6 [provisions of this Act including a fine of not less than Five
7 hundred thousand pesos (P500,000)] **THE PROVISION ON**
8 **MANDATORY ALLOCATION OF CREDIT RESOURCES WHICH MAY**
9 **BE IMPOSED BY THE MONETARY BOARD BUT IN NO CASE**
10 **EXCEED THIRTY THOUSAND PESOS (P30,000.00) PER DAY FOR**
11 **EACH VIOLATION.”**

12 SEC. 16. There shall be incorporated new sections to read as follows:

13 “SEC. 21. *CONGRESSIONAL OVERSIGHT COMMITTEE.* –
14 **THERE IS HEREBY CREATED A CONGRESSIONAL OVERSIGHT**
15 **COMMITTEE ON MICRO, SMALL AND MEDIUM ENTERPRISE**
16 **DEVELOPMENT (COC-MSMED) COMPOSED OF THE**
17 **COMMITTEES ON TRADE AND COMMERCE, ECONOMIC**
18 **AFFAIRS AND FINANCE OF THE SENATE; AND THE**
19 **COMMITTEES ON SMALL BUSINESS AND ENTREPRENEURSHIP**
20 **DEVELOPMENT, TRADE AND INDUSTRY AND APPROPRIATIONS**
21 **OF THE HOUSE OF REPRESENTATIVES WHICH ARE MANDATED**
22 **TO OVERSEE THE IMPLEMENTATION OF THIS ACT.**

23 “**THE COC-MSMED SHALL SET THE GUIDELINES AND**
24 **OVERALL FRAMEWORK FOR THE MONITORING OF THE**
25 **IMPLEMENTATION OF THIS ACT AND SHALL ADOPT ITS**
26 **INTERNAL RULES OF PROCEDURE. THE SECRETARIAT OF THE**
27 **COC-MSMED SHALL BE DRAWN FROM THE EXISTING**
28 **PERSONNEL OF THE SENATE AND HOUSE OF**

1 REPRESENTATIVES' COMMITTEES COMPRISING THE COC-
2 MSMED.”

3 “SEC. 22. *MICRO, SMALL AND MEDIUM ENTERPRISE*
4 *WEEK*. – IN ORDER TO INSTITUTE CONTINUING AWARENESS OF
5 THE PRIMACY OF SMALL BUSINESS IN NATION-BUILDING AND IN
6 PEOPLE EMPOWERMENT, AND TO CELEBRATE AND ESPOUSE
7 THE FIRM COMMITMENT OF THE STATE IN THE PROMOTION,
8 GROWTH AND DEVELOPMENT OF SMALL BUSINESS, THE
9 SECOND WEEK OF JULY OF EVERY YEAR SHALL BE DECLARED
10 AS THE “MICRO, SMALL AND MEDIUM ENTERPRISE
11 DEVELOPMENT WEEK”. THE MSMED COUNCIL, THE DTI
12 AND THE SB CORPORATION SHALL BE JOINTLY RESPONSIBLE
13 IN ORGANIZING ACTIVITIES FOR THE EVENT.”

14 “SEC. 23. *PRESIDENTIAL AWARDS FOR OUTSTANDING*
15 *MSMES*. – PRESIDENTIAL AWARDS FOR OUTSTANDING
16 MSMES, CONSISTING OF REWARDS IN CASH OR IN KIND SHALL
17 BE GRANTED TO ONE HUNDRED PERCENT (100%)
18 FILIPINO-OWNED COMPANIES DURING THE MSME
19 DEVELOPMENT WEEK.”

20 SEC. 17. Sections 15, 16 and 17 of Republic Act No. 6977 are hereby
21 renumbered as Sections 24, 25 and 26, respectively.

22 SEC. 18. *Separability Clause*. – The provisions of this Act are hereby
23 declared to be separable. If any provision of this Act shall be held
24 unconstitutional, the remainder of this Act not otherwise affected shall remain
25 in full force and effect.

26 SEC. 19. *Repealing Clause*. – All laws, executive orders, rules and
27 regulations or parts thereof inconsistent herewith are hereby repealed or
28 modified accordingly.

1 SEC. 20. *Effectivity Clause.* – This Act shall take effect within fifteen
2 (15) days from its publication in at least two national newspapers of general
3 circulation.

Approved,

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