



**DEPARTMENT ADMINISTRATIVE ORDER NO. 17-03**  
Series of 2017

**Subject: Revised Implementing Guidelines for the Administration of the BMBE Development Fund under Section 10 of Republic Act 9178, Otherwise Known as the Barangay Micro Business Enterprises Act of 2002.**

**WHEREAS**, the "Barangay Micro Business Enterprises (BMBEs) Act of 2002" was signed into law on November 13, 2002 and the rules and regulations implementing the same was issued and published as DTI Department Administrative Order No. 1, Series of 2003, on February 11 and 26, 2003;

**WHEREAS**, given that BMBEs effectively serve as seedbeds of Filipino Entrepreneurial talent, the BMBEs Act primarily aim is to integrate microenterprises in the informal sector into the mainstream economy;

**WHEREAS**, the "Go Negosyo Act" was signed into law on July 15, 2014 and the rules and regulations implementing the same was issued and published as DTI Department Administrative Order No. 14-5, Series of 2014, on December 19, 2014;

**WHEREAS**, the basic policy of the "Go Negosyo Act" is to foster national development, promote inclusive growth and reduce poverty by encouraging the establishment of MSMEs that facilitate local job creation, production and trade in the country;

**WHEREAS**, Section 10 of the BMBEs Act of 2002 provides that a BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (P300,000,000.00) from the Philippine Amusement and Gaming Corporation (PAGCOR) and shall be administered by the MSMED Council;

**WHEREAS**, on 24 February 2006, Department Administrative Order No. 2, Series of 2006 was issued providing for the implementing guidelines for the administration of the BMBE Development Fund under Section 10 of the BMBEs Act of 2002;

**WHEREAS**, to effectively and efficiently meet the objectives of the BMBEs Act, Go Negosyo Act and the mandate of DTI, DAO No. 02, S.2006 is hereby revised to strengthen BMBEs, including MSMEs, for the creation of more jobs and livelihood opportunities and a better quality of life for Filipinos;

**WHEREAS**, Section 7 of the Go Negosyo Act provides that the MSMED Council, through the DTI, the Department of Finance (DOF) and the appropriate financing institutions, shall establish a Start-Up Fund for MSMEs to be sourced from the MSME Development Fund and BMBE Fund to provide financing for the development and promotion of MSMEs in priority sectors of the economy as specified in the MSMED Plan;

**NOW, THEREFORE**, the following revised guidelines, rules and regulations governing the effective and proper administration and utilization of the BMBE Development Fund are hereby prescribed and promulgated for the information, implementation and guidance of all concerned:

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**MA. CARLA YVETTE L. ILARDE**  
Head, Records Section  
Department of Trade & Industry



**Section 1. BMBE Development Fund.** - Pursuant to the first paragraph of Section 10 of RA 9178, a BMBE Development Fund is hereby set up with an endowment of Three Hundred Million Pesos (P 300,000,000.00) from the PAGCOR and shall be administered by the MSMED Council.

**Section 2. Use of the Fund.** - Pursuant to Section 7 of the Go Negosyo Act, the fund shall be used as the source of the Start-Up Fund for MSMEs to provide financing for the development and promotion of MSMEs in priority sectors of the economy. Only the interest earnings as may be realized from the BMBE Fund shall be used for technology transfer, production and management training, marketing assistance to BMBEs pursuant to the BMBEs Act of 2002.

**Section 3. Beneficiaries of the BMBE Development Fund.**

A. **Qualified Beneficiaries.** - Pursuant to the second paragraph of Section 10 of RA 9178, the following government agencies and its instrumentalities may avail of the BMBE Development Fund, subject to the agreement entered into by the main proponent and the implementing attached agency, so as to execute projects related to technology transfer, production and management training, and marketing assistance to BMBEs:

1. Department of Trade and Industry (DTI)
2. Department of Science and Technology (DOST)
3. University of the Philippines-Institute for Small Scale Industries (UP-ISSI)
4. Cooperative Development Authority (CDA)
5. Technical Education and Skills Development Authority (TESDA)

B. **Qualified End Beneficiaries.** - As defined under Section 3 (a) of RA 9178, qualified end beneficiaries refers to any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall not be more than Three Million Pesos (P3,000,000.00)"

**Section 4. Qualified Projects.** - The following projects related to technology transfer, production and management training, and marketing assistance may qualify for funding under the BMBE Development Fund provided that the same are not funded by the regular budget of the proponent agencies:

1. Entrepreneurship Development
2. Skills Training
3. Business Advisory Services
4. Technology Intervention
5. Technology Incubation/Commercialization
6. Policy Advocacy (activities and studies)
7. Database Development
8. Business Matching Activities
9. Trade Fairs and Missions
10. Product Development
11. Market Research and Testing

**Section 5. Procedures in Availing of the BMBE Development Fund.** - The following are the procedures for the availment of the BMBE Development Fund:

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1. A beneficiary agency shall submit project proposals to the MSMED Council at least six months prior to the target date of implementation.
2. A Technical Working Group (TWG) composed of representatives from SB Corporation, CIC, DOST, UP-ISSI, DA, DBP, and a representative from the SME sector, as the head of the team, shall be created by the MSMED Council to pre-evaluate project proposals.
3. A point system based on merit shall be employed by the TWG in prioritizing the project proposals which will be funded from the BMBE Development Fund.
4. Project proposals must include the following information: project name, proponent, responsible officials/designation, target beneficiaries, employment to be created, existing funding agencies, deliverables, total project cost, the reason for requesting financial assistance, and the action taken by the concerned agency's project screening committee (Annex "A").
5. The executing agency and the MSMED Council shall enter into a Memorandum of Agreement (MOA) before the transfer of approved project funds can be effected (Annex "B").

**Section 6. Reporting System on the Fund Administration.** - The MSMED Council shall prepare annual accomplishment reports that will be submitted to the Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

The Small Business Corporation (SB Corporation) as the designated fund manager (per MSMEDC Res. No. 7, Series of 2004 dated 29 October 2004, as affirmed by MSMEDC Res. No. 5, Series of 2016 dated 5 October 2016), shall submit to the MSMED Council semi-annual reports (for period covering January-June and July-December) on the utilization and status of the BMBE Development Fund, duly signed by the Chairman of the SB Corporation and the COA Resident Auditor.

The Executing Agencies (DTI, DOST, UP-ISSI, CDA, and TESDA) shall provide the MSMED Council with a quarterly audited report on the utilization of the BMBE Development Fund and status report on the progress of their respective projects (Annex "C").

The Executing Agencies (DTI, DOST, UP-ISSI, CDA, and TESDA) shall within one (1) month upon completion of the project, provide the MSMED Council with a terminal report and within six (6) months, a COA-audited liquidation report on the utilization of the BMBE Development Fund and status report on the progress of their respective projects (Annex "C"). Failure to submit the terminal and liquidation report shall be a ground for disqualifying the agency from subsequent availment of the Fund.

**Section 7. Amendment.** - This Implementing Guidelines may be amended by the MSMED Council as the need arises.

**Section 8. Separability Clause.** - If any provision or part of this Guidelines or the application of such provision to any circumstance, is held invalid or unconstitutional, the remaining provisions not otherwise affected shall remain valid and subsisting.

**Section 9. Repealing Clause.** - This Revised Guidelines repeals DAO 2, Series of 2006. Any other Department Administrative Orders, Rules, Regulations and other similar issuances inconsistent herewith are hereby repealed or amended accordingly.

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 Head, Records Section  
 Department of Trade & Industry

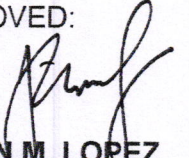


**Section 10. Effectivity.** - This order shall take effect fifteen (15) days after publication in the Official Gazette.

Attached as ANNEXES are the Proforma Template of Project Brief, Memorandum of Agreement, and Status Report.

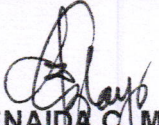
Done in the City of Makati this 2<sup>nd</sup> day of May in the year 2017.

APPROVED:



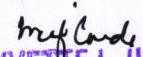
**RAMON M. LOPEZ**  
Secretary

Recommended by:



**ZENAIDA C. MAGLAYA**  
Undersecretary, ROG

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Head, Records Section  
Department of Trade & Industry



Serial Number: \_\_\_\_\_  
(To be filled in by the MSMEDC Secretariat)  
Date Received by the Secretariat: \_\_\_\_\_

### PROJECT BRIEF

1. **Title:** <Initiative/Project Title>
2. **Executing Agency:** <Name of Executing Agency>  
<Name, Title, Organization, Postal Address and Contact Numbers of Project Overseer>
3. **Project Description:** What does the project aim to achieve?(e.g. business growth expansion, employment generation, new business generation, etc.)  
What are the reasons for proposing this project? Why should it be considered a priority?  
(Include links to government objectives and priorities and to Agency or Sector Strategic Plans.)
4. **Target Beneficiaries:** Who and what places will benefit from the project? Include no. of target beneficiaries, as applicable.
5. **How will the success of the project be measured:** Describe the measure(s) which will indicate that the initiative has been successfully completed or the objectives realized.
6. **Expected Outputs and Results:** What will be the expected deliverable outputs and results at the end of the project?
7. **Estimated Project Cost:** What is the estimated budget required to carry out the project?  
Include the details of required budget and cost-sharing among implementing partners of the project.
8. **Timelines:** What are the starting and ending dates of the project? Include milestones.
9. **Cooperating Agencies:** Who are the partner agencies, if any, in implementing the project?.

### Endorsement

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**Responsible Officer:**  
< Name>, <Title>

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**Project Sponsor:**  
<MSMED Council>, <Title>

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MA. CARLA YVETTE L. ILARDE  
Head, Records Section  
Department of Trade & Industry



## ANNEX "B"

### MEMORANDUM OF AGREEMENT

#### KNOW ALL MEN BY THESE PRESENTS:

This Agreement, made and entered into this \_\_\_\_ day of \_\_\_\_\_ 2016, in the City of Makati, by and between:

The **MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT COUNCIL**, hereinafter referred to as "**MSMED Council**", an inter-agency body attached to the Department of Trade and Industry (DTI) duly organized and created under and by virtue of Republic Act 6977, as amended by RA 8289, and further amended by Republic Act 9501, otherwise known as the "Magna Carta for Micro, Small, and Medium Enterprises," with office address at the 2<sup>nd</sup> Floor, Trade and Industry Building, 361 Sen. Gil Puyat Avenue, City of Makati, Philippines, represented herein by Undersecretary ZENAIDA CUISON-MAGLAYA, Department of Trade and Industry - Regional Operations Group;

-and-

The \_\_\_\_\_, hereinafter referred to as "**\_\_\_\_\_**", a national agency of the Philippine Government with office address at the \_\_\_\_\_, Philippines, represented herein by its \_\_\_\_\_;

#### **WITNESSETH:**

**WHEREAS**, Section 10 of R.A. 9178, otherwise known as the "Barangay Micro Business Act of 2002", states that "a BMBE Development Fund shall be set up with an endowment of Three Hundred Million Pesos (Php300,000,000) from PAGCOR and shall be administered by the MSMED Council";

**WHEREAS**, Section 10 of R.A. 9178 further provides that "the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), the University of the Philippines Institute for Small Scale Industries (UP ISSI), Cooperative Development Authority (CDA), and Technical Education and Skills Development Authority (TESDA) may avail of said Fund for technology transfer, production and management training and marketing assistance to BMBEs";

**WHEREAS**, in its \_\_\_\_\_ meeting held on \_\_\_\_\_, the MSMED Council has approved the project proposal on \_\_\_\_\_ by \_\_\_\_\_, amounting to Php \_\_\_\_\_;

**NOW, THEREFORE**, for and in consideration of the foregoing, the parties hereto agree and bind themselves to undertake the following:

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*MA. CARLA YVETTE L. ILARDE*  
Head, Records Section  
Department of Trade & Industry



## DUTIES AND RESPONSIBILITIES

### MSMED COUNCIL

1. Release, through the SB Corporation as Fund Manager, the needed project funds in the amount of \_\_\_\_\_ (Php \_\_\_\_\_) subject to the usual auditing and accounting rules and regulations;
2. Monitor the proper utilization of the project fund that was released to the \_\_\_\_\_ as executing agency; and
3. Submit annual (calendar year) accomplishment report to Congress and the Office of the President concerning the utilization of the BMBE Development Fund.

### EXECUTING AGENCY

1. Implement the project as partner agency in accordance with the project proposal approved by the MSMED Council, copy hereto attached as Annex "A" hereof;
2. Ensure that utilization of the project fund is in conformance to the approved project proposal and in accordance to the usual government accounting and auditing rules and regulations in coordination with the MSMED Council;
3. Submit to the MSMED Council a quarterly status report on the progress of the respective projects and such other reports as may be required; and
4. Submit a terminal report to the MSMED Council upon completion of the project and a duly signed COA-audited report on the utilization of the fund.

### AMENDMENTS

No amendment of this MOA shall be valid unless agreed upon by the parties in writing in the same manner as the execution of this MOA.

Any written amendment agreed to and made after the signing of this Memorandum of Agreement shall form part and parcel hereof.

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MA. CARLA YVETTE L. ILARDE  
Head, Records Section  
Department of Trade & Industry

## EFFECTIVITY

This agreement shall take effect upon the date of signing and shall remain effective, valid and enforceable unless otherwise terminated upon due and formal notice of both parties involved herein at least thirty (30) days prior thereto.

The termination of this Agreement shall be without prejudice to the rights and liabilities of the parties which have accrued during the effectivity thereof.

IN WITNESS WHEREOF, the parties have hereunto affixed their signature on this \_\_\_\_\_ day of \_\_\_\_\_, 2017 at \_\_\_\_\_.

**MICRO, SMALL AND MEDIUM  
ENTERPRISE DEVELOPMENT  
COUNCIL/DEPARTMENT OF  
TRADE AND INDUSTRY**

**EXECUTING AGENCY**

\_\_\_\_\_  
Undersecretary ZENAIDA C. MAGLAYA  
Regional Operations Group

\_\_\_\_\_  
HEAD OF EXECUTING AGENCY

Signed in the Presence of:

\_\_\_\_\_  
WITNESS

\_\_\_\_\_  
WITNESS

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MA. CARLA YVETTE L. ILARDE  
Head, Records Section  
Department of Trade & Industry



## ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES  
CITY OF \_\_\_\_\_)

BEFORE ME, this \_\_\_\_ day of \_\_\_\_\_, in the City of \_\_\_\_\_, personally appeared the following persons:

NAME	CTC NO.	DATE/PLACE ISSUED
_____	_____	_____
_____	_____	_____

both known to me to be the same persons who executed the herein instrument and they acknowledged to me that the same is their free act and deed as well as the free act and deed of entity they represent.

This Memorandum of Agreement consists of four (4) pages including the page where the acknowledgement is written and signed by the parties and the witnesses on the left side of the portion of each and every page thereof, except the last.

WITNESS MY HAND AND SEAL on the day, year and place first above written.

Doc. No. \_\_\_\_\_  
Page No. \_\_\_\_\_  
Book No. \_\_\_\_\_  
Series of \_\_\_\_\_

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MA. CARLA YVETTE L. ILARDE  
Head, Records Section  
Department of Trade & Industry



**ANNEX "C"**

(Name of Executing Agency)

**Quarterly Status Report**

**Project Name:**

**Project Start Date:**

**Project End Date:**

**Summary Report:**

Activity	Measure of Success	Target Accomplishment	Actual Accomplishment	Costs Incurred	Remarks

***Plans for Next Period:***

(Provide a bullet point summary of the most significant activities planned for the next period organized by active work plan segment.)

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*Maya Cardo*  
MA. CARLA YVETTE L. ILARDE  
Head, Records Section  
Department of Trade & Industry