



Bangko Sentral ng Pilipinas

OFFICE OF THE DEPUTY GOVERNOR SUPERVISION AND EXAMINATION SECTOR

CIRCULAR LETTER NO. CL-2007- 039

To : ALL BANKS

Subject : Mandatory allocation of credit resources to small and medium enterprises (SMEs)

BSP Circular No. 147 dated 24 October 1997, which implements the provisions of Section 13 of Republic Act (RA) No. 6977, as amended, provides that the mandatory credit allocation for SMEs will expire on 9 August 2007. In view thereof, the Small and Medium Enterprise Development Council (SMED Council), which is the primary government agency responsible for the promotion, growth and development of SMEs, approved a resolution requesting that "the local banking community to maintain its present level of exposure to SMEs until the mandatory allocation provision of the Magna Carta for Small Enterprises is reinforced with the passage of the proposed amendments to RA 6977 (as amended by RA 8289) in Congress".

Attached, for information and guidance, is a copy of SMED Council Resolution No. 4, Series of 2007.


NESTOR A. ESPENILLA, JR.
Deputy Governor

08 August 2007

Att: A/S

PANANALAPING MATATAG, BANSANG PANATAG

SMED Council Resolution No. 4

Series of 2007

“Requesting the local banking community to maintain their present level of exposure to SMEs until the mandatory allocation provision of the Magna Carta for Small Enterprises is reinforced with the passage of the proposed amendments to RA 6977 (as amended by RA 8289) in Congress”

WHEREAS, pursuant to RA 6977, otherwise known as the “Magna Carta for Small Enterprises”, as amended by RA 8289, “An Act to Strengthen the Promotion and Development of, and Assistance to Small and Medium Scale Enterprises”, mandates the SMED Council to be the primary agency responsible for the promotion, growth and development of small and medium enterprises (SMEs) in the country by way of facilitating and closely coordinating national efforts to promote the viability and growth of SMEs, including assisting relevant agencies in the tapping of local and foreign funds for SMEs;

WHEREAS, under Section 13 of the Magna Carta for Small Enterprises, all lending institutions as defined under Bangko Sentral ng Pilipinas rules, whether public or private, are mandated to set aside at least six percent (6%) and at least two percent (2%) for small and medium enterprises, respectively, of their total loan portfolio and make it available for SMEs credit for a period of ten (10) years from the date of the effectivity of the Act;

WHEREAS, under Section 2 a) of BSP Circular No. 147 Series of 1997, the ten-year period will commence on August 12, 1997 and end on August 9, 2007;

WHEREAS, in the 110th SMED Council meeting held on 04 July 2007, the body agreed to request the local banking community to maintain their present level of exposure to SMEs until the mandatory allocation provision of the Magna Carta for Small Enterprises is reinforced with the passage of the proposed amendments to RA 6977 (as amended by RA 8289) in Congress;

NOW, THEREFORE, be it resolved, as it is hereby resolved that the *SMED Council requests the local banking community to maintain their present level of exposure to SMEs until the mandatory allocation provision of the Magna Carta for Small Enterprises is reinforced with the passage of the proposed amendments to RA 6977 (as amended by RA 8289) in Congress.*

Approved, 04 July 2007.

For the SMED Council:


FRANCISCO R. FLORO
Vice-Chairman