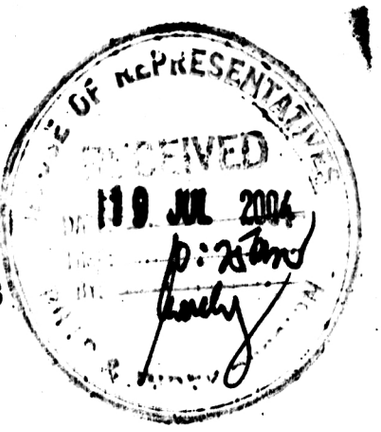
CONGRESS OF THE PHILIPPINES
THIRTEENTH CONGRESS
First Regular Session



HOUSE OF REPRESENTATIVES

House Bill No. 1486

INTRODUCED BY **HON. CYNTHIA A. VILLAR**

EXPLANATORY NOTE

The micro and cottage industries substantially contribute to the country's economic development. Being labor-intensive, this industry sector is one of the major job generators in the country. Its growth means new jobs for the millions of unemployed and underemployed Filipinos.

Yet the sector's growth is hampered by low productivity and level of technology. Its biggest problems are production-related. While marketing and financing aspects are being addressed sufficiently by the government, other production-related aspects have been taken for granted.

This bill seeks to expand and strengthen the Cottage Industry Technology Center (CITC) as the head agency to provide assistance to and address the production, technology and skills formation needs of micro and cottage industries.

This measure strongly supports the government's plan to improve the export sector through a balanced agri-industrialization strategy designed to address the production needs of the industry as well as the Medium-Term Development Plan's thrust on human capital investment. It is likewise aligned with the government's objective to create jobs, upgrade technology, promote technology transfer and develop the countryside.

I therefore recommend the approval of this measure.

CYNTHIA A. VILLAR

CONGRESS OF THE PHILIPPINES
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HOUSE OF REPRESENTATIVES

House Bill No. 1480

INTRODUCED BY **HON. CYNTHIA A. VILLAR**

AN ACT TO PROMOTE, DEVELOP AND ASSIST MICRO AND COTTAGE INDUSTRIES BY PROVIDING AN EFFECTIVE AND RATIONAL SYSTEM TO ADDRESS THEIR PRODUCTION AND TECHNOLOGY NEEDS

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

SECTION 1. *Short Title.* – This Act shall be known as the "Micro and Cottage Industries Development Act of 2004".

SEC. 2. *Declaration of Policy.* – Recognizing that the envisioned alleviation of poverty and the problem of massive unemployment particularly in the countryside cannot be realized without strong economic activities at the grassroots level and that micro and cottage industries, being highly labor-intensive and a primary users of indigenous raw materials, have the highest potential for employment, self-employment and livelihood opportunities, it is hereby declared the policy of the State to give preferential attention to the promotion and development of micro and cottage industries, including livelihood and self-employment activities.

SEC. 3. *Micro and Cottage Enterprises.* – For the purpose of this Act, "micro and cottage enterprise" shall be defined as any business activity or enterprise, whether single proprietorship, partnership, cooperative or

corporation, engaged in manufacturing, processing and other supporting industries whose total assets, inclusive of those arising from loans but exclusive of land on which the particular business entity's office, plant and equipment are situated, is less than One Million Five Hundred Thousand Pesos (P1,500,000.00) subject to the periodic review of the Small and Medium Enterprise Development Council (SMEDC). Included in this definition are projects which provide livelihood, self-employment and income-augmenting opportunities through production activities at home, schools, churches, community self-help projects and others of like nature.

SEC. 4. *Purpose.* – This Act seeks to stimulate the establishment and sustain the growth of micro and cottage enterprises by addressing their production-related needs. The systematic, efficient and rational provision of assistance aimed at increasing productivity and ensuring the survival of these enterprises will in turn generate more employment, increase exports and achieve countryside industrialization.

SEC. 5. *Designation of the Cottage Industry Technology Center as Lead Agency.* – To achieve the purposes of the Act, the Cottage Industry Technology Center (formerly the National Cottage Industries Development Authority) is hereby designated as the lead agency in providing government assistance which shall address the problems of existing and potential micro and cottage enterprises relating to production, technology and manufacturing skills. Its facilities in Marikina City shall serve as the Cottage Industry Technology Center (CITC) at the national level. It shall have the following duties and functions, among others:

(a) To directly provide, together with relevant industry associations, technology transfer projects and technical training to their production workers, supervisors, technicians and trainors at the basic, upgraded and advance levels;

(b) To establish a technical consultancy services system whereby existing and potential micro and cottage entrepreneurs can be effectively advised on equipment selection and lay-out, productivity improvement measures and such other concerns designed to improve the competitiveness of their products either as subcontractors, direct or indirect exporters;

(c) To fabricate and disseminate the use of labor-saving devices, quality tools and equipment;

(d) To assist local government units in setting up their own cottage industries training systems by way of providing technical services, trainers' trainings or the establishmen and operation of satellite cottage industries technology centers at the provincial, district and municipal levels; and

(e) To exercise and perform such other powers and functions necessary to accomplish the objectives and purposes of this Act.

SEC. 6. *Composition and Structure.* – To effectively carry out its duties and responsibilities, the Cottage Industry Technology Center (CITC) shall retain its corporate status and shall be governed by a board of directors composed of the following:

(1) The Undersecretary of the Regional Development, Department of Trade and Industry (DTI) as Chairman;

(2) The Administrator of the CITC to be appointed by the President, upon the recommendation of the Secretary of the DTI as Vice-Chairman;

(3) The Undersecretary for Planning of the Department of Science and Technology (DOST) as Member;

(4) The Director General of the Technical Education and Skills Development Authority (TESDA) as Member;

(5) The Head of the Small Business Guarantee and Financing Corporation (SBGFC) as Member;

(6) The Head of the Philippine Chamber of Commerce and Industry (PCCI) as Member;

(7) The Head of the Institute of Small Scale Industries of the University of the Philippines (UP-ISSI) as Member;

(8) The Head of the Chamber of Furniture Industries of the Philippines (CFIP) as Member;

(9) The Head of the Philippine Chamber of Handicraft Industries (PCHI) as Member; and

(10) The Head of the People's Economic Council (PEC) as member.

The CITC shall have the following organizational structure:

(a) An administrator, assisted by a deputy administrator, who shall be appointed by the President.

(b) The technical and operations group shall consist of a planning and program development and delivery office.

(c) The support services group shall consist of the finance and administrative offices to service both national and regional cottage industry centers.

SEC. 7. *General Powers.* – To effectively discharge its functions, the Cottage Industry Technology Center is authorized:

(a) To acquire and hold assets of all types and kinds resulting directly from operations authorized by this Act or as essential or incidental to the proper conduct of such operations;

(b) To accept donations or development aids to enter into contracts, own, lease, sell or dispose its real properties and to make necessary expenditures as may be required in carrying out its functions as mandated under this Act;

(c) To establish subsidiary corporations and/or institutional mechanisms deemed necessary to attain its objectives in accordance with existing laws, rules and regulations; and

SEC. 8. *Duties and Remuneration of the Board.* – The Board of Directors shall have the following duties and remuneration:

(a) Enunciate policies, allocate resources and provide general directives to the operations of the Center;

(b) Review and approve the annual and other supplemental or special budgets;

(c) Review and approve corporate plans and annual programs;

(d) Evaluate and assess the performance of the Center on a periodic basis;

(e) To hire technical staff and other employees of the Center and determine their composition in accordance with the Civil Service Law; and

(f) Members of the Board of Directors shall receive a per diem at rates to be determined by the Department of Budget and Management (DBM) pursuant to existing rules and regulations.

SEC. 9. *Duties and Functions of the Administrator.* – The Administrator shall have the following duties and functions:

(1) To administer the affairs of the Center under the general policy directives of the Board;

(2) To appoint subordinate officials and employees as may be provided for by the plantilla or budget necessary for the proper discharge of functions;

(3) To submit to the Board for review and approval its annual corporate budget and accomplishment; and

(4) To perform such other acts necessary in the exercise of the duties of the office and such other acts as may be assigned by the Board of Directors.

SEC. 10. *Funding.* – To carry out the purposes of this Act, the CITC is hereby authorized to appropriate all the former assets of the National Cottage Industry Development Authority, including funds for guarantees and other similar capital, after which subsidies to augment its income from operations shall be included in the General Appropriations Act.

SEC. 11. *Micro and Cottage Industry Technology Center.* – The CITC shall utilize the existing training centers of TESDA, DOLE, SMEDC and Kabuhayan Centers nationwide which shall serve as venues for the development and transfer of required technologies, the formation of critical skills, sources of improved production techniques, product development, quality and/or diversification. The facilities of these centers shall be made

available for common usage by micro and cottage enterprises as well as incubators for new businesses.

SEC. 12. *Loanable Fund.* – To carry out the purpose of this Act and in order for CITC to effectively exercise its mandate, the SBGFC and other government agencies shall provide the special financing needs of the micro and cottage industry.

SEC. 13. *Information Dissemination.* – The DTI, through the CITC, in coordination with the Department of Interior and Local Government (DILG), TESDA, the Philippine Information Agency (PIA) and other concerned agencies, shall ensure the proper and adequate information dissemination of the contents and benefits of this Act to the general public especially to the target sectors. In addition, the concerned agencies shall conduct the necessary training of personnel who shall ensure the effective and efficient implementation of the law.

SEC. 14. *Implementing Rules and Regulations.* – The Secretary of the DTI through the CITC, in consultation with the secretaries of DILG, DOST, TESDA, the heads of PCCI, UP-ISSI, LBP, SBGFC, CFIP, PEC and other concerned agencies, shall formulate the necessary rules and regulations to implement the provisions of this Act within ninety (90) days after its approval.

SEC. 15. *Separability Clause.* – In the event any of the provisions of this Act be subsequently declared unconstitutional, the remaining provisions not otherwise affected shall remain in full force and effect.

SEC. 16. *Repealing Clause.* – All laws, executive orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 17. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,