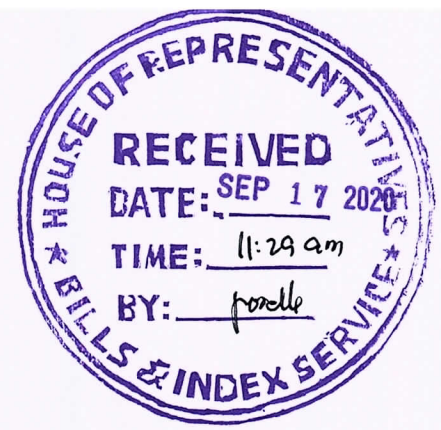


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7698



Introduced by REP. JOEY SARTE SALCEDA

AN ACT
PROVIDING SUPPORT SERVICES FOR SMALL ENTREPRENEURS
IN ONLINE SPACES, PROVIDING MECHANISMS FOR THEIR
INTEGRATION INTO THE FORMAL ECONOMY,
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

As the economy struggled under COVID-19, and as Filipino workers sought to find jobs, one class of worker helped mitigate job losses: what the Labor Force Survey calls the “Self-employed without any paid employee.” In fact, as a share of the labor force, 28.7 percent of all workers in April 2020 were from this class of worker, up from 27.3 percent in April 2019.

In practical terms, the “self-employed without any paid employee” are primarily the online entrepreneurs, who have initiated new online businesses, via social media and other platforms. In fact, during the quarantines, many micro firms proved resilient. According to the ADB Philippine Enterprise Survey on COVID-19 Impact, about 44% of businesses fully open were micro enterprises, while only 25.5% were small businesses, 17% were medium, and 13% were large.

These figures do not include the many non-registered online businesses, which informally and sporadically operate on social media. Their importance in keeping Filipinos gainfully employed in these challenging economic times cannot be understated, even if tax and regulatory authorities may frown upon their non-registration.

This representation believes in an approach that respects their new role as informal job creators, and incentivizes registration and formalization without penalizing the mere act of trying to earn a living. We must also recognize the immense potential of small online enterprises when registered, formalized, and given the necessary support services.

To tap into the immense economic potential of small online enterprises, especially under the “new normal,” this bill proposes a package of support services to help small entrepreneurs regularize, operate their businesses efficiently, and provide consumers with quality products and services.

This bill aims to provide adequate capital and credit access for individuals seeking to operate small online enterprises by mandating the government banks to offer small business loans at competitive rates, and by providing small online businesses with free credit reports and credit scores.

It also aims to facilitate the registration and operation of such enterprises, and streamline government support services relevant to their needs, by creating a small online business one-stop portal for all support services. This bill also sets up an Online Negosyo Center.

The bill will also assist small online enterprises adapt to new trends and developments in the digital space by mandating the Technical Education and Skills Development Authority (TESDA) to provide training programs on supply chain management, marketing, packaging, maintenance of online selling spaces, consumer relations, laws and regulations on online selling, and other aspects of online entrepreneurship. Grants will also be given to displaced workers and other sectors in need, upon completing the TESDA training programs.

The bill also mandates the Department of Information and Communication Technology (DICT) and the Department of Trade and Industry (DTI) to help existing businesses migrate to the online space.

The bill also encourages the creation of online enterprises among rural communities by mandating the Agricultural Credit Policy Council (ACPC) to create and develop a credit facility for farmers seeking to become small online entrepreneurs specializing in agricultural products. The bill also mandates the Department of Agriculture (DA) to help farmers and fisherfolk find direct market access online, and, if they should want to, become online entrepreneurs themselves.

With the support services under this bill, the proponent believes that the government can tap into the creative energy and the enthusiasm of small businesses to innovate, offer new products and services, and provide jobs and create value in their communities. This bill does not impose strict regulations that could discourage these businesses and their positive contributions to the economy, with or without registration. Instead, this bill takes a positive approach, recognizing the basic right to try to make a decent living, and incentivizing entrepreneurs to regularize and formalize, by making the case stronger for formal registration, through support services.

In view of the foregoing, the approval of this bill is urgently sought.



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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 “Online Small Enterprise Support Services Act of 2020.”

SEC. 2. *Objectives.* – This Act acknowledges the efforts of Filipino workers to find decent employment through online small entrepreneurial activities, and seeks to provide them with the support services they need to become formal, duly registered, and taxpaying businesses that create dependable employment for their operators and others, and generate value in their communities.

Towards these ends, this Act aims to:

- (a) Provide adequate capital and credit access for individuals seeking to operate small online enterprises;
- (b) Facilitate the registration and operation of such enterprises, and streamline government support services relevant to their needs;
- (c) Assist small online enterprises adapt to new trends and developments in the digital space;
- (d) Assist existing businesses migrate to the online space;
- (e) Provide adequate training on the various aspects of online entrepreneurship; and
- (f) Encourage the creation of online enterprises among rural communities and provide farmers and fisherfolk with opportunities for higher income.

SEC. 3. *Small online enterprises.* – For purposes of this Act, “small online enterprises” shall refer to duly-registered small businesses not exceeding exceed one million pesos (P1,000,000.00) in annual sales, and whose consumers access the enterprise’s products or services primarily through online channels.

SEC. 4. *Access to capital.* – The Landbank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) shall establish loan products for small online

enterprises as defined by this Act, with interest rates which shall not exceed the lowest interest rate for an existing loan product with similar loan tenures offered by the said banks.

LBP and DBP shall also establish, within their official websites, online facilities where loan applications may be initiated and evaluated for further action.

LBP shall prioritize offering the loans pursuant to this Section to enterprises from rural areas and/or enterprises related to agriculture, fisheries, and forestry.

The Department of Finance (DOF), in consultation with LBP and DBP, shall issue the rules and regulations necessary for the implementation of this Section within thirty (30) days upon the effectivity of this Act.

SEC. 5. Consolidation of support services. – The Department of Trade and Industry (DTI) shall establish an online portal consolidating all available government support services for small online enterprises. Such services may include, but shall not be limited to, loans from government financial institutions, regulatory relief and extensions, technical training, product development services, marketing assistance, and logistics support.

The online portal shall be made publicly accessible within ninety (90) days upon the effectivity of this Act.

The DTI shall also establish an “Online Negosyo Center” within the portal, which shall be an information and assistance center dedicated to serving the needs of small online enterprises, and to assisting informal businesses and other interested individuals and businesses regularize into small online enterprises.

The DTI shall assist government agencies offering services to small online enterprises in making these services accessible online. Government agencies shall, as far as practicable, digitalize the processes involved in the provision of these support services. The Department of Information and Communication Technology (DICT) shall provide the necessary assistance in digitalizing small online business support services.

The Anti-Red Tape Authority (ARTA) shall ensure that such support services abide by standards set under Republic Act No. 11032, or the Ease of Doing Business Law.

SEC. 6. Free credit rating and appraisal. – The Credit Information Corporation (CIC) shall provide, without fees or charges, small online enterprises under this Act with their credit report and credit score. As far as practicable, the CIC shall make the application and processing of credit report and credit score requests pursuant to this Section accessible online.

The Governance Commission for GOCCs (GCG) shall issue the rules and regulations necessary for the implementation of this Section within thirty (30) days upon the effectivity of this Act.

SEC. 7. Facilitated regularization. – To encourage small online businesses to register with the relevant tax and regulatory authorities, the ARTA shall compile an inventory and assessment of processes required for small online enterprises to be fully and duly registered businesses in the Philippines.

The ARTA shall conduct an annual assessment and audit of the said processes, which shall be reflected in a report submitted to the President, the heads of relevant agencies, and the Congress. The said report shall assess the compliance of relevant agencies with Republic Act No. 9485, Republic Act No. 11032, and other laws and regulations that aim to streamline frontline and client services of government agencies. The report shall be submitted on or before the thirtieth day of June of every year.

SEC. 8. *Entrepreneurship training.* – The Technical Education and Skills Development Authority (TESDA) shall offer practical training programs for small online enterprises, or for individuals seeking to establish small online enterprises. Training programs shall include, but shall not be limited to, supply chain management, marketing, packaging, maintenance of online selling spaces, consumer relations, laws and regulations on online selling, and others.

TESDA programs whose objective is to encourage entrepreneurship shall also include modules on migrating enterprises online.

As far as practicable, these training programs shall be made available online, and shall be displayed in the online portal created under Section 5 of this Act.

Based on the demonstrated financial need of trainees, and on a competitive basis, the TESDA shall also offer online enterprise grants for successful completers of its online enterprise training programs. The funds necessary for the implementation of this paragraph shall be sourced annually from the General Appropriations Act. Priority for such grants shall be given to recently displaced workers or the unemployed seeking gainful employment. TESDA shall issue the rules and regulations necessary for the implementation of this Section within thirty (30) days upon the effectivity of this Act.

SEC. 9. *Online migration support services.* – The Department of Information and Communication Technology (DICT), in partnership with the DTI, shall provide support services to assist businesses migrate to the online space, and to support small online entrepreneurs in maintaining their online businesses. The DICT shall designate an office within its agency as the focal office for the delivery of these support services.

Such services shall include assistance in obtaining affordable and reliable internet connectivity, securing data privacy and safety of online channels, maintaining digital inventories and ordering systems, securing online payment systems, and such other information and communication technology (ICT) related support services as the DTI may request the DICT to help provide.

The support services offered pursuant to this Section shall be made accessible in the online portal created under Section 5 of this Act.

The funds necessary for the implementation of this paragraph shall be sourced annually from the General Appropriations Act, under a DICT program specifically intended for the purposes of this Section.

SEC. 10. *Rural online small enterprises.* – The Department of Agriculture (DA) shall provide support services to assist farmers and fisherfolk find direct market access in the online space and, whenever practicable, to duly register as enterprises. The DA shall also assist farmers and fisherfolk find partners or markets among the small online entrepreneurs benefiting

from the support services provided under this Act. The DA shall designate an office within its agency as the focal office for the delivery of these support services. The support services offered pursuant to this paragraph shall be made accessible in the online portal created under Section 5 of this Act.

In fulfilment of its mandate “to develop special projects to promote innovative financing schemes for small farmers,” under Republic Act No. 7607, the Agricultural Credit Policy Council (ACPC) shall also create and develop a credit facility for farmers seeking to become small online entrepreneurs specializing in agricultural products. In addition to traditional application channels, the application for the credit facility created pursuant to this paragraph shall also be made accessible online and shall be displayed in the online portal created under Section 5 of this Act.

The funds necessary for the implementation of this Section shall be sourced annually from the General Appropriations Act.

The DA shall issue the rules and regulations necessary for the implementation of this Section within ninety (90) days upon the effectivity of this Act.

SEC. 11. *Oversight Committee.* – The Chairs of House Committee on Micro, Small and Medium Enterprise Development and the Senate Committee on Trade, Commerce and Entrepreneurship, with five (5) members from each committee, shall jointly convene as the Congressional Oversight Committee on Small Online Entrepreneurs within six (6) months upon the effectivity of this Act to request updates on the drafting and issuance of rules and regulations mandated under this Act. Thereafter, the Oversight Committee shall convene at least once annually.

SEC 12. *Separability Clause.* – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC 13. *Repealing Clause.* – All laws, decrees, orders, rules and regulations inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

SEC 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any newspaper of general circulation.

Approved,