



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
Second Regular Session

HOUSE BILL NO. 9316



Introduced by **Representative Sharon S. Garin**

EXPLANATORY NOTE

The bill seeks to create an enabling environment for government and businesses to adopt inclusive business models in their entire operations, focusing on key processes in their supply chains. The Philippines is pushing for widespread adoption of Inclusive Business investments in the countryside, particularly the inclusion of small community enterprises into the formal economy. Leveraging relevant discussions by the World Business Council for Sustainable Development in 2005 and the G20 and the Asia-Pacific Economic Cooperation (APEC), the Philippines has proactively advanced and is leading multi-partite discussions in setting policy directions toward the adoption of the Inclusive Business agenda.

As a starting framework, we consider the definition provided by the G20 Framework on Inclusive Business:

“A private sector approach to providing goods, services and livelihoods on a **commercially viable** basis, either at scale or **scalable**, to people at the **base of the pyramid** by making them part of the value chain of companies’ **core business** as suppliers, distributors, retailers or customers.”

At the moment, **over 300 million of the Association of Southeast Asian Nations (ASEAN) population still live** at the Base of the Pyramid (BOP), even as 21.6% of the Philippine population of some 105 million Filipinos lives in poverty.¹ Inclusive Business models provide an opportunity for poverty reduction through the deliberate engagement of businesses in levelling economic opportunities. Also, Inclusive Business investments can help accelerate achievement of the government’s target of reducing poverty incidence to 14% by 2022.

The current administration has included Inclusive Business as part of its poverty reduction and industry modernization agenda so as to expand economic opportunities to the underserved. IB’s role is indicated in various documents: (a) Philippine Development Plan 2017-2019, “Chapter 9 - *Develop more **inclusive business models** and social enterprises*”; (b) President Rodrigo Duterte’s

¹ https://www.adb.org/sites/default/files/project-documents/46240/46240-001-tacr-en_0.pdf

0+10 Socio-Economic Agenda, “5. *Promote rural and value chain development toward increasing agricultural and rural enterprise productivity and rural tourism*”; and (c) Department of Trade and Industry Secretary Ramon Lopez’s main thrust, “4. *Push for more **Inclusive Business models** and **Social Enterprises** that will sustainably tighten the link of small community enterprises into the value chain of big businesses.*”

Inclusive Business is differentiated from Social Enterprise wherein the first seeks to refocus the traditional business model to integrate low-income communities in its business operations and as part of its value chain, through employment, distribution, retail, supply, as customers or through development of the community, which allows bigger impact for the country’s economic development. On the other hand, the Social Enterprise is focused on the social value output of the business, and in turn can likewise be part of the value chain of an Inclusive Business Project, as either a distributor, retailer or supplier.

Further, as the 2017 ASEAN Chair, the Philippines developed the first Inclusive Business policy to provide fiscal incentives to companies that integrate Micro-Small and Medium Enterprises (MSMEs) in their supply chain, and promote the use of efficient and automated systems and operations. Through the initiatives of Philippine Business for Social Progress, Philippine Business for the Environment, Makati Business Club and Asian Development Bank, the Asian Inclusive Business Awards was launched and recognized and awarded the Inclusive Business models of Generika and Coffee for Peace, among other regional winners.

Currently, the Philippines has shown leadership globally in setting the policy direction of Inclusive Business. Through the Board of Investments (BOI), it created the Inclusive Business Program Management Office (IB PMO) to pilot Inclusive Business models in the agribusiness and tourism sectors, which are the preferred areas for the 2017-2019 Incentives Priorities Plan (IPP). At present, there are five (5) registered BOI IB projects, and several more are expected to register within the year. Accordingly, an Inclusive Business Roadmap study has been conducted in 2019 and putting IB in the country’s legislative agenda in the form of a bill is one of its recommendations.

The issues raised for writing a new law include the perceived narrow scope of IB PMO (?) such that the IB program manager does not have the authority to call on the other agencies to enable it to effectively pursue and create a business enabling environment for Inclusive Business models to thrive. Also, only pioneer but not existing businesses implementing Inclusive Business models are not given incentives and recognition under current rules.

This bill has two desired outcomes in its objective of creating a business enabling environment conducive to private sector engagement pursuing an Inclusive Business project. While, on the other hand, it is hoped that through this bill there is an enhancement of MSMEs in their productivity and capability to proactively engage with Inclusive Business Companies. More importantly, the IB PMO needs to be expanded to be more systemic in order to facilitate a total government approach to supporting Inclusive Business Projects, to encourage the private sector to commit to adopting Inclusive Business models.

It is, therefore, imperative that the continuation of an Inclusive Business private sector approach be given the imprimatur of the State, and the full support of all its agencies.

In view of the foregoing, the approval of this bill is earnestly requested.

A handwritten signature in black ink, consisting of a large, stylized 'S' with a horizontal line through it, and a smaller 'G' to the right.

SHARON S. GARIN
AAMBIS-OWA Party-list



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EIGHTEENTH CONGRESS
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HOUSE BILL NO. 9316

Introduced by **Representative Sharon S. Garin**

1 **AN ACT TO PROMOTE INCLUSIVE BUSINESS TO SUPPORT AND ACCELERATE**
2 **INCLUSIVE DEVELOPMENT AT THE NATIONAL AND LOCAL LEVELS**
3 **THROUGH PRIVATE SECTOR INVOLVEMENT**
4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
6 *assembled:*
7

8 **SECTION 1. Short Title.** – This Act shall be known as the “Inclusive Business Act.”
9

10 **SECTION 2. Declaration of Policy.** – It is the policy of the State to create enabling
11 environments for inclusive business models to thrive and become the standard for doing business
12 in the Philippines. Section 9 and 20, Article II of the 1987 Constitution provide that it is the policy
13 of “[t]he State to promote a just and dynamic social order that will ensure the prosperity and
14 independence of the nation and free the people from poverty through policies that provide adequate
15 social services, promote full employment, a rising standard of living, and an improved quality of
16 life for all;” and “[t]he State recognizes the indispensable role of the private sector, encourages
17 private enterprise, and provides incentives to needed investments.”
18

19 Furthermore, the State commits to the Philippine Development Plan, to develop Inclusive
20 Business as one of the strategies to expand economic opportunities for the population, and the
21 national plans, such as the zero + 10-point Socio-Economic Agenda, to promote rural and value
22 chain development, and Ambisyon Natin 2040 in making growth more inclusive and poverty-
23 reducing.
24

25 Moreover, pursuant to international agreements and instruments, including the Sustainable
26 Development Goals, the State is one in promoting sustained, inclusive and sustainable economic
27 growth, full and productive employment and decent work for all women and men, and promoting
28 inclusive and sustainable industrialization. A strong Inclusive Business sector can significantly

and systematically contribute to the achievement of the country's sustainable development goals and the reduction of poverty on a significant, systemic and massive scale.

The State recognizes the important role of the private sector in achieving inclusive growth and sustainable development in the country. By adopting Inclusive Business models, private sector companies can spur innovation, deepen investments in low income communities, enable inclusive value chains, provide decent jobs, boost productivity, enhance access to affordable and quality goods and services, and generate new and higher income and livelihood for the poor.

The State, likewise recognizes its role in facilitating a business enabling environment so that the private sector may adopt and promote Inclusive Business models. By incentivizing and ensuring the ease of doing business for the private sector, the base of the pyramid is lessened and the number of tax payers increased with the end goal of promoting social justice through Inclusive Business models.

Towards this end, the State shall pursue an inclusive growth strategy that supports and promotes the development of a vibrant inclusive business sector in the country.

SECTION 3. Definition of Terms. – As used in this Act, the following terms shall mean:

- a. Base of the Pyramid (BOP) – refers to the poorest segment of the economic human pyramid, which is 21% of the Philippine population.
- b. Business Enabling Environment – set of policy, institutional, regulatory, infrastructure and cultural conditions that govern formal and informal business activities. This includes the administration and enforcement of government policy, and national and local institutional arrangements that affect the behavior of relevant actors who, together, comprise many of the important players.
- c. Inclusive Business (IB) – a business model approach that provides decent work, respects Constitutional provisions of workers, and economic opportunities and livelihood, or relevant and affordable goods or services, for poor and low income earners, to people at the base of the pyramid, as consumers, workers, owners or business partners, and making them part of the value chain of the core business operations of the IB Company; *Provided*, That there is direct contribution to improved living standards, poverty reduction, and systematic inclusion in a manner that is sustainable, in scale or scalable, and replicable;
- d. Inclusive Business (IB) Community Partners – poor/low income and/or marginalized sector that are part of the core operations of IB Company and are deriving social value from such participation. The term also refers to social enterprises, cooperatives, non-government organizations, small and medium enterprises, and other intermediary organizations that facilitate partnerships and linkages between poor/low income and/or marginalized sector, IB communities and IB Company;
- e. Inclusive Business (IB) Company – a duly registered, commercially viable, for -profit company that integrates an IB model or approach in its core business operations, and

likewise includes existing companies already practicing an Inclusive Business model. However, in order to obtain the benefits, incentives and support provisions, IB Company need to undergo Registration or Accreditation, as may be provided under this law;

- f. Inclusive Business (IB) Project – the part of the core business operation of an IB company where the IB model or approach is applied;
 - 1. Registered Project – upon approval of application by an IB Company to receive incentives, as provided by the Board of Investments (BOI); or
 - 2. Accredited Project – the act of application by an IB Company for the use of the IB Logo and Branding, and other incentives.
- g. Industrial Development – synthesis of contributions from four major factors, namely, business, technology, government, and labor; and successful industrial projects can be achieved only through a close co-operation and mutual understanding between these contributors.
- h. Low- Income Communities – Households whose income fall between the poverty threshold and twice the poverty threshold as defined by the National Economic and Development Authority;
- i. Marginalized Sectors – groups of people who are stigmatized or excluded by virtue of their physical, psychological, economic, social, religious, ethnic or cultural circumstances, identity, or status;
- j. Performance-based Incentives – include both monetary and non-monetary incentives to encourage performance and contribution to the accomplishment of the project.
- k. Poor – Individuals and households whose income fall below the poverty threshold as defined by the National Economic and Development Authority (NEDA) and/or cannot afford in a sustained manner to provide their minimum basic needs for food, health, education, housing and other essential amenities in life, as defined under Republic Act No. 8425, otherwise known as the “Social Reform and Poverty Alleviation Act.” In determining who constitutes the poor, the Multidimensional Poverty Index determined by the Philippine Statistics Authority (PSA) shall be considered, as provided by Republic Act No. 11291, otherwise known as the “Magna Carta of the Poor;”
- l. Social Value – the increase in the welfare of a society, or identified sectors of society, that is derived from a particular course of action or activity;
- m. Social Enterprise – a private sector or non-government organization that primarily pursues social value and uses business approaches and innovations to do so;
- n. Value Chain – value-adding economic activities where a business is interlinked with the process of producing goods and/or services to serve its chosen market, and not external to the business operations. A value chain typically consists of, and not limited to, the following:

1. Raw materials processing,
2. Inbound distribution or logistics,
3. Manufacturing operations,
4. Outbound distribution or logistics,
5. Marketing and selling, and
6. After-sales service.

These activities are supported by purchasing or procurement, research and development, human resources development, and organizational development.

CREATION OF A NATIONAL INCLUSIVE BUSINESS STEERING COMMITTEE (NIBSC) AND ESTABLISHMENT OF NATIONAL ACTION PLAN AND STRATEGY FOR INCLUSIVE BUSINESS

SECTION 4. Creation of the National Inclusive Business Steering Committee. – There is hereby created the National Inclusive Business Steering Committee (NIBSC), which shall be attached to the BOI. NIBSC shall be created to spearhead the implementation of the National Action Plan and Strategy for Inclusive Business (NAPSIB).

SECTION 5. Composition. – The members of the NIBSC shall be the following offices:

- a. Chairman: Secretary of Department of Trade and Industry and Chairman of Board of Investments
- b. Permanent Members are the following:
 1. Secretary of Interior and Local Government;
 2. Secretary of Agriculture;
 3. Secretary of Labor and Employment;
 4. Secretary of Social Welfare and Development;
 5. Secretary of Socio-Economic Planning;
 6. Three representatives from the private sector;

SECTION 6. Other Members and Assistance. – The NIBSC Non-Permanent Members are the following, and may be called on to provide assistance and resource on matters depending on the sector and issue needed to be resolved:

- a. Secretary of Budget and Management;
- b. Secretary of Tourism
- c. Secretary of Agrarian Reform;
- d. Secretary of Environment and Natural Resources;
- e. Secretary of Communications and Technology;
- f. Chair of Securities and Exchange Commission,
- g. Chair of Commission on Higher Education;
- h. Chair of the Philippine Commission on Women;
- i. Undersecretary of National Statistician and Civil Registrar General
- j. Executive Director of the Cooperative Development Authority;
- k. Executive Director of the National Commission for Indigenous Persons;

- l. Director General of Technical Education and Skills Development Authority;
- m. Lead Convenor of the National Anti-Poverty Commission;
- n. President of Small Business Guarantee and Finance Corporation;
- o. One representative from the social enterprise sector;
- p. One representative from the cooperatives sector;
- q. One representative from the labor sector;
- r. One representative from the agriculture sector;
- s. One representative from the fisheries sector;
- t. One representative from the academe; and
- u. One representative from the non-government development sector.

Provided, That the NIBSC may call upon any government agency and office to assist the NIBSC in the performance of its mandate. *Provided*, further, that the Permanent and Other Members shall provide a permanent officer and office that the NIBSC Secretariat may coordinate with for the effective implementation of the NAPSIB, as needed.

SECTION 7. Partnership with National Councils, Technical Working Groups, Local Government Units (LGUs), Private Sector Organizations, and Civil Society Organizations.

– The NIBSC shall partner with the Micro, Small and Medium Enterprise Development Council, other National Councils, such as the National Competitive Council, National Convergence Council, Ease of Doing Business, Anti-Red Tape Advisory Council, and National Innovation Council, Technical Working Groups, LGUs, private sector organizations, and civil society organizations, particularly those directly involved with IB community partners and IB companies, in the implementation, monitoring, and evaluation of the NAPSIB.

SECTION 8. Commitment of Member Agencies to the National Action Plan and Strategy for Inclusive Business. Each member of the NIBSC shall align their programs, plans and strategies to ensure that the NAPSIB is fully implemented, anchoring on similar objectives of promoting Ease of Doing Business and Efficient Government Service Delivery, as provided in Republic Act 11032, or otherwise known as “Ease of Doing Business and Efficient Government Service Delivery Act of 2018.”

Towards this end, each member agency, through the NIBSC, are hereby mandated to develop and promulgate policies for formulating and evaluating the performance of each member, and shall be included in the “Report Card Survey,” as provided in Section 12 of Republic Act No. 11032, amending Section 10 of Republic Act No. 9485, or otherwise known as “Anti-Red Tape Act of 2007.”

SECTION 9. Organizing and Staffing Pattern for the Secretariat. – The Chairman of the NIBSC shall prescribe and approve the organization and staffing of the NIBSC in consultation with the Department of Budget and Management (DBM).

SECTION 10. Powers and Functions of the NIBSC. – The NIBSC shall be the lead coordinating office and hub for the development and implementation of the NAPSIB. The NIBSC shall be tasked to do the following:

- a. Draft, formulate and implement the NAPSIB, with a commitment to regularly updating the same;
- b. Monitor and assess the implementation of the NAPSIB and regularly submit reports to the President and to Congress.
- c. Ensure NAPSIB is aligned and reflected in the Philippine Development Plan (PDP), National Economic and Development Authority to ensure that the (main function)
- d. Coordinate with national government agencies, local government units (LGUs), LGU associations, technical working groups, national councils, IBs, IB community partners, and other stakeholders on the development and implementation of the NAPSIB and its component plans, programs and projects;
- e. Update and revise the Inclusive Business Roadmap, as needed;
- f. Coordinate and align the existing Roadmaps of BOI and cluster Roadmaps of the government towards the objectives of the NAPSIB;
- g. Coordinate studies and researches as a basis for recommendation of sectors, which will be areas for particular focus of the implementation of the NAPSIB; *provided, further*, that any recommendations made shall be presented to the NIBSC for approval;
- h. Provide business development, advisory and facilitation services to IBs and IB community partners in coordination with relevant agencies and LGUs;
- i. Coordinate and provide a service lane for processing IB projects. This includes, but is not limited to providing advisory and facilitation services in the processing of relevant government permits, licenses and other requirements for the implementation of IB projects. The NIBSC shall have the power to direct specific agencies to attend to the bottlenecks and problems hindering the implementation and effectiveness of IB projects;
- j. Serve as the primary repository of IB issues and challenges that need to be addressed to encourage broad participation and adoption by the private sector;
- k. Coordinate and direct information, advisory and training services for government agencies and institutions to enhance their understanding of and capacity to support IBs and IB community partners in the implementation of IB projects.
- l. Coordinate with the Intellectual Property of the Philippines (IPO PH) in assisting IB Companies and IB Community Partners in getting patents, copyright, trademark, and other forms of pursuing protection of their work and creation;
- m. NIBSC shall also provide technical assistance and support to agencies in the formulation of social value specifications in their procurement processes. The NIBSC shall partner with non-government, research and training institutions for this;

- 258
- 259 n. Establish and implement the criteria, process and guidelines for the accreditation of IB
- 260 models, and establish an Accreditation Committee for this purpose;
- 261
- 262 o. Establish and maintain an IB information registry;
- 263
- 264 p. Coordinate with donors, government financial institutions, commercial and rural banks,
- 265 and social impact investors on financing mechanisms for IBs and IB community partners;
- 266
- 267 q. Initiate public-private partnerships to enhance the viability of IB projects in identified
- 268 priority geographic areas or industries. The NIBSC may call on other relevant agencies
- 269 and other government agencies for this purpose;
- 270
- 271 r. Design and manage a campaign or program inviting young professionals to work with IBs
- 272 or IB community partners as community organizers and/or social entrepreneurs;
- 273
- 274 s. Recommend, on behalf of the President, to other government agencies and institutions
- 275 various policies and programs to promote and support IBs;
- 276
- 277 t. Integrate and coordinate existing initiatives for target IB Community partners and IB
- 278 Companies, such as the Rural Agro-Industrial Partnership for Inclusive Development and
- 279 Growth (RAPID Growth) 2019, National Convergence Initiative, and other initiatives.
- 280
- 281 u. Integrate and maximize the use of trade preferences, such as the European Union
- 282 Generalised Scheme of Preferences Plus (EU GSP+) and United States GSP, but likewise
- 283 ensure compliance with conditionalities provided, such as labor rights, human rights,
- 284 environmental rights, good governance, and the like.
- 285
- 286 v. Encourage the academe and research organizations to include in the curricula of schools
- 287 the Inclusive Business model and assist in developing further impact analysis of the
- 288 program; and
- 289
- 290 w. Through the Legislative Executive Development Advisory Council (LEDAC), recommend
- 291 to Congress, proposed legislation to promote and support IBs.
- 292
- 293 x. All other functions in implementation of the law.
- 294
- 295

296 **INCLUSIVE BUSINESS ACCREDITATION**

297

298 **SECTION 11. IB Accreditation Criteria.** – The NIBSC Secretariat, in consultation with

299 resource persons from the private sector industry groups, the academe and social development

300 institutions, shall establish a system and criteria for accrediting IBs based on their IB project.

301 Accreditation of IBs may consider but is not limited to the following main criteria, to be developed

302 by the NIBSC:

303

a. Social Value:

1. Reach – The IB project of the company must reach or target to reach poor/low income or marginalized populations at scale.
2. Depth – The IB project of the company must lead to measurable improvements in the quality of life for poor/low income or marginalized populations through income generation or access to relevant and affordable services and products.
3. Systemic Impact – The IB project of the company must address relevant poverty dimensions and provide a systemic contribution to poverty reduction and social inclusion.

b. Innovation and Sustainability:

1. Innovation – The IB project of the company must include innovative features that lead to improvements in areas such as but not limited to, profitability, governance, social value, social equity and environmental sustainability.
2. Financial viability of the company – The company that adopts the IB model must be financially viable.
3. Financial viability of the company's IB model – The IB project of the company must contribute substantially towards the financial viability of the company with positive returns on investment.

The NIBSC Accreditation Committee shall propose for approval the specific percentage weight and measurable indicators to be assigned to each accreditation criterion, as well as any additional criteria. Criteria weights and indicators shall be established on a per industry basis subject to approval. *Provided*, that the final criteria approved for each industry shall be applied consistently to all applicants from the same industry without exceptions.

SECTION 12. IB Accreditation Process – The accreditation process shall involve the following steps, in accordance with guidelines to be established by the NIBSC.

- a. Submission to Accreditation Committee of the completed application form, business plan and required supporting documentation by the company;
- b. Initial interview and review of company documentation by the Accreditation Committee;
- c. Site visit by Accreditation Committee to validate the social and environmental acceptability and objectives as described in the company's application and business plan;
- d. Evaluation and recommendation by the Accreditation Committee to the Board;
- e. Board decision to approve or disapprove company's accreditation;
- f. Accreditation for approved applications;
- g. Regular monitoring and assessment;
- h. Renewal of accreditation and continuation of project; and
- i. End of project impact review and reporting.

Accredited IBs shall be subject to regular monitoring, reporting and assessment to ensure that the company's IB project is being implemented according to the approved business plan and achieving approved social value, innovation and sustainability target specifications. Failure to

pass the regular monitoring and assessment by the Accreditation Committee may lead to the revocation of the IB's accreditation. Motions for project extension will be considered on a per project basis.

The Accreditation Committee must disclose to companies with disapproved accreditation applications the reason/s for disapproval to enable said companies to improve or change their business projects accordingly. Companies with disapproved applications may reapply for IB accreditation subject to the guidelines provided by NIBSC.

BENEFITS, INCENTIVES, AND SUPPORT FOR INCLUSIVE BUSINESSES

SECTION 13. Use of IB Logo and Branding. – Accredited IBs may affix the Philippine IB logo on their products' packaging, letterheads, brochures, leaflets and other forms of information and communication collaterals, in various media outlets, with permission from and subject to the policies and guidelines from the NIBSC; *Provided, further*, that upon the end of the project the logo may not be used further, unless an extension has been granted; and *Provided, finally*, that there is no finding by the NIBSC Secretariat that the project has failed to pass the regular monitoring and assessment.

SECTION 14. IB Information Registry. – The NIBSC shall establish and maintain an online public database IB registry, which shall serve as the main repository of information on IBs. The IB registry shall be disseminated nationwide; *provided, further*, that the NIBSC shall call on the Department of Trade (DTI) Negosyo Centers nationwide for promoting ease of dissemination to the local communities. To facilitate collaboration on potential and existing IB projects, the registry shall include information and status on accredited IBs, IB community partners, and IB projects. It shall also include information on business development service providers, financial service providers, and social impact investors specifically catering to IBs and IB community partners.

The same Information Registry shall be shared with the Philippine Business Databank, as provided by Republic Act 11032, otherwise known as "Ease of Doing Business and Efficient Government Service Delivery Act of 2018."

SECTION 15. Government Support for IB Community Partners. – IB Community Partners of accredited IBs shall be prioritized by government agencies in the provision or distribution of relevant government support programs and services that may improve or strengthen the partners' capacity and resources to effectively engage in the IB project. These government programs and services include, but are not limited to, public infrastructure, shared service facilities, enterprise capacity building and training support, marketing assistance, value chain financing, business incubation and technology transfer, and business facilitation. *Provided, further*, that potential and interested individuals and/or organizations seeking to be IB Community Partners, shall likewise be capacitated by the NGAs and LGUs providing the trainings, support and capacity building sought by IB Companies. The NGAs and LGUs may seek assistance with civil society organizations for providing the same.

Toward this end, each member agency of the NIBSC shall formulate and issue policies that shall facilitate the programs and automatically provide information of the same to the Information Registry. It shall at the same time, regularly update the same.

SECTION 16. Incentives for Inclusive Business Projects. – An IB Project may qualify with the Board of Investments (BOI) and be entitled to the following incentives for five (5) consecutive years starting from the declared commencement date of the IB project, as approved by the NIBSC:

- a) Double Deduction for Labor Expense – Expenses incurred of a registered IB Project for wages of persons hired from the identified government databases, such recipients of government subsidy programs or those living below poverty threshold, shall be deductible from the gross income for income tax purposes to the extent of two hundred percent (200%) on the year the said labor expense was incurred; provided, that the hiring is an incremental to the number of direct labor.
- b) Double Deduction for Training – Expenses incurred for training, identified and approved by the BOI, given to persons hired and to be hired from identified government databases and those living below the poverty threshold, and part of IB community partners, shall be deductible from the gross income for income tax purposes to the extent of two hundred percent (200%) on the year the said training expense was incurred.
- c) Additional Deduction for Goods, Materials and Logistics Resources Sourced from Micro, Small and Medium Enterprises (MSMEs) – A registered IB Project may be allowed an additional deduction from the taxable income of twenty-five percent (25%) of the cost of goods, materials and logistics resources sourced from micro, small and medium enterprises on the year the said expenses were incurred.
- d) Double Deduction for Research and Development – Expenses incurred for research and development activities, identified and approved by the BOI, shall be deductible from the gross income for income tax purposes to the extent of two hundred percent (200%) on the year the said research and development expense was incurred.

SECTION 17. Other IB Incentives. – The accredited IB shall qualify for other incentives made available by law, executive issuances, and local ordinances, as recommended and in consultation with NIBSC. Guidelines and procedure for availing of all incentives shall be provided by NIBSC.

SECTION 18. Financial and Loan Assistance from Government Banks – Loan assistance from the commercial production of the product of the IB Project, either locally or for export and duly registered or accredited with the NIBSC Secretariat created under this Act, shall be extended by government banks; provided that said IB Project meets the criteria and would enhance the economy of the country and the community, provide technical capacity, or generate regular employment opportunities for the IB Community; *provided* that the loans shall be guaranteed by the Small Business Guarantee and Finance Corporation (SBGFC) and/or the IB Project.

The SBGFC shall offer its existing products, and further develop products to encourage adoption of the IB model by both the IB Companies and Communities.

440 **SECTION 19. Government Agencies Assistance** – In order to facilitate the granting of
441 financial assistance by any government bank, all government agencies concerned are required to
442 extend all possible assistance, such as the use of its facilities in the preparation of project feasibility
443 studies and evaluations, and products to be produced by the IB Company or Community.
444

445 **SECTION 20. Penalties.** – (a) Any IB company in violation of the use of IB Logo and
446 Branding, or Section 13 of this Act, shall be fined Twenty Thousand Pesos (P20,000.00) for the
447 first offense; Fifty Thousand Pesos (P50,000.00) for the second offense; One Hundred Thousand
448 Pesos (100,000.00) and blacklisted from the list of IB Companies for the third offense, subject to
449 the guidelines of NIBSC; *provided, further*, that a company neither registered nor accredited as an
450 IB Company shall be penalized under letter b of this section.
451

452 (b) Tampering, alteration, forgery and imitation of the IB Logo, and misrepresentation
453 thereof shall be punished with a fine of not less than Fifty thousand pesos (P50,000.00) but not
454 more than One hundred thousand pesos (P100,000.00) for each and every instance proven, without
455 prejudice to other penalties imposed by Republic Act No. 7394 or the “Consumer Act of the
456 Philippines;” *provided*, that the NIBSC is hereby empowered, after publication, to increase or
457 adjust the amount of the fines prescribed in this section once every five (5) years in the amount
458 not exceeding *ten per centum* (10%) of existing rates.
459

460 **SECTION 21. Monitoring, Evaluation, Review, and Assessment.** – The NIBSC, in
461 consultation with IB Companies, IB Community Partners, NGAs and LGUs concerned and as
462 necessary, shall regularly monitor, evaluate, review and assess the impact and effectiveness of the
463 NAPSIB.
464

465 The NIBSC shall, likewise, submit to Congress a periodic review on the implementation
466 of this Act at the end of the third year from the date of its effectivity and every year thereafter.
467

468 **SECTION 22. Nationwide Public Information Campaign.** – The NIBSC, in
469 coordination with its member agencies, the Philippine Information Agency, LGUs, private
470 agencies and organizations shall undertake a sustained, intensive and targeted Information
471 campaign to promote greater awareness and practice of IB among key stakeholders, particularly
472 large and medium-size companies operating in priority industries and marginalized areas, and
473 encourage the coordinated support of relevant government agencies to IB investments.
474

475 **SECTION 23. Procurement of Goods and Services.** – The Government Procurement
476 Policy Board (GPPB), in consultation with the NIBSC, national government agencies, and other
477 stakeholders, shall conduct a study and recommend to Congress policies for formulating and
478 evaluating social value specifications that can be included in the technical requirements for a good,
479 service or project.
480

481 The NIBSC shall be tasked to provide advice and training for procuring entities on the
482 formulation and evaluation of social value requirements. Each agency shall conduct social value
483 assessments as part of its procurement planning to identify opportunities for delivering the greatest
484 social value and impact.

485 **SECTION 24. Implementing Rules and Regulations.** – The NIBSC, as led by the Board
486 of Investments and the Department of Trade and Industry, in consultation with its members, the
487 National Economic and Development Authority (NEDA), Securities and Exchange Commission
488 (SEC), Department of Interior and the Local Government (DILG), Department of Budget and
489 Management (DBM), Department of Agriculture (DA), Department of Agrarian Reform (DAR)
490 Department of Environment and Natural Resources (DENR), Department of Labor and
491 Employment (DOLE), Department of Social Welfare and Development (DSWD), National Anti-
492 Poverty Commission (NAPC), Technical Education and Skills Development Authority (TESDA),
493 Commission on Higher Education (CHED), Cooperative Development Authority (CDA), Small
494 Business Guarantee and Finance Corporation (SBGFC), Department of Information and
495 Communications Technology (DICT), National Privacy Commission (NPC), and concerned
496 private sector groups and non-government organizations, shall issue the rules and regulations
497 necessary to implement the provisions of this Act ninety (90) days from the effectivity of this Act.
498

499 **SECTION 25. Appropriations.** – The initial amount necessary for the implementation
500 of this Act shall be charged against the current appropriation of the BOI and DTI; *provided*, that
501 the amount necessary for the continued implementation of this Act shall be included in the annual
502 General Appropriations Act.
503

504 **SECTION 26. Separability Clause.** – If any provision of this Act, or part hereof, is held
505 invalid or unconstitutional, the remainder of the law or provision not otherwise affected shall
506 remain valid and subsisting.
507

508 **SECTION 27. Repealing Clause.** – All provisions of laws, presidential decrees, letters of
509 instruction and other presidential issuances that are incompatible or inconsistent with the
510 provisions of this Act are hereby deemed amended or repealed.
511

512 **SECTION 28. Effectivity.** – This Act shall take effect within fifteen (15) days after its
513 publication in the Official Gazette or in a newspaper of general circulation.
514

515 Approved,