

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19TH CONGRESS
First Regular Session

HOUSE BILL NO. 5801



Introduced by Representative Michael L. Romero

EXPLANATORY NOTE

The Philippine Pharma Procurement, Inc. (PPPI) formerly known as PITC Pharma, Inc. (PPI), is a subsidiary of the Philippine International Trading Corporation (PITC) and an affiliate of the National Development Company (NDC). It is the only pharmaceutical government owned and controlled corporation (GOCC) tasked to provide low priced quality ensured medicines to the Filipino people and to which the pharmaceutical operation of PITC was transferred to.

In July 2016, the corporation officially changed its name to Philippine Pharma Procurement, Inc. to highlight one of its mandate provided for under the Universally Accessible Cheaper and Quality Medicines Act of 2008 otherwise known as **Republic Act No. 9502** – that is to establish a common facility for pooled procurement that can be accessed by government entities and other facilities undertaking government programs.

The corporation was under the Office of the President when it was created in 2005. On 08 August 2007, Executive Order No. 649 was issued placing the corporation under the **Department of Trade and Industry (DTI)** and designating the Secretary of the Department of Health (DOH) as Ex-Officio Chairman. This was amended on 10 April 2008 by Executive Order No. 649-A transferring the corporation to the DOH and retaining the Secretary of Health as the ex-officio Chairman. On 06 September 2011, Executive Order No. 54 was issued placing the corporation under DTI “to improve policy and program coordination relative to the Government’s procurement and importation of drugs and medicines under **RA 9502.**”

This House Bill seeks to provide **Modernization Funding** to the **Philippine Pharma Procurement, Inc. (PPPI)** to promote a procurement organization for the pharmaceutical needs of the government.

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Thus, the early passage of this bill is earnestly requested.

A handwritten signature in black ink, appearing to read 'Michael L. Romero', with a long horizontal flourish extending to the right.

MICHAEL L. ROMERO

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AN ACT

PROVIDING FOR MODERNIZATION FUNDINGFOR THE
PHILIPPINE PHARMA PROCUREMENT, INC. (PPPI), INCREASING
AND REORGANIZING ITS ADMINISTRATION, PROVIDING ACCESS
TO AFFORDABLE AND QUALITY ESSENTIAL MEDICINES TO
IMPROVE THE HEALTH CONDITIONS OF FILIPINOS AND FOR
OTHER PURPOSES

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

SECTION 1. DECLARATION OF POLICY – it shall hereby be a declared
policy of the state to establish a government pharmaceutical procurement
organization providing access to affordable and quality essential medicines to
improve the health conditions of Filipinos.

The state shall continually improve the effectiveness of our Quality Management
System towards equitable development for improved quality of life for all.

The state shall formulate policies for the efficient and effective administration
and management of all manpower, skills and competencies to ensure
compliance.

SECTION 2. MODERNIZATION FUNDING. – The amount of Five Hundred Million Pesos (**Php 500,000,000.00**) for the operation and administration of the **Philippine Pharma Procurement, Inc. (PPPI)** shall be chargeable against funds for the purpose and other sources recommended by the **Department of Budget and Management (DBM)**. Thereafter, appropriations for the shall be included in the budget proposals under the Department of trade and Industry (**DTI**).

The Department of Budget and Management (**DBM**) shall rationalize the existing organizational structure and staffing pattern of the in accordance with the provisions of this Act and relevant compensation and position classification laws, rules and regulations.

Thereafter, the amount needed for the continued implementation of the modernization program, shall be included in the annual General Appropriations Act (**GAA**).

SECTION 3. PHILIPPINE PHARMA PROCUREMENT, INC. (PPPI) MODERNIZATION FUND – There is hereby created the (**PPPI**) *Modernization Fund* to be used exclusively for the (**PPPI**) *Modernization Program*.

The (**PPPI**) *Modernization Fund* shall be administered by the Secretary of the **DTI** in accordance with existing government budgeting, accounting and auditing rules and regulations.

SECTION 4. PROGRESS REPORT –The Secretary of **DTI** shall prepare an annual report on the status of the implementation of the (**PPPI**) *Modernization Programs* which shall be submitted, to the Office of the President and to the Chairpersons of the Committee of Trade and Industry of the Senate and the House of Representatives.

SECTION 5. PERIOD OF IMPLEMENTATION – The modernization program under this Act shall be implemented for an initial period of two **(2)** years:

Provided, that payments for multi-year contract obligations incurred under this Act may extend beyond this period:

Provided, further, That the **Philippine Pharma Procurement, Inc. (PPPI)** shall continue to develop, modernize and constantly update its operational capabilities to keep pace with best global practices.

SECTION 6. POWERS AND FUNCTIONS. – The **Philippine Pharma Procurement, Inc. (PPPI)** shall continue to exercise and uphold the following powers and functions; but not limited to:

PPPI is classified under the Human Development and Poverty Reduction Cluster by the Governance Commission for GOCCs **(GCG)**. As defined under the Implementing Rules and Regulations **(IRR)** of **RA 9502**:

1. Undertake direct importation for government agencies and offer the same facility to private parties

- Chapter III, Rule 16, Section 1 of the IRR states that:
“Except for specific programs and instances allowed by the DOH, for purposes of ascertaining the best and most affordable prices and quality of drugs and medicines to be imported, all government agencies must centrally procure through PPI.”

- Private parties may opt to avail of PPI's facility for undertaking "procurement, sourcing and marketing of quality essential and low-priced medicines."

2. Establish a common facility for pooled procurement

- Chapter XI, Rule 58 of the IRR states that:
"The PPI or its equivalent agency is authorized to establish a common facility for pooled procurement in compliance with RA 9184."

3. Assist in the implementation of cost-containment measures i.e. support hospital pharmacies, making available low cost quality medicines and rational and complete drug treatment packs.

4. Provide support to the DOH in the determination of the Maximum Retail Price (MRP).

On 25 June 2010, the Government Procurement and Policy Board (GPPB) confirmed that "PPI may act as a servicing agency and that government agencies may directly procure imported medicines from PPI under the alternative mode of negotiated procurement (agency-to-agency

agreements).” It further ruled that PPI may also act as a procurement agent for government entities subject to Section 53.6 of the Revised IRR of **RA 9184**.

SECTION 7. INCREASE OF PERSONNEL. – The **Philippine Pharma Procurement, Inc. (PPPI)** shall maintain the sufficient staffing pattern. Hence, it is authorized to increase its manpower to meet such required and may continue to increase personnel per percentage rate increase of committed mandates annually or as the need arises.

SECTION 8. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 9. IMPLEMENTING RULES AND REGULATIONS. – The departments and agencies charged with carrying out the provisions of this Act shall, within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 10. REPEALING CLAUSE. – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 11. SEPARABILITY CLAUSE. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 12. EFFECTIVITY CLAUSE. – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,