Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. **8193**

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Introduced by **Rep. MARIO VITTORIO "MARVEY" A. MARIÑO**
5th District, Batangas

EXPLANATORY NOTE

In 2013, the Department of Trade and Industry (DTI) established the Shared Services Facilities (SSF) project aimed at increasing the productivity and innovative knowhow of the country's micro, small and medium enterprises (MSMEs). The SSFs, which are facilities equipped with the machinery and equipment needed to assist MSMEs, made a significant impact to many of the country's businesses as it helped address the bottlenecks in the production value chain which – in turn – allowed them to innovate and enter their goods and services to a wider market.

As of March 2022, the department reported that the national government has allocated a total of P3.19 billion for the project. As a result, these SSFs have assisted over 500,000 MSMEs and have generated around 200,000 in employment to businesses including those related to processed food, coconut, meat, coffee, gifts, decor and housewares (GDH), handicrafts, abaca, bamboo, etc. In fact, the Philippine Institute for Development Studies (PIDS) noted in its 2016 preliminary assessment of the SSF that the project had "notable and substantial impact on jobs and productivity."

This measure aims to introduce government interventions to elevate and upscale the products being sold and exported by the country by institutionalizing this landmark project by DTI and ensure its continued funding in the years to come. In addition, the measure also seeks to create additional SSF-Fabrication Labs (SSF-Fab Labs) in every province in order to encourage and assist our MSMEs in adopting new and innovative technologies in the manufacturing process which should improve the quality of the products as well as its market reach.

As the country moves towards a post-pandemic era, MSMEs - which are considered the backbone of the country's economy - should be given priority by addressing the commonly encountered gaps of the industry in order for them to compete in bigger markets both locally and abroad.

This measure also serves as a counterpart measure to the bill filed by Senator Sonny Angara which is already being deliberated upon by the Senate.

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

MARIO VITTORIO "MARVEY" A. MARIÑO

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Introduced by **Rep. MARIO VITTORIO "MARVEY" A. MARIÑO**
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AN ACT
TO INSTITUTIONALIZE THE DEPARTMENT OF TRADE AND INDUSTRY'S SHARED SERVICE FACILITIES (SSF) PROJECT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMES) BY AMENDING REPUBLIC ACT NO. 6977 OTHERWISE KNOWN AS THE MAGNA CARTA FOR SMALL ENTERPRISES AS AMENDED BY REPUBLIC ACT NO. 9501 OTHERWISE KNOWN AS THE MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES

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

SECTION 1. Insert new Sections 16 and 17 under Republic Act No. 6977, as amended, to read as follows, and renumber the succeeding sections accordingly:

> **"SEC. 16. ESTABLISHMENT OF SHARED SERVICE FACILITIES (SSF) FOR MSMES. – IN ORDER TO ADDRESS THE GAPS IN THE PRODUCTION VALUE CHAIN, PROMOTE INNOVATION AMONG MSMES AND ENHANCE THEIR CAPACITIES TO PRODUCE AND OFFER SOPHISTICATED AND DIVERSE PRODUCTS AND SERVICES, THE SHARED SERVICE FACILITIES (SSFS) PROGRAM OF DTI IS HEREBY INSTITUTIONALIZED.**

THE SSF PROGRAM SHALL ENTAIL SETTING UP COMMON SERVICE FACILITIES OR PRODUCTION CENTERS FOR CERTAIN PROCESSES TO GIVE MSMES ACCESS TO BETTER TECHNOLOGY AND MORE SOPHISTICATED EQUIPMENT TO ACCELERATE THEIR BID FOR COMPETITIVENESS AND HELP THEM GRADUATE TO A NEXT LEVEL WHERE THEY COULD TAP BETTER AND WIDER MARKETS AND BE INTEGRATED IN THE GLOBAL SUPPLY CHAIN. THE PROJECT MAY BE IMPLEMENTED IN COOPERATION WITH DOST, AND OTHER GOVERNMENT AGENCIES, THE ACADEME, LGUS, AND PRIVATE ORGANIZATIONS.

SHARED SERVICE FACILITIES REFER TO MACHINERY, EQUIPMENT, TOOLS, SYSTEMS, ACCESSORIES AND OTHER AUXILIARY ITEMS, SKILLS, AND KNOWLEDGE THAT ARE BEING PROVIDED BY THE DTI UNDER A COMBINED AND COLLECTIVE SYSTEM TO ITS TARGET BENEFICIARIES.

THE DTI, IN COORDINATION WITH RELEVANT GOVERNMENT AGENCIES, LOCAL GOVERNMENT UNITS, PRIVATE INSTITUTIONS, AND STAKEHOLDERS, SHALL ALSO ESTABLISH SSF – FABRICATION LABORATORIES (SSF-FAB LABS), WHICH REFER TO HIGH-END SSFS EQUIPPED WITH AN ARRAY OF FLEXIBLE COMPUTER-CONTROLLED TOOLS THAT COVER SEVERAL DIFFERENT LENGTHS AND SCALE AND VARIOUS MATERIALS, IN AT LEAST ONE (1) STRATEGIC LOCATION IN EVERY PROVINCE TO ASSIST MSMES IN THE MANUFACTURING OF NEEDED ASSETS AND PRODUCTS. THE PRIORITY SHALL BE PROVINCES WITHOUT EXISTING FAB LABS.

THE SSF-FAB LABS SHALL BE ATTACHED TO STATE UNIVERSITIES AND COLLEGES (SUCS); LOCAL UNIVERSITIES OR COLLEGES (LUCS); PRIVATE SCHOOLS, COLLEGES AND UNIVERSITIES; AND GOVERNMENT ACADEMIC TRAINING INSTITUTIONS OF THE PROVINCE AS DETERMINED BY DTI FOR PROPER MONITORING AND MAINTENANCE.

PROVIDED, THAT, IN GRANTING SSFS, THE DTI SHALL:

A. TIMELY PROCESS THE APPLICATIONS FOR THE GRANTING OF SSFs AND SSF-FAB LABS IN COMPLIANCE WITH THE PROVISIONS OF REPUBLIC ACT NO. 11032 OR THE "EASE OF DOING BUSINESS AND EFFICIENT GOVERNMENT SERVICE DELIVERY ACT OF 2018" ON THE MAXIMUM PRESCRIBED PROCESSING TIME DEPENDING ON THE COMPLEXITY OF THE TRANSACTIONS: PROVIDED, THAT THE APPLICATION HAS MET ALL THE REQUIREMENTS INCLUDING AMONG OTHERS THE CONDUCT OF MARKET STUDY AND OTHER RECOMMENDATIONS THAT MAY BE IDENTIFIED BY THE NATIONAL TECHNICAL WORKING GROUP (NTWG);

B. CONSULT WITH THE COOPERATORS ON THE APPROPRIATE PROJECTS TO BE GRANTED TO THEM;

C. ENSURE THAT THE MACHINERY, EQUIPMENT, AND TOOLS ARE PROPER, SUITABLE, USABLE, AND APT WITH THE CAPABILITIES AND REQUIREMENTS OF THE FACILITIES;

D. **COORDINATE WITH SUCS AND LUCS WHERE THE SSF AND/OR SSF-FAB LABS ARE ESTABLISHED IN SETTING GUIDELINES FOR THE EQUITABLE UTILIZATION OF SAID FACILITIES AMONG USERS WITHIN AND OUTSIDE THE EDUCATIONAL INSTITUTIONS;**

E. **CLOSELY COORDINATE AND IMMEDIATELY ASSIST THE COOPERATORS WITH THEIR ISSUES OR CONCERNS REGARDING THE IMPLEMENTATION OF THEIR PROJECTS; AND**

F. **PARTNER WITH OTHER GOVERNMENT AGENCIES, IF NEEDED, TO HELP ENSURE THE SUCCESS OF THE PROJECTS.**

PROVIDED, FURTHER, THAT THE DTI SHALL ENSURE THAT THE SSFs AND SSF-FAB LABS CREATED UNDER THIS ACT ARE CONSISTENT WITH THE NATIONAL INNOVATION AGENDA AND STRATEGY DOCUMENT."

"SEC. 17. MONITORING OF PRODUCTIVITY OUTCOMES. – THE DTI, IN COORDINATION WITH THE CONCERNED COOPERATORS, LGUS, SUCS, LUCS, PRIVATE SCHOOLS, COLLEGES AND UNIVERSITIES, AND GOVERNMENT ACADEMIC TRAINING INSTITUTIONS IN WHICH THE SSFS AND THE SSF-FAB LABS ARE SITUATED, SHALL SUBMIT AN ANNUAL PROGRESS REPORT TO CONGRESS DETAILING THE EFFECTIVENESS AND/OR IMPACT OF THE SSFS AND SSF-FAB LABS WHICH SHALL INCLUDE THE BUDGET UTILIZATION OF THE PROJECT, ADDITIONAL JOBS AND INCOME GENERATED, INDUSTRY ENGAGEMENT, TECHNOLOGY TRANSFER, AND OVERALL GROWTH OF THE BUSINESSES WHICH

AVAILED OF THE FACILITIES."

Sec. 2. *Implementing Rules and Regulations.* – Within three (3) months from the effectivity of this Act, the DTI shall promulgate the necessary implementing rules and regulations for the institutionalization and establishment of the SSFs including the guidelines for the partnership with the cooperators, SUCs, LUCs, private schools, colleges and universities, and government academic training institutions where the SSFs and SSF-Fab Labs will be established.

Sec. 3. *Appropriations*. – The amounts necessary to carry out the implementation of this Act shall be charged against the current budget of DTI. Thereafter, the funds necessary for the continuous implementation of this Act shall be included in the annual General Appropriations Act (GAA).

Sec. 4. *Separability Clause.* - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

Sec. 5. *Repealing Clause.* - All laws or parts thereof, decrees, orders, rules and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 6. *Effectivity Clause*. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,