

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9441

Introduced by Representative Joseph Gilbert F. Violago



EXPLANATORY NOTE

No less than the 1987 Constitution enshrines that “The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.” (Art. XII, Sec. 1)

Based on latest data, an estimated 1,080,810 business enterprises are operating in the Philippines. Of these, 1,076,279 (99.58%) are MSMEs and 4,531 (0.42%) are large enterprises, according to the Philippine Statistics Authority (PSA). Micro enterprises constitute 90.54% (978,612) of total establishments, followed by small enterprises at 8.63% (93,230) and medium enterprises at 0.41% (4,437).¹

For this reason, the proposed measure mandates the formulation, financing, implementation, monitoring, and evaluation of a comprehensive and multi-year “Tatak Pinoy” (Proudly Filipino) Strategy; the development of which shall coincide with that of the Philippine Development Plan at the beginning of every Presidential administration.

The Tatak Pinoy (Proudly Filipino) Strategy seeks to support and promote the production of globally competitive, Philippine-made products, goods, and services by local businesses. This will open more economic opportunities for our countrymen and ensure that our locally-made products and services will be at par with our regional and global counterparts, especially in the fast-changing commercial landscape.

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


JOSEPH GILBERT F. VIOLAGO

¹ <https://www.dti.gov.ph/resources/msme-statistics/>

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AN ACT
MANDATING THE FORMULATION, FINANCING, IMPLEMENTATION,
MONITORING, AND EVALUATION OF A COMPREHENSIVE AND
MULTI-YEAR "TATAK PINOY" (PROUDLY FILIPINO) STRATEGY,
ESTABLISHING A TATAK PINOY COUNCIL, AND APPROPRIATING
FUNDS THEREFOR

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 "Tatak Pinoy (Proudly Filipino) Act".

SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State to encourage, support, and promote the production and offering of Philippine-made products, goods, and services of increasing diversity, sophistication, and quality by local enterprises that are globally competitive. Pursuant to Article XII, Section 1 of the Constitution emphasizing the promotion of "industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets," the State hereby adopts the following policies:

- a. In collaboration with the private sector, the State shall endeavor to transform the Philippine economy to such degree that local enterprises produce and offer more sophisticated products, goods, and services that are not ubiquitous, widely manufactured, or commonly available across the world;
- b. The State shall encourage the continuous improvement, expansion, and diversification of the productive capabilities of local enterprises and their linkages with domestic, regional, and global value chains;
- c. The State shall ensure that its initiatives to support local enterprises are market-driven or are in anticipation of future market demand;

- d. The State shall identify business sectors, market segments, and product opportunities for local enterprises to target and gain comparative advantage in. Towards this end, the State shall employ scientifically rigorous methods including, but not limited to, analysis of the country's product space, and of rankings in economic complexity indices;
- e. To elicit pride for Philippine-made products, goods, and services, the State shall encourage and promote the skill, ingenuity, creativity, and innovativeness of Filipino workers, craftsmen, laborers, and professionals;
- f. The State shall support local enterprises through its regular functions, such as, but not limited to, the procurement of products, goods, and services manufactured or offered by local stakeholders. Towards this end, all government agencies and instrumentalities shall formulate metrics on how, within their respective spheres, they can help support local Philippine-made products, goods, and services;
- g. The State recognizes the complementary roles of the public and private sector, including the academe and civil society, in generating high-paying jobs; pursuing economic development; and co-creating solutions to the country's biggest challenges. As such, the State shall actively seek out close partnerships with the private sector, and endeavor to jointly develop, finance, implement, and continuously improve a nationwide strategy for supporting local enterprises;
- h. The State recognizes the crucial role scientific and technological innovation plays in economic growth and development. As such, the State shall implement plans, programs, and projects that continuously improve the country's education system; ensure better technology transfer among firms, the academe, and government institutions; and, encourage the generation and sharing of new scientific and technological knowledge through research and development (R&D); and,
- i. In pursuit of inclusive economic growth and development, the State shall ensure that public expenditures to support local enterprises are equitably spread across the country, particularly among fourth, fifth, and sixth class provinces and municipalities, and directed to disadvantaged sectors such as, but not limited to, the urban poor, subsistence farmers and fisherfolk, indigenous communities and micro, small and medium-sized enterprises (MSMEs).

SECTION 3. *Definition of Terms.* – For the purposes of this Act, the following terms shall mean:

- a. **Economic complexity** refers to the economic measurement which is calculated based on the diversity of products, goods, and services a country produces and

their ubiquity, or the number of the countries able to produce them (and those countries' complexity);

- b. **Infant industries** refer to an industry that is in its early stages, where it experiences relative difficulty in competing with established competitors abroad and/or is less productive than global benchmarks or best practices;
- c. **Product space** refers to a type of visualization that depicts the connectedness between products based on the similarities of the know-how required to produce them. The product space visualizes the paths that countries can diversify. Products are linked by their proximity to each other, based on the probability of co-export of both of the two products;
- d. **Sophisticated** refers to the state when a product, good, or service requires a high level of technology, human capital, competencies or knowhow, and infrastructure to be produced or offered;
- e. **Sophistication** refers to the level of technology, human capital, competencies or know-how, and infrastructure required for a product or service to be offered by an economy like that of the Philippines;
- f. **Structural Transformation** refers to the process in which the composition and distribution of activities within an economy, as measured by such factors as output, employment, and trade, changes and shifts from low-productivity to high-productivity;
- g. **Technology Transfer** refers to the process by which one party systematically transfers to another party the knowledge for the manufacture of a product, the application of a process, or rendering of a service, which may involve the transfer, assignment or licensing of Intellectual Property Rights (IPRs).

SECTION 4. *Tatak Pinoy Strategy.* – To achieve the objectives of this Act, a Tatak Pinoy Strategy (TPS) shall be formulated, financed, implemented, monitored, evaluated, and continuously improved upon by the Tatak Pinoy Council, hereinafter referred to as 'the Council' as prescribed by Section 10 of this Act. The TPS shall outline the plan for the country to incrementally and systematically expand and diversify the productive capabilities of local enterprises, and empower them to produce and offer increasingly diverse and sophisticated products, goods, and services, and compete in the global market.

- a. **Development and Coverage.** – The development of the TPS shall coincide with that of the Philippine Development Plan (PDP) at the beginning of every Presidential administration. The TPS shall cover a period of at least six (6) years and shall provide for mid-term updates every three (3) years.

- b. **Identification of National Priorities and Strategic Goals.** – As part of the development of the TPS, the country's national priorities and strategic goals shall be identified and consolidated through a consultative process that substantially involves both the public and private sectors.
- c. **Target Sectors and/or Economic Activities.** – The TPS shall list sectors and/or economic activities, including but not limited to creative industries as defined by Republic Act No. 11904, otherwise known as the Philippine Creative Industries Development Act. The list shall include targets for the short-term (3 years), medium-term (6 to 9 years), and long-term (12 years and beyond).

SECTION 5. Pillars of the Tatak Pinoy Strategy. – The TPS shall include plans and programs, and shall be organized according to the following pillars: (1) manpower; (2) infrastructure; (3) technology and innovation; (4) investments; and (5) public fiscal management and government procurement.

The Council may establish technical clusters and working groups under each pillar to formulate objectives and targets, conduct the necessary stakeholder consultations, and ensure proper implementation of the TPS. Under each pillar, the TPS shall identify relevant public-private initiatives and the government support or assistance to be provided per targeted sector or economic activity. Each cluster shall be headed by a government agency, as determined by the Council, and include relevant private sector representatives.

- a. **Manpower** – The Department of Labor and Employment (DOLE), in coordination with the Council, the Department of Education (DepEd), the Commission on Higher Education (CHED), and the Technical Education and Skills Development Authority (TESDA), shall develop a National Upskilling and Manpower Competitiveness Agenda; *Provided, further,* That said agenda shall be a roadmap for ensuring that there is adequate and skilled manpower to realize the national priorities and strategic goals and support the target sectors and economic activities identified in the TPS; *Provided, finally,* That the Agenda shall include different modalities for training, skills development, upskilling, reskilling, and lifelong learning to be implemented by both public and private stakeholders;
- b. **Infrastructure** – The Department of Public Works and Highways (DPWH), in coordination with the Council and other relevant government instrumentalities such as, but not limited to, the Department of Budget and Management (DBM), the Department of Finance (DOF), and the Department of Information and Communications Technology (DICT), the Department of Transportation (DOTr), the Department of Trade and Industry (DTI), the Department of Energy (DOE), the Department of Agriculture (DA), the Department of Health (DOH), the Department of Tourism (DOT), the Department of Education (DepEd), and the Department of National Defense (DND), shall lead in the formulation of a National Infrastructure Development Strategy; *Provided,* that the Strategy shall provide the basis for coordinating, integrating, and accelerating infrastructure

development across the country to fulfill the national priorities and strategic goals and support the target sectors and economic activities identified in the TPS;

- c. **Technology and Innovation** – The Department of Science and Technology (DOST) and its attached agencies, in coordination with the Council and other relevant government instrumentalities such as but not limited to the National Innovation Council (NIC), the Department of National Defense (DND), the Armed Forces of the Philippines (AFP), the Philippine Space Agency (PhilSA), the Commission on Higher Education (CHED), state universities and colleges (SUCs), and private universities with reputable track record in scientific and technological research, shall ensure that the TPS is harmonized with the National Innovation Agenda and Strategy Document (NIASD), in accordance with Republic Act No. 11293 otherwise known as "the Philippine Innovation Act";
- d. **Investments** – The Department of Trade and Industry (DTI), in coordination with the Council and Investment Promotion Agencies shall formulate a Tatak Pinoy Strategic Investment Priority Plan, which shall at the minimum identify sectors and/or activities and set investment targets that will enable Philippine industries to transition to the production of diversified and sophisticated goods and services whether for domestic or foreign consumption. For this purpose, existing industry roadmaps may be used as reference. The DTI, through the Board of Investments, shall ensure that the identified sectors and/or activities shall be included in the Strategic Investment Priority Plan (SIPP);
- e. **Public Fiscal Management and Government Procurement** – The Development Budget Coordination Committee (DBCC) shall ensure that programs and projects that result in the enhancement of the capabilities of local enterprises to produce and offer increasingly sophisticated products, goods, and services shall be included in the expenditure priorities and the national government fiscal program.

In government procurement activities, preference shall be given to domestically-produced and manufactured goods, supplies and materials which meet the specified or desired quality; *Provided, further*, That in order to claim preference, the DTI shall certify that such goods, supplies and materials are grown, produced or manufactured in the Philippines; *Provided, finally*, That domestic preference shall be applied in a manner consistent with the Philippines obligations under international agreements.

SECTION 6. Planning Call. – The Council shall issue in a timely manner a Planning Call for the TPS to government agencies and relevant private sector stakeholders. Such Planning Call shall include the standards and guidelines for preparing the TPS. The Planning Call shall commence parallel to the formulation of the Philippine Development Plan by the NEDA. National government agencies shall submit to the Council their respective plans and programs and report relevant issues and implementation gaps.

SECTION 7. *Harmonization of Plans.* – The Council shall direct the government's planning cycle to ensure the harmonization and coherence of national, sectoral, and spatial plans and programs by prescribing standards, guidelines, compliance, and accountability mechanisms. The Council shall also review and approve the short-term, medium-term and long-term development plans submitted by the agencies as stipulated in Section 6 of this Act, in order to recommend appropriate action.

SECTION 8. *Automatic Review and Update.* – The NEDA, in coordination with the Council, shall perform an annual review of the implementation of the TPS as provided under this Act, in accordance with the monitoring and evaluation policies and guidelines of the agency. To ensure responsiveness to market conditions, the TPS shall be subject to amendment or revision every three (3) years unless there are supervening events that require an earlier amendment or modification.

SECTION 9. *Reportorial Requirement.* – All departments, agencies, government instrumentalities, and local government units (LCDs) mandated to implement the TPS shall submit a quarterly report to the Council. Such reports shall then be collated by the NEDA acting as Tatak Pinoy Council Secretariat, and then submitted to the Office of the President, the Senate President, the Speaker of the House of Representatives and the Chairpersons of the Senate Committees on Finance and Trade and Industry and House Committees on Appropriations and Trade and Industry.

SECTION 10. *Tatak Pinoy Council.* – There is hereby created a Tatak Pinoy Council, herein referred to as 'the Council,' which shall be led by a tripartite partnership between the Director General of the National Economic and Development Authority (NEDA), as the Chairperson, and the Secretary of Trade and Industry and the Secretary of Finance, both as vice-Chairpersons. The Secretaries of Agriculture, Budget and Management, Education, Information and Communications Technology, Labor and Employment, Public Works and Highways, Science and Technology, Tourism, the Director General of the Technical Education and Skills Development Authority, the Chairperson of the Commission on Higher Education, and two (2) private sector representatives will also serve as members: *Provided*, That the respective heads of agencies may designate their representatives whose rank shall not be less than an Undersecretary: *Provided, further*, That the private sector representatives shall be appointed by the President of the Philippines for a term of three (3) years, and may be reappointed only once from the nominees submitted by reputable business groups, academic institutions, or associations: *Provided, finally*, That the President shall have the power to reconstitute the public sector members of the Council in order to fully achieve the objectives of this Act.

The Council shall serve as the policy and advisory body to the President and shall, adopting a whole-of-government approach, formulate policies and programs that will diversify the productive capabilities of local enterprises and increase the country's economic complexity. Towards this end, the Council shall have the following powers and functions:

- a. Formulate the multi-year Tatak Pinoy Strategy or TPS, in accordance with Sections 4 and 5 of this Act;
- b. Ensure timely compliance of agencies with the Planning Call, as described in Section 6 of this Act;
- c. Coordinate with national government agencies (NGAs) and local government units (LGUs) to ensure that their respective development plans, policies, and programs, are harmonized towards promoting the diversification and sophistication of Philippine-made products, goods, and services offered by local enterprises, whether exported or consumed locally;
- d. Ensure that plans under the TPS are implemented well, and in accordance with the objectives of this Act;
- e. Audit existing policies, programs and projects of government and require the implementing agencies to submit reports on industry performance and provide policy recommendations to address industry gaps and other challenges;
- f. Monitor, evaluate, and periodically review and assess the TPS and its implementation thereof;
- g. Recommend policies, processes, including reengineering of systems and procedures, in order to attain diversification and sophistication of Philippine-made products, goods, and services;
- h. Propose legislation or amendments to Philippine laws and regulations related to industry development and promotion of the sophistication and diversification of Philippine-made products, goods, and services;
- i. Provide technical assistance and advisory opinions in the review of proposed national or local legislation, regulations, or procedures; and,
- j. Perform such other functions as may be necessary, or as may be directed by the President of the Philippines, for the attainment of the objectives of this Act.

SECTION 11. *Technical and Secretariat Support.* – The NEDA is hereby designated to provide overall technical and secretariat support for the Tatak Pinoy Council. As the principal secretariat, the NEDA shall have the following duties and responsibilities:

- a. Determine and prepare the agenda of the Council meetings, and prepare the minutes of each meeting;
- b. Serve as venue for the initial processing and discussion of the work of the Tatak Pinoy Council;
- c. Receive and prepare communications pertinent to the work of the Council;
- d. Manage and maintain the official records of the Council;
- e. Prepare the annual budget of the Council;
- f. Prepare reports as required by the Council; and
- g. Perform other duties as may be assigned by the Council.

At least one (1) representative each from the DTI, DOF, DA, DBM, DepEd, DICT, DOLE, DPWH, DOST, DOT, TESDA, and CHED shall be solely dedicated to serve as liaisons to the Council and provide technical and/or administrative support to the Tatak Pinoy Council Secretariat.

SECTION 12. *Information Dissemination and Awareness Campaign.* – To ensure broad buy-in and acceptance, the Council, in coordination with the Philippine Information Agency (PIA), shall ensure that the goals and objectives of the TPS are communicated through a nationwide information dissemination and awareness campaign. A parallel effort to communicate the TPS in an appropriate and effective manner to the rest of the world shall be undertaken.

SECTION 13. *Implementing Rules and Regulations.* – A committee composed of one (1) representative each from the National Economic and Development Authority (NEDA), the Department of Finance (DOF), the Department of Trade and Industry (DTI), the Department of Budget and Management (DBM), the Department of Agriculture (DA), Department of Education (DepEd), Department of Information and Communications Technology (DICT), Department of Labor and Employment (DOLE), Department of Public Works and Highways (DPWH), Department of Science and Technology (DOST), Department of Tourism (DOT), the Technical Education and Skills Development Authority (TESDA), the Commission on Higher Education (CHED), and two (2) private sector representatives shall, within sixty (60) days from the effectivity of this Act, formulate and prescribe, after public hearing/s and publication, as required by law, the implementing rules and regulations including, among others, the criteria and guidelines for evaluation of bid proposals, list of fiscal and non-fiscal Incentives and arrangements that the Government may provide for projects, in order to carry out the provisions of this Act in the most expeditious manner.

This committee shall be headed by the NEDA representative, as the Chairperson, with the DTI and DOF representatives serving as vice-Chairpersons. The Committee may conduct, formulate, and prescribe after due public hearing/s and publication, amendments to the implementing rules and regulations, consistent with the provisions of this Act.

The non-promulgation of the rules and regulations provided under this section shall not prevent the immediate implementation of this Act upon effectivity.

SECTION 14. *Appropriations.* – The funds necessary to carry out the initial implementation of this Act shall be charged against available appropriations of the agencies concerned, subject to existing budgeting, accounting, and auditing laws, rules, and regulations. The appropriations necessary for the continued implementation of this Act in succeeding years shall be prepared in accordance with regular government budget procedures and shall be included in the budgets of the concerned NGAs under the annual General Appropriations Act.

SECTION 15. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SECTION 16. *Repealing Clause.* – All laws, decrees, orders, rules, and regulations or parts thereof inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SECTION 17. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,