



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Twentieth Congress
First Regular Session

HOUSE BILL NO. 5576

**Introduced by Representatives Ferdinand Martin G. Romualdez,
Yedda Marie K. Romualdez, Andrew Julian K. Romualdez
and Jude A. Acidre**

AN ACT
ESTABLISHING A NATIONAL SUPPLIER DEVELOPMENT
PROGRAM TO STRENGTHEN MSME PARTICIPATION IN
DOMESTIC AND GLOBAL VALUE CHAINS, CREATING A SUPPLIER
DEVELOPMENT FUND, AND PROVIDING INCENTIVES TO ANCHOR
FIRMS IN SUPPORT OF THE TATAK PINOY STRATEGY

EXPLANATORY NOTE

Micro, Small, and Medium Enterprises (MSMEs) make up 99.5% of all businesses in the Philippines and generate over 60% of jobs nationwide. Despite this, many MSMEs remain trapped in low-value segments of the economy, with limited access to capital, markets, and opportunities to scale up or move up the value chain.

This bill seeks to accelerate the development of globally competitive MSMEs by establishing a National Supplier Development Program, which will enable high-potential local enterprises to become qualified suppliers to large domestic and multinational corporations. By equipping MSMEs to meet the quality standards, certifications, and technical requirements of "anchor firms," the

measure opens doors to long-term contracts, higher-value production, and participation in global value chains.

To support this goal, the bill proposes the creation of a National Supplier Development Fund that will co-finance technology upgrades, workforce training, and certification processes for MSMEs endorsed by participating anchor firms. It also provides targeted fiscal incentives for anchor firms that invest in the training and development of MSME suppliers and successfully integrate them into their supply chains.

The measure further mandates the development of a Digital Supplier Matchmaking Platform, where large firms can publish supply requirements and identify qualified MSMEs, while local enterprises can access information, submit proposals, and connect with prospective customers in a transparent and accessible manner.

This proposed legislation is aligned with Republic Act No. 11981, or the Tatak Pinoy Act, and seeks to operationalize its goals by strengthening the linkages between MSMEs and industrial clusters prioritized by the Tatak Pinoy Strategy.

By fostering inclusive supply chain development, promoting technology transfer, and enabling MSMEs to move up the value ladder, this measure will strengthen their competitiveness, create more sustainable jobs, and contribute to broader national economic growth.

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



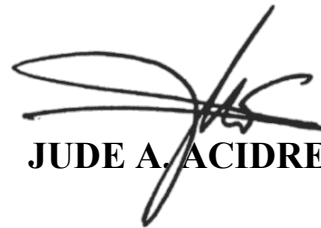
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*Be it enacted by the Senate and House of Representatives of the Philippines
in Congress assembled:*

SECTION 1. *Short Title.* – This Act shall be known as the “Philippine Global Value Chain (GVC) Integration Act.”

SEC. 2. *Declaration of Policy.* – It is the declared policy of the State to enhance the competitiveness, sophistication, and diversity of the Philippine economy. In line with the objectives of Republic Act No. 11981, or the “Tatak Pinoy (Proudly Filipino) Act,” the State shall establish a national program to accelerate the integration of local Micro, Small, and Medium Enterprises (MSMEs) into the supply chains of large domestic and multinational corporations, thereby fostering

technology transfer, productivity growth, and deeper participation in the global economy.

SEC. 3. *The National Supplier Development Program.* – There is hereby established a National Supplier Development Program, hereinafter referred to as the “Program,” which shall be a priority initiative under the Tatak Pinoy Strategy. The Program shall be led by the Department of Trade and Industry (DTI) in coordination with the Board of Investments (BOI) and shall aim to increase the quantity and quality of local MSMEs serving as suppliers to large “anchor firms” in priority industrial clusters identified by the Tatak Pinoy Council.

SEC. 4. *National Supplier Development Fund.* – There is hereby created a National Supplier Development Fund, hereinafter referred to as the "Fund," to be administered by the DTI. The Fund shall operate on a co-financing basis to support the upgrading of potential MSMe suppliers.

- a) Eligibility. - An MSME may access the Fund if it is endorsed by a large anchor firm that has identified the MSME as a potential supplier and is willing to co- finance its upgrading program aimed at enhancing its technological adoption, operational efficiency, and standards compliance.
- b) Use of Funds. - The Fund shall provide grants to cover up to fifty percent (50%) of the cost of:
 - i. Acquiring new machinery and technology to meet the anchor firm's technical specifications and enhance production complexity.
 - ii. Securing necessary quality, environmental, and process certifications (e.g., ISO 9001, IATF 16949, ISO 14001).
 - iii. Training of personnel in specialized technical skills, quality control, and production management required by the anchor firm.

- c) **Anchor Firm Contribution:** The endorsing anchor firm shall contribute at least twenty-five percent (25%) of the total project cost, which may be in the form of cash or in-kind contributions such as technical supervision, training, equipment loans, or technology licensing. The remaining project cost shall be shouldered by the MSME.

SEC. 5. *GVC Linkage Incentives for Anchor Firms.* – A large anchor firm that successfully integrates a new local MSME into its direct supply chain for at least two (2) consecutive years, with verifiable evidence of technology transfer or skills development, shall be entitled to an additional tax deduction equivalent to one hundred fifty percent (150%) of the total cost of training and technology transfer expenses provided to that MSME. The BOI, in coordination with the DTI, shall issue the guidelines for availing this incentive, consistent with the Tatak Pinoy Strategy.

SEC. 6. *Digital Supplier Matchmaking Platform.* – The DTI shall develop, operate, and maintain a national “Tatak Pinoy Suppliers” Digital Matchmaking Platform. This platform shall:

- a) Allow large anchor firms to post their specific supply requirements, technical specifications, and quality standards for products and services.
- b) Feature a searchable database of pre-screened and pre-qualified local MSMEs, including their capabilities, certifications, and track record.
- c) Facilitate initial contact, business matching, and the monitoring of potential and ongoing partnership projects under the Program.

SEC. 7. *Alignment with the Tatak Pinoy Council.* – The DTI, as the lead implementing agency of this Act and as Chair of the Tatak Pinoy Council, shall ensure that the implementation of the National Supplier Development Program is fully aligned with the Tatak Pinoy Strategy. The DTI shall submit an annual

report to the Tatak Pinoy Council on the progress, outcomes, and impact of the Program.

SEC. 8. *Appropriations.* – The amount necessary to implement the provisions of this Act shall be charged against the current year's appropriations of the Department of Trade and Industry (DTI) and the Board of Investments (BOI). Thereafter, such amounts as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act (GAA).

An initial amount of One Billion Pesos (P1,000,000,000.00) shall be allocated for the establishment and operationalization of the National Supplier Development Fund, which shall be administered by the DTI in accordance with the guidelines set under this Act and its implementing rules and regulations.

The DTI is authorized to realign available funds from its existing programs and to receive grants, donations, or counterpart funding from public or private entities, domestic or international, to support the implementation of the National Supplier Development Program.

SEC. 9. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Trade and Industry, in consultation with the Board of Investments (BOI) and the Tatak Pinoy Council, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 11. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,