

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

TWENTIETH CONGRESS  
First Regular Session

HOUSE BILL NO. 6599



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Introduced by **HON. BRIAN RAYMUND S. YAMSUAN**

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**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**

Article XII of the 1987 Constitution mandates the State to promote 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. In line with this, the Tatak Pinoy Act was enacted to diversify the productive capabilities of domestic enterprises and increase the country's economic complexity.<sup>1</sup>

In 2023, there were more than 1 million MSME establishments in the country and these enterprises contributed around 25% of total export revenue and 40% of the country's GDP.<sup>2</sup> MSMEs are distributed among several industries, including wholesale and retail trade, accommodation and food services, manufacturing, and financial and insurance activities. However, Filipino MSMEs remain weakly integrated into domestic and international supply chains.

A survey by the Bangko Sentral ng Pilipinas found that key challenges faced by MSMEs include access to finance, securing permits and licenses, cost of utilities and

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<sup>1</sup> Republic Act No. 11981, Sec. 5.


<sup>2</sup> Cacnio, Faith. (2025). MSMEs: Pillars of Inclusive Growth and Resilience in the Philippine Economy. Available at [https://www.bsp.gov.ph/Inclusive%20Finance/EFLP/EFLP\\_MSMEs\\_01a.pdf](https://www.bsp.gov.ph/Inclusive%20Finance/EFLP/EFLP_MSMEs_01a.pdf).

labor, talent retention, and market access. MSMEs are therefore confined to low-value segments and informal, short-term contracts, while large firms often rely on imported inputs and foreign suppliers.

In the 2<sup>nd</sup> District of Parañaque, through our livelihood initiatives such as *Dagdag Puhunan Para sa Kabuhayan* and *Bigay Negosyo*, we have seen the rise of individuals starting their own businesses. However, they still face the hurdle of further growing and expanding these ventures.

This proposed measure aims to address the limited access of MSMEs to the supply chains of larger domestic and international corporations by creating the National Supplier Development Program. This program seeks to increase the number of MSMEs who can serve as suppliers to firms in priority industrial clusters. The bill also creates a fund that will operate on a co-financing basis, to enable MSMEs to acquire new machinery and technology, secure necessary certifications, and train personnel in specialized skills.

In view of the foregoing, the approval of this measure is earnestly sought.

  
**BRIAN RAYMUND S. YAMSUAN**  
*Representative*  
2<sup>nd</sup> District of Parañaque

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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 “National Supplier Development Program for MSMEs Act”.

**SECTION. 2. Declaration of Policy.** – It is hereby declared the policy of the State to promote 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 further recognizes that Micro, Small, and Medium Enterprises must be meaningfully integrated into the country’s value chains. Towards this end, the State shall establish a program that strengthens the capacity of MSMEs to become reliable suppliers to anchor firms.

**SECTION 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.

**SECTION 4. National Supplier Development Fund.** – There is hereby created 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.
  - 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.

**SECTION 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.

**SECTION 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.

**SECTION 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.

**SECTION 8. Appropriations.** – The amount necessary to implement the provisions of this Act shall be charged against the current year’s appropriations of the DTI and the 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.

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

**SECTION. 10. Separability Clause.** – If any part or provision of this Act is held invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

**SECTION. 11. Repealing Clause.** – All laws, decrees, orders, rules, and regulations, and other issuances or parts thereof which are contrary to or inconsistent with this Act are hereby repealed, amended, or modified accordingly.

**SECTION. 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,*