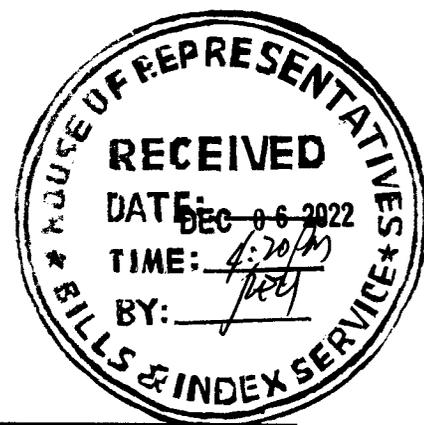


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6544



Introduced by: REPRESENTATIVE ARNULF BRYAN "ARNIE" B. FUENTEBELLA

EXPLANATORY NOTE

According to the Philippine Statistics Authority, the poverty incidence¹ in 2021 is at 18.1%.² This means that around 19.99 million Filipinos lived below the poverty threshold. Further, among Filipinos in 2021, around 6.55 million are considered food poor.³ ⁴ In Southeast Asia, 4.7 million more people were pushed into extreme poverty⁵ by the COVID 19 pandemic.⁶

With the continuing poverty in the country, and as we strive to recover from the pandemic, it is important the government focuses on inclusive measures which benefit even the most marginalized members of society.

This proposed bill promoting inclusive business seeks to create an enabling environment for government and businesses to adopt inclusive business models in their entire operations, focusing on key processes in their supply chains, especially processes seeking to increase the participation and benefit of women small scale producers and foster their economic empowerment. As a starting framework, we consider the definition provided by the G20 Framework on IB:

"A private sector approach to providing goods, services and livelihoods on a **commercially viable** basis, either at scale or **scalable**, to people at the **base of the pyramid** by making them part of the value chain of companies' **core business** as suppliers, distributors, retailers or customers."⁷

An inclusive business views these communities as business partners, not beneficiaries, setting the stage for sustainable collaboration that benefits both.⁸ On the business end, inclusive business not only widens the pool of talents and workers that can be tapped by companies to supply products, but also opens up a potential new market for goods and services. This proposed

¹ Poverty incidence is the proportion of families/individuals with per capita income/expenditure less than the per capita poverty threshold to the total number of families/individuals. The poverty threshold is about PhP12,030 per month for a family of five.

² Philippine Statistics Authority, *Proportion of Poor Filipinos was Recorded at 18.1 Percent in 2021*, 15 August 2022, available at <https://psa.gov.ph/content/proportion-poor-filipinos-was-recorded-181-percent-2021>

³ Filipinos whose income is not enough to meet even just the basic food needs. It was estimated that a family of five needs at least PhP 8,379 per month to meet their basic food requirements. This is also called subsistence incidence proportion of families/individuals with per capita income/expenditure less than the per capita food threshold to the total number of families/ individuals.

⁴ Supra at note 2.

⁵ This is defined by the Asian Development Bank as those living on less than \$1.90 per day. (Asian Development Bank, *Southeast Asia Rising from the Pandemic*, March 2022, available at <https://www.adb.org/sites/default/files/publication/779416/southeast-asia-rising-pandemic.pdf>)

⁶ Asian Development Bank, *Southeast Asia Rising from the Pandemic*, March 2022, available at <https://www.adb.org/sites/default/files/publication/779416/southeast-asia-rising-pandemic.pdf>

⁷ G20 Development Working Group, G20 Inclusive Business Framework, available at <http://www.g20.org.tr/wp-content/uploads/2015/11/G20-Inclusive-Business-Framework.pdf>

⁸ Asia-Pacific Economic Cooperation, *APEC Women as Prime Movers of Inclusive Business*, November 2017, available at https://www.apec.org/docs/default-source/publications/2017/12/apec-women-as-prime-movers-of-inclusive-business/217_ppwe_apec-women-as-prime-movers-of-inclusive-business.pdf?sfvrsn=7a9cebc2_1

bill seeks to refocus the traditional business model to integrate low-income communities in its business operations and as part of its value chain.

By the enactment of an Act Promoting Inclusive Business (IB), IB models can provide an opportunity for poverty reduction through the deliberate engagement, sourcing, and integration of the people in Base of the Economic Pyramid (BOP)⁹ and the marginalized, especially women, in businesses by providing curated economic opportunities and committing to streamlining and aligning available government services.

The government's duty to include the BOPs in the value chain is pursuant to Article II, Section 9 of the 1987 Constitution which provides that "[t]he State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that will provide adequate social services, promote full employment, and a rising standard of living, and can improve quality of life for all." It also contributes to the achievement of Sustainable Development Goal (SDG) 1 to "[e]nd poverty in all its forms everywhere."

Moreover, Section 20, Article II of the same states that "[t]he State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."

The Philippines has proactively advanced and has led multi-partite discussions in setting policy direction toward the adoption of the IB agenda since 2013.¹⁰ In fact, it was during the Philippines' chairmanship of the ASEAN in 2017 that the ASEAN Inclusive Business Framework was finalized.¹¹ The Philippines, through the Board of Investments (BOI), also created the Inclusive Business Program Management Office (IB PMO) to pilot Inclusive Business models in the agribusiness and tourism sectors, which are the preferred areas for the 2017-2019 Incentives Priorities Plan (IPP) and the 2020 Investment Priorities plan.¹²

At present, inclusive business models in the agribusiness and tourism sectors are still included in the Tier I list of priority areas of the government's 2022 Strategic Investment Priority Plans.¹³ While this shows the government's recognition of the potential of IB models, the issues raised for writing a new law include the perceived narrow scope of these programs, such that the IB program does not have the authority to call on the other agencies to enable it to effectively pursue and create an enabling policy environment for Inclusive Business models. There is a need to facilitate a whole-of-government approach to provide targeted support towards the BOP from which IBs source/supply goods and services supporting Inclusive Businesses, and to encourage the private sector to commit to adopting Inclusive Business models assured of harmonized/aligned government intervention and support.

⁹ Association of Southeast Asian Nations, *Guidelines for the Promotion of Inclusive Business in ASEAN*, September 2020, available at <https://asean.org/wp-content/uploads/2021/09/6.-ASEAN-IB-Promotion-Guidelines-Endorsed-at-the-52nd-AEM.pdf>

According to the Guidelines for the Promotion of Inclusive Business in ASEAN: "The international income threshold for BoP is defined as 8.44 USD per capita a day (PPP 2010), encompassing the poor (lowest – 2.97 USD) and low-income (2.98 – 8.44 USD) market segment. However, to take into account regionality and the economic heterogeneity of ASEAN Member States (AMS), the BoP could be better viewed as the population encompassing the base 40% (B40), 50% (B50) or up to 60% (B60) of the income pyramid in the respective AMS. This approach would lead to country specific BoP income thresholds and definitions of the target market for IB."

¹⁰ Department of Trade and Industry, PH hosts first ASEAN Inclusive Business Summit, 2017, available at <https://www.dti.gov.ph/asean/inclusive-business/ph-hosts-first-asean-inclusive-business-summit/>

¹¹ Association of Southeast Asian Nations, ASEAN Inclusive Business Framework, 2017, available at <https://asean.org/wp-content/uploads/2012/05/ASEAN-Inclusive-Business-Framework.pdf>

¹² Memorandum Order No. 50, 2020 IPP, available at <https://www.officialgazette.gov.ph/downloads/2020/11nov/20201118-MO-50-RRD.pdf>

¹³ Memorandum Order No. 61, 2022 Strategic IPP, available at <https://www.officialgazette.gov.ph/downloads/2022/05may/20220524-MO-61-RRD.pdf>

Furthermore, businesses stand to gain from women's progress¹⁴. Closing the gender gap in the global economy could increase global GDP by \$28 trillion by 2025.¹⁵ Inclusive business models has vast potential in economically empowering women and in bringing positive changes into their lives.¹⁶

The specific inclusion of women small scale producers and women's economic empowerment is also aligned with the Implementing Rules and Regulations (IRR) of the Magna Carta of Women particularly in Section 26 which protects and promotes women's right to livelihood, credit, capital and technology: "[a]ll possible assistance shall be provided to women including returning women migrants in their pursuit of owning, operating and managing business enterprises towards the promotion of their economic rights and independence. Assistance shall focus on the availability of the following: credit, training and technology, information, packaging and marketing, and social protection." It also contributes to the achievement of Sustainable Development Goal (SDG) 5 on Gender Equality, specifically - "[u]ndertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws."

IB is differentiated from Social Enterprise (SE), wherein the first pertains to large scale corporations and seeks to transform the traditional business model to integrate low-income communities in its business operations and as part of its value chain, through employment, distribution, retail, supply, as customers, or through development of the community. On the other hand, SE is focused on the social impact generated by intervention/capital infusion of the business, and in turn can be part of the value chain of an IB Project, as either a distributor, retailer or supplier.

This bill seeks to eradicate barriers to participation and construct an empowering environment for government and businesses to adopt IB models, especially processes that strive to increase and foster the involvement and benefit of women small scale producers. This measure further aims to enhance the MSMEs in their productivity and potential to proactively engage with Inclusive Business Companies. The incentivization provided under this bill ensures the heightening of productivity, the enhancing of the access to affordable and quality goods and services, the spawning of new and higher income and livelihood for the poor and other marginalized sectors.

Towards this end, the State shall aim and direct an inclusive growth strategy that will stimulate and uphold the development of a vigorous and flourishing inclusive business sector in the country.

It is, therefore, imperative that the continuation of an Inclusive Business private sector approach be given the imprimatur of the State, and the full support of all its agencies.

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

¹⁴ Katrin Elborgh-Woytek et al., Women, Work, and the Economy: Macroeconomic Gains From Gender Equity, December 1, 2013, available at <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Women-Work-and-the-Economy-Macroeconomic-Gains-from-Gender-Equity-40915>

¹⁵ McKinsey Global Institute, The Power of Parity: How Advancing Women's Equality Can Add \$12 Trillion to Global Growth, 2015, available at https://www.mckinsey.com/~media/mckinsey/industries/public%20and%20social%20sector/our%20insights/how%20advancing%20womens%20equality%20can%20add%2012%20trillion%20to%20global%20growth/mgi%20power%20of%20parity_full%20report_september%202015.pdf

¹⁶ Asian Development Bank, How inclusive is inclusive business for women?, 2016, available at <https://www.adb.org/publications/inclusive-business-women-asia-and-latin-america>



ARNULF BRYAN "ARNIE" B. FUENTEBELLA
Representative
Fourth District, Camarines Sur

1 **AN ACT TO PROMOTE WOMEN’S ECONOMIC EMPOWERMENT INCLUSIVE**
 2 **BUSINESS TO SUPPORT AND ACCELERATE INCLUSIVE DEVELOPMENT AT THE**
 3 **NATIONAL AND LOCAL LEVELS THROUGH PRIVATE SECTOR INVOLVEMENT**
 4

5 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
 6 *assembled:*
 7

8 **SECTION 1. Short Title.** – This Act shall be known as the “Inclusive Business
 9 Act.”
 10

11 **SECTION 2. Declaration of Policy.** – It is the policy of the State to create enabling
 12 policy and economic environments for inclusive business models to thrive and become
 13 the standard for doing business in the Philippines. Section 9 and 20, Article II of the 1987
 14 Constitution provide that it is the policy of “[t]he State to promote a just and dynamic social
 15 order that will ensure the prosperity and independence of the nation and free the people
 16 from poverty through policies that provide adequate social services, promote full
 17 employment, a rising standard of living, and an improved quality of life for all;” and “[t]he
 18 State recognizes the indispensable role of the private sector, encourages private
 19 enterprise, and provides incentives to needed investments.”
 20

21 Moreover, the State is one in promoting sustained, inclusive, and sustainable
 22 economic growth, full and productive employment and decent work for all women and
 23 men, and promoting inclusive and sustainable industrialization. A strong Inclusive
 24 Business sector can significantly and systematically contribute to the achievement of the
 25 country’s sustainable development goals, and the reduction of poverty on a significant,
 26 systemic and massive scale by involving and recognizing the role of those in the Base of
 27 the Pyramid and the marginalized in the value chain and capital continuum.
 28

29 The State recognizes the important role of the private sector in achieving inclusive
 30 growth and sustainable development in the country. By adopting Inclusive Business
 31 models, private sector companies can help build new markets, offer entry into emerging
 32 economies, contribute to spur innovation and develop technologies, , deepen
 33 investments in low income communities , enable and strengthen inclusive value chains
 34 through the integration of the products for and services of those in the base of the
 35 pyramid,, provide decent work, boost productivity and build capacity, enhance access to
 36 affordable and quality goods and services, and generate new and higher income and
 37 livelihood for the poor, particularly marginalized women.
 38

39 The State, likewise recognizes its role in facilitating an enabling business
 40 environment so that the private sector may adopt and promote Inclusive Business
 41 models. By incentivizing and ensuring ease of doing business for inclusive businesses,
 42 their capacity to employ and support groups and sectors at the base of the pyramid (BOP),
 43 and, consequently, the number of taxpayers are increased, with the end goal of promoting
 44 social justice through Inclusive Business models.
 45

46 Further, the State recognized in Section 2 of the Magna Carta of Women that the
 47 economic, political, and sociocultural realities affect women’s current condition, and
 48 affirmed the role of women in nation-building. It shall promote empowerment of women
 49 and pursue equal opportunities for women and men and ensure equal access to
 50 resources, support services, and to development results and outcome.
 51

52 Towards this end, the State shall pursue an inclusive growth strategy that supports
 53 and promotes the development of a vibrant inclusive business sector in the country.
 54

55 **SECTION 3. Definition of Terms.** – As used in this Act, the following terms shall
 56 mean:
 57

- 1 a. **Base of the Pyramid (BOP)** – refers to the segment of the economic pyramid
2 consisting of the poor and low-income households.
3
- 4 b. **Cooperative** - autonomous and duly registered association of persons, with a
5 common bond of interest, who have voluntarily joined together to achieve their
6 social, economic and cultural needs and aspirations by making equitable
7 contributions to the capital required, patronizing their products and services and
8 accepting a fair share of risks and benefits of the undertaking in accordance with
9 the universally accepted cooperative principles.
10
- 11 c. **Decent Work** - means productive work in which rights are protected, which
12 generates an adequate income, with adequate social protection. It also means
13 sufficient work, in the sense that all should have full access to income-earning
14 opportunities as defined by the International Labour Office (ILO) in the Report of
15 the Director-General: Decent Work during the 87th Geneva Session in June 1999.
16
- 17 d. **Enabling Business Environment** – set of policy, institutional, regulatory,
18 infrastructure, and cultural conditions that govern formal and informal business
19 activities. This includes the administration and enforcement of government policy,
20 and national and local institutional arrangements that affect the behavior of
21 relevant actors who, together, comprise the important players in inclusive
22 business.
23
- 24 e. **Inclusive Business (IB)** – a business model approach that provides decent work,
25 respects Constitutional provisions protecting workers, economic opportunities and
26 livelihood, or provides relevant and affordable goods or services, the marginalized
27 and to people at the base of the pyramid in general, wherein they are engaged as
28 consumers, workers, owners or business partners, and they integrated into the
29 value chain and core business operations of an IB Company; *Provided*, that the IB
30 Company renders direct contribution to improved living standards, poverty
31 reduction, and systematic inclusion in a manner that is financially viable,
32 sustainable, at scale or scalable, and replicable;
33
- 34 f. **Inclusive Business (IB) Community Partners** – poor/low income and/or
35 marginalized sectors that are part of the core business operations of an IB
36 Company, and are deriving social value from such participation. The term also
37 refers to social enterprises, cooperatives, non-government organizations, small
38 and medium enterprises, intermediary organizations and other community
39 partners that facilitate, aggregate and spend more for partnerships and linkages
40 between poor/low income and/or marginalized sector, IB communities, and an IB
41 Company.
42
- 43 g. **Inclusive Business (IB) Company** – a duly registered, commercially viable, for-
44 profit company that integrates an IB model or approach in its core business
45 operations, and likewise includes existing companies already practicing an
46 Inclusive Business model. However, in order to obtain the benefits, incentives and
47 support provisions, an IB Company needs to undergo Registration or
48 Accreditation, as may be provided under this law;
49
- 50 h. **Inclusive Business (IB) Project** – the part of the core business operation of an IB
51 company where the IB model or approach is applied;
52 1. **Registered Project** – upon approval of application by an accredited IB
53 Company to receive incentives, as provided by the Board of Investments
54 (BOI); or
55 2. **Accredited Project** – the act of application by an IB Company for the use of
56 the IB Logo and Branding, inclusion into the IB Registry and other non-fiscal
57 incentives.

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- i. Innovation - new or improved product or business process (or combination thereof) that differs significantly from the firm's previous products or business processes and that has been introduced on the market or brought into use by the company.
 - j. Low-Income – Households whose income fall between the poverty threshold and twice the poverty threshold as defined by the National Economic and Development Authority;
 - k. Marginalized – The basic, disadvantaged, or vulnerable persons or groups who are mostly living in poverty and have little or no access to land and other resources, basic social and economic services such as health care, education, water and sanitation, employment and livelihood opportunities, housing, social security, physical infrastructure, and the justice system, as defined under Republic Act 9710, otherwise known as the “Magna Carta of Women”
 - l. Performance-based Incentives – include both monetary and non-monetary incentives to encourage performance and contribution to the accomplishment of the project.
 - m. Poor – Individuals and households whose income fall below the poverty threshold as defined by the National Economic and Development Authority (NEDA), and/or cannot afford in a sustained manner to provide their minimum basic needs for food, health, education, housing and other essential amenities in life, as defined under Republic Act No. 8425, otherwise known as the “Social Reform and Poverty Alleviation Act.” In determining who constitutes the poor, the Multidimensional Poverty Index determined by the Philippine Statistics Authority (PSA) shall be considered, as provided by Republic Act No. 11291, otherwise known as the “Magna Carta of the Poor;”
 - n. Scale - ability for efficient growth of the business, where gains outweigh losses as the business adopts more efficient processes.
 - o. Social Enterprise – a private sector or non-government organization that primarily pursues social value and uses business approaches and innovations to do so.
 - p. Small scale producers - Include subsistence farmers, cottage industries, and other micro enterprises as defined under the Magna Carta for Micro, Small and Medium Enterprises (MSMEs).
 - q. Social Value – the increase in the welfare of a society, or identified sectors of society, that is derived from a particular course of action or activity;

Small scale producers - There is currently no internationally accepted definition of small-scale producers. In the Philippines context, small scale producers include subsistence farmers, cottage industries, and other micro enterprises as defined under the Magna Carta for Micro, Small and Medium Enterprises (MSMEs).
 - r. Value chain - value-adding economic activities where a business is interlinked with the process of producing goods and/or services to serve its chosen market, and not extend to the business operations. A value chain consists of, but is not limited to, the following:
 - 1. Raw materials processing;
 - 2. Inbound distribution or logistics;
 - 3. Manufacturing operations;
 - 4. Outbound distribution or logistics;

- 1 5. Marketing and selling; and
- 2 6. After sales service.

3
4 These activities are supported by purchasing or procurement, research and
5 development, human resources development, and organizational development.

- 6
7 s. Women small-scale producers – refers to women working or engaged as a small-
8 scale producer.
- 9
10 t. Women in the value chain – refers to women engaged in the value chain, in
11 whatever capacity.

12
13 **CREATION OF A COORDINATING COUNCIL AND**
14 **ESTABLISHMENT OF NATIONAL ACTION PLAN AND STRATEGY FOR INCLUSIVE**
15 **BUSINESS (NAPSIB)**

16
17 **SECTION 4. Creation of the National Inclusive Business Coordinating**
18 **Council** – There is hereby created the National Inclusive Business Coordinating Council
19 which shall be determined by DTI. The coordinating council shall be created to formulate
20 and spearhead the implementation of the National Action Plan and Strategy for Inclusive
21 Business (NAPSIB).

22
23 **SECTION 5. Composition.** – The members of the coordinating council shall be
24 the following offices:

- 25 a. Chairperson: Secretary of the Department of Trade and Industry
- 26 b. Permanent Members are the following:
 - 27 1. Secretary of Interior and Local Government;
 - 28 2. Secretary of Agriculture;
 - 29 3. Secretary of Labor and Employment;
 - 30 4. Secretary of Social Welfare and Development;
 - 31 5. Secretary of Socio-Economic Planning;
 - 32 6. Secretary of Budget and Management;
 - 33 7. Chair of Philippine Commission on Women;
 - 34 8. Administrator of the Cooperative Development Authority;
 - 35 9. Chair of the National Commission on Indigenous Peoples;
 - 36 10. Chair of the National Anti-Poverty Commission;
 - 37 11. Three representatives from the private sector, which shall be
38 determined through a private-sector led initiative designed to
39 support IB, further provided that there should be at least one female
40 representative
 - 41 12. One representative from women small scale producers' group

42
43 **SECTION 6. Other Members and Assistance.** – The coordinating council shall
44 call upon other relevant agencies to provide assistance and resource on matters
45 depending on the sector and issue needed to be resolved. This includes NGAs and
46 representatives from the private and non-government development sector. Gender parity
47 in the composition of the coordinating council is highly encouraged.

48
49 **SECTION 7. Partnership with National Councils, Technical Working Groups,**
50 **Local Government Units (LGUs), Private Sector Organizations, and Civil Society**
51 **Organizations.** – The coordinating council shall partner with the Micro, Small and
52 Medium Enterprise Development Council, other National Councils, such as the National
53 Competitive Council, National Convergence Council, Ease of Doing Business and Anti-
54 Red Tape Advisory Council, and National Innovation Council, Technical Working Groups,
55 LGUs, private sector organizations, and civil society organizations, particularly those
56 directly involved with IB community partners, IB companies, and women rights

1 organizations, in the formulation, development, implementation, monitoring, and
2 evaluation of the NAPSIB.

3
4 **SECTION 8. Commitment of Member Agencies to the National Action Plan**
5 **and Strategy for Inclusive Business.** Each member of the coordinating council shall
6 align their programs, plans and strategies to ensure that the NAPSIB is fully implemented,
7 anchoring on similar objectives of promoting Ease of Doing Business and Efficient
8 Government Service Delivery, as provided in Republic Act 11032, or otherwise known as
9 “Ease of Doing Business and Efficient Government Service Delivery Act of 2018.”

10
11 **SECTION 9. Organizing and Staffing Pattern for the Secretariat.** – The
12 Chairperson of the coordinating council shall prescribe and approve the organization and
13 staffing of the coordinating council secretariat in consultation with the Department of
14 Budget and Management (DBM). Gender parity in the composition of the organization
15 staffing is highly encouraged.

16
17 **SECTION 10. Powers and Functions of the coordinating council.** – The
18 coordinating council shall be the lead coordinating office and shall be responsible for the
19 formulation, development and implementation of the NAPSIB. The coordinating council
20 shall be tasked to do the following:

- 21
22 a. Draft, formulate and implement the NAPSIB, with a commitment to regularly
23 updating the same;
- 24
25 b. Monitor together with the partner entities in and assess the implementation of the
26 NAPSIB and regularly submit reports to the President and to Congress.
- 27
28 c. Ensure NAPSIB is aligned to and reflected in the Philippine Development Plan
29 (PDP).
- 30
31 d. Coordinate with national government agencies, local government units (LGUs),
32 LGU associations, technical working groups, national councils, IBs, IB community
33 partners, and other stakeholders, as provided for in Section 7 herein, in the
34 development and implementation of the NAPSIB and its component plans,
35 programs and projects;
- 36
37 e. Coordinate and align existing and relevant Roadmaps of the government towards
38 the objectives of the NAPSIB, with particular emphasis on the integration of women
39 small-scale producers and women in value chains;
- 40
41 f. Coordinate IB-related studies and researches as a basis for recommendation of
42 sectors, taking into account the recommendations related to integration and
43 concerns of women small scale producers and women in value chains, which will
44 be areas for particular focus of the implementation of the NAPSIB; *provided,*
45 *further,* that any recommendations made shall be presented to the coordinating
46 council for approval;
- 47
48 g. Provide business development, advisory, and facilitation services to IBs and IB
49 community partners, especially women small-scale producers and women in value
50 chains, in coordination with relevant agencies and LGUs;
- 51
52 h. Coordinate and provide a service lane for processing IB projects. This includes,
53 but is not limited to, providing advisory and facilitation services in the processing
54 of relevant government permits, licenses, and other requirements for the
55 implementation of IB projects. The coordinating council shall have the power to
56 direct specific agencies to attend to the bottlenecks and problems hindering the
57 implementation and effectiveness of IB projects;

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- i. Serve as the primary data source of IB issues and challenges that need to be addressed to encourage broad participation and adoption by the private sector, especially issues of women small-scale producers and women in value chains;
 - j. Coordinate and direct information, advisory, and training services for government agencies and institutions to enhance their understanding of and capacity to support IBs and IB community partners, especially women producers and women in small value chains, in the implementation of IB projects;
 - k. Coordinate with the Intellectual Property of the Philippines (IPO PH) in assisting IB Companies and IB Community Partners in getting patents, industrial designs, utility models, copyright, trademarks, and other forms of pursuing protection of their work and creation, provided that the Free, Prior and Informed Consent (FPIC) is obtained;
 - l. Provide technical assistance and support to agencies in the formulation of social value specifications in their procurement processes. The coordinating council shall partner with non-government, research, and training institutions for this;
 - m. Establish and implement the criteria, process and guidelines for the accreditation of IB models, and establish an Accreditation Committee for this purpose;
 - n. Establish and maintain an IB information registry;
 - o. Establish and implement an IB Award that would recognize outstanding IB Projects, IB Companies, and IB Community Partners;
 - p. Coordinate with donors, government financial institutions, commercial and rural banks, and social impact investors on financing mechanisms for IBs and IB community partners including but not limited to the creation of a risk reduction facility for IBs and IB community partners;
 - q. Initiate public-private partnerships to enhance the viability of IB projects in identified priority geographic areas or industries, taking into consideration the specific needs of women small-scale producers and women in value chains. The coordinating council may call on other relevant agencies and other government agencies for this purpose;
 - r. Design and manage a campaign or program inviting young professionals to work with IBs or IB community partners as community organizers and/or social entrepreneurs;
 - s. Recommend, on behalf of the President, to other government agencies and institutions various policies and programs to promote and support IBs;
 - t. Integrate and coordinate existing initiatives for potential target IB Community partners and IB Companies, such as the Rural Agro-Industrial Partnership for Inclusive Development and Growth (RAPID Growth) 2019, National Convergence Initiative, GREAT Women Project, Livelihood Seeding Program – Negosyo Serbisyo Sa Barangay (LSP-NSB), Project Convergence on Value Chain Enhancement for Rural Growth and Empowerment (ConVERGE), Balik Probinsya Program, Coconut Farmers and Industry Development Plan, the Sustainable and Livelihood Program (SLP), Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (Tupad), Supply and Value Chain Readiness Program through Cooperatives, and other initiatives, in order to provide assistance in developing the identified communities to be IB community partners. The

1 assistance shall include, but is not limited to, capacity building, technical, and
2 financial assistance.

- 3
- 4 u. Integrate and maximize the use of trade preferences, such as the European Union
5 Generalised Scheme of Preferences Plus (EU GSP+) and United States GSP, but
6 likewise ensure compliance with conditionalities provided, such as labor rights,
7 human rights, environmental rights, good governance, and the like.
- 8
- 9 v. Encourage the academe and research organizations to include IB in the curricula
10 of schools, and assist in developing processes and tools for program performance
11 assessments and IB social impact analysis; and
- 12
- 13 w. Through the Legislative Executive Development Advisory Council (LEDAC),
14 recommend to Congress legislation to promote and support IBs.
- 15
- 16 x. Through the PCW and in line with its Gender Equality and Women Empowerment
17 (GEWE) Plan, provide technical assistance to facilitate and increase compliance
18 of women small scale producers and women in value chains to business
19 regulatory frameworks and standards, institutionalize sex disaggregated data
20 collection and analysis for gender-responsive and evidence-based policymaking
21 and program development on IBs and for women small scale producers and
22 women in value chains, ensure and/or facilitate participation and representation of
23 women small-scale producers and women in value chains in trade or business
24 negotiations and develop and/or enhance the delivery of programs aimed at
25 increasing access of women small scale producers to social protection.
- 26
- 27 y. All other functions in the implementation of the law.
- 28

29 **SECTION 11. IB Accreditation Criteria.** – The coordinating council, in
30 consultation with resource persons from private sector industry groups, the academe, and
31 relevant social development institutions, particularly women’s rights organizations, shall
32 establish a system and criteria for accrediting IBs based on their IB model and project.
33 Accreditation of IBs may consider, but is not limited, to the following criteria to be
34 developed further by the coordinating council:

35

36 a. Social Value:

- 37 1. Reach – The IB project of the company must reach or target to reach
38 poor/low income or marginalized populations at scale, particularly
39 marginalized women.
- 40 2. Depth – The IB project of the company must lead to measurable
41 improvements in the quality of life for poor/low income or marginalized
42 populations, particularly marginalized women, through income generation
43 or access to relevant and affordable services and products.
- 44 3. Systemic Impact – The IB project of the company must address relevant
45 poverty dimensions and provide a systemic contribution to poverty
46 reduction and social inclusion.

47 b. Innovation and Sustainability:

- 48 1. Innovation – The IB project of the company must include innovative features
49 that lead to improvements in areas such as but not limited to, profitability,
50 governance, social value, social equity, gender equality, and environmental
51 sustainability. The company is also encouraged to exhibit innovation
52 through the following, but not limited to, provisions of technical
53 assistance/capacity building to the IB community partners that increases
54 productivity and/or quality of products and access to markets; and
55 facilitation of access to finance either directly or provides linkages to
56 sources of financing through a third party.

- 1 2. Financial viability of the company – The company that adopts the IB model
2 must be financially viable; provided the application of a sustainable finance
3 framework shall be considered in IB Awards;
- 4 3. Financial viability of the company’s IB model – The IB project of the
5 company must contribute substantially towards the financial viability of the
6 company with positive returns on investment.
7

8 The coordinating council Accreditation Committee shall propose for approval the
9 specific percentage weight and measurable indicators to be assigned to each
10 accreditation criterion, as well as any additional criteria. Criteria weights and indicators
11 shall be established on a per industry basis subject to approval; *Provided that*, the final
12 criteria approved for each industry shall be applied consistently to all applicants from the
13 same industry without exceptions; *Provided further that*, the Accreditation Committee
14 shall only set a criteria weight and indicator based on the criteria provided in this Act. The
15 Accreditation Council will likewise determine the parameters of scale, depth and impact
16 per industry.
17

18 **SECTION 12. IB Accreditation Process** – The accreditation process shall involve
19 the following steps, in accordance with guidelines to be established by the coordinating
20 council.
21

- 22 a. Submission to Accreditation Committee of the completed application form,
23 business plan, and required supporting documentation by the company;
- 24 b. Initial interview and review of company documentation by the Accreditation
25 Committee;
- 26 c. Site visit by Accreditation Committee to validate the social and environmental
27 acceptability and objectives as described in the company’s application and
28 business plan;
- 29 d. Evaluation and recommendation by the Accreditation Committee to the DTI
30 Executive Committee (ExeCom);
- 31 e. The DTI ExeCom decision to approve or disapprove company’s accreditation;
- 32 f. Accreditation for approved applications;
- 33 g. Regular monitoring and assessment;
- 34 h. Renewal of accreditation and continuation of project; and
- 35 i. End of project impact review and reporting.
36

37 Entities who have been granted an IB accreditation will be given a corresponding
38 Accreditation Number which must be displayed conspicuously alongside the IB Logo and
39 the validity period of their accreditation. Accredited IBs shall be subject to regular
40 monitoring, reporting and assessment to ensure that the company’s IB project is being
41 implemented according to the approved business plan and achieving approved social
42 value, innovation and sustainability target specifications. Failure to pass the regular
43 monitoring and assessment by the Accreditation Committee may lead to the revocation
44 of the IB’s accreditation. Motions for project extension will be considered on a per project
45 basis.
46

47 After a review by the Accreditation Committee, the IB Coordinating Council may
48 recognize and award outstanding IB Projects.
49

50 The Accreditation Committee must disclose to companies with disapproved
51 accreditation applications the reason/s for disapproval to enable said companies to
52 improve or change their business projects accordingly. Companies with disapproved
53 applications may reapply for IB accreditation subject to the guidelines provided by the
54 coordinating council.
55

56 Notwithstanding the eligibility of a company, the Accreditation Committee reserves
57 the right to review the qualifications of the company at any stage of the accreditation

1 process if the Committee has reasonable grounds to believe that a misrepresentation has
2 been made by the Company, or that there has been a change in the company's capability
3 to undertake the project from the time it submitted its completed application. Should such
4 review uncover any misrepresentation made in the application, statements or documents,
5 or any changes in the situation of the company which will affect the capability of the
6 company to undertake the project so that it fails the accreditation criteria, the Accreditation
7 Committee shall consider the Company as ineligible and shall disqualify it from obtaining
8 accreditation to use the IB logo and branding.
9

10 **SECTION 13. Use of IB Logo and Branding.** – Accredited IBs may affix the
11 Philippine IB logo on related packaging, letterheads, brochures, leaflets, and other forms
12 of information and communication collaterals, in various media outlets, with permission
13 from and subject to the policies and guidelines from the coordinating council; *Provided,*
14 *further,* that upon the end of the project the logo may not be used further, unless an
15 extension of the accreditation or registration has been granted; and *Provided, finally,* that
16 there is no finding by the coordinating council that the project has failed to pass the regular
17 monitoring and assessment. Furthermore, the display of the logo must indicate the
18 Accreditation Number and the validity period of their accreditation.
19

20 **SECTION 14. IB Information Registry.** – The coordinating council shall establish
21 and maintain an online public IB registry and database, which shall serve as the main
22 repository of information on IBs, IB community partners and potential IB Community
23 partners. The IB registry shall be disseminated nationwide; *provided, further,* that the
24 coordinating council shall call on the Department of Trade (DTI) Negosyo Centers to
25 promote ease of dissemination to LGUs and local communities. To facilitate collaboration
26 on potential and existing IB projects, the registry shall include information and status on
27 accredited IBs, IB community partners, and IB projects and potential IB Community
28 partners. It shall also include information on business development service providers,
29 financial service providers, and social impact investors specifically catering to IBs and IB
30 community partners.
31

32 **SECTION 15. Government Support for IB Community Partners.** – IB
33 Community Partners, which includes MSMEs, of accredited IBs shall be prioritized by
34 government agencies in the provision or distribution of relevant government support
35 programs and services that may improve or strengthen their capacity and resources to
36 effectively engage in the IB project. These government programs and services include,
37 but are not limited to, public infrastructure, shared service facilities, enterprise capacity
38 building and training support, technical assistance developing micro-equity finance and
39 business models, marketing assistance, value chain subsidy, business incubation and
40 technology transfer, business facilitation, support for marginalized women, and women's
41 economic empowerment. *Provided, further,* that potential and interested individuals
42 and/or organizations seeking to be IB Community Partners, shall likewise be capacitated
43 by NGAs and LGUs providing relevant assistance, trainings, support, and capacity
44 building. NGAs and LGUs may seek assistance with civil society organizations for
45 providing the same.
46

47 The coordinating council, through the IB registry, may assist companies, in the
48 process of matching with the proper community partner. The coordinating council may
49 likewise assist the community partner in accessing markets, especially IB Companies.
50

51 Toward this end, each member agency of the coordinating council shall formulate
52 and issue policies that shall facilitate these support programs and services, and
53 automatically provide information of the same to the IB Registry. It shall at the same time,
54 regularly update information on these support programs and services.
55

56 **SECTION 16. Incentives for Inclusive Business Projects.** – An IB Company or IB
57 Community Partner with an accredited IB Project may register to qualify for the following

1 enhanced deductions provided under Republic Act No. 11534 or CREATE, be entitled
2 therein the for five (5) consecutive years starting from the declared commencement date
3 of the IB project, as approved by the coordinating council, provided that:

- 4
- 5 a) Deduction for labor expense – The expenses incurred are for wages of persons
6 hired from the identified government databases, such as recipients of government
7 subsidy programs, or those living below poverty threshold, or benefitting 50%
8 women workers; provided, that the hiring is an incremental to the number of direct
9 labor. The additional deduction shall not include salaries, wages, benefits, and
10 other personnel costs incurred for managerial, administrative, indirect labor and
11 support services.
 - 12 b) Deduction for Training – The expenses incurred are for training, identified and
13 approved by the BOI given to persons hired and to be hired from identified
14 government databases, and the marginalized, and those in the BOP, and part of
15 IB community partners, especially those IB companies providing capacity building
16 needs of women small-scale producers and women in value chains.
 - 17 c) Deduction for Research and Development – The expenses are incurred for
18 research and development activities that are directly related to the IB Project,
19 especially in relation to issues involving women small-scale producers, identified
20 and approved by BOI. The Coordinating Council shall determine the parameters
21 of what is classified as a Research and Development Activity. *Provided, that,* the
22 maximum amount of expense for Research and Development to be claimed as
23 double deduction shall not be more than twenty percent (20%) of the authorized
24 capital stock of the said IB entity.
 - 25 d) In addition to these deductions, a registered IB Project may be allowed an
26 additional deduction from the taxable income of twenty-five percent (25%) of the
27 cost of goods, materials and logistics resources sourced from micro, small and
28 medium enterprises, community enterprises, social enterprises, especially from
29 women small-scale producers on the year the said expenses were incurred,
30 *Provided, that,* their expenses must be accompanied by official receipts in order
31 for the coordinating council to verify if they are eligible for an additional deduction
32

33 **SECTION 17. Financial and Loan Assistance from Government Banks** – Loan
34 assistance for the commercial production of a product of an IB Company or an IB
35 community partner for an IB Project, either locally or for export and duly registered or
36 accredited with the coordinating council Secretariat created under this Act, shall be
37 extended by government banks; provided that said IB Project meets the criteria and would
38 enhance the economy of the country and the community, provide technical capacity, or
39 generate regular and decent employment opportunities for the IB Community; *provided*
40 that the loans shall be guaranteed by the Small Business Guarantee and Finance
41 Corporation (SBGFC) and/or the IB Project.

42
43 The SBGFC shall offer its existing products, and further develop products to
44 encourage adoption of the IB model by both the IB Companies and Communities.

45
46 The coordinating council shall design and implement programs to provide access
47 to sustainable finance to IB Community Partners.

48
49 Furthermore, the assistance provided for in this Section shall be available to
50 potential IB Community Partners to aid in the development of their business provided that
51 they have undergone the advisory and facilitation services of the coordinating council and
52 provided further that there is a potential IB Project with an IB Company.

53
54 **SECTION 18. Government Agencies Assistance** – In order to facilitate the
55 granting of financial assistance by any government bank, all government agencies
56 concerned are required to extend all possible assistance, such as the use of its facilities

1 in the preparation of project feasibility studies and evaluations, and products to be
2 produced by the IB Company or IB Community Partner.
3

4 **SECTION 19. Penalties.** – (a) Any IB company in violation of the use of the IB
5 Logo and Branding, or Section 13 of this Act, shall be fined Fifty Thousand Pesos
6 (P50,000.00) for the first offense; One Hundred Thousand Pesos (P100,000.00) for the
7 second offense; Two Hundred Thousand Pesos (200,000.00) and blacklisted from
8 accreditation for the third offense, subject to the guidelines of the coordinating council;
9 *provided, further,* that a company neither registered nor accredited as an IB Company
10 shall be penalized under letter b of this section.
11

12 (b) Tampering, alteration, forgery, imitation of the IB Logo, misrepresentation
13 thereof, and any fraudulent use of the IB Logo shall be punished with a fine of not less
14 than One Hundred thousand pesos (P100,000.00) but not more than Two hundred
15 thousand pesos (P200,000.00) for each and every instance proven, without prejudice to
16 other penalties imposed by Republic Act No. 7394 or the “Consumer Act of the
17 Philippines;” *provided,* that the coordinating council is hereby empowered, after
18 publication, to increase or adjust the amount of the fines prescribed in this section once
19 every five (5) years in the amount not exceeding *ten per centum* (10%) of existing rates .
20

21 (c) Any IB company in violation of the rights of the community or any member
22 thereof shall be directly responsible for damages and blacklisted from accreditation
23 without prejudice to other remedies available under the law especially those enacted laws
24 protecting women and children as specified under the Republic Act No 9710 or the
25 “Magna Carta of Women.”
26

27 **SECTION 20. Monitoring, Evaluation, Review, and Assessment.** – The
28 coordinating council, in consultation with IB Companies, IB Community Partners, NGAs,
29 and LGUs concerned as necessary, shall regularly monitor, evaluate, review, and assess
30 the impact and effectiveness of the NAPSIB and the IB projects.
31

32 The coordinating council shall, likewise, submit to Congress a periodic review on
33 the implementation of this Act at the end of the third year from the date of its effectiveness
34 and every year thereafter.
35

36 **SECTION 21. Nationwide Public Information Campaign.** – The coordinating
37 council, in coordination with its member agencies, the Philippine Information Agency,
38 LGUs, private agencies, and relevant organizations shall undertake a sustained,
39 intensive, and targeted Information campaign to promote greater awareness and practice
40 of IB among key stakeholders, particularly large and medium-size companies operating
41 in priority industries and marginalized areas, and encourage the coordinated support of
42 relevant government agencies to IB investments.
43

44 **SECTION 22. Implementing Rules and Regulations.** – The coordinating council,
45 as led by the Department of Trade and Industry, in consultation with its members, shall
46 issue the rules and regulations necessary to implement the provisions of this Act ninety
47 (90) days from the effectivity of this Act.
48

49 **SECTION 23. Appropriations.** – The initial amount necessary for the
50 implementation of this Act shall be charged against the current appropriation of DTI;
51 *provided,* that the amount necessary for the continued implementation of this Act shall be
52 included in the annual General Appropriations Act.
53

54 **SECTION 24. Separability Clause.** – If any provision of this Act, or part hereof, is
55 held invalid or unconstitutional, the remainder of the law or provision not otherwise
56 affected shall remain valid and subsisting.
57

1 **SECTION 25. Repealing Clause.** – All provisions of laws, presidential decrees,
2 letters of instruction and other presidential issuances that are incompatible or inconsistent
3 with the provisions of this Act are hereby deemed amended or repealed.

4
5 **SECTION 26. Effectivity.** – This Act shall take effect within fifteen (15) days after
6 its publication in the Official Gazette or in a newspaper of general circulation.

7
8 Approved,
9
10