

19 May 2020

SENATOR IMEE R. MARCOS
Chairperson
Committee on Economic Affairs
Senate of the Philippines
Pasay City, Philippines

Dear **Senator Marcos**:

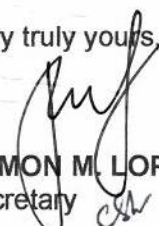
We are pleased to submit the Department's position on the following proposed legislations, entitled:

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| Senate Bill No. 1414 | "An Act Establishing the Emergency Response and Recovery Package to Counter the COVID-19 Pandemic also Entitled, "Pag-Asa: Alaga, Sustento, at Angat Sa Panahon ng COVID-19 Crisis" Package, and For Other Purposes" |
| Senate Bill No. 1417 | "An Act Appropriating the Sum of One Hundred Eight Billion Pesos (PhP108,000,000,000) for the 2020 Fiscal Stimulus Package to Address the Economic Impact of COVID-19" |
| Senate Bill No. 1431 | "An Act Establishing an Economic Recovery Package to Businesses in the Hardest Hit Sectors by the Coronavirus Disease 2019 (COVID-19), Appropriating Funds Therefor, and for Other Purposes" |
| Senate Bill No. 1449 | "An Act Appropriating the Sum of Three Hundred Seventy Billion Pesos (PhP370,000,000,000) for the 2020 Fiscal Stimulus Package to Address the Economic Impact of COVID-19" |
| Senate Bill No. 1474 | "An Act Providing an Economic Stimulus Strategy for the Effects of the Corona Virus Disease (COVID-19) and Appropriating Funds Therefor" |

This is without prejudice to the Department's submission of additional inputs.

With my best regards.

Very truly yours,


RAMON M. LOPEZ
Secretary



OFFICE OF THE SECRETARY

Draft DTI Position on

Senate Bill No. 1414	“An Act Establishing the Emergency Response and Recovery Package to Counter the COVID-19 Pandemic also Entitled, “Pag-Asa: Alaga, Sustento, at Angat Sa Panahon ng COVID-19 Crisis” Package, and For Other Purposes”
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Senate Bill No. 1431	“An Act Establishing an Economic Recovery Package to Businesses in the Hardest Hit Sectors by the Coronavirus Disease 2019 (COVID-19), Appropriating Funds Therefor, and for Other Purposes”
Senate Bill No. 1449	“An Act Appropriating the Sum of Three Hundred Seventy Billion Pesos (PhP370,000,000,000) for the 2020 Fiscal Stimulus Package to Address the Economic Impact of COVID-19”
Senate Bill No. 1474	“An Act Providing an Economic Stimulus Strategy for the Effects of the Corona Virus Disease (COVID-19) and Appropriating Funds Therefor”

The Department fully supports the overarching objective of the proposed legislations to institutionalize a fiscal stimulus package as a means to reactivate disrupted economic activities, reopen shuttered industries and enterprises, reemploy displaced workforces, and develop stronger mechanisms to manage and mitigate the impact of similar epidemics in the future.

Recognizing the severity of COVID-19's effects, the government has taken measures to contain the transmission of the virus starting with the imposition of enhanced community quarantine (ECQ) on Luzon beginning 16 March 2020 which was eventually extended in several areas until 15 May 2020 and will transition to modified ECQ and general community quarantine (GCQ) thereafter. With the pandemic's health and economic effects, Republic Act (RA) No. 11469 or the Bayanihan to Heal as One Act of 2020 was signed into law and granted the President additional authority to: (1) expedite the implementation of policies aimed at the mitigation and containment of the transmission of COVID-19; (2) mobilize assistance to those affected by the community quarantine; (3) prevent overburdening the health system; (4) provide healthcare to COVID-19 patients; (5) extend social amelioration programs and safety nets to affected sectors; (6) guarantee sufficiency and availability of funds; (7) form partnerships with the

private sector and other stakeholders; and (8) promote and protect the collective interest of all Filipinos.

However, RA No. 11469 is seen to serve only as an interim intervention while the country is in the early stages of addressing the COVID-19 pandemic and its effects.

Due to the pandemic, the Philippine economy's projected performance has been adjusted to grow by 3%¹ at best and even possibly contract by 0.8%² at worst. This becomes more pressing as the Philippine Statistics Authority's (PSA) latest national accounts report shows that the country's gross domestic product (GDP) contracted by 0.2% in the first quarter of 2020.³ With the ECQ covering most of the second quarter, this contraction may still be expected thus compelling government intervention to reverse this trend and possibly register positive growth for the full year.

In addition to this, businesses have faced numerous difficulties, including the overall slowdown in demand for goods and services, the halting of operations for those that were categorized to be non-essential during the ECQ period, and the necessary changes to their business plans post-ECQ.

Acknowledging the urgency of supporting enterprises to continue operations and provide employment, restoring business confidence, and stimulating the country's economy, the proposed stimulus package, which includes transitional, sectoral, and structural interventions guided by the principles of continuity, compensatory, capacity-building, and proportionality, is seen to appropriately support the country towards its recovery.

Relative to the stipulations of the proposed legislations, specifically those within the DTI's mandate, we submit our comments and recommendations:

¹ Philippine Inquirer: Amid COVID-19 pandemic, World Bank sees PH economy growing 3% at best, contracting 0.5% at worst in 2020, accessed at <https://business.inquirer.net/293778/amid-covid-19-pandemic-world-bank-sees-ph-economy-growing-3-at-best-contracting-0-5-at-worst-in-2020#ixzz6L342hp1f>

² Philippine Inquirer: Prolonged COVID-19 lockdown fallout: Zero or negative growth, says Dominguez, accessed at <https://business.inquirer.net/294443/prolonged-covid-19-lockdown-fallout-zero-or-negative-growth-says-dominguez>

³ Philippine Statistics Authority: GDP declines by 0.2 percent in the first quarter of 2020; the first contraction since fourth quarter of 1998, accessed at <https://psa.gov.ph/system/files/Press-Release-%20Q1%202020%20NAP.pdf>

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<p>Definition of Terms (Section 2 of SBN 1449 and Section 3 of SBN 1474).</p>	<p>Section XX. Definition of Terms. As used in this Act,</p> <p>(a) Business Entities refer to sole proprietorship duly registered with the Department of Trade and Industry (DTI), partnership duly registered with the Securities and Exchange Commission (SEC), corporation duly organized and existing under Philippine laws, foreign corporation duly licensed to do business in the Philippines, and cooperative governed by the Cooperative Code of the Philippines, as amended;</p> <p>(b) Community Quarantine (CQ) refers to the enhanced community quarantine imposed over the entire Luzon area under Presidential Proclamation No. 929 dated 16 March 2020, as well as other laws, presidential proclamations or executive orders that may be subsequently issued or promulgated for the purpose of containing the spread of COVID-19;</p> <p>(c) Critically-impacted businesses refer to essential and non-essential businesses that have been directly and adversely impacted by the COVID-19 outbreak such that (i) their liabilities have become more than their assets, or (ii) they have experienced at least a [50%] decline in gross receipts for at least one calendar quarter, and in either instance, are generally unable to pay or perform their obligations as they fall due in the ordinary course of business, as a result of the COVID-19 outbreak. For purposes of this Act, Critically-Impacted Business shall include the air transport industry, tourism industry, and globally-oriented firms that produce goods and render services for the export market or local market</p>	<ul style="list-style-type: none"> • The DTI is of the view that while essential businesses are allowed to operate during the Community Quarantine (CQ) period, there may be some that were, nevertheless, critically-impacted, per conditions specified, i.e., (i) their liabilities have become more than their assets, or (ii) they have experienced at least a [50%] decline in gross receipts for at least one calendar quarter, and in either instance, are generally unable to pay or perform their obligations as they fall due in the ordinary course of business, as a result of the COVID-19 outbreak. • With a clearer definition of critically-impacted businesses, the proposals' principles are inclusive and the interventions are encompassing. • The DTI suggests emphasizing the key role that startups will play in the resilience of enterprises, and the economy at large, in the post-COVID-19 era: <ul style="list-style-type: none"> ○ They can provide opportunities for employment, which is crucial to cushion the impact of COVID-19 on unemployment; ○ They will serve as an engine to the transformation process of our enterprises. As enterprises start to

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	<p>or both, but shall exclude banks and other financial institutions under the supervision of the Bangko Sentral ng Pilipinas (BSP);</p> <p>(d) Essential Businesses refer to business entities allowed to operate during CQ such as those related to (i) the production and sale of goods, or provision of services related to food, medicine, health supplies, such as public markets, supermarkets, groceries, convenience stores, hospitals, medical clinics, pharmacies, and drug stores, (ii) food preparation and delivery services, water refilling stations, manufacturing and processing plants of basic food products and medicines, (iii) banks and financial institutions under the supervision of the BSP, and (iv) utility services involving power, energy, water and telecommunications;</p> <p>(e) Non-essential business (NEB) refer to business entities engaged in businesses which are not allowed to operate during the CQ under applicable laws, presidential proclamations or executive orders issued or promulgated for the purpose of containing the spread of COVID-19;</p> <p>(f) Daily Wage Earners refers to workers or employees paid on the days they worked and on unworked regular holidays;</p> <p>(g) Fiscal Stimulus refers to any increase in government spending undertaken to support economic growth,</p>	<p>digitalize, the products, services, solutions, and technologies of innovative startups will be needed. A robust startup ecosystem shall support the transformation of our enterprises; and</p> <ul style="list-style-type: none"> ○ They have the capability to potentially offer new products and solutions that will be demanded by the new normal such as in health, transport, digital services, finance, among others.⁴ ● The new normal will affect the trends in behaviors of market actors across multiple sectors, thus innovation will be critical. Startups in these sectors must be developed to enhance local capabilities and increase our absorptive capacity in this transformation process. ● Furthermore, in order to meet the demands of the new normal, the DTI shall likewise craft programs that will incentivize startups to engage in emerging and critical industries post-COVID-19, such as: <ul style="list-style-type: none"> ○ Health, medical devices, applications and biological innovation;

⁴ <https://www.weforum.org/agenda/2020/04/coronavirus-COVID-19-pandemic-gadgets-innovation-technology/>

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	<p>including temporary tax revenue losses arising from regulatory forbearance adopted by the government;</p> <p>(h) Freelancer refers to a worker who is self-employed and is not necessarily committed to, or exclusively work for, a particular employer for a specific period;</p> <p>(i) Micro, small, and medium-scale enterprise (MSME) refers to any business entity or enterprise engaged in industry, agribusiness and/or services, whether sole proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land in which the particular business entity's office, plant, and equipment are situated, must have a value falling under the following categories:</p> <table border="1" data-bbox="880 834 1435 975"> <thead> <tr> <th></th> <th>At least</th> <th>Not more than</th> </tr> </thead> <tbody> <tr> <td>Micro</td> <td>-</td> <td>P3,000,000</td> </tr> <tr> <td>Small</td> <td>P3,000,001</td> <td>P15,000,000</td> </tr> <tr> <td>Medium</td> <td>P15,000,001</td> <td>P100,000,000</td> </tr> </tbody> </table> <p>(j) Negosyo Centers refer to one-stop shop centers established in provinces, cities, and municipalities that are mandated to promote ease of doing business and access to services for MSMEs, among others, pursuant to Republic Act No. 10644 or the "Go Negosyo Act";</p> <p>(i) Overseas Filipino Worker (OFW) refers to a person who is engaged or has been engaged in a remunerated activity in a State where the person is not a citizen, or on board a vessel navigating the</p>		At least	Not more than	Micro	-	P3,000,000	Small	P3,000,001	P15,000,000	Medium	P15,000,001	P100,000,000	<ul style="list-style-type: none"> ○ Digitalization and automation (such as digital softwares and hardwares); ○ Digital trade and e-commerce; ○ Transport & logistics; ○ Financial technology; ○ Cybersecurity; ○ Smart cities and e-governance; and ○ Other sectors crucial to ensure the country's seamless adaptation to the new normal and resilience to future disruptions.
	At least	Not more than												
Micro	-	P3,000,000												
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	<p>foreign seas other than a government ship used for military or located offshore or on the high seas;</p> <p>(j) Self-Employed refers to workers who render services or sell goods as a means of livelihood outside of an employer-employee relationship or as a career.</p> <p>(k) Startup Enterprise (Startups) refers to a person or registered entity in the Philippines that is developing innovative product, process, or business model, ready to scale up and is solving evolving societal, market, and industry needs by utilizing new technologies. These innovative startups can serve as the game changers and drivers of digital transformation that the new normal requires.</p>	
<p>Wage Subsidies (Section 3(b) of SBN 1414, Section 4(b) of SBN 1417, Section 4 of SBN 1431, Section 5(a) of SBN 1449, and Section 10, 11, and 12 of SBN 1474).</p>	<p>Section XX. Wage Subsidies. Wage subsidies shall be provided to Critically-Impacted Businesses, Freelancers, the Self-employed and repatriated OFWs.</p> <p>(a) Critically-Impacted Businesses: The Department of Labor and Employment (DOLE) shall grant wage subsidies to Critically-Impacted Businesses, amounting to at least twenty-five percent (25%) but not more than seventy-five percent (75%) of actual payroll costs for a period equivalent to two (2) months for purposes of employment retention: <i>Provided, That, Critically-Impacted Businesses that shall receive the maximum wage subsidy include (i) those that have been directly impacted by the COVID-19 pandemic, such as tourism, air transportation and trade industries, and (ii) those</i></p>	<ul style="list-style-type: none"> • In addition to these wage subsidies, we suggest additional social amelioration for employees, especially those working in sectors that have been permitted to continue business operations (e.g., BPOs, logistics and transport, manufacturers, and export producers located in special economic zones or SEZs): <ul style="list-style-type: none"> ○ Subsidize mass testing, as well as assist in establishing a COVID-19 tracing network for SEZs and host LGUs; ○ Deliver basic/relief goods to the employees in the respective LGUs; ○ Grant tax exemption for employees' salaries;

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	<p>that support priority programs of the government such as the Build, Build, Build.</p> <p>(b) To qualify for the wage subsidy, a Critically-Impacted Business Entity must retain at least 90% of its regular employees or workers during the duration of the subsidy.</p> <p>(c) DOLE shall provide wage amelioration directly to Freelancers and the Self-employed through an open-application window system: Provided, That the amount of wage amelioration shall not be more than 75% of the applicable minimum wage rate and only for a maximum period of two (2) months.</p> <p>(d) The DOLE shall provide unemployment benefits to OFWs who were repatriated, whether voluntarily or mandatorily, as a result of COVID-19, to aid such OFWs in job search, including OFWs who are prevented from returning to their respective work due to COVID-19: Provided, that the maximum amount for such OFW unemployment benefits shall be equivalent to 75% of the average wages of OFWs in the country of employment for the same or similar work immediately prior to repatriation, until the recipient OFW finds gainful employment but only for a period not exceeding two (2) months.</p> <p>The Social Security System (SSS), Bureau of Internal Revenue (BIR), and DOLE shall establish a central database to avoid duplication of application for and to track distribution of wage subsidies, and for other purposes. The SSS and the BIR shall also provide free registration for</p>	<ul style="list-style-type: none"> ○ Allow the tax-free availment and conversion to cash of Vacation Leave, Sick Leave, any leftover leaves, 13th month pay and other bonuses; ○ Subsidize all SSS, Pag-IBIG and Phil Health contributions of the employer and employees until the end of 2020; ○ Provide additional SSS employee relief fund directly paid to employees' bank to help them manage their personal debts; and ○ For any displaced workers, extend financial support for food, medicine, utilities and other basic needs beyond DOLE's CAMP, such as allowing the free use of idle public buildings that may be used as temporary isolation medical facilities or temporary housing facilities.

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	<p>Freelancers to promote their regularization into the formal economy.</p> <p>One Hundred Ten Billion Pesos (Php110,000,000,000.00) is appropriated for this Section.</p> <p>DOLE shall issue the implementing rules and regulations for this Section, within ten (10) days after the effectivity of this Act.</p>	
<p>Regulatory Relief (Section 3(b) of SBN 1414, Section 6 of SBN 1431, Section 7 of SBN 1449, and Section 13 of SBN 1474).</p>	<p>Section XX. Regulatory Relief for Business Entities. The Anti-Red Tape Authority (ARTA), together with the DTI, Department of the Interior and Local Government (DILG) and specialized regulatory agencies, shall prepare a list of non-tax and non-duty fees and charges imposed on enterprises, including fees and charges imposed on Business Entities for registration, licensing and permitting, and inspection.</p> <p>The President of the Philippines shall have the power, through the issuance of an executive order, to suspend, reduce or waive the imposition of any fees and charges in the said list for a period of six (6) months. The DTI and the ARTA may recommend the extension of such executive order for not more than six (6) months.</p> <p>The BIR, Bureau of Customs (BOC), Department of Transportation (DOTr), SEC, Philippine Competition Commission (PCC), and other relevant regulatory agencies shall suspend deadlines for all filings and payments due during the CQ period and extend the due dates accordingly with no additional interests, fines or penalties.</p>	<ul style="list-style-type: none"> • The DTI recognizes the key role of regulatory agencies in improving industry policy measures. These agencies may be implored to find ways of easing or rationalizing their requirements post ECQ to allow companies to operate within a shorter period of time while being responsible for statutory requirements. • The DTI also suggests the relaxation of the rules on lease and utilization of public domain, IP areas and forest lands by private investors and agricultural cooperatives that will venture into large-scale agricultural plantation/processing (including aquaculture) to augment production of basic foods for supply to the local market. • Similarly, provisions on the automatic easing in the delivery and release of goods especially inputs from the BOC and ports during emergencies should

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	<p>Regulatory agencies and local government units (LGUs) shall simplify and shorten new business registration processes as well as renewal thereof after the approval of this Act. Six (6) months after the implementation thereof, upon recommendation of DTI and ARTA, the said new business registration process may be permanently implemented by the corresponding regulatory agency and LGU.</p>	<p>also be included to facilitate the movement of goods especially those that are necessary in the supply chain of essential goods. This removes the need for supplementary or additional Memo Circulars from specific agencies that impedes the process and delays associated with it.</p>
<p>Regulatory Relief for MSMEs (Section 3(b) of SBN 1414 and Section 16 of SBN 1474).</p>	<p>Section XX. Regulatory Relief for MSMEs and Startups. To ensure that MSMEs and Startups are able to avail of programs, and to broaden the tax base and encourage business practices that are compliant with the law, the Commissioner of BIR shall waive registration and other related fees of MSMEs and Startups for a period of not more than eighteen (18) months and if necessary, provide special accommodation for the registration processes and compliance of MSMEs and Startups.</p> <p>The Secretary of Trade and industry shall issue necessary rules and regulations to provide special accommodation for the registration of MSMEs and Startups and compliance with other regulatory requirements.</p> <p>LGUs shall be encouraged by the DILG and the Department of Finance-Bureau of Local Government Finance (DOF-BLGF) to waive similar local registration and processing fees.</p> <p>Negosyo Centers shall coordinate with national and local government agencies to ensure the widest dissemination of information and benefits under this program.</p>	
<p>Assistance to MSMEs (Section 5(d) of SBN 1449).</p>	<p>Section XX. Assistance to MSMEs and Startups. DTI shall provide technical assistance, incentives, or free</p>	<ul style="list-style-type: none"> • We note that a mandatory conduct of Business Continuity Plan (BCP) trainings may be introduced through

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	<p>education, training, and advising of MSMEs and Startups on:</p> <p>(a) The prevention and containment of transmission of communicable diseases such as COVID-19;</p> <p>(b) Coping with the potential effects of exogenous shocks such as COVID-19 on the supply chain, distribution, and sales of products, including the introduction of innovations in business practices;</p> <p>(c) Utilizing online platforms as a means to facilitate product distribution or delivery channels, including website development and the set-up of logistics to support online sales platforms;</p> <p>(d) The management and practice of tele-work, online consultancy, teleconsulting of professional services, and customer service, including managing the risk of cyber threats;</p> <p>(e) Innovation in business practices to include product research and development, digital transformation of business management, production, distribution, retail, and other business areas, especially the creation of new business to ensure resilience to future disruptions including managing the risk of cyber threats;</p> <p>(f) Upskilling and reskilling of workers to adapt to the new nature of work;</p>	<p>DTI capacity building efforts (e.g., SME Roving Academy, Kapatid Mentor ME, PTTC's Global SME Academy, among others) as well as in other training programs and institutions.</p> <ul style="list-style-type: none"> • We suggest adding innovation and technology adoption that is a vital component of new normal adjustment, risk mitigation and management, and enterprise resilience to future disruptions. • The DTI shall determine the beneficiaries of the technical assistance or grants. The same shall only cover entities affected by COVID-19. The DTI shall also ensure that the process of availing such shall be less tedious. • Further, identification of institutions that will be providing MSMEs education, training, and advising shall be done simultaneous to the development of modules. Trainings may either be conducted through conventional approach, in-house, online learning, or combined approaches. • To ensure uniformity in content, DTI shall tap relevant government agencies, private institutions, and/or external consultants (e.g., Development Academy of the Philippines, Philippine

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	<p>(g) Market assistance for identification of new market trends to allow enterprises to pivot to high-value and high-necessity products; and</p> <p>(h) Any other relevant business practices introduced for purposes of mitigating the economic effects of COVID-19 pandemic.</p> <p>Ten Billion Pesos (Php10,000,000,000.00) shall be appropriated for the implementation of this Section.</p> <p>DTI shall issue the implementing rules and regulations of this Section, within fifteen (15) days from the effectivity of this Act.</p>	<p>Trade and Training Center, University of the Philippines, Technical Education and Skills Development Authority, etc.) for the development and formulation of modules covering the desired topics.</p> <ul style="list-style-type: none"> • DTI shall also tap assistance of entrepreneurs whose success stories can serve as anchor to motivate MSMEs to develop foresight and contingency skills and planning in anticipation of possible disruptions. Trainings can include the use of online platforms and innovative ways of marketing products and services. • Modules to be used in capacity building initiatives will include: <ul style="list-style-type: none"> ○ Development of Resilience Plan and/or Risk/Crisis Management Programs and /or Business Recovery Plan including Corporate Communications and Social Media Plan; and ○ Development and Management of online business presence and digital security measures (conversion of critical processes/operations online). • We note that the Department of Information and Communications Technology (DICT) plays the leading role in providing continuous, fast and

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		<p>reliable internet connection throughout the country.</p> <ul style="list-style-type: none"> • Digitalization and teleworking should be spearheaded by the DICT in partnership with the DTI. The country can benchmark the policies already implemented by other countries like that of Italy's 'Digital Solidarity' initiative where MSMEs/freelancers can enter a portal and register to access without costs various digital services from large private sector company. • Further, China can also serve as benchmark for its digitalization and teleworking efforts including government's support to MSMEs' cloud computing and purchase of cloud technology as well as infrastructure support in setting up remote/home office, video conferencing, online training, and collaborative R&D and e-commerce.
<p>Loan Program for MSMEs (Section 4(c) of SBN 1417, Section 5(e) of SBN 1449, and Section 17(a) of SBN 1474).</p>	<p>Section XX. Supportive Loans for MSMEs and Startups. The Small Business Corporation (SBCorp) shall expand its existing loan programs for MSMEs and Startups by any or a combination of the following:</p> <ul style="list-style-type: none"> (a) increasing the availability of loanable funds, (b) reducing eligibility requirements, (c) increasing the maximum loan amounts per borrower, (d) reducing the interest rates to zero, and 	<ul style="list-style-type: none"> • The key elements of the proposed PhP76 billion zero interest special loan fund (net of 5% administrative expenses) are as follows: <ul style="list-style-type: none"> ○ The SBCorp shall focus on micro and small enterprises (MSEs); ○ The estimated population of enterprises are as follows: <ul style="list-style-type: none"> ▪ Unregistered micro enterprises: 5 million

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	<p>(e) extending loan terms.</p> <p>In addition to the allowable uses of loans under the regular loan programs of SBCorp, the proceeds of any loan granted under this sub-section may be used for the following:</p> <ul style="list-style-type: none"> i) payroll costs, ii) materials and supplies, iii) mortgage payments, iv) rent, v) utilities, including fuel and storage, vi) creation of new supportive businesses, vii) re-purposing of existing business capital, or viii) any other business debt obligations that were incurred before the covered period. <p>Priority shall be granted to enterprises requiring financing for any activity that supports initiatives of the Department of Health (DOH) towards ensuring an adequate and responsive supply of health care services.</p> <p>Eight Billion Pesos (PhP8,000,000,000.00) is appropriated as additional paid up capital of SBCorp and Seventy-Two Billion Pesos (PhP72,000,000,000.00) is appropriated as Special Program Fund of SBCorp COVID-19 loan programs, for the implementation of this Section.</p> <p>For the effective and immediate implementation of this Section, SBCorp may allot a maximum of five percent (5%) of the appropriated funds for this program as management fee to cover for PS and MOOE expenses which may include service fees for partner financial institutions.</p>	<ul style="list-style-type: none"> ▪ Registered micro enterprises: 1 million ▪ Small enterprises: 100,000 ○ The estimated average loan sizes are as follows: <ul style="list-style-type: none"> ▪ Unregistered micro enterprises: PhP20 thousand ▪ Registered micro enterprises: PhP200 thousand ▪ Small enterprises: PhP1 million ○ The criteria for target borrowers: <ul style="list-style-type: none"> ▪ Unregistered micro enterprises: at least one-year business track record ▪ Registered micro enterprises: with permanent business address on top of business track record ▪ Small enterprises: with at least one registered employee (no. of employees will influence loan size) on top of business track record and permanent address ○ Target number of enterprises to be assisted and allocation of the PhP76 billion: <ul style="list-style-type: none"> ▪ Unregistered micro enterprises: 19% or 950,000 for a total budget of PhP19 billion (remaining population to be supported by grants under the Stimulus Plan) ▪ Registered micro enterprises: 19% or 190,000 for total budget of PhP38 billion

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	<p>SBCorp shall repay to the national government the amount received as special program fund to carry out this section, net of administrative costs, allowable losses, reasonable return, with the schedule of repayment to be determined and consistent with loan terms provided to assisted businesses, providing for adequate number of loan cycles for their business recovery.</p> <p>Allowable losses may include up to fifteen percent (15%) in “loan forgiveness” for MSME and Startup borrowers who will repay at least eighty-five percent (85%) of their loans strictly in accordance with the approved schedule of repayment.</p> <p>Within fifteen (15) days after the effectivity of this Act, SBCorp shall issue implementing rules and regulations for this section.</p>	<ul style="list-style-type: none"> ▪ Small enterprises: 19% or 19,000 for total budget of PhP19 billion ○ The lending system: <ul style="list-style-type: none"> ▪ All credit risk (loan loss provisioning) shall be against the fund. Loan contract shall be between SBCorp and the MSE borrower, and loan release shall be direct to them via electronic transfers; ▪ Credit underwriting shall utilize automated Loan Origination Systems developed by SBCorp or in partnership with industry service providers; ▪ Loans below PhP200 thousand may involve the services of accredited Credit Delivery Partners (coops, rural banks and MFIs); ▪ SBCorp shall directly evaluate loans more than PhP200 thousand; and ▪ Transaction cost shall be covered by the 5% management fee charged from the fund, which shall be shared with the Credit Delivery Partners. ○ The loan terms and conditions: <ul style="list-style-type: none"> ▪ Loan ceiling: As a statement of policy, determination of loan amount shall be based on debt service capacity of the project to be

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		<p>financed as influenced by the new business plan of the enterprise in response to the COVID-19-challenged socio-economic environment.</p> <p>Nevertheless, for purposes of maximizing outreach under the P76 billion fund consistent with the estimated no. of MSEs to be supported, the following loan ceiling shall be observed:</p> <ul style="list-style-type: none"> ✓ Unregistered micro enterprises: up to PhP30 thousand ✓ Registered micro enterprises: up to PhP300 thousand ✓ Small enterprises: up to PhP2 million <ul style="list-style-type: none"> ▪ Interest rate: zero ▪ Penalty rate: up to 1.0% per month in case of late payments ▪ Grace period: up to six months ▪ Amortization period: between 3 months and 36 months exclusive of grace period; may extend up to 60 months on case to case basis ▪ Loan amount shall strongly consider the number of workers ▪ Loan amount shall also consider Debt Service Capacity (DSC), where projected net income shall not exceed 80% of pre-COVID-19 performance unless strongly

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		<p>evidenced by expansionary opportunities</p> <ul style="list-style-type: none"> ▪ Documentary requirements: <ul style="list-style-type: none"> ✓ Business registration papers, or barangay certification in the case of unregistered micro enterprises (government papers may be expired but valid until February 2020) ✓ 2019 in-house financial statements for loans more than Php200 thousand ✓ Plus 2018 in-house or audited financial statements for loans more than Php500 thousand ○ Loan application venues: <ul style="list-style-type: none"> ▪ On-line loan application system of SBCorp inclusive of platforms that may be accredited ▪ Negosyo centers ▪ Branches of accredited Credit Delivery Partners ○ Full implementation deadline: <ul style="list-style-type: none"> ▪ December 2020: fighting target ▪ Up to March 2021 at the latest ○ SBCorp's responsibility and focus after loan release: <ul style="list-style-type: none"> ▪ Data base management ▪ Socio-economic impact assessment ▪ Loans collection monitoring ▪ Legal action, when necessary ▪ Remittance management of collections back to NG

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		<ul style="list-style-type: none"> ○ Expected collection performance: This will depend on the state of medical solutions to the COVID-10 pandemic which will directly impact on the ability of the economy to rebound. There are economic stimulus models in the west (e.g, US and Canada) where “loan forgiveness” provisions are put in place where 25% of the balance of the special loan will be “forgiven” on condition that the MSME is able to fully pay the first 75% of the loan amount within the set amortization schedule. A similar scheme is recommended for consideration under the National Stimulus Strategy, albeit at a lower consideration of 15%, as it will provide a clear respite on both the MSME borrower and the lending institution vis-à-vis prevailing policies on negative loan track record.
<p>Assistance to Industry and Services (Section 3(c) of SBN 1414, Section 4(c) of SBN 1417, Section 5(i) of SBN 1449, and Section 17(d) of SBN 1474).</p>	<p>Section XX. Assistance to Industry and Services Sectors. The DTI, its attached agencies, and the Board of Investments (BOI) shall provide the following grants and technical assistance to business entities engaged in the manufacture of products and supply of services, the export or import thereof, and their respective supply chains, in order to meet the needs of the domestic market and export commitments, restore or expand to new global markets and</p>	<ul style="list-style-type: none"> ● The COVID-19 pandemic has highlighted the need to strengthen domestic manufacturing capacity as well as to fill in the gaps of local value chains and further promote industry clustering within and among the regions.

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	<p>market spaces, enhance competitive advantage, and for other similar purposes as may be determined by DTI or BOI:</p> <p>A) For businesses engaged or will engage in the manufacture or supply of critical and essential goods and services, and of their supply chain.</p> <p>a) Grants for research & development, prototyping, and testing and certification (local and international) – and, upon determination by the BOI, other necessary activities – for developing local capability for the manufacture or provision of critical and essential products and services in the fight against COVID-19, including products and services that form part of their supply chain.</p> <p>This covers the production or manufacture of medicines, medical equipment and devices, personal protective equipment (PPE), surgical equipment and supplies, laboratory equipment and its reagents, medical supplies, tools, and consumables such as but not limited to alcohol, sanitizers, tissue, hand soap, detergent, sodium hydrochloride, cleaning materials, povidone iodine, including the production or manufacture of raw materials, semi-finished/intermediate goods, and machinery and equipment for use in the production or manufacture of the aforementioned products.</p> <p>This includes repurposing of manufacturing activities to produce the abovementioned products.</p> <p>This further covers the provision of services such as but not limited to crematoriums, health waste treatment and</p>	<ul style="list-style-type: none"> • In response to the disruptions made by the COVID-19 pandemic, the Department notes that its Export Marketing Bureau (EMB) launched a survey, entitled “Impact of COVID-19 on YOUR EXPORT BUSINESS”, to exporters to gauge their situation and identify the kind of assistance that they would need. • Guided by the responses from the survey, the EMB developed the Philippine Recovery and Resiliency Development Program for Exports (#PRRD4Exports) as a government assistance/stimulus package to provide economic opportunities that would sustain business activity among Filipino exporters. • The target implementation period is from Q2 2020 to Y2022, and shall be operationalized following four phases: <ul style="list-style-type: none"> ○ Rapid Response – manage immediate and critical issues for COVID-19 affected exporters by providing timely updates and information relating to trade. ○ Recovery – execute resurgence measures to counter disruption impacts by instituting a support fund and mechanism to distribute grants

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	<p>disposal, laboratories, test facilities, hospitals, and quarantine facilities.</p> <p>The above notwithstanding, subject to the determination by the BOI, also covers such other products and services relating to the fight against COVID-19 or to mitigate its impact such as but not limited to those included in the programs by the national government or by any of its agencies or departments, or by LGUs.</p> <p>b) Other investment support for activities covered under (a) above such as but not limited to: subsidized or soft loans, subsidy for loan guarantee, equity investments (e.g., through the national development company), and preference for domestic sourcing in government procurement as provided for in other sections of this Bill.</p> <p>B) For exporters of goods</p> <p>a) Grants on any activity with the purpose of market retention, identification, and expansion such as:</p> <p>i) participation of business entities in trade fairs, international business matching missions, conferences and other promotion events, physically and through digital means, to restore or identify new global markets for exports, or identify new products and services to be bought or sold in global markets; and</p> <p>ii) research and development for purposes of introducing new products and services, improving existing products and services, or any form of innovation in business</p>	<p>to exporters who shall submit a de-risking plan/proposal, meeting the recovery and resiliency targets of the program.</p> <ul style="list-style-type: none"> ○ Rebound – strategize for business transformation, specifically by assisting businesses to enroll and incorporate e-commerce while simultaneously promoting Filipino exporters by reaching out to foreign importers/traders through business matching, online campaigns, and webinars. ○ Resilience – improve business resilience by building domestic and export capacity for new products. <ul style="list-style-type: none"> ● The EMB’s proposal to include assistance to companies engaged in export of services (in addition to the manufacturing support identified in the bill) are as follows: <ul style="list-style-type: none"> ○ UNDER IT-BPM: Game development, software development, animation, original content, health information management services, engineering outsourcing services, global in-house center, film-audio

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	<p>processes, to increase competitive advantage in existing or new export markets;</p> <p>C) Support, subsidy, and facilitation for companies and their support industries from other countries to relocate to the Philippines by providing option to diversify risks and vary its range of products or field of operation, keep supply chain integrity, and access to market opportunities; and</p> <p>D) For business process outsourcing (BPOs), provide socio-economic support/financial assistance in setting up facilities and equipment for the services sector including BPO workers and companies to mitigate the economic impact and for the workforce to continue to work through work from home and ensure their health and safety.</p> <p>E) For critically-impacted manufacturing businesses, including those serving domestic and/or export markets:</p> <p>a) Education, training, and counseling on:</p> <p>i) improving business resiliency in the post-COVID-19;</p> <p>ii) coping with global supply chain disruptions caused by COVID-19 and such other causes in the future, including changes in quantity and lead time, quality, and technology;</p> <p>iii) the use of online platforms as alternative or supplementary means to facilitate product distribution channels and delivery of services;</p>	<p>visual sector, creative process outsourcing, and design service.</p> <ul style="list-style-type: none"> ○ Other sectors to include: Professional services, construction services, logistics, MRO (maintenance, repair, and overhaul) under aerospace industry, franchising, tourism and travel related services, and education. <ul style="list-style-type: none"> ● The budget of forty-four billion pesos (PhP44,000,000,000) will be utilized through the following: <ul style="list-style-type: none"> ○ Manufacture or supply of critical/essential goods or services – PhP5 billion <ul style="list-style-type: none"> ▪ Grant or subsidy for R&D, prototyping, certification – PhP5 billion ▪ Other Investment Support – Under other sections of this bill ○ Exporters of Goods – PhP10 billion <ul style="list-style-type: none"> ▪ Mainly for grant or subsidy for market retention, identification and expansion activities through physical or digital

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	<p>iv) the management and practice of tele-work, online consultancy, online professional services, freelancers, and customer service, including risk management of cyber threats; and</p> <p>v) any other relevant new business models and business practices introduced for purposes of mitigating the economic effects of COVID-19 on trade relations.</p> <p>b) Grant or subsidy for:</p> <p>i) Innovation in business practices, such as product research and development, and digital transformation of business management, production, distribution retail, and other business areas, to ensure resilience to future disruptions including managing the risk of cyber threats;</p> <p>ii) Upskilling and reskilling of workers; and</p> <p>iii) Market assistance for identification of new market trends to allow enterprises to pivot to high-value and high-necessity products.</p> <p>c) Interest-free loans with terms of up to five (5) years through loan programs and other loan related measures provided under this Act: Provided, That, loan interventions implemented under this Section shall be exclusively for Critically-Impacted Businesses only.</p> <p>For the above-mentioned interventions, priority shall be granted to Business Entities requiring financing for any activity, including new business investments and operations, that support initiatives of the DOH towards</p>	<p>participation in trade fairs, business matching, etc.</p> <ul style="list-style-type: none"> ○ Business relocating to the Philippines – PhP7 billion <ul style="list-style-type: none"> ▪ Grant or subsidy for instance to cover relocation costs, setting-up recruitment system, on-site skills training for workers ○ BPOs – PhP2 billion <ul style="list-style-type: none"> ▪ Subsidy for COVID 19-related protocols and shift to WFH arrangements ○ Critically-impacted manufacturing businesses (serving domestic and/or export markets) – PhP20 billion <ul style="list-style-type: none"> ▪ Rescue and Recovery Package (COVID-19 testing, support for wages, rent/utilities, loans, costs of cancelled orders-exporters, etc.) - PhP18 billion ▪ Support for digitalization process - PhP2 billion

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	<p>ensuring an adequate and responsive supply of health care products and services. Further, to ensure adequate and responsive supply of critical products and supplies, the government as the procuring entity shall give preference to the purchase of domestically-produced and manufactured goods, supplies and materials in the interest of availability, efficiency and timely delivery thereof, provided that the specified or desired quality and standards are complied with.</p> <p>Availment of grants and loans or loan guarantees under other provisions of this Act does not disqualify a Business Entity from availing of any other form of economic relief measures in this Section.</p> <p>Forty-four Billion Pesos (Php44,000,000,000.00) shall be appropriated for the implementation of this Section.</p> <p>THE DTI and BOI shall issue the implementing rules and regulations for this Section within fifteen (15) days from the effectivity of this Act.</p>	<ul style="list-style-type: none"> • In addressing concerns with power relating to cost and contract administration, we propose the following: <ul style="list-style-type: none"> ○ Temporary suspension of bilateral off-take agreements to prevent imposition of penalties due to the buyer's decreased demand (as a force majeure condition); and ○ ERC's temporary suspension of collection of FIT-ALL from ecozone locators (considering the status of ecozones as a separate franchise territory). • With capital as another key factor of production, the government should ensure the availability of credit to the productive sectors of the economy especially in the countryside through measures such as, but not limited to, lowering the effective lending rates and reserve requirements of lending institutions. While we note that this is in Section 4(n) of Republic Act No. 11469 (Bayanihan To Heal as One Act), a manufacturer raised the issue of tighter bank credit with higher interest rates and all loan requests being subject for re-approval during industry stakeholders' consultations on the effect of COVID-19 pandemic on industries.

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		<ul style="list-style-type: none"> To enable the private business sector to focus on recovery planning without the distractions and the financial distress brought about by the Letters of Authority (LOAs), which empower a Revenue Officer to examine and scrutinize a taxpayer's books of accounts and other accounting records, some have suggested the revocation of all LOAs issued by the BIR from 2016 to 2018 and declaration of moratorium on the issuance by BIR of new LOAs for a period of 2 years or up to 2022.
<p>Incentives for Qualified Activities (Section 14 of SBN 1474).</p>	<p>Section XX. Incentives for Qualified Activities. The BOI shall include the qualified activities relating to the fight against the COVID-19 pandemic and the Balik Probinsiya Program as a strategic preferred area in the Investment Priorities Plan under EO No. 226, including relocation of manufacturing and services facilities from other countries to the Philippines.</p> <p>The strategic preferred areas listed therein shall be granted pioneer incentives or the maximum incentives allowed under existing laws. Nothing in this Act or any law that may be created to the contrary shall diminish, derogate, nor limit in whatever manner the grant and entitlement to incentives by qualified activities, including the option to avail of future incentives that are more relevant and generous.</p> <p>The BOI, in consultation with other investment promotion agencies (IPAs), shall formulate strategies and programs to implement these measures.</p>	<ul style="list-style-type: none"> The DTI further recommends the provision of the following specific fiscal and non-fiscal incentives: <ul style="list-style-type: none"> Offer Income Tax Holiday (ITH) incentive for producers/manufacturers of raw materials and intermediate goods to address gaps in the supply chain and encourage local manufacturing of inputs rather than depending on imports. <ul style="list-style-type: none"> This proposed special ITH shall be for eight (8) years at most, exclusively for strategic projects under the IPP; Eligibility should also extend to manufacturing sector projects of a specific finished good that shall have a complete domestic supply

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		<p>chain, or whose finished good incorporates a minimum 90% local content;</p> <ul style="list-style-type: none"> ▪ Preferred areas of investment shall be reflected in the IPP ○ Provide a power and water rate discount for all users of electricity and water, which can be drawn from taxes and other government mandated charges that are eventually passed on to end users' utility bills; ○ Suspend value-added tax (VAT) collection on fuel used for public transport, export manufacturing, and power generation, which should result in rollback in transport fares and electricity rates as well as lowering in prices of basic commodities; ○ However, the decline in global oil prices may already produce the intended effect of this recommendation, thus, satisfying the need for the above should that be the case; ○ Inclusion of locators' additional expenses (e.g., firm-sponsored housing, shuttle service, and food provision for workers/employees) that were incurred outside special economic zones into the locators' claim for zero VAT rating, and in reporting these expenses as

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		<p>allowable deductions from their 5% gross income tax payment, since these expenses were due to the COVID-19 pandemic and in abidance to government guidelines;</p> <ul style="list-style-type: none"> ○ Government subsidy, either as part of capital investments or credits to assist manufacturers that take on the call of government to repurpose/retool their manufacturing capabilities to address the country's deficiencies of critical goods and supplies; ○ Grant of a supplementary Industrial Rehab Funding that would be similar to what Central Bank provided in 1981 during the time of Gov. Jobo Fernandez; ○ In terms of assistance to exporters, the 50% and 70% export requirement should be relaxed. If product being exported is raw material needed by local manufacturers in times of emergencies like Covid-19 or lockdowns, and exporter has contract with buyers abroad, the local supply should be prioritized. To enable the exporters to handle this, specific incentives should be provided, i.e. VAT-exemption from local sales, among others. <p>• National Government Agencies, Local Government Units, Government</p>

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		<p>Owned-Control Corporation should formulate contingency measures to ensure continuous and unhampered business operations during disasters, calamities, and other similar events. The following incentives/subsidies and facilitation measures may be considered:</p> <ul style="list-style-type: none"> ○ VAT and duty-free importation of capital equipment and raw materials and exemption from other fees such as import processing fees; ○ VAT exemptions for domestic sales; ○ Subsidy on electricity and lease rates within the declared crisis and recovery period; ○ Simplified export/import requirements and seamless customs facilitation of goods; ○ Exemptions on and facilitation of the travel to the Philippines of critical foreign technical staff for facility set-up and operations; and ○ Eligibility of projects that will manufacture products relevant to counter the impact of a given exogenous shock to register with the IPAs within the declared crisis and recovery period. <p>• In support of this, ecozones and freeport authorities should be allowed to register ecozone domestic market-oriented companies with entitlement to 5% GIE</p>

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		<p>incentive including tax and duty-free importation privilege.</p> <ul style="list-style-type: none"> • The establishment of Medical Waste Disposal Facilities and production of Medical Waste Disposal Equipment should be included among the eligible and priority products/activities for registration with incentives, pursuant to the DTI-DOF JMC No. 2020-02. • Following the objectives and applicable provisions of DTI-DOF JMC No. 2020-02, ecozone food processing companies (those into basic foods) shall be allowed to sell as much as 80% of their production to the local market and still be entitled to full incentives. • IPAs should also be allowed to continue granting the current fiscal incentives to existing and new ecozone developers and locator investors to ensure status quo in the incentives regime up to end of 2021. • As the national investment promotion agency, BOI is recommended to handle the formulation of the industrial policy, development of industries and their supply chains, including qualifying manufacturers, and administration of the incentives therein. The BOI shall perform these functions in coordination

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		<p>with all the other investment promotion agencies of the country to provide assistance to enterprises using best practices.</p> <ul style="list-style-type: none"> • The different IPAs shall come up with a detailed plan covering the following: <ul style="list-style-type: none"> ○ Post-COVID-19 recovery measures for the industries (e.g., grant of tax deductions and other subsidies, as allowed under the law); ○ Support for COVID-19-management related projects (e.g., production of PPEs, COVID test kits, and other medical products with incentives; tax and duty free importation of mass public transport vehicles and shuttle buses that conform to social distancing; inclusion of disinfection materials/facilities and medical waste disposal equipment/facility as eligible projects for registration, etc.); and ○ Investment attraction strategies to capture the Japanese, American and European companies moving out of China (e.g., proposed PEZA's 888 program for qualified projects: ITH for 8 years, 8 years free rent of PEZA-owned public lands/SFBs, maximum 8 months for project development in terms of facilitation of project approval, issuance of all permits for building construction and start of commercial operation)

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		<ul style="list-style-type: none"> • We also suggest the lifting of the Administrative Order (AO) No. 18 to allow for the declaration of more IT Centers in Metro Manila under PEZA, and to facilitate the immediate proclamation of all pending and compliant ecozones with Office of the President.
	<p>Section. XX. Promotion of E-Commerce. The DTI shall, in coordination with other implementing agencies, accelerate and undertake massive promotion of online commerce and shall offer technical and financial assistance to those engaged in e-commerce, such as those involved in internet retail, online travel, digital financial services, digital media, and ride hailing.</p> <p>These include programs that will expedite the digitalization of MSMEs through training, subsidies for onboarding or starter kits, wage support for new online enterprises, upskilling/reskilling, and other activities as will be defined by the DTI.</p> <p>A budget is hereby allocated to the Philippine Postal Corporation (PHLPost) to implement an online transport and warehousing management system for leveraging PHLPost’s physical infrastructure network of storage branches. Budget shall include hiring of new personnel.</p> <p>Further, the Philippine Statistics Authority (PSA) shall conduct annual surveys on e-commerce.</p>	<ul style="list-style-type: none"> • The DTI strongly suggests a separate provision for e-commerce given its important role in the economy as highlighted during the ECQ. This aligns not only with DTI’s priority but also that of NEDA’s as part of their 2020-2021 priority programs. • We also recommend for e-commerce provisions to be under the purview of DTI. • The scope of other implementing agencies such as the Department of Finance (DOF), Department of Information and Communications Technology (DICT), Department of the Interior and Local Government (DILG), Department of Justice (DOJ), Department of Labor and Employment (DOLE), Department of Science and Technology (DOST), Bangko Sentral ng Pilipinas (BSP), Bureau of Customs (BOC), Bureau of Internal Revenue

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		<p>(BIR), Intellectual Property Office of the Philippines (IPOPHL), National Bureau of Investigation (NBI), National Privacy Commission (NPC), National Telecommunications Commission (NTC), Philippine National Police (PNP), Securities and Exchange Commission (SEC) shall be identified to ensure coordination and cooperation.</p> <ul style="list-style-type: none"> • The Department reiterates that the promotion of e-commerce should start with the improvement of infrastructure so as to facilitate the existence of platforms. Once proper infrastructure and platforms are in place, enablers should be streamlined to provide reach to consumers and prospective online sellers. • Logistics also play an essential part in ecommerce transactions. Existing couriers should be supported in enhancing their operations and startups should be encouraged to provide such services. • Payment systems, data privacy, and cybersecurity should likewise be emphasized as they affect consumer trust and confidence in ecommerce transactions.

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		<ul style="list-style-type: none"> • The Philippine Trade Training Center (PTTC) shall be in charge of providing trainings to enterprises seeking to establish an online presence. It should be noted that the PTTC – Global MSME Academy (GMEA) has continuing initiatives to offer MSMEs the most fitting program for DTI-registered and other enterprises through free webinar offers, viz: <ul style="list-style-type: none"> ○ Philippine MSMEs Amid COVID-19: Re-Imagining Disaster Resilient Enterprises. It is a one-day webinar (20 April 2020) which seeks to generate awareness on DTI programs and assistance for MSMEs amid COVID-19, address questions and concerns from registered MSME participants, and provide insights on business resiliency. ○ Bouncing Back: A Shared Future in a Changed World. It is a three-day webinar series (23-25 April 2020) which aims to provide insights on the current circumstances and how to not raise false hopes, how to pace back the business operation – moving from conditional lifting of ECQ to gradual return to normalcy, and how to pick up the business in a changed world. The webinar series is organized by the PTTC-GMEA, Management Association of the

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		<p>Philippines, ASEAN Society Philippines, and Grey Matters, Inc.</p> <ul style="list-style-type: none"> • On the other hand, the Technical Education and Skills Development Authority (TESDA) shall provide support in the upskilling/reskilling of personnel. An increase in TESDA's budget allocation is suggested for the immediate conduct of free vocational trainings, especially for workers in business process outsourcing (BPO) and export manufacturing, food processing, and healthcare sectors. • We also support the provision of subsidies for onboarding or starter kits and wage support for online enterprises to further maximize the potential of firms, especially MSMEs, in shifting to e-commerce. • A survey specific to determining the e-commerce needs of firms, particularly MSMEs, is essential. While it entails a substantial amount of budget, conducting the survey annually would ensure that data is updated in line with the fast-paced nature of innovative business methods such as e-commerce. • It should be noted that the Philippine Statistics Authority (PSA) is conducting

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		<p>a Survey on Information and Communication Technology (SICT) every two years. While the survey gives a perspective on the ICT capabilities of establishments, it does not reflect their potential and capability to establish an e-commerce platform.</p> <ul style="list-style-type: none"> • As provided by the Implementing Rules and Regulations (IRR) of Republic Act No. 11032 or the Ease of Doing Business (EODB) Law, "Within a period of three (3) years upon the effectivity of the Act, all cities and municipalities are mandated to automate their business permitting and licensing system or set up an electronic business one stop shop for more efficient business registration processes." • The provision of government funding to expedite and mobilize such policy is welcomed by DTI.
	<p>Section XX. Assistance to Logistics and Supply Chain. The DTI shall ensure a stable supply chain and an efficient movement of cargo. The DTI shall scale up its efforts to improve logistics performance through the following:</p> <p>A) Provide technical and financial assistance to logistics service providers that incurred financial losses due to the COVID-19 pandemic. These include subsidies to defray demurrage/detention charges and storage charges arising from the ECQ, subject to strict guidelines to be issued by DTI.</p>	<ul style="list-style-type: none"> • The DTI shall also scale up its efforts to improve logistic performance and ensure a stable supply chain. It shall provide technical and financial assistance to: <ul style="list-style-type: none"> ○ Importers/logistics service providers hit by financial losses arising from COVID-19. This includes subsidies to defray demurrage/detention charges, storage charges, arising

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	<p>B) Make available funding support to logistics service providers to compel automation for truckers, warehouses, including adoption of blockchain technology. Moreover, DTI and DICT shall endeavor to promote connectivity and interoperability of government systems with the private sector in the supply chain, including the reskilling of personnel.</p> <p>C) Provide funding for a logistics observatory and the use of data analytics given the importance of data in real time in the management of the supply chain.</p>	<p>from the ECQ, subject to strict guidelines to be issued by the DTI;</p> <ul style="list-style-type: none"> ○ Loan assistance to logistics services providers to compel automation for truckers, warehouses, including adoption of block chain technology. DTI and DICT shall endeavor to promote connectivity and interoperability of government systems with the private sector in the supply chain, including the reskilling of personnel; ○ Funding for a logistics observatory and the use of data analytics shall be provided given the importance of data in the management of the supply chain; ○ Supply chain management of essential commodities (strategic stockpiling); and ○ Automation of logistics service providers (LSPs) (e.g. GPS for truckers and robotics for warehousing). <ul style="list-style-type: none"> ● To augment the initiatives on logistics the DTI proposes the following: <ul style="list-style-type: none"> ○ Investments in warehouses/cold storage facilities; ○ Automation of the BOC, reskilling of personnel; ○ Repackaging of the PhilPost; ○ Mandatory implementation of National Single Window for all

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		<p>agencies involved with import/export facilitation;</p> <ul style="list-style-type: none"> ○ BOC rendering 24/7 service in the ports including weekends; ○ BOC accrediting more off-dock Container Yards and Container Barge Terminals as a port decongestion measure; ○ LTFRB's prompt issuance of franchises and PTOs to truck providers; and ○ DTI's issuance of a policy to regulate port and shipping charges for shippers of FCL shipments.
<p>Trade and Industrial Policy Measures (Section 3(b) of SBN 1414, Section 5 of SBN 1431, Section 6 of SBN 1449, and Section 19 of SBN 1474).</p>	<p>Section XX. Trade and Industrial Policy Measures. Trade policies that impede the responses of businesses in coping with the economic effects of COVID-19 shall be reviewed accordingly, including, but not limited to, the following:</p> <p>(a) Upon determination by the DTI, the immediate adoption of zero tariff rates on essential imported raw materials and the temporary suspension of the export percentage requirements for export enterprises to allow domestic sales of select manufactured goods while export markets are in the process of recovery. The DTI, after public consultation, shall identify and publish the raw materials and manufactured goods which shall be covered by each revised policy, and review the list every month;</p>	<ul style="list-style-type: none"> ● According to the International Monetary Fund (IMF), the success rate of recovery in weathering the economic impacts of the COVID-19 will heavily depend on the imposed policies implemented during the crisis. In implementing economic recovery measures, the IMF stated that the preservation of business and trade networks is one of the vital factors in consideration.⁵ ● Further, the World Bank pointed out how trade policy measures play an essential element in the management of the pandemic. For instance, trade reforms

⁵ Economic Policies for the COVID-19 War (2020). International Monetary Fund (IMF) Blog. Accessed 19 April 2020 from <https://blogs.imf.org/2020/04/01/economic-policies-for-the-covid-19-war/>

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	<p>(b) The DTI shall also provide a package of incentives on the manufacturing of essential products to encourage investments with the end view of ensuring adequate and affordable supply of these products.</p> <p>(c) Upon determination by the DTI, the temporary suspension of the export percentage requirements for export enterprises to allow domestic sales of select manufactured goods, raw materials, packaging and raw materials thereof, while export markets are in the process of recovery. Provided that the domestic sales of such export enterprises shall be deemed and treated as “export sales” in compliance of their export requirement. as such, the corresponding treatment, exemption on duties, taxes and fees, and other incentives warranted under the existing laws governing these export enterprises shall continue to apply.</p> <p>The DTI, after public consultation, shall identify and publish the raw materials, packaging and raw materials thereof, and manufactured goods which shall be covered by each revised policy, and review the list every month.</p> <p>(d) The government as procuring entity shall give preference to materials and supplies produced, made, or manufactured in the Philippines offered by a domestic bidder vis-à-vis foreign bidders as defined under Republic Act No. 9184 or the Government Procurement Reform Act and the</p>	<p>on tariff reductions may facilitate the following:</p> <ul style="list-style-type: none"> ○ Reduction in the cost and improvement in the availability of COVID-19 goods and services; ○ Reduction in tax and administrative burdens on importers and exporters; ○ Reduction in the cost of food and other products heavily consumed by the poor and contributing to the macroeconomic measures introduced to limit the negative economic and social impact of the COVID-19 related downturn; and ○ Support on the eventual economic recovery and building resilience to future crises. <ul style="list-style-type: none"> ● Establishing zero tariffs on the essential items and raw materials identified by DTI, in consultation with relevant government agencies, is expected to help minimize the barriers to trade in the short-term and aid in the efficient flow of goods. ● However, we emphasize this measure’s viability only as an interim action. We suggest excluding this from the legislation’s text to allow for flexibility as the need to impose tariffs may arise later on to stimulate local investments in these strategic goods.

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	<p>specified or desired quality and standards are complied with.</p> <p>The award shall be made to the lowest domestic bidder provided his bid is not more than twenty percent (20%) in excess of the lowest foreign bid, provided further that it has secured from the DTI a certification that the articles, materials, or supplies are grown, produced, or manufactured in the Philippines.</p> <p>The procuring entity shall award the contract to the domestic bidder, at his financial bid, provided that the bid does not exceed the approved budget of the contract.</p> <p>Provided finally, that in the case of infrastructure projects as defined in Section 5(k) of Republic Act No. 9184 or the Government Procurement Reform Act, the procuring entity shall specify in the bidding documents as one of the bidder's responsibility to determine the location and availability of construction aggregates and other materials and source them locally with due consideration to the structural integrity of the entire project. For this purpose, the bidder shall secure a DTI certification that the construction materials, or supplies are produced, made, or manufactured in the Philippines.</p> <p>(e) The Department of Science and Technology (DOST), the Department of Information and Communications Technology (DICT), and DTI shall encourage the culture of innovation, through research and development, of Business Entities,</p>	<ul style="list-style-type: none"> • The temporary suspension of export percentage requirements is seen to allow the fulfillment of domestic demand by redirecting production. Moreover, relaxing this requirement would support the continuous availment of incentives for firms in spite of weakened foreign orders. • In addition, other ecozone export manufacturing companies including IT and tourism service enterprises (apart from those listed in DTI-DOF JMC 2020-02), should be subjected to a temporary reduction in the export threshold to 50%, initially for 2020-2021. • The adoption of new technologies, development of innovative industries, and creation of a culture of innovation would require a whole-of-government approach to be led by DOST, DICT, and DTI along with strong collaboration between and among government, academe, and industry. While DOST is focused on providing research support and DICT for establishing the physical infrastructure necessary for innovation; • DTI's role is crucial in translating research ideas and scientific findings into new products and services that the market needs and liking researchers with industries to ensure the conduct not

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	<p>especially in relation to the development of information technology-based systems for the health sector. The DTI, in coordination with DOST and DICT, shall review incentives and grants for Business Entities that develop COVID-19 or any pandemic-related information technology products or services.</p> <p>(f) The DOST, DICT, and DTI shall support and promote scientific research, the development of innovative technologies, the digital transformation of firms and industries, and data analytics.</p> <p>The DTI shall promote the commercialization of market-oriented research and translation of research ideas into products and services.</p> <p>(g) The DOST, DICT, and DTI shall facilitate and encourage investments for the development of ICT infrastructure to serve as backbone of digital learning, telecommuting and low-contact business transactions.</p> <p>(h) All the Departments in the Executive and their respective attached agencies, in coordination with the DOH and in consultation with the private sector, shall formulate and implement protocols and guidelines to mitigate transmission of COVID-19 and any other infectious diseases in the industries and sectors they respectively regulate and supervise.</p> <p>(i) All sector regulators with a price and fee regulation mandate shall review existing pricing and payment</p>	<p>only of basic research but also market-oriented research. All three agencies should work together to promote innovation and entrepreneurship.</p> <ul style="list-style-type: none"> • Currently, our innovation and entrepreneurship ecosystem is fragmented because industry and academe are not connected. Most of the research studies carried out by the academe are not translated into business concepts. One way to address this gap is by bringing in DTI who would coordinate with both industry and academe to accelerate the commercialization phase of R&D as well as supporting the development of startups who are important players in an innovation-driven growth.

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	<p>policies, and issue temporary suspensions or revisions as needed, for purposes of aiding regulated businesses cope with economic losses arising from the COVID-19 pandemic.</p> <p>(j) The DTI, in consultation with the ARTA and/or LGUs, shall review existing policies and will recommend the removal or revision of rules and regulations that do not support the goal of business continuity post COVID-19.</p> <p>(k) The DTI, in consultation with the NEDA, Tariff Commission, and relevant agencies, shall review existing tariff rates and recommend to the President any necessary modification thereto. In such a case, the President, at anytime, in the interest of national security, general welfare, and providing support in the recovery of affected businesses and industries may increase, decrease, or modify tariff rates including necessary changes in tariff classification.</p> <p>(l) To minimize shipping costs incurred by consignees, enable them to expedite the release and delivery of essential goods and basic commodities throughout the country, and enhance the efficiency of the national end-to-end supply chain, the Maritime Industry Authority (MARINA), in coordination with DTI, BOC, and the Philippine Ports Authority (PPA) shall regulate shipping charges. In discharging this function, they shall: (i) review all charges imposed by shipping lines to determine its reasonableness, (ii) set an omnibus schedule of fees to be charged, and (iii) formulate guidelines to further implement these directives.</p>	

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	<p>Any measures adopted under this Section shall be evaluated whether to discontinue, modify or expand, every six (6) months after the effectivity of this Act.</p>	
<p>Guarantee Program (Section 5(g) of SBN 1449 and Section 17 of SBN 1474).</p>	<p>Section XX. Credit Mediation and Refinancing Service. To ensure that duly-registered Business Entities are able to fulfill obligations under more favorable terms of credit and to strengthen the liquidity and financial position thereof; and to expedite the country's economic recovery, it is hereby mandated that:</p> <p>(a) There shall be established Credit Mediation and Restructuring Guarantee Fund (CMRGF), a special government guarantee fund, under the Philippine Guarantee Corporation (PGC). CMRGF shall issue an expanded government guarantee program for Critically-Impacted Businesses by increasing the maximum loan guarantee coverage per borrower, reducing eligibility requirements, guarantee fees, waiving the right of excussion under the guarantee, relaxing the guidelines on claims by allowing lenders to call on the guarantee when there is an occurrence of payment default and any other measures necessary to give Business Entities access to better terms of credit.</p> <p>(b) PGC shall relax its current rules and regulations and give preference to Critically-Impacted Businesses in issuing government guarantees to help achieve the policy objectives of this Act.</p> <p>One Hundred Billion Pesos (PhP100,000,000,000) is appropriated for CMRGF and another Twenty-Eight Billion</p>	<ul style="list-style-type: none"> • The latest BSP report reveals that lending by banks to micro and small enterprises (MSEs) totaled PhP228.4 billion (as of December 2019) representing 2.8% of the total loan portfolio of banks. At the time of expiration of the 8% mandatory lending provision for MSEs in July 2018, the banks' lending to MSEs was at PhP191.7 billion or 2.78%. • On the other hand, lending by banks to medium enterprises amounted to PhP342.6 billion (as of end 2019) indicating that the medium enterprises, which are less than 5,000, are adequately financed by banks. • Directing the credit guarantee cover of PGC to also include MSEs that have not yet accessed bank financing in the past will help ensure that the National Stimulus Fund is able to fully cover all duly registered MSEs, taking into consideration that the PhP76 billion zero interest loan fund assigned to SBCorp can only cover less than half of the population and at limited loan size.

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	<p>Pesos (PhP 28,000,000,000) is appropriated as additional paid up capital of PGC.</p> <p>At least 50 Billion Pesos (PhP50,000,000,000) of the One Hundred Twenty-Eight Billion Pesos (PhP128,000,000,000) appropriation, leveraged at least two times (2x) shall be used to provide credit guarantee cover to duly registered micro and small enterprises (MSEs), focusing on MSEs borrowing from banks for the first time.</p> <p>DOF and the BSP shall jointly issue the implementing rules and regulations for this Section, within fifteen (15) days from the effectivity of this Act with the end-in-view of achieving the policy objectives of this Act.</p>	<ul style="list-style-type: none"> • The PhP50 billion proposed credit guarantee fund allocation for MSEs when leveraged two times will result to at least PhP100 billion loan support to MSEs.
<p>Government Investment in Business Entities (Section 3(c) of SBN 1414).</p>	<p>Section XX. Government Investments to Business Entities During National Emergencies, Through the National Development Company. To minimize permanent damage to the economy, preserve its current productive capacity, and enable faster recovery upon the lifting of the CQ, the National Development Company (NDC), existing and created under Presidential Decree No. 1648 shall have these additional functions and powers:</p> <p>(a) Consolidate troubled businesses and decide how these would be resolved in a common procedure;</p> <p>(b) Extend loans and other forms of financial accommodation to, or make equity investments in Business Entities that would otherwise have continued operations but are at risk of bankruptcy of insolvency due to COVID-19 pandemic;</p>	<ul style="list-style-type: none"> • The DTI views that the proposed functions under this section complements that of the National Development Company (NDC), which is mandated by Presidential Decree (PD) No. 1648 to pursue commercial, industrial, agricultural, or mining ventures in order to give the necessary impetus to national economic development. • Expanding the functions of the NDC instead of creating a new government-owned, operated, and controlled corporation streamlines the functions of the government and builds on the existing track-record and capabilities of the NDC.

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	<p>(c) Assume in exchange for equity of the same value the financial obligations of Business Entities that would otherwise have continued operations but are at risk of bankruptcy or insolvency due to COVID-19;</p> <p>(d) Invest in strategic and critical industries in relation to Section 14A (b) and Section 15 of this Act. Such investments shall be done by the NDC by itself or in joint venture with both public and private sectors.</p> <p>(e) Evaluate the performance and ensure good corporate governance in the Business Entities where the NDC invested;</p> <p>(f) Perform due diligence activities inherent in its nature as a capital allocation firm of the Government; and</p> <p>(g) Perform such other functions as may be inherent or necessary to dispense of its role as a capital allocation firm from whom reasonable returns are expected.</p> <p>(h) Exercise the foregoing additional functions and powers in case of national emergencies of similar nature and magnitude to the COVID-19 pandemic; and</p> <p>(i) Create a separate unit within its organizational structure that will specifically handle and manage the investments, loans and all other related activities undertaken under this Act.</p>	

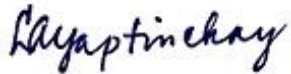
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	For equity acquisition activities of NDC under this Act, its authorized capital shall be increased with an additional amount of Three Hundred Billion Pesos (P300,000,000,000.00).	
<p>Economic Stimulus Board (Section 5 of SBN 1414, Section 3 of SBN 1417, Section 3 of SBN 1431, Section 8 of SBN 1449, and Section 25 of SBN 1474).</p>	<p>Section XX. Economic Stimulus Board. The Economic Stimulus Board (ESB) is hereby established to identify the specific contents of the fiscal stimulus package, to support the specific government program of the implementing agency for the delivery of each intervention. The chairman of ESB shall be the NEDA Secretary and shall be composed of representatives from DOF, DBM, DOLE, DILG, SSS, GSIS, LBP, DBP, DTI, SBC, PGC, BOI, DA, DOT, BSP, the Department of Public Works and Highways, and the National Development Company (NDC). The President of the Philippines, or the ESB through a resolution, may designate additional members of the ESB as may be necessary for the proper implementation of this Act. Representatives from the private sector may be appointed as members of ESB by the President of the Philippines.</p> <p>The ESB shall create a Registry of Assisted Businesses, a centralized database which all members of the ESB can access with ease, for purposes of monitoring the availment of various forms of assistance authorized by this Act, and ensuring that the total amount of assistance received by any single business entity, under the various Sections of this Act, is rational and proportionate to the scale of response required to retain its workforce and maintain its payroll costs.</p>	<ul style="list-style-type: none"> • The DTI views that NDC should be included in the ESB for it to effectively carry out its expanded functions.
<p>Functions of the ESB (Section 26 of SBN 1474).</p>	<p>Section XX. Functions of ESB. The ESB shall perform the following functions and powers:</p> <p>(a) Evaluate the costs and benefits of programs and projects provided for in this Act,</p>	

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	<ul style="list-style-type: none"> (b) Study and recommend programs and projects that the government may undertake to complement the implementation of programs and projects allowed or provided for in this Act; (c) Oversee and spearhead the preparation of reports mandated under this Act; (d) Recommend to Congress such policies as may be necessary to expeditiously and efficiently implement the programs and projects allowed or provided for herein; (e) Perform such other functions as may be necessary or as is inherent in its role as the coordinating council for all programs and projects provided for in this Act; and (f) Perform such other functions and powers as may be delegated by the President. 	

While we recognize the merits of the other proposed sections, we defer to the relevant government agencies mandated to carry-out these provisions, specifically:

- The **Department of Health (DOH)** on **Strengthening the National Healthcare System** (Section 4 of SBN 1474), **Investment on Research, Training, Post-Graduate Programs on Health Science and Public Health** (Section 5 of SBN 1474), and **Incentive for Scientific Breakthrough to Address COVID-19** (Section 6 of SBN 1474).
- The **Department of Social Welfare and Development (DSWD)** on **Financial Assistance to Families** (Section 6 of SBN 1414 and Section 9 of SBN 1474)
- The **Department of Agriculture (DA)** on **Other Forms of Assistance to Farmers and Fisherfolks** (Section 18 of SBN 1474).
- The **Social Security System (SSS)**, **Home Development Mutual Fund (HDMF)**, and **Philippine Health Insurance Corporation (PHIC)** on **Subsidy on the Mandatory Employers' Contributions** (Section 15 of SBN 1474).
- The **Bangko Sentral ng Pilipinas (BSP)** and the **Securities and Exchange Commission (SEC)** on **Coordination of Monetary and Fiscal Policies** (Section 3(c) of SBN 1414 and Section 21 of SBN 1474).
- The **National Economic and Development Authority (NEDA)** on **Economic Resilience Plan** (Section 12 of SBN 1449 and Section 24 of SBN 1474).
- **Congress** on **Exemption from the Government Procurement Act** (Section 8 of SBN 1414), **Enhanced "Build, Build, Build" Program** (Section 20 of SBN 1474), **Monitoring of Implementation and Congressional Oversight** (Section 10 of SBN 1414, Section 6 of SBN 1417, Section 8 of SBN 1431, Section 11 of SBN 1449, and Section 27 of SBN 1474), **Appropriations** (Section 4 of SBN 1414, Section 4 of SBN 1417, Section 13 of SBN 1449, and Section 29 of SBN 1474), **Special Power to Reallocate and Realign Appropriations** (Section 30 of SBN 1474), **Use and Release of Funds** (Section 5 of SBN 1417, Section 10 of SBN 1449, and Section 32 of SBN 1474), **Availability of Appropriations** (Section 8 of SBN 1417, Section 15 of SBN 1449, and Section 33 of SBN 1474), **Implementing Rules and Regulations** (Section 11 of SBN 1414, Section 10 of SBN 1431, Section 34 of SBN 1474), **Separability Clause** (Section 13 of SBN 1414, Section 9 of SBN 1417, Section 12 of SBN 1431, Section 16 of SBN 1449, Section 35 of SBN 1474), **Repealing Clause** (Section 12 of SBN 1414, Section 11 of SBN 1431, and Section 36 of SBN 1474), **Effectivity Clause** (Section 14 of SBN 1414, Section 10 of SBN 1417, Section 13 of SBN 1431, Section 17 of SBN 1449, and Section 37 of SBN 1474).
- The **Department of Finance (DOF)** on **Utilization of Unexpended Balances of Local Trust Funds** (Section 22 of SBN 1474) and **Bonds and Financing** (Section 4(e) of SBN 1414 and Section 31 of SBN 1474).
- The **Department of the Interior and Local Government (DILG)** and **Local Government Units (LGUs)** on **LGU Implementation** (Section 7 of SBN 1414) **Confirmation of Business Listings by Local Government Units** (Section 7 of SBN 1431), and **Additional Financial Subsidy for Local Government Units**. (Section 23 of SBN 1474).

The Department reiterates its support for the proposed legislations taking into consideration its specific comments and recommendations. Further noting the convergence between the proposed legislations and the consolidated draft bill of the House of Representatives (HOR), we recommend using the HOR version as a framework to expedite the finalization of the proposed economic stimulus strategy. This is seen to enhance the effectiveness of the interventions in sustaining the critical contributors to our economic growth pre-COVID-19 and in better positioning the country for a stronger recovery.



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