


FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

SENATE
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10 JUL -7 P2:18

SENATE

Senate Bill No. 664

RECEIVED BY 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

Public markets are the primary trading centers for all cities and municipalities. However, most of the public markets in the country are in a state of disrepair thus hampering their potential as hubs for efficient domestic retail trade.

The enactment of this bill is intended to establish every public market as the primary foundation of Philippine trade and commerce. To ensure the achievement of this objective, the efforts for the development of each public market shall be hinged on the initiative of the local government units through its internal revenue allotment and counter-parted with more substantial support from the Departments of Trade and Industry, Agriculture and Finance.

Specifically, this bill intends to set up a five-year plan to ensure an integrated approach to the development of public markets beginning 2010. This will be done through a menu of development modules consisting primarily of infrastructure improvements, micro-financing projects, institutional support programs and other support services for consumer protection. Prioritization of initiatives shall begin within each local government unit and coordinated under the leadership of the Department of Trade and Industry.

The support of government financial institutions and agencies together with the Priority Development Assistance Fund of the Senators and Congressmen and the Social Fund of the President of the Republic of the Philippines are also encouraged in this bill. Incentives are also given to private persons who provide assistance in the implementation of this Act.

It is hoped that after a period of five years there will be more public markets that will allow the efficient trading of goods for the benefit of the domestic economy.

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


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
TO PROVIDE FOR A FIVE-YEAR PUBLIC MARKETS PROGRAM INVOLVING
INFRASTRUCTURE IMPROVEMENT, MICROFINANCING SUPPORT,
INSTITUTIONAL ADVANCEMENT AND CONSUMER PROTECTION

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assent bled*

I. INTRODUCTION

SECTION 1. Title. - This Act shall be known as the "**Public Markets
Infrastructure Development, Micro-Financing Support and Related Skills
Training Program Act of 2010.**"

SEC. 2. Declaration of Policy. - The State recognizes the vital role of
public markets in providing an environment conducive to the sustained
development of the national economy particularly its function as a trading and
commercial post for the benefit of small and medium sized enterprises. In
furtherance thereof, the State hereby advocates the formulation of a set of
development modules for the optimum integration and consolidation of all
matters related to establishment and improvement of public markets within the
next five years.

SEC. 3. Definition of Terms. - For purposes of this Act, the definitions of
the following terms are:

(a) "**Public Market**" refers to a place, building or structure or any kind
owned and/or operated by a city or municipality designated as such by their
respective Sanggunians and dedicated to the service of the public in general and
where basic food items and other commodities are displayed and offered for
sale. The term also includes market stalls, *tiendas*, buildings, roads, subways,
waterways, drainage, parking spaces, and other appurtenances that are an
integral part thereof.

(b) "**Development Modules**" refers to the whole package intended for the
development of any public market which shall be comprised primarily of four
aspects; namely, infrastructure improvement, extension of micro-financing
services, institutional advancement and consumer protection.

(c) "**LGU**" refers to local government units that may either be the local
governments of highly urbanized cities, provinces, cities, and/or municipalities.

(d) **“Counter-parting”** refers to the process by which funding for the execution of any of the public market development modules is shared and sourced from various government entities and/or even with the assistance of non-governmental organizations.

(e) **“Earmarking”** refers to the automatic allocation of the proceeds of any revenues generated from the development of any public market for a specific purpose, which must be for the benefit of the operations of the said public market.

SEC. 4. Criteria of Development Modules. - The development modules shall be implemented based on the following minimum criteria:

(a) On Infrastructure Improvements - This shall include at its minimum the following specific improvements on the infrastructure of any public market:

(a.1) Constructive Repairs comprised of infrastructure refurbishments, construction of comfort rooms, directional signs and drainage systems.

(a.2) Waste Disposal comprised of garbage bins, regular sanitation treatments and waste disposal maintenance systems.

(a.3) Ads Space comprised of the construction of advertisement spaces or billboards which shall be bid out by the local government unit to any supplier of goods traded in the public market; provided, that the lease payments from such shall be earmarked for the construction of more advertisement spaces or as payments for the regular sanitation of the public market.

(b) On Micro-Financing Support - This shall include at its minimum the following conditions on micro-financing:

(b.1) Unless otherwise prescribed by law, interest rates imposed for micro financing shall be based on prevailing market rates.

(b.2) Collaterals shall not be required from any debtor who avails of a micro-financing package as provided under this Act of not more than Fifty Thousand Pesos (P50,000.00).

(b.3) Market Vendors Cooperatives shall be given priority to syndicate a part not exceeding eighty percent (80%) of the micro-financing package; provided, that it guarantees to pay the said loan as agreed upon and lends out the said loan in smaller portions to its members only subject to the condition imposed by the prior paragraph.

(b.4) Sources of funds for micro-financing shall come from Government Financial Institutions.

(c) On Institutional Advancement - This shall include at its minimum the educational and training programs on entrepreneurship, financial management, networking and such other subjects necessary for the enhancement of the skills of market vendors.

(d) On Consumer Protection - This shall include at its minimum the following programs that will ensure consumer protection; namely, regular price monitoring, providing credible weighing scales, creating an awards system for market

vendors in the public market, providing a responsive consumer desk where suggestions and complaints may be filed, among others.

SEC. 5. *Timetable of Development* - Within the first two years of this Act, priority should be given to the development of at least one public market located within every highly urbanized city and capital city. In the latter three years of this Act, the priority shall be given to the development of at least one public market located within any municipality wherein the concerned LGU provides a development study that complies with the requirements set by the coordinating government agencies.

II. DEVELOPMENT MODULES

SEC. 6. *Module of Public Markets Infrastructure Development, Financing Support and Training Program Module for Highly Urbanized Cities.* - In the development of public markets located in highly urbanized cities, the local government unit shall take the initiative in the adoption of the provisions of this Act. It shall be done by the appropriate approval of an ordinance issued by the City Council and duly certified by the City Mayor of the area where the public market is located. The development module shall comply with the following minimum requirements:

(a) On Infrastructure Improvement - a minimum of at least Twelve Million Pesos (P12,000,000.00M) must be set aside to fund infrastructure related projects for public markets located within highly urbanized cities.

(b) On Micro-financing - a minimum of at least Thirty Million Pesos (P30,000,000.00) must be set aside to fund micro-financing related projects of small and medium sized enterprises based in public markets located within highly urbanized cities.

(c) On Institutional Advancement - a minimum or at least One Million Pesos (P1,000,000.00) must be set aside to fund institutional development programs for public markets located within highly urbanized cities.

(d) On Consumer Protection - a minimum of at least Five Hundred Thousand Pesos (P500,000.00) must be set aside to fund consumer protection programs for public markets located within highly urbanized cities.

SEC. 7. *Module of Public Markets Infrastructure Development, Financing Support and Training Program Module for Cities.* - In the development of public markets located in capital cities, the local government unit shall take the initiative in the adoption of the provisions of this Act, It shall be done by the appropriate approval of an ordinance issued by the City Council and duly certified by the City Mayor of the area where the public market is located. The development module shall comply with the following minimum requirements:

(a) On Infrastructure Improvement - a minimum of at least Five Million Pesos (P5,000,000.00m) must be set aside to fund infrastructure related projects for public markets located within provincial cities.

(b) On Micro-financing - a minimum of at least Fifteen Million Pesos (P15,000,000.00) must be set aside to fund micro-financing related projects of

small and medium sized enterprises based in public markets located within provincial cities.

(c) On Institutional Advancement - a minimum of at least Five Hundred Thousand Pesos (P500,000.00) must be set aside to fund institutional development programs for public markets located within provincial cities.

(d) On Consumer Protection - a minimum of at least Three Hundred Thousand Pesos (P300,000.00) must be set aside to fund consumer protection programs for public markets located within provincial cities.

SEC. 8. *Module of Public Markets Infrastructure Development, Financing Support and Training Program Module for Municipalities.* - In the development of public markets located in municipalities, the local government unit shall take the initiative in the adoption of the provisions of this Act. It shall be done by the appropriate approval of an ordinance issued by the Municipal Council and duly certified by the Municipal Mayor of the area where the public market is located. The development module shall comply with the following minimum requirements:

(a) On Infrastructure Improvement - a minimum of at least Three Million Pesos (P3,000,000.00) must be set aside to fund infrastructure related projects for public markets located within provincial municipalities.

(b) On Micro-financing - a minimum of at least Seven Million Pesos (P7,000,000.00) must be set aside to fund micro-financing related projects of small and medium sized enterprises based in public markets located within provincial municipalities.

(c) On Institutional Advancement - a minimum of at least Three Hundred Thousand Pesos (P300,000.00) must be set aside to fund institutional development programs for public markets located within provincial municipalities.

(d) On Consumer Protection - a minimum of at least Two Hundred Thousand Pesos (P200,000.00) must be set aside to fund consumer protection programs for public markets located within provincial municipalities.

III. PARTICIPANTS

SEC. 9. *Role of Local Government Units.* - All local government units of cities and municipalities must adopt and choose at least one public market in its area of responsibility as the pioneer public market for development based on the provisions of this Act. Each local government unit must prepare a comprehensive feasibility study for the development of the public market it has chosen to benefit under the provisions of this Act. Each local government unit must find through its internal revenue allotment at least thirty percent (30%) of the total funding cost related to public market infrastructure improvements, institutional advancement and consumer protection.

The provincial government must choose as priority projects at least one public market within its capital city and at least another one within any of the municipalities within its jurisdiction. It must likewise fund through its internal revenue allotment at least thirty percent (30%) of the total finding cost related to public market infrastructure improvements, institutional advancement and consumer protection.

SEC. 10. Role of Government Financial Institutions. - All government financial institutions shall set aside funding for micro-financing operations related to the purposes of this Act. Each government financial institution must fund at least twenty one (21) micro-financing project for the benefit of public markets identified under this Act; provided, that this shall be distributed evenly at seven (7) public markets each for Luzon, Visayas and Mindanao, respectively. The participating government financial institutions shall include the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and other government financial institutions.

SEC. 11. Primary Coordinating Government Agencies. - The Department of Trade and Industry shall be the lead agency which will ensure the implementation of this Act. The Departments of Agriculture, Finance and Public Works and Highways and the Commission on Audit shall also assist in the evaluation and coordination of all public market improvements.

SEC. 12. Role of Public Market Vendors Cooperatives. - Only duly registered market vendors cooperatives shall be recognized for purposes of this Act. Subject to the supervision of the primary coordinating government agencies, public market vendors' cooperatives shall be given the first priority in availing of the micro-financing services and institutional development programs provided herein. However, such services shall never exclusively benefit public market vendors' cooperatives.

SEC. 13. Public Consultation. - Prior to the final approval of any development of any public market under this Act, the lead and other coordinating government agencies must hold public consultations with all interested parties at the city or municipality where the said public market is located. The Regional Head of the Department of Trade and Industry or his duly designated representative shall chair and convene the consultations with the public. A notice informing such shall be posted in a conspicuous place in the city or municipal hall for a period of two (2) consecutive weeks prior to the date of the hearing.

IV. PROJECT IMPLEMENTATION

SEC. 14. Technical Assistance and Resource Mobilization Coordinating Council on Public Markets Development. - To facilitate the implementation of this Act, a technical assistance and resource mobilization coordinating council shall be formed to support, promote, and encourage the LGUs in the development of any public market based on the provisions of this Act. The following shall be the members of the committee:

(a) The Secretary of the Department of Trade and Industry or his duly authorized representative who must have the rank of undersecretary, as Chairman;

(b) The Secretary of the Department of Agriculture or his duly authorized representative who must have the rank of undersecretary, as Vice-chairman;

(c) The Secretary of Finance or his duly authorized representative who must have the rank of undersecretary, as member;

(d) The Secretary of Public Works and Highways or his duly authorized representative who must have the rank of undersecretary, as member;

(e) The Secretary of the Department of Interior and Local Government or his duly authorized representative who must have the rank of undersecretary and, as may be necessary and upon proper invitation, the President, or his representative, of national LGU officers organizations.

(f) The President of the Development Bank of the Philippines or his duly authorized representative, as member; and

(g) The President of the Land Bank of the Philippines or his duly authorized representative, as member.

The committee shall have the following functions:

(a) Provide technical assistance and resource mobilization to local government units qualified to undertake the establishment, maintenance, and development of public markets *in accordance with this Act*;

(b) Coordinate and facilitate the procurement of micro-financing operations and the hiding of at least seventy percent (70%) of the total funding cost related to public market infrastructure improvements, institutional advancement and consumer protection in accordance with this Act;

(c) Screen and determine local government units qualified to undertake public market development through the compliance of the requirements provided under Section 9 of this Act; and

(d) Monitor, evaluate, and submit annual reports to the President of the Philippines, the President of the Senate and the Speaker of the House of Representatives, an annual accomplishment report on projects covered in this Section, which shall include the total amount of micro-financing released as of the end of the calendar year, local government units granted micro-financing and the amount thereof, and a list and description of accomplished and pending public market development projects.

SEC. 15. *Engineering and Administrative Overhead Expenses.* – Appropriations for projects authorized in this Act shall be used solely for project implementation which shall include *direct engineering, consulting and/or administrative overhead expenditures incidental thereto*, including but not limited to salaries of employees who may be hired for the duration of the project, office supplies and similar operational costs. These engineering and administrative overhead expenditures shall be reflected in the program of work for the project concerned and shall not exceed four percent (4%) of the amount actually released for the project; Provided, that the said percentage shall be reduced as the total project cost increases.

The program of work shall include, among others, estimates of the work items, quantities and costs, and the schedule of project activities and disbursements.

SEC. 16. *Program of Work.* ~ The development of any public market must begin with the initiative of the local government unit through its endorsement of a feasibility study for public consultation. After the completion of the said public consultation, a copy of the feasibility study shall be submitted to the Technical Assistance and Resource Mobilization Coordinating Council for technical endorsement. Thereafter, the bidding out of the project shall be done before the concerned local government unit where the public market is located, in accordance with the harmonized procedures on procurement under Republic Act

9 184 or the Government Procurement Reform Act. Once these are done, the actual implementation shall begin with the introduction of infrastructure improvements and followed by the implementation, as deemed necessary, of the micro financing project, the institutional development program and the consumer protection project.

SEC. 17. *Public Bidding.* - Once the development plan of any public market is cleared for implementation, all projects covered under this Act shall be implemented by contract awarded after competitive public bidding open to all qualified bidders and shall be awarded to the bidder who submits the lowest evaluated bid that is most advantageous to the government based on existing laws and regulations. A notice of the schedule of the bidding must be published for three (3) consecutive weeks in a conspicuous place within the city or municipal shall where the public market is located.

SEC. 18. *Negotiated Contracts.* - No project in this Act shall be implemented by negotiated contract except in any of the following cases: (a) when there is an emergency arising from natural calamities or where immediate actions is necessary to comply with government commitments; (b) when there is failure to award a contract after competitive public bidding for a valid cause; (c) upon the termination or rescission of contract; (d) when the project is to be implemented in areas with critical peace and order problems as certified by the Department of National Defense; or (e) as expressly authorized by the President of the Philippines when national interest so requires.

The authority to negotiate and approve contracts under this section shall be obtained by them from the Secretary of the Department of Trade and Industry.

SEC. 19. *Publication and Posting of Public Markets Development Contracts.* - All contracts for public market development projects shall be published three times on three separate days once a week for three consecutive weeks in a newspaper with a general circulation at the region where the said public market is located. In addition thereto, a copy thereof shall be posted in a public place in the province, city or municipality where the project will be implemented.

Such publication shall contain the subject matter of the contract, including the persons authorized by the government to give consent in its behalf; the type of materials used; the contract time; the bidders, if public bidding is undertaken before granting the contract; and other terms of the contract.

For purposes of this Act, the local government unit concerned shall allow interested parties to inquire into the particular contract. Such inquiry shall be made in writing during regular office hours and the same shall be for a legitimate purpose stated therein. The copies of the documents, papers and records pertinent to the public markets development contract that is the subject of inquiry shall be made available at the expense of the interested parties.

V. SOURCES OF FUNDS AND INCENTIVES

SEC. 20. *Sources of Funding.* - The development of any public market under the provisions of this Act shall be funded through the counter parting of funds from various government offices, entities or agencies; provided, that each local government unit must fund through its internal revenue allotment at least thirty percent (30%) of the total funding cost related to public market infrastructure improvements, institutional advancement and consumer protection.

The Department of Agriculture shall provide counter part funds sourced from appropriations for post harvest facilities as provided under R.A. No. 8435, otherwise known as the Agriculture and Fisheries Modernization Act of 1997, as amended, as well as from R.A. No. 8 178, otherwise known as the Agricultural Competitiveness Enhancement Fund as amended by R.A. No. 9496. At least twenty (20) public markets every year beginning from the approval of this Act must be provided with the counter part funds by the Department of Agriculture.

Any government agency or instrumentality, including government owned and controlled corporations and/or the offices of any Senator and/or Congressman through their Priority Development Assistance Fund and/or the Social Fund of the President of the Republic of the Philippines, may also provide the counter part funds to finance any aspect of this project.

Only government financial institutions are required to fund all micro-financing projects for the benefit of public markets. Subject to reasonable terms and conditions, nothing, however, prohibits private financial institutions from providing all or part of the funds needed to support the micro-financing projects as provided in this Act.

All government agencies and/or offices that have committed to support the development of any public market shall expressly state such on a Memorandum of Agreement that shall be executed per criteria.

SEC. 21. Incentives for Private Support. - Any person may donate funds, equipment, materials or services for the use and benefit of any stage of the development modules. Such donations shall be done through a Memorandum of Agreement (MOA) between the LGU and the donor. The MOA shall expressly state the market value of the donated funds, materials or services. The value of the donation shall be automatically exempt from all national internal revenue taxes including customs duties and other importation charges, if applicable. Subject to the issuance of the appropriate revenue regulations by the Bureau of Internal Revenue, the value of the donation shall also be deductible as an expense in the determination of the taxable income of any donor.

SEC. 22. Valuation of Private Support. - Unless such donations are capable of pecuniary estimations, these contributions shall be based on the market value of the said goods that shall be stated on a Memorandum or Agreement to be executed between the donor and the local government unit where the concerned public market is located.

VI. REPORTORIAL AND OVERSIGHT REQUIREMENTS

SEC. 23. Reports. - The Secretary of the Department of Trade and Industry shall submit to the President of the Philippines, the President of the Senate and the Speaker of the House of Representatives, an annual accomplishment report on projects covered in this Act, which shall include the appropriations released as of the end of the calendar year, the extent of the works accomplished, further works to be done, and any recommendations for additional appropriations or charges thereof. A detailed break report also as to the sources of counter-part funds utilized per public market project as implemented in this Act shall likewise be provided.

SEC. 24. *Implementing Rules and Regulations.* - The Department of Trade and Industry in consultation with the Technical Assistance and Resource Mobilization Coordinating Council and the LGUs, shall prepare such rules and regulations for the proper and effective implementation of this Act, within sixty (60) days from the date of publication of this Act. The Department of Trade and Industry shall publish once a week for two (2) consecutive weeks in two newspapers of general circulation the rules and regulations promulgated pursuant to this provision.

SEC. 25. *Separability Clause.* - Any portion or provisions of this Act that may be declared unconstitutional or invalid shall not have the effect of nullifying other portions and provisions hereof as long as such remaining portion or provision can still subsist and be given effect in their entirety.

SEC. 26. *Repealing Clause.* - All laws, decrees, executive orders, proclamations and administrative regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SEC. 27. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national papers of general circulation or in the *Official Gazette*.

Approved,