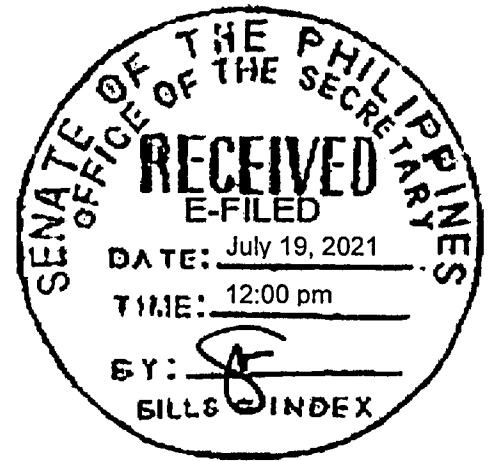


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
S. No. 2319

Introduced by **SENATOR LEILA M. DE LIMA**

**AN ACT
TO PROMOTE INCLUSIVE BUSINESS FOR MARGINALIZED SECTORS
TO SUPPORT AND ACCELERATE INCLUSIVE DEVELOPMENT AT THE
NATIONAL AND LOCAL LEVELS THROUGH PRIVATE SECTOR
INVOLVEMENT**

EXPLANATORY NOTE

The 1987 Constitution, Article II, Section 9, provides that “[t]he State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that will provide adequate social services, promote full employment, and a rising standard of living, and can improve quality of life for all.”

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

In 2018, the Philippines had more than 16% of the population living below the poverty line, and around 17.6 million Filipinos continue to struggle to afford necessities¹. With the pandemic still looming over the country, it is outright apparent that the numbers have upsurged rapidly. The United Nation’s World Food Programme (WFP) predicted that 200 million worldwide would be terribly affected by the pandemic and that access to basic necessities will be difficult. The poor and other marginalized sectors will be the most distressed. The 2020 SWS Hunger Survey revealed that Filipinos who were involuntarily hungry in May 2020 (16.7% or

¹ Tantuco, Vernise. Rappler. *Expect increase in poverty as COVID-19 ushers in Duterte’s 4th year*. 2 July 2020. Retrieved from <https://www.rappler.com/newsbreak/iq/expect-increase-poverty-covid-19-ushers-duterte-4th-year>

4.2 million families) doubled since December 2019, the highest hunger percentage since 2014.

The COVID-19 pandemic indeed caused worldwide damage, particularly in the economy of almost all countries, and the Philippines had it worst.² According to the study conducted by the Asian Development Bank (ADB), 70% of Philippine micro, small, and medium enterprises (MSMEs) had cash flow problems, and around 58.8% of the MSMEs reported zero income. As a result, owners resorted to borrowing to keep their business from closing while others opt to just temporarily close.³

Keeping in mind these numbers and facts, it is clear that the institutionalization and expansion of Inclusive Business (IB) models will allow poverty reduction through the prudent engagement of business in leveling economic opportunities.

Inclusive business is defined as “commercially viable private business activity that fosters systemic changes in solving problems relevant to the lives of low-income people.”⁴ The Philippines is no stranger to this concept as it has created, through the Philippine Board of Investments (BOI), the Inclusive Business Program management Office (IB PMO) to pilot IB models in the agri-business and tourism sectors. It has since been pushing for the adoption of IB investments, particularly the inclusion of small community enterprises into the formal economy. To date, there are five (5) registered IB projects. It is projected that this will increase within the year. In addition, IB has an excellent capability to alleviate the plight of women and improve their capacity to spur economic changes.⁵

The IB seeks to refocus the traditional business model to integrate low-income communities in its business operations and as part of its value chain. According to the Initiatives for Dialogue and Empowerment through Alternative Legal Services (IDEALS), the incorporation of the poor in the IB value chain will constructively

² Rivas, Ralf. Rappler. *PH with most business closures, layoffs vs peers during pandemic – ADB*. 16 September 2020. Retrieved from <https://www.rappler.com/business/adb-study-philippines-closures-layoffs-peers-coronavirus-pandemic>

³ *Ibid*

⁴ Asian Development Bank. *How Inclusive is Inclusive Business for Women? Examples from Asia and Latin America*. Retrieved from <https://www.adb.org/sites/default/files/publication/183942/inclusive-business-women.pdf>

⁵ *Ibid*

affect the country's growth and development and transform it to make it more gender-responsive.

The bill thus seeks to eradicate barriers to participation and construct an empowering environment for government and businesses to adopt inclusive business models in their entire operations, focusing on key processes in their supply chains, especially processes that strive to increase and foster the involvement and benefit of women and small-scale producers.

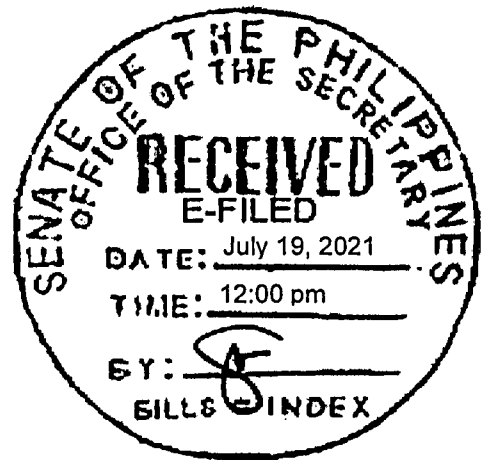
This measure further aims to enhance the MSMEs in their productivity and potential to proactively engage with Inclusive Business Companies. The incentivization provided under this bill ensures the heightening of productivity, the enhancing of the access to affordable and quality goods and services, the spawning of new and higher income and livelihood for the poor and other marginalized sectors.

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

In view of the foregoing, the passage of this bill is earnestly sought.


LEILA M. DE LIMA

EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE

S. No. 2319

Introduced by **SENATOR LEILA M. DE LIMA**

AN ACT
TO PROMOTE INCLUSIVE BUSINESS FOR MARGINALIZED SECTORS
TO SUPPORT AND ACCELERATE INCLUSIVE DEVELOPMENT AT THE
NATIONAL AND LOCAL LEVELS THROUGH PRIVATE SECTOR
INVOLVEMENT

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

1 Section 1. *Short Title.* – This Act shall be known as the “Inclusive Business Act
2 of 2021.”

3 Sec. 2. *Declaration of Policy.* – It is the policy of the State to create enabling
4 environments for inclusive business models to thrive and become a significant
5 standard for doing business in the Philippines. The State commits to the Philippine
6 Development Plan, to develop Inclusive Business as one of the strategies to expand
7 economic opportunities for the population, and the national plans, such as the zero
8 to 10-point Socio-Economic Agenda, to promote rural and value chain development,
9 and *Ambisyon Natin 2040* in making growth more inclusive and poverty-reducing.

10 The State recognizes the important role of the private sector in achieving
11 inclusive growth and sustainable development in the country. By adopting inclusive
12 business models, the private sector companies can spur innovation, deepen
13 investments in low income communities, enable inclusive value chains, provide
14 decent work, boost productivity, enhance access to affordable and quality goods and
15 services, and generate new and higher income and livelihood for the poor,
16 particularly, the women and other marginalized sectors.

17 The State likewise recognizes its role in facilitating a business enabling
18 environment so that the private sector may adopt and promote Inclusive Business

1 models. By incentivizing and ensuring the ease of doing business for the private
2 sector, the base of the pyramid is lessened and the number of taxpayers increased
3 with the end goal of promoting social justice through Inclusive Business models.

4 Sec. 3. *Definition of Terms.* – As used in this Act, the following terms shall
5 mean:

- 6 a. Base of the Pyramid (BOP) – refers to the poorest segment of economic
7 human pyramid, which is 21% of the Philippine population;
- 8 b. Business Enabling Environment – a set of policy, institutional, regulatory,
9 infrastructure and cultural conditions that govern formal and informal
10 business activities. This includes the administration and enforcement of
11 government policy, and national and local institutional arrangements that
12 affect the behavior of relevant actors who, together, comprise many of the
13 important players;
- 14 c. Decent work – means productive work in which rights are protected, which
15 generates an adequate income, and with adequate social protection. It also
16 means sufficient work, in the sense that all should have full access to income-
17 earning opportunities as defined by the International Labor Office (ILO) in
18 the report of the Director-General: Decent work during the 87th Geneva
19 Session in June 1999. Further, decent work also includes safe working space
20 for workers, particularly women who often experience sexual violence in the
21 workplace;
- 22 d. Inclusive Business (IB) – a business model approach that provides decent
23 work, respects Constitutional provisions on workers, and economic
24 opportunities and livelihood, or relevant and affordable goods or services, for
25 poor and low income earners, to people at the base of the pyramid, as
26 consumers, workers, owners or business partners, and making them part of
27 the value chain of the core business operations of the IB Company; *Provided,*
28 That there is direct contribution to improved living standards, poverty
29 reduction, and systematic inclusion in a manner that is sustainable, in scale or
30 scalable, and replicable;
- 31 e. Inclusive Business (IB) Project – the part of the core business operation of an
32 IB company where the IB model or approach is applied;

1. Registered Project – approval of application by an IB company to receive incentives, as provided by the Board of Investments (BOI); or
 2. Accredited Project – act of application by an IB Company for the use of the IB Logo and Branding, and other incentives;
- f. Industrial Development – synthesis of contributions from four major factors, namely, business, technology, government and labor;
 - g. Low-Income Communities – Households whose income fall between the poverty threshold and twice the poverty threshold as defined by the National Economic and Development Authority (NEDA);
 - h. Marginalized – the basic, disadvantaged, or vulnerable persons or groups who are mostly living in poverty and have little or no access to land and other resources, basic social and economic services such as health care, education, water and sanitation, employment and livelihood opportunities, housing, social security, physical infrastructure, and the justice system;
 - i. Performance-based incentives – include both monetary and non-monetary incentives to encourage performance and contribution to the accomplishment of the project;
 - j. Poor – Individuals and households whose income fall below the poverty threshold as defined by NEDA and/or cannot afford in a sustained manner to provide their minimum basic needs for food, health, education, housing and other essential amenities in life, as defined under Republic Act No. 8425, otherwise known as the “Social Reform and Poverty Alleviation Act.” In determining who constitutes the poor, the Multidimensional Poverty Index determined by the Philippine Statistics Authority (PSA) shall be considered, as provided by Republic Act No. 11291, otherwise known as the “Magna Carta of the Poor”;
 - k. Social Enterprise – a private sector or non-government organization that primarily pursues social value and uses business approaches and innovations to do so;
 - l. Social Value – the increase in the welfare of a society, or identified sectors of society, that is derived from a particular course of action or activity;
 - m. Small scale producers – include subsistence farmers, cottage industries, and other micro enterprises as defined under the Magna Carta for Micro, Small and Medium Enterprises (MSMEs); and

n. Value chain – value-adding economic activities where a business is interlinked with the process of producing goods and/or services to serve its chosen market, and not extend to the business operations. A value chain consists of, but is not limited to, the following:

1. Raw materials processing;
2. Inbound distribution or logistics;
3. Manufacturing operations;
4. Outbound distribution or logistics;
5. Marketing and selling; and
6. After sales service.

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

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

Sec. 4. Creation of the National Inclusive Business Coordinating Council. – There is hereby created the National Inclusive Business Coordinating Council (NIBCC) which shall be an attached agency to the Department of Trade and Industry (DTI). The NIBCC shall lead the implementation of the National Action Plan and Strategy for Inclusive Business (NAPSIB).

Sec. 5. Composition. – The members of the Coordinating Council shall be the following:

- A. Chairperson: Secretary of the DTI
- B. As Permanent Members:
 1. Secretary of Interior and Local Government;
 2. Secretary of Agriculture;
 3. Secretary of Labor and Employment;
 4. Secretary of Social Welfare and Development;
 5. Secretary of Socio-Economic Planning;
 6. Secretary of Budget and Management;
 7. Chair Philippine Commission on Women;

1 8. Three (3) representatives from the private sector, which shall be
2 determined through a private-sector led initiative designed to support
3 IB; and

4 9. One (1) representative from small scale producers' group.

5 *Sec. 6. Other Members and Assistance.* – The NIBCC shall call upon other
6 relevant agencies to provide assistance and resource on matters depending on the
7 sector and issue needed to be resolved. This includes NGAs and representatives from
8 the private and non-government development sector.

9 *Sec. 7. Partnership with National Councils, Technical Working Groups,*
10 *Local Government Units (LGUs), Private Sector Organizations, and Civil Society*
11 *Organizations.* – The NIBCC shall partner with the Micro, Small and Medium
12 Enterprise Development Council, other National Councils, such as the National
13 Competitive Council, National Convergence Council, Ease of Doing Business, Anti-
14 Red Tape Advisory Council, and National Innovation Council, Technical Working
15 Groups, LGUs, private sector organizations, and civil society organizations,
16 particularly those directly involved with IB community partners and IB companies,
17 in the implementation, monitoring, evaluation of the NAPSIB.

18 *Sec. 8. Commitment of Member Agencies to the National Action Plan and*
19 *Strategy for Inclusive Business.* – Each member-agency of the NIBCC shall align
20 their programs, plans and strategies to ensure that the NAPSIB is fully implemented,
21 anchoring on similar objectives of promoting Ease of Doing Business and Efficient
22 Government Service Delivery, as provided under Republic Act No. 11032, or
23 otherwise known as “Ease of Doing Business and Efficient Government Service
24 Delivery Act of 2018.”

25 *Sec. 9. Organizing and Staffing Pattern for the Secretariat.* – The
26 Chairperson of the Coordinating Council shall prescribe and approve the
27 organization and staffing of the Coordinating Council Secretariat in consultation with
28 the Department of Budget and Management (DBM). Gender parity in the
29 composition of the organization staffing is highly encouraged.

30 *Sec. 10. Powers and Functions of the Coordinating Council.* – The NIBCC
31 shall be the lead coordinating office and hub for the development and

1 implementation of the NAPSIB. The Coordinating Council shall be tasked to do the
2 following:

- 3 A. Draft, formulate, and implement the NAPSIB, with a commitment to
4 regularly updating the same;
- 5 B. Monitor and assess the implementation of the NAPSIB and regularly
6 submit reports to the President and to Congress;
- 7 C. Ensure NAPSIB is aligned to and reflected in the Philippine Development
8 Plan (PDP);
- 9 D. Coordinate with national government agencies, local government units
10 (LGUs), LGU associations, technical working groups, national councils, IBs,
11 IB Community partners, and other stakeholders in the development and
12 implementation of the NAPSIB and its competent plans, programs and
13 projects;
- 14 E. Update and revise the Inclusive Business Roadmap, as needed;
- 15 F. Coordinate and align the existing Roadmaps of the government towards
16 the objectives of the NAPSIB, with particular emphasis on the integration
17 of small producers and marginalized groups in value chains;
- 18 G. Coordinate IB-related studies and researches as a basis for
19 recommendation of sectors, taking into account the recommendations
20 related to integration and concerns of small producers and marginalized
21 groups in value chains, which will be areas for particular focus of the
22 implementation of the NAPSIB; *Provided*, further, that any
23 recommendations made shall be presented to the Coordinating Council for
24 approval;
- 25 H. Provide business development, advisory and facilitation services to the IBs
26 and IB community partners, especially small producers and marginalized
27 groups in value chains, in coordination with relevant agencies and LGUs;
- 28 I. Coordinate and provide a service lane for processing IB projects. This
29 includes, but is not limited to, providing advisory and facilitation services
30 in the processing of relevant government permits, licenses and other
31 requirements for the implementation of IB projects. The coordinating
32 council shall have the power to direct specific agencies to attend to the
33 bottlenecks and problems hindering the implementation and effectiveness
34 of IB Projects;

- 1 J. Serve as the primary data source of IB issues and challenges that need to
2 be addressed to encourage local participation and adoption by the private
3 sector, especially issues of small producers and marginalized groups in
4 value chains;
- 5 K. Coordinate and direct information, advisory and training services for
6 government agencies and institutions to enhance their understanding of
7 and capacity to support IBs and IB community partners in the
8 implementation of IB projects;
- 9 L. Coordinate with the Intellectual Property of the Philippines (IPO PH) in
10 assisting IB Companies and IB Community partners in getting patents,
11 copyright, trademark, and other forms of pursuing protection of their work
12 and creation;
- 13 M. Provide technical assistance and support to agencies in the formulation of
14 social value specifications in their procurement processes. The
15 Coordinating Council shall partner with non-government, research and
16 training institutions for this;
- 17 N. Establish and implement the criteria, process and guidelines for the
18 accreditation of IB models, and establish an Accreditation Committee for
19 this purpose;
- 20 O. Establish and maintain an IB information registry;
- 21 P. Coordinate with donors, government financial institutions, commercial
22 and rural banks, and social impact investors on financing mechanisms for
23 IBs and IB Community partners;
- 24 Q. Initiate public-private partnerships to enhance the viability of IB projects
25 in identified priority geographic areas or industries, taking into
26 consideration the specific needs of small producers and marginalized
27 groups in value chains. The NIBCC may call on other relevant agencies and
28 other government agencies for this purpose;
- 29 R. Design and manage a campaign or program inviting young professionals to
30 work with IBs or IB community partners as community organizers and/or
31 special entrepreneurs;
- 32 S. Recommend, on behalf of the President, to other government agencies and
33 institutions various policies and programs to promote and support IBs;

- 1 T. Integrate and coordinate existing initiatives for target IB Community
2 partners and IB Companies, such as the Rural Agro-Industrial Partnership
3 for Inclusive Development and Growth (RAPID Growth) 2019, National
4 Convergence Initiative, and other initiatives;
- 5 U. Integrate and maximize the use of trade preferences, such as the European
6 Union Generalised Scheme of Preferences Plus (EU GSP+) and United
7 States GSP, but likewise ensure compliance with conditionalities provided,
8 such as labor rights, human rights, environmental rights, good governance,
9 and the like;
- 10 V. Encourage the academe and research organizations to include in the
11 curricula of schools the Inclusive Business model and assist in developing
12 further impact analysis of the program;
- 13 W. Through the Legislative Executive Development Advisory Council
14 (LEDAC), recommend to Congress, proposed legislation to promote and
15 support IBs;
- 16 X. Through the Philippine Commission on Women (PCW) and in-line with its
17 Gender Equality and Women Empowerment (GEWE) Plan, provide
18 technical assistance to facilitate and Increase compliance of women small-
19 scale producers and women in value chains to business regulatory
20 frameworks and standards, Institutionalize sex disaggregated data
21 collection and analysis for gender-responsive and evidence-based
22 policymaking and program development on IBs and for women small scale
23 producers and women in value chains, ensure and/or facilitate
24 participation and representation of women small-scale producers and
25 women in value chains in trade or business negotiations and develop
26 and/or enhance the delivery of programs aimed at increasing access of
27 women small-scale producers to social protection; and
- 28 Y. All other functions necessary for the implementation of the law. *Provided,*
29 That they are not already being performed or exercised by existing
30 government agencies and instrumentalities.

31 **INCLUSIVE BUSINESS ACCREDITATION**

32 Sec. 11. *IB Accreditation Criteria.* – The NIBCC, in consultation with resource
33 persons from private sector industry groups, the academe, and relevant social

development institutions, shall establish a system and criteria for accrediting IBs based on their IB project. Accreditation of IBs may consider but is not limited to the following main criteria, to be developed by the coordinating council.

A. Social value:

1. Reach – the IB project of the company must reach or target to reach poor/low income or marginalized sectors at scale;
2. Depth – the IB project of the company must lead to measurable improvements in the quality of life for poor/low income or marginalized sectors through income generation or access to relevant and affordable services and products;
3. Systemic Impact. – The IB project of the company must address relevant poverty dimensions and provide a systemic contribution to poverty reduction and social inclusion.

B. Innovation and Sustainability:

1. Innovation – the IB project of the company must include innovative features that lead to improvements in areas such as but not limited to, profitability, governance, social value, social equity, gender equality, and environmental sustainability.
2. Financial viability of the company – the company that adopts the IB model must be financially viable.
3. Financial viability of the company's IB model – the IB project of the company must contribute substantially towards the financial viability of the company with positive returns on investment.

The NIBCC and Accreditation Committee shall propose for approval the specific percentage weight and measurable indications to be assigned to each accreditation criteria, as well as any additional criteria. Criteria weights and indicators shall be established on a per industry basis subject to approval. *Provided*, That the final criteria approved for each industry shall be applied consistently to all applicants from the same industry without exceptions.

Sec. 12. *IB Accreditation Process.* – The accreditation process shall involve the following steps, in accordance with guidelines to be established by the NIBCC:

- a. Submission to Accreditation Committee of the completed application form, business plan, and required supporting documentation by the company;

- b. Initial interview and review of company documentation by the Accreditation Committee;
- c. Site visit by Accreditation Committee to validate the social and environmental acceptability and objectives as described in the company's application and business plan;
- d. Evaluation and recommendation by the Accreditation Committee to the DIT Executive Committee;
- e. The DTI Executive Committee decision to approve or disapprove company's accreditation;
- f. Accreditation for approved applications;
- g. Regular monitoring and assessment;
- h. Renewal of accreditation and continuation of project; and
- i. End of project impact review and reporting.

Accredited IBs shall be subject to regular monitoring, reporting and assessment to ensure that the company's IB project is being implemented according to the approved business plan and achieving approved social value, innovation and sustainability target specifications. Failure to pass the regular monitoring and assessment by the Accreditation Committee may lead to the revocation of the IB's accreditation. Motions for project extension will be considered on a per project basis.

The Accreditation Committee shall disclose to companies with disapproved accreditation applications the reason/s for disapproval to enable said companies to improve or change their business projects accordingly. Companies with disapproved applications may re-apply for IB accreditation subject to the guidelines provided by the Coordinating Council.

Notwithstanding the eligibility of a company, the Accreditation Committee reserves the right to review the qualifications of the company at any stage of the accreditation process if the Committee has reasonable grounds to believe that a misrepresentation has been made by the Company, or that there has been a change in the company's capability to undertake the project from the time it submitted its completed application. Should such review uncover any misrepresentation made in the application, statements or documents, or any changes in the situation of the company which will affect the capability of the company to undertake the project so that it fails the accreditation criteria, the Accreditation Committee shall consider the

1 Company as ineligible and shall disqualify it from obtaining accreditation to use the
2 IB logo and branding.

3 **BENEFITS, INCENTIVES, AND SUPPORT FOR INCLUSIVE**
4 **BUSINESS**

5 Sec. 13. *Use of IB Logo and Branding.* – Accredited IBs may affix the
6 Philippine IB logo on related packaging, letterheads, brochures, leaflets, and other
7 forms of information and communication collaterals, in various media outlets, with
8 permission from and subject to the policies and guidelines from the Coordinating
9 Council; *Provided*, further, that upon the end of the project the logo may not be used
10 further, unless an extension of the accreditation or registration has been granted;
11 *Provided*, finally, that there is no finding by the Coordinating Council that the project
12 has failed to pass the regular monitoring and assessment.

13 Sec. 14. *IB Information Registry.* – The Coordinating Council shall establish
14 and maintain an online public IB registry and database, which shall serve as the main
15 repository of information on IBs. The IB registry shall be disseminated nationwide;
16 *Provided*, further, that the Coordinating Council shall call on the DTI Negosyo
17 Centers to promote ease of dissemination to LGUs and local communities. To
18 facilitate collaboration on potential and existing IB projects, the registry shall include
19 information and status on accredited IBs, IB community partners, and IB Projects. It
20 shall also include information on business development service providers, financial
21 service providers, and social impact investors, specifically catering to IBs and IB
22 community partners.

23 Sec. 15. *Government Support for IB Community Partners.* – IB Community
24 Partners, which include MSMEs, of accredited IBs shall be prioritized by government
25 agencies in the provision or distribution of relevant government support programs
26 and services that may improve or strengthen their capacity and resources to
27 effectively engage in the IB project. These government programs and services include,
28 but are not limited to, public infrastructure, shared service facilities, enterprise
29 capacity building and training support, technical assistance developing micro-equity
30 finance and business models, marketing assistance, value chain financing, business
31 incubation and technology transfer, business facilitation, support for marginalized
32 sectors, and women's economic empowerment. *Provided*, further, that the potential

1 and interested individuals and/or organizations seeking to be IB Community
2 Partners, shall likewise be capacitated by NGAs and LGUs providing relevant
3 trainings, support, and capacity building sought by IB Companies. NGAs and LGUs
4 may seek assistance with civil society organization for providing the same.

5 Towards this end, each member-agency of the Coordinating Council shall
6 formulate and issue policies that shall facilitate these support programs and services,
7 and automatically provide information of the same to the IB registry. It shall, at the
8 same time, regularly update information on these support programs and services,

9 Sec. 16. *Incentives for Inclusive Business Projects.* – An IB Project may qualify
10 for incentives under this law and be entitled to the following for five (5) consecutive
11 years starting from the declared commencement data of the IB Project, as approved
12 by the Coordinating Council:

13 A. Double Deduction for Labor Expense – Expenses incurred of a registered
14 IB project for wages of persons hired from the identified government
15 databases, such recipients of government subsidy programs or those living
16 below poverty threshold or benefitting 50% women workers, shall be
17 deductible from the gross income for income tax purposes to the extent of
18 two hundred percent (200%) on the year said labor expense was incurred;
19 *Provided*, That the hiring is an incremental to the number of direct labor.

20 B. Double Deduction for Training – Expenses incurred for training, identified
21 and approved by the BOI, given to persons hired and to be hired from
22 identified government databases and those living below the poverty
23 threshold, and part of IB community partners, especially those IB
24 companies providing capacity building needs of small producers and
25 marginalized groups in value chains, shall be deductible from the gross
26 income for income tax purposes to the extent of two hundred percent
27 (200%) on the year the said training expense was incurred.

28 C. Additional Deduction for Goods, Materials and Logistics Resources
29 Sourced from Micro, Small and Medium Enterprises (MSMEs) – A
30 registered IB Project may be allowed an additional deduction from the
31 taxable income of twenty-five percent (25%) of the cost of goods, materials
32 and logistics resources sourced from micro, small and medium enterprises,

community enterprises, social enterprises, especially from small producers on the year the said expenses were incurred.

D. Double Deduction for Research and Development – Expenses incurred for research and development activities, especially in relation to small producers and marginalized groups in value chains, identified and approved by DTI, shall be deductible from the gross income for income tax purposes to the extent of two hundred percent (200%) on the year the said research and development expense was incurred.

Sec. 17. *Other IB Incentives.* – An accredited IB shall qualify for other incentives made available by law, executive issuances, and local ordinances, as recommended and in consultation with the Coordinating Council; *Provided, That* double deductions of the same or substantially similar incentives shall not be allowed unless explicitly allowed by law, executive issuances, and local ordinances. Guidelines and procedure for availing of all incentives shall be provided by the NIBCC.

Sec. 18. *Financial and Loan Assistance from Government Banks.* – Loan assistance from the commercial production of the product of the IB Project, either locally or for export and duly registered or accredited with the NIBCC Secretariat created under this Act, shall be extended by government banks; *Provided, that* said IB Project meets the criteria and would enhance the economy of the country and the community, provide technical capacity, or generate regular employment opportunities for the IB Community; *Provided, That* the loans shall be guaranteed by the Small Business Guarantee and Finance Corporation (SBGFC) and/or the IB Project.

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

Sec. 19. *Government Agencies Assistance.* – In order to facilitate the granting of financial assistance by any government bank, all government agencies concerned are required to extend all possible assistance, such as the use of its facilities in the preparation of project feasibility studies and evaluations, and products to be produced by the IB Company or Community.

Sec. 20. *Penalties.* – (a) Any IB company in violation of the use of the IB Logo and Branding, or Section 13 of this Act, shall be fined Twenty Thousand Pesos

1 (P20,000.00) for the first offense; Fifty Thousand Pesos (P50,000) for the second
2 offense; One Hundred Thousand Pesos (P100,000) and blacklisted from
3 accreditation for the third offense, subject to the guidelines of the coordinating
4 council; *Provided*, further, that a company neither registered nor accredited as an IB
5 Company shall be penalized under letter b of this section.

6 (b) Tampering, alteration, forgery, and imitation of the IB Logo, and
7 misrepresentation thereof, shall be punished with a fine of not less than Fifty
8 thousand pesos (P50,000) but not more than One hundred thousand pesos
9 (P100,000) for each and every instance proven, without prejudice to other penalties
10 imposed by Republic Act No. 7394 or the "Consumer Act of the Philippines;"
11 *Provided*, That the Coordinating Council is hereby empowered, after publication, to
12 increase or adjust the amount of the fines prescribed in this section once every five (5)
13 years in the amount not exceeding ten per centum (10%) of existing rates.

14 (c) Any IB company in violation of the rights of the community or any member
15 thereof shall be directly responsible for damages and blacklisted from accreditation
16 without prejudice to other remedies available under the law especially those enacted
17 laws protecting women and children as specified under the Republic Act No 9710 or
18 the "Magna Carta of Women."

19 Sec. 21. *Monitoring, Evaluation, Review, and Assessment.* —The
20 Coordinating Council, in consultation with IB Companies, IB Community Partners,
21 National Government Agencies (NGAs), and LGUs concerned as necessary, shall
22 regularly monitor, evaluate, review, and assess the impact and effectiveness of the
23 NAPSIB.

24 The Coordinating Council shall, likewise, submit to Congress a periodic review
25 on the implementation of this Act at the end of the third year from the date of its
26 effectiveness and every year thereafter.

27 Sec. 22. *Nationwide Public Information Campaign.* – The Coordinating
28 Council, in coordination with its member-agencies, the Philippine Information
29 Agency, LGUs, private agencies, and relevant organizations shall undertake a
30 sustained, intensive, and targeted Information campaign to promote greater
31 awareness and practice of IB among key stakeholders, particularly large and
32 medium-size companies operating in priority industries and marginalized areas, and

1 encourage the coordinated support of relevant government agencies to IB
2 investments.

3 Sec. 23. *Implementing Rules and Regulations.* – The Coordinating Council, as
4 led by the Department of Trade and Industry, in consultation with its member-
5 agencies, shall issue the rules and regulations necessary to implement the provisions
6 of this Act ninety (90) days from the effectivity of this Act.

7 Sec. 24. *Appropriations.* – The initial amount necessary for the
8 implementation of this Act shall be charged against the current appropriation of DTI;
9 *Provided,* That the amount necessary for the continued implementation of this Act
10 shall be included in the annual General Appropriations Act.

11 Sec. 25. *Separability Clause.* – If any provisions of this Act, or part hereof, is
12 held invalid or unconstitutional, the remainder of the law or provision not otherwise
13 affected shall remain valid and subsisting.

14 Sec. 26. *Repealing Clause.* – All provisions of laws, presidential decrees,
15 letters of instruction and other presidential issuances that are incompatible or
16 inconsistent with the provisions of this Act are hereby deemed amended or repealed.

17 Sec. 27. *Effectivity.* – This Act shall take effect within fifteen (15) days after its
18 publication in the Official Gazette or in at least two (2) national newspapers of
19 general circulation.

Approved,