

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6606



Introduced by **Representative Stella Luz A. Quimbo**

EXPLANATORY NOTE

Since 11 March 2020 when the World Health Organization declared the COVID-19 outbreak a pandemic, two major developments had arisen in the Philippines, owing to COVID-19 being new, unknown, and fast-evolving. First, on 16 March 2020, the entire Luzon was put on enhanced community quarantine (ECQ) to contain the transmission of the virus by requiring the population to practice social distancing. The ECQ restricted the movement of the population with the exception of a skeletal workforce, and mandated the temporary closure of “non-essential” businesses. Essential businesses which were allowed to continue operating were limited to hospitals, drug stores, groceries, food manufacturing and services, banks, utilities, media, telecommunications, and select transportation. Based on latest available data from the Labor Force Survey (LFS), about 7 million daily wage earners in Luzon would be economically displaced, as a result of the temporary shutdown of the economy.

Second, on 23 March 2020, Congress passed the Republic Act No. 11469 or the Bayanihan to Heal as One Act in a historic special session conducted online. This law provided additional powers to the President allowing budgetary adjustments and

disbursements for purposes of containing the transmission of COVID-19 and providing social amelioration for those displaced by the ECQ. Section 4(c) of the Act suggests a maximum amount of transfers for the poorest 18 million households - consisting about 75 percent of the population - equivalent to 288 billion pesos, for purposes of social amelioration.

The next urgent task is to ensure that workers keep their jobs post COVID-19 by keeping businesses afloat. Many businesses considered "non-essential" during the ECQ period had minimal or zero revenues, and continued to pay their salaried employees during the lockdown period. Based on data from the LFS, ECQ non-essential businesses cover about 29.63 million workers, employers, and small business owners. The number of workers total 17.48 million individuals. Of these, 5.12 million (29 percent) workers are paid salaries. The total payroll costs for these workers amount to about 3 billion pesos per day or 63.038 billion pesos for a 21-day work month. Businesses on "no sales, with payroll costs" mode during the ECQ are from the following sectors: retail trade, office administrative and support services, construction of buildings, education, land transport, crop and animal production, manufacture of computer, electronic, and optical products, wholesale trade, and accommodation services. Collectively, these firms shouldered 60 percent of all payroll costs shouldered during the ECQ. Based on the Annual Survey of Philippine Business and Industry, many of these businesses are highly leveraged. The total annual interest payments of these businesses are estimated at 90 billion pesos. Payroll costs and loan payments incurred at a time when revenue generation was disrupted could result in painful business decisions such as worker layoffs or salary adjustments.

Which of the ECQ non-essential businesses are most vulnerable to the COVID-19 outbreak? Table 1 shows a ranking of the top ten sectors that are affected by payment of payroll costs and interest expenses while having minimal revenues during the ECQ

period. These top ten most affected ECQ non-essential businesses cover about 22.94 million workers, employers, and small business owners.

Table 1. Most Vulnerable ECQ Non-essential Businesses

Sector	Rank, size of payroll costs (1=largest)	Rank, ratio of interest expenses to payroll costs (1=highest)	Score (2=maximum vulnerability)	Overall rank (1=most vulnerable)
Retail trade	1	5	6	1
Office administrative, office support	2	10	12	4
Construction of buildings	3	6	9	2
Education	4	9	13	5
Land transport	5	1	6	1
Crop and animal production	6	4	10	3
Manufacture of computer, electronic and optical products*	7	8	15	6
Wholesale trade	8	2	10	3
Accommodation services	9	3	12	4
Repair of Motor Vehicles	10	7	17	7

Source of basic data: Labor Force Survey, Annual Survey of Philippine Business and Industry, author's own computations

*Note: Main source of vulnerability is disrupted trade, not captured in this matrix

A fiscal stimulus package is needed to avoid worker layoffs by helping businesses avoid losses and keeping businesses as going concerns. Business confidence needs to be restored: a vibrant business community is needed to keep employment levels high, so that levels of economic growth as targeted are achieved and, more importantly, are inclusive.

Yet, business operations could change drastically after COVID-19. Mindful of health risks, businesses will likely need to change the way they deliver goods and services to their customers. Hence, apart from facing losses during the lockdown period, businesses will need to change business plans and invest in new technologies. Micro,

small, and medium-scale establishments (MSMEs) will face the greatest difficulties in the post-COVID era. They are at risk of losing customers to larger competitors who have the capacity to shift to newer business platforms (e.g., online) which customers will prefer over brick and mortar stores as they continue to practice social distancing. The physical space requirements to do business will certainly be larger, and health standards for workers (e.g., COVID-tested employees) will be higher. MSMEs will have difficulty coping with these new standards.

Tourism is among those sectors directly and hardest hit by COVID-19. In February 2020, the Department of Tourism estimated that the tourism industry would lose 42.9 billion pesos in revenues for the next three months, taking note of the fact that China (the original epicenter of the disease) has the 2nd biggest share of tourist arrivals to the Philippines.¹ If the COVID-19 outbreak carries on until June, the National Economic Development Authority (NEDA) projects a 1.42 million reduction in tourist arrivals.² In fact, per the Manila International Airport Authority, 595, 000 fewer passengers were recorded at three of the four terminals of Ninoy Aquino International Airport in February 2020.³ Subsequently, the Air Carriers Association of the Philippines appealed to the government on 9 March 2020 for the cancellation of travel tax and navigational charges as the airline industry canceled 32 routes – equivalent to 8, 000 local and international flights – and lost 3 billion pesos for flight refunds alone.⁴ Further tightening of travel due to the ECQ will also take its toll on the industry. Considering that the tourism industry involves many sectors of the economy, including transportation, accommodation, tour operations, food and beverage manufacturing, food services, furniture manufacturing, gambling, and wholesale and retail trade, whose workers constitute about one-third of the 41 million workers in the Philippine economy, it is important for government to assist in jumpstarting the industry when the ECQ is lifted.

¹ CNN Philippines. 12 February 2020.

² GMA News. 09 March 2020.

³ Inquirer.net. 11 March 2020.

⁴ GMA News. 09 March 2020.

Among manufacturers, exporters and importers are the most vulnerable to economic displacement owing to COVID-19. A 2020 study by Jandoc, Adriano, and Quimbo⁵ found that exporters and importers will likely reduce their trade transactions by one-half. About 494,679 workers employed in these firms are at risk. The estimated amount of economic displacement (i.e., foregone profits) for these firms is 33 billion pesos per month.

In general, the various forms of business stimulus proposed in this bill are intended to avoid worker layoffs by ensuring business continuity post-ECQ. They are guided by the following principles:

- (1) Continuity: firms shall receive assistance for purposes of avoiding business closure, restoring business confidence, and ensuring that firms can proceed business-as-usual, post-COVID-19;
- (2) Compensatory: firms will be reasonably compensated for damages that firms have incurred during the COVID-19 outbreak, which the government would have otherwise shouldered;
- (3) Capacity-building: firms shall receive assistance for purposes of building capacity to respond with new business arrangements in light of the COVID-19 outbreak and to become more resilient to future economic shocks; and
- (4) Proportionality: the total amount of stimulus is a proportionate response to the expected outcome of keeping the economy back on track.

This bill seeks to institutionalize a fiscal stimulus package to ensure worker retention and payroll maintenance through business continuity, amounting to a total of 370 billion pesos. This amount was determined using simulations on a growth model estimated for the purpose of this bill (see Table 2). Under a do-nothing scenario, GDP growth can fall

⁵ UP School of Economics Discussion Paper 2020-01, March 2020.

to as low as 0.89 percent. This is consistent with NEDA's estimated GDP growth, post-ECQ, which ranges from -0.6 to 4.3 percent for 2020. Under a scenario where government spending increases by 330 billion pesos, which is the estimate of what the Bayanihan Heal as One Act can cost at the maximum,⁶ GDP growth slightly recovers to 3.16 percent. Under a third scenario, where, in addition to spending under the Bayanihan Heal as One Act, government spends 270 billion pesos for purpose of fiscal stimulus (described further in the enumeration below), GDP growth is estimated at about 4.49 percent. Finally, if in addition to 270 billion pesos, the government further augments the budgets of government financial institutions by 100 billion pesos for purposes of assisting the private sector by infusing additional loanable funds as well as in managing payment of business loans, this 370 billion peso fiscal stimulus package allows the attainment of the targeted GDP growth rates for 2020.

Alternatively, with every percentage point of GDP equivalent to about 198 billion pesos and with a fiscal multiplier of about 1.5, to move from a GDP growth of 0.89 to 6.25 percent, a fiscal stimulus package of 370 billion pesos (over and above a 330 billion peso spending under the Bayanihan to Heal as One Act) is required. This level of additional government spending will increase the budget deficit to 6.54 percent of GDP, which is near the midpoint of the global range among countries which passed fiscal stimulus measures in response to COVID-19 (e.g., USA, 10.3 percent of GDP; Malaysia, 15.9 percent of GDP; Thailand, 5.9 percent of GDP; South Korea, 0.7 percent of GDP).

Yet another way to account for economic losses arising from COVID-19 is to add up economic losses associated with the ECQ : (i) unearned wages, for example, by daily wage earners and the self-employed in ECQ non-essential businesses, (ii) earned wages but unsupported by any value-added to the economy (payroll costs of ECQ non-essential businesses during the ECQ period), and (iii) unearned corporate income – and prolonged

⁶ Available upon request (repstellaquimbo@gmail.com)

business losses in the tourism and trade sector. Approximately, these amount to 1.08 trillion pesos, with a breakdown provided in Table 3.

Table 2. GDP Growth Simulations⁷

	Scenario 1: Do-nothing	Scenario 2: Increase government spending	Scenario 3: Increase government spending Promote capital formation and business confidence Promote trade	Scenario 4: Increase government spending Promote capital formation and business confidence Promote trade Re-structuring and limited guarantees of loans of businesses
GDP growth	0.89 %	3.16%	4.49%	6.25%
Increased government spending for health and social amelioration	0	330 B	330 B	330 B
Increased government spending for fiscal stimulus	0	0	270B	370B
Gross capital formation	-8%	-5%	1%	5%
Change in Household Consumption	-15%	0%	5.5%	5.5%

⁷ The results in Table 1 are from a Solow growth model estimated using time series data (1960-2019) from the World Bank Open Data and the Philippine Statistical Authority, estimated by the author. Results are available upon request (repstellaquimbo@gmail.com).

Table 3. Estimated Economic Losses due to COVID-19, 2020

ITEM	Estimated amount (in billion pesos)
Total Wages, unearned or paid but without value added per day of ECQ ⁸	11.76
Total Corporate Income, unearned per day of ECQ ⁹	4.61
Total wage and corporate income losses per day of ECQ	16.36
Inflation-adjusted amount of daily losses in wages and corporate income	17.69
Total estimated wage and corporate income losses for a 45- day ECQ	<u>796.34</u>
ADD: Sectoral losses before and after the ECQ	
Tourism (six months) ¹⁰	86
Export/import sector (six months) ¹¹	198
TOTAL	<u>1,080.34</u>

The total provided in Table 3 – 1.08 trillion pesos – is the approximate amount of economic losses implied by Table 1. The do-nothing option will result in a reduction in GDP growth from 6.25 percent to 0.89 percent, and with each percentage point equivalent to 198 billion pesos, the total economic losses implied by Table 1 is 1.061 trillion pesos.

The bill provides for subsidies, grants, loans, and other forms of aid to businesses totaling 370 billion pesos, with breakdown as follows:

- (1) 110 billion pesos targeted to private businesses whose operations were temporarily disrupted during the ECQ but continued to shoulder payroll costs;
- (2) 1 billion pesos targeted to employees who had contracted COVID-19, to ensure that sick leaves are fully paid;
- (3) 100 billion pesos targeted to government financial institutions so they can increase their ability to assist the private sector in managing their loans;

⁸ Source of basic data: 2018 Labor Force Survey

⁹ Source of basic data: 2018 BIR reports

¹⁰ Source of data: DOT, reported losses of 43 billion pesos for 3 months, multiplied by 2

¹¹ Source of data: Jandoc, Adriano, and Quimbo (2020): reported losses of 33 billion pesos per month

- (4) 50 billion pesos targeted to the estimated 1 million micro, small, and medium-scale establishments;
- (5) 43 billion pesos targeted to all sectors constituting the tourism industry; and
- (6) 66 billion pesos targeted to exporters or importers, particularly, in the manufacturing sector.

Considering that the business situation quickly evolves as new scientific discoveries are made with respect to COVID-19, the inter-agency task force that is mandated to manage the fiscal stimulus package shall be given reasonable and sufficient flexibility to adjust allocations on specific spending items, within the approved total amount.

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


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Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6606

Introduced by **Representative Stella Luz A. Quimbo**

AN ACT APPROPRIATING THE SUM OF THREE HUNDRED SEVENTY BILLION PESOS (P370,000,000,000) FOR THE 2020 FISCAL STIMULUS PACKAGE TO ADDRESS THE ECONOMIC IMPACT OF COVID-19

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 and cited as the "Economy Moving
2 Forward as One Act."

3 **SECTION 2. Definition of Terms.** - For purposes of this Act, these terms are defined as
4 follows:

5 (a) *Economic resilience* refers to the policy-induced ability of an economy to withstand
6 and recover from exogenous shocks, such as pandemics, natural disasters, and
7 financial crises.

8 (b) *Enhanced community quarantine (ECQ)* refers to the period where strict home
9 quarantine is implemented in all households, transportation is suspended,
10 provision for food and essential health services is regulated, and heightened
11 presence of uniformed personnel to enforce quarantine procedures is
12 implemented, in order to contain the spread of the 2019 novel coronavirus, in
13 accordance with the Memorandum of the Executive Secretary dated 13 March
14 2020, and as imposed on all of Luzon under Presidential Proclamation No. 929
15 dated 16 March 2020.

16 (c) *ECQ non-essential businesses* refers to those private establishments not in the
17 business of providing basic necessities and not engaged in such activities related
18 to food and medicine production, i.e., public markets, supermarkets, groceries,
19 convenience stores, hospitals, medical clinics, pharmacies, and drug stores, food

preparation and delivery services, water-refilling stations, manufacturing and processing plants of basic food products and medicines, banks, money transfer services, power, energy, water and telecommunications supplies and facilities, in accordance with the Memorandum of the Executive Secretary dated 13 March 2020.

(d) *Fiscal stimulus* refers to any increase in government spending undertaken to support economic growth, including temporary tax revenue losses arising from regulatory forbearance adopted by the government.

(e) *Micro, small, and medium-scale enterprise (MSME)* refers to any business activity 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:

	At least	Not more than
Micro	-	P 3,000,000
Small	P 3,000,001	P15,000,000
Medium	P 15,000,001	P 100,000,000

SECTION 3. Supplemental Appropriations. - The sum of Three Hundred and Seventy Billion Pesos (Php 370,000,000,000.00) is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, including funds from approved loans and proceeds of bond issuances by the National Treasury, as additional funding and budgetary requirements for the Fiscal Year (FY) 2020 budget.

This sum shall be appropriated as a stimulus package for those impacted by the COVID-19 outbreak. It shall be allocated in the manner set out in Section 5.

The Department of Budget and Management (DBM) shall identify programs, projects, and activities which cannot be utilized effectively as a result of the COVID-19 outbreak, including items such as discretionary travel, and declare allotments for such items as forced savings. The DBM shall make a detailed report to Congress on forced savings arising from COVID-19, not later than two (2) weeks after the enactment of this Act.

SECTION 4. General Principles in Aiding Businesses. - In assisting businesses who have been impacted by the 2019 coronavirus disease (COVID-19) crisis, additional government spending authorized by this Act shall be guided by the following principles:

- 1 (a) Continuity: firms shall receive assistance for purposes of avoiding business
2 closure, restoring business confidence, and ensuring that firms can proceed
3 business-as-usual, post-COVID-19;
- 4 (b) Compensatory: firms will be reasonably compensated for damages that firms have
5 incurred during the COVID-19 outbreak, which the government would have
6 otherwise shouldered;
- 7 (c) Capacity-building: firms shall receive assistance for purposes of building their
8 capacity to respond to new business arrangements after the COVID-19 outbreak
9 and become more resilient to future economic shocks; and
- 10 (d) Proportionality: the total amount of stimulus is a proportionate response to the
11 expected outcome of keeping the economy back on track.

12 **SECTION 5. Economic Relief Measures.** – Existing programs under the various
13 government agencies at the time of enactment of this Act will be prioritized for purposes
14 of implementing the delivery of the fiscal stimulus package.

15 Implementing agencies are authorized to increase their manpower complement for
16 purposes of ensuring that their mandates as provided in this Act are sufficiently
17 performed. The maximum allowable expenditure for this purpose is three percent (3%)
18 of the appropriation for each implementing agency as specified in this sub-section.
19 Implementing agencies are also authorized to enter into partnerships or agreements with
20 private corporations and financial institutions if deemed necessary to ensure the timely
21 and efficient delivery of services and fulfillment of duties under this Act.

- 22 (a) The Department of Labor and Employment (DOLE) shall offer wage subsidies to
23 ECQ non-essential businesses, and other business displaced due to COVID-19 as
24 jointly determined by the National Economic and Development Authority
25 (NEDA) and Department of Trade and Industry (DTI), hereafter referred to as
26 “other affected sectors”, amounting to a minimum of twenty-five percent (25%)
27 and maximum of seventy-five percent (75%) of actual payroll costs for a period
28 equivalent to the length of the ECQ for purposes of employment retention.

29 Sectors that will receive the maximum allowed wage cost-share by government
30 include (i) those that have been directly impacted by the COVID-19 outbreak, such
31 as tourism and trade, and (ii) those that support priority programs of the
32 government such as Build, Build, Build.

33 The DOLE shall provide unemployment benefits for overseas Filipino workers
34 (OFWs) who were repatriated, whether voluntarily or mandatorily, as a result of
35 the outbreak of COVID-19, in order to aid them in job search. The maximum
36 amount for such unemployment benefits shall be equivalent to the average wages
37 of OFWs in the country of employment prior to repatriation, for a period of two
38 (2) months.

1 There is authorized to be appropriated one-hundred ten billion pesos (Php
2 110,000,000,000.00) to carry out this sub-section.

3 Not later than fifteen (15) days after the date of enactment of this Act, the DOLE
4 shall issue guidelines and regulations implementing this sub-section, including
5 the schedule of wage subsidies to be provided by COVID-affected sector, the target
6 number of beneficiaries, and the estimated total amount of wage subsidies to be
7 provided.

- 8 (b) The Social Security System (SSS) and Government Service Insurance System
9 (GSIS) shall provide employee compensation for private establishments and
10 government agencies, respectively, in the form of paid sick leaves provided to
11 employees who contracted COVID-19.

12 In the case of private establishments, the SSS shall compensate the employer to the
13 extent of salaries paid to the employee in excess of paid sick leaves as provided for
14 under company policy, for the duration of the entire illness episode, including the
15 quarantine period post hospital discharge. In the case of government employees,
16 the GSIS shall directly compensate the employee for all salary deductions, in case
17 paid sick leaves have been fully utilized.

18 In no case will employee compensation exceed 120,000 pesos per individual.

19 There is authorized to be appropriated one billion pesos (Php 1,000,000,000.00) to
20 carry out this sub-section.

21 Not later than fifteen (15) days after the date of enactment of this Act, the SSS and
22 GSIS shall jointly issue guidance and regulations implementing this sub-section,
23 including the target number of beneficiaries, and estimated total amount of
24 compensation for paid sick leaves.

- 25 (c) The Land Bank of the Philippines (LBP) and the Development Bank of the
26 Philippines (DBP) shall expand their current loan and loan guarantee programs to
27 assist MSMEs, ECQ non-essential businesses, and other affected sectors. Nothing
28 in this Act shall disallow LBP and DBP from introducing financial innovations for
29 purposes of providing assistance towards debt and liquidity management,
30 consistent with the guiding principles set forth in Section 4 of this Act.

31 The LBP and DBP shall introduce an Interest-free Loan Program targeted to
32 MSMEs, ECQ non-essential businesses, and other affected sectors for purposes of
33 labor retention and payroll cost maintenance.

34 Per eligible borrower, the maximum amount of the loan is equal to the cost of
35 maintaining payroll continuity during and after the ECQ period.

1 An eligible borrower receiving an interest-free loan under this sub-section shall
2 make a good faith certification that the uncertainty of current economic conditions
3 justifies the interest-free loan request to support the ongoing operations of the
4 borrower, and acknowledges that funds will be used to retain workers and
5 maintain payroll.

6 Failure to retain workers and maintain payroll shall trigger the imposition of
7 interest payments proportional to the reduction in employees.

8 There is authorized to be appropriated one-hundred billion pesos (Php
9 100,000,000,000.00) to carry out this sub-section.

10 The LBP and DBP shall repay to the national government the total amount
11 received to carry out this sub-section, net of administrative costs, allowable losses
12 and a reasonable return, with the schedule of repayment to be determined and
13 consistent with loan terms provided to assisted businesses.

14 Not later than fifteen (15) days after the date of enactment of this Act, the LBP and
15 DBP shall jointly issue guidelines and regulations implementing this sub-section,
16 including the schedule of interest rates in the event that labor conditionalities are
17 not met, the target number of beneficiaries, and the estimated total amount of loan
18 issuances.

19 (d) The DTI shall offer grants for the education, training, and advising of MSMEs on:

20 (i) improving business resiliency in the post COVID-19 era;

21 (ii) the prevention and containment of transmission of communicable diseases
22 such as COVID-19;

23 (iii) coping with the potential effects of exogenous shocks such as COVID-19 on
24 the supply chain, distribution, and sales of products, including the
25 introduction of innovations in business practices;

26 (iv) utilizing online platforms as alternative or supplementary product
27 distribution or delivery channels, including website development and the set-
28 up of logistics to support online sales platforms;

29 (v) the management and practice of tele-work, tele-consulting in the case of
30 medical practitioners and other professionals, and customer service, including
31 managing the risk of cyber threats; and

32 (vi) any other relevant business practices introduced for purposes of mitigating
33 the economic effects of COVID-19.

1 There is authorized to be appropriated ten billion pesos (Php 10,000,000,000.00) to
2 carry out this sub-section.

3 Not later than fifteen (15) days after the date of enactment of this Act, the DTI shall
4 issue guidelines and regulations implementing this sub-section.

5 (e) The Small Business Corporation (SBC) shall expand its existing loan programs for
6 MSMEs by any or a combination of the following: (i) increasing the availability of
7 loanable funds, (ii) reducing eligibility requirements, (iii) increasing the maximum
8 loan amounts per borrower, (iii) reducing the interest rates to zero, and (iv)
9 extending loan terms. To ensure effective program expansion for purposes of this
10 Act, including program reach and efficiency, the SBC shall increase its manpower
11 and technology complement.

12 In addition to the allowable uses of loans under the regular loan programs of SBC,
13 the proceeds of any loan granted under this sub-section may be used for

14 (i) payroll costs,

15 (ii) materials and supplies,

16 (iii) mortgage payments,

17 (iv) rent,

18 (v) utilities, including fuel and storage,

19 (vi) creation of new businesses,

20 (vii) repurposing of existing business capital, or

21 (viii) any other debt obligations that were incurred before the covered period.

22 Priority shall be granted to establishments requiring financing for any activity that
23 supports initiatives of the Department of Health (DOH) towards ensuring an
24 adequate and responsive supply of health care services.

25 There is authorized to be appropriated twenty billion pesos (Php
26 20,000,000,000.00) to carry out this sub-section.

27 The SBC shall repay to the national government the total amount received to carry
28 out this sub-section, net of administrative costs, allowable losses and a reasonable
29 return, with the schedule of repayment to be determined and consistent with loan
30 terms provided to assisted businesses.

31 Not later than fifteen (15) days after the date of enactment of this Act, the SBC shall
32 issue guidelines and regulations implementing this sub-section, including the

target number of beneficiaries and the estimated total amount of grants to be provided.

- (f) The Agricultural Credit Policy Council's (ACPC) Financing Program shall expand its existing loan programs for agribusiness establishments by any or a combination of the following: (i) increasing the availability of loanable funds, (ii) reducing eligibility requirements, (iii) increasing the maximum loan amounts per borrower, (iii) reducing the interest rates to zero, and (iv) extending loan terms. To ensure effective program expansion for purposes of this Act, including program reach and efficiency, the ACPC shall increase its manpower and technology complement.

In addition to the allowable uses of loans under the regular loan programs of ACPC, the proceeds of any loan granted under this sub-section may be used for

- (i) payroll costs,
- (ii) materials and supplies, including fertilizer,
- (iii) mortgage payments,
- (iv) crop insurance payments,
- (v) rent,
- (vi) utilities, including fuel and storage,
- (vii) creation of new businesses,
- (viii) repurposing existing capital,
- (ix) any other debt obligations that were incurred before the covered period.

Priority shall be granted to business establishments that support the initiatives of the Department of Agriculture (DA) on promoting farm consolidation arrangements to bring about economies of scale, particularly, for crops that require mechanization and massive use of technology.

There is authorized to be appropriated ten billion pesos (Php 10,000,000,000.00) to carry out this sub-section.

The ACPC shall repay to the national government the total amount received to carry out this sub-section, net of administrative costs, allowable losses and a reasonable return, with the schedule of repayment to be determined and consistent with loan terms provided to assisted businesses.

1 Not later than fifteen (15) days after the date of enactment of this Act, the SBC shall
2 issue guidelines and regulations implementing this sub-section, including the
3 target number of beneficiaries and the estimated total amount of loan issuances.

- 4 (g) The Philippine Guarantee Corporation (PGC) shall expand its existing loan
5 guarantee programs for MSMEs and other businesses by any or a combination of
6 the following: (i) increasing the availability of loan guarantee funds, (ii) increasing
7 the maximum loan amounts eligible for loan guarantees, (iii) increasing the
8 maximum loan guarantee coverage per borrower to one hundred percent (100%),
9 (iv) including as allowable purpose for guarantee the provision of working capital
10 to ensure labor retention and payroll maintenance; (v) extending scope of eligible
11 recipients beyond export-oriented or import substituting firms, to cover all types
12 of MSMEs, (vi) reducing eligibility requirements, (vii) reducing the guarantee fees,
13 including processing fees, to minimum levels to the extent practicable and
14 reasonable, or (viii) extending guarantee periods.

15 An eligible borrower receiving a loan guarantee under this sub-section shall make
16 a good faith certification that the uncertainty of current economic conditions
17 justifies the loan guarantee request to support the ongoing operations of the
18 borrower, and acknowledges that loan proceeds will be used to retain workers and
19 maintain payroll.

20 There is authorized to be appropriated 10 billion pesos (Php 10,000,000,000.00) to
21 carry out this sub-section.

22 The PGC shall repay to the national government the total amount received to carry
23 out this sub-section, net of administrative costs, allowable losses and a reasonable
24 return, with the schedule of repayment to be determined and consistent with loan
25 terms provided to assisted businesses.

- 26 (h) The Department of Tourism (DOT) and its instrumentalities shall offer assistance
27 to businesses operating, either directly or in support of, the tourism industry,
28 including:

- 29 (i) incentives for domestic tourism, including but not limited to, special travel
30 packages;
- 31 (ii) interest-free loans with terms of up to 5-years for facility improvements,
32 including construction of new buildings and renovations; and
- 33 (iii) participation in tourism fairs, to restore or identify new target markets for
34 international tourists;
- 35 (iv) other forms of tourism promotion;
- 36 (v) grants for education, training, and advising on

- a. coping with increased health risks arising from infectious diseases such as COVID-19;
- b. utilizing innovations in tourism marketing, including website development and the set-up of logistics to support online sales platforms;
- c. the management and practice of tele-work and customer service, including managing the risk of cyber threats; and
- d. any other relevant business practices introduced for purposes of mitigating the economic effects of COVID-19 on trade relations.

For purposes of item (i), in the case of special travel packages, the grant amount will include reductions in published rates of hotels though the removal of VAT and applicable LGU fees, which shall be payable to the Bureau of Internal Revenue (BIR) and chargeable against the fund created for purpose of implementing this sub-section. The maximum period of availment for this item by any grant recipient is six (6) months.

For purposes of item (ii), the DOT or any of its instrumentalities shall repay to the government the total amount received to carry out this task, net of administrative costs, allowable losses and a reasonable return if applicable, with the schedule of repayment to be determined and consistent with loan terms provided to assisted businesses.

Availment of grants under this sub-section does not disqualify the recipients from availing of any other form of economic relief measures in this Section.

There is authorized to be appropriated forty-three billion pesos (Php 43,000,000,000.00) to carry out this sub-section.

Not later than fifteen (15) days after the date of enactment of this Act, the DOT shall issue guidance and regulations implementing this sub-section, including the target number of beneficiaries and the estimated total amount of grants and assistance to be provided.

- (i) The Board of Investments (BOI) shall offer assistance to business establishments engaged in exporting or importing, including:
 - (i) grants on any activity with the purpose of market retention, identification, and expansion such as:
 - a. participation in trade fairs, post COVID-19, to restore or identify new global markets for exports, or identify new products to be bought or sold in global markets;

b. research and development for purposes of introducing new products, improving existing products, or any form of innovation in business processes, to increase competitive advantage in existing or new export markets;

(ii) education, training, and advising of exporters or importers on:

- a. improving business resiliency in the post-COVID-19 era;
- b. coping with global supply chain disruptions caused by COVID-19, including changes in quantity and lead time, quality, and technology;
- c. the use of online platforms as alternative or supplementary product distribution or delivery channels;
- d. the management and practice of tele-work and customer service, including managing the risk of cyber threats; and
- e. any other relevant business practices introduced for purposes of mitigating the economic effects of COVID-19 on trade relations.

Availment of grants under this sub-section does not disqualify the recipients from availing of any other form of economic relief measures in this Section.

There is authorized to be appropriated sixty-six billion pesos (Php 66,000,000,000.00) to carry out this sub-section.

Not later than fifteen (15) days after the date of enactment of this Act, the BOI shall issue guidance and regulations implementing this sub-section, including the target number of beneficiaries and the estimated total amount of grants provided.

SECTION 6. Industrial Policy Measures – Industrial policies that impede the responses of businesses in coping with the economic effects of COVID-19 shall be revised accordingly, including, but not limited to, 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, which shall be facilitated by the DTI, NEDA, the Tariff Commission, and the Philippine Economic Zone Authority.

The DTI, after public consultation, shall identify and publish the raw materials and final goods which shall be covered by each revised policy, and review this list every month. In determining final goods to be covered, the DTI, in consultation with the Philippine Competition Commission, shall balance the needs of domestic suppliers, export enterprises, and consumers to ensure that household needs are met while ensuring a level playing field.

The DTI, in consultation with the Anti-Red Tape Authority (ARTA), shall review existing industrial policies and will recommend the removal or revision of rules and regulations that do not support the goal of business continuity post COVID-19.

1 The DTI shall make a recommendation on whether these measures shall be adopted on a
2 permanent basis six (6) months after the enactment of this Act.

3 **SECTION 7. Exercise of Regulatory Forbearance.** - The BIR, PCC, Securities and
4 Exchange Commission (SEC), and other relevant regulatory agencies are hereby directed
5 to suspend deadlines for all payments and submissions due within the ECQ period and
6 extend due dates accordingly.

7 For the Fiscal Year 2020, businesses may file all tax payments with the BIR until six (6)
8 months after the lifting of the ECQ at no additional fine or penalty.

9 The SEC, LGUs, and other relevant agencies, in consultation with ARTA, shall streamline
10 the process for new businesses applying for registration after the enactment of this Act,
11 including reducing timelines for requirements and reducing the permits necessary before
12 the commencement of operations. ARTA shall make a recommendation on whether the
13 streamlined process should be adopted on a permanent basis six (6) months after the
14 enactment of this Act.

15 **SECTION 8. Establishment of an Inter-Agency Task Force.** - The Inter-Agency Task
16 Force for the Economy Moving Forward as One fiscal stimulus package (IATF-EMF1) is
17 hereby established to identify the specific contents of the fiscal stimulus package, to
18 identify the specific government program to implement the delivery of each intervention,
19 and to manage the use of funds, to be headed by NEDA, with representatives from the
20 DOLE, SSS, GSIS, LBP, DBP, DTI, SBC, BOI, PGC, ACPC, DOT, DBM, Department of
21 Finance, the Bangko Sentral ng Pilipinas, and the business sector.

22 The IATF-EM1 shall create a Registry of Assisted Businesses, a centralized database
23 which all members of the IATF-EM1 can access with ease, for purposes of monitoring the
24 availment of various forms of assistance authorized by this Act, and ensuring that the
25 total amount of assistance received by any single business entity, under the various sub-
26 sections of this Act, is rational and proportionate to the scale of response required to
27 retain its workforce and maintain its payroll costs.

28 **SECTION 9. Confidentiality of Business Information.** - Information concerning
29 operations, production, sales, shipments, purchases, transfers, identification of
30 customers, inventories, research and development, or amount or source of any income,
31 profits, losses, or expenditures submitted by entities in order to apply and/or avail for
32 the services under this Act shall not, in any manner, be directly or indirectly disclosed,
33 published, transferred, copied, or disseminated. Any violation of this provision shall be
34 prohibited and penalized according to Section 14.

35 **SECTION 10. Use and Release of Funds.** - The amount to be appropriated shall be
36 released by the DBM to the relevant agencies of the IATF-EM1 in accordance with
37 budgeting, accounting and auditing laws, rules and regulations. The DBM and NEDA, in

1 coordination with the IATF-EM1, shall issue the guidelines necessary for the proper
2 expenditure of this budget.

3 **SECTION 11. Monitoring and Congressional Oversight.** - NEDA shall continue to
4 estimate and monitor the impact of COVID-19 on the economy. In order to ensure the
5 proper use of funds, the IATF-EM1 shall submit a monthly report to Congress of all acts
6 performed pursuant to this Act. Upon recommendation of NEDA, the IATF-EM1 may
7 adjust the allocation of the fund provided in Section 5 accordingly. Should any
8 adjustment be made, the report and pronouncement must be published.

9 **SECTION 12. Long-term Plan for Economic Resilience.** - NEDA shall submit to
10 Congress a long-term plan for building economic resilience, not later than six (6) months
11 after the lifting of the ECQ. The Economic Resilience Plan (ERP) shall include a strategy
12 for measuring and monitoring economic resilience and identification of structural
13 reforms needed to increase the ability of the economy to withstand shocks such as the
14 COVID-19 pandemic. The ERP shall include: (i) the required investments in the health
15 care sector in the next ten (10) years to ensure that it has the ability to properly and
16 sufficiently respond to the health care needs of the population, including emerging
17 infectious diseases similar to COVID-19, and (ii) the database requirements to ensure
18 that social protection is sufficiently provided by the DOLE, the Department of Social
19 Welfare and Development, and all relevant social security agencies, to ensure that
20 Filipino households are able to cope with external shocks such as the outbreak of COVID-
21 19. All required spending as indicated in the ERP shall be included in the National
22 Expenditure Program beginning the FY 2021.

23 **SECTION 13. Applicability of General and Special Provisions in the FY 2020 General**
24 **Appropriations Act.** - The amount herein provided shall be used for the purpose
25 indicated and subject to the relevant general and special provisions under Republic Act
26 No. 11465 or the FY 2020 General Appropriations Act.

27 **SECTION 14. Penalties.** - Anyone found to be in violation of confidentiality as provided
28 in Section 9 shall be penalized with a fine of not less than five hundred thousand pesos
29 (Php 500,000.00) but not more than two million pesos (Php 2,000,000,000.00) and
30 imprisonments from six (6) months to three (3) years.

31 **SECTION 15. Availability of Appropriations.** - The appropriations authorized in this
32 Act shall be available for release and obligation for the purpose specified from the date
33 of the effectivity of this Act until fully spent.

34 **SECTION 16. Separability Clause.** - If any provision of this Act is declared
35 unconstitutional or invalid, the remainder of the provisions thereof not affected shall
36 remain in force and effect.

37 **SECTION 17. Effectivity Clause.** - This Act shall take effect immediately upon its
38 publication in a newspaper of general circulation or in the Official Gazette.

1 Approved,