

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session



COMMITTEE REPORT NO. 926

Submitted by the Committee on Micro, Small and Medium Enterprise Development and the Committee on Appropriations on **December 12, 2023**

Re: House Bill No. **9729**

Recommending its approval in substitution of House Bills Numbered 8193 and 8421

Sponsors: Representatives Christian S. Unabia and Elizaldy S. Co

Mr. Speaker:

The Committee on Micro, Small and Medium Enterprise Development, and the Committee on Appropriations to which were referred:

House Bill No. 8193, introduced by Rep. Mario Vittorio “Marvey” A. Mariño, entitled: “An Act to Institutionalize the Department of Trade and Industry’s Shared Service Facilities (SSF) Project for Micro, Small, and Medium Enterprises (MSMEs) by Amending Republic Act No. 6977 Otherwise Known as the Magna Carta for Small Enterprises as Amended by Republic Act No. 9501 otherwise known as the “Magna Carta for Micro, Small and Medium Enterprises””; and

House Bill No. 8421, introduced by Rep. Antonio “AA” B. Legarda Jr., entitled: “An Act to Institutionalize the Shared Service Facilities (SSF) Project for Micro, Small, and Medium Enterprises (MSMEs) by Amending Republic Act No. 6977, otherwise known as the Magna Carta for Small Enterprises, as Amended by Republic Act No. 9501, otherwise known as the Magna Carta for Micro, Small and Medium Enterprises””;

have considered the same and recommend that the attached House Bill No. **9729**, entitled:

**“AN ACT
INSTITUTIONALIZING THE SHARED FACILITIES (SSF) PROJECT FOR
MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs), AMENDING FOR
THE PURPOSE REPUBLIC ACT NO. 6977, AS AMENDED, OTHERWISE
KNOWN AS THE “MAGNA CARTA FOR MICRO, SMALL AND MEDIUM
ENTERPRISES””**

be approved in substitution of House Bills Numbered 8193 and 8421 with Representatives Mario Vittorio “Marvey” A. Mariño, Antonio “AA” B. Legarda, Jr., Noel “Bong” N. Rivera, Gabriel H. Bordado, Jr., Eduardo “Bro. Eddie” C. Villanueva, Gerville “Jinky Bitrics” R. Luistro, Christian S. Unabia, Jocelyn Sy Limkaichong, Lordan G. Suan, Christopher V.P. De Venecia, Jernie Jett V. Nisay, Dante S. Garcia, Ambrosio C. Cruz Jr., Edsel A. Galeos, Virgilio S. Lacson, Elizaldy S. Co, Stella Luz A. Quimbo, Aurelio "Dong" D. Gonzales, Jr., Kristine Singson-Meehan, Wilter Y. Palma, Ronald V.

Singson, Fernando T. Cabredo, Midy N. Cua, Raul Angelo "Jil" D. Bongalon, Jose C. Alvarez, Roy M. Loyola, Ching B. Bernos, Romeo S. Momo, Sr., Joseph S. Tan, Ricardo S. Cruz, Jr., Salvador A. Pleyto, Ma. Rene Ann Lourdes G. Matibag, Edgar M. Chatto, Edward Vera Perez Maceda, Jaime R. Fresnedi, Faustino Michael Carlos T. Dy III, Arnan C. Panaligan, Sittie Aminah Q. Dimaporo, Sergio C. Dagooc, Jose Manuel F. Alba, Danny A. Domingo, Yevgeny Vincente B. Emano, Jonathan Keith T. Flores and Peter B. Miguel as authors thereof.

Respectfully submitted:



ELIZALDY S. CO
Chairperson
Committee on Appropriations



CHRISTIAN S. UNABIA
Chairperson
Committee on Micro, Small and
Medium Enterprise Development

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9729

(In substitution of House Bills Numbered 8193 and 8421)

Introduced by Representatives Mario Vittorio “Marvey” A. Mariño, Antonio “AA” B. Legarda, Jr., Noel “Bong” N. Rivera, Gabriel H. Bordado, Jr., Eduardo “Bro. Eddie” C. Villanueva, Gerville “Jinky Bitrics” R. Luistro, Christian S. Unabia, Jocelyn Sy Limkaichong, Lordan G. Suan, Christopher V.P. De Venecia, Jernie Jett V. Nisay, Dante S. Garcia, Ambrosio C. Cruz Jr., Edsel A. Galeos, Virgilio S. Lacson, Elizaldy S. Co, Stella Luz A. Quimbo, Aurelio "Dong" D. Gonzales, Jr., Kristine Singson-Meehan, Wilter Y. Palma, Ronald V. Singson, Fernando T. Cabredo, Midy N. Cua, Raul Angelo "Jil" D. Bongalon, Jose C. Alvarez, Roy M. Loyola, Ching B. Bernos, Romeo S. Momo, Sr., Joseph S. Tan, Ricardo S. Cruz, Jr., Salvador A. Pleyto, Ma. Rene Ann Lourdes G. Matibag, Edgar M. Chatto, Edward Vera Perez Maceda, Jaime R. Fresnedi, Faustino Michael Carlos T. Dy III, Arnan C. Panaligan, Sittie Aminah Q. Dimaporo, Sergio C. Dagooc, Jose Manuel F. Alba, Danny A. Domingo, Yevgeny Vincente B. Emano, Jonathan Keith T. Flores and Peter B. Miguel

AN ACT

INSTITUTIONALIZING THE SHARED SERVICE FACILITIES PROJECT FOR MICRO, SMALL, AND MEDIUM ENTERPRISES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6977, AS AMENDED, OTHERWISE KNOWN AS THE “MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES”

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

1 SECTION 1. Republic Act No. 6977, as amended, is hereby further amended by inserting new
2 Sections 16 and 17 to read as follows, and renumbering the succeeding sections accordingly:

3 “SEC. 16. *ESTABLISHMENT OF SHARED SERVICE FACILITIES (SSF) FOR MSMEs.* – IN
4 ORDER TO ADDRESS THE GAPS IN THE PRODUCTION VALUE CHAIN, PROMOTE
5 INNOVATION AND ENHANCE THE CAPACITIES OF MSMEs TO PRODUCE AND OFFER
6 SOPHISTICATED AND DIVERSE PRODUCTS AND SERVICES, THE SHARED SERVICE
7 FACILITIES (SSFs) PROJECT OF THE DEPARTMENT OF TRADE AND INDUSTRY (DTI) IS
8 HEREBY INSTITUTIONALIZED.

9 “THE SSF PROJECT SHALL ENTAIL SETTING UP COMMON SERVICE FACILITIES
10 OR PRODUCTION CENTERS FOR CERTAIN PROCESSES TO GIVE MSMEs ACCESS TO
11 BETTER TECHNOLOGY AND MORE SOPHISTICATED EQUIPMENT TO ACCELERATE
12 THEIR BID FOR COMPETITIVENESS AND HELP THEM GRADUATE TO A NEXT LEVEL
13 WHERE THEY COULD TAP BETTER AND WIDER MARKETS AND BE INTEGRATED IN

1 THE GLOBAL SUPPLY CHAIN. THE PROJECT MAY BE IMPLEMENTED IN
2 COOPERATION WITH THE DEPARTMENT OF SCIENCE AND TECHNOLOGY (DOST)
3 AND OTHER GOVERNMENT AGENCIES, ACADEME, LOCAL GOVERNMENT UNITS
4 (LGUs), AND PRIVATE ORGANIZATIONS.

5 “FOR THE PURPOSE OF THIS ACT, SSFs REFER TO MACHINERY, EQUIPMENT,
6 TOOLS, SYSTEMS, ACCESSORIES, AND OTHER AUXILIARY ITEMS, SKILLS, AND
7 KNOWLEDGE THAT ARE BEING PROVIDED BY THE DTI UNDER A COMBINED AND
8 COLLECTIVE SYSTEM TO ITS TARGET BENEFICIARIES.

9 “THE DTI, IN COORDINATION WITH RELEVANT GOVERNMENT AGENCIES, LGUs,
10 PRIVATE INSTITUTIONS, AND STAKEHOLDERS, SHALL ALSO ESTABLISH SSF –
11 FABRICATION LABORATORIES (SSF-FAB LABS), WHICH ARE HIGH-END SSFs
12 EQUIPPED WITH AN ARRAY OF FLEXIBLE COMPUTER-CONTROLLED TOOLS THAT
13 COVER SEVERAL DIFFERENT LENGTHS AND SCALE AND VARIOUS MATERIALS, IN
14 AT LEAST ONE (1) STRATEGIC LOCATION IN EVERY PROVINCE TO ASSIST MSMEs IN
15 THE MANUFACTURING OF NEEDED ASSETS AND PRODUCTS. THE PRIORITY SHALL
16 BE PROVINCES WITHOUT EXISTING SSF-FAB LABS.

17 “THE SSF-FAB LABS SHALL BE ATTACHED TO STATE UNIVERSITIES AND
18 COLLEGES (SUCs); LOCAL UNIVERSITIES AND COLLEGES (LUCs); PRIVATE SCHOOLS,
19 COLLEGES AND UNIVERSITIES; OR GOVERNMENT ACADEMIC TRAINING
20 INSTITUTIONS IN THE PROVINCE AS DETERMINED BY THE DTI FOR PROPER
21 MONITORING AND MAINTENANCE: *PROVIDED*, THAT, IN GRANTING SSFs AND SSF-
22 FAB LABS, THE DTI SHALL:

23 a) TIMELY PROCESS THE APPLICATIONS FOR THE GRANTING OF SSFs AND
24 SSF-FAB LABS IN COMPLIANCE WITH THE PROVISIONS OF REPUBLIC ACT NO. 11032
25 OR THE “EASE OF DOING BUSINESS AND EFFICIENT GOVERNMENT SERVICE
26 DELIVERY ACT OF 2018” ON THE MAXIMUM PRESCRIBED PROCESSING TIME
27 DEPENDING ON THE COMPLEXITY OF THE TRANSACTIONS: *PROVIDED*, THAT THE
28 APPLICATION HAS MET ALL THE REQUIREMENTS INCLUDING THE CONDUCT OF
29 MARKET STUDY AND OTHER RECOMMENDATIONS THAT MAY BE IDENTIFIED BY
30 THE NATIONAL TECHNICAL WORKING GROUP (NTWG);

31 b) CONSULT WITH THE COOPERATORS ON THE APPROPRIATE PROJECTS TO
32 BE GRANTED TO THEM;

33 c) ENSURE THAT THE MACHINERY, EQUIPMENT, AND TOOLS ARE PROPER,
34 SUITABLE, USABLE, AND APT WITH THE CAPABILITIES AND REQUIREMENTS OF THE
35 FACILITIES;

36 d) COORDINATE WITH SUCs AND LUCs WHERE THE SSF OR SSF-FAB LABS
37 ARE ESTABLISHED IN SETTING GUIDELINES FOR THE EQUITABLE UTILIZATION OF

1 SAID FACILITIES AMONG USERS WITHIN AND OUTSIDE THE EDUCATIONAL
2 INSTITUTIONS;

3 e) CLOSELY COORDINATE AND IMMEDIATELY ASSIST THE COOPERATORS
4 WITH THEIR ISSUES OR CONCERNS REGARDING THE IMPLEMENTATION OF THEIR
5 PROJECTS; AND

6 f) PARTNER WITH OTHER GOVERNMENT AGENCIES, IF NEEDED, TO HELP
7 ENSURE THE SUCCESS OF THE PROJECTS:

8 *PROVIDED, FURTHER*, THAT THE DTI SHALL ENSURE THAT THE SSFs AND SSF-
9 FAB LABS CREATED UNDER THIS ACT ARE CONSISTENT WITH THE NATIONAL
10 INNOVATION AGENDA AND STRATEGY DOCUMENT.”

11 “SEC. 17. *MONITORING OF PRODUCTIVITY OUTCOMES.* – THE DTI, IN
12 COORDINATION WITH THE CONCERNED COOPERATORS, LGUs, SUCs, LUCs, PRIVATE
13 SCHOOLS, COLLEGES AND UNIVERSITIES, AND GOVERNMENT ACADEMIC TRAINING
14 INSTITUTIONS IN WHICH THE SSFs AND THE SSF-FAB LABS ARE SITUATED, SHALL
15 SUBMIT AN ANNUAL PROGRESS REPORT TO CONGRESS DETAILING THE
16 EFFECTIVENESS OR IMPACT OF THE SSFs AND SSF-FAB LABS WHICH SHALL
17 INCLUDE THE BUDGET UTILIZATION OF THE PROJECT, ADDITIONAL JOBS AND
18 INCOME GENERATED, INDUSTRY ENGAGEMENT, TECHNOLOGY TRANSFER, AND
19 OVERALL GROWTH OF THE BUSINESSES WHICH AVAILED OF THE FACILITIES.”

20 SEC. 2. *Implementing Rules and Regulations.* – Within three (3) months from the effectivity of this
21 Act, the DTI shall promulgate the necessary implementing rules and regulations for the
22 institutionalization and establishment of the SSFs including the guidelines for the partnership with the
23 cooperators, SUCs, LUCs, private schools, colleges and universities, and government academic training
24 institutions where the SSFs and SSF-Fab Labs shall be established.

25 SEC. 3. *Appropriations.* – The amount necessary for the implementation of this Act shall be charged
26 against the current year’s appropriations of the DTI. Thereafter, such amount shall be included in the
27 annual General Appropriations Act.

28 SEC. 4. *Separability Clause.* - If any portion or provision of this Act is declared unconstitutional, the
29 remainder of this Act or any provision not affected thereby shall remain in full force and effect.

30 SEC. 5. *Repealing Clause.* - All laws or parts thereof, decrees, orders, rules and regulations
31 inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

32 SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the
33 *Official Gazette* or in a newspaper of general circulation.

Approved,

FACT SHEET

House Bill No. **9729**

(In substitution of House Bills Numbered 8193 and 8421)

(As Approved by the Committee on Micro, Small and Medium Enterprise Development on August 9, 2023 and the Committee on Appropriations on November 22, 2023)

“AN ACT

INSTITUTIONALIZING THE SHARED FACILITIES (SSF) PROJECT FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs), AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6977, AS AMENDED, OTHERWISE KNOWN AS THE “MAGNA CARTA FOR MICRO, SMALL AND MEDIUM ENTERPRISES”

Introduced by REPRESENTATIVES MARIO VITTORIO “MARVEY” A. MARIÑO, ANTONIO “AA” B. LEGARDA, JR., NOEL “BONG” N. RIVERA, GABRIEL H. BORDADO, JR., EDUARDO “BRO. EDDIE” C. VILLANUEVA, GERVILLE “JINKY BITRICS” R. LUISTRO, CHRISTIAN S. UNABIA, JOCELYN SY LIMKAICHONG, LORDAN G. SUAN, CHRISTOPHER V.P. DE VENECIA, JERNIE JETT V. NISAY, DANTE S. GARCIA, AMBROSIO C. CRUZ JR., ESEL A. GALEOS, VIRGILIO S. LACSON, ELIZALDY S. CO, STELLA LUZ A. QUIMBO, AURELIO “DONG” D. GONZALES, JR., KRISTINE SINGSON-MEEHAN, WILTER Y. PALMA, RONALD V. SINGSON, FERNANDO T. CABREDO, MIDY N. CUA, RAUL ANGELO “JIL” D. BONGALON, JOSE C. ALVAREZ, ROY M. LOYOLA, CHING B. BERNOS, ROMEO S. MOMO, SR., JOSEPH S. TAN, RICARDO S. CRUZ, JR., SALVADOR A. PLEYTO, MA. RENE ANN LOURDES G. MATIBAG, EDGAR M. CHATTO, EDWARD VERA PEREZ MACEDA, JAIME R. FRESNEDI, FAUSTINO MICHAEL CARLOS T. DY III, ARNAN C. PANALIGAN, SITTIE AMINAH Q. DIMAPORO, SERGIO C. DAGOOC, JOSE MANUEL F. ALBA, DANNY A. DOMINGO, YEVGENY VINCENTE B. EMANO, JONATHAN KEITH T. FLORES AND PETER B. MIGUEL

*Committee Referral: **COMMITTEE ON MICRO, SMALL AND MEDIUM ENTERPRISE DEVELOPMENT** (Primary)*

*Committee Chairperson: **REP. CHRISTIAN S. UNABIA***

*Committee Referral: **COMMITTEE ON APPROPRIATIONS** (Secondary)*

*Committee Chairperson: **REP. ELIZALDY S. CO***

OBJECTIVES:

- To improve the productivity and competitiveness of micro, small and medium enterprises (MSMEs) by providing them with the machinery, equipment, tools, systems, skills and knowledge under a shared use system
- To help boost the development of MSMEs by assisting them to compete in bigger markets locally and abroad

KEY PROVISIONS:

- Institutionalizes the shared services facilities (SSFs) in order to address the gaps in the production value chain, promote innovation among MSMEs, and enhance their capacities to produce and offer sophisticated and diverse products and services
- Stipulates that the SSF Program entails the setting up of common service facilities or production centers to give MSMEs access to better technology and more sophisticated equipment to accelerate their competitiveness and help them tap better and wider markets in the global supply chain, in cooperation with the Department of Science and Technology (DOST), other government agencies, the academe, local government units (LGUs), and private organizations
- Mandates the Department of Trade and Industry (DTI), in coordination with relevant government agencies, LGUs, private institutions and stakeholders, to establish SSF-fabrication laboratories (SSF-FAB LABS) which refers to high-end SSFs equipped with an array of flexible computer-controlled tools, in at least one (1) strategic location in every province to assist MSMEs in the manufacturing of needed assets and products
- Specifies that the SSF-FAB LABS shall be attached to state universities and colleges (SUCs), local universities and colleges (LUCs), private schools, colleges and universities, and government academic training institutions of the province as determined by the DTI for proper monitoring and maintenance
- Provides the guidelines in the granting of SSFs and SSF-FAB LABS by the DTI
- Mandates the DTI, in coordination with the concerned cooperators, LGUs, SUCs, LUCs, private schools, colleges and universities, and government academic training institutions in which the SSFs and SSF-FAB LABS are situated, to submit an annual progress report to Congress detailing the effectiveness or impact of the SSFs and SSF-FAB LABS
- Mandates the DTI to formulate and promulgate the implementing rules and regulations (IRR) for the Act within three (3) months from the effectivity of the Act
- Appropriates the amount necessary to carry out the provisions of the Act

RELATED LAWS:

- Republic Act No. 6977, as amended, otherwise known as the “Magna Carta for Micro, Small and Medium Enterprises (MSMEs)”
- Republic Act No. 11032, otherwise known as the “Ease of Doing Business and Efficient Government Service Delivery Act of 2018”