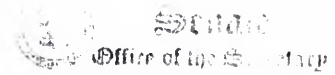


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 AUG 11 AIO :21

SENATE
S. No. 1124

RECEIVED BY: _____

Introduced by Senator MARK A. VILLAR

AN ACT
PROVIDING FOR AN ENHANCED MARKET ACCESS, MAINSTREAMING, AND PROMOTION PLATFORM FOR PHILIPPINE MICRO, SMALL, AND MEDIUM ENTERPRISES THROUGH THE INSTITUTIONALIZATION OF THE GO LOKAL PROGRAM, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

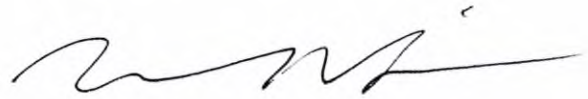
EXPLANATORY NOTE

Based on the 2020 statistics report from the Philippine Statistics Authority (PSA), 99.51% of all businesses in the Philippines are Micro, Small, and Medium Enterprises (MSMEs). As the backbone of our national economy, the MSMEs should be provided support in terms of financial assistance, capacity-building, and marketing. To further establish brand awareness, expand the market exposure and provide export potential of MSMEs in seizing opportunities in the recovery of global markets. Philippine merchandise exports closed 2021 with a 14.5% growth with value reaching USD 74.6B, based on preliminary data from the Philippine Statistics Authority (PSA).

In this regard, this bill seeks to institutionalize the Go Lokal program, a free-market access platform for Philippines Micro, Small, and Medium Enterprises (MSMEs), which was introduced by the Department of Trade and Industry in collaboration with retail partners. The Go Lokal program aims to help MSMEs gain access to the lucrative mainstream market and eventually to the global market. It is also a vehicle to discover emerging suppliers and manufacturers and new products with high market potential thus expanding the manufacturing base and create more jobs in order to promote economic growth. MSMEs can test the marketability of their products without incurring the high costs of rent, listing fees and operating a retail

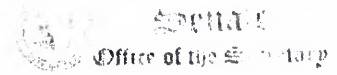
outlet. The bill proposes to create the Go Lokal Advisory Committee and the Go Lokal Program Office within the DTI to help achieve the objectives of the law.

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

A handwritten signature in black ink, appearing to read 'Mark A. Villar', with a long horizontal flourish extending to the right.

MARK A. VILLAR

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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 "Go Lokal Philippines
2 Act of 2022."
- 3 Sec. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to
4 ensure the prosperity of the nation through policies and programs that drive
5 inclusive growth and eradicate poverty. The State further recognizes the role of
6 Micro, Small, and Medium Enterprises (MSMEs) in creating employment and
7 contributing to economic growth and social development.
- 8 In this light, the State shall adopt the institutionalization of the Go Lokal
9 Program to effectively achieve the following:
- 10 (a) To serve as a free marketing platform that will provide free retail space
11 to Philippine MSMEs as well as market incubation, brand testing, and
12 mainstreaming opportunities in malls, department stores,
13 supermarkets, convenience stores, Duty-Free shops, e-commerce
14 platforms, and other commercial areas.
- 15 (b) To provide a package of assistance for MSMEs to help them develop
16 new commercially viable, innovative, sustainable, and high-value
17 products with significant improvement in the areas of quality, design,

1 packaging, production capability, standards compliance, marketability,
2 brand development, among others.

3 (c) To inspire Filipino entrepreneurs to level up and meet global standards
4 and discover emerging suppliers and new products with high market
5 potential.

6 (d) To strengthen the collaboration between the Government and Private-
7 sector partnership in the development and promotion of Philippine
8 products in the domestic value chain.

9 (e) To enable the recovery of local MSMEs, from the adverse effects of the
10 Covid-19 pandemic, and further promote rural development, through
11 the encouragement of the growth of MSMEs, generation of
12 employment and livelihood opportunities, and the sustainable use of
13 community resources.

14 (f) To support the goals of the United Nation's Sustainability Development
15 Goals (SDGs) that aim to end poverty and hunger, increase access to
16 education, address migration, combat climate change, and reduce
17 inequality by conducting business that is socially and environmentally
18 responsible, that embraces creativity and diversity and is financially
19 rewarding for their employees, communities, and shareholders.

20 Sec 3. *Go Lokal Philippines.* - To meet the declared policy of the State to
21 promote, support, strengthen and encourage the growth and development of MSMEs
22 in all productive sectors of the economy particularly rural and agri-based enterprises,
23 the Go Lokal Program is hereby institutionalized and shall be the government's
24 flagship program that will help the country's MSMEs enter the mainstream market,
25 and ultimately the global export market.

26 Sec. 4. *Definition of Terms.* - For purposes of this Act, the following terms are
27 hereby defined as follows:

28 (a) *MSMEs* – refers to any business activity or enterprise engaged in industry,
29 agri-business and/or services, whether single proprietorship, cooperative,
30 partnership or cooperation whose total assets, inclusive of those arising
31 from loans but exclusive of the land on which the particular business

1 entity's office, plant, equipment are situated, must have value falling
2 under the following categories:

Enterprise	Asset size
Micro	Not more than P3,000,000
Small	P3,000,001 - P15,000,000
Medium	P15,000,001 - P100,000,000

3 Large enterprises refer to enterprises with an asset size of more
4 than One Hundred Million Pesos (P100,000,000.00) and with more than
5 199 employees. Large enterprises shall not be covered by this Act except
6 for selected products that can be promoted under new projects in order to
7 break ground in the export market.

8 (b) *Ownership* – one hundred percent (100%) owned, capitalized by Filipino
9 citizens, whether single proprietorship or partnership. If the enterprise is a
10 juridical entity, at least sixty percent (60%) of its capital or outstanding
11 stocks must be owned by Filipino citizens;

12 (c) *Manufacturing Companies* – refers to MSMEs engaged in industry and
13 agribusiness whether single proprietorship, cooperative, partnership, or
14 corporation with an FDA license to operate as a manufacturer.

15 (d) *Traders, Distributors, Importer, Exporter, Wholesalers Companies* – covers
16 the companies with a current and duly-notarized agreement with a Toll or
17 Contract Manufacturer that has a license to operate as a manufacturer.

18 (e) *Retail Partners* – refers to establishments engaged in retail and wholesale
19 business such as but not limited to airports, seaports, bus terminals, high-
20 traffic retail outlets like malls, tourist destinations, e-commerce platforms,
21 and other consumer frequented locations.

22 (f) *Agricultural-based products*- includes the coffee, cacao, other agricultural
23 produce, agri-processed products like processed meats, coconut oil,
24 preserved and processed seafood products;

25 (g) *Home and Fashion and Creative Artisanal Products*- includes the gifts,
26 souvenir items, furniture, ornaments, houseware, garments, fabrics, and
27 textiles;

1 (h) Arts and Crafts- includes the coco coir, weaves, bamboo products, paper
2 artistry, and wood; and

3 (i) Health and wellness products- includes the supplements, essential oils,
4 industrial goods, soaps, other personal care goods, and cosmetics.

5 Sec. 5. *Coverage.* - The Go Lokal Philippines Program shall cover local
6 entrepreneurs who are classified as MSMEs, 100% Filipino-owned enterprises that
7 are engaged in manufacturing. If the enterprise is a juridical entity, at least sixty
8 percent (60 %) of its capital or outstanding stocks must be Filipino-owned.

9 Sec. 6. *Qualifications.* – Qualified beneficiaries of the Go Lokal program shall
10 be determined by the DTI–Bureau of Domestic Trade Promotion in cooperation with
11 the DTI-Regional and Provincial Offices and members of the Go Lokal Advisory
12 Committee.

13 Go Lokal products onboarded in the program must meet the set criteria to be
14 established by the DTI within six (6) months after the effectivity of this Act, provided
15 that they are consistent with the following elements:

16 (a) Cultural value - The products onboarded shall be able to champion the
17 Filipino ingenuity and creative spirit, with a fusion of modern designs, which
18 are rooted in the Philippines' living traditions, patterns, colors, and style.

19 (b) Competitive advantage - The selection of the product or service shall be
20 based on the following: generally commercial sealable quality and proper
21 packaging free from any material defects, competitive pricing, value for
22 money, and consistent supply.

23 (c) Assured quality - The products onboarded shall be able to meet high-
24 quality standards, exemplify consumer needs, and gives customers
25 satisfaction.

26 Sec. 7. *Go Lokal Program Components.* – The DTI and Retail Partners shall make
27 available a comprehensive package of assistance to the qualified beneficiaries of the
28 Go Lokal Program, such as but not limited to the following:

29 (a) Market Access and Mainstreaming - Go Lokal beneficiaries shall be given
30 primary access to marketing, mainstreaming and incubation platforms
31 through the DTI and its attached agencies. These platforms may include
32 but are not limited to Go Lokal physical and e-commerce stores,

1 multimedia advocacy campaigns, and trade fairs. The DTI shall also
2 capacitate suppliers towards automation and utilization of emerging digital
3 tools and channels for the promotion of their products and service.

4 (b) Standard and Market Compliance - For the preservation of the Go Lokal
5 brand as a mark of excellence, the beneficiaries shall observe standards
6 through compliance to the requirements of other government agencies
7 such as the Food and Drug Administration (FDA), Securities and Exchange
8 Commission (SEC), Cooperative Development Authority (CDA), Intellectual
9 Property Office of the Philippines (IPOPPL), Business Permits and
10 Licensing Office (BPLO) from Cities/Municipalities, and Bureau of Internal
11 Revenue (BIR).

12 (c) Capacity Building – This component shall address gaps in the economic and
13 social development of qualified Go Lokal beneficiaries by providing
14 assistance in information, training, and marketing services to local SMEs.

15 (d) Product Development - Go Lokal beneficiaries shall be given assistance in
16 product development and any other related programs through DTI and its
17 attached agencies to produce commercially viable products for the market
18 that optimizes local materials, design skills, creativity, and craftsmanship.

19 (e) Marketing and Promotion - Go Lokal beneficiaries shall be provided
20 assistance in marketing and promotion, and any other related programs
21 through the DTI and its attached agencies to promote awareness and
22 inculcate a love of homegrown brands as well as continuously create
23 demand for Philippine products.

24 (f) Sustainability - Go Lokal beneficiaries shall be encouraged to integrate
25 sustainability into their business strategy to make a positive impact on the
26 environment and society by way of using sustainable materials in the
27 manufacturing process, optimizing supply chains to reduce greenhouse gas
28 emissions, utilizing renewable energy sources to power facilities,
29 sponsoring education and training for the local community.

30 *Sec. 8. Lead Implementing Agency.* – The DTI shall serve as the lead agency of
31 this Act. The DTI shall serve as the lead agency of this Act and an Advisory
32 Committee shall be created with a Go Lokal Secretariat to be designated by the DTI

1 Secretary, which shall have the main responsibility of directing the implementation of
2 the provisions of this Act. The Go Lokal Advisory Committee shall be composed of
3 offices and attached agencies under the DTI, such as but not limited to the Design
4 Center of the Philippines, Bureau of Domestic Trade Promotion, Bureau of Philippine
5 Products Standards, Intellectual Property Office of the Philippines, Philippine
6 International Trading Corporation (PITC), Regional Operations Group and
7 Competitiveness and Innovation Group as well as representatives from private sector
8 associations such as the Philippine Retailers Association among others.

9 The DTI Secretary shall issue a Department Order creating the Go Lokal Advisory
10 Committee fifteen (15) working days from the effectiveness of this Act.

11 The following agencies shall also assist the DTI in the implementation of the
12 provisions of this Act:

13 (a) Department of Science and Technology (DOST) - provide assistance to
14 improve existing local products through different technological interventions
15 such as acquisition of appropriate equipment, packaging and labeling, product
16 development and product standards and testing.

17 (b) Department of Tourism (DOT) - implement rules and regulations governing
18 the operation and activities of tourism enterprises/destinations.

19 (c) Department of the Interior and Local Government (DILG) - provide
20 assistance towards legislation regarding local governments, law enforcement
21 and public safety

22 (d) Department of Agriculture (DA) - help in the promotion of farm-produced
23 crops and agri-fishery products.

24 (e) National Commission for Culture and the Arts (NCCA) - consider aspects of
25 local, traditional, indigenous trade and crafts pursuant to the Declaration of
26 Policy and qualifications thereof, especially on cultural value.

27 *Sec. 9. Creation of the Go Lokal Secretariat.* – To achieve the objectives set
28 forth in this Act, there is hereby created the Go Lokal Secretariat within the DTI-
29 Bureau of Domestic Trade Promotion (BDTP). The Go Lokal Secretariat shall be
30 mandated to direct, supervise, and implement the Go Lokal Program, in accordance
31 with relevant laws, rules, and regulations. Subject to proper consultation with and
32 review by the Department of Budget and Management (DBM), the appropriate

1 number of plantilla positions for the Go Lokal Secretariat shall be created and
2 provided with necessary funding.

3 Sec. 10. *Establishment of Go Lokal Stores.* - Establishment of Go Lokal Stores.
4 The Department of Tourism (DOT), Civil Aviation Authority of the Philippines (CAAP),
5 Philippine Ports Authority (PPA), Land Transportation and Franchising Board
6 (LTFRB), and other similar agencies shall support the allocation of free spaces for
7 the establishment of Go Lokal stores.

8 To promote market access, the DTI shall ensure that the Go Lokal Stores are
9 established in high foot traffic areas, such as but not limited to airports, seaports,
10 bus terminals, tourist destinations, duty free shops, as well as e-commerce
11 platforms.

12 Sec. 11. *Preference for locally made products.* – The DTI shall encourage all
13 government agencies to purchase locally made products over foreign-made products
14 for gifts or tokens. To be considered as being produced in the Philippines, locally
15 made products must be manufactured in the Philippines and at least 50% of the cost
16 of their components or ingredients must be locally made in the Philippines.

17 Sec. 12. *Appropriations.* – The amount necessary to carry out the provisions
18 of this Act shall be charged against the appropriations released for the purpose
19 under the General Appropriations Act (GAA) for the DTI. Thereafter, such sums as
20 may be necessary for its continued implementation shall be included in the annual
21 General Appropriations Act GAA.

22 Sec. 13. *Implementing Rules and Regulations.* – Within sixty (60) working
23 days from the effectivity of the Act, the DTI, in coordination with the other
24 implementing agencies identified in Section 10, shall formulate and promulgate the
25 necessary rules and regulations to effectively implement the provisions of this Act.

26 Sec. 14. *Separability Clause.* – If any part or provision of this Act is declared
27 unconstitutional or invalid, the other parts and provisions not affected by such
28 declaration shall remain in full force and effect.

29 Sec. 15. *Repealing Clause.* – All laws, decrees, proclamations, issuances, or
30 ordinances that are contrary to or inconsistent with the provisions of this Act are
31 hereby amended, repealed, or modified accordingly.

1 Sec. 16. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from
2 the date of publication in the Official Gazette or any newspaper of general
3 circulation.

Approved,