

# Tobacco taxes proposed for sustainability efforts

By Luisa Maria Jacinta C. Jocson  
Reporter

TOBACCO TAXES of at least 75% of the retail price should be devoted to financing sustainable development programs, according to the United Nations Development Programme (UNDP).

“Additional revenue and fiscal space generated through higher tobacco taxes would help governments raise resources to meet various social and economic needs, such as increasing COVID-19 (coronavirus disease 2019) vaccination coverage, enhancing social protection measures and strengthening health systems to protect poor and vulnerable people and build resilience against future pandemics,” the UNDP said in a policy brief.

Increasing tobacco taxes and prices is “one of the least used, but most effective, tobacco control measures to help countries address development needs.”

“It costs relatively little to implement but yields a high impact in terms of increased supply of labor, higher productivity and lower future health expenditure,” it added.

According to the policy brief, tobacco taxes should be raised sufficiently high or

towards the recommended level of at least 75% of the retail price, inclusive of an excise component of at least 70%. It should also feature periodic increases to outpace growing income and inflation, with the goal of suppressing affordability over time.

“It is critical to ensure that tobacco tax increases are translated into higher prices by monitoring and regulating manipulative pricing strategies by the tobacco industry,” it added.

The report also found no or limited negative consequences of tobacco tax increases on employment.

“Studies show that over time there is likely a net gain rather than a loss in employment in nearly all countries that raise tobacco excise rates,” the UNDP said, citing the World Bank.

“Jobs lost as a result of higher tobacco taxes will eventually be offset by new jobs created in other sectors; the money not spent on tobacco products will be spent on different products and services; and additional tobacco tax revenue will increase government investment. Both pathways will create employment opportunities and facilitate economic diversification,” it added.

It noted that countries considering significant tobacco tax increases should implement complementary measures to support

affected workers during their transition to non-tobacco sectors and during the time of income loss.

Support measures include, for example, skills building, loans with favorable terms, technical assistance for crop diversification, and temporary cash transfers.

The UNDP said that strengthening governance over tobacco controls is a “critical determinant of implementing bold pro-poor tobacco tax policies.”

“The pro-poor impact of tobacco tax can amplify even further if tobacco tax revenue is allocated to measures that disproportionately benefit the poor such as universal health coverage and tobacco cessation support,” it added.

The report described the Philippines as “globally renowned” for its pro-poor and pro-development tobacco tax policies.

Between 2012 and 2020, the Philippines introduced tobacco and alcohol tax or “sin” tax reforms to fund pro-poor initiatives, made possible by substantial and sustained excise tax increases.

Revenue from sin taxes hit P332.3 billion in 2020 and is expected to hit at least P480 billion by 2024, according to estimates by the Department of Finance (DoF).

Sin tax reforms contributed to the improvement of the debt-to-gross domestic

product ratio before the pandemic, the rise in sovereign credit ratings, and expanded coverage for health insurance for the poor.

Economists said that taxing tobacco products can stimulate economic growth, boost support for social protection programs, and mitigate health risks.

“This would be one good way to help boost revenue while at the same time providing a disincentive to use tobacco which could improve overall health,” ING Bank NV Manila Senior Economist Nicholas Antonio T. Mapa said in a Viber message.

“Tobacco taxation is a possible source of government revenue but the acceleration of sustainable development goals progress will depend on how the tax revenue will be redistributed to the people,” John Paolo R. Rivera, an economist at the Asian Institute of Management, said in a Viber message.

Leonardo A. Lanzona, an economics professor at the Ateneo de Manila University, said that imposing taxes on tobacco may be insufficient to fund social programs and paying down national government’s debt.

“One needs to consider that these taxes were already in place even before the Marcos administration. To raise it some more can reduce the consumption of these products given the current economic slowdown. Much of the revenue previously from these

sin taxes originate mostly from the lower and middle income individuals. To further increase these taxes would only leave the upper income individuals to consume these products. These may not be enough for the government’s budgetary requirements,” Mr. Lanzona said in an e-mail.

“The government needs to consider imposing fixed income taxes on large corporations and rich individuals to raise the funds needed. Apart from not causing any distortionary effects on output, this addresses the increase in inequality resulting from the pandemic,” he added.

Meanwhile, the Bureau of Internal Revenue last week issued amended guidelines and floor prices for vaporized nicotine and non-nicotine products or novel tobacco products.

“The minimum retail price (takes) into account the sum of the excise tax, value-added tax (VAT), and a reasonable production cost,” the BIR said in a revenue regulations circular.

The BIR set the floor price for a pack of heated tobacco products of P140 assuming a production cost of P95, with an excise tax of P30 and VAT P15.

For vapor products, a 0.7 milliliter (ml) pod of nicotine was set a floor price of P131.04. For the 1.8 ml pod, the floor is P306.88, and for 1.9 ml, P318.08.

## Agrarian reform beneficiaries in Mindanao to be surveyed for possible support projects

THE Department of Agrarian Reform (DAR) has formed a team that will survey areas settled by agrarian reform beneficiaries (ARBs) to determine what assistance they need to improve their living conditions.

Agrarian Reform Secretary Conrado M. Estrella III said in a statement Sunday that the project development team will determine which of the 57 settlement areas are in need of poverty-relief programs. The team’s creation was authorized by Special Order No. 643.

Mr. Estrella said DAR is planning to introduce agribusiness, job-creation, and law and order initiatives.

“The team will undertake the preparation and packaging of project proposals that can provide support services that may include training, market linkages, credit assistance, farm-to-market roads, bridges, irrigation, and potable water systems,” Mr. Estrella said.

Being surveyed are settlement areas in Northern Mindanao, Davao region, and Soccksargen (South Cotabato, Cotabato, Sultan Kudarat, Sarangani and General Santos City).

According to Mr. Estrella, the programs and projects will be funded with Official Development Assistance (ODA).

“The project will be implemented by the DAR, with funds to be sourced from Japan, France, Spain, and others,” the DAR said.

“In the past, the ODA has played a significant role in the rural development program by financing among other the DAR’s special projects, such as the Mindanao Sustainable Settlement Area Development, the Mindanao Sustainable Agrarian and Agriculture Development, and other settlement areas in the Bangsamoro Autonomous Region in Muslim Mindanao,” the DAR said. — **Revin Mikhael D. Ochave**

## US House Republican farm bill priorities may test Biden agenda

WASHINGTON — President Joseph R. Biden’s pledges to slash emissions from farming and to end American hunger by 2030 may be harder to realize now that Republicans flipped the House of Representatives with a thin majority.

Mr. Biden’s Democrats, who retain control of the Senate, will start negotiating in the coming months with Republican House leaders over a massive farm spending bill passed every five years that funds US public food benefits and farm commodity programs.

The current \$428 billion bill expires on Sept. 30, 2023.

“We know the Republicans will be less excited about innovation and will probably want to protect the status quo,” said Vanessa Garcia Polanco, policy campaigns co-director of the National Young Farmers Coalition, a nonprofit group.

The House and Senate agriculture committees draft the bill, and both parties typically make concessions in negotiations.

With Republicans about to control the House, policy advocates said anti-hunger and environment groups may have to scale back policy proposals they had hoped to get included in the bill such as rewarding farmers for climate-friendly practices and expanding food benefits.

The House agriculture committee will likely be led starting in January by Glenn Thompson of Pennsylvania. A staffer for Mr. Thompson said his main goal is to get the bill passed and he does not yet have clear policy priorities.

In past remarks, he has criticized US Department of Agriculture (USDA) spending on climate programs, and supported restrictions on hunger benefits. The farm bill has a historical reputation

of bipartisanship, so some advocates told Reuters they are warily optimistic.

Still, growing polarization in Congress could hinder strong hunger and climate goals. Passage of the 2014 farm bill was held up more than a year as conservative House Republicans tried unsuccessfully to strip the bill of nutrition programs.

About 80% of Republicans on the House Agriculture Committee are members of the conservative Republican Study Committee, whose 2023 budget recommendations similarly proposed dramatic changes such as separating nutrition and farm programs.

Democratic Senator Debbie Stabenow, chairwoman of the Senate Agriculture Committee, said she planned to lead a bipartisan negotiation process and that the bill would ultimately align with Mr. Biden’s priorities.

“Make no mistake: we cannot, and will not, go backwards,” she told Reuters in an email. “The climate crisis is real. Millions of Americans, including millions of children, are food insecure.”

About 75% of farm bill funds go toward anti-hunger programs including the Supplemental Nutrition Assistance Program (SNAP), also called food stamps.

USDA data shows about 41 million people have received SNAP benefits this year.

In previous farm bills, Republicans on the House Agriculture Committee have sought tighter nutrition spending. — **Reuters**

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### DEPARTMENT ADMINISTRATIVE ORDER NO. 22-12 Series of 2022

SUBJECT: **Regionalization of the Implementation of the Philippine Quality Award Program**

WHEREAS, Republic Act (RA) No. 9013 or the Philippine Quality Award (PQA) Act was signed into law on February 28, 2001, institutionalizing the establishment of the PQA to encourage organizations to attain excellence in quality in the production and/or delivery of goods and services;

WHEREAS, the PQA is the highest level of national recognition for exemplary organizational performance patterned after the Malcolm Baldrige National Quality Award (MBNQA) of the United States (US) using the performance excellence framework in assessing the award applicant organizations;

WHEREAS, the PQA promotes the performance excellence framework as an integrated approach for performance management and sets the standard of excellence to help Philippine business organizations achieve world-class performance;

WHEREAS, the PQA provides an Award which is named the Philippine Quality Award for Performance Excellence and three (3) recognition levels namely, Recognition for Mastery in Quality Management (Level 3), Recognition for Proficiency in Quality Management (Level 2) and Recognition for Commitment to Quality Management (Level 1);

WHEREAS, Section 5 of RA 9013 provided the establishment of the PQA Committee which is the policy-making body of the program consisted of public-private organizations chaired by the DTI Secretary;

WHEREAS, as a result of the PQA Study and its Pilot Run in selected sectors and regions, the PQA Committee approved the PQA Regionalization Program as qualifying recognition for the national levels 3 and 4;

WHEREAS, DTI Regional Operations Group initiates programs to ensure efficient delivery of business development services, including the formulation and implementation of policies, plans, and projects that can benefit micro, small, and medium enterprises (MSMEs);

WHEREAS, each region has an active Regional Competitiveness Committee (RCC) which is a private-public partnership working towards the improvement of the competitiveness level of the cities, municipalities and provinces in the region;

WHEREAS, competitive and sustainable firms and organizations contribute to the competitiveness level of the locality where they are located as they provide revenue to the Local Government Units (LGUs) and employment to its constituents.

NOW THEREFORE, for and in consideration of the above premises, as Secretary, I hereby order:

1. **Regionalization of the Philippine Quality Award (PQA).** The DTI-Competitiveness Bureau under the Competitiveness and Innovation Group (DTI-CIG) is tasked to decentralize the implementation of the PQA Program for organizations vying for the PQA Regional Recognition for Commitment to Quality Management (Level 1) and PQA Regional Recognition for Proficiency in Quality Management (Level 2) in coordination with the DTI-Regional Operations Group (ROG).

2. **Functions of the DTI-Competitiveness Bureau (CB).** In consultation with the ROG, CB is directed to perform the following tasks:

- a. Direct a developmental program, in partnership with the PQA Award Administrators, that will guide candidate organizations in leveling up their performance and be qualified for the national-level assessment and award;
- b. Come up with the assessment mechanics and processes for the Regional Recognition Levels 1 and 2;
- c. Assign PQA Consultants to provide expertise in guiding candidates vying for a PQA recognition or award;
- d. Develop a system of implementation to ensure quality, integrity and credibility of the assessment process;
- e. Implement PQA Program Orientations for the RCC-SPE Members and its Secretariat;
- f. Provide necessary assistance and guidance to the RCC Subcommittee and the Secretariat on the first two years of implementation;
- g. Assist in conducting promotional activities and preparatory initiatives for potential applicant organizations in the region; and
- h. Continue the implementation of the PQA Program for the applicant organizations of the Recognition for Mastery in Quality Management (Level 3) and PQA for Performance Excellence (Level 4) as national-level assessment and award processes.

3. **RCC Sub-committee on Performance Excellence (RCC-SPE).** Under the established Regional Competitiveness Committees (RCC) for all regions, a sub-committee shall be established and organized within its supervision as follows:

- a. **Composition.** The RCC Sub-committee on Performance Excellence may be composed of the following:
  - > **DTI Regional Director/Assistant Regional Director, Chairperson**
  - > **Business Group Representative** that may come from the following: recognized and dominant local chambers or industry association that advocates Quality Management System (QMS), Performance Excellence such as Philippine Society for Quality (PSQ), PQPM, etc.)
  - > **Academe / Educational Institution Representative** (College or Graduate School on Business Administration as may be determined by the DTI)
  - > **Government Representative** may come from the following: DAP, NEDA, DBM, CSC, ARTA, DILG, Office of the Governor etc.,

Subsequently, composition may also include representative from other important sectors that may be invited as deemed necessary in the deliberation of the candidate organization including the PQA Consultant.

b. **Functions of the RCC Subcommittee on Performance Excellence.** RCC-SPE shall perform the following:

- i. Attend Capability-Building training on the Fundamentals of the PQA Framework and Assessment Process;
  - ii. Deliberate on the recognition level of the candidates;
  - iii. Recognize successful candidate organizations in an appropriate ceremony;
  - iv. Collaborate with individuals and/or organizations in the implementation of the assessment in the region, including the pilot run, as well as promotion, application of organizations;
  - v. Provide full support to the implementation of PQA regionalization that ensures quality, integrity and credibility of the assessment process;
4. **Functions of DTI-RO/PO.** The DTI-Regional/Provincial Office shall be designated as the Secretariat for the RCC-SPE. It shall provide technical and secretariat assistance:
- Specifically:
    - i. Attend Capability-Building trainings on the Fundamentals of the PQA Framework and the PQA Assessment Process;
    - ii. Facilitate the acceptance of candidate nominations such as collection of nomination forms and its verification, monitor compliance of candidates to required intervention programs, and conduct the supervised self-evaluation of the candidate organizations;
    - iii. In collaboration with DTI-CB, develop a supplemental program for organizations especially Small and Medium Enterprises (SMEs) to improve their quality, productivity and competitiveness while preparing them for the application to the recognition program;
    - iv. Implement an effective promotion of the program and to ensure region-wide participation;
    - v. Establish the Sub-committee on Performance Excellence (SPE) under the RCC of each region;
    - vi. Provide secretariat function to the RCC-SPE in processing candidate organizations, and conferring recognition; and
    - vii. Facilitate the best practice sharing and benchmarking activities of the recipient organizations.

5. **Implementation Schedule.** Implementation of the regionalization for the PQA Recognition Levels 1 and 2 shall commence in 2022. All preparatory works including the establishment of the appropriate guidelines and capability-building for the DTI-RO shall be finished in the same year and a transition period of 2 years to be able to polish the system and inform all stakeholders and train the regional focal representatives.

#### ANNEX 1: Mechanics of the PQA Process for Recognition for Levels 1 and 2

Levels	Minimum standard criteria for Levels 1 and 2	Implementing Mechanism
Level 1 & 2:	<ol style="list-style-type: none"> <li>Submit a fully accomplished PQA Candidate Information Form - with supporting documents to vouch on the performance of the organization and/or commitment/proficiency for such level of recognition. (ie. ISO Accreditations, ISA Certifications, TQM, Lean Six Sigma)</li> <li>Attend PQA Capability Building Programs to be provided by DTI-CB and Award administrators on Basic QMS, and other PQA related courses and modules.</li> <li>Accomplish the overall PQA Criteria Self-assessment Tool supervised and administered by DTI-CB or its authorized regional representative.</li> </ol>	<ul style="list-style-type: none"> <li><b>Stage 1: Nomination Process:</b> <ul style="list-style-type: none"> <li>The DTI Regional Offices shall accept, check and review nomination forms of candidates along with the supporting attachments willing to vie for the award.</li> </ul> </li> <li><b>Stage 2: Capability-Building Programs:</b> <ul style="list-style-type: none"> <li>The DTI Regional Offices shall endorse nominees to DTI-CB and monitor compliance of candidates for short/long-term seminar trainings.</li> </ul> </li> <li><b>Stage 3: PQA-STEP Self-Assessment:</b> <ul style="list-style-type: none"> <li>After compliance of the required basic trainings, candidate will answer Steps 1-3 of PQA self-assessment tool and DTI-ROs shall supervise the scoring of the candidates in Step 4 of PQA Self-Assessment.</li> </ul> </li> <li><b>Stage 4: Evaluation Review and Recognition:</b> <ul style="list-style-type: none"> <li>The DTI Regional Offices shall tally the score with consensus of the assigned PQA Consultants and prepare diagnostic report for submission to RCC Subcommittee.</li> <li>RCC - Subcommittee on Performance Excellence shall assess and deliberate the candidate's documents, including the summary results of the self-assessment tool and validate level 2 candidates.</li> </ul> </li> </ul>
Level 1: Commitment to Quality Management	Passing score of at least 200 points, representing 20% of the total required for the Award must be met.	
Level 2: Proficiency in Quality Management	Passing score of at least 300 points, representing 30% of the total required for the Award. At least five (5) of the criteria must not have score lower than 50% of the maximum score per criteria and the remaining two (2) criteria must not have a score lower than 15% must be met.	

Each of the regions in the country will have its own Regional Quality Recognition with their own regional quality secretariats (DTI-ROs) to administer the process. Passing score is subject to change after results calibration of the pilot run for refinements of the assessment process.

Exceptions on certain scenarios shall be also taken by a case-to-case basis whether organizations with national presence / regional players which were identified by the local chamber of commerce can proceed to directly apply for the national award.

#### ANNEX 2: PQA Regionalization Institutional Structure

Organizations applying at the regional offices must apply through the regional award administrators i.e the DTI Regional Offices. Those applying for Levels 3 and 4 should directly apply to the national program through the respective award administrators for public (DAP) and private sectors (PSQ) and through the DTI-CB.

The Award Program is a public-private sector partnership involving the following **FOR LEVEL 1 AND LEVEL 2 AWARDEES:**

**DTI Secretary / Regional Director:** Advocate of the Award who will confer PQA to Level 1 and 2 recipients;

**RCC Sub-Committee on Performance Excellence:** Implementing Committee who will evaluate, validate and endorse nominated organizations for PQA Levels 1 & 2 Recognition to DTI-CB;

**DTI Regional Offices:** Award managers responsible for the conduct of the award process in regional level providing necessary technical and administrative support to the Award Implementing Committee;

**DAP/PSQ:** Providers of Capacity-Building Programs and may be part of RCC-SPE in specific regions.

#### FOR LEVEL 3 AND LEVEL 4 AWARDEES:

**President of the Philippines:** Patron of the Award who confers PQA to Level 3 and 4 awardees/recipients;

**PQA Committee:** The policy-making body created under the Philippine Council for Productivity by virtue of RA9013;

**Department of Trade & Industry Secretary:** Award Manager who is responsible for the conduct of the award process and validates and endorses to the President the list of awardees/recipients selected by the Board of Judges;

**Department of Trade and Industry- Competitiveness Bureau:** The Implementing Agency who provides the necessary technical and administrative support to the Award Manager and the PQA Committee;

**Development Academy of the Philippines:** National Award Administrator for the Public Sector;

**Philippine Society for Quality, Inc.:** National Award Administrator for the Private Sector;

**Board of Judges:** Reviews and recommends award recipients to the Award Manager. Judges are high-level business executives and quality leaders from industry, academe and government appointed by the Award Manager per recommendation of the PQA Management Committee;

**Team of Assessors:** Evaluates award applications and prepares feedback reports. Assessors are well-selected and specially trained business and quality practitioners from industry, academe and government chosen by the Management Committee