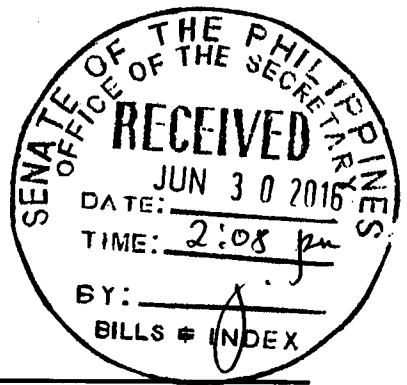


SEVENTEENTH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

SENATE  
S.B. No. 38



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**Introduced by SENATOR LOREN LEGARDA**

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**AN ACT ADOPTING INNOVATION AS A VITAL COMPONENT OF THE COUNTRY'S DEVELOPMENT POLICIES TO DRIVE INCLUSIVE DEVELOPMENT, PROMOTE THE GROWTH AND NATIONAL COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES, AND FOR OTHER PURPOSES**

Explanatory Note

Innovation is a key driver of economic development and the principal tool for coping with major global challenges. It plays a major role in improving productivity and provides a solid foundation for building competitiveness. A well-defined and clear vision for innovation and the role it will play in our economy can help produce a highly skilled workforce, build active enterprises, and promote competitive technological advances that can translate to more vibrant economic activity, employment opportunities, solutions to social problems, and overall growth.

In the Philippines, where 99.6 percent of businesses are considered micro, small, and medium enterprises (MSMEs), the role of innovation cannot be overemphasized. Unlike large companies that have ready access to funding and resources, MSMEs are at a disadvantage because of their size and problems of access to resources and markets. Furthermore, the role of MSMEs in innovation has often times been underestimated mainly because they have traditionally not been seen as knowledge and technology creators.

Recent developments in various markets around the world, however, show that innovation is increasingly taking place in MSMEs. The Organisation for Economic Cooperation and Development (OECD) reported that the role of MSMEs in the ICT, automotive, and pharmaceuticals industries continue to thrive as they have often been "the source of new ideas that are integrated into other products or brought to the market in their own right by large firms."

Over the years, a growing number of big businesses are seeking to engage MSMEs as part of their strategies in expanding their markets and responding to their commercial requirements. Clearly, the emergence of global value chains (GVCs) has shifted the way big corporations do business with MSMEs. More importantly, it has generated vast opportunities for MSMEs to access international markets.

The Global Opportunity Report 2016 identified fifteen (15) opportunities that create the most positive impact to societies – from smart farming, the digital labor market, future entrepreneurs, regenerative ocean economy, precision treatment to low transport cities. Innovation, according to the report, plays a major role in enabling economies to fully exploit and harness these opportunities.

Recent researches also show that corporate accelerator programs are shifting to Asia for innovation opportunities. Forbes Asia reported in December 2015 that of the 85 accelerator programs worldwide, eighteen are based in Asia. The shift to Asia is projected to continue as companies look for diverse and new ideas.

MSMEs can help harness these opportunities if only their untapped potential for developing new products and processes can be fully developed. Various global economic reports, however, highlight weaknesses in the country's innovation ecosystem. Among these, the 2015 Global Innovation Index of the World Intellectual Property Organization, et.al. ranked the Philippines 83rd out of 141 economies on a range of global innovation indexes that include institutional environment, human capital and research, infrastructure, business sophistication, knowledge and technology outputs, and creative outputs. Clearly, fundamental weaknesses in the country's innovation system need to be addressed, including weak public-private collaboration in R&D; weak technology transfer system; issues on technology ownership and information sharing; declining human capital in research and development; poor inter-agency and multi-sectoral collaboration, just to name a few.

These issues warrant policy intervention, to put innovation at the center of our development policies and adopt a clear, long-term view of the country's innovation goals; improve the governance framework for innovation; and mandate key reform areas toward building a healthy innovation ecosystem for the country.

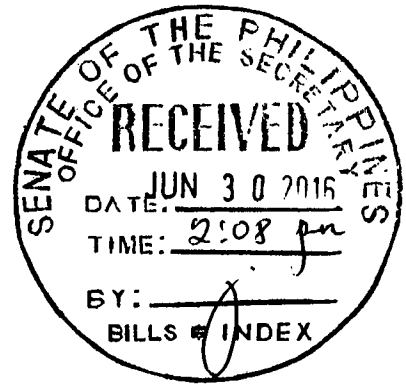
In view of the foregoing, approval of this bill is earnestly requested.

  
**LOREN LEGARDA**  
Senator

SEVENTEENTH CONGRESS )  
REPUBLIC OF THE PHILIPPINES )  
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SENATE

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Introduced by SENATOR LOREN LEGARDA

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**AN ACT ADOPTING INNOVATION AS VITAL COMPONENT OF THE COUNTRY'S DEVELOPMENT POLICIES TO DRIVE INCLUSIVE DEVELOPMENT, PROMOTE THE GROWTH AND NATIONAL COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES, AND FOR OTHER PURPOSES**

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

- 1 **SECTION 1. Short Title.** –The Act shall be known as “The Philippine Innovation  
2 Act.”  
3
- 4 **SEC. 2. Declaration of Policies.** – In conformity with the provision of the  
5 Constitution that recognizes science and technology as “essential for national  
6 development and progress” and gives priority to “research & development,  
7 invention, innovation and their utilization,” the State hereby adopts the following  
8 policies:  
9
- 10 a.) The State shall place innovation at the center of its development policies,  
11 guided by a clear and long-term set of goals that will take into consideration  
12 the key advantages of the country and the opportunities in the regional and  
13 global economic arena. As such, it shall harness innovation efforts to help  
14 Micro-, Small, and Medium Enterprises (MSMEs) and the poor.  
15
- 16 b.) The State shall promote a culture of innovation and ensure that knowledge  
17 is created, acquired, disseminated, and used more effectively by individuals,  
18 enterprises, organizations, and communities to promote economic and social  
19 development.  
20
- 21 c.) The State recognizes the importance of an effective and efficient innovation  
22 ecosystem that addresses and delivers action in various policy areas,  
23 including MSME development, education, trade, investment, finance, and  
24 agriculture, sustainable energy, climate change, among others. This requires  
25 the various departments and agencies of government to implement a “whole-  
26 of-government” approach that will ensure policy coherence, alignment of  
27 priorities, and effective coordination in program delivery. This ecosystem  
28 should facilitate and support innovation efforts.  
29
- 30 d.) The State recognizes the indispensable role of governance in maximizing the  
31 benefits from the country’s innovation policy. As such, it shall put efficient  
32 institutions in place, with the necessary authority to remove regulatory,  
33 informal, and other obstacles to the innovative undertaking.

1  
2  
3 e.) The business sector, academe, scientific community and research  
4 institutions play a crucial role in driving economic growth through  
5 innovation. As such, the Government will work and cooperate with these  
6 sectors and encourage the innovative efforts of businesses, MSMEs, academe,  
7 and the scientific community.  
8

9 **SEC. 2. Definition of Terms.** – The following terms shall have their respective  
10 meanings:  
11

12 a.) "Cluster policies" refer to policies to support geographic concentrations of  
13 inter-connected firms and related actors such as specialized service  
14 providers, universities, MSMEs, businesses, among others;  
15

16 b.) "Inclusive Innovation" refers to the creation of new ideas that results to the  
17 development of new products or processes that help improve the welfare of  
18 lower-income and marginalized groups;  
19

20 c.) "Innovation" means the creation of new ideas that results to the development  
21 of new or improved products, processes, or services which are then spread or  
22 transferred across the market;  
23

24 d.) "Innovation Alliance" refers to a coalition of research and development-based  
25 technology companies, universities, and/or research institutions, MSMEs  
26 and other relevant organizations, that have come together to spread R&D  
27 risks between firms and secure first mover advantages, or to support  
28 innovative efforts and enterprises;  
29

30 e.) "Innovation Centers" refer to centers of competence and innovation activities,  
31 either housed in university or non-academic facility that supports  
32 collaborative R&D and innovation-related activities between and among  
33 academic institutions, R&D centers, and business;  
34

35 f.) "Innovation Governance" refers to the institutional set up of the various  
36 elements of the national innovation ecosystem, including the institutional  
37 structures and the processes governing policy making and implementation,  
38 including program delivery and monitoring, as well as the process of  
39 coordination and collaboration across public institutions and with relevant  
40 stakeholders;  
41

42 g.) "Innovation Networks" refer to to the interconnected system of companies and  
43 organizations in the knowledge infrastructure, strongly focused on  
44 innovation;  
45

46 h.) "Marketing innovation" refers to significant changes in product design or  
47 packaging, placement, promotion or pricing;  
48

49 i.) "Organizational innovation" refers to business practices, workplace  
50 organization or external relations;  
51

52 j.) "Product innovation" refers to the introduction of a good or service that is new  
53 or significantly improved with respect to its features, applications,  
54 characteristics or intended uses;  
55

56 k.) "Process innovation" refers to the implementation of a new or significantly  
improved production or delivery method;

1  
2 l.) "Social Innovation" refers to the process of identifying and delivering new  
3 services that improve the quality of life of individuals and communities,  
4 including through employment, consumption and/or participation;

5  
6  
7 m.) "Technology Platforms" are self-organized programs or arrangements that  
8 allow a wide range of stakeholders to collaborate in identifying common needs  
9 and to assemble a portfolio of funding sourced from government or industrial  
10 sources or a mix thereof to address those needs;

11  
12 n.) "Technology Programs" refer to programs that link industrial and academic  
13 R&D efforts toward building national capacities in developing industrially  
14 important technologies.

15  
16 **SEC. 3. Objectives.** – The overarching objective of this Act is to generate and  
17 scale up action in all levels and areas of education, training, research and  
18 development towards promoting innovation and internationalization activities of  
19 MSMEs as driver of sustainable and inclusive growth.

20  
21 The specific objectives of this Act are as follows:

22  
23 a) Promote a culture of innovation to encourage creative thinking and knowledge  
24 creation and dissemination towards expanding and maintaining economic  
25 competitiveness;

26  
27 b) Improve innovation governance in the country and to compel the adoption of  
28 a long-term vision and focused priorities for innovation as driver for  
29 sustainable and inclusive growth;

30  
31 c) Ensure effective coordination and eliminate fragmentation of innovation  
32 policies and programs at all levels;

33  
34 d) Strengthen the position of MSMEs in the innovation system;

35  
36 e) Remove obstacles to innovation by suppressing bureaucratic hurdles, and  
37 adapting the regulatory framework to support the creation of and diffusion of  
38 new knowledge, products, and processes.

39  
40 f) Encourage entrepreneurial attitude in order to stimulate growth ambitions in  
41 businesses, specially among MSMEs;

42  
43 g) Strengthen and deepen interactions and partnerships among different actors  
44 from the public and private sector, academe, MSMEs, research &  
45 development institutions and communities towards promoting inclusive  
46 growth and improving the quality of life through innovation.

47  
48 **SEC. 4. Innovation Scope.** – The government shall adopt a broader view in  
49 developing its innovation goals and strategies covering all potential types and  
50 sources of innovation, including product innovation; process innovation;  
51 organizational innovation; social innovation; marketing innovation; among  
52 others. While the country's innovation goals shall be directed at developing new  
53 technologies, it shall likewise seek to harness global knowledge and technology  
54 that will aid in developing new processes or services for increasing productivity  
55 in the agricultural sector and of the MSMEs, and for promoting over-all public  
56 welfare. As such, the National Innovation Council (NIC), as created in Sec. 8,

1 shall set the country's innovation goals and priorities, as well as assess the  
2 innovation programs of various agencies, guided by this provision.

3  
4 **SEC. 5. National Innovation Agenda and Strategy Document.** - The National  
5 Innovation Council (NIC), created under this Act, shall develop a National  
6 Innovation Agenda and Strategy Document (NIASD) that establishes the  
7 country's vision and long-term goals for innovation and provides a road map and  
8 the strategies for improving innovation governance through clear-cut delineation  
9 and complementation of innovation efforts across agencies; deepening and  
10 accelerating innovation efforts, including inclusive innovation programs that are  
11 targeting the poorest of the poor; and integrating and fostering public-private  
12 partnerships, including those with large businesses, MSMEs, academe, and R&D  
13 institutions.

14  
15 In developing the NIASD, the NIC will identify strategies to stimulate regional  
16 capacity for development that can contribute to differentiated innovation strategy  
17 across regions in the medium term. Such differentiated strategies shall take into  
18 consideration the competitive advantages and strengths of each province, region,  
19 and community.

20  
21 The NIASD will also include the innovation priority areas for which resources  
22 and budget will be provided. The agenda and strategies shall have a minimum  
23 of ten-year horizon.

24  
25 All agencies will abide by the provisions of the NIASD and will pursue this as a  
26 collective, national effort. The agencies concerned will incorporate pertinent  
27 programs in their respective work programs and action plans, guided by the  
28 NIASD.

29  
30 The NIASD will be developed in consultation with government agencies, LGUs,  
31 and other stakeholders and shall be completed within six months from the  
32 adoption of this Act.

33  
34 **SEC. 6. Considerations in Setting Priority Areas for Innovation.** - It is vital  
35 that the challenges in the following areas be considered in developing the  
36 country's priorities for innovation:

- 37 • Food security, sustainable agriculture;
- 38 • The blue economy;
- 39 • Health;
- 40 • Secure, clean and reliable energy;
- 41 • Climate change and disaster resilience;
- 42 • Resource efficiencies;
- 43 • National and community-based comparative advantages in the context of  
44 Global Value Chains;
- 45 • Comparative strengths and advantages of sectors and communities;  
46 among others.

47  
48 The NIC, in consultation with various sectors, will identify the priority areas as  
49 provided for in Sec. 5 of this Act.

50  
51 **SEC. 7. Inclusive Innovation.** - The NIC shall develop strategies to promote  
52 creation of new ideas that will be developed into new, quality products,  
53 processes, and services that are aimed at improving the welfare of low-income  
54 and marginalized groups, as well as create livelihood opportunities for these  
55 sectors.

1 The NIC will likewise develop strategies for promoting social innovation as a tool  
2 for delivering new services that will improve the quality of life of individuals and  
3 communities, as well as enable the participation of communities in meeting their  
4 needs. Such strategies will be incorporated in the NIASD.  
5

6 **SEC. 8. The National Innovation Council.** - A National Innovation Council  
7 (NIC) is hereby established to develop the country's innovation goals, priorities,  
8 and long-term national strategy.  
9

10 The NIC shall be constituted by the following:

- 11 a) President of the Philippines – Chairperson
- 12 b) Director General of the National Economic and Development Authority – Vice-  
13 Chairman
- 14 c) Secretary of Science and Technology -- Member
- 15 d) Secretary of Trade and Industry – Member
- 16 e) Secretary of Agriculture -- Member
- 17 f) Secretary of Environment and Natural Resources -- Member
- 18 g) Secretary of Health -- Member
- 19 h) Secretary of Transportation -- Member
- 20 i) Secretary of Energy -- Member
- 21 j) Secretary of National Defense -- Member
- 22 k) Secretary of Information Technology and Communication -- Member
- 23 l) Chairperson of the Commission on Higher Education – Member
- 24 m) Secretary of Budget and Management -- Member
- 25 n) Director-General of the Intellectual Property Office
- 26 o) Seven Executive Members to be appointed by the President  
27

28 The Executive Members shall be appointed from the ranks of business, academe,  
29 and the scientific community, at least one of whom shall be a woman.  
30

31 There shall be at least one representative from the MSME sector, and at least  
32 one from business sector. The representative of business and the MSME shall be  
33 recommended by a legally established and reputable business organization.  
34 Those to be appointed from the academe and the scientific community should  
35 have at least 7 years of experience in the field of science and technology, research  
36 and development, or innovation.  
37

38 The President may designate the Executive Secretary to preside over the  
39 meetings of the NIC in his absence. The Department Secretaries and other  
40 members may not designate alternate representatives to the meetings of the NIC.  
41

42 **SEC. 9. Functions of the NIC Council.** -- The NIC shall have the following  
43 functions:  
44

- 45 a) Develop the country's strategic vision for innovation and long-term innovation  
46 goal;
- 47 b) Develop the country's innovation strategies to ensure coherent strategic  
48 direction and programs by government agencies;
- 49 c) Set the country's innovation priorities;
- 50 d) Serve as a source of strategic intelligence for national research and innovation  
51 policymaking;
- 52 e) Engage technological expertise in innovation policymaking;
- 53 f) Coordinate with various sectors and agencies to promote policy and program  
54 coherence;
- 55 g) Monitor and assess the country's innovation programs;
- 56 h) Regularly review and update the country's innovation policies;

- 1 i) Guided by the legal mandates of the agencies/LGUs concerned, identify and
- 2 task government agencies and LGUs that will be tasked to implement
- 3 specific strategies under the NIASD;
- 4 j) Communicate the country's innovation policies, priorities, and agenda to local
- 5 and international publics;
- 6 k) Establish and administer the the Innovation Fund;
- 7 l) Identify / approve programs that may qualify for funding from the Innovation
- 8 Fund;
- 9 m) Develop metrics and monitor the progress of innovation programs, including
- 10 publicly-funded R&D projects;
- 11 n) Submit annual reports to the Philippine Congress on the progress of
- 12 implementation of this Act;
- 13 o) Undertake other functions as mandated under this Act.

14  
15 **SEC. 10. Secretariat to the Council.** – A Secretariat to the NIC shall be  
16 established within NEDA, to be headed by an Executive Director who will be  
17 appointed by the President and will have the rank of Undersecretary. The  
18 Executive Director shall have at least seven (7) years of experience and practice  
19 in the Science and Technology; Research & Development; MSME; or Innovation  
20 fields to qualify for appointment. The Executive Director will be nominated by  
21 the NIC.

22  
23 An NIC Secretariat is hereby established whose staffing structure and  
24 complement will be submitted by the NIC to the Department of Budget and  
25 Management for funding. Pending creation of these positions, the NIC shall  
26 constitute an interim Secretariat within one month from the adoption of this Act,  
27 through the temporary detail of personnel from its member agencies.

28  
29 The Secretariat shall have the following functions:

- 30  
31 a) Provide secretariat support to the NIC, including the preparation of draft
- 32 strategies, priorities, and other outputs to be adopted by the NIC;
- 33 b) Consult with experts who can offer insights in innovation policymaking and
- 34 priority setting;
- 35 c) Coordinate with various agencies of the government, the private sector,
- 36 academe, scientific community, and other sector towards achieving policy and
- 37 program coherence;
- 38 d) Gather strategic intelligence and information to support the NIC in its policy
- 39 making, as well as goal and strategy setting;
- 40 e) Build strategic intelligence on human capital development;
- 41 f) Assess the effectiveness of existing S&T and Innovation grant programs and
- 42 scholarships and submit recommendations to the NIC on these programs,
- 43 guided by the NIASD;
- 44 g) Draft a set of "relevance criteria" which will be used by the NIC to evaluate
- 45 R&D proposals for public funding through the Innovation Fund;
- 46 h) Develop and administer metrics for monitoring and evaluation of the
- 47 country's innovation programs;
- 48 i) Develop recommendations for consideration by the NIC;
- 49 j) Perform other functions as may be directed by the NIC.

50  
51 **SEC. 11. MSME Innovation.** — The NIC will develop strategies toward  
52 promoting MSME internationalization and participation in the local and global  
53 value chains. A comprehensive support program, from incorporation to  
54 internationalization, will be developed by the NIC and implemented by the  
55 agencies concerned. These programs will include coaching and mentoring in the  
56 areas of design; technology extension services; standard business practices in



1 contracting, accounting, project management; quality control; standard-setting;  
2 business services such as commercialization and management, patents, among  
3 others.

4  
5 The DTI will scope high productivity innovative businesses to help the, identify  
6 and exploit opportunities in overseas markets.

7  
8 The government shall encourage and support the establishment of business  
9 incubators, and mobilize its own network of facilities such as the Negosyo  
10 Centers, to support the development of MSMEs and to help implement the  
11 programs for MSMEs outlined in this Section. These incubators will offer, on a  
12 temporary basis, shared premises, capital equipment, and technological  
13 services. These incubators will also assist in linking actors, including MSMEs,  
14 researchers, financiers.

15  
16 The Go Negosyo Centers, created under Republic Act 10644 is hereby provided  
17 an additional funding of 200 million pesos (PhP 200,000,000) to enable these  
18 centers to carry out the programs under this Section. Subsequent funding shall  
19 be incorporated in the General Appropriations Act, but which shall not be less  
20 than 300 million (PhP300,000,000) pesos every year.

21  
22 Further, the DTI, shall make available capital investment grants to MSMEs to  
23 help bridge the financing gap experienced by MSMEs for the commercialization  
24 of technologies. Funding for this purpose will be incorporated in the annual  
25 budget of the DTI.

26  
27 **SEC. 12. Regional Innovation and Cluster Policy.** – The NIC will integrate in  
28 the NIASD strategies to promote regional innovation that will harness the  
29 competitive advantages, as well as existing and potential strengths of regions  
30 and provinces. Such strategies shall promote regional development through  
31 sound science, technology and innovation programs.

32  
33 Cluster policies or strategies may be adopted by the NIC as a significant  
34 component of the country's innovation policy mix. In determining the feasibility  
35 and effectiveness of cluster policies in pursuit of innovation goals, other policy  
36 streams, such as regional economic development policy, industrial/enterprise  
37 policy, higher education policy, among others, will be considered.

38  
39 The cluster policies may be adopted to focus on regional hubs or provinces or  
40 sectors such as MSMEs, large firms, spinoffs and start-ups, universities and  
41 research centers, or combinations of these. For this purpose, the NIC will  
42 establish a Cluster Development Program. Funding for this purpose will be  
43 incorporated in the annual General Appropriations Act.

44  
45 Cluster strategies and programs will be implemented through the agencies  
46 concerned through a well-coordinated system facilitated by the NIC.

47  
48 **SEC. 13. Research and Development Programs.** -- The NIC, guided by the  
49 country's innovation agenda and development goals, will develop R&D themes.  
50 These themes will be adopted in the R&D programs of concerned agencies which  
51 will ensure that a higher level of mission orientation in public funded research  
52 is observed. For this purpose, the NIC will develop a "relevance criteria" that will  
53 be administered by the agencies concerned in the selection of R&D projects or  
54 programs for funding. It shall likewise prepare an inventory of universities and  
55 R&D institutions, together with their resources and capacities to undertake

1 R&D. This will provide the strategic intelligence for R&D public funding and  
2 grants.

3  
4 The NIC will also monitor the implementation of these R&D projects and ensure  
5 that these complies with the criteria established for the purpose and meets the  
6 objectives for which these were funded. A system for "peer review" may be  
7 established for this purpose.

8  
9 As part of strategies to address the multi-dimensional nature of certain research  
10 requirements, the NIC shall:

- 11  
12 a.) Establish centers of research excellence, to bring together multi-  
13 sector/stakeholder teams to address multi-disciplinary research agenda;  
14 b.) Establish centers of collaborative research activity between universities and  
15 business;  
16 c.) Mandate pertinent agencies to work with universities and research  
17 institutions to provide research infrastructure to support key research areas.  
18

19 The NIC will recommend to Congress the annual proposed level of Gross  
20 Expenditure on R&D (GERD) based on the National Innovation Agenda and  
21 Strategy. This recommendation will be submitted by the beginning of each  
22 annual budget cycle.

23  
24 **SEC. 14. Innovation Instruments.** – The government shall employ a range of  
25 instruments to achieve the objectives of this Act. These instruments include:

- 26 a) Technology programs  
27 b) Innovation centers  
28 c) Innovation networks  
29 d) Technology platforms  
30 e) Cluster policies  
31 f) Human capacity building programs  
32

33 For this purpose, the NIC shall develop strategies by which government agencies  
34 concerned may harness these instruments to more efficiently deliver programs  
35 and promote greater collaboration among stakeholders. These agencies,  
36 enumerated in Sec. 15, shall submit their respective action plans, guided by the  
37 strategies that will be imposed by the NIC.  
38

39 The establishment of innovation centers shall be undertaken in coordination  
40 with the private sector, the academe, and other institutions to maximize  
41 opportunities for collaboration and joint initiatives.  
42

43 **SEC. 15. Whole of Government Approach.** – In order to effectively drive  
44 innovation across all areas of government policy -- spanning education, training,  
45 health, energy, communication, industry, science & technology, defense, among  
46 others -- a "whole of government approach" shall be adopted. This approach  
47 shall facilitate engagement with business, the R&D sector, MSMEs, and the  
48 broader community toward ensuring the full and effective implementation of the  
49 country's innovation agenda.  
50

51 All government agencies concerned, including the following shall be responsible  
52 for implementing the country's innovation strategies, and as such, will observe  
53 the "whole of government approach" provided herein:

- 54 a.) National Economic and Development Agency  
55 b.) Department of Science and Technology  
56 c.) Department of Industry

- 1 d.) Department of Agriculture
- 2 e.) Department of Environment and Natural Resources
- 3 f.) Department of Health
- 4 g.) Department of Energy
- 5 h.) Department of Transportation
- 6 i.) Department of National Defense
- 7 j.) Department of Information and Communications Technology
- 8 k.) Department of Budget and Management
- 9 l.) Commission on Higher Education
- 10 m.) Intellectual Property Office

11  
12 Government agencies shall make available for public access, a joint web portal,  
13 that will bear information pertinent to innovation policies, strategies, programs,  
14 including scholarships, grants, and subsidies. The agencies shall likewise ensure  
15 that beneficiaries are guided on services that are available.

16  
17 These agencies shall submit periodic progress reports to the NIC on the status  
18 of these projects. Reporting guidelines will be prepared by the NIC for this  
19 purpose.

20  
21 The enumeration of agencies provided herein is without prejudice to other  
22 agencies that the NIC may mandate.

23  
24 **SEC. 16. Diaspora for Innovation and Development.** - A Diaspora for  
25 Innovation and Development Program is hereby established to enable the  
26 country to mobilize and tap the high level expertise of the Filipino Diaspora in  
27 pursuit of innovation and development efforts.

28  
29 The NIC, in coordination with the Department of Labor and Employment, the  
30 Bureau of Immigration, Bureau of Customs, the Department of Foreign Affairs,  
31 among other agencies, will establish the necessary mechanisms to facilitate the  
32 participation of qualified members of the Filipino Diaspora in the country's  
33 innovation drive.

34  
35 The NIC will develop an inventory of skills and talent requirements and the  
36 institutions or programs needing them as basis for inviting Filipinos in the  
37 Diaspora to participate in the program.

38  
39 The NIC will develop the guidelines for this purpose, in coordination with the  
40 DOST and other agencies that have existing programs and funding for purposes  
41 of mobilizing overseas Filipino talents for innovation and S&T efforts.

42  
43 **SEC. 17. Patent System.** - Republic Act No.8293, as amended, or the  
44 Intellectual Property Code of the Philippines, will be enforced to protect and  
45 secure the exclusive rights of scientists, inventors, innovators to their intellectual  
46 property and creations. The pertinent agencies of the government shall promote  
47 the diffusion of knowledge and information for the promotion of national  
48 development.

49  
50 The Intellectual Property Office shall streamline administrative procedures of  
51 registering patents, trademarks and copyright, to liberalize the registration on  
52 the transfer of technology, and to enhance the enforcement of intellectual  
53 property rights in the Philippines. It shall undertake programs to assist MSMEs  
54 in the registration of patents.

1 **SEC. 18. Advocacy and Community Education.** – The NIC, in cooperation with  
2 the various agencies concerned, will undertake an information and community  
3 education program to rally everyone around the country's innovation agenda and  
4 priorities, and to generate public support to these initiatives. Such program  
5 shall aim to inform the public on available programs, services, grants, and S&T  
6 scholarship, among others, to widen the base of participation in the conduct of  
7 the country's innovation agenda.

8  
9 The government will undertake its advocacy and community education program,  
10 in partnership with the business sector and business associations, MSMEs,  
11 incubation centers and networks, Negosyo Centers, and the academe.

12  
13 The NIC will develop a communication plan for this purpose.

14  
15 **SEC. 19. Innovation Fund.** – An Innovation Fund to strengthen  
16 entrepreneurship and enterprises engaged in developing innovative solutions  
17 benefiting the poorest of the poor is hereby established. This Fund shall be  
18 administered by the NIC Secretariat and qualified proposals shall be screened  
19 and approved by the NIC.

20  
21 An initial amount of One Billion Pesos (Php1,000,000,000) is hereby allocated  
22 for the initial implementation of this Act, and funding thereafter shall be  
23 incorporated in the Annual General Appropriations Act.

24  
25 Further, the NIC, in coordination with the agencies concerned, shall explore the  
26 possibility of accessing a growing range of bilateral and multilateral funds in  
27 order to be able to assist in the funding of R&D and other innovation efforts.  
28 Public-private partnerships shall also be encouraged in the development and  
29 implementation of innovation initiatives in the sphere of R&D, education,  
30 product development and testing, among others.

31  
32 **SEC. 20. Ease of Doing Business.** – The NIC and its member government  
33 agencies shall eliminate regulatory barriers and cut red tape to boost innovation  
34 efforts. Towards this end, the NIC shall facilitate consultations with  
35 stakeholders to identify barriers to accelerating innovation efforts and how best  
36 to align efforts and enhance collaboration.

37  
38 Government agencies and all Local Government Units (LGUs) shall hereby  
39 improve efficiencies in addressing public transactions in various fronts toward  
40 reducing the number of days and costs of starting a business.

41  
42 For this purpose, government agencies and LGUs tasked to process applications  
43 for starting a business will reduce by at least forty percent the number of days  
44 it takes to start a business within one year upon adoption of this Act. Agencies  
45 and LGUs that are able to process said applications within a period of 11 days -  
46 - which is the average number of processing days of the top five performing  
47 ASEAN countries -- are exempted from this requirement, provided they shall  
48 undertake incremental improvements in ease of doing indicators listed below:

- 49  
50 a.) Registration of property;  
51 b.) Renewal of business licenses;  
52 c.) Application for construction permits;  
53 d.) Application for electricity;  
54 e.) Internet speed;  
55 f.) Enforcing contracts; among others.  
56

1 The NIC shall develop and prescribe guidelines toward streamlining and  
2 improving Philippine performance along these "ease of doing business"  
3 indicators. The NIC shall likewise monitor the strict implementation of this Act  
4 and the guidelines it shall issue.

5  
6 **SEC. 21. Innovation Alliances.** – The NIC shall establish the necessary  
7 conditions and framework that will promote the establishment of Innovation  
8 Alliances. Such framework should encourage companies to engage in  
9 collaborative research consortia among private sector entities and with  
10 universities. This framework shall also facilitate regional networking and  
11 alliances to promote knowledge and technology sharing as well as collaboration  
12 in innovation projects.

13  
14 **SEC. 22. Government Procurement.** – Public procurement shall help stimulate  
15 innovation in the country. As such, the NIC, in coordination with the  
16 Department of Budget and Management, shall develop public procurement  
17 guidelines covering the following:

- 18 a. Innovative Goods and Services – Requirements for innovative goods  
19 and services shall be identified, together with their clear output  
20 specifications, as well as functional or performance criteria. The  
21 guidelines shall also allow project-based competition to encourage  
22 participants to develop innovative solutions;
- 23 a. Pre-commercial Procurement – Government agencies are mandated  
24 to determine their long term needs towards encouraging the  
25 development of innovative solutions in areas for which solutions are  
26 not currently available. Procurement contracts of this nature will  
27 involve a multistage process.
- 28 b. Technology Diffusion procurement – The government may aggregate  
29 demand and initiate a technology procurement process to promote  
30 technology diffusion and market transformation.

31  
32 **SEC. 23. Rules and Regulations.** – The NIC shall develop the rules and  
33 regulations for this Act within sixty (60) days from its adoption.

34  
35 **SEC. 24. Penalty Provisions.** -- Failure to carry out any of the provisions of  
36 this Act will be ground for filing of criminal or administrative cases, as may be  
37 warranted, per the Administrative Code of 1987, Republic Act 6770 (The  
38 Ombudsman Act of 1989); Republic Act 6713 (Code of Conduct and Ethical  
39 Standards for Public Officials and Employees), Republic Act 3019 (Anti-Graft and  
40 Corrupt Practices Act), Local Government Code of 1991, and Revised Penal Code,  
41 and all other applicable general and special laws.

42  
43 **SEC. 25. Separability Clause.** – Should any provision herein be subsequently  
44 declared invalid or unconstitutional, the same shall not affect the validity or the  
45 legality of the other provisions not so declared.

46  
47 **SEC. 26. Repealing Clause.** – All laws, presidential decrees, executive orders,  
48 rules and regulations, other issuances, and parts thereof, which are inconsistent  
49 with the provisions of this Act, are hereby repealed and modified accordingly.

50  
51 **SEC. 27. Effectivity.** – This Act shall take effect fifteen (15) days after  
52 publication in at least (2) newspapers of general circulation.

53  
54 Approved,