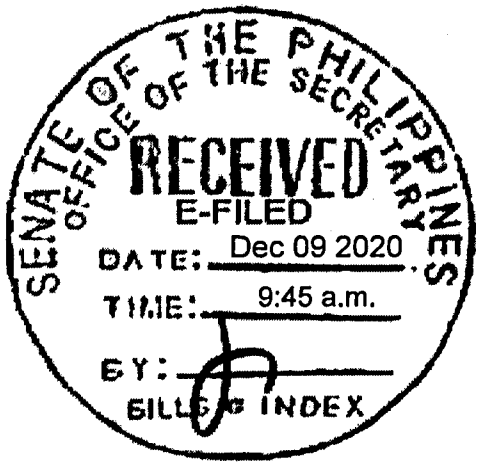


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE

Senate Bill No. **1944**

Introduced by Senator SONNY ANGARA

AN ACT
TO ESTABLISH GUIDELINES AND INCENTIVES FOR THE DEVELOPMENT OF SCIENCE AND TECHNOLOGY PARKS (STPs) IN THE PHILIPPINES, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Constitution, Article XIV, Section 10, states that:

> Science and technology are essential for national development and progress. The State shall give priority to research and development, invention, innovation, and their utilization; and to science and technology education, training, and services. It shall support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life.

The Philippine innovation performance has been continuously rising as evidenced by the country's continuous climb in the Global Innovation Index (GII), from rank 100 in 2014 to rank 50 in the GII 2020 Report. 2019 was the most notable year as the Philippines country's GII position jumped 19 notches from 73rd to 54th, due to big improvements seen in its scores for business sophistication, institutions, knowledge, and technology and creative outputs. Similarly, in 2020, the country ranked high in high-tech imports and exports, ICT services, creative exports, e-participation, and knowledge. According to the GII 2020 report, in terms of innovation, the Philippines performed above expectations for its level of economic development for the second consecutive year. With the enactment of Republic Act No. 11293, or the Philippine Innovation Act, and Republic Act No. 11337, or the

Innovative Startup Act, the country's GII position is expected to progress further in the coming years.

Leveraging on the momentous improvement of the Philippines GII ranking, it is now imperative to sustain efforts to continuously boost our economy's innovation performance. In support of this, this measure proposes the establishment of Science and Technology parks (STPs) nationwide to largely promote the culture of competitiveness and innovation through tech-based enterprises and knowledge-based institutions.

Further, this bill seeks to ensure the development of an ICT ecosystem that will lead towards achieving the Sustainable Development Goal 9 or the Industry, Innovation and Infrastructure through the following:

(a) Grant of subsidy and incentives for the development of STPs;

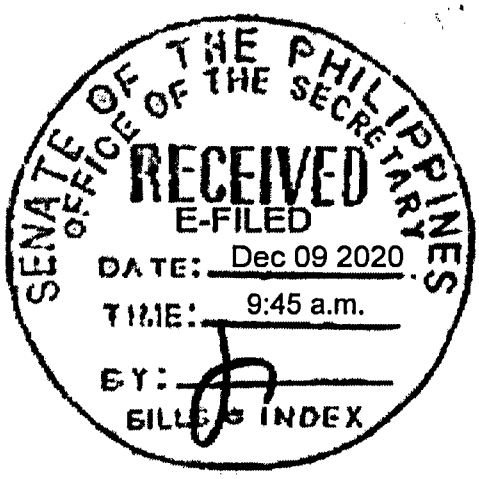
(b) Promote, develop, and support capacity building activities;

(c) Provide technical assistance, policy advice and support for the establishment of centers for science park development;

(d) Develop, promote, encourage, and ensure mechanisms and platforms for the integration of a developmental approach into science, technology and innovation, organizing capacity building, providing policy advice, facilitating the exchange of experience and best practices, and conducting research and problem solving.

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

SONNY ANGARA



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

SECTION 1. *Short Title.* – This Act shall be known as the "Science and Technology Parks Act of 2020".

SEC. 2. *Declaration of State Policy.* – The State recognizes science and technology as essential for national development and progress and shall give priority to research and development, invention, innovation and their utilization, and to science and technology education, training, and services. It shall support indigenous, appropriate, and self-reliant scientific and technological capabilities, and their application to the country's productive systems and national life. Towards this end, the State shall develop a national strategy for, and incentivize the building of a knowledge-based economy anchored on a national workforce that is well-equipped with 21st century skills, through the establishment of Science and Technology Parks throughout the country.

SEC. 3. *Definition of Terms.* – The following terms as used in this Act shall mean:

(a) *Digital Transformation* means the strategic adoption or use of digital technologies to transform services or businesses, through replacing non-digital or manual processes with digital processes, tools and solutions in

order to improve productivity, deliver better user experiences, manage business risk, and control costs;

(b) *E-readiness (electronic readiness)* is a measure of the degree to which a country is prepared to partake in electronic activities and, thus, benefit from ICT in education;

(c) *Innovation* refers to the creation of new ideas using new or existing technologies that results in the development of new or improved products, processes, or services, which are then spread or transferred across the market;

(d) *Research Parks* are master planned property and buildings designed primarily for private and public research and development facilities, high technology and science-based companies, and support services;

(e) *Science Park* refers to all property development that is designed to support the clustering of knowledge-based enterprises in order to commercialize science and technology. Science parks aim to foster the development and growth of knowledge-based economies by bringing together scientific research with governmental organizations and their business support and development programs in one physical location;

(f) *Science and Technology Park (STP)* encompasses any kind of high technology cluster such as technopolis, science park, science city, cyber park, industrial park, innovation center, research and development (R&D) park, university research park, research and technology park, science and technology park, science city, science town, technology park, technology incubator, technology park, technopark, technopole and technology business incubator run by an organization managed by specialized professionals whose main aim is to increase the wealth of its community by promoting the culture of innovation and the competitiveness of its associated businesses and knowledge-based institutions;

(g) *Technology Business Incubator* is a facility designed to help startup technology-based businesses by providing them with the necessary resources, services and support needed during the development stage.

ARTICLE II

DEVELOPMENT OBJECTIVES AND STRATEGIES

SEC. 4. *Development of a National Ecosystem.* – To leverage science, technology and innovation (STI) which are the major pillars of developing economies in the Fourth Industrial Revolution, the State shall ensure the development of a national ICT ecosystem that will lead towards the Sustainable Development Goal (SDG) 9 which is the building resilient infrastructure, promoting inclusive and sustainable industrialization, and fostering innovation by 2030. To achieve the foregoing goal, the State shall:

(a) Promote, develop, and grant subsidy and incentives for the development of science and technology parks or science parks, which shall have research and development centers, technology business incubators and other innovation centers;

(b) Promote, develop, and support capacity building activities to upgrade the knowledge of managers of science and technology parks across the country;

(c) Provide and make available technical assistance, policy advice and support for the establishment of centers for science park development around the country;

(d) Develop, promote, encourage, and ensure mechanisms and platforms for the integration of a developmental approach into science, technology and innovation, organizing capacity building, providing policy advice, facilitating the exchange of experience and best practices, and conducting research and problem solving in science park and technology incubator development.

SEC. 5. *Government Support for Science and Technology Park Projects.* – In the identification of science and technology park projects that can be qualified for government support, the following essential precursory conditions must be in place:

(a) The key tenants or the anchor tenants, such as national research institutes which are committed to staying in the STP;

(b) A management team with all the skills necessary for managing the STP can be assembled;

(c) A strong science base in the surrounding areas of the STP is already available;

(d) The city or area where an STP is located is attractive to talented people and students;

(e) An entrepreneurial culture is available in the city or country where an STP is to be located;

(f) Finance, especially seed and venture capital, is available in the city or country where an STP is to be located.

SEC. 6. *Incentives and Support for the Creation of Science and Technology Parks.* – The Department of Science and Technology (DOST), the Department of Trade and Industry (DTI), the Department of Information and Communications Technology (DICT), the Department of Finance (DOF), and the Department of Public Works and Highways (DPWH) shall collaborate to create specific mechanisms to identify the extent of incentives and support for the creation of STPs, which can be under any of this model:

(a) Fully-government owned either through the national government or any of its agency, or a local government unit, a state university, or a government corporation;

(b) Publicly owned or majority of ownership pertains to government with private sector counterpart at less than fifty (50) percent;

(c) Privately-owned or more than fifty (50) percent with government counterpart or subsidy;

(d) Fully owned by private sector with assistance from government in various forms such as seed money, technical support, and others.

SEC. 7. *Technologies for Business Commercialization Through the Science and Technology Parks.* – The DOST in consultation with the DTI and the DICT shall identify, list, and recommend for prioritization of the technologies that are ideal and desirable for business commercialization through the STPs.

SEC. 8. *Design and Plans of Science and Technology Parks.* – The DOST, DICT, and DPWH shall prepare the design and plans of the proposed science and technology parks in every location and shall propose project timelines for each.

ARTICLE III

DEVELOPMENT OF SCIENCE AND TECHNOLOGY PARKS

SEC. 9. *Regional Science and Technology Parks.* – The DOST in consultation with DTI and DICT shall design, prepare, develop, and recommend various components of a science and technology park in every region, subject to the following:

(a) Effectiveness of the incubation and innovation programs to be offered by an STP, ideal for the generation of innovative business ideas, growth of entrepreneurial spirit, and responsiveness to global market demand;

(b) List of potential key anchor tenants of the STP which shall eventually constitute the backbone of the STP and help ensure that the STP can deliver its most important designated functions;

(c) Possibility of clusters and spin-offs of universities into science and technology parks.

SEC. 10. *Proof of Social Benefits.* – If the national government or any local government unit, or through a government corporation or state university, finances the development of an STP or provides other incentives such as tax exemption or reduction, the said STP shall sufficiently prove that it provide social benefits such as advanced research and development (R&D) or boosts economic development in the region, province, city or municipality where it shall be located.

The economic or social contribution of an STP should be measured and monitored by a framework to be developed by DOST in consultation with the National Economic Development Authority (NEDA).

ARTICLE IV

INCENTIVES

SEC. 11. *Incentives.* – A qualified science and technology park (STP) developer and/or locator, whose activities may form part of the Strategic Investments Priority Plan, shall be entitled to such fiscal and non-fiscal incentives, including but not limited to income tax holiday, special corporate income tax, enhanced deductions and such incentives as may be provided under the National Internal Revenue Code, as amended.

Local government units are encouraged to provide for their own set of incentives according to their taxation power.

ARTICLE V

DEVELOPMENTAL PROGRAMS

SEC. 12. *Promotion of Science and Technology Parks.* – The DOST and DICT shall regularly develop, guide, assist or spearhead programs, projects and activities to promote science and technology parks.

ARTICLE VI

SUPPORT ECOSYSTEM

SEC. 13. *Linkages to Existing Projects and Initiatives Anchored on Innovation.* – The DOST, DTI, and DICT shall ensure appropriate linkages between existing projects and initiatives anchored on innovation and science and technology parks closest to their location or area of interest and shall assist stakeholders in pursuing linkages.

ARTICLE VII

GENERAL PROVISIONS

SEC. 14. *Implementing Rules and Regulations.* – The DOST, DICT, DTI, DOF, and DPWH, in coordination with other industries concerned, shall issue the necessary rules and regulations for the effective implementation of this Act within a period of ninety (90) days after its effectivity. The non-promulgation of the implementing rules and regulations shall not prevent the implementation of this Act upon its effectivity.

SEC. 15. *Appropriations.* – The amount necessary to effectively carry out the provisions of this Act shall be charged against the current appropriations of the concerned government agencies. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 16. *Repealing Clause.* – All laws, executive orders, presidential decrees, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 17. *Separability Clause.* – If any part or provision of this Act shall be declared as unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,