

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

8 JUN 30 7:22

SENATE

S.B. No. 2418



RECEIVED BY:

*[Handwritten signature]*

---

Introduced by Senator Loren Legarda

---

EXPLANATORY NOTE

In the year 2007, the Philippines was ranked 47<sup>th</sup> out of 64 countries in the Information Technology (IT) Industry Competitiveness Index in a study conducted by the Economist Intelligence Unit. While the same study notes that the Philippines has a generally favorable business environment, there were weaknesses and inefficiencies in the IT sector that need to be addressed in order to improve its standing.

Recognizing that the IT industry is a promising industry in the country, efforts can be further exerted to boost the country's competitiveness in the global sector. Such efforts include the expansion and rehabilitation of information and communications technology infrastructure, promotion of research and development, and most importantly, development of human resources. The government should also endeavour to empower the poor by affording them ease of access to IT services that are normally unaffordable and inaccessible.

This bill seeks to widen the participation of the poor in the IT sector, particularly through entrepreneurial activities. It proposes the creation of an IT venture capital fund for small to medium-scale IT start-up companies in order to encourage more Filipinos to venture into the very dynamic industry of information technology. The proposed fund, which amounts to P1 billion, shall be administered by the Department of Science and Technology.

This measure will assist the entrepreneurs and likewise provide incentives for the proliferation of IT-related businesses through-out the country, thereby increasing connectivity, particularly in underserved areas. It will allow the IT industry to penetrate even the grass roots level, thereby making IT services accessible to the marginalized poor. Further, the enactment of this significant piece of legislation is in line with the government's objective to fast-track our country's economic development and its competitiveness in the global arena.

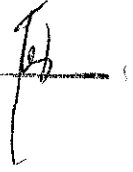
In view of the foregoing, the passage of this bill is earnestly sought.

LOREN LEGARDA  
Senator

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

8 JUN 30 11:22

RECEIVED BY



SENATE

S.B. No. 2418

---

Introduced by Senator Loren Legarda

---

**AN ACT  
TO ACCELERATE THE DEVELOPMENT OF INFORMATION TECHNOLOGY  
START-UP COMPANIES BY PROVIDING AN IT VENTURE CAPITAL FUND**

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

**SECTION 1. Short Title.** - This Act shall be known as the *"IT Venture Capital Fund of 2008."*

**SECTION 2. Declaration of Policy** - Recognizing the indispensable role of the IT sector in driving modern business and enterprise as well as the national economy, it shall be the policy of the State to accelerate the development of information technology (IT) start-up companies consistent with Sections 9, 20 and 24 of Article II and Section 12 of Article XIV of the Constitution.

**SECTION 3. Creation of IT Venture Capital Fund** - The amount of one billion pesos (Php 1,000,000,000.00) is hereby appropriated as IT venture capital fund (ITVCF), to be administered by the Department of Science and Technology (DOST), to cover the initial investment requirement of small technology start-up companies as provided for in this Act. Funding for this Act shall come from the special appropriations by the Department of Budget and Management (DBM) and from the budget surplus which shall be maintained by the DOST.

**SECTION 4. Beneficiaries** - The following shall be the beneficiaries of this Act: small technology start-up companies engaged in high-value technology e-services and products based on a set criteria to be laid down by the DOST for the purpose, such as, but not limited to:

- A) Web portals
- B) Real time messaging softwares
- C) E-groups
- D) On-line music and video sharing
- E) Web logging or blogging
- F) Animation
- G) Web design
- H) Video games
- I) On-line gaming
- J) Data warehousing

**SECTION 5. Implementing Rules and Regulations** - The DOST shall formulate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

**SECTION 6. Separability Clause** - If any provision of this Act or portions thereof are declared unconstitutional or valid, the other provisions which are not affected shall continue to be in full force and effect.

**SECTION 7. Repealing Clause.** All laws, executive orders, rules and regulations or any part thereof inconsistent herewith are deemed repealed or modified accordingly.

**SECTION 8. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,