

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



Senate  
Office of the Secretary

'14 JUN 18 P2 36

SENATE  
S. No. **2283**

RECEIVED BY: *f*

Introduced by Senator Miriam Defensor Santiago

AN ACT  
TO SUPPORT BUSINESS INCUBATION IN ACADEMIC SETTINGS

EXPLANATORY NOTE

Business incubators housed in academic settings provide unique educational opportunities for students, provide entrepreneurs with enhanced access to a skilled workforce, and bring a wealth of resources to business, academia, and communities.

An "incubator" is an entity affiliated with or housed in a degree-granting institution that provides space and coordinated and specialized services to entrepreneurial businesses which meet selected criteria during the businesses' start-up phase, including providing services such as shared office space and services, access to equipment, access to telecommunications and technology services, flexible leases, specialized management assistance, access to financing, and other coordinated business or technical support services.

Studies in the United States show that incubator tenant companies have an average success rate of 87 percent, and 90 percent for technology-based incubator tenant companies. These success rates are dramatically higher than the success rates for companies in the general economy. Incubator companies are also more likely to remain in the same communities as they grow and provide high paying jobs and benefits to their employees.

Business incubators help academic institutions contribute to local goals of sustaining economic development in their surrounding communities. Education in entrepreneurship and other business formation skills is essential to business success and sustainable economic development.

The purpose of this Act is to encourage entrepreneurship in academic institutions by providing space and expertise in an academic setting to house and support new and emerging small businesses.\*


*all* *Miriam Defensor Santiago*  
MIRIAM DEFENSOR SANTIAGO

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\* This bill was originally filed during the Thirteenth Congress, First Regular Session.

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

1 AN ACT  
2 TO SUPPORT BUSINESS INCUBATION IN ACADEMIC SETTINGS

3 SECTION 1. *Short Title.* – This Act shall be known as the “Linking Educators and  
4 Developing Entrepreneurs for Reaching Success (LEADERS) Act.”

5 SECTION 2. *Definition of Terms.* – For the purposes of this Act, the term:

6 (A) “Degree-granting institution” means all institutions for higher learning with  
7 teaching and research facilities constituting a graduate school and professional schools that  
8 award master’s degrees and doctorates and an undergraduate division that awards bachelor’s  
9 degrees.

10 (B) “Incubator” means an entity affiliated with or housed in a degree-granting  
11 institution that provides space and coordinated and specialized services to entrepreneurial  
12 businesses which meet selected criteria during the businesses’ start-up phase, including  
13 providing services such as shared office space and services, access to equipment, access to  
14 telecommunications and technology services, flexible leases, specialized management assistance,  
15 access to financing, and other coordinated business or technical support services.

16 (C) “CHED” means the Commission on Higher Education.

17 SECTION 3. *Program Authorized.* –

18 (A) *In General.* – The CHED is authorized to support the establishment and  
19 development of business incubators in institutions of higher education.

1 (B) *Allocation of Funds.* – From the amount appropriated under Section 8, the CHED

2 (1) Shall use eighty percent (80%) of the amount to -

3 (a) Make awards, on a competitive basis, in amounts of Twenty  
4 Million Pesos (P20,000,000.00) to help acquire or renovate space  
5 for incubators; and

6 (b) Make awards, on a competitive basis, in amounts of Twenty  
7 Million Pesos (P20,000,000.00) to Fifty Million Pesos  
8 (P50,000,000.00), for developing curricula, providing services,  
9 including preparing corporate charters, partnership agreements,  
10 and basic contracts, assistance with patents, trademarks, and  
11 copyrights, and technology acquisition services, or providing  
12 programming for entrepreneurs housed in an incubator;

13 (2) Shall use ten percent (10%) of the amount to make awards, on a  
14 competitive basis, in amounts of Twenty Million Pesos (P20,000,000.00)  
15 to Fifty Million Pesos (P50,000,000.00), for feasibility studies for  
16 determining the need for or siting of incubators; and

17 (3) Shall use ten percent (10%) for research regarding best practices for  
18 incubator programs, including the development of a benchmarking system  
19 based on uniform measures, and for dissemination of information  
20 regarding such practices.

21 (C) *Contracts.* – The CHED is authorized to contract with organizations with  
22 expertise in business incubation practices for the purposes of carrying out subsection (B)(3).

23 (D) *Recipients.* – The CHED shall make an award —

24 (1) Described in paragraph (B)(1) to a nonprofit entity that has a strong  
25 affiliation with a degree-granting institution and manages or provides  
26 technical assistance to the degree-granting institution's affiliated incubator,  
27 or if no non-profit entity manages or provides technical assistance to the  
28 incubator, to the degree-granting institution managing the incubator; and

1 (2) Described in paragraph (B)(2) to a degree-granting institution, or a non-  
2 profit municipality, city, township, or community development  
3 organization.

4 SECTION 4. *Uses of Funds.* – Funds awarded under section 3(B)(1) may be used for -

5 (A) Curriculum, training, or technical assistance developed by academic faculty with  
6 participation from entrepreneurship experts and local government leaders;

7 (B) Programming that contributes to a coordinated set of business assistance tools,  
8 such as developing management teams, providing workforce development, forming strategic  
9 alliances, developing capital formation networks, and developing customized plans to help  
10 entrepreneurs meet the challenges of doing business in their specific communities; and

11 (C) Hiring staff to coordinate the activities described in paragraph (A) or (B) or for  
12 curriculum development.

13 SECTION 5. *Applications.* –

14 (A) *In General.* – Each entity desiring assistance under this Act shall submit an  
15 application to the CHED at such time, in such manner, and accompanied by such information as  
16 the CHED may require.

17 (B) *Contents.* – Each application shall contain an assurance that the activities to be  
18 assisted -

19 (1) Have the support of the municipality or city, in which the incubator is  
20 housed or proposed to be housed; and

21 (2) Are consistent with the local economic development plan or strategic  
22 master plan.

23 (C) *Priority.* – The CHED shall give priority to funding applications under this Act  
24 that provide strong educational opportunities to students in entrepreneurship, and that require  
25 significant collaboration between businesses, academia, and local government and economic  
26 development leaders.

1 (D) *Consideration.* –

2 (1) *In General.* – In addition to applications from other appropriate sources,  
3 the CHED may give consideration to funding applications under this Act  
4 that support -

5 (a) The building of new incubators;

6 (b) Incubators located in economically distressed areas;

7 (c) Incubators with successful graduation rates for tenant companies;

8 (d) Incubators that have shown demonstrable economic benefits in  
9 their surrounding communities;

10 (e) Incubators that work with faculty entrepreneurs or university-based  
11 research; or

12 (f) Incubators located in rural areas where the presence of an  
13 incubator may enhance and diversify the area's economy through  
14 expanded technology commercialization.

15 (2) *Definition of Consideration.* – In this subsection, the term “consideration”  
16 does not mean priority.

17 SECTION 6. *Matching Funds.* – Each entity receiving government assistance under  
18 Section 3(B)(1) shall contribute matching funds, in an amount equal to the amount of  
19 government assistance received under this Act, toward the costs of the activities assisted under  
20 this Act. The non-government share required under this section may be provided in the form of  
21 in-kind contributions.

22 SECTION 7. *Report.* – The CHED, at the end of the third year for which assistance is  
23 provided under this Act, shall prepare and submit to Congress a report that -

24 (A) Describes the most effective or innovative additions to curricula developed under  
25 this Act;

1 (B) Contains a comparison of small business survival rates for small businesses that  
2 started up in incubators versus small businesses that did not so start;

3 (C) Describes factors leading to any success of incubator businesses;

4 (D) Describes the best role for degree-granting institutions in business incubation; and

5 (E) Contains a comparison of academic-affiliated incubators of specific missions and  
6 ages supported under this Act with incubators with similar missions and ages that are not  
7 supported under this Act.

8 SECTION 8. *Authorization of Appropriations.* – For the purpose of carrying out this Act,  
9 such sums as are necessary are hereby authorized to be appropriated from the National Treasury.

10 SECTION 9. *Separability Clause.* – If any provision or part hereof is held invalid or  
11 unconstitutional, the remainder of the Act or the provision not otherwise affected shall remain  
12 valid and subsisting.

13 SECTION 10. *Repealing Clause.* – Any law, presidential decree or issuance,  
14 executive order, letter of instruction, administrative order, rule, or regulation contrary to or  
15 inconsistent with the provisions of this Act is hereby repealed, modified, or amended  
16 accordingly.

17 SECTION 11. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
18 publication in at least two (2) newspapers of general circulation.

Approved,