



HOUSE OF REPRESENTATIVES

H. No. 8715

---

BY REPRESENTATIVES YAP (V.), GATCHALIAN, VILLAFUERTE, YAP (A.), BELARO, NOGRALES (J.J.), LAZATIN, ORTEGA (V.N.), PADUANO, PANGANIBAN, ROMERO, ROQUE (H.), SALO, SAMBAR, TAN (A.), TUGNA, TY, UYBARRETA, VELASCO-CATERA, VILLARAZA-SUAREZ, VILLARIN, NIETO, DALIPE, TAMBUNTING, SY-ALVARADO, ALEJANO, BELMONTE (R.), SARMIENTO (E.M.), LAOGAN, ZAMORA (M.C.), HOFER, SANDOVAL, LOBREGAT, GONZALEZ, PIMENTEL, LIMKAICHONG, ZUBIRI, SALON, RODRIGUEZ (M.), PRIMICIAS-AGABAS, ANDAYA, MARCOLETA, ROA-PUNO, PALMA, NOEL, ESPINA, ALONTE, SAVELLANO, VERGARA, HERRERA-DY, SUAREZ, ATIENZA, BRAVO (A.), BERTIZ, CAMPOS, LOPEZ (B.), MATUGAS, GARCIA-ALBANO, HERNANDEZ (F.), ESTRELLA, LEACHON, DURANO, ALVAREZ (F.), DELOSO-MONTALLA, SACDALAN, RAMOS, SAHALI, PAPANDAYAN, GONZAGA, RELAMPAGOS, UY (J.), BELMONTE (J.C.), UNICO AND CARI, PER COMMITTEE REPORT NO. 997

---

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 APPROPRIATING FUNDS  
THEREFOR

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

1       SECTION. 1. Short Title. – This Act shall be known as the “*Philippine*  
2       *Innovation Act*”.

3       SEC. 2. Declaration of Policy. - It is hereby declared the policy of the State to  
4       foster innovation as a vital component to national development and sustainable  
5       economic growth. Pursuant to Section 10, Article XIV of the Constitution that  
6       recognizes science and technology as “essential for national development and  
7       progress” and gives priority to “research & development, invention, innovation

1 and their utilization,” and in accordance with the ASEAN Declaration on  
2 Innovation that recognizes it as a foundation in driving the growth and  
3 competitiveness of industries and declares the need of policies to strengthen the  
4 impact of science, technology and innovation, the State hereby adopts the  
5 following policies:

6 a) The State places innovation at the center of its development policies,  
7 guided by a clear and long-term set of goals that will take into consideration the  
8 key advantages of the country and the opportunities in the regional and global  
9 economic arena. As such, it shall harness innovation efforts to help the poor and  
10 the marginalized and to enable micro, small and medium enterprises (MSMEs)  
11 to be a part of the domestic and global supply chain.

12 b) The State promotes a culture of strategic planning and innovation and  
13 ensures that knowledge is created, acquired, disseminated, and used more  
14 effectively by individuals, enterprises, organizations, and communities to  
15 promote sustainable economic and social development.

16 c) Investments in education, science, technology and innovation are guided  
17 by a strategic direction towards strengthening the country’s knowledge-based  
18 economic development that benefits all. Innovation starts with a robust pool of  
19 skilled, talented and creative people. Educational institutions, private  
20 organizations, government agencies and local government units are key drivers  
21 of programs that stimulate innovation literacy and skills development for the  
22 Filipino workforce and entrepreneurs, including women and the youth.

23 d) The State recognizes the importance of an effective and efficient  
24 innovation ecosystem that addresses and delivers action in various policy areas,  
25 including MSME development, education, trade, investment, finance, and  
26 agriculture, sustainable energy, climate change, among others. This requires the  
27 various departments and agencies of government to implement a “whole of  
28 government” approach that will ensure policy coherence, alignment of priorities,  
29 and effective coordination in program delivery. This ecosystem should facilitate  
30 and support innovation efforts.

31 e) The State recognizes the indispensable role of governance in enabling  
32 and maximizing the benefits from the country’s innovation policy. As such, it



1 shall put efficient institutions in place, with the necessary authority to remove  
2 regulatory, informal, and other obstacles to the innovative undertaking.

3 f) The business sector, academe, scientific community and research  
4 institutions play a crucial role in driving economic growth through innovation.  
5 As such, the Government will work and cooperate with these sectors and  
6 encourage the innovative efforts of businesses, MSMEs, academe, and the  
7 scientific community. Public sector innovation plays a key economic role whereby  
8 an efficient public sector can drive more private sector growth. To this end, the  
9 State shall promote, integrate and strengthen policies that engage with  
10 innovative businesses and entrepreneurs on collaboration efforts to improve  
11 productivity, good governance and efficient delivery of public services.

12 g) The State recognizes the value of sources of innovation that are unique to  
13 the country, such as traditional/indigenous knowledge, traditional/indigenous  
14 cultural expressions, and genetic resources, and shall strive to promote their  
15 potentials for innovation while protecting them from misappropriation.

### 16 SEC. 3. Definition of Terms. – As used in this Act:

17 a) *Blue Economy* refers to the sustainable use of ocean resources for  
18 economic growth, improved livelihoods and jobs, while preserving the health of  
19 ocean ecosystems;

20 b) *Cluster Policies* refer to policies which aim to support geographic  
21 concentrations of interconnected firms and related actors, such as specialized  
22 service providers, academic or educational institutions, MSMEs, businesses,  
23 among others;

24 c) *Diaspora* refers to the movement of individuals and members or networks,  
25 associations, and communities, who have left their country of origin, but  
26 maintain links with their homelands. This concept covers more settled  
27 expatriate communities, migrant workers based abroad temporarily, expatriates  
28 with the nationality of the host country, dual nationals, and second or third-  
29 generation migrants;

30 d) *Genetic Resources* refer to materials of plant, animal, microbial or other  
31 origin containing functional units of heredity, of actual or potential value;

1 e) *Inclusive Innovation* refers to the creation of new ideas that results in  
2 the development of new products, processes and services, including grassroots  
3 innovators with lower level of education, that help improve the welfare of lower-  
4 income and marginalized groups;

5 f) *Innovation* refers to the creation of new ideas that results in the  
6 development of new or improved policies, products, processes, or services which  
7 are then spread or transferred across the market;

8 g) *Innovation Alliance* refers to a coalition of research and development-  
9 based technology companies, academic or educational institutions, and/or  
10 research institutions, MSMEs and other relevant organizations, that have come  
11 together to support innovative efforts and enterprises;

12 h) *Innovation Centers/Business Incubators* refer to centers of competence  
13 and innovation activities, either housed in academic, educational, or non-  
14 academic facility that supports collaborative research, development and  
15 extension (RD&E) initiatives and innovation-related activities between and  
16 among academic or educational institutions, research, development and  
17 extension centers, and business;

18 i) *Innovation Governance* refers to the institutional setup of the various  
19 elements of the national innovation ecosystem, including the institutional  
20 structures and the processes governing policy making and implementation,  
21 program delivery and monitoring, as well as the process of coordination and  
22 collaboration across public institutions with relevant stakeholders;

23 j) *Innovation Networks* refer to the interconnected system of companies and  
24 organizations in the knowledge infrastructure that is mainly focused on  
25 innovation;

26 k) *Innovative Goods and Services* refer to new or significantly improved  
27 products, services, processes, technical specifications or components, methods,  
28 and tools that enhance government's ability to deliver services;

29 l) *Marketing Innovation* refers to significant changes in product design or  
30 packaging, placement, promotion or pricing;

31 m) *Multi-stage Process* refers to the various stages of product or solution  
32 development, from feasibility study, designing, prototyping, testing, and  
33 commercialization of products or services;



1           n) *Organizational Innovation* refers to the implementation of a new  
2           organizational method in business practices, workplace organization or external  
3           relations;

4           o) *Policy Innovation* refers to the introduction of new or significantly  
5           different solutions to policy problems;

6           p) *Pre-commercial Procurement* refers to the procurement of research,  
7           development and extension services for services, solutions, or products that do  
8           not yet exist, which may involve contracting by development phase from the  
9           conduct of feasibility study, designing, prototyping, testing, and  
10          commercialization of products or services;

11          q) *Process Innovation* refers to the implementation of a new or significantly  
12          improved production or delivery method;

13          r) *Product Innovation* refers to the introduction of a good or service that is  
14          new or significantly improved with respect to its features, applications,  
15          characteristics or intended uses;

16          s) *Project-based Competition* refers to a process whereby contractors bid for  
17          contracts for a specific project with the proponent being given the flexibility to  
18          submit particulars detailing the unique scope and features of its proposal. The  
19          contracting agency shall award the contract to the proponent deemed to have  
20          submitted the best innovation solution or product;

21          t) *Social Innovation* refers to the process of identifying and delivering new  
22          services that improve the quality of life of individuals and communities,  
23          including through employment, consumption and/or participation;

24          u) *Technology Diffusion Procurement* refers to public procurement that is  
25          undertaken on behalf of end-users with the view to accelerating the diffusion of  
26          innovative solutions or technologies that offer the greatest advantage to users;

27          v) *Technology Platforms* refer to self-organized programs or arrangements  
28          that allow a wide range of stakeholders to collaborate in identifying common  
29          needs and to assemble a portfolio of funding sourced from government or  
30          industrial sources or a mix thereof to address those needs;

31          w) *Technology Programs* refer to programs that link industrial, academic  
32          or educational RD&E efforts towards building national capacities in developing  
33          industrially important technologies;

1           x) *Traditional/Indigenous Cultural Expressions* refer to forms in which  
2 traditional culture is expressed and passed from generation to generation, which  
3 then become part of the identity and heritage of a traditional or indigenous  
4 community; and

5           y) *Traditional/Indigenous Knowledge* refers to a body of knowledge,  
6 innovations, systems, and practices of indigenous peoples and local communities  
7 developed, sustained and passed on from generation to generation within a  
8 community, and often forming part of the community's cultural heritage or  
9 spiritual identity.

10           SEC. 4. Objective. - The objective of this Act is to generate and scale up  
11 action in all levels and areas of education, training, research and development  
12 towards promoting innovation and internationalization activities of MSMEs as  
13 driver of sustainable and inclusive growth. The specific objectives of this Act are  
14 as follows:

15           a) Promote a culture of strategic planning and innovation to encourage  
16 creative thinking and knowledge creation and dissemination towards expanding  
17 and maintaining economic competitiveness;

18           b) Improve innovation governance in the country and compel the adoption  
19 of a long-term vision and focused priorities for innovation as driver for  
20 sustainable and inclusive growth;

21           c) Ensure effective coordination and eliminate fragmentation of innovation  
22 policies and programs at all levels;

23           d) Strengthen the position of MSMEs in the innovation system;

24           e) Remove obstacles to innovation by suppressing bureaucratic hurdles,  
25 and adapting the regulatory framework to support the creation of and diffusion  
26 of new knowledge, products, and processes;

27           f) Encourage entrepreneurial attitude in order to stimulate growth  
28 ambitions in businesses, especially among MSMEs;

29           g) Explore, promote and protect the potentials for innovation of  
30 traditional/indigenous knowledge, traditional/indigenous cultural expressions  
31 and genetic resources; and



1 h) Strengthen and deepen interactions and partnerships among different  
2 actors from the public and private sector, academe, MSMEs, research &  
3 development institutions and communities towards promoting inclusive growth  
4 and improving the quality of life through innovation.

5 SEC. 5. Innovation Scope. - The government shall adopt a broader view in  
6 developing its innovation goals and strategies covering all potential types and  
7 sources of innovation, including product innovation; process innovation;  
8 organizational innovation; social innovation; marketing innovation; academic or  
9 educational innovation; or policy innovation. While the country's innovation  
10 goals shall be directed at developing new technologies, it shall likewise seek to  
11 harness global knowledge and technology that will aid in developing new  
12 processes or services for increasing productivity in all sectors and of the MSMEs,  
13 and for promoting over-all public welfare.

14 As such, the National Innovation Council, created in Section 6 of this Act,  
15 shall set the country's innovation goals and priorities, as well as assess the  
16 innovation programs of various agencies, guided by this provision.

17 SEC. 6. The National Innovation Council. - The National Innovation Council,  
18 hereinafter to be referred to as NIC, is hereby established to develop the country's  
19 innovation goals, priorities, and long-term national strategy. The NIC shall be  
20 composed of the following:

- 21 a) President of the Philippines - Chairperson
- 22 b) Director General of the National Economic and Development Authority -  
23 Vice-Chairperson
- 24 c) Secretary of Science and Technology - Member
- 25 d) Secretary of Trade and Industry - Member
- 26 e) Secretary of Agriculture - Member
- 27 f) Secretary of Environment and Natural Resources - Member
- 28 g) Secretary of Health - Member
- 29 h) Secretary of Transportation - Member
- 30 i) Secretary of Energy - Member

- 1 j) Secretary of National Defense - Member
- 2 k) Secretary of Information and Communications Technology - Member
- 3 l) Chairperson of the Commission on Higher Education - Member
- 4 m) Secretary of Budget and Management - Member
- 5 n) Secretary of Basic Education - Member
- 6 o) Secretary of Interior and Local Government - Member
- 7 p) Secretary of Foreign Affairs - Member
- 8 q) Secretary of Labor and Employment - Member
- 9 r) Director-General of the Intellectual Property Office of the Philippines
- 10 (IPOPHE) - Member
- 11 s) Seven (7) Executive Members to be appointed by the President.

12 The Executive Members shall be appointed from the ranks of business,  
13 academe, and the scientific community.

14 There shall be at least one (1) representative from the MSME sector, and at  
15 least one (1) from the business sector. The representatives of business and the  
16 MSME shall be recommended by a legally established and reputable business  
17 organization. Those to be appointed from the academe and the scientific  
18 community shall have at least seven (7) years of experience in the field of science  
19 and technology, research and development, or innovation.

20 The President may designate the Executive Secretary to attend on his behalf  
21 and preside over the meetings of the NIC. The Department Secretaries and other  
22 members may not designate alternate representatives other than their  
23 respective undersecretaries to the meetings of the NIC.

24 SEC. 7. Functions of the National Innovation Council. - The NIC shall have  
25 the following functions:

26 a) Develop the country's strategic vision for innovation and long-term  
27 innovation goal;

28 b) Develop the country's innovation strategies to ensure coherent strategic  
29 direction and programs by government agencies;



- 1 c) Set the country's innovation priorities;
- 2 d) Serve as a source of strategic intelligence for national research and  
3 innovation policymaking;
- 4 e) Engage technological expertise in strategic and innovation policymaking;
- 5 f) Coordinate with various sectors and agencies to promote policy and  
6 program coherence;
- 7 g) Monitor and assess the country's strategic and innovation programs;
- 8 h) Regularly review and update the country's strategic and innovation  
9 policies;
- 10 i) Guided by the legal mandates of the agencies and local government units  
11 (LGUs) concerned, identify and task government agencies and LGUs that will be  
12 tasked to implement specific strategies under the National Innovation Agenda  
13 and Strategy Document (NIASD), to be developed under Section 9 of this Act;
- 14 j) Communicate the country's innovation policies, priorities, and agenda to  
15 local and international publics;
- 16 k) Establish and administer the Innovation Fund established in Section 20 of  
17 this Act;
- 18 1) Identify and approve programs that may qualify for funding from the  
19 Innovation Fund;
- 20 m) Develop metrics and monitor the progress of strategic innovation  
21 programs, including publicly-funded research, development and extension  
22 projects;
- 23 n) Implement an action agenda for the development of the country's capacity  
24 for, and success in, innovation as measured by the Global Innovation Index and  
25 other indices and measures that it may deem appropriate in measuring the  
26 growth and development of innovation in the country, or among countries;
- 27 o) Submit annual reports to the Philippine Congress on the progress of  
28 implementation of this Act; and
- 29 p) Undertake other functions as mandated under this Act.

30  
31 SEC. 8. Secretariat to the NIC. – A Secretariat to the NIC shall be  
32 established within National Economic and Development Authority (NEDA), to  
33 be headed by an Executive Director III (Salary Grade 28) who shall be appointed

1 by the President. The Executive Director III (Salary Grade 28) shall have at  
2 least seven (7) years of experience and practice in the fields of science and  
3 technology, research & development, MSME, innovation, finance, or business  
4 management to qualify for appointment. The Executive Director shall be  
5 nominated by the NIC.

6 The Secretariat of the NIC is hereby established whose staffing structure  
7 and complement shall be submitted by the NIC to the Department of Budget and  
8 Management for funding. Pending the creation of the appropriate plantilla  
9 positions, the NIC shall constitute an interim Secretariat within one (1) month  
10 from the approval of this Act, through the temporary detail of personnel from its  
11 member agencies.

12 The Secretariat shall have the following functions:

13 a) Provide secretariat support to the NIC, including the preparation of  
14 draft strategies, priorities, and other outputs to be adopted by the NIC;

15 b) Consult with experts who can offer insights on innovation policymaking  
16 and priority setting;

17 c) Coordinate with various agencies of the government, the private sector,  
18 academe, scientific community, and other sector stakeholders, to design and  
19 implement an innovative startup development program aimed towards  
20 achieving policy and program coherence to support entities and individual  
21 entrepreneurs developing an innovative product, process or business model;

22 d) Gather strategic intelligence and information to support the NIC in its  
23 policymaking, as well as in goal and strategy setting through a special Startup  
24 Community Council which shall regularly coordinate with local and  
25 international advocates of innovation, stakeholders in the startup community,  
26 and representatives of institutions interested to support and collaborate to  
27 pursue programs complementary to the fulfilment of the mandate of the NIC;

28 e) Build strategic intelligence on human capital development;

29 f) Assess the effectiveness of existing science and technology, and  
30 innovation grant programs and scholarships, and submit recommendations to  
31 the NIC on these programs, according to the NIASD framework;



1           g) Draft a set of "relevance criteria" which shall be used by the NIC to  
2 evaluate research, development and extension proposals for public funding  
3 through the Innovation Fund;

4           h) Develop and administer metrics for monitoring and evaluation of the  
5 country's innovation programs;

6           i) Develop recommendations for consideration by the NIC; and

7           j) Perform other functions as may be directed by the NIC.

8           **SEC. 9. National Innovation Agenda and Strategy Document.** - The NIC  
9 shall develop a National Innovation Agenda and Strategy Document, hereinafter  
10 to be referred to as the NIASD, that shall establish the country's vision and long-  
11 term goals for innovation and provide a road map and the strategies for  
12 improving innovation governance through clear-cut delineation and  
13 complementation of innovation efforts across agencies; deepening and  
14 accelerating innovation efforts, including inclusive innovation programs that are  
15 targeting the poor in our society; and integrating and fostering public-private  
16 partnerships, including those with large businesses, MSMEs, academe, and  
17 research, development and extension (RD&E) institutions. In developing the  
18 NIASD, the NIC shall identify strategies to stimulate regional capacity for  
19 development that can contribute to differentiated innovation strategy across  
20 regions in the medium term. Such differentiated strategies shall take into  
21 consideration the competitive advantages and strengths of each province, region,  
22 and community.

23           The NIASD shall also include the innovation priority areas, the strategies  
24 to be used to realize these priorities, and for which resources and budget will be  
25 provided. Agenda and strategies shall be implemented within a minimum of ten  
26 years, subject to the periodic review by the NIC. All agencies shall strictly  
27 comply with the NIASD and shall pursue this as a collective, national effort. The  
28 agencies concerned shall incorporate pertinent programs in their respective work  
29 programs and action plans, guided by the NIASD.

1           The NIASD shall be developed in consultation with government agencies,  
2           Regional Development Councils, local government units (LGUs), and other  
3           stakeholders, and shall be completed within six (6) months from the approval of  
4           this Act.

5           **SEC. 10. Considerations in Setting Priority Areas for Innovation.** – The  
6           issues and challenges in the following areas shall be considered in  
7           developing the country's innovation priorities:

- 8           • Food security and sustainable agriculture;
- 9           • Sustainable use of ocean resources for economic growth, improved  
10           livelihoods and jobs, and ocean ecosystem health, or the "blue economy";
- 11           • Education and the academe;
- 12           • Health;
- 13           • Secure, clean and reliable energy;
- 14           • Climate change and disaster resilience;
- 15           • Resource efficiencies;
- 16           • National and community-based comparative advantages in the context of  
17           global value chains;
- 18           • Comparative strengths and advantages of sectors and communities;
- 19           • Potentials for innovation of traditional/indigenous knowledge, traditional/  
20           indigenous cultural expressions and genetic resources;
- 21           • Infrastructure needs;
- 22           • Governance;
- 23           • Development of human capital;
- 24           • Digital economy;
- 25           • Transportation services; among others.

26           The NIC, in consultation with various sectors, shall identify the priority  
27           areas as provided for in Section 5 of this Act.

28           **SEC. 11. Inclusive Innovation.** – The NIC shall develop strategies to promote  
29           creation of new ideas that will be developed into new, quality products,  
30           processes, and services that are aimed at improving the welfare of low-income



1 and marginalized groups, as well as create livelihood opportunities for these  
2 sectors.

3 The Council shall likewise integrate policies to promote women's  
4 participation and skills development in science, technology, engineering, arts  
5 and mathematics, including information and communication technologies.

6 Further, the NIC shall likewise develop strategies for promoting social  
7 innovation as a tool for delivering new services that will improve the quality of  
8 life of individuals and communities, as well as enable the participation of  
9 communities in meeting their needs. Such strategies shall be incorporated in the  
10 NIASD.

11 SEC. 12. MSME Innovation. - The NIC shall develop strategies towards  
12 promoting MSME internationalization and participation in the local and global  
13 value chains. A comprehensive support program, from incorporation to  
14 internationalization, shall be developed by the NIC and implemented by the  
15 agencies concerned. These programs shall include coaching and mentoring in the  
16 areas of design; technology extension services; standard business practices in  
17 contracting, accounting and project management; quality control; standard-  
18 setting; business services such as commercialization and management; patents;  
19 among others.

20 Through a startup MSME innovation development program, the  
21 government shall mobilize its various agencies to work hand in hand with  
22 private organizations to provide technical and/or financial support programs for  
23 the development training of entrepreneurs and the creation and growth of  
24 innovative enterprises catering to MSMEs. The government, through the NIC,  
25 shall encourage and support the establishment of innovation centers/ business  
26 incubators, in partnership with the private sector, towards fostering  
27 collaboration between small and big businesses in promoting skills and  
28 technology transfer, supplier development, access to finance, and creating  
29 marketing opportunities for MSMEs.

1       The NIC, through the government attached agencies, shall scope out high  
2       productivity innovative businesses and help them identify and exploit  
3       opportunities in overseas markets. The NIC shall also develop metrics for  
4       purposes of assessing the progress of work in these areas.

5       **SEC. 13. Regional Innovation and Cluster Policy.** - The NIC shall integrate  
6       in the NIASD strategies to promote regional innovation that will harness the  
7       competitive advantages, as well as existing and potential strengths of regions  
8       and provinces. Such strategies shall promote regional development through  
9       sound science, technology and innovation programs. For this purpose, the RDCs  
10      shall help coordinate and monitor the implementation of the NIASDs in their  
11      respective regions.

12      The NIC shall adopt cluster policies or strategies as significant  
13      components of the country's innovation policy mix. In determining the feasibility  
14      and effectiveness of cluster policies in pursuit of innovation goals, other policy  
15      streams, such as regional economic development policy, industrial/enterprise  
16      policy, higher education policy, among others, shall be considered.

17      The cluster policies shall be adopted to focus on regional hubs or  
18      provinces or sectors, such as MSMEs, large firms, spin-offs and startups,  
19      academic or educational institutions and research centers, or combinations of  
20      these. For this purpose, the NIC shall establish a Cluster Development Program.  
21      Funding for this purpose shall be incorporated in the annual General  
22      Appropriations Act. Cluster strategies and programs shall be implemented  
23      through the agencies concerned through a well-coordinated system facilitated by  
24      the NIC.

25      **SEC. 14. Strategic Research, Development and Extension Programs.** - The  
26      NIC, guided by the country's innovation agenda and development goals, shall  
27      develop research, development and extension services that shall be adopted in



1 the RD&E programs of concerned agencies which will ensure that a higher level  
2 of mission orientation in publicly funded research is observed.

3 For this purpose, the NIC shall develop a "relevance criteria" that will be  
4 administered by the agencies concerned in the selection of research,  
5 development, and extension (RD&E) programs or projects for funding. It shall  
6 likewise prepare an inventory of academic or educational, and research,  
7 development and extension institutions, together with their resources and  
8 capacities to undertake these programs and projects which will provide the  
9 strategic intelligence for the generation of public funding and grants for these  
10 purposes.

11 The NIC shall also monitor the implementation of these projects and  
12 ensure that they comply with the criteria established for the purpose and meet  
13 the objectives for which these were funded. A system for "peer review" may be  
14 established for this purpose.

15 As part of the strategies to address the multi-dimensional nature of certain  
16 research requirements, the NIC shall:

17 a) Establish centers of research excellence, to bring together multi-  
18 sector/stakeholder teams to address multi-disciplinary research agenda;

19 b) Establish centers of collaborative research activity between academic  
20 and business; and

21 c) Mandate pertinent agencies to work with academic or educational and  
22 research institutions to provide research infrastructure to support key research  
23 areas.

24 The NIC shall recommend to Congress the annual proposed level of Gross  
25 Expenditure on Research and Development (GERD) and Extension Programs  
26 based on the National Innovation Agenda and Strategy Document. This  
27 recommendation shall be submitted by the beginning of each annual budget  
28 cycle.

1           SEC. 15. Innovation Instruments. - The government shall employ a range  
2 of instruments to achieve the objectives of this Act. These instruments shall  
3 include:

- 4           a) Technology programs;
- 5           b) Innovation centers;
- 6           c) Innovation networks;
- 7           d) Technology platforms;
- 8           e) Cluster policies; and
- 9           f) Human capacity building programs.

10           For this purpose, the NIC shall develop strategies by which government  
11 agencies concerned may harness these instruments to more efficiently deliver  
12 programs and promote greater collaboration among stakeholders. These  
13 agencies, enumerated in Section 16 of this Act, shall submit their respective  
14 action plans, guided by the strategies that will be imposed by the NIC.

15           The establishment of innovation centers shall be undertaken in  
16 coordination with the private sector, academic or educational institutions, and  
17 other sectors to maximize opportunities for collaboration and joint initiatives.

18           SEC. 16. Whole of Government Approach. - In order to effectively drive  
19 innovation across all areas of government policy - spanning education, training,  
20 health, energy, communication, industry, science and technology, defense,  
21 among others - a "whole of government approach" shall be adopted. This  
22 approach shall facilitate engagement with business, the research, development  
23 and extension sector, MSMEs, and the broader community towards ensuring the  
24 full and effective implementation of the country's innovation agenda.

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

- 28           a) National Economic and Development Authority;
- 29           b) Department of Science and Technology;



- c) Department of Trade and Industry;
- d) Department of Agriculture;
- e) Department of Environment and Natural Resources;
- f) Department of Health;
- g) Department of Energy;
- h) Department of Transportation;
- i) Department of National Defense;
- j) Department of Information and Communications Technology;
- k) Department of Budget and Management;
- l) Department of the Interior and Local Government;
- m) Department of Foreign Affairs;
- n) Department of Education;
- o) Commission on Higher Education; and
- p) Intellectual Property Office of the Philippines (IPOPHL);

Government agencies shall make available for public access, a joint web portal, that will bear information pertinent to innovation policies, strategies, programs, including services, grants, and financial assistance for related trainings. The agencies shall likewise ensure that beneficiaries are guided on services that are available. The web portal shall also include a database of all ongoing and completed innovation projects implemented under the NIASD. It shall have interactive features that will allow the public to access services or file applications for scholarships or other services and programs online. Inquiries shall be addressed within three (3) days from receipt thereof. Processing of applications for scholarships and other services shall be streamlined in accordance with the guidelines to be established by the NIC. Reforms to this effect shall be reported to the NIC within six (6) months from the approval of this Act.

The online facility shall provide an acknowledgement receipt and reference number for each transaction for monitoring purposes. Government agencies concerned shall submit periodic progress reports to the NIC on the status of innovation strategies and projects. Reportorial requirements prescribed under

1 this Act shall take into consideration reports required under other laws related  
2 to innovation, with the view towards harmonizing and achieving efficiencies in  
3 the preparation of these reports. Reporting guidelines shall be prepared by the  
4 NIC for this purpose.

5 The enumeration of agencies provided herein is without prejudice to other  
6 agencies that the NIC may mandate.

7 SEC. 17. *Diaspora for Innovation and Development.* - A Diaspora for  
8 Innovation and Development Program is hereby established to enable the  
9 country to mobilize and tap the high level expertise of the Filipino diaspora in  
10 pursuit of innovation and development efforts.

11 The NIC, in coordination with the Department of Labor and Employment,  
12 the Bureau of Immigration, the Bureau of Customs, and the Department of  
13 Foreign Affairs, among other agencies, shall establish the necessary mechanisms  
14 to facilitate the participation of qualified members of the Filipino diaspora in the  
15 country's innovation drive.

16 The NIC shall develop an inventory of skills and talent requirements, and  
17 the institutions or programs needing them as basis for inviting Filipinos in the  
18 diaspora to participate in the program. The NIC shall develop the guidelines for  
19 this purpose, in coordination with the DOST and other agencies that have  
20 existing programs and funding for purposes of mobilizing overseas Filipino  
21 talents for innovation and science and technology efforts.

22 SEC. 18. *Intellectual Property System and Management.* - Republic Act  
23 No. 8293, otherwise known as the "Intellectual Property Code of the  
24 Philippines", as amended, and related laws on intellectual property such as the  
25 "Philippine Plant Variety Protection Act", "E-Commerce Act", and "Technology  
26 Transfer Act", shall be enforced to protect and secure the exclusive rights of  
27 scientists, inventors and innovators to their intellectual property and creations.



1 The pertinent agencies of the government shall promote the diffusion of  
2 knowledge and information for the promotion of national development.

3 The Intellectual Property Office of the Philippines shall coordinate with  
4 other government agencies and private institutions on the formulation of plans  
5 and programs for the management and commercialization of intellectual  
6 property which shall be reported to the NIC within six (6) months from the  
7 approval of this Act.

8 SEC. 19. Advocacy and Community Education. - The NIC, in cooperation  
9 with the various agencies concerned, shall undertake an information and  
10 community education program to rally everyone around the country's innovation  
11 agenda and priorities, and to generate public support for these initiatives. Such  
12 program shall aim to inform the public on available programs, services, grants,  
13 and financial assistance for related trainings, among others, to widen the base of  
14 participation in the conduct of the country's innovation agenda.

15 The government shall undertake its advocacy and community education  
16 program, in partnership with the business sector and business associations,  
17 MSMEs, incubation centers and networks, Negosyo Centers, and academic or  
18 educational institutions.

19 Local government units are also hereby mandated to create innovation  
20 programs through collaboration with other government agencies, non-  
21 government organizations, academic institutions and private companies. Local  
22 government units may provide incentives for the implementation of various  
23 innovation instruments, including the provisions of Section 15 of this Act.

24 The NIC shall develop a communication plan for this purpose.

25 SEC. 20. Innovation Fund. - An Innovation Fund is hereby established to  
26 be utilized to strengthen entrepreneurship and enterprises engaged in  
27 developing innovative solutions primarily benefiting the poor members of our

1 society. This Fund, from which grants will be issued, shall be administered by  
2 the NIC which shall screen and approve qualified proposals.

3 Subject to availability of funds, a revolving fund in the initial amount of  
4 One billion pesos (P1,000,000,000), is hereby allocated for the initial year's  
5 implementation of this Act, and such funds necessary for its continuous and  
6 effective implementation shall thereafter be included in the annual General  
7 Appropriations Act.

8 Further, the NIC, in coordination with the agencies concerned, shall  
9 explore the possibility of accessing a range of bilateral and multilateral funds in  
10 order to be able to assist in the funding of research, development and extension,  
11 and other innovation efforts. Public-private partnerships shall also be  
12 encouraged to develop and implement innovation initiatives in the sphere of  
13 research, development and extension services, education, product development  
14 and testing, among others.

15 SEC. 21. Innovation Development Credit and Financing System. – The  
16 innovation development credit and financing system shall continuously evolve to  
17 generate and scale up innovation in accordance with the NIASD. Innovation  
18 development credit, as used herein, shall consist of loans and other financing  
19 activities for purposes including the development of new technologies, product  
20 innovation, process innovation, and marketing innovation.

21 SEC. 22. Credit Quota. – All banking institutions, whether government or  
22 private, shall set aside at least two percent (2%) of their total loanable funds for  
23 innovation development credit: *Provided, however,* That the loanable funds as used  
24 in this section shall refer to funds generated from the date of effectivity of this Act:  
25 *Provided, further,* That innovation development loans benefitting agriculture  
26 sector workers and businesses shall be considered as compliance with the credit  
27 quota requirement of Republic Act No. 10000, otherwise known as the "Agri-Agra  
28 Reform Credit Act of 2009": *Provided, furthermore,* That the two percent (2%)  
29 credit quota is subject to a joint review by the NIC and the *Bangko Sentral ng*



1 *Pilipinas* (BSP) after three (3) years of implementation to determine whether the  
2 law has been effective in accomplishing its goals. The findings shall be submitted  
3 to the Congress of the Philippines.

4 The BSP shall impose administrative sanctions and other penalties on the  
5 lending institutions for non-compliance with the preceding paragraph. Penalties on  
6 non-compliance/under-compliance shall be computed at one-half of one percent  
7 (0.5%) of the amount of non-compliance/under-compliance and shall be directed  
8 towards innovation development. Ninety percent (90%) of the penalties collected  
9 shall go to the Innovation Fund and the remaining ten percent (10%) shall be given  
10 to the BSP to cover administrative expenses.

11 The BSP and the NIC, in consultation with the concerned agencies and sectors,  
12 shall promulgate such rules and regulations as may be necessary to implement  
13 Sections 21 and 22 of this Act within ninety (90) days after the approval of this Act.  
14 Such rules and regulations shall, among others, provide for modes of alternative  
15 compliance to the credit quota allocation and take into account the varying scale  
16 and maturity of operation of the banks in the country. Such rules and regulations  
17 shall take effect fifteen (15) days after its publication in a newspaper of general  
18 circulation in the Philippines.

19 **SEC. 23. Barriers to Innovation.** - The NIC and its member government  
20 agencies shall address regulatory barriers to innovation and cut red tape to boost  
21 innovation efforts. Towards this end, the NIC shall facilitate consultations with  
22 stakeholders to identify and cause the removal of barriers to accelerating  
23 innovation efforts, including procurement rules and regulations, and to align  
24 efforts and enhance collaboration.

25 Government agencies and all local government units shall hereby improve  
26 efficiencies in addressing public transactions that impact on innovation, including  
27 reducing the number of days and costs of starting or expanding a business.

1 Government agencies and local government units shall undertake reforms  
2 in their systems and processes to ensure that applications for starting a business  
3 and renewal of business licenses are processed within three (3) working days from  
4 the time the application is received. The processing of other government permits  
5 and clearances, as well as application for patents, shall likewise be streamlined  
6 towards ensuring a business environment that fosters innovation.

7 For this purpose, the NIC shall develop and prescribe guidelines towards  
8 streamlining and improving the country's performance in key indicators that will  
9 facilitate and promote innovation. The NIC shall identify these indicators for  
10 purposes of issuing the guidelines and monitoring its strict implementation.

11 **SEC. 24. Innovation Alliances.** - The NIC shall establish the necessary  
12 conditions and framework that will promote the establishment of Innovation  
13 Alliances. Such framework should encourage companies to engage in  
14 collaborative research consortia among private sector entities and with academic  
15 or educational institutions. This framework shall also facilitate regional  
16 networking and alliances to promote knowledge and technology sharing as well  
17 as collaboration in innovation projects.

18 **SEC. 25. Government Procurement.** - Public procurement shall be conducted  
19 in accordance with Republic Act No. 9184, otherwise known as the "Government  
20 Procurement Reform Act" and its Implementing Rules and Regulations.

21 To help stimulate innovation in the country, the NIC shall coordinate with  
22 the Government Procurement Policy Board and its technical support office for  
23 the development and issuance of public procurement guidelines, as authorized  
24 under RA 9184 and its IRR, covering the following:

25 a) Innovative Goods and Services - Requirements for innovative goods and  
26 services shall be identified, together with their clear output specifications, as  
27 well as functional or performance criteria. The guidelines shall also allow



1 project-based competition to encourage participants to develop innovative  
2 solutions;

3 b) Pre-Commercial Procurement - Government agencies are mandated to  
4 determine their long term needs towards encouraging the development of  
5 innovative solutions in areas for which solutions are not currently available.  
6 Procurement contracts of this nature will involve a multi-stage process; and

7 c) Technology Diffusion Procurement - The government may aggregate  
8 demand and initiate a technology procurement process to promote technology  
9 diffusion and market transformation. The guidelines to be issued by the GPPB  
10 in coordination with NIC for this purpose shall ensure efficiency, transparency,  
11 timeliness and relevance in the procurement process.

12 **SEC. 26. Declaration of National Creativity and Innovation Day.** - To  
13 highlight milestones of government and private sector initiatives for innovation,  
14 April 21 of every year is hereby declared as a special working public holiday  
15 throughout the country, to be known as the "National Creativity and Innovation  
16 Day",

17 The NIC, in close coordination with the Department of Science and  
18 Technology, Department of Trade and Industry, Department of Education,  
19 Commission on Higher Education, and the Technical Education and Skills  
20 Development Authority, shall plan, design, and implement programs and  
21 activities in celebration of the National Creativity and Innovation Day that will  
22 involve the participation of other national government agencies, local  
23 government units, the private sector, and schools.

24 **SEC. 27. Implementing Rules and Regulations.** - The NIC shall formulate  
25 and promulgate the implementing rules and regulations (IRR) and other  
26 issuances as may be necessary to ensure the effective implementation of the  
27 provisions of this Act within sixty (60) days from the approval thereof. The  
28 implementing rules and regulations issued pursuant to this section shall take

1 effect thirty (30) days after its publication in any newspaper of general  
2 circulation.

3 SEC. 28. Penalty Provisions. - Failure to carry out any of the provisions of  
4 this Act will be ground for the filing of criminal or administrative cases, as may  
5 be warranted, under the Administrative Code of 1987, Republic Act No. 6770  
6 (The Ombudsman Act of 1989); Republic Act No. 6713 (Code of Conduct and  
7 Ethical Standards for Public Officials and Employees); Republic Act No. 3019  
8 (Anti-Graft and Corrupt Practices Act); Republic Act No. 7160 (Local  
9 Government Code of 1991), and Act No. 3815, as amended (Revised Penal Code),  
10 and all other applicable general and special laws.

11 SEC. 29. Separability Clause. - Should any provision herein be  
12 subsequently declared invalid or unconstitutional, the same shall not affect the  
13 validity or the legality of the other provisions.

14 SEC. 30. Repealing Clause. - All laws, presidential decrees, executive  
15 orders, rules and regulations, other issuances, and parts thereof, which are  
16 inconsistent with the provisions of this Act, are hereby repealed and modified  
17 accordingly.

18 SEC. 31. Effectivity. - This Act shall take effect fifteen (15) days after its  
19 publication in the Official Gazette or in a newspaper of general circulation.

Approved,