

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

SENATE

S. B. No. 602



Introduced by **Senator JINGGOY EJERCITO ESTRADA**

EXPLANATORY NOTE

In recognition of the importance of science and technology as tools towards economic development and national progress, the Constitution has amply provided that the State shall give priority to science and technology, research and development, inventions, innovations, and their utilization, provide incentives, scholarship, and encourage private participation in programs of basic and applied scientific research.

In line with such goals and objectives, this bill provides for the creation and establishment of the Philippine Science and Technology Development Corporation, which shall be responsible, among others, in providing funds for private venture capital corporations, and provide financial and other forms of assistance in developing, adapting, and commercializing indigenous and imported technologies.

It is hoped that this bill will contribute and promote the development and advancement of science and technology in our country, and the utilization thereof as an instrument to our economic progress. In view of the foregoing, the immediate enactment of the bill is earnestly urged.



JINGGOY EJERCITO ESTRADA
Senator

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RECEIVED BY: _____

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AN ACT

CREATING THE PHILIPPINE SCIENCE AND TECHNOLOGY DEVELOPMENT CORPORATION AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. Title. - This Act shall be known as "*The Philippine Science and Technology Development Corporation Act.*"

SEC. 2. Declaration of Policy. - It shall be the policy of the State to promote the rapid development of science and technology to hasten the attainment of economic progress for the Philippines by the year 2010. For this purpose, the State shall establish an institution that shall adopt policies, which shall fast track technology adaptation and commercialization, source the latest technology and innovation that will modernize the production sector and raise productivity and enhance global technology competitiveness in the world export market by encouraging the private sector to undertake scientific and technological R & D (Research and Development) and technology transfer. The Corporation shall provide venture capital fund for accredited venture capital firms.

SEC. 3. Creation of Philippine Science and Technology Development Corporation. - To implement the policy enunciated in this Act, there is hereby created a body corporation to be known as the Philippine Science and Technology Development Corporation hereinafter referred to as the "Corporation". It shall have its principal office in Metro Manila but may have such branches or offices or subsidiaries in other areas as it may deem necessary for the proper conduct of its business. It shall exist for a term of fifty (50) years from the effectivity hereof renewable for the same period unless otherwise provided by law.

SEC. 4. Powers and Functions. - The Corporation shall assume primary responsibility in providing funds for private venture capital corporations (VCCs) duly accredited by the Corporation which shall provide financial and other forms of assistance in developing, adapting and commercializing indigenous or imported technologies. Specifically, it shall:

a) Provide support for all aspects of the introduction, improvement and adaptation of advanced technology abroad through equity investment or loans;

b) Own, lease, operate or otherwise hold lands, buildings, equipment and such other immovable properties as may be necessary to carry out its functions and to sell the same;

c) Enter into, make, perform and carry out contracts of every class and description necessary or accidental to the realization of its functions with any person, firm or corporation, private or public;

d) Promulgate such rules and regulations as may be necessary to carry out the provisions of this Act. Such rules and regulations shall take effect fifteen (15) days following the publication twice in at least two (2) national newspapers of general circulation;

e) Adopt, alter and use a corporate seal which shall be juridically noticed;

f) Sue and be sued;

g) Receive donations, grants, bequest and utilize the same for the attainment of its objectives. Such donations, grants and bequest shall be exempt from the payment of transfer taxes and be fully deductible for the gross income tax purposes; and

h) Perform any and all acts, and exercise any and all powers as may necessary to carry into effect the provisions of this Act or as are essential to the proper conduct of its operations.

SEC. 5. Board of Directors. - The governance and policy direction of the Corporation shall be vested in the Board of Directors, hereinafter referred to as the Board, which shall have overall responsibility for the formulation and coordination of a comprehensive program geared towards the realization of rapid technology development in the Philippines. The Board shall be composed of the following who, except for the representatives from the private sector, shall serve in an ex-officio capacity:

- 1) Chairman, to be appointed by the President of the Philippines;
- 2) Secretary of the Department of Science and Technology, Member;
- 3) Secretary of the Department of Trade and Industry, Member;
- 4) Secretary of the Department of Energy, Member;
- 5) Managing Director of the Board of Investments, Member;
- 6) President of the Philippine Chamber of Commerce and Industry, Member;
- 7) Director - General of the National Economic development Authority, Member;
- 8) Two representatives from the Academe; one (1) from Science and one (1) from Technology, Members;
- 9) Two (2) representatives from the Private Sector, one (1) from Small and Medium Enterprises and one (1) from High- Tech Industries.

Members of the Board shall meet regularly at least quarterly on any date to be determined by its members: Provided, however, that the Chairman may convene special meetings to discuss urgent matters that need immediate resolution. The Board Members, except for the ex-officio members, shall be entitled to per diem for each meeting actually attended at such amount to be determined by the Board but not to exceed Five thousand pesos (P5, 000.00) per

month. If for any reason, an ex- officio member of the Board is unable to attend a meeting, he shall be represented therein by his duly authorized representative.

The Board Members, except for the ex- officio members, shall hold office for a term of two (2) years, without prejudice to re- appointment.

Whenever a vacancy shall occur in the Board, the person appointed to fill the vacancy shall hold office for the unexpired term of the position declared vacant. Any director may be removed by the president of the Philippines for just and legal cause. Six members of the Board shall constitute a quorum for the transaction of business.

SEC. 6. Powers and Duties of the Board. - The Board shall have the following powers and duties:

a) Prescribed, amend, modify or repeal by- laws, rules and regulations, consistent with the provisions of this Act, governing the manner in which the general business of the Corporation shall be exercised;

b) Appoint and fix the compensation of the President of the Corporation, subject to the approval of the President of the Philippines;

c) Approve the annual budget of the Corporation or such supplementary budgets thereof as may be submitted to the Board by the President of the Corporation from time to time;

d) Call upon and deputize any government agency or institution to carry into effect the provisions of this Act.

SEC. 7. Management. - The management of the Corporation shall be vested in the President of the Corporation who shall be appointed by the President of the Philippines. He shall direct and manage the affairs of the Corporation.

The president of the Corporation shall appoint, remove, suspend or otherwise discipline officers and employees of the Corporation subject to the rules and regulations of the Civil Service Commission.

The President of the Corporation shall be a natural born citizen of the Philippines, not less than thirty- five (35) years of age, of proven honesty and integrity, extensive experience in business and finance management and with a technical training background either in the science or engineering.

SEC. 8. Exemptions. - The Corporation shall be exempted from payment of the following taxes, fees, or charges:

a) All taxes, fees and other charges levied by the National Government, its instrumentalities and political subdivisions;

b) All duties, fees and other charges imposed under the Tariff and Customs Code of the Philippines, including such filing, docket and service fees, bonds and other charges or cost in any court or administrative proceedings in which the Corporation may be a party;

c) All income taxes, franchise taxes and realty taxes levied by the National Government and its political subdivisions; and

d) All duties and arrastre fees in so far as share of the government is concerned, including all charges and fees imposed under Presidential Decree No. 857, compensating taxes and advance sales taxes, wharfage, fees, and tonnage dues on the import/export of goods required for its operation and projects.

All documents or contracts executed by or in favor of the Corporation shall be exempt from the payment of documentary and science stamp taxes and registration fees: Provided, however, That this exemption shall not apply to taxes and assessment payable by persons or entities transacting business with the Corporation.

SEC. 9. Creation of a Venture Capital Fund. - There shall be created a Technology Venture Capital Fund for the commercialization, utilization and development of local and foreign technology. The Fund shall be administered in trust by the corporation and appropriated from the national budget in the amount of Five billion pesos (P5, 000,000,000.00).

Any proceeds or increments arising from the use of the Fund shall form part thereof.

SEC. 10. Programs. - The Fund shall cater to technologies that can be developed and commercialized, which shall include but not limited to:

1) technology and inventions using indigenous materials which could have potential in the development of import- substitute products and export - variable products;

2) that which will foster competitiveness in the area of science and technology production;

3) that which will increase net value- added, generate employment, increase utilization of abundant local materials and market potentials; commercially- viable technologies developed by the DOST and other research institution that produce new agri-based products, non- traditional export or import substitutes; and

4) subject to existing laws, local and bankable imported technologies such as those available via franchise, licensing and dealership agreements, joint ventures and other arrangements which minimize start-up risks and will generate significant local value added and improve the competitiveness of local industries.

SEC.11. Capitalization. - The Corporation shall have an authorize capital stock of Fifty million pesos (P50,000,000.00). This capital shall be wholly subscribed to and paid by the National Government. The National Government shall make additional equity investment into the Corporation out of requirements of the Corporation.

SEC. 12. Fund Investors. - The Corporation is hereby authorized to accept investors whether public or private who shall be issued certificates of participation stating the number of units they own with the value per unit based on the net asset value at a time of the entry or exit. The amount of appropriation necessary for the maintenance of fund shall be on diminished scale and in proportion to the amount of capital coming from the public and private sector. Five years from the effectivity of this Act, the Corporation shall start to privatize its ownership until full privatization is realized within the period prescribed, by the Board of Directors.

SEC. 13. Appropriations. - The amount necessary for the effective implementation of this Act shall be appropriated from the funds in the National Treasury not otherwise appropriated. Thereafter such sum as may be necessary for the continuous implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 14. Repealing Clause. - All laws, executive orders, rules and regulations or parts thereof, inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 15. Separability Clause. - Should any part, section or provision of this Act be held invalid or unconstitutional, no other part, section or provision hereof shall be affected thereby.

SEC. 16. Effectivity- This Act shall take effect upon its approval.

Approved,