

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

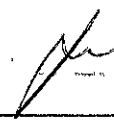
SECRET
OFFICE OF THE SECRETARY

10 JUL 13 12:02

SENATE

S.B. No. 1407

RECEIVED



Introduced by Senator Loren Legarda

EXPLANATORY NOTE

In the year 2009, the Philippines ranked 47th out of 66 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

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

SENATE

S.B. No. 1407

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:*

1 **SECTION 1. *Short Title.*** - This Act shall be known as the "IT Venture
2 **Capital Fund of 2010."**

3
4 **SECTION 2. *Declaration of Policy.*** - Recognizing the indispensable role of
5 the IT sector in driving modern business and enterprise as well as the national
6 economy, it shall be the policy of the State to accelerate the development of
7 information technology (IT) start-up companies consistent with Sections 9, 20 and 24
8 of Article II and Section 12, Article XIV of the Constitution.

9
10 **SECTION 3. *Creation of IT Venture Capital Fund.*** - The amount of One
11 Billion Pesos (P1,000,000,000.00) is hereby appropriated as IT venture capital fund
12 (ITVCF), to be administered by the Department of Science and Technology (DOST),
13 to cover the initial investment requirement of small technology start-up companies
14 as provided for in this Act. Funding for this Act shall come from the special
15 appropriations by the Department of Budget and Management (DBM) and from the
16 budget surplus which shall be maintained by the DOST.

17
18 **SECTION 4. *Beneficiaries.*** - The following shall be the beneficiaries of this
19 Act: small technology start-up companies engaged in high-value technology e-
20 services and products based on a set criteria to be laid down by the DOST for the
21 purpose, such as, but not limited to:

- 22 a. Web portals
23 b. Real time messaging softwares

- 1 c. E-groups
- 2 d. On-line music and video sharing
- 3 e. Web logging or blogging
- 4 f. Animation
- 5 g. Web design
- 6 h. Video games
- 7 i. On-line gaming
- 8 j. Data warehousing

9

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

13

14 **SECTION 6. *Separability Clause.*** - Should any part or provision of this Act
15 be declared unconstitutional or invalid, other parts or provisions hereof not
16 otherwise affected thereby shall remain in full force and effect.

17

18 **SECTION 7. *Repealing Clause.*** All laws, executive orders, rules and
19 regulations or any part thereof inconsistent with the provisions of this Act are
20 deemed repealed or modified accordingly.

21

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

24

25 Approved,