

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

'17 FEB 27 P 6:08

SENATE

RECEIVED BY: J

COMMITTEE REPORT NO. 42

Submitted by the Committees on Economic Affairs and Trade, Commerce and Entrepreneurship. FEB 27 2017.

Re: Senate Bill No. 1355

Recommending its approval in substitution of **Senate Bill No. 38**

Sponsor: Senator Sherwin T. Gatchalian

MR. PRESIDENT:

The Committee on Economic Affairs, and the Committee on Trade, Commerce and Entrepreneurship, to which was referred **Senate Bill No. 38**, introduced by Senator Legarda, entitled:

"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 FOR OTHER PURPOSES"

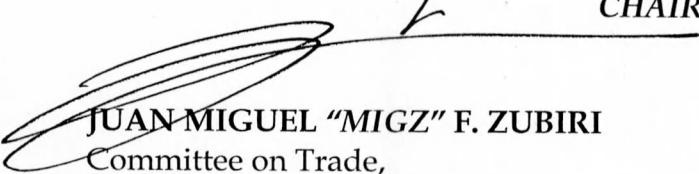
have considered the same and have the honor to report it back to the Senate with the recommendation that the attached bill, **Senate Bill No. 1355** entitled:

"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, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES"

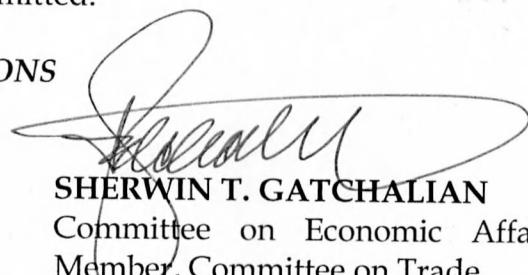
be approved in substitution of **Senate Bill No. 38**, with Senators Legarda and Gatchalian as authors thereof.

Respectfully submitted:

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Committee on Trade,
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Vice Chairperson, Committee on Economic Affairs


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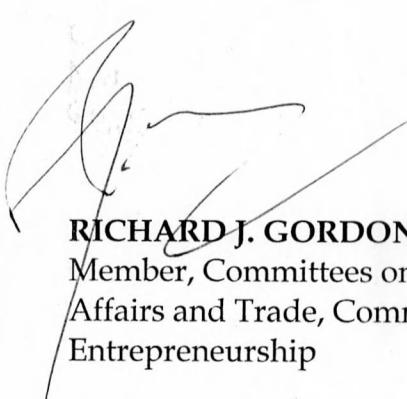
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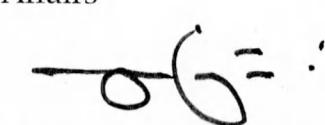
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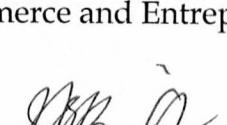
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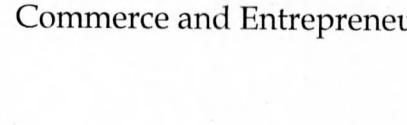
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SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE BILL No. 1355
(In Substitution of Senate Bill No. 38)

RECEIVED BY: 

Prepared and submitted jointly by the Committees on Economic Affairs, and Trade, Commerce and Entrepreneurship, with **Senators Legarda** and **Gatchalian** as authors thereof

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, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** -The Act shall be known as "The Philippine
2 Innovation Act."

3 **SEC.2. Declaration of Policies.** - In conformity with the provision of the
4 Constitution that recognizes science and technology as "essential for national
5 development and progress" and gives priority to "research & development,
6 invention, innovation and their utilization," the State hereby adopts the
7 following policies:

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

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

18 c) Investments in education, science, technology and innovation will be guided
19 by a strategic direction towards strengthening the country's knowledge-
20 based economic development that benefits all.

21 d) The State recognizes the importance of an effective and efficient innovation
22 ecosystem that addresses and delivers action in various policy areas,

1 including MSME development, education, trade, investment, finance, and
2 agriculture, sustainable energy, climate change, among others. This
3 requires the various departments and agencies of government to implement
4 a “whole of government” approach that will ensure policy coherence,
5 alignment of priorities, and effective coordination in program delivery. This
6 ecosystem should facilitate and support innovation efforts.

- 7 e) The State recognizes the indispensable role of governance in maximizing the
8 benefits from the country’s innovation policy. As such, it shall put efficient
9 institutions in place, with the necessary authority to remove regulatory,
10 informal, and other obstacles to the innovative undertaking.
- 11 f) The business sector, academe, scientific community and research
12 institutions play a crucial role in driving economic growth through
13 innovation. As such, the Government will work and cooperate with these
14 sectors and encourage the innovative efforts of businesses, MSMEs,
15 academe, and the scientific community.
- 16 g) The State recognizes the value of sources of innovation that are unique to
17 the country such as traditional knowledge, traditional cultural expressions,
18 and genetic resources and shall strive to promote their potentials for
19 innovation while protecting them from misappropriation.

20 **SEC. 3. Definition of Terms.** – The following terms shall have their respective
21 meanings:

- 22 a) “Cluster Policies” refer to policies which aim to support geographic
23 concentrations of interconnected firms and related actors such as
24 specialized service providers, academic or educational institutions, MSMEs,
25 businesses, among others;
- 26 b) “Genetic Resources” refer to genetic material, which are any material of
27 plant, animal, microbial or other origin containing functional units of
28 heredity, of actual or potential value;
- 29 c) “Inclusive Innovation” refers to the creation of new ideas that results to the
30 development of new products, processes and services that help improve the
31 welfare of lower-income and marginalized groups;
- 32 d) “Innovation” means the creation of new ideas that results in the
33 development of new or improved policies, products, processes, or services
34 which are then spread or transferred across the market;
- 35 e) “Innovation Alliance” refers to a coalition of research and development-
36 based technology companies, academic or educational institutions, and/or
37 research institutions, MSMEs and other relevant organizations, that have
38 come together to support innovative efforts and enterprises;

- 1 f) “Innovation Centers” refer to centers of competence and innovation
2 activities, either housed in academic, educational, or non-academic facility
3 that supports collaborative research, development and extension (RD&E)
4 initiatives and innovation-related activities between and among academic or
5 educational institutions, RD&E centers, and business;
- 6 g) “Innovation Governance” refers to the institutional set up of the various
7 elements of the national innovation ecosystem, including the institutional
8 structures and the processes governing policy making and implementation,
9 including program delivery and monitoring, as well as the process of
10 coordination and collaboration across public institutions and with relevant
11 stakeholders;
- 12 h) “Innovation Networks” refer to the interconnected system of companies and
13 organizations in the knowledge infrastructure, strongly focused on
14 innovation;
- 15 i) “Innovative Goods and Services” refer to new or significantly improved
16 products, services, processes, technical specifications or components,
17 methods, and tools that enhance government’s ability to deliver services;
- 18 j) “Marketing Innovation” refers to significant changes in product design or
19 packaging, placement, promotion or pricing;
- 20 k) “Multi-stage Process” refers to the various stages of product or solution
21 development, from feasibility study, designing, prototyping, testing, and
22 commercialization of products or services;
- 23 l) “Organizational Innovation” refers to business practices, workplace
24 organization or external relations;
- 25 m) “Policy Innovation” refers to the introduction of new or significantly different
26 solutions to policy problems;
- 27 n) “Pre-commercial Procurement” refers to the procurement of RD&E services
28 for services, solutions, or products that do not yet exist, which may involve
29 contracting by development phase from the conduct of feasibility study,
30 designing, prototyping, testing, and commercialization of products or
31 services;
- 32 o) “Process Innovation” refers to the implementation of a new or significantly
33 improved production or delivery method;
- 34 p) “Product Innovation” refers to the introduction of a good or service that is
35 new or significantly improved with respect to its features, applications,
36 characteristics or intended uses;
- 37 q) “Project-based Competition” refers to a process whereby contractors bid for
38 contracts for a specific project with the proponent being given the flexibility
39 to submit particulars detailing the unique scope and features of its

proposal. The contracting agency shall award the contract to the proponent deemed to have submitted the best innovation solution or product;

r) “Social Innovation” refers to the process of identifying and delivering new services that improve the quality of life of individuals and communities, including through employment, consumption and/or participation;

s) “Technology Diffusion Procurement” refers to public procurement that is undertaken on behalf of end-users with the view to accelerating the diffusion of innovative solutions or technologies that offer the greatest advantage to users;

t) “Technology Platforms” are self-organized programs or arrangements that allow a wide range of stakeholders to collaborate in identifying common needs and to assemble a portfolio of funding sourced from government or industrial sources or a mix thereof to address those needs;

u) “Technology Programs” refer to programs that link industrial, academic or educational RD&E efforts towards building national capacities in developing industrially important technologies;

v) “Traditional Cultural Expressions” refer to forms in which traditional culture is expressed; passed down from generation to generation, they form part of the identity and heritage of a traditional or indigenous community; and

w) “Traditional Knowledge” refers to a living body of knowledge, innovations, systems, and practices of indigenous peoples and local communities developed, sustained and passed on from generation to generation within a community, and often forming part of the community’s cultural heritage or spiritual identity.

SEC. 4. Objectives. – The overarching objective of this Act is to generate and scale up action in all levels and areas of education, training, research and development towards promoting innovation and internationalization activities of MSMEs as driver of sustainable and inclusive growth.

The specific objectives of this Act are as follows:

- a) Promote a culture of strategic planning and innovation to encourage creative thinking and knowledge creation and dissemination towards expanding and maintaining economic competitiveness;
- b) Improve innovation governance in the country and compel the adoption of a long-term vision and focused priorities for innovation as driver for sustainable and inclusive growth;

- 1 c) Ensure effective coordination and eliminate fragmentation of innovation
- 2 policies and programs at all levels;
- 3 d) Strengthen the position of MSMEs in the innovation system;
- 4 e) Remove obstacles to innovation by suppressing bureaucratic hurdles, and
- 5 adapting the regulatory framework to support the creation of and diffusion
- 6 of new knowledge, products, and processes;
- 7 f) Encourage entrepreneurial attitude in order to stimulate growth ambitions
- 8 in businesses, specially among MSMEs;
- 9 g) Explore, promote and protect the potentials for innovation of traditional
- 10 knowledge, traditional cultural expressions and genetic resources; and
- 11 h) Strengthen and deepen interactions and partnerships among different
- 12 actors from the public and private sector, academe, MSMEs, research &
- 13 development institutions and communities towards promoting inclusive
- 14 growth and improving the quality of life through innovation.

15 **SEC.5. Innovation Scope.** – The government shall adopt a broader view in
16 developing its innovation goals and strategies covering all potential types and
17 sources of innovation, including product innovation; process innovation;
18 organizational innovation; social innovation; marketing innovation; academic or
19 educational innovation; or policy innovation; among others. While the
20 country's innovation goals shall be directed at developing new technologies, it
21 shall likewise seek to harness global knowledge and technology that will aid in
22 developing new processes or services for increasing productivity in the
23 agricultural sector and of the MSMEs, and for promoting over-all public
24 welfare. As such, the National Innovation Council (NIC), as created in Sec. 9,
25 shall set the country's innovation goals and priorities, as well as assess the
26 innovation programs of various agencies, guided by this provision.

27 **SEC. 6. National Innovation Agenda and Strategy Document.**- The National
28 Innovation Council (NIC), created under this Act, shall develop a National
29 Innovation Agenda and Strategy Document (NIASD) that establishes the
30 country's vision and long-term goals for innovation and provides a road map
31 and the strategies for improving innovation governance through clear-cut
32 delineation and complementation of innovation efforts across agencies;
33 deepening and accelerating innovation efforts, including inclusive innovation
34 programs that are targeting the poorest of the poor; and integrating and
35 fostering public-private partnerships, including those with large businesses,
36 MSMEs, academe, and RD&E institutions.

- 1 In developing the NIASD, the NIC will identify strategies to stimulate regional
2 capacity for development that can contribute to differentiated innovation
3 strategy across regions in the medium term. Such differentiated strategies
4 shall take into consideration the competitive advantages and strengths of each
5 province, region, and community.
- 6 The NIASD will also include the innovation priority areas for which resources
7 and budget will be provided. The agenda and strategies shall have a minimum
8 of ten-year horizon, subject to periodic review by the NIC.
- 9 All agencies shall strictly comply with the NIASD and will pursue this as a
10 collective, national effort. The agencies concerned will incorporate pertinent
11 programs in their respective work programs and action plans, guided by the
12 NIASD.
- 13 The NIASD will be developed in consultation with government agencies,
14 Regional Development Councils (RDCs), Local Government Units (LGUs), and
15 other stakeholders and shall be completed within six months from the adoption
16 of this Act.

17 **SEC. 7. Considerations in Setting Priority Areas for Innovation.** – It is vital
18 that the challenges in the following areas be considered in developing the
19 country's priorities for innovation:

- 20 • Food security and sustainable agriculture;
- 21 • The blue economy;
- 22 • Education and the academe;
- 23 • Health;
- 24 • Secure, clean and reliable energy;
- 25 • Climate change and disaster resilience;
- 26 • Resource efficiencies;
- 27 • National and community-based comparative advantages in the context of
28 Global Value Chains;
- 29 • Comparative strengths and advantages of sectors and communities;
- 30 • Potentials for innovation of traditional knowledge, traditional cultural
31 expressions and genetic resources;
- 32 • Infrastructure needs;
- 33 • Governance; among others.

34 The NIC, in consultation with various sectors, will identify the priority areas as
35 provided for in Sec. 5 of this Act.

1 **SEC.8. Inclusive Innovation.** - The NIC shall develop strategies to promote
2 creation of new ideas that will be developed into new, quality products,
3 processes, and services that are aimed at improving the welfare of low-income
4 and marginalized groups, as well as create livelihood opportunities for these
5 sectors.

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

10 **SEC.9. The National Innovation Council.** - A National Innovation Council
11 (NIC) is hereby established to develop the country's innovation goals, priorities,
12 and long-term national strategy.

13 The NIC shall be constituted by the following:

- 14 a) President of the Philippines – Chairperson
- 15 b) Director General of the National Economic and Development Authority –
16 Vice-Chairperson
- 17 c) Secretary of Science and Technology – Member
- 18 d) Secretary of Trade and Industry – Member
- 19 e) Secretary of Agriculture – Member
- 20 f) Secretary of Environment and Natural Resources – Member
- 21 g) Secretary of Health – Member
- 22 h) Secretary of Transportation – Member
- 23 i) Secretary of Energy – Member
- 24 j) Secretary of National Defense – Member
- 25 k) Secretary of Information and Communications Technology – Member
- 26 l) Chairperson of the Commission on Higher Education –Member
- 27 m) Secretary of Budget and Management – Member
- 28 n) Secretary of Education – Member
- 29 o) Secretary of Interior and Local Government – Member
- 30 p) Secretary of Foreign Affairs – Member
- 31 q) Director-General of the Intellectual Property Office – Member
- 32 r) Seven Executive Members to be appointed by the President

33 The Executive Members shall be appointed from the ranks of business,
34 academe, and the scientific community, at least one of whom shall be a
35 woman.

36 There shall be at least one representative from the MSME sector, and at least
37 one from the business sector. The representative of business and the MSME
38 shall be recommended by a legally established and reputable business

1 organization. Those to be appointed from the academe and the scientific
2 community should have at least 7 years of experience in the field of science
3 and technology, research and development, or innovation.

4 The President may designate the Executive Secretary to preside over the
5 meetings of the NIC in his absence. The Department Secretaries and other
6 members may not designate alternate representatives other than their
7 respective undersecretaries to the meetings of the NIC.

8 **SEC. 10. Functions of the NIC.** - The NIC shall have the following functions:

- 9 a) Develop the country's strategic vision for innovation and long-term
10 innovation goal;
- 11 b) Develop the country's innovation strategies to ensure coherent strategic
12 direction and programs by government agencies;
- 13 c) Set the country's innovation priorities;
- 14 d) Serve as a source of strategic intelligence for national research and
15 innovation policymaking;
- 16 e) Engage technological expertise in strategic and innovation policymaking;
- 17 f) Coordinate with various sectors and agencies to promote policy and
18 program coherence;
- 19 g) Monitor and assess the country's strategic and innovation programs;
- 20 h) Regularly review and update the country's strategic and innovation policies;
- 21 i) Guided by the legal mandates of the agencies/LGUs concerned, identify and
22 task government agencies and LGUs that will be tasked to implement
23 specific strategies under the NIASD;
- 24 j) Communicate the country's innovation policies, priorities, and agenda to
25 local and international publics;
- 26 k) Establish and administer the Innovation Fund;
- 27 l) Identify and/or approve programs that may qualify for funding from the
28 Innovation Fund;
- 29 m) Develop metrics and monitor the progress of strategic innovation programs,
30 including publicly-funded RD&E projects;
- 31 n) Submit annual reports to the Philippine Congress on the progress of
32 implementation of this Act; and
- 33 o) Undertake other functions as mandated under this Act.

34 **SEC. 11. Secretariat to the Council.** - A Secretariat to the NIC shall be
35 established within NEDA, to be headed by an Executive Director who will be
36 appointed by the President and will have the rank of Undersecretary. The
37 Executive Director shall have at least seven (7) years of experience and practice

1 in the fields of Science and Technology, Research & Development, MSME,
2 Innovation, Finance, or Business Management to qualify for appointment. The
3 Executive Director will be nominated by the NIC.

4 An NIC Secretariat is hereby established whose staffing structure and
5 complement will be submitted by the NIC to the Department of Budget and
6 Management for funding. Pending creation of these positions, the NIC shall
7 constitute an interim Secretariat within one month from the adoption of this
8 Act, through the temporary detail of personnel from its member agencies.

9 The Secretariat shall have the following functions:

- 10 a) Provide secretariat support to the NIC, including the preparation of draft
11 strategies, priorities, and other outputs to be adopted by the NIC;
- 12 b) Consult with experts who can offer insights in innovation policymaking and
13 priority setting;
- 14 c) Coordinate with various agencies of the government, the private sector,
15 academe, scientific community, and other sector towards achieving policy
16 and program coherence;
- 17 d) Gather strategic intelligence and information to support the NIC in its policy
18 making, as well as goal and strategy setting;
- 19 e) Build strategic intelligence on human capital development;
- 20 f) Assess the effectiveness of existing S&T and Innovation grant programs and
21 scholarships and submit recommendations to the NIC on these programs,
22 guided by the NIASD;
- 23 g) Draft a set of “relevance criteria” which will be used by the NIC to evaluate
24 RD&E proposals for public funding through the Innovation Fund;
- 25 h) Develop and administer metrics for monitoring and evaluation of the
26 country’s innovation programs;
- 27 i) Develop recommendations for consideration by the NIC; and
- 28 j) Perform other functions as may be directed by the NIC.

29 **SEC. 12. MSME Innovation.** – The NIC will develop strategies towards
30 promoting MSME internationalization and participation in the local and global
31 value chains. A comprehensive support program, from incorporation to
32 internationalization, will be developed by the NIC and implemented by the
33 agencies concerned. These programs will include coaching and mentoring in
34 the areas of design; technology extension services; standard business practices
35 in contracting, accounting and project management; quality control; standard-
36 setting; business services such as commercialization and management;
37 patents; among others.

1 The government, through the DTI, shall encourage and support the
2 establishment of business incubators, in partnership with the private sector,
3 towards fostering collaboration between small and big businesses in promoting
4 skills and technology transfer, supplier development, access to finance, and
5 creating marketing opportunities for MSMEs.

6 The DTI will scope high productivity innovative businesses to help them
7 identify and exploit opportunities in overseas markets.

8 The NIC shall develop metrics for purposes of assessing the progress of work in
9 these areas.

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

17 Cluster policies or strategies shall be adopted by the NIC as a significant
18 component of the country's innovation policy mix. In determining the feasibility
19 and effectiveness of cluster policies in pursuit of innovation goals, other policy
20 streams, such as regional economic development policy, industrial/enterprise
21 policy, higher education policy, among others, will be considered.

22 The cluster policies shall be adopted to focus on regional hubs or provinces or
23 sectors such as MSMEs, large firms, spinoffs and start-ups, academic or
24 educational institutions and research centers, or combinations of these. For
25 this purpose, the NIC shall establish a Cluster Development Program. Funding
26 for this purpose will be incorporated in the annual General Appropriations Act.
27 Cluster strategies and programs will be implemented through the agencies
28 concerned through a well-coordinated system facilitated by the NIC.

29 **SEC. 14. Strategic Research, Development and Extension Programs.** – The
30 NIC, guided by the country's innovation agenda and development goals, will
31 develop RD&E themes. These themes will be adopted in the RD&E programs of
32 concerned agencies which will ensure that a higher level of mission orientation
33 in publicly funded research is observed. For this purpose, the NIC will develop
34 a "relevance criteria" that will be administered by the agencies concerned in the
35 selection of RD&E projects or programs for funding. It shall likewise prepare
36 an inventory of academic or educational and RD&E institutions, together with

1 their resources and capacities to undertake RD&E. This will provide the
2 strategic intelligence for RD&E public funding and grants.
3 The NIC will also monitor the implementation of these RD&E projects and
4 ensure that these comply with the criteria established for the purpose and
5 meets the objectives for which these were funded. A system for "peer review"
6 may be established for this purpose.
7 As part of strategies to address the multi-dimensional nature of certain
8 research requirements, the NIC shall:
9 a) Establish centers of research excellence, to bring together multi-
10 sector/stakeholder teams to address multi-disciplinary research agenda;
11 b) Establish centers of collaborative research activity between academic and
12 business; and
13 c) Mandate pertinent agencies to work with academic or educational and
14 research institutions to provide research infrastructure to support key
15 research areas.
16 The NIC will recommend to Congress the annual proposed level of Gross
17 Expenditure on R&D (GERD) based on the National Innovation Agenda and
18 Strategy Document. This recommendation will be submitted by the beginning
19 of each annual budget cycle.

20 **SEC. 15. Innovation Instruments.** – The government shall employ a range of
21 instruments to achieve the objectives of this Act. These instruments include:
22 a) Technology programs
23 b) Innovation centers
24 c) Innovation networks
25 d) Technology platforms
26 e) Cluster policies
27 f) Human capacity building programs
28 For this purpose, the NIC shall develop strategies by which government
29 agencies concerned may harness these instruments to more efficiently deliver
30 programs and promote greater collaboration among stakeholders. These
31 agencies, enumerated in Sec. 16, shall submit their respective action plans,
32 guided by the strategies that will be imposed by the NIC.
33 The establishment of innovation centers shall be undertaken in coordination
34 with the private sector, academic or educational institutions, and other sectors
35 to maximize opportunities for collaboration and joint initiatives.

1 **SEC. 16. Whole of Government Approach.** – In order to effectively drive
2 innovation across all areas of government policy – spanning education,
3 training, health, energy, communication, industry, science & technology,
4 defense, among others – a “whole of government approach” shall be adopted.
5 This approach shall facilitate engagement with business, the RD&E sector,
6 MSMEs, and the broader community towards ensuring the full and effective
7 implementation of the country’s innovation agenda.

8 All government agencies concerned, including the following, shall be
9 responsible for implementing the country’s innovation strategies, and as such,
10 will observe the “whole of government approach” provided herein:

- 11 a) National Economic and Development Authority
- 12 b) Department of Science and Technology
- 13 c) Department of Trade and Industry
- 14 d) Department of Agriculture
- 15 e) Department of Environment and Natural Resources
- 16 f) Department of Health
- 17 g) Department of Energy
- 18 h) Department of Transportation
- 19 i) Department of National Defense
- 20 j) Department of Information and Communications Technology
- 21 k) Department of Budget and Management
- 22 l) Department of Interior and Local Government
- 23 m) Department of Foreign Affairs
- 24 n) Department of Education
- 25 o) Commission on Higher Education
- 26 p) Intellectual Property Office

27 Government agencies shall make available for public access, a joint web portal,
28 that will bear information pertinent to innovation policies, strategies, programs,
29 including services, grants, and financial assistance for related trainings. The
30 agencies shall likewise ensure that beneficiaries are guided on services that are
31 available. The web portal shall also include a database of all ongoing and
32 completed innovation projects implemented under the NIASD.

33 It shall have interactive features that will allow the public to access services or
34 file applications for scholarships or other services and programs online.
35 Inquiries shall be addressed within three (3) days from receipt thereof.
36 Processing of applications for scholarships and other services shall be
37 streamlined in accordance with the guidelines to be established by the NIC.
38 Reforms to this effect shall be reported to the NIC within six (6) months from
39 the adoption of this Act.

1 The online facility shall provide an acknowledgement receipt and reference
2 number for each transaction for monitoring purposes.
3 Government agencies concerned shall submit periodic progress reports to the
4 NIC on the status of innovation strategies and projects. Reportorial
5 requirements prescribed under this Act shall take into consideration reports
6 required under other laws related to innovation, with the view to harmonizing
7 and achieving efficiencies in the preparation of these reports. Reporting
8 guidelines will be prepared by the NIC for this purpose.
9 The enumeration of agencies provided herein is without prejudice to other
10 agencies that the NIC may mandate.

11 **SEC.17. Diaspora for Innovation and Development.** – A Diaspora for
12 Innovation and Development Program is hereby established to enable the
13 country to mobilize and tap the high level expertise of the Filipino Diaspora in
14 pursuit of innovation and development efforts.

15 The NIC, in coordination with the Department of Labor and Employment, the
16 Bureau of Immigration, the Bureau of Customs, the Department of Foreign
17 Affairs, among other agencies, will establish the necessary mechanisms to
18 facilitate the participation of qualified members of the Filipino Diaspora in the
19 country's innovation drive.

20 The NIC will develop an inventory of skills and talent requirements and the
21 institutions or programs needing them as basis for inviting Filipinos in the
22 Diaspora to participate in the program.

23 The NIC will develop the guidelines for this purpose, in coordination with the
24 DOST and other agencies that have existing programs and funding for
25 purposes of mobilizing overseas Filipino talents for innovation and S&T efforts.

26 **SEC. 18. Intellectual Property System and Management.** – Republic Act
27 No. 8293, as amended, or the Intellectual Property Code of the Philippines, will
28 be enforced to protect and secure the exclusive rights of scientists, inventors
29 and innovators to their intellectual property and creations. The pertinent
30 agencies of the government shall promote the diffusion of knowledge and
31 information for the promotion of national development.

32 The Intellectual Property Office shall promote the registration of patents,
33 trademarks, copyrights, industrial designs and geographical indications among
34 scientists, inventors and innovators to ensure protection of innovation against
35 misappropriation. Towards this end, it shall streamline administrative
36 procedures of registering patents, trademarks, copyrights, industrial designs
37 and geographical indications to liberalize the registration on the transfer of

- 1 technology, and to enhance the enforcement of intellectual property rights in
2 the Philippines. Reforms to this effect shall be reported to the NIC within six (6)
3 months from the adoption of this Act.
4 It shall undertake programs to assist MSMEs in the registration of patents,
5 trademarks, copyrights, industrial designs and geographical indications.

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

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

18 The NIC will develop a communication plan for this purpose.

19 **SEC. 20. Innovation Fund.** – An Innovation Fund to strengthen
20 entrepreneurship and enterprises engaged in developing innovative solutions
21 benefiting the poorest of the poor is hereby established. This Fund, from which
22 grants will be issued, shall be administered by the NIC Secretariat which shall
23 screen and approve qualified proposals.

24 Subject to availability of funds, an initial amount of One Billion Pesos
25 (PhP1,000,000,000), to be sourced by the DBM from government savings, is
26 hereby allocated for the initial year's implementation of this Act, and such
27 funds necessary for its continuous and effective implementation shall
28 thereafter be included in the annual General Appropriations Act.

29 Further, the NIC, in coordination with the agencies concerned, shall explore
30 the possibility of accessing a growing range of bilateral and multilateral funds
31 in order to be able to assist in the funding of RD&E and other innovation
32 efforts. Public-private partnerships shall also be encouraged in the
33 development and implementation of innovation initiatives in the sphere of
34 RD&E, education, product development and testing, among others.

1 **SEC. 21. Removing Barriers to Innovation.** – The NIC and its member
2 government agencies shall eliminate regulatory barriers and cut red tape to
3 boost innovation efforts. Towards this end, the NIC shall facilitate
4 consultations with stakeholders to identify and remove barriers to accelerating
5 innovation efforts, including but not limited to procurement rules and
6 regulations, and to align efforts and enhance collaboration.
7 Government agencies and all LGUs shall hereby improve efficiencies in
8 addressing public transactions that impact on innovation, including reducing
9 the number of days and costs of starting or expanding a business.
10 Government agencies and LGUs will undertake reforms in their systems and
11 processes to ensure that applications for starting a business and renewal of
12 business licenses are processed within three (3) working days from the time the
13 application is received. The processing of other government permits and
14 clearances, as well as application for patents, shall likewise be streamlined
15 towards ensuring a business environment that fosters innovation.
16 For this purpose, the NIC shall develop and prescribe guidelines towards
17 streamlining and improving the country's performance in key indicators that
18 will facilitate and promote innovation. The NIC will identify these indicators for
19 purposes of issuing the guidelines and monitoring its strict implementation.

20 **SEC. 22. Innovation Alliances.** – The NIC shall establish the necessary
21 conditions and framework that will promote the establishment of Innovation
22 Alliances. Such framework should encourage companies to engage in
23 collaborative research consortia among private sector entities and with
24 academic or educational institutions. This framework shall also facilitate
25 regional networking and alliances to promote knowledge and technology
26 sharing as well as collaboration in innovation projects.

27 **SEC. 23. Government Procurement.** – Public procurement shall be conducted
28 in accordance with Republic Act No. 9184 or the Government Procurement
29 Reform Act and its Implementing Rules and Regulations.

30 To help stimulate innovation in the country, the NIC, in coordination with the
31 Government Procurement Policy Board, shall develop public procurement
32 guidelines, as authorized under RA 9184, covering the following:

- 33 a) Innovative Goods and Services – Requirements for innovative goods and
34 services shall be identified, together with their clear output
35 specifications, as well as functional or performance criteria. The
36 guidelines shall also allow project-based competition to encourage
37 participants to develop innovative solutions;

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

6 c) Technology Diffusion Procurement – The government may aggregate
7 demand and initiate a technology procurement process to promote
8 technology diffusion and market transformation.

9 The guidelines to be issued by the NIC for this purpose shall ensure efficiency,
10 transparency, timeliness and relevance in the procurement process.

11 **SEC. 24. Rules and Regulations.** – The NIC shall promulgate the
12 implementing rules and regulations (IRR) and other issuances as may be
13 necessary to ensure the effective implementation of this Act within sixty (60)
14 days from its adoption.

15 **SEC. 25. Penalty Provisions.** – Failure to carry out any of the provisions of
16 this Act will be ground for the filing of criminal or administrative cases, as may
17 be warranted, under the Administrative Code of 1987, Republic Act No. 6770
18 (The Ombudsman Act of 1989); Republic Act No. 6713 (Code of Conduct and
19 Ethical Standards for Public Officials and Employees); Republic Act No. 3019
20 (Anti-Graft and Corrupt Practices Act); Republic Act No. 7160 (Local
21 Government Code of 1991), and Act No. 3815, as amended (Revised Penal
22 Code), and all other applicable general and special laws.

23 **SEC. 26. Separability Clause.** – Should any provision herein be subsequently
24 declared invalid or unconstitutional, the same shall not affect the validity or
25 the legality of the other provisions not so declared.

26 **SEC. 27. Repealing Clause.** – All laws, presidential decrees, executive orders,
27 rules and regulations, other issuances, and parts thereof, which are
28 inconsistent with the provisions of this Act, are hereby repealed and modified
29 accordingly.

30 **SEC. 28. Effectivity.** – This Act shall take effect fifteen (15) days after
31 publication in at least (2) newspapers of general circulation.

32 Approved,