



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

NATIONAL INNOVATION AGENCY

A

BILL

**to provide for the establishment of the National Innovation Agency and
for matters connected therewith or incidental thereto**

*Presented by the Prime Minister and Minister of National Policies,
Economic Affairs, Resettlement & Rehabilitation, Northern Province
Development and Youth Affairs on 23rd of October, 2019*

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National Innovation Agency

L.D. — O. 33/2019

AN ACT TO PROVIDE FOR THE ESTABLISHMENT OF THE NATIONAL INNOVATION AGENCY AND FOR MATTERS CONNECTED THEREWITH OR INCIDENTAL THERETO

BE it enacted by the Parliament of the Democratic Socialist Republic of Sri Lanka as follows:-

- 5 **1.** This Act may be cited as the National Innovation Agency Act, No. of 2019, and shall come into operation on such date as the President may appoint (hereinafter referred to as “the appointed date”) by Order published in the *Gazette*. Short title
and the date
of operation.

PART I

NATIONAL INNOVATION AGENCY

- 10 **2.** (1) There shall be established an Agency called and known as the “National Innovation Agency” (hereinafter referred to as the “Agency”). Establishment
of the
National
Innovation
Agency.

15 (2) The Agency shall, by the name assigned to it by subsection (1), be a body corporate and shall have perpetual succession and a common seal and may sue and be sued in that name.

- 20 **3.** The objects of the Agency shall be to – Objects of
the Agency.
- (a) promote better understanding on social innovation, science and technology innovation, defence innovation, eco innovation and service innovation, and their impact on the economy;
- 25 (b) make recommendations to the Government in order to formulate national policies in respect of innovation;
- (c) ensure that national research is aligned with and contributes to the economy and national economic goals;

- (d) coordinate innovators and initiatives to foster impact;
- (e) identify any obstacles in the public and private sector that hamper innovation;
- 5 (f) support and facilitate innovation in private sector to establish a vibrant national innovation eco system.

4. The powers, functions and duties of the Agency shall be to: –

Powers,
functions and
duties of the
Agency.

- 10 (a) liaise with the public and private sector institutions relevant to important aspects of the objects of the Agency;
- (b) make recommendations to the government to initiate and fund National Innovation Programmes in order to support a creative economy;
- 15 (c) to develop and sustain a national innovation ecosystem in keeping with the Sri Lanka Innovation and Entrepreneurship Strategy as approved by the Cabinet of Ministers;
- 20 (d) support the National Innovation and Entrepreneurship Strategy objectives through the facilitation of hi-tech enterprises stemming from research and technology transfer;
- 25 (e) monitor and evaluate the effectiveness of investment, policies and strategies on innovation and entrepreneurship;
- 30 (f) coordinate and harmonize international activities in innovation with the relevant Ministries, Departments and other innovation institutions in Sri Lanka and with international institutions to encourage commercialization of the outputs of innovation activities;

- 5 (g) drive the progress of Sri Lanka upward through the ranking of global innovation indices to ensure a resilient economic standing, subject to the Sri Lanka Innovation and Entrepreneurship Strategy as approved by the Cabinet of Ministers;
- (h) receive, collate, evaluate and publish the Sri Lankan Annual Innovation and entrepreneurship reports covering the eco system taking into consideration the international linkage and presence;
- 10 (i) to purchase any movable or immovable property which may be required for the Agency, hold, take or give on lease or hire, mortgage, pledge or sell or otherwise dispose of, any movable or immovable property belonging to the Agency as may be deemed expedient with a view to promote the objects of the Agency;
- 15 (j) subject to any applicable written law, to open and maintain current, savings or other deposit accounts in any State bank or banks and to close such accounts;
- 20 (k) subject to any applicable written law, to accept and receive, gifts, grants, loans, donations and bequests both movable and immovable, from sources in or outside Sri Lanka for the use of the Agency:
- 25 Provided that, the Agency shall obtain prior written approval of the Ministry of Finance in respect of all foreign grants, donations or bequests made to the Agency;
- 30 (l) deposit in any bank account or accounts of the Agency, the funds of the Agency which are not required immediately for the purposes of the Agency;
- (m) make rules in respect of matters pertaining to the administration of affairs of the Agency;

- (n) outsource for appropriate payments in compliance with the relevant financial regulations, research, data collating or any other activities necessary for the smooth and efficient discharge of the duties and functions of the Agency. The Agency shall have the ownership of all research, any material or data collected by any person for the purposes of this Act, and be responsible for the protection of such research, material or data;
- (o) with the approval of the Cabinet of Ministers to enter into agreements, with any local or foreign persons or institutions in respect of the objects of the Agency;
- (p) coordinate and facilitate joint ventures with the private sector with the approval of the Minister in order to achieve the objects of the Agency; and
- (q) generally do such acts and things for the achievement of the objects of the Agency.

PART II

ADMINISTRATION AND MANAGEMENT OF THE AGENCY

- 5.** (1) The administration and management of the affairs of the Agency shall be vested in a Steering Council (hereinafter referred to as the "Council").
- (2) The Council shall for the purpose of administering the affairs of the Agency, exercise, discharge and perform the powers, functions and duties conferred on, assigned to or imposed on the Agency by this Act.
- 6.** (1) The Council shall consist of-
- (a) The following *ex-officio* members, namely,—

Administration of the Agency.

Constitution of the Council.

- (i) the Secretary to the President who shall be the Chairperson of the Council;
- 5 (ii) an officer of the Ministry of the Minister assigned the subject of Development Strategies not below the rank of an Additional Secretary nominated by that Minister;
- 10 (iii) an officer of the Ministry of the Minister assigned the subject of Finance not below the rank of an Additional Secretary nominated by that Minister;
- 15 (iv) the Director-General of National Planning Department or his nominee not below the rank of a Director;
- 20 (v) the Director-General of the National Intellectual Property Office of Sri Lanka appointed under section 2 of the Intellectual Property Act, No.36 of 2003;
- 25 (vi) an officer of the Ministry of the Minister assigned the subject of Science not below the rank of an Additional Secretary nominated by that Minister;
- 30 (vii) an officer of the Ministry of the Minister assigned the subject of Technology and Research not below the rank of an Additional Secretary nominated by that Minister;

- 5 (viii) an officer of the Ministry of the Minister assigned the subject of International Trade not below the rank of an Additional Secretary nominated by that Minister;
- (ix) the Chairperson or his nominee of the Sri Lanka Institute of Nanotechnology; and
- 10 (b) (i) one person who has gained eminence relating to innovation, entrepreneurship, social innovation, business, venture capital, education or finance, nominated by the Minister and appointed by the President; and
- 15 (ii) not more than six persons who have gained eminence relating to innovation, entrepreneurship, social innovation, business, venture capital, law, education or finance, both from public and private sectors, appointed by the President.
- 20

(hereinafter referred to as the “appointed members”).

- 25 (2) In the event the subjects referred to in subsection (1) fall within one or more Ministries, then an officer of each such Ministry not below the rank of an Additional Secretary nominated by the Minister shall be a member of the Council.

7. Any person-

- 30 (a) if such person is not or ceases to be a citizen of Sri Lanka;
- (b) if such person is or becomes a member of Parliament or a Provincial Council or any Local Authority;

Disqualification for being a member of the Council.

- (c) if such person has any financial or other interest as is likely to affect the discharge by him of his functions as a member of the Council;
- 5 (d) if such person is under any law in force in Sri Lanka or in any other country found or declared to be of unsound mind;
- (e) if such person is an undischarged bankrupt; or
- 10 (f) if such person is serving or has served a sentence of imprisonment imposed by any court in Sri Lanka or any other country,

such person shall be disqualified from being appointed or continue to be a member of the Council.

- 15 **8.** Every appointed member of the Council shall, unless he vacates office earlier by death, resignation or removal, hold office for a period of three years, and unless removed from office shall be eligible for re-appointment, for not more than one further term, whether consecutive or otherwise. Term of office of the appointed members.
- 20 **9. (1)** Any appointed member of the Council may at any time, resign his office by letter in that behalf addressed to the President, and such resignation shall take effect from the date on which the resignation is accepted in writing by the President. Removal resignation etc. of appointed members.
- 25 **(2)** The President may, for reasons assigned therefor remove any appointed member from office. An appointed member who has been removed from office shall not be eligible for re-appointment as a member of the Council or to serve the Council in any other capacity.

(3) In the event of the vacation of office by death, resignation or removal of any appointed member, the President shall, subject to paragraph (b) of subsection (1) of section 6, appoint another person to fill such vacancy and such person shall hold office for the un-expired period of the term of office of the member whom he succeeds.

(4) Where any appointed member of the Council is temporarily unable to perform the duties of his office on account of ill health or any other cause or if he is absent from Sri Lanka for a period of not less than three months, the President shall having regard to the provisions of paragraph (b) of subsection (1) of section 6, appoint any other person to act in place of such member during his absence.

(5) Where any appointed member of the Council fails to attend three consecutive meetings of the Council without obtaining prior excuse for absence from the Chairperson such member shall be deemed to have vacated his office at the conclusion of the third meeting and the President shall appoint another person to fill such vacancy in the manner provided in subsection (3).

10. (1) The Chief Innovation Officer of the Agency appointed under section 14 shall summon all meetings of the Council.

(2) The Council members may attend meetings of the Council in person or through electronic means.

For the purposes of this subsection “electronic means” mean, video conferencing and web conferencing.

(3) No act or proceeding of the Council shall be invalid by reason only of the existence of a vacancy in the Council or any defect in the appointment of a member of the Council.

(4) The Chairperson or in his absence any member elected by the members present shall preside at such meeting of the Council.

(5) The quorum for any meeting of the Council shall be five members. Where there is an equality of votes, the Chairperson of the Council shall in addition to his vote have a casting vote.

5 **11.** (1) The Council may whenever it considers necessary Council to
invite experts to any meeting of the Council who have invite experts
expertise on any subject which will be dealt with by the to meetings.
Council at such meeting for the purpose of obtaining their
views on such subject matter for the effective discharge of
10 the functions of the Council so however, the Council shall
have the absolute discretion of accepting or rejecting the
views of the experts.

(2) The experts shall be paid such remuneration as may
be determined by the Council and shall have no voting
15 rights.

12. The members of the Council may be paid such Remuneration
remuneration as may be determined by the President in for attending
consultation with the Minister assigned the subject of meetings of
Finance. the Council.

20 **13.** (1) The seal of the Agency— The seal of
the Agency.
(a) shall be determined by the Council and
may be altered in such manner as may
be determined by the Council;
(b) shall be in the custody of such person
25 as the Council may determine, from
time to time; and
(c) shall not be affixed to any instrument
or document except with the sanction
of the Council and in the presence of
30 two members of the Council who shall
sign the instrument or document in
token of their presence.

(2) The Council shall maintain a register in respect of the
instruments and documents to which the seal of the Agency
35 is affixed.

PART III

THE CHIEF INNOVATION OFFICER OF THE AGENCY

14. (1) There shall be appointed by the President in consultation with the Council, subject to such terms and conditions determined by the Council, a person possessing a postgraduate degree relating to science or technology and innovation from a recognized University, with proven management experience to be the Chief Innovation Officer of the Agency. He may attend any meeting of the Council but shall not be entitled to vote at any such meeting.

The Chief
Innovation
Officer of the
Agency.

(2) The Chief Innovation Officer shall subject to the general directions of the Council be responsible for the administration of the Agency.

(3) The Chief Innovation Officer shall be paid such remuneration as may be determined by the President with the concurrence of the Minister assigned the subject of Finance.

(4) The President may on the recommendation of the Council and for reasons assigned therefor remove from office the Chief Innovation Officer appointed under this section.

15. (1) The Agency may appoint such number of officers and employees as it may consider necessary for the efficient discharge of its functions.

Appointment of
the staff of the
Agency.

(2) The Agency may in respect of the officers and employees appointed under subsection (1)-

- (a) exercise disciplinary control over or dismiss such officers and employees;
- (b) determine the terms and conditions of employment of such officers and employees;

- (c) fix as may be determined by the Council in consultation with the Minister to whom the subject of Finance is assigned, the rates at which the officers and employees shall be remunerated; and
- 5 (d) establish a staff welfare and social security scheme for the benefit of such officers and employees and make contributions to any such scheme.

16. (1) At the request of the Council, any officer in the public service may, with the consent of that officer and of the Public Service Commission be temporarily appointed to the staff of the Agency for such period as may be determined by the Council, or with like consent, be permanently appointed to such staff.

Appointment of Public Officers to the staff of the Agency.

(2) Where any officer in the public service is temporarily appointed to the staff of the Agency the provisions of subsection (2) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

(3) Where any officer in the public service is permanently appointed to the staff of the Agency the provisions of subsection (3) of section 14 of the National Transport Commission Act, No. 37 of 1991 shall, *mutatis mutandis*, apply to and in relation to such officer.

17. (1) At the request of the Council, any officer or other employee of any Higher Educational Institution established under the Universities Act, No. 16 of 1978 may, with the consent of that officer or the employee and the principal executive officer of that Higher Educational Institution, be temporarily appointed to the staff of the Agency. Such appointment shall be for a period as may be determined by the Council or with like consent be permanently appointed to such staff, on such terms and conditions, including those relating to pension or provident fund rights, as may be agreed upon by the Council and such principal executive officer.

Appointment of officers from Higher educational institutions to the staff of the Agency.

(2) Where any person is temporarily appointed to the staff of the Agency under subsection (1) such person shall be subject to the same disciplinary control as any other member of the staff of the Agency.

5 **PART IV**

FINANCE

18. (1) The Agency shall have its own Fund. Fund of the Agency.

(2) There shall be credited to the Fund –

10 (a) all such sums of money as may be voted by Parliament, from time, for the use of the Agency;

15 (b) all such sums of money as may be received by the Agency for the exercise, performance and discharge of its powers, duties and functions and for the promotion of the objects of the Agency, by way of gifts, grants, loans donations and bequests from any source within or outside Sri Lanka subject to the provisions of the proviso to section 4(k);

20 (c) all such sums of money as may be received by the Agency by way of fees, royalties or charges under this Act.

(3) There shall be paid out of the Fund all such sums of money required to defray the expenditure incurred by the
25 Agency in the exercise, performance and discharge of its powers, duties and functions under this Act.

19. (1) The financial year of the Agency shall be the calendar year. Financial year and audit of accounts of the Agency.

(2) The Agency shall cause proper books of accounts to
30 be kept of the income and expenditure, assets and liabilities and all other financial transactions of the Agency.

(3) The provisions of Article 154 of the Constitution relating to the audit of accounts of public corporations shall apply to the audit of accounts of the Agency.

PART V

5

GENERAL

20. (1) The Agency shall within six months of the end of each financial year submit to the President an annual report on the activities carried out by the Agency. The following documents shall be attached to such report:-

Annual Reports.

- 10 (a) the audited accounts of the Agency for the year along with the Auditor-General's report;
- (b) a report of proposed activities for the year immediately following the year to which such report and accounts relate; and
- 15 (c) a report on the effectiveness of investment, policies and strategies on innovation and entrepreneurship.

 (2) The President shall within three months from the date of receipt of the annual report, table such report along with the documents specified in subsection (1) in Parliament for
20 its consideration.

21. The Members of the Councils, and officers and employees of the Agency shall before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all matters connected with the working
25 of the Agency and shall by such declaration pledge himself not to disclose any matter which may come to his knowledge in the discharge of his functions, except-

Declaration of secrecy.

- (a) when required to do so by a court of law; or
- (b) in order to comply with any of the provisions of
30 this Act.

22. The President may, from time to time, issue such general or special directions to the Council relating to the exercise, performance and discharge of the powers, functions and duties under this Act and it shall be the duty of the Council to comply with such directions.

Directions of the President.

23. All officers and Employees of the Agency shall be deemed to be public servants within the meaning and for the purposes of the Penal Code.

Officers and employees of the Agency deemed to be public servants.

24. The Agency shall be deemed to be a scheduled institution within the meaning of the Bribery Act and the provisions of that Act shall accordingly apply.

Agency deemed to be a scheduled institution.

25. (1) The Council may subject to the provisions of this Act make rules in respect of any matter specified in subsection (2) of section 15 and generally for the administration of the affairs of the Agency.

Rules.

(2) Every rule made under this section shall be published in the *Gazette*.

26. (1) The President may make regulations in respect of all matters which are required by this Act to be prescribed or in respect of all matters for which regulations are required or authorized to be made under this Act.

Regulations.

(2) Every regulation made by the President under this section shall be published in the *Gazette* and shall come into operation upon such publication or on such later date as may be specified in the regulation.

(3) Every Regulation made by the President under this section shall within three months from its publication in the *Gazette*, be brought before Parliament for approval. Any regulation which is not so approved shall be deemed to be rescinded from the date of such disapproval but without prejudice to anything previously done thereunder.

(4) Notice of the date from which a regulation is deemed to be rescinded shall be published in the *Gazette*.

27. In this Act, unless the context otherwise requires— Interpretation.

“innovation” includes—

- 5 (a) a novel technological model, utility model or industrial design;
- (b) a product, process, service or idea which is novel;
- 10 (c) an improved use of a new product, service or method in industry, business or society;
- (d) indigenous or traditional knowledge gained by people by making use of natural resources, including plants, animals and the environment; and
- 15 (e) subject to the provisions of the Intellectual Property Act, No.36 of 2003, any other non-patentable creations or improvements which may be deemed as deserving promotion and protection or *sui generis* intellectual property rights,
- 20
- 25 in the fields of social innovation, science and technology innovation, defence innovation, eco innovation and service innovation, and “innovator” shall be construed accordingly;
- 30 “Minister” means, the Minister assigned the National Innovation Agency under Article 43 or 44 of the Constitution;

5 “National Innovation Ecosystem” means, the diverse nature of participants and resources including organizations, institutions and people in the country that coexist and function as a unit which is necessary for innovation;

10 “Social Innovation Lab” means, a place that uses foresight and innovation tools to prototype and test development solutions for social problems, through citizen-centric engagements to ensure they are agile and holistic before nation-wide implementation;

15 “Technology” means the application of knowledge to meet the goals, goods and services for sustainable development;

20 “Traditional knowledge” means, the wisdom developed over generations of holistic traditional scientific utilization of the lands, natural resources, and environment;

“recognized University” means, a University established or deem to be established under the provisions of the Universities Act, No. 16 of 1978 or any other written law.

25 **28.** In the event of any inconsistency between the Sinhala and Tamil texts of this Act, the Sinhala text shall prevail. Sinhala text to prevail in case of inconsistency.

