

Republic of the Philippines
Congress of the Philippines
Metro Manila

Seventeenth Congress
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July, two thousand eighteen.

REPUBLIC ACT No. 11337

**An Act Providing Benefits and Programs to Strengthen,
Promote and Develop the Philippine Startup Ecosystem**

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

CHAPTER 1
GENERAL PROVISIONS

Section 1. Short Title. – This Act shall be known as the "Innovative Startup Act".

Section 2. Declaration of Policy. – It is hereby declared the policy of the State to foster inclusive growth through an innovative economy by streamlining government and nongovernment initiatives, in both local and international spheres, to create new jobs and opportunities, improve production, and advance innovation and trade in the country.

To this end, the State shall provide incentives and remove constraints aimed at encouraging the establishment and operation of innovative new businesses, businesses crucial to their growth and expansion, and to strengthen, promote, and develop an ecosystem of businesses and government and nongovernment institutions that foster an innovative entrepreneurial culture in the Philippines.

Section 3. Definition of Terms. – As used in this Act, the following terms shall mean:

- (a) Host agency – the Department of Science and Technology (DOST), Department of Trade and Industry (DTI), Department of Information and Communications

Technology (DICT). or other national government agency, local government unit, or public academic institution that provides programs, benefits and incentives to startups or startup enablers as defined in this Act subject to an application or selection process;

- (b) Innovation – the creation of new ideas that results to the development of new or improved products, processes, or services which are then spread or transferred across the market;
- (c) Innovative product – a good or service that is new or significantly improved, such as improvements in technical specifications, component materials, software in the product, user friendliness or other functional characteristics;
- (d) Innovative process – a new or significantly improved production or delivery method through changes in techniques, equipment and/or software;
- (e) Innovative business model – a new organizational method in business practices, workplace organization or external relations;
- (f) Research and development – any activity which is a systematic, intensive study directed toward greater knowledge or understanding of the subject studied: a systematic study directed specifically toward applying new knowledge to meet a recognized need; or a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements;
- (g) Startup – any person or registered entity in the Philippines which aims to develop an innovative product, process, or business model; and
- (h) Startup enabler – any person or registered entity in the Philippines registered under the Philippine Startup Development Program that provides goods, services, or capital identified to be crucial in supporting the operation and growth of startups by the DTI in consultation with DOST, DICT, and pertinent government and nongovernment organizations (NGOs).

Section 4. Philippine Startup Development Program. – There is hereby created a Philippine Startup Development Program hereinafter referred to as the "Program".

The Program shall be composed of programs, benefits, and incentives for startups and startup enablers promulgated through the respective mandates of national government agencies, and through additional mandates provided by the provisions of this Act. The Program shall also include programs, benefits, and incentives for startup and startup enablers extended by NGOs in partnership with any national government agency.

The DOST, DICT, and DTI shall be the lead agencies that shall assess, monitor, develop and expand the Program consistent with, the objectives of this Act. To this end, the DOST, DICT, and DTI, in consultation with government and NGOs, shall set key metrics to track the impact and development of the Program.

The DTI shall promulgate the rules for the efficient registration and assessment of startup enablers to be registered under the Program.

Section 5. Program Objectives. – The Program shall aim to achieve the following:

- (a) Support the research and development of startups and startup enablers in the Philippines;
- (b) Support and promote the access to startup development programs, such as, but not limited to, capacity building, exchange programs, and expert training courses, offered locally and internationally for startups, startup enablers, and the implementers of the Program;
- (c) Support and promote the participation of startups in international competitions and conferences integral to the promotion of the Philippine startup ecosystem;
- (d) Support the participation of startups in local and international events which aim to link them to potential investors, mentors, collaborators, and customers;
- (e) Support the collaboration of startups, startup enablers, national government agencies, local government units, public and private academic institutions, and industry partners to develop innovative products, processes or business models which may be utilized in the delivery of public services, programs, or projects of host agencies;

- (f) Support the development and growth of enterprises whose innovative product, service, or business model is integral to creating a competitive startup community in the Philippines; and
- (g) Develop and amend policies and regulations to address or remove undue restrictions in the implementation of the Program, and in the development, establishment, and growth of startups and startup enablers to promote ease of doing business.

Section 6. – General Roles and Responsibilities of the Host Agencies. - The DOST, DTI, DICT and other host agencies shall have the following general roles and responsibilities in the implementation of this Act:

- (a) Promulgate the appropriate policies and guidelines for the coordinated implementation of the Program;
- (b) Assess impact and applicability of the benefits and incentives that compose the Program;
- (c) Promote the access to the benefits, incentives, and opportunities for startups and startup enablers; and
- (d) Ensure the immediate and efficient provision of the benefits and incentives provided under this Act.

CHAPTER 2 PROGRAM BENEFITS AND INCENTIVES

Section 7. General Registration and Operational Benefits and Incentives. – Host agencies shall be authorized to provide the following benefits and incentives to startups and/or startup enablers who have passed their selection and application process:

- (a) Full or partial subsidy for the registration and cost in the application and processing of permits and certificates required for the business registration and operation of an enterprise with the appropriate local or national government agencies;
- (b) Endorsement of the host agency for the expedited or prioritized processing of applications with other government agency;

- (c) Full or partial subsidy for the use of facilities, office space, equipment, and/or services provided by government or private enterprises or institutions;
- (d) Full or partial subsidy in the use of repurposed government spaces and facilities of the host agency as the registered business address; and
- (e) Grants-in-aid (GIA) for research, development, training, and expansion projects.
 Provided, That the full or partial subsidies provided by the host agency may be incorporated in the approved GIA of the startup or startup enabler, or may be issued through vouchers issued by the host, agency.

The DTI shall be the agency tasked to initiate and coordinate with national and local government agencies involved with the registration, licensing, certification, including those who levy fees and charges for services subsidized by host agencies, and such other regulatory process to be undertaken by startups and startup enablers endorsed by host agencies.

Section 8. General Benefits for Participation in Local and International Startup Events. – Host agencies shall be authorized to provide the following benefits and incentives in order to support members of startups and/or startup enablers who have passed their respective selection and application process for the purpose of participating in local or international startup events or competitions:

- (a) Endorsement of the host agency for the expedited or prioritized processing of travel documents, such as, but not limited to, passport and/or visa application;
- (b) Full or partial subsidy for fees and charges incurred in the application for pertinent travel documents;
- (c) Full or partial subsidy for baggage allowance for materials, equipment, and/or products pertinent to the participation in the local or international startup event;
- (d) Full or partial airfare subsidy for roundtrip airfare; and/or
- (e) Per diem allowance.

Section 9. Philippine Startup Ecozones. – The Philippine Economic Zone Authority (PEZA), in consultation and coordination with the DTI, DOST, and DICT, shall pursue and promote the creation of Philippine Startup Ecozones, or Special Economic Zones to spur the growth and development of startups and startup enablers through either private

initiative, local government initiative with the assistance of the national government, and/or national government initiative consistent with the provisions of Republic Act No 7916, as amended by Republic Act No. 8748, otherwise known as "The Special Economic Zones Act of 1995", and its implementing rules and regulations. Investment Promotion Agencies (IPAs) are hereby authorized to extend applicable benefits to startups and/or startup enablers subject to the respective rules and regulations promulgated by the IPA for the effective implementation of this provision.

The DTI, DICT, DOST, and other host agencies, through their respective regional and provincial offices, shall promote and facilitate the registration of qualified startups and startup enablers in appropriate Special Economic Zones in the Philippines.

The PEZA and IPAs extending benefits to startups and/or startup enablers shall assist the DTI, DICT, and DOST in training their respective personnel assigned to assist startups and startup enablers in meeting standards and regulations for registration and compliance requirements in Special Economic Zones.

Section 10. Startup Investment Development Plan. – The DTI, in coordination with the DICT, DOST, and Board of Investments (BOI) shall spearhead initiatives to develop the short, medium, and long-term strategies in order to spur investment in, and promote the growth and development of, startups and startup enablers in the Philippines. The DTI, in coordination with the BOI, shall promote and facilitate the provision of applicable benefits to current and prospective investors of startups and startup enablers.

The BOI shall assist the DTI, DICT, DOST, and other host agencies in training their personnel tasked with assisting current and prospective startups and startup enablers to access and maximize benefits and incentives which may be extended consistent with the powers and mandate of the BOI.

Section 11. Startup Grant Fund. – There is hereby created a Startup Grant Fund (SGF) under each of the following agencies:

- (a) Department of Science and Technology:
- (b) Department of Information and Communications Technology: and
- (c) Department of Trade and Industry.

Each agency shall use its respective SGF to provide initial and supplemental GIA for startups and startup enablers that have passed its selection and application process.

Each agency shall propose and include in its respective budget under the annual General Appropriations Act the initial and succeeding appropriations for the creation and replenishment of its SGF.

Section 12. Startup Venture Fund. – There is hereby created a Startup Venture Fund (SVF) under the DTI, to be administered in coordination with the National Development Company (NDC). The SVF shall be used to match investments by selected investors in startups based in the Philippines.

The NDC and DTI shall jointly develop and issue the appropriate rules and regulations for the selection of investors and the effective management and utilization of the SVF.

The initial and succeeding appropriations for the SVF shall be proposed by the DTI and included in the budget of the NDC under the annual General Appropriations Act.

CHAPTER 3 STARTUP VISAS

Section 13. – Startup Visas. – The Department of Foreign Affairs (DFA) shall create the following startup visas:

- (a) Startup owner visa – for prospective or current foreign owner of startup or startup enabler registered in the Philippines;
- (b) Startup employee visa – for foreign employee of a startup or startup enabler registered in the Philippines; and
- (c) Startup investor visa – for prospective or current foreign investor of a startup or startup enabler registered in the Philippines.

The application for the aforementioned startup visas shall require an endorsement from a host agency, on top of visa application requirements to be stipulated by the DFA. These startup visas shall have an initial five (5)-year validity and may be renewed or extended with a three (3)-year validity.

Multiple-entry interim startup visas valid for six (6) months to one (1) year shall be issued for free to prospective startup owners, investors, or enablers upon the endorsement of the appropriate host agency.

Bearer of the visa shall be exempt from securing an Alien Employment Permit (AEP) issued by the Department of Labor and Employment (DOLE). The DFA, Bureau of Immigration (BI), and DOLE shall promulgate the rules for the implementation of this exemption.

The DFA and BI shall develop and maintain a database for all the bearers of the visa and their immigration records, and ensure public access to such information subject to existing rules and regulations, including on Freedom of Information and Data Privacy.

The DFA shall promulgate the rules and regulations for the issuance of the startup visas by Philippine Consular Officers consistent with the provisions of this Act. The DFA shall allow foreign nationals to lodge their application and claim their visa at Philippine Embassies or Consulates.

The BI shall promulgate the immigration and admission rules and regulations consistent with the provisions of this Act.

Section 14. APEC Business Travel Card (ABTC). – Bona fide Filipino executives of qualified startups shall be eligible to apply for an ABTC, in accordance with rules and regulations to be promulgated by the DFA.

CHAPTER 4 FINAL PROVISIONS

Section 15. – Startup Philippines Website. – The DICT, in consultation with the DTI and DOST, shall develop and maintain a website that shall serve as the primary source of information on statistics, events, programs, and benefits for startups and startup enablers and related enterprises in the Philippines not limited to those defined under this Act. This shall involve the integration of any existing websites and content on programs for startups and startup enablers implemented by the government.

This website shall at least have the following features:

- (a) Online database of startups and startup enablers, indicating basic information such as business address, founders, contact information, and funding received;
- (b) Online inquiry, registration, application, and release of results for endorsements, and applications for programs, benefits, and incentives provided under this Act; and

- (c) Statistical information, annual reports, and studies pertinent to the implementation of this measure, and such other content in line with the goals and objectives of this Act.

The DICT shall assist and coordinate with the relevant national government agencies, and local government units, in the development of a platform or feature to facilitate online applications for pertinent government issued documents such as, but not limited to permits, authorities, approvals, and certificates, which are necessary for the registration and operation of the startup and/or startup enabler.

Section 16. Education Programs. – The Department of Education, the Commission on Higher Education, and the Technical Education and Skills Development Authority are hereby directed to develop and integrate in their respective curricula entrepreneurial programs that shall foster an environment conducive to innovation, and extend incentives to academic institutions that provide funds and/or grants for the research of their students and faculty.

Section 17. Creation of Positions. – The Department of Budget and Management (DBM) shall undertake the assessment and creation of positions, whether temporary or permanent, in coordination with host agencies in order to provide the administrative and technical capacity required in each host agency to undertake the implementation of the programs and benefits under this Act.

Section 18. Appropriations. – The amount necessary to carry out the initial implementation of this Act shall be sourced from the current budget of the DOST, DICT, and DTI. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the succeeding General Appropriations Act.

Section 19. Implementing Rules and Regulations. – The DOST, DICT, and DTI, in coordination with the pertinent government agencies, shall promulgate the necessary rules and regulations within sixty (60) days from the effectivity of this Act.

Section 20. Separability Clause. – If any section or part of this Act is held unconstitutional, no other section or provision shall be affected.

Section 21. Repealing Clause. – All provisions of existing laws, presidential decrees or issuances, executive orders, letters of instruction, administrative orders, rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

Section 22. Effectivity. – This Act shall take effect fifteen (15) days from its complete publication in the Official Gazette and in at least one (1) newspaper of general circulation.

Approved,

(sgd) **VICENTE C. SOTTO III**
President of the Senate

(sgd) **GLORIA MACAPAGAL-ARROYO**
Speaker of the House of Representatives

This Act which is a consolidation of Senate Bill No. 1532 and House Bill No. 8862 was passed by the Senate of the Philippines and the House of Representatives on February 6, 2019 and February 7, 2019, respectively.

(sgd) **MYRA MARIE D. VILLARICA**
Secretary of the Senate

(sgd) **DANTE ROBERTO P. MALING**
Acting Secretary General of House of Representatives

(sgd) **RODRIGO ROA DUTERTE**
President of the Philippines

Approved: April 26, 2019