

**[ REPUBLIC ACT NO. 11293, April 17, 2019 ]**

**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:*

SECTION 1. *Short. Title.* - This Act shall be known as the "Philippine Innovation Act".

SEC. 2. *Declaration, of Policy.* - It is hereby declared the policy of the State to foster innovation as a vital component of national development and sustainable economic growth. Pursuant to Section 10, Article XIV of the Constitution that recognizes science and technology as "essential for national development and progress" and gives priority to "research and development, invention, innovation and then utilization", the State hereby adopts the following policies:

(a) The State shall place innovation at the center of its development policies, guided by a clear and long-term set of goals that will take into consideration the key advantages of the country and the opportunities in the regional and global economic arena. As such, it shall harness innovation efforts to help the poor and the marginalized and to enable micro, small and medium enterprises (MSMEs) to be a part of the domestic and global supply chain;

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

(c) Investments in education, science, technology and innovation shall be guided by a strategic direction towards strengthening the country's knowledge-based economic development that benefits all. Innovation starts with a robust pool of skilled, talented and creative people. Educational institutions, private organizations, government agencies and local government units (LGUs) are key drivers of programs that stimulate innovation literacy and skills development for the Filipino workforce and entrepreneurs, including women and the youth;

(d) The State recognizes the importance of an effective and efficient innovation ecosystem that addresses and delivers action in various policy areas, including MSME development, education, trade, investment, finance, and agriculture, sustainable energy, climate change, among others. This requires the various departments and agencies of government to implement a "whole of government" approach that will ensure policy coherence, alignment of priorities, and effective

coordination in program delivery. This ecosystem should facilitate and support innovation efforts:

(e) The State recognizes the indispensable role of governance in enabling and maximizing the benefits from the country's innovation policy. As such, it shall put efficient institutions in place, with the necessary authority to remove regulatory, informal, and other obstacles to the innovative undertaking;

(f) The business sector, academe, scientific community and research institutions play a crucial role in driving economic growth through innovation. As such, the government will work and cooperate with these sectors and encourage the innovative efforts of businesses, MSMEs, academe, and the scientific community. Public sector innovation plays a key economic role whereby an efficient public sector can drive more private sector growth. To this end, the State shall promote, integrate and strengthen policies that engage with innovative businesses and entrepreneurs on collaboration efforts to improve productivity, good governance and efficient delivery of public services; and

(g) The State recognizes the value of sources of innovation that are unique to the country, such as traditional knowledge, traditional cultural expressions, and genetic resources, and shall strive to promote their potentials for innovation while protecting them from misappropriation.

### SEC. 3. *Definition of Terms.* - As used in this Act:

(a) *Blue economy* refers to the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, while preserving the ocean ecosystem;

(b) *Business incubators* refer to facilities where startups are hosted and business development services are provided;

(c) *Cluster policies* refer to policies which aim to support geographic concentrations of interconnected firms and related actors, such as specialized service providers, academic or educational institutions, MSMEs, businesses, among others:

(d) *Genetic resources* refer to genetic material, which are any material of plant, animal, microbial or other origin containing functional units of heredity, of actual or potential value;

(e) *Inclusive innovation* refers to the creation of new ideas that results in the development of new products, processes and services, that help improve the welfare of lower-income and marginalized groups;

(f) *Innovation* refers to the creation of new ideas that results in the development of new or improved policies, products, processes, or services which are then spread or transferred across the market:

(g) *Innovation alliance* refers to a coalition of research and development-based technology companies, academic or educational institutions, and/or research institutions, MSMEs and other relevant organizations, that have come together to support innovative efforts and enterprises;

(h) *Innovation centers* refer to centers of competence and innovation activities, either housed in academic, educational, or non-academic facility that supports collaborative research, development and extension (RD&E) initiatives and

innovation-related activities between and among academic or educational institutions, RD&E centers, and business;

(i) *Innovation, governance* refers to the institutional setup of the various elements of the national innovation ecosystem, including the institutional structures and the processes governing policymaking and implementation, such as program delivery and monitoring, as well as the process of coordination and collaboration across public institutions and with relevant stakeholders;

(j) *Innovation networks* refer to the interconnected system of companies and organizations in the knowledge infrastructure that is mainly focused on innovation:

(k) *Innovative goods and services* refer to new or significantly improved products, services, processes, technical specifications or components, methods, and tools that enhance the government's ability to deliver services:

(l) *Marketing innovation* refers to significant changes in product design or packaging, placement, promotion or pricing:

(m) *Multi-stage process* refers to the various stages of product or solution development, from feasibility study, designing, prototyping, testing, and commercialization of products or services:

(n) *Organizational innovation* refers to the development and/or introduction of new or significantly improved methods in business practices, workplace organization or external relations;

(o) *Policy innovation* refers to the introduction of new or significantly different solutions to policy problems:

(p) *Pre-commercial procurement*, refers to the procurement of RD&E services for services, solutions, or products that do not yet exist, which may involve contracting by development phase from the conduct of feasibility study, designing, prototyping, testing, and commercialization of products or services:

(q) *Process innovation* refers to the development and/or introduction of a new or significantly improved production or delivery method;

(r) *Product innovation* refers to the introduction of a good or service that is new or significantly improved with respect to its features, applications, characteristics or intended uses;

(s) *Project-based competition*, refers to a process whereby contractors bid for contracts for a specific project with the proponent being given the flexibility 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:

(t) *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;

(u) *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;

(v) *Technology platforms* refer to 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;

(w) *Technology programs* refer to programs that link industrial, academic or educational RD&E efforts towards building national capacities in developing industrially important technologies;

(x) *Traditional cultural expressions* refer to forms in which traditional culture is expressed and passed from generation to generation, which then become part of the identity and heritage of a traditional or indigenous community: and

(y) *Traditional knowledge* refers to a body of knowledge, innovations, systems, and practices of indigenous peoples and local communities developed, sustained and passed from generation to generation- within a community, and often forming part of the community's cultural heritage or spiritual identity.

SEC. 4. *Objective.* - The 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;

(c) Ensure effective coordination and eliminate fragmentation of innovation policies and programs at all levels;

(d) Strengthen the position of MSMEs in the innovation system;

(e) Remove obstacles to innovation by suppressing bureaucratic hurdles, and adapting the regulatory framework to support, the creation of and diffusion of new knowledge, products, and processes;

(f) Encourage entrepreneurial attitude in order to stimulate growth ambitions in businesses, especially among MSMEs;

(g) Explore, promote and protect the potentials for innovation of traditional knowledge, traditional cultural expressions and genetic resources; and

(h) Strengthen and deepen interactions and partnerships among different actors from the public and private sector, academe, MSMEs, research and development institutions and communities towards promoting inclusive growth and improving the quality of life through, innovation.

SEC. 5. *Innovation Scope.* — The government shall adopt a broader view in developing its innovation goals and strategies covering all potential types and sources of innovation, including product innovation: process innovation; organizational innovation; social innovation; marketing innovation; academic or

educational innovation: or policy innovation. While the country's innovation goals shall be directed at developing new technologies, it shall likewise seek to harness global knowledge and technology that will aid in developing new processes or services for increasing productivity and for promoting overall public welfare.

SEC. 6. *The National Innovation Council.* - The National Innovation Council, hereinafter referred to as the NIC, is hereby established to develop the country's innovation goals, priorities, and long-term national strategy. The NIC shall be composed of the following:

- (a) President of the Philippines — Chairperson;
- (b) Director General of the National Economic and Development Authority (NEDA) - Vice Chairperson;
- (c) Secretary of Science and Technology - Member;
- (d) Secretary of Trade and Industry - Member;
- (e) Secretary of Agriculture - Member;
- (f) Secretary of Environment and Natural Resources - Member;
- (g) Secretary of Health — Member;
- (h) Secretary of Transportation - Member;
- (i) Secretary of Energy — Member;
- (j) Secretary of National Defense - Member;
- (k) Secretary of Information and Communications Technology - Member;
- (l) Chairperson of the Commission on Higher Education - Member;
- (m) Secretary of Budget and Management - Member;
- (n) Secretary of Education - Member;
- (o) Secretary of the Interior and Local Government — Member;
- (p) Secretary of Foreign Affairs - Member;
- (q) Secretary of Labor and Employment — Member;
- (r) Director General of the Intellectual Property Office of the Philippines - Member;  
and
- (s) Seven (7) Executive Members to be appointed by the President.

The Executive Members shall be appointed from the ranks of business, entrepreneurs, academe, and the scientific community, at least one (1) of whom shall be a woman.

There shall be at least one (1) representative from the MSME sector, and at least one (1) from the business sector. The representatives of business and the MSME shall be recommended by a legally established and reputable business organization. Those to be appointed from the academe and the scientific community shall have **at**