



**Senate of the Philippines**  
**Office of Senator Win Gatchalian**

**Guest Speaker**

"The Philippine Innovation Act"

National Export Congress (NEC)

December 5, 2017

One o'clock in the afternoon

Good afternoon to our distinguished guests, our community of innovators, exporters, MSMEs, government policy makers, trade support institutions, members of the academe, international organizations, and fellow public servants.

I would like to thank the Export Development Council for recognizing the importance of Senate Bill No. 1355 or The Philippine Innovation Act, and I am honored to be invited to discuss the salient features of this landmark legislation during this year's National Export Congress.

As principal sponsor and co-author of the Act,<sup>1</sup> I would like to acknowledge Senator Loren Legarda as the bill's original proponent, as well as my colleagues in the Senate who have overwhelmingly voted for its passage on third reading on May 2, 2017 – with 22 affirmative votes and not a single vote in the negative.

Prior to the passage of this legislation in the Senate, I had the opportunity to meet with a group of innovation advocates – one of them was Dado Banatao – and together we envisioned how this legislation could put innovation at the center of our national

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<sup>1</sup> *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* (otherwise known as The Philippine Innovation Act)



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development policies, and make innovation a major driver of economic development that will build the foundation of a more inclusive future. This is the **VISION** that has inspired the passage of The Philippine Innovation Act.

We therefore made it the overarching objective of this Act to generate and scale up the promotion of innovation in all levels and all areas of national development, through the following areas of endeavor:

1. Promote a culture of strategic planning and innovation to encourage creative thinking and knowledge creation;
2. Improve the country's innovation governance and compel the adoption of a long-term vision and focused priorities for innovation;
3. Ensure the effective coordination and eliminate the fragmentation of innovation policies and programs at all levels;
4. Remove obstacles to innovation by eliminating bureaucratic hurdles;
5. Strengthen partnerships among different actors – from the public and private sectors, to the academe, the Micro, Small and Medium Enterprises (MSMEs), the research & development institutions, and our communities –



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towards improving the quality of life through innovation;

6. Strengthen the position of MSMEs in the innovation system, in order to stimulate business ambitions and encourage entrepreneurial behavior; and
7. Explore, promote and protect the potentials for innovation of traditional knowledge, traditional cultural expressions and genetic resources.<sup>2</sup>

This legislation, if passed into law, would be a powerful vehicle to meet and surpass the country's long term development goals. Under Ambisyon 2040, innovation is identified as one of three major components of fostering economic growth, along with infrastructure and competition. The Philippine Development Plan (PDP) 2017-2022 likewise identifies innovation as one of the major components of fostering economic growth, emphasizing that it is essential to mobilize all the actors in the innovation ecosystem to collaborate and translate the results of research activities into tangible products and services for the people.<sup>3</sup>

Consistent with this development goal under the new Philippine Development Plan, the Philippine Innovation Act will

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<sup>2</sup> Based on a study commissioned by the Philippine APEC Business Advisory Council (2015-2016).

<sup>3</sup> Discussion based on the Draft of Chapter 14 (then titled as "Leveraging Science, Technology and Innovation") of PDP 2017-2022.



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steer the adoption of a clear and inspiring long-term view of the country's innovation vision, improve the governance framework for innovation, and mandate key reform areas toward building a thriving and inclusive national innovation ecosystem.<sup>4</sup>

The captain who will help us navigate the waters surrounding this vision of innovation is the National Innovation Council, created by Section 9 of the bill. The NIC will facilitate horizontal interaction and consultations with stakeholders beyond the official circle of government functionaries, to avoid too much focus on "top-down planning" that stifles broad-based participation in the development of the national innovation agenda. It will develop the country's innovation goals, priorities, and long-term national strategy. Its proposed structure is guaranteed to be well-supported by broad expert advice, with adequate authority to harmonize inter-agency roles and contribute to the national innovation agenda.<sup>5</sup>

The NIC is also tasked to administer an **Innovation Fund** under Section 20 of the Act, from which grants will be issued to strengthen entrepreneurship and enterprises engaged in developing innovative solutions benefiting the poorest of the poor.

Now, at this point you may be asking – how does the Philippine Innovation Act tie into efforts to boost the Philippine

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<sup>4</sup> Based on a study commissioned by the Philippine APEC Business Advisory Council (2015-2016).

<sup>5</sup> Based on a study commissioned by the Philippine APEC Business Advisory Council (2015-2016).



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exports industry? Well, the answer lies squarely in Section 12, wherein the internationalization and participation in the local and global value chains of MSMEs are specifically promoted. In the Philippines, where 99.6 percent of businesses are considered MSMEs, the role of innovation cannot be overemphasized. Unlike large companies that have ready access to funding and resources, MSMEs are at a disadvantage because of their size and problems of access to resources and markets. Innovation will enhance these MSMEs' global competitiveness.

Thus, the NIC is tasked to develop a comprehensive support program to push the growth of MSMEs through innovation. Thus, MSMEs will be empowered to tap the unrealized potential of export worth in the Philippines which, according to the Export Potential Map, is as much as 43.9 billion USD! Whether it's smart cards and electronic integrated circuits to bananas, fostering innovation will foster a world-class Philippine export industry which will turn this potential into national wealth.

On the whole, what The Philippine Innovation Act intends to achieve is to make innovation a major driver of economic growth and a key foundation of a more inclusive future. It compels us to place innovation at the center of our development policies to enable the country to move as a coherent whole. If passed into law, the Innovation Act would ensure that **a Filipino with an innovative idea will no longer have to look elsewhere for funding or support.** The Philippine Innovation Act has such great



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potential in turning the Filipino innovator, and exporter, into a patriot.

With so much to gain from this, we cannot anymore afford to take half-steps, or sporadic efforts, in our bid to fuel sustainable and inclusive growth.<sup>6</sup> We need to finally develop a culture of innovation that will propel our nation to an economic success. And that starts with passing this bill into law.

Therefore, I hope I can count on your support for the passage of this legislation. If you have any friends in the House of Representatives, please, talk to them about championing this measure in their chamber of Congress and together, we can achieve the ambitious vision for innovation, MSME growth, and inclusive economic development which has been put in reach by this ambitious legislation.

Thank you.

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<sup>6</sup> Based on a study commissioned by the Philippine APEC Business Advisory Council (2015-2016).