



REPUBLIC ACT 11293

Philippine Innovation Act Progress Report

OCTOBER 2021 - SEPTEMBER 2022



The Philippines remains steadfast in its efforts to unlock Filipinnovation.

The Philippines has been hailed as one of the fastest nations to catch up in innovation performance, and is among the five countries in the world that made significant progress in the Global Innovation Index (GII) over time, along with China, Turkey, Vietnam, and India.

One of the pivotal developments in Philippine innovation is the passage of Republic Act (RA) 11293 or the Philippine Innovation Act in 2019. This also mandates the creation of the National Innovation Council (NIC), a 25-member council chaired by the President of the Philippines and vice-chaired by the Secretary of the National Economic and Development Authority (NEDA), that will steer the whole-of-government coordination and collaboration and remove the fragmentation in innovation governance.

Since then, it has made significant strides toward realizing and operationalizing the country’s innovation goals, through the following:



1 Implementing Republic Act 11293 or the Philippine Innovation Act

Since inception, the NIC has been working vigorously to implement the provisions of RA 11293. Below are the updates and accomplishments by the NIC:

Implementing Rules and Regulations



NEDA drafted and finalized the **Implementing Rules and Regulations** of the RA 11293 or Philippine Innovation Act in coordination with the Department of Trade and Industry (DTI) and the Department of Science and Technology (DOST) which was approved last February 2020.

2 Updates on relevant sections of the Law

Section 6: National Innovation Council

National Innovation Council (NIC)



Convened 3 NIC meetings for the first semester of FY 2022

The NIC, composed of ex-officio members, convened three meetings (February 4, 2022, April 11, 2022, and June 20, 2022) within the first semester of FY 2022. However, the NIC’s Executive Members, which is composed of 7 representatives coming from business, MSMEs, academe and scientific community, are yet to be appointed. The NIC issued its Memorandum Circular (MC) No. 3, s. 2022, providing the guidelines on the criteria and selection process for its Executive Members. This MC has been published in the Official Gazette on September 19, 2022.

The Call for Nominations for NIC Executive Members is ongoing and will run until October 31, 2022. As per the MC, the NIC-Executive Technical Board (NIC-ETB) will serve as the Selection Committee and is tentatively scheduled to meet on the last week of November 2022.

Meeting dates

February 4, 2022

April 11, 2022

June 20, 2022

In these meetings, the following resolutions were issued:



Rules and Guidelines for the conduct of NIC meetings

NIC RESOLUTION NO. 1, SERIES OF 2022

The resolution sets the rules and guidelines for the Council’s conduct of meetings, agenda setting, level of representation, and quorum, among others.



Creation of the NIC-Executive Technical Board

NIC RESOLUTION NO. 2, SERIES OF 2022

The NIC-Executive Technical Board (NIC-ETB) is an executive coordinating body that will review guidelines, policies, and action items at the technical level before elevating them to the NIC for approval.

It is composed of Undersecretaries or their equivalent rank from the 18 member-agencies of the NIC.



Guidelines on the Criteria and Selection Process for the Executive Members

NIC RESOLUTION NO. 3, SERIES OF 2022

- The Memorandum Circular (MC) on the Guidelines for the Selection of NIC Executive Members was approved in June 2022. This MC prescribes the criteria and procedures for the selection of the seven representational Executive Members of the National Innovation Council.
- On September 19, 2022, the MC was published in the Official Gazette to promote public awareness and participation of interested parties and stakeholders, and to facilitate the selection of the Executive Members to the NIC. The Call for Nominations for NIC Executive Members is currently ongoing and will run until October 31, 2022. As per the MC, the NIC-ETB will convene as the Selection Committee and is tentatively scheduled to meet on the last week of November 2022.
- Subject to approval of the NIC members, the target date for the submission of nominees to be appointed by the President as NIC Executive Members is in December 2022.

Section 8: Secretariat to the NIC

Established the NIC Secretariat



As per Section 8 of RA 11293, the NIC Secretariat shall be established within NEDA and shall be headed by an Executive Director (SG-28). When the Implementing Rules and Regulation was approved, technical personnel from different NEDA Staffs were detailed to build the NIC Secretariat. In June 2021, the NEDA Interim Innovation Staff was created.

In November 2021, DBM approved NEDA's request for the creation of the Innovation Staff to provide secretariat services to the NIC. Out of the proposed 51 positions, the approved plantilla positions consist of 16 permanent personnel and 1 contractual personnel.

As of February 2022, all plantilla positions have been filled up, except for the three positions under the Office of the Executive Director (OED): Executive Director (SG 28), Secretary (SG9) and Driver II (SG4).

Section 9. National Innovation Agenda and Strategy Document

Adopted the National Innovation Agenda (NIA) 2032

The National Innovation Agenda and Strategy Document or the NIASD shall provide the country's 10-year vision, long-term goals, and strategies for improving innovation governance on innovation priority areas deemed important by the National Innovation Council.

It aspires to aid in deepening and accelerating innovation efforts, including inclusive innovation programs that target the poorest of the poor. It also aims to integrate and foster public-private partnerships, including those with large businesses, MSMEs, academe, and RD&E institutions.



The formulation of the NIASD was separated in two parts

1

The National Innovation Agenda **laying down the overall innovation framework and priority areas**, which was adopted and approved by the NIC through NIC Resolution No. 4, s. 2022, dated July 1, 2022.

2

The National Innovation Strategy which **will detail the strategies and overall implementation plan** including its monitoring matrix. This will be launched on April 21, 2023 during the National Innovation Day.

Section 10. Considerations in Setting Priority Areas for Innovation

Identified 10 Innovation Priority Areas

Through a series of meetings, consultations, and workshops, the NIC has identified **10 National Innovation Priority Areas** as the fundamental focus for development, funding, and innovation for the next 10 years. The following are the 10 identified innovation priority areas which is reflected in the NIA 2032 and will be expounded in the NIASD:

People Cluster



1. Learning and education
2. Health and well-being

Economy Cluster



3. Food and agribusiness
4. Finance
5. Manufacturing and trade

Institutions Cluster



6. Transportation and logistics
7. Public administration
8. Security and defense

Environment Cluster



9. Energy
10. Blue economy and water

🔍 For innovation to flourish, **5 Innovation Enablers** were identified:



Innovation
Governance



Innovation
Policy



Innovation
Infrastructure



Innovation
Financing



Innovation
Culture

Section 14. Regional Innovation and Cluster Policy

Conducted Levelling-off and Consultation Meeting with NEDA Regional Offices



A two-day workshop on the Implementation of the Philippine Innovation Act and Revision of Research and Development Program Utilization Guidelines was conducted on August 24 to 27, 2022.

This was organized to orient and consult the NEDA Regional Offices in implementing the provisions of the Philippine Innovation Act at the regional level. It also aimed to solicit inputs for the preparation of cluster strategies and programs which shall be implemented through a well-coordinated system facilitated by the NIC, pursuant to Section 14 of the Act.

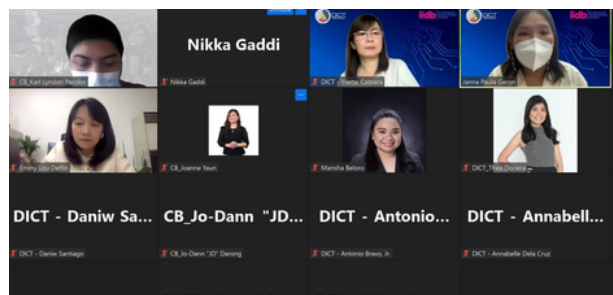
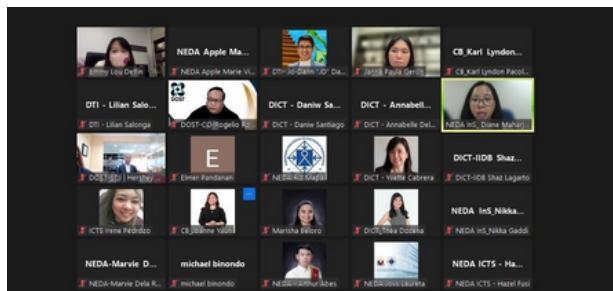
Section 17. Whole of Government Approach

Ongoing design and development of the NIC Joint Web Portal

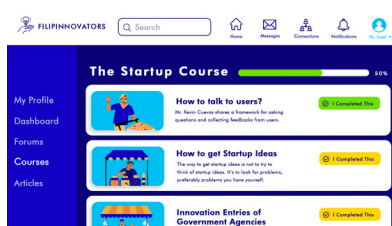
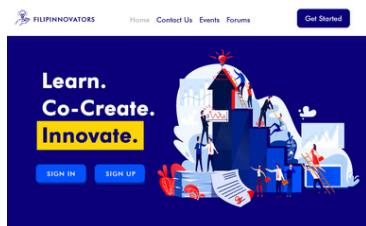
In line with Section 17: Whole of Government Approach, the NIC joint web portal containing information on innovation policies, strategies, programs, including services, grants, and financial assistance for related trainings is now on the stage of design and development.



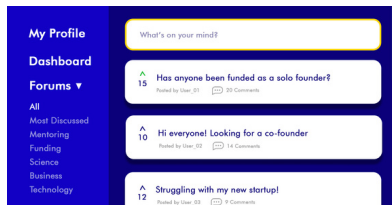
The initial design and concepts have already been consulted with the Department of Trade and Industry (DTI), Department of Science and Technology (DOST), and the Department of Information and Communications Technology (DICT) last September 2022.



Presented concept of the Filipinnovators Portal



Filipinnovators is an online community that serves as a knowledge, recognition, and co-creation platform. It aims to open opportunities for innovators to expand their network, learn from field experts, be updated about innovation, policies, and trends, and encourage collaboration among other innovators.



It also targets to open opportunities for innovators to expand their network; learn from field experts; be updated about innovation, policies, and trends; and encourage collaboration among other innovators. The portal is still in its beta phase, and the full development will be lodged under the NIC Joint Web Portal.

Section 20. Advocacy and Community Education

Created branding for innovation



Adopted Filipinnovation as the branding for the country's innovation initiatives, by virtue of NIC Resolution No. 6, s. 2022



Ongoing development of the Filipinnovation Brand Manual



The Filipinnovation Brand Manual is also now being developed as part of National Innovation Communication Plan (NICP), following NIC's approval of the resolution adopting 'Filipinnovation' as the official communication brand of the NIC.

Ongoing formulation of the National Innovation Communication Plan (NICP)

The NIC is tasked to develop a communication plan for the conduct of the information and community education program.

The NICP aims to rally everyone around the country's innovation agenda and priorities and generate public support for these initiatives. The NIC Secretariat is already starting the planning for its formulation and targets to complete it by the 1st semester of 2023.



Section 21. Innovation Fund

Drafted and published the NEDA-DBM Joint Memorandum Circular for Innovation Grants

The FY 2021 GAA appropriated PHP 200 million which shall be used exclusively for the issuance of innovation grants subject to the NEDA-DBM guidelines.

On May 31, 2022, the guidelines were signed and finalized. The guidelines pertain to the use of PHP 200 million Innovation Fund exclusively for the issuance of grants worth PHP 200 million authorized under the General Appropriations Act of 2021.



Launched the call for proposals for FY 2022 Innovation Grants, which received 451 project proposals and approved 19 projects



On June 1, 2022, the Call for Proposals for FY 2022 Innovation Grants was posted in NEDA's website and social media with deadline of submission extended until July 15, 2022. The NIC Secretariat received 451 proposals from different government agencies, including State Universities and Colleges (SUCs) and Local Government Units (LGUs), amounting to a total request worth **Php 3.95 billion**.



These proposals have been screened, verified, and undergone technical evaluation by the NIC Secretariat and NEDA inter-staff counterparts. Of the 451 proposals, the NIC Secretariat endorsed 45 proposals with total score of 60 and above to the National Innovation Council - Executive Technical Board (NIC-ETB), and 19 projects were approved following the criteria published in the <https://neda.gov.ph/fy2022innovationgrants>.



The NEDA, as Chair of the NIC-ETB, is finalizing the Memoranda of Agreement for transfer of funds to the proponents (8 from national government agencies, 3 from regional offices of line agencies, 6 from local government units, and 2 from state universities and colleges) to support the implementation of the various projects to promote innovation.

Coordinated fund release and awarding of grants to proponents

19 Proposals Approved
as of October 17, 2022



8 National Government Agencies



3 Regional Offices



6 Local Government Units



2 State Universities and Colleges

The NIC Secretariat has conducted an orientation for proponents of approved proposals. Further, on September 13, 2022, the Office of the President's approval on the release of funds in the amount of PHP 200 million to cover the Innovation Fund for the issuance of grants to public sector implementing entities was received by NEDA.

On September 21, 2022, the DBM issued the SARO for this 200 million and the Notice of Cash Allocation was received on October 3, 2022. The NIC Secretariat has coordinated with implementing entities for the completion of documentary requirements for the transfer of funds, including the review and signing of the Memorandum of Agreement.

Section 23. Credit Quota

Drafted and disseminated circular for the Mandatory Innovation Development Credit



The Bangko Sentral ng Pilipinas (BSP) has drafted and disseminated a circular for the Mandatory Credit Allocation for Innovation Development. It was presented during the first NIC meeting, and the council members approved the release of the draft BSP Circular for public consultation.



At present, the proposed circular is undergoing revision and review after considering the comments received from stakeholders. As part of BSP's institutionalized review process, the revised circular will still need to be presented to its Monetary Board committee on financial supervision prior to issuance.

Sections 8i, 8g, and 24: Monitoring and Evaluation

Ongoing preparation of the National Innovation Monitoring and Evaluation Matrix (NIMEx).

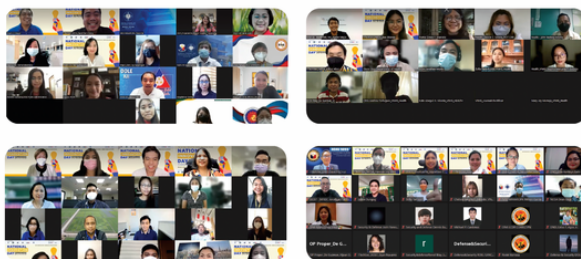


The development of NIMEx is pursuant to Sections 8.i, 8.g, & 24 of RA 11293.

The metrics and guidelines for monitoring of innovations, NIASD, and NIC-related programs, financing, and activities are also being currently prepared and developed by the NIC Secretariat.

National Innovation Day

Conducted the 1st NIC-led National Innovation Day



With the theme **Filipinnovation: Unlocked**, the NIC conducted the National Innovation Day on April 21, 2022 to introduce the salient features of the Philippine Innovation Act. It showcased outstanding innovations in the ten priority innovation areas and introduced the **Filipinnovators**, an online platform for innovators, government agencies, the private sector, and other stakeholders which can serve as an avenue to learn and co-create with each other.



650+

Participants in zoom



30,000

Viewers in Facebook

The virtual event was attended by more than **650 participants in Zoom**, and its livestreamed content garnered more than **10,000 views on the NEDA official page** and **more than 20,000 views** on the social media pages of the NIC member-agencies and their affiliates. For the National Innovation Day in April 2023, the event is planned to be conducted in hybrid.

Innovations Featured during the National Innovation Day

Project NexCities

This is the first in the country to establish a circular nutrient economy, which focuses on waste, sanitation, and resource conservation. The set up is currently under its pilot production phase in San Juan Del Monte, Bulacan.

NextPay

It lets micro and small businesses use financial services to any bank or e-wallet in the country. Considered the best alternative to back accounts for MSMEs, it can send invoices, collect payments, do payroll, and pay bills.

Zagana

It is an online marketplace platform that lets the farmers directly sell their products at a fair market price to consumers, especially those in Metro Manila. It bridges the gap between food producers and consumers through technology.

Tagum Learning Commons

The facility deviates from the traditional library setup by making it into a spacious, bigger, and vibrant learning hub. It was awarded the Most Innovative Library in the Philippines at the Asean Virtual Conference of Public Librarians.

BIOTEK-M

It is an affordable and locally developed rapid test kit for accurate detection of dengue infection within an hour. It is part of the "Lab-in-a-Mug Project" which integrates and miniaturizes all diagnostic kits into isothermal units as small as a mug, similar to a portable laboratory.

PINOY GOURmix

It is a highly enriched cereal mixture that provides a cheaper food alternative with added nutritional and market value to farmers' products. High in protein and antioxidant content, this is also considered as a complete and smart food.

The Spark Project

It is the first and only crowdfunding platform and community for creatives and social enterprises in the Philippines.

Project Buhawi

A project that aims to improve the firepower capability of navy floating assets and provide personnel safety through the design and development of an automated gun mount for .50 Caliber Machine Gun.

1Export

It is a one-stop shop and end-to-end platform that enables MSMEs to internationalize. 1Export covers all aspects of export from the Philippines to the world, from compliance to logistics.

Productive Uses of Renewable Energy

Also known as PURE, it aims to reach far-flung areas without electricity and increase household incomes with renewable energy micro-business to improve capacity to pay for electricity services provided by electric companies.



National Innovation Day 2023

The event is planned to be conducted in hybrid

Global Innovation Index



59th

GLOBAL INNOVATION INDEX 2022 RANKING

Philippines performs better in innovation outputs than innovation inputs in 2022

↓ Philippines ranks **76th** in innovation inputs, lower than both 2021 and 2020.

↓ As for innovation outputs, Philippines ranks **51st**. This position is lower than both 2021 and 2020.

5th Philippines ranks 5th among the 36 lower-middle-income group economies.

11th Philippines ranks 11th among the 17 economies in South East Asia, East Asia, and Oceania.

Source: Global Innovation Index 2022 - Philippines

Innovation is widely recognized as a central driver of economic growth and development. GII aims to provide insightful data on innovation and, in turn, to assist economies in evaluating their innovation performance and making informed innovation policy considerations. This index is published annually by the World Intellectual Property Organization (WIPO), a specialized agency of the United Nations.

Rankings for Philippines (2020-2022)

GIIR	GII	Innovation Inputs	Innovation outputs
2020	50	70	41
2021	51	72	40
2022	59	76	51

Based on the 2022 results of the index, the Philippines ranked 59th out of 132 economies. While this is an 8-step lower compared to its 2021 ranking, the **Philippines' good innovation performance resulted in the country's inclusion in the list of five countries in the world that made significant progress in the GII over time, along with China, Turkey, Vietnam, and India.**

The Philippines consistently performed better in innovation outputs than in innovation inputs from 2015 to 2022. This means that it is effectively translating costly innovation investments into more and higher quality outputs. It ranked 76th in innovation inputs in 2022, four notches lower than its 2021 ranking (72nd). Innovation outputs, however, slipped to 51st compared to its 40th ranking in 2021.

The country was also identified as one of the 19 innovation achievers as it performed above expectations relative to its level of economic development. It improved in three of the seven pillars within the GII where Science and Technology (S&T) is deemed to directly contribute to infrastructure (86th in 2021 vs 81st in 2022), market sophistication (86th in 2021 vs 78th in 2022), and creative outputs (65th in 2021 vs 58th in 2022).

Challenges



The problem of slow commercialization of the outputs of STI activities and their underutilization still exists

Some of the factors which affect this weakness are the absence of a vibrant IP culture brought about by issues in IP ownership, lack of a legally-sanctioned payment mechanism for financial contributions and familiarity with legal mechanisms, costly development of IPs, the long processing time of IPs, among others. Moreover, the implementation of many STI projects is still slow owing to procurement concerns and complex administrative requirements.



The country still has low investment in R&D

There is also a low level of awareness of the results of R&D activities and the government's support mechanisms to help firms become more innovative. Information dissemination campaigns, particularly on available technologies, remain inadequate and fragmented. Given these, many sectors still do not recognize, appreciate, and understand the use of technology and science-based information in their daily activities, which is exacerbated by the dwindling interest in science among the youth.



The country's R&D expenditure as a percentage of GDP is still far below the 1% benchmark for developing countries

as recommended by the United Nations Educational, Scientific, and Cultural Organization (UNESCO).



The linkages among the players

in the STI ecosystem remain limited despite some significant strengthening of collaboration among the government, academe, and industry in the past year. There is still a lack of STI statistics to assess and monitor the progress of the STI sector. The implementation of the results of the Scoping Study on STI Statistics should be fast-tracked. Said study intends to resolve the issues and concerns being encountered by various government agencies in producing STI statistics.



The country still lacks Innovation statistics to assess and monitor 82 GII indicators

Some of the data submitted to WIPO were either outdated or missing. On the other hand, the number of researchers falls significantly below the number of researchers per million population in other Southeast Asian countries, including Singapore (11,456 per million population as of 2019), Malaysia (2,857 researchers per million population as of 2018), Thailand (2,170 researchers per million population as of 2017), and Vietnam (1,438 researchers per million population as of 2017). Moreover, the country underperformed in terms of STEM enrollees as there were only 1.3 million recorded in 2020, below the 1.7 million targets for the same year.

What's Next for Our Innovation Efforts?

BY THE NATIONAL INNOVATION COUNCIL

National Innovation Agenda and Strategy Document (NIASD)

Co-creation workshops/writeshops for the finalization of the National Innovation Agenda and Strategy Document (NIASD) starting 4th quarter of 2022 until 1st quarter of 2023.



NIC Secretariat

Two additional divisions with plantilla positions under Innovation Staff, namely the Innovation Community and Partnerships Division (ICPD) and Research & Development Project Management Division (R&D PMD) shall be proposed to the DBM to support the NIC Secretariat within the 4th quarter of 2022 to 1st quarter of 2023.



Innovation Fund

- Issuance of **PHP 100 million innovation grants** to the public sector.
- Establish and issue guidelines for the **Innovation/Revolving Fund**.
- Finalization of the **NIC resolution** governing the establishment and maintenance of the Innovation Fund between 4th quarter of 2022 to 1st quarter of 2023.



National Innovation Day 2023

Conduct the **National Innovation Day for 2023** in hybrid. This event shall further advance and promote the country's innovation strategies and goals.



NIMex

Formulate the **National Innovation Monitoring and Evaluation Matrix (NIMex)**.



National Innovation Council (NIC)

- **Selection and appointment** of the Executive Members to the Council (Sec. 6) will be conducted within the 4th quarter of 2022.
- **NIC and NIC-ETB meetings** (at least once every quarter).



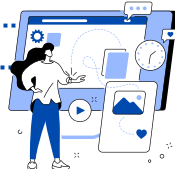
Mandatory Innovation Development Credit

- Implementation of the **Credit Quota** (Sec. 23) shall take effect upon promulgation of the Bangko Sentral ng Pilipinas (BSP) Circular on Mandatory Credit Allocation for Innovation Development (within 4th quarter of 2022).
- Conduct **scoping studies** for the implementation of the innovation development credit and financing program (Sec. 22), issuance of public procurement guidelines to stimulate innovation in the country (Sec. 26), and mainstreaming innovation in government.



National Innovation Communication Plan

- Develop the **National Innovation Communication Plan**.
- Draft and issue the **Filipinnovation branding guidelines**.



NIC Joint Web Portal

- Develop the **NIC Joint Web Portal**
- Manage and populate the content bearing innovation-related information, policies, and programs.



COMPOSITION OF THE 25-MEMBER

National Innovation Council

BOARD POSITION	OFFICE
Chairman	President of the Philippines
Vice-Chairman	Secretary of Socioeconomic Planning
Member-Agencies	Secretary of Science and Technology
	Secretary of Trade and Industry
	Secretary of Agriculture
	Secretary of Environment and Natural Resources
	Secretary of Health
	Secretary of Energy
	Secretary of Transportation
	Secretary of National Defense
	Secretary of Information and Communications Technology
	Secretary of Budget and Management
	Secretary of the Interior and Local Government
	Secretary of Foreign Affairs
	Secretary of Education
	Secretary of Labor and Employment
	Chairperson of the Commission on Higher Education
	Director-General of the Intellectual Property Office of the Philippines
Executive Members	Seven (7) Executive Members appointed from the ranks of business, entrepreneurs, academe, and the scientific community, and at least one (1) of whom shall be a woman



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