

Reshaping the Future, ***Advancing Filipinno***

2023 Progress Report on the
Implementation of Republic Act No. 11293
or the Philippine Innovation Act

TABLE OF CONTENTS

Message from the National Innovation Council - Vice Chairperson	1
Introduction: Reshaping the Future, Advancing <i>Filipinnovation</i>	3
Chapter 1: The Road to a Smart and Innovative Philippines	6
<i>Plans toward a Smart and Innovative Philippines</i>	6
Chapter 2: Setting the Directions for Innovation	7
<i>National Innovation Agenda and Strategy Document: A Strategic Blueprint for the Next Decade</i>	7
<i>Official Launch of NIASD 2023-2032: A Milestone in Innovation</i>	10
<i>Messages of Support from Innovation Actors</i>	12
<i>Regional Innovation Roadshows: Spreading the Innovation Spirit</i>	14
Chapter 3: Revving the Engine of Innovation	17
<i>Assembling the National Innovation Council</i>	17
<i>Selection of the NIC Executive Members 2023-2026</i>	20
<i>Building the Secretariat to the NIC</i>	23
Chapter 4: Clearing Roadblocks and Paving the Way for Innovation	24
<i>Removing Barriers to Innovation</i>	24
<i>Platform for a Whole-of-Government Approach</i>	25
<i>Mobilizing Communities to Promote Innovation Goals</i>	26
<i>Crafting the Plan to Communicate Innovation</i>	27
<i>HABI - Weaving the Future with Innovation</i>	28
Chapter 5: Fueling Innovation through the Innovation Fund	31
<i>Establishing the Innovation Fund</i>	31
<i>The 2022 Innovation Grants</i>	32
<i>Improving Operational Efficiency</i>	36
<i>The 2023 Innovation Grants</i>	37
<i>The Establishment of a Bank Account for the Innovation Fund - Revolving Fund</i>	42
<i>Scaling up Innovation through Credit and Financing Program</i>	42
<i>Credit Allocation for Innovation Development</i>	43
Chapter 6: Navigating Ways Forward	44
<i>Philippines Surges Upward in Global Innovation Index 2023</i>	44
<i>Deep Diving to GII: The National Innovation Monitoring and Evaluation Matrix (NIMEX)</i>	45
<i>Ways Forward to Prevent Innovation Gridlock</i>	45

Figure 1: The NIASD 2023-2032

Figure 2: Philippine National Innovation Ecosystem Framework

Figure 3: National Innovation Agenda Framework

Figure 4: The National Innovation Council Member-Agencies as of 2023

Figure 5: Visualization of the NIC Joint Web Portal

Figure 6: NICP Strategic Communication Framework

Figure 7: The Ten (10) Innovation Priority Areas

Figure 8: The EIGIS Website

Figure 9: Snippets from Philippines Ranking in the Global Innovation Index 2023

Message from the National Innovation Council - Vice Chairperson



Innovation transforms ideas into reality and is a primary driving force in improving lives and shaping the future. In the Philippines, this recognition is amplified with the enactment of Republic Act No. 11293, known as the Philippine Innovation Act, and the creation of the National Innovation Council (NIC). For 2023, our focus was on fostering an environment where creativity, ingenuity, and collaboration can thrive.

The progress report for 2023, with the theme “Reshaping the Future, Advancing *Filipinnovation*”, highlights the achievements of the NIC in steering the nation towards a smarter and more innovative future. Through a whole-of-nation approach, we have made strides in addressing barriers to innovation, establishing vital support structures, and mobilizing resources to fuel the growth of ideas that address the needs of our communities.

We are fully committed to creating the right environment—through sound policy frameworks, cutting-edge infrastructure, accessible financial support, and reliable platforms for collaboration and knowledge exchange. These innovation levers aim to support and encourage more innovators, especially among micro, small, and medium enterprises (MSMEs), to venture into innovative products, processes, or services.

Our efforts continue to bear fruit. In 2023, the Philippines improved its Global Innovation Index (GII) ranking, climbing three notches from 59th to 56th among 132 economies, surpassing the Philippine Development Plan 2023-2028 target for the year. Key factors contributing to this include improvements in our government effectiveness and regulatory quality under the Institutions pillar of the GII, moving up to 79th from 90th in 2022. With the ongoing implementation of the National Innovation Agenda and Strategy Document 2023-2032 and the heightened collaboration of local and regional innovation actors, we hope to reach our goals sooner than predicted.

Notwithstanding our progress, the current administration is dedicated to further strengthen our institutions and improve infrastructure, human capital, and creative outputs to promote innovation. The NIC will continue to put in place policies that will fast-track our progress and eliminate barriers to foster an enabling innovation environment where ideas can easily transform into market-oriented innovations with impact.

Every Filipino—every community—has a role to play in this journey. United by our shared vision of a *matatag, maginhawa, at panatag na buhay para sa lahat*, we are confident that through advancing *Filipinnovation*, we will reshape our future and move closer to realizing a *Bagong Pilipinas*.

ARSENIO M. BALISACAN, PhD

NEDA Secretary and National Innovation Council Vice Chairperson

INTRODUCTION

Reshaping the Future, **Advancing *Filipinnovation***



Innovation is not new to Filipinos. Creativity, ingenuity, and resourcefulness have always been part of our DNA. Notable Filipino experts and entrepreneurs are credited with some widely known and used innovations like the video phone, karaoke, banana ketchup, yoyo, the first Windows Graphics accelerator chip and healthcare revolutions such as the incubator. Filipino ingenuity has made its mark in the global arena, but it can be scaled further through ***Filipinnovation***.

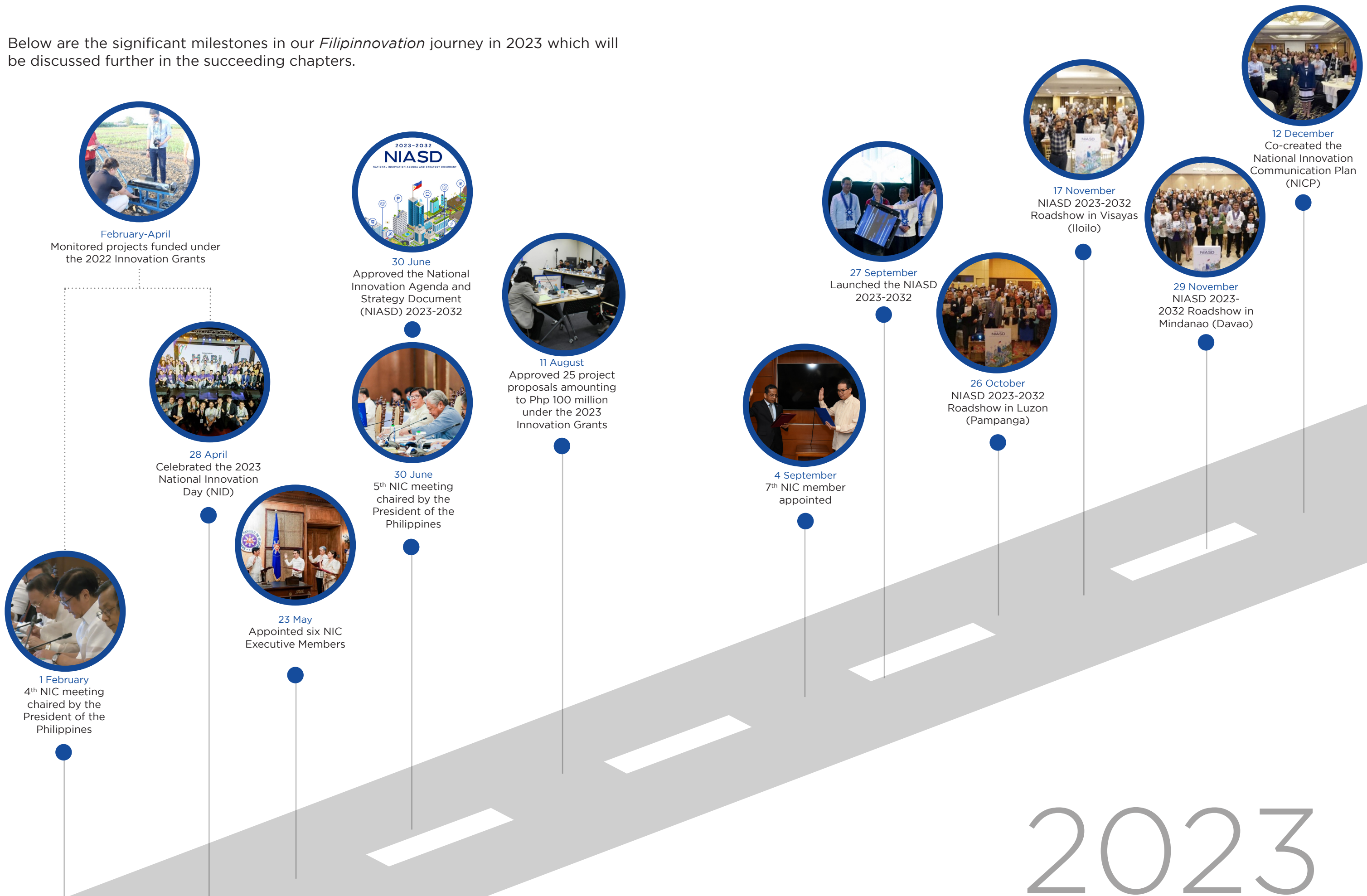
Coined in 2007, *Filipinnovation* aims to harness Filipino creativity and ingenuity. Currently, this is defined as “a whole-of-nation call and commitment to accelerate Philippine progress through innovation”.

In 2019, Republic Act No. 11293 or the Philippine Innovation Act (PIA) was signed into law—a landmark legislation that aims to improve the country’s innovation governance, develop micro, small, and medium enterprises (MSMEs), and enhance overall global competitiveness. Since then, significant progress has been made in amplifying the importance of innovation. But the journey is far from over.

2023 marked the full year of implementing the law and the theme: **Reshaping the Future, Advancing *Filipinnovation*** was adopted as a unifying call for economic transformation through innovation.

This report outlines the accomplishments of the National Innovation Council (NIC) from January to December 2023. It details the progress in the journey so far towards advancing *Filipinnovation*.

Below are the significant milestones in our *Filipinnovation* journey in 2023 which will be discussed further in the succeeding chapters.



2023

Chapter 1:

The Road to a Smart and Innovative Philippines



Plans toward a Smart and Innovative Philippines

AmBisyon Natin 2040 is the national vision of the Philippines, where all Filipinos enjoy a *matatag, maginhawa, at panatag na buhay* by 2040. This vision sets a destination for all development efforts to ensure that the country remains on track towards fully realizing Filipino people's collective *AmBisyon*.

Anchored on the *AmBisyon Natin 2040*, the Philippine Development Plan (PDP) 2023-2028 is a roadmap for social and economic transformation for a prosperous, inclusive, and resilient society. The plan focuses on enhancing individual and family capabilities, modernizing production sectors such as research and development, technology, and innovation, and creating an enabling environment through good governance and physical and digital infrastructure development.

Central to the transformation agenda of PDP 2023-2028 is the establishment of a dynamic innovation ecosystem. It underscores the pivotal role of innovation in translating knowledge and ideas into novel products and improved processes. The dissemination of these innovations across markets not only generates more jobs but ensures their quality. Quality jobs, coupled with enhanced processes and products, form the bedrock for sustained economic growth and overall national development, to achieve a *matatag, maginhawa, at panatag na buhay*.

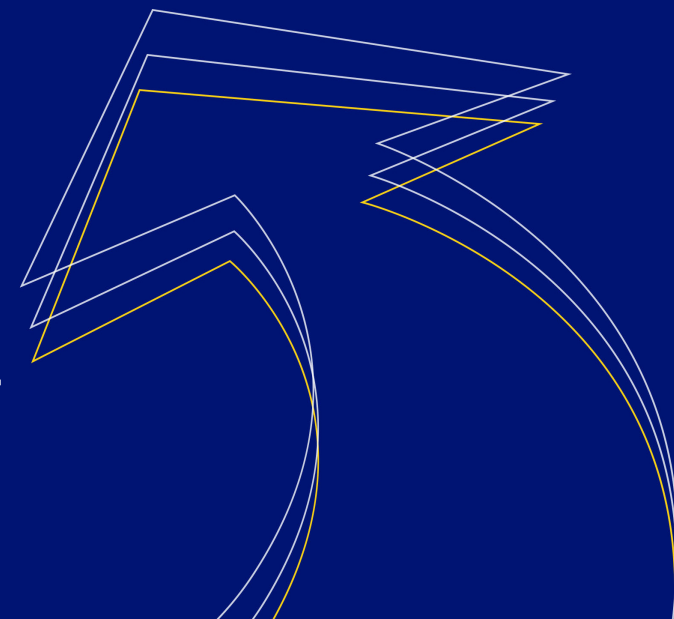
Innovation is prioritized in our development agenda, strengthened through the enactment of the PIA. The Act aims to adopt innovation as a vital part of the country's development policies to boost inclusive growth and support the competitiveness of MSMEs. It seeks to cultivate a culture of strategic planning and innovation, enhance governance, nurture an entrepreneurial mindset, and eliminate barriers to innovation.

Notably, Section 9 of the Act mandates the formulation of the NIASD 2023-2032, which serves as the country's 10-year blueprint, outlining long-term goals for innovation. It is intended to deepen and accelerate innovation efforts and foster public-private partnerships (PPPs).

The overarching goal of the NIASD 2023-2032 is to transform the country into **a smart and innovative Philippines**.

Chapter 2:

Setting the Directions for Innovation



In 2023, the NIC Secretariat followed through in pushing for innovation, cognizant with the results of the 2022 Global Innovation Index where the country ranked 59th from 51st in the previous year.

Thus, the NIASD was launched with the theme “Reshaping the Future, Advancing *Filipinnovation*,” to set our country's 10-year vision to improve innovation governance. This theme signifies the country's commitment to put innovation at the center of our development priorities, and envisions a future where our citizens can organically transform their knowledge and novel ideas into more market-driven, market-oriented, and market-valued innovative products or services. The theme further underscores the need to embrace fresh ideas, cutting-edge technologies, and collaborative efforts to propel the Filipino society towards our *Ambisyon*.

National Innovation Agenda and Strategy Document: A Strategic Blueprint for the Next Decade

Section 9.

The Philippine Innovation Act mandates the NIC to “develop a National Innovation Agenda and Strategy Document, hereinafter referred to as the NIASD, that shall establish the country's vision and long-term goals for innovation and provide a road map and strategies for improving innovation governance...”

The NIASD 2023-2032 is the Philippines' 10-year blueprint and strategy for improving innovation governance.

It also provides a roadmap in deepening and accelerating innovation efforts and fostering PPPs toward a dynamic innovation ecosystem.

The NIASD 2023-2032 represents a transformative journey towards a smarter and more innovative Philippines. With the collective efforts of government, academia, business, and the entire nation, the future is promising, and innovation is the key to unlocking its full potential.

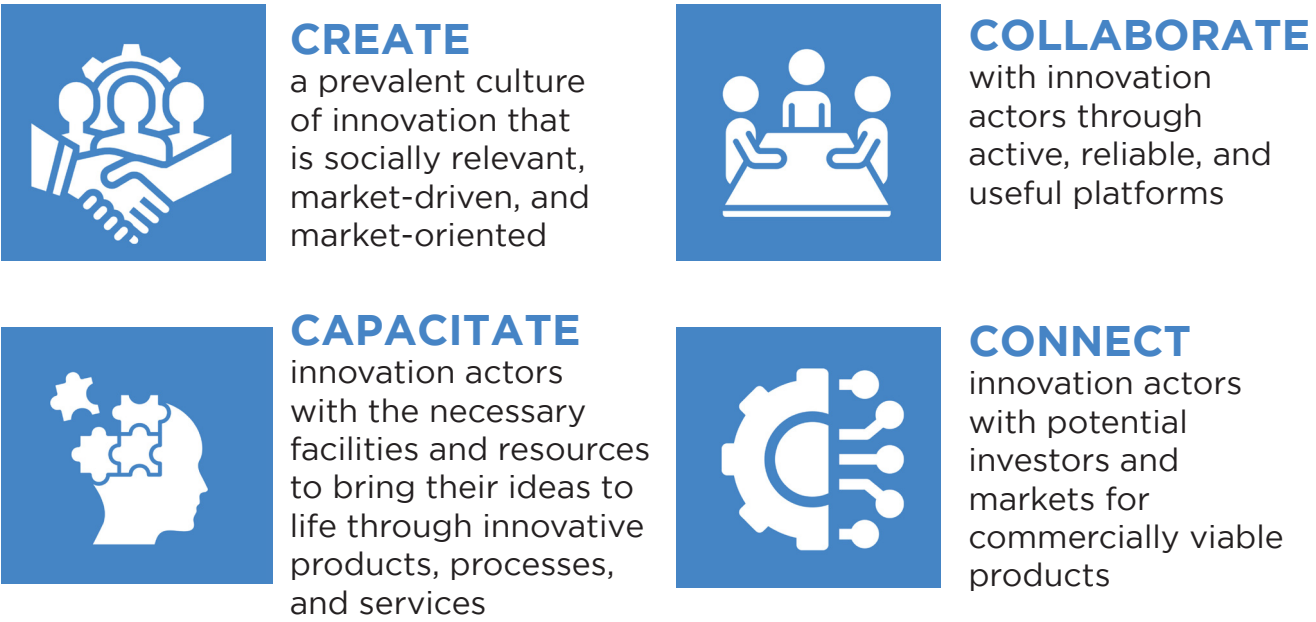
On June 30, 2023, the NIC, presided over by President Ferdinand R. Marcos Jr., approved the NIASD 2023-2032. The NIASD aims to transform the country into a smart and innovative Philippines by establishing a dynamic innovation ecosystem anchored on five identified enablers.

It was developed using a collaborative approach, incorporating inputs from the academe, international experts, national and regional government agencies, local government units, and the private sector through a series of co-creation workshops and consultations. It is designed to support innovators at every stage, from ideation to commercialization.

To delve deeper into the details of NIASD 2023-2032, access the full publication here: <https://neda.gov.ph/niasd-2023-2032/>.



Figure 1: The NIASD 2023-2032



The NIASD also outlines the country’s National Innovation Agenda Framework, which highlights five innovation ecosystem enablers: (1) the NIC as the innovation governing body, (2) policies, (3) infrastructure, (4) finance, and (5) programs.

Moreover, it includes the ten (10) priority areas outlined below.

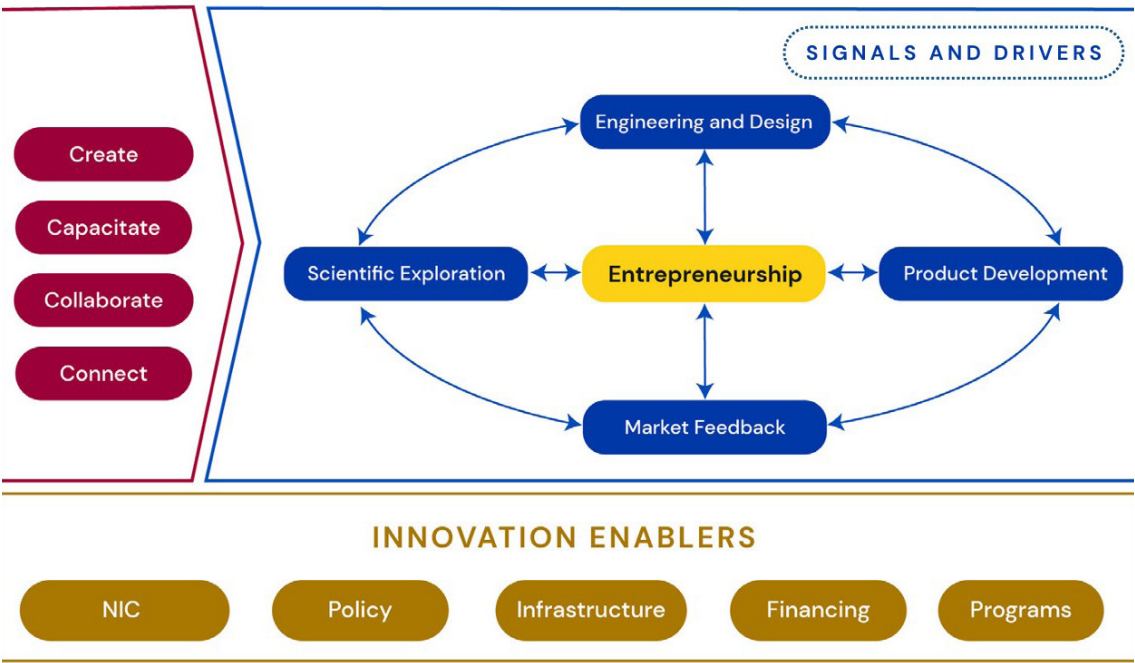


Figure 2: Philippine National Innovation Ecosystem Framework

The NIASD places a strong emphasis on cultivating a dynamic innovation environment within the country. This innovation ecosystem thrives on the intricate interplay among various innovation stakeholders, all united in pursuit of transforming ideas into market-valued, market-driven, and market-oriented products and services. Within this dynamic innovation ecosystem, there exists a critical need to:

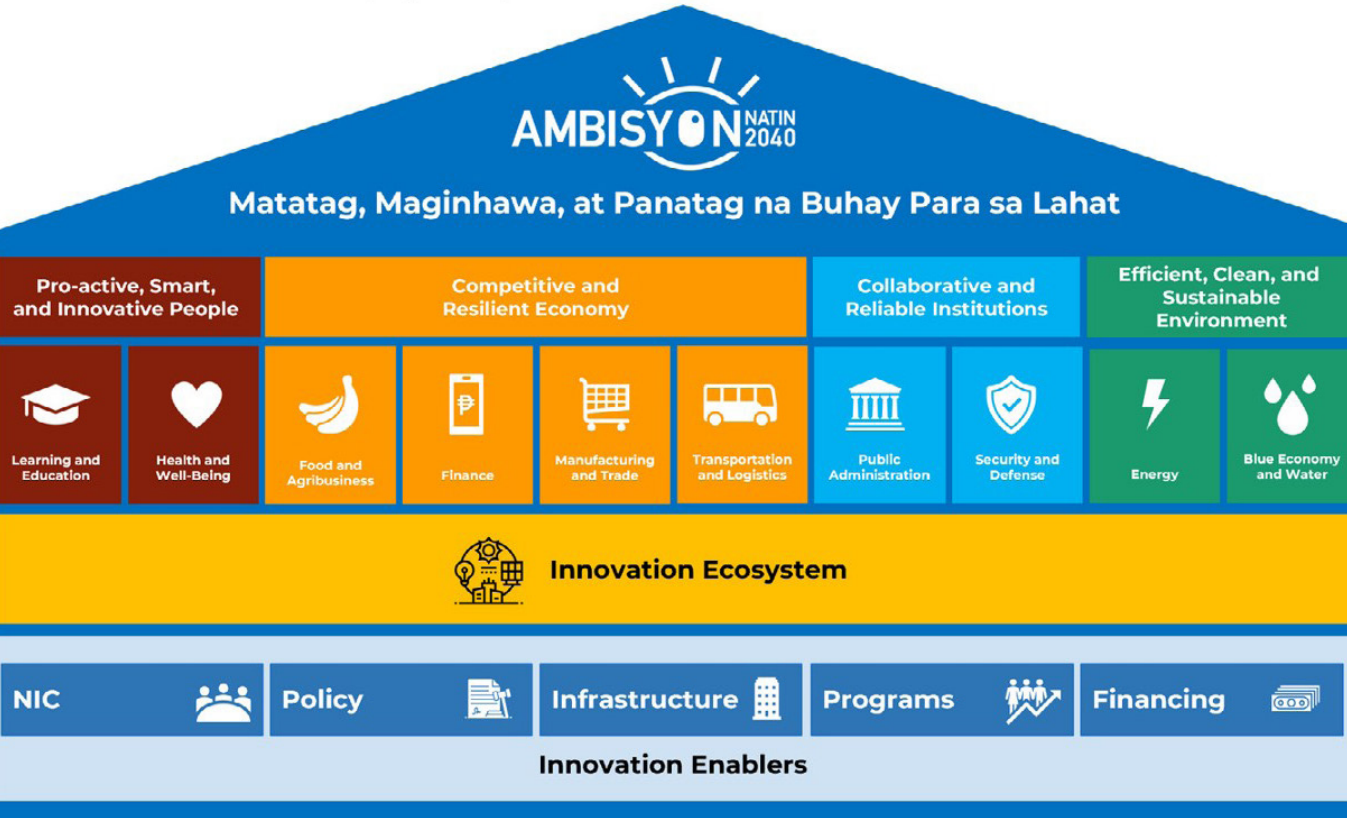


Figure 3: National Innovation Agenda Framework



President Ferdinand R. Marcos Jr. is joined with NIC Executive Members, Heads of NIC member-agencies, Senator Sherwin T. Gatchalian, US Ambassador MaryKay L. Carlson, Secretary Arsenio M. Balisacan, and NCCA Chairperson Victorino Manalo.



President Marcos, as the NIC Chairperson, symbolically launched the initiative by pressing a cube to trigger a video, marking the government's commitment to improving innovation governance.

Official Launch of NIASD 2023-2032: A Milestone in Innovation

With the theme “Reshaping the Future, Advancing *Filipinnovation*”, the NIASD 2023-2032 was officially launched on 27 September 2023 by President Ferdinand R. Marcos Jr. at the Metropolitan Theatre. He was joined by representatives from the government, and the diplomatic corps, academia (scientific community, students), and industry (MSMEs, startups, private sector).

The President emphasized that the NIASD 2023-2032 is not just a plan but a commitment to make the Philippines smart and innovative.

The theme of the launch emphasized the use of knowledge in turning ideas into market-valued, market-driven, and market-oriented products and services. The NIASD outlines the strategies to build and foster a dynamic innovation ecosystem, where innovators can thrive and collaborate through *Filipinnovation*.

The event had 642 participants including high-level government officials and foreign delegates. In his opening remarks, NEDA Secretary Arsenio M. Balisacan, who is also the NIC Vice Chairperson, in his opening remarks, highlighted the efforts behind the NIASD 2023-2032 and its role in empowering startups and MSMEs.

President Marcos acknowledged the critical contributions of all stakeholders in the event and emphasized the essence of collaboration. According to him, “collaboration remains our most effective tool for achieving holistic and positive development”.



“

This document is not just a plan but a commitment to making innovation an indispensable component of our nation’s development agenda, and a key driver in our vision to achieve **a truly smart and innovative Philippines**.

FERDINAND R. MARCOS JR.
President of the Republic of the Philippines

Messages of Support from Innovation Actors

Key innovation figures were present to express their support to the country's 10-year plan to advance Philippine innovation.



“Ang inobasyon ay hindi lamang simpleng konsepto. Ito ay isang pangarap na maaring magtulak sa atin patungo sa mas magandang kinabukasan. Sa pagsulong ng inobasyon, [ang mga] Pilipino ay hindi mauubusan ng inspirasyon.

SENATOR SHERWIN T. GATCHALIAN
One of the principal authors and sponsors of the Philippine Innovation Act



“Innovation is a significant component of the country's development policies that will drive the Philippines not only to achieve inclusive growth and development but also to become one of the innovation leaders in Asia.

SENATOR LOREN B. LEGARDA
One of the principal authors and sponsors of the Philippine Innovation Act



“The National Innovation Agenda and Strategy Document, alongside the Philippine Creative Industry Development Act, shall ensure the Philippines stands at the forefront of the global trend of innovation governance and creative economy taking center stage.

CONGRESSMAN CHRISTOPHER V.P. DE VENECIA
Representative of the 4th District of Pangasinan

“USAID will invest 30 million dollars (that's 1.7 billion pesos) in this new program, which will bring US university expertise to strengthen Philippine higher education, build on the momentum of our shared accomplishments, and complement our existing programs in human capital development, digital economy, and climate change.

AMB. MARYKAY L. CARLSON
Ambassador of the United States of America



“Let us remember that innovation is not a solitary endeavor; it's an OPM rock band where every instrument plays a crucial role. Together, we can create a harmonious future where Filipino innovation shines on the global stage. That's the dream—transforming not only our economy but also the lives of millions of our fellow countrymen.

MR. ROLAND ROS
Kumu CEO and Founder



“The work of the Council and this new report are crucial first steps. AIM, and I believe all schools, universities, and scientific organizations in the Philippines, support these working goals for a brighter future.

DR. CHAD MICHAEL BRIGGS
Academic Program Director of the Executive Master in Disaster Risk and Crisis Management at the Asian Institute of Management



“The synergy between the private and government sectors is vital for innovation to flourish. Together, we would promote R&D for public and private good, create an environment conducive to the production and utilization of innovative products, processes, and systems to address unmet needs, and accelerate progress towards a future we wish for, our AmBisyon Natin 2040.

DR. GISELA P. CONCEPCION
NIC Executive Member, Representative from the Scientific Community



Regional Innovation Roadshows: Spreading the Innovation Spirit

Following the launch in Manila, regional innovation roadshows and workshops were held across the country.



Luzon
(October 26-27 in Clark, Pampanga)



Visayas
(November 16-17 in Iloilo City)



Mindanao
(November 28-29
in Davao City)

To raise awareness, identify regional contributions to the NIASD's targets, and co-create the National Innovation Communication Plan (NICP), the events were attended by representatives from the regional line agencies and local government units (LGUs), the academe, MSMEs, the business sector, startups, and the private sector.

The roadshows were keynoted by Senator Loren Legarda and featured NIASD presentations, ceremonial handovers, NIC Executive Members' messages, and innovation champions' testimonies. There were also breakout sessions on the regional implementation of the document and co-creation of the NICP.



Participants from the industry, government, and academe, working together during the co-creation workshops for innovation action and communication plans.

LUZON



Mr. Monchito B. Ibrahim
Executive Member, NIC

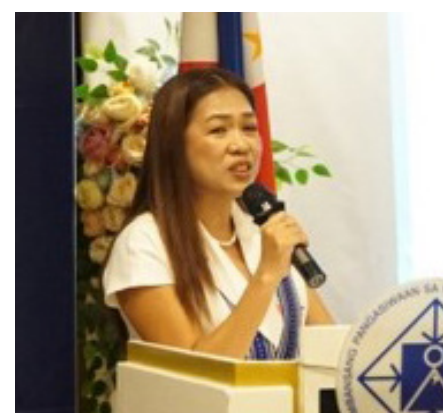


Usec. Rosemarie G. Edillon
NEDA



Dr. Gisela P. Concepcion
Executive Member, NIC

VISAYAS



Dr. Ria Liza C. Canlas
Executive Member, NIC



Dr. Rex Victor O. Cruz
Executive Member, NIC



Dr. Tirso A. Ronquillo
Executive Member, NIC

MINDANAO



Mr. Mark Sultan Gersava
Executive Member, NIC



Mr. Earl Martin S. Valencia
Executive Member, NIC



Director Diane Maharjan
NEDA



Assistant Secretary Sarah Lynne Daway-Ducanes
NEDA

During the nationwide regional roadshows, innovation champions from public and private sectors shared their experiences on innovation initiatives/innovation-led programs implemented in their respective regions. These were led by:

Luzon: City Government of Balanga, Bataan; Kloudtech; GK Enchanted Farm

Visayas: City Government of Iloilo; Rezbin Waste Technology; Iloilo Science and Technology University in Visayas; Peddlr Philippines, Inc.

Mindanao: AI meets Human Intelligence; Innovation and Development Accelerator Consortium for Startup Davao; Yamog Renewable Energy Development Group, Inc.



Ms. Roneth Santos
City Government of Balanga,
Bataan



Engr. Patrick James P. Gozun
Kloudtech



Mr. Jose Emilio Oquiñena
GK Enchanted Farm



Ms. Velma C. Lao
City Government of Iloilo



Mr. Matthew C. Martirez
Rezbin Waste Technology



Mr. Rayjand Gellamucho
Iloilo Science and Technology
University in Visayas



Ma. Adelfa A. Lagbas
Peddlr Philippines, Inc



Ms. Cherryanne Lee Angoy
“Artificial Intelligence meets
Human Intelligence”



Prof. Miguel Carlos Guillermo
Innovation and Development
Accelerator Consortium for
Startup Davao in Mindanao



Engr. Lanz Gabriel Jabla
Yamog Renewable Energy Development Group, Inc

Chapter 3: Revving the Engine of Innovation

Strategic and coordinated efforts have been implemented to create a smart and innovative Philippines. While programs, laws, and policies that support science, technology, and innovation are in place, the engine of innovation must be revved in order to accelerate our efforts.

To accelerate and strengthen our innovation efforts, the NIC was established through the PIA. It is a 25-member body that is tasked to steer the whole-of-government coordination and collaboration and remove the fragmentation in the country's innovation governance. Innovation Governance is the linchpin, guiding us toward our desired future and away from undesired outcomes. It involves institutions, policies, and resources that enable us to harness innovation efficiently and sustainably.

This chapter will delve into the initiatives that have led to the strengthening of the NIC, which is a key driver for creating an enabling environment for innovation.

Assembling the National Innovation Council

***Section 6** establishes the National Innovation Council to develop the country's innovation goals, priorities, and long-term national strategy.*



President Marcos presiding over the 5th
NIC Meeting

The NIC, led by the President of the Philippines, with NEDA as the Vice Chairperson, sets and oversees strategic policies for innovation. With 16 Secretaries and seven Executive Members from the private sector as members, the NIC aims to foster government collaboration and eliminate obstacles to innovation.

The following is a list of the 16 Secretaries for this administration, along with their assigned Executive Technical Board (ETB) Members.

THE NATIONAL INNOVATION COUNCIL

NIC Chairperson			
Ferdinand R. Marcos Jr. President Office of the President			
NIC Vice Chairperson			
Arsenio M. Balisacan Secretary NEDA			
Executive Members			
Dr. Gisela P. Concepcion Scientific Community Sector	Dr. Ria Liza C. Canlas Scientific Community Sector	Mr. Mark Sultan D. Gersava MSME Sector	Mr. Monchito B. Ibrahim Business Sector
Dr. Tirso A. Ronquillo Academe	Mr. Earl Martin S. Valencia Business Sector	Dr. Rex Victor O. Cruz Scientific Community Sector	
Principal Representatives			
Renato U. Solidum, Jr. Secretary Department of Science and Technology	Sara Z. Duterte Vice President and Secretary Department of Education	Alfredo E. Pascual Secretary Department of Trade and Industry	
Francisco P. Tiu Laurel, Jr. Secretary Department of Agriculture	Ma. Antonia Yulo Loyzaga Secretary Department of Environment and Natural Resources	Teodoro J. Herbosa Secretary Department of Health	
Jaime J. Bautista Secretary Department of Transportation	Raphael Perpetuo M. Lotilla Secretary Department of Energy	Gilberto C. Teodoro, Jr. Secretary Department of National Defense	
Ivan John E. Uy Secretary Department of Information and Communications Technology	J. Prospero E. De Vera III Chairperson Commission on Higher Education	Amenah F. Pangandaman Secretary Department of Budget and Management	
Benjamin C. Abalos, Jr. Secretary Department of the Interior and Local Government	Enrique A. Manalo Secretary Department of Foreign Affairs	Bienvenido E. Laguesma Secretary Department of Labor and Employment	
	Rowel S. Barba Director General Intellectual Property Office of the Philippines		
Alternate Representatives			
Rosemarie G. Edillon Undersecretary NEDA	Sancho A. Mabborang Undersecretary Department of Science and Technology	Rafaelita M. Aldaba Undersecretary Department of Trade and Industry	
Asis G. Perez Undersecretary Department of Agriculture	Carlos Primo C. David Undersecretary Department of Environment and Natural Resources	Albert Francis E. Domingo OIC-Assistant Secretary Department of Health	
Timothy John R. Batan Undersecretary Department of Transportation	Rowena Cristina L. Guevara Undersecretary Department of Energy	Joselito B. Ramos OIC Undersecretary Department of National Defense	
Jocelle E. Batapa-Sigue Undersecretary Department of Information and Communications Technology	Cinderella Filipina Benitez Jaro Executive Director Commission on Higher Education	Joselito R. Basilio Undersecretary Department of Budget and Management	
Atty. Michael Wesley T. Poa Undersecretary and Chief of Staff Department of Education	Marlo L. Iringan Undersecretary Department of the Interior and Local Government	Charles C. Jose Undersecretary Department of Foreign Affairs	
Carmela I. Torres Undersecretary Department of Labor and Employment		Ann Claire C. Cabochan Deputy Director General Intellectual Property Office of the Philippines	

NIC- Executive Technical Board Members		
NIC-ETB Chairperson		
Rosemarie G. Edillon Undersecretary NEDA		
NIC-ETB Vice Chairpersons		
Sancho A. Mabborang Undersecretary Department of Science and Technology	Rafaelita M. Aldaba Undersecretary Department of Trade and Industry	
ETB Principal Representatives		
Claro N. Mingala Director Department of Agriculture	Carlos Primo C. David Undersecretary Department of Environment and Natural Resources	Albert Francis E. Domingo OIC-Assistant Secretary Department of Health
Timothy John R. Batan Undersecretary Department of Transportation	Rowena Cristina L. Guevara Undersecretary Department of Energy	Joselito B. Ramos OIC Undersecretary Department of National Defense
Jocelle E. Batapa-Sigue Undersecretary Department of Information and Communications Technology	Cinderella Filipina Benitez Jaro Executive Director Commission on Higher Education	Joselito R. Basilio Undersecretary Department of Budget and Management
Atty. Michael Wesley T. Poa Undersecretary and Chief of Staff Department of Education	Marlo L. Iringan Undersecretary Department of the Interior and Local Government	Paul Vincent L. Uy Assistant Secretary Department of Foreign Affairs
Carmela I. Torres Undersecretary Department of Labor and Employment	Ann Claire C. Cabochan Deputy Director General Intellectual Property Office of the Philippines	
NIC-ETB Alternate Representatives		
Sarah Lynne S. Daway- Ducanes Assistant Secretary NEDA		
Leah J. Buendia Undersecretary Department of Science and Technology	Leonila T. Baluyut Assistant Secretary Department of Trade and Industry	
Alternate Representatives		
John C. De Leon Executive Director Department of Agriculture	Joan A. Lagunda, MNSA Assistant Secretary Department of Environment and Natural Resources	Lester M. Tan OIC-Director Department of Health
Jesus Nathaniel Martin B. Gonzales Undersecretary Department of Transportation	Mario C. Marasigan Assistant Secretary Department of Energy	- Department of National Defense
- Department of Information and Communications Technology	Mary Sylvette T. Gunigundo Director Commission on Higher Education	Romeo Matthew T. Balanquit Assistant Secretary Department of Budget and Management
- Department of Education	Francisco R. Cruz Assistant Secretary Department of the Interior and Local Government	Maria Louella C. Duarte Executive Director Department of Foreign Affairs
Paul Vincent W. Añover Assistant Secretary Department of Labor and Employment	Jarvis H. Ralph Jarvis H. Alindogan Director Intellectual Property Office of the Philippines	

Figure 4. The National Innovation Council Member-Agencies as of 2023

Selection of the NIC Executive Members 2023-2026

In the pursuit of inclusive innovation governance, Section 6 of the PIA also mandates the selection of seven executive members who have the expertise and experience needed to advocate for policies and programs that are best for innovators:

- ✓ At least one woman among the Executive Members;
- ✓ Representation from both the business and MSME sectors; and
- ✓ A requisite seven years of experience for representatives from the academe and scientific community.

The NIC Secretariat opened the first call for nominations from October to November 2022 with 27 submissions from eligible nominating parties. On 19 December 2022, the NIC-ETB convened to deliberate on the nominees for the Executive Members of the NIC and agreed to endorse the top 12 nominees to the Council.

On 23 May 2023, the President appointed the six NIC Executive Members, comprised of the following:

1. Dr. Gisela P. Concepcion (Scientific Community)
2. Dr. Ria Liza C. Canlas (Scientific Community)
3. Mr. Mark Sultan D. Gersava (MSME)
4. Mr. Monchito B. Ibrahim (Business Sector)
5. Mr. Earl Martin S. Valencia (Business Sector)
6. Dr. Tirso A. Ronquillo (Academe)

The NIC then agreed to dedicate the 7th seat for Executive Member to a climate change expert given the urgent need to solve our climate crisis. As with the previous process, the NIC Secretariat then organized the second call for nominations for the 7th Executive Member, with expertise on climate change.

During the 5th NIC meeting on 30 June 2023, the Council agreed to endorse Dr. Rex Victor O. Cruz as the 7th Executive Member (Scientific Community). Dr. Cruz was officially appointed on 4 September 2023.

The appointment of the seven NIC Executive Members finalized the composition of the NIC as prescribed by Section 6 of RA 11293. They are expected to attend the NIC meetings and share their expertise on innovation successes and challenges. The representation of the Executive Members from the sectors of the academe, business, MSMEs, and scientific community, highlights the government's commitment in fostering collaboration across sectors to improve innovation governance.

The succeeding section presents the key qualifications of the seven (7) executive members.



Dr. Gisela P. Concepcion

Executive Member, Scientific Community Sector

Dr. Concepcion is a distinguished scientist and Professor Emeritus at the University of the Philippines (UP), where she led research in marine biodiversity, natural products, drug discovery, and biomedical research.



Dr. Ria Liza C. Canlas

Executive Member, Scientific Community Sector

Dr. Canlas is a pioneering civil engineer and entrepreneur, leading Po Lite Technology Inc. in developing innovative construction materials from indigenous resources.



Mr. Mark Sultan D. Gersava

Executive Member, MSME Sector

Mr. Gersava is a multi-awarded social entrepreneur and inventor, recognized for creating the world's first plantable bamboo toothbrush and founding BAMBUHAY, a Greentech social enterprise addressing environmental and social issues.



Mr. Monchito B. Ibrahim

Executive Member, Business Sector

Mr. Ibrahim is a distinguished leader in the information and communications technology sector with extensive experience in the realms of business, technology, and government.



Dr. Tirso A. Ronquillo

Executive Member, Academe

Dr. Ronquillo is a prominent academic leader, serving as President of Batangas State University and the Philippine Association of State Colleges and Universities (PASUC) whose leadership led to establishing innovation and research centers.



Mr. Earl Martin S. Valencia

Executive Member, Business Sector

Mr. Valencia is a startup founder and multi-awarded young global leader that used his multidisciplinary expertise in engineering, business, and innovation to spearhead impactful ventures.



Dr. Rex Victor O. Cruz

Executive Member, Scientific Community Sector

Dr. Cruz is a forerunner in the scientific community sector, with a background in forestry and watershed management, known for his leadership in authoring climate change assessment reports.

To view their full accomplishments and credentials, please access the link or scan the QR code below: <https://neda.gov.ph/NIC-EMs>.



NIC EM PROFILES
SCAN THE QR CODE

Building the Secretariat to the NIC



Section 8 also mandates the creation of the NIC Secretariat to be established within NEDA. Its primary function is to facilitate and coordinate activities for the achievement of the objectives of the Innovation Act.

To enhance the efficiency of the NIC Secretariat, NEDA submitted the proposed modifications to the existing Organizational Structure and Staffing Pattern (OSSP) of the Innovation Staff for Fiscal Year 2023, which will create 21 new permanent positions to strengthen the Secretariat's capacity to facilitate innovation. The following are the proposed modifications to the existing organizational chart:

- ✓ Creation of two new divisions, namely, the Innovation Community and Partnerships Division (ICPD) and the Foresight and Research Division (FRD), with eight permanent positions each;
- ✓ Addition of one Assistant Director, and two Administrative Assistant II under the Office of the Executive Director; and
- ✓ Addition of one Senior Economic Development Specialist position in each existing division (Strategic Policy Initiatives Division and Innovation Fund Management Division).

Chapter 4:

Clearing Roadblocks and Paving the Way for Innovation

The innovation journey is filled with obstacles, such as lack of awareness, resources, and opportunities for our innovation actors. But removing these obstacles is crucial in reaching our goal of having capacitated, connected, and collaborative Filipino innovators.

This chapter focuses on our initiatives for removing barriers, building platforms, strengthening research, development, and engineering, promoting innovation and its values, and increasing government-industry-academe engagement and collaborations.

Removing Barriers to Innovation





Section 24 mandates the NIC and its member-agencies to eliminate regulatory barriers to innovation and cut red tape to boost innovation efforts.

Towards this end, the NIC shall facilitate consultations with stakeholders to identify and cause the removal of barriers in accelerating innovation efforts, such as procurement rules and regulations, and to align efforts and enhance collaboration.

From May to November 2023, a scoping study was conducted to identify the barriers to innovation in the Philippines. The study covered five innovation actors and five enablers in the four megaregions: the National Capital Region (NCR), the rest of Luzon, Visayas, and Mindanao. The innovation actors included incubators/accelerators, startups/entrepreneurs, investors/venture capitalists, service providers, and academe/R&D institutions. The influence of innovation enablers was also determined by whether they were considered available and accessible and whether the respondents used them.

In addition, the study involved 877 participants, including 37 key informant interviews, 305 participants in focus group discussions, and 535 survey respondents. On 20 October 2023, a national validation workshop was held to present the findings and receive insights from key innovation stakeholders in Richmond Hotel, Pasig City. The workshop was attended by around 50 participants.

As a result of the workshop, the barriers and enablers identified in various clusters are detailed below:

	BARRIERS	ENABLERS
 CULTURE	Unadaptable/conservative/resistant attitudes, risk aversion, and an employee mindset	Creativity, resilience, and <i>bayanihan</i> (community spirit)
 COLLABORATION	Misalignment of priorities among innovation actors, lack of awareness, and a shortage of collaboration platforms	Collaborative programs, increased availability of platforms, and information campaigns
 CAPACITY	Misalignment of priorities among innovation actors, lack of awareness, and a shortage of collaboration platforms	Streamlining processes, improved policies on ease of doing business, and increased funding for capacity development
 CONNECTION	Lack of awareness about connection processes/linkages, demanding requirements (e.g., certification, proof of analysis), and the need for more suitable and affordable programs	Information campaigns, the establishment of market linkages, and improvements in the ease of doing business

Platform for a Whole-of-Government Approach

Section 17 requires the NIC to create a web portal that will bear information pertinent to innovation policies, strategies, and programs, including services, grants, and financial assistance for related training. This web portal will serve as a comprehensive platform for users to learn, co-create, and innovate together.

In 2022, the NIC has already consulted with the DTI, DOST, and DICT for the web portal's initial design and concepts.

The NIC is currently working and looking for service providers that can help us build a digital hub where innovation policies, strategies, and programs converge—a one-stop destination for all things innovative.



Figure 5: Visualization of the NIC Joint Web Portal

Moreover, this will eventually house the *Filipinnovators*, an e-community platform that facilitates connection and collaboration among members. It aims to expand innovators' networks, provide learning opportunities from experts, keep them updated on innovation trends and policies, and encourage collaboration with fellow innovators.

Mobilizing Communities to Promote Innovation Goals

Section 20 mandates the NIC, in collaboration with relevant agencies and other innovation stakeholders, to conduct an advocacy and community education program promoting the country's innovation goals.



In July 2022, the term *Filipinnovation* was adopted by the NIC to encapsulate the spirit of Filipino innovation. It is more than just a catchy name; it is a whole-of-nation call and commitment to accelerate Philippine progress through innovation. It is a call to create, capacitate, collaborate, and connect. It is a call for revolution—a cultural shift in the mindset of Filipinos to be innovative.

The NIC Secretariat created the *Filipinnovation* Facebook page in April 2023 which currently has 1,300+ followers. It shares updates on NIC-related initiatives and several briefings conducted among stakeholders, Regional Research, Development and Innovation Committees, academe, and development partners in implementing the NIASD 2023-2032.

Crafting the Plan to Communicate Innovation

The NICP was completed in December 2023, laying the foundation for all innovation-related communication efforts.

It includes a training toolkit consisting of tools for crafting knowledge management and social media plans, as well as the branding guidelines to mainstream innovation and make it easily accessible for all.

In September 2023, the NIC Secretariat began preparations for the crafting of a communication plan to guide stakeholders in promoting innovation. Instead of following a top-down approach, the NICP was crafted collaboratively with innovation actors across the country.

Co-creation workshops took place in Luzon, Visayas, and Mindanao, engaging NIC member-agencies, other government bodies, and regional development councils. This collaborative effort mirrored the approach used to create the NIASD 2023-2032.

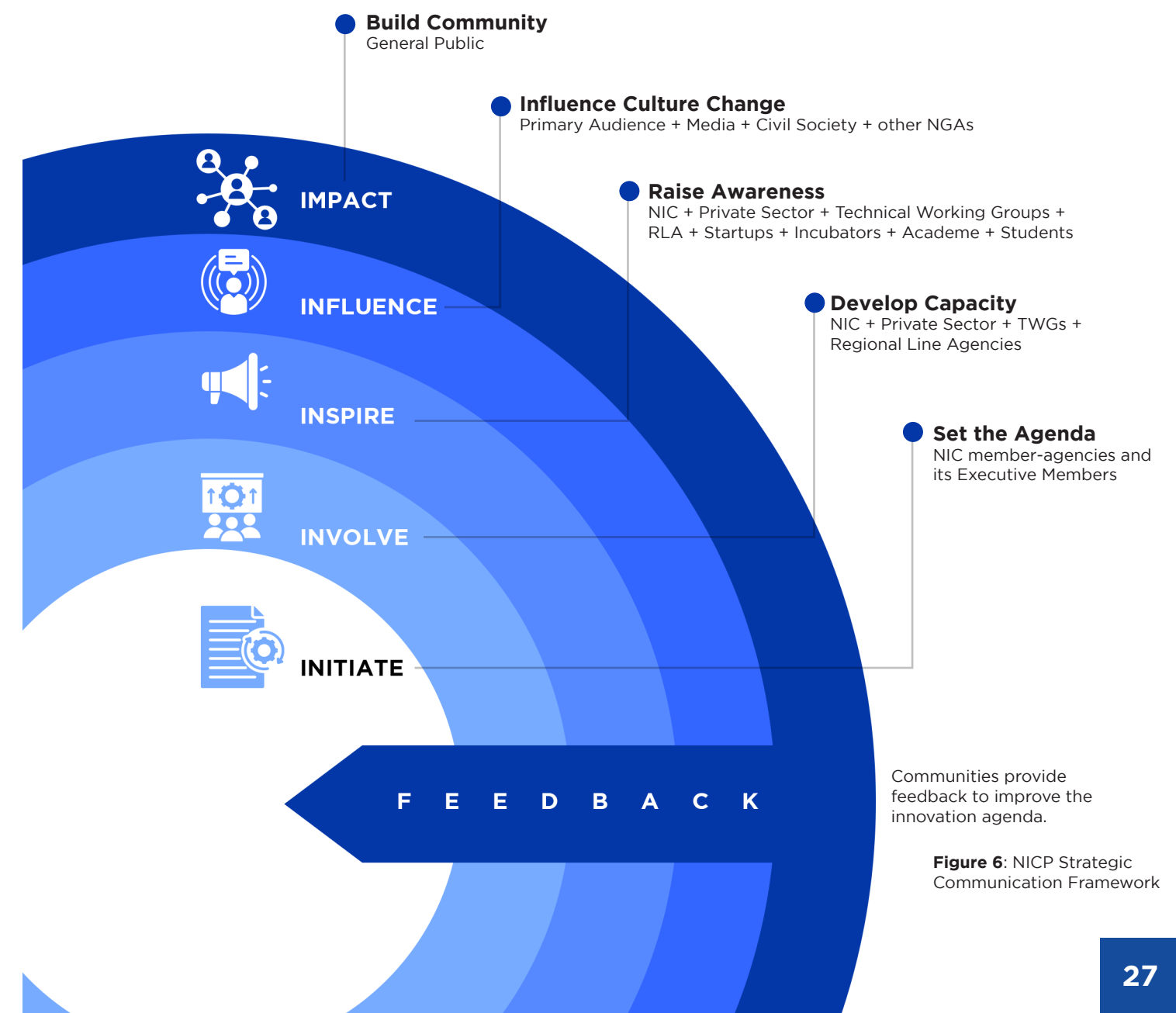


Figure 6: NICP Strategic Communication Framework

The NICP aims to promote a market-driven culture, develop capable innovators, and establish active platforms. It addresses information gaps, funding issues, capacity building, and behaviors limiting innovation. It also highlights how the NIASD 2023-2032 aligns with the PDP 2023-2028.

The NICP’s main goal is for “Filipinos to embrace *Filipinnovation* and support innovative products and services in their everyday lives”.

The NICP strategic communication framework outlines five strategies represented as concentric circles. When these strategies are implemented, they generate a ripple effect, influencing the general public.

- The first strategy is to **INITIATE** or set the agenda with NIC member-agencies and its executive members.
- The second strategy is to **INVOLVE** or build the capacity of the NIC, private sector, technical working groups (TWGs), and regional line agencies (RLAs) to develop and share compelling content that promotes innovation.
- The third strategy is to **INSPIRE** or raise awareness of initiatives and policies among NIC members, the private sector, TWGs, RLAs, startups, incubators, academia, and students.
- The fourth strategy is to **INFLUENCE** cultural change, promoting innovation mainstreaming with stakeholders through media, civil society, and other national government agencies (NGAs).
- Finally, the fifth strategy is to make **IMPACT** by building communities and engaging the public.

HABI - Weaving the Future with Innovation

Section 27. *The Philippine Innovation Act declares April 21 of every year as a special working public holiday throughout the country, to be known as the “National Innovation Day”, to promote public awareness and national support for innovation and highlight milestones of government and private sector initiatives.*

A historic first, the 2023 NID was celebrated in person on 28 April 2023 at the Reception Hall, Philippine International Convention Center, Pasay City.

It provided a platform for various innovation actors and stakeholders, including the youth, academe, industries, entrepreneurs, investors, and government agencies, to connect and collaborate—an important first step to promoting the culture of *Filipinnovation* and eventually establishing a dynamic innovation ecosystem in the country.

NID 2023 had a clear mission: to encourage the values of empathy and creativity in their thought processes, thus the theme ‘*HABI*: Huddle. Analyze. Build. Innovate.’ It utilized design-thinking, futures-thinking, and gamification to tackle pressing problems in innovation priority areas. The activities were also designed to foster collaboration among players in the innovation ecosystem and the first batch of grantees supported by the Innovation Fund. A segment allowed grantees and participants to interact, exchange ideas, and explore potential collaborations.

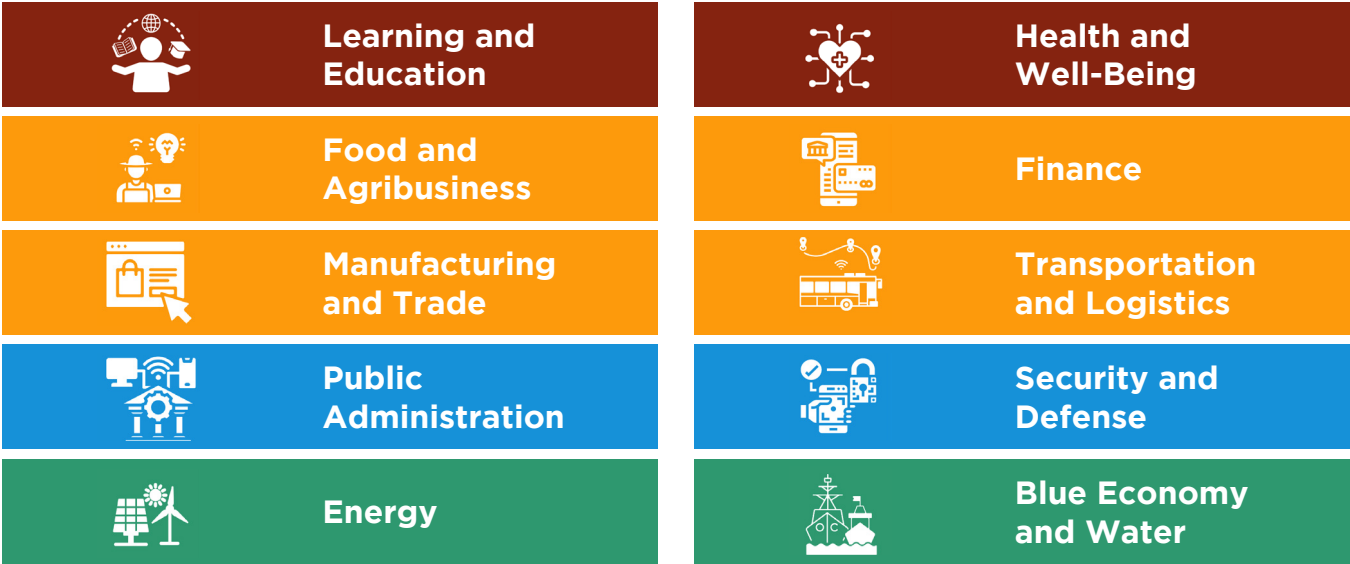


Figure 7: The Ten (10) Innovation Priority Areas



Showcasing HABI, or Huddle, Analyze, Build, Innovate letters during the 2023 National Innovation Day

The celebration was actualized into two segments: (1) a design-thinking workshop in the morning, and (2) a plenary program in the afternoon.

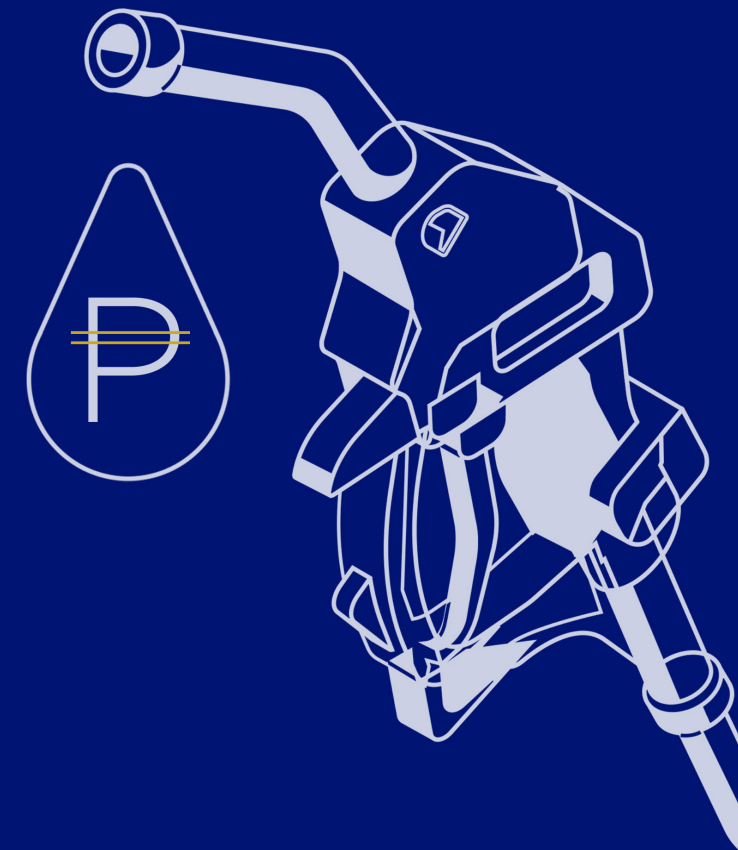
The Design-Thinking Workshop aimed to engage and motivate 120 students from 41 schools to actively participate to contribute to solving the country’s challenges. Unlike typical information sessions and presentations, the workshop was designed to inspire innovative thinking and collective problem-solving to achieve the *Ambisyon Natin* 2040 vision of a ‘*matatag, maginhawa, at panatag na buhay*’ (strongly-rooted, comfortable, and secure life) for every Filipino.



In the afternoon main program, the NIC presented its progress and initiatives. Messages of support and inspiration from different development partners and innovators resonated throughout the event.



Chapter 5: Fueling Innovation through the Innovation Fund



Over 400 stakeholders participated in the NID celebration, including 41 schools, 20 innovation fund grantees as exhibitors, 12 mentors, and representatives from 16 NIC member-agencies and international partners. Meanwhile, the *Filipinnovation* live stream garnered 16,583 viewers and 5,470 more through cross-postings, with five news outlets covering the event. Social media engagement received 587 reactions, 128 shares, and 324 comments from its viewers, mainly from the NCR.

NID 2023 served as a reminder that by huddling together, analyzing challenges, building solutions, and innovating collectively, the Philippines can forge a brighter and more innovative future for every Filipino.

The PIA not only outlines a plan for innovation but also allocates funds to make it happen. The law includes sections dedicated to funding innovative strategies, especially directed to improve the lives of vulnerable members of society.

The next chapter will discuss the progress and initiatives aimed at establishing mechanisms to institutionalize innovation funding, as well as provide updates on innovation grants.

Establishing the Innovation Fund

Section 21 establishes a fund to strengthen entrepreneurship and enterprises engaged in developing innovative solutions benefiting the poorest of the poor. This fund, from which grants will be issued, shall be administered by the NIC which shall screen and approve qualified proposals.

To operationalize the fund, the FY 2021 General Appropriations Act (GAA) authorized the appropriation of PHP 200 million. Subsequently, an additional PHP 100 million was allocated under the FY 2023 GAA. These budget allocations are the lifeblood of the Innovation Grants, driving innovation projects forward.



The 2022 Innovation Grants



Establishment and Operationalization of Ilocos Norte MSME Incubation Center (IN-MIC)

Provincial Government of Ilocos Norte

Funded Amount: PHP 4,277,500.00



Industrial Designing and Finalization of Production Drawings for the Commercialization of BUHAWI

DOST Metals Industry Research and Development Center

Funded Amount: PHP 1,375,936.00



Project SciNing - Cultivating Ingenuity, Creativity and Awareness through Experiential Learning, Innovations and Promotions

DOST Technology Application and Promotion Institute

Funded Amount: PHP 3,800,000.00



Establishment of PCHRD Health Research and Technology Innovation Hubs (HeaRTNovation Hubs): Expanding the TEKI in Health Program among Health Institutions

DOST Philippine Council for Health Research and Development

Funded Amount: PHP 2,621,828.00



Naga City Startup Ecosystem Development Program

City Government of Naga

Funded Amount: PHP 7,449,600.00



Water Collection System with Treatment Facility at Brgy. Yabawon and Tan-Ag

Municipality of Banton, Romblon

Funded Amount: PHP 5,500,000.00



For the 2022 Innovation Grants, the Secretariat conducted monitoring and site visits to assess implementation of the projects.



Implementation of Innovation, Science and Technology for Accelerating Regional Technology-based Development (iSTART) Program with Indoor Farming Technology

DOST Regional Office VIII

Funded Amount: PHP 3,036,610.00



Information System on Transport Operation in Puerto Princesa (ISTOPP)

City Government of Puerto Princesa

Funded Amount: PHP 7,500,000.00



Farmers Information and Technology Service (FITS) Center Innovation Program

Provincial Government of Camiguin

Funded Amount: PHP 7,500,000.00



Enhancing the Capacity of the Renewable and Sustainable Energy Technologies (ReSET) Center using Local Innovation for Smarter and More Resilient Community-based Renewable Energy Microgrids

DOST Regional Office XI

Funded Amount: PHP 6,761,115.00



Grassroots Innovation for Inclusive Development (GRIND): Bringing Science and Technology (S&T) closer to the Margins

DOST Regional Office XI

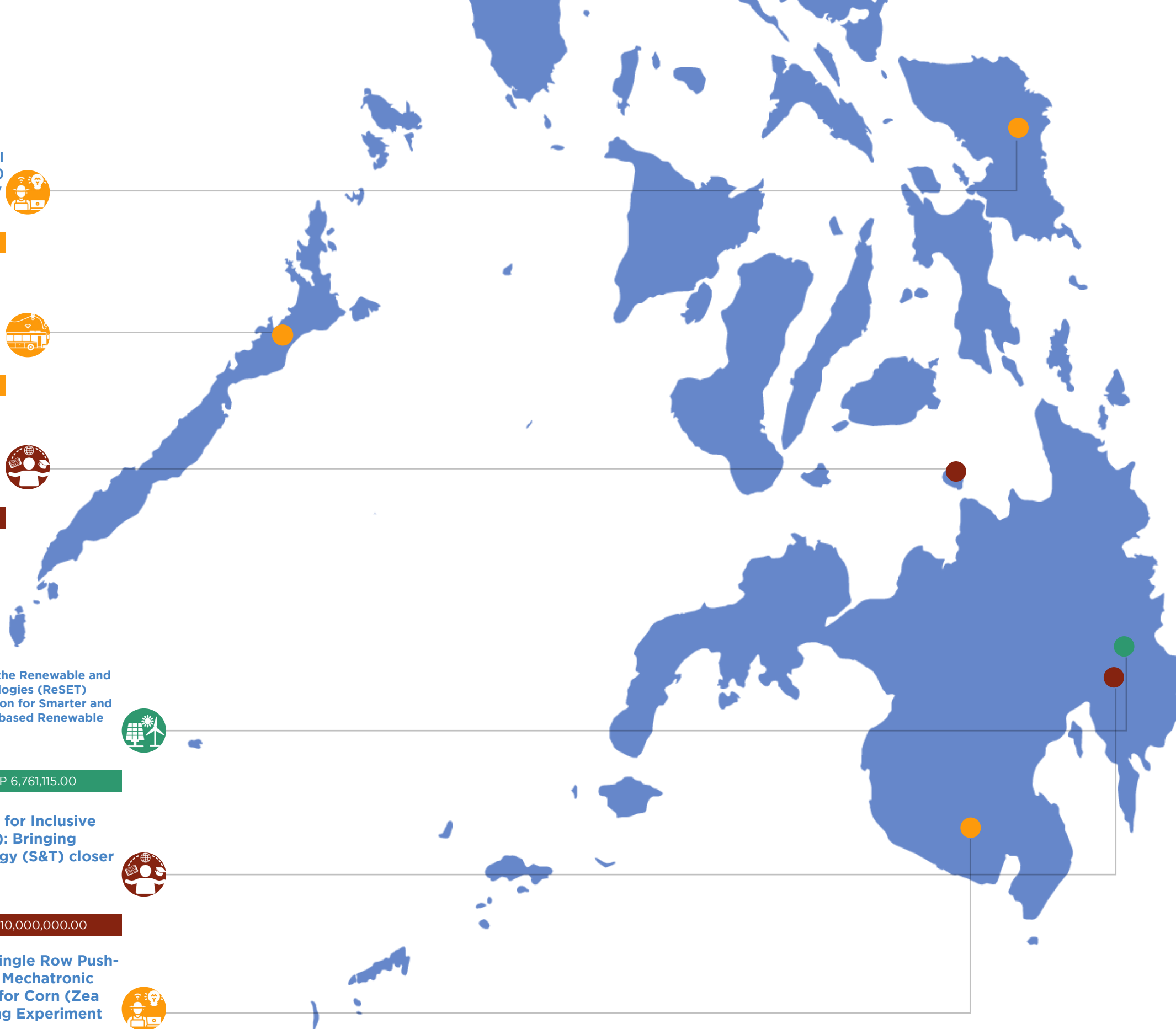
Funded Amount: PHP 10,000,000.00



Improvement of the Single Row Push-type Plot Seeder with Mechatronic Seed Feeding Device for Corn (Zea Mays L.) Field Breeding Experiment

South Cotabato State College

Funded Amount: PHP 281,650.00



Out of the 13 projects implemented, eight achieved a budget utilization rate exceeding 90%, and almost all projects successfully met their intended targets.

To verify performance and ensure project compliance, the NIC Secretariat conducted monitoring visits across all implementing entities and project sites from December 2022 to April 2023.

Improving Operational Efficiency

For the 2023 cycle of the Innovation Grants, the NIC Secretariat automated the Innovation Grants application process by developing a web-based platform named Electronic Innovation Grants Information System or EIGIS. This platform streamlined application processes, such as proponent registration, proposal submission, technical evaluation, and user communication, thus, significantly improving and enhancing operational efficiency.



Figure 8: The EIGIS Website

Access the website here: <https://eigis-innovation.neda.gov.ph>



EIGIS WEBSITE
SCAN THE QR CODE

The 2023 Innovation Grants

On 10 May 2023, the NEDA-DBM Joint Memorandum Circular No. 2023-01 was signed, outlining the guidelines for utilizing the PHP 100 million allocation under the FY 2023 GAA. Following this approval, the NIC Secretariat accepted project proposals from 11 May until 13 June 2023.

A total of 287 project proposals were received from NGAs, LGUs, state universities and colleges, and government-owned and -controlled corporations.



On 11 August 2023, the NIC-ETB approved funding for 25 innovation projects amounting to PHP 100 million. The approved projects cover a wide range of fields—from agri-tech solutions and AR/VR education platforms to smart data-driven policies, disaster preparedness, and cultural heritage preservation. The implementation for these projects have commenced in the 4th quarter of 2023 and will continue until the 3rd or 4th quarter of 2024.

The 2023 Innovation Grants

Ilocos Region Handloomweaving Collective Mark Development Program Project
DTI Regional Office I

Funded Amount: PHP 1,004,080.00

Artificial Intelligence for Impact-Based Forecasting and Early Warning System for Inclusive Finance and Strengthening of Local Economic Development in Rice-Based Farming Communities
Philippine Rice Research Institute

Funded Amount: PHP 5,000,000.00

Citizen-Centric Traffic and Infrastructure Monitoring System for Long-Term, Sustainable Urban Mobility and City Planning in Pasig City
City Government of Pasig

Funded Amount: PHP 4,620,000.00

Strengthening Institutional Capacities of Potential UNESCO Creative Cities in the Philippines through the Innovation and Creative Entrepreneurship Program
DTI Central Office

Funded Amount: PHP 5,000,000.00

Immersive Technology Application in Healthcare/ IP Protection & Enabling Uptake of Immersive Gamification Tech System for the Management of Patients with Alzheimer's Disease
University of the Philippines Manila

Funded Amount: PHP 4,995,548.00

Implementation of Immersive Gamification Technology System for Rehabilitation Management of Pediatric Patients with Cerebral Palsy and with Mobility Limitations for Healthcare Practitioners and Institutional Rehabilitation Centers
University of the Philippines Manila

Funded Amount: PHP 4,945,548.00

Philippine General Hospital Filipino Anaplastology and Reconstructive Manufacturing Center
University of the Philippines Manila-Philippine General Hospital

Funded Amount: PHP 5,000,000.00

Innovation Camp for Grade 5 Students of Cordillera Administrative Region
Philippine Science High School - CAR Campus

Funded Amount: PHP 558,180.00

Exploring Metaverse: Creating Preferred Futures for Heritage Conservation
Ifugao State University

Funded Amount: PHP 1,927,996.00

Development of the Minimum Viable Product of the Data Observatory Philippines
Development Academy of the Philippines

Funded Amount: PHP 4,500,000.00

Pilot Production, Packaging Innovation and Safety Validation of Food Innovation Center-Developed Disaster Foods in Region I
Pangasinan State University

Funded Amount: PHP 4,441,636.00

Pre-Commercialization of FPRDI-developed Non-Hold-On Type Decorticating Machine for Abaca
DOST Forest Products Research and Development Institute

Funded Amount: PHP 3,050,896.00

Enhancement and Deployment of Smarter Pest Identification Technology (SPIDTECH) Mobile Application
University of the Philippines Los Baños

Funded Amount: PHP 3,814,979.80

BARACO - Batangas Animal Movement Reporting Approach to Control Diseases
Provincial Government of Batangas

Funded Amount: PHP 4,992,980.00

Alternative Onion Storage System using Controlled Temperature and Automatic Air Flow Mechanism
Occidental Mindoro State College

Funded Amount: PHP 1,961,322.02

Establishment of a Bamboo Processing School Factory for Manufacturing Engineered-Bamboo and Steel Student Desks and Chairs

Romblon State University

Funded Amount: PHP 5,000,000.00



DAGAT: Driving Advancement, Generating Access, and Transforming Small Island Communities

DOST Regional Office VI

Funded Amount: PHP 4,999,624.00



Project GeoMap: Geospatial Mapping and Information System for Precise Farming and Smart Agriculture

Samar State University

Funded Amount: PHP 2,390,000.00



TABU: A Mobile Application as an E-Commerce Tool for the Agriculture Industry in Eastern Visayas

Eastern Visayas State University

Funded Amount: PHP 3,585,902.68



FireCheck 2.0

University of the Philippines Cebu

Funded Amount: PHP 4,995,100.00



From Farm to Market: Co-creating the Cinnamon Industry in Cebu, Philippines

Cebu Normal University

Funded Amount: PHP 4,990,000.00



Establishment of Fabrication Laboratory for Hull Research

University of Science and Technology of Southern Philippines - Cagayan de Oro Campus

Funded Amount: PHP 4,482,095.00



Prototyping and Pilot Testing of Seaweed Harvester

Jose Rizal Memorial State University

Funded Amount: PHP 3,783,900.00



Establishment of Instrumentation System Modeling, Assembly and Response Testing (iSMART) Laboratory

University of Southern Mindanao

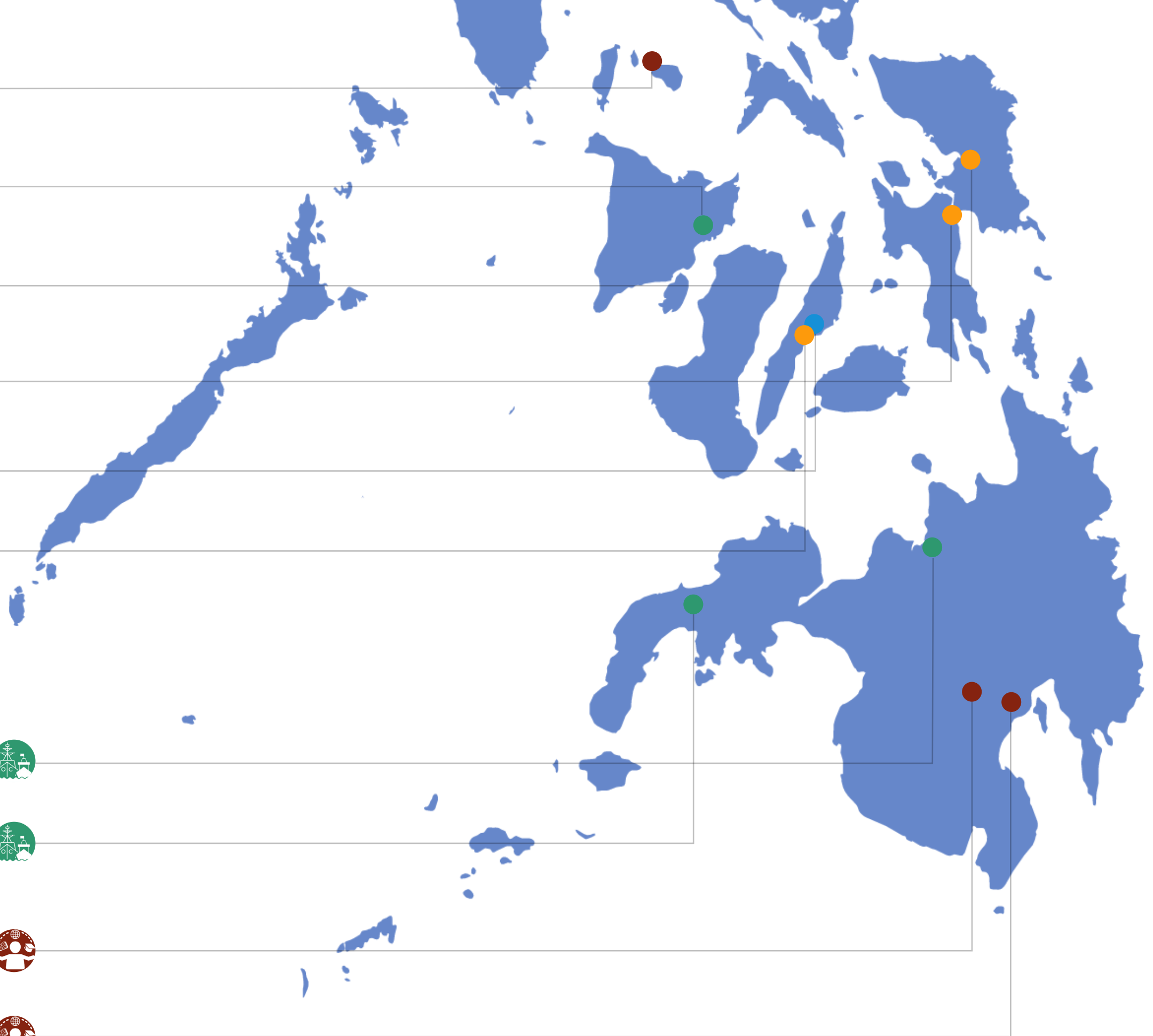
Funded Amount: PHP 4,998,860.00



GTA Lab: A Gamified Taxonomy Laboratory Mobile Application

University of the Philippines Mindanao

Funded Amount: PHP 4,961,352.50



The Establishment of a Bank Account for the Innovation Fund – Revolving Fund

One of the operational requirements for the establishment of the Innovation Fund – Revolving Fund is the creation of an off-budget current account to serve as a repository of the following funds:

- Appropriations for the Innovation Fund in the GAA;
- Revenue collection from programs, activities, and projects funded by grants, loans, and/or other financing instruments under the Innovation Fund;
- Funds sourced from bilateral, multilateral, and/or public-private partnerships; and
- Collections made by the Bangko Sentral ng Pilipinas (BSP) in relation to penalties imposed on banking institutions for non-compliance and under-compliance with the credit quota for innovation development.

On 11 August 2023, the NIC-ETB approved the resolution endorsing to the NIC the proposal to open a Revolving Fund-Innovation Fund bank account under NEDA. On 12 October 2023, the NIC approved via ad referendum the resolution on the Establishment of a Bank Account for the Innovation Fund - Revolving Fund. Following the approved resolution, the NIC Secretariat successfully opened the bank account for the revolving fund at the Land Bank of the Philippines-EDSA Greenhills Branch, in December 2023.

To operationalize the revolving fund, the NIC Secretariat conducted a series of consultations to solicit inputs for the crafting of the guidelines during the 4th quarter of 2023. These guidelines will encompass crucial details regarding programming, disbursement, and access to the Innovation Fund.

Scaling Up Innovation through Credit and Financing Program

Section 22. *An innovation development credit and financing program shall be developed to generate and scale up innovation in accordance with the NIASD. This shall consist of loans and other financing activities for purposes of including the development of new technologies, product innovation, process innovation, organizational innovation, and marketing innovation.*

As collateral for loans and financing, former DOST Secretary Fortunato T. de la Peña recommended the use of intellectual property (IP). This recommendation is based on the assessment that intangible assets, particularly IP, can serve as an alternative source of credit that would help MSMEs gain access to external sources of financing.

To look into the feasibility of the said recommendation, the NIC Secretariat conducted a study to explore IP-backed financing in the Philippines. The study aims to examine the concept of IP-backed financing, assess its feasibility in the country, and develop policy recommendations to address challenges and explore opportunities for adopting IP-backed financing for MSMEs in the Philippines. The study is expected to be completed within 2024.

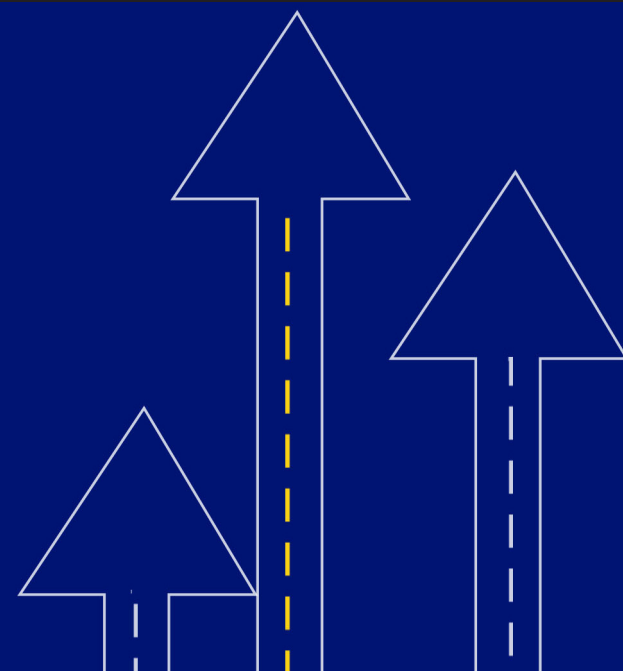
Credit Allocation for Innovation Development

Section 23 *mandates all banking institutions, whether government or private, shall set aside at least four percent (4%) of their total loanable funds for innovation development credit. Penalties for noncompliance/under-compliance shall be computed at one-half of one percent (0.5%) of the amount of noncompliance/under-compliance and shall be directed towards innovation development. Alternative modes of compliance to the credit quota allocation are based on the varying scale and maturity of operation of the banks in the country. Ninety percent (90%) of the penalties collected shall go to the Innovation Fund, and the remaining ten percent (10%) shall be retained by the BSP to cover administrative expenses.*

A draft circular on Mandatory Credit Allocation for Innovation Development has already been published by the BSP in March 2022. The BSP is in the process of revising the draft circular to incorporate the comments and inputs received from the NIC Secretariat, other relevant offices, and the public, specifically on the alternative modes of compliance.



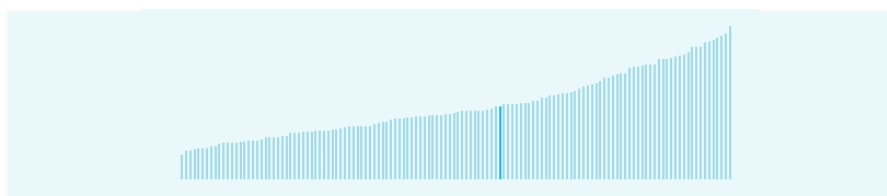
Chapter 6: Navigating Ways Forward



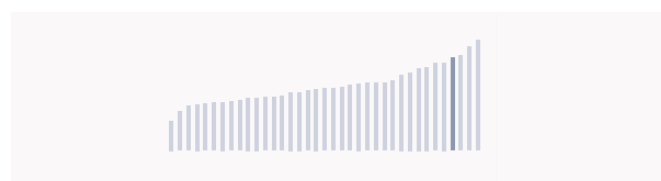
In the fast lane of innovation, tracking progress and ensuring accountability serve as the signposts leading to success. Without monitoring and evaluation systems, there is no signal to determine whether policies are on track to meet their goals or if detours are necessary.

This chapter outlines the NIC Secretariat's assessment of the Philippines' 2023 GII ranking and highlights efforts to streamline monitoring and evaluation, which are part of Sections 8i, 8g, and 24 of the PIA. Additionally, it will detail the steps forward to prevent innovation gridlock, which must be navigated carefully.

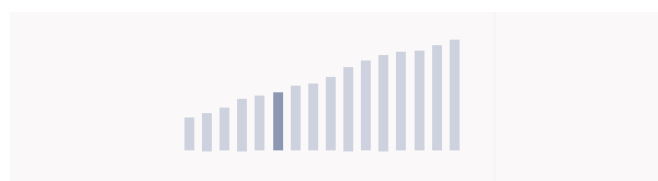
Philippines Surges Upward in Global Innovation Index 2023



Philippines ranks **56th** among the 132 economies featured in the GII 2023



Philippines ranks **4th** among the 37 lower-middle-income group economies



Philippines ranks **11th** among the 16 economies in South East Asia, East Asia, and Oceania

Figure 9: Snippets from Philippines ranking in the Global Innovation Index 2023

The Philippines ranked 56th among the 132 economies included in the 2023 GII. This rank is three notches higher than the previous year's ranking and higher than the PDP target of 57th for 2023. As outlined in the PDP, the end-of-plan goal is to position the country at the top one-third economies (43rd) in the GII rankings by 2028.

In comparison with economies with the same income levels, the Philippines ranks 4th among the 37 lower-middle-income group, which is one notch higher than last year.

This year, the Philippines ranked 69th in innovation inputs (76th in 2022) and 52nd in innovation outputs (51st in 2022), with the country maintaining its statistical confidence interval and GII 2023 position between ranks 51 and 59.

Deep Diving to GII: The National Innovation Monitoring and Evaluation Matrix (NIMEX)

The NIMEX is part of the NIC's effort to track progress, monitor accomplishments, and exact accountability from all concerned agencies and stakeholders, in the realization of the NIASD's desired results.

While the GII measures and tracks the country's overall performance in promoting and realizing its innovation aspirations, the NIMEX operationalizes, at greater granular level, the results, interventions, and commitments that government agencies are accountable for and who in turn will be able to use M&E information for continuous improvement and learning.

The NIMEX serves as the guide for concerned government agencies to set targets and report performance. It outlines the hierarchy of results and objectives, as defined by and anchored in the NIASD 2023-2032. Additionally, it specifies the measures by which performance will be assessed and provides operational definitions for these performance indicators.

Plans were outlined by the NIC Secretariat for a technical workshop with the ETB to enhance the draft framework and metadata. The draft framework and metadata for NIMEX were presented during the NIC-ETB meeting. The target completion date is set for the fourth quarter of 2024.

Ways Forward to Prevent Innovation Gridlock

The journey toward a vibrant innovation ecosystem, much like a winding road, has encountered both smooth asphalt and rough terrain. While significant progress has been made, and new ideas continue to propel us forward, the road ahead remains long, with several roadblocks and gridlocks that slow down the pursuit toward a smart and innovative Philippines.

In the coming years, the NIC Secretariat will collaborate closely with NIC member-agencies to update and execute key activities in support of informed policy-making of the Council:

✓ Develop a protocol for regulatory sandboxes

The study aims to examine legal and regulatory frameworks, market conditions, and resource capacities of regulators for the establishment of regulatory sandboxes in selected innovation priority areas, such as:

- Agritech (i.e. fertigation or water-soluble fertilizers)
- Cleantech (i.e. solar-powered microgrids)
- Healthtech (i.e. telemedicine)

✓ **Streamline business renewal processes and ease the exit process for startups**

The following activities will be conducted:

- Monitoring of the implementation of the Joint Memorandum Circular and Ease of Doing Business and Efficient Government Service Delivery Act of 2018 (RA 11032);
- Exploring the possibility of adjusting the deadline of payment of fees and taxes; and
- Sandboxing permit processes on business renewal and exit with willing Local Government Units.

✓ **Implement a massive program for Masters and PhD scholarship to create a pool of scientists and experts**

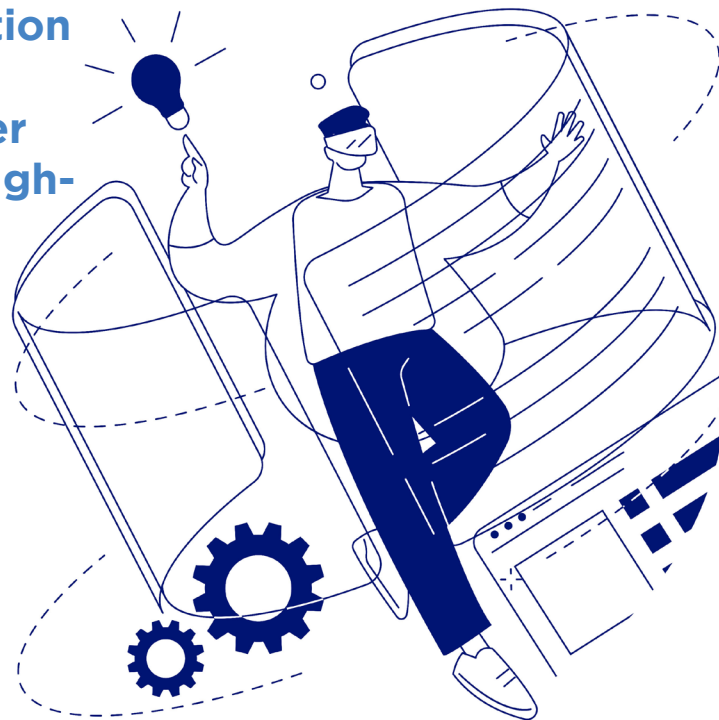
The Philippine Advanced Technology and Innovation Workforce project aims to address key challenges in human capital development such as inadequate human capital for science, technology, and innovation (STI).

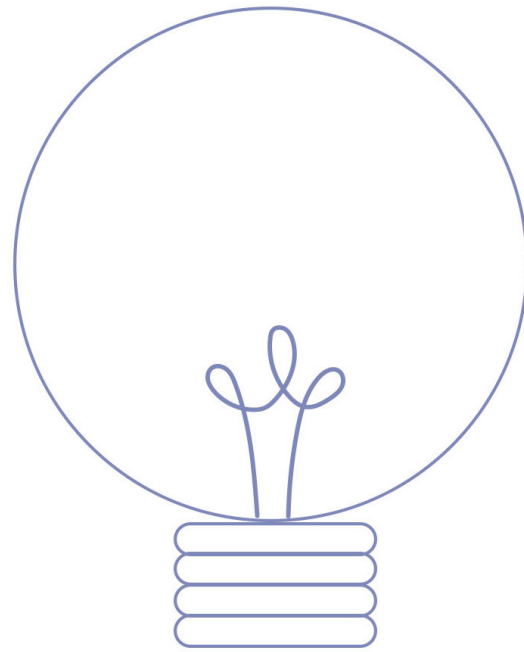
✓ **Propose reforms and strategies to retain talents for STI, including review of salaries and other remuneration**

A review will be conducted on the ongoing programs for hiring of returning scholars, strategies for talent retention, and the creation of *plantilla* positions with recommended salary levels for highly technical experts.

✓ **Prioritize Government Digitization and Digitalization and upgrade it from Tier 2 to Tier 1 procurement under essential operations and high-priority programs**

The NIC-ETB meeting proposed to prioritize government digitization and digitalization. This will require upgrading the government digitization and digitalization procurement from Tier 2 to Tier 1 under essential operations and high-priority programs.





The open road of progress stretches ahead, with every community and individual holding the steering wheel to drive economic growth through innovation.

We invite you to join us in reshaping the future and advancing

FILPINNOVATION



PHILIPPINE INNOVATION ACT PROGRESS REPORT 2023

National Economic and Development Authority

32nd and 34th Floors, The Mega Tower
EDSA Cor. Julia Vargas Avenue
Ortigas Center, Mandaluyong City, Metro Manila
Tel: 8-631-0960 local 21611 | Email: nicsecretariat@neda.gov.ph



NICFilipinnovation



neda.gov.ph



NEDAHQ