

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5326



Introduced by **Hon. ANGELO B. PALMONES**

AN ACT
TO INCREASE THE YEARLY ALLOCATION FOR RESEARCH AND
DEVELOPMENT AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Developed nations have long ago realized that economic development can be faster realized with the application of science and technology. Technological changes can be achieved with systematic and deliberate investments in research and development (R & D) over time and putting in place appropriate policies and programs.

Many contend that the Philippines has been surpassed by its neighbors economically because it has not been investing in research and development. The United Nations Educational, Scientific and Cultural Organization (UNESCO) recommends that for a developing nations at least 1% of its gross domestic product (GDP) should be invested in R & D. Data indicate that among the ASEAN nations the Philippines is second to the last in investments in R & D, investing on 0.14 of the GDP in 2003, higher only than Indonesia which invested only 0.05% of its GDP. Even Vietnam invested 0.19% while Singapore has the highest investment, 2.15% of its GDP.

One impact of under-spending in research and development is the low number of scientists and science workers. The UNESCO also recommended that there should be at least 308 scientists and engineers working in the science sector for every 1 M population. The Philippines has only about 165 scientists and engineers for every 1 M population. The government cannot afford to support/maintain high level of scholarships to train science workers in various fields of endeavor.

The other impact of low investment in the R & D is the inability of the research institutions to acquire state-of-art research facilities and equipment as well as research materials. As an outcome of this is the low level of job openings for graduates in scientific fields as well as engineering. These potential science workers and future scientist opt to work in other non-science fields or opt to work abroad.

The overall impact of under-investments in research and development is the low output in technologies in terms of number and quality. This is borne by the fact that there is a very low number of patent applications for locally generated technologies and inventions. Thus appropriate technologies are not fed into the production sector to make it more productive and efficient making our products less competitive locally and abroad. Many of the new technologies that find their way in the industries are borrowed technologies or those that are brought in by multi-national corporations.

The Philippines also needs to develop a national research program aligned with the development priorities of the country. This way the research agenda are focused and avoid financial wastes that can be brought about by stray research activities that are not synchronized with the development priorities of the country. In addition the country needs to foster the environment that encourages the private sector to work with the public sector in the generation of technologies needed by our production systems.

It is for these reasons that there is a need to increase investments in R & D even only to the level of 1% of the GDP as recommended by the UNESCO. For the Philippines to be able to catch up with its out neighbors this Act urgently needs approval.



HON. ANGELO B. PALMONES
Representative, AGHAM Party List

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Be it enacted by the Senate and the House of Representatives of the Philippines in Congress Assembled:

SECTION 1. Title. This Act shall be known as the **Research and Development Funding Act of 2011.**

SECTION 2. Policy Statement. It is the expressed policy of the State as embodied in the 1987 Constitution to give priority to science and technology to accelerate social and economic development. To pursue this policy the State shall allocate at least 1% of the Gross Domestic Product (GDP) for research, development and extension activities.

SECTION 3. Definition of Terms. For the purpose of this Act, the following terms shall have these definitions:

- (a) Research and development – shall mean any systematic and creative work undertaken in order to increase the stock of knowledge and use of this knowledge to devise new applications. It includes extension or technology transfer activities.
- (b) Scientific and technological services – shall mean any activity concerned with scientific and experimental development and contributing to the

generation, dissemination and application of scientific and technical knowledge.

- (c) Scientific and technical education and training – shall refer to activities comprising higher education and training leading to a university degree, post graduate and further training or organized lifelong training for scientist and engineers and specialized non-university education.
- (d) Other scientific purposes – shall include acquisition of research equipment, construction of laboratory facilities, materials for research and other such tools or paraphernalia needed in the conduct of research and development and technology transfer.

SECTION 4. Phased Implementation of the Budget Increase for Research and Development and for other Scientific Purposes – The budget allocation for research and development, scientific and technological services, scientific and technical education and for other scientific purposes shall be gradually increased on a yearly basis until the amount of 1% of the GDP is reached within a period of 15 years. Starting on the year immediately following the approval of this Act the budget for research and development and for other scientific purposes of the Department of Science and Technology (DOST) shall be increased by one-fifteenth ($1/15$) of one percent (1%) of the GDP of the previous year. Such increase will continue until the 1% of the GDP is allocated for research and development and for science and technology and for other purposes.

Should the GDP decline, the computation of the increase in the budget of DOST of $1/15^{\text{th}}$ of the GDP shall be based on the GDP of the previous year or year prior to the decline.

Research and development institutes and agencies outside of DOST shall continue to receive their own R & D funds in addition to the increase defined in Section 4.

SECTION 5. Application of the research and development funds. The research and development funds shall be administered and managed by the DOST through its research councils system which shall be responsible for allocating the R & D funds to government R & D institutions including state universities and colleges. The DOST central office shall retain 20% of the R & D funds for the funding of basic research.

SECTION 6. Research and development program. The DOST through its research councils in consultation with the National Research and Development Coordinating Council (NRDCC) shall develop a 6-year national R & D program for implementation which shall need the approval of Congress. The R & D program shall be designed to provide solutions that constrain the country from becoming competitive in foreign and local markets and those that constrain the country in solving self-sufficiency in food and other basic needs. Only research and development activities that implement the 6-year

national R & D program shall receive government funds. Succeeding six-year R & D program shall be prepared for Congressional approval upon the termination of the previous program.

SECTION 7. Sources of R & D funds. Budget increases for R & D shall come from all unused R & D allocations, all incomes derived from R & D activities and the balance to come from the income of the Philippine Gaming and Amusement Corporation (PAGCOR).

SECTION 8. Annual Compliance Report. The Department of Budget and Management (DBM) shall provide Congress with an Annual Compliance report with Section 4 of this Act before any proposed annual general appropriations bill of the following year shall accepted by both chambers for consideration and approval.

SECTION 9. Implementing rules and regulations – The DOST in consultation with other departments with R & D activities, shall issue within 90 days from the date of approval of this Act, the implementing rules and regulations for this Act.

SECTION 10. Separability clause - Any portion or provision of this Act which may be declared unconstitutional or invalid shall not have the effect of nullifying other portions or provisions hereof.

SECTION 11. Repealing Clause. - All other laws, ordinances, rules, regulations, and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

SECTION 12. Effectivity Clause - This Act shall take effect immediately after its publication in two (2) Newspapers of general circulation.

Approved.