

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1676



Introduced by

HON. GUSTAVO S. TAMBUNTING

EXPLANATORY NOTE

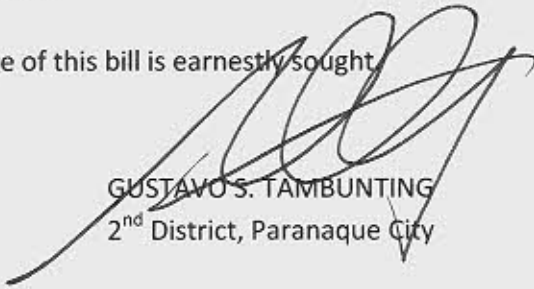
Section 20 of Article II of the 1987 Constitution declares that the State shall prioritize science and technology, recognize the indispensable role of the private sector and encourage private enterprise through providing incentives. Section 24 of Article II also declares that the State shall recognize the vital role of communication and information in nation-building, and Section 12 of Article XIV provides that the State shall promote the adaptation of technology from all sources for the national benefit.

Presently, we are living in internet-age with gadget-driven people. With this worldwide trend, we need to cope with this fast-pace change to keep up with the demands of the international situation. Thus, there is a need to support and develop the information technology sector beginning with small start-up companies that are expected to grow and expand quickly notwithstanding a minimal capital. In doing so, our country will be able to take on business prospects of the global market including employment opportunities catered via the internet.

Unfortunately, reports have shown that we are lagging behind the rest of the world. The Global Information Technology Report 2013, "analyzes the impact and influence of information communication technology on economic growth and jobs in a hyper connected world." The Networked Readiness Index, on the other hand, measures the preparedness of the economy to use ICT to boost competitiveness and well-being. Based on The Networked Readiness Index 2013 from the Global Information Technology Report 2013, the Philippines ranked at 86th out of 142 countries. Neither was there improvement as our country has remained stagnant in such position for 2012 and 2013. With a score of 3.73 in comparison with 5.98 garnered by Finland as the leading country in the report, it is apparent how far our country still needs to catch up.

Accordingly, we are lagging considering that our country has failed to create a sufficiently conducive environment for innovation and competitiveness as provided in the report. Thus, to respond to this failure, this bill is filed to foster the promising industry of information technology in our country through the development of information technology in start-up companies. In order to materialize this goal, the bill provides for the establishment of an IT venture capital fund. Parenthetically, we will be empowering the poor by affording them access to IT services, and boost the competitiveness of Filipinos through development of human resources as well as our own IT sector through promotion of research and development. In the end, our country will be properly and readily prepared in the demands of the world.

Thus, the passage of this bill is earnestly sought.



GUSTAVO S. TAMBUNTING
2nd District, Paranaque City

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HON. GUSTAVO S. TAMBUNTING

AN ACT TO ACCELERATE THE DEVELOPMENT OF INFORMATION TECHNOLOGY START-UP COMPANIES BY PROVIDING AN IT VENTURE CAPITAL FUND.

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

SECTION 1. *Short Title.* – This Act shall be known as the “**IT Venture Capital Fund of 2013.**”

SECTION 2. *Declaration of Policy.* – Recognizing the indispensable role of the IT sector in driving modern business and enterprise as well as the national economy, it shall be the policy of the State to accelerate the development of information technology (IT) venture companies consistent with Sections 9, 20 and 24 of Article II and Section 12, Article XIV of the Constitution.

SECTION 3. *Creation of IT Venture Capital Fund.* – The amount of One Billion Pesos (P1,000,000,000.00) is hereby appropriated as IT venture capital fund (ITVCF), to be administered by the Department of Science and Technology (DOST), to cover the initial investment requirement of small technology start-up companies as provided for in this Act. Funding for this Act shall come from the special appropriations by the Department of Budget and Management (DBM) and from the budget surplus which shall be maintained by the DOST.

SECTION 4. *Beneficiaries.* – The following shall be the beneficiaries of this Act: small technology start-up companies engaged in high-value technology e-services and products based on a set criteria to be laid down by the DOST for the purpose, such as, but not limited to:

- a. Web portals
- b. Real time messaging softwares
- c. E-groups
- d. On-line music and video sharing
- e. Web logging or blogging
- f. Animation
- g. Web design
- h. Video games
- i. On-line gaming
- j. Data warehousing

SECTION 5. *Implementing Rules and Regulations.* – The DOST shall formulate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

SECTION 6. *Separability Clause.* - Should any part or provision of this Act be declared unconstitutional or invalid, other parts or provisions hereof not otherwise affected thereby shall remain in full force and effect.

SECTION 7. *Repealing Clause.* All laws, executive orders, rules and regulations or any part thereof inconsistent with the provisions of this Act are deemed repealed or modified accordingly.

SECTION 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in at least one (1) newspaper of general circulation.

Approved,