



Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila



Twentieth Congress  
First Regular Session

HOUSE BILL NO. 2998

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**Introduced by Representative Carlos Andes Loria**

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### **EXPLANATORY NOTE**

This bill seeks to establish micro, small, and medium enterprises (MSMEs) and startup innovation hubs in the Second District of Albay and appropriate funds therefor.

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the Philippine economy, accounting for 99.5% of all registered businesses and over 60% of the national workforce according to the Department of Trade and Industry (DTI). They play a pivotal role in job creation, inclusive growth, and regional development. However, MSMEs across the country—especially those outside major urban centers—continue to face significant structural and operational challenges, including limited access to modern facilities, technology, capital, mentorship, and markets.

The Legazpi City and the municipalities of Daraga, Camalig, Manito and Rapu-Rapu in the Second District of Albay are localities with immense untapped potential in agriculture, food processing, handicrafts, eco-tourism, and emerging digital sectors. Despite this potential, many local enterprises remain constrained by fragmented support systems, a lack of centralized innovation infrastructure, and minimal exposure to national programs that foster entrepreneurship and startup growth. These limitations prevent them from scaling, innovating, or accessing wider markets.

This bill aims to institutionalize support for local entrepreneurs through the establishment of three strategically located innovation hubs in Legazpi City, Daraga, and Camalig. These hubs, like the Philippine Innovation Hub (iHub), will facilitate the convergence of government entities to provide all the necessary assistance to MSMEs and startups and help them overcome obstacles, expand their enterprises and establish connections with investors, consumers and partners.

Legazpi City, the provincial capital, serves as the commercial and administrative heart of the region and offers a resilient, infrastructure-ready environment for innovation. Camalig, a growing agro-industrial town, is home to unique cultural products like *pinangat* and has strong potential for agribusiness and creative industries. Daraga, a strategic logistics corridor connecting southern Albay to Legazpi, is ideal for transport services, warehousing, and tourism-related enterprises. Together, these three localities form a synergistic triangle for integrated MSME and startup development.

The proposed innovation hubs will provide business incubation services, shared production facilities, access to funding and technology, continuous skills training, mentorship, and market development programs. MSMEs and startups will receive the necessary support, benefits and incentives under existing laws, including the Startup Venture Fund and Startup Grant Fund. The hubs will also promote participation in trade fairs, investor pitch events, and export-readiness initiatives.

The active participation of the Office of the Governor of Albay and local governments of Legazpi City and municipalities of Daraga and Camalig in identifying the site location of the hubs, will ensure smooth implementation of the proposed measure. The LGUs are also encouraged to extend financial, operational, logistical and administrative support for its establishment and operation, which may be charged against the twenty percent (20%) national tax allotment of LGUs earmarked for local development projects.

The passage of this bill will address the long-standing gaps in MSME support infrastructure and equip local entrepreneurs with the tools, spaces, and institutional backing they need to grow. By enabling innovation and expanding access to regional and possibly global markets, the proposed measure will foster sustainable livelihoods, strengthen the local economy, and help realize a more inclusive and innovation-driven future for the province of Albay and neighboring provinces.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

  
CARLOS ANDRÉS LORIA



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**AN ACT  
ESTABLISHING MICRO, SMALL, AND MEDIUM ENTERPRISES  
AND STARTUP INNOVATION HUBS IN THE SECOND DISTRICT OF  
ALBAY AND APPROPRIATING FUNDS THEREFOR**

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

SECTION 1. ***Short Title.*** — This Act shall be known as the "*Albay  
Innovation Hubs Act.*"

SEC. 2. ***Declaration of Policy.*** – In cognizance of the role of micro, small and medium enterprises (MSMEs) in promoting national development and economic growth, it is the policy of the State to encourage a culture of innovation and foster an enabling environment to advance the local entrepreneurial ecosystem. Towards this end, the State shall, through a whole-of-government approach, provide an avenue for MSMEs and startups for

enterprise incubation, startup acceleration, digital transformation, and market expansion.

**SEC. 3. *MSMEs and Startup Innovation Hubs.*** – The Department of Trade and Industry (DTI) shall, in coordination with the Office of the Governor of Albay and the concerned local government units (LGUs), establish and operationalize MSME and Startup Innovation Hubs in Legazpi City and the municipalities of Daraga and Camalig.

The hubs, which shall be operated by the National Development Company, must be equipped with all the necessary facilities to implement programs aligned with the existing MSME Development Plan and Philippine Startup Development Program, and consistent with the provisions of Republic Act (RA) No. 11337, otherwise known as the “*Innovative Startup Act*,” and RA 11293, otherwise known as the “*Philippine Innovation Act*,”.

**SEC. 4. *Innovation Hubs Components.*** – Each hub shall include:

- a. Incubation spaces and coworking offices with internet, administrative, and technical assistance support;
- b. Shared service facilities for research and development, production, packaging, and prototyping using the latest technologies;
- c. Training and mentoring rooms with digital learning tools for skills development, capacity building, and legal and business mentoring;

- d. Event venues for startup demonstrations, pitch competitions, trade fairs and market linkages;
- e. Satellite offices of DTI, Department of Information and Communications Technology, Food and Drug Administration, and other concerned agencies, and LGU's business one-stop shop as mandated under RA 9485, otherwise known as the "*Ease of Doing Business and Efficient Government Service Delivery Act of 2018*," as amended by RA 11032; and
- f. MSME and startup help desks for assistance and information.

SEC. 5. ***Priority Sectors.*** – The DTI shall, in coordination with the LGUs, identify the industry sectors in Albay and neighboring provinces in the Bicol Region that are viable, sustainable, profitable and with growth potential. The DTI shall prioritize the identified industry sectors and incorporate the same in the planning and design of the innovation hubs and the delivery of services.

SEC. 6. ***Benefits and Incentives.*** – The benefits and incentives provided under existing laws for MSMEs and startups, including RA 6977, otherwise known as the "*Magna Carta for Micro, Small and Medium Enterprises (MSMEs)*," as amended, RA 11293 and RA 11337, among others, shall be made available to MSMEs and startups, including the Startup Venture Fund and Startup Grant Fund.

SEC. 7. ***LGUs Support.*** – The City of Legazpi and the municipalities of Daraga and Camalig shall, in coordination with the Office of the Governor of Albay, identify the site location, taking into consideration its accessibility and scalability, for the establishment of the MSMEs and startup innovation hubs.

Likewise, the LGUs, including the provincial government, may include in their local development plans the establishment and operation of the innovation hubs, and extend financial, operational, logistical and administrative support for its establishment and operation.

SEC. 8. ***Appropriations.*** – The amount necessary for the establishment of the hubs shall be charged against the current Contingent Fund. Thereafter, such sums as may be necessary for the construction of the hubs and its continued operation, including the granting of funds and loans, shall be appropriated in the annual General Appropriations Act under the budget of the concerned agencies.

The amount necessary for the establishment operation of the hubs may be augmented by the concerned LGUs, which shall be charged against the twenty percent (20%) national tax allotment of LGUs earmarked for local development projects.

SEC. 9. ***Implementing Rules and Regulations.*** — Within sixty (60) days from effectivity of this Act, the Secretary of Trade and Industry, in coordination with the Secretaries of Information and Communications Technology and Science and Technology, General Manager of the National Development

Company, Governor of the Province of Albay and mayors of the concerned LGUs, shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 10. *Separability Clause.* — If any provision or part of this Act is declared unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SEC. 11. *Repealing Clause.* — All laws, executive orders, issuances, rules, and regulations, or parts thereof, inconsistent with the provisions of this Act are repealed or modified accordingly.

SEC. 12. *Effectivity.* — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,