

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. **4369**



Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
AUTHORIZING GOVERNMENT AGENCIES TO UTILIZE A PORTION OF THEIR
SAVINGS FOR INNOVATION AND EFFICIENCY INITIATIVES

EXPLANATORY NOTE

Government agencies are often confronted with persistent problems in service delivery, logistics, citizen engagement, and internal efficiency. Traditional budget structures, however, limit their ability to experiment with new approaches or adopt novel technologies. As a result, opportunities for improvement and cost-saving innovations are frequently missed.

This bill seeks to create a modest but powerful space for innovation within government by authorizing agency heads to use up to one percent (1%) of their total budget savings for innovation and efficiency initiatives. This authority is tightly capped and fully auditable, but it provides agencies with the flexibility to pursue non-traditional solutions.

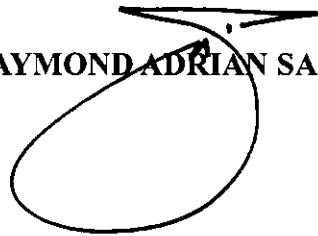
These initiatives may take the form of digital transformation, process modernization, data-driven decision tools, and pilot programs. Importantly, the measure also enables agencies to partner with startups and innovative enterprises, alongside cooperatives, academic institutions, or civil society organizations, to co-develop and deploy solutions to agency-specific problems. By engaging startups, the State taps into the creativity, agility, and technical expertise of the Philippine innovation ecosystem.

The proposed framework balances flexibility with accountability. While procurement restrictions that prevent experimentation are relaxed, transparency and oversight are preserved through mandatory reporting to the Department of Budget and Management (DBM) and the Commission on Audit (COA), and consolidated annual reports to Congress.

By institutionalizing this small innovation space in agency budgets, the bill complements the Philippine Innovation Act (RA 11293) and the Ease of Doing Business and Efficient Government Service Delivery Act (RA 11032). It aligns public administration with

global best practices, where governments deliberately invest in innovative partnerships to improve efficiency and public trust.

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


RAYMOND ADRIAN SALCEDA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. **4369**

Introduced by **Representative RAYMOND ADRIAN SALCEDA**

AN ACT
AUTHORIZING GOVERNMENT AGENCIES TO UTILIZE A PORTION OF THEIR
SAVINGS FOR INNOVATION AND EFFICIENCY INITIATIVES

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 “Government Innovation and Efficiency Act.”

SEC. 2. *Declaration of Policy.* It is the policy of the State to foster innovation and efficiency in the public sector by empowering government agencies to test, adopt, and scale new approaches that improve institutional performance, reduce costs, and enhance public service delivery. This includes harnessing the creativity and solutions of the startup and innovation community.

SEC. 3. *Authority to Use Savings.* The head of any department, bureau, office, or instrumentality of the National Government is hereby authorized to allocate and utilize savings from their respective appropriations, not exceeding one percent (1%) of their total annual budget, exclusively for innovation and efficiency initiatives.

SEC. 4. *Eligible Innovation and Efficiency Initiatives.* Initiatives that may be supported under this Act include, but are not limited to:

- (a) Modernization of systems and processes, including digitalization and automation;
- (b) New service delivery models that reduce transaction costs and improve access for citizens;
- (c) Application of data, science, and technology to enhance planning, monitoring, and evaluation;
- (d) Pilot programs and experimental solutions to persistent agency problems;

(e) Partnerships with startups, innovative enterprises, cooperatives, academic institutions, or civil society organizations to co-develop or implement solutions.

SEC. 5. *Flexibility of Engagement.* Utilization of funds for innovation and efficiency initiatives shall not be restricted by procurement rules requiring public bidding, provided that agencies shall adopt transparent and accountable mechanisms for selection and implementation, subject to the oversight of the Department of Budget and Management (DBM) and the Commission on Audit (COA).

SEC. 6. *Oversight and Reporting.*

(a) Each agency exercising this authority shall submit to the DBM and COA an annual report detailing the problems addressed, initiatives undertaken, partners engaged, and measurable outcomes.

(b) The DBM shall consolidate such reports into an annual “Government Innovation and Efficiency Report” to Congress.

SEC. 7. *Implementing Rules and Regulations.* Within ninety (90) days from the effectivity of this Act, the DBM shall promulgate the necessary rules and regulations for the effective implementation of this Act, ensuring accountability while preserving agency flexibility to pursue innovation.

SEC. 8. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 9. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 10. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,