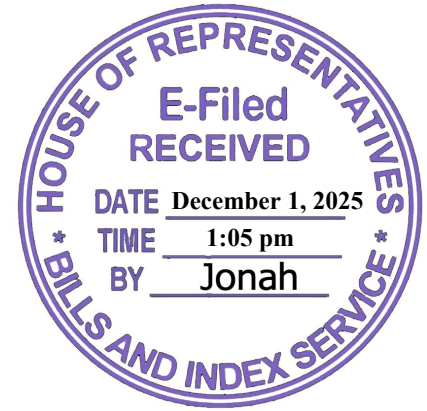


Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 6481



INTRODUCED BY REP. PATRICK MICHAEL “PM” D. VARGAS

AN ACT
AMENDING REPUBLIC ACT NO. 11337, OTHERWISE KNOWN AS THE
"INNOVATIVE STARTUP ACT," BY EXPANDING THE DEFINITION OF
STARTUPS, STRENGTHENING INTER-AGENCY COORDINATION,
ESTABLISHING A STARTUP PROGRAM SECRETARIAT, AND PROVIDING
ADDITIONAL MEASURES TO PROMOTE INNOVATION-DRIVEN
ENTERPRISES

EXPLANATORY NOTE

Republic Act No. 11337, or the “Innovative Start-up Act,” was enacted in 2019 to support the country’s emerging innovation ecosystem. Five years later, however, the rapid expansion of the Philippine start-up landscape has outpaced the law’s current provisions.

The Department of Trade and Industry reports that in 2023, Manila’s start-up ecosystem value has grown to USD 6.4 billion, with more than 1,000 active start-ups and expanding activity in sectors such as AI, green technology, biotechnology, and creative industries. These developments require updated definitions, streamlined processes, and stronger government coordination.

Despite this growth, stakeholders highlight persistent gaps: fragmented inter-agency implementation, limited data-sharing, underutilization of the Startup Venture Fund, and visa processes that remain less competitive than those of neighboring ASEAN countries. Startups also face inconsistent LGU permitting systems and a shortage of highly skilled tech talent.

The proposed measure strengthens the Innovative Startup Act by expanding the definition of startups, empowering the DOST as the lead implementing agency, creating a permanent Startup Program Secretariat, diversifying SVF investment instruments, improving startup visa pathways, and mandating LGUs to streamline digital permitting processes. It also invests in advanced technology and entrepreneurship education, and establishes a Filipino Startup Returnee Program to attract global Filipino talent.

Through these reforms, the Enhanced Startup Bill aims to create a more coherent, future-ready, and globally competitive startup ecosystem that will generate high-value jobs, attract investment, and accelerate innovation nationwide

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



REP. PATRICK MICHAEL “PM” D. VARGAS
Fifth District, Quezon City

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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 *"Enhanced Startup Law."*

SECTION 2. Section 3(g) of Republic Act No. 11337, otherwise known as the *"Innovative Startup Act,"* is hereby amended to read as follows:

" SECTION 3. *Definition of Terms.* – As used in this Act, the following terms shall mean:

XXX

(g) "INNOVATIVE STARTUP" OR "Startup" – [any person or registered entity in the Philippines which aims to develop an innovative product, process, or business model] ****ANY ENTERPRISE OR REGISTERED BUSINESS ENTITY, INCLUDING BUT NOT LIMITED TO, THOSE ENGAGED IN DIGITAL TECHNOLOGY, GREEN TECHNOLOGY, BIOTECHNOLOGY, ADVANCED**

MANUFACTURING, CREATIVE INDUSTRIES, AND SOCIAL INNOVATION, THAT IS LESS THAN TEN (10) YEARS OLD FROM ITS DATE OF REGISTRATION, WHOSE PRIMARY BUSINESS MODEL OR PRODUCTS/SERVICES ARE CHARACTERIZED BY INNOVATION, HIGH GROWTH POTENTIAL, AND SCALABILITY, AND WHICH AIMS TO DEVELOP OR OFFER NEW OR SIGNIFICANTLY IMPROVED PRODUCTS, SERVICES, PROCESSES, OR BUSINESS MODELS. FOR PURPOSES OF THIS ACT, A MAJORITY OF ITS OPERATIONS, INCLUDING CORE TEAM AND RESEARCH AND DEVELOPMENT ACTIVITIES, SHALL BE BASED IN THE PHILIPPINES, REGARDLESS OF WHERE IT IS LEGALLY REGISTERED, PROVIDED IT ADHERES TO PHILIPPINE LAWS."
XXX

SECTION 3. Section 4 of the same Act is hereby amended to read as follows:

" SECTION 4 Philippine Startup Development Program. – There is hereby created a Philippine Startup Development Program, hereinafter referred to as the "*Program.*" The Program shall be composed of programs, benefits, and incentives for startups and startup enablers promulgated through the respective mandates of national government agencies, and through additional mandates provided by the provisions of this Act. The Program shall also include programs, benefits, and incentives for startups and startup enablers extended by NGOs in partnership with any national government agency.

The DOST [, DICT, and DTI shall be the lead agencies that shall assess, monitor, develop and] **SHALL BE THE LEAD AGENCY THAT WILL DEVELOP, EXPAND, AND IMPLEMENT THE PROGRAM CONSISTENT WITH THE OBJECTIVES OF THIS ACT. DICT AND DTI SHALL SUPPORT DOST AS PROGRAM IMPLEMENTATION PARTNERS.**

To this end, the DOST, DICT, and DTI, in consultation with government and NGOs, shall set key metrics to track the impact and development of the Program. The DTI shall promulgate the rules for the efficient registration and assessment of startup enablers to be registered under the Program."

SECTION 4. A new section, to be designated as Section 7-A, is hereby inserted after Section 7 of the same Act to read as follows:

" SECTION 7-A. LGU Registration and Operational Benefits and Incentives.
– THE DILG SHALL SUPPORT THE DTI IN ENSURING THAT LGUS ARE

STREAMLINING ALL PERMITTING PROCESSES AND CORPORATE RESTRUCTURING PROCEDURES FOR STARTUPS, WITH A FOCUS ON EFFICIENCY AND ACCESSIBILITY THROUGH ONLINE PLATFORMS. THE DILG SHALL ALSO MONITOR AND REPORT THE NUMBER OF STARTUPS PER LGU, AND THE PROCESSING TIME OF THEIR LGU PERMITS AND OTHER REQUIREMENTS, IN PARTNERSHIP WITH LGU OFFICIALS."

SECTION 5. Section 12 of the same Act is hereby amended to read as follows:

" **SECTION 12. Startup Venture Fund.** – There is hereby created a Startup Venture Fund (SVF) under the DTI, to be administered in coordination with the National Development Company (NDC). The SVF shall be used to match investments by selected investors in startups based in the Philippines.

THE SVF SHALL DIVERSIFY ITS INVESTMENT INSTRUMENTS TO INCLUDE FUND OF FUNDS, CONVERTIBLE NOTES, AND BLENDED FINANCE, IN ADDITION TO MATCHING INVESTMENTS. TO SUSTAIN THE SVF, THE DTI AND NDC SHALL IDENTIFY AND PROVIDE INCENTIVES FOR ANGEL INVESTORS AND EARLY-STAGE VENTURE CAPITAL FUNDS INVESTING IN STARTUPS.

The NDC and DTI shall jointly develop and issue the appropriate rules and regulations for the selection of investors and the effective management and utilization of the SVF. The initial and succeeding appropriations for the SVF shall be proposed by the DTI and included in the budget of the NDC under the annual General Appropriations Act."

SECTION 6. A new section, to be designated as Section 13-A, is hereby inserted after Section 13 of the same Act to read as follows:

SEC. 13-A. STARTUP TALENT VISA STREAMLINING. - THE DFA SHALL STREAMLINE AND FURTHER EXPEDITE THE PROCESSING OF STARTUP OWNER, EMPLOYEE, AND INVESTOR VISAS, AND ENSURE THAT THE EXEMPTIONS FROM ALIEN EMPLOYMENT PERMITS (AEP) BY THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE) ARE CONSISTENTLY APPLIED. REGULAR REVIEWS OF VISA CATEGORIES AND REQUIREMENTS SHALL BE CONDUCTED TO ENSURE COMPETITIVENESS WITH OTHER ASEAN NATIONS."

SECTION 7. A new section, to be designated as Section 13-B, is hereby inserted after the new Section 13-A of the same Act to read as follows:

" SECTION 13-B. FILIPINO STARTUP RETURNEE PROGRAM. - THE DOST SHALL ESTABLISH A PROGRAM SIMILAR TO THE BALIK-SCIENTIST PROGRAM, IN COLLABORATION WITH THE COMMISSION ON FILIPINOS OVERSEAS (CFO) AND DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), TO INCENTIVIZE HIGHLY SKILLED FILIPINO PROFESSIONALS AND ENTREPRENEURS RESIDING ABROAD TO RETURN TO THE PHILIPPINES AND CONTRIBUTE TO THE LOCAL STARTUP ECOSYSTEM THROUGH MENTORSHIP, INVESTMENT, OR DIRECT INVOLVEMENT IN STARTUPS. THIS MAY INCLUDE FAST-TRACK IMMIGRATION PROCESSES, TAX INCENTIVES, AND RELOCATION SUPPORT."

SECTION 8. A new section, to be designated as Section 13-C, is hereby inserted after the new Section 13-B of the same Act, as amended, to read as follows:

" SECTION 13-C. SPECIALIZED TECH AND ENTREPRENEURSHIP EDUCATION. -THE DOST SHALL PROVIDE GRANTS TO HIGHER EDUCATION INSTITUTIONS (HEIS) AND TECHNICAL VOCATIONAL EDUCATION AND TRAINING (TVET) PROVIDERS TO DEVELOP AND OFFER SPECIALIZED CURRICULA IN EMERGING TECHNOLOGIES (INCLUDING BUT NOT LIMITED TO AI AND AI ETHICS, BLOCKCHAIN DEVELOPMENT, CYBERSECURITY, DATA SCIENCE, QUANTUM COMPUTING), STARTUP MANAGEMENT, AND STARTUP ECOSYSTEM MANAGEMENT INCORPORATING PRACTICAL, INDUSTRY-LED PROJECTS. THE DOST SHALL ALSO ESTABLISH A NATIONAL INTERNSHIP AND APPRENTICESHIP PROGRAM WITH STARTUPS, ALLOWING STUDENTS TO GAIN PRACTICAL EXPERIENCE AND FOSTERING A PIPELINE OF SKILLED TALENT FOR THE ECOSYSTEM."

SECTION. 9. A new section, to be designated as Section 17-A, is hereby inserted after Section 17 of the same Act to read as follows:

" SECTION 17-A. SECRETARIAT FOR THE PHILIPPINE STARTUP DEVELOPMENT PROGRAM. -THERE IS HEREBY ESTABLISHED A PERMANENT SECRETARIAT FOR THE PHILIPPINE STARTUP DEVELOPMENT PROGRAM (PSDP). THE PSDP SECRETARIAT SHALL BE AN ATTACHED UNIT TO THE DOST AND SHALL PERFORM THE FOLLOWING FUNCTIONS:

- (a) PROVIDE TECHNICAL AND ADMINISTRATIVE SUPPORT TO THE PSDP IN THE FULFILLMENT OF ITS MANDATE, INCLUDING THE PREPARATION OF POLICY RECOMMENDATIONS, PROGRAM GUIDELINES, AND ANNUAL REPORTS;
- (b) SERVE AS THE PRIMARY COORDINATING BODY AMONG THE HOST AGENCIES AND OTHER GOVERNMENT ENTITIES INVOLVED IN
STARTUP ECOSYSTEM DEVELOPMENT;
- (c) MANAGE AND MAINTAIN THE STARTUP PHILIPPINES WEBSITE AND OTHER RELEVANT GOVERNMENT PLATFORMS FOR STARTUP ECOSYSTEM DEVELOPMENT;
- (d) CONDUCT RESEARCH, DATA COLLECTION, AND ANALYSIS ON THE PHILIPPINE STARTUP ECOSYSTEM, LEVERAGING RELEVANT MARKET INFORMATION SYSTEMS AND PARTNERSHIPS;
- (e) ORGANIZE AND FACILITATE STAKEHOLDER CONSULTATIONS, WORKSHOPS AND PROMOTIONAL EVENTS FOR THE STARTUP COMMUNITY;
- (f) ACT AS A LIAISON FOR INTERNATIONAL PARTNERSHIPS AND ENGAGEMENTS RELATED TO STARTUP DEVELOPMENT.
- (g) DEVELOP THE ANNUAL PHILIPPINE STARTUP ECOSYSTEM REPORT, WHICH SHALL BE SUBMITTED TO THE PRESIDENT AND CONGRESS, DETAILING KEY PERFORMANCE INDICATORS SUCH AS: NUMBER AND VALUE OF REGISTERED INNOVATIVE STARTUPS AND ENABLERS; TOTAL INVESTMENTS ATTRACTED BY THE PHILIPPINE STARTUPS (DOMESTIC AND FOREIGN); NUMBER OF JOBS CREATED DIRECTLY AND INDIRECTLY BY STARTUPS; GROWTH IN SPECIFIC INNOVATIVE SECTORS (SUCH AS DEEP TECH, GREEN TECH); GLOBAL RANKING OF THE PHILIPPINE STARTUP ECOSYSTEM: SUCCESS RATES AND STORIES OF STARTUPS COMPLETING THE GOVERNMENT PROGRAMS; RECOMMENDATIONS FOR FURTHER POLICY ENHANCEMENTS AND BETTER PROGRAM IMPLEMENTATION;

(h) REPORT QUARTERLY ALL PROGRESS AND IMPACT OF THE PROGRAM TO THE NATIONAL INNOVATION COUNCIL, WHICH WILL SERVE AS THE LEAD MONITORING AND EVALUATION BODY FOR STARTUP ECOSYSTEM DEVELOPMENT; AND

(i) ADMINISTER AND OVERSEE THE ALLOCATION OF FUNDS FOR SPECIFIC PROGRAMS AND GRANTS APPROVED BY THE PSDC, AS MAY BE DELEGATED."

SECTION. 10. A new section, to be designated as Section 17-B, is hereby inserted after the new Section 17-A of the same Act to read as follows:

" SECTION. 17-B. STAFFING AND STRUCTURE OF THE SECRETARIAT. – THE SECRETARIAT SHALL BE HEADED BY AN EXECUTIVE DIRECTOR IV (SALARY GRADE 29) WHO SHALL BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES. THE EXECUTIVE DIRECTOR IV SHALL BE AT LEAST THIRTY (30) YEARS OF AGE AT THE TIME OF APPOINTMENT; MUST POSSESS GOOD MORAL CHARACTER; BE A PERSON OF PROVEN INTEGRITY; IS A HOLDER OF A COLLEGE DEGREE IN A RELATED FIELD OF DISCIPLINE; A PERSON OF PROVEN ADMINISTRATIVE PROFICIENCY, INDEPENDENCE, EXPERIENCE, KNOWLEDGE, AND COMMITMENT TO THE PROMOTION AND DEVELOPMENT OF THE PHILIPPINE STARTUP ECOSYSTEM; AND WHO HAS SERVED IN A POSITION OF LEADERSHIP FOR AT LEAST TEN (10) YEARS IN AT LEAST ONE (1) STARTUP OR INNOVATION-RELATED DOMAIN PRIOR TO THE DATE OF APPOINTMENT.

THE EXECUTIVE DIRECTOR IV SHALL BE ASSISTED BY TWO (2) DEPUTY EXECUTIVE DIRECTORS IV (SALARY GRADE 28) AND AN ADMINISTRATIVE STAFF CONSISTING OF AT LEAST ONE (1) OF EACH OF THE FOLLOWING OFFICERS AND EMPLOYEES:

- (a) POLICY DEVELOPMENT MANAGER (SALARY GRADE 24);
- (b) RESEARCH AND ANALYTICS MANAGER (SALARY GRADE 24);
- (c) INTERNATIONAL ENGAGEMENT MANAGER (SALARY GRADE 24);
- (d) LOCAL ECOSYSTEM DEVELOPMENT MANAGER (SALARY GRADE 24);
- (e) PROJECT MANAGER: REGULATORY SANDBOXES (SALARY GRADE 24);
- (f) PROJECT MANAGER: DIGITAL PLATFORM (SALARY GRADE 24);

- (g) PROJECT MANAGER: TALENT DEVELOPMENT (SALARY GRADE 24);
- (h) LEGAL AND INTELLECTUAL PROPERTY SPECIALIST (SALARY GRADE 22);
- (i) FINANCIAL SERVICES SPECIALIST (SALARY GRADE 22); and
- (j) ADMINISTRATIVE SECRETARIAT (SALARY GRADE 18).

THE DEPUTY EXECUTIVE DIRECTORS SHALL HAVE THE SAME QUALIFICATIONS FOR APPOINTMENT AS THE EXECUTIVE DIRECTOR, WITH RELEVANT EXPERIENCE IN STARTUP ECOSYSTEMS, INNOVATION, OR PUBLIC POLICY.

THE PRESIDENT OF THE PHILIPPINES SHALL APPOINT THE EXECUTIVE DIRECTOR AND THE DEPUTY EXECUTIVE DIRECTORS FROM A LIST OF AT LEAST FIVE (5) NOMINEES SUBMITTED BY THE PSDP. THE EXECUTIVE DIRECTOR AND THE DEPUTY EXECUTIVE DIRECTORS SHALL SERVE FOR A TERM OF THREE (3) YEARS, WITH REAPPOINTMENT FOR ANOTHER TERM. IN CASE OF DEATH, RESIGNATION, OR REMOVAL FOR CAUSE, THEIR REPLACEMENTS SHALL SERVE ONLY THE UNEXPIRED PORTION OF THEIR RESPECTIVE TERMS.

WITHIN ONE HUNDRED TWENTY (120) DAYS AFTER THE EFFECTIVITY OF THIS ACT, THE PSDP SHALL DETERMINE THE ORGANIZATIONAL STRUCTURE, STAFFING PATTERN, AND COMPENSATION SYSTEM OF THE SECRETARIAT, INCLUDING THE DUTIES, QUALIFICATIONS, RESPONSIBILITIES, AND FUNCTIONS OF ITS OFFICERS AND STAFF MEMBERS, AND SUBMIT THE SAME TO THE DBM FOR APPROVAL. THE OFFICERS AND EMPLOYEES OF THE SECRETARIAT SHALL BE APPOINTED IN ACCORDANCE WITH CIVIL SERVICE LAWS, RULES, AND REGULATIONS."

SECTION 11. *Implementing Rules and Regulations.* - Within ninety (90) days from the effectivity of this Act, the DOST and other Host Agencies shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SECTION 12. *Appropriations.* - The amount necessary for the initial implementation of this Act, including the operational expenses, personnel services, and program support of the Philippine Startup Development Program

(PSDP) Secretariat, shall be charged against the current appropriations of the Department of Science and Technology (DOST). Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act under the budget of the DOST.

SECTION 13. *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.

SECTION 14. *Repealing Clause.* - All laws, decrees, executive orders, rules, and regulations, and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

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

Approved,