



REPUBLIC OF THE PHILIPPINES
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Supporting Businesses and MSMEs through National Development Policies and Strategies for Innovation

*Presentation for the PIDS Webinar, "Fostering Innovation for Growth: Insights from the 2021
PIDS Survey of Innovation Activities"*

10 August 2023 | via Zoom

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CERTIFICATE NUMBER: AJA18-0150

Major Findings from the 2021 PSIA Results

1. **Expenditures in Innovation**
2. **Determinants of Innovation**
3. **Effects and sources of innovation**
4. **Cooperation Partners on Innovation**
5. **Barriers to Innovation**
6. **Support to Innovation**



Philippine Development Plan (PDP) 2023-2028



ECONOMIC AND SOCIAL TRANSFORMATION FOR A PROSPEROUS, INCLUSIVE, AND RESILIENT ECONOMY



TRANSFORM PRODUCTION SECTORS TO GENERATE MORE QUALITY JOBS AND COMPETITIVE PRODUCTS

Six Cross-cutting Strategies

APPLIES TO ALMOST ALL SECTORS IN THE FRAMEWORK



Digitalization



Connectivity



Leveraging the Role of Private Sector



Technology and innovation. Establish and strengthen a dynamic innovation ecosystem



Servification



Local Governments

Transform Production Sectors to Generate More Quality Jobs and Competitive Products

CHAPTER 8: ADVANCE RESEARCH AND DEVELOPMENT, TECHNOLOGY, AND INNOVATION



BASIC RESEARCH AND DEVELOPMENT AND KNOWLEDGE CREATION STRENGTHENED



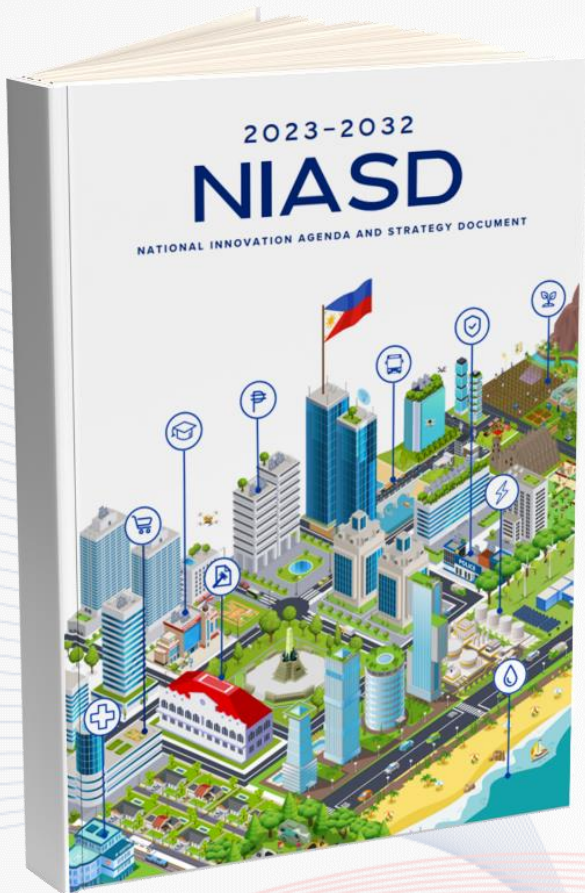
MARKET-DRIVEN AND CUSTOMER-CENTERED RESEARCH AND DEVELOPMENT ADVANCED



TECHNOLOGY ADOPTION, UTILIZATION, AND COMMERCIALIZATION SCALED-UP



INNOVATION AND ENTREPRENEURSHIP ACCELERATED



National Innovation Agenda and Strategy Document (NIASD)

details the country's 10-year vision, long-term goals and strategies to improve the innovation governance on the priority areas identified by the National Innovation Council (NIC), as well as the monitoring matrix, which contains indicator statements and targets to be achieved. It was drafted and co-created with both public and private stakeholders.

THE DYNAMIC INNOVATION ECOSYSTEM

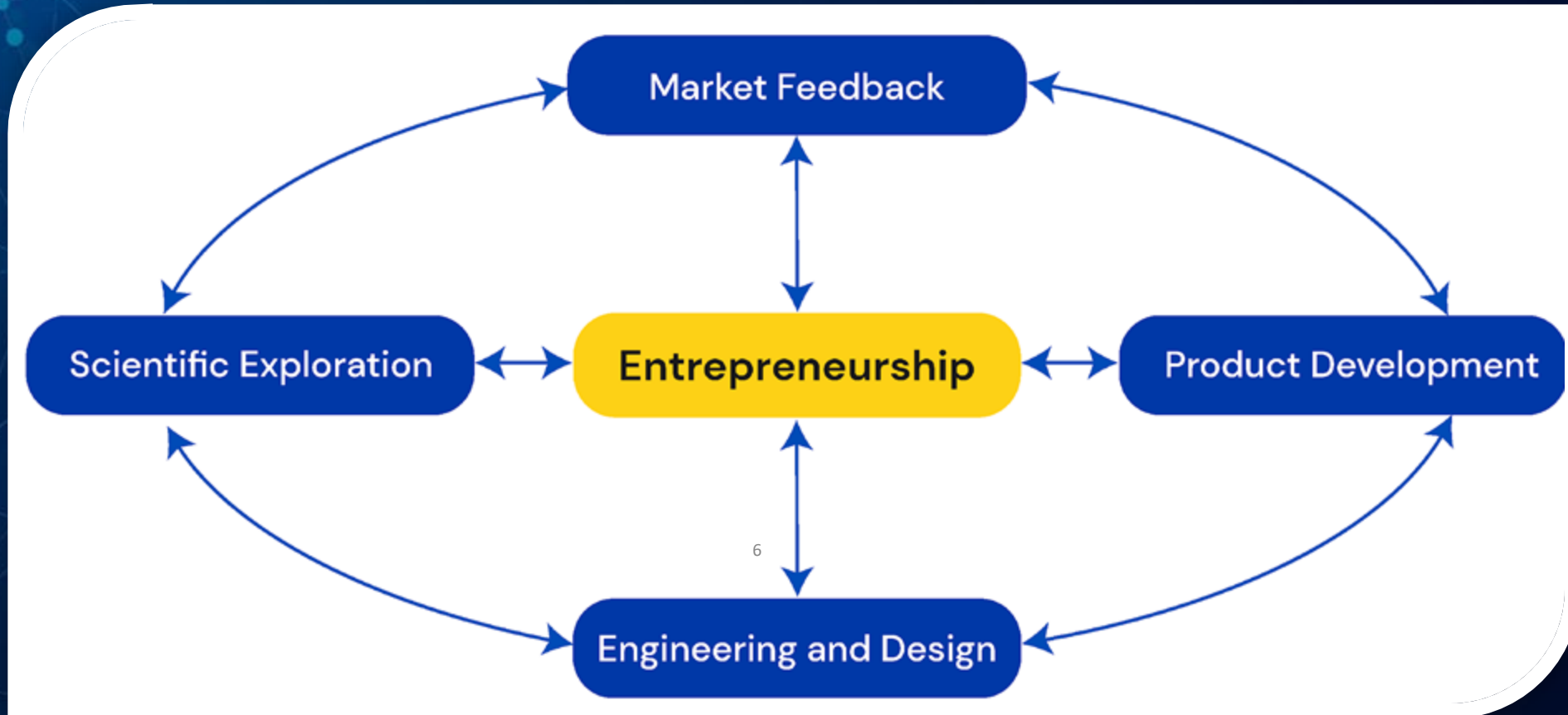


Figure 1: Innovation Ecosystem Framework

Adopted from Berkhout *et al.* (2016)

DYNAMICS OF A **DYNAMIC** INNOVATION ECOSYSTEM



CREATE a pervasive **CULTURE** of innovation that is socially relevant, market-driven and market-oriented.



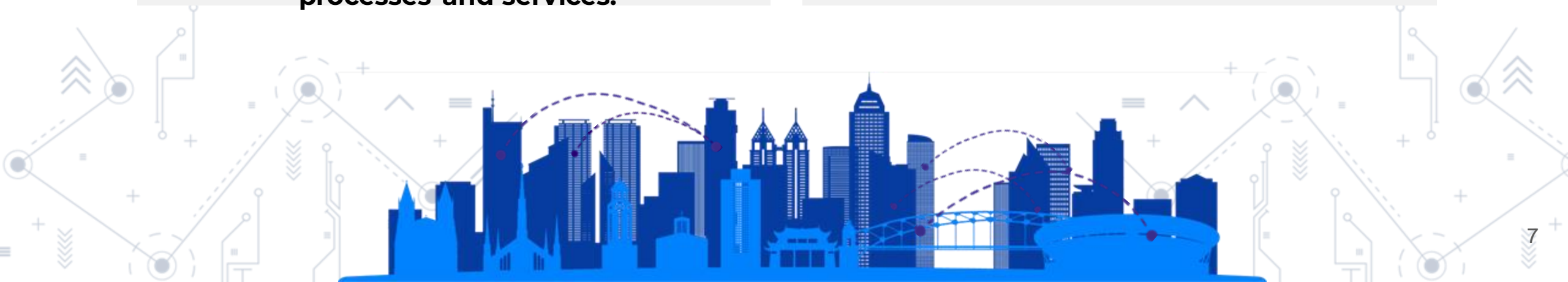
COLLABORATE using platforms that are active, reliable and useful.



CAPACITATE innovation actors with facilities and resources to transform their ideas into innovative products, processes and services.



CONNECT innovation actors with potentially commercially viable products to investors and possible markets.

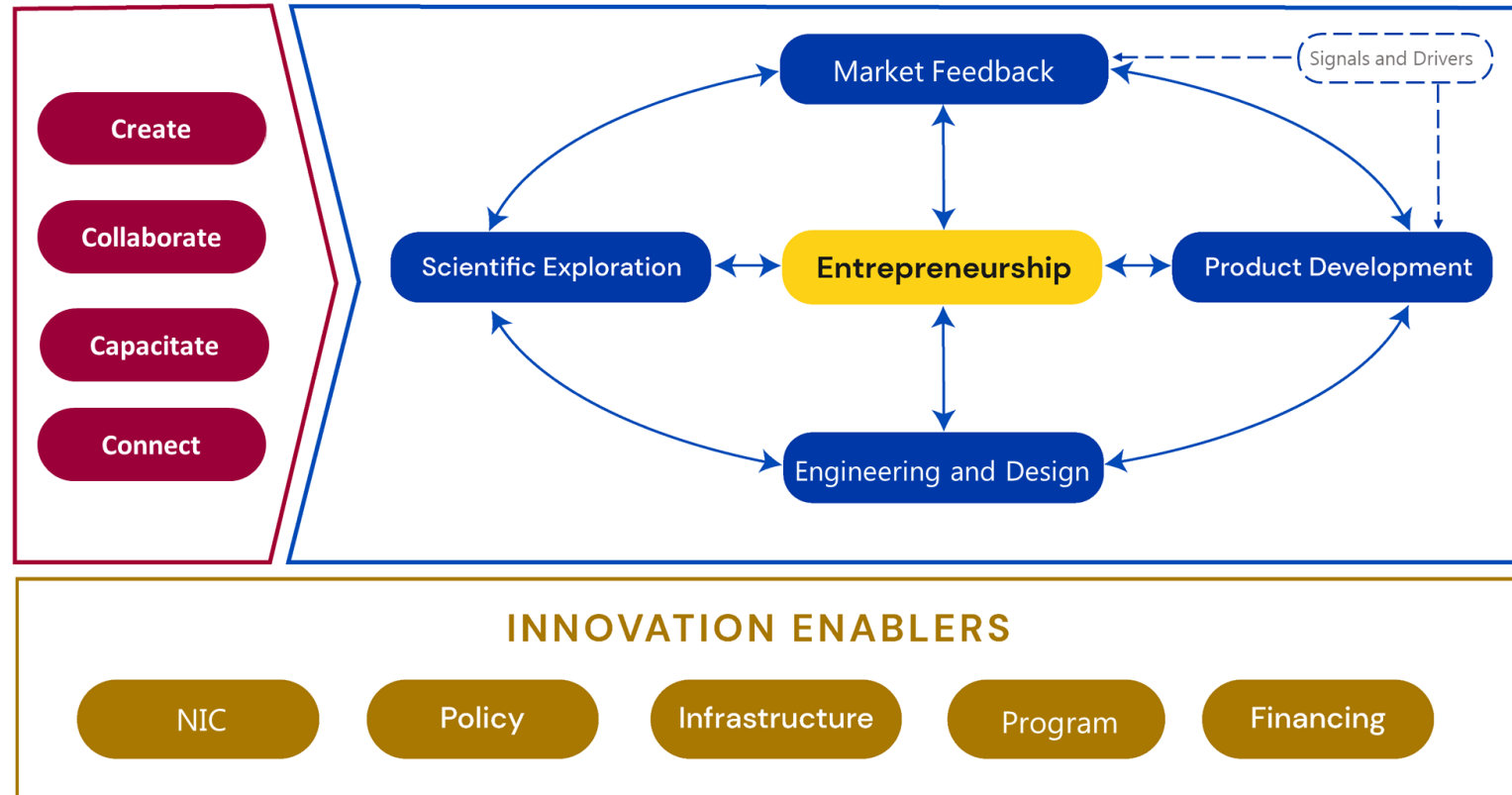


INNOVATION GOVERNANCE

for a Dynamic Innovation

Innovation governance

refers to the institutions, policies, and resources by which government is able to encourage and direct innovation towards the future we want, and avoid the unwanted futures, in a way that makes efficient and sustainable use of resources.



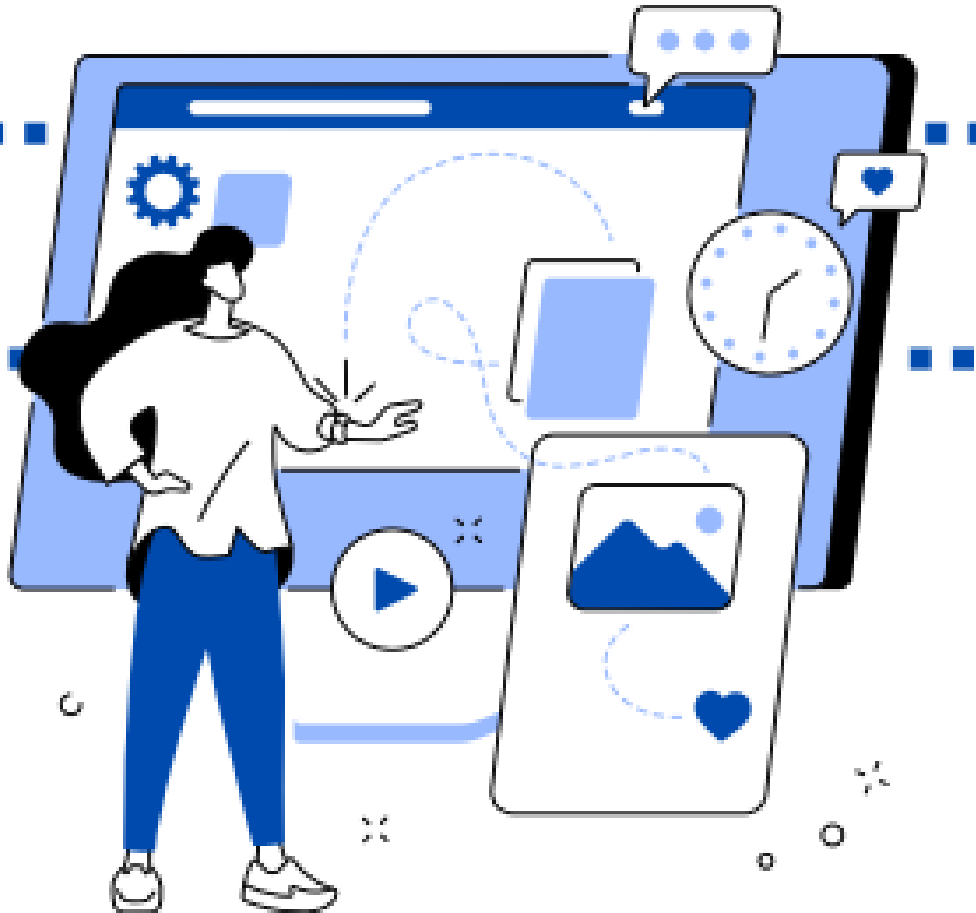
Enhancing skills to foster innovation

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
Policy	Align education and human capital development programs with the needs of the current industry and emerging market demands	<ul style="list-style-type: none">• Strengthen the implementation of the Philippine Skills Framework; and• Develop an Industry 4.0 skills framework and R&D career pathways
Infrastructure	Provide and manage resources such as knowledge products that increase/encourage lifelong learning of innovation actors in the public and private sector	<ul style="list-style-type: none">• Establish a comprehensive and open access e-library to guarantee public access to essential knowledge products and publications

Strengthening linkages among innovation actors

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
Programs	Accelerate industry-academe-government collaboration in establishing innovation alliances, incubation, and accelerator programs and market-driven R&D ventures	<ul style="list-style-type: none">• Map and identify local incubation and accelerator hubs for startups and MSMEs• Link and assist regional innovations to mentorship, networking opportunities, and funding programs at the national and international level• Establish programs to engage stakeholders in strengthening social marketing and social mobilization
Infrastructure	Provide and manage resources such as knowledge products that increase/encourage lifelong learning of innovation actors in the public and private sector	<ul style="list-style-type: none">• Establish or upgrade physical infrastructures and facilities• Map, determine, and develop necessary ICT infrastructure and base resources across the country

National Innovation Communication Plan



This will serve as a guide for implementing **information, education, and communication programs** related to innovation and to promote and increase public support for the country's innovation agenda and its priorities.

TCD: 4Q FY 2023

Targeted support for MSMEs

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
National Innovation Council (NIC)	Mainstream innovation in sectoral and local plans and investment programs	<ul style="list-style-type: none">• Establish a Cluster Development Programs (Sec.14)• Promote and establish the necessary conditions and framework that will encourage local and international innovation alliances (Sec. 25)
Infrastructure	Provide and manage resources such as knowledge products that increase/encourage lifelong learning of innovation actors in the public and private sector	<ul style="list-style-type: none">• Map and assess existing databases on R&D and technology development innovation initiatives• Establish e-learning platform to provide necessary training and certifications and access to other market information;

Improving support for innovative activities of businesses

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
Financing	Develop a holistic financing program for innovation	<ul style="list-style-type: none">• Fastrack the implementation of innovation fund-related policies in the Philippine Innovation Act through the development of guidelines for:<ul style="list-style-type: none">○ Sec. 21 Innovation Fund○ Sec. 22 Innovation Development Credit and Financing Program○ Sec. 23 Credit Quota for Innovation Development
	Stimulate private sector and international funding and support for research and development, technology, and innovation-related programs and projects (PAPs).	<ul style="list-style-type: none">• Map potential local and foreign partners for funding and investments on innovations• Establish market information sharing platform to help match innovation ecosystem actors for funding and investments• Proactively promote and secure funding through STI diplomacy

Addressing Barriers to Innovation

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
National Innovation Council (NIC)	Strengthen the capability of the NIC to develop the country's innovation goals, priorities, and long-term national strategies	<ul style="list-style-type: none">• Streamline and harmonize policies, regulations, and programs to encourage innovation and innovative startups
Policy	Increase investments and expenditures for R&D and innovations both in the public and private sector	<ul style="list-style-type: none">• Revise and assess existing procurement guidelines• Foster innovation PPPs by leveraging the expertise and market knowledge of the private sector• Develop policies and/or guidelines to ensure efficiency, timeliness, and transparency of the procurement process

Addressing Barriers to Innovation

INNOVATION ENABLER	OBJECTIVE	STRATEGIES
Policy	Strengthen the capability of the NIC to develop the country's innovation goals, priorities, and long-term national strategies	<ul style="list-style-type: none">• Implement reforms and formulate guidelines that will streamline various transactions within the innovation ecosystem for industry stakeholders• Develop a framework and priority plan for innovative technologies, products and services that will be subjected to regulatory sandboxes
	Increase investments and expenditures for R&D and innovations both in the public and private sector	<ul style="list-style-type: none">• Conduct scoping studies that will identify legal and institutional barriers to innovation• Draft policies that will simplify and clarify regulations to reduce red tape in innovation-related transactions

NIASD Core Targets



GII Sub-Indices/Indicator	Baseline (2022)	2028	2032*	2040*
Overall GII ranking GII score	59th 30.7	43rd 35	34th 41	25th 47
1. Institutions				
◆ 1.2.1 Regulatory Quality (rank)	72	53	49	40
1.3.1 Policies for doing business (rank)	96	74*	86	23
2. Human Capital and Research				
◆ 2.3.1 Researchers, FTE/mn pop.	174 (2018)	500	1,000	1,500
◆ 2.3.2 Gross expenditure on R&D, % GDP	0.32 (2018)	1.0	1.6	1.8
3. Infrastructure				
3.1.1 ICT access (rank)	100	75*	60	50
3.1.1 ICT use (rank)	95	73*	71	48
4. Market Sophistication				
4.1.1 Finance for startups and scaleups ^a	0 (2021)	3*	5	7
4.2.2 Number of venture capital deals invested in (per billion PPP\$ GDP, three-year average)	0 (2021)	0.1*	0.2	0.3
5. Business Sophistication				
◆ 5.1.2 Firms offering formal training, %	59.8	75	80	85
◆ 5.2.1 University-industry R&D collaboration ^b	3.7	4	4.5	6
◆ 5.3.4 FDI net inflows, % GDP	2.7 (2021)	3-5	6-8	9-12

*proposed targets

◆ GII Indicators that are monitored in the PDP 2023-2028

^a Five-year average perception scores (1=completely false; 10 = completely true)

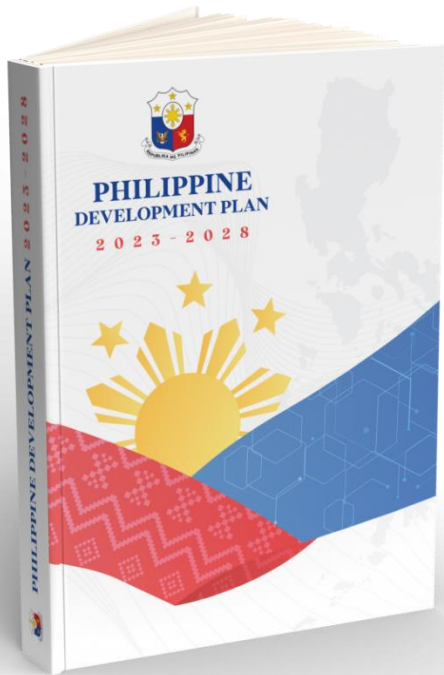
^b Average perception scores [1 = not at all; 7 = to a great extent]

National Innovation Monitoring and Evaluation Matrix (NIMex)

The NIMEx will serve as the tool for **tracking the performance of various innovative programs and initiatives** in the country and provide the metrics for monitoring the progress of strategic innovation programs, including publicly-funded research and development and expenditure (RD&E) projects.

TCD: 4Q, FY 2023

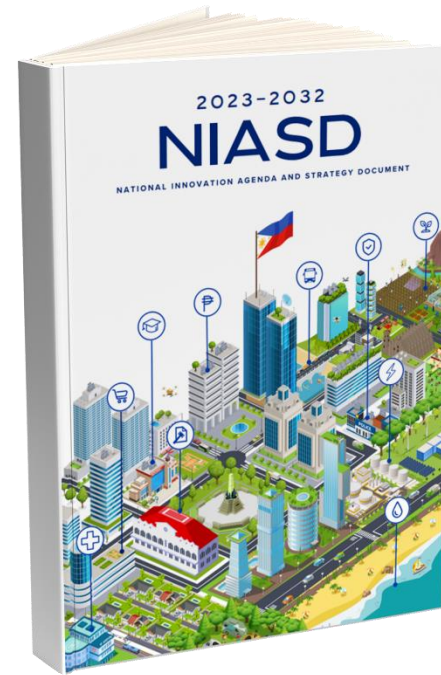




Philippine Development Plan (PDP) 2023-2028



<https://pdp.neda.gov.ph>



National Innovation Agenda and Strategy Document (NIASD) 2023-2032



<https://neda.gov.ph/niasd-2023-2032/>

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