



Republic of the Philippines
Department of Science and Technology
Technology Application and Promotion Institute

JAN 21 2022

TAPI Administrative Order Number 2022- 001
Series of 2022

SUBJECT: Revised Implementing Guidelines of the Purchase Order (PO) Financing Program.

Section 1. Program Description

1.1. The Purchase Order (PO) Financing is a special Venture Financing Program (VFP) facility of the Technology Application and Promotion Institute (TAPI) under the Department of Science and Technology (DOST) that advances the cost of raw materials to facilitate the purchase orders of qualified micro, small and medium enterprises (MSMEs). It is a funding assistance that allows Proponents to finance the fulfillment of irrevocable purchase orders or contracts with credit worthy customers. The terms of each purchase order are specific only for the purchase of direct materials needed to deliver the goods to the customers.

Section 2. Definition of Terms

The terms used in the Implementing Guidelines shall mean as follows:

2.1. Counterpart funds – refers to the funds provided by the Proponent and may include costs to be spent for production, labor, services, remaining cost of the raw materials, if any, and other operating expenses, but excluding costs already spent at the time of the application for infrastructures, production equipment, and raw materials.

2.2. DOST Priority Sectors – refers to the following priority sectors: a) Food Processing; b) Furniture; c) Gifts, Decors, and Handicrafts; d) Agriculture or Marine or Aquaculture; e) Metals and Engineering, f) Information and Communication Technology (ICT); g) Pharmaceuticals, Health and Wellness products; and h) Manufacturing and Industrial processing.

2.3. DOST Regional Office (DOST RO) – refers to the DOST Office that provides packaged-S&T-based interventions towards sustainable socio-economic development and partners in the implementation of high impact projects through DOST priority programs or roll out programs in the Region.

2.4. DOST-TAPI Executive Committee (EXECOM) – refers to the DOST-TAPI Division Chiefs, and Head of Legal Unit including the Director or the Officer-In-Charge that facilitate the recommendation and approval of the project proposal.

2.5. Investment and Business Operations Division (IBOD) – DOST-TAPI division that handles the commercialization assistance of TAPI to Entrepreneurs.

2.6. IBOD Monitoring Team (IMT) – refers to the unit that handles the monitoring and implementation of the approved project once the funds were already released to the beneficiary.

2.7. Legal Unit (LU) – refers to an attached unit of the Office of the Director of DOST-TAPI which reviews project proposal and documentary requirements other than contracts, agreements, and other similar instruments that DOST-TAPI enters with.

2.8. Micro, Small and Medium Enterprises (MSMEs) – refers to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant, and equipment are situated, must have value falling under the following categories:

ASSET VALUE (Source: RA 9501)			EMPLOYMENT
MICRO	less than	P 3,000,001	1 to 9
SMALL	P 3,000,001	P15,000,000	10 to 99
MEDIUM	P 15,000,001	P100,000,000	100 to 199

2.9. Small Enterprise Technology Upgrading Program (SETUP) – refers to the nation-wide program aimed at encouraging and assisting MSMEs to adopt technology innovations to improve their operations; thus, boost their productivity and competitiveness.

2.10. Technical Evaluation Committee (TEC) – refers to a committee created to evaluate the merits of a proposal based on its technical, financial and market viability and recommends to the EXECOM the approval or disapproval. -

2.11. Technology Adoptors/ Transferee – refers to the party to whom the knowledge for the manufacture of a product, the application of a process, or the rendering of a service, is systematically transferred. A licensee of DOST funded/supported technology for commercialization. With Technology Licensing Agreement (TLA) with DOST-RDIs.

2.12. Total Project Cost – refers to the total amount of funds for the project. It is the sum of the funds provided by DOST-TAPI and the counterpart of the Proponent.

2.13. Valid Purchase Orders – refers to purchase orders placed by a buyer indicating type and quantity of products being ordered from a supplier. Furthermore, only Purchase Orders (PO) which are unserved at the time of the application are accepted.

Section 3. Objectives

The Program aims to:

3.1. Provide financial support for the purchase of direct raw materials needed by MSMEs to deliver goods to their customers;

3.2. Assist companies with financial difficulty to fulfill customer PO, meet sales goals in domestic as well as export markets to surpass its current working capital limitations; and

3.3. Gender Equality Goals and Outcomes

3.3.1. Increased access of women to all programs and services of the Institute;

3.3.2. Enhanced gender responsiveness in the entire operation of the Institute to ensure that services are participatory, fair, empowering, and sustainable; and

3.3.3. Enhanced equal opportunity principles of men and women beneficiaries of VFP in their employment process.

Section 4. Assistance Coverage

4.1 The Program shall cover ONLY the cost of raw materials needed to produce products or goods for a specific requirement of the target market, as reflected on the valid and unserved POs to be refunded by the Proponent without interest. This shall be subject to the recommendation of the TEC and approval of the EXECOM. DOST-TAPI's exposure should not exceed under the following cycle per project; and

1st Cycle: ₱1,000,000.00

2nd Cycle: ₱2,500,000.00

4.2 The Program shall cover up to seventy percent (70%) of the total project cost, while the Proponent shall put up at least thirty percent (30%) of the total project cost as his or her counterpart funds as defined under Section 2.1 above.

Section 5. Eligibility - Qualification Requirements:

5.1. **1st Cycle.** The following shall be eligible to avail the 1st Cycle of this Program:

5.1.1. Filipino-owned MSMEs previously assisted by SETUP or with on-going SETUP assistance provided that in case of the latter, the proponent has already paid an amortization equivalent to six (6) months with at least six (6) months grace period;

5.1.2. Filipino-owned MSMEs previously assisted by other DOST-TAPI Programs who has fully refunded and/or liquidated the assistance received, whichever is applicable, and who has not previously availed of the LIGTAS-COVID Program of Assistance of DOST-TAPI;

5.1.3. Filipino-owned MSMEs previously assisted by other DOST Agency/Office Program of Assistance with no remaining obligations from the said Agency/Office in connection to the assistance received; and

5.1.4. Filipino-owned MSMEs Adopter/Transferee of DOST generated Technology as defined under Section 2.11 above, provided that the TLA is valid at the time of the application and will remain valid for the duration of the project term.

5.2. **2nd Cycle.** The following shall be eligible to avail the 2nd Cycle of this Program:

5.2.1. Filipino-owned MSMEs previously assisted by DOST-SETUP or with on-going SETUP assistance provided that in case of the latter, the proponent has good credit standing or record and has refunded at least fifty percent (50%) of its total existing financial assistance from SETUP; Provided further, that if the 1st Cycle above was previously availed of, the same has been fully refunded and liquidated;

5.2.2. Filipino-owned MSMEs previously assisted by any DOST-TAPI Programs of assistance, including the 1st Cycle above, who has fully refunded and/or liquidated the assistance received, whichever is applicable;

5.2.3. Filipino-owned MSMEs previously assisted by other DOST Agency/Office Program of Assistance with no remaining obligations from the said Agency/Office in

connection to the assistance received, provided that, if the 1st Cycle above was previously availed of, the same has been fully refunded and liquidated;

5.2.4. Filipino-owned MSMEs Adoptor/Transferee of DOST generated Technology as defined under Section 2.11 above, provided that the TLA is valid at the time of the application and will remain valid for the duration of the project term, provided that, if the 1st Cycle above was previously availed of, the same has been fully refunded and liquidated.

5.3. An eligible Proponent may opt to avail the 2nd Cycle of this Program even without first availing the 1st Cycle in which case the said proponent will no longer be eligible to avail the 1st Cycle of the Program.

5.4. **Disqualification.** The following are the grounds for disqualification of proponent from both Cycles of this Program:

- 5.4.1. Already availed the 2nd Cycle of this Program;
- 5.4.2. Failed to refund the financial assistance provided;
- 5.4.3. Failed to submit the required documents for liquidation purposes;
- 5.4.4. Failed to acknowledge DOST-TAPI in relation to the assistance provided; and
- 5.4.5. Breached any provisions, as stated in the signed Memorandum of Agreement (MOA).

Section 6. Co-Maker

Co-maker shall be required for sole-proprietorship Proponents in the execution of Memorandum of Agreement (MOA) for the project. The Co-maker shall be equally responsible for ensuring that the full amount of the financial assistance provided shall be refunded to DOST-TAPI. The qualifications of the co-maker shall be as follows:

6.1 A direct family member or a business partner of the Proponent that is also involved in the company's operations and not more than fifty-five (55) years old; and

6.2 Has the financial capability to repay the financial assistance in case the Proponent is incapacitated to do so.

Section 7. Criteria for Evaluation

7.1. The proposal shall be evaluated according to the following criteria:

7.1.1. Technical Aspect (20%);

7.1.2. Financial Aspect (30%);

7.1.3. Marketing Aspect (30%); and

7.1.4. Socio-Economic Impact and Compliance to Requirements (20%).

7.2. 1st Cycle of PO - Manner of evaluation should focus on the mSMEs funding needs for assistance to immediately assist after or during DOST-SETUP assistance.

2nd Cycle of PO could be with blanket PO/contract - Manner of evaluation should focus on the capability to pay. Determine if there are enough receivables. The

company can jump directly here if they have completed SETUP a long time ago and is planning for expansion already.

7.3. A Grading System is attached as "**Annex D**", a passing rate of seventy-five percent (75%) is needed to be considered for the final evaluation or endorsement for Execom presentation.

7.4. The project should be in line with the priority sectors of the DOST as mentioned in Section 2.2 of this Guidelines; and

7.5. Proponent should have a valid and unserved Purchase Order(s) for local and/or foreign market at the time the application is accepted as the basis for funding.

Section 8. Refund of Financial Assistance

8.1. DOST-TAPI shall recover the financial assistance extended commensurate to the full value of the amount provided without interest. The Proponent shall issue PDC representing refund upon signing of the MOA in accordance with the approved Schedule of Refund. The mode and manner of recovery of the financial assistance shall be based on what shall be agreed upon by DOST-TAPI and the Proponent to be indicated in the MOA provided that period of refund shall in no case exceed three (3) months after the release of funds in addition to the three (3) months grace period. A penalty of one percent (1%) per month on the principal amortization due shall be charged to the Proponent in case of delay of remittance until paid;

8.2. DOST-TAPI shall release the financial assistance directly to the Proponent upon completion of requirements and receipt of PDCs;

8.3. Upon receipt of PDCs, VFP Unit acknowledges receipt of the same in writing and forwards all PDCs to the DOST-TAPI cashier through FAD DM. For legal purposes, VFP Unit shall include in the Project Folder the Official or Acknowledgement Receipt issued by the Proponent for the amount the latter received from DOST-TAPI as well as the photocopies; and

8.4. Failure of the Proponent to refund the installment amounts for two (2) consecutive months shall render the entire unpaid obligations due and demandable including penalty charges incurred.

Section 9. Monitoring and Implementation

9.1. DOST-TAPI shall provide administrative cost representing seven and five-tenths percent (7.5%) of the project cost or Ten Thousand Pesos (P10,000.00), whichever is lower, to DOST RO for the monitoring of the project;

9.2. Once the funds were released to the Proponent the VFP Unit endorses the project documents to the IMT;

9.3. The Proponent shall submit to DOST-TAPI the original copy of the Project Completion and Audited Financial Reports (AFR) and furnish a copy to the respective DOST RO. The report shall be forwarded to DOST-TAPI-FAD to facilitate liquidation of the financial assistance provided for the project;

9.4. The IMT shall pursue the completion of the project as stipulated in the MOA. Project is considered completed upon full recovery of DOST-TAPI's investment, certified by DOST-TAPI-FAD and full liquidation of project funds; and

9.5. For purposes of monitoring the Project, the applicable provisions of TAPI Administrative Order No. 036, s. 2020 otherwise known as Guidelines on the Regular Monitoring of TAPI-GIA Projects and its amendments, if any, shall be applied suppletory.

Section 10. Effectivity

10.1 This Order shall take effect after fifteen (15) calendar days from its publication either to the Official Gazette or newspaper of General Circulation. All previously issued DOST-TAPI issuances in relation to these Guidelines are hereby revised-or amended accordingly.

Taguig City, Philippines, _____ 2022.


ATTY. MARION IVY D. DECENA
Director

ANNEX A
VENTURE FINANCING PROGRAM
CHECKLIST OF REQUIREMENTS

	List of Requirements	PO Financing for SETUP Assisted Project	PO Financing for TAPI Assisted Project	PO Financing for Adaptor/transferee of DOST generated technology	PO Financing for DOST R and D Assisted Project	LIGTAS COVID-19 Program
1	Proponent's application letter and commitment to avail the financial assistance addressed to TAPI Director	/	/	/	/	/
2	Duly-Accomplished Data Privacy Consent Form	/	/	/	/	/
3	FULL BLOWN PROJECT PROPOSAL/ Feasibility Study 1. Company's Background; 2. Marketing Aspect; 3. Technological Aspect; 4. Waste Management/Disposal/ Social Aspect; and 5. Financial Aspect.	/	/	/	/	/
4	Valid and Unserved purchase order/s and/or sales contracts at the time of application.	/	/	/	/	/
5	Endorsement of Regional Director with Initial Regional Assessment of the project	/	/	/	/	/
6	Initial Regional Assessment of the project/ Status of previous assistance provided	/	/	/	/	/
7	Copy of business permits and licenses (Mayor, DTI, BFAD-LTO, Halal, etc.)	/	/	/	/	/
8	Certificate of registration of business name with SEC, or CDA and Articles of Partnership or Incorporation/ By-Laws (for Corporation)	/	/	/	/	/
9	Notarized Board Resolution or Secretary's Certificate authorizing the borrowing and designating authorized signatories for the financial assistance (for Cooperative/Corporation)	/	/	/	/	/

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10	Certified list of stockholders and officers (if a corporation) with brief bio-data of applicant/ major stockholders and officers	/	/	/	/	/
11	Certification/endorsement from DOST-RDI that the MSME is assisted including the background/status of the assistance to the company	X	X	X	/	X
12	Technology-Licensing Agreement/ MOA between technology generator and technology adaptors	X	X	/	/ if applicable	/
13	Audited Financial Statement for the past three (3) years;	/	/	/	/	/
14	Interim Financial Statement to assess the current financial viability (if necessary)	/	/	/	/	/
15	Pictures of products and company's production area	/	/	/	/	/