



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

JAN 21 2022

TAPI Administrative Order Number 2022- 002
Series of 2022

SUBJECT: Implementing Guidelines for Venture Financing for Commercialization of DOST-Generated/Funded Technologies

Section 1. Program Description

1.1. The Program for the Department of Science and Technology (DOST)-funded Technology Adoptors is a specialized Venture Financing Program (VFP) facility of the Technology Application and Promotion Institute (TAPI) that provides the necessary funding support to Micro, Small and Medium Enterprises (MSMEs) under Commercialization of DOST generated technologies. Filipino-owned MSMEs that are technology transferees which adopted DOST-funded Technologies with a valid Technology Licensing Agreement (TLA) with DOST-RDIs at the time of application.

1.2. Adopted DOST-funded technologies to improve productivity, increase market, compliance to local and international standards and roll-out of technologies for the good of the public.

Section 2. Background

2.1. The Program was created to facilitate the Institute's mandate of providing grants and/or venture to finance for new and/or emerging projects per Section 28.C of the Executive Order No. 128, series of 1987. Thus, the program intends to provide financial assistance to Filipino-owned MSMEs.

2.2. Based on the existing data, the majority of the program beneficiaries are men. Thus, women shall also be given equal opportunity to access the VFP services.

Section 3. Definition of Terms

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

3.1. Commercialization - refers to the process of deriving income or profit from a technology, such as the creation of a spin-off company, or through licensing, or the sale of the technology and/or IPRs.

3.2. 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.

3.3. DOST – Generated/Funded Technologies – refers to technologies which are outputs of Research and Development activities funded by the DOST and any of its attached agencies.

3.4. DOST-GIA or DOST Grants-in-Aid funds –refers to the funds provided by DOST to programs and projects that aim to harness the country's scientific and technological capabilities to spur and attain sustainable economic growth and development.

3.5. 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.

3.6. 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.

3.7. Fairness Opinion Board (FOB) – refers to an independent third body composed of experts from the public and private sector as may be determined by DOST. Members of this body shall have no conflict of interest as to the transaction that it shall evaluate and shall be bound with the confidentiality of the documents submitted in accordance with the rules.

3.8. Fairness Opinion Report (FOR) - Refers to the report submitted by the Fairness Opinion Board expressing its opinion as to the fairness to the GFA or RDI of the proposed transaction, particularly its financial terms. The FOR is an assessment of whether a proposed technology transfer agreement between a Research and Development Institute (RDI) and a technology adopter or business is fair to the government.

3.9. Higher Education Institutions (HEI) – include not only universities and colleges but also various private professional schools such Ateneo, La Salle, UST that conducts scientific research.

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

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

3.12. 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.

3.13. 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 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

3.14. Department of Science and Technology Research and Development Institute (DOST-RDI) – are composed of seven (7) attached agencies of DOST that performs the Research and Development activities of the department namely: ASTI, FNRI, FPRDI, ITDI, MIRDC, PNRI and PTRI.

3.15. 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.

3.16. Technical Evaluation Committee (TEC)/Inter-Agency Technical Evaluation Committee (IATEC) – 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 of the proposal.

3.17. Technology - refers to knowledge and know-how, skills, products, processes, and/or practices.

3.18. 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.

3.19. Technology Licensing Agreement (TLA) – an arrangement that involves an owner (licensor) of some technological intellectual property who accepts compensation (consideration) to let someone (licensee) use, change, or resell the property.

3.20. Technology transfer - refers to the process by which one party systematically transfers to another party the knowledge for the manufacture of a product, the application of a process, or rendering of a service, which may involve the transfer, assignment or licensing of IPRs.

3.21. Technology Transfer under the following Categories: (*Technology Transfer Booklet*)

3.21.1. Commercialization – refers to the process of deriving income or profit from technology such as creation of spin-off company, licensing, or the sale of technology and/or Intellectual Property Rights (IPRs);

3.21.2. Public Good – refers to the process of transferring technologies that are freely available for use by all where no licensing fee and/or royalty is being charges or collected; and

3.21.3. Extension – is broadly defined as the systematic transfer of technology, innovation, or information generated by HEIs, RDIs, and other partners to seek solutions to specific development concerns without deriving income out of it.

3.22. 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.

3.23. Venture Financing Program - is a flagship program of DOST-TAPI to help MSMEs accelerate the commercialization of innovative technologies or inventions by providing the necessary funding support to start-ups and technology-based projects. The program is currently implementing four (4) funding sub-facilities namely: 1. VFP for Start-Up and Technology-Based Projects, 2. VFEST, 3. Adoption of DOST-generated technology and 4. Certification of Local/International Standards.

Section 4. Objectives

The Program aims to:

4.1. Provide financial support to MSMEs that adopted DOST-funded technologies for the acquisition of required production equipment needed by the MSMEs to improve productivity, and roll-out of technologies under the category of commercialization of technology transfer;

4.2. Provide financial support to MSMEs that adopted DOST-funded technologies for the payment of Fees for certification in compliance to Local/International Standards necessary to enter the Local and International Market; and

4.3. Gender Equality Goals and Outcomes

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

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

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

Section 5. Assistance Coverage

5.1. Financial assistance shall cover the cost of acquisition or fabrication of required equipment to improve productivity to enter the local or international market to commercialized DOST generated/funded technologies; and

5.2. Financial assistance shall cover the cost of certification fees to comply with standards to enter the local or international market to commercialized DOST generated technologies.

5.3. DOST-TAPI's exposure should not exceed Five Million Pesos (P5M) per project. 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 3.2 above.

Section 6. Eligibility

To qualify to the Program, the Proponent shall be:

6.1. Filipino-owned MSMEs that are technology transferees which adopted DOST-funded Technologies with a valid Technology Licensing Agreement (TLA) with DOST-RDIs on the time of application and which shall be valid during the project term; and

6.2. Duly registered Sole Proprietor or Corporation or Partnership or Cooperative at least sixty (60%) ownership of which belongs to Filipino Citizens.

Section 7. 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:

7.1 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

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

Section 8. Criteria for Evaluation.

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

8.1.1. Technical Aspect (20%);

8.1.2. Financial Aspect (20%);

8.1.3. Marketing Aspect (35%); and

8.1.4. Socio-Economic Impact and Compliance to Requirements (25%).

8.2. 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.

8.3. For certification of international standards, the Proponent shall exhibit proofs that it has potential international market such as but not limited to Freedom-to-Operate (FTO) analysis or search in the target countries, Patent Cooperation Treaty (PCT) application (if applicable), international sales contract (if available), letters of intent, etc.

Section 9. 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 the period of refund shall in no case exceed three (3) years after the release of funds in addition to the six (6) 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 the PDCs, the VFP Unit acknowledges receipt of the same and forwards all PDCs to the DOST-TAPI cashier through FAD DM. For legal purposes, the 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 three (3) consecutive months shall render the entire unpaid obligations due and demandable including penalty charges incurred.

Section 10. Monitoring and Implementation

10.1. DOST-TAPI shall provide administrative cost representing seven and five-tenths percent (7.5%) of the project cost or Twenty-Five Thousand Pesos (P25,000.00), whichever is lower, to DOST RO for monitoring of the project.

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

10.3. The Proponent shall submit to DOST-TAPI the original copy of the Progress or Project Completion Report and Audited Financial Report (AFR), furnishing copies to the respective DOST RO. The report(s) shall be forwarded to DOST-TAPI-FAD to facilitate liquidation of the financial assistance provided to the project.

10.4. The Proponent likewise, shall submit to the DOST RO the duly signed inventory of equipment and Property Acknowledgment Receipt (PAR) for the equipment purchased out of projects funds thirty (30) days after the purchase including photocopies of original receipts issued thereof; and

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

10.6. 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 11. Equipment Ownership

11.1. It is understood that ownership of the equipment acquired out of the financial assistance shall remain with DOST-TAPI until such time that the said financial assistance is fully paid by the Proponent. Equipment tagging is done upon completion of acquisition of all equipment listed in the approved Line-Item-Budget of the project. The transfer of ownership through issuance of Invoice Receipt for Property (IRP) shall commence after the Proponent has fully complied with its obligations with DOST-TAPI.

Section 12. Effectivity

12.1. 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	Regular Venture Financing Program Technology-based START-UPS	Venture Financing for Environmentally-Sound Technologies (VFEST)	Commercialization of DOST-Generated Technology	Purchase Order (PO) Financing/ LIGTAS COVID-19	Fees for Certification of Local/International Standards
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	Projected Financial Statement for the next five (5) years (Statement of Financial Position, Income and Cash Flow)	/	/	/	X	/
5	Endorsement of Regional Director with Initial Regional Assessment of the project	/	/	/	/	/
6	Initial Regional Assessment of the project/ Status of previous assistance provided (must be at least 50% paid up and updated from the previous assistance provided)	X	X	X	/	X
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)	/	/	/	/	/

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9	Notarized Board resolution or Secretary's Certificate authorizing the borrowing and designating authorized signatories for the financial assistance (for Cooperative/Corporation)	/	/	/	/	/
10	Certified list of stockholders and officers (if a corporation) with brief bio-data of applicant/ major stockholders and officers	/	/	/	/	/
11	Three (3) quotations from suppliers/ fabricators for all the equipment to be purchased/ fabricated, if applicable	/	/	/	X	/
12	Technology-Licensing Agreement/ MOA between technology generator and technology adaptors (for adoption of DOST generated technologies) and certification of FOR/ Fairness Opinion Report – c/o RDI concerned	/ If applicable	/ If applicable	/	X	/
13	Audited Financial Statement for the past three (3) years	/	/	/	/	/
14	Interim Financial Statement to assess the current financial viability (if necessary)	/	/	/	/	/
15	Valid/Unserved/Confirmed purchase orders and sales contracts.	X	X	X	/	/
16	Technology-Licensing Agreement/ MOA between technology generator and technology adaptors (for adoption of DOST generated technologies)	/ If applicable	/ If applicable	/	X	/
17	Valid IP Documents/Patent Certificates/	/ If applicable	/ If applicable	/ If applicable	X	/ If applicable
18	Proof of Patent Search (for potential IPs)	/ If applicable	/ If applicable	/ If applicable	X	/ If applicable
19	Freedom-to-Operate Report/Search	X	X	/	X	/