



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

JAN 21 2022

TAPI Administrative Order Number 2022- 003
Series of 2022

SUBJECT: Revised Implementing Guidelines for Venture Financing for Environmentally-Sound Technologies (VFEST) Program.

Section 1. Program Description

1.1. The Program is a specialized venture financing facility of Department of Science and Technology – Technology Application and Promotion Institute (DOST-TAPI) for the mSMEs adopting locally developed green technologies that would result in a significant waste and pollution reduction and cost savings among local manufacturing industries. Locally-developed cleaner technologies that could come from DOST RDIs, SUCs, and other government agencies.

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 micro, small and medium enterprises (MSMEs); and

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

Section 3. Definition of Terms:

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

3.1. 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.

3.2. 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.

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

3.4. 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.

3.5. Environmentally-Sound Technologies - technologies that protect the environment, are less polluting, use all resources in a more sustainable manner, recycle more of their wastes and products, and handle residual wastes in a more acceptable manner than the technologies for which they were substitutes and are compatible with nationally determined socio-economic, cultural, and environmental priorities. The term includes hard and soft technologies. (*United Nations Framework Convention on Climate Change*).

3.6. Global Warming – refers to the increase in the average temperature of the Earth's near-surface air and oceans that is associated with the increased concentration of greenhouse gases in the atmosphere.

3.7. Greenhouse gases (GHG) – refers to constituents of the atmosphere that contribute to the greenhouse effect including, but not limited to, carbon dioxide methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulfur hexafluoride.

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

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

3.10. 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;

3.11. Local Company - A Filipino-owned mSME or organization located in a local area of a country and provides commodities, goods, products or services. Local companies are an important facet of a local economy;

3.12. Locally developed technology – technologies developed by local Research and Development Institutes (RDIs) from DOST, other government RDIs, SUCs and private R&D companies.

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. Research and Development Institute or Institution (RDI)" refers to a public or private organization, association, partnership, joint venture, higher education institution or corporation that performs R&D activities and is duly registered and/or licensed to do business in the Philippines, or otherwise with legal personality in the Philippines. In the case of private RDIs, they shall be owned solely by the citizens of the Philippines or corporations or associations at least sixty *per centum* (60%) of the capital of which is owned by such citizens. This does not include RDIs covered by international bilateral or multilateral agreements;

3.15. 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.

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

3.17. 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 for the acquisition of cleaner production technologies and equipment that result to significant waste and pollution reduction and cost savings among local manufacturing industries; and

4.2. Enhance the environmental performance of the local manufacturing industries.

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. The financial assistance shall cover the cost of acquisition or fabrication of pollution control, sustainable energy conservation or abatement equipment and technologies that result to significant waste and pollution reduction and cost savings among local manufacturing industries such as Environmental Clearance Certificates, Health and Safety Clearances, Sanitary Permits, Clean Air Act Certificate, Laguna Lake Development Authority Clearance, and other similar certifications to be refunded by the Proponent without interest; and

5.2. The Program shall cover the equipment, subject to the recommendation of the TEC/IATEC and approval of the EXECOM. DOST-TAPI's exposure should not exceed **Two Million Five Hundred Thousand Pesos (P2.5M)** 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 3.1 above.

Section 6. Eligibility

In order to qualify for the Program, the Proponent must be:

6.1. Filipino men- and women-owned MSMEs; and

6.2. Duly registered Sole Proprietor or Corporation or Partnership or Cooperative at least sixty percent (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 (30%)- "Innovation through Environmentally-Sound Technologies";

8.1.2. Financial Aspect (25%);

8.1.3. Marketing Aspect (20%); 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. Proof of absence or non-compliance to these clearances should be presented upon application to the Program such as but not limited to notice/certification from regulatory bodies for the compliance of sanitary permit/ mayor's permit/ DENR Environmental Compliance Certificate.

8.4. Proof of not stable electricity in the area and cost reduction for a sustainable energy conservation should be presented upon application to the Program such as but not limited to notice/certification from government/ energy provider of no stable electricity in the area and contract specification of cost savings in the use of renewable energy.

8.5. The Proponent should provide the production and labor costs, services, other operating expenses, and the remaining cost of raw materials, if applicable, as counterpart funding. The project should feature: (1) substantial technological, environmental advantages and socio-economic benefits; (2) application or use of the technology or equipment shall increase efficiency or productivity; and (3) Compliance to environmental clearance or regulations and law; and

8.6. The project should be in line with any of the priority sectors of the DOST as mentioned in Section 3.2 of this Guidelines.

Section 9. Refund of Financial Assistance

9.1. 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.

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

9.3. 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.

9.4. 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. 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 the monitoring of the project.

10.2. Once the funds were released to the Proponent, 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) 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.

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 DOST-TAPI's investment, 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 suppletorily.

Section 11. Equipment Ownership

11.1. The 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 the acquisition of all equipment listed in the approved Line-Item Budget of the project. The transfer of equipment ownership through issuance of Invoice Receipt for Property (IRP) shall be effected 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 or working 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	/