



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

FEB 03 2023

TAPI Administrative Order Number 2023- 002
Series of 2023

SUBJECT: Implementing Guidelines of the Venture Financing Program (VFP)

Section 1. Program Description

- 1.1. The Technology Application and Promotion Institute of the Department of Science and Technology (DOST-TAPI)'s Venture Financing Program (VFP) aims to accelerate the commercialization and utilization of innovative technologies or inventions by providing the necessary financial support to technology-based Micro, Small and Medium Enterprises (MSMEs).

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. DOST-TAPI's function was expanded by virtue of Republic Act (RA) 7459 otherwise known as the "Inventors and Invention Incentives Act of the Philippines"; and
- 2.3. The Program shall provide equal opportunity to both men and women to access the VFP.

Section 3. Definition of Terms

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

- 3.1. Affidavit of Undertaking - refers to the affidavit voluntarily executed in order to attest to the truthfulness of the foregoing narration of facts and undertaking under pain of administrative, criminal and civil liabilities, and for whatever legal purpose it may serve. (www.psa.gov.ph)
- 3.2. Audited Financial Report (AFR) - refers to the financial report submitted as a requirement to liquidate the financial assistance extended to the project following the format of the AFR attached to the Memorandum of Agreement (MOA) between DOST-TAPI, concerned DOST Regional Office and the proponent.
- 3.3. Audited Financial Statement (AFS) - refers to a set of documents that shows the company's financial status at a specific point in time which is audited by a Certified Public Accountant (CPA) regardless of his/her Board of Accountancy (BOA) or Bureau of Internal Revenue (BIR) accreditation.
- 3.4. Counterpart fund - 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 for infrastructures, production equipment and raw materials, at the time of the application.

- 3.5. DOST Agencies - refers to the attached Agencies including Regional Offices of the Department of Science and Technology
- 3.6. DOST-generated or funded technology - refers to technologies which are outputs of Research and Development activities funded by the DOST and any of its attached agencies including its regional offices.
- 3.7. 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.
- 3.8. DOST Regional Office (DOST RO) - refers to the DOST Office in a respective region that provides packaged-Science and Technology (S&T)-based interventions to high impact projects through DOST Priority Programs or Roll Out programs.
- 3.9. DOST-TAPI Executive Committee (EXECOM) - composed of DOST-TAPI Director, who facilitates the recommendation and approval of a project proposal, Division Chiefs, and Head of Legal Unit.
- 3.10. Investment Readiness Level (IRL) – refers to a diagnostic tool that can be used to gauge how far a business has progressed in its Customer Development process. It is also a way to quantify the progress of a product, project, or company that helps make investment decisions for team leaders, managers and investors.
- 3.11. Full liquidation – refers to the full compliance of the proponent on the requirements as stipulated in the MOA, but not limited to the following:
 - a. full refund of financial assistance;
 - b. submission of progress reports; and
 - c. submission of Audited Financial Report (AFR)
- 3.12. Intellectual Property (IP) - refers to intangible assets resulting from the creative work of an individual or organization. IP also refers to creations of the mind, such as inventions, literary and artistic works, and symbols, names, images, and designs used in commerce.
- 3.13. Licensing fees - refers to a sum of money paid by the technology adoptor to the technology generator for the right to utilize the technology adopted, while the technology generator retains ownership.
- 3.14. 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

- 3.15. Proponent - refers to an entity or individual that prepares and submits project proposals for DOST-TAPI's approval and assistance under the VFP 4.0 Program.
- 3.16. Raw Materials - refers to materials or substances used in the primary production or manufacturing of goods.
- 3.17. Slotting or rental fees - for the purpose of this guidelines, refers to the shelving fee, or slotting allowance — is a cost that manufacturers pay to place their products on retail shelves.
- 3.18. 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.
- 3.19. Technology - refers to knowledge and know-how, skills, products, processes, and/or practices.
- 3.20. Technology-based company - refers to a company utilizing innovative technology in its business operations.
- 3.21. Technology Adopters or 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.
- 3.22. Technology Licensing Agreement (TLA) - refers to 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.
- 3.23. Technology Readiness Level (TRL) - refers to a tool developed by the National Aeronautics and Space Administration (NASA) to assign a stage where a particular technology being developed can be categorized. (Source: IP Valuation Manual)
- 3.24. 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.

- 3.25. Upfront fees - refers to one-time payment of adopters to be paid to the technology generator upon execution of the contract/agreement.
- 3.26. Venture Financing Program - refers to a flagship program of DOST-TAPI to help MSMEs, spin-offs and startups accelerate the commercialization and utilization of innovative technologies or inventions by providing the necessary financial and technical support to technology-based MSME, start-up, and inventors' projects.
- 3.27. Website hosting and maintenance fees - for the purposes of this guidelines, refers to the payment for the process of renting or buying space from a service provider to house a website on the World Wide Web and keeping a website up-to-date and running smoothly as well as perform optimally.

Section 4. Objectives

Generally, the Program aims to accelerate the commercialization and utilization of technologies and inventions, improve business viability and enhance the business competitiveness by providing financial assistance to technology-based MSMEs.

Specific objectives are as follows:

- 4.1. To increase income, sales, and market;
- 4.2. To improve product quality;
- 4.3. To improve financial capability;
- 4.4. To improve delivery of service;
- 4.5. To encourage proactiveness and responsiveness to customers' needs; and
- 4.6. Gender Equality Goals and Outcomes
 - 4.6.1. Enhanced equal opportunity principles of men and women beneficiaries of VFP in their employment process; and
 - 4.6.2. Enhanced gender responsiveness in the entire operation of the Institute to ensure that services are participatory, fair, empowering, and sustainable.

Section 5. Assistance Coverage

- 5.1. The financial assistance covers the cost of the following:
 - 5.1.1. Raw materials and packaging materials required in the submitted POs
 - 5.1.2. Slotting or rental fees
 - 5.1.3. Web hosting and maintenance fees
 - 5.1.4. Upfront fees

- 5.1.5. Licensing fees
- 5.1.6. Certification fees for local and international standards
- 5.2. The Program covers the needed interventions up to seventy percent (70%) of the total project cost not exceeding **TWO Million Pesos (P2M)**. The proponent shall put up at least thirty percent (30%) of the total project cost as counterpart fund defined under Section 3.2 above, subject to the recommendation of the Program Manager and approval of the EXECOM.
- 5.3. The Proponent may avail VFP assistance as follows:
 - 5.3.1. Raw materials and packaging materials for a maximum of two (2) assistance, provided that the first assistance is fully refunded and liquidated;
 - 5.3.2. Slotting or rental fees for a maximum of three (3) retailers;
 - 5.3.3. Web hosting and maintenance fees for a maximum of one (1) year;
 - 5.3.4. Upfront fees and/or licensing fees for the adoption of the DOST technologies; and
 - 5.3.5. Certification fees for local and international standards.

Section 6. Eligibility

6.1 To qualify for the Program, the Proponent must be:

- 6.1.1. Filipino men- and/or women-owned MSMEs existing for at least three (3) years;
- 6.1.2. Duly registered Sole Proprietor or Partnership or Cooperative or a Corporation with at least sixty percent (60%) ownership of which belongs to Filipino Citizens; and
- 6.1.3. Any technology-based company which must be one of the following:
 - 6.1.3.1 with at least active IP-filed technology;
 - 6.1.3.2 adoptor of DOST- generated or funded technologies;
 - 6.1.3.3 with previous and/or on-going DOST assistance; and
 - 6.1.3.4 technology licensee

Section 7. Co-Maker

A Co-maker shall be required for sole-proprietorship in the execution of Affidavit of Undertaking 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 of the Proponent or a Person who 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

The proponent shall submit the complete requirements as indicated in Annex A hereof.

- 8.1 The proposal shall be evaluated upon completion of the documentary requirements submitted.
- 8.2 The proposal shall be evaluated according to the following criteria:
 - 8.2.1 Compliance and Responsiveness (10%)
 - 8.2.2 Technical Aspect (35%);
 - 8.2.3 Marketing Aspect (30%); and
 - 8.2.4 Financial Aspect (25%).
- 8.3 A proponent should have an overall weighted average rate of at least three (3) to be considered for the final evaluation or endorsement for Execom presentation.
- 8.4 The project should be in line with any of the priority sectors of the DOST as mentioned in Section 3.5 of this Guidelines.

Section 9. Refund of Financial Assistance

- 9.1 Upon signing of the MOA, the Proponent shall issue post-dated checks (PDCs) representing the refund of the financial assistance in accordance with the approved Schedule of Refund. DOST-TAPI then shall release the funds directly to the Proponent.
- 9.2 The DOST-TAPI shall recover the financial assistance extended commensurate to the full value of the amount provided without interest. 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 one (1) year after the release of funds in addition to the maximum 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.
- 9.3 Failure of the Proponent to refund the installment amounts for three (3) consecutive payments shall render the entire unpaid obligations due and demandable including penalty charges incurred therein.

Section 10. Monitoring and Implementation

- 10.1 DOST-TAPI shall provide honorarium to DOST-RO's regional or provincial program coordinator following DOST-TAPI Resolution 2021-02, "Standard Basis for the Computation of Honoraria".
- 10.2 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.

- 10.3 The concerned Program Manager shall monitor the project until its completion as stipulated in the MOA. Project is considered completed upon full recovery of the investment, certified by the DOST-TAPI Finance and Administrative Division (FAD); and full liquidation of project funds.
- 10.4 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 DOST-TAPI Grants-in-Aid (GIA) Projects and its amendments, if any, shall be applied supplementary.

Section 12. Separability Clause

In case any provision in this Order shall be declared invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 13. Repealing Clause

All previously issued DOST-TAPI issuances in relation to these Guidelines are hereby revised or amended accordingly.

Section 14. Effectivity

This Order shall take effect after fifteen (15) calendar days from its publication either to the Official Gazette or upon filing copies thereof at the University of the Philippines (UP) Law Center.

Taguig City, Philippines, _____ 2023.


ATTY. MARION IVY D. DECENA
Director

ANNEX A
VENTURE FINANCING PROGRAM
CHECKLIST OF REQUIREMENTS

List of Requirements	
1	Proponent's application letter and commitment to avail the financial assistance addressed to TAPI Director
2	Endorsement of the concerned DOST Agencies
3	Duly-Accomplished Data Privacy Consent Form
4	FULL BLOWN PROJECT PROPOSAL/ Feasibility Study <ol style="list-style-type: none"> 1. Company's Background; 2. Marketing Aspect; 3. Technological Aspect; 4. Waste Management/Disposal/ Social Aspect; and 5. Financial Aspect.
5	Mayor's / Business Permit
6	Certificate of registration of business name with SEC for corporations and partnerships, or CDA for cooperatives
7	Notarized Board resolution or Secretary's Certificate authorizing the borrowing and designating authorized signatories for the financial assistance (for Cooperative/Corporation), if applicable
8	General Information Sheet (GIS), if applicable
9	Deed of assignment, if applicable
10	Quotation from certifying body (for certification fees)
11	Technology-Licensing Agreement/ MOA between technology generator and technology adaptors (for upfront and licensing fees)
12	Latest Audited Financial Statement for at least one (1) year
13	Unserved/Confirmed purchase orders or sales contracts valid for at least two (2) months at the time of evaluation (for raw materials)
14	Letter of acceptance from the merchant and proof of billing (for slotting fees)
15	Contract or Job Order with supplier (for web hosting and maintenance fees)

Annex B: Criteria of Evaluation
Venture Financing Program 4.0

Scale	RATING	Compliance and Responsiveness (10%)	Technical Aspect (35%)	Financial Aspect (25%)	Marketing Aspect (30%)
		Comments/ Remarks	Comments/ Remarks	Comments/ Remarks	Comments/ Remarks
Outstanding	5	The proponent has complied and completely submitted the documents required by the IATEC/TEC within the deadline.	The Technology Readiness Level (TRL) is at 9 and Investment Readiness Level (IRL) is at least 9	The computed Return on Investment of the project is above 10% . The Counterpart funding of the proponent to the project is more than 30% (labor, indirect and other operating expenses) . The company's liquidity ratio of the project is more than 4:1.	The proponent has: - at least potential for export market-reach - existing captured market nationwide - established and well-maintained distribution channels - high competitive edge
Very Satisfactory	4	The proponent has complied with all the requirements one (1) working day after the deadline.	The TRL is at 9 and IRL is at least 8	The computed Return on Investment of the project is between 8-9% . The Counterpart funding of the proponent to the project is between 25-29% (labor, indirect and other operating expenses). The company's liquidity ratio of the project is more than 2:1.	The proponent has: - potential nationwide market . - existing captured market regionwide. - existing distribution channels. - average competitive edge
Satisfactory	3	The proponent has complied with the requirements of the IATEC/TEC two (2) working days after the deadline.	The TRL is at least 8 and IRL is at least 8	The computed Return on Investment of the project is between 6-7% . The Counterpart funding of the proponent to the project is between 20-24% (labor, indirect and other operating expenses). The liquidity ratio of the project is at least 1:1.	The proponent has: - potential regionwide market - existing market within the province/city - can supply/distribute the product within the province/city - average competitive edge
Fair	2	The proponent has incomplete submission of the requirements of the IATEC/TEC.	The TRL is at least 7 and IRL is at least 8	The computed Return on Investment of the project is between 3-5% . The Counterpart funding of the proponent in the project is between 15-19% (labor, indirect and other operating expenses) . The liquidity ratio of the project is less than 1	The proponent has: - market and can distribute the product within the community - low competitive edge
Poor	1	The proponent was not able to comply and submit the requirements	The TRL is at least 6 and IRL is at least 8	The computed Return on Investment of the project is 2% or below . The Counterpart funding of the proponent in the project is below 15% (labor, indirect and other operating expenses) . The liquidity ratio of the project is negative	- low market

<p>Passing Score: 3.0</p>	<p>Basis: 1. Ability to comply with the documentary requirements requested by the IATEC/TEC</p>	<p>Basis: 1. IP Documents 2. Proposal 3. Business Model Canvass 4. National Aeronautics and Space Administration – European Association of Research and Technology Organization (NASA-EARTO) TRL Scale</p>	<p>Basis: 1. Audited Financial Statement 2. Projected Financial Statement 3. Interim Financial Statement (if applicable)</p>	<p>Basis: 1. Marketing Plan 2. List of existing customers 3. List of Potential Customers</p>
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