



**TAPI Administrative Order Number 2024- 004**  
**Series of 2024**

**SUBJECT: Implementing Guidelines of the Expanded Venture Financing Program (EVFP)**

### **Section 1. Program Description**

- 1.1. The Technology Application and Promotion Institute of the Department of Science and Technology (DOST-TAPI)'s Expanded Venture Financing Program (EVFP) aims to accelerate the commercialization and utilization of innovative technologies or inventions by providing the necessary financial support to start-up, spin-off and graduates of TECHNICOM program and Startup Grant Fund (SGF).

### **Section 2. Background**

- 2.1. The Program was created to facilitate the Institute's mandate of providing grants and/or ventures to finance new and/or emerging projects per Section 28.C of the Executive Order No. 128, series of 1987. The Program intends to provide financial assistance to Filipino-owned enterprises;
- 2.2. In support to Republic Act (RA) No. 11337 "Innovative Start-up Act" and Republic Act (RA) No. 10055 "Philippine Technology Transfer Act of 2009", DOST-TAPI expanded its Venture Financing Program to provide funding support to innovative start-up, spin-off and graduate of TECHNICOM and SGF; and
- 2.3. The Program shall provide equal opportunity to both men and women to access the Expanded VFP funding assistance to enterprises.

### **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](http://www.psa.gov.ph)).
- 3.2. Commercialization - refers to the process of deriving income or profit from a technology such as the creation of a spin-off firm, licensing, and/or the sale of the technology and/or IPRs.

- 3.3. Co-maker - is a person who, by virtue of contract, promises to pay the loan of another in case of default and/or continue the project in case the principal beneficiary is rendered incapacitated.
- 3.4. Counterpart fund – refers to the funds provided by the Proponent in the proposed project. The proponent shall put up at least thirty percent (30%) of the total project cost.
- 3.5. Deed of Assignment – is a legal document that transfers or assigns the legal rights and obligations to another party.
- 3.6. 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; h) manufacturing and industrial processing; i) artificial intelligence; j) green technologies; and k) climate change/disaster mitigation.
- 3.7. DOST-TAPI Executive Committee (EXECOM) – refers to the committee composed of DOST-TAPI Director, who facilitates the recommendation and approval of a project proposal, Division Chiefs, and Head of Legal Unit.
- 3.8. Emerging Technologies – refers to a radically novel and fast-growing technology.
- 3.9. Expanded Venture Financing Program (VFP) - refers to the program of DOST-TAPI to help startups, spin-offs, SGF and TECHNICOM graduates accelerate the commercialization and utilization of innovative technologies or inventions by providing the necessary financial and technical support to technology-based start-up, and spin-off projects.
- 3.10. Fixed Asset – refers to long-term tangible assets that the firm owns and uses in the operations of the business to generate income such as but not limited to production, office and ICT Equipment. Fixed assets are also known as property, plant and equipment (PPE).
- 3.11. Innovative Product – a good or service that is new or significantly improved, such as improvements in technical specifications, component materials, software in the product, user friendliness or other functional characteristics.
- 3.12. Innovative Technologies – refers to innovative products and/or processes which resulted from the creation of new ideas which are then spread or transferred across the market.
- 3.13. Pre-operating Expenses – refers to expenses before the startup or formation and operations of the spin-off company. Pre-operating costs include expenses related to the investigation of a potential new business, as well as the actual costs associated with forming or registering the company. These expenses

include consulting fees that are paid to experts and advisors during startup such as legal and accounting costs incurred. Expenses pertaining to securing the following:

- a. Food and Drug Administration License-to-Operate (FDA-LTO),
- b. FDA certificate of product registration (CPR); and
- c. Other similar permits and licensing fees are also included under pre-operating expenses.

- 3.14. Proponent - refers to an entity or individual that prepares and submits project proposals for DOST-TAPI's approval and assistance under the Expanded Venture Financing Program.
- 3.15. Raw Materials - refers to materials or substances/reagents used in the primary production or manufacturing of goods.
- 3.16. Research and Development Institute (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. For purposes of these guidelines, it shall refer to DOST-RDIs and all Offices or Agencies within the DOST System, DOST-funded technologies in State Universities and Colleges (SUCs) and other RDIs funded by the government that developed a technology subject of spin-off activity as defined herein.
- 3.17. Researcher-Employee - refers to an active employee of the DOST-RDI who is at the same time is a researcher in a government-funded R&D the IP and/or IPRs of which are subject to commercialization through the creation of a spin-off company.
- 3.18. Spin-off Activity – refers to the act of either (a) creating, owning, controlling, or managing a company that undertakes the commercialization of the technology; or (b) accepting employment as an officer, employee, or consultant in a company that was created through the initiative of the researcher-employee for the purpose of undertaking the commercialization of the subject technology. For easy referencing, the first refers to "Establishing a spin-off company" while the second is "Accepting a spin-off employment".
- 3.19. Spin-off agreement – refers to an agreement between the technology licensor (DOST-RDI) and the researcher-employee (spin-off firm) to transfer or assign legal rights of the technology for commercialization.
- 3.20. Spin-off Companies/firms – are companies established by the DOST-Research and Development Institute (RDIs) researcher-employee to commercialize their developed technologies. Spin-off companies may also come from State University and College (SUCs) or other government RDIs using government funds in the generated technologies for commercialization.

- 3.21. **Start-up Company** – refers to a newly formed business that is innovative and has a current high market demand to commercialize its products or services that will fall under the program's target sector for possible funding assistance. Start-up companies utilizing emerging technologies and/or innovative technologies through the provision of seed-capital to upscale the operation and commercialize its developed technologies.
- 3.22. **Start-up Grant Fund (SGF)** – fund allocated by DOST-Councils from the DOST-GIA to fund the innovative programs/ projects of startup and start-up enablers in implementing the Philippine Startup Development Program (PSDP);
- 3.23. **Start-up Grant Fund graduates** – refers to graduates/successful beneficiaries of DOST-RDI and Councils Start-up grant programs that is duly registered entity in the Philippines that aims to market the develop innovative product, process, or business model to commercialize its developed technologies.
- 3.24. **Technology-based company** - refers to a company utilizing innovative technology in its business operations.
- 3.25. **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.
- 3.26. **Technology Licensing Agreement (TLA)** - refers to an arrangement that involves an owner (licensor) of intellectual property who accepts compensation (consideration) to let someone (licensee) use, change, or resell the property.
- 3.27. **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.
- 3.28. **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.
- 3.29. **Working Capital Requirement** - refers to the amount of money required to cover the operating costs. It represents the company's financing requirements linked to the primary activity of the business operations.

#### **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 enterprises.

Specific objectives are as follows:

- 4.1. To establish spin-off and innovative start-up companies;

- 4.2. To scale-up the operation of the start-up and spin-off companies;
- 4.3. To provide seed capital/initial working capital;
- 4.4. To provide the needed tools and equipment of start-up/spin-off companies to jumpstart the operation of the company; and
- 4.5. Gender Equality Goals and Outcomes:
  - 4.5.1 To have equal opportunity principles of men and women beneficiaries of Expanded VFP in their employment process; and
  - 4.5.2 To have 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. *Assistance Covered.* The financial assistance under this Program may cover any or both of the costs of the following:
  - 5.1.1. Pre-operating Expense in the amount of NOT more than One (1) Million Pesos (P1,000,000.00) in the form of a grant; and
  - 5.1.2. Working Capital in the amount of not more than Four (4) Million Pesos (P4,000,000.00) with full refund for the acquisition of the following items for the initial operational requirement among others:
    - 1. fixed assets;
    - 2. rental for the use of space of RDI facilities;
    - 3. rental for the use of space of TBI facilities;
    - 4. Leasehold for the use of space of administrative and marketing office;
    - 5. laboratory testing expenses;
    - 6. production materials;
    - 7. packaging materials;
    - 8. ICT software and subscription;
    - 9. labor expenses in the production;
    - 10. Utilities; and
    - 11. Other indirect expenses needed in the operation of the business.

- 5.2. *Counterpart Fund.* In all cases, a counterpart fund in the amount of least thirty percent (30%) of the total project cost shall be shouldered by the proponent defined under Section 3.4 of this guidelines, subject to the recommendation of the Program Manager and approval of the EXECOM.

## **Section 6. Eligibility**

- 6.1 To qualify for the Program, the Proponent must be:
- 6.1.1. Technology-based company which falling under any of the following:
    - 6.1.1.1 start-up graduate of Start-up Grant Fund (SGF);
    - 6.1.1.2 start-up graduate of TECHNICOM Program; and
    - 6.1.1.3 spin-off company as defined in Section 3.20 who owns the technology subject of commercialization through a deed of assignment, original owner, or otherwise; and
    - 6.1.1.4 spin-off company from DOST-funded/supported SUC/HEI who owns the technology subject of commercialization through a deed of assignment, original owner, or otherwise.
  - 6.1.2. duly registered as a Corporation, the full ownership and control of which belongs to Filipino citizens; and
  - 6.1.3 Start-up/ spin-off companies that have successfully implemented projects previously assisted by DOST, which have been fully-liquidated and without any outstanding financial obligations.

## **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 refund 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 as indicated in Annex B hereof:

- 8.2.1 Compliance and Responsiveness (10%)
- 8.2.2 Technical Aspect (30%);
- 8.2.3 Marketing Aspect (40%); and
- 8.2.4 Financial Aspect (20%).

- 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 3.6 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, which is subject of refund, if any 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, which is subject of repayment, 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 the projected implementation cycle of the company as reflected in the projected financial statement/ cash flows and what shall be agreed upon by DOST-TAPI and the Proponent to be indicated in the MOA provided that the period of implementation comprising of the grace and the refund period shall in no case exceed five (5) years after the release of funds. 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 obligation due and demandable including penalty charges incurred therein.

### **Section 10. Collateral**

The proponent shall use the technology subject of the approved project as collateral for the portion of financial assistance with refund, if any. The Institute shall take appropriate steps to protect its interest over the collateral at the earliest possible time. In case of termination due to breach of contract on the part of the proponent, the collateral shall be used to satisfy the proponent's financial obligation up to the value of the technology. The cost of valuation shall be borne by the proponent. In case of failure or refusal on the part of the proponent to cause the valuation of the technology for purposes of satisfying the proponent's financial obligation, the collateral may be forfeited in favor of the Institute at its discretion.

### **Section 11. 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 12. Repealing Clause**

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

### **Section 13. 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, \_\_\_\_\_ 2024.

  
**ATTY. MARION IVY D. DECENA**  
Director  




**ANNEX A**  
**EXPANDED VENTURE FINANCING PROGRAM**  
**CHECKLIST OF REQUIREMENTS**

<b>List of Requirements</b>	
1	Proponent's application letter and commitment to avail the financial assistance addressed to TAPI Director
2	Endorsement of the concerned DOST Agencies/ Higher Education Institution (HEIs)/ State Colleges and Universities (SUCs)
3	Duly-Accomplished Data Privacy Consent Form
4	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.
5	Business Model Canvas
6	Certificate of registration of business name with SEC for corporations
7	Notarized Board resolution or Secretary's Certificate authorizing the borrowing and designating authorized signatories for the financial assistance
8	Latest General Information Sheet (GIS)
9	Mayor's / Business Permit - not required for DOST-RDI spin-off company
10	Projected financial statements for the next five (5) years
11	Latest Audited Financial Statement for at least one (1) year (if applicable)
12	Proof of Ownership by the proponent of the subject technology sought to be commercialized, such as IP Documents/IP Certificates, Deed of assignment/ Spin-off Agreement
13	Two (2) valid government issued ID
14	Purchase orders, sales contracts or letter of intent by the client to buy the products or any proof to justify the marketability of the proposed project (if applicable)
15	For Pre-operating Expenses Requirement (whichever is applicable) a) Quotation for legal expenses and accounting costs b) Quotation for consultancy fee in securing FDA licenses c) Quotation in securing FDA related expenses d) Quotations for other related expenses in securing other similar permits and licenses needed by the company
16	For Working Capital Requirement (whichever is applicable) a) Three (3) quotations from suppliers/ fabricators for all the equipment to be purchased/ fabricated b) Quotation/ billings for laboratory testing expenses and utilities c) Quotation for leasehold agreement/ rent for the use of space d) Quotation for ICT software and subscription e) Copies of delivery receipts or sales invoice for raw and packaging materials requirement f) Copy of payroll/ contract of services for labor expenses requirement g) Quotations for other indirect expenses needed by the company

**Annex B: Criteria of Evaluation  
Expanded Venture Financing Program**

Scale	RATING	Compliance and Responsiveness (10%)	Technical Aspect (30%)	Financial Aspect (20%)	Marketing Aspect (40%)
		Comments/ Remarks	Comments/ Remarks	Comments/ Remarks	Comments/ Remarks
Outstanding	5	The proponent has complied and completely submitted the documents required by the IATEC within the deadline.	The Technology Readiness Level (TRL) is at 9  Has the existing capability to implement the project	The computed Return on Investment of the project is above <b>20%</b> .  The company's liquidity ratio of the project is <b>more than 1:1</b> .	Investment Readiness Level (IRL) is at least 8 The proponent has: - at least potential for export market-reach - potential nationwide market - existing captured market regionwide. - existing distribution channels and 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 Has the possible capability to implement the project	The computed Return on Investment of the project is between <b>16-20%</b> .  The company's liquidity ratio of the project is <b>at least 1:1</b> .	IRL is at least 7 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 two (2) working days after the deadline.	The TRL is at least 8 Has the potential capability to implement the project	The computed Return on Investment of the project is between <b>11-15%</b> .  <b>The liquidity ratio of the project is less than 1:1.</b>	IRL is at least 5 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 8 The company may have the capability to implement the project	The computed Return on Investment of the project is between <b>6-10%</b> .  The liquidity ratio of the project is <b>negative</b>	IRL is at least 3 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 8 The company has no capability to implement the proposed project	The computed Return on Investment of the project is <b>5%</b> or below.  The liquidity ratio of the project is <b>negative</b> and don't have the potential to be positive within the proposed implementation of the project	IRL is at least 1-2 - low market - don't have the potential market to sustain the operation and implement the proposed project.

<p><b>Passing Score: 3.0</b></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 (if applicable) 2.Projected Financial Statement 3.Interim Financial Statement (if applicable)</p>	<p>Basis: 1.Marketing Plan 2.List of existing customers List of Potential Customers 3.PO/ Intent to purchase 4.National Aeronautics and Space Administration – European Association of Research and Technology Organization (NASA-EARTO) IRL Scale</p>
----------------------------------	---	--	---	--