



Republic of the Philippines

## DEPARTMENT OF SCIENCE AND TECHNOLOGY



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005

**Subject : IMPLEMENTING GUIDELINES FOR THE STARTUP GRANT FUND OF  
THE DEPARTMENT OF SCIENCE AND TECHNOLOGY**

### I. Rationale

With the passage of Republic Act (RA) No. 11337, or the Innovative Startup Act, the Department of Science and Technology (DOST), together with the Department of Trade and Industry (DTI) and the Department of Information and Communication Technology (DICT), were tasked to provide programs, benefits, and incentives for startups and startup enablers promulgated through existing and additional mandates.

Chapter 1, Section 4 of RA 11337 provides for the creation of the Philippine Startup Development Program (PSDP) which shall be composed of programs, benefits and incentives for startups and startup enablers promulgated through the respective mandates of national government agencies. The DOST, DICT, and DTI shall be the lead agencies that shall assess, monitor, develop and expand the PSDP. To provide strategic guidance and oversight in the formulation, implementation, and development of the PSDP, the DICT, DOST and DTI have established a Joint Steering Committee.

Cognizant of the objective of the PSDP, the DOST shall enhance its engagement with startups by providing R&D support for the technology needs of the local startup community through the DOST Startup Grant Fund (SGF). The R&D efforts under the DOST SGF shall be directed towards improving the core technology of the startup, enhancing marketability, validating the technology by engaging lead users, or refining existing processes that may provide a new source of revenue to the startup.

For this purpose, the DOST hereby establishes the guidelines for the management and implementation of the DOST SGF under the DOST-GIA Program, pursuant to Section 11 of RA 11337 to provide grants for startups and startup enablers that have passed the DOST selection and application process. The SGF shall be one of the many programs of DOST that provide assistance to startups such as the DOST Technology Business Incubator (TBI) Program, Funding Assistance for Spinoff and Translation of Research in Advancing Commercialization (FASTRAC), Higher Education Institution Readiness for Innovation and Technopreneurship (HEIRIT) Program, and IP Assistance Regional Innovation Center, among others.

### II. Scope/ coverage

The Implementing Guidelines for the SGF of DOST covers grant application, evaluation, approval, grant administration, monitoring and reporting of programs and projects.

### III. Central Responsibility

The DOST is authorized to promulgate its procedures in implementing the PSDP in accordance with RA 11337. The DOST-Office of the Undersecretary for R&D shall manage the implementation of the DOST SGF with the assistance of all concerned DOST agencies to ensure the success of the PSDP.

### IV. Definition of Terms

For the purpose of these guidelines, the following terms shall be defined as follows:

1. Beneficiary – Any person or entity that has derived any advantage/s, benefit/s, and/or incentive/s under RA 11337, its IRR, or any related issuances.
2. Cooperating/Collaborating Agency – an agency that supports the project by participating in its implementation as collaborator, co-grantor, committed partner in resulting technology, or potential investor in technology development.
3. Counterpart funding – a startup's share of the project cost.
4. Commercialization – the process of deriving income or profit from a technology, such as, but not limited to, the operation of a spin-off company or business establishment from a licensed or sale of technology and/or IPRs.
5. Department of Science and Technology (DOST) – refers to DOST singly, or any or all its attached agencies.
6. Direct Cost – expenses incurred by the implementing agency in the execution of a program/project considered indispensable to its operation.
7. Field Testing – activity or activities aimed at analyzing the technology at the actual setting or production set-up on a proposed area. This may lead to additional adjustment of production setting and/or parameter/s prior to commercialization of the process or product and design of technology.
8. Funding Agency – the DOST or any of its grant-giving agencies that provide(s) funds/grants and other technical and material support to an approved program or project.
9. Grants-In-Aid (GIA) – refers to funds allocated to programs/projects by the DOST and its particular grant-giving agencies, including its Regional Offices and Sectoral Planning Councils.
10. Host Agency – the Department of Science and Technology (DOST), Department of Trade and Industry (DTI), Department of Information and Communications Technology (DICT), or other national government agency, local government unit, or public academic institution that provides programs, benefits, and incentives to startups or startup enablers as defined in the Act.
11. Implementing Agency – the primary organization involved in the execution of a program/project, which can be a public or private entity.





12. Income – net income generated from the sale or use of the technology.
13. Incubatees – are startups hosted by a Technology Business Incubator (TBI) whether in-wall or as virtual locators. Early incubatees are teams formed to develop the business model and/or products and may or may not be legally registered but are affiliated with a legally registered entity.
14. Indirect Cost – the overhead expenses incurred by the implementing agency/startup and/or monitoring agency in managing, evaluating, and monitoring the program/project. The administrative and project management costs shall be under this classification.
15. Innovation – is the creation of new ideas that result in the development of new or improved products, processes, business models, or services which are then spread, transferred or commercialized. Innovation can be a product, a process, or service that is new, original, or improved, which creates social, economic, or environmental impact.
16. Innovative Business Model – a new organizational method in business practices, workplace organizations or external relations.
17. Innovative Process – a new or significantly improved production or delivery method through changes in techniques, equipment, and/or software.
18. 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.
19. Investors – private individuals or entities that provide private funds to startups in return for equity.
20. Intellectual Property (IP) – 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.
21. Intellectual Property Rights (IPRs) – are rights recognized and protected in Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines".
22. Line-item Budget (LIB) – detailed breakdown of financial assistance requested and reflects counterpart of implementing agency and other agencies cooperating in the project.
23. Monitoring Agency – DOST agency that reviews the project proposal and provides technical assistance and coordinates among different implementing and coordinating agencies. It shall evaluate the feasibility of the project/program and ensure that implementation follows the approved project proposal, line-item budget and Memorandum of Agreement (MOA).
24. Multi-Year Program/Project – a program/project with more than one (1) year duration.
25. Pre-commercialization phase – a process that bridges R&D and commercialization which includes activities that lead to the creation or validation of the business model for the commercialization of a product/service. Example of activities include incubation, mentoring, business support program, capacity building, fabrication support, promotion, market validation, optimization of processes, acquisition of production capabilities, research on manufacturability of products/ optimization of value chains, advisory, legal





and expert support, and use of research/ incubation facilities, among others. For ready to scale startups, pre-commercialization shall include optimizing scale-up operations to serve local markets, roll out of initial services, expansion of protection in other countries and extensive marketing in preparation for investment offerings in the future.

26. Private sector – individuals or companies engaged in profit-seeking activities not operated by the government. It includes startups, micro, small and medium-sized enterprises, financial institutions, cooperatives, and other related intermediaries.
27. Project Duration – the period or timeframe that covers the approved start and completion dates of the project.
28. Project Leader – a project's principal implementer who is concerned with the preparation and submission of the project proposal and in-charge of the successful and timely execution of the approved project activities.
29. Project Proposal – plan and description of R&D project developed by a program/project leader in accordance with specific requirements or specifications set by DOST and/or its grant-giving agencies, and submitted to the latter for financial and/or technical assistance.
30. Project Staff – a person involved in the actual day-to-day implementation of the scientific and technological (S&T) program/project.
31. Project Support Staff – a person who renders the technical, administrative, or management-related assistance, including research utilization practitioners.
32. Proponent – a startup or organization that prepares and submits project proposals for possible funding under the GIA Program for the DOST SGF. It also refers to the Implementing Agency, the primary organization involved in the execution of the project.
33. Research and Development (R&D) – is comprised of creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society, and the use of this stock of knowledge to devise new applications through the conduct of the following activities:

Fundamental or Basic Research - experimental or theoretical work undertaken primarily to acquire new knowledge on underlying phenomena and observable facts. This can either be: (1) without immediate or specific application or "fundamental research"; or (2) geared has not been solved before or -basic oriented research This category includes natural and social sciences among other areas.

Applied Research - investigation undertaken in order to utilize data or information gathered from fundamental or basic researches or to acquire new knowledge directed primarily towards a specific practical aim or objective with direct benefit to society.

Experimental Development - systematic work that draws from existing knowledge gained from research and/or practical experience that is directed to:

- a. produce new materials, products, prototypes, or devices;
- b. install new processes, systems, or services; or
- c. substantially improve those already produced or installed.





Pilot Testing - innovative scaled-up (greater than laboratory or bench scale) activity aimed at gaining experience that may lead to further technical improvement of product or production process, and setting the parameters before the technology transfer of the process / product and design of the equipment.

34. Startup – any person or entity registered in the Philippines which aims to develop an innovative product, process, or business model. A person refers to a natural person who is a Filipino citizen or a foreign national. An entity refers to a juridical person registered in the Philippines, including but not limited to, sole proprietorship, company, partnership, joint venture, cooperative, or association.
35. Startup Enabler – any person or registered entity in the Philippines registered under the PSDP that provides goods, services, or capital identified to be critical in supporting the operation and growth of startups by the DTI in consultation with DOST, DICT, and pertinent government and nongovernment organizations (NGOs).
36. Startup Grant Fund (SGF) – funds allocated from the DOST-GIA to fund innovative programs/projects of startups and startup enablers in implementing the PSDP.
37. Technology Business Incubators (TBIs) – facilities that provide space, mentorship, training and other services to startups enrolled in their incubation program.
38. Non-Governmental Organization (NGO) – any non-profit, voluntary organization committed to the task of socio-economic development and established primarily for services assisting citizens in various ways by educating, training, or giving funds to them. These shall include foundations created for the same purpose.
39. Technology Validation - activity or set of activities aimed at confirming technical targets or particular requirements for a given technology. Said activity or activities, which should provide documented evidence that the technology accomplishes its intended use or purpose, may include performance assessment and field-testing or execution.

## **V. Objectives**

The implementing guidelines for the DOST SGF shall describe the procedures in providing fund assistance to startups which are in need of solutions to any or a combination of the following concerns, subject to the concerned DOST agencies' assessment of the proposal:

1. To overcome R&D roadblocks;
2. To strengthen intellectual property (IP);
3. To establish initial market traction;
4. To refine the business model;
5. To prepare startups to scale; or
6. To support learning and exposure of startups in national and international conferences and competitions held in the Philippines and in other countries;



The DOST SGF shall also provide fund assistance to startup enablers in addressing any or a combination of the following concerns, subject to the concerned DOST agencies' assessment of the proposal:

1. To support learning and exposure of startup enablers in national and international conferences and competitions held in the Philippines and in other countries;
2. To engage and support startup enablers to assist in the innovation activities of startups;
3. To facilitate collaboration and partnerships among key players in the startup ecosystem to promote innovation and innovation activities; or
4. To develop and amend policies and regulations.

## **VI. Benefits to Startups and Startup Enablers Availing of the DOST SGF**

Startups and startup enablers that will qualify for the DOST SGF shall enjoy the following benefits, subject to existing rules and regulations:

1. Access to the DOST/Council's GIA Program

Startups shall have access to funds necessary for them to create, validate and scale their innovation. Likewise, startup enablers shall have access to funds necessary to support, educate and engage very early-stage startups and startup teams. Startups and startup enablers shall be given opportunities to participate in international startup events sponsored by the DOST agencies together with the DTI.

2. Access to follow-up financial assistance for scale-up and expansion offered by other DOST offices and agencies

Specifically, for startups to have the opportunity of accessing other fund mechanisms within the DOST system upon endorsement by the concerned DOST Agency Head.

3. Access to the science and technology network of the DOST

Startups and startup enablers shall have access to technical expertise available from the pool of researchers and scientists from the science and technology network.

4. Access to DOST Testing Laboratories and Research Facilities

For the testing and laboratory needs of startups, access to DOST laboratories and research centers may be provided to proponents and/or grantees of the program upon endorsement by the concerned DOST Agency Head.

5. Access to the DOST Technology Business Incubator (TBI) Network

The startups/startup enablers shall also be provided access to the services of the DOST TBI network in selected areas nationwide. These services include access to mentors and the network of companies under the TBI; the pool of experts and consultants for different areas such as training, legal and accounting; and opportunities to participate in pitching and meet-ups with investors organized by the TBIs.





## VII. Categories of Programs/Projects under the DOST SGF

Categories of programs/projects under the DOST SGF may include:

### 1. Idea to Proof-of-Concept

This shall include programs/projects that focus on ideation and prototyping through training, mentoring, research support, expert provision and testing.

A Proof-of-Concept Grant caters to startups with early stage prototypes that require assistance in product improvement, market testing, data gathering, market validation, business modelling, IP protection and product certification.

### 2. Proof-of-Concept to Product

This shall include programs/projects that provide support on developing the minimum viable product for startups and startup teams. The output of this assistance shall be marketable and validated products or services.

### 3. Product to Market

This shall include programs/projects that guide, capacitate and provide support in the creation or validation of the business model for the commercialization of the product/service. Activities include incubation, mentoring, business support program, capacity building, fabrication support, marketing and market validation. Support shall also include optimization of processes, acquisition of production capacities, business model validation, research on manufacturability of products/ optimization of value chains, mentoring, advisory, legal and expert support, and use of facilities, among others. This shall include support for initial scale-up operations to serve local markets. Product-to-scale up shall include scale up optimization, roll out of initial services, expansion of protection in other countries and extensive marketing in preparation for investment offerings in the future.

### 4. Grants to support participation in national and international startup conferences and competitions

Startups and startup enablers shall be provided means to participate and obtain exposure in national and international conferences held in and outside the Philippines, competitions and other learning platforms and shall include travel, accommodation and participation fees whether full or partial based on the evaluation and discretion of DOST agencies providing the grant, and in coordination with DTI and DICT.

### 5. Institutional and Partnership Support to Startup Enablers

Institutional and partnership programs with startup enablers shall cover resources and means to engage startup enablers for the delivery of strategic platforms in engaging, educating, supporting startups and linking them to potential investors, mentors, collaborators, and customers. A foreign entity may apply as a project collaborator or partner provided it has a corresponding local counterpart company.

The DOST and its attached agencies shall develop and promulgate separate guidelines on the specific programs implemented by their offices in line with the DOST SGF which shall further define the sectoral priority, scope of innovation activity, criteria for evaluation, metrics/output, range of fund support to be provided and additional qualifications and requirements as may be necessary.



## VIII. Eligibility Requirements of Programs, Projects, Startups/Startup Enablers as a Proponent

1. The program/project proposal shall comply with the following eligibility requirements:
  - 1.1. Alignment to the Harmonized National R&D Agenda (HNRDA);
  - 1.2. No duplication with ongoing programs/projects, as may be determined by the DOST;
  - 1.3. Has an early-stage prototype or proof of concept for the product or service; ideas or mere concepts will not be accepted;
  - 1.4. Meet all the criteria enumerated in Item IX. General Criteria for Evaluation of Startup Proposals

Proponents shall be entitled to only one grant at a time from the DOST and any of its agencies under the DOST SGF.

The eligibility of a proponent to the DOST SGF shall be determined by the DOST or its attached agencies providing the grant.

### 2. On the startups as Implementing Agency

#### 2.1 General Qualifications of startups and startup enablers

##### 2.1.1 Startups

- 2.1.1.1 A person or entity registered with the Department of Trade and Industry (DTI) or Securities and Exchange Commission (SEC);
- 2.1.1.2 The designated project leader, project staff and support staff must be Filipino citizens, subject to applicable laws;
- 2.1.1.3 Has demonstrated capability to conduct R&D and differentiate research from their regular business operations; provided, that ownership and nationality requirements under the Philippine Constitution and pertinent laws, including RA No. 10055 or the Philippine Technology Transfer Act of 2009, are complied with;
- 2.1.1.4 Has legal personality to issue an Official Receipt for the receipt of the grant;
- 2.1.1.5 The startup and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must not have any existing accountability with DOST and its agencies, such as technical and financial reports; and the Corporate Secretary or representative of the startup and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must submit a Sworn Affidavit to that effect;
- 2.1.1.6 The startup and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must not have pending administrative or criminal case involving financial transactions or must not have been previously found guilty or convicted with finality in case/s of similar nature; and the Corporate Secretary or representative of the startup and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must submit a Sworn Affidavit to that effect;
- 2.1.1.7 Must be in operation for a minimum of one (1) year to a maximum of three (3) years provided that a business model has not been established. Under meritorious cases, a startup that





does not satisfy the requirement may still qualify for the DOST SGF upon the reconsideration of the EXECOM;

- 2.1.1.8 Should have at least six months to one year demonstrated capability on the proposed innovation.

## 2.1.2 Startup Enablers

- 2.1.2.1 A person or entity registered with the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA);
- 2.1.2.2 The designated project leader, project staff and support staff must be Filipino citizens, subject to applicable laws;
- 2.1.2.3 Has legal personality to issue an Official Receipt for the receipt of the grant;
- 2.1.2.4 The startup enabler and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must not have any existing accountability with DOST and its agencies, such as technical and financial reports; and the Corporate Secretary or representative of the startup enabler and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must submit a Sworn Affidavit to that effect;
- 2.1.2.5 The startup enabler and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must not have pending administrative or criminal case involving financial transactions or must not have been previously found guilty or convicted with finality in case/s of similar nature; and the Corporate Secretary or representative of the startup enabler and its owners/incorporators/stockholders/organizers/partners, directors and/or officers must submit a Sworn Affidavit to that effect;
- 2.1.2.6 Must be in operation for a minimum of one (1) year to a maximum of three (3) years. Under meritorious cases, a startup that does not satisfy the requirement may still qualify for the DOST SGF upon the reconsideration of the EXECOM.

The DOST SGF shall give preference to startups incubated in the TBIs of the DOST or startups with innovations or technologies generated from R&D funded by DOST or any of its agencies or by any government entity.

## 2.2 Documentary requirements to qualify for the grant

### 2.2.1 For startups

- 2.2.1.1 Up-to-date copy of registration at either DTI or SEC; Business Permit and other related legal documents;
- 2.2.1.2 Co-signers Statement (if applicable);
- 2.2.1.3 Mayor's permit where the business is located;
- 2.2.1.4 Copy of latest Income Tax Return;
- 2.2.1.5 Audited Financial Statements for the past three (3) years; and or other financial reports;
- 2.2.1.6 Disclosure of other related business, if any;
- 2.2.1.7 List of ongoing and completed R&D projects;
- 2.2.1.8 Sworn Affidavits from all of the startup owners/incorporators/stockholders/organizers/partners, directors and/or officers that they are not agents of or related by consanguinity or affinity up to



the fourth civil degree to any DOST officer authorized to process and/or approve the grant and release of funds;

2.2.1.9 When applicable, endorsement from the business incubation facility where the startup is located.

2.2.2 For startup enablers

2.2.2.1 Up-to-date copy of registration at either DTI, SEC or Cooperative Development Authority (CDA); Business Permit and other related legal documents;

2.2.2.2 Co-signers Statement (if applicable);

2.2.2.3 Mayor's permit where the business is located;

2.2.2.4 Copy of latest Income Tax Return;

2.2.2.5 Audited Financial Statements for the past three (3) years; and or other financial reports;

2.2.2.6 Disclosure of other related business, if any;

2.2.2.7 List of ongoing and completed R&D projects;

2.2.2.8 Sworn Affidavits from all of the startup owners/incorporators/ stockholders/ organizers/ partners, directors and/ or officers that they are not agents of or related by consanguinity or affinity up to the fourth civil degree to any DOST officer authorized to process and/or approve the grant and release of funds;

2.2.2.9 Certificate of Registration from Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA) or Department of Labor and Employment (DOLE), as the case may be;

2.2.2.10 Copy of the latest Articles of Incorporation or Articles of Cooperation, as the case may be, showing the original incorporators/organizers and the Secretary's Certificate for incumbent officers, together with the Certificate of Filing with the SEC/Certificate of Approval by the CDA;

2.2.2.11 Audited financial reports for the past three years preceding the date of project implementation. For NGO which has been in operation for less than three years, financial reports for the years in operation and proof of previous implementation of similar projects.

Startups and startup enablers interested to partner or avail of funding under the DOST SGF, shall be required to register at the Startup PH Website.

The DOST and its attached agencies may specify other requirement or qualifications as seen appropriate to their specific program.

## IX. General Criteria for Evaluation of Startup Proposals

The project proposal shall be evaluated based on the following criteria:

1. Workability/ Technical Viability
2. Maturity of the technology
3. Social and Environmental Impacts
4. Commercial Viability
5. Management Capability





## 6. Manageable timeframe

### X. Procedures for Proposals Submission, Evaluation and Approval

#### 1. The following documents must be submitted:

- 1.1 Accomplished proposal form (DOST Form 2B)
- 1.2 Description of the startup and the founders
- 1.3 Description of the product and value proposition
- 1.4 Background of the startup and the development of the technology (evolution of the startup, first prototype, first test, first sale)
- 1.5 Business Plan
- 1.6 Marketing Strategy including description of the target market and size
- 1.7 Competitive advantage analysis using a comparative advantage table
- 1.8 IP status and protection
- 1.9 Work plan or Gantt Chart of activities (DOST Form B)
- 1.10 Curriculum vitae of the project leader
- 1.11 Line-Item Budget (DOST Form A)

#### 2. Line-Item Budget (LIB)

- 2.1 The grant shall finance the expenditures itemized in the duly-approved LIB in accordance with the Unified Account Code Structure. The grant may cover partial or full cost of the project which are the Direct Cost of personal services, maintenance and other operating expenses, and capital outlay.

##### 2.1.1 Direct Costs

Direct cost covers expenses incurred by the Implementing Agency in the execution of program/project considered indispensable to its operations. It can be broken down according to specific accounts under Personnel Services (PS), Maintenance and Other Operating Expenses (MOOE), and Capital Outlay (CO).

##### 2.1.1.1 Personnel Services (PS)

This includes salaries and wages, honoraria, fees, and other compensation to consultants and specialists. These personnel undertake specific activities that require expertise or technical skill. Payment of salaries and honoraria should specifically be based on applicable guidelines.

##### 2.1.1.2 Maintenance and Other Operating Expenses (MOOE)

MOOE shall be in accordance with the Government Accounting Manual (GAM) and shall be broken down/itemized as follows:

- 2.1.1.2.1 Traveling Expenses - costs of: (1) movement of persons locally and abroad, such as transportation, travel insurance for researchers exposed to hazard/risks, subsistence, lodging and travel allowances, fees for guides or patrol; (2) transportation of personal baggage or household effects; (3) bus, railroad, airline, and ship fares, trips, transfers, etc. of persons while traveling; (4) charter of boats, launches, automobiles, etc. non-



commutable transportation allowances, road tolls; and (5) parking fees and similar reasonable expenses.

Only project personnel shall be allowed to use the travel funds except in highly meritorious cases as determined by the Monitoring Agency governed by DOST-prescribed rules and other existing applicable relevant guidelines, circulars, or order of competent authority pursuant to law and implementing rules and regulations. Approval of requests for foreign travel shall be in accordance with Section XI.1.2.4;

- 2.1.1.2.2 Communication Expenses - include costs of telephone, telegraph, mobile/wireless and tolls, postage and delivery charges, data communication services, internet expenses, cable, satellite, radio and telegraph messenger services, among others;
- 2.1.1.2.3 Repair and Maintenance of Facilities - include costs of repair and maintenance of office equipment, furniture and fixtures, machinery and equipment, IT equipment and software, building, office and laboratory facilities, and other science and technology structures directly needed by the project;
- 2.1.1.2.4 Transportation and Delivery Services - include the costs of commercial transportation of mail, hauling of equipment or materials, including portage, if any. Not included in this account are: costs of transportation of equipment, supplies and materials purchased for operation. Instead, these costs shall be included as part of the cost of the equipment/supplies and materials;
- 2.1.1.2.5 Supplies and Materials - include costs of items to be used in specialized science and technology work (e.g. office supplies, accountable forms, zoological supplies, food supplies, drugs and medicine, laboratory supplies, gasoline, oil lubricants, supplies, textbooks/instructional materials, and other supplies). It also includes all expendable commodities (delivery cost included as needed/required) acquired or ordered for use in connection with project implementation such as spare parts, fuel and oil;
- 2.1.1.2.6 Utilities - include costs of water, electricity or cooking fuel consumed by the Implementing Agency directly related to the project;
- 2.1.1.2.7 Training Expenses - include training fees and other expenses, such as conference, exhibits or competition fees and other expenses;
- 2.1.1.2.8 Printing and Binding Expenses - include costs of producing, printing, and binding materials such as books, reports, catalogues, documents, and other reading materials necessary for the implementation of the project;
- 2.1.1.2.9 Rent Expenses--rental fees for the use of facilities, equipment, and vehicles directly used in the implementation of the project;





- 2.1.1.2.10 Representation Expenses - include costs of meal/food for the conduct of workshops/meetings, conferences, and other official functions related to the project;
- 2.1.1.2.11 Subscription Expenses - include costs of subscription to library materials, such as magazines, periodicals, other reading materials and software (including online software) necessary for the implementation of the project;
- 2.1.1.2.12 Survey Expenses - include costs incurred in the conduct of survey related to the project;
- 2.1.1.2.13 Professional Services - as defined in GAM, but only those items that are relevant and appropriate to the proposed program/project;
- 2.1.1.2.14 Other Maintenance and Operating Expenses - additional items not included above such as cost of submission of scientific paper for peer reviewed journals.

#### 2.1.1.3 Capital Outlay (CO)

This includes all equipment necessary for the implementation of the project, which shall be enumerated in the proposed LIB. Equipment procured through GIA funds are subject to the provisions under Section XIII of these guidelines on the "Purchase and Accountability of Project Equipment and Income during and after the Project Implementation Stage". Every equipment shall still be subject to the evaluation of the Monitoring Agency.

2.1.2 The grant shall not include Indirect Costs for the startup or startup enabler, except for cases where a Monitoring Agency is designated by the DOST or the DOST Council concerned. A Monitoring Agency may be designated which is any DOST council or agency to monitor the startup / startup enabler proponent and shall be qualified to receive Indirect Costs. The administrative and project management costs shall fall under this account. Similar to direct cost, the indirect cost can be broken down according to specific item under PS, MOOE and CO.

- 2.1.2.1 The indirect cost shall be included in the LIB except for projects on printing/documentation of proceedings and publication of books and other works, conduct of conferences/seminars/workshop, and for projects that are purely equipment acquisition in nature.
- 2.1.2.2 The Monitoring Agency shall retain an indirect cost, equivalent to 7.5% of PS and MOOE less Taxes, Duties and Licenses. For projects that are primarily on science and technology promotion, policy advocacy, human resource development and capacity-building, the indirect cost shall not exceed three hundred thousand pesos (P300,000.00) unless otherwise allowed by the Funding Agency, subject to submission of substantiation as to increased costs based on scope, complexity and geographic coverage.
- 2.1.2.3 Indirect cost incurred by the Monitoring Agency, covers expenses incurred in managing, evaluating and monitoring the program/project and other related expenses. Expenses in monitoring the program/project includes but not limited to financial and administrative support for PS (salaries and



honoraria) and expense items under MOOE (supplies and materials, communication services, transportation and delivery expenses, travelling expenses, utilities, representation expenses, professional services, refurbishment of facilities and repairs and maintenance) and capital outlay as defined under the Government Accounting Manual (GAM).

2.2 The approval and utilization of funds will be subject to the usual government accounting and auditing rules and procedures and in consonance with the guidelines/circulars set by DOST.

2.3 Counterpart Funding

The startup/ startup enabler shall provide counterpart funds in cash or in kind as specified in the MOA which the proponent shall undertake promptly to make available the funds and other resources, in addition to the government grant for the project.

The startup/startup enabler shall provide funding equivalent to at least 20% of the total project cost in the form of actual cash disbursement, labor cost, land for the project site, facilities or equipment to be used in the project.

3. All proposals submitted for funding shall follow all applicable review and evaluation mechanisms set by the DOST and its agencies.

4. Roles and obligations of the startup/ startup enabler Proponent (Implementing Agency)

4.1 The Proponent shall have the primary responsibility of undertaking the general supervision of all project activities in accordance with the approved objectives, targets and work plan and/or as stipulated in the duly signed MOA/Instruction and/or Conforme Letter.

4.2 The Proponent shall ensure that the Project Leader will submit all the required reports and documents within the specified timeframe.

4.3 The Project Leader shall be responsible for notifying the Funding Agency and Monitoring Agency of any significant concerns and problems encountered in the implementation of the project.

4.4 The Project Leader shall provide technical leadership and directly implement the project activities by strictly adhering to the approved work plan, objectives and expected outputs.

4.5 The Project Leader shall ensure that the project is effectively implemented.

## **XI. Grant Administration**

1. Rules of the Concerned Institutions/Offices/Staff

1.1 The DOST Special Projects Division shall:

1.1.1 Act as the Secretariat to the DOST EXECOM and monitor DOST-GIA fund status;

1.1.2 Ensure, with the assistance of the designated Monitoring Agencies, that grant conditions and policies concerning program/project implementation are strictly followed;

1.1.3 Revise the content of the DOST-GIA Forms subject to approval by the EXECOM; and





- 1.1.4 Coordinate with the appropriate DOST Sectoral Council. Further, the SPD shall provide concerned offices with all pertinent documents related to the approved programs/projects for proper documentation and coordination/monitoring and facilitate assistance in the conduct of assessment by the DOST EXECOM of major completed R&D projects.
- 1.2 The Monitoring Agency shall:
  - 1.2.1 Ensure the efficient, timely and smooth implementation of approved projects and that set objectives and targets are attained;
  - 1.2.2 Conduct periodic field evaluation of the project to identify problems, solutions and remedial actions to avoid delays in implementation;
  - 1.2.3 Examine the budget requirements of the projects especially those that require continued funding. In addition, it shall evaluate the activities conducted, equipment purchased, review reports submitted and ensure that appropriate intellectual property protection be initiated, where applicable, for outputs of R&D projects;
  - 1.2.4 Certify that the foreign travel of the Implementing Agency is essential and necessary to the project and consistent with the approved line-item budget. The request to use the funds which shall be duly endorsed by the Head of the Implementing Agency or its authorized representative shall be submitted to the Monitoring Agency for endorsement to the Funding Agency at least one (1) month prior to the date of travel. The Monitoring Agency's endorsement shall be submitted to the Funding Agency at least two (2) weeks prior to the date of travel. The Funding Agency reserves the right to approve or disapprove the request. A travel report shall be submitted one (1) month upon return to the country; and
  - 1.2.5 Monitoring and evaluation expenses shall be governed by the DOST prescribed rules and other existing applicable relevant guidelines, circulars, or order of competent authority pursuant to law and implementing rules and regulations.
- 1.3 The Implementing Agency shall:
  - 1.3.1 Have primary responsibility of all project activities; and
  - 1.3.2 Notify the Monitoring Agency of significant concerns/problems related to project implementation.

The Head of the Implementing Agency shall ensure that the Project Leader submits to the Funding Agency all the required reports/documents on time.
- 1.4 The Program/Project Leader shall:
  - 1.4.1 Provide technical leadership and directly implement the program/project; adhere to the goals/objectives of the program/project; follow strictly the approved activities as reflected in the work plan; deliver committed outputs; and submit required reports/documents on time.
  - 1.4.2 The Program Leader shall coordinate with the project leaders to ensure that the goals of the projects and program are attained; consolidate the projects' output, which shall be packaged as a program output; ensure



that all implementing guidelines has been read and understood; and executed manifestation to abide by all the rules.

- 1.4.3 The Project Leader shall ensure that the request for foreign travel shall be made one (1) month prior to the date of travel and it should be duly endorsed by the Head of the Implementing Agency or its authorized representative. The request shall be submitted to the Monitoring Agency for endorsement to the Funding Agency. A travel report shall be submitted within one (1) month upon return to the country.

1.5 The Project Staff shall:

- 1.5.1 Undertake the day-to-day implementation of the S&T program/project; and
- 1.5.2 Read the implementing guidelines of the project and execute manifestation that he/she understands and is willing to abide by all the rules.

## 2. Technical Monitoring

The Program/Project Leader shall submit periodic accomplishment reports to the Funding Agency through the Monitoring Agency. All reports must be duly endorsed by the Head of the Implementing Agency.

### 2.1 Submission of Technical Reports by the Implementing Agency to the Monitoring Agency.

- 2.1.1 Regular semi-annual progress report using the applicable DOST Form shall be submitted in two (2) hard copies and an electronic copy, within a month after the end of each semester;
- 2.1.2 Programs/projects with a one (1) year duration shall submit the terminal accomplishment report using the applicable DOST Form in two (2) hard copies and an electronic copy, not later than two (2) months after project completion, together with the List of Equipment Purchased;
- 2.1.3 It shall include a publishable or pre-print manuscript, if applicable;
- 2.1.4 It shall also include evidence of intellectual property (IP) protection filing, whenever applicable;
- 2.1.5 Programs/projects with multi-year duration shall submit the annual technical report using applicable DOST Form in two (2) hard copies and an electronic copy, not later than two (2) months after each year of implementation, together with the List of Equipment Purchased; and
- 2.1.6 In case of a program, a consolidated annual program report shall be submitted in addition to the individual project reports.

### 2.2 Submission of Technical Reports by the Monitoring Agency to the Funding Agency

- 2.2.1 The Funding/Monitoring Agency shall conduct periodic field monitoring to assess the progress of project implementation and help resolve problems, if any. An assessment report using applicable DOST Form on Project Monitoring and Field Assessment Report shall be submitted semi-annually together with the renewal documents (for ongoing projects) and terminal





appraisal/assessment report using applicable DOST Form (for completed projects); and

2.2.2 The DOST appraisal/assessment report shall be submitted to the Funding Agency within one (1) month upon receipt of the acceptable terminal report.

2.2.3 The Monitoring Agency shall report to the EXECOM, for its appropriate action, any failure of the Implementing Agency to submit reportorial documents.

### 3. Program/Project Extension

3.1 Requests for extension of program/project shall be submitted together with the following documents:

3.1.1 Latest financial report;

3.1.2 Proposed LIB;

3.1.3 Gantt Chart of activities for the extension period;

3.1.4 Technical report; and

3.1.5 Justification for extension.

3.2 Payment of honorarium shall not be allowed during the extension period.

3.3 Requests for extension without additional funding shall be evaluated and approved by the Monitoring Agency, which shall inform the Funding Agency within two (2) weeks upon its approval. Those with additional funding requirements shall be evaluated and endorsed by the Monitoring Agency for approval of the Funding Agency.

3.4 A program/project may be extended for a maximum of one (1) year beyond its original duration for multi-year project. Extension for project with less than one (1) year duration, shall be determined during the progress/midterm review and in cases when reason for extension is due to force majeure.

3.5 The request for extension should be submitted not later than three (3) months before the expected date of completion, except for extensions as a result of force majeure. Extension of a continuing project shall not be allowed unless it is on its terminal/last year of implementation. If request for extension involves the use of unexpended balance, financial report or statement of fund balances as of date of request should be submitted not later than one (1) month before the expected date of completion.

3.6 A program/project can be given a maximum of only two (2) extensions but not to exceed a total of 12 months except for extensions as a result of force majeure. The request for second extension should be submitted one (1) month before the completion date of first extension.

### 4. Continuing Assistance and Additional Funding of Programs/Projects

4.1 The request for continued funding of an ongoing or multi-year program/project shall be submitted to the Monitoring Agency not later than two (2) months before



the end of the active period. The Monitoring Agency shall forward its recommendation to the DOST not later than one (1) month before the end of the active period. If approval has not been sought by the end of the active period, the program/project shall be automatically suspended. The Implementing Agency is not authorized to use the project funds during the suspension period.

- 4.2 The request for continued funding shall be supported by the following documents:
  - 4.2.1 Technical and financial reports that cover at least the last three (3) quarters of the implementation period;
  - 4.2.2 Work Plan;
  - 4.2.3 Proposed LIB (including cash program) for the succeeding year;
  - 4.2.4 Duly signed list of inventory report of equipment;
  - 4.2.5 List of personnel involved using applicable DOST Form; and
  - 4.2.6 Endorsement and appraisal report from the Monitoring Agency following applicable DOST Form.
- 4.3 In renewing multi-year programs/projects, the proposed budget for continued funding shall be based on the amount originally approved by the EXECOM. Renewal of a multi-year programs/projects that does not require additional funding or has no major changes in the title, objectives or expected outputs shall be approved by the DOST Secretary upon recommendation by the Undersecretary for R&D. Any increase in funding shall require EXECOM approval.

## 5. Deferment/Suspension/Change in Implementation Date

- 5.1 The Monitoring Agency shall review and approve the request for deferment/change in implementation date of a new program/project and shall inform the EXECOM of such change. For DOST-Central Office (DOST-CO) directed projects, the Monitoring Agency shall approve the requests. The project duration should not change.
- 5.2 Projects with deferred implementation due to delay in the release of funds shall commence within two (2) months after the release of funds.
- 5.3 Requests for deferment for start of implementation should be made at the latest within the first month after fund release.
- 5.4 Requests to suspend the implementation of an ongoing project for a maximum of three (3) months shall be approved by the concerned Undersecretary as endorsed and recommended by the Monitoring Agency. The Monitoring Agency shall then report to the EXECOM the suspension, upon which, said EXECOM shall decide on the resumption, extension of suspension or cancelation of the project.





## 6. Change in Project Title/Objectives/Activities/Implementing Agency

Change in the project title and activities/work plan, which do not affect project deliverables shall be approved by the Monitoring Agency. Request for change of Implementing Agency, objectives, or activities that affect project deliverables shall be reviewed and endorsed by the Monitoring Agency for approval of the Funding Agency. In both cases, the Implementing Agency shall be required to submit justification for such change.

## 7. Financial Monitoring

7.1 The SGF released to implementing agencies shall be available for use within the approved project duration including approved extension subject to DOST approval and existing government accounting and auditing rules and regulations. The SGF shall not be used for money market placement, time deposit and other forms of investment not related to the project.

### 7.2 Fund Releases

7.2.1 The Funding Agency shall release the SGF to the Implementing/Monitoring Agencies in partial or full amounts, once DOST has received the signed MOA or conforme letter has been signed subject to availability of funds, accounting and auditing regulations, and bond requirements (if necessary).

7.2.2 Implementing Agencies shall open a separate account in any government depository/servicing bank for the funds to be received from DOST. Bank charges resulting from the fund transfer, if any, shall be borne by the Implementing Agency.

7.2.3 Project implementation shall commence within two (2) months after the release of funds.

7.2.4 Subsequent release of funds to continuing projects shall be subject to the submission of necessary financial reports, appropriate endorsement and other requirements as indicated in Section X.4 of these guidelines.

#### 7.2.5 Budget Reprogramming and/or Modification

7.2.5.1 Disbursement of funds shall be in accordance with the approved LIB and subject to existing government accounting and auditing rules and procedures. If budget reprogramming is required, a request shall be made not later than two (2) months before the end of the project's current year of implementation. Budget reprogramming and/or modification may be allowed for not more than three (3) times per agency (implementing and monitoring) per year of implementation, including the approved extension, if any.



- 7.2.5.2 The request for reprogramming shall be supported by the following documents: request letter duly signed by the Head of Agency; endorsement/approval letter from the Monitoring Agency; latest financial report; work plan; and progress report (if additional funding and/or project extension is required). These documents shall be considered as the final program/project documents.
- 7.2.5.3 A revised LIB shall be issued by the appropriate approving authority, the Implementing Agency, Monitoring Agency or the Funding Agency, to cover budget programming, transfer of funds, reclassification of the position of the project personnel, and creation of expense items.
- 7.2.5.4 Any reprogramming or transfer of funds from one expense item to another shall be based on the LIB approved by the Funding Agency. The Funding/Monitoring Agency must be informed of the budget reprogramming including changes in the indirect cost made by the Monitoring/Implementing Agency; otherwise, the reprogramming shall be deemed null and void.
- 7.2.5.5 The approving authorities of budget reprogramming shall be as follows:

7.2.5.5.1 Implementing Agency

Any reprogramming/transfer of existing expense item budget as originally approved by the Funding Agency to augment direct and indirect cost under Personal Services (PS) and Maintenance and Other Operating Expenses (MOOE), except for Foreign Travel and Training Expenses, shall be approved by the Head of the Implementing Agency. The Capital Outlay (CO) shall not be reprogrammed. A copy of the approved reprogrammed LIB and other required documents shall be submitted to the Monitoring Agency within two (2) weeks upon its approval for subsequent endorsement to the Funding Agency.

The approved reprogrammed item/s shall be reflected in the financial report/s to be submitted by the Implementing Agency (under "approved budget").

7.2.5.5.2 Monitoring Agency

The Monitoring Agency shall review and approve requests for budget reprogramming which does not require additional funding but are beyond the approving authority of the Implementing Agency. A copy of the approved LIB and other required documents shall be submitted to the Funding Agency within two (2) weeks upon its approval.





The Monitoring Agency shall approve budget reprogramming involving renaming and reclassification of expense items, and creation of new expense item/s (including increase in number of personnel and equipment) without additional funding, both under the direct and indirect costs with appropriate advice to the Funding Agency.

In approving requests for reprogramming, the Monitoring Agencies shall ensure that objectives and targets of the program/project shall not be affected. A copy of the approved reprogrammed LIB and other required documents shall be submitted to the Funding Agency within two (2) weeks upon its approval.

## 8. Funding Agency

The Funding Agency through the EXECOM shall approve budget reprogramming that entails creation of new expense item/s with additional funding, both under the direct and indirect costs, based on the recommendation of the Monitoring Agency.

## 9. Submission of Financial Report (FR)

- 9.1 For monitoring purposes, the Implementing Agency shall submit to the Monitoring Agency the following documents within a month after each semester:
  - 9.1.1 Applicable DOST Form for the Semi-Annual/Annual Financial Report (FR) certified correct by an Accountant and approved by the Head of Implementing Agency;
  - 9.1.2 Report of Checks Issued and Report of Disbursements certified correct by an Accountant, approved by the Head of Implementing Agency;
  - 9.1.3 Applicable DOST Form for the Schedule of Accounts Payable; and
  - 9.1.4 Applicable DOST Form for the Report of Income/Interest Generated/Earned.
- 9.2 The FRs shall be itemized in accordance with the approved LIB.  
The Monitoring Agency shall submit the above documents to the Funding Agency not later than one (1) month after receipt from the Implementing Agency.
- 9.3 For program/project with multi-year duration, the Project Leader shall submit FR for grants received, certified correct by an Accountant and duly approved by the Head of the Agency or its authorized representative within two (2) months after the end of each year of implementation.
- 9.4 For projects with CO, the FR shall be supported by a list of equipment with the following information certified by the accountant and Head of Implementing Agency:
  - 9.4.1 Name of company
  - 9.4.2 Location of Equipment



- 9.4.3 Project Title
- 9.4.4 Custodian or end-user accountable for the equipment
- 9.4.5 Equipment purchased with description/ specification
- 9.4.6 Date of acquisition
- 9.4.7 Acquisition/ Actual cost

10. For completed projects, the following documents shall be submitted to the Monitoring Agency within three (3) months after end of the project:

- 10.1 Terminal FR certified correct by its accountant and approved by its President/Chairman or its equivalent and verified by the accountant of the Monitoring Agency;
- 10.2 Fund utilization report indicating the summary of expenses duly certified correct by its accountant and approved by its President/Chairman or its equivalent and verified by the accountant of the Monitoring Agency;
- 10.3 Pictures of implemented projects, as applicable; and
- 10.4 Inspection report and certificate of project completion issued by the Monitoring Agency.

11. The Monitoring Agency shall submit the above documents to the Funding Agency not later than one (1) month after receipt from the Implementing Agency. The Funding Agency shall issue a Certificate of project completion upon endorsement of the Monitoring Agency.

12. The startup/ startup enabler shall keep and maintain financial and accounting records of the funds granted by the Funding Agency in accordance with the Philippine Accounting Standards. The startup/startup enabler shall make available all records and documents, including disbursement vouchers relative to the utilization of the funds, to the Monitoring Agency, Funding Agency and COA.

13. Unexpended Balance (UB), Savings, Interest and Income

13.1 The UB, savings, and interest of a program/project, if any, shall be reported and included in the annual FR/AFR submitted to the Funding/Monitoring Agency.

13.2 For continuing projects, the UB of the previous year shall be deducted from its total approved budget for the succeeding year unless DOST approves its use which shall cover catch-up plan/activities.

13.3 For multi-year projects, once the renewal of project is approved, the use of the UB to pay for the salaries of project personnel and critical items under MOOE necessary for continued operations is allowed. The expenditures shall be based on the LIB as presented and approved during the EXECOM meeting or as approved by the Undersecretary for R&D, in case the EXECOM approval is not required.

13.4 Requests for additional funds and/or to use the UB/savings of completed/terminated/extended projects to pay for salaries and MOOE expenses





shall be approved by the Funding Agency upon recommendation of the Monitoring Agency.

13.5 Request to use the UB for the extension period shall be submitted within one (1) month before the expected date of completion. It shall be supported with FR and valid justification to be used as basis in preparing a new or revised LIB.

13.6 Upon project completion/termination, all balance/savings and interests earned shall be reported and reverted to Funding Agency within three (3) months after the end of project period together with the Terminal Financial Report. In no case shall the interest and income earned under a project be used to fund a new project not related to the original intent of the fund.

13.7 All income may be used by the Implementing Agency, in line with the intent of the Innovative Startup Act (RA 11337).

#### 14. Non-Submission of Requirements

For failure to submit the required financial, technical and other reports within the prescribed deadlines, a demand letter shall be sent to the Implementing Agency, through its Project Leader and Head.

Upon the recommendation of the Monitoring Agency, the Implementing Agency may be prevented from receiving further grants or any kind of support from any agency within the DOST System until it is cleared from all obligations pertinent to previous GIA grant received. For compelling reasons, subject to endorsement of the Monitoring Agency, the Project Leader shall submit an Oath of Undertaking to allow the Implementing Agency to receive further grant or support.

The Funding Agency may undertake legal measures against the Head of the Implementing Agency for non-submission of requirements.

#### 15. Audit and Inspection

All programs/projects of the Funding Agency shall be subject to audit by the COA resident auditor or its authorized representative.

The activities, operation, books of accounts and records of the project shall be subject to inspection by the authorized representative of the Funding Agency and its auditor, whenever necessary.

### **XII. Hiring of Project Personnel/Nature of Appointment**

1. The Program/Project Leader shall hire personnel on contract basis to work for the program/project in accordance with the existing hiring policies of the Implementing Agency. The hired program/project personnel shall not be allowed to engage in activities other than those under the program/project during regular working hours. All contractual program/project personnel shall be bound to the rules on conflict of interest.



2. The contract of service of program/project personnel shall be co-terminus with the program/project or to the specific work for which he/she was hired.
3. The Project Leader shall submit to the Funding Agency a list of all personnel hired under the project, including their responsibilities, qualifications, and other relevant information using applicable DOST Form.

Further, said contract shall clearly state that as per provision of said particular contract of project personnel, no employer-employee relationship shall exist between said individual and the Monitoring Agency and with the DOST.

4. The grant of honoraria to Program/Project Leaders/Coordinators and other personnel shall be based on existing DOST guidelines on the grant of honoraria. The list of project personnel receiving honoraria shall be submitted to the Funding/Monitoring Agency. No honorarium shall be given to the program/project leader/staff of a project under extension.
5. A Program/Project Leader who intends to leave the project shall notify the Head of the Implementing Agency, who shall then submit to the Monitoring Agency the name of the recommended substitute for the outgoing Program/Project Leader. The criteria for selection of the new Program/Project Leader shall include track record on project management.
6. The outgoing Program/Project leader shall be relieved of his/her obligation to the program/project once the Head of the Implementing Agency has issued the appropriate clearance from all money, records and property responsibilities and accountabilities (e.g. submission of financial and technical reports).
7. The Monitoring Agency shall approve the designation of the replacement and inform the Funding Agency of the change in project leadership.
8. The Funding Agency shall not provide additional compensation, benefits, pension or gratuity to any program/project personnel who retired or were laid off during or after completion/termination of the program/project.

### **XIII. Purchase and Accountability of Project Equipment and Income during and after the Project Implementation Stage**

1. Equipment Purchase - Startups are allowed to undertake procurement of equipment subject to the following and existing accounting and auditing laws, rules, and regulations.
  - 1.1 Only equipment identified in the approved LIB shall be procured using grant funds.
  - 1.2 The equipment to be purchased should be in accordance with the specifications approved by DOST.
  - 1.3 The procurement should be open to participation by any qualified interested party;





- 1.4 Suppliers who are blacklisted in the government procurement process shall not be allowed to supply the equipment;
- 1.5 Preference should be given to domestically-produced and manufactured goods and equipment, provided that they meet the specifications or desired quality of the equipment to be purchased.
2. Ownership of Equipment - The Funding Agency shall initially own all equipment purchased using grant funds until such are transferred to the Implementing Agency or other implementers. The ownership of equipment may be transferred to the Implementing Agency including private institutions, upon completion of the program/project as stipulated in the signed Memorandum of Agreement, subject to existing government rules and regulations. The Funding Agency reserves the right to transfer ownership of such government equipment to government RDIs, HEIs or other private institutions through Property Transfer Reports (PTRs) or execution of Deed/s of Donation subject to existing government accounting and auditing laws, rules and regulations.
3. Accountability for Equipment - The Project Leader shall be primarily responsible for all equipment purchased through the project. He/she shall sign the corresponding Property Acknowledgement Receipt (PAR) and List of Equipment Purchased (LEP).
4. Record Keeping - The Funding Agency and the startup shall establish a complete record of equipment purchased through the grant, which shall include the following data:
  - 4.1 Name of company
  - 4.2 Location of Equipment
  - 4.3 Project Title
  - 4.4 Custodian or end-user accountable for the equipment
  - 4.5 Equipment purchased with description, specification and quantity
  - 4.6 Date of acquisition
  - 4.7 Acquisition/ Actual cost
5. The Funding Agency reserves the right to inspect, assess, and evaluate the equipment purchased to ensure that it is in accordance with the approved specifications.

#### **XIV. Ownership and Protection of Intellectual Property (IP)/IP Rights**

1. The ownership, protection, and use of the IP generated from the project whose R&D was funded wholly or partially by the program, shall be governed by RA 10055, its amended Implementing Rules and Regulations (IRR) and the revised DOST IP policies.

A notice shall be stated in the MOA or Technology Transfer Agreement that: "The intellectual property under this transaction was created with support from the Republic of the Philippines under (identify the agreement/s) awarded by the DOST. The Republic of the Philippines has certain rights in the intellectual property under Art. VII of the Philippine Technology Transfer Act of 2009."

2. All provisions on intellectual property protection shall be governed by the MOA between the DOST Agency and the grantee which shall be in consonance with the revised DOST Policies on IP, and RA 10055 and its amended IRR, for those IPs generated from R&D funded wholly or partially by the program.



3. The monopoly rights conferred by the IP coupled with exclusivity may limit public access to said IP. The MOA and subsequent revenue sharing agreement should include, but not be limited to, the following provisions:
  - 3.1 Access for purposes of non-commercial research may be granted to a public research organization with the endorsement of the DOST agency that provided the grants;
  - 3.2 The prohibited clauses and mandatory clauses set forth in Sections 87 and 88, respectively, of Republic Act No. 8293 or the Intellectual Property Code of the Philippines, as amended, shall be included in the ensuing Technology Transfer Agreements;
  - 3.3 Notify the DOST of all IPR applications, licenses, assignments, and technology transfer agreements made in all applicable territories;
  - 3.4 An automatic review will be conducted after one year and upon attainment of set milestones; and
  - 3.5 In case the funds provided to the grantee shall be used for any purpose other than for R&D, the DOST and the grantee shall freely execute any and all agreements covering such matters as the ownership, protection, or use of the technology of the grantee.
4. The startup shall report annually to the DOST agency on the progress of IP and/or IPR commercialization efforts and all agreements entered and licenses granted.
5. In case the startup ceases to be a Filipino company, the DOST agency assumes the rights to the IPs generated through the SGF unless the Philippine government is appropriately compensated through continuing royalty payment or sale of the licensed technology.
6. In the case of startups subject of mergers or acquisitions within the duration of the project or after project completion, the following provisions shall apply:
  - 6.1 If the startup is acquired by a foreign entity, whether during the duration of the project or after project completion, the startup shall return the grants already released in full to the Funding Agency;
  - 6.2 If the startup is acquired by a local entity, within the duration of the project, the startup shall return the grants already released in full to the Funding Agency;
  - 6.3 If the startup is acquired by a local entity after project completion, within the same period of duration given for the project, the startup shall return the grant in full to the Funding Agency. A 1:1 lead time/project duration shall apply where the lead time for repayment of grant shall be equivalent to the duration of the project. However, if the startup is acquired beyond that time, the startup shall not be required to repay the grant.<sup>1</sup>

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<sup>1</sup> For example, if a startup with a one (1) year project duration will be acquired within one year after project completion, the startup shall be required to return the grant in full. But, if that startup will be acquired after one (1) year upon project completion, the startup shall no longer be required to repay the grant.





## **XV. Revenue Sharing**

Aside from complying with Rule 12, Section 1 of the amended IRR of RA 10055, the MOA for the grant shall incorporate the following provisions for revenue sharing/ royalty payments, consistent with Rule 15 of the amended IRR of RA 10055:

1. A notice in the MOA on the revenue sharing and royalty payment provision shall be stated as follows:  
  
    "The DOST may have a share in all revenues from the commercialization of IPs and IPRs from the R&D funded by DOST."
2. Revenue shares/ royalty payments shall be agreed upon by the parties and indicated in the MOA of the Project; *provided*, that the revenue shares/ royalty payments shall not be collected for the year if the financial status of the startup has not exceeded its break-even annual income; *provided, further*, that the revenue shares/ royalty payments due to the DOST shall be waived if the startup is a licensee of a state university or its technology is DOST Research and Development Institute (RDI)-owned previously funded by DOST. Such arrangements should already include revenue shares/ royalty payments due to the state university or DOST-RDI.
3. The DOST and the startup shall mutually agree upon the terms of the revenue sharing/ royalty payment; and agree further, that a percentage (%) of the startup's revenues or royalty payment subject to the Memorandum of Agreement and upon consultation with the startup shall be remitted to DOST.
4. Monetary revenues may include but not limited to royalty payments, proceeds from sale of IP or technology, upfront technology transfer fees, and others.
5. Where practicable, all non-monetary revenues shall be converted to cash value. The startup shall have the discretion to determine the cash conversion value of the non-monetary benefits. In determining, whether non-monetary grants shall form part of the revenue, the provisions of the Technology Transfer Protocol of the Implementing Agency shall prevail. In the absence of such, provisions shall be included in the MOA.

## **XVI. Disposition and Termination of Grants**

1. The provisions of RA 11337, its IRR, these guidelines, and other guidelines, policies and procedures, and issuances related thereto, including any amendments thereon, such as Chapter 5 of the IRR of RA 11337 on Accountability of Beneficiaries, are binding upon the beneficiaries/grantees and must be complied with by them. The basic requirements for the granting of the funds, such as the performance of the purpose for which the grant is given, satisfactory implementation of the grant, and proper management of the funds, must likewise be complied with by the beneficiaries/grantees.
2. The DOST or the Funding Agency reserves the right to terminate the grant and/or avail of any remedies in case the beneficiary/grantee fails to comply with any of the provisions and requirements; and
3. In the event of project termination on account of failure of the beneficiary/grantee to comply based on the grounds as mentioned in the preceding paragraph, the full amount of the grant released to the latter shall be immediately returned to the Funding Agency. Further, the beneficiary/grantee shall be disqualified from applying for any



other financial assistance from the Funding Agency unless otherwise allowed by the latter for highly meritorious cases; provided, that the beneficiary/grantee has fully settled all its obligations to the Funding Agency. The Funding Agency may undertake legal measures against the beneficiary/grantee and/or the Project Leader for non-compliance to conditions on the return of the grant and other obligations. The conditions on the termination of grants should be stated in the MOA.

4. This Guidelines for the Grants-In-Aid Program for the DOST SGF shall be supplemented by existing policies, guidelines, circulars and memoranda set by the DOST and its attached agencies provided said policies, guidelines, circulars and memoranda are consistent with the provisions of RA 11337 and its Implementing Rules and Regulations.
5. Policies/procedures concerning startups/ startup enablers as proponents availing support under the DOST and/or Council Grants-In-Aid Program shall be further supplemented by specific guidelines to be formulated and implemented by the DOST agency offering the program.

#### **XVII. Miscellaneous Provisions**

1. Separability Clause - If any provision of these guidelines is declared unconstitutional, the same shall not affect the validity and effectivity of the other provisions hereof.
2. These guidelines supersede all other DOST issuances inconsistent herewith.
3. These guidelines shall be subject to approval of the Joint Steering Committee prior to its publication.
4. These guidelines shall take effect fifteen (15) days after its publication in a newspaper of general circulation or in the Official Gazette and upon filing of a copy thereof with the UP Law Center as required by law.

  
FORTUNATO T. DE LA PEÑA  
Secretary 