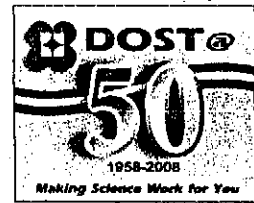


Republic of the Philippines


DEPARTMENT OF SCIENCE AND TECHNOLOGY



JUN 26 2008

**MEMORANDUM**

**FOR :** All Heads of DOST Regional Offices and CO Units/Sectoral Councils/Research and Service Institutes/Attached Agencies/Collegial Bodies

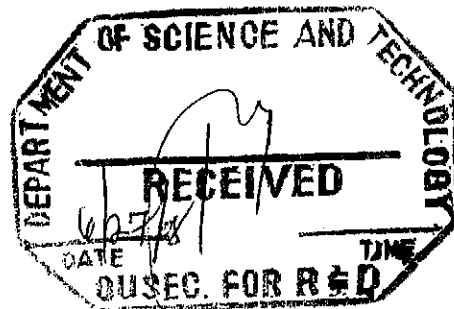
**FROM :**   
ESTRELLA F. ALABASTRO  
Secretary

**SUBJECT :** Private Sector Participation in DOST-GIA Programs/Projects

**DATE :** June 23, 2008

To ensure the success of research undertakings and adoption of technologies by the private sector, you are encouraged to secure at least 20% counterpart funding from the private sector partners for R&D programs/projects that are to be submitted for DOST-GIA funding.

Attached is the policy paper for your reference.




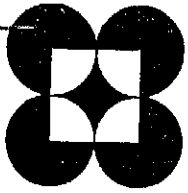
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Cable Address: Science Manila

Head Office: Bicutan, Taguig, Metro Manila  
Tel. Nos. 837-2939 (DL) 837-20-71 to 82 (TL)

SPECIAL PROJECTS UNIT  
DOST

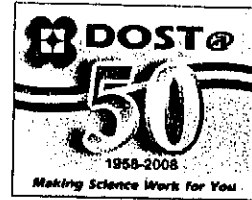
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DATE 6/30/08 TIME 11:00



Republic of the Philippines

DEPARTMENT OF SCIENCE AND TECHNOLOGY



JUN 26 2008

MEMORANDUM CIRCULAR No. 002  
Series of 2008

**Subject: POLICY PAPER ON PRIVATE SECTOR PARTICIPATION  
IN DOST-GIA R&D PROGRAMS/PROJECTS**

Rationale:

Undertaking relevant research and developing new enabling and emerging technologies for socio-economic benefits for the people are costly, risky and take time in terms of returns on investment. But if successful, new enabling technologies can support advances across a wide range of industries, while emerging technologies can drive the development of entirely new industries and various kinds of products and services. While these technologies are the fundamental building blocks for the country's economic growth, the government cannot pursue them single-handedly in a competitive manner. This is because of the considerable investment required particularly in multiple R&D interventions needed to create a product or process. This is a challenge that goes beyond the public sector and needs private sector participation, as it requires capacity building, financing mechanisms, and getting support of development partners. By forging partnerships especially with industry, government will have more elbowroom in ensuring the success of research undertakings and development of technological tools needed for the country to compete in the global market. On the other hand, the private sector (such as the SMEs, civil society and academe) may: i) develop technological solutions to various needs and problems of the industry sector like new products and processes; ii) gain access to S&T information, expertise and services for the improvement of existing processes or access to new products for profitable use; iii) join various experts in conceptualizing and implementing new and pioneering R&D activities for technological breakthroughs; and iv) take advantage of the enhanced policies that provide incentives for investments in R&D undertakings/collaborations in terms of tax holidays/incentives, reduction of duties, etc.

Strategies:

To successfully attract the private sector to participate and invest in DOST's R&D undertakings, the DOST should endeavor to put in place sound policies and institutional framework that can facilitate infrastructure development and enabling environment. For that matter, the government must be committed to innovative risk management to ensure reasonable rates of return for the investor.

Some strategies that can be adopted to encourage active sector participation are:

Postal Address: P.O. Box 3596 Manila  
Cable Address: Science Manila

Head Office: Bicutan, Taguig, Metro Manila  
Tel Nos. 837-2030 (DTL) 837-20-71 to 82 (T1)

- Campaign to increase the awareness of the private sector about the key technologies being developed and R&D initiatives being pursued by DOST in priority areas;
- Establish process and venue for dialogues with the private sector on matching industry R&D requirements with the government's R&D initiatives to ensure that technologies to be developed are demand driven;
- Ensure effective private sector representation and participation in program/project development, management, monitoring and utilization of research results;
- Improve existing inter-agency committees to make them avenues where private sector representatives and government officials can brainstorm and review policy implementation including IPR concerns;
- Facilitate the establishment of credit facilities for R&D on easy terms in collaboration with appropriate financial institutions; and
- Advocate for the formulation or enhancement of policies that provide incentives for investments in R&D undertakings/collaborations in terms of tax holidays/incentives, reduction of duties, etc.

The above strategies will increase the chances of success of R&D program/project implementation and more relevant DOST R&D programs/projects to industries, efficient value chain management, effective and high-level policy formulation and implementation. For the private sector, this may result in increased productivity and revenues and significant contribution to national development.

Action Plan:

1. Define the framework for a "technology sponsorship" scheme where a sponsor from the private sector shares the cost of R&D, risks and benefits and in return have the right of first refusal to acquire the technology over an agreed period of time;

The "sponsorship scheme" shall be developed together with the private sector to qualify the nature, extent and level of collaboration including the mechanics of the technology transfer to ensure timely, smooth and effective delivery of the developed technology.

2. Develop working papers needed in the consultation meetings with the various stakeholders including technology generators and potential adaptors (e.g., DOST's R&D Agenda with specific areas for intervention, Technology Sponsorship Scheme;
3. Concerned Council to organize industry-based round table discussions with stakeholders for each of the R&D Priority Area and identify potential joint R&D undertakings to include capacity building activities;

4. Conduct information and education campaign (IEC) dialogues/fora on key technologies being developed and R&D initiatives being pursued in priority areas where representatives from the financing sectors (e.g. banks) as well as local and national government units and legislators who may find the R&D outputs/technologies useful;
5. Identify and develop database and networks for "technology sponsors" capable of adopting and commercializing the existing/updated technologies developed by DOST, academe and research communities;
6. Prepare and package program/project proposals with the identified private sector sponsors, indicating in the budget requirement the commitment of both the private and government sectors (at least 20% of the total project cost in cash);
7. Establish an "express lane" which shall be responsible for the evaluation of proposals, so as not to lose the impetus and timeliness of the program/project under consideration;
8. Identify appropriate financial institutions and then jointly craft possible R&D financing schemes to be opened for the private sector technology takers;
9. Recommend appropriate legislative measures which may provide for an enabling policy environment;
10. Take into consideration the IP system in dealing with private sector institutions; and
11. Train DOST focal person to acquire or hone the fundamental skills to negotiate the partnership especially in IP concerns, plan, fund, and implement it.

Advocacy:

At least, 20% of R&D programs/projects to be funded under DOST-GIA are encouraged to have private sector counterpart funding under this scheme.

  
ESTRELLA F. ALABASTRO  
Secretary