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GUIDELINES FOR THE IMPLEMENTATION OF IGF ASSISTANCE PROGRAM UNDER R.A. NO. 7459

DOST MEMORANDUM CIRCULAR NO. 001, S. 2010, March 15, 2010

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SECTION 1. Program Description

Pursuant to Republic Act No. 7459, the Invention Guarantee Fund (IGF) shall be composed of the following:

1. Ten Million Pesos (P10,000,000) continuing appropriation that would be incorporated in the Annual Budget of the Technology Application and Promotion Institute-Department of Science and Technology (TAPI-DOST);

2. Invention Guarantee Fund (IGF) created by R.A. No. 3850, as amended, deposited with the Development Bank of the Philippines; and

3. Interest earnings of the aforesaid Fund.

SECTION 2. Objective:

To support the commercial production of patented Filipino inventions by providing the guarantee on loan assistance extended by government banks.

SECTION 3. Assistance Coverage:

To provide the guarantee for the loans of inventors from government banks as follows:

1. Loan amounting to not more than P200,000;

2. Loan amounting to more than P200,000 provided that such loan shall be covered by acceptable collateral and with 15% of equity on the loan to be shouldered by the borrower-inventor;

3. Loan covering 80% of the peso value of existing foreign irrevocable letter of credit issued in favor of the borrower-inventor or duly registered company producing his invention for export; and

4. Payment of guarantee premiums.

SECTION 4. Eligibility for Financial Assistance:

1. The inventor must be a Filipino citizen;

2. He/She must be of good moral character and have not been convicted of any case involving moral turpitude;

3. He/She must be in good health and must be at least 21 years old;

4. Must have no overdue outstanding obligation with TAPI.

SECTION 5. Criteria for Evaluation

I. Technical Aspect (30%)

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A. Production/Process/Performance Efficiency

B. Novelty of Design/Process

C. [Durability] Product Life

D. Appearance/Acceptability

E. Certainty of Supply

F. Potential for Development

G. Efficiency Utilization of Resources

H. Waste Management

II. Market Aspect (30%)

A. Acceptability of the Product/Service/Process

B. Supply/Demand Ratio

C. Competitive Position (Market Share)

D. Potential Market

E. Product Life/Sustainability of Market

III. Financial Aspect (30%)

A. Profitability

B. Capacity to pay

C. Reasonable Cost

IV. Social Benefits (10%)

A. Within DOST priority

B. Employment Generation

TOTAL SCORE (100%)

To qualify for assistance, the proposal must garner at least 65% of the total score.

SECTION 6. Operating Procedures for Loan Assistance:

1. Proponent writes a letter of request for guarantee assistance under the Invention Guarantee Fund (IGF) of R.A. No. 7459 to the Director of TAPI attaching a project proposal/ feasibility study and the requirements as enumerated in Sec. 7 hereof.

2. The Program Manager (PM) pre-evaluates the submitted documents for authenticity and completeness. If the submitted documents are incomplete, TAPI writes a letter to the inventor informing the lacking documents to be submitted within thirty (30) days upon receipt of notice and that his/her request will be held in abeyance pending completion of the requirements. If documents are complete, TAPI acknowledges the submission then creates a Technical Evaluation Committee (TEC) to evaluate and deliberate on the merits of the project proposal.

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3. After careful deliberation and evaluation of the project proposal, the TEC forwards its findings and recommendations to the Screening Committee for R.A. No. 7459 for its appropriate action.

4. The SC evaluates the application and renders its recommendation to TAPI.

If favorable, the SC endorses the project and forwards a certification to TAPI stating that the project meets the criteria for eligible projects covered by the IGF (Item 6.2, Sec 6, 2005 Implementing Rules and Regulations of R.A. No. 7459) and is qualified to avail of the IGF assistance. If unfavorable, TAPI informs the inventor that his project did not pass the criteria for evaluation.

In all cases, the TAPI Director may overrule the recommendations of the SC based on meritorious and judicious justifications.

5. Favorably endorsed projects are presented to the TAPI Executive Committee for review and final approval. TAPI then informs the inventor of the approval of the guarantee coverage and endorse the project to the designated government bank for loan assistance.

6. TAPI shall conduct monitoring and evaluation of projects approved under this program.

7. The concerned government bank informs TAPI of the loan defaults/foreclosure for appropriate action. In case of default, the decision to foreclose the project is the concern of the government bank subject to its own rules and regulations. In case of foreclosure, TAPI pays the guarantee of the loan chargeable against the IGF and the bank transfers the collaterals to TAPI.

8. TAPI may request the assistance of TRC based on the Memorandum of Agreement (MOA) signed by the parties in cases of foreclosure proceedings.

SECTION 7. List of Requirements

1. Letter of request with duly accomplished application form (see attached);

2. Complete Project Proposal/Feasibility Study;

3. Complete copy of Letter Patent/Registration and pictures of working model;

4. Certification from the Filipino Inventor Society that the invention is patented in the Philippines as stipulated in Sec. 9, Article V of R.A. No. 7459 and loan assistance will be used for the commercial production of said invention (Sec. 10, Article V of R.A. No. 7459);

5. Business permits and licenses e.g. DTI, Mayor’s permit, etc.;

6. SEC/CDA Registration including brief resume of applicant/major stockholders/officers;

7. Board resolution authorizing the borrowing and designating authorized signatories for the financial assistance (if a corporation/cooperative);

8. Recordal of Deed of Assignment of Letters Patent at IPO (if applicable).

9. Other information such as the following:

a. Certified list of stockholders and officers (if a corporation / cooperative) (If necessary);
b. Proof of past performance/track record on related activity of the proponent(If necessary); and
c. Bank/credit references (If necessary).

SECTION 8. Effectivity

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This circular shall supersede previously issued guidelines and shall take effect immediately.

Adopted: 15 Mar. 2010

(SGD.) ESTRELLA F. ALABASTRO
Secretary

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