



Republic of the Philippines

DEPARTMENT OF SCIENCE AND TECHNOLOGY



JUN 02 2022

MEMORANDUM

TO: ALL HEADS OF DOST CENTRAL OFFICES, REGIONAL OFFICES, AND ATTACHED AGENCIES

FROM: ROWENA CRISTINA L. GUEVARA, PHD
Undersecretary for Research and Development

SUBJECT: Call for Proposal for Fiscal Year 2022 Innovation Grants

DATE: 2 June 2022

PCHRD Records Section	
Rec'd by:	Janneth
Time:	8:40 am
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The Department of Science and Technology (DOST), one of the members of the National Innovation Council (NIC), is pleased to share with you the Call for Proposals for the **Fiscal Year 2022 Innovation Grants** being implemented by the National Economic Development Authority (NEDA).

The Innovation Grant is in pursuant to RA No. 11293 (Philippine Innovation Act) and the Special Provision No. 1 of the RA No. 11518 (General Appropriation Act of 2021) which authorized NEDA to issue grants for programs, projects, and activities that work on promoting all potential types and sources of innovation proposed by National Government Agencies (NGAs) and its attached agencies, Local Government Units (LGUs), State Universities and Colleges (SUCs), and Government-Owned and Controlled Corporations (GOCCs). Specifically, programs, projects, and activities eligible for the grant include the following:

- MSME innovation program
- Regional innovation and cluster policy
- Strategic research, development, and extension
- Innovation instruments
- Diaspora for innovation and development
- Advocacy and community education

In addition, the following activities may qualify for the Innovation Grant:

- Development and Implementation of Innovative Projects
- Enhancement of Innovation Facilities and Services
- Support to Innovation Policy Research
- Building Capacities and Expanding Opportunities for Innovation

It could also include activities that strengthen the innovation ecosystem through the establishment of innovation centers and business incubators under Section 13 of the Philippine Innovation Act, and employment of innovation instruments under Section 16 of the same law.

Interested applicants may submit their proposals, duly endorsed and approved through appropriate channels, to innovationfund@neda.gov.ph until **30 June 2022, 5PM**. You may also share this information to other interested public institutions that may be qualified for the grant. For detailed information on the call for proposals, kindly visit <https://neda.gov.ph/FY2022InnovationGrants> or refer to the attached Implementing Guidelines on the Use of the Innovation Fund.

Should you have any inquiries, you may directly reach the Innovation Fund Management Division through email at innovationfund@neda.gov.ph or contact number 8-631-0960 local 21615.

Republic of the Philippines
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY
DEPARTMENT OF BUDGET AND MANAGEMENT

NEDA-DBM JOINT MEMORANDUM CIRCULAR (JMC) No. 2022-01

Date: MAY 31 2022

FOR : ALL HEADS OF DEPARTMENTS, AGENCIES, BUREAUS, OFFICES, COMMISSIONS, STATE UNIVERSITIES AND COLLEGES, GOVERNMENT-OWNED AND -CONTROLLED CORPORATIONS, OTHER INSTRUMENTALITIES OF THE NATIONAL GOVERNMENT AND ALL OTHERS CONCERNED

SUBJECT : IMPLEMENTING GUIDELINES ON THE USE OF THE PHP 200 MILLION INNOVATION FUND UNDER REPUBLIC ACT (RA) NO. 11518, OTHERWISE KNOWN AS THE "GENERAL APPROPRIATIONS ACT OF 2021", PURSUANT TO RA NO. 11293, OTHERWISE KNOWN AS THE "PHILIPPINE INNOVATION ACT"

1.0 BACKGROUND

Section 2 of RA No. 11293 declares the policy of the State to foster innovation as a vital component of national development and sustainable economic growth. Section 3 of the same law defines innovation as the creation of new ideas that results in the development of new or improved policies, products, processes and services which are then spread or transferred across the market.

For the effective implementation of RA No. 11293, Special Provision (SP) No. 1 on Innovation Fund, National Economic and Development Authority (NEDA) - Office of the Director-General (ODG) under Republic Act No. 11518 or Fiscal Year (FY) 2021 General Appropriations Act (GAA) authorized the appropriation of an amount of Two Hundred Million Pesos (PHP 200,000,000.00) as an Innovation Fund under NEDA.

Pursuant to SP No. 1 on the Innovation Fund, NEDA-ODG under FY 2021 GAA, the Innovation Fund shall be used exclusively for the issuance of grants pursuant



to RA No. 11293, subject to the guidelines to be issued by NEDA and the Department of Budget and Management (DBM).

RA No. 11640, which was signed on 30 December 2021, extends the availability of the 2021 appropriations under the FY 2021 GAA until 31 December 2022.

2.0 PURPOSE

These guidelines are being issued to provide the rules and regulations for the utilization of the Innovation Fund exclusively for the issuance of grants pursuant to RA No. 11293 and the SP No. 1 on Innovation Fund, NEDA-ODG under FY 2021 GAA.

3.0 SCOPE

These guidelines shall apply to innovation grants for programs, activities, and projects that work on promoting and implementing all potential types and sources of innovation proposed by public sector implementing entities, subject to existing budgeting, accounting, and auditing rules and regulations.

These include product innovation, process innovation, organizational innovation, social innovation, marketing innovation, academic or educational innovation, or policy innovation.

4.0 DEFINITION OF TERMS

4.1 Absorptive capacity – the ability of the institution or agency to utilize and maximize its current and available financial resources. It is measured by the entity's obligation budget utilization rate.

4.2 Innovation grants – non-repayable transfers to other levels of governments or general budget support for particular innovation programs or innovative projects.

4.3 Implementing entity – a public sector entity with a proven record of accomplishments and an established reputation in designing, developing, implementing, and monitoring innovative programs or projects. It can also refer to agencies attached to a department or lower-level operating units supervised and controlled or administratively supervised by a department or agency.



4.4 Innovation centers – refer to centers of competence and innovation activities, either housed in a government, academic, educational, or non-academic facility that supports collaborative research, development, and extension (RD&E) initiatives and innovation-related activities between and among academic or educational institutions, RD&E centers, and business. Innovation centers are collaborative partnerships of public and private institutions and academe.

4.5 Micro, small, and medium enterprises (MSMEs) – any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership, or corporation, whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant, and equipment are situated must have values falling under specific categories provided under Section 3 of RA No. 9501, otherwise known as the Magna Carta for Micro, Small, and Medium Enterprises.

4.6 Program/activity/project – any work process or group of work processes undertaken to realize the outputs and outcomes of an agency.

4.7 Public sector – any Philippine government office or agency, including local government units (LGU), state universities and colleges (SUC), government-owned and -controlled corporations (GOCC), or other government instrumentalities capable of receiving and managing grants on behalf of the National Innovation Council (NIC).

5.0 ELIGIBLE ENTITIES

5.1 Entities eligible for the submission of proposals are the following:

1. National government agencies (NGAs), including their attached agencies, regional offices, and operating units;
2. LGUs;
3. SUCs; and
4. GOCCs.

5.2 Regional offices and operating units may submit proposals through their respective central offices or parent agencies.



5.3 Attached agencies, regional offices and operating units are eligible to submit a proposal separate from their respective central offices or parent agencies if all of the following criteria are met:

1. Directly receiving budgets from the DBM;
2. Recipient of fund transfers from higher-level agencies;
3. Authorized to receive grants and/or collect revenues; and
4. Endorsed by the Secretary or head of the agency.

6.0 TYPES OF FUNDING SUPPORT

6.1 In its statement of policy, RA No. 11293 provides that the State shall harness innovation efforts to help the poor and the marginalized and to enable MSMEs to be part of the domestic and global supply chain. As such, funding support can be provided to new or existing programs, activities, or projects implemented by NGAs, LGUs, SUCs, and GOCCs, that qualify for innovation grants, which include, but are not limited to the following:

1. Specific agency PAPs for the implementation of:
 - a. MSME innovation program;¹
 - b. Regional innovation and cluster policy;²
 - c. Strategic research, development, and extension;³
 - d. Innovation instruments;⁴
 - e. Diaspora for innovation and development;⁵
 - f. Advocacy and community education;⁶
 - g. Other related innovation development activities.
2. Support to strengthen the innovation ecosystem through establishment of innovation centers and business incubators under Section 13 of RA No. 11293, and employment of innovation instruments under Section 16 of the same law;

6.2 Further, the following clusters of programs, activities, or projects may qualify for the innovation grants. Applicants may choose to combine elements from the clusters as they deem relevant.

¹ Section 12 of RA No. 11293

² Section 14 of RA No. 11293

³ Section 15 of RA No. 11293

⁴ Section 16 of RA No. 11293

⁵ Section 18 of RA No. 11293

⁶ Section 20 of RA No. 11293

1. **Development and Implementation of Innovative Projects** – refers to the pre-commercialization and commercialization activities of publicly-funded R&D outputs; it includes activities beyond the R&D phase, namely prototyping, pilot testing, production, and promotion activities.

It also pertains to public sector innovation, inclusive or grassroots innovation, and social innovation that an implementing entity may undertake which aim to introduce new product innovation or improved services and processes.

2. **Enhancement of Innovation Facilities and Services** – refers to the establishment and upgrades of existing government-owned or government-leased properties to strengthen the innovation ecosystem, including operating expenses for co-working spaces, incubation support, and shared business services.
3. **Support to Innovation Policy Research** – refers to activities necessary to carry out research studies pertaining to the introduction of new or significantly different solutions to policy problems and improving innovation governance.
4. **Building Capacities and Expanding Opportunities for Innovation** – refers to activities which foster a culture of innovation and strengthen innovation alliances such as capacity-building activities, trade exhibits, expositions and missions, and other platforms for collaboration.

6.3 Grant funding shall be provided such that duplication of initiatives is prevented. Such support should also consider an agency's absorptive capacity and not conflict with other related laws, rules, and regulations.

6.4 Project proponents shall also ensure that the proposed program, activity, or project has not received any other type of funding support from the FY 2022 GAA as this would constitute double funding.



7.0 FUNDING THRESHOLD AND LIMITATIONS

7.1 The funding support threshold for the implementation of new or existing innovation-related programs, activities, or projects by government agencies shall be:

1. Grant should not exceed PHP 30 million if the scope of implementation is national.
2. Grant should not exceed PHP 15 million if the scope of implementation is regional or inter-regional.
3. Grant should not exceed PHP 7.5 million if the scope of implementation is local, or through LGUs or SUCs.

7.2 Lower-level implementing units, such as attached agencies, regional units, and operating units, should obtain a letter of endorsement of the Secretary or head of agency exercising supervision over it.

7.3 Each LGU and SUC, inclusive of all its campuses, autonomous, and constituent units, can only submit a maximum of five proposals.

7.4 Further, the NIC Secretariat shall use the National Innovation Agenda Framework as approved by the NIC as the guiding principle for fund allocation.

8.0 GRANT APPLICATION REQUIREMENTS

8.1 To apply for funding, the NIC Secretariat requires the applicant agency or organization to accomplish the attached grant application form (Annex A) and provide the supporting documents required. The form includes the following details:

1. **General Information** – includes the agency or organization's identification, contact details, and focal personnel.
2. **Project/Program Proposal** – describes the concept, rationale, objectives, impact, duration, and relevance of the project, whether it aligns with the priority sectors and has the best potential to benefit the poorest of the poor. It also includes the implementation strategies and expected outcomes.



3. **Work and Financial Plans** – details the project's work and financial plans, which determine the soundness and feasibility of the execution and implementation.
4. **Undertaking** – contains the terms and conditions that the applicant must certify and agree with.

9.0 EVALUATION OF PROPOSALS

9.1 A set of criteria (Annex B) shall serve as the tool to evaluate the qualifications of implementing entities and implementation readiness of their project or program proposals. The criteria are clustered as follows:

1. On Implementing Entities [40%]:

a. Competence	The entity has experience in implementing innovation-related programs, activities, or projects.
b. Capability	The entity has the ability to utilize and maximize its current and available financial resources, or the entity's absorptive capacity.
c. Compliance	The entity complies with various performance and reporting standards such as public financial management (PFM) reporting requirements, streamlining and process improvement, and ISO Quality Management System (QMS) certification.
d. Character	The entity complies with good governance conditions such as the Transparency Seal, Philippine Government Electronic Procurement System (PhilGEPS) Posting, Citizen's Charter, and Freedom of Information (FOI) Program; or Seal of Good Local Governance (SGLG) for LGUs.

2. On the Project/Program Proposal [60%]:

a. Innovativeness	The proposal exhibits novelty in implementation or service delivery, or the solution improves or replaces an existing product, service, or process
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b. Strategic Alignment	alignment with various sections or themes in the RA No. 11293.
c. Service-Orientation/ Responsiveness	The proposal has the potential to solve the right problem with a clear value proposition that resonates with the intended constituency's relevant needs.
d. Sound Implementation Plan	The proposal is viable and sustainable with supporting analysis derived from existing data and emerging trends
e. Socioeconomic and Environmental Impact	The proposal has positive outcomes to the specified target beneficiaries

10.0 GRANT ADMINISTRATION PROCESS

10.1 Call for Proposals

The NIC Secretariat shall issue a call for proposals and communicate these guidelines to agencies.

The Department of the Interior and Local Government (DILG) shall endorse the call for applications to LGUs. Likewise, the Commission on Higher Education (CHED) shall endorse the call for applications and proposals to SUCs.

10.2 Screening and Approval of Proposals

10.2.1 The NIC Secretariat shall be responsible for the screening and rating of the proposals, to be endorsed by the NIC Executive Director to the NIC Executive Technical Board (NIC-ETB) for approval.

Approving Authority	:	NIC-ETB
Endorsing Authority	:	NIC Executive Director



Screening and Rating	:	NIC Secretariat
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10.2.2 Only applicants with complete documents shall be endorsed for further screening, review, and selection. In case of incomplete submission, the NIC Secretariat shall inform the proponent of the missing documents. The NIC Secretariat shall also prepare the pertinent documents and arrange meetings with the proponent as necessary.

The NIC-ETB reserves the right to accept or reject any or all proposals, or separable portions thereof, and to waive any minor irregularity, technicality, or omission as needed.

10.2.3 For the FY 2022 implementation, the NIC Secretariat shall conduct the evaluation of grant proposals by batches for applications submitted from 6 June 2022 to 30 June 2022.

10.3 Terms Negotiation and Awarding

10.3.1 The NIC Secretariat shall notify proponents of highly rated proposals for due diligence, preparation of legal documents, and verification of budget documents. The implementing entity must also prepare a monitoring and evaluation arrangement, consisting of the theory of change framework, means of verification, and risk management plan, to ensure the effective implementation of the project. The NIC-ETB has the prerogative to negotiate the award and choose which proposal components will be funded.

10.3.2 The NIC Secretariat shall conduct consultations for legal review to assess whether the terms and conditions are legally enforceable to protect all party's interests. If the legal review identifies no issues with the terms and conditions of the agreement, the NIC Secretariat shall complete the execution of the agreement and notify the grant recipient. However, if the legal review identifies any issues with the terms and conditions of the award, the NIC Secretariat shall notify the grant recipient and may consult the NIC-ETB to resolve the matter.



10.3.3 If the grant recipient and the NIC-ETB cannot arrive at a mutually agreeable position, the grant recipient may choose not to accept the award. The grant recipient, through written correspondence, shall clearly specify the reasons why the award is being declined. Failure to provide a reasonable justification for a sudden decline of the award shall mean future proposals for funding from the implementing entity will be less prioritized.

10.4 Grant Fund Release and Utilization

10.4.1 The grant released to implementing entities shall be available for use in line with the validity of the FY 2021 GAA or until 31 December 2022. Moreover, the implementation of any NIC-approved project extension shall also be until 31 December 2022 only, and shall be subject to existing government budgeting, accounting, and auditing rules and regulations.

10.4.2 The transfer of grant funds shall be in accordance with the terms of a memorandum of agreement (MOA) executed between NEDA and the implementing entity. Project funds shall be deposited in any authorized government depository bank. The grant awarded through these guidelines shall not be used for money market placement, time deposit, purchase of real property, or other forms of investment not related to the project.

10.4.3 In the course of implementation, and as the need demands, any modifications by implementing entities in the utilization of the grant fund shall be communicated in writing to secure the concurrence from the NIC Secretariat.

10.4.4 Furthermore, procurement rules and guidelines, pursuant to RA No. 9184, otherwise known as the Government Procurement Reform Act, and its Revised IRR, shall apply for the innovation grants for the public sector.



10.5 Monitoring and Reporting

10.5.1 The implementing entities shall submit the following reports to the NIC Secretariat on the indicated timelines:

Report	Timeline
1. Status or Monitoring and Evaluation Report	Every end of the quarter during implementation
2. Financial Accountability or Liquidation Report	Every end of the quarter during implementation, including necessary supporting documents
3. Special Audit Report	Not later than six (6) months after the completion of the project
4. Terminal Report	Not later than six (6) months after final implementation of the project

10.5.2 The implementing entities shall provide the NIC Secretariat with status updates (*i.e.*, stories, pictures, press releases, announcements, or reports) if available. The NIC Secretariat shall consolidate the reports for review and presentation to the NIC and the Congress.

10.5.3 The implementing entities shall also authorize the NIC Secretariat to include information on the project details and outputs, partially or entirely, in its website and database and for use in the NIC's promotional efforts, reports, and other collateral materials as the NIC deems necessary per Section 16 of RA No. 11293.

10.5.4 The NIC Secretariat may undertake field validation, whenever necessary.



11.0 INTELLECTUAL PROPERTY

11.1 Matters affecting intellectual properties or intellectual property rights such as their ownership, protection, and utilization, technology disclosure, the exclusivity of the license, use of commercialization, the establishment of spin-off firms, technologies for research use and sharing of income, and benefits from technology commercialization shall be in accordance with RA No. 8293, otherwise known as the Intellectual Property Code of the Philippines, as amended, and related laws such as the RA No. 9168, otherwise known as the Philippine Plant Variety Protection Act of 2002, RA No. 8792, otherwise known as the Electronic Commerce Act, and RA No. 10055, otherwise known as the Philippine Technology Transfer Act of 2009.

11.2 Full information shall be disclosed to the NIC in case the project or program results are published or presented in various fora, seminars, and meetings. Such presentation should not prejudice the proprietary/confidential nature of the information for intellectual property protection purposes.

12.0 MISCELLANEOUS PROVISIONS

1. **Amendment.** The provisions, exhibits, and annexes of this JMC may be amended or supplemented as deemed necessary and agreed by NEDA and DBM, and in accordance with FY 2021 GAA, RA No. 11293, its IRR and other relevant laws, rules and regulations, and issuances.

2. **Separability Clause.** If, for any reason, any provision of this JMC is declared unconstitutional or invalid, such parts which are not affected thereby shall remain in force and effect.

3. **Repealing Clause.** All other issuances or parts thereof that are inconsistent with this JMC are hereby repealed, amended, and/or modified accordingly.

13.0 EFFECTIVITY

These guidelines shall take effect immediately.





KARL KENDRICK T. CHUA



Socioeconomic Planning Secretary
National Economic and
Development Authority



TINA ROSE MARIE L. CANDA



Officer-in-Charge
Department of Budget
and Management

EVALUATION OF PROPOSALS

The following is a set of criteria that the NIC Secretariat will use to evaluate the qualifications of implementing entities and implementation readiness of their project or program proposals. The criteria are clustered and detailed below:

ASSESSMENT OF THE PUBLIC IMPLEMENTING PARTNER			
CRITERIA	EXEMPLARY	COMPETENT	DEVELOPING
Competence (10 pts)	10: Has implemented at least 4 similar Program/Activity/ Projects in the past 2-3 years	5: Has implemented around 1-3 similar Program/Activity/ Projects in the past 2-3 years	0: No similar Program/ Activity/Projects implemented in the past 2-3 years
Capability (10 points)	10: The implementing partner was able to use at least 95% of its total allotment/ budget in the latest 3 years with available data	7: The implementing partner was able to use at least 85% of its total allotment/ budget in the latest 3 years with available data	3: The implementing partner was able to use below 85% of its total allotment/ budget in the latest 3 years with available data
Compliance (10 points)	10: The implementing partner is compliant with all 3 of the following indicators: • Streamlining and Performance Improvement • ISO 9001:2015 Certification • Public Financial Management reporting requirements to COA	7: The implementing partner is compliant on any 2 of the following indicators: • Streamlining and Performance Improvement • ISO 9001:2015 Certification • Public Financial Management reporting requirements to COA	3: The implementing partner is compliant on 1 of the following indicators: • Streamlining and Performance Improvement • ISO 9001:2015 Certification • Public Financial Management reporting requirements to COA

Character (10 points)	10: The implementing partner sustains all the conditions of good governance such as the Transparency Seal, PhilGEPS, and Citizen's Charter. For LGUs, the basis shall be the Seal of Good Local Governance (SGLG)	7: The implementing partner sustains any 2 of the conditions of good governance such as the Transparency Seal, PhilGEPS, and Citizen's Charter. For LGUs, the basis shall be the Seal of Good Local Governance	3: The implementing partner sustains 1 of the conditions of good governance such as the Transparency Seal, PhilGEPS, and Citizen's Charter. For LGUs, the basis shall be the Seal of Good Local Governance
	TOTAL SCORE 40 points		

ASSESSMENT OF THE PROPOSED PROGRAM/ACTIVITY/PROJECT			
CRITERIA	EXEMPLARY	ACCOMPLISHED	DEVELOPING
Innovativeness (10 points)	<i>For specific project</i>		
	10: The solution improves or replaces an existing product, service, or process which has never been piloted before.	7: The solution represents local implementation of emerging innovation or trend, with potential benefits specified.	3: The solution represents practices that are common within a field, or an adoption of a change with well-established benefits.
	0: No innovation described or specific potential improvement defined.		
	<i>For agency program</i>		
	10: The proposal exhibits novelty and scalability in the implementation or service delivery.	7: The proposal exhibits either novelty or scalability in the implementation or service delivery.	3: The proposal somewhat exhibits novelty and/or scalability in the implementation or service delivery.
	0: The proposal does not exhibit novelty or scalability in the implementation or service delivery.		

Strategic Alignment (20 points)	10: The proposed program/project/activity is responsive to any 3 sections/themes in RA 11293	7: The proposed program/project/activity is responsive to any 2 sections/themes in RA 11293	3: The proposed program/project/activity is responsive to any 1 section/theme in RA 11293	0: The proposed program/project/activity is not responsive to any section/ theme in RA 11293
	10: The solution is strongly aligned with any of the 10 priority areas of the National Innovation Agenda Framework.	8: The solution is aligned with any of the 10 priority areas of the National Innovation Agenda Framework.	5: The solution is somewhat aligned with any of the 10 priority areas of the National Innovation Agenda Framework.	3: The solution is not aligned with any of the 10 priority areas of the National Innovation Agenda
	10: The value proposition is clearly specified. The proposed solution resonates with the constituency's relevant needs, paired with the right channels to establish and maintain trust and good relationships.	8: The value proposition is specified and resonates with the constituency's relevant needs, paired with the right channels to establish trust and good relationships.	5: The value proposition is somewhat specified and the constituency's relevant needs are identified	3: Value proposition is unclear and the constituency's needs are not identified.
Service-Orientation/ Responsiveness (10 points)				

Sound Implementation Plan (10 points)	10: Provided an in-depth discussion on the viability and sustainability of the proposal and activities with analysis derived from existing data, emerging trends, and/or macroeconomic forces.	8: Provides a discussion on the viability and sustainability of the proposal and activities with analysis derived from existing data, emerging trends, and/or macroeconomic forces.	5: Provides a discussion on the viability of the proposal and activities.	3: Viability of the proposal is not sufficiently elaborated.
Socioeconomic and Environmental Impact (10 points)	10: Positive outcomes that directly or indirectly benefit the poorest of the poor are strongly defined and supported by projections and key metrics.	7: Positive outcomes that directly or indirectly benefit the poorest of the poor are defined and supported by projections and data.	3: Positive outcomes that directly or indirectly benefit the poorest of the poor are defined.	0: Positive outcomes that do not benefit the poorest of the poor or any priority sector.
TOTAL		60 points		