



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF ECONOMY, PLANNING, AND DEVELOPMENT

DEPDev Memorandum Circular (MC) No. 01, s. 2025

Date: JUN 18 2025

TO : ALL HEADS OF DEPARTMENTS, AGENCIES, BUREAUS, OFFICES, COMMISSIONS, STATE UNIVERSITIES AND COLLEGES (SUCs), PUBLIC SCHOOLS, GOVERNMENT-OWNED OR -CONTROLLED CORPORATIONS (GOCCs), AND LOCAL GOVERNMENT UNITS (LGUs), INCLUDING LOCAL UNIVERSITIES AND COLLEGES (LUCs)

SUBJECT : IMPLEMENTING GUIDELINES ON THE 2025 INNOVATION GRANTS

I. BACKGROUND/RATIONALE

Republic Act (RA) No. 11293, otherwise known as the “Philippine Innovation Act,” plays a pivotal role in promoting innovation as an essential component of national development and sustainable economic growth in the country. The law aims to harness innovation efforts to assist the poor and marginalized, enable micro, small, and medium enterprises to become integral parts of both domestic and global supply chains, and catalyze the growth of the Philippine economy and local industries. Innovation refers to the creation of new ideas that result in the development of new or improved products, processes, or services, which are subsequently transferred across different markets, thereby creating societal value and improving the welfare of lower-income and marginalized groups.

Section 21 of RA No. 11293 provides for the establishment and administration of the Innovation Fund to strengthen entrepreneurship and enterprises engaged in developing innovative solutions benefiting the poorest of the poor. A revolving fund in the initial amount of One Billion Pesos (PhP1,000,000,000.00) shall be allocated for the initial years of the law’s implementation. The grants shall also be issued from the Innovation Fund.

For the effective implementation of RA No. 11293, Special Provision (SP) No. 5 on Grants for Innovation Programs, Activities, and Projects of the National Economic and Development Authority (NEDA), now the Department of Economy, Planning, and Development (DEPDev), - Office of the Secretary (OSec) under RA No. 12116, or the General Appropriations Act (GAA) FY 2025, appropriates an amount of One Hundred Million Pesos (PhP100,000,000.00) constituted as a Revolving Fund - Innovation Fund to be used for the issuance of grants for innovation programs, activities, and projects (PAPs) in accordance with RA No 11293. The implementation of the said SP shall be subject to the guidelines to be issued by DEPDev and confirmed by the National Innovation Council (NIC).

II. PURPOSE

This Circular is being issued to provide the rules and regulations for the utilization of funds appropriated for grants supporting innovation PAPs, pursuant to SP No. 5 on Grants for Innovation Programs, Activities, and Projects of the NEDA-OSec under RA No. 12116.

III. SCOPE

The MC prescribes the types of innovation PAPs eligible for funding. It outlines the organizational structure, responsibilities, eligibility criteria, and the administration processes of the 2025 Innovation Grants. These administration processes include the call, submission, evaluation, and approval of proposals, and monitoring and reporting of funded innovation PAPs.

It shall cover innovation PAPs that focus on promoting and implementing various types of innovation, as proposed by public sector entities, such as national government agencies (NGAs), SUCs, public schools, GOCCs, and LGUs, including LUCs, subject to existing government accounting and auditing rules and regulations.

IV. DEFINITION OF TERMS

1. **Call for Proposals** - a public announcement being released by DEPDev, as the NIC Secretariat, containing comprehensive details for the submission of proposals for funding under the Innovation Grants.
2. **Commercialization** - this covers the strategies needed to transition innovations into commercial production such as manufacturing, marketing, and distribution. These activities ensure that the innovative products or services are produced at a scale and introduced to the market successfully.
3. **Diffusion** - this involves the dissemination and adoption of innovations by target markets or communities. The corresponding activities aim to spread the innovation widely, promote its benefits and encourage its uptake among potential users. This can include educational campaigns, partnerships, and support mechanisms to facilitate the innovation's acceptance and integration into everyday use.
4. **Double funding** - a situation where the same activity for the same set of beneficiaries receives funding more than once using public funds.
5. **Electronic Innovation Grants Information System (EIGIS)** - refers to the web-based information system that collects, analyzes, and reports data on innovation PAPs applied for funding under the Innovation Grants.
6. **Government-Owned or -Controlled Corporation** - refers to any agency organized as a stock or nonstock corporation, vested with functions relating to public needs whether governmental or proprietary in nature, and owned by the Government of the Republic of the Philippines directly or through its instrumentalities either wholly or, where applicable as in the case of stock corporations, to the extent of at least a majority of its outstanding capital stock.¹
7. **Grants** - refer to non-repayable transfers received from the government or private individuals or institutions, whether foreign or domestic, which include reparations and gifts given for projects, programs, or general budget support.²

¹ Republic Act No. 10149, Section 3(m)

² Department of Budget and Management. Glossary of Terms

8. **Implementing Entity** - the primary organization approved to execute an innovation PAPs.
9. **Intellectual Property** - refers to intangible assets originating from the innovative efforts of individuals or entities, encompassing products of the intellect, including inventions, designs, brand identities, and literary or artistic works.³
10. **Local Government Units** - refer to political units composed of provinces, cities, municipalities, and barangays.⁴
11. **Local Universities and Colleges** - refer to Commission on Higher Education (CHED)-accredited higher education institutions (HEIs) established by LGUs through an enabling ordinance, financially supported by the concerned LGU, and compliant with CHED's policies, standards, and guidelines.⁵
12. **Negative List** - refers to a list of PAPs⁶ deemed ineligible for funding because they do not meet the criteria for innovation PAPs. These may include PAPs that are primarily administrative in nature, those at the basic ideation stage, or those that do not directly contribute to advancing innovation.
13. **Pre-commercialization** - this involves developing and refining innovative products, technologies, or services to prepare them for the market. Activities in this stage include research, prototyping, testing, and improving the innovation to ensure it meets market needs and standards.
14. **Program, activity, and project** - refers to series or a group of work processes undertaken to achieve desired outputs and outcomes.
15. **Program/Project Leader** - refers to the individual who serves as the lead member of the approved program/project who is in-charge of the successful and timely execution of approved PAPs.
16. **Proponent** - refers to a public entity intending to submit or having already submitted a proposal for funding under the Innovation Grants.
17. **Public School** - refers to learning institutions funded by the government that offer general education from kindergarten to Grade 12.
18. **Savings** - refer to portions or balances of any line-item budget in the approved financial plan that are free from any obligation or encumbrance and are realized from the implementation of activities at a lesser cost.⁷
19. **State University and College** - refers to public HEIs established by the national government and are governed by their respective independent boards of trustees or regents.⁸

³ Intellectual Property Office of the Philippines (2019). *What is intellectual property?*

⁴ Department of Budget and Management (2024). Chapter 9: Position Classification and Compensation Scheme in Local Government Units

⁵ Republic Act No. 10931, Section 3(e)

⁶ See list under Section VIII, item b for reference.

⁷ Department of Budget and Management. National Budget Circular No. 592

⁸ Republic Act No. 10931, Section 3(m)

20. **Unexpended Balance** - refers to the remaining or unobligated funds from the approved budget for PAPs.

V. TYPES OF INNOVATION PAPs FOR FUNDING

- a. Funding support can be provided to new or existing innovation PAPs implemented by a public entity, subject to the eligibility requirements stipulated in Section VI of this document.
- b. The following types of innovation PAPs may qualify for funding under the 2025 Innovation Grants:

1. **Pre-commercialization, Commercialization, or Diffusion of Innovations**

This refers to innovation PAPs aimed at developing and refining innovative products, technologies, or services to ensure their readiness for the market, mitigating risks prior to full-scale commercialization. It also includes support to the commercial production and transfer of such innovations across markets, and their dissemination and adoption within target markets or communities.

For proposals under commercialization, implementing entities must identify a private enterprise or partner that commits to adopting, utilizing, or employing their innovative product, service, or technology to be funded.

2. **Innovation Facilities and Services**

This refers to physical spaces, resources, and support programs designed to foster innovation, particularly by providing support services for entrepreneurial activities to enable the successful transfer of innovation across markets.

3. **Innovation Culture Promotion and Capacity-Building**

This refers to innovation PAPs aimed at fostering a culture of innovation and strengthening the innovation ecosystem, which includes educational programs, capacity-building activities, trade exhibits, expositions and missions, and other networking activities for collaborative partnerships.

4. **Innovation Policy and Administration**

This refers to PAPs focused on the introduction and application of innovation policy solutions, regulatory measures, digital information initiatives, and other public administration innovations. These PAPs aim to enhance efficiency, productivity, and quality of public services.

- c. Proponents may combine components from each type, as they deem relevant. The specific subtypes for each type, along with the corresponding and/or recommended expected outputs, are detailed in **Annex A: Types of Innovation Programs, Activities, and Projects**.
- d. Funding shall be provided in a manner that prevents duplication of initiatives. Such support shall also consider the implementing entity's capacity to implement and ensure compliance with applicable laws, rules, and regulations.

VI. ELIGIBILITY REQUIREMENTS

The following are the eligibility requirements for accessing the 2025 Innovation Grants:

a. For the Program/Project Proposal

1. General objectives and expected outputs and outcomes of the proposal are aligned with and contributory to the goals outlined in the National Innovation Agenda and Strategy Document 2023-2032, Philippine Development Plan 2023-2028, and for those with local and regional in scope, the Regional Development Plan 2023-2028;
2. No duplication with completed and ongoing publicly funded PAPs; and
3. Declaration should be made indicating whether the proposal, as is or in its various forms, or a part thereof, has been submitted for inclusion in the Public Investment Program.

b. For the Implementing Entity

1. Must be a government agency, including departments, bureaus, offices, other instrumentalities, SUC, public school, GOCC, or LGU, including LUC;⁹
2. Must be able to issue an Official Receipt (OR), electronic OR, or electronic Acknowledgement Receipt for the receipt of funds;
3. Authorized to receive funds and/or collect revenues;
4. For SUCs, GOCCs, and LGUs, must have an authorized trust fund account to serve as the depository account for the grant funding;
5. For NGAs and public schools, must have an organization code based on the Unified Account Code Structure and an existing Modified Disbursement System trust account;
6. For those who previously received funding under prior cycles of the Innovation Grants, they must be cleared of all physical and financial accountabilities from completed projects; and
7. For those with an identified private enterprise or partner, they must ensure that the private enterprise or partner's incorporators, organizers, directors, or officers are not agents of, or related by consanguinity or affinity up to the fourth civil degree, to the implementing entity officials and project team members.

c. For the Program/Project Leader

1. Must be a Filipino citizen of legal age;
2. Must hold a permanent or regular position and not due to retire during the period of implementation;
3. Must not have been found guilty of administrative or criminal case, including those under appeal; and
4. Must not be an agent of or related by consanguinity or affinity up to the fourth civil degree to DEPDev officials and technical staff authorized to process and/or approve the proposal, Memorandum of Agreement (MOA), and process the release of funds.

⁹ See table under Section IX, item a.3 for reference.

VII. ORGANIZATIONAL STRUCTURE AND RESPONSIBILITIES

a. **NIC-Executive Technical Board (NIC-ETB)**

The NIC-ETB shall be responsible for the deliberation and approval of proposals endorsed by the NIC-Executive Director (NIC-ED) to be funded under the 2025 Innovation Grants.

b. **NIC-ETB Chairperson**

The NIC-ETB Chairperson shall have the following authorities and responsibilities:

1. Enter into agreement, on behalf of the NIC and DEPDev, with the implementing entities of approved proposals;
2. Sign all documents necessary for the transfer of funds to implementing entities from the Revolving Fund - Innovation Fund bank account;
3. Decide accordingly which proposals to approve during the deliberation of the NIC-ETB in case of ties and subject to the availability of funds; and
4. Approve or disapprove the requests for extension of program/ project implementation;
5. Approve or disapprove requests for line-item budget modifications amounting to less than One Million Pesos (Php1,000,000.00) per request; and
6. Report the results of the call for proposals and status of approved innovation PAPs to the NIC.

c. **NIC-ETB Subcommittee**

The NIC-ETB Subcommittee shall consist of the following NIC-ETB members: a) NIC-ETB Chairperson; and b) NIC-ETB Vice Chairpersons. This Subcommittee is responsible for the approval or disapproval of requests for line-item budget modifications amounting to One Million Pesos (Php1,000,000.00) or higher per request.

d. **NIC Executive Director**

The NIC-ED shall have the following authorities and responsibilities:

1. Revalidate the consolidated results and consequently endorse the shortlisted proposals to the NIC-ETB for approval;
2. Co-sign all documents required for the transfer of funds to implementing entities from the Revolving Fund - Innovation Fund bank account;
3. Endorse to the NIC-ETB Chairperson or NIC-ETB Subcommittee the requests for line-item budget modifications; and
4. Endorse to the NIC-ETB Chairperson the requests for extensions of innovation PAPs.

e. **DEPDev-Innovation Staff (DEPDev-InnovS)**

The DEPDev-InnovS shall provide administrative and technical support for the effective implementation and administration of the Innovation Grants. It shall have the following authorities and responsibilities:

1. Facilitate the announcement of the call for proposals;
2. Approve user requests and administer the EIGIS;
3. Conduct initial completeness and eligibility check of all submitted proposals, and preliminary check and reclassification of proposals;
4. Conduct technical evaluation of proposals;
5. Perform organizational and risk-based assessments of proposals;
6. Notify proponents about the status of their application;
7. Facilitate the fund transfer and utilization of the 2025 Innovation Grants, in coordination with the DEPDev Financial Planning, and Management Staff and Administrative Staff;
8. Facilitate negotiation meetings and the signing of MOA between the implementing entities and DEPDev;
9. Coordinate and oversee implementation of approved innovation PAPs;
10. Conduct field validation activities and ensure the implementing entities submit monitoring and reporting requirements; and
11. Oversee the proper close-out process of the 2025 Innovation Grants.

f. DEPDev-Sector Staff (DEPDev-SS) and DEPDev Regional Offices (DROs)

The DEPDev-SS and DROs shall have the following responsibilities:

1. Conduct preliminary check on the appropriateness of the indicated scope, location of implementation, and priority area of the submitted proposals, and reclassification of proposals;
2. Conduct technical evaluation of proposals within their sector expertise or with regional scope; and
3. Participate in field validation activities of approved innovation PAPs.

Select representatives from the DEPDev-InnovS, DEPDev-SS, and DROs shall compose the Technical Evaluation Panels (TEPs), as presented in Section IX (Item b.2.2).

All public officials and employees involved in the management and administration process of the Innovation Grants shall be governed by RA No. 6713, otherwise known as the Code of Conduct and Ethical Standards. They shall ensure professionalism, and commitment to public interest, and avoid all forms of conflict of interest.

VIII. FUNDING THRESHOLD AND LIMITATIONS

- a. The funding threshold for implementing innovation PAPs shall depend on the primary type of innovation PAP under which a proposal is classified, as outlined in Section V:

Type of Innovation PAP	Funding Threshold
Pre-commercialization, Commercialization, or Diffusion of Innovations	Not exceeding PhP7.5 million
Innovation Facilities and Services	Not exceeding PhP7.5 million
Innovation Culture Promotion and Capacity-Building	Not exceeding PhP5 million
Innovation Policy and Administration	Not exceeding PhP7.5 million

- b. Double funding is prohibited. Proponents shall ensure that any components of their proposed innovation PAPs have not received funding from the current year's GAA or any other sources involving public funds.

c. **Negative List**

The following items shall comprise the list of PAPs deemed ineligible for funding under the Innovation Grants:

1. Any form of investment, such as, but not limited to money market placements, time deposits, real property and motor vehicle¹⁰ purchases, or any other financial investments;
2. Provision of monetary prizes and seed capital;
3. Provision of mandatory health and social welfare services;
4. Provision of mandatory water supply and sanitation services;
5. General construction and public works, including retrofitting and rehabilitation of facilities managed by implementing agencies as part of their regular programs and mandates;
6. Standalone computerization or installation of IT and telecommunications equipment, or activities that form part of regular ICT operations of the implementing agencies;
7. Conduct of research studies, support for ongoing theses or dissertations, or other investigatory projects involving experimental procedures to acquire new knowledge or apply new findings;
8. Conduct of livelihood training programs typically provided by other government agencies or LGUs;
9. Tourism promotion activities, unless they introduce an innovation in the form of a product, system, or service that does not fall under regular tourism promotion PAPs;
10. Feasibility studies for infrastructure PAPs, including standalone preparatory activities, resettlement, right-of-way acquisitions, site development activities, and similar undertakings;
11. Foreign travel of private individuals, even if identified as implementing partners;
12. Subsidies or payments for ongoing operational expenses of the proponent that are not directly tied to the program/project; and
13. Provision of services that do not fall under the mandate of the proponent.

IX. ADMINISTRATION OF THE INNOVATION GRANTS

The process from the submission of proposals to their evaluation and approval or disapproval is illustrated in **Annex B: Process Flow of the Evaluation and Approval of Proposals**.

a. **Submission of Proposals**

1. DEPDDev shall issue the call for proposals to be disseminated across multiple channels, including the official websites of NIC member agencies, and other relevant communication platforms.

¹⁰ Specifically, motor vehicle types under the approving authority of DBM, DILG, LCEs, and Office of the President as stated in Section 6.1 of DBM Budget Circular No. 2022-1 dated 11 February 2022.

2. Proponents must register at EIGIS to submit a proposal. They shall accomplish the electronic forms and upload the required documents, which shall include the following details or information:
 - 2.1. General information about the proponent;
 - 2.2. Details of the proposal (i.e., title, brief description, significance and rationale, general and specific objectives);
 - 2.3. Theory of change;
 - 2.4. Work and Financial plan (including target outcome and output indicators);
 - 2.5. Sustainability plan;
 - 2.6. Technical drawings, if applicable;
 - 2.7. For those who previously received funding under the previous cycles of the Innovation Grants:
 - i. Certification from the proponent's chief accountant that previous funds received from DEPDev have been liquidated, post audited, and recorded in the books;
 - ii. Certification from DEPDev confirming the proponent has no outstanding physical or financial accountabilities from previously completed projects; and
 - 2.8. Other relevant information.
3. An official endorsement letter from the following authority must also be submitted with the proposal:

Proponent	Level	Signatory
NGA	Central office	Secretary or Undersecretary
	Attached agency or Operating unit	Head of Agency
	Regional, provincial, or field offices	Regional Director
LGU including LUC	Provincial government	Governor
	City or municipal Government	Mayor
	Local university or college	President or Chancellor
SUC	University or college	President or Chancellor
Public school	Department of Education schools	Schools Division Superintendent
	Department of Science and Technology (DOST) - Philippine Science High School	Executive Director
GOCC	Central	Head of Agency
	Regional, provincial, or field Offices	Regional Director or its equivalent

b. Evaluation of Proposals

1. Preliminary Evaluation

- 1.1. All proposals submitted through EIGIS on or before the deadline will undergo an initial completeness check to be conducted by the DEPDev-InnovS to

assess the correctness and completeness of the forms and documents submitted. Furthermore, eligibility checks of the submitted program/project proposal, its implementing entity, and program/project leader will also be conducted. Failure to comply with one or more of the required documents, forms, and other eligibility criteria shall be grounds for disapproval of the submitted proposal.

- 1.2. The DEPDev-InnovS, together with DEPDev-SS and DROs, will also review the appropriateness of the indicated scope, location of implementation, and priority area of the submitted proposals. Reclassification will be conducted as deemed necessary.
- 1.3. The following reasons shall constitute grounds for the disapproval of the submitted proposal during the preliminary evaluation, preventing it from proceeding to the subsequent technical evaluation:
 - i. Lack of basis for evaluation due to insufficient documents or information submitted;
 - ii. One or more of the program/project objectives and/or components do not align with the allowed types of innovation PAPs for funding outlined in Section V;
 - iii. Inclusion of the program/project, in whole or in part, in the negative list outlined in Section VIII, item b; or
 - iv. The implementing entity and/or the program/project leader do not meet the eligibility requirements stipulated in Section VI.

2. Technical Evaluation

- 2.1. Proposals that pass the preliminary evaluation will proceed to the technical evaluation, where the technical merits and viability of the proposal will be assessed using the criteria outlined in **Annex C: Technical Evaluation Criteria**.
- 2.2. The technical evaluation shall be conducted by TEPs. The composition of the TEPs and the proposals they will evaluate will be organized into clusters based on the location and scope, and priority area of the proposals received. The following outlines the possible compositions of TEPs:

Location and Scope of Proposal	Composition of TEP
Local	<ol style="list-style-type: none"> 1. One technical staff from the DRO¹¹ where the proposal is to be implemented; 2. One technical staff from DEPDev-SS in charge of the primary priority area of the proposal; and 3. One technical staff from DEPDev-InnovS.
Regional, including the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM)	

¹¹ For proposals under BARMM, a designated representative from the Bangsamoro Planning and Development Authority.

Location and Scope of Proposal	Composition of TEP
Inter-Regional	1. Two technical staff from DEPDev-InnovS; and 2. One technical staff from DEPDev-SS in charge of the primary priority area of the proposal.
National	
National Capital Region	

2.3. Only proposals that pass the hurdle rate of 75 percent in the technical evaluation will proceed to the next level, which involves organizational and risk-based assessment. Proposals that fail to meet the required score will be disapproved.

2.4. All members of the TEP shall sign a non-disclosure agreement and a non-conflict of interest undertaking.

3. Organizational and Risk-based Assessment

3.1 Proposals that pass the technical evaluation will proceed with the organizational and risk-based assessment, where the proponent's capacity to implement its proposed innovation PAPs will be assessed by DEPDev-InnovS based on the criteria outlined in **Annex D: Organizational and Risk-Based Assessment Criteria**.

3.2 DEPDev-InnovS shall solicit comments and inputs from the following agencies as part of the risk-based assessment:

- i. CHED;
- ii. Department of Agriculture;
- iii. DOST;
- iv. Department of the Interior and Local Government;
- v. Department of Trade and Industry; and
- vi. Intellectual Property Office of the Philippines.

3.3 Together with the technical evaluation ratings and findings of the organizational and risk-based assessment, the NIC-ED shall revalidate the consolidated results and consequently endorse the shortlisted proposals to the NIC-ETB for approval.

c. Approval and Confirmation Process

1. The NIC-ETB shall convene to deliberate the approval or disapproval of the shortlisted proposals. Proponents may be invited to discuss their proposals during the deliberation.
2. Proposals shall be deemed approved if they receive at least two-thirds affirmative votes from the NIC-ETB members or their authorized representatives present during the meeting.

3. The NIC-ETB reserves the right to approve or disapprove any proposal, or separable portions thereof, and to waive any irregularity, technicality, or omissions as needed.
4. Subject to availability of funds, proposals with the highest number of votes shall be prioritized for funding, and in the case of ties, the NIC-ETB Chairperson shall decide accordingly.
5. The results of the evaluations will be submitted to the NIC for their information. DEPDev-InnovS will notify the proponents of the outcome of their application.

d. Project Implementation

1. Negotiation of Terms

Prior release of approved funds, the implementing entity shall submit the following:

- 1.1. Updated project forms following the terms negotiation with the DEPDev-InnovS;
- 1.2. Bank certification issued by chief accountant or its equivalent;
- 1.3. Updated contact details of key officials and program/project team members;
- 1.4. Where applicable, certified true copies of land titles, deeds of sale, or other documents evidencing ownership or legal right over the immovable property involved in the project, such as for refurbishment or renovation of structures; and
- 1.5. Other required affidavits, and physical and financial documentary requirements.

2. Fund Release

- 2.1. DEPDev shall transfer the approved funds to the implementing entity, either in full or in tranches, depending on the terms of negotiation and upon receipt of the signed MOA and other documentary requirements, subject to availability of funds and the usual accounting and auditing rules and regulations.
- 2.2. Any bank charges resulting from the fund transfers, if any, shall be shouldered by the implementing entity.
- 2.3. The funds released to the implementing entity shall be available for use within the approved program/project duration, including approved extension, subject to existing government accounting and auditing rules and regulations.
- 2.4. Should the implementing entity fail to fully comply with the requisite documentary submissions or other preconditions, DEPDev reserves the right to withhold or defer the release of funds until such compliance is

achieved, without prejudice to the agreed timelines for project implementation.

3. Start of Implementation

The implementing entity must commence the program/project implementation upon release of funds from DEPDev.

The resident auditor from the Commission on Audit assigned to the implementing entity shall be duly notified and consulted in all phases of project implementation, including initiation, execution, and close-out, to ensure adherence to applicable audit standards pursuant to Presidential Decree 1445 or the Government Auditing Code of the Philippines.

4. Modification of Program/Project Details

- 4.1. Requests for modifications to innovation PAPs details and the work and financial plan shall be subject to the review of DEPDev-InnovS and endorsement by the NIC-ED for approval of the NIC-ETB Chairperson or NIC-ETB Subcommittee, as the case may be.
- 4.2. All requests for modifications must include justifications from the implementing entity. The NIC-ETB Chairperson or NIC-ETB Subcommittee, as the case may be, reserves the right to approve or disapprove any proposed modification or separable portions thereof and to waive any minor irregularity, technicality, or omissions as needed.
- 4.3. Only two (2) requests for modifications are allowed and must be submitted at least two (2) months before the projected completion date, except in cases of *force majeure*.
- 4.4. If the Program/Project Leader resigns or separates from the implementing entity, the latter must inform DEPDev in writing and include details of the new Program/Project Leader.

5. Extension of Program/Project Implementation

- 5.1. The implementing entity may submit to DEPDev a request for an extension of program/project implementation, the duration of which must not exceed six (6) months. Such request shall be subject to review by DEPDev-InnovS and endorsement by the NIC-ED for approval of the NIC-ETB Chairperson.
- 5.2. Request for extension with additional funding is not allowed.
- 5.3. Only one (1) request for an extension is allowed and must be submitted at least three (3) months before the projected completion date, except in cases of *force majeure*.

6. Purchase, Ownership, and Accountability of Equipment

- 6.1. Equipment purchased using the funds shall be used exclusively for the implementation of the approved innovation PAP and will be subject to usual government procurement laws and consistent with existing accounting and auditing rules and regulations.
- 6.2. The implementing entity shall have a complete record and documentation of all equipment procured.
- 6.3. For incomplete innovation PAPs, DEPDev reserves the right to retain the equipment in compliance with existing government rules and regulations.

7. Monitoring and Reporting

7.1. Technical Monitoring

- i. The implementing entity shall submit periodic physical accomplishment reports and other reportorial documents to DEPDev-InnovS using the prescribed format or template.
- ii. All reports must be endorsed and/or approved by the head of the implementing entity and consolidated by DEPDev-InnovS for its records and/or submission to relevant authorities.
- iii. For programs, consolidated technical reports shall be submitted in addition to the individual project reports.
- iv. The failure of an implementing entity to submit technical and/or physical reportorial documents shall be considered grounds for suspension and/or termination of funding. In such an event, the implementing entity must return the disbursed amount in full.
- v. DEPDev may conduct field validations as necessary. If issues and concerns arise during the validation process, a facilitation meeting will be held with the program/project team to discuss and resolve encountered issues.

7.2. Financial Monitoring

- i. The implementing entity shall submit periodic financial accomplishment reports, including financial accountability and liquidation reports with necessary supporting documents, to DEPDev-InnovS using the prescribed format or template.
- ii. All financial reports must be endorsed and/or approved by the head of the implementing entity and reviewed or certified correct by the implementing entity's accountant.
- iii. The implementing entity shall make all records and documents related to the utilization of funds available to DEPDev and the Commission on

Audit. DEPDev shall consolidate the reports for its records and/or submission to relevant authorities.

- iv. All unexpended balance, savings, and/or income shall be reported and included in the periodic and terminal reports submitted to DEPDev and relevant authorities.
- v. The failure of an implementing entity to submit financial reportorial documents shall be considered grounds for suspension and/or termination of funding. In such an event, the implementing entity must return the disbursed amount in full.

8. Project Closeout

8.1. Terminal Report

A terminal report, using the prescribed format, and its supporting documents shall be submitted to DEPDev-InnovS by the implementing entity no later than two (2) months after the end of the implementation of the innovation PAP. All supporting documents and other relevant documents shall also be attached.

8.2. Unexpended Balances and Savings

Upon pre-termination or completion of the PAP, all unexpended balances and savings shall be reported and returned to the authorized government depository bank account for the Revolving Fund - Innovation Fund.

8.3. Audit and Inspection

The activities, operations, books of accounts, and records of the program, activity, or project shall be available for inspection or validation by an authorized DEPDev representative and/or its auditor whenever necessary.

X. INTELLECTUAL PROPERTY

Matters affecting intellectual properties or intellectual property rights such as their ownership, protection, and utilization, technology disclosure, exclusivity of the license, use of commercialization, among others, shall be governed by RA No. 8293, otherwise known as the Intellectual Property Code of the Philippines, and other related Philippine laws on Intellectual Property such as the RA No. 10055, otherwise known as the Philippine Technology Transfer Act of 2009 and its amended implementing rules and regulations (IRR).

XI. MISCELLANEOUS PROVISIONS

Amendment. The provisions and annexes of this Circular may be subject to amendment as deemed essential. Such amendments shall be consistent with RA No. 11293, its IRR, and other relevant statutory provisions, regulations, and issuances.

Separability Clause. If any clause, sentence, or provision of this Circular shall be declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid.

Repealing Clause. All previous orders, issuances, rules and regulations inconsistent with or contrary to this Circular are hereby repealed, amended and/or modified accordingly.

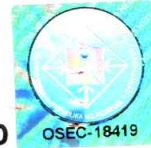
XII. EFFECTIVITY

This Circular shall take effect immediately and shall remain in effect unless revised, revoked, or superseded by a subsequent issuance.


ARSENIO M. BALISACAN, PhD

Secretary

Department of Economy, Planning, and Development



ANNEX A
Types of Innovation Programs, Activities, and Projects (PAPs)

Types of Innovation PAPs	Expected Outputs (subject to change depending on the final approved work and financial plans)
1. Pre-commercialization, Commercialization, or Diffusion of Innovations	
Pre-Commercialization	
1) High-fidelity prototyping of product, technology, or service	a) Physical or user interface prototypes, models, or samples of final product/ service that will be offered to the market b) Reports/evaluation of performance/quality tests conducted c) Data logs, analysis charts, or research findings of the product or service's reliability, effectiveness, or marketability d) Manufacturing specifications
2) Application and/or registration of Intellectual Property (IP)	a) Certificates or proof of registration and/or application of IP b) Legal documents (e.g., patents, trademarks, copyrights, etc.) c) Patent drawings and descriptions
3) Conduct of market research and assessments	a) Market research reports b) Survey findings c) User or customer feedback from market testing
Commercialization	
1) Production and manufacturing	a) Raw materials b) Machinery and physical equipment c) Handheld equipment and/or tools d) Intermediate products e) Finished goods f) Packaging materials and designs g) Storage systems h) Physical documents of production documentation
2) Marketing and sales	a) Marketing collateral b) Samples or promotional items featuring the product or service c) Point-of-Sale displays and other promotional materials d) Product samples/demos e) Advertisements in various media formats f) Sales reports and customer reviews
3) Supply chain establishment	a) Lease of warehouse facilities b) Rent of transportation vehicle for transport of goods and movement of products c) Physical hardware and/or software system for inventory management d) Material handling equipment

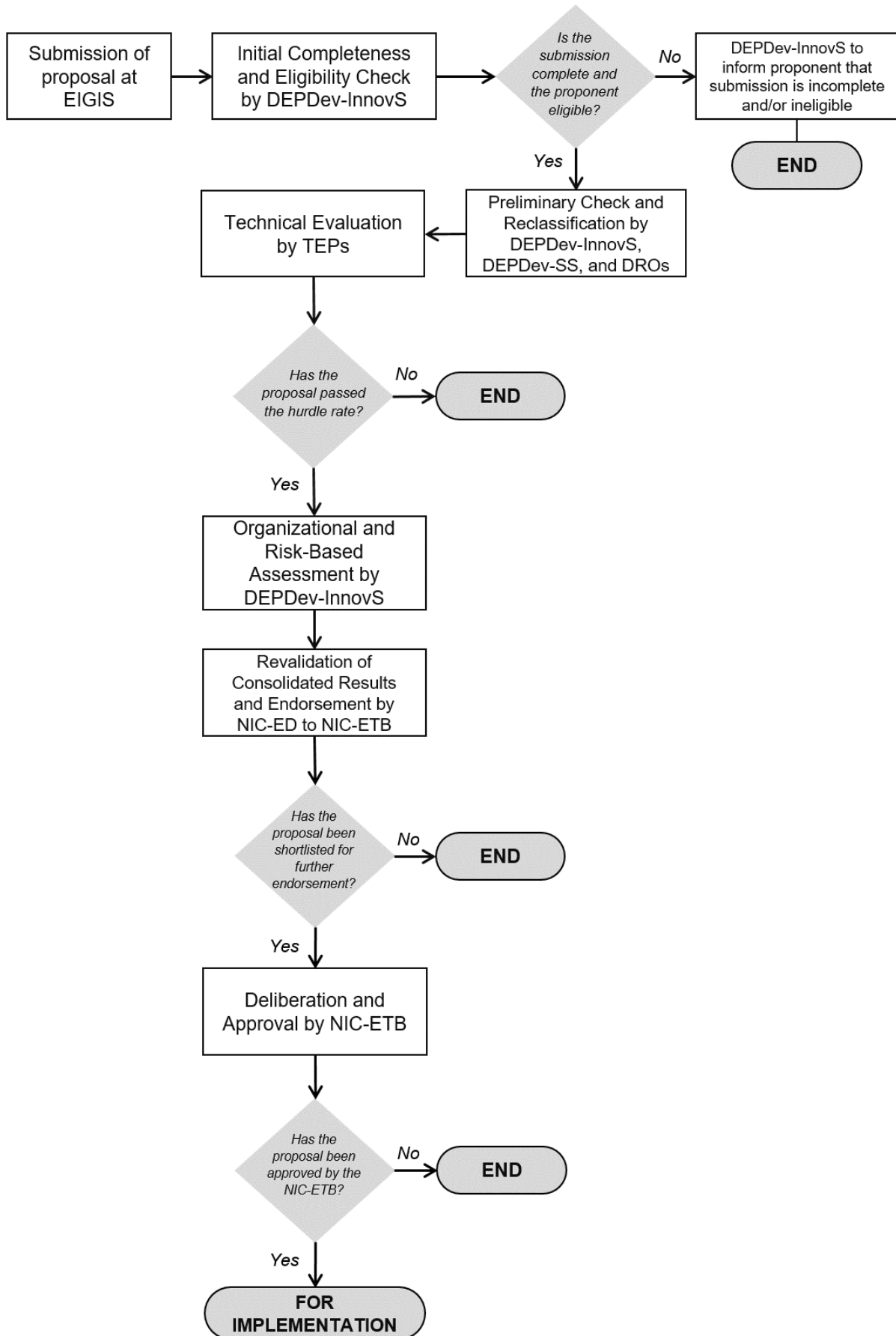
Types of Innovation PAPs	Expected Outputs (subject to change depending on the final approved work and financial plans)
4) Compliance to legal and regulatory requirements	a) Legal documents, permits, licenses, certificates, and regulatory filings required for business operations b) Manuals or handbooks of the company/organization c) Sustainability reports (e.g., Economic, Environmental, Social, and Governance report, Corporate Social Responsibility report, etc.)
Diffusion/Adoption	
1) Conduct of evaluations within testbed environments	a) Physical setup of testing environment, including modifications or enhancements b) Physical or user interface prototypes, models, or mock-ups of product, technology, or service to be evaluated c) Tools, equipment, or software for data collection and analysis d) Testbed documentation and evaluation reports
2) Participation to regulatory sandbox program	a) Application forms, agreements, and regulatory guidance provided by authorities b) Reports of data tests and results and documentation of compliance with regulatory requirements c) Certificates, permits, or exemptions issued by regulatory authorities
3) Small-scale pilot deployment of product or service	a) Reports of pilot deployment/s b) Documentation of technical specifications and/or operational processes and procedures c) Feedback survey results from pilot users d) Demonstration or showcase of pilot product or service to stakeholders, investors, and potential adopters or customers
4) Conduct of technology transfer activities	a) Contracts or agreements outlining the terms, conditions and rights of technology transfer b) Licensing or royalty agreements c) Training activities and/or manuals and guides for technology transfer d) Technology transfer reports
2. Innovation Facilities and Services	
Physical Facilities and Resources	
1) Lease of commercial, co-working, or physical or virtual office space	a) Lease agreement or contract b) Official receipts for rental/lease payments c) Floor plans of the working space d) Logbook records e) Documentation of health and safety compliances

Types of Innovation PAPs	Expected Outputs (subject to change depending on the final approved work and financial plans)
2) Refurbishment and enhancement of office, co-working, or commercial space	<ul style="list-style-type: none"> a) Renovation plans or layout designs b) Installed fixtures, fittings, or furniture c) Compliance documents for building codes and regulations d) Documentation of inspection for health and safety compliances
3) Overhead costs	<ul style="list-style-type: none"> a) Official receipts for utilities of commercial, co-working, or physical or office space b) Procurement of supplies and other related consumables c) Procurement of software licenses, subscription to publications, or access to online platforms d) Official receipts for maintenance and repair services of office equipment and facilities e) Contracts and payroll of administrative staff and/or project support personnel hired
Support Services and Programs	
1) Shared business services	<ul style="list-style-type: none"> a) Official receipts for professional services contracted such as legal, accounting, or facilities management services b) Stakeholder/customer satisfaction or feedback report of services availed
2) Incubation support	<ul style="list-style-type: none"> a) Provision of access to specialized equipment, laboratory, and other related facilities needed for product development, research, or experimentation b) Provision of access to workspaces equipped with amenities c) Provision of shared business services d) Provision or branding or marketing support e) Provision of access to various networking events or platforms
3. Innovation Culture Promotion and Capacity-Building	
Educational Programs and Capacity-Building	
1) Workshops or trainings	<ul style="list-style-type: none"> a) After-activity reports detailing the workshop or training design, list of facilitators, and participants/attendees, etc. b) Training materials, manuals, or presentations used c) Documentation of activities/events in various media formats d) Workshop/training curriculum developed

Types of Innovation PAPs	Expected Outputs (subject to change depending on the final approved work and financial plans)
2) Incubator or accelerator programs	<ul style="list-style-type: none"> a) Selection criteria and process for prospective participants b) Customized programs or modules c) Conduct of mentorship and coaching activities/sessions d) Metrics/indicators to measure growth of startups/innovators either in terms of valuation, funding, or revenues e) Conduct of demo days or showcases f) Graduation of participants and provision of alumni support program
3) Conduct of hackathons, innovation challenges, or ideation sessions	<ul style="list-style-type: none"> a) After-activity reports detailing the activity design, list of facilitators/organizers, and participants/attendees, etc. b) Invitation/recruitment process of participants c) Facilitation of mentoring, pitching, or presentation activities d) Development of judging criteria and evaluation process e) Recognition/awards system a) Documentation of activities in various media formats
Trade Exhibits, Expositions, and Missions	
1) Participation at innovation-related conferences or conventions	<ul style="list-style-type: none"> a) Official invitation/acceptance and registration to participate in conference b) Presentation of innovation-related product, service, or research paper c) Official receipts for transportation expenses (local and/or international/overseas), hotel accommodation, meals and other related expenses d) Documentation of new knowledge, insights, or best practices acquired at the conference e) Implementation of re-entry or post-event action plan
2) Participation at trade exhibits and expositions	<ul style="list-style-type: none"> a) Official invitation, acceptance, or registration to participate in trade exhibit or exposition b) Rental, design/decoration, manufacturing, shipping and set up of exhibit displays, c) Promotional materials and merchandise d) Freight and insurance of exhibit materials e) Official receipts for registration fees, speaking slots, logistical and/or contractor costs, hotel accommodation, meals and other related expenses f) Documentation of knowledge, insights, and best practices acquired at the event g) Implementation of re-entry or post-event action plan

Types of Innovation PAPs	Expected Outputs (subject to change depending on the final approved work and financial plans)
3) Participation at trade missions or business matching meetings	<ul style="list-style-type: none"> a) Official communications with invited/prospect trade mission participants or business partners b) Presentation or briefing materials of innovation-related product, technology or service c) Business/partnership agreements or contracts d) Official receipts for transportation expenses (local and/or international/overseas), hotel accommodation, meals and other related expenses e) Documentation of new knowledge, insights, or best practices acquired at the conference f) Implementation of re-entry or post-event action plan
4. Innovation Policy and Administration	
Public Policy	
1) Conduct of regulatory sandbox program	<ul style="list-style-type: none"> a) Development of a feasibility assessment and implementation plan for establishing a regulatory sandbox program b) Policy recommendation, guidelines, and/or issuances for establishing a regulatory sandbox c) Regulatory sandbox handbook/operations manual for capacity building of regulators d) Documentation of performance and compliance with regulatory requirements of the participants e) Monitoring and evaluation of the implementation of the regulatory sandbox
Public Administration	
2) Digital Service Platforms and Transformation Initiatives	<ul style="list-style-type: none"> a) Active and accessible web platform, portal or mobile applications b) Procurement of and/or subscription to software licenses, access to online platforms, domain hosting, user interface and user experience design services, security certification, etc. c) Capacity building on the creation, operation, and securing of digital service platforms, with a focus on cybersecurity d) Utilization, application or deployment of Internet of Things systems e) Reports of service optimization activities and policy recommendations f) Creation of artificial intelligence enabled service delivery systems g) Utilization of cloud-enabled infrastructure h) Guidelines and/or manuals on the institutionalization of digital transformation initiatives

ANNEX B
Process Flow of the Evaluation and Approval of Proposals



ANNEX C
Technical Evaluation Criteria

Criteria	Weight	Description
Strategic Alignment	10%	The proposal demonstrates alignment with the strategic priorities outlined in the Philippine Innovation Act and the National Innovation Agenda and Strategy Document 2023-2032. Furthermore, it is aligned with the goals and objectives outlined in the Philippine Development Plan 2023-2028, Regional Development Plans 2023-2028 (if applicable), and the Sustainable Development Goals.
Innovativeness	40%	<p>The proposal includes a clear description of the new product, service, approach, or technology being proposed. It also explains how the proposed innovation differs from existing solutions in the same field or market and demonstrates its potential impact.</p> <p>The proposal also identifies and addresses specific problems or challenges within the designated areas of implementation or utilization, whether at the national, regional, or local level. It demonstrates a market-driven approach to problem-solving, presenting a clear and compelling value proposition that aligns with the needs of the target market or population. The proposal also presents a deep understanding of the intended constituency, with the proposed innovation exhibiting high potential for adoption and commercial success, effectively meeting the needs and expectations of its users, beneficiaries, and other relevant stakeholders.</p>
Socioeconomic and Environmental Impact	20%	The proposal is transformative and can produce positive socioeconomic and environmental outcomes for the specified target beneficiaries. It aims to contribute to inclusive growth, sustainability, and the well-being of the community. It also integrates the application of gender and development perspective in development planning processes and across various stages of the project cycle.
Feasibility, Sustainability, and Scalability	30%	<p>The proposal demonstrates feasibility with a clear and realistic plan for implementation within the proposed timeline and budget. It also outlines a sustainability plan to ensure continuity of activities beyond the initial funding support.</p> <p>For pre-commercialization, commercialization, adoption/diffusion programs, activities, or projects, the proposal should include a clear plan for scaling up, encompassing investment plans, partnerships, and resource mobilization.</p>
TOTAL	100%	

ANNEX D
Organizational and Risk-Based Assessment Criteria

Criteria	Description
Competence	The proponent has experience in implementing innovation-related programs, activities, and projects.
Capability	The proponent has good absorptive capacity, or the ability to effectively utilize its financial resources.
Compliance	<p>The proponent adheres to various good governance standards and complies with legal regulations, and other applicable compliance requirements such as but not limited to the following:</p> <ul style="list-style-type: none"> a. National Government Agencies and State Universities and Colleges (SUCs): Transparency Seal, PhilGEPS Posting, Sustained Compliance to Audit Findings, Submission and Review of Statement of Assets, Liabilities, and Net Worth, Freedom of Information, and Agency Procurement Compliance and Performance b. Local Government Units (LGUs): Seal of Good Local Governance or Seal of Good Financial Housekeeping administered by the Department of the Interior and Local Government (DILG) c. Government-Owned or -Controlled Corporations (GOCCs): Corporate Governance Scorecard administered by the Governance Commission for GOCCs
Credibility	<p>This involves assessing potential intellectual property issues, as well as financial, legal, and reputational risks that could impact the perception, trust, and credibility of the proponent, to be conducted together with the following agencies:</p> <ul style="list-style-type: none"> a. Commission on Higher Education - for proposals from SUCs b. Department of Agriculture - for proposals classified under Food and Agribusiness c. Department of Science and Technology - for proposals classified under Pre-commercialization, Commercialization, or Diffusion of Innovations d. DILG - for proposals from LGUs e. Department of Trade and Industry - for proposals classified under Pre-commercialization, Commercialization, or Diffusion of Innovations f. Intellectual Property Office of the Philippines - for proposals with potential intellectual property issues