



Republic of the Philippines

DEPARTMENT OF SCIENCE AND TECHNOLOGY

PHILIPPINE COUNCIL FOR HEALTH RESEARCH AND DEVELOPMENT

PCHRD Administrative Order No. **23-003**

Series of _____

Subject: **GUIDELINES ON THE IMPLEMENTATION OF PCHRD'S
HEALTH RESEARCH AND TECHNOLOGY INNOVATION
HUBS PROGRAM (HEARTNOVATION HUBS PROGRAM)**

I. RATIONALE

With the passing of the Philippine Innovation Act and the Innovative Startup Act in 2019, the role of the Philippine government was given emphasis as an enabling facility to develop, nurture, and scale innovations. These innovations currently play a key role in facilitating the establishment of industries, accelerating economic growth, and eventually achieving societal impact by 2040.

A major initiative of the Department aligned with these policies is the implementation of the DOST Technology Business Incubation (TBI) Program. TBI is one of the strategies identified to promote innovation and technopreneurship for the country's socio-economic development in a knowledge-based world economy. It involves an ecosystem where innovation is promoted and supported toward commercialization. In 2022, around 54 TBIs were already being supported through the different programs of the DOST.

In parallel with the overall objective of the DOST TBI Program, the Philippine Council for Health Research and Development (PCHRD) developed a program called Health Research and Technology Innovation Hubs (HeaRTNOvation Hubs) to support the establishment of innovation hubs in health institutions, hospitals, and academic institutions whose niche is health innovations. The HeaRTNOvation Hubs will be a venue wherein innovation ideas are evaluated, validated, incubated, and nurtured until these health innovations are ready for adoption by intended end-users. With the Philippines recovering from the pandemic, it is vital for the health research sector to support and facilitate the advancement of the transfer of government-supported health R&D outputs, making these technologies available to the public.

For this purpose, the PCHRD hereby establishes the guidelines for the management and implementation of the HeaRTNOvation Hubs Program to provide grants to institutions that have passed the PCHRD selection and approval process.

II. SCOPE/COVERAGE

The implementing guidelines for the HeaRTNOvation Hub Program cover the services offered, grant application, evaluation, approval, grant administration, and monitoring and reporting of programs and project outputs.

III. DEFINITION OF TERMS

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

- A. *Cooperating/Collaborating Agency* refers to an agency that supports the project by participating in its implementation as collaborator, co-grantor, committed partner in resulting technology, or potential investor in technology development.
- B. *Commercialization* is the process of deriving income or profit from a technology, such as, but not limited to, the operation of a spin-off company or business establishment from a license or sale of technology and/or IPRs.
- C. *Counterpart funding* refers to the hospitals', or academic or health institutions' share of the project cost.
- D. *Filipino-owned hospital, academic, or health institutions* refer to both public and private institutions with at least 60% Filipino ownership.
- E. *Funding agency* refers to the Council, which provides funds/grants and other technical and material support to an approved program or project.
- F. *Health Research Technology* refers to health innovations developed through extensive research that has novel approaches to accelerate substantial health impact.
- G. *Health Research and Technology Innovation Hub (HeaRTNovation Hub)* refers to the facility that caters to pre-commercialization activities of the health innovations developed by an institution until it is ready for utilization. It shall consist of any or all of the following: business, research, and incubation component.
- H. *Implementing agency* is the primary organization involved in the execution of a program/project, which can be a public or private entity.
- I. *Innovation*, under the Philippine Innovation Act, is the creation of new ideas that result in the development of new or improved policies, products, processes, or services that are then spread or transferred across the market.
- J. *Intellectual property (IP)* refers to intangible assets resulting from the creative work of an individual or organization. IP also refers to creations of the mind, such as inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. (Sec 4, RA 10055)
- K. *Intellectual property rights (IPR)* refer to those rights recognized and protected in Republic Act No. 8293, otherwise known as the "Intellectual Property Code of the Philippines". (Sec. 4, RA 10055)
- L. *Monitoring agency* refers to the DOST agency that reviews the project proposal, provides technical assistance, and coordinates among different implementing and cooperating agencies. It shall evaluate the feasibility of the project/program and ensure that implementation follows the approved project proposal, line-item budget, and Memorandum of Agreement (MOA).
- M. *Pre-commercialization phase* refers to a process that bridges R&D and commercialization which includes activities that lead to the creation or validation of the business model for the commercialization of a products/services. Example of activities include incubation, mentoring, business support program, capacity building, fabrication support, promotion, market validation, optimization of

processes, acquisition of production capabilities, research on manufacturability of products/ optimization of value chains, advisory, legal, and expert support, and use of research/ incubation facilities, among others. For ready to scale startups, pre-commercialization shall include optimizing scale-up operations to serve local markets, roll out of initial services, expansion of protection in other countries and extensive marketing in preparation for investment offerings in the future.

- N. *Private organization (PO)* refers to a profit-oriented organization, association, partnership, joint venture, or corporation that performs R&D activities and is duly registered and/or licensed to do business in the Philippines, or otherwise with legal personality in the Philippines.
- O. *Project leader* refers to the project's principal implementer, who is concerned with the preparation and submission of the project proposal and in-charge of the successful and timely execution of the approved project activities.
- P. *Project duration* refers to the period or timeframe that covers the approved start and completion dates of the project.
- Q. *Project proposal* refers to the plan and description of project developed by a program/project leader in accordance with specific requirements or specifications set by DOST and/or its grant-giving agencies, and submitted to the latter for financial and/or technical assistance.
- R. *Project Staff* refers to a person involved in the actual day-to-day implementation of the scientific and technological (S&T) program/project.
- S. *Project Support Staff* refers to a person who renders the technical, administrative, or management-related assistance, including research utilization practitioners.
- T. *Startup* refers to a person or an entity that aims to develop an innovative product, process, or business model.
- U. *Technology Business Incubation (TBI)* is a DOST program and strategy that aims to assist startups in becoming financially viable, sustainable, and market-ready through the establishment of Technology Business Incubators.
- V. *Technology Business Incubator (Incubator)* is a DOST-funded facility that hosts startups and offers technical, legal, laboratory, business development and marketing, and/or administrative services for them.
- W. *Technology Business Incubatee (Incubatee)* is a startup hosted by an incubator.

IV. PROGRAM OBJECTIVES

The HeaRTnovation Hubs Program is the expansion of the PCHRD Technology Transformation and Empowerment of Knowledge Generators and Innovators (TEKI) in Health Program, offering it to hospitals, organizations, and institutions with a niche in health innovation. In general, the program aims to create an innovative culture that shall facilitate the utilization of innovations through technology transfer or commercialization by providing financial support for establishing HeaRTnovation Hubs within health institutions. It envisions supporting institutions with health technologies that has commercial potential or can contribute to the realization of the Universal Healthcare Act.

More specifically, the program aims:

- to build the innovation hub structures and processes to accelerate technology transfer and/or commercialization;
- to find the best-in-class talent who can enable health innovation within institutions;
- to translate research outputs into products and/or services;
- to create awareness about specific requirements for health technology commercialization;
- to provide support for researchers and/or their teams to spin-off or startup; and
- to connect researchers with business support groups in commercializing technologies.

The establishment of the HeaRTNovation Hubs will be done through the following:

1. Grant funding for the design and implementation of technology business incubation programs for PCHRD-supported health innovations;
2. Provide capacity-building and information dissemination activities to reach stakeholders (both technology generators and adopters); and
3. Develop an innovation ecosystem through networking and matching events.

V. ASSISTANCE COVERAGE OF THE GRANT PROGRAM

The implementing guidelines for the HeaRTnovation Hubs Program shall describe the grant mechanism to qualified institutions that are in need of the following services or assistance:

1. HeaRTNovation hubs establishment
2. Portfolio Assessment
3. Customer discovery assistance
4. Entrepreneurial training
5. Rapid prototyping and testing
6. Business Plan/Business Model Canvas (BMC) Preparation
7. Advisory on Regulatory Procedures (for Health Product Registration)
8. Advisory on Health Technology Assessment
9. Intellectual Property Counseling
10. Introduction to networks (Health Innovation Day)

VI. ELIGIBILITY REQUIREMENTS OF PROPONENT

To qualify for the program, the proponent must be:

1. Any Filipino-owned hospital, academic, or health institution with a niche for health research and innovation
2. Regional Health Research and Development Consortium (RHRDC) member institution
3. Has good R&D track record
4. Has demonstrated capability to collaborate with other health stakeholders
5. No outstanding accountabilities with PCHRD or DOST

VII. GUIDELINES FOR PROPOSAL SUBMISSION AND APPROVAL

- 7.1 Applicant submits a request letter addressed to the Executive Director together with the following requirements:
- a. Non-R&D project proposal (DOST Form 3);
 - b. Health innovation portfolio (brief description of technologies developed by the institution, with IP status, Technology Readiness Level (TRL), and Investment Readiness Level (IRL) if available);
 - c. Letters of collaboration from potential partners, including TBI office if exists within an institution;
 - d. Endorsement letter from the head of institution;
 - e. Curriculum Vitae or Personal Data Sheet (PDS) of the Project Leader and other co-researchers/implementers. The service record may be requested if needed;
 - f. Line-Item Budget (DOST Form 4);
 - g. Workplan (DOST Form 5);
 - h. Other requirements, such as endorsement from the DOST Regional Office, if necessary;

Additional requirements for private sector/non-government organizations and startups:

- i. Board Resolution;
- j. Appointment of a representative;
- k. Permission for hospital participation;
- l. Up-to-date Securities and Exchange Commission (SEC) registration, or Department of Trade and Industry (DTI) registration, or Cooperative Development Authority (CDA) registration certificate, or other authenticated copy of latest Articles of Cooperation and other related legal documents;
- m. Co-signers Statement (if applicable);
- n. Copy of latest Income Tax Return;
- o. Mayor's permit where the business is located;
- p. Audited Financial Statements for the past three (3) years preceding the date of project implementation or in case of those with operation of less than 3 years, for the years in operation and proof of previous implementation of similar projects (or in the case of startups, at least for one (1) year);
- q. Document showing that NGO/PO has equity to 20 percent of the total project cost, which shall be in the form of labor, land for the project site, facilities, equipment and the like, to be used in the project;
- r. Disclosure of other related business, if any;
- s. List and/or photographs of similar projects previously completed, if any, indicating the source of funds for implementation; Audited Financial Statements for the past three (3) years preceding the date of project implementation or in case of those with operation of less than 3 years, for the years in operation and proof of previous implementation of similar projects (or in the case of startups, at least for one (1) year);
- t. Document showing that NGO/PO has equity to 20 percent of the total project cost, which shall be in the form of labor, land for the project site, facilities, equipment and the like, to be used in the project;
- u. Disclosure of other related business, if any;

- v. List and/or photographs of similar projects previously completed, if any, indicating the source of funds for implementation;
- w. Sworn affidavit of secretary of the NGO/PO that none of its incorporators, organizers, directors or officers is an agent of or related by consanguinity or affinity up to the fourth civil degree to the official of the agency authorized to process and/or approved the proposed MOA, and release of funds;
- x. For CSOs, compliance to regulations as required by the General Appropriations Act (GAA) pertaining to fund transfers to Civil Society Organizations (CSOs); and
- y. For foundation, DOST certification as accredited by the Science and Technology Foundation Unit.

For purposes of this particular section, private Higher Educational Institutions (HEIs) accredited by the Commission on Higher Education (CHED) and private research and development institutions with proven track record with DOST shall be exempted from the abovementioned requirements.

7.2 Line-Item Budget (LIB)

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

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

a. Personnel Services (PS)

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

b. Maintenance and Other Operating Expenses (MOOE)

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

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

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

Only project personnel shall be allowed to use the travel funds except in highly meritorious cases as determined by the Monitoring Agency governed by DOST-prescribed rules and other existing applicable relevant guidelines, circulars, or order of competent authority pursuant to law and implementing rules and regulations. Approval of requests for foreign travel shall be in accordance with Section 8.1 of the guidelines;

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

catalogs, documents, and other reading materials necessary for the implementation of the project;

- ix. Rent Expenses--rental fees for the use of facilities, equipment, and vehicles directly used in the implementation of the project;
- x. Representation Expenses - include costs of meal/food for the conduct of workshops/meetings, conferences, and other official functions related to the project;
- xi. Subscription Expenses - include costs of subscription to library materials, such as magazines, periodicals, other reading materials and software (including online software) necessary for the implementation of the project;
- xii. Survey Expenses - include costs incurred in the conduct of survey related to the project;
- xiii. Professional Services - as defined in GAM, but only those items that are relevant and appropriate to the proposed program/project;
- xiv. Other Maintenance and Operating Expenses - additional items not included above such as cost of submission of scientific paper for peer reviewed journals.

c. Capital Outlay (CO)

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

7.3 Indirect Cost

Indirect cost covers the overhead expenses incurred by the Implementing Agency in managing, and Monitoring Agency in evaluating and monitoring the program/project. The administrative and project management costs shall fall under this account. Similar to direct cost, the indirect cost can be broken down according to specific items under PS, MOOE and CO.

- a. The Implementing Agency and Monitoring Agency shall each retain an indirect cost, not exceeding three hundred thousand pesos (P300,000.00) unless otherwise allowed by the Funding Agency, subject to submission of substantiation as to increased costs based on scope, complexity and geographic coverage.
- b. Indirect cost incurred by the Implementing and Monitoring Agency, covers expenses incurred in managing, evaluating and monitoring the

program/project and other related expenses. Expenses in managing the program/project includes but not limited to financial and administrative support for PS (salaries and honoraria) and expense items under MOOE (supplies and materials, communication services, transportation and delivery expenses, travelling expenses, utilities, representation expenses, professional services, refurbishment of facilities and repairs and maintenance) and equipment outlay (EO) as defined under the Government Accounting Manual (GAM).

Foreign travel and training expense may be allowed subject to the approval of the Funding Agency provided that the Monitoring Agency is not the funding agency.

- c. The number of personnel receiving honoraria on a per project basis under indirect cost shall not exceed five (5) for the Implementing Agency and three (3) for the Monitoring Agency except in highly meritorious cases as approved by the Funding Agency.

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

7.5 Counterpart Funding

A counterpart fund, in kind and/or in cash, shall be required from the implementing agency as one of the application requirements. All projects must have a minimum of 15% counterpart contribution, except for projects involving public good.

7.6 Upon receipt of complete requirements, the PCHRD Intellectual Property and Technology Management (IPTM) unit will receive and evaluate the application based on the following criteria:

- a. Portfolio of Health Technologies
- b. Relevance of the technologies and activities to the National Unified Health Research Agenda and the Universal Health Care Act
- c. Health Technology Entrepreneurship Activities
- d. Management Capability
- e. Partnerships with different sectors (business, hospital/academe, existing TBI, R&D laboratories, associations, other government sectors)
- f. Sustainability Plan/Roadmap

7.7 All proposals submitted for funding shall follow all applicable review and evaluation mechanisms (DOST Monitoring and Evaluation Protocol) set by the DOST and its agencies.

7.8 Projects to be funded under the HeaRTNovation Hubs Program should have a budget of not more than P5,000,000.00 and shall be subject to approval by the PCHRD Executive Director. All projects requesting a budget greater than P5,000,000.00 shall be subject to approval by the PCHRD Governing Council or the DOST EXECOM upon endorsement of PCHRD.

- 7.9 Projects to be funded by the DOST Central Office will be subject to the provisions of the DOST-GIA Guidelines.
- 7.10 Upon approval of the proposal, PCHRD shall execute a Memorandum of Agreement with the implementing agency with the head of the institutions as signatory. If there are changes in the original MOA, such as duration or budget realignment, a conforme letter shall be issued.

VIII. GRANT ADMINISTRATION

Roles of the Concerned Institutions/Offices/Staff

1. The Monitoring Agency shall ensure the efficient, timely, and smooth implementation of approved projects and that set objectives and targets are attained. It shall conduct periodic field evaluation of the project to identify problems, solutions, and remedial actions to avoid delays in implementation. The Monitoring Agency shall also examine the budget requirements of the projects especially those that require continued funding. In addition, it shall evaluate the activities conducted, equipment purchased, review reports submitted and ensure that appropriate intellectual property protection be initiated, where applicable, for the outputs of the project.

The Monitoring Agency shall certify that the foreign travel of the Implementing Agency is essential and necessary to the project and consistent with the approved line-item budget. The request to use the funds, which shall be duly endorsed by the Head of the Implementing Agency or its authorized representative, shall be submitted to the Monitoring Agency for endorsement to the Funding Agency at least one (1) month prior to the date of travel. The Monitoring Agency's endorsement shall be submitted to the Funding Agency at least two (2) weeks prior to the date of travel. The Funding Agency reserves the right to approve or disapprove the request. A travel report shall be submitted one (1) month upon return to the country.

Monitoring and evaluation expenses shall be governed by the DOST prescribed rules and other existing applicable relevant guidelines, circulars, or order of competent authority pursuant to law and implementing rules and regulations.

2. The Implementing Agency shall have primary responsibility of all project activities. It shall notify the Monitoring Agency of significant concerns/problems related to project implementation. The Head of the Implementing Agency shall ensure that the Project Leader submits to the Funding Agency all the required reports/documents on time.
3. The Project Leader shall provide technical leadership and directly implement the program/project; adhere to the goals/objectives of the program/project; follow strictly the approved activities as reflected in the work plan; deliver committed outputs; and submit required reports/documents on time. The Project Leader shall coordinate with the research team members to ensure that the goals

of the project are attained; ensure that all implementing guidelines have been read and understood; and execute manifestation to abide by all the rules.

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

4. The Project Staff shall undertake the day-to-day implementation of the S&T program/project. He/she is required to read the implementing guidelines of the project and execute manifestations that he/she understands and is willing to abide by all the rules.

IX. HIRING OF PROJECT PERSONNEL/NATURE OF APPOINTMENT

- A. The Project Leader shall hire personnel on contract basis to work for the project in accordance with existing hiring policies of the Implementing Agency. The hired program/project personnel shall not be allowed to engage in activities other than those under the program/project during regular working hours. All contractual program/project personnel shall be bound to the rules on conflict of interest.
- B. The contract of service of program/project personnel shall be co-terminus with the project or to the specific work for which he/she was hired.
- C. Project personnel shall not be allowed to pursue any local/foreign fellowship/training grant nor travel abroad during the implementation of the project unless there is written approval from the Implementing Agency.
- D. The Project Leader shall submit to the Funding Agency a list of all personnel hired under the project, including their responsibilities, qualifications, and other relevant information using DOST Form 11.

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

- E. The grant of honoraria to Project Leaders/Coordinators and other personnel shall be based on existing DOST guidelines on the grant of honoraria. The list of project personnel receiving honoraria shall be submitted to the Funding/Monitoring Agency. No honorarium shall be given to the program/project leader/staff of a project under extension.
- F. If the Project Leader transfers to another agency, the project shall remain with the Implementing Agency.
- G. A Project Leader who intends to leave the project shall notify the Head of the Implementing Agency, who shall then submit to the Monitoring Agency the name of the recommended substitute for the outgoing Project Leader. The criteria for selection of the new Project Leader shall include track record on project management.

The outgoing Project leader shall be relieved of his/her obligation to the program/project once the Head of the Implementing Agency has issued the appropriate clearance from all money, records, and property responsibilities and accountabilities (e.g. submission of financial and technical reports).

The Monitoring Agency shall approve the designation of the replacement and inform the Funding Agency of the change in project leadership.

- H. The Funding Agency shall not provide additional compensation, benefits, pension, or gratuity to any program/project personnel who retired or were laid off during or after the completion/termination of the program/project.

X. MONITORING AND IMPLEMENTATION

A. Technical Monitoring

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

1. Submission of Technical Reports by the Implementing Agency to the Monitoring Agency
 - a. Regular semi-annual progress report using DOST Form 6-Semi-Annual Progress Report shall be submitted in two (2) hard copies and an electronic copy, within a month after the end of each semester;
 - b. Projects shall submit the terminal accomplishment report using DOST Form 15 in two (2) hard copies and an electronic copy, not later than two (2) months after project completion, together with DOST Form 12-List of Equipment Purchased;
 - c. It shall include a publishable or pre-print manuscript, if applicable;
 - d. It shall also include evidence of intellectual property (IP) protection filing, whenever applicable;
 - e. The Monitoring Agency shall report to the Funding Agency, for its appropriate action, any failure of the Implementing Agency to submit reportorial documents.
2. Submission of Technical Reports by the Monitoring Agency to the Funding Agency
 - a. The Funding/Monitoring Agency shall conduct periodic field monitoring to assess the progress of project implementation and help resolve problems, if any. An assessment report using DOST Form 10-Project Monitoring and Field Assessment Report shall be submitted semi-annually/annually together with the terminal appraisal/assessment report using DOST Form 14 (for completed projects); and

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

3. Project Extension

- a. Requests for extension of project shall be submitted together with the following documents:
 - 1. Latest financial report;
 - 2. Proposed LIB;
 - 3. Gantt Chart of activities for the extension period;
 - 4. Technical report; and
 - 5. Justification for extension

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

- b. Requests for extension without additional funding shall be evaluated and approved by the Monitoring Agency, which shall inform the Funding Agency within two (2) weeks upon its approval. Those with additional funding requirements shall be evaluated and endorsed by the Monitoring Agency for approval of the Funding Agency.
- c. A project may be extended for a maximum of one (1) year beyond its original duration. No extension shall be allowed for projects with less than one (1) year duration, except as determined during the progress/midterm review and in cases when reason for extension is due to force majeure.
- d. The request for extension should be submitted not later than three (3) months before the expected date of completion, except for extensions as a result of force majeure. If request for extension involves the use of unexpended balance, a financial report or statement of fund balances as of date of request should be submitted not later than one (1) month before the expected date of completion.
- e. A project can be given a maximum of only two (2) extensions but not to exceed a total of 12 months except for extensions as a result of force majeure. The request for the second extension should be submitted one month before the completion date of the first extension.

4. Continuing Assistance and Additional Funding of Programs/Projects

- a. The request for continued funding of an ongoing or multi-year program/project shall be submitted to the Monitoring Agency not later than two (2) months before the end of the active period. The Monitoring Agency shall forward its recommendation to the DOST not later than one (1) month before the end of the active period. If approval has not been sought by the end of the active period, the project shall be automatically suspended. The implementing agency

is not authorized to use the project funds during the suspension period.

b. The request for continued funding shall be supported by the following documents:

- i. Technical and financial reports that cover at least the last three (3) quarters of the implementation period
- ii. Work Plan
- iii. Proposed LIB (including cash program) for the succeeding year
- iv. Duly signed list of inventory report of equipment
- v. Property Acknowledgment Receipt (PAR)
- vi. List of personnel involved (DOST Form 11)
- vii. Endorsement and appraisal report from the Monitoring Agency following DOST Form 14

c. Any increase in funding shall require PCHRD Governing Council approval.

5. Deferment/Suspension/Change in Implementation Date

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

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

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

B. Financial Monitoring

The DOST/PCHRD-GIA funds released to implementing agencies shall be available for use within the approved project duration including approved extension subject to PCHRD approval and existing government accounting and auditing rules and regulations. The GIA funds shall not be used for money market placement, time deposit and other forms of investment not related to the project. Project funds shall be deposited in an authorized government depository bank.

1. Fund Releases

- a. The Funding Agency shall release the project funds to the Implementing/Monitoring Agencies in partial or full amounts, once PCHRD has received the signed MOA or conforme letter has been signed subject to availability of funds, accounting and auditing regulations, and bond requirements (if necessary).
- b. Implementing Agencies are encouraged to open an account in any government depository/servicing bank. Bank charges resulting from the fund transfer, if any, shall be borne by the project funds.
- c. Project implementation shall commence within two (2) months after the release of funds.
- d. Subsequent release of funds to continuing projects shall be subject to the submission of necessary financial reports, appropriate endorsement and other requirements.

2. Budget Reprogramming and/or Modification

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

The request for reprogramming shall be supported by the following documents: request letter duly signed by the Head of Agency; endorsement/approval letter from the monitoring agency; latest financial report; workplan; and progress report (if additional funding and/or project extension is required). These documents shall be considered as the final program/project documents.

A revised LIB shall be issued to cover budget reprogramming, transfer of funds, reclassification of the position of the project personnel, and creation of expense item/s.

Any reprogramming or transfer of funds from one expense item to another shall be based on the LIB approved by the Funding Agency. The Funding/Monitoring Agency must be informed of the budget reprogramming including changes in the indirect cost made by the Monitoring/Implementing Agency. Otherwise, the reprogramming shall be deemed null and void.

The approving authorities of budget reprogramming shall be as follows:

a. Implementing Agency

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

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

b. Monitoring Agency

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

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

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

c. Funding Agency

The Funding Agency shall approve budget reprogramming that entails creation of new expense item/s with additional funding, both

under the direct and indirect costs, based on the recommendation of the Monitoring Agency.

3. Submission of Financial Report (FR)

a. For monitoring purposes, the Implementing Agency shall submit to the Monitoring Agency the following documents within a month after each semester:

- i. DOST Form 8-Semi-Annual/Annual Financial Report (FR) certified correct by the agency accountant and approved by the head of the implementing agency;
- ii. Report of Checks Issued and Report of Disbursements certified correct by the Certified Public Accountant, approved by the Head of Implementing Agency (IA) and duly audited by the Auditor of the IA;
- iii. DOST Form 12-List of Equipment Purchased (LEP) with corresponding Property Acknowledgement Report (PAR);
- iv. Journal Entry Voucher (JEV) related to the equipment purchased;
- v. DOST Form 9-Schedule of Accounts Payable; and
- vi. DOST Form 13-Report of Income/Interest Generated/Earned.

The FRs shall be itemized in accordance with the approved LIB.

The Monitoring Agency shall submit the above documents to the Funding Agency not later than one (1) month after receipt from the Implementing Agency.

b. For program/project with multi-year duration, the Project Leader shall submit FR for grants received, certified correct by the agency accountant and duly approved by the Head of the Agency or its authorized representative within two (2) months after the end of each year of implementation.

For projects with CO, the FR shall be supported by the following documents:

- i. DOST Form 12- List of Equipment Purchased (LEP);
- ii. Property Acknowledgement Receipt (PAR); and
- iii. Journal Entry Voucher (JEV) relative to the equipment purchased.

c. For completed projects, the Terminal FR duly received by the Agency's Commission on Audit (COA) auditor shall be submitted within three (3) months after end of the project. The Monitoring Agency shall submit the Terminal FR to the Funding Agency not later than one (1) month after receipt from the Implementing Agency.

For NGOs or privately owned institutions, the following documents shall be submitted to the Monitoring Agency within three (3) months after end of the project:

- i. Terminal FR certified correct by its accountant and approved by its President/Chairman or its equivalent and verified by the accountant of the monitoring agency;
- ii. Fund utilization report indicating the summary of expenses duly certified correct by its accountant and approved by its President/Chairman or its equivalent and verified by the accountant of the monitoring agency;
- iii. DOST Form 12-List of Equipment Purchased (LEP) with corresponding Property Acknowledgement Receipt (PAR)
- iv. Pictures of implemented projects, as applicable;
- v. Inspection report and certificate of project completion issued by the Monitoring Agency; and
- vi. List of beneficiaries with their signatures signifying their acceptance/acknowledgment of the project/funds/goods/services received, as applicable;
- vii. For private companies, supporting documents per transaction as specified in the PCHRD Memorandum for Private Implementing Agencies of PCHRD-monitored and -funded Grants-in-Aid Projects

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

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

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

- a. The UB, savings, income and interest of a program/project, if any, shall be reported and included in the annual FR/AFR submitted to the Funding/Monitoring Agency.
- b. For continuing projects, the UB of the previous year shall be deducted from its total approved budget for the succeeding year unless DOST approves its use which shall cover catch-up plan/activities.
- c. Requests for additional funds and/or to use the UB/savings of completed/terminated/extended projects to pay for salaries and MOOE expenses shall be approved by the Funding Agency upon recommendation of the Monitoring Agency.
- d. Requests to use the UB/savings for the extension period shall be submitted within one (1) month before the expected date of completion. It shall be supported with FR and valid justification to be used as basis in preparing a new or revised LIB.

- e. Upon project completion/termination, all balances/savings and income/interests earned shall be reported and reverted to Funding Agency within three (3) months after the end of project period together with the Terminal Financial Report.
- f. For the income generated from an ongoing project, the Implementing Agency may request for the use of the income from the Funding Agency, subject to applicable government rules. In no case shall the interests and income earned under a project be used to fund a new project not related to the original intent of the fund.
- g. The implementing agency shall commit 15% of the H-Hubs income to be allotted to continuing its operations.
- h. For startups, all balances and savings shall be reported and reverted to Funding Agency while reported income may be used by the Implementing Agency, in line with the intent of the Innovative Startup Act (RA 11337).

Particular guidelines shall govern programs/projects which require a refund mechanism, provided that they are not inconsistent with the existing DOST--GIA guidelines, which shall serve as reference.

5. Non-Submission of Requirements

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

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

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

6. Audit and Inspection

All DOST-GIA programs/projects shall be subject to audit by the COA resident auditor or its authorized representative.

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

XI. EXPECTED OUTPUTS

- A.** Services or assistance described under Section 5 shall have any of following expected outputs:
- a. Organizational structure for the HeaRTNovation hub developed
 - b. Portfolio of existing health technologies
 - c. Customer discovery conducted
 - d. Entrepreneurial training - personnel trained on entrepreneurship
 - e. Rapid prototyping and testing - prototypes compliant with relevant standards
 - f. Business Plan/Business Model Canvas (BMC) Preparation - drafted business plans and BMCs
 - g. Advisory on regulatory procedures - trained personnel or consultation meetings conducted on FDA regulatory requirements
 - h. Advisory of health technology assessment - trained personnel or consultation meetings conducted on health technology assessment
 - i. Legal counseling - draft institutional IP policies or protocols on technology transfer
 - j. Introduction to networks - conduct of HeaRTNovation day
- B.** PCHRD shall be properly acknowledged in all promotional materials that will be made and released concerning the outputs of the projects supported under this program.

XII. OWNERSHIP OF INTELLECTUAL PROPERTY RIGHTS

The hub is encouraged to formulate their own IP policy, subject to provisions of the Technology Transfer Act regarding government-funded technologies.

XIII. DISPOSITION AND TERMINATION OF GRANTS

The guidelines for the HeaRTNovation Hubs program shall be supplemented by existing policies, circulars and memoranda set by the DOST and its attached agencies provided that said policies, circulars and memoranda are consistent with the provisions of RA 11337 and its implementing rules and regulations. Other pertinent guidelines related to grant application, project monitoring, grant administration, and discontinuance not mentioned above must also be in accordance with the revised DOST-GIA guidelines.

The PCHRD or the funding agency reserves the right to terminate the grant and/or avail of any remedies in case the beneficiaries/grantee fails to comply with any provisions and requirements.

XIV. MISCELLANEOUS PROVISIONS


All pertinent forms stated herein are hereby attached and made part of this Administrative Order (AO).

In case any provision in this Order shall be declared invalid, illegal, or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

All previously issued DOST-PCHRD issuances in relation to these Guidelines are hereby revised or amended accordingly.

XV. EFFECTIVITY

This Order shall take effect immediately and will be in full force and effect unless superseded by an appropriate issuance.


JAIME C. MONTOKA, MD, MSc, PhD, CISO II
Executive Director III

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JAIME C. MONTAYA, MD, MSc, PhD, CESO II

Executive Director III

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