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MEMORANDUM CIRCULAR

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**SUBJECT: COMPREHENSIVE IMPLEMENTING GUIDELINES ON THE
ENHANCED KADIWA NI ANI AT KITA FINANCIAL GRANT ASSISTANCE
PROGRAM**

Pursuant to the declaration of State of Emergency under Republic Act No. 11469 ("*Bayanihan* Act of 2020"), the Department of Agriculture (DA) among others has been tasked to "ensure availability of food by adopting measures as may reasonably be necessary to facilitate and/or minimize disruption to the food supply chain, especially for basic commodities and services to the maximum extent possible".

In this regard, the DA has intensified the operations of *KADIWA ni Ani at Kita* not only in Metro Manila but in the regions, which facilitated food availability and accessibility to consumers in high-demand areas through partnerships with other national government agencies (NGAs), local government units (LGUs), farmers producer groups, private sectors, and community organizations such as church-based organizations and homeowners' association among others. This has proven effective in bringing the harvest of producers to urban centers to serve consumers directly with fresh and affordable produce¹.

To expand the coverage as well as to enhance the efficiency and effectiveness of the *KADIWA ni Ani at Kita* Program, the DA has submitted the re-casted 2020 budget, *Bayanihan 1* and *Bayanihan 2* budget to create the Enhanced KADIWA ni Ani at Kita Financial Grant Assistance Program that aimed to capacitate the farmers and fisherfolk cooperatives and associations (FCAs) to become reliable and efficient food commodity suppliers, setting up food depot and engaging community-based organizations (CBOs) and State Universities and Colleges (SUCs) to operate and manage the KADIWA market and stores. To further expand the assistance to individual farmers and fisherfolk, and small FCAs, the Local Government Units (LGUs) was also engaged as eligible organizations to receive the financial grants for the farmers and fisherfolk in their respective municipality.

To provide holistic guidance to DA concerned offices for the implementation of the "Enhanced KADIWA ni Ani at Kita Financial Grant Assistance Program," the following guidelines are hereby issued:

Section 1. Program Objective

The Program seeks to ensure food commodities are made available and accessible in high consumer demand areas, particularly among the economically challenged and low-

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income families, by harnessing private sector participation, capacity enhancement of farmers' cooperatives and associations and engaging community organizations' participation in food supply distribution system.

Section 2. Scope and Coverage

These guidelines cover the provision of financial grants for capacity enhancement of the following: (a) Farmers and Fisherfolk Cooperatives and Associations (FCAs), State Universities and Colleges (SUCs) and Local Government Units (LGUs) on value-adding activities in the food supply chain such as procurement of produce, aggregation, value adding/processing, packaging, transport and distribution of agricultural and fishery commodities, as well as establishment of KADIWA Stores and (b) Community-based organizations (CBOs) for the operation and management of KADIWA retail markets (*palengke*) or KADIWA Stores.


Section 3. Definition of Terms

1. "Community-Based Organization (CBO)" refers to a type of a Civil Society Organization (i.e., Non-Government Organization, cooperative, association, domestic corporation, People's Organization, Homeowners' Association) with representation from the community, expressing the interest and values of their members, duly registered with the Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), Department of Labor and Employment (DOLE) – Bureau of Rural Workers (BRW), or Housing and Land Use Regulatory Board.

2. "Farmers and Fisherfolk Cooperative and Association (FCA)" refers to farmers and fisherfolk cooperative, association or corporation duly registered with appropriate government agency (i.e., SEC, CDA, DOLE-BRW) and which are composed primarily of small agricultural producers, farmers, farm workers, agrarian reform beneficiaries, and fisherfolk who voluntarily join together to form business enterprises or non-business organizations which they themselves own, control and patronize.

3. "Local Government Units" refers to the political subdivision of the Republic of the Philippines at provincial, city, municipal or barangay level.

The LGUs, especially the municipalities and barangays, shall be enhanced by providing them with opportunities to participate actively in the implementation of national programs and projects².

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4. **“State Universities and Colleges”** refers to public Higher Education Institutions (HEIs) established by national government and are governed by their respective independent boards of trustees or regents³.

5. **“Food Commodities”** refer to commonly consumed foods that are ingested for their nutrient properties, such as raw agricultural commodities (agricultural produce) or processed commodities provided they are the forms that are sold or distributed for human consumption. The term “agriculture” as used in this Guideline includes the

following sub-sectors: (a) crops, (b) poultry and livestock, (c) aquaculture and fishing, (d) agro-forestry.

6. **“Transport Logistics”** refers to different mode of transportation for hauling/transporting of agri-fishery produce appropriate for the needs of the beneficiaries

Section 4. Types of Financial Grants and Eligible Organizations

4.1. Types of Financial Assistance Grants and Eligible Organizations

The financial assistance shall be in the form of financial grants that are to be utilized by the beneficiary organization solely for defined purpose/activities. The types of grants, eligible organization, amount, and activities to be financed id reflected in Table 1.

Table 1. Eligible organization, amount and activities to be financed by type of grant.

Type of Grant	Eligible Organization	Amount	Activities to be financed
Type “A” Grant: Grants for Processing and Packing Facilities	FCA/LGU/SUC	Up to P1 Million	To be used for value adding activities as assemblers of farmers’ produce such as procurement of produce, purchase of machinery or equipment for pre-processing (cleaning, sorting, packing, drying, etc) and processing.
Type “B” Grant: Market Logistics and Post-harvest	FCA/LGU/SUC	Up to P5 Million	To be used for marketing logistics activities of consolidators or wholesale distributors of farmers’ produce to consumer markets such as procurement of transport and delivery vehicles, reefer vans, storage and warehouse establishments/rehabilitation and post-harvest facility/equipment.
Type “C” Grant:	FCA/LGU/SUC/	Up to P3	To be used to finance retail and

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Grant for KADIWA Retail and Distribution	CBO	Million	distribution activities in consumer markets such as trading/ working capital, procurement of small transport vehicles (small vans, motorcycles, etc.) to be used as mobile stores, and finance the start-up cost requirements of operating and maintaining KADIWA retail markets (<i>palengke</i>) such as <i>procurement of weighing scales, chiller, crates, shelves, etc..</i>
Type "D" Grant: Grant for KADIWA Store	FCA/LGU/SUC/ CBO	Up to P 1Million	To be used for the establishment of the KADIWA Stores in strategic areas. The fund will be used for renovation/improvement of KADIWA Store, procurement of marketing equipment/implements i.e freezers, racks, crates etc. and working capital for initial inventory of the KADIWA Store.

Local Government Units (LGUs) may also serve as partner conduits and as such, may receive financial grants for release to qualified Farmers and Fisherfolk Cooperative Cooperatives and / Associations (FCAs) and Community-based Organizations (CBOs) in their area of jurisdiction. The amount shall depend on the request of the target beneficiaries.

4.2. Eligibility Criteria and Documentary Requirements

4.2.1 Eligibility for Farmers and Fisherfolks Cooperatives and Associations (FCAs)

- Must have a juridical personality (registered with SEC, CDA, or DOLE-BRW);
- Must have been operating for at least three years with proven experience in fund management (if less than 3 years, it can still be eligible but must have proof that it had implemented similar activity as evidenced by accomplishment report or any equivalent proof certified by its President and Secretary in addition to its financial reports in the years it has been in operation);
- Must have farmers and/or fisherfolk members;
- Must have core management team that will implement the project;
- Must be in good standing with government agencies from which it has received public funds (either grant or loan) and not in default in liquidating any public funds;
- Must have proven track record in implementing proposed project which shall be

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- scaled-up by the grant assistance;
- g. The FCA must not have any Director, Trustee, Officer or key personnel related within the fourth civil degree of consanguinity or affinity to any official involved in processing and evaluation of the grant application or any official of the government agency or office handling or implementing the project to be implemented by the FCA. Relationship of this nature shall automatically disqualify the FCA of the grant assistance; and
 - h. Must be CSO accredited by DA.

Note: An organization shall be eligible for only one type of grant facility.

4.2.2. Eligibility for Community Based Organizations (CBOs)

- a. Must be a CBO as defined in this Guideline with juridical personality (SEC, CDA, DOLE-BRW, HLURB);
- b. Must be operating for at least three years (if less than 3 years, it can still be eligible but must have proof that it had implemented similar activity as evidenced by accomplishment report or any equivalent proof certified by its President and Secretary in addition to its financial reports in the years it has been in operation);
- c. Must have community residents' representation in the management of the project;
- d. Must an endorsement from the LGU (municipality/city or barangay) where the store/*palengke* will be established;
- e. Must be in good standing with government agencies from which it has received public funds (either grant or loan) and not in default in liquidating any public funds;
- f. Must have a system for the operation and maintenance of the retail store/*palengke*;
- g. The CBO must not have any Director, Trustee, Officer or key personnel related within the fourth civil degree of consanguinity or affinity to any official of the government agency or office handling or implementing the project to be implemented by the CBO. Relationship of this nature shall automatically disqualify the CBO of the grant assistance; and
- h. Must be CSO accredited by DA.

4.2.3. Eligibility for Local Government Units (LGUs)

- a. Must have no unliquidated funds from the source agency (DA Central or DA RFOs)
- b. Authorization by the Local *Sanggunian* for the Local Chief Executive to enter into MOA

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4.2.4. State Universities and Colleges (SUCs):

- a. Must have no unliquidated funds from the source agency (DA Central or DA RFOs)
- b. Board Resolution authorizing the President to enter into MOA, if applicable

4.3. Documentary Requirements

The applicant must submit a (a) simple project proposal and (b) documents required under existing COA Rules and Regulations.

The Project Proposal must contain the following information:

- Objectives of the project (describe the value adding activities and income objectives)
- Direct beneficiaries (in case of Packing Facilities and Consolidation, the number, commodities and location of the farmers/fishers where produce are procured)
- Business operations plan (management, systems, etc)
- Financial feasibility/projections of the project (Cash Flow, Project Income Statement), if applicable.

Section 5. Evaluation of Project Proposals

5.1 Receipt and Processing of Proposals. The Office of the Assistant Secretary for Agribusiness and Marketing (OASAM), DA-Agribusiness and Marketing Assistance Service (AMAS) and DA-Regional Field Offices (RFOs) through the Agribusiness and Marketing Assistance Division (AMAD) shall receive and process all applications of FCAs/CBOs/LGUs/SUCs within their area of jurisdiction. The corresponding Approved Budget Allocations for the financial grants shall be directly released to DA-AMAS and RFOs for their disbursement.

In line with the signed Memorandum of Understanding (MOU) between DA and Cooperative Development Authority (CDA) for partnership in the implementation of Enhanced KADIWA Financial Grant Assistance Program, CDA may endorse identified eligible FCAs for assessment and evaluation of DA.

5.2 Evaluation of Proposals. The A/Sec for AMAS, DA-AMAS Director and RFO Regional Executive Directors shall designate the technical staff in their offices, who shall conduct the processing and evaluation of the proposals. The evaluation of the proposal by the technical staff shall be based on the following:

- a. Assessment of management capability and credibility of the organization.

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- For FCAs and CBOs - this shall be based on the track record of the organization as per review of submitted reports, endorsement from agencies that the FCA/CBO had dealt with and feedbacks from key informant (LGU, customers, business partners, creditors, or community residents).
 - For LGUs and SUCs- this shall be measured on the efficiency of fund utilization and transparency reports/performance of the LGUs/SUCs on the programs and projects within their localities.
- b. Assessment of viability of the enterprise activities proposed. This shall be based on financial statements and projections submitted, and operational feasibility assessment of the planned expansion (viability of enterprise scale as to sourcing of materials/produce and presence of firmed-up links with buyers).
- c. The amount of grant shall be based on funding requirements based on validation of the cost estimates of the specific activities to be financed, as follows:
- Procurement of produce – actual list of prospective farmers or number and location of farmers where the produced will be procured.
 - Facility construction – detailed construction cost estimates.
 - Equipment, machinery or delivery vehicle – canvass of quoted prices, description and specifications of the equipment, machinery or vehicle.

Provided that the amount of grant does not exceed 80% of the total project cost. The FCA or CBO shall have at least 20% as equity counterpart through any or combination of (a) paid up capital, (b) owned assets such as land, other facilities or equipment, (c) manpower (labor cost/salary of personnel/workers directly engaged in the project). Provided further that for Grants A, and B grant amount per FCA shall not exceed P25,000 x number of FCA farmer/fisherfolk members.

Section 6. Fund Releases and Reporting Requirements

6.1. Approving Authorities. The approving authorities in the grant approval, signing of disbursement vouchers and execution of Memorandum of Agreement (MOA) with the concerned beneficiaries shall be as prescribed under DA Memorandum Order No. 03, s. 2016 as amended by DA General Memorandum Order No. 01 s. 2018.

6.2. Fund Releases and Monitoring. Upon approval, the FCA/CBO/LGU/SUC shall execute a MOA with the DA. The approved grant shall be released in accordance with the approved work and financial plan of the Project. The DA concerned offices (AMAS, RFO-AMADs) shall conduct monitoring and inspection of project implementation and verification of financial records and reports of the FCA/CBO/LGU/SUC. Fund utilization reports shall be submitted by the FCA/CBO/LGU/SUC certified by its Accountant and approved by its Chairman/President for FCAs and CBOs, Municipal Mayor for LGUs and

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President for SUCs showing the summary of expenses and status of accomplishments evidenced by pictures. The FCA/CBO LGU/SUC shall keep and maintain financial and accounting records of the project.

6.3. Other requirements

- a. DA shall witness the turn-over of grants to the beneficiaries;
- b. All infrastructure, logistics and equipment financed under the Enhanced KADIWA ni Ani at Kita Financial Grant Assistance Program shall bear the DA and KADIWA ni Ani at Kita Logo;
- c. KADIWA Stores shall follow the KADIWA Price which is 10%-20% lower than the price at the nearest wet market; and
- d. *Bantay Presyo* Price Monitoring Team shall include the KADIWA Stores in their monitoring activities.

Section 7. Accreditation. The DA-Philippine Council for Agriculture and Fisheries (PCAF) shall expedite the accreditation and release of Civil Society Organization (CSO) certification to all eligible FCAs and CBOs applying for the grant. The DA-PCAF shall


provide timely report to DA AMAS/AMADs all approved endorsed FCAs for accreditation.

Section 8. Other Assistance. The participating FCAs, CBOs, LGUs and SUCs shall also be assisted in market linkage facilitation activities of the DA-AMAS and RFO-AMADs, technical assistance in agribusiness management, and in linking them to other government agencies/programs to access loans such as the DA-ACPC Agri-Negosyo Loan Program, ACEF Loan Program with the Landbank and other lending facilities of Landbank and/or Development Bank of the Philippines.

Section 9. Effectivity. These Guidelines shall take effect immediately upon signing hereof and other issuances inconsistent herewith are deemed superseded.

Done this day of 29th of June 2021.

Approved:


WILLIAM D. DAR, PhD
Secretary

DEPARTMENT OF AGRICULTURE

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