



Memorandum Order

No.: 43
Series of 2021

SUBJECT: GUIDELINES ON THE IMPLEMENTATION OF THE AGRICULTURAL ENTERPRISE DEVELOPMENT FOR FOOD SUSTAINABILITY PROJECT (AEDFSP) AND ESTABLISHMENT OF TRADING POST FOR THE PROVINCE OF BOHOL

Section 1. Project Overview

In the Philippine Development Plan (PDI) 2017-2022, the government will ensure the “sustainability of its efforts to improve the productivity of the agriculture, forestry, and fisheries (AFF) sector and to continuously build the capacity of AFF stakeholders. Increasing the access to economic opportunities requires facilitating the small farmers’ and fishers’ access to production markets, new technology, and financing services”.

Micro, Small, and Medium Enterprises (MSMEs)¹ play a key role in increasing competitiveness and promoting rural development in ensuring food secured Philippines. It is in this context that the Agricultural Enterprise Development for Food Sustainability Project (AEDFSP) and Establishment of Trading Posts will be implemented in the province of Bohol.

Section 2. Purpose

The project aims to develop and strengthen micro and small agri-fishery enterprises by facilitating assistance and providing interventions that will improve their active participation in the agribusiness value chain and undertake value-adding activities.

This will cover processes and procedures on the use and release of funds allocated for the implementation of the Agricultural Enterprise Development for Food Sustainability Project and Establishment of Trading Post. Under the Republic Act No. 11518 or the General Appropriations Act (GAA) for Fiscal Year 2021, the appropriated amount of P200,000,000 shall be used for financial assistance to the Province of Bohol to support the following projects:

- 2.1 P140,000,000 worth of projects allocated for the following project components:
- 2.1.1 Carabao-based Enterprise Development
 - 2.1.2 Centralized Processing and Packaging Equipment
 - 2.1.3 Integrated Coconut Processing Equipment
 - 2.1.4 Modernization of Local Fishing Industry
 - 2.1.5 Integrated Support for Seaweeds
 - 2.1.6 Integrated Support for High Value Crops
 - 2.1.7 Integrated Support for Native Chicken
 - 2.1.8 Integrated Support for Goat Raising

¹ RA 9501 or the Magna Carta for Micro, Small, and Medium Enterprises defined “Micro, Small and Medium Enterprise (MSME)” as referring to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, must have value falling under the following categories: Micro-enterprise - not be more than PhP3,000,000; Small enterprise - PhP3,000,001 - PhP15,000,000; and Medium enterprise - PhP15,000,001 – PhP100,000,000

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2.2 P60,000,000 worth of projects is allocated for the establishment of agricultural trading posts in the municipalities of Carlos P. Garcia, Sagbayan, San Miguel, Clarin, Getafe, and Talibon, Bohol.

Section 3. Definition of Terms

- 3.1 **Agribusiness Enterprise** – an organization, firm or any other entity that is undertaking business related activities in agriculture and/or fisheries.
- 3.2 **DA-Accredited Farmers and Fisherfolk Cooperatives and Associations (FCAs)** - refers to cooperatives and associations which passed the evaluation process of the accreditation committee and have been issued the certificate of accreditation.
- 3.3 **Direct Beneficiaries** – refer to the farmers and fisherfolk that will benefit from the project.
- 3.4 **Project Implementer** – refers to the Department of Agriculture (DA) with bureaus, attached agencies and corporations (BACs), FCAs or LGUs directly implementing the project.
- 3.5 **Trading Post** – structure used for consolidation and trading of agricultural products.

Section 4. Scope and Coverage

These guidelines cover the provision of financial grants for enterprise development of the following; (a)FCAs and (b) Local Government Unit (LGUs) in the production, aggregation, processing, packaging, product development, transport/logistics and marketing/distribution of agricultural and fishery products for the Province of Bohol.

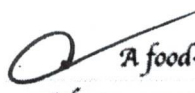
This will cover further the establishment of agricultural trading posts in the six (6) municipalities of Bohol.

Section 5. Eligibility Criteria and Documentary Requirements

The eligible activities that can be financed under AEDFSP are the following: procurement of production inputs, machineries and equipment, production and processing facilities, product development, logistics, and marketing of agribusiness enterprises, and other related expenses.

5.1 Eligible Farmers/Fisherfolk Cooperatives and Associations

- 5.1.1 Must have a juridical personality (registered with CDA, SEC, DOLE) with Authenticated copy of the latest Articles of Incorporation, or the Articles of Corporation and Certificate of Compliance;
- 5.1.2 Must have audited financial reports for at least three years with proven experience in fund management (if less than three 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);
- 5.1.3 Must be an Accredited Civil Society Organization (CSO) as per DA Administrative Order No. 13, s, 2021 dated March 15, 2021 re: guidelines for the accreditation of Civil Society Organizations to eligible Farmers and Fisherfolk;
- 5.1.4 Must be FFEDIS and FishR registered;


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- 5.1.5 Must have core management team to implement the project;
- 5.1.6 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;
- 5.1.7 Must have proven track record in implementing proposed project which shall be scaled-up by this project;
- 5.1.8 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 the 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. Relationships of this nature shall automatically disqualify the FCA of the grant assistance.

5.2 Documentary Requirements for AEDFSP

The proponent must submit (a) project proposal and (b) documentary requirements under COA Circulars No. 2007-001 and 2012-001 governing "Granting and Utilization of Funds released to Non-Government Organizations (NGOs)/People's Organizations (NGOs/POs)" and DA Memorandum Order No. 61, s. 2020 or the Guidelines in the Preparation and Evaluation of Feasibility Study for Agricultural and Fisheries Facilities, Agri-Fisheries Machinery and Equipment Service Centers, and Other Agri-Fisheries Mechanization Projects.

The project proposal must contain the following information:

- Nature of the project
- Objectives of the project (describing the value adding activities and income objectives)
- Direct beneficiaries
- Financial feasibility / projections of the project (Cash Flow, projected Income Statement).
- Detailed Feasibility Study as per Memorandum Order No. 61 of the Department of Agriculture for proposals with Total Project Cost of at least PhP3 Million.

5.3 Eligibility requirements for the Establishment of Trading Post

- 5.3.1 LGU applicants must have no unliquidated balance from DA;
- 5.3.2 LGU must have owned lot for the establishment of the trading post.

5.4 Documentary Requirements for the Establishment of Trading Post

- 5.4.1 Resolution authorizing the Local Chief Executive to enter into a MOA with DA-RFO 7
- 5.4.2 Proof of Lot Ownership (Owned Land Title or Deed of Donation)
- 5.4.3 Approved Project Proposal and Work and Financial Plan with POW and DED;
- 5.4.4 Detailed Feasibility Study as per Memorandum Order No. 61 of the Department of Agriculture for proposals with Total Project Cost of at least PhP 3 Million.

Section 6. Creation and Function of Technical Working Group

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The Project Proposal Evaluation / Assessment Technical Working Group shall be created. The TWG will receive, process, assess, validate and evaluate all project proposals received from applicants. The TWG shall be composed of Bohol Provincial Technical Staff as well as regional staff (duly represented from AMAD, Regional Agricultural Engineering Division, Field Operations Division) of DA RFO VII.

Section 7. Evaluation and Approval of the Project Proposals

7.1 Evaluation of Proposals. The Project Proposal Evaluation/Assessment Technical Working Group shall conduct the validation, processing and evaluation of the proposals. The evaluation of the proposals shall be based on the following:

- 7.1.1 Assessment of management capability and credibility of the organization.
- 7.1.2 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).
- 7.1.3 The grant amount shall be based on funding requirements based on validation of the cost estimates of the specific activities to be financed, as follows:
 - Procurement of production inputs – actual list of production inputs with detailed budgetary cost estimates.
 - Construction of Production and Processing Facilities - detailed construction cost estimates, POW and DED.
 - Equipment, machinery, logistics support – canvass of quoted prices, description and specifications of the equipment, machinery or vehicle.

The FCA shall have at least 20% equity counterpart provided that the amount of grant does not exceed 80% of the total project cost 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.

7.2 Approval of the Project Proposals. The Project Evaluation Review Committee² shall review the evaluation findings submitted by the Evaluation/ Assessment Technical Working Group and recommend its approval to the Approving Authority or the Regional Executive Director.

Section 8. Fund Releases and Reporting Requirements

8.1 Approving Authorities. The approving authority in the grant approval, signing of disbursement vouchers and execution of Memorandum of Agreement (MOA) with the concerned Farmers/Fisherfolk Cooperatives and Associations and Local Government Units shall be as prescribed under DA Memorandum Order No. 03, s. 2016 as amended by DA General Memorandum Order No. 01, s. 2018.

² Project Evaluation Review Committee to compose of Regional Technical Director for Operations as Chair, Division Chiefs from AMAD, RAED, FOD, PMED as core members.

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8.2 Project Implementation. Project implementation shall be based on the approved project proposal and approved work and financial plan. Proposed deviation shall be subject for review of TWG and approval by Regional Executive Director.

8.3 Fund Release and Monitoring. Upon approval, the project implementers (BACs, FCAs, or LGUs) shall execute a MOA with the DA. The project funds shall be released in accordance with the approved work and financial plan. DA shall conduct monitoring and evaluation of the project implementation and verification of financial records of the project implementers. Fund utilization/disbursement reports shall be submitted by the project implementers (FCAs, BACs and LGUs) certified by its Accountant/Bookkeeper and approved by its Chairman/President showing the summary of expenses and status of accomplishment evidenced by pictures. The project implementers shall keep and maintain financial accounting records of the project and be made available for financial monitoring by DA RFO VII.

8.4 Liquidation of Funds. The project implementers shall submit a report on fund utilization and status of program or project implementation. Funds received and implemented must be liquidated to the DA RFO-7 within 60 days after its project completion.

8.5 Submission of Report. The Project Management Office, which is the AMAD, shall coordinate with project implementer for the preparation of the consolidated monthly and quarterly physical and financial reports of the project including the issues and concerns in the project implementation.

Section 9. Effectivity. This Guidelines shall take effect immediately.

Done this 24th of July 2021 in Quezon City, Philippines.

APPROVED:

WILLIAM D. DAR, PhD.
Secretary

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