



Republic of the Philippines
OFFICE OF THE SECRETARY
Elliptical Road, Diliman
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MEMORANDUM CIRCULAR

NO. 16

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SUBJECT : IMPLEMENTING GUIDELINES FOR THE YOUNG FARMERS CHALLENGE (YFC) PROGRAM – COMPONENT 2: YFC UPSCALE, SUBCOMPONENT A: ENTERPRISE SCALING UP

Section 1. Rationale

In cognizance to the results of the monitoring and evaluation conducted by the YFC program's National and Regional Program Management Team (PMT), the program shall continue supporting the previous awardees in scaling-up their initially started agribusiness. This will address needs of YFC awardees on the limited financial resources to expand and upscale their current business operations, including upgrading equipment/assets, creating new product lines, improving marketing efforts, as well as permits and licenses, among others. This was supported by the study of Droof M.J. et al. (2020)¹ on Raising Capital for the Emerging Businesses 3rd Edition. Additional capital is needed to test the product in market conditions and adapt its functionality to developing customer needs before the emerging business can commence regular business operations.

In view of the foregoing, the YFC Program will implement a program aptly named "**Young Farmers Challenge UPSCALE**," starting FY 2023. The YFC UPSCALE is one of the three (3) components of the YFC Program which will assist the YFC program awardees to continue, improve, and upscale their existing agri-fishery enterprise operation by providing them additional capital in the form of competitive financial grant assistance.

The YFC UPSCALE has two (2) sub-components, as follows:

Subcomponent A (Enterprise Scaling Up) – open to all previous YFC awardees aspiring to scale-up its current agribusiness operations, i.e., expand its current operation, invest in new technology including product development, improve its marketing platforms, and generate employment, among others.

Subcomponent B (YFC Summer Camp) – a competition specifically targeting all previous YFC Regional and National Awardees to innovate new business ideas that will have a sustainable impact within a specific community.

¹Droof M.J. et al. (2020): Raising Capital for the Emerging Businesses 3rd Edition

Section 2. Definition of Terms

As used in this Guidelines, the following terms shall be construed as:

- a. **Agri-fishery Enterprise** - refers to a registered enterprise engaged in agriculture and fishery-related economic activities, such as the production of crops, poultry, and livestock, including inputs, farm tourism, fishery or aquaculture production, processing of agri-fisheries produce, marketing, and distribution of agri-fishery commodities and products, operated by an individual youth or group, i.e., managed by two (2) or more individual youth.

The enterprise as defined in this guideline shall be an **existing agri-fishery enterprise**. The enterprise must have acquired business registration and must have a return on investment to qualify for the competition.

- b. **Business Plan** - is a document that defines an agri-fishery enterprise's vision, objectives, and how it plans to achieve its goals. A business plan lays out a written road map to show marketing, financial, and operational standpoints.
- c. **Business Registration** - is a document that any enterprise must possess to legally operate their business. All interested applicants for YFC UPSCALE must have acquired business registration i.e. DTI/SEC Registration/Business Permit, whichever is applicable.

The business registration shall be under the name of the awardee or the agri-fishery enterprise. In the case of a group enterprise, the registration must include at least one of the members' names.

- d. **Certificate of Good Standing** - is a document issued by the Regional Executive Director (RED) in the case of RFOs and AMAS Director in the case of NCR, based on the actual or face-to-face assessment and validation of the applicants. It indicates that the applicant has followed all the duties and responsibilities stated on their notarized sworn statements such as submission of all the pertinent documents such as updated progress reports (quarterly/terminal, whichever is applicable), and training certificates, among others.

In addition, the YFC Regional and National PMT may also consider the issuance of a Certificate of Good Standing to the applicant/s based on their good standing with their respective Municipal Agriculture Office (MAO), issued a certification of good standing from the Securities and Exchange Commission (SEC), and Bureau of Internal Revenue (BIR) Clearance, among others.

- e. **Business Upscaling** - it means setting the stage to enable and support growth in the existing YFC agri-fishery enterprise. Through the YFC UPSCALE program, the enterprise will acquire additional capital to upscale its current operations, i.e., invest in new technology, improve its marketing platforms, and generate employment, among others.

- f. Financial Grant** - is a financial assistance given to the program's declared awardees to serve as additional capital to scale up their existing agri-fishery enterprise operation.
- g. Group-managed enterprise** - is an existing enterprise managed by two (2) or more individual youth.
- h. Individually managed enterprise** - is an existing enterprise managed by an individual youth.
- i. Return on Investment (ROI)** - is a performance measure used to evaluate the returns of an investment or to compare the relative efficiency of different investments. ROI measures the return on an investment relative to the cost of the investment.

Section 3. Scope and Coverage

This guideline covers all the provisions pertaining to the YFC UPSCALE – Sub Component A (Enterprise Scaling Up) which includes the following: (a) Program Description, (b) Levels of Competition, (c) Creation of YFC-UPSCALE Panel of Judges, (d) Eligibility Criteria, (e) Application Requirements, (f) Application Procedures, (g) Evaluation and Screening Procedures, and (g) Duties and Responsibilities of the YFC UPSCALE Awardees.

A separate guideline will be issued for the implementation of the YFC UPSCALE – Sub Component B (YFC Summer Camp).

Section 4. The YFC UPSCALE - Enterprise Scaling Up Component

The YFC UPSCALE – Enterprise Scaling Up component will be a head-to-head competition for deserving previous awardees, in which the criteria will concentrate on 1) Creativity and Innovations, 2) Enterprise performance, 3) Social Responsibility, 4) Business Viability, and 5) Business Sustainability. The scoresheet and detailed criteria for the competition will be approved by the designated YFC UPSCALE Panel of Judges.

4.1 Levels of Competition

The competition is open to all previous awardees who are continuously operating their agri-fishery enterprise.

The competition will be in two (2) levels: Regional and National Competition

a. Regional Level Competition

Each YFC UPSCALE Regional Panel of Judges shall select and declare the **top three (3)** agri-fishery enterprises operated by either individual youth or group of youth beneficiaries. Each awardee shall receive PhP 300,000 financial grant. In the case of NCR, the YFC UPSCALE Panel of Judges shall select and declare the NCR Regional UPSCALE Awardees. The awardee/s in each region including the NCR who got the highest score shall be eligible to compete at the YFC UPSCALE National Competition.

b. National Level Competition

The National Level Competition shall be in two (2) phases:

Phase 1: YFC UPSCALE Mentoring

A Panel of Coaches shall be created for the purpose of the YFC Upscale Mentoring Assistance. The YFC Upscale Mentoring is a customized mentorship for all national-level nominees to help them improve their enterprise implementation through expert advice on the technical aspect of their business, financial, marketing, legal, and government-related matters, and update them on the latest trends in the industry that they were in. The nominees will also be trained in preparation for their agribusiness pitching for the national-level competition.

Each national finalist shall actively participate in the scheduled mentoring. The YFC National PMT will issue a **Certificate of Compliance** for those national finalists who participated in said mentoring assistance.

The panel of coaches shall be composed of agribusiness practitioners, academe, experts in mentoring start-up enterprises, and technical personnel from the Department.

Phase 2: YFC UPSCALE Head-to-Head National Business Pitch Competition

The YFC UPSCALE National Panel of Judges shall select and declare among the 16 finalists, the **five (5) YFC UPSCALE National Awardees** through a head-to-head business pitch competition, and the evaluation and assessment of their enterprise implementation. The national awardee/s shall receive an **additional financial grant of Php 500,000.00 per enterprise**.

Section 5. Creation of the YFC UPSCALE Panel of Judges for Regional and National Competition

The Panel of Judges shall be composed of a Chairperson from the Department who shall be designated by the DA Secretary in case of NCR and the National Panel of Judges, and the DA Regional Executive Director in the case of the regions. There shall be two (2) members: one (1) representative from the Department of Trade and Industry (DTI), and one (1) private sector practitioner (from the agribusiness industry) endorsed by the Regional Agricultural and Fishery Council (RAFC).

A Special Order shall be issued by the DA Secretary for the creation of the YFC UPSCALE National Panel of Judges and NCR UPSCALE Panel of Judges. The UPSCALE National Panel shall formulate the standard criteria and scoring system for judging the awardees which will then be relayed to the UPSCALE Regional Panel of Judges.

A Special Order shall be issued by the DA Regional Executive Directors for the creation of the YFC Regional Panel of Judges. The members of the YFC UPSCALE Regional Panel of Judges may be the same member of the YFC Start-Up Provincial or Regional Panel of Judges.

The DA Regional Executive Directors (REDs) and/or the Assistant Secretary for Consumer Affairs may request representatives from the DA Bureaus and Attached Agencies as Resource Persons to support during the evaluation of the submitted BMCs.

Section 6. Eligibility Criteria of Applicants

To participate in the competition, the applicants (individuals/groups) must pass the following criteria:

- a. Shall be previous YFC awardees continuously operating their enterprises;
- b. Must have acquired business registration; and
- c. Must have a return on investment.

The following are **not eligible** to participate in the competition:

- a. Personnel of the DA, its Regional Field Offices, bureaus, attached agencies, and corporations, including their relatives up to the fourth civil degree of consanguinity or affinity¹; and
- b. Personnel of the Provincial, Municipal, and City Agricultural/Veterinary Offices³.

Section 7. Application Requirements

- a. Application letter addressed to Regional Executive Directors (for Regions) and AMAS Director (for NCR);
- b. Application Form;
- c. Business Plan with attached Activity and Financial Plan as prescribed by the program;
- d. Financial report prepared by the applicants (Income Statement, Cash Flow, and Balance Sheet in the last 6 months);
- e. Certified True Copy of DTI/SEC Registration/Business Permit, whichever is applicable;
- f. Certified True Copy of the Certificate of Good Standing to be issued by DA-AMAS in the case of NCR and DA-AMAD in the case of the region;
- g. Clear scanned copy of at least one (1) valid ID (indicating the date of birth);
- h. Proof of residency of any of the following: (Barangay Certification, valid ID indicating home address, among others);
- i. Endorsement from the Provincial/Municipal/City Agriculture Office or Veterinary Office where the agri-fishery enterprise is located; and
- j. Latest 2x2 photo with white background.

Note: In case the applicant/s change their agri-fishery enterprise name or their group members are not active, they shall submit a Sworn Affidavit indicating the said changes to be eligible to apply for the program.

¹ Working as permanent, temporary, substitute, co-terminus, contractual, and casual as defined by CSC Memorandum Circular No. 40, Series 1998

Section 8. Application Procedure

- a. Interested applicants may submit their application and all requirements to the DA-AMAS (in case of the NCR), or to the DA Regional Field Offices (in case of the other regions). Applicants are encouraged to submit online through the concerned offices' designated email accounts, and/or online platforms created for the purpose.
- b. Only applicants with complete requirements shall be processed for screening. Applicants with two or more applications and late/or incomplete submission of requirements will automatically be disqualified.

Section 9. Selection and Evaluation Procedures

9.1 Evaluation Criteria

YFC UPSCALE - **Enterprise Scaling Up Component** will concentrate on the following area:

- a. **Creativity and business innovation.** The applicant/s shall exhibit business plans and pathways to reach new heights in product value, process improvement, productivity, marketing success, and internal harmony. They must also show continued dedication to creativity, and innovative ideas to achieve business growth.
- b. **Enterprise Performance.** Based on the results of the enterprise monitoring by the YFC Regional and/or National PMT, the applicants must show that they were able to successfully implement their start-up enterprise that received a financial grant during the competition.
- c. **Social Responsibility.** The enterprise is socially responsible as shown by: (a) its potential to scale up operations that can generate jobs for the community, (b) its contribution to the welfare of others such as household savings on consumers by offering quality but affordable agri-fishery commodities/products or services and (c) its promotion of environmental protection and conservation.
- d. **Business Viability.** The additional capital to be received by the awardee shall be spent for the improvement and upscaling of the existing agri-enterprise. This can be assessed based on the submitted Business Plan, including the projected financial statements, and activity and financial plans.
- e. **Business Sustainability.** The enterprise must show how to sustain its operations through the business continuity plan, which includes the risk and vulnerability assessment.

The YFC UPSCALE Panel of Judges shall determine the weight, scoring system, and detailed criteria for judging. The scoring system shall be cascaded to all Regional YFC Upscale Panels including NCR for uniformity of criteria and scoring system for the judging.

9.2 Screening Process

- a. The PMT of the concerned offices (DA Central, RFOs) shall receive all applications;
- b. The PMT shall conduct initial screening based on eligibility criteria and compliance with application requirements;
- c. The PMT shall conduct monitoring and assessment of the enterprise implementation of the applicants;
- d. Once assessed as eligible, the PMT will issue a Certificate of Eligibility; and
- e. The PMT shall endorse the Business Plan, including the projected financial statements, Activity and Financial Plan, and other documents of the eligible applicants to the Panel of Judges.

9.2.1 Selection of the YFC UPSCALE Regional Level Awardees

- a. The National and Regional PMTs shall set the deadline for submission and announce the dates of judging.
- b. The Panel of Judges may institute more than one (1) stage of judging e.g. judging in batches, depending upon the number of applicants, e.g. semi-finals leading to finals;
- c. The Panel of Judges shall provide equal opportunities to those who passed the initial stage of judging through business pitching. The PMT may opt to conduct online or face-to-face presentation depending on funds availability; and
- d. The YFC Regional Panel of Judges shall certify the YFC UPSCALE Regional Awardees and endorse the enterprise awardees with the highest scores for the YFC UPSCALE national-level competition.

9.2.2 Selection of the YFC UPSCALE National Level Awardees

- a. The National PMT shall set the deadline for submission and announce the dates of judging;
- b. The National PMT in coordination with the Regional PMTs shall conduct monitoring and assessment of the National YFC UPSCALE Nominees;
- c. The National PMT shall schedule a workshop/mentoring for the YFC UPSCALE National Finalists and shall issue a certificate of compliance;
- d. The National PMT shall schedule the YFC UPSCALE National Level head-to-head business pitch competition; and
- e. The YFC UPSCALE National Panel of Judges shall certify the declared YFC UPSCALE National Awardees.

Section 10. Duties and Responsibilities of the Awardees

The recipients of the additional financial grant shall have the following duties and responsibilities:

- a. Submit a notarized Sworn Statement of the duties and responsibilities of the awardees;
- b. Use the existing bank account, or open a new bank account under his/her name - preferably with the Land Bank of the Philippines (LBP)—upon the receipt of the Notification of Awards. For group awardees, any of its members may opt to open an individual or joint bank account, or use an existing individual bank account under any

of its members' names. The group shall indicate in a Sworn Statement whose bank account they agreed to use for the purpose of receiving the financial grant. The said bank account shall strictly be used for the implementation of the agri-fishery enterprise;

- c. The amount received shall strictly be used for the upscaling of the existing agri-fishery enterprise;
- d. Submit updates/reports to the DA-concerned offices (AMAS/AMADs) based on the following timelines:
 - i. Quarterly Report; and
 - ii. Terminal report one (1) year after the receipt of financial grant (report should attach evidence of the progress of venture, e.g. pictures).
- e. Notify in writing and seek approval from the concerned offices (AMAS, AMADs) in case of any changes or delays due to force majeure, late release of the financial grants, etc., or any concerns affecting the implementation of the agribusiness venture;
- f. Ensure availability of documents and other information relevant to the monitoring and evaluation of the project;
- g. Misuse of the financial grant and non-compliance with the above undertakings will result in a return or refund of the unused grant amount to the DA. The DA YFC PMT will assess the enterprise implementation and examine the latest progress report, including the liquidation of expenses and the challenges encountered by the enterprise, to determine the misused amount. The amount shall be returned to the DA within sixty (60) days;
- h. **For individually managed enterprises**, ensure that the youth beneficiary will personally manage the agri-fishery enterprise during implementation. Should the DA determine that the awardee is merely a figurehead and the actual management is performed by others, the financial grant must be refunded/returned to the DA based on the assessment of the YFC PMT.
- i. **For group-managed enterprises**, inform the DA within five (5) working days if any of the enterprise group members are no longer connected with the enterprise. Replacement by the remaining active youth members of the group will continue the implementation of the project venture provided and all the funds granted will be fully utilized in accordance with the approved project venture. Should the enterprise fail to inform the DA of the said changes within five (5) working days from the change of circumstance, the unused grant amount must be refunded/returned to the DA based on the assessment of the YFC PMT.

Note: Separate guidelines shall be issued for the conduct of enterprise monitoring of the National and Regional PMTs, and the process for the return of funds in case of misuse of the financial grant by the awardee/s.

Section 11. Release of Funds (Financial Grants)

A Certificate of Award shall be issued by the DA Secretary for the NCR YFC UPSCALE Awardees and by the respective Regional Executive Directors for Regional YFC UPSCALE Awardees. The Certificate shall be co-signed by the Chair/Co-Chair of the Panel of Judges.

The fund release to the Awardees shall be supported by the following documents:

- a. Certificate of Award;
- b. Business Plan and Financial Report;
- c. Copy of Monitoring Report prepared by YFC PMT;
- d. Certified True Copy of DTI/SEC Registration/Business Permit, whichever is applicable;
- e. Certified True Copy of the Certificate of Good Standing issued by DA-AMAS in the case of NCR and DA-RFOs in the case of the region;
- f. Notarized Sworn Statement of the Awardees;
- g. Photocopy of the bank account to which the award will be deposited duly signed by the awardees. For awardees with group members with individual bank accounts, the group shall indicate in a Sworn Statement whose bank account they agreed to use for the purpose of receiving the financial grant; and
- h. A certified true copy of one (1) valid ID of the awardee/s.

Section 12. Business Development Services

The Business Development Services (BDS) Assistance to the youth awardees shall be provided to further assist the agri-fishery enterprise operations of the YFC UPSCALE Awardees.

The BDS to be provided to YFC UPSCALE Awardees shall include: a) Training Programs and Assistance in Business and Product Registration and Certification; b) Mentoring Assistance; c) Market Linkage and Business Networking; and d) Monitoring and Enterprise Assessment.

Section 13. Funding Source

All expenses incurred in the conduct of the Program including the provision of a financial grant to awardees, honoraria, and/or token of the Panel of Judges, Panel of Coaches/Mentors, and Resource Persons shall be charged against the Young Farmers Challenge Fund under the FY 2023 General Appropriations Act (RA 11936) subject to existing government accounting and auditing rules and regulations. The basis for the computation of the honorarium of the Panel of Judges and Panel of Coaches shall be the Department of Budget and Management (DBM) Budget Circular No. 2007-1.

The DA-Central Office will release the financial grant to the declared five (5) YFC UPSCALE National Level Awardees.

Section 14. Supplementary Guideline

The Regional Executive Directors (REDs) are hereby authorized to issue a supplementary guideline as deemed necessary to facilitate the orderly implementation of the program in their respective regions. However, supplementary guidelines shall be consistent with the provisions of this Memorandum Circular.

Section 15. Repealing Clause

All DA issuances, orders, rules, and regulations, or parts inconsistent with this Order's provisions are hereby repealed or modified accordingly.

Section 16. Separability Clause

If any provisions under these guidelines are declared unlawful or unconstitutional, the other provisions not stated as such shall continue to be in full force and effect.

Section 17. Termination Clause

The DA shall turn-over the master list of the YFC UPSCALE awardees to the concerned Local Government Units (LGUs) one (1) year after the receipt of financial grant and submission of a terminal report. Once turned-over by the DA, the LGU is expected to undertake the monitoring and evaluation as well as the follow-through support to the continuity of the awardee's agribusiness enterprise. The YFC awardees may still avail of the other business development services of the Department should they be considered eligible.

The YFC UPSCALE enterprise will be considered/declared terminated when the operation is affected by the factors provided for under Section 18, Force Majeure of this guidelines.

Section 18. Force Majeure

Neither party will be held responsible for any delays or failures in carrying out these guidelines as long as they are caused by events or circumstances that are beyond their control, such as natural disasters, war, civil unrest, government actions, strikes, labor disputes, or difficulties in obtaining materials or transportation.

Section 19. Effectivity

These Guidelines shall take effect immediately upon publication in the DA Website and/or newspaper of general circulation, and its filing with the University of the Philippines Law Center - Office of the National Administrative Registrar.

Done this 18th day of May, 2023.

DOMINGO F. PANGANIBAN
Senior Undersecretary



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