



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

NO. 32  
Series of 2023

**SUBJECT: IMPLEMENTING GUIDELINES FOR THE YOUNG FARMERS CHALLENGE (YFC) PROGRAM - COMPONENT 3: YFC BUSINESS DEVELOPMENT ASSISTANCE**

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### **Section 1. Introduction**

Cognizant to the mandate of Agribusiness and Marketing Assistance Service (AMAS) to provide business development services to farmers and fisherfolk enterprises, Young Farmers Challenge (YFC) Program shall also provide business development assistance (BDA) to the YFC previous awardees.

The business development services will serve as the follow-through support of the Department to the YFC previous awardees that received start-up and upscale capital. It is aimed at strengthening the capacity of the YFC beneficiaries' enterprise operation from business registration/permits and licenses, enterprise management, value-adding and market expansion and among others.

The provision of BDA will help the YFC previous awardees to improve the performance of the enterprise, its access to markets, and its ability to compete with other players in the industry. It includes an array of business services such as training, consultancy, marketing, information, technology development and transfer, and business linkage promotion among others

### **Section 2. Definition of Terms**

**Business Development Assistance** - An assistance for the YFC awardees that involves provision of common shared service facilities, equipment for production, value-adding and processing, post-harvest. It can also be used for research and development, trainings and capacity-building, among others through the Department of Agriculture (DA), Farmer and Fisherfolk Cooperatives and Associations (FCAs), Local Government Units (LGUs), and State Universities and Colleges (SUCs).

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

**Local Government Units** - refers to the political subdivision of the Republic of the Philippines at the provincial, city, municipal, or barangay level. The LGUs, especially the municipalities and barangays, shall be enhanced by providing them opportunities to participate actively in the implementation of national projects.

**State Universities and Colleges** - refer to public Higher Education Institutions (HEIs) established by the national government and are governed by their respective independent boards of trustees or regents.

**Program Beneficiaries**- refers to at least five (5) previous YFC awardees of the competitive financial grant assistance who are in need of various BDA to continue operate or upscale their respective agri-fishery enterprises.

### **Section 3. Scope and Coverage**

This guideline covers all provisions pertaining to the YFC BDA Component which include the YFC BDA general provisions, type and amount of financial grant, eligibility criteria and documentary requirements, evaluation of project proposals, fund releases, liquidation and reporting requirements, roles and functions of the DA as project implementer, funding source, and effectivity.

In addition, a separate guideline will be issued for the implementation of YFC Start-Up and YFC UPSCALE Components.

### **Section 4. The YFC Business Development Assistance**

The **BDA** shall be in the form of a common shared facility that is to be utilized by the target proponents, such as FCAs, LGUs, and SUCs. The DA-AMAS and RFOs are also be allowed to be project implementers of the BDA component.

The **FCA** proponents shall agree to the condition that the fixed assets financed by the grant shall be used as a "common or shared facility" with the identified youth program beneficiaries. The FCA proponent further warrants that any income or earnings derived from the use of such assets shall not accrue for the exclusive personal gain of a person or persons whether connected with or have no connection with the FCA. Any income shall be booked and accrue as income of the FCA proponent. Such conditions shall be stipulated in a Deed of Conditional Donation to be executed by the DA in favor of the FCA. Further, the youth program beneficiaries shall be required to pay at a minimal cost to cover the maintenance and operating expense of the facility and other procured fixed assets i.e. processing equipment, utilities, among others.

The **LGU** and **SUC** proponents shall ensure that the financial grant received from the DA will be used based on the approved project proposal and work and financial plan.

In addition, the request of the approved youth program beneficiaries indicated on the project proposal of the LGU/SUC shall be done through competitive public bidding and compliance with government accounting and auditing rules and regulations. To cover the maintenance and other operating expense of the "common shared service facility" and

other procured assets, the youth beneficiaries shall be required to pay at a minimal cost to the program proponent (LGU/SUC).

Further, the LGU/SUC may also serve as partner conduits and as such, may receive financial grants to procure assets i.e. equipment, machineries, farm inputs, biologic assets, etc. for release to the approved youth program beneficiaries as indicated in the project proposal. The asset to be indicated in the project proposal shall depend on the request of the target youth program beneficiaries under the area of jurisdiction of the LGU/SUC proponent.

## Section 5. Type and Amount of Financial Grant for FCAs, LGUs, and SUCs

Below is the Type and Amount of Grant that may be availed by eligible proponents:

**Table 1. Type and Amount of Financial Grant for FCAs, LGUs, and SUCs**

Eligible Proponents	Amount	Activities to be financed
FCAs/LGUs/SUCs	Up to Php. 3,500,000.00	<p>To be used for any or a combination of the following:</p> <ul style="list-style-type: none"> <li>a. Construction/renovation/improvement of incubation centers, warehouse, production, processing, and post-harvest facility;</li> <li>b. Procurement of farm inputs, logistics vehicle, machinery and/or equipment based on the need of the program beneficiaries i.e. post-harvest, value-adding, and processing;</li> <li>c. Provision of technical assistance/training; and</li> <li>d. Provision of subsidy for business/product registration and/or licenses, product development, research, and development, etc.)</li> </ul>

The incubation centers, procured machineries, equipment, and other marketing implements shall be a **“shared service facility”** to be used by the identified program beneficiaries as stated on the approved project proposal.

## **Section 6. Eligibility Criteria and Documentary Requirements**

### **6.1 Eligibility for 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 Memorandum of Agreement (MOA);
- c. Must have at least five (5) individual program beneficiaries stated on the project proposal; and
- d. Must have the capacity to provide equity of at least 20% of the total proposal through any or combination of (a) paid-up capital, (b) owned assets such as land, and other facilities, and/or (c) manpower (labor cost/salary of personnel/workers directly engaged in the project).

### **6.2 Eligibility for SUCs**

- a. Must have no unliquidated funds from the source agency (DA Central or DA RFOs);
- b. Board Resolution authorizing the University President to enter into MOA;
- c. Must have at least five (5) individual program beneficiaries stated on the project proposal; and
- d. Must have the capacity to provide equity of at least 20% of the total proposal through any or combination of (a) paid-up capital, (b) owned assets such as land, and other facilities, and/or (c) manpower (labor cost/salary of personnel/workers directly engaged in the project).

### **6.3 Eligibility for FCAs**

- a. Must have a juridical personality (registered with SEC, CDA, or DOLE-BRW);
- b. Must have been operating for at least three (3) 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 report in the years it has been in operation);
- c. Must have at least five (5) individual program beneficiaries stated on the project proposal;

d. 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;

e. 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 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;

f. Must have the capacity to provide equity of at least 20% of the total proposal through any or combination of (a) paid-up capital, (b) owned assets such as land, and other facilities, and/or (c) manpower (labor cost/salary of personnel/workers directly engaged in the project); and

g. Must be a Civil Society Organization (CSO) accredited by the DA.

#### **6.4 Documentary Requirements**

The proponent must submit (a) a simple project proposal and (b) documents required under existing Commission on Audit (COA) Rules and Regulations.

The Project Proposal must contain the following information:

- a. Objectives of the project (describe the value-adding activities and income objectives)
- b. List of program beneficiaries;
- c. Business Operations Plan (management, systems, etc.); and
- d. Work Plan.

### **Section 7. Evaluation of Project Proposals**

**7.1 Receipt and Processing of Proposals.** The Office of the Assistant Secretary for Consumer Affairs, DA-Agribusiness and Marketing Assistance Service (AMAS), and DA-Regional Field Office-Agribusiness and Marketing Assistance Divisions (RFO-AMADs) shall receive and process all applications of the proponents within their area of jurisdiction. The corresponding Approved Budget Allocation for the financial grants shall be directly released to DA-AMAS and RFOs for their disbursement.

**7.2 Evaluation of Proposals.** The A/Sec for Consumer Affairs, 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.
- **For FCA** - this shall be based on the track record of the organization as per review of submitted reports, endorsement from agencies that the FCA had dealt with and feedback from key informants (LGU, farmers, customers, business partners, 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 proponents proposed activities. This shall be based on the submitted project proposal and work plan.

c. The amount of the grant shall be based on funding requirements based on validation of the cost estimates of the specific activities to be financed.

d. The proponent has the capacity to provide equity of at least 20% of the total proposal through any or combination of (a) paid-up capital, (b) owned assets such as land, and other facilities, and/or (c) manpower (labor cost/salary of personnel/workers directly engaged in the project).

## **Section 8. Fund Releases and Reporting Requirements**

**8.1 Approving Authorities.** The approving authorities in the grant approval, signing of disbursement vouchers, and execution of the 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.

The grant shall be approved by the Head of Agency or his/her designated representative as recommended by the Assistant Secretary for Consumer Affairs.

**8.2 Fund Releases and Monitoring.** Upon approval, the proponents (FCAs/ LGUs/SUCs) shall execute the 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 FCAs/LGUs/SUCs certified by its Accountant and approved by its Chairman/President for FCA, Municipal Mayors for LGUs and President for SUCs showing the summary of expenses and status of accomplishments evidenced by pictures. The FCAs/ LGUs/SUCs shall keep and maintain financial and accounting records of the project.

## **Section 9. Liquidation and Reporting Requirements**

### **9.1 Liquidation and Reporting Requirements for LGUs and SUCs**

**9.1.1** Utilize the amount received from DA solely for the approved project/s and/or for the purpose and line items as specified in the approved project proposals and Work and Financial Plan;

**9.1.2** Procure the necessary request indicated in the approved project proposal through competitive public bidding and compliance with government accounting and auditing rules and regulations;

**9.1.3** Separately keep and maintain any/all necessary accounting ledgers/records for the project which shall be voluntarily submitted whenever required and subjected to monitoring and evaluation of the DA Authorized Representative/s and furnish fully the certified true copies of any/all required documents;

**9.1.4** Submit regular monthly updates/reports to the **DA** to include properly documented reports with complete attachment;

**9.1.5** Notify DA AMAS and DA-AMAD in writing of any changes, delay, or any concern relating to the complete and effective implementation of the project;

**9.1.6** Submit the accomplishment/terminal report to the **DA** within sixty (60) days after the completion of the project;

**9.1.7** Submit a liquidation report to the **Department of Agriculture**, certified correct by the Accountant and approved by the head of the institution within sixty (60) days after the completion of the project; and

**9.1.8** Submit a physical and financial report and other documents duly audited by the Resident COA Auditor in liquidating the fund used in the execution of the project. The liquidation documents should be duly audited in accordance with existing auditing and accounting rules as well as the other relevant COA regulations thirty (30) days upon completion of the project; and

**9.1.9** Adhere to other provisions stated on the approved Memorandum of Agreement (MOA).

## **9.2 Liquidation and Reporting Requirements for FCAs**

**9.2.1** Utilize the amount received from DA solely for the approved project/s and/or for the purpose and line items as specified in the approved project proposals and Work and Financial Plan;

**9.2.2** Submit physical and financial reports and other documents as required by the DA and COA in liquidating the grant fund used in the execution of the project. Such reports shall include digital photos/videos of site works accomplishments prior to implementation, during and post-project implementation. Within sixty (60) days of completion of the project, the proponent shall submit to the DA a final "Fund Utilization Report" and Terminal Report certified by its Accountant and approved by its Chairman/President, together with the inspection report and certificate of completion issued by the DA monitoring office, list of beneficiaries with their acknowledgement of the goods/services received or benefited from the Program Beneficiaries;

**9.2.3** Agree to the condition that the fixed assets financed by the grant shall be used as a "common or shared facility" of the program beneficiaries. The proponent's further warrants that any income or earning derived from the use of such assets shall not accrue for the exclusive personal gain of a person or persons whether connected with or have no connection with the proponents. Any income shall be booked and accrue as income of

the proponents. Such conditions shall be stipulated in a Deed of Conditional Donation to be executed by the DA in favor of the proponents;

**9.2.4** Notify DA AMAS and DA-AMAD in writing of any changes, delay, or any concern relating to the complete and effective implementation of the project;

**9.2.5** Notify DA-AMAS and AMADs in writing of any changes, delay or any concern relating to the completion and effective implementation of the Project; and

**9.2.6** Adhere to other provisions stated on the approved Memorandum of Agreement (MOA).

## **Section 10. The Department of Agriculture as BDA Project Implementer**

The Department of Agriculture Agribusiness and Marketing Assistance Service (AMAS) in case of NCR and Regional Field Offices (RFOs) in case of Regions shall be allowed to implement the Business Development Assistance program component for the identified program beneficiaries within their respective jurisdiction.

**Table 2. Amount and Activities to be financed where the DA is the project implementer**

<b>Amount</b>	<b>Activities to be financed</b>
<b>Up to Php. 3,500,000.00</b>	To be used for any or combination of the following:  a. Construction/renovation/improvement of incubation centers, warehouse, production, processing, and post-harvest facility;  b. Procurement of farm inputs, logistics vehicle, machinery and/or equipment based on the need of the program beneficiaries;  c. Provision of technical assistance/training; and  d. Provision of subsidy for business/product registration and/or licenses, product development, research, and development, etc.

**10.1.** The DA-AMAS and DA-RFOs as BDA project implementers shall adhere to the provisions of RA 9184, otherwise known as the "Government Procurement Reform Act," and existing accounting and auditing rules and regulations.

In addition, the DA-AMAS and DA-RFOs may coordinate and partner with their respective Regional Research Centers, Agricultural Training Institute (ATI) Regional Offices, Banner Programs, and other DA Attached Agencies and Bureaus for the implementation of the BDA such as the construction of the incubation centers, the safekeeping of the procured equipment and machineries, conduct of training and capacity building, and product testing and analysis, among others.

**10.2** The project proposal of the DA-AMAS/RFOs shall include the following information:

- Objectives of the project;
- List of program beneficiaries; and
- Work and Financial Plan

The aforementioned documents shall be approved by the Secretary of the Department of Agriculture (DA) or his/her designated counterpart that acts as the Head of the Agency in the case of NCR and Regional Executive Directors (REDs) in the regions.

### **Section 11. Funding Source**

All expenses incurred in the conduct of the BDA component shall be charged against the Young Farmers Challenge Fund under the General Appropriations Act subject to existing government accounting and auditing rules and regulations.

### **Section 12. 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 13. Repealing Clause**

All DA issuances, orders, rules and regulations, or parts thereof that are inconsistent with the provisions of this Order are hereby repealed or modified accordingly.

### **Section 14. 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.

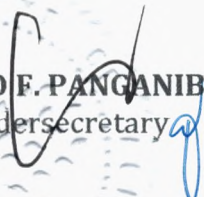
### **Section 15. Force Majeure**

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 16. 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 14th day of July, 2023.

  
**DOMINGO F. PANGANIBAN**  
Senior Undersecretary



DA-CO-AMAS-MC20230711-00003