

MEMORANDUM CIRCULAR

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**SUBJECT : IMPLEMENTING GUIDELINES FOR THE AGRI-ENTREPRENEURSHIP
CAPABILITY ENHANCEMENT ASSISTANCE UNDER THE REPUBLIC
ACT NO. 11321 (SAGIP SAKA ACT)**

Under Republic Act No. 11321, also known as the "*Sagip Saka Act*", the Department of Agriculture was directed to strengthen its farmers and fisherfolk enterprise development program by establishing a comprehensive and holistic approach in the formulation, coordination, and implementation of enterprise development initiatives that would further intensify the building of entrepreneurship culture among the farmers and fisherfolk.

Pursuant to the above mandate, the **Farmers and Fisherfolk Enterprise Development Program (FFEDP)** was developed. The Program has three (3) focus areas with corresponding desired outcomes, to wit: **(i) Inclusive Agribusiness Development** to help farmers and fisherfolk become viable business partners with agro-industry players; **(ii) Agri-preneurship Capability Enhancement** which aims to enhance agripreneurship capabilities of the farmers and fisherfolk by improving access to capacity enhancing support services such as but not limited to, finance, training, technology; and **(iii) Enterprise Development Services** which focuses on strengthening the agri-fishery enterprise development services of the DA.

For FY 2023, the DA, through the Agribusiness and Marketing Assistance Service (AMAS), received a fund allocation intended to support the implementation of the FFEDP. Hence, the development and implementation of the **Agri-Entrepreneurship Capability Enhancement Assistance** under the FFEDP's second focus area, Agripreneurship Capability Enhancement. This intervention aims to capacitate farmers and fisherfolk enterprises (FFE) and agri-fishery enterprises (AFEs) by providing a package of intervention consisting of capacity building/entrepreneurship training and financial grant assistance.

These guidelines shall govern the implementation of the above intervention.

Section 1. Definition of Terms

1. **Community-Based Organization (CBO)** refers to a type of Civil Society Organization (i.e., non-government organization, cooperative, association, domestic corporation. People's organization, homeowners' association, indigenous people's organization, Agrarian Reforms Beneficiaries Organizations (ARBOs), Irrigators Association, and other groups supported by other NGAs) with representation from the community, expressing the interest and values of their members, duly registered with the appropriate government agency such as 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. **Enterprise** is defined as a legal entity possessing the right to conduct business independently, for example, to enter into contracts, own property, incur liabilities and establish bank accounts.
3. **Farmers and Fisherfolk Cooperative and Association (FCA)** refers to farmers and fisherfolk cooperatives, associations, or corporations duly registered with the appropriate government agency (i.e., SEC, CDA, DOLE-BRW) and 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.

4. **Local Government Units (LGUs)** refers to the political subdivision of the Republic of the Philippines at the provincial, city, municipal, or barangay level.
5. **State Universities and Colleges (SUCs)** refers to public Higher Education Institutions (HEIs) established by the national government and are governed by their respective independent boards of trustees or regents.
6. **Food Commodities** refer to commonly consumed foods that are ingested for their nutrient properties, such as raw agricultural commodities (e.g., highland and lowland vegetables, fruits, poultry and livestock, aquaculture products) or processed commodities provided they are the forms that are sold or distributed for human consumption.
7. **Transport Logistics** refers to different modes of transportation for hauling and transporting agri-fishery produce appropriate for the needs of the beneficiaries.

Section 2. Objectives

Generally, the project aims to capacitate farmers and fisherfolk enterprises (FFE) and agri-fishery enterprises (AFE) by providing a package of intervention consisting of capacity building/entrepreneurship training and financial grant assistance. Specifically, it aims to:

- a. enhance the entrepreneurship skills and capacity of FFEs and AFEs;
- b. expand the enterprise maturity level of FFEs and AFEs; and
- c. capacitate them to become reliable and efficient food commodity suppliers.

Section 3. Eligible Beneficiaries

In support of the intention of the Sagip Saka Act, the target beneficiaries of this intervention are generally FFEs and AFEs, including, producer groups, Farmers Cooperatives and Associations (FCAs), Community based Organizations (CBOs), among others. The Local Government Units (LGUs) and State Universities and Colleges (SUCs) may also apply as proponents under the Project's Component 2, provided that they have identified FFEs/ AFEs as beneficiaries.

Section 4. Components

The assistance shall have **two (2) components**:

1. Enterprise Capacity Building

The AMAS and the Agribusiness and Marketing Assistance Division (AMADs) at the DA-Regional Field Offices (RFOs), in collaboration with the Agricultural Training Institute (ATI) and Regional Training Centers (RTCs), shall initiate the conduct of various activities to ensure readiness of target beneficiaries to take on the preparation and implementation of their enterprises. Such activities include the following:

- a. **Enterprise Profiling.** The target beneficiaries will be subjected to profiling to gather information about their enterprise, such as their basic profile, detailed business operation, existing assets (e.g., facilities and equipment), interventions and assistance previously received, and those still needed.



- b. Enterprise Assessment.** This activity will be conducted to gauge the capacity development requirements of the enterprises that have been profiled. It shall include assessing business aspects such as operations, organization and management, finance, marketing, sustainability, and inclusivity. Training Needs Assessment (TNA) will also be done to identify the capability-building requirement of the enterprises. The final output of the assessment is an Enterprise Capacity Development Plan (ECDP) that will serve as the enterprise's strategic guide in identifying needed interventions to ensure sustainability.
- c. Capability Building Activities.** Interventions under this shall cover training, workshop, and learning activities, among others, aimed at enhancing the beneficiaries' knowledge and entrepreneurial skills. To ensure a more targeted and needs-based training, identifying the topics shall consider the ECDPs developed during the assessment activities.

Existing processes and procedures, tools, and templates may be used to conduct the above activities.

2. Agriculture and Fishery Enterprise Grant Assistance (SAGIP SAKA - AFEGA)

- a. Proponent.** The target proponents of the grant assistance are FFEs, AFEs, and Local Government Units (LGUs) and State Universities and Colleges (SUCs) that have identified FFEs or AFEs as beneficiaries. Ineligible proponents include individual farmers, sole proprietorship enterprises, and non-registered groups.
- b. Grant Purpose.** The eligible proponents shall utilize the financial grant for any or combination of the following:
- Trading Capital (procurement of farmer's produce) or Working capital (procurement of raw materials for processing) - maximum of Php 1 million
 - Purchase of machinery or equipment for pre-processing (cleaning, sorting, packing, drying) and processing and/or value-adding activities;
 - Procurement of transport and delivery vehicles;
 - Establishment and rehabilitation of storage facilities, warehouses, postharvest facilities, and processing centers;
 - Procurement of retail selling equipment like freezers, chillers, display racks/shelves, manual and/or digital weighing scales, and crates;
 - Establishment/renovation/improvement of existing marketing facility and equipment; and
 - Upscaling of the agri-fishery enterprise

It shall not cover non-food agri-commodities (e.g., rubber, fiber, and copra) and production support (e.g., seedlings, planting materials, fertilizers, farm machinery, and equipment), and re-lending, among others.

- c. Grant Amount.** The financial grant shall provide a maximum of Php 5 Million assistance per proponent based on the submitted proposal subject to review and approval. All eligible proponents shall provide equity equivalent to at least 20% of the total project cost, which may be in cash or in-kind. If the LGU would apply as a conduit, the LGU or its identified beneficiaries shall provide the said equity.



The proponent group must sustain the operationalization of the project for at least five(5) years after the receipt of the grant assistance.

d. Eligibility Requirements

FFEs/ AFEs

- Must be an accredited Civil Society Organization (CSO);
- Must be registered with the Farmers and Fisherfolk Enterprise Development Information System (FFEDIS);
- Must have no unliquidated funds from the concerned office (DA Central Office or DA RFOs); and
- 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, approving, and implementing the project. Relationships of this nature shall automatically disqualify the FCA/CBO of the grant assistance.

LGUs

- Must have no unliquidated funds from the concerned office (DA Central Office or DA RFOs);
- Must have identified farmer and fisherfolk beneficiaries, and
- Must have identified LGU-accredited FCAs, if as a conduit.

SUCs

- Must have no unliquidated funds from the concerned office (DA Central Office or DA RFOs); and
- Must have identified farmer and fisherfolk beneficiaries.

e. Proposal Evaluation and Approval. The Proposal Evaluation and Approval phase is composed of the Application, Evaluation, Review, and Approval processes. The final output of this phase is the approved and signed evaluation report.

- (i) Application.** To avail of the grant assistance, eligible proponents must meet the eligibility requirements enumerated above and submit a complete project proposal and documentary requirements provided in *Annex 1*.

The administrative assistant or assigned officer under the Office of the Director of Agribusiness and Marketing Assistance Service in Central Office and Office of the Regional Executive Director in Regional Field Offices will be responsible for the acceptance of the requests, project proposals, and other documents being submitted by the applicants or requesting parties.

The proponent group or beneficiary is responsible for preparing the project proposal, which includes the project description, marketing aspects, business operations, financial analysis and projections, project cost requirements, **project** benefit analysis, work plan, and sustainability and risk management plan.

- (ii) Evaluation.** The AMAS Director and RFO Regional Executive Directors shall designate technical staff in their respective offices, who shall conduct the processing and evaluation of the proposals. Only complete applications shall be evaluated.



The evaluation of the proposal shall be based on the following:

- *Assessment of management capability and credibility of the organization:*
 - For FFEs/ AFEs - This shall be based on the track record of similar projects implemented and audited financial statements. In cases where the applying organization has not implemented similar projects yet, their LGU as conduit, may apply as the project proponent subject to compliance with the requirements. Depending on the agreement between the LGU and FFEs/ AFEs, the LGU may turn over to the identified organization the project operation availed through the grant. Also, AMAS and AMADs shall provide capacity development plans for those applicants who need assistance in fulfilling the requirements and satisfying the evaluation criteria.
 - For LGUs and SUCs- Certification of no unliquidated funds from DA
- *Assessment of the enterprise's viability based on projected financial statements and analysis*
- *The amount of the grant shall be based on the following:*
 - Procurement of produce – list of prospective farmers or number and location of farmers where the produce will be procured
 - Construction of Infrastructure - detailed engineering design and program of works
 - Acquisition of equipment, machinery, or delivery vehicle - pre-canvass of quoted prices, description, and specifications of the equipment, machinery, or vehicle.

The desk evaluation process will take seven (7) working days per application with complete documents, and site validation will also be conducted after the technical evaluation. The evaluators may also request comments and recommendations from concerned DA operating units, such as the Bureau of Agricultural and Fisheries Engineering (BAFE)/RAED of the RFOs where the application is located for infrastructure, in relation to the proposals for funding under the financial grant. By the end of the evaluation, an evaluation report shall be submitted to the reviewing team assigned by the AMAS Director and the RFO REDs.

- (iii) **Review.** The Review Team at the Central Office shall be led by the AMAS Director, with the Chief of the three (3) Divisions as members. The Regional Review Team shall be led by the Regional Technical Director with the AMAD Chief and additional members from other divisions in the region assigned by the Regional Executive Director. The team shall review the evaluation report prepared by the designated technical staff and recommend to the approving authority the approval of the proposals. The review process will take three (3) working days upon receipt of the submitted evaluation report together with the complete documentary requirements.



- (iv) **Approval.** The approval process will take three (3) working days upon receipt of the endorsed project proposal and validated evaluation reports. The Assistant Secretary, who has direct supervision over AMAS, shall be the approving official for applications submitted to the AMAS Central Office. On the other hand, the Regional Executive Director (RED) shall approve applications submitted to the AMAD in the regions.
- f. **Pre-implementation.** The Pre-Implementation phase consists of the MOA Review and Signing and the Fund Transfer process.
- (i) **MOA Review and Signing.** Upon approval, the DA shall execute a Memorandum of Agreement (MOA) between the DA (represented by the Assistant Secretary or the Regional Executive Director) and the proponent (represented by the Local Chief Executive, President, or Chairperson).
- (ii) **Fund Transfer.** The approved grant shall be released in accordance with the approved work and financial plan of the Project. It shall be sourced from the DA-AMAS General Appropriations Act (GAA)- Locally-Funded Projects (LFP) funds. Moreover, the signing authorities of the Disbursement Vouchers and Obligated Request and Status (ORS) for the release of funds shall follow the DA Memorandum Order No. 03, s. 2016 as amended by DA General Memorandum Order No. 01s. 2018.
- g. **Implementation.** The Implementation phase is composed of the Project Execution and Monitoring processes. The proponent group must implement the approved project proposal upon the release of the grant. Failure to enforce the project within thirty (30) days, the DA shall cancel the project, and the proponent group shall reconstitute the total grant amount released. Likewise, any deviation in implementing the approved project proposal is subject to the same condition.
- (i) **Project Execution.** The grantee must implement their proposed project and maintain financial and accounting records of the grant funds received and utilized.
- (ii) **Monitoring.** The AMAS, AMADs, and LGUs shall conduct the monitoring of the proponent's fund utilization reports, the progress of the enterprise implementation, the procurement of goods and support facilities, and the construction of infrastructure.
- The beneficiaries shall be required to submit a quarterly progress report, including the Cash Flow, Project Income Statement, Number of beneficiaries, Enterprise Activities, and other information related to the Program's impact on the proponent/s.
- h. **Post-Implementation.** The Post-Implementation phase requires the Project Completion and Liquidation processes.
- (i) **Project Completion.** Upon completing the project, a Certificate of Project Completion signed by the AMAS Director or the Regional Executive Director will be issued. On the other hand, the proponent must issue a Certificate of Acceptance signed by the grantee. The grantees must ensure that all infrastructure, logistics, and equipment financed under the project shall bear a logo provided and approved by the DA.



(ii) **Liquidation.** The proponent must submit a liquidation report to the DA. The liquidation report should contain the following (per COA Circular No. 2012-001 dated June 14, 2012):

- Final Fund Utilization Report certified by the accountant, approved by the Local Chief Executive, President, or Chairperson, and verified by the internal auditor or equivalent official of the DA;
- Pictures of implemented projects;
- Inspection report and Certificate of Project Completion;
- List of beneficiaries with their signatures signifying their acceptance/acknowledgment of the project funds/services received;
- Proof of verification by the GO officials of the validity of documents submitted by the NGO/PO;
- Official Receipt issued by the DA acknowledging the return of unutilized/excess amount, if any;
- List of equipment procured out of the project fund;
- Geotagged photos of the areas, facilities, machineries, and other equipment procured under the program procured;
- Warranty for procurement of equipment and project (optional);
- Terminal Report of the Project; and
- Liquidation Report

Section 5. Monitoring and Evaluation. AMAS and AMADs, in coordination with LGUs and other partners, shall monitor and evaluate the overall progress of the implementation of the two (2) project components.

Section 6. Fund Source. The funding shall be sourced from the General Appropriation Act under the Locally-Funded Projects (LFP) to implement the FFEDP under RA 11321, as appropriate.

Section 7. Repealing 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 8. Separability Clause. All DA issuances, orders, rules, regulations, or parts inconsistent with this Circular's provisions are hereby repealed or modified accordingly.

Section 9. 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 10. Effectivity. This Memorandum Circular shall take effect fifteen (15) days following completion of its publication in a newspaper of general circulation or the Official Gazette, a copy filed with the U.P. Law Center, and its posting on the Department of Agriculture website.

Done this 4th day of October, 2023.

DOMINGO F. PANGANIBAN
Senior Undersecretary



DA-CO-AMAS-MC20230815-00005

Annex 1. Documentary Requirements

For FFEs/ AFEs

- a. Letter of intent addressed to the Department of Agriculture
- b. Project proposal approved and signed by officers
- c. Copy of the Civil Society Organizations (CSO) accreditation certificate
- d. Copy of the Farmers and Fisherfolk Enterprise Development Information System (FFEDIS) Registration Certificate
- e. Certificate of Registration from Securities and Exchange Commission (SEC), Department of Labor and Employment (DOLE), Housing and Land Use Regulatory Board (HLURB), and Cooperative Development Authority (CDA) with corresponding Certificate of Good Standing (SEC/DOLE/HLURB) or Certificate of Compliance (CDA)
- f. Certificate of no unliquidated funds from DA
- g. Authenticated copy of latest Articles of Incorporation/ Cooperation and copy of By-laws, showing the original incorporators/organizers and the Secretary's certificate for incumbent officers, together with the Certificate of Filing (SEC) or Certificate of Approval (CDA)
- h. Notarized Board Resolution requesting for Financial Grant Assistance
- i. Work and Financial Plan (WFP), and Sources and Details of Proponents Equity
- j. Financial reports audited by independent Certified Public Accountant/s for the past three (3) years. If an operation is less than three (3) years, financial reports for the years in operation and proof of previous implementation of similar projects
- k. Disclosure Statement by the FCA/CBO of other related business, if any, and the extent of ownership therein
- l. List of beneficiaries
- m. Endorsement Letter from the LGU
- n. Sworn Affidavit of the Secretary of FCA/CBO that none of its officers is an agent of or related by consanguinity or affinity up to the fourth civil degree to the officials of the agency authorized to process and approve the proposal, proposed MOA, and release of funds
- o. Copy of passbook or bank account details where the fund will be transferred

For LGUs

- a. Letter of intent addressed to the Department of Agriculture
- b. Certificate of no unliquidated funds from DA
- c. Project proposal approved and signed by officers
- d. Work and Financial Plan
- e. Sangguniang Bayan/Panlungsod Resolution (for LGUs) authorizing the Local Chief Executive to enter into a Memorandum of Agreement (MOA) and approving the proposed project and allocation of counterpart
- f. List of beneficiaries
- g. Documentary proof of a designated project implementation team, if as a proponent
- h. MOA or MOU with partner FCAs or certificate of accreditation, if as a conduit
- i. Copy of passbook or bank account details where the fund will be transferred

For SUCs

- a. Letter of intent addressed to the Department of Agriculture
- b. Certificate of no unliquidated funds from DA
- c. Project proposal approved and signed by officers
- d. Work and Financial Plan
- e. Board of Regents Resolution (for SUCs) authorizing the SUC President to enter into a Memorandum of Agreement (MOA) and approving the proposed project and allocation of counterpart.
- f. List of beneficiaries
- g. Documentary proof of a designated project implementation team, if as a proponent
- h. Copy of passbook or bank account details where the fund will be transferred

Note:

Supporting documents of the proposal:

- *Pre-canvass of quoted prices, description, and specifications of the equipment, machinery, or vehicle as basis of the acquisition of equipment, machinery, or delivery vehicle*
- *If the proposal will involve procurement of agri-fishery produce from farmers/ fisherfolk – List of prospective farmers/ fisherfolk or number and location of farmers/fisherfolk where the produce will be procured*
- *If the proposal has a construction of infrastructure/ facility – Detailed engineering design (DED) and program of works (POW)*