



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

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SUBJECT: GUIDELINES ON FINANCIAL GRANT ASSISTANCE TO FARMERS AND FISHERFOLK COOPERATIVES/ASSOCIATIONS AND COMMUNITY BASED ORGANIZATIONS UNDER THE ENHANCED "KADIWA NI ANI AT KITA INCLUSIVE FOOD SUPPLY CHAIN"

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 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 other regions, which facilitated food availability and accessibility to consumers in high-demand areas through partnerships with local government units, producers groups, private sector food chain actors and community organizations such as church-based organizations and homeowners' associations;

The DA, in its submitted re-casted budget to the DBM under RA 11469, sought to expand the coverage as well as enhance the efficiency and effectiveness of the *KADIWA ni Ani at Kita* Program by capability enhancement of the Farmers and Fisherfolk Cooperatives and Associations to become reliable and efficient food commodity suppliers, setting up of food depot and engaging Community Based Organizations to operate and manage the KADIWA markets (*palengke*) and community retail stores;

To provide guidance to DA concerned offices in the extension of financial assistance grants to qualified organizations under the "Enhanced KADIWA ni Ani at Kita Inclusive Food Supply Chain 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 poor and low-income families, by harnessing private sector participation, capacity enhancement of farmers' cooperatives and associations and engaging community organizations' participation in food supply distribution system.

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Section 3. Scope and Coverage.

These guidelines cover the provision of financial grants for capacity enhancement of (a) farmers and fisherfolk cooperatives, associations (FCAs) on value-adding activities in the food supply chain such as procurement of produce, aggregation, initial processing, packaging, transport and distribution of agricultural and fishery commodities and (b) community-based organizations for the operation and management of *KADIWA retail markets (palengke)* or *KADIWA retail stores*. The target organizations are those that participate and/or interested to participate in the DA's Enhanced *KADIWA ni Ani at Kita Inclusive Food Supply Chain Program*.

Section 4. 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 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 (HLURB).

2. "**Farmers and Fisherfolk Cooperative or Association (FCA)**" refers to farmers and fisherfolks 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. "**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.

Section 5. Types of Financial Grants and Eligible Organizations

5.1. Types of Financial Assistance Grants

The financial assistance shall be in the form of financial grants that are to be utilized by the beneficiary organization solely for defined purpose/projects/activities.

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The types of financial grants, amounts and activities to be financed are as follows:

Type of Grant	Amount	Activities to be financed
Grants for Packing Facilities (Type "A" Grant)	P200,000 up to P 1 Million	To finance value adding activities as assemblers of farmers' produce such as procurement of produce, aggregation and pre-processing (cleaning, sorting, packing, drying, etc).
Grants for Consolidation (Type "B" Grant)	P 500,000 up to P 5 Million	To finance value adding activities as consolidators and distributors of farmers' produce to consumer markets such as assembly, storage, transport, delivery of produce/products to distribution centers or buyers.
Grants for KADIWA Retailing (Type "C" Grant)	P50,000 to P150,000	To finance the start-up cost requirements of operating and maintaining KADIWA retail markets (<i>palengke</i>) or retail stores.

Note: Grant amount for a FCA may exceed the above ceilings in case of urgency to provide supply of a particular commodity to stabilize farm gate and/or retail prices, provided that the FCA has the proven capability to immediately scale-up their operations. Provided further that in such cases, the grant amount to the FCA shall have approval by the DA Secretary.

Section 5.2. Types of Eligible Organizations and Fund Utilization

The eligible purpose and activities that can be financed out of the financial grants shall be as follows:

Grant	Eligible Organization	Grant Purpose and Fund Utilization
Type A	FCA	To be used for any or combination of: (a) seed fund for procuring farmers produce, and/or (b) purchase of facility, machinery or equipment needed e.g. storing shed, delivery vehicle. The grant is extended to enhance the capacity of the FCA as a local (e.g. municipal, provincial-based) assembler.
Type B	FCA	To be used for any or combination of (a) to be used for the purchase of delivery vehicle, machinery or equipment; and/or (b) construction or rehabilitation of storage facilities. The grant is extended to enhance the capacity of the FCA to become a medium to large consolidator/distributor.
Type C	CBO	To be used for any or combination of (a) procurement of store facility and/or equipment such as stalls, weighing scales, chiller, crates, shelves, etc; (b) construction of retail store structure or store storage room. The grant serves as start-up funds to enable the CBO operate and maintain the KADIWA <i>palengke</i> or the KADIWA retail stores.

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5.3. Eligibility Criteria and Documentary Requirements

5.3.1. Eligible Farmers/Fisherfolk Cooperatives and Associations (FCAs)

Eligible FCAs for **Type A Grant (Packing Facilities)** and **Type B Grant (Consolidators)** are those that pass the following criteria:

- a. Must have a juridical personality (registered with SEC, CDA or DOLE-BRW);
- b. 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)¹;
- c. Must have farmers and/or fisherfolk members;
- d. Must have core management team that will implement the project;
- 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 proven track record in implementing proposed project which shall be 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.

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

5.3.2. Eligible Organizations for "Type C" Financial Grants:

- 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 have 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 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 CBO. Relationship of this nature shall automatically disqualify the CBO of the grant assistance.





5.4. Documentary Requirements

The applicant must submit a (a) simple project proposal and (b) documents required under Section 4.4.1 of COA Circular No. 2007-01. Annex A lists all these documentary requirements.

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, Projected Income Statement).

5.5. Evaluation of Project Proposals

5.5.1. Receipt and Processing of Proposals. The DA-Agribusiness and Marketing Assistance Service (AMAS) shall receive and process all applications of CBOs that operate within Metro-Manila. The DA-Regional Field Offices (RFOs) through the Agribusiness and Marketing Assistance Division (AMAD) shall receive and process all applications of FCAs that operate within their area coverage. The corresponding Approved Budget Allocations for the financial grants shall be directly released to DA-AMAS and RFOs for their disbursement.

5.5.2. Evaluation of Proposals. The 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. 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 informants (LGU, customers, business partners, creditors, or community residents).
- 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 produce 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.

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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 FCA or CBO shall be as prescribed under DA Memorandum Order No. 03, s. 2016 as amended by DA Memorandum Order No. 01, s. 2018.

6.2. Fund Releases and Monitoring. Upon approval, the FCA or CBO 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. Fund utilization reports shall be submitted by the FCA/CBO certified by its Accountant and approved by its Chairman/President showing the summary of expenses and status of accomplishments evidenced by pictures. The FCA/CBO shall keep and maintain financial and accounting records of the project.

Section 7. Accreditation. The FCAs and CBOs that passed the eligibility requirements as evaluated by DA-AMAS and RFO-AMADs under these Guidelines are deemed to have passed on an "ad interim basis" the DA accreditation of Civil Society Organizations (CSOs) without the need for them to undergo the process of accreditation procedures and requirements prescribed in DA Administrative Order No. 13, s. 2020 dated April 3, 2020. This is in consideration of emergency situation brought about by COVID-19. Provided however, that the effectivity of accreditation shall be for a period of one year from the date of effectivity of the MOA between DA and the FCA/CBO.

Section 8. Other Assistance. The participating FCAs/CBOs 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 Land Bank 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 27, of May, 2020

Approved:


WILLIAM D. DAR, Phd
Secretary

DEPARTMENT OF AGRICULTURE
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