



Republic of the Philippines  
**DEPARTMENT of AGRARIAN REFORM**  
ELLIPTICAL ROAD, DILIMAN, QUEZON CITY • TELS. 928-7031 TO 39

**ADMINISTRATIVE ORDER NO. 01**  
Series of 1997

**SUBJECT: REVISED ADMINISTRATIVE ORDER NO. 7, SERIES OF 1995 ON THE "RULES AND REGULATIONS FOR THE DEVELOPMENT AND STRENGTHENING OF PEASANT ORGANIZATIONS PURSUANT TO THE CONSTITUTION, RA 6657, AND OTHER PERTINENT PROVISIONS OF EXISTING LAWS, RULES AND REGULATIONS"**

**I. CONSTITUTIONAL AND LEGAL BASES**

The Philippine Constitution provides that "the State shall encourage non-governmental, community-based or sectoral organizations that promote the welfare of the nation" (Sec. 23, Art. II), "shall guarantee the rights of all workers to self-organization, collective bargaining and negotiations and peaceful concerted activities" (Sec. 3, Art. XIII), and "shall recognize the right of farmers, farmworkers, and landowners, as well as cooperatives, and other independent farmers organizations to participate in the planning, organization, and management of the program, and shall provide support to agriculture through appropriate technology and research, and adequate financial, production, marketing, and other support services" (Sec. 5, Art. XIII).

Sec. 35 of R.A. No. 6657 has created the Office of Support Services tasked with "extending to small landowners, farmers and farmers' organizations the necessary credit, like concessional and collateral-free loans, for agro industrialization based on social collaterals like the guarantees of farmer organizations;" "promoting, developing and extending financial assistance to small and medium-scale industries in agrarian reform areas;" "assigning sufficient number of agricultural extension workers to farmers organizations;" and "development of cooperative management skills through intensive training."

Convention No. 141 of the International Labour Organization (ILO) which has been ratified by the Republic of the Philippines, provides that "it shall be an objective of national policy to facilitate the establishment and growth, on a voluntary basis, of strong and independent organizations of rural workers" (Art. 4) and to give "active encouragement to organizations (of rural workers), particularly with a view to eliminating obstacles to their establishment, their growth and the pursuit of their lawful activities" (Art. 5, 1).

To implement the intent and purpose of the provisions of the aforesaid laws, and, in recognition of the critical role of peasants' organizations (POs) in the implementation of the Comprehensive Agrarian Reform Program (CARP), the following rules and regulations are hereby prescribed.



*"Tulong-tulong sa pagsulong"*



## **II. POLICY STATEMENT**

- A. Genuine peasant organizations are people's organizations which are voluntary and independent.
- B. The Department of Agrarian Reform (DAR) and the CARP Implementing Agencies (CIAs) shall encourage, extend support services and assistance to, and facilitate the establishment of people's and peasants' organizations.
- C. In encouraging and assisting POs, the DAR and the CIAs shall always respect, recognize and guarantee the rights of the peasants to self-organization and shall never abridge or interfere with the same.
- D. In extending assistance to POs, the DAR and CIAs should never interfere with or in any way impair or jeopardize, but on the contrary strengthen their independence, autonomy and their sense of initiative and responsibility. At the same time, the DAR and the CIAs should see to it that all public assistance given to POs is properly, honestly and responsibly used.
- E. All the CIAs shall endeavor to recognize and understand the roles of POs at all levels of CARP implementation. In this regard, they shall take the initiative in reorienting their personnel towards ensuring a smooth and fruitful relationship with said organizations.
- F. In turn, the POs should exert efforts to understand the functions and procedures of the CIAs toward mutual understanding and effective collaboration for the implementation of the CARP.
- G. The roles of the POs, among others, should be to generate socio-political support for the CARP and the CIAs, to be an instrument in disseminating information needed for the successful implementation of agrarian reform and updates on the Program, to monitor agrarian reform implementation at all levels, and to encourage and assist the ARBs to fulfill their obligations under the CARP and to become successful owner-cultivators and responsible members of a democratic society.

## **III. DEVELOPMENT AND STRENGTHENING OF PEASANT ORGANIZATIONS**

The strengthening and development of POs shall involve, but not limited to, any or all of the following undertakings by the DAR and the CIAs:

- A. Supporting and helping the programs of the POs in providing information, conscientization, education, and technical training to their members, leaders and units;
- B. Assisting the POs to contact farmers and farmer groups, hold consultations and meetings among themselves;

- C. Assisting the POs to set up or improve and expand their cooperatives and economic projects through the conduct of training courses in production, processing, marketing, bookkeeping, auditing, and management, among others; brokering between the GFIs and the POs for fund sourcing; and through linking of the POs with other local and foreign donors;
- D. Coursing problems of peasants to the DAR and CIAs as much as possible through their organizations in order to solve aspects of such problems that can be threshed out or simplified by them;
- E. Making easily available to the peasants through their organizations all information in connection with CARP implementation; and
- F. Consulting the peasant through their organizations at all stages of policy, program formulation and implementation.

#### IV. OPERATIONAL STRATEGY

A. A Peasant Fund (hereinafter referred to as the Fund), initially amounting to Thirteen Million Pesos (P13 M) and earmarked for assisting and strengthening peasant organizations, shall be sourced from the Agrarian Reform Fund (ARF), from appropriations made by law, and from grants made by local and foreign sources. Public funds needed every year shall be included in the DAR's yearly budget. The use of and access to the Fund shall be guided by the following:

1. The Fund shall be used for various institution-building programs of the POs such as training and organizational management, project packaging and development, cooperative development, technology transfer, formation of positive value system, and related activities enumerated in Section III hereof.
2. **All Peasant Organizations (national, regional, provincial and first level organizations) with 50% plus one of the total membership are actual/potential ARBs and accredited by DAR as herein provided, shall be eligible for financial assistance.**

**This is to ensure the effective utilization of the Peasant Fund and to provide equal opportunities to as many Peasant Organizations (POs) as possible in the availment of the fund.**

3. **The eligible PO should likewise have the capability to provide a counterpart of at least 5% of the total cost of proposal submitted. This PO counterpart can be in the form of services or in kind.**
- B. The DAR, through the Bureau of Agrarian Reform Beneficiaries Development (BARBD), Regional Agrarian Reform Office (RARO), and Provincial Agrarian Reform Office (PARO) in consultation with the Peasant Sector Representatives to the Presidential Agrarian Reform Council (PARC), Cooperative Development Authority (CDA), Bureau of Rural Workers

(BRW)/Bureau of Labor Relations (BLR), and the Department of Agriculture (DA), shall prepare a **list of POs in their respective areas, containing therein the track record of the Pos, their financial and management capability, and existing projects/programs.**

**The accreditation of regional, provincial and first level POs shall be undertaken by the DAR Regional and Provincial Offices, respectively. For national POs, accreditation shall be undertaken by BARBD.**

## **V. REQUIREMENTS AND PROCEDURES**

- A. The accreditation of POs for purposes of assistance provided herein shall require their registration with the Department of Labor and Employment (DOLE), Cooperative Development Authority (CDA), Securities and Exchange Commission (SEC), and Department of Social Welfare and Development (DSWD), or with any appropriate government agency authorized by law.
- B. The requirements for accreditation of the POs, as cited below, should follow the provision of COA Circular No. 95-003 (Annex A). The COA Circular No. 95-003 forms an integral part of this Administrative Order.
1. **Certified copy** of the Certificates of Registration with SEC, CDA DOLE, DSWD, or with any appropriate agency authorized by law, depending on the nature of the service required or to be rendered.
  2. **Audited** financial statements for at least three (3) years operations to ensure that:
    - a. it has a stable financial condition so that the fund assistance shall not be its sole source of funds; and
    - b. it has proven experience in fund management so that the grant shall be managed efficiently and economically.
  3. For POs which have been in operation for less than three (3) years, proof that they have previously implemented similar projects and a certification from the LGU, **RDC or the governor of the respective province where the project/s shall be undertaken**, as appropriate, attesting to the credibility and capability of the officers and staff of the POs, shall be submitted in lieu of financial statements.
  4. List of projects it has previously undertaken to show its experience and expertise in implementing the project to be funded.
  5. **Notarized PO Organizational Profile**
- C. **National POs shall submit their project proposal for evaluation (by PF Secretariat) to BARBD. Results of the evaluation shall be endorsed to the PF ManCom for approval.**

**Regional, provincial and first level POs shall submit their proposals to DAR regional and provincial offices, respectively for evaluation purposes.**

**All project proposals worth over P 150,000.00 but not exceeding P 300,000.00 shall be forwarded to BARBD including the results of the evaluation conducted by the DARRO through the Support Services Division (SSD) acting as PF Secretariat. Recommendation for final approval of the project shall be attached to the evaluation results.**

**Project proposals of the provincial and first level POs shall be evaluated and approved by the DARPO through the Beneficiaries Development Coordinating Division (BDCD) acting as the PF Secretariat. However, final approval shall be done at the DARRO PF ManCom created for the purpose and lodged at the SSD.**

- D. **BARBD** and the concerned DARRO and PARO shall complete their evaluation and endorsement of the proposals within one month after receipt thereof.
- E. The DAR and other CIAs shall establish Peasant Organizations' Desk within their respective offices at the central and field levels. This Desk shall facilitate the DAR's and CIAs' services to the POs, provide linkages with different units of the CIAs' services to the POs, or facilitate joint projects and programs.

## **VI. FUNDS DRAWDOWN AND FINANCIAL REPORTING**

- A. The drawing of funds from the Peasant Fund and financial reporting shall likewise be guided by the COA Circular No. 95-003 (cf. Annex A). Among others, the pertinent provisions of the Circular include the following:
  - 1. The DAR and the POs shall enter into a Memorandum of Agreement (MOA) or similar document.
  - 2. Fund drawdown shall be as follows:
    - a. If the project is for implementation within a period of three (3) months, the assistance shall be released according to the following:
      - a.1 If the project is worth **P150,000.00** or less, assistance may be released in full.
      - a.2 **For projects worth above P 150,000.00 but not more than P300,000.00**, release may be made in three (3) tranches:
        - o 15% upon approval and signing of the MOA;

- o 35% after 50% completion; and
  - o 50% upon completion of the project, subject to the favorable evaluation/inspection by the BARBD, RARO and PARO (where the proposal was approved) of the result of previous release/s.
- b. If the project is to be implemented within a period of more than three (3) months, the first release shall be good for two (2) months operation but not to exceed 30% of the total assistance, subject to replenishment upon submission of accomplishment reports, evidenced by pictures of the accomplishments, and/or report of inspection by the BARBD, RARO, PARO (where the project is approved) and certification of receipt by beneficiaries/payrolls/invoices, etc.
- B. The keeping of books of accounts shall be required to be made by POs receiving funding assistance hereunder; but the same shall be simplified as much as possible, and part of any assistance given may be devoted to training in bookkeeping and accounting and to ensuring the preparation of proper financial statements, complete with supporting papers. The DAR, through its Internal Audit Service (IAS) shall audit the books of accounts; but the auditing procedures and requirements should be adapted to the capabilities of peasants and POs.
- C. Within **30 days** after completion of a project, an audited financial and verified accomplishment report shall be submitted by the PO concerned.

## VII. MONITORING AND EVALUATION

The DAR and CIAs, through their provincial or regional offices and BARBD, as the case may be, shall conduct periodic monitoring and evaluation of the POs' performance, in collaboration with concerned CIAs to serve as reference points in the formulation and implementation of policies and programs and projects. Quarterly report of the POs performance shall be submitted to the PARC ExCom through the PARC Secretariat.

## VIII. REPEALING CLAUSE

All orders, memoranda, circulars and issuances inconsistent herewith are hereby amended or repealed accordingly.

## IX. EFFECTIVITY

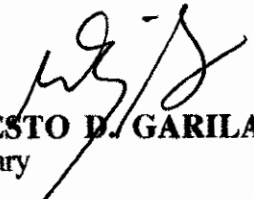
This Administrative Order shall take effect ten (10) days from its publication in two (2) national newspapers of general circulation pursuant to RA No. 6657.

Diliman, Quezon City, 09 January 1997.

Published in two (2) national newspapers of general circulation:

1. MALAYA
2. PHILIPPINE DAILY INQUIRER

Date of Publication - January 14, 1997

  
**ERNESTO D. GARILAO**  
 Secretary