



**MEMORANDUM CIRCULAR**

No. 07  
Series of 2018

**SUBJECT: GUIDELINES IN THE IMPLEMENTATION OF THE GRADUATION  
PROGRAM FOR AGRARIAN REFORM BENEFICIARIES  
ORGANIZATIONS (ARBOs) FROM DAR's ASSISTANCE**

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**I. PREFATORY STATEMENT**

Section 14 of R.A. 6657 as amended in Section 37 of Republic Act 9700, otherwise known as CARP Extension with Reform (CARPER), mandates the Department of Agrarian Reform (DAR) to provide direct and active assistance in the education and organization of actual and potential agrarian reform beneficiaries (ARBs), developing farm-related trust relationship among themselves and their neighbors, and increasing farm production and profitability with the ultimate end of empowering them to chart their own destiny.

To carry out DAR's mandate, the Support Services Office (SSO) develops and implements the Program Beneficiaries Development (PBD), a major component of CARP, that delves with delivery of various assistance such as but not limited to social infrastructure building, enterprise development and economic support, climate resilient farm productivity support, among others to the beneficiaries either individually or collectively through their organizations. These assistance are directly implemented or facilitated and coordinated with the other CARP Implementing Agencies (CIAs) such as the DPWH, LBP, NIA, DOLE and DTI and other CARP key stakeholders such as the POs, NGO, CSOs, the academe, the business/private sector, other GFIs, and other development partners.

As a strategy to reach out to 2.8 Million ARBs, DAR strengthens 4,923 ARB organizations (ARBOs) that serve as conduits in the delivery of support services to the ARBs and community members in agrarian reform areas. These assistance include capacity development, facilitating access to needed services to its members; enterprise development; market linkaging and engagement, agri-extension with farm inputs support as well as support facilities/farm machinery equipment/implements. DAR envisions that these assistance will contribute in improving the maturity level of the ARBOs assisted so they can effectively provide services to its members and community and become effective partners of DAR in scaling up its programs and projects as well as ARB outreach.

As the Department pursues its land acquisition and distribution activities, it is likewise faced with a variety of development challenges foremost of which is the need to provide support services to new and existing ARBs as well as continue to actively play an important role in developing the agrarian reform areas. These assistance, in the form of social infrastructure building, enterprise and livelihood development, economic and physical infrastructure support, among others, are investments and means to realize the DAR's desired results on improved quality of lives of ARBs. While DAR provides "quantity" investments, it also envisions that these investments would produce "quality" outputs with specific reference to producing competent ARBs and matured and self-sustaining ARBOs.

In order for DAR to service its increasing number of ARBs and ARBOs and to further promote the delivery of quality ARB development services program (ARBDSP), a DAR Graduation Program for ARBOs has been developed. Under this program, DAR recognizes and pays due regard to the ability of those ARBOs with higher level of maturity to sustain their operations, and assume active role to cater to the needs of its members, services needed by their communities and pursue or access other assistance from other strategic partners. The Graduation Program likewise recognizes the need for DAR to have

special focus on the development needs of the less matured and/or challenged ARBOs and help them become self-propelling and abled development partners in the future.

In view thereof, this Implementing Guidelines is issued to provide a reference and guide for DAR field offices key officials and implementers on decision-making, to utilize limited resources in the most effective way; and to help in planning future interventions and resource disbursements.

## **II. BASIC POLICY STATEMENT**

1. Provision of support to agrarian beneficiaries shall be channeled through the DAR-assisted ARBOs that serves as conduit of DAR in delivering support services;
2. Given the varied developmental needs and status of maturity of the ARBOs, the DARPOs are expected to apply differentiated, customized and diversified support services interventions to their assisted ARBOs. Clear classification of ARBOs and prioritization of assistance based on the comprehensive analysis of the ITEMA result is imperative for the DARPOs and DARROs plan of technical support and resource allocation and disbursement.
3. Land acquisition and distribution activities to farmers shall be coupled with the delivery of the required support services to make the lands productive and economically viable for the AR beneficiaries; and
4. Recognition of the roles of men and women in development, particularly in planning, implementation, monitoring, and sustaining programs and projects.

## **III. COVERAGE**

This guidelines shall serve as reference in ensuring the provision of responsive ARBDS Program of the DAR and its development partners to help the ARBOs transform themselves from recipients of assistance to becoming self-reliant as well as entities providing support to other ARBOs.

## **IV. PROGRAM DESCRIPTION**

### **A. Present situation of ARBOs**

As of December 2017, a total of 5,451 ARBOs were registered as conduits of DAR in the provision of support delivery for ARBs, of which 4,923 ARBOs were subjected to maturity assessment using the IT-enabled Maturity Assessment (ItEMA). The organizational maturity is measured in terms of six (6) Key Result Areas such as, 1) Organizational Management; 2) Resource Management; 3) Social Enterprise/Business Operations; 4) Financial Performance; 5) Alliance Building and Sustainability; and 6) Social and Environment Responsibility.

Based on the CY 2017 ITEMA results, 54% or 2,655 ARBOs are still in Levels 1 and 2 and considered with low levels of organizational maturity. This means that these DAR-assisted ARBOs are weak and struggling. Around 1,052 or 21% of the ARBOs are Level 3 and are already managing social enterprises at various level of profitability. On the other hand, approximately 1,208 ARBOs (25%) were considered to be in the high level of organizational maturity (Levels 4 and 5), which are operating various enterprises and providing wide array of services to their members.

Considering the high magnitude of weak and struggling ARBOs (OM Levels 1 & 2), it is imperative for DAR through its field offices to strengthen capacities of these ARBOs for them to become partner of DAR in the provision of various support services for the ARBs; and for their members to avail of the

support from the financing institutions, CSOs, and other development opportunities coming from various partners. In the same manner, interventions for ARBOs in Level 3 shall focus on expanding the enterprises in a profitable and sustained manner.

Similarly, DAR shall provide technical guidance to ARBOs in Levels 4 and 5 to sustain, continue, and diversify business operations and continuously provide services to their members, and eventually be tapped as development partners.

## **B. Program Objectives**

The Program is aimed at defining the appropriate interventions for ARBOs to graduate from the existing state to higher level of development.

Specifically, the program will be able to:

- Help field implementers identify appropriate interventions and realistically allocate resources for ARBOs;
- Provide management at all levels, a platform to ensure proper graduation of ARBOs from their existing state to higher maturity level and in developing exit mechanism for ARBOs in Level 5; and,
- Guide implementers in tracking the progress of over-all ARBDSP implementation

## **C. Development Intervention framework**

Development interventions of DAR, CIAs, and partners shall delve on improving the capacities of ARBs through their ARBOs in areas of organizational management, resource management, social enterprise/business operations, financial performance, alliance building and sustainability, and social and environment responsibility.

The DAR maintains that it can improve its outreach for the ARBs and better deliver the support needed to make the ARBs' land productive, increase their income stream, and improve their over-all economic well-being by tapping the services of the ARBOs or cooperatives. These ARBOs which takes different forms and types, ranging from small informal farmers' groups to large and even tiered cooperatives are force to consider as they can be channels of development assistance and initiatives.

As such, DAR's interventions to produce strong self-reliant ARBOs are focused on building their organizational governance and management capacity, facilitating access to capital to enable them to grow in scale, introducing rural enterprises, investing in capacity building, training and physical assets such as farm machineries, equipment and other economic support, linking with markets and with other business development services.

Recognizing that not all of its assisted ARBOs have the same levels of development or maturity, the Department has designed and implemented programs and projects envisioned to revitalize and strengthen existing ARBOs as well as organize new one. DAR also recognizes that over time, ARBOs who have been assisted for some time and have exhibited certain level of reliance can be weaned already from the Department's assistance and make them partners for delivering support to other farmers. Meantime, DAR needs to rationalize and maximize the use of its resources such that it can also cater to the needs of ARBOs whose growth is waiting for support and guidance.

For DAR to undertake this, it needs to pursue an intervention where the ARBs and ARBOs needs and DAR's available resources and capacities are productively aligned and fit. Fit can happen if there is a well-defined need and demand for support services, constant communication and participatory project

development and implementation, competent implementers, support services delivery systems, and appropriate mix of support services necessary to meet the ARBOs' needs and demands.

#### **D. Defining the PBD Needs and Priorities for ARBOs Strengthening**

As a springboard for defining the PBD needs and demands as well as the corresponding services, the DAR through its provincial PBD shall engage the officers and members of the ARBOs in dialogues and meetings to consult them on their priority needs and demands. The result of these dialogues and consultation must complement the results of the ITEMA particularly in crafting the long list of needs and demands for their development particularly establishing the characterization of ARBOs by level of maturity. DAR shall categorize its assisted ARBOs as follows:

- **ARBOs in Levels 1 & 2**

ARBOs under this category basically have less than 50 members with a low number of ARBs. Despite its low membership, the ARBO has difficulty increasing its number, which adversely affects the generation of capital needed for their social enterprise/business operation. Aggravating these are the lack of technical skills of leaders in crafting and implementing their Vision, Mission, Goal, and Objectives (VMGO), development/operational plans; policy, systems and procedures (PSPs) for their organizational affairs and social enterprises as well as installing financial system and fund management; among others.

ARBOs in Level 2 though lack technical and management skills in operating one (1) business/social enterprise striving to earn profit, while ARBOs in Level 1 have no business operation, no PSP, declining membership, non-functional BOD and committees, no training conducted nor attended, no involvement in alliance building, and no activities for social and environmental-related projects. Thus, after the conduct of ITEMA every year, DAR shall discuss with these ARBOs the results of the assessment and define interventions towards addressing these development gaps.

- **ARBOs in Level 3**

The membership of ARBOs under this phase, ranges from 100 to 200 individual, 50% of which are ARBs. Organization structures are established and operational, where delineation of accountabilities are clarified. Strategic plans are regularly reviewed along with their annual operations plan. Their business/enterprise are now generating income and continuous membership participation are evident through their continuous savings and capital build generation which can now finance the organization business/enterprises. The volume of operations is more than P300,000.00 to less than P1.0 million. External loans/borrowings are properly managed by the ARBOs.

- **ARBOs in Level 4**

ARBOs under this phase have membership that ranges from 76 to 100 individuals majority of which are ARBs, operating diverse business/agro-enterprises and have shown stable organizational and financial performances. At the minimum, these ARBOs have established three (3) business/social enterprises with sales volume of more than P1M to P2M and corresponding profitability rate of 10%-12%; approximately 71%-90% of leaders and members are participating in capacity building-training, capital build up and saving mobilization; and have employed complete and full-time competent core management staff receiving salaries and incentives/benefits as provided by labor law; continued alliances with partners; and proactive membership to development committees and local governance.

- **ARBOs in Level 5**

ARBOs in Level 5 have membership of more than 100 individuals, wherein 61% of the total membership are ARBs and annually there is an increase of least 30 members. Their VMGO is defined and translated into Strategic Development Plan (SDP) which is understood and can be explained by the ARBO management and members. Their SDP is written and is translated into annual operational plan that is reviewed and updated congruent with the emerging needs of its members. The ARBOs are compliant with the requirements of the Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), Bureau of Rural Workers of Department of Labor and Employment (BRW-DOLE) and maintain their Good Standing Status. In the various organizational meetings and training, about 90% of the members are participating.

In terms of resource management, about 90%-100% have paid their subscribed capital, annual due and share capital, with 30%-40% annual increase in their internal funds and 90%-100% of the members are involved in saving mobilization. Using their internal and external fund, the ARBOs are engaged in at least four diversified enterprises with capitalization of about Php 2 million. Their loan repayment is above 95%. The ARBO is a member of secondary or tertiary organizations and provincial bodies. They are also have been involved in DRRM initiatives in their communities.

## **E. Proposed Organizational and Institutional Interventions**

Using the typology and characterization of the ARBOs, organizational interventions for ARBOs shall be aligned with their capacity to undertake operations, their level of resources as well as future potentials.

- **ARBOs in Level 1 and 2**

In an annual basis, PBD Sector at all levels shall focus their ARBDSP budget appropriation on development areas that will contribute to higher impact. In consultation with the ARBOs, interventions shall be purposive and differentiated based on the option of the ARBO on what level of organizational maturity they want to achieve. Their activities may well be focused initially in undertaking livelihood activities that are tied-up with production of crops they are used to or adept at with the intent of practicing farming with reduced production cost, completing the acquisition of the legal personality, introduction of simple organizational systems and procedures.

- **ARBOs in Level 3**

For ARBOs in Level 3 to move to higher level of maturity, they shall diversify and position their enterprises by increasing the productivity and volume with appropriate markets resulting to better organizational and financial performances. In doing so, there is a need to continuously recruit more members, develop second liner leaders, strengthen the systems, policies and procedures (both organizational & enterprise operations), and build alliances/network with other organizations/institutions for gender responsive and climate smart/resilient technology acquisition, capital infusion, and market linkages, among others.

- **ARBOs in Level 4**

In consideration to the improved capacities of ARBOs in managing their organizational affairs and business operations in their own, the DARPOs shall conduct assessment and sustainability planning session. Specifically, the conduct of the session is aimed at determining areas that the ARBO needs enhancement and as basis of DAR in providing interventions as well as in developing exit mechanism once it will reach the maturity level 5.

- **ARBOs in Level 5**

ARBOs under this maturity level have already advanced their needs and interests that interventions from DAR requiring material funding may not be necessary, instead, technical guidance and monitoring for sustainability may be provided. Since the ARBOs can operate independently, the government's role is to ensure that the appropriate enabling environment is in place. The ARBO shall be tapped as service provider in technology transfer and business mentoring support to other ARBOs needing assistance.

For ARBOs under Level 5 to graduate from DAR's major interventions, they shall have maturity index score of 80% and above.

To ensure ARBOs' participation in rural development and as conduits of government in propelling growth in the agrarian reform areas, field implementers and partner institutions shall ensure continuity of the ARBOs' operations even after the funding support/subsidy from DAR had stopped. The continuity shall take various forms: a) ARBOs to expand business operations in terms of coverage and volume of operations; b) offer other allied services to the members and their community such as housing, health insurance/services, mortuary, etc. c) join secondary or tertiary organizations for technical and financial support; d) membership in local development councils (barangay, municipal/city and provincial councils; and e) ARBO as the training ground for developing local political leaders.

The ITEMA results shall be used in determining the intervention needs and support plan including budget requirement determination. DARPOs shall prioritize their ARBDSP budget under Social Infrastructure Building (SIB) and Climate Resilient Farm Productivity Support (CRFPS) for ARBOs newly organized/formed and those under ITEMA Levels 1 & 2. Conscious efforts shall be exerted in mobilizing ARBs to become members to organizations; provide training; access to credit or any needed support services available at DAR, CARP implementing agencies, other government agencies/institutions; local government units; academe; and private sector.

Likewise, assistance coming from Enterprise Development and Economic Support (EDES) shall be provided to ARBOs ready for enterprise development and will participate to commercial markets, which are basically under ITEMA Level 3 & 4. In addition, DARPOs to allocate budget under Supervision & Management for effective delivery of support services (SME) for the technical guidance and monitoring of ARBOs with ITEMA Level 5 that will exit to avoid sliding back into lower maturity level. A certificate shall be issued to ARBOs that have graduated from funding support and be recognized as DAR partner.

Areas of interventions and action points to attain the higher level of maturity are presented in Annex A. Organizational Development Intervention Requirements for ARBOs to move to Higher Level of Maturity.

## **V. PROGRAM MONITORING AND EVALUATION**

The Support Services Office through the Project Management Services (PMS) shall monitor compliance of this guidelines in addition to accomplishments tracking of planned interventions using the PBD Monitoring and Evaluation System.

Part of the monitoring and evaluation system is the regular conduct of Learning cum Assessment and Planning Sessions relative to the various programs and projects implemented at the ARBO and community levels including administering customer satisfaction survey.

## **VI. EFFECTIVITY AND REPEALING CLAUSE**

This memorandum circular shall take effect **immediately** and supersedes all previous issuances inconsistent herewith.

**OCT 18 2018**

, Diliman, Quezon City.

  
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**Annex A. ORGANIZATIONAL DEVELOPMENT INTERVENTION REQUIREMENTS FOR ARBOs TO MOVE TO HIGHER LEVEL OF MATURITY**

Areas of Interventions	ACTION POINTS TO ATTAIN THE HIGHER LEVEL OF MATURITY				INTERVENTION REQUIREMENTS
	From OM level 1 to move to Level 2	From OM level 1& 2 to move to Level 3	From OM level 1 to 3 to move to Level 4	Achieving OM Level 5	
<b>1. ORGANIZATIONAL MANAGEMENT</b>					
VMGO	For the organization to have clear direction and able to track their achievements and aspirations there shall be defined vision, mission, goal(s) and objectives (VMGO) . However ARBO under level 2 is operating with their vision and mission statements but not able to define how to deliver their mission and attain their aspirations. The goals and objectives are yet to be defined.	The clearly defined vision, mission, goal(s) and objectives (VMGO) shall be written	Aside from the written VMGO, this has to be posted in organization's information corner easily read by officers and members	The posting of the written VMGO in the organization's information corner will not only be for members' awareness but has to be internalized by them and that the officers can articulately explain the reason(s) of their existence and dreams/aspirations	As part of the organizing work of a Development Facilitator, strategic planning workshop/sessions shall be conducted at the ARBO level and ensure that the outputs such as the VMGO and 5-year Strategic Development Plan (SDP) are written, posted, updated, and articulated by the officers and members
Strategic Development Plan (SDP)	With current SDP and current Annual Operations Plan but not implemented	The SDP with Annual Operations Plan being implemented	SDP with annual Operations Plan being implemented, reviewed, and succeeding operations plans developed	SDP with annual Operations Plan being implemented, reviewed, and succeeding operations plans developed	The SDP as the blue print in the provision of services to members and community, the annual operations plan shall be prepared indicating the priorities of the year and resources required for implementation. Technical assistance from DAR shall be provided to ARBO so that program/project/activities are implemented as planned, regularly reviewed/assessed, wayforward actions are undertaken, and succeeding operations plan has been prepared by ARBO.
Policies, Systems and Procedures (PSP)	With written PSPs on the following: 1) Organizational (Membership and Recruitment) 2) Financial (set-up of Books of Accounts)	With written PSPs on all of the following: 1) Organizational 2) Financial	With written on all and operationalized PSPs on 3 out of 5 of the following: 1) Organizational 2) Financial	With written, operationalized in all of the following: 1) Organizational 2) Financial	Organizational and financial policy systems and procedures shall be installed and manualized to ensure smooth and effective delivery of ARBO's services to members. Policies on recruitment and membership expansion, work safety, collection of CBU/capital share, election procedures, grievance and redress, access to the services of the organization, and day-to-day operations of the organization shall be formulated/developed. Likewise, systems shall be installed such as books of accounts; participatory IM & E, and internal control, among others.
Membership:	Increase membership by 25 to reach at least 50 members, if present number of members is 25	Triple the increase membership if present number is 25 members	Increase membership to 100 if present number is 25 members	Ensure 101 & above membership	Membership growth of ARBOs can be done through the following measures (1) introduce more and relevant services or increase the volume of enterprises, of which assistance shall be considered under EDES & CRFPs; (2) Adopt a policy on providing incentive or discounts to ARB members using the facilities provided by DAR, CIAs and partners; (3) Encourage ARBs to become members prior to actual CLOA distribution; (4) Conduct training on campaign material development, among others.
Percent of ARB members to total membership	Ensure that approximately 26-35% of the total members are ARBs	36-50%	51 - 60%	61% and above	
Increase in total membership	With increase of membership to 1-10 members	11-20 members	21-30 members	31 and above	
Functionality of BODs and Committees Members	BOD/ officers and all Committees in By Laws are formed but meetings are conducted less than the mandated number of meetings	BODs/officers and all committees in By Laws are formed and regularly conducting meetings	With BOD/officers; all committees are formed; conducted regular meetings; action plans/ programs prepared.	With BOD/officers; all committees are formed; conducted regular meetings; action plans prepared; programs implemented.	Coaching and hand holding are mode of interventions that ensure functionality of ARBO's BOD & committees. Aside from handholding, formal training on organizational development and governance shall be provided as continuous education to officers (BOD members and committee members) and second liners. These training are the following but not limited to: organizational management and governance, policy development, rules formulation, parliamentary procedures, strategic planning, conflict management, financial education and other OD-related training
Officers and members attending meetings and other organizational activities	Ensure that 21-50% of the officers and members are attending/participating in meetings and other organizational activities	51-70% of the required participants attended	71-90% of the required participants attended	Above 90% of the required participants attended	ARBO leaders shall be trained on the conduct of a Membership Education Seminar (MES) and in formulating strategy to ensure full attendance of target participants
Attendance of members in Membership Education Seminar (MES):	Conduct MES regularly and Education Committee handling the training shall ensure full attendance of target member-participants. Efforts exerted is not enough when actual participants only reach 49%	50-70% of targeted attended MES	71-90% of targeted attended MES	Above 90% of targeted attended MES	
Compliance to the requirements of regulatory agencies	Partial compliance (CGS for coops; Certificate of Compliance for non-coops)	Partial compliance to regulatory and reportorial requirements of the government (CGS for coops; Certificate of Compliance for non-coops)	Full compliance (Coop - CDA, LGU, BIR, DOLE; Non-coop - LGU, BIR, DOLE, SEC)	Full compliance (Coop - CDA, LGU, BIR, DOLE; Non-coop - LGU, BIR, DOLE, SEC)	DARPO/development partner shall provide technical guidance (coach and handholding) particularly in the preparation of financial statements and complying certain requirements. Monitor the progress to ensure full compliance of the regulatory and reportorial requirements of the government



Annex A. ORGANIZATIONAL DEVELOPMENT INTERVENTION REQUIREMENTS FOR ARBOs TO MOVE TO HIGHER LEVEL OF MATURITY

Areas of Interventions	ACTION POINTS TO ATTAIN THE HIGHER LEVEL OF MATURITY				INTERVENTION REQUIREMENTS
	From OM level 1 to move to Level 2	From OM level 1 & 2 to move to Level 3	From OM level 1 to 3 to move to Level 4	Achieving OM Level 5	
<b>2. RESOURCE MANAGEMENT</b>  Members contributing to CBU/annual fees  Increase in total amount of CBU  Members with savings deposits  Increase in total amount of savings    Employment of Core Management Team	50-69% fully paid their subscribed capital / annual dues / share capital  Status quo provided that the subscribed capital is not yet achieved  50-69% participated in the savings mobilization  Status quo    Incomplete core management team	70-79% fully paid their subscribed capital / annual dues  20% Increase or less, provided that the subscribed capital is not yet achieved 70-79% participated in the savings mobilization  1-20% Increase    There is complete core management team but not all full time	80-89% fully paid their subscribed capital / annual dues / share capital  21%-30% Increase, provided that the subscribed capital is not yet achieved 80-89% participated in the savings mobilization  21-30% Increase    There is complete and full-time core management team	90-100% fully paid their subscribed capital / annual dues / share capital  31%-40% Increase; Subscribed Capital has been achieved 90-100% participated in the savings mobilization  31% and above    There is complete and full time core management team and with second-liners for each position	Enabling mechanism shall be put in place like convening regular owners' meetings or develop promotive activities that will create a culture of investing, savings, and prompt payment of subscribed capital / annual dues and other obligations.       Interventions shall be on building capacities of core management to carry out the day-to-day operations of the business and organizational activities; facilitate the crafting or development of human resource development plan; and monitor the implementation of the PSPs and human resource development plan.
<b>3. SOCIAL ENTERPRISE/ BUSINESS OPERATIONS</b>  Number of Business Enterprise  Business Operation Policies, Systems and Procedures (PSP)  Volume of Business Enterprise	1 BES  With written PSPs on any BES  P100,000-P300,000	2 BES  With written PSPs on all BES  More than P300,000 to P1M	3 BES  With written on all and operationalized PSPs on any BES  More than P1M to P2M	4 and above BES  With written, operationalized PSPs in all BES  Above P2M	Interventions to be provided include training and coaching in developing business plans, market negotiations, developing loan products if ARBO is into credit & MF operations, and installation of policies, systems and procedures for every business/enterprise operation. ARBOs increasing the volume of existing business operations or adding new enterprise shall be provided market assistance and/or be linked to source of financing
<b>4. FINANCIAL PERFORMANCE</b>  External loan repayments  Profitability-Return on Equity (ROE)  Profitability-Return on Assets(ROA)  Debt-Equity Ratio  Liquidity Ratio (Current Ratio)    Interest on Share Capital and Patronage refund:	80-84%  1%  4%  6:1  1:1    Net loss; distributed amount less than allocated	85-89%  Higher than 1% but less than 10% Higher than 4% and equal to the inflation rate  Higher 2:1 but lower than 6:1  Higher than 1:1 up to 2.5:1    100% of the allocated fund distributed	90-94%  10% -12%  Higher than inflation rate up to but less than 10% Higher than 1:1 but lower than 2:1  Higher than 2.5:1 but less than 3:1    100% of the allocated fund distributed	95% and above  Above 12%  10% and above  1:1 and lower  3:1 and above; no current liabilities    100% of the allocated fund distributed	Stabilizing financial performance is among the key challenges that ARBOs have to hurdle. BOD and core management staff should be equipped with knowledge, skills and attitude (KSA) on managing finances and interpreting financial ratios/performance, installing internal control system, forecasting market vulnerability and opportunities, able to calculate and mitigate risks, sustaining internal fund generation, among others. Thus, provision of business development services to ARBOs is among the critical interventions for them to sustain business operations and management taking into consideration the three bottom lines or 3 Ps: people, planet, and profits. Key instruments used in assessing financial performance of an ARBO ( under ITEMA) is the audited financial statements, books of accounts, and membership ledger
<b>5. ALLIANCE BUILDING AND SUSTAINABILITY</b>  Sectoral Representation in various local development councils       Alliance Building	Sectoral representation in any barangay committees       ARBO has informal linkage with other secondary/ tertiary organization	Sectoral representation in the BDC       ARBO is a member of the secondary/ tertiary organization	Sectoral representation in the MDC or any similar municipal bodies/ council       ARBO is a member and has a representative in the BOD / committees of the secondary/ tertiary organization	Sectoral representation in the PDC or any similar provincial bodies/ council       ARBO is a member, representative of the BOD/ committees and accessed services from secondary/ tertiary organization	DAR and development partners shall endeavour to develop champions coming from the ARBOs as they will become instrument in replicating good practices and sharing successes to the community including participating in local governance. Hone the leadership skills of these men and women by involving them to various activities of DAR, CIAs, and other development partners and encourage them to articulate ARBO's and community's needs and concerns to various government bodies/committees, to LGUs and other institutions for possible assistance. Also, link ARBO to network of entrepreneurs/business sector and encourage them to become member to secondary to tertiary organizations.

Annex A: ORGANIZATIONAL DEVELOPMENT INTERVENTION REQUIREMENTS FOR ARBOs TO MOVE TO HIGHER LEVEL OF MATURITY

Areas of interventions	ACTION POINTS TO ATTAIN THE HIGHER LEVEL OF MATURITY				INTERVENTION REQUIREMENTS
	From OM level 1 to move to Level 2	From OM level 1& 2 to move to Level 3	From OM level 1 to 3 to move to Level 4	Achieving OM Level 5	
6. SOCIAL AND ENVIRONMENT RESPONSIBILITY					
Disaster Risk Reduction Management (DRRM)	Without written plan on DRRM but has conducted and/or participated in any orientation activities on DRRM	With written plan and fund allocation for DRRM measures	With written plan, fund allocation, and conducted and/or participated in any orientation and awareness building activities on DRRM	With written plan, fund allocation, conducted and/or participated in any orientation and awareness building activities on DRRM, and has at least 1 on going DRRM measure	Intervention include training on climate resilient farm practices and disaster preparedness. Promote participation of ARBO in risk reduction and management activities (e.g. earthquake drill, fire drill, provision of fund for relief operation and restoration for members affected by calamity/disaster, among others). Every ARBO shall formulate DRRM and CCA plans with funding allocation and implement activities related to awareness and building resiliency of the enterprises of the organization and livelihoods of the members, among others.
Climate Change Adaptation (CCA)	Without written plan on CCA but has conducted and/or participated in any orientation activities on CCA	With written plan and fund allocation for CCA measures	With written plan, fund allocation, and conducted and/or participated in any orientation and awareness building activities on CCA	With written plan, fund allocation, conducted and/or participated in any orientation and awareness building activities on CCA, and has at least 1 on going CCA measure	