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IMPLEMENTING GUIDELINES ON THE VILLAGE-LEVEL FARM-FOCUSED ENTERPRISE DEVELOPMENT (VLFED) PROJECT

I. BACKGROUND/RATIONALE

Under Republic Act (RA) No. 9700 otherwise known as Comprehensive Agrarian Reform Program Extension with Reforms (CARPER), the Department of Agrarian Reform (DAR) is mandated to deliver a more responsive and integrated package of support services to agrarian reform beneficiaries (ARBs) and their organizations to make their lands productive. In pursuit of this mandate, the DAR's Support Services Office (SSO) has engaged the services of various institutions and individual experts from both the public and private sectors that can provide development support that will enable the program beneficiaries to produce market-competitive products through value addition, competently manage and operate their enterprises and livelihood activities, and actively participate at the industry level.

As a strategy, the development and establishment of various enterprises of ARB households and/or organizations in agrarian reform areas (ARAs) has been supported by DAR to sustain business linkages between and among farmer entrepreneurs, cooperative producers, processors, agribusiness firms and other institutional buyers and service providers.

One of the projects that have been on the ground since CY 2009 that respond to the directives of RA 9700 is the Village Level Processing Center Enhancement Project (VLPCEP). This project promotes the collaboration among relevant partner institutions to provide the ARB organizations (ARBOs) with technical and funding requirements for the renovation/enhancement of their existing processing centers, production of quality processed products e.g., standardized recipes, adoption of Good Manufacturing Practices (GMP), complete labeling and packaging, etc. leading to the issuance of Food and Drug Administration-License to Operate (FDA-LTO) in favor of the ARBO as the project's desired outcome.

Within the seven (7) years of project implementation, the VLPCEP has generated positive results and feedback from the field implementers as well as from the proponent ARBOs. Hence, different levels of interventions have been undertaken, as follows:

- In 2012, the project processes were re-aligned to the thrust and directions of the Department. As directed, the field offices were capacitated in undertaking localized processes to institutionalize programs/projects for ARB development and strengthen the participation of community entrepreneurs, local partner institutions and the DAR field offices themselves.
- From CY 2013 to 2015, project funds were increased and directly transferred by the Department of Budget and Management (DBM) to the DAR Regional Offices (DARROs) based on their annual approved work and financial plan. Project validation and selection were undertaken by DARROs and DARPOs in coordination with the Bureau of Agrarian Reform Beneficiaries Development (BARBD) and the concerned provincial offices worked on the completion of documentary

requirements (e.g., project proposal, business plan and value chain map, etc.) which they submitted to their respective DARROs for the immediate transfer of project fund. The bundling of the VLPCEP with other projects is evident in some project sites. This includes, but is not limited to, the backward integration to make available the continuous and sustainable supply of raw materials, conduct of capacity building activities to enable ARBOs to access other required ancillary services, linking to financial institutions and markets to enhance their enterprise operations, and ensure the profitability of the enterprises. To date, the project has covered a total of 293 ARBO-managed enterprises in varying stages of development, as follows:

- ✓ 52 ARBO products have been issued with FDA-LTO of which two (2) ARBOs with processed meat products were issued with National Meat Inspection Service (NMIS) Accreditation Certificate;
 - ✓ 42 ARBOs are completing documentary requirements for submission to FDA;
 - ✓ 27 ARBO products with on-going laboratory test;
 - ✓ 106 ARBOs with on-going renovation of processing center based on FDA standards; and
 - ✓ 66 ARBOs are still mobilizing resources for project counterpart sharing.
- Likewise, there are three (3) ARBOs currently assisted under the DAR-CRS Project on Linking Smallholder Farmers to Markets (LinkSFarM) that have ventured into food processing and received equipment support under VLPCEP. These are the Linabo ARB Multi-Purpose Cooperative located in Malaybalay City, Bukidnon for their tilapia crunch processing; QUARBA Farmers Cooperative located in Impasugong, Bukidnon for their citronella oil extraction, and Umingan Farmers Cooperative located in Umingan, Pangasinan for their squash canton/noodles making.
- In terms of credit assistance, a total of 33 ARBOs under VLPCEP have availed of production loans under the Agrarian Production Credit Program (APCP) of DAR and Land Bank of the Philippines (LBP) to ensure the availability of their raw materials for their enterprises.
- In CY 2014-2015, with conscious effort on completing the processes on value chain development approach, the SSO reinforced its marketing support to ARBOs through the implementation of the Project on Up-valuing of ARB Products. This project intends to develop marketing mechanisms for ARB products and link them to prospective buyers, develop one (1) logo for ARBO products and assist in the brand development of the producers. The provision of business development and marketing support has been provided by two (2) industry expert institutions, namely: UMIC International Inc., a private Professional Service Provider (PSP), and the DTI-CARP, an agency mandated to assist ARBs in sustaining the economic activities of their awarded lands. Under these initiatives, the DTI-CARP has covered a total of 689 products, of which 562 are processed food products, and 127 are non-food products while UMIC has assisted 45 products that were previously covered under VLPCEP. In terms of typology, the non-food products that are being jointly assisted by DAR and DTI are classified as gifts, decors, housewares, furniture, essential oils/herbals, bags, footwear, farm inputs such as organic fertilizer, geonets, charcoal briquettes, and the like. Various DTI Regional/Provincial Offices are also assisting pasalubong centers or Tindahan Pinoy where ARBOs' and other clients' displayed their food and non-food products to gain wider market access. This also serves as the venue for exploring the possibility of doing business with local and foreign entrepreneurs.

The implementation of both VLPCEP and Up-valuing of ARB Products has generated positive feedback from various stakeholders. The project has become an entry point for different assistance to ARBOs e.g., product development, enhancement of product packaging, labeling and processing procedures, provision of processing tools and equipment, marketing support, etc. from other

government agencies, local government units (LGUs) and the private sector. Likewise, the VLPCEP fund serves as augmentation fund along side with those provided by the LGUs for the enhancement of the ARBOs' FDA-compliant processing centers.

However, DAR recognizes that both projects require process upgrading for more responsive and focused interventions that will help the ARBOs to sustain the operation and management of their awarded lands, with participation of direct and other indirect program beneficiaries (e.g., ARB household members, rural women, young farmers, among others). It is also imperative to promote an integrated approach that will produce food and non-food products that will augment the income of ARBOs and smallholder farmers. To address this need, a series of enterprise assessment and benchmarking activities have been conducted in CY 2015 to generate lessons and inputs in re-designing and enhancing the existing interventions. The results of these activities show the need for the following:

- Enhancement of backward integration processes through the provision of production loans or microfinance services to ensure the availability and sustainable supply of raw materials for the processing and marketing activities of the ARBOs;
- Inclusion of both processed food and non-food products from the value chain of the major crops and cultured commodities of the ARBs. This is to take full advantage of the fact that non-food enterprises are thriving in ARAs due to the availability of raw materials and resource potentials in the communities. Most of these enterprises are small-scale and home-based from which household livelihood income is derived. Households produce the goods and in some cases, product consolidation is done either by an organized group, community-based organization or an individual entrepreneur;
- Improvement in collaborative undertakings between and among stakeholders to ensure that the ARBOs can participate in various industry level activities, such as increasing efficiency and reducing the turn around time for completing the regulatory requirements for the issuance of FDA-LTO. The result of the assesement likewise showed that supportive institutions have aligned their project-based development programs and support services to these agribusiness initiatives;
- Enhancement of tracking and reporting tool to include results monitoring on the extent of ARB participation in the assisted enterprises and tangible benefits derived from the project; and
- Consideration of risk factors assessment in terms of actual impact to the enterprise operations, stability of the processing centers, and environmental resource management.

To further sustain the initial gains of the above-cited initiatives, VLPCEP and Up-Valuing of ARB Products will be integrated and shall be re-designed with the end in view of establishing rural enterprises producing processed food and non-food products that will be anchored on production systems managed by ARBOs, ARB households and/or individual ARB/rural women entrepreneurs in ARAs.

Moreover, the said enhanced undertaking has been aligned with the Livelihood Agenda of the Duterte Administration on harmonizing policies, programs and projects of all concerned agencies in building a conducive business environment that would ensure the mainstreaming and transformation of informal economic units into micro, small and medium enterprises (MSMEs) as potent force that will contribute to the country's economic development. As such, the said re-

designed undertaking shall be renamed "Village Level Farm-focused Enterprise Development" or VLFED Project.

It is in this context that this Implementing Guidelines is being issued as a reference material for the DARROs and DARPOs in adopting the said enhanced rural enterprise development program and in developing rural enterprise models that are envisioned to promote progressive and prosperous ARAs with smallholder farmers generating income above the poverty line.

II. PROJECT FRAMEWORK

The establishment of rural enterprises in ARAs shall be the value adding activities of the ARBs/ARBOs/ARB households to the crops grown in their awarded lands and/or cultured commodities produced as raw materials. It will encompass activities in the pre-production, production, post-production, processing and marketing phases that will serve as entry points for assisting the processed food and non-food enterprises of ARBOs. The entry point can be identified from the said value adding activities through the conduct of enterprise assessment/validation.

Development interventions will focus on enhancing the level of appreciation of ARBs/ARBOs in establishing profitable rural enterprises that are anchored on their crop-based and area-specific production systems. The said crops and cultured commodities (including the resulting waste materials/farm debris) will be used as raw materials for value addition activities, the products of which are processed food and/or non-food products to be developed/enhanced by the ARBOs and/or individual entrepreneurs.

For non-food products, the farming households will be engaged as main producers, in which the ARBOs will act as the marketing consolidator. Research and development for new creative and innovative designs and products lines with high market potentials shall be part of the assistance to be provided to the ARBOs. As to the processed food products, the ARBs/smallholder farmers will still be engaged as suppliers of raw materials but production shall be done in the processing center that is owned and managed by an ARBO.

Both enterprises will comply with industry standards set by the government or other regulatory bodies such as food safety regulations, occupational safety and health (OSH), and the issuance of the required environmental compliance certificate (ECC).

As a core strategy in program implementation, relevant and supportive organizations from both the public and private sectors will be continuously engaged by DAR in the provision of necessary capacity development, business development support, and other ancillary services to enhance the ARBOs' food and non-food processing related enterprises.

Please refer to **Annex A: Visual Framework of the VLFED Project**.

III. PROJECT OBJECTIVES

Generally, the VLFED Project aims to establish viable and profitable enterprises and facilitate access to mainstream markets which allows the participation of smallholder farmers and other members of the community in various livelihood activities within the value chain.

Specifically, the project shall:

- 1) Establish rural enterprises producing processed food and non-food products that will be anchored on farm/crop-based production systems managed by ARBOs, individual ARBs and/or rural women entrepreneurs;
- 2) Assist the ARBOs to secure regulatory permits/licenses such as FDA-LTO and Certificate of Product Registration (CPR) for processed food products, Environmental Compliance Certificate (ECC) for non-food products and other regulatory requirements for the commercial distribution of their products, including compliance to OSH standards;
- 3) Strengthen and revitalize ARBOs' business operations through capacity development activities, and enhance the competencies of field implementers and local partners on bundling of existing PBD programs/projects to ensure more responsive development interventions/processes;
- 4) Mobilize technical and financial support from other project stakeholders/partners in ARBOs' enterprise operations (i.e., linking to ancillary service providers); and
- 5) Establish business relationships and lock up agreements for marketing of ARB products with stable market/s.

IV. EXPECTED OUTPUTS:

The expected outputs of the project are as follows:

- a) *Immediate Results (within one year)*
 - √ Memorandum of Agreement (MOA) on local partnerships between and among DAR, ARBO and local stakeholders signed and executed;
 - √ Business plans prepared/enhanced/updated and implemented by the ARBOs;
 - √ ARBOs' enterprises strengthened and revitalized through the provision of project-related capacity development activities;
 - √ Cluster of ARBs/smallholder farmers growing and selling crops used as raw materials for processing activities; and
 - √ Culture of harmonization of programs/projects with relevant partners intensified.
- b) *Long Term Results (within two years)*
 - √ ARBO products granted with necessary regulatory permits and licenses;
 - √ ARBO products with necessary permits and licenses displayed/sold in the appropriate markets; and
 - √ Processing center operations viably enhanced.

V. PROJECT COVERAGE AND ELIGIBILITY REQUIREMENTS

The project shall cover ARBs/ARB household members, smallholder farmers, rural women and ARBOs in ARAs with:

1. existing processed food products that will be enhanced through standardization of recipes, adoption of Good Manufacturing Practices, Good Agricultural Practices, Good Animal and Husbandry Practices, labeling/packaging, enhancement of processing centers, conduct of laboratory tests and other requirements for securing FDA-License to Operate and Certificate of Product Registration; and
2. existing non-food products particularly handicrafts (e.g., gifts, decors and housewares), furniture, coco-based products (e.g., geonets, coco twine, coir disk, coir blocks, husk chip blocks, coir pots, peat blocks, coir bales, geo textiles/nets, charcoal briquettes, etc.), essential oils, bio-

organic farm inputs (e.g., organic fertilizers, vermicast, vermitea, herbicides, etc.), that will be enhanced through skills training on continuing product development, quality control and regulatory compliance, among others.

Those previously covered by DAR either under the VLPCEP or Upvaluing of ARB Products Project that utilize raw materials grown by ARBs/farmers in the locality are still eligible for assistance to sustain their enterprise operations.

However, those that have been previously covered by both VLPCEP and Up-Valuing of ARB Products Project are no longer qualified under the VLFED.

A. Identification of New Sites

New sites whose existing ARB products have not been previously covered under the VLPCEP and/or Upvaluing of ARB Products, shall be selected using the following criteria:

Food Products	Non-food Products
No adverse peace and order situation in the area	
Major raw materials include one or more of the following: <ul style="list-style-type: none"> ▪ Crops produced by ARBs/ARBOs in CARP-awarded lands (e.g. for food products-rice, fruits, cacao, sugarcane, vegetables, etc. and for non-food products-abaca, coconut, pineapple, bamboo, etc.) ▪ Sourced from cultured commodities of ARBs/ARBOs (e.g. mushroom for food products, windowpane oyster or Capiz shells, fossilized flowers, organic fertilizers for non-food) ▪ Livestock, poultry and aquamarine products that are grown by ARBs/ARB household members ▪ Other raw materials such as dairy products 	
ARB Organizations/Cooperatives with Information Technology-enabled Maturity Assessment (ITeMA) Level 3-5	
ARBO has business permits and licenses required by LGU and/or DTI and is capable of managing and/or sustaining business operations	
With basic processing/manufacturing tools and equipment	
ARBO is duly registered with either Cooperative Development Authority (CDA) or Securities and Exchange Commission (SEC)	ARBO is duly registered with either CDA or SEC or accredited by Department of Labor and Employment (DOLE)
Producing quality food products: <ul style="list-style-type: none"> ▪ With standardized recipe ▪ With product label and packaging ▪ Recognized and marketed at the local level ▪ With regular volume of production (Note: ARBOs with suspended business operations are not eligible) ▪ With regular supply of raw materials ▪ With potable water source ▪ With electricity or alternative source/s of energy 	Producing quality non-food products: <ul style="list-style-type: none"> ▪ With design that is acceptable to the current buyer ▪ Recognized and marketed at the local level ▪ With regular volume of production (Note: ARBOs with suspended business operations are not eligible) ▪ With regular supply of raw materials ▪ With source of water ▪ With electricity or alternative source/s of energy

Food Products	Non-food Products
Production staff trained either on current GMP and/or Hazardous Analysis and Critical Control Point (HACCP)	With skilled workers or trained on basic workmanship
Production staff with valid Health Certificate issued by the concerned Municipal Health Office (MHO)	
<p>MUST have an existing processing center erected in a lot owned by the organization (with TCT or land title in the name of the ARBO) or the ARBO has tenurial security as evidenced by any legal instrument valid for 10 years from the start of the project such as:</p> <ul style="list-style-type: none"> ▪ Lease Contract ▪ Deed of Donation ▪ Usufruct Agreement ▪ Others <p>Municipal/barangay hazard map shows that the area is ecologically safe for enterprise operations</p> <p>Existing processing center/s that were damaged and/or require major repair as a result of calamities is NOT eligible under the VLFED Project, but may be covered under the Sustainable Livelihood Support for Disaster Affected ARAs.</p>	<p>Existence of manufacturing center is NOT a requirement. However, should a building or product consolidation area is needed, such should be existing prior to VLFED coverage and erected in a lot owned by the organization (with TCT or land title in the name of the ARBO) or the ARBO has tenurial security as evidenced by any legal instrument valid for 10 years from the start of the project such as:</p> <ul style="list-style-type: none"> ▪ Lease Contract ▪ Deed of Donation ▪ Usufruct Agreement ▪ Others <p>Interventions shall focus on making the building lay-out compliant to environmental friendly practices and can facilitate manufacturing procedures.</p> <p>Municipal/barangay hazard map shows that the area is ecologically safe for enterprise operations</p> <p>Existing ARBO manufacturing center/s that were damaged and/or require major repair as a result of calamities is NOT eligible under the VLFED Project, but may be covered under the Sustainable Livelihood Support for Disaster Affected ARAs.</p> <p>Manufacturing center or building owned by a private entrepreneur that is used in product upgrading is NOT eligible for hard component financial assistance.</p>

The evaluation tool cum scoring sheet is attached as **Annex B.1 for food products and Annex B.2 for non-food products.**

B. Enterprise Assessment

After selecting the final site and partner ARBO based on a thorough deliberation by DAR, the former will be subjected to an enterprise assessment using the tool in **Annex C.1 for processed food**

products and C.2 for non-food products. This tool will assess the enterprise in relation to: a) tenurial status of the ARBs involved in the project and the ownership of the land where the ARBO processing/manufacturing center is located; b) ARBO's social enterprise governance status; c) value chain components and risk assessment of the enterprise; and e) other social dimensions that will affect enterprise operations. The outputs of the enterprise assessment are:

- a) ARBO and enterprise profile that contains information on the status of the ARBO and the enterprise to be covered by VLFED; and
- b) DAR's intervention and contingency plan to assist said ARBO in the event of natural calamities.

VI. GUIDING PRINCIPLES

The implementation of VLFED shall adhere to the following guiding principles:

- Maximize the availability of limited resources by focusing on land-based interventions where the project beneficiaries can fully optimize the use of their awarded lands, pursue efficient resource management and provide opportunities for other members of the community to participate in livelihood activities within the industry/market chain.
- Meeting the diverse ED needs of the ARBs, smallholder farmers and rural women through the backward integration processes (i.e., provision of production loans or microfinance services and other pre-production requirements) shall not only ensure the availability and sustainable supply of raw materials for the processing and marketing activities of the ARBOs, but will also promote social inclusion.
- Adopt effective participatory systems of governance through cross-sectoral collaborative initiatives and engagement of people's creativity, energy and diversity. Complementarity among partners shall also be pursued where diversity is an asset when organizations build on their comparative strengths and advantages and complement each other's contributions.

VII. MECHANICS OF PROJECT IMPLEMENTATION

The DARROs/DARPOs, as fund/resource custodian for programs/projects under Partnership Development or Enterprise Development, Economic and Physical Infrastructure Support (EDEPIS), shall spearhead the enterprise and livelihood development using the existing implementation guide and toolkits. The DARROs, together with the DARPOs as direct field implementers, likewise have the option to customize the processes therein to make it more responsive to the needs of the program beneficiaries.

A. Use of Existing Reference Materials for Project Implementation

Both DARROs and DARPOs (including MARPOs) shall use this document as their process guide for the implementation of the VLFED Project and other relevant programs/projects geared toward the establishment and strengthening of ARBOs' enterprises.

For the contexting and levelling off on the implementation processes, they shall use the VLFED framework in explaining the interrelationships of processes related to production, processing to marketing as well as the establishment of enabling mechanisms such as Capacity Development, Partnering, and Monitoring and Evaluation.

Other materials that can be utilized/customized by the field implementors in undertaking project activities with different stakeholders including the ARBOs shall include:

- a) Tool on the preparation of production module¹ shall be prepared by the ARBs/farmers in accessing production loan/s for the raw materials requirements of their enterprise (**Annex D.1**) and/or supply plan format indicating commitment of ARBs/smallholder farmers to contribute in the raw material requirements of the enterprise (**Annex D.2**)²;
- b) VLFED Project Implementation Milestones and Timelines that provide the processes per phase, step-by-step activities, and tools for enhancing the operation of food processing centers (**Annex E**);
- c) Guidepost for conducting marketing and selling missions (**Annex F**); and
- d) Other tools used by DTI-CARP in providing technical support to ARB organizations engaged in food and/or non-food processed products.

Further, the suggested budget computation on farmer level activities related to: a) organization of production clusters for Raw Materials Sustainability for Value Addition of rural enterprises; b) Village Level Processing/Manufacturing Center Enhancement and Licensing; and c) Market-Driven Product Enhancement and Market Engagement including assistance on product brand registration and improvement of existing ARBO managed display center (if any) as indicated in the Sub-Project Profiles with Guide on the Computation of Fund Requirements per Activity may be used/customized provided that adjustments shall not exceed the maximum allowable total budget allocated for two-year project implementation (Please see **Annexes G.1, G.2 and G.3, respectively**).

B. Implementation Strategies

The establishment of farm-focused rural enterprises that promote value adding activities to the crops and/or cultured commodities produced by the project beneficiaries shall be guided by the value chain development approach. This means that project interventions should address concerns that limit the ARBOs' participation in the industry chain activities (i.e., production, processing, marketing), and in other collaborative initiatives with relevant partner institutions/organizations.

As such, the following implementing strategies shall be adopted:

Ensuring Raw Materials Sustainability – Part of the strategy shall be the identification of ARBs and smallholder farmers that are willing to organize production and marketing clusters that will ensure the availability of regular supply of raw materials needed for processing of food and non-food products. As mentioned in the abovesited project framework, value adding activities shall be undertaken using the crops grown/cultured commodities produced by the cluster members such as rice, corn, coconut, pineapple, banana, coffee, abaca, etc. If needed, credit or microfinance support by way of production/micro-agri loans will be provided to the clusters/cluster members to enable them to produce the volume of raw materials needed by ARBOs' enterprises.

Promoting Industry-Compliant ARBO-Managed Enterprises (Food and Non-food Processed Products) - Interventions shall include, but will not be limited to ensuring food safety through

¹Used in the DAR-CRS Partnership Project on Linking Smallholder Farmers to Markets (LinkSFarM) Project which can be customized in the preparation of production module as needed by the ARBO managed- enterprises

² These tools shall be used in the preparation of the VLFED Business Plan of the ARBOs

the improvement of existing processing centers owned and managed by the ARBOs, conduct of the required laboratory tests and provision of capacity development for the issuance of FDA-LTO and CPR.

For non-food products, assistance shall focus on skills training on product design improvement, enhancement of marketing centers owned and managed by the ARBOs, nutrient analysis for organic fertilizers/vermicast, quality control and regulatory compliance such as issuance of ECC and product registration, if needed, among others.

Linking Market-Responsive Enterprises to Appropriate Markets – This entails transforming the existing ARBO products into market-led commodities. The transformation addresses the usual practice of most ARBOs that produce products based on the availability of raw materials and the existing technology and skills of residents in the ARAs. The aim is to influence the ARBOs to engage in value adding activities for products that have ready market and/or those with high market potentials, and this maybe done through collective production and marketing by clusters of farmers. Part of the interventions shall be the continuous research and development for new creative designs and product lines of non-food products with high market demand; and improvement of ARBO-managed display center (if any).

Provision of Ancillary Services – The menu of ancillary services that can be directly provided to the ARBOs by the DAR or mobilized/accessed from other partner institutions include the following: production technology; working capital for growing and/or procurement of raw materials requirements; enhancement of processing/marketing centers managed by the ARBOs; provision of common/shared service facilities/equipment, resource linkaging/brokering, business development support (BDS) including trucking services, conduct of marketing/selling missions/trade fairs, etc.

C. Enterprise Models

The establishment of farm-focused community enterprises encompasses activities on pre-production, production, post-production, processing, manufacturing and marketing that will serve as entry points for support services delivery. As such, the following enterprise models will be adapted:

Model I: Development of Household Livelihood

This involves a household-level production-based livelihood utilizing crops grown in the awarded lands and/or cultured commodities produced by the ARBs/ARBOs as raw materials for value addition. To achieve this, one of the interventions that would provide income to ARB households is engaging them as main producers and suppliers of raw materials to ensure continuous supply for food processing. The processors shall buy their raw materials from ARBs who are members of the ARBOs or groups of smallholder farmers that are producing the required crops such as rice, corn, banana, mango, coconut, abaca, coffee, pineapple, among others. To ensure that the required volume of these crops used as raw materials is adequate, production and marketing clusters composed of ARBs, smallholder farmers and rural women shall be formed.

This particular model also applies to home-based manufacturers of non-food products like GDH (gift, decors and housewares) wherein semi-processing is undertaken at the household level by a women's group or individual women members of the ARBO. In particular, the activities undertaken by the individual women members may include the following: a) coco husk twining

for geo-nets making; b) weaving of abaca pulp into bags, purse, wine holders and placemats, etc. The major intervention in this model is capacity building/skills training of individual producers or processors.

The existing ARBO or women's association in the community, or an individual entrepreneur may act as consolidator for marketing of products. They will provide quality standard procedures on production of specific non-food products based on need and requirements of the market in terms of design, quality and volume.

In addition, farm wastes/debris such as coco husks/shells; abaca pulp, corn husks, etc. shall be used as raw materials for value addition of non-food products like making of bags, purses, placemats, table runners, etc. Other farm debris such as desiccated coconut meat from virgin coconut oil processing, corn cobs, rice stalks, etc., shall also be used for vermicomposting and organic fertilizer production. Hence, the appreciation of ARBOs in establishing profitable rural enterprises anchored on the farm production system shall be heightened.

The farmer level training on the eight-step clustering approach adopted under DAR-CRS LinkSFarM Project may be used/customized for this model. Other development interventions to be provided at the household level are linking them to microfinance institutions (MFIs) for business loans accessing, conduct of training on appropriate farming technology, Good Manufacturing Practices (GMP), Good Agricultural Practices (GAP), Good Animal and Husbandry Practices, skills and value adding training, financial literacy, and similar CapDev activities, including the provision of production starter kits.

Model II: ARBO Level Food Processing and/or Non-food Manufacturing Enterprise

In this model, the ARBOs shall act as consolidator and/or buyers of the crops to be processed. For this purpose, the ARBO may have a designated consolidation area where production clusters will deliver their crops/commodities that will be used as raw materials for processing and/or manufacturing.

However, for food enterprises, actual food processing shall be undertaken in FDA-compliant processing centers owned and managed by the ARBOs that are equipped with basic tools and equipment and with continuous supply of potable/safe drinking water and constant source of electricity or alternative power source. The intent is to assist ARBOs to secure the FDA LTO and Certificate of Product Registration (CPR) for their processed food products.

While, for non-food products, the ARBOs will be assisted on improving their product design and quality, enhancing their existing manufacturing or assembly plant and ensuring that there is good and safe working environment. The plant area should be properly lit, with adequate ventilation, and compliant to OSH standards/regulations such as proper waste disposal, use of personal protective equipment/devices, and adoption of other safety and health practices. The ARBO will also be assisted in accessing appropriate machines/gadgets for manufacturing, with training on equipment operation and maintenance. More importantly, ARBOs engaged in the manufacture of non-food products should comply with government regulations and minimum industry standards.

In this model the ARBO undergoes the whole value chain process from crop production and/or sourcing of raw materials, processing/manufacturing up to marketing of finished products. As earlier mentioned, the ARBO may act as the market consolidator, through the clustering

approach, to produce the required volume and quality of crops and command a better price in the market.

D. Implementation Guide

The project shall be directly implemented by DAR field offices, specifically the DARPOs, with technical guidance and supervision of BARBD and DARROs in collaboration with other partner institutions. DARROs/DARPOs shall be required to prepare a list of potential partner organizations and/or smallholder farmers/individual growers that can provide the raw materials and inputs requirement of the ARBOs. Partner institutions that may be engaged by the DAR include DA/LGUs for farm inputs; SUCs/LGUs for technology and extension services; Land Bank of the Philippines (LBP)/MFIs for financing; DTI/DOST/DOLE/LGU for equipment/facility support; DTI/DOST/DOLE/FDA/TESDA for capacity development, among others.

The following activities may be undertaken by the concerned DARROs/DARPOs:

d. 1 Capacity Building for Field Implementors

The DARRO shall facilitate the conduct of Project Orientation and Planning Workshop with discussion on the Clustering Approach on Agro-enterprise Development, Value Chain Development and Product Traceability. Other inputs to be provided are on the specific tasks and responsibilities of DAR Regional and Provincial Offices as well as the proponent ARBOs and local partner/s; organizing and governance; regulatory requirements, credit accessing, tips on AE coaching and provision of technical guidance, etc. This is also the venue where the DARROs/DARPOs shall clarify the mechanics on the preparation and submission of documentary requirements for the release and use of VLFED funds.

Likewise, selected DAR field implementers (i.e., Regional and Provincial Point Persons) are required to attend the: training intended for personnel to become FDA-accredited Qualified Person in Industry Regulatory Affairs (QPIRA), one-day Product Critiquing to assess the readiness of the products as well as the ARBOs for FDA licensing application, and Food Safety. The said training events will provide information to field offices on the FDA application process and guide them, in facilitating issuance of LTO and CPR in favor of the ARBOs, including the fees and other charges to be paid to FDA.

Other training interventions include business planning, formulation of policies, systems and procedures (PSPs), financial management and other similar CapDev activities.

d.2 Engaging and Involving the Community

This is part of the preparatory activities and this shall be spearheaded by the DARROs in coordination with DARPOs. It includes the conduct of project site visits, field and ARBO consultations including field level project briefings/orientations. These activities shall be attended by the officers and selected members of the proponent ARBO, members of the food processors' and/or manufacturing group, potential members of production and marketing clusters, ARPO I/DFs and other DAR field office staff, LGU representatives and other local partners.

- Selection of Project Areas/Sites

The DARRO shall spearhead the selection of new project site/s that have not been previously covered under VLPCEP or Up-Valuing of ARB Products Project using the scoring sheet for selection of partner ARBO. In undertaking this activity, representatives from relevant partners such as DTI, DOST and DOLE may be invited to provide additional technical inputs.

The preparatory activities to be undertaken with the concerned DARPOs include the following:

1. Inventory or preparation of long list of all ARBOs engaged in food and/or non-food processing and/or manufacturing per province/municipality;
2. Shortlisting or selection of at least three (3) ARBOs/enterprises that meet the agreed selection criteria provided in Part V Item A of this document;
3. Initial consultation with ARBOs and LGUs including the review of hazard map of the community
4. Ocular visit/site selection/validation using agreed criteria and consolidation/ deliberation of validation results
5. Buy-in session with the partner LGU of selected site
6. Enterprise assessment and project orientation of selected partner ARBO
7. Preparation of updated profiles of partner ARBO and respective products/enterprises
8. Formulation of two-year VLFED Intervention Plan (based on suggested budget allocation matrix per component)

- Enterprise Assessment of the Selected Partner ARBO

As an initial input in the preparation of the project proposal, the DARPO shall assist the ARBO in conducting an enterprise capacity assessment focusing on the ARBOs' production capacity in terms of production volume (daily, weekly, monthly basis) to determine the volume of raw materials needed for year-round crop production. Likewise, the availability and proper storage of seasonal crops, (i.e., tamarind, cashew, coffee, etc.); semi-processed materials (i.e., abaca fiber, rope and pulp, coco shells, corn cobs/stalks, pineapple fiber, etc.) should be determined to ensure year-round processing and/or manufacturing.

Particularly for non-food products, the farm debris or wastes maybe used as raw materials for value addition such as vermicomposting or production of organic fertilizers and other bio-organic inputs from plants, fish and animal liquid extracts.³

Embedded in the assessment should be the evaluation on the current organizational capacity of the ARBO in managing the enterprise and assessment of possible risks brought about by natural calamities.

d.3 Provision of Enterprise-based Governance-related Interventions for ARBOs

This is essentially the CapDev portion of the Project where enterprise governance is viewed as a non-negotiable requirement for doing business. This entails establishment of mechanisms and controls that will enable the ARBO to define and ensure attainment of its business objectives.

³ Refers to bio-organic inputs from plants, fish and animal liquid extracts. These may include indigenous microorganisms, fermented plant juice, fermented fruit juice, fermented amino acid, oriental herbal nutrients, calcium phosphate, lactic acid bacteria serum, natural insect attractant, among others.

The CapDev shall focus on:

- a) installing business and financial PSPs to ensure the viability and profitability of the agro-enterprises being operated by the ARBOs. Specifically, interventions will be provided to assist them in:
 - defining the rules/guidelines on how it will reach its long-term business goals, and ensure that all major decisions and actions take place within the context/boundaries set by them;
 - identifying the step-by-step methods to be employed to translate the PSPs into the ARBO's day-to-day business operations;
 - Installation of business PSPs; and
 - Preparing their business plan, production module and supply plan.
- b) linking ARBOs to ancillary service providers to enable them to have access to value chain financing, appropriate farm technologies and extension services, and to appropriate marketing channels that are open to cooperation and mutually beneficial business relationships.
- c) strengthening strategic guidance, executive management and supervision/control that will enable ARBOs to clearly segregate the roles of the BOD as the policy-making body from the executive functions of the management staff, including the different actors that operate as instruments of supervision and control such as the Audit Committee, external auditor, etc.

Specific agro-enterprise (AE) training activities to be adopted from the LinkSFarm Project for organizing collective production shall include: Entrepreneurial Leadership and Values Training; AE Development and Management; Production and Quality Management; Governance and Financial Management; and Learning Visits to Model AE sites for Cluster Leaders.

d.4 Mobilization of Resources from ARBOs and Other Project Stakeholders

The DARPO, with the assistance of DARRO, shall facilitate the conduct of buy-in session/s with the different project stakeholders namely: LGUs, DTI, DOST, DOLE, FDA, SUCs and the proponent ARBOs. This undertaking will define the cost sharing arrangement between and among the different entities. The outputs of this activity shall be a synchronized/complementation plan, and/or other partnership arrangement instruments. BARBD may be requested to provide technical assistance in the conduct of this particular activity.

The project is designed for ARBOs with ITeMA level 3 to 5 rating and with existing food and non-food enterprises that utilize as raw materials the crops grown in awarded lands and or cultured commodities produced by ARBOs. To ensure that there is regular production and volume of raw materials, the ARBOs will be linked to financial institutions that can provide loans for its operating capital, including labor cost or salaries of the workers. Moreover, the ARBOs will provide equity for the initial capital to operate their enterprise including the procurement of raw materials and cost of operations while the capacity development interventions will be provided by DAR in collaboration with partner agencies to build the bankability of ARBOs.

The fund for the physical improvement/renovation of existing processing/manufacturing center shall be sourced from DAR and either the municipal and/or provincial LGU.

d.5 Engaging and Formalizing Local Partners

As an output of the resource mobilization initiative, DARPO, with the assistance of DARRO, shall formalize the project engagement between and among the local partners. A local Memorandum of Agreement (MOA) between the ARBO, DAR, DTI, DOST, DOLE and LGU and other entities shall be executed to facilitate the provision of technical and financial support to the ARBO. Roles and functions of each partner, may focus on the following:

- a. DAR – provide funding for mobilization and capacity development of program beneficiaries, convenor of partner organizations for resource sharing; strategic planning, and installation of monitoring and evaluation.
- b. DTI - product standardization; improvement of packaging and labeling; enhancement of product design specifically for gift, decors and housewares; trainings on Good Manufacturing Practices (GMP) and Hazardous Analytical Critical Control Point (HACCP); assistance in the completion of documentary requirements for FDA licensing application; assistance in undertaking laboratory test; product registration; promotion and marketing.
- c. DOST- promote the utilization/commercialization of identified technologies through trainings and other technical assistance; equipment support; and promotion and marketing of the products through their One Store marketing program.
- d. DOLE – conduct of technical trainings, including adoption of OSH measures; provision of small processing equipment and other forms of technical assistance.
- e. LGU – provision of farm inputs and other support for farm productivity; improvement of quality of produce and sustainability of supply of the crops especially if the identified processed product is considered as the LGU's One Town One Product (OTOP); financial support in terms of renovation of existing processing centers; provision of equipment; and promotion and marketing of the products.
- f. ARBO – ensure availability of raw materials for processing by identifying farmer members as cooperators or group of farmers for collective production; manage and operate processing center compliant to business regulations; and abide with market requirements of the products (design, quality and volume).

A local action planning session will be conducted for the project stakeholders to identify the expected deliverables and outputs of the project, including the timelines for project execution. Refer to **Annex H** for sample copy of the local MOA.

d.6 Guide for Community Level Implementation

d.6.1 Backward Integration for Ensuring Sustainable Supply of Raw Materials for Processing

The DARPO shall assist the ARBO in selecting a group of ARBs who will regularly supply the raw material requirements for their processing/manufacturing enterprise. The DARPO may adopt any of the following options to ensure the regular supply of their raw materials based on the ARBO's updated business plan:

- Link the ARBOs to financial institution/s to finance the production requirements of their identified groups or clusters of farmers to ensure the continuous supply of raw materials for their processing/manufacturing endeavor;
- Link the individual members of the growers' group or cluster to MFIs in securing individuals loans;
- Explore or network with other organizations in the community who can act as consolidator of raw materials used in the processing business. If appropriate, the

concerned ARBO may also assume the role of raw materials consolidator as stated in enterprise model; and

- The processing facilities, center and manufacturing plant of the DAR-assisted ARBO may also be utilized and shared with other producers for the processing of other raw materials and by-products.

d.6.2 Enhancement of Processing Center and Support for Business Licensing Requirements

- **Physical Improvement of Processing/Manufacturing Center**

In coordination with LGU and/or partner organizations that provide support in the improvement of processing/manufacturing center, and the ARBO who manages the facilities, the DARPO shall facilitate the following activities for necessary technical supervision on engineering work requirements:

- ✓ Preparation of hazard proof building plan, cost estimates and scope of work to be done;
- ✓ Lay-out and purchase of materials needed for the renovation work;
- ✓ Renovation of processing center and/or manufacturing plant; and
- ✓ Regular monitoring to track the progress of center renovation.

To ensure effective project implementation, the DAR field implementers together with their assisted ARBOs should be guided with the FDA Administrative Order No. 153, Series of 2004 on the "Revised Guidelines on Current Good Manufacturing Practice in Manufacturing, Packing, Repacking, or Holding Food" (refer to **Annex I.1**) with the following aspects for compliance:

- ✓ GMP Organization (organization, qualification, and responsibilities)
- ✓ Premises (grounds, plant construction and design)
- ✓ Equipment
- ✓ Sanitation and Hygiene (personnel, education and training, supervision, sanitary facilities maintenance and sanitation)
- ✓ Production and Process Control (production processes and controls)
- ✓ Quality Control (quality management, testing of reprocessed products, testing of returned goods and laboratory facilities and control)
- ✓ Documentation
- ✓ Quality Audits
- ✓ Warehousing and Distribution
- ✓ Product Recall
- ✓ Retention of Samples
- ✓ Sub-contracting of Manufacture

- **Laboratory Test Requirements for Processed Food Products**

The DARROs, DARPOs and other project stakeholders such as DTI, DOST will assist the proponent ARBOs in: a) ensuring that their workers/processors meet the regulatory requirements of the LGU (i.e., health certificate of processors/workers from the Municipal Health Office); and b) subjecting their processed products to the following laboratory tests in a laboratory center accredited by the DOH-FDA for the issuance of FDA-LTO:

- ✓ Water potability test by the concerned Sanitary Health Officer;
- ✓ Microbial analysis;
- ✓ Nutritional fact analysis; and

- ✓ Other related laboratory tests
- Completion of Documentary Requirements for Licensing and Product Registration Application for Processed Food

Following the E-Registration System for raw materials and all pre-packaged processed food products as provided for in FDA Administrative Order 2016-0003: Guidelines on the Unified Licensing Requirements and Procedure of the Food and Drug Administration (refer to **Annex I.2**), all ARBOs shall complete all the documentary requirements before filing the on-line application for the issuance of LTO and CPR with the assistance of the trained QPIRA at the regional and provincial levels.

On top of the Barangay Business Permit, Mayor's Business Permit, BIR Permit, other regulatory permits/licenses, the following licensing requirements for the initial, renewal and variation application together with the complete attachments shall be submitted in USB to FDA:

1. Initial LTO Application
 - ✓ Accomplished Application Form (signatory, declaration and undertaking of the responsibilities of the applicant, location plan, name of qualified person)
 - ✓ Proof of Business Registration either from DTI, SEC or CDA
 - ✓ Proof of Payment (Official Receipt and Authorized Bank Payment Slip)
2. LTO Renewal Application
 - ✓ Accomplished Application Form (declaration and undertaking of the responsibilities of the applicant)
 - ✓ Proof of Payment (Official Receipt and Authorized Bank Payment Slip)
3. LTO Variation Application which may be categorized as:
 - ✓ Major variations or changes that may affect significantly and/or directly the aspects of safety and quality of products which shall be approved only upon compliance to requirements and inspection.
 - ✓ Minor variations or changes in administrative matters and/or changes with minimal impact on or not critical to safety and quality of products.

The documentary requirements include accomplished application form, business permit, proof of payment, and other documents as prescribed in AO No. 2016-0003.

For issuance of Certificate of Product Registration (CPR)

With the assistance of trained QPIRA from the DARROs and DARPOs, all ARBO-food manufacturers/processors issued with FDA-LTO are required to secure the CPR. The product registration for food manufacturers shall ensure that they will respond and cooperate fully with FDA to any subsequent post-marketing activity. Furthermore, product registration shall ensure that each batch or lot of products meets all the legal requirements and conforms to all the product standards and specifications.

The following are the requirements in the online CPR application:

- ✓ Scanned copy of notarized/duly accomplished integrated application form
- ✓ Scanned copy of clear product labels
- ✓ Proof of payment

- ✓ Supporting documents to support claims
 - Valid certificates (e.g., Halal, Sangkap Pinoy Seal, Organic, Kosher, GMP, ISO, HACPP)
 - Certificate of analysis/test results to support claims
 - Scientific substantiation of health claims

For the detailed procedures of on-line CPR application, please refer to FDA Circular No. 2016-014: Procedure for the Use of Electronic Registration (E-Registration) System for Prepackaged Processed Food Products **(Annex I.3)**

d.6.3 Developing/Updating ARBOs' Business Plan, Production Module and/or Supply Plan

The DARPO shall coach the ARBOs in developing and regular updating of their business plan, production module and/or supply plan, specifically to firm up the business objective, periodic volume requirements of raw materials and corresponding sources, needed operating fund based on supply plan, product quality management, materials/facilities needed, management set-up, projected production and marketing costs and returns, target buyers, target sales, payment terms, promotional activities, among others.

d.6.4 Assistance to ARBOs' Compliance to Other Regulatory Requirements

To legitimize the enterprise operations and for safety and environmental compliance, the ARBOs engaged in processing enterprises are required to secure the Environment Compliance Certificate (ECC) from the nearest DENR office; and coordinate with DOLE for the adoption of OSH requirements.

The DARPO shall assist the proponent ARBO to ensure that the documents and other related requirements are properly complied with in order to avoid delays in the processing of their license and other business permits.

d.6.5 Provision of Business Development Support (BDS) for Up-valuing of ARB Products for Marketing Activities

An external consultant or facilitator may be engaged by DARRO or DARPO to provide technical inputs, business development support (BDS) and co-implement other project-related CapDev activities during the project implementation. The menu of BDS may include coaching and mentoring on the finalization of the product recipe, improvement of the existing product label and packaging, product design (for non-food products), training on GMP and HACCP, training on OSH, enhancement of business operations of the processing center, conduct of and/or participation in trade fairs; participation in purposive selling missions to link the ARBOs to institutional buyers, among others.

For this purpose, the DTI-CARP and DOST may be tapped as partners through the regular conduct of synchronized planning workshops that will align and ensure complementation of budget and harmonization of activities of each agency.

d.6.6 Risk Mitigation and Contingency Planning in the Event of Natural Calamities and Man-made Untoward Occurrences

Risk mitigation and contingency planning shall be conducted based on the result of the earlier enterprise assessment to develop the resiliency of ARBOs against natural calamities (e.g. typhoon, flood, earthquake, etc.) and untoward man-made occurrences (e.g., fire,

theft, dishonesty of officers and management staff, etc.). Based on the identified natural risks and potential OSH hazards⁴ associated with the enterprise, the ARBOs together with DAR, shall analyze and identify specific interventions to minimize and cope with these risks. Interventions that will cushion the impact of natural calamities will focus on the following:

1. Disaster preparedness - includes the design of pre- and post-emergency measures to minimize the loss of life, organize and facilitate timely effective rescue, relief, and rehabilitation in case of disasters such as attendance of ARBO members, farmers during disaster preparedness seminars conducted by LGUs and simulation activities in preparation for an eventual disaster relief operation. The DARRO and DARPO should assist the farmers to develop their disaster plan and organize disaster rescue teams.
2. Disaster prevention - includes activities to avoid the adverse impact of hazards such as good planning (e.g., the decision not to construct the processing center in disaster-prone areas or near rivers which is prone to soil erosion and flood, in hilly areas which is prone to landslide, near the sea which is dangerous to typhoon, flood, storm surge and strong winds).
3. Disaster mitigation - includes measures undertaken in advance of a disaster that aim to decrease the impact on the community and the environment by strictly following the standards of the Building Code during the time of the construction/renovation of the processing center.

On the other hand, appropriate business PSPs will be installed at the ARBO level to shield the latter from economic shocks and ensure the adoption of OSH practices.

E. Project Fund Management

The total project fund for two (2) years is **NINE HUNDRED FIFTY THOUSAND PESOS (Php 950,000.00)** per ARBO, the annual allocation of which will depend on the identified priority value chain components as a result of the enterprise assessment. The fund breakdown is as follows:

e.1 Farm productivity enhancement for raw materials sustainability amounting to **TWO HUNDRED THOUSAND PESOS (Php200,000.00)** where:

- ✓ 9% is for organizing activities for collective production (Php18,000.00)
- ✓ 91% is for other related capacity/capability building activities including provision of basic farm tools to be distributed through starter kits (Php182,000.00)

Please refer to Annex G.1. for the cost details.

However, in cases where there is sufficient raw materials for the processing activities, hence some of the above-cited activities are no longer needed, the DARPOs have the option to either conduct other CAPDEV interventions that are relevant to the enterprise or to use the excess fund to augment the farm/processing/manufacturing tools requirements,

⁴ 1. Physical agents - noise, vibration, radiation, defective illumination and temperature extremes.

2. Chemical agents - dusts, gases, vapors, fumes and mists.

3. Biological agents - viruses, bacteria, fungi, parasites and insects.

4. Lack of ergonomic principles - exhaustive physical exertions, excessive standing, improper motions, lifting heavy load and job/task monotony

improvement of the processing center/display center provided that ARBO shall issue a board resolution requesting for the realignment of fund. Action taken on said ARBO request shall be based on the result of a joint validation conducted by the Finance and PBD units of the DARRO with technical assistance from SSO/BARBD. Final approval will be lodged with the concerned Regional Director.

As to the cost for technology enhancement that will be used for the purchase of certified seeds, seedlings and other planting materials; attendance in the Farmers Field School (FFS), and establishment of demo farm shall either be accessed by DAR/ARBO from the Department of Agriculture (DA) or LGU. On the other hand, the ARBO's capital for crop production shall be either accessed from DA or through agri-credit or micro-agri windows of DAR or from the internal fund of the ARBO.

e.2 Improvement of processing or manufacturing center and support for business licensing requirements amounting to FOUR HUNDRED THIRTY THOUSAND PESOS (Php430,000.00) where:

- ✓ 70% is for the physical improvement of processing or manufacturing facility and completion of accessories (Php300,000.00).
- ✓ 23% is for product laboratory tests and other related tests such as water potability, microbial analysis, nutritional fact analysis (for food products), and nutrient analysis and similar laboratory tests (for non-food products); research and development for product design (for non-food products); and completion of documentary requirements for licensing application (Php100,000.00).
- ✓ 7% is for related preparatory activities and capacity building activities such as ARBO Orientation, Business Planning, etc. and other facilitation activities such as engaging and formalizing local partners through buy-in sessions, execution and signing of MOA with partners (Php30,000.00).

Please see Annex G.2 for the cost details.

The DAR fund shall be used as leverage fund to be generated from the partner organization (e.g., LGU) for physical improvement of the processing center, while the labor cost shall be the counterpart of the concerned ARBO.

e.3 Marketing Assistance and Product Brand Registration amounting to THREE HUNDRED TWENTY THOUSAND PESOS (Php320,000.00) where:

- ✓ 5% is for the preparatory activities, community mobilization and engagement of BDS providers which include team meetings, community consultations to firm-up project strategies, preparation of new and/or enhancement of existing project documents and professional fee of BDS provider/s (Php16,000.00).
- ✓ 95% is for product design/enhancement, brand development, marketing activities that include participation in selling missions/trade fairs, and enhancement of existing ARBO-managed marketing center, if any (Php304,000.00).

Please refer to Annex G.3 for the cost details.

The DARPO has the option to engage a BDS provider or designer for non-food products provided that the latter will handle at least 10 products or a mix of food and non-food

products within the province and include the activities set forth in Annex G.3 as part of his/her terms of reference (TOR).

The actual annual allocation per ARBO may vary based on the identified priority components comprising of one (1) or more of the above mentioned value chain activities.

Project Component	Budget (P)			
	Year 1		Year 2	Total
	Soft Component	Hard Component	Soft Component	
I. Farm productivity enhancement for raw materials sustainability	117,000.00	33,000.00	50,000.00	200,000.00
II. Improvement of processing or manufacturing center and support for business licensing <ul style="list-style-type: none"> ▪ Preliminary activities ▪ Improvement of processing center including accessories/basic processing tools and equipment ▪ Laboratory tests 	30,000.00	300,000.00	100,000.00	430,000.00
III. Market engagement and product enhancement <ul style="list-style-type: none"> ▪ Preparatory activities and engagement of field implementors and ARBOs ▪ Product enhancement ▪ Market engagement 	16,000.00		200,000.00	320,000.00
Total	267,000.00	333,000.00	350,000.00	950,000.00

The Department of Budget and Management (DBM) shall directly release the VLFED fund to the DARPOs, who shall manage the project fund. The DARPO shall prepare the project proposal to be approved by the PARPO II and complete the preliminary activities (i.e., enterprise assessment and site validation highlighting the priority value chain activity as entry point of intervention, FDA/ECC-compliant processing plant lay-out with bill of materials; product design specifically for the non-food products, and updated business plan). All expenses incurred by the DARPOs in various project activities shall be charged to the regional PBD or Agrarian Reform Beneficiaries Development and Sustainability Program (ARBDSF) fund.

VIII. PROJECT REPORTING AND TRACKING SYSTEM

At the ARBO/farmer level, the DARPO shall ensure that a recording system is installed to help the former capture/track their business transactions. Such recording system may include the individual profile of their member-processors, manufacturers and farmer growers; production, deliveries and sales, among others.

The DARPO shall also ensure that the ARBO conducts regular business meetings with their processors, manufacturers, growers and management team for tracking/monitoring/evaluation of their enterprise operations.

The data/information to be generated from these activities shall be captured in the enhanced Monitoring and Evaluation system of the project (Please see **Annex J**). As indicated therein, the DARPO shall submit the following reports: a) profile of the ARBO entrepreneurs that were covered by DAR under VLPCEP and Up-valuing of ARB Products Project from 2009 to 2015, to be updated annually; b) quarterly production and market profile containing information on the product type, packaging, pricing, production schedule, volume, sales and income; and c) status of enterprise that will track down the progress of the ARBO's processing business based on the project milestones, to be updated quarterly. The quarterly monitoring reports shall be submitted by the DARPOs to the DARRO every 5th day of the succeeding month of each quarter, while the DARRO shall submit the consolidated quarterly monitoring report to BARBD every 10th day of the month of the ensuing quarter.

An annual project assessment shall be conducted by BARBD, who shall prepare the national consolidated report and submit semestral reports to the Project Management Service of the Support Services Office.

An impact assessment will be conducted by an external consultant after the first three (3) years of project implementation.

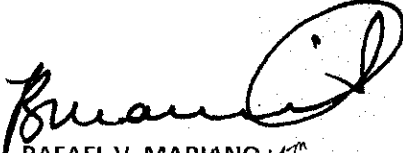
IX. ATTACHMENTS

Annex A	-	Visual Framework of Village-Level Farm-focused Enterprise Development (VLFED) Project
Annex B.1	-	Scoring Sheet for Selection of Partner ARBO's Food Product/s
Annex B.2	-	Scoring Sheet for Selection of Partner ARBO's Non-Food Product/s
Annex C.1	-	Enterprise Assessment Tool for the Partner ARBO with Food Product/s
Annex C.2	-	Enterprise Assessment Tool for the Partner ARBO with Non-Food Product/s
Annex D.1	-	Tool on the Preparation of Production Module
Annex D.2	-	Supply Plan with Committed Volume of Harvest to be Used in the ARBO-Managed Processing Enterprise
Annex E	-	VLFED Project Implementation Milestones and Timelines
Annex F	-	Guidepost for Conducting Marketing and Selling Missions
Annex G.1	-	Profile and Budget Computation on Raw Materials Sustainability for Value Addition
Annex G. 2	-	Profile and Budget Computation on Village Level Processing/Manufacturing Center Enhancement and Licensing
Annex G.3	-	Profile and Budget Computation on Market-Driven Product Enhancement and Market Engagement
Annex H	-	Template of Local Memorandum of Agreement (MOA)
Annex I.1	-	FDA Administrative Order No. 153, Series of 2004: Revised Guidelines on Current Good Manufacturing Practice in Manufacturing, Packing, Repacking, or Holding Food
Annex I.2	-	FDA Administrative Order 2016-0003: Guidelines on the Unified Licensing Requirements and Procedure of the Food and Drug Administration
Annex I.3	-	FDA Circular No. 2016-014: Procedure for the Use of Electronic Registration (E-Registration) System for Prepackaged Processed Food Products
Annex J	-	Project Monitoring and Evaluation Tools VLFED Form No. 1 – Profile of ARBO Entrepreneurs by Year of Implementation VLFED Form No. 2 – Production and Market Profile VLFED Form No. 3 – Status of Marketing Operations VLFED Form No. 4 – Status of Enterprises Based on Project Milestones

X. EFFECTIVITY

This Order supersedes all other issuances/guidelines inconsistent with it and shall take effect immediately.

AUG 02 2017, Quezon City


RAFAEL V. MARIANO
Secretary