



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ELLIPTICAL ROAD, DILIMAN, QUEZON CITY TELS. 928-70-31 TO 39

Memorandum Circular No. 16
Series of 1997

**SUBJECT: IMPLEMENTING POLICIES AND GUIDELINES ON
THE DAR-TLRC PARTNERSHIP PROGRAM**

I. BACKGROUND AND RATIONALE

The mandate of the Department of Agrarian Reform (DAR) is centered on land tenure improvement and the provision of support services to the agrarian reform beneficiaries (ARBs). To carry out the mandate, one of the strategies of the Support Services Office is partnership with line agencies, non-government organizations, and resource centers. With this thrust, the DAR enters into partnership with the Technology and Livelihood and Resource Center (TLRC) to implement a credit assistance program for the agrarian reform communities. This DAR-TLRC partnership program is in line with TLRC's Barangay Agro-Industrial Development- Integrated People's Livelihood Cooperative System (BAID-IPLCS) which it has been implementing since 1991.

The DAR-TLRC partnership program is timely as most of the Agrarian Reform Communities launched in 1993 and 1994 are already in the enterprise development stage. It is at this stage wherein the ARB cooperatives in the ARCs are implementing programs and projects for the economic upliftment. Usually the problem of the availability of the start-up and operating funds confront by these ARB cooperatives. Hence, the DAR-TLRC partnership program shall address the ARBs' need of credit accessibility.

II. PROGRAM OBJECTIVES

This program aims to uplift the economic condition of the agrarian reform beneficiaries in the ARCs through the timely provision of credit to viable non-rice livelihood projects¹.

Specifically, the program aims to:

1. Provide financial assistance to ARB cooperatives or federation of ARB cooperatives for non-rice livelihood projects which are impetus for the upliftment of their economic status, and

¹ Rice production and processing is not a priority under the program since these are available from other funding windows



"Tulong-tulong sa pagsulong"



2. Provide the necessary support in the institutional development of the proponent ARB cooperatives or federation in the identified ARCs including marketing linkages to promote agribusiness development

III. FUND SOURCE

Projects under the DAR-TLRC Partnership Program will be financed out of the BAID-IPLCS fund. Initially the balance of the BAID-CARP Funds shall be utilized, however, BAID-IPLCS funds may likewise be utilized subject to the approval of the BAID Credit Committee.

IV. STRUCTURE

At the regional and provincial level

The concerned DAR Regional Support Services Office or Provincial Beneficiaries Development Coordination will be responsible in implementing the program at the field level. These offices shall facilitate the accreditation of the proponent ARB organization at the regional level, preparation of required project documents for funding, and initial screening of proposed projects.

At the national level

BARBD and PDMS

Coordination for the program shall be done by the BARBD to be assisted by PDMS. Their responsibilities are outlined in the Operational Guidelines on Project Development and Project Evaluation (Item VI of this Guideline).

Technical Working Group

There will be a Technical Working Group (TWG) composed of technical staff from:

- IPLCS Program Team -TLRC
- Bureau of Agrarian Reform Beneficiaries Development (BARBD)-DAR
- Project Development and Management Staff (PDMS) -DAR

The TWG will be responsible in preparing and endorsing guidelines for DAR-TLRC program implementation; and reviewing and approving projects endorsed by DAR to be elevated to the BAID Credit Committee.

BAID-IPLCS Credit Committee

This committee is composed of officials from TLRC, DAR, DA, DBM and a representative of the Farmers' Group. This is chaired by the Director-General of TLRC.

This committee is responsible for the final approval of projects for funding assistance under BAID-IPLCS Fund ; and other policies on BAID-financed projects.

V. PROGRAM COVERAGE

The DAR-TLRC partnership program covers the utilization of the remaining P107 million BAID-CARP funds for non-rice livelihood projects in the ARCs.

VI. GUIDELINES ON FUND AVAILMENT FOR NEW NON-RICE PROJECTS OF ARCS

a) Qualified Borrowers

The qualified borrowers are DAR accredited ARB cooperatives/ federation. The accreditation criteria and procedure is outlined in Annex A of this guideline.

b) Eligible Projects

1. Primary production (except rice)
2. Processing
3. Manufacturing
4. Other strategic technology and livelihood development areas to be determined by the implementing unit of TLRC, the STLDG.

c) Modes of Financial Assistance:

TYPE OF LOAN	INTEREST (per annum)	MANAGEMENT FEE (per annum)	TERM
* Equity Build-up	1 %	1 %	Maximum of 10 years with 5 years grace period
* Long Term Development	Maximum of 8%	4%	Maximum of 15 years with 5 years grace period

* Transactional Working Capital	Maximum of 8%		Maximum of 1 year
* Capability Building	1%	1%	Maximum of 10 years
* Collateral Requirements	All project assets acquired from the proceeds of the loan shall be mortgaged as collateral to secure the loan.		

Definition of each loan:

1. Equity Build-up Loan

- Maximum of 25% of total project cost
- Whenever possible equity shares of the project shall be assigned to TLRC.
- Maximum of 12 months full release (availment period).

2. Long Term Development Loan

- All project assets acquired from the proceeds of the loan shall be mortgaged as collateral and shall be sufficient to secure the loan.
- Maximum of 12 months full release (availment period).
- May be utilized to fund the following:
 - * Machineries and equipment for primary production, processing and manufacturing such as tractors, trucks, service vehicles, etc..
 - * Support services and/or common service structures financing. Construction of factory buildings, warehouse, cold storage, training centers, and others that shall serve as support service facilities and/or common service structures.
 - * Purchase of inputs/raw materials/goods financing. For inputs of raw materials, goods for producing/processing/manufacturing, trading and similar requirements.
 - * Permanent working capital.
 - * Others.

3. Transactional Working Capital Loan

- Repayment period of one (1) year in regular amortizations over the term of the loan.
- All project assets acquired from the proceeds of the loan shall be assigned as collateral and shall be sufficient to secure the obligation.

- May be utilized to finance the following:
 - a) Transactional financing requirements i.e, People's
 - b) Organization, L/C, QUEDAN or other similar transactions.
 - c) Working Capital
 - d) Bridge Financing

4. Capability Building Loan

- To be used for expenses involved in ARB cooperative/federation capability building purposes such as, but not limited to the following:
 - a) social preparation and investigation
 - b) technology/managerial training
 - c) technology development
 - d) provision for office equipment, facilities and for organizational and pre-operational general overhead expenses.

d) Operational Guidelines on the availment of funds for the non-rice livelihood projects

d.1 Project Development (Lead agency: DAR)

1. The DAR- Provincial BDCD/MARO and DF shall assist the ARB cooperative/federation in securing and preparing the documents required for accreditation. The PARO shall endorse the documents to the Regional SSD for accreditation.
2. The DAR-Regional SSD shall accredit the ARB cooperatives/federation based on the accreditation criteria and requirements specified in Annex A.
3. The proponent ARB cooperative/federation shall then prepare project proposal or feasibility study with the assistance of the DAR-provincial or regional support services staff, as the case may be.
4. The Regional SSD shall submit project proposals or feasibility study from accredited ARB cooperative/federation following the general format of Annex B together with the following requirements to DAR- Office of the Assistant Secretary for Support Services (Attention: BARBD-SEEDD) for preliminary assessment and review:
 - Profile of the Federation and ARB Cooperative-Member (DAR-TLRC Form No. 1),
 - Profile of the Officers and/or Board of Trustees,

- List of existing manpower and additional manpower needed for the project with their corresponding salary rates,
- Proposed organizational structure,
- List of collaterals, and
- Endorsement from the concerned PARO and Regional Director,

Initial review shall focus on the organizational maturity and capability of the proponent ARB cooperative or federation to operate or implement the proposed project.

5. Proposals which have been favorably assessed by DAR-BARBD shall be forwarded to the IPLCS Program Team of TLRC for evaluation based on their established criteria and requirements.

d.2 Project Evaluation (Lead agency: TLRC)

1. TLRC shall evaluate the project submitted by DAR (BARBD) based on TLRC established criteria such as: organization and management capability, technical viability, market viability, financial viability, impact to the economy, rationale of TLRC-DAR intervention, etc..
2. DAR (BARBD or PDMS) shall assist TLRC in coordinating with its field personnel or ARC-proponents the conduct of field level validation/evaluation by TLRC.
3. Proposals which have been favorably assessed by TLRC are forwarded to the TWG for approval.

d.3 TWG reviews and approves projects to be elevated to the BAID Credit Committee for its final loan approval.

VII. LOAN RELEASE AND RECOVERY

Upon approval of the project proposal, the loan will be released according to the rules and regulations set by TLRC in its lending programs. TLRC shall also be responsible in the collection of regular amortization from the proponent ARB organizations according to TLRC's prevailing collection guidelines.

VIII. MONITORING AND EVALUATION OF FUNDED PROJECTS

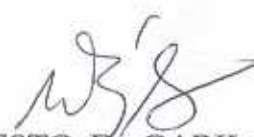
Monitoring of projects funded under this program will be monitored by the DAR-BARBD and TLRC-IPLCS Program Team. This will be done through periodic field visits, quarterly reporting from the DAR-field offices and semestral assessments and planning sessions. Appropriate and

timely provision of technical assistance related to project management will be provided by DAR and TLRC to the field implementors and proponent ARB organizations if necessary. This is to ensure successful implementation of the livelihood projects under this program.

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

This Memorandum Circular shall take effect immediately.

Diliman, Quezon City, 15 April 1997


ERNESTO D. GARILAO
Secretary

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ANNEX A¹

ACCREDITATION OF ARB COOPERATIVE OR FEDERATION UNDER THE DAR-TLRC PARTNERSHIP PROGRAM

OBJECTIVE:

The objective of the accreditation of the ARB cooperative or farmer organization is to establish its credibility as a credit conduit and partner in the implementation of the program. This serves as the formal recognition by the DAR of the ARB cooperative or federation after proper verification and validation of required documents.

CRITERIA:

A. FOR ARB COOPERATIVE

1. Registered with the Cooperative Development Authority (CDA) with a membership of at least 30 small farmers of which 50%+1 are actual ARBs;
2. All members have attended PMES or similar training;
3. With a minimum paid up share capital of P15,000;
4. With a core management team composed of a manager, treasurer/cashier and bookkeeper;
5. With updated financial statement; and
6. Must be holding regular meetings based on the Constitution and By-Laws

B. FOR ARB FEDERATION

1. If the proponent is a federation, each primary cooperative-member must satisfy the accreditation criteria for ARB cooperative.
2. Registered with CDA
3. Membership of at least 150 small farmers of which 50%+1 are actual ARBs
4. With a minimum paid up capital of P 75,000
5. With a core of management team composed of a manager, treasurer/cashier and bookkeeper to manage the operations of the federation
6. With updated financial statement; and
7. Must be holding regular meetings based on the Constitution and By-Laws

REQUIREMENTS

A. FOR ARB COOPERATIVE

1. Certificate of Registration from CDA;

¹ Only ARB cooperatives or federations will qualify for this program. This accreditation guideline will be followed by the Regional SSD in accrediting ARB cooperatives or federations under the DAR-TLRC Partnership Program.

2. Profile of the ARB cooperative using DAR-TLRC Form No. 1;
3. List of members and officers and date of attendance to PMES;
4. Audited and duly certified financial statement of the year preceding the year of application.

B. FOR ARB FEDERATION

1. All the above-stated requirements (in Item A) for each primary cooperative which are members of the federation
2. At the federation level, the required documents are:
 - Certificate of Registration from CDA;
 - Profile of the federation using DAR-TLRC Form No. 1;
 - List of officers;
 - Audited and duly certified financial statement of the year preceding the year of application.

PROCEDURE

1. The ARB cooperative or federation shall secure the Profile Form (DAR-TLRC Form No. 1) from DAR-provincial offices or DAR-regional offices. Fill up the form in duplicate and submit it to the Support Services Division (SSD) of the DARRO through the PARO.
2. The ARB cooperative or federation profile shall be submitted to SSD with the required documents (above-stated) and the endorsement of the PARO.
3. The SSD shall countercheck submitted documents. This is to determine whether all the required documents are complied with.

If any document is missing or incomplete, the SSD shall notify the proponent for compliance. No application for accreditation shall be recognized until all required documents are duly satisfied.
4. Efforts shall be exerted by the SSD to validate documents submitted to them. Whenever possible, the assistance of the PARO where the ARB cooperative or federation is situated, shall be solicited in the validation proceedings or in the conduct of ocular inspection.
5. If all papers have been complied with and all information contained therein are validated and found to be in order, the SSD shall issue a Certificate of Accreditation to the cooperative or federation.
6. SSD shall submit consolidated list of all regional accredited ARB cooperatives or federation to the Program Secretariat (BARBD) every quarter which becomes part of the regular reporting using DAR-TLRC Form No. 2.

ARB COOPERATIVE OR FEDERATION PROFILE²

I. GENERAL PROFILE

1.1 Name of the ARB cooperative or federation

1.2 Name of the ARC where the cooperative or federation is located

1.3 Address

1.4 BOD Chairperson and Home Address

1.5 Date organized

1.6 Date of registration, _____
Office & Registration No. _____

1.7 No. of ARB members _____ : No. of non-ARB members _____
Total No. of members _____ : No. of active members _____

1.8 Schedule of meetings: BOD meetings _____ General Assembly _____
and frequency _____

Other meetings, pls. specify _____

² If the proponent is a federation, the federation and all ARB primary cooperatives which are members of the federation must fill up this DAR-TLRC Form No. 1

II. LEADERSHIP

2.1 List of elected or appointed officers, and core management staff

Name of officer/staff	Term of office (From 199___ to ___)	Status (Part time or full time)	Amount of Honorary or Salary
Board of Directors			
Secretary			
Treasurer			
Committee Heads Credit Committee Audit and Inventory Comm. Education Committee Election Committee Others (Pls. Specify)			
Management Staff Manager Bookkeeper Cashier Others (pls. Specify)			

III. SERVICES

3.1 Current Services of the cooperative/association:

Services Provided	Areas of operation	Date Started	No. of members served/ benefitted	Amount of current operating capital	Fixed Assets

IV. FINANCIAL CAPABILITY

4.1 Internal Fund Source

Source	Amount of contribution per member (P)	Total amount generated (P)
1. Membership fee		
2. Share capital		
3. Savings		
4. Others (Pls. specify)		

4.2 External Fund Source/ Loan Availed / Grants Availed

Source of Funds	Loan or Grant	Amount	Date Availed	Purpose

V. MEMBERSHIP EXPANSION AND CAPITAL BUILD-UP SCHEMES

5.1 Programs/ activities for membership expansion

5.2 Programs or schemes for capital-build up of each member

VI. LIST OF MEMBERSHIP
(Use the following format)

Name of Member	Specify whether ARB or non- ARB

Prepared by:

Name and Signature

Position

Date

Certified by:

Name and Signature
(BOD Chairman of the ARB
Cooperation / Federation)

Date

DAR-TLRC FORM NO.2

LIST OF ACCREDITED COOPERATIVE/FEDERATION UNDER THE DAR-TLRC PARTNERSHIP PROGRAM

as of _____

Region _____

Name of Cooperative / Federation	Name of ARC/ Province	Paid-up capital (as of _____)	Services provided to members	If federation. no. of ARB-Coop members	BREAKDOWN OF MEMBERSHIP			Date Registered, Office and Registration No.
					No. ARB members	No. of non-ARB	Total no. of members	
Total No. of Accredited Coops/Federation								

PREPARED BY _____

DATE _____

NOTED BY:

CARPO-SSD

DATE

ANNEX B
PROJECT PROPOSAL FORMAT

- I. PROPOSED PROJECT
(Name of the project)
- II. LOCATION
(Includes the sitio, barangay, municipality, province)
- III. PROPONENT
(Name of the ARB Cooperative or Federation)
- IV. AMOUNT OF LOAN
(Total amount of loan applied; to be financed by TLRC)
- V. EQUITY CONTRIBUTION
(Total amount financed by the proponent as equity)
- VI. RATIONALE
(Current situation and reasons why the project is conceptualized)
- VII. OBJECTIVE
(General and specific objectives of the proposed project)
- VIII. PROJECT DESCRIPTION
(What the project is all about, description of the various components, the number and type of target beneficiaries, and other general information about the project)
- IX. PROJECT SITE
(Includes accessibility, specific location plan, vicinity map of the project site, and the relevant permits from the concerned government agencies)
- X. TECHNICAL ASPECTS
(Detailed description of the concept of the project, projected production such as no. of pieces, kilograms, etc., detailed description of the whole production processes)
- XI. MARKETING ASPECTS
(Product description such as live, frozen, processed, etc.; projected sales volume and value; list of existing buyers, volumes, and values of order during the past years; list of prospective buyers and estimated volume and value of orders; marketing strategies; marketing linkages)
- XII. FINANCIAL ASPECTS
(Detailed project cost estimates broken into particulars and sources of funds; projected income statement; projected cash flow; financial analysis; financial assumptions; basis for working capital calculation; and proposed sources of equity requirement for the project)

XIII. ORGANIZATION AND MANAGEMENT

(Proposed organizational structure; functions; and manpower needed)

XIV. SOCIAL BENEFITS

(Benefits derived in the implementation of the project- individual member, organization, community)