

DEPARTMENT OF AGRARIAN REFORM
Elliptical Road, Diliman
Quezon City

LAND BANK OF THE PHILIPPINES
319 Sen. Gil Puyat Avenue Extension
Makati City

JOINT DAR-LBP
MEMORANDUM CIRCULAR NO. 29
Series of 1997

SUBJECT: SUPPLEMENTAL GUIDELINES ON THE IMPLEMENTATION OF CREDIT ASSISTANCE PROGRAM FOR PROGRAM BENEFICIARIES DEVELOPMENT (CAP-PBD)

I. INTRODUCTION

The DAR and Land Bank of the Philippines through a Memorandum of Agreement signed on 09 September 1996 agreed to jointly implement the Credit Assistance Program for Program Beneficiaries Development (CAP-PBD). To effect its implementation, the DAR issued Memorandum Circular No. 26 series of 1996, Implementing Policies and Guidelines on the Availment of CAP-PBD on 25 October 1996. Likewise, the LBP issued Credit Group Memo Circular No. 97-001. These two documents contain the same guidelines on CAP-PBD fund availment.

On February to March 1997, the CAP-PBD National Technical Review Committee (NTRC) and Program Secretariat (PS) conducted CAP-PBD Orientation Cum Planning Session for the DAR and LBP field implementors. This activity was conducted in four batches covering 25 provinces in 10 regions with a total of 183 participants. Selection of the focus areas are based on the number of LAD-free ARCs and ARCs with 76-99% LAD-accomplishment.

In this activity, relevant issues and concerns were raised by the participants which necessitate policy formulation to hasten the implementation of CAP-PBD. Hence, this guideline is formulated as addendum to the provisions contained in MC No. 26, series of 1996.

II. ADDITIONAL PROVISIONS

2.1 RENAMING OF LBP FIELD OFFICES

- Due to LBP's implementation of Unified Systems Project in 1996, some officials/offices involved in CAP-PBD implementation are renamed as follows:

TITLE/DESIGNATION
(Per MC No. 26-96/
Credit Group Memo No. 97-001)

NEW TITLE/DESIGNATION

Executive Vice-President
Agrarian Sector

Executive Vice-President
Agrarian-Domestic Banking Sector

Senior Vice-President
Field Operations Group

Senior Vice President
Domestic Banking Sector

Head
Field Loans and Review
Department (FLRD)

Assistant Vice-President
Cooperative Loans Department
(CLD)

✓ Field Office Manager

Branch Manager

✓ Zone Manager

Regional Manager

NEWLY CREATED POSITION

Cluster Head

2.2 ORGANIZATION AND MANAGEMENT

A. Membership of the National Technical Review Committee (NTRC)

- The LBP Assistant Vice-President of the Cooperative Loans Department (CLD) shall be the Vice-Chairperson of the NTRC, while the Manager of the Integrated Rural Financing (IRF) remains as member of the NTRC.
- The LBP Cluster Head shall be required to sit in the NTRC during deliberation of projects (over P5 Million) depending on where the project originates.

B. Regional Project Management Committee and Provincial Project Management Committee

- The DAR Regional Support Services Division (SSD) and Provincial Beneficiaries Development Coordination Division (BDCD) shall be the designated program secretariat for the RPMC and PPMC, respectively.

2.3 EQUITY PARTICIPATION OF THE PROPONENT

- Equity of the proponent shall include not only cash and labor but also other assets such as land, building and materials owned by the proponent which will be used in the implementation of the proposed project.

2.4 REBATE

- The proponent cooperatives will be encouraged to use the 3% rebate (granted upon prompt full payment of the loan) as additional capital build-up of the proponent.

2.5 PROCEDURES OF FUND AVAILMENT

A. ACCREDITATION

- For newly-organized cooperatives (i.e. cooperatives organized one year prior to loan application), any of the following documents may be submitted in lieu of the audited financial statements:
 - a) interim financial statement certified by a local accountant;
 - b) certification from the Office of the Mayor (Local Government Unit) that the cooperative has just started its operation
- In the accreditation of farmers organizations registered in SEC or BRW, organizational assets worth P15,000.00 shall be used instead of the required P15,000.00 capital build-up

B. PROCESS FLOW AND TIMEFRAME

- Annexes A1 to A3 of this Guideline presents the flow of activities in the availment of funds under CAP-PBD and the corresponding timeframe for each activity.
- The set timeframe from evaluation of project proposal to release of loan to the proponent cooperative or farmers' organization is indicated below:


AMOUNT	APPROVING AUTHORITY	MINIMUM NO. OF DAYS	MAXIMUM NO. OF DAYS
Below P2 Million	PPMC	13	22
Over P2M up to P5 M	RPMC	17	28
Over P5 Million	NPMC	21	35

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

This Memorandum Circular shall take effect immediately.

Diliman, Quezon City, SEPTEMBER 04 1997.


ERNESTO D. GARILAO
Secretary, DAR


JESLI A. LAPUS
President, LBP

ANNEX A1: PROCESS FLOW FOR FUND AVAILMENT AND TIME FRAME¹
(FOR PROJECTS WHICH COST P2 MILLION AND BELOW)

STEP NO.	RESPONSIBLE OFFICE	ACTIVITY ²	NO. OF WORKING DAYS (after receipt of documents) ³	
			MINIMUM	MAXIMUM
0	Accredited Proponent Cooperative	Prepares and submits project proposal and other required documents to PARO	Depending on how fast the proponent can come up with a project proposal	
1	PPMC/BDCD	Screens/evaluates proposal and project feasibility using Appendices B, C and D, conducts field validation	3	4
2		Approves project proposal and endorses document to LBP-Branch Manager	1	2
3	LBP-Branch Office	Prepares loan documentation	2	4
4		Notifies the PPMC of the completion of loan documentation	1	1
5	PPMC/BDCD	Accepts notice from the LBP-Branch Manager and request the Program Secretariat to let LBP-Head Office effect fund transfer	0.5	1
6	Program Secretariat (BARBD)	Officially request the LBP-Head Office to effect fund transfer	0.5	1
7	LBP- Head Office	Effect fund transfer to the proponent through the LBP-Branch Office	0.5	1
8	LBP-Branch Office	Receives notice of fund transfer and sends notice of loan approval to the proponent	1	2
9	Proponent (ARB Cooperative or FO)	Receives notice of approval and accomplished pre-release documents	2	3
10		Submits required pre-release documents to LBP-Branch Office	0.5	1
11	LBP-Branch Office	Discuss with proponent the final terms and conditions.	0.5	1
12		Release loan according to work and financial plan	0.5	1
13	Proponent (ARB Cooperative or FO)	Receives loan amount	-	-
TOTAL NUMBER OF WORKING DAYS			13	22

¹ Please see attached diagram of the process flow. This diagram is originally found in the memorandum of the Assistant Secretary for Support Services dated 04 November 1996.

² It is assumed that the documents submitted by the proponent are complete, accurate, and there is a smooth process flow of documents upon receipt by the PPMC/BDCD to the release of loan by the LBP-Branch Office.

³ The timeframe does not provide for unnecessary delay such as returning of documents to the proponent, revision or completion of additional requirements. This means that the specified timeframe is the shortest time possible for accomplishing the indicated activity. The timeframe does not include the travel time of documents from one office/unit to another.

ANNEX A2: PROCESS FLOW FOR FUND AVAILMENT AND TIME FRAME⁴
(FOR PROJECTS WHICH ARE OVER P2 MILLION UP TO 5 MILLION)

STEP NO.	RESPONSIBLE OFFICE	ACTIVITY ⁵	NO. OF WORKING DAYS (after receipt of documents) ⁶	
			MINIMUM	MAXIMUM
1	PPMC/BDCD	Screens/evaluates proposal and project feasibility using Appendices B, C and D, conducts field validation	3	4
2		Approves project proposal and endorses documents to RPMC	1	2
3	RPMC/SSD	Reviews, screens, evaluates project proposal endorsed by PPMC; conducts field validation (if necessary)	3	4
4		Approves project proposal and endorses document to LBP-Branch Manager	1	2
5	LBP-Branch Office	Prepares loan documentation	2	4
6		Notifies the PPMC of the completion of loan documentation	1	1
7	RPMC/SSD	Accepts notice from the LBP-Branch Manager and request the Program Secretariat to let LBP-Head Office effect fund transfer	0.5	1
8	Program Secretariat (BARBD)	Officially request the LBP-Head Office to effect fund transfer	0.5	1
9	LBP- Head Office	Effect fund transfer to the proponent through the LBP-Branch Office	0.5	1
10	LBP-Branch Office	Receives notice of fund transfer and sends notice of loan approval to the proponent	1	2
11	Proponent (ARB Cooperative or FO)	Receives notice of approval and accomplished pre-release documents	2	3
12		Submits required pre-release documents to LBP-Branch Office	0.5	1
13	LBP-Branch Office	Discuss with proponent the final terms and conditions	0.5	1
14		Release loan according to work and financial plan	0.5	1
15	Proponent (ARB Cooperative or FO)	Receives loan amount		-
TOTAL NUMBER OF WORKING DAYS			17	28

⁴ Please see attached diagram of the process flow. This diagram is originally found in the memorandum of the Assistant Secretary for Support Services dated 04 November 1996.

⁵ It is assumed that the documents submitted by the proponent are complete, accurate, and there is a smooth process flow of documents upon receipt by the PPMC/BDCD to the release of loan by the LBP-Branch Office.

⁶ The timeframe does not provide for unnecessary delay such as returning of documents to the proponent, revision or completion of additional requirements. This means that the specified timeframe is the shortest time possible for accomplishing the indicated activity. The timeframe does not include the travel time of documents from one office/unit to another.

ANNEX A3: PROCESS FLOW FOR FUND AVAILMENT AND TIME FRAME⁷
(FOR PROJECTS WHICH ARE OVER P5 MILLION)

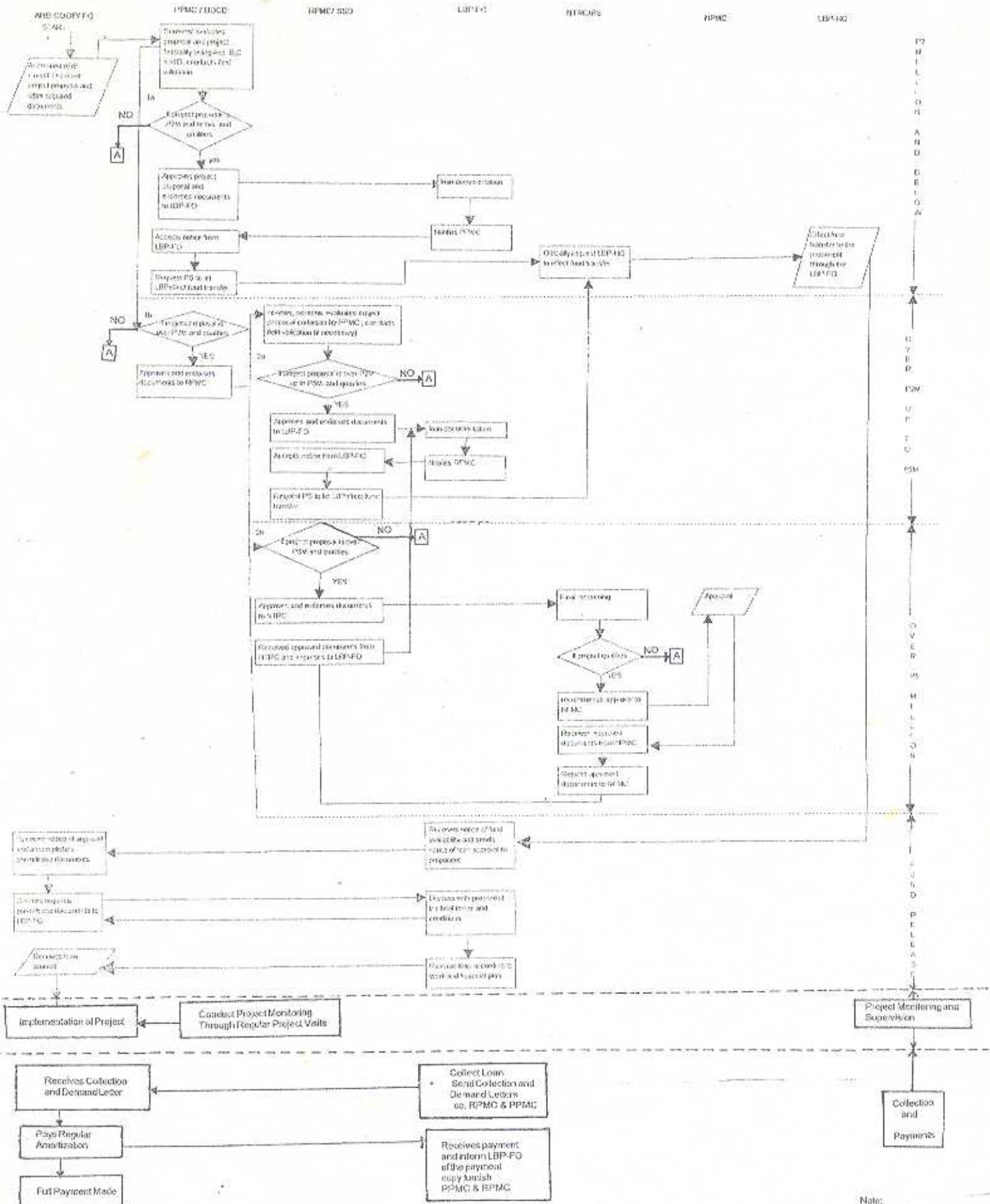
STEP NO.	RESPONSIBLE OFFICE	ACTIVITY ⁸	NO. OF WORKING DAYS (after receipt of documents) ⁹	
			MINIMUM	MAXIMUM
1	PPMC/BDCD	Screens/evaluates proposal and project feasibility using Appendices B, C and D, conducts field validation	3	4
2		Approves project proposal and endorses documents to RPMC	1	2
3	RPMC/SSD	Reviews, screens, evaluates project proposal endorsed by PPMC; conducts field validation (if necessary)	3	4
4		Approves project proposal and endorses document to NTRC	1	2
5	NTRC	Final screening of project proposal	3	4
6		Recommends approval to NPMC	0.5	1
7	NPMC	Approves the project	0.5	1
8	NTRC	Receives approval of project and returns approved documents to RPMC	0.5	1
9	RPMC	Receives approved documents from NTRC and endorses to LBP- Branch Manager	0.5	1
10	LBP-Branch Office	Prepares loan documentation	2	4
11		Notifies the PPMC of the completion of loan documentation	0.5	1
12	RPMC/SSD	Accepts notice from the LBP-Branch Manager and request the Program Secretariat to let LBP-Head Office effect fund transfer	0.5	1
13	Program Secretariat	Officially request the LBP-Head Office to effect fund transfer	0.5	1
14	LBP- Head Office	Effect fund transfer to the proponent through the LBP-Branch Office	0.5	1
15	LBP-Branch Office	Receives notice of fund transfer and sends notice of loan approval to the proponent	0.5	1
16	Proponent (ARB Coop or FO)	Receives notice of approval and accomplished pre-release documents	2	3
17		Submits required pre-release documents to LBP-Branch Office	0.5	1
18	LBP-Branch Office	Discuss with proponent the final terms and conditions	0.5	1
19		Release loan according to work and financial plan	0.5	1
20	Proponent (ARB Coop or FO)	Receives loan amount	-	-
TOTAL NUMBER OF WORKING DAYS			21	35

⁷ Please see attached diagram of the process flow. This diagram is originally found in the memorandum of the Assistant Secretary for Support Services dated 04 November 1996.

⁸ It is assumed that the documents submitted by the proponent are complete, accurate, and there is a smooth process flow of documents upon receipt by the PPMC/BDCD to the release of loan by the LBP-Branch Office.

⁹ The timeframe does not provide for unnecessary delay such as returning of documents to the proponent, revision or completion of additional requirements. This means that the specified timeframe is the shortest time possible for accomplishing the indicated activity. The timeframe does not include the travel time of documents from one office/unit to another.

Fig. 3.0 PROCESS FLOW FOR FUND AVAILMENT UNDER THE CAP-PBD



Note:
A - If so, the proposal will be returned to the proponent through channels