



Republic of the Philippines

## DEPARTMENT of AGRARIAN REFORM

ELLIPTICAL ROAD, DILIMAN, QUEZON CITY TELS. 997-031 TO 39

MEMORANDUM CIRCULAR NO. 26  
Series of 1996

**SUBJECT: IMPLEMENTING POLICIES AND GUIDELINES ON THE AVAILMENT OF CREDIT ASSISTANCE PROGRAM FOR PROGRAM BENEFICIARIES DEVELOPMENT (CAP-PBD)**

### I. RATIONALE

The Department of Agrarian Reform (DAR) is mandated to improve land tenure and provide basic support services to the agrarian reform beneficiaries (ARBs). Among these support services, the extension of adequate and affordable credit has been deemed a major support service that most ARBs critically need for their production/farming activities. It has been recognized that there is a need for an adequately comprehensive and responsive credit assistance program to provide assistance to non-bank eligible ARBcooperatives and farmers' organizations and to projects of ARBcooperatives and farmers' organizations which cannot be accommodated under the regular lending windows.

To address this need, the PARC Executive Committee, through the initiative of the DAR, has set aside an amount equivalent to fifty per cent (50%) of the CY 1995 allocation for credit assistance under the Agrarian Reform Fund (ARF), or about P355M. With this Fund, the DAR and the Land Bank of the Philippines (LBP) shall implement the "Credit Assistance Program for Program Beneficiaries Development (CAP-PBD)", herein called the Program.

### II. PROGRAM OBJECTIVES

This Program aims to provide needed financial assistance to the ARBs, particularly for livelihood projects and projects related to agribusiness development, for the upliftment of their economic status.

Specifically, the Program aims to:

1. Make available credit for agricultural production inputs, for affordable ownership of pre- and post-harvest facilities and fixed assets to ARB cooperatives or farmers' organizations in the identified agrarian reform communities (ARCs).
2. Provide financial assistance to projects of ARB cooperatives or farmers' organizations which cannot be accommodated under the regular lending windows, such as those projects which are long gestating and require longer grace period, and those projects of ARB



*"Tulong-tulong sa pagsulong"*



cooperatives and farmers' organizations considered as non-eligible per banks' accreditation criteria.

3. Provide the necessary support in the institutional development and strengthening of ARBs in the identified ARCs and the establishment of marketing linkages towards the promotion of agribusiness investments and enterprises.

### III. FUND SOURCE

Projects under the CAP-PBD shall be financed out of the allocation for credit assistance/support component of the CARP from the ARF. For CY 1995, only 50% of the ARF allocation for credit assistance, net of mandatory and reglamentary reserve, shall be utilized for the Program. The remaining 50% of the said allocation shall be maintained by the LANDBANK for its regular lending window.

### IV. ORGANIZATION AND MANAGEMENT

The following structures in the national, regional and provincial levels shall be established for a more effective implementation of the Program:

#### A. National Level

1. The National Project Management Committee (NPMC) shall be composed of the following:

DAR Secretary	Chairperson
Executive Vice President Agrarian Sector, LANDBANK	Vice-Chairperson
Undersecretary FOG/SSO, DAR	Member
Undersecretary Legal Affairs, DAR	Member
Assistant Secretary SSO, DAR	Member
Senior Vice President FOG, LANDBANK	Member
Assistant Secretary FMAO, DAR	Member
Director, PARC Secretariat	Member
Representative, Farmers' Group	Member

The NPMC shall:

- 1.1 Approve/disapprove projects for funding under the CAP-PBD, particularly those requiring loan assistance of more than P5 million.
  - 1.2 Act on issues that need special attention on matters pertaining to policies and guidelines under the Program.
2. The National Technical Review Committee (NTRC) shall be composed of the following:

Director, DAR-BARBD	Chairperson
Manager, IRF-LANDBANK	Vice Chairperson
Director, DAR-FIMAS	Member
Director, PDMS	Member
Representative, CDAG-LBP	Member
Representative, FLRD, LBP	Member

The NTRC shall:

- 2.1 Implement the policies approved by the NPMC.
  - 2.2 Prepare the checklist of necessary documents, including the required components of the feasibility study, for the proposed projects to be submitted by the proponents to the DAR/LANDBANK;
  - 2.3 Formulate the criteria and guidelines on the evaluation of project proposals subject to the approval of the NPMC;
  - 2.4 Review project proposals endorsed by the RPMC and PPMC that need the approval of the NPMC, and recommend to NPMC approval of the proposals.
3. Program Secretariat

The Bureau of Agrarian Reform Beneficiaries Development (BARBD) of the DAR will serve as the Program Secretariat (PS). The PS will:

- 3.1 Receive and initially review project proposals endorsed by the RPMC/PPMC and forward the same to NTRC for final review and appropriate endorsement to the NPMC;
- 3.2 Provide necessary staff support and secretariat services to NPMC and NTRC;
- 3.3 Monitor processing of project proposals and coordinate closely with the RPMC/PPMC on the approval of projects;
- 3.4 Facilitate the release of funds to the proponents by preparing the formal notice to LANDBANK of the approval of project by the NPMC/RPMC/PPMC and

official request for the transfer of the corresponding amounts required by the approved projects to concerned LANDBANK field offices for release to the project proponents;

- 3.5 Coordinate with the LANDBANK's Field Loans and Review Department (FLRD) on the monitoring of the utilization and earnings of the Fund;
- 3.6 Coordinate with DAR field offices and the LANDBANK on the generation of reports on the status of the Program;
- 3.7 Prepare and submit regular reports to the PARC Secretariat on the status of the Program for the information of the PARC Executive Committee and Council.

#### B. Regional Level

The Regional Project Management Committee (RPMC) shall be composed of the DAR Regional Director, as Chairperson, the LANDBANK Zone Manager<sup>1</sup>, or his representative, as Vice Chairperson, and the Regional CARPO-Support Services Division (SSD), the Regional Investment and Marketing Assistance Officer (RIMAO), Regional Finance Officer, and the concerned Provincial Agrarian Reform Officer (PARO), as members. It shall:

1. Evaluate and approve/disapprove project proposals endorsed by the PPMC with loan requirements of above P2M but below P5 million (per proponent), and endorse those requiring loan assistance of P5 million and above to the NPMC through the NTRC.
2. Facilitate monitoring and generation of reports on projects funded under the Program.
3. Submit regular reports to NPMC through the Program Secretariat.

It is understood that all projects with financing requirements falling within the range for RPMC and NPMC approval have been pre-evaluated at the provincial level, initially approved and recommended by the PPMC for funding assistance.

#### C. Provincial Level

The Provincial Project Management Committee (PPMC) shall be composed of the Provincial Agrarian Reform Officer (PARO), as

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<sup>1</sup> The LBP Zone Manager shall be a rotating member depending on the area where the project originates.

Chairperson, LANDBANK Field Office manager/representative, as Vice Chairperson, PARCCOM Chairperson, CARPO-BDCD, Provincial Investment and Marketing Officer (PIMAO), and the concerned Municipal Agrarian Reform Officer (MARO), as members. It shall:

1. Initially screen all project proposals and assess them with regard to proponent's eligibility and the project's technical and financial viability. In some cases, extend technical assistance to proponents in proposal preparation.
2. Approve/disapprove project proposals requiring loan assistance of not more than P2 million.
3. Endorse project proposals requiring loan assistance of more than P2 million to the RPMC.
4. Monitor status and progress of accomplishments of funded projects.
5. Submit regular status report to DARCO through the Program Secretariat, copy furnished the RPMC.

## V. POLICIES

### A. PROJECT FINANCING

Projects to be assisted under the Program shall be financed through a loan extended under the Program.

Financing of projects under the Program shall be based on the actual needs/cost of the projects, as approved by the PPMC, RPMC or NPMC, as the case may be, under a cost sharing scheme as follows: For rubber and other long-gestating agro-industrial crops production/processing projects:

1. Not more than 85% of total project cost to be drawn from the Program Fund, with amount of loan to be based on the paying capacity of the borrower; and
2. The difference between the project cost and the amount financed, which shall in no case be lower than 15% of the total project cost, shall be provided by the proponent as equity in the form of cash or labor.

For the other projects, particularly those involving traditional crops, the proponent's equity should not be less than 5% of the total project cost.

### B. ELIGIBLE BORROWERS

1. Eligible borrowers include agrarian reform beneficiaries (ARBs) cooperatives duly registered with the Cooperative Development

Authority (CDA), and farmers organizations duly registered with the Bureau of Rural Workers- Department of Labor and Employment (BRW-DOLE), or Securities and Exchange Commission (SEC), with ARB members comprising at least 50% + 1 of the total membership.

As this Program aims to accommodate ARB cooperatives and farmers' organizations which are considered non-eligible under the banks' criteria, accreditation by the DAR shall be required in all cases prior to availment of credit assistance.

Accreditation shall be done through the Regional Support Services Division (SSD) which shall submit a quarterly list of accredited cooperatives to the Bureau of Agrarian Reform Beneficiaries Development (BARBD). Appendix A presents the accreditation criteria, requirements and procedure.

As such, the ARB cooperatives and farmers' organizations considered eligible by banks and other financial institutions shall not qualify under the CAP-PBD. However, they shall be accommodated under the LANDBANK's regular lending window and other credit scheme.

Individual ARB-borrowers shall be referred to LANDBANK-accredited rural financing institutions (RFIs) to avail of loan assistance under the rediscounting facility of the LANDBANK.

3. In no case shall project proponents who have been blacklisted by the DAR, those which have unsettled obligations under the various financing programs administered by the DAR, the LANDBANK and/or other financing institutions, be allowed to avail financial assistance under the Program.
4. The guidelines for determining the readiness of borrowers under this Program is presented in Appendix B. This will be administered by the PPMC after the ARB cooperative or association has been accredited by the Regional SSD.

### C. ELIGIBLE PROJECTS

1. Eligible projects include:
  - 1.1 Purchase cost/construction cost/installation cost of pre- and post-harvest facilities, such as dryers, threshers, shellers, mills, warehouse, bins, farm tools, equipment, and draft animals;
  - 1.2 Agricultural crop/livestock production inputs;
  - 1.3 Operating capital including initial operating costs such as insurance, and other start-up costs;

2. Funding assistance shall be given to projects for implementation within the following order of priority: (a) agrarian reform communities (ARCs) where land acquisition and distribution to ARBs have been completed, and (b) other ARCs. The lists of these priority areas shall be provided by the DAR. Those ARCs already covered by foreign-assisted projects shall receive low priority under this Program.
3. Other types of projects not falling in any of the above classifications of projects eligible for assistance under the Program, shall be required to have prior clearance from the National Project Management Committee (NPMC).
4. The project must show potential to sustain and expand even after termination of assistance;
5. The project must be economically and technically feasible, and socially acceptable. Projects other than production loans should have a projected internal rate of return of investment of at least 15%.
6. In no case shall the Fund be used to repay obligations of projects assisted/funded by the DAR or the LANDBANK.

#### D. INTEREST RATES

The loans to be extended under the Program shall be charged the following interest rates:

Agricultural Production/Operating Capital Loans	12%
Fixed Asset/Medium & Long-Term Loans	14%
Supervision Cost	2%

The deferred interest during the grace period which bears no interest shall be spread over the remaining amortization period. However, the borrower may opt to pay deferred interest in a shorter period.

A rebate of 3% shall be granted upon prompt full payment of the loan.

For individual farmer-borrowers, the usual rates (market rate) extended by the LANDBANK-accredited RFIs shall be adopted.

#### E. LOAN MATURITIES

1. For long-gestating projects, the term of the loan shall be based on the projected cash flows and economic useful life. A maximum of seven (7) years grace period shall be allowed for medium and long-term loans.

2. For short-gestating projects and production loans, loan maturity shall be short-term, or not exceeding one (1) year, based on the production cycle.

#### F. COLLATERAL REQUIREMENTS

1. Promissory Note (with JSS Provision)
2. Deed of Assignment of Expected Produce/  
PCIC Policy/Guarantee
3. Chattel Mortgage on purchased equipment
4. At the discretion of the appropriate committee, the above may be supplemented by any or a combination of the Bank's acceptable collateral, e.g., Real Estate Mortgage, etc.

#### G. APPROVING LEVELS/AUTHORITIES

The approving authorities shall be the committees at the appropriate levels:

<u>LOAN AMOUNT</u> (Per Proponent)	<u>APPROVING AUTHORITY</u>
P2M and below	Provincial Proj. Management Committee(PPMC)
Up to P5M	Regional Proj. Management Committee(RPMC)
Above P5M	National Proj. Management Committee(NPMC)

#### H. MANAGEMENT FUND SUPPORT

An amount equivalent to at least five percent (5%) of the initial deposit to the fund shall be made available to finance the non-earning components of the Program, i.e., conduct of studies, workshops/conferences/meetings related to the program monitoring/management, procurement of program management facilities, administrative/logistical requirements, etc. However, withdrawal for the above objects of expenditures shall be subject to the recommendation of the NTRC and written approval/ authorization of the DAR Secretary.

### VII. PROCEDURES

#### A. ACCREDITATION

Prior to application of loan, the proponent ARB cooperative or farmers' organization shall apply for accreditation at the Regional Office through the Support Services Division. The criteria, requirements and procedure are spelled out in Appendix A.



## B. LOAN APPLICATION/APPROVAL

1. All loan applications of accredited ARB cooperative or farmers' organization under this Program shall be submitted to the PPMC, through the PARO. Thus, proposals submitted to the LANDBANK field offices or to the DAR Central/Regional offices shall be turned over to the concerned PPMC/PARO.
2. The PPMC shall screen and review the proposal, accompanying documents and the readiness of the proponent to avail financial assistance in accordance with the program implementing guidelines and criteria provided therein. If proposal and the accompanying documents are found to be inaccurate/incomplete, these documents shall be returned to the proponent, through the PARO, for revision, and/or submission/completion of additional requirements.

Appendix B presents the guidelines for determining the ARB cooperative's or farmers' organization's readiness to avail of financial assistance under the Program.

Appendix C presents the guidelines for screening or evaluating project proposals of ARB cooperatives or farmers' organization.

Appendix D summarizes the results of evaluation undertaken on the proposed project which shall form part of the documents for indorsement to concerned LANDBANK-FO.

3. The PPMC shall also evaluate the project proposal taking into consideration the masterlist of all bank-assisted cooperatives (BACs) to be provided by the LANDBANK field office(FO) in screening applicants. This masterlist indicates the cooperative classification, cooperative eligibility as conduit, and individual member's credit standing, among others.
4. For projects with loan requirements of P2 million or less, the PPMC shall approve proposal and endorse same to the LANDBANK-FO for loan documentation.
5. For projects with loan requirements of more than P2 million up to P5 million, the PPMC shall undertake initial screening and evaluation of the proposal, and if found eligible and viable, shall approve and endorse the proposal to the RPMC, which shall undertake final evaluation/validation of the project. If approved, the RPMC shall endorse same to the LANDBANK-FO for loan documentation.

Same Appendix D shall be forwarded to concerned LANDBANK-FO along with the documents of the approved projects which will form part of the loan document.

6. Upon completion of loan documentation, the LBP-FO shall notify the RPMC/PPMC, which in turn shall notify the Program Secretariat (PS), which shall officially request the LBP-HO to

effect the transfer of the corresponding amount to the proponent through the concerned LANDBANK-FO.

7. For projects with loan requirements of more than P5 million, the PPMC and RPMC shall evaluate, approve and endorse the proposal to NPMC through the NTRC, which shall undertake final evaluation and approval of the project. This means that proposal that will be endorsed to the NTRC shall bear the approval of the PPMC and RPMC.

The NTRC shall review proposal and prepare appropriate recommendation, using Appendix D, to the NPMC.

The NPMC shall approve or disapprove the project for funding and return proposal documents to RPMC and PPMC for loan documentation by the LANDBANK-FO (if approved), or for transmittal back to the proponent (if disapproved).

Upon completion of loan documentation, LANDBANK-FO shall notify the PPMC/RPMC, copy furnished the PS. The NPMC shall formally request the LANDBANK-HO to effect transfer of corresponding funds to the proponent through the concerned LANDBANK-FO.

7. In all cases, fund balances of the total loans for approved projects undergoing multiple releases shall be maintained at LANDBANK-HO when succeeding release is not yet due.

#### C. LOAN RELEASE AND RECOVERY

1. Upon approval of proposal and receipt of notice of fund availability/transfer for the approved project, the LANDBANK-FO shall send written notice of loan approval to the proponent and request the same to accomplish pre-release documents including the Promissory Note (with ISS provision), and Deed of Assignment of Produce and PCIC Guarantee.
2. Before releasing the loan, the LANDBANK Account Officer should discuss with the proponent ARB cooperative or farmers' organization the specific terms and conditions of the loan as well as the detailed provisions of the loan documents and their implications.
3. The LANDBANK-FO shall release the loan on a staggered basis in accordance with the approved budget or work and financial plan (WFP).
4. The DAR and the LANDBANK shall undertake the usual project monitoring and supervision, through the RPMC and/or PPMC, and shall institute remedial measures when necessary. Regular project visits shall be made to ensure that the project accounts are kept in current status.

5. The LANDBANK-FO shall collect loan payments based on existing bank procedures. It shall send collection and demand letters/telegrams to the proponents/borrowers, copy furnished PPMC/PARO and/or RPMC/DARRO.
6. The LANDBANK-FO shall receive payment from the proponents/borrowers and inform LANDBANK-HO of the payment, copy furnished PPMC/PARO and/or RPMC/DARRO.
7. All collections shall be credited by the LANDBANK-HO to the Program Fund.

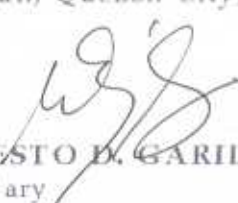
D. PROGRAM FUND REPORTING

The LANDBANK-HO, through the FLRD/TSD, shall prepare semestral Statement of Accounts, highlighting list of approved projects and borrowers, dates of fund releases and loan maturities, status of loan repayments, Program Fund balance, etc. which shall be submitted to the NPMC, through the PS. Exception reports on the Program Fund may be requested by the PS whenever necessary.

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

This Memorandum Circular shall take effect immediately.

Diliman, Quezon City, *25 October* 1996.

  
ERNESTO D. GARILAO  
Secretary

## APPENDIX A

### ACCREDITATION OF ARB COOPERATIVE OR FARMERS' ORGANIZATION UNDER CAP-PBD

#### 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 farmers' organization after proper verification and validation of required documents.

#### CRITERIA:

1. Registered either with the Cooperative Development Authority (CDA), Securities and Exchange Commission (SEC) or Bureau of Rural Workers (BRW), 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

#### REQUIREMENTS

1. Certificate of Registration from CDA, SEC or BRW;
2. Profile of the cooperative or association using CAP- PBD 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.

#### PROCEDURE

1. The ARB cooperative or farmers' organization shall secure the Profile Form (CAP-PBD 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 farmers' organization profile (CAP-PBD Form No. 1) shall be submitted together with the following documents.

- Certificate of Registration from CDA, SEC or BRW;
- List of members and officers and date of attendance to PMES;
- Audited and duly certified financial statement of the year preceding the year of application.

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 or the LBP Field Office, where the ARB cooperative or farmers' organization 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 association.

6. SSD shall submit consolidated list of all regional accredited ARB cooperatives or farmers' organization to the Program Secretariat (BARBD) every quarter which becomes part of the regular reporting using CAP-PBD Form No. 2.

ARB COOPERATIVE OR FARMERS' ORGANIZATION PROFILE

I. GENERAL PROFILE

1.1 Name of the ARB cooperative or farmers' organization \_\_\_\_\_

1.2 Name of the ARC \_\_\_\_\_

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 \_\_\_\_\_

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 Honorarium 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:

Certified by:

\_\_\_\_\_  
Name and Signature

\_\_\_\_\_  
Name and Signature of BOD Chairman

\_\_\_\_\_  
Position

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

CAP-PBD FORM NO.2

LIST OF ACCREDITED COOPERATIVES UNDER THE CAP-PBD  
as of \_\_\_\_\_

Region \_\_\_\_\_

Name of Cooperative / Farmers' Organization (FO)	Name of ARC / Province	Paid-up capital (as of _____)	Services provided to members	MEMBERSHIP			Date Registered, Office and Registration No.
				No. ARB members	No. of non-ARB	Total no. of members	
Total No. of Accredited Coops/FO							

Prepared by \_\_\_\_\_

Date \_\_\_\_\_

NOTED BY: \_\_\_\_\_  
CARPO-SSD

*APPENDIX B*

GUIDELINES FOR DETERMINING THE  
ARB COOPERATIVE/ FARMERS' ORGANIZATION READINESS  
TO AVAIL  
FINANCIAL ASSISTANCE UNDER CAP-PBD

1. With on-going capital build-up program resulting in minimum annual incremental equity equivalent to P200/member.
2. With written designation for the BOD Chairman to act as alternate to the Manager.
3. Key leaders and management staff have attended relevant management training courses.
4. With relevant basic and written coop policies, systems and procedures.
5. With written plans and program.
6. With duly installed books of accounts.

## APPENDIX C

### GUIDELINES FOR SCREENING/EVALUATING PROJECT PROPOSALS OF ARB COOPERATIVES OR FARMERS' ORGANIZATION

**Objective:** The objective of screening or evaluating project proposals is to make sure that projects funded under this program are viable, sustainable and beneficial to the ARBs and non-ARBs of the agrarian reform community.

#### **Aspects for Evaluation:**

The following aspects should be taken into consideration in evaluating the project proposal submitted by the ARB cooperative or farmers' organization.

#### **General Considerations:**

1. Conformity with DAR's thrust, priorities, concerns, objectives on ARC development.
2. Social Acceptability
  - a. The project should emphasize the participation of project beneficiaries in planning and implementation.
  - b. The project should be consistent with existing socio-cultural attributes and resources of beneficiaries.
  - c. The project should contribute to the attainment and/or conservation of ecological balance.
  - d. The project should generate labor/employment opportunities for its beneficiaries.
3. Organization and Management
  - a. Appropriate/adequate management and organizational arrangement
  - b. Workplan/schedule should be realistic and manageable
  - c. The project should have provisions for sustainability/ continuity even after termination of the assistance.
4. Capability/Credibility of Proponents to Carry-Out Project
  - a. The proponent must be duly registered with appropriate agency such as SEC, CDA, BRW, among others

- b. The proponent should be able to provide equity contribution
  - c. The proponent should present its track record of activities in relation to the project.
5. Budgetary Requirement
- a. Budgetary estimates should be reasonable.
  - b. Equity participation should not be less than the required minimum level.

**Specific Considerations:**

1. Technology Appropriateness
- a. Size, location and technology should be appropriate to demand/need
  - b. Technology should be well-defined, workable and adequate.
  - c. Sustainability of production/supply should be assured.
  - d. Technical assumption should be reliable.
2. Marketability of Products
- a. Demand/supply forecast should be sound/realistic.
  - b. Competitiveness/efficiency should be determined.
  - c. Effective marketing scheme should be provided/spelled out.
3. Financial/Economic Viability
- a. Assumptions used in the financial statements should be realistic/reliable.
  - b. The project's financial statements should show profitability (with minimal risk)
  - c. The project should outline the repayment/payback scheme and must show repayment capacity and capability.
  - d. The project must have high potential for increasing household income.

**Mechanics:**

The project proposal evaluation and rating form in Appendix D will be used by the rater. Whenever necessary, the members of the Provincial Project Management Committee shall conduct field validation or ocular inspection in the proposed project site, interview with some officers and members of the ARB cooperative or farmers' organization.

**Rating:**

The following rating scale must be used in each item to be rated in Appendix D. If an item is not applicable, NA must be placed in the appropriate box with the reason why that particular item is not applicable.

- 1 - Poor
- 2 - Fair
- 3 - Satisfactory
- 4 - Very Satisfactory
- 5 - Outstanding

**Computation of Rating:**

Each item included in Appendix D is given equal importance or weightage in assessing or evaluating the proposed project. In computing the over-all average rating of the project, add all the numerical rating and divide it by the number of rated items.

$$\text{Average rating} = \frac{\text{Total Score}}{\text{No. of Rated Items}}$$

**Acceptable Projects:**

Only project which has a rating of satisfactory and above (3 and above) will qualify for financial assistance under the CAP-PBD.

APPENDIX D

PROJECT PROPOSAL EVALUATION AND RATING FORM

NOTE: The mechanics in filling-up this project proposal evaluation and rating form is outlined in Appendix C as this forms part of the guidelines in assessing /evaluating projects for funding assistance with the CAP-PBD.

PROJECT TITLE:

PROPONENT :

AREAS OF EVALUATION	RATING	REMARKS					
I. GENERAL CONSIDERATIONS							
1. Conformity with Programme Thrusts, Priorities, Concerns, Objectives	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table>	1	2	3	4	5	
1	2	3	4	5			
a. Objective	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
b. Activity Concerns/Priorities	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
c. Development Approach	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
2. Social Relevance/Suitability	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table>	1	2	3	4	5	
1	2	3	4	5			
a. consistency with human attributes/attitudes/ability	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
b. participation of project beneficiaries in planning and implementation	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
c. Contribution to environmental balance/conservation	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
d. Labor/employment Generation	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
3. Organization/Management/Operation	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table>	1	2	3	4	5	
1	2	3	4	5			
a. adequacy of organizational and management arrangement	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
b. realistic workplan/schedule	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
c. provisions for sustainability/continuity of project even after termination of assistance	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
4. Capability/Credibility of Proponent to Carry-Out Project	<table border="1"> <tr> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> </tr> </table>	1	2	3	4	5	
1	2	3	4	5			
a. experience/exposure (YEARS)	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						
b. network	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>						

AREAS OF EVALUATION	RATING	REMARKS																														
5. Budgetary Requirement  a. reasonableness of budgetary estimates  b. adequacy of equity participation	<table border="1"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> </table>	1	2	3	4	5																										
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<b>II. SPECIFIC CONSIDERATIONS</b>																																
1. Technology Appropriateness  a. appropriateness of size, location, technology to demand/need  b. well-defined, workable and adequate technology features  c. production/supply, sustainability  d. reliability of technical assumptions	<table border="1"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> </table>	1	2	3	4	5																										
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2. Marketability of Products  a. sound supply/demand forecast  b. competitiveness/efficiency  c. effectiveness of marketing scheme	<table border="1"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> </table>	1	2	3	4	5																										
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3. Financial Viability/Profitability  a. reliability of assumptions in financial statements  b. profitability ratios  c. debt service capacity	<table border="1"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> </table>	1	2	3	4	5																										
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4. Economic Significance  a. benefit cost ratio  b. farm input to output prices  Average Rating	<table border="1"> <tr> <td>1</td><td>2</td><td>3</td><td>4</td><td>5</td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td> </tr> </table>	1	2	3	4	5																										
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Prepared by: \_\_\_\_\_

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