

JOINT DAR-ETF MEMORANDUM CIRCULAR NO. 09  
Series of 2000

**SUBJECT : Revised Implementing Policies and Guidelines for the Joint DAR-ETF  
Livelihood Credit Assistance Program  
(Superseding Joint DAR-NLSF Memorandum Circular No. 26 Signed on  
July 30, 1997)**

**I. BACKGROUND/RATIONALE**

In 1997, the Department of Agrarian Reform (DAR) and the then National Livelihood Support Fund or NLSF (now the Effective Response to Alleviate Poverty Trust Fund (ERAP Trust Fund or ETF) formed a partnership program called the Livelihood Credit Assistance Program (LCAP) in agrarian reform communities (ARCs). The partnership arrangements and the policies and guidelines that shall govern the program tie-up are contained in a Memorandum of Agreement executed by and between the two agencies on December 05, 1996 and the Joint DAR-NLSF Memorandum Circular No. 26 signed on July 30, 1997.

It shall be noted that the partnership agreement stipulates that ETF provides the credit fund to finance the credit requirements of the accredited program conduits/program partners who shall provide micro credit assistance to ARB households in the ARCs. DAR, on its part, ensures the participation of its various structures at the field level in the implementation of the program and facilitates the provision of technical assistance and institutional development interventions for program implementors, conduits/program partners.

In a period of two and a half years (July 1997-December 1999), the program has accredited forty-nine (49) conduits/program partners with approved credit line amounting to PHP 251.60 Million. These conduits/program partners who provide the on-lending to the qualified members of ARB households in ARCs, are spread in thirty-five (35) provinces in 14 regions. Of these conduits, thirty-two (32) have fund avancement amounting to PHP 183.57 Million benefiting 11,928 ARBs in 144 ARCs spread out in thirty-three (33) provinces.

Within the program implementation period, particularly on the advent of the new administration, the National Livelihood Support Fund (NLSF) went through an organizational crisis and restructuring. It was the issuance of Executive Order No. 75 series of 1999 which re-invigorated the organization, which by this time is already known as the Effective Response to Alleviate Poverty (ERAP) Trust Fund. EO 75 likewise "realigned (ETF) into a livelihood and enterprise development, generation and promotion agency" of the government and expanded its mandate to include policy development and capability building.

On the DAR's part, under the Estrada Administration, the implementation of the ARC Development Program was expanded as defined in the DAR Memorandum Circular No. 05 series of 1999 which is the "Sustainable Rural Development Framework for ARCs". It redefined

## **DAR-ETF LCAP ASSESSMENT AND PLANNING WORKSHOP GUIDELINES AND PROCEDURES**

### **1. Overview of the activity**

This will include the introduction of participants and rationale/background of the activity. In cases where the facilitator feels the need for leveling of expectation, depending on the familiarity and heterogeneity of the participants, then this follows after the introduction of participants. It shall be noted that some of the program conduit participants are rural banks who may not be familiar with the DAR-ETF LCAP partnership and the said meeting they are attending. Therefore, the overview will provide a better grounding on why the assessment and planning meeting is being conducted and expected outputs after the meeting.

### **2. Brief profile of conduits and ARCs covered**

Each of the conduits shall discuss the profile of their organization, their services and areas covered. The profile of the ARCs being served by the conduit through the LCAP will be presented by the Provincial LCAP Point Person.

### **3. Accomplishment Report/Status of the program**

The accomplishment to be reported will cover one semester with reference to the action plan prepared for the period being assessed. The form to be used will be LCAP Form No. II while the information in Form No. I will also be part of the report.

As a strategy and to arrive at a more synchronized and accurate accomplishment/status report, the LCAP Point Person may confer with the conduits covering the ARCs in the province.

### **4. Problems, Issues and Concerns/Recommendation**

During the presentation of accomplishment/status report, issues and concerns raised will be noted down by the documentor. The documentor and the facilitator will confer with each other and come up with a consolidated issues and concerns to be presented to the Regional management during the management interaction. This shall be clustered based on the following suggested categories: policy-related, operational-related and administrative-related.

### **5. Program Updates/Directives**

This part consist of discussion of related policy issuances affecting the LCAP implementation. The objective of this is to appraise the field implementors on the recent developments on ARC implementation, microfinance, etc. for consideration in their action plans.



the development of ARCs using three modalities: Prime, Semi-Prime and Satellite. Prime ARCs refer to areas which can be developed into prime agricultural areas with high productivity, with an integrated agribusiness system and physical infrastructure support, both for pre- and post-production and is linked with the market. Semi-prime refer to areas which also produce but due to its geographical location, cannot support a commercial processing and marketing operation. However, it can be a consolidator of produce for prime ARCs and can be a link between the prime and satellite ARCs. The satellite ARCs would refer to areas where productivity is low due to its geophysical characteristics, there is a dearth of government services and physical infrastructure facilities, and is not readily accessible.

The said Memo Circular also defined the key components of ARC development: Land Tenure Improvement, Social Infrastructure and Local Capacity Building, Sustainable Area-Based Rural Enterprises and Basic Social Systems Development. Micro credit assistance, which is the focus of this partnership is under the Sustainable Area-Based Rural Enterprises Development component.

In view of the foregoing and the need to align the LCAP with the above-mentioned thrusts and directions of both agencies, this Memorandum Circular on the Revised Implementing Policies and Guidelines on LCAP is hereby presented to supersede Memorandum Circular No. 26 series of 1997.

## **II. PROGRAM OBJECTIVES**

The Program seeks to assist in the improvement of the economic and social conditions of ARB household members in ARCs by providing access to micro credit through accredited conduits/program partners, supported by institutional development interventions.

Specifically the Program aims to:

1. Make available credit funds to accredited conduits/program partners who in turn, will provide direct micro credit assistance to qualified members of ARB households in ARCs to finance their livelihood activities; and
2. Strengthen the capability of program implementors and conduits to effectively facilitate the delivery of micro credit and other related services to ARB households.

## **III. PROGRAM COMPONENTS**

### **A. Micro Credit**

This is focused on the provision of micro credit funds to qualified lending conduits/program partners who will provide on-lending services to the target beneficiaries and the generation of savings among the end-beneficiaries who availed of the micro credit assistance. The micro credit fund shall be provided by the ETF, subject to its credit policies, to finance the requirements of the livelihood or income generating activities of the target beneficiaries in the ARCs through its accredited conduits/program partners.

## B. Capability Building –

This is focused on enhancing the capability of program implementors and conduits/program partners towards a more efficient program implementation. This include the attendance to training courses, seminars/workshops, conferences, forum, study visits, by program implementors and conduits, and the facilitation/provision of coaching/mentoring activities, as well as technical assistance or advice for program implementors, conduits and selected end-beneficiaries.

## IV. PROGRAM MANAGEMENT

DAR and ETF shall jointly supervise the implementation of the program. It shall ensure that adequate mechanisms are in place to ensure the effective and efficient implementation of LCAP at all levels. However, it shall be emphasized that the micro credit component shall be governed by the existing policies and procedures of ETF, it being the fund origin.

## V. ORGANIZATION & MANAGEMENT STRUCTURES

The joint operationalization of the program shall have the following management and implementing structures:

### At the National Office Level -

#### **A. Program Management Committee (PMC)**

The PMC shall be formed to serve as the policy-making body of the program. It shall conduct meetings on a semestral basis or it may call special meetings as the need for it arises, and based on the recommendation of the Technical Working Group, through the Program Secretariat. Its members shall be composed of the following:

- |  |                  |
|--|------------------|
| • Assistant Secretary, DAR-Support Services Office (SSO) | - Chairperson    |
| • Executive Director, ERAP Trust Fund (ETF)              | - Co-Chairperson |
| • Director, DAR-BARBD                                    | - Member         |
| • Director, PDMS   | - Member         |

The PMC shall have the following functions:

1. Set the policies and defines the priorities of the Program;
2. Resolve policy issues or matters pertaining to program implementation submitted by the Technical Working Group;
3. Make representation with their respective agency heads for the provision of the required manpower and financial support to operationalize the partnership program;



4. Identify and solicit funding and technical assistance from external sources including capability building activities for program implementors and program partners/conduits; and
5. Approve the conduct of/attendance to capability building activities.

#### ***B. Technical Working Group (TWG)***

The TWG shall also be organized to oversee program coordination and implementation. It shall meet quarterly or as the need arises, and shall be composed of the following:

- |                                 |               |
|---------------------------------|---------------|
| • Assistant Director, DAR-BARBD | - Chairperson |
| • Representative, SEEDD-BARBD   | - Member      |
| • Representative, BEIED-BARBD   | - Member      |
| • Representative, OASS          | - Member      |
| • Representative PDMS           | - Member      |
| • Representative, ETF           | - Member      |
| • Representative, ETF           | - Member      |

The TWG shall perform the following functions:

1. Devise program strategies, work and financial plan/timetable of activities in coordination with the DAR field offices and ETF;
2. Review and/or recommend changes in the implementing guidelines and procedures of the program for PMC approval, if needed;
3. Design the required monitoring, recording and reporting system to improve program implementation and proper program documentation;
4. Develop and implement capability building activities for the program implementors and program partners/conduits; and
5. Ensure the conduct of an impact assessment of the program by an independent party after five (5) years of implementation; and
6. Perform other functions that may be assigned by the PMC.

#### ***C. Program Secretariat (PS)***

The Program Secretariat shall provide the necessary technical and administrative support to the PMC and the TWG. It shall be headed by the CARPO of the Social Entrepreneurship and Enterprise Development Division (SEEDD), Bureau of Agrarian Reform Beneficiaries Development (BARBD) of DAR, plus two SEEDD Technical Staff who shall perform the following functions:

1. Provide Secretariat support to the PMC and TWG;

2. Coordinate with ETF and DAR field offices regarding the submission of quarterly monitoring reports and other demand reports;
3. Prepare and submit quarterly LCAP status report to the PMC through the TWG; and
4. Provide technical assistance to field offices in relation to LCAP implementation.

#### **At the Field Office Level –**

##### ***D. DAR Regional Office –***

At the regional level, the Support Services Division (SSD) shall undertake the supervision and management of the LCAP program implementation. The SSD shall be guided with the following functions and responsibilities:

1. Assist the provincial offices in the generation of qualified program partners/conduits pre-evaluation questionnaires (PEQs) through the conduct of various social marketing activities;
2. Evaluate and endorse qualified program partner/conduit PEQs generated to ETF, copy furnished the DARPO/BDCD and BARBD; if documents are lacking, the Regional Office/SSD should coordinate with the DARPO/BDCD concerned and the potential program partner/conduit for its completion;
3. Ensure that the program monitoring and coordinative activities are undertaken, including the preparation and submission of Quarterly Regional LCAP Status Report to the PMC/TWG through the Program Secretariat;
4. Assist in the conduct of monitoring activities of the projects of end-beneficiaries and the conduits in tandem with the provincial/ municipal staff;
5. Facilitate the resolution of issues and concerns encountered during program implementation;
6. Coordinate with DARCO and ETF on concerns relative to program implementation; and
7. An LCAP Point Person shall be designated from the Support Services Division (SSD) who shall be under the supervision of the CARPO. With the CARPO's assistance, the Regional LCAP Point Person shall facilitate the conduct of the above-mentioned functions.

##### ***E. DAR Provincial Office –***

At the provincial level, the Beneficiaries Development Coordinating Division (BDCD) shall orchestrate LCAP program implementation. It shall be guided with the following functions and responsibilities:

1. Conduct social marketing activities to ensure the generation of Pre-Evaluation Questionnaires (PEQs) of qualified program partners/conduits;
2. Evaluate and endorse PEQs of potential program partners/conduits to ETF, copy furnished the DARRO/SSD and BARBD;
3. Ensure that program monitoring, recording and reporting activities are undertaken, including the preparation/submission of Quarterly Provincial LCAP Status Reports;
4. Assist in the identification and delivery of appropriate institutional development interventions for target beneficiaries;
5. Provide technical assistance to program partners/conduits (who are NGOs and POs) on LCP implementation;
6. Ensure that administrative and logistics support are provided for program implementation and monitoring activities; and
7. A Provincial LCAP Point Person shall be designated from the BDGD who shall be under the supervision of the CARPO. With the CARPO's assistance, the Provincial LCAP Point Person shall facilitate the conduct of the above-mentioned functions.

#### ***F. DAR Municipal Office -***

The Development Manager/MARO and the Development Facilitator (DF) shall be the direct link in the implementation of the program at the ARC level. They shall perform the following functions:

1. Assist the prospective program partner/conduit in complying with the program documentary requirements, if applicable;
2. Identify viable projects of beneficiaries for funding under the program and ensure that these are consistent with the ARC Development Plan in the area covered by LCAP;
3. Provide the accredited program partners/conduits with the certified list of ARBs in the ARCs to be served by the program partner/conduit; and
4. Prepare and submit quarterly status report on program implementation to DARPO/BDGD.

## **VI. PROGRAM IMPLEMENTING GUIDELINES**

### **A. Micro Credit Component**

#### **1. Credit Policies and Guidelines**

This refers to the existing **ETF credit policies and guidelines** which shall be adopted in the LCAP program implementation including the revisions, amendments and



changes therein as may be made and adopted in the future, the details of which are in Annex A.

## 2. LCAP Procedural Guidelines

This refers to the **implementing procedures for the availment, processing, implementation and monitoring of LCAP**. It also defines the roles of ETF and DAR at all levels, (i.e., municipal, provincial, regional and central offices) in the various processes and procedures of the program. The details are attached as **Annex B**.

## B. Capability Building Component

The implementation of the capability building component shall be based on the following guidelines and procedures:

1. The DAR and ETF shall jointly facilitate the provision of capability building interventions for program implementors, conduit/program partners, and others;
2. Interventions under this component shall include training activities, mentoring, seminars, workshops, field exposures, and IEC materials development, among others;
3. Partnerships may be sought/established with other institutions which have the responsibility and expertise to provide capability building interventions; and
4. Funds for capability building activities shall be provided by ETF and DAR based on an agreed cost-sharing scheme and the recipients of these interventions.

## C. Program Management

The administration, management and supervision of LCAP shall be guided by the following guidelines and procedures:

1. The DAR and ETF shall pool their resources on an agreed cost-sharing basis to sufficiently cover the required budget for the operations and management of LCAP based on the approved program Work and Financial Plan;
2. The pooled fund shall be administered and managed by the ETF and shall be disbursed in accordance with government accounting and auditing rules and regulations; and
3. Disbursements shall be based on the approved LCAP Work and Financial Plan as recommended by the TWG and approved by the PMC.

## VII. PROGRAM MONITORING

For an effective program implementation, a **monitoring, recording and reporting system** for LCAP was developed. This aims to set up the data requirements for the data based



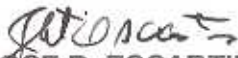
management and reporting system, identify and describe the procedures of the monitoring system and clarify the schedules of report submission at various levels. The details of the said monitoring system including the forms to be used are hereto attached as **Annex C**.

#### VIII. EFFECTIVITY

This Memorandum Circular supersedes Memorandum Circular No. 26 series of 1997 and takes effect immediately upon approval and shall remain in force unless modified or repealed by a subsequent Memorandum Circular.

May 19, 2000.

  
**HORACIO R. MORALES**  
Secretary  
Department of Agrarian Reform  
*M*  
*OK*

  
**JOSE D. ESCARTIN**  
Executive Director and  
Chief Executive Officer  
ERAP Trust Fund

**DAR-ETF LIVELIHOOD CREDIT ASSISTANCE PROGRAM (LCAP)**

**MICRO CREDIT POLICIES AND GUIDELINES**

**A AREA COVERAGE**

The program shall be implemented in Agrarian Reform Communities (ARCs) nationwide.

**B. ELIGIBLE CONDUITS/PROGRAM PARTNERS**

The provision of the credit support is through program conduits/partners which include:

1. Peoples' Organizations
2. Non - Government Organizations
3. Rural Financial Institutions

**C. ACCREDITATION CRITERIA**

Availment of the program shall be through the use of pre-evaluation questionnaire (PEQ) which shall be accomplished by the program partners/conduits as basis for initial evaluation/accreditation for its qualification under the program. The following are the accreditation criteria to be looked into in the evaluation and accreditation of the program conduit/partner:

For NGOs/POs -

1. Must be duly registered with any government registering entity (i.e. Securities and Exchange Commission, Cooperative Development Authority or Bureau of Rural Workers - Department of Labor).
2. Must have a satisfactory credit record.
3. Must have a track record of at least one (1) year of satisfactory/profitable operations in livelihood lending. Newly formed organizations with less than one (1) year track record must have successfully undertaken community projects and members of management must have adequate experience in livelihood development and lending.
4. Must have sufficient manpower capable of handling financial and lending transactions.
5. Must have acceptable and well established internal control, accounting and documentation systems.



6. Must not have a past due ratio of more than 25% in its lending operations.
7. Must have a permanent working capital of at least P 100,000.00. (However, in case of NGOs/POs in ARCs, a reduced amount may be considered on a case-to-case basis provided there is a savings mobilization and capital build up program that will meet the capital deficiency in one year.)

For RURAL FINANCIAL INSTITUTIONS (RFIs) -

1. Must satisfy the first five (5) criteria for NGOs/POs
2. Must be of good standing with no major exceptions per Bangko Sentral ng Pilipinas audit.
3. Must have at least ten percent (10%) capital to risk asset ratio.
4. Must not have a past due ratio of more than 25% in its loan portfolio at the time of application.
5. Must not have legal reserve deficiencies for the last four (4) weeks at the time of application.

D. TARGET BENEFICIARIES

1. Agrarian Reform Beneficiaries (ARBs)
2. Small Farmers for non-traditional crop production and off-farm projects
3. Wives and dependents of ARBs and small farmers in ARCs
4. Other non-farmer households in ARCs

E. LOAN PURPOSE

1. Relending –this shall be used solely to finance the livelihood project requirements of the target beneficiaries in the ARCs.
2. Soft loan – this is intended for capability building and administrative support specially for expenses relative to trainings/social preparation to be provided to the program beneficiaries and for logistic support. Amount shall depend on the needs of the program partners as assessed by ERAP Trust Fund but not to exceed 10% of the credit funds for relending.

F. FINANCIAL CHARGES

1. Relending -

The amount to be availed by the conduit/program partner from ETF shall be charged a 12 % per annum interest rate.

The interest rate to be charged by the Conduit/Program Partner from End Beneficiaries shall be jointly determined by the

conduit/program partner and ETF to cover all costs with reasonable spread but not to exceed 24% per annum.

2. Soft loan -

The interest charges for this facility shall be at 3.0% per annum.

G. CREDIT LIMIT

1. Conduits/Program Partners

The amount to be availed shall depend on the credit evaluation results, program plans, and the number of target beneficiaries to be served in the ARCs to be covered but not to exceed the total asset base of the conduit/program partner.

2. End-Beneficiaries

The maximum loanable amount is PHP 50,000.00 per borrower.

H. RELENDING PERIOD

1. Revolving Credit Line

The Promissory Notes (PNs) of program partners/conduits shall be co-terminus with the underlying loans/promissory notes of beneficiaries, but not to exceed three (3) years.

ETF funds must be fully relent to end-beneficiaries within (30) days from the date of receipt of the fund. Unreleased funds after the period must be returned to ETF including the interests due it.

2. Soft Loan

This shall have a repayment period of three (3) years.

I. PAST DUE LOANS

The following instances shall constitute default and shall make the loan due and demandable:

1. Quarterly - non-payment of two (2) consecutive amortizations
2. Semi-Annual & Annual - non-payment of one (1) amortization, however, a 30-day grace period is granted

J. PENALTY

Up to 12 % per annum with 30 days grace period.



#### K. POLICY ON PROGRAM PARTNERS RELENDING

ETF shall provide credit through wholesale lending to accredited conduits/Program Partners in the form of a one year revolving credit line. These program partners shall relend the ETF fund to members of self-help groups (SHGs).

Types of projects to be funded by the program partners include short gestating income-generating activities and other short-term crop production projects except those traditional crop production projects being financed by Land Bank. This, however, shall depend on the needs and capabilities of the beneficiaries to manage.

The following guidelines must be followed in determining the type of projects for the end-beneficiaries:

1. Viable and has ready market for the products or services
2. Able to generate income for the target beneficiaries within a short period of time
3. Within the capability of end-beneficiaries to manage
4. Must be able to generate savings for the beneficiaries
5. Must comply with all existing government rules and regulations
6. Must be in accordance with or consistent to the over-all ARC development plan

#### L. SAVINGS MOBILIZATION

The program partners shall be required to establish a savings mobilization scheme to ensure the continuity of the livelihood development activities of the SHGs even after the full-payment of the beneficiary loan to the Program Partners. It may be used as a future capital or as a mutual guarantee fund of the SHGs/sub-borrowers when they organize themselves into formal organizations. However, the program partner shall have mobilized borrowers savings of at least ten percent (10%) of the total loan releases during the loan term.

#### M. CREDIT LINE RENEWALS/INCREASES

Credit line renewals/increases maybe granted subject to ETF evaluation of the program partners' credit line availment performance and implementation of ETF livelihood program.

However, automatic credit line renewals/increases maybe granted by ETF subject to Program Partners'/Conduits' satisfactory availment and repayment performance as well as attainment of program objectives in its area of operations with updated data bank.

#### N. BOOKS OF ACCOUNTS

The program partner shall maintain a separate set of subsidiary records or books of accounts for ETF transactions/loans to facilitate identification/monitoring of the ETF assisted program. A data bank of borrowers profile and loan records shall be maintained at all times for ready reference of ETF.

O. AUDIT AND PROJECT APPRAISAL

The program partners shall submit annual financial statements duly certified/audited by an independent CPA and program accomplishment and status report. ETF reserves the right any time after due notice, an examination of books and records, inspection of individual projects reported as financed under the program and appraisal of program status and accomplishments.

P. LOAN RESTRUCTURING

The ETF loan is a liability of the conduit/Program Partner and should be paid regardless of the status of the individual loans of beneficiaries. However, in case of adversities caused by force majeure or unexpected events that greatly affect its financial condition, a restructuring of loan terms maybe allowed subject to acceptable remedial and repayment plan.

In no case shall restructuring be allowed if cause of defaults is diversion of loan funds and collection proceeds.

Q. DOCUMENTATION AND SAFEKEEPING

Loan documents to be used shall be in accordance with ETF forms. All necessary taxes/fees as required by law relative to the documentation of the approved loan shall be for the account of the Program Partner. Individual sub-PNs being financed shall be kept in custody by the program partner for safekeeping in a well secured vault on behalf of ETF.

R. APPLICATION REQUIREMENTS

1. Accomplished ETF application form
2. Registration and Incorporation papers
3. Board Resolution to Borrow
4. Personal Data sheet of Board of Directors and Principal Officers and 2" x 2" pictures with signatures at the back
5. Audited Financial Statements for the last three (3) years, if applicable and latest Interim Financial Statements
6. Other requirements that may be deemed necessary by ETF management



## DAR-ETF LIVELIHOOD CREDIT ASSISTANCE PROGRAM (LCAP)

PROCEDURAL GUIDELINES

Below are the activities to be undertaken which include the generation of pre-evaluation questionnaire (PEQ), evaluation and processing to fund release involving the program implementors at various levels:

<u>ACTIVITY</u>	<u>PARTY RESPONSIBLE</u>
A. IDENTIFICATION OF PROSPECTIVE PROGRAM PARTNERS	
Undertake social marketing activities on the program through conduct of orientation/workshops, fora, field visits to prospective conduits, among others.	ETF DARRO/DARPO
B. LOAN EVALUATION AND PROCESSING	
1. Accomplishes and submits the ETF Pre- Evaluation Questionnaire (PEQ) (please refer to Form1 hereto Attached)	Prospective Program Partner/Conduit
2. Assists the prospective program partner/conduit in complying with the program documentary requirements, when applicable.	MARO
3. Evaluates the PEQ based on the ETF accreditation/ eligibility criteria adopted under LCAP as contained in the revised MC	RARO/ PARO
4. Submits to ETF qualified PEQs copy furnished the concerned provincial office through BDCD (for PEQs generated at the regional level) and the regional office through the SSD (for PEQs generated at the provincial level) and DARCO-BARBD (for PEQs both generated at the regional and provincial levels) with the endorsement letter.	RARO/ PARO

- |  |   |
|--|---|
| <p>5. Upon receipt of loan application documents, evaluates the final table evaluation and inform the applicant organization on the result of the evaluation copy furnished DAR-BARBD and DAR Provincial Office. If qualified, validates the applicant-organization's qualification and capability through the conduct of an organizational assessment and analysis (OAA).</p> | <p>ETF/DAR</p>                                      |
| <p>6. Informs the program partner/conduit on the results of the OAA. If OAA results are positive, ETF Account Officer undertakes credit/background investigation (CIBI) with DAR's assistance in securing the results of the CIBI for submission to ETF.</p>   | <p>ETF<br/>DARRO/<br/>DARPO</p>                     |
| <p>If there are deficiencies in the organization's management and operations, endorses the findings and recommendations to the LCAP TWG for appropriate action.</p>  | <p>ETF</p>  |
| <p>C. LOAN APPROVAL</p>  |   |
| <p>1. Prepares credit facility proposal, submits and presents to the ETF Credit Committee, Management Committee or Executive Committee, whichever is applicable, for deliberation and approval.</p>  | <p>ETF</p>  |
| <p>2. Informs the applicant-organization on the result of the ETF Committee deliberation. If approved, notifies applicant-organization on the requirements for loan availment copy furnished the PARO, MARO, and the LCAP Program Secretariat.</p>   | <p>ETF</p>  |
| <p>D. LOAN DOCUMENTATION</p>   |   |
| <p>1. Coordinates with the program partner/conduit on the program and presents the list and profile of the ARCs for possible coverage.</p>   | <p>DARPO/<br/>DARMO</p>                             |
| <p>2. Undertakes a brief orientation on the program in the ARCs which were selected for coverage. Specifically, the DARMO certifies the list of ARBs in the ARCs under the program.</p>  | <p>DARPO/<br/>DARMO/Program<br/>Partner/Conduit</p> |
| <p>3. Prepares the requirements for loan availment and submits to ETF request for fund release including the certified list of qualified beneficiaries, type of</p>  | <p>Program Partner/<br/>Conduit</p>                 |



projects, and individual loan account.

- |  |                                |
|--|--------------------------------|
| 4. Upon receipt of request for drawdown, reviews and evaluates the documents and informs the program partner/conduit copy furnished DAR-BARBD and DARPO on the schedule of the pre-release validation and orientation. | ETF                            |
| 5. Conducts pre-release validation and orientation   | ETF/DAR-BARBD,<br>DARRO, DARPO |
| 6. Signs loan documents  | Program Partner/<br>Conduit    |
| 7. Reviews as to legal sufficiency and completeness of documents/requirements and safeguards   | ETF                            |

#### E. FUND RELEASE/DRAWDOWN

- |   |     |
|---|-----|
| 1. Releases loan via fund transfer to Program Partner Deposit account with concerned LBP branch | ETF |
| 2. Notifies program partner on the fund release, copy furnished PARO/MARO/PS concerned          | ETF |

#### F. LOAN MONITORING/ SUPERVISION

- |   |                             |
|---|-----------------------------|
| 1. Conducts post- release validation to check end borrowers' loan and financed projects | ETF/DARMO                   |
| 2. Reviews the release requirements of Prog. Partner for next drawdown, if any.         | ETF                         |
| 3. Submits semi-annual Program status report copy furnished PARO/MARO concerned         | Program Partner/<br>Conduit |

#### G. COLLECTION

- |   |                             |
|---|-----------------------------|
| 1. Sends billing letter/notice to Program Partner thirty (30) days before due date of loan amortization, copy furnished PARO/MARO concerned | ETF                         |
| 2. Remits amortization payment via Program Partner's account with designated LBP branch   | Program Partner/<br>Partner |

**DAR-ETF LIVELIHOOD CREDIT ASSISTANCE PROGRAM (LCAP)****PROCEDURES FOR THE LIVELIHOOD CREDIT ASSISTANCE PROGRAM  
(LCAP) MONITORING AND REPORTING SYSTEM**

---

**I. BACKGROUND/RATIONALE**

One of the key agreements of the LCAP Consultative Workshop was to install a monitoring and reporting system. This is to effectively track down program status/accomplishments, areas for improvement and to some extent, learnings and insights on program implementation.

The need to come up with a synchronized reporting system and define the coordinative mechanisms among program implementors which include DAR, ETF, conduits and end-beneficiaries are important concerns to improve the LCAP implementation. With the nature of the program, in which ETF provides the credit fund, most of the coordination on program implementation, specifically on the financial aspect is between the conduits and ETF. Generation of data on program accomplishments directly related to the provision of credit fund also emanates from the program partner/conduit. In view of these, the DAR program players have to play a proactive role in ensuring their participation in program operationalization to ensure that the ARBs in the ARCs are benefited under LCAP.

It is also expected that through the monitoring and reporting system, the management officials of the partnering agencies shall be updated with the program status that will guide them in formulating policy decisions and in providing the necessary program guidance and directions.

In view of the above and in order to develop and install the LCAP monitoring, recording and reporting system, this set of procedural guidelines is being issued.

**II. OBJECTIVES:**

The LCAP Monitoring and Reporting system was designed to guide the program implementors and management in tracking down the status of accomplishments, defining areas for improvement, and in establishing the appropriate coordinative systems among the program players.

Specifically, it aims to:

1. Set up the data requirements and forms to be used for the database and reporting system;
2. Identify and describe the procedures of the monitoring, reporting and coordinative systems; and
3. Set the schedules of report submission at various levels.



### **III. COMPONENTS AND DESCRIPTION OF THE LCAP MONITORING AND REPORTING SYSTEM:**

The LCAP Monitoring and Reporting System shall be composed of the following:

#### **A. Database Management -**

A database system shall be developed and installed to be able to establish the benchmark information on the program and effectively monitor the progress of information relative to program implementation. These shall include the date and amount released to the conduits, amount of loans availed of by the beneficiaries, ARCs covered, ARBs and non-ARBs benefited segregated by gender, types of projects funded, number of times availed, etc.

The ETF in coordination with the program conduits shall anchor the development and management of the database which shall be adopted under LCAP. The firmed up data requirements for the LCAP data base shall be the anchorage of the various information to be gathered from the field level.

#### **B. Periodic Monitoring Reports -**

This shall include the DAR-ETF LCAP Monitoring Forms I and II which are the Accomplishment Report and Status of Program Conduit/Partner Availments and Drawdowns respectively. These shall be accomplished by the LCAP Point Persons, noted by the CARPO of the Support Services Division (SSD) and approved by the Regional Director for the regional report. For the provincial report, this shall be noted by the CARPO of the Beneficiaries Development Coordinating Division (BDCD) and approved by the PARO. The preparation of these reports, especially on the fund availment and drawdown (Form II), shall be in close coordination with the conduits in the province, they being the one releasing the loans to the end-borrowers. Both Forms shall be accomplished on a quarterly basis.

The schedule of submission at various levels are as follows:

		<b>1<sup>st</sup> QTR</b>	<b>2<sup>nd</sup> QTR</b>	<b>3<sup>rd</sup> QTR</b>	<b>4<sup>th</sup> QTR</b>
Province to Region	-	April 1-7	July 1-7	Oct. 1-7	Jan. 1-7
Region to DARCO	-	April 8-15	July 8-15	Oct. 8-15	Jan. 8-15

#### **Form I: LCAP Quarterly Accomplishment Report -**

This is an activity oriented monitoring and reporting form which aims to capture the participation of the program implementors on the various processes and procedures of the program implementation. It include the activities, performance indicators, targets, resources needed, and persons responsible.

## Form II: LCAP Status of Program Conduit/Partner Availments and Drawdowns

This aims to gather the movement of the credit fund approved/availed from the ETF to the conduit and from the conduit to the end-beneficiaries. It includes the amount and date of the approved credit line, status of fund release per conduit, ARCs covered, number of ARBs and non-ARBs segregated by gender and types of projects funded.

Attached as **Annexes 1 and 2 are LCAP Forms I and II** including the instructions on how to fill-up these forms which are indicated at the bottom of the forms.

### **C. Periodic Program Assessments –**

These include the **conduct of the LCAP National and Regional Program Assessment and Planning Workshops both on a semi-annual basis.**

#### 1. National LCAP Assessment and Planning Workshop –

This shall be orchestrated by the members of the TWG and Program Secretariat to be attended by the LCAP Regional/Provincial Point Persons and conduits, among others. This is a venue for the discussion of the program accomplishments per region, sharing and gathering of insights/learnings, resolution of issues and concerns related to program implementation. This is also the venue where presentation of policy updates and other relevant information to guide and equip the knowledge and skills of the program implementors. This shall be conducted during the quarter of the succeeding semester which is the subject of the assessment.

#### 2. Regional LCAP Assessment and Planning Workshop –

This shall be anchored by the Support Services Division (SSD) through the Regional LCAP Point Person. In attendance shall be the Provincial LCAP Point Persons including the BDCD CARPOs. It is also important for the Regional Director and the Provincial Agrarian Reform Officer to attend in order for these field managers to know the status of LCAP implementation so they can properly guide and direct program operationalization .

The assessment shall focus on the presentation of status report per province, discussion of issues and concerns and recommendations, and action planning.

This shall be conducted before the national program assessment in order to come up with a synchronized consolidated regional status report, issues and concerns encountered and strategies/recommendations.

At the end of the workshop, the Regional LCAP Point Person shall submit to the PMC Chairperson, the Assistant Secretary for Support Services, through the LCAP Program Secretariat the highlights of the workshop. The workshop report shall follow the format which is attached as Annex D. To be attached in the report are the consolidated provincial accomplishment reports (LCAP Forms I and II) and the action plans for the ensuing semester. *This shall be submitted to*



LCAP Program Secretariat the highlights of the workshop. The workshop report shall follow the format which is attached as Annex D. To be attached in the report are the consolidated provincial accomplishment reports (LCAP Forms I and II) and the action plans for the ensuing semester. This shall be submitted to BARBD within 15 days from date of the completion of the Regional Assessment Workshop.

The guidelines and procedures for the conduct of the assessment and planning meeting are hereto attached as Annex 3 while the report format is in Annex 4.

#### **D. Periodic Meetings/Dialogues/Fora -**

This shall be anchored by the Beneficiaries Development Coordinating Division (BDCD) at the provincial office through the LCAP Point Person with the guidance of the BDCD CARPO and the PARO. This is a meeting among those involved in the program from DAR, program conduit/s and selected end-beneficiaries. This is also a venue for updating and exchange of information on the status of program implementation, discussion and threshing-out of issues and concerns encountered and sharing of insights/learnings on the program implementation. The participants shall include the MAROs and DFs in the ARCs covered, program partner/conduit and selected end-beneficiaries.

In provinces with no conduits yet, this activity shall serve as the venue to market the program among prospective program partners/conduits towards the generation of PEQs for the province.

The frequency of the conduct of meetings/dialogues/fora shall be at least once per quarter.

#### **E. Field Visit/Validation -**

The refers to the conduct of field visits/validation activities in the ARCs covered at least once per quarter or as the need arises. This aims to provide a venue for the LCAP Point Persons (both regional and provincial) to be updated on the actual status of the livelihood enterprises of the end-beneficiaries. It shall also provide a better appreciation and understanding of the problems, issues and concerns (PICs) confronting the beneficiaries and shall be a basis for their provision of the necessary technical assistance to both the conduits and the ARB households in relation to accessing micro-credit.

The DAR-BARBD and ETF, on a case to case basis, may also conduct field visits/validation to the ARCs covered by the program.

---

## ANNEX 1

## For the Period 2000

[illegible]

Column 7: Refers to additional information that may be included that may provide a more updated picture of the accomplishment reported.

Approved by:

PARO/DIRECTOR



## CAP STATUS OF PROGRAM CONDUIT/PARTNER AVAILMENTS AND AVAILMENTS

For the Period \_\_\_\_\_

REGION: \_\_\_\_\_  
PROVINCE: \_\_\_\_\_

[illegible]

Column 1. Refers to the program partner/conduit which is either an NGO, PO, or rural financial institution.

Column 2: Refers to the address of the program partner/conduit which includes the street/bergweg, municipality, province where the job is located

Column 3: Refers to the ARC being served by the program consultant/leader under LCAP. Other barcodes in the ARC not covered by the program need not be included.

Column 4: Refers to the approved amount of credit facility which is categorized into credit line, soft loan and the total amount of approved credit facility.

Column 5: Refers to the actual drawdown as of the quarter reporting period. The amount actually released for credit line, and short loan and the total amount for both shall be indicated.

**Project Number:** The entry for the type of project funded by the grant is entered in the Project Number field. This number is used to identify the project throughout the grant process.

projects shall follow the following codes: 18 - Handicrafts (rug making, basket weaving, christmas decor making, wood carving, home decor making, pottery, RTW making, etc; 28 - Food Production/processing (meal processing, candy making, etc; 38 - Textile Production/processing (textile processing, garment making, etc; 48 - Other (other projects not fitting into the other categories)

fridge/vegetable preservation bath/salad egg production, etc.: 5B - Trading (market vending, sea-san store, carromania, RTW selling, etc.) 4B - Services (barber/beauty shop, machine shop, vulcanizing shop, etc.) 5B Livestock/Poultry

(breeding, fattening of chicken, ducks, cattle, swine, goat, quail, etc.); and Flinders/Fishery Products processing (e.g., fish processing, bagging making, etc.)

Column 7: Refers to additional information that will provide a more updated picture of the accomplishment as of the reporting period. This may include issues/concerns/problems identified/encountered in the implementation of the program.

Prepared by:

Noted by:

Approved by:

LCAP Point Person

GOOD/ISSD CARPO

PARO/DIRECTOR