

**REVISED IMPLEMENTATION GUIDELINES  
ON THE UTILIZATION OF THE  
AGRICULTURAL COMPETITIVENESS  
ENHANCEMENT FUND  
(ACEF)**



**Republic of the Philippines  
DEPARTMENT OF AGRICULTURE**  
June 2011

REVISED IMPLEMENTATION GUIDELINES ON THE UTILIZATION OF THE  
AGRICULTURAL COMPETITIVENESS ENHANCEMENT FUND

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Republic of the Philippines  
DEPARTMENT OF AGRICULTURE  
Office of the Secretary  
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**Subject : Revised Implementation Guidelines on the Utilization of the Agricultural Competitiveness Enhancement Fund**

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*Whereas*, THE Philippines has committed itself to trade liberalization as a strategy for achieving sustainable economic growth;

*Whereas*, this trade liberalization policy provides the country's agricultural producers greater opportunities for increasing exports while allowing for the lifting of import bans on most agricultural products;

*Whereas*, in order to maximize the country's gain from the policy of trade liberalization and minimize the adjustment costs in the shift toward a liberalized trade regime, government has to institute measures that would increase the agricultural sector's productivity and enable it to achieve higher levels of competitiveness;

*Whereas*, Congress enacted into law R.A. 8178, otherwise known as "*An Act Replacing Quantitative Restrictions on Agricultural Products, Except Rice, with Tariffs, Creating the Agricultural Competitiveness Enhancement Fund, and for Other Purposes*";

*Whereas*, R.A. 8178 created the Agricultural Competitiveness Enhancement Fund (ACEF) which consists of the in-quota tariffs collected from the importation of Minimum Access Volume (MAVs) of agricultural products;

*Whereas*, Congress enacted into law R.A. No. 9496, otherwise known as "An Act to Extend the Utilization Period of the Agricultural Competitiveness Enhancement Fund, Amending R.A. 8178, entitled "An Act Replacing Quantitative Restrictions on Agricultural Products, Except Rice, with Tariffs, Creating the Agricultural Competitiveness Enhancement Fund, and for Other Purposes;"

*Whereas*, there is a need to improve the mechanisms and procedures necessary to efficiently and effectively allocate and disburse the Agricultural Competitiveness Enhancement Fund (ACEF) in order to achieve its objective of competitiveness;

**NOW, THEREFORE**, this administrative order containing the revised rules and regulations that will govern the disposition and utilization of the Agricultural Competitiveness Enhancement Fund (ACEF) is hereby issued.

## SECTION I General Framework

### A. Declaration of Policy

The goals of the national economy are as follows: more equitable distribution of opportunities, income and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.

### B. Definition of Terms

1. **Agribusiness Enterprise** – an organization, firm or any other legal entity accredited, recognized, and/or duly registered with an appropriate government agency that is undertaking related activities in agriculture and/or fisheries.
2. **Agricultural Competitiveness Enhancement Fund (ACEF)** - refers to a Special Purpose fund created by Republic Act No. 8178, “Agricultural Tariffication Act” out of the proceeds of the in-quota MAV importations to help the agricultural sector become globally-competitive viable, efficient, and sustainable.
3. **Agricultural Product** - refers to any product classified under Chapters 1 to 24 of the Harmonized System (HS) of tariff nomenclature in the Tariff and Customs Code of the Philippines (TCCP), as amended.
4. **Applied Research** – refers to research aimed at gaining knowledge to meet a specific, recognized need in the agriculture sector. Applied research is generally divided into pre-technology sciences and technology invention. Pre-technology sciences include soil physics and chemistry, plant and animal genetics, plant and animal pathology, plant and animal physiology, nutrition, engineering, climatology, computer science **and economics**. *Technology Inventions includes agricultural chemistry, plant and animal breeding, horticulture, agronomy, veterinary medicine, mechanics, irrigation methods, anthropology, sociology, communications research, extension research, computer software development for the agriculture and fisheries and farm management.*
5. **Basic Research** – upstream research directed towards increase in knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific application toward processes. It is also an original investigation for the advancement of scientific knowledge which does not have specific commercial objectives.

6. **Capital Outlay** - an expenditure for the acquisition of fixed assets and other goods, the productive benefits of which extend beyond the fiscal year. It covers expenditures for land and land improvements, buildings/structures, furniture, fixtures, and equipment outlay (including information technology equipment and software), investments, livestock and crops, **but not to include vehicles**.
  
7. **Comprehensive Scholarship Program** – refers to financial assistance program for qualified students interested to enroll in agriculture, forestry, fisheries, and veterinary medicine and graduate studies in environmental and marine science, hydrology, renewable energy and agri-business management programs.
  
8. **Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFMP)** – refers to the Committee on Agriculture of both Houses that coordinate congressional initiatives, complement and enhance the programs and activities of the Department of Agriculture in the implementation of the Agriculture and Fisheries Modernization Program (AFMP).
  
9. **Farmers and Fisherfolk Organization or Association** – refers to farmer’s and fisherfolk’s cooperatives, associations, or corporations duly registered with appropriate government agencies who voluntarily joined together to form business enterprises or non-business organizations which they themselves own, control and patronize.
  
10. **Federation of Farmers' and Fisherfolk's Organization** - refers to a group of farmers' and fisherfolk's organizations, cooperatives, associations, corporations or foundations duly registered with appropriate government agencies who voluntarily joined together to form bigger and stronger business enterprises or non-business organizations.
  
11. **Government Organization** - any government entity organized and existing whether local, national or corporate created under or by virtue of the laws of the Philippines.
  
12. **Income-Generating Agricultural Development Project** - comprise of agricultural activity (ies) that utilize resources for the purpose of earning income and profits.
  
13. **In-Quota Tariff Rate** - refers to the tariff rates for minimum access volumes committed by the Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act.
  
14. **Local Government Units** – refer to the following:
  - Region** – A sub-national administrative unit comprising of several provinces having more or less homogeneous characteristics, such as ethnic origin of inhabitants, dialect spoken, agricultural produce, etc.

**Province** – The largest unit in the political structure of the Philippines. It consist, in varying numbers, of municipalities and, in some cases, of component d=cities. Its functions and duties in relation to its component cities and municipalities are generally coordinative and supervisory.

**City** – There are three classes of cities in the Philippines: the highly urbanized, the independent component cities which are independent of the province, and the component cities which are part of the provinces where they are located and subject to their administrative supervision.

**Municipality** - is a political corporate body which is endowed with the facilities of a municipal corporation, exercised by and through the municipal government in conformity with law. It is a subsidiary of the province which consists of a number of barangays within its territorial boundaries, one of which is the seat of government found at the town proper.

**Barangay** - The smallest political unit into which cities and municipalities in the Philippines are divided. It is the basic unit of the Philippine political system. It consists of less than 1,000 inhabitants residing within the territorial limit of a city or municipality and administered by a set of elective officials, headed by a barangay chairman (punong barangay).

15. **Maintenance and Other Operating Expenses (MOOE)** - expenditures for the payment of raw materials, utilities, transport costs, repairs and maintenance which are necessary for an entity's operations.
16. **Minimum Access Volume (MAV)** - refers to volume of a specific agricultural product that is allowed to be imported with a lower tariff as committed by the Philippines to the World Trade Organization (WTO) under the Uruguay Round Final Act.
17. **Minimum Access Volume Product (MAV Product)** - an agricultural product classified under any of the four-digit Tariff and Customs Code of the Philippines (TCCP) HS Code headings covered by the MAV mechanism.
18. **Out-Quota Tariff Rate** - the higher rate of customs duty reflected in the TCCP, as amended, that is levied on the quantities in excess of the MAV of an imported agricultural product.
19. **People's Organization (PO)** – refers to an independent community or class-based association to protect and advance causes of interest groups.
20. **Public Investment** - refers to goods and services provided/undertaken by the government necessary to perform its functions of promoting efficiency, equity, stability, and representation in the international community in support of optimal rural and agricultural growth.

21. Philippine Information Agency – a government agency responsible in providing widest and adequate information dissemination which will help farmers/fisherfolks make better decisions and identify opportunities that could improve their quality of life.
22. **Quantitative Restriction (QR)** - refers to non-tariff restrictions used to limit the amount of imported commodities, including but not limited to discretionary import licensing and import duties, whether qualified or absolute.
23. **Small and Medium Enterprise (SME)** - refers to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:
- |               |  |
|---------------|--|
| <b>Micro</b>  | <b>: not more than ₱3,000,000.00</b>         |
| <b>Small</b>  | <b>: ₱ 3,000,001.00 to ₱ 15,000,000.00</b>   |
| <b>Medium</b> | <b>: ₱ 15,000,001.00 to ₱ 100,000,000.00</b> |
24. **Small Farmers and Fisherfolk** – refers to natural persons dependent on small scale subsistence farming and fishing activities as their primary source of income
25. State Universities and Colleges (SUCs) – refer to chartered state institutions of higher learning which have independent and separate Governing Boards (GBs).
26. **Special Account 183**– refers to the specific account in the General Fund where ACEF collections under the MAV are deposited with the National Treasury.
27. **Trade Liberalization** - the lifting of quota restrictions and the reductions of tariffs on imports

### C. ACEF Source

The in-quota tariff revenues from the importation of agricultural products within the MAV shall constitute the Agricultural Competitiveness Enhancement Fund (ACEF), including unused balances and collections from repayments from loan beneficiaries including interest, if any. The fund has been assigned an account called Special Account 183 which is automatically appropriated in the General Fund. The fund release shall not be subjected to any ceiling by the Department of Budget and Management (DBM). As a continuing fund, the fund will continue to be set aside up to the year 2015 after which setting aside of the amount shall terminate. However, any remaining balance(s) at the date of expiration of the fund shall not revert to the General Fund but shall continue to be used for the purpose for which it was collected and set aside.

#### **D. ACEF Use**

The Agricultural Competitiveness Enhancement Fund (ACEF) shall be set aside and earmarked:(a) for the protection of farmers and fisherfolk against unfair trade practices such as smuggling, dumping of agricultural products or other similar acts of unfair trade practices; (b) for the increased productivity of farmers by providing the necessary support services such as but not limited to irrigation, farm-to-market roads, post-harvest equipment and facilities, credit, research and development, other marketing infrastructure, provision of market information, retraining, extension services, micro, small and medium scale enterprises (MSMEs), in agriculture, aquaculture and fisheries sectors, young entrepreneurs, graduates of agriculture, fisheries and related courses, agriculture and fishery cooperatives, corporations, and other entrepreneurs engaged in economic enterprises related to agriculture and fisheries and assistance and support to agricultural activities including, but not limited to, reduction of input cost, quality improvement, supply chain efficiency and other infrastructure such as equipment and access roads for cost effective delivery of products and services.

The Agricultural Competitiveness Enhancement Fund (ACEF) shall finance projects and activities that will help enhance the competitiveness of the agriculture and/or fisheries sectors. The fund shall be specifically used for the Capital Outlay (CO) expenditure and MOOE requirements of projects and for public investments **such as public markets cold chain infrastructure, access roads and similar products.** The total expenditures on all projects for ACEF assistance shall not exceed the available resources in Special Account 183.

#### **E. Intended Beneficiaries**

1. The Agricultural Competitiveness Enhancement Fund ACEF shall have as priority beneficiaries/sectors/groups involved with agricultural products the Quantitative Restrictions (QRs) of which have been lifted under RA 8178 and/or covered by the Minimum Access Volumes (MAVs) mechanism; and those affected by the country's compliance with its World Trade Organization (WTO) commitments; and
2. Those whose project beneficiaries include cooperatives/associations of small farmers and fisherfolk.

#### **F. Eligible Project Proponents**

1. Eligible project proponents for ACEF funding would include any of the following: (adjusted from original IRR)
  - a. Cooperatives/associations of Filipino farmers and fisherfolk;
  - b. Micro, Small and Medium Scale Enterprise (MSMEs) in agriculture, aquaculture, and fisheries sectors;

- c. Agriculture and fishery cooperatives and other entrepreneurs engaged in economic enterprises related to agriculture and fisheries;
- d. Government organizations such as Local Government Units (LGUs), government corporations, and other local and national government agencies who have joint venture undertakings with farmers, fisherfolk, women's group, young agriculture and fisheries graduates, peoples organizations (POs) and indigenous peoples (IPs); and
- e. Academic and educational institutions such as State Universities and Colleges (SUCs) and private academic institutions with business arrangements/tie-up with farmer's/fisherfolk's cooperatives/associations or private entities primarily engaged in agriculture or fisheries in the locality where the SUC is situated.

**G. Eligibility Requirements from Project Proponents:**

- 1. Private Sector Proponents must fall within the Small and Medium Enterprises (SME) category.
- 2. All Project Proponents must possess the eligibility requirements provided for in Annexes A and B of this Order.

**H. Eligibility Projects**

- 1. General Principle

Projects and activities eligible for Agricultural Competitiveness Enhancement Fund (ACEF) assistance shall be limited to those which are directly related to enhancing the competitiveness of an agricultural product(s) or sector(s). Projects with sector/ industry-wide benefit such as the establishment of common service facilities or utilizing indigenous raw materials for production and generating local employment shall be prioritized. Whereas, a ceiling of FIFTEEN MILLION PESOS (P15,000,000.00) loanable amount shall be observed for regular projects as determined by the ACEF Enabling Committees.

- 2. Types, Activities, and Services Eligible for ACEF Assistance

- a. Section 8 of R.A. 8178 as amended under RA 9496 specifically listed those projects and activities that will enhance the competitiveness of agricultural products as follows:
  - i. Irrigation;
  - ii. Farm to market roads;

- iii. Agri-based production and post-production and processing activities;
  - iv. Post Harvest equipment and facilities;
  - v. Credit;
  - vi. Research and development assistance and commercialization of such, including the upgrading of research facilities;
  - vii. Marketing infrastructure;
  - viii. Provision of market information, public information and promotional activities;
  - ix. Training and extension services;
  - x. Funding of a comprehensive undergraduate scholarship program for agriculture, forestry, fisheries and veterinary medicine and graduate studies in environmental and marine science, hydrology, renewable energy, and agri-business management programs; and
  - xi. Other forms of assistance and support as recommended by the ACEF Project Executive Committee (Execom) which shall include but not limited to management services, agricultural pest and disease management, institutional capacity/capability strengthening activities and project proposal/feasibility study (FS) preparation. Also included are assistance for the protection of farmers against unfair trade practices such as smuggling, dumping of agricultural products or other similar acts of unfair trade practices as recommended by the Executive Committee (ExeCom).
- b. Infrastructure projects will include construction or rehabilitation and/ or upgrading of existing ones such as roads, irrigation canals and similar roads.

## **I. Minimum Project Criteria**

The projects that will qualify for Agricultural Competitiveness Enhancement Fund (ACEF) financing, shall, at minimum:

1. Be consistent with the policies and priority thrusts under RA 8435 ( or the Agriculture and Fisheries Modernization Act (AFMA) vis-à-vis Goals 1 and 2 under the Medium Term Philippine Development Plan (MTPDP) and/or the current plans and programs of the Department of Agriculture (DA);
2. Be complementary to and supportive the various and current funding assistance windows/programs of the DA and other government institutions;
3. Exhibit market, technical, financial, socio-economic, and organizational viability and feasibility;

4. Enhance the competitiveness of target project beneficiaries or sector(s), especially the small farmers and/or fisherfolk;
5. Provide product/service competitiveness in the local and foreign markets in terms of product/service prices/fees and quality;
6. Promote upstream and downstream linkages with related and/or complementary agricultural activities;
7. Provide clear and verifiable proof of sustainability of operations;
8. Must be beneficial to most, and not only selected, firms or groups within a sector.
9. Must be in the comprehensive development plans or its equivalent, of the proponent Local Government Unit (LGU), State Universities and Colleges (SUCs) or any qualified government institution.

## J. Financing

### 1. Mode

- a. The Agricultural Competitiveness Enhancement Fund (ACEF) shall be extended as an interest- bearing loan to eligible proponents, the proposed projects of which are income generating, subject to the approval of the ACEF Project Executive Committee and without prejudice to other existing laws and issuances of extending interest – bearing loans.

Loan availments under the Agricultural Competitiveness Enhancement Fund (ACEF) shall also be secured by a table mortgage or unregistered mortgage for properties and equipment that will become part of the project (both for equity and funded by ACEF).

a.1 Private sector proponents shall be required to put up an equity to their projects the amount which will depend on the Small and Medium (SME) category to which they belong, as follows:

<u>SME Category</u>	<u>ACEF Loan</u>	<u>Proponent</u>	<u>Total</u>
Micro	80%	20%	100%
Small	70%	30%	100%
Medium	60%	40%	100%

<u>a.2 LGU Income Class</u>	<u>ACEF</u>	<u>Proponent</u>	<u>Total</u>
1 <sup>st</sup> – 2 <sup>nd</sup>	50%	50%	100%
3 <sup>rd</sup>	60%	40%	100%
4 <sup>th</sup>	70%	30%	100%
5 <sup>th</sup> – 6 <sup>th</sup>	80%	20%	100%
Cities	50%	50%	100%

b. The Agricultural Competitiveness Enhancement Fund (ACEF) shall be extended in the form of financial grant to finance public investments that will increase the productivity of farmers.

The Agricultural Competitiveness Enhancement Fund (ACEF) shall be extended in the form of financial grant to without any collateral or security to State Universities and Colleges (SUCs) or other government institutions involved in research and development in agriculture and fisheries as well as in training and extension services to the communities where they are situated.

b.1 The Grant Equity Financing Mix would be:

<u>SUCs</u>	<u>90%Grant + 10% Equity =</u>	<u>100%</u>
<u>NGAs</u>	<u>90%Grant + 10% Equity =</u>	<u>100%</u>

b.2. The proponent's equity may be in the form of capital outlay, labor, land for the project site, facilities, equipment, personnel salary, and the like. Part of this equity can also be generated from other public or private source, which they themselves shall have to identify and access.

c. Funding of a comprehensive undergraduate scholarship program for agriculture, forestry, fisheries, and veterinary medicine and graduate studies in environmental and marine science, hydrology, renewable energy, and agribusiness management programs.

## 2. Amount of ACEF Assistance

The minimum amount of Agricultural Competitiveness Enhancement Fund (ACEF) assistance is One Hundred Fifty Thousand Pesos (P150,000.00). As a general rule,

a maximum loanable amount of FIFTEEN MILLION PESOS (P15,000,000.00) per project per proponent shall be observed. However, the ACEF Project Executive Committee (ExeCom) may allow and approve loans more than P15,000,000.00 according to the importance and viability of the project(s)/activity(ies) to agri-development, particularly on the use of indigenous raw materials, generation of local employment, export potential and similar factors.

### **3. Loan Disbursement and Repayment Mechanism.**

Loan disbursement and repayments shall be governed by existing guidelines, procedures, rules and regulations of the government on the release of funds to, and collection of loans from, the proponents. These should form part of the ACEF Loan Agreement/Contract/Memorandum of Agreement between the DA and the project proponent/s, the provisions of which are provided for in Annex C of this Order.

- a. Actual loan releases shall be made in the DA Central Office.
- b. Loan recipients will be required to personally get check for the corresponding ACEF-Loan proceeds.
- c. The Post-Dated-Checks (PDCs) will be submitted by the proponents to the DA-Central Office upon claiming of the check of the ACEF loan proceeds per schedule of payment in the Loan Agreement.

### **4. Loan Security**

Should the proponent fail to comply with the provisions particularly the loan amortization schedule provided for in the Loan Agreement/Contract with DA, the latter shall take legal and/or remedial measures to secure the loan by registering the unregistered mortgage or chattel mortgage.

In addition, the following shall be instituted:

- a. The Post-Dated-Checks (PDCs), required as security, will be kept at the DA Central Office for easy monitoring of possible unfunded checks
- b. Table Mortgage or unregistered mortgage (REM/Chattel) of properties and equipment that will become part of the project (both for the equity and funded by ACEF)
- c. All ACEF-loan beneficiaries are required to have their projects insured with the PCIC, for the duration of the loan or until the loan was fully paid, to cover

possible losses due to natural calamities and other untoward incidents that may happen with their project.

d. In the case of failure of payments per schedule, appropriate fines and penalties will be imposed which will become part of the Loan Agreement.

## 5. Fund Allocation.

a. As a general principle, the fund shall be set aside and earmarked as follows:

a.1 **Seventy percent (70%)** for agri-based production and post production and processing activities including, but not limited to, new export industries and agri-related infrastructure and equipment to achieve modern agricultural practices; and for public information and promotion activities including the establishment of a principal mechanism therefore to promote the desired agricultural products and activities and create new market.

a.2 **Twenty percent (20%)** for research and development and commercialization of such, including the upgrading of research facilities of qualified state universities and colleges; and

a.3 **Ten percent (10%)** to be used for the funding of a comprehensive scholarship program for agriculture and fisheries, and veterinary medicine education.

b. Guided by the aforementioned allocation, the financing mix under ACEF shall be as follows:

b.1 **Sixty Percent (60%)** – of the Agricultural Competitiveness Enhancement Fund (ACEF) shall be extended in the form of grant to finance public investments that will increase the productivity of farmers.

This may include agri-based production and post-production and processing activities including, but not limited to, new export industries and agri-related infrastructure and equipment to achieve modern agricultural practices; and for public information and promotion activities including the establishment of a principal mechanism therefore to promote the desired agricultural products and activities and create new market; and for technical assistance and feasibility studies grant.

Also for funding of research and development and commercialization of such, including the upgrading of research facilities of qualified state universities and colleges.

A portion of this will be earmarked for the administrative expenses of the ACEF enabling committees/secretariat but not more than TWO percent (2%) of the ACEF remaining balance.

b.2 **Thirty percent (30%)** – of the Agricultural Competitiveness (ACEF) shall be extended as collateralized and interest bearing loan to eligible proponents, the proposed projects of which are income generating.

The loan component shall be used for income generating agri-based production and post production and processing activities including, but not limited to, new export industries and agri-related infrastructure and equipment to achieve modern agricultural practices; and for public information and promotion activities including the establishment of a principal mechanism therefore to promote the desired agricultural products and activities and create new markets.

b.3 Ten percent (10%) – of the Agricultural Competitiveness Enhancement Fund (ACEF) shall be used for the funding of a comprehensive scholarship program in agriculture, forestry, fisheries and veterinary medicine education.

## Section II

### Organizational Structure

#### A. Committees in the Senate and the House of Representatives

The Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) should conduct a periodic review of the use of the ACEF fund.

#### B. ACEF Project Executive Committee

1. **Composition.** There shall be created an ACEF Project Executive Committee (ExeCom) which shall be composed of the following:

Chair : DA Secretary

Co-Chairs : Chair and Co-Chair, Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM)

Members : **One (1) DA Undersecretary**

: **One (1) Representative from DA Attached Agency/ Corporation or ATI**

: **One (1) Representative from a Government Financing Institution (GFI)**

: Two (2) Private Sector Representatives from the National Agricultural and Fisheries Council (NAFC)

: Two (2) Representatives, Small Farmers/Small Fisherfolk/ Industry/Agricultural Councils

The Secretariat should be chosen by the Department of Agriculture (DA) Secretary from the organic staff of the DA to provide continuity.

2. **Functions.** The ExeCom shall perform the following functions:

- a. Review, prioritize and approve **all** project proposals/feasibility studies, **regardless of amount**, as evaluated and recommended by the National Technical Committee (NTC) for ACEF assistance;
  - b. Forward to the Department Budget and Management (DBM) the list of approved project proposals together with their respective work and financial plans for the corresponding release of Special Allotment Release Order (SARO) and Notice of Cash Allocation (NCA);
  - c. Regularly update the Appropriate Committees in the Senate and the House of Representatives on the status of ACEF fund utilization;
  - d. Approve and/or cause the review of policies and guidelines relevant to the identification and prioritization of project proposals as well as the process for project evaluation, appraisal and monitoring, and;
  - e. Regularly meet at least once a month, preferably during the first Thursday of each month, to deliberate project proposals and/or review and approve policies/guidelines.
3. Quorum. The majority of the members of the ACEF Project Executive Committee (Execom) shall constitute a quorum; provided that all meeting shall be presided by the Department of Agriculture (DA) Secretary or in his absence, by any of the Co-Chairs of COCAF. Approval of project proposals can proceed in meetings where quorum is reached.

### C. ACEF Project Technical Committees

1. **Composition.** There shall be created an ACEF Project Technical Committees at the DA Central Office as well as in each DA Regional Field Unit (RFU), as follows:

- a. **National Technical Committee (NTC)**

Chair : One (1) Undersecretary

Members : Executive Director of the COCAF

Director, Representative from the Bureau of Agricultural Research

Representative from the Land Bank of the Philippines

Representative from a Private Sector Organization on  
Agriculture

Representative from a Private Sector Organization on  
Fisheries

**2. Functions.** The National Technical Committee (NTC) shall perform the following functions:

- a. Review and recommend to the ACEF Project Executive Committee (ExeCom) approval guidelines for the identification and prioritization of project proposals as well as rules/requisites, methods and procedures for project evaluation, appraisal and monitoring, and overall judicious, impartial and effective implementation of these guidelines;
- b. Review and recommend for ACEF Project Executive Committee (ExeCom) approval of budget requirements for ACEF administrative staff;
- c. **Present** to the ACEF Project Executive Committee (ExeCom) all project proposals that have been reviewed and **evaluated** by the National Technical Committee (NTC) **for approval**; and
- d. Regularly meet at **twice** per month, preferably on the second Tuesday and fourth Thursday of each month For the **National Technical Committee (NTC) and the Regional Technical Committee (RTCs)** respectively, to deliberate project proposals and/or review policies/guidelines; **A special meeting can be called by the Chair as the need arises.**
- e. The National Technical Committee (NTC) shall submit a monthly report on the last Thursday of each month to the Office of the Department of Agriculture Secretary, copy furnish the offices of the Chairpersons of COCAF and the ExeCom.

**2. QUORUM – The majority of the members of te ACEF Project National Technical Committee (NTC) shall constitute a quorum; provided that all meetings shall be presided by the Department of Agriculture (D) Undersecretary.**

**b. Regional Technical Committee (RTC)**

- |            |   |                                     |
|------------|---|-------------------------------------|
| Chair      | : | Regional Executive Director, DA-RFU |
| Vice Chair | : | Regional Fisheries Director, BFAR   |
| Members    | : | Representative, (RAFC)              |
|            | : | Representative, (FARMC)             |

**b.1. Functions.** The Regional Technical Committee (RTC) shall perform the following functions:

- a. Cause the conduct of site/field validation to ensure veracity of the data or information contained in the project proposals;
- b. Rank and prioritize proposals for endorsement to the ACEF National Technical Committee (NTC) based on project feasibility indicators and other project acceptability indicators based on, but not limited to, the minimum project requirements listed in Section I.I of this Order;
- c. Ensure the proposals submitted include complete documentation requirements of the ACEF fund;
- d. To initially process project proposals that are site specific to their respective regions, and to endorse to the National Technical Committee (NTC) those approved at their level;
- e. Regularly meet at least once per month, preferably on the second Tuesday and/or fourth Thursday of each month.
- f. Affix the signatures of all the members for project proposals that will be endorsed by the DA-Regional Director.
- g. The RTC shall submit a monthly report on the last Wednesday of each month to the Office of the Department of Agriculture Secretary, copy furnish the offices of the Regional DA Director, Chairpersons of COCAF and the NTC.

**D. ACEF Project Technical Secretariat**

1. **Composition.** There shall be an ACEF Project National Technical Secretariat (NTS) both at the national and regional level which shall be composed of technical staff taken from the organic staff of the Department of Agriculture (DA). They shall be designated by the Department Secretary and the regional director, respectively.
2. **Functions.** The National Technical Secretariat and the Regional Technical Secretariat (NTS/RTS) shall assist and provide the necessary staff support to the ACEF Project Executive Committee (ExeCom) and the NTC/RTCs to fulfill their respective functions.

## **Section III**

### **PROCEDURES**

#### **A. Project Identification and Formulation**

1. Projects for possible Agricultural Competitiveness Enhancement Fund (ACEF) assistance shall be identified and formulated by prospective project proponents from the private sector and/or government sector.
2. A substantive project proposal following the prescribed feasibility study (FS) format, together with other application requirements that are provided for in Annexes A and B, respectively, of this Order, shall be prepared and submitted to the Regional Technical Committee (RTC) for projects which are regional in scope, or to the National Technical Committee (NTC) for projects the coverage of which cuts across regions, or which are national in scope.
3. The proponents shall appear and present their projects before the ACEF Committees.
4. Concerned Department of Agriculture (DA) Units, Bureaus and/or Attached Agencies/ Corporations may provide technical assistance to the proponents in the conduct of feasibility studies whose coverage are within their respective jurisdictions and/or mandates, or as may be referred to them by the National Technical Committee.

#### **B. Evaluation and Pre-Qualification**

1. The submitted project documents shall be initially screened and pre-appraised by the Regional Technical Secretariat (RTS) or National Technical Secretariat (NTS) as to the conformity of these documents with Annexes A and B as well as all other provisions of the guidelines herein.

The RTS or NTS, as the case maybe shall, have no more than thirty (30) days, from the submission of the project proposal, within which to review and endorse the same to the national technical committee (NTC).

The NTC shall have no more than fifteen (15) days from the receipt thereof to act on the elevated proposal. In case of failure to act within 15-day period, the proposal shall automatically go to the ACEF Project Executive Committee (Execom) for Final Consideration.

2. Project proposals that have passed the initial screening and pre-appraisal process shall be evaluated and pre-qualified by the Regional Technical Committee (RTC) or National Technical Committee (NTC). For those which have passed the evaluation/pre-qualification of the RTC, these shall be endorsed to the NTC for final evaluation/pre-qualification.
3. A short list of project proposals that have passed the evaluation and pre-qualification process shall be endorsed to the ACEF Project Executive Committee (ExeCom) for review and possible approval.

4. Any fraudulent submissions of documents by the prospective proponent shall cause the disqualification of said proponent to avail of assistance from the Agricultural Competitiveness Enhancement Fund (ACEF).
3. Projects that will be tabled for deliberation by the ACEF- NTC shall be subjected to a background and credit investigation (BI/CI). The BICI will be conducted by the Land Bank of the Philippines or any government accredited institution.
4. Proponents applying for loan assistance should be immediately informed at the regional level if they will qualify or not for funding under ACEF whether grant or loan.

### **C. Approval and Financing**

1. The final review and approval of all pre-qualified project proposals shall be thru the ACEF Project Executive Committee (ExeCom) upon the recommendation of the ACEF National Technical Committee (NTC).
2. The approved project proposals and their corresponding work and financial plans shall be endorsed by the ACEF Project Executive Committee (ExeCom) Chair to the Department of Budget (DBM), to enable the latter to issue the corresponding Special Allotment Release (SARO)/Notice of Cash Allocation (NCA) for the endorsed project.
3. The release of funds and disbursements for the projects shall follow the usual fund release, accounting and audit systems of the government if the proponent comes from the public sector. For private sector projects, the release of funds and disbursement procedures shall follow existing government accounting and auditing rules and regulations.
4. The proponents of approved proposals shall enter into a Loan/Grant Agreement/Contract/Memorandum of Agreement with the DA. The Loan/Grant Agreement/Contract/Memorandum of Agreement shall contain provisions for fund release, disbursement, loan payment and other relevant information which are provided for in Annex C of this Order.
5. In no case shall processing extend beyond 45 calendar days from the time of submission to approval.
6. *Actual loan releases shall be made in the DA Central Office.*
7. *Loan recipients will be required to personally get the check for the corresponding ACEF-loan proceeds.*
8. *Likewise, the final review and approval of all requests for loan restructurings shall be thru the ACEF Project Executive Committee (ExeCom) upon the recommendation of the ACEF National Technical Committee (NTC).*

### **D. Monitoring and Post-Project Evaluation**

- a. The disposition and utilization of the Agricultural Competitiveness Enhancement Fund (ACEF) shall be monitored and reviewed by the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM) as provided for in RA 8178 and the AFMA.
- b. The regular monitoring of the actual implementation of projects shall be conducted by the National Technical Committee (NTC) who shall report regularly to the Department of Agriculture (DA) Secretary and the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM).
3. The Department of Agriculture (DA) shall facilitate the conduct of an external audit in monitoring the operational, financial, and management aspects of all the Agricultural Competitiveness Enhancement Fund (ACEF) – assisted projects, as may be required by the Congressional Oversight Committee on Agriculture and Fisheries Modernization (COCAFAM).
4. Independent firms like State Universities and Colleges (SUCs), National Government Organizations (NGOs), and those in the private sector may be tapped to conduct of post-project performance evaluation of all Agricultural Competitiveness Enhancement Fund (ACEF) - assisted projects.
5. All monitoring activities shall be done in coordination with relevant Department of Agriculture (DA) Units. The Commission on Audit (COA), based on a set of monitoring and evaluation guidelines to be developed by the National Technical Committee (NTC) and approved by the NTC/ExeCom.
6. Institutionalization of a feedback and monitoring mechanism.
7. Institutionalization of a regular regional consultation mechanism.

E. Remedial Management System

As a general principle, a remedial management system shall be institutionalized to:

- a. Enable ACEF borrowers to overcome the constraints in their cash flow and make their projects viable and sustainable through remedial measures;
- b. Standardize loan documentation in support to the credit accommodation; and
- c. Provide optimum protection to DA-ACEF through timely, judicial and extra judicial measures.

A separate Administrative Order shall be issued to contain the details of the following remedial management system, as follows:

1. Deferment
2. Debt moratorium
3. Debt take-out
4. Debt assumption
5. Debt restructuring
6. Debt rescheduling

**SECTION IV  
Transitory Provision**

All ACEF project proposals in the pipeline shall be covered by all the provisions of this Order, Projects already approved by the DA Secretary/ACEF ExeCom, including those that were already re-qualified and endorsed by the ACEF NTC for approval prior to the affectivity of this guideline shall not be covered by this issuance except for the provisions on Loan Disbursements and Loan Security. Henceforth, al terms and conditions provided herewith shall also apply to all projects applying for loan restructuring.

**SECTION V  
Repealing Clause**

Any and all AOs inconsistent with this Order are hereby repealed.

**SECTION VI  
Separability Clause**

The provisions of this Order are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.

**SECTION VII  
Effectivity**

This Administrative Order shall take effect immediately.

*(Original AOs signed)*

**PROCESO J. ALCALA**  
Secretary

**Annex A**  
**ACEF Project Proposal (Feasibility Study) Format**

**1.0 Project Title** : \_\_\_\_\_

- 2.0 Type** :  Irrigation
- Farm to market roads
- Post-harvest equipment and facilities
- Research and development assistance
- Marketing infrastructure;
- Provision of market information
- Retraining and extension services
- Other forms of assistance (please specify)\_\_\_\_\_

**3.0 Proponent(s)**

3.1 Type(s) : Government Sector Group

- LGU
- Government Corporation
- State University and College
- Other Government Agency
- Other (please specify) \_\_\_\_\_

: Private Sector Group

- CDA - Registered (Cooperative/Federation)
- SEC-Registered Non-Stock/Profit (PO/ NGO/Foundation)
- SEC-Registered Stock/Profit (Corporation/Association)
- DTI-Registered (Single Proprietor/Registered Business)
- Other (please specify)\_\_\_\_\_

3.2 Name : \_\_\_\_\_

3.3 Address : \_\_\_\_\_

\_\_\_\_\_

#### 4.0 Coverage

4.1 Location : *Specify particular region(s), province(s), municipality(ies)/ city(ies) where the*

4.1.1 Main project activities is/are located

4.1.2 Intended market is/are.

4.2 Product: specify the kind of agricultural/fishery product(s)/ commodity(ies) or support service(s) shall be involved with

#### 5.0 Duration :

5.1 Pre-Implementation. The number of days/months required to complete all pre-implementation activities must be specified.

5.2 Implementation. The target number of years the project will be implemented must be specified and should at least be equivalent to the period until the ACEF loan is fully paid.

#### 6.0 Funding Requirement

6.1 ACEF : P \_\_\_\_\_

6.2 Equity : P \_\_\_\_\_ [*counterpart the proponent*]

: P \_\_\_\_\_ (*from other source*)

6.3 Total : P \_\_\_\_\_

#### 7.0 Contact Person

7.1 Name/Position : \_\_\_\_\_

\_\_\_\_\_

7.2 Address : \_\_\_\_\_

\_\_\_\_\_

7.3 Phone No. : \_\_\_\_\_ (land/line/fax)

\_\_\_\_\_ (cell no.)

7.4 E-mail : \_\_\_\_\_

## **8.0 The Project**

8.1 Justification. The following information should be included in this Section:

- 8.1.1 A brief but complete description of the current state of development of the agricultural product/commodity and/or support services subsectors (e.g., grains, livestock, fisheries, high value commercial crops, rural infrastructure, marketing and credit, research and development, etc.) which the proposed project intends to support;
- 8.1.2 The potentials for development of the subsectors involved in the project area, including the level and kind of demand for agricultural products/commodities and/or services involved which the project intends to meet or create;
- 8.1.3 The existing efforts/interventions of government and private sector groups to develop the subsectors involved; and the possible upstream and downstream linkages with these existing efforts/interventions which the proposed project may create;
- 8.1.4 The proposed project's consistency with the policies and priority thrusts of the DA's Plans and Programs and its support to, and/or complementation with, the regularly funded activities of the DA;
- 8.1.5 The perceived problems and/or constraints which the project intends to address, including the causes and evidences of these problems/constraints;
- 8.1.6 Relevant information on how the intended beneficiaries (e.g., farmers/fisherfolk, agribusiness enterprises, etc.) will directly or indirectly benefit from the project, including the direct and indirect benefits which the project may have on the proponents as well;
- 8.1.7 A brief description of the likely situation after project financing has been completed (i.e., contributions, impacts, and/or changes brought about by the project);
- 8.1.8 The strategies/measures to be done to ensure project sustainability after project completion, and
- 8.1.9 Information on other important considerations, such as the following:
  - a. negative and/or positive impacts of the project on the environment including the possible measures to mitigate and/or enhance such;
  - b. involvement of, and impacts on, particular interest groups such as women's groups, tribal minorities, small and marginalized farmers/ fisherfolk, etc.;

- c. significance of the project in alleviating poverty; and
- d. participation of private sector groups in project identification, formulation, development, and implementation.

8.2 **Project Description.** A brief overview of the proposed project should be presented here. This section should also indicate the type of project to be implemented including the specific interventions being proposed under the project.

8.3 **Objectives.** The project proposal should present two types of objectives, as follows:

8.3.1 Development Objectives which represent the achievement of a broader development goal (as defined in DA Plans and Programs) at the sub-sector level to which the project is intended to contribute to. These should also pertain to various performance indicators such as increased agricultural productivity, farm incomes, and levels of support services provided, etc.

8.3.2 Immediate Objectives, which should be able to indicate what the project itself is expected to achieve, including the desired impacts of the project on the principal beneficiaries, the project area, and the agricultural sub-sectors involved. They must also in turn collectively contribute to the achievement of the development objectives.

(These may be elaborated into a project objective tree to provide an overview on how the desired project impacts are transformed into development gains.)

8.4 **Beneficiaries.** Depending on the objectives of the project, the beneficiaries should be classified into:

8.4.1 Primary (direct) beneficiaries; and

8.4.2 Secondary (indirect) beneficiaries.

(The institutional [organizational and entrepreneurial] capacity of the target beneficiaries before and after project implementation should also be indicated here. How the project beneficiaries will sustain the generation of project benefits even after the termination of financing support should also be discussed here.)

8.5 **Location.** This section should indicate the advantages and disadvantages of locating the project in the proposed site. It should further specify the influence area of the project, or the magnitude of the geographic area where project impacts will be directly and indirectly felt. The following project location development factors should also be considered: (i) existing zoning ordinances and land use plans of LGUs; (ii) national land use and conversion policies; and

(iii) environmental protection guidelines/clearances. A location map of the proposed project site should also be included.

8.6 **Scope.** This refers to the magnitude of work to be done within the activity, resource and time boundaries of the project. It should be able to indicate the specific activities to be undertaken over a specified time frame and schedule, and given the appropriate resources required to undertake such activities. Project scope should be presented in terms of the following:

8.6.1 Components, where the immediate objectives of the project should be transformed into major project components, indicating among others, the specific outputs, activities, resource requirements, and time frame of activities per project component (outputs are planned outcomes of project activities that, taken together, should achieve the immediate objectives. Activities consist of the substantive tasks to be carried out in order to produce a specified project output. Resources required include, but are not limited to, funding, manpower, supplies and equipment, vehicle, etc.); and

8.6.2 Strategies, where the operational schemes to be employed in the conduct of specific activities to attain the desired outputs during project implementation should be presented and thoroughly discussed in this section. This should include how the project benefits will be delivered by the proponents to the intended beneficiaries.

(The proposal should also clearly define how the project can be transformed from a public-supported investment project into a self-reliant project. It should also indicate how it will be able to adjust to evolving development challenges such as sustainable agricultural development, social reform and poverty alleviation, and gender and development concerns.)

8.7 **Implementation Schedule.** A Bar Chart of activities on a quarterly or monthly basis by project component should be presented, given the following format:

Activities	Year 1				Year 2				...Year N			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Project Component #_												
• Activity 1												
• Activity 2												
• etc...												
Project Component #_												
• Activity 1												
• Activity 2												
• Etc...												

(The bar chart of activities may also be translated into a PERT-CPM to show how the different project activities are interrelated/linked and dependent upon each other.)

- 8.8 **Budgetary Requirements.** The budgetary requirement of the project must be presented in detail, or by breaking down the project into the major project components/activities with their corresponding expenditure requirements of each, given the following format:

Component Activity	ACEF (P)	Proponent Counterpart (P)	From Other Sources (P)	TOTAL (P)

(A miscellaneous expense account can be used for small expenditure items. In addition, a reserve for contingency, roughly equivalent to the inflation rate, should be provided. Please note the usual government audit and accounting system in preparing the proposed budgetary requirements).

- 8.9 **Project Analysis.** This section must establish the viability of the project for ACEF assistance., through analyses of the following:

8.9.1 **Competitiveness Aspect.** Where objectively verifiable indicators of the competitiveness enhancement that the proposed project shall bring about should be shown in terms of the following:

- a. the price of the commodity/product involved must be lower/at par with same/similar products being imported/of various competitors; and that the quality of which must be higher/at par with those being imported/of various competitors;
- b. the commodity/product involved will be used as a substitute for certain products being imported; and
- c. the commodity/product involved will be exported (new or increased exports).

8.9.2 **Market Aspect.** Where markets for the product/ service should be established, by identifying and providing description/information and realistic assumptions on the following:

- a. commodity/product and/or service to offer;
- b. demand and supply analysis/projections;
- c. target markets and marketing arrangements;
- d. marketing program and personnel;
- e. projected marketing/selling expenses;
- f. projected selling process and sales volume; and
- g. other basic market assumptions

8.9.3 **Technical Aspect** where the technical soundness/ appropriateness of all aspects in the production of the

commodity/product involved should be established, by identifying and providing detailed and precise description/information on the following (with corresponding prices/costs, and where applicable)

- a. product/service technical description;
- b. farm size/location;
- c. planting/growing/harvesting/operating schedule;
- d. raw material requirement
- e. machine/equipment requirement
- f. manpower requirement
- g. building and facilities requirement
- h. farm lay-out
- i. utilities, fuel and other inputs requirements;
- j. equipment repair/maintenance schedule;
- k. waste disposal system; and
- l. production cost per unit

**8.9.4 Financial and Economic Aspect** where the financial and economic viability of the project must be proven, through the following:

- a. Identification of Costs and Benefits, and related information/assumptions
  - i. Some of the important costs for financial analysis purposes may be identified as follows: physical goods, labor, land, contingency allowances, taxes, insurance, debt service, subsidies, etc. For economic analysis purposes, other costs may also include: system costs, sunk costs, contingencies, working capital, transfer payments, depreciation, consumer surplus, and externalities.
  - ii. Benefits may include: increased value of output, greater physical production, quality improvement, changes in location and time of sale; changes in grading and processing; cost reduction; gains from infrastructure development and mechanization; reduced transportation costs, avoidance of losses; and secondary benefits such as multiplier effects and economic scale.
  - iii. Other information/assumptions pertinent to the conduct of sound financial and economic analyses may be required by the ExeCom, NTC/RTC or NTS/RTS.

(A detailed listing of the identified costs and benefits of, including other related information and assumptions used for, the propose projects should be submitted.)

- b. conduct of financial analysis
  - i. The fundamental reason for undertaking a financial analysis of projects is to ascertain the benefits and costs of such projects and

then decide which alternative will give the greatest return on investment.

- ii. The three discounted measures of project worth which will be used for ACEF projects are the following: (1) Benefit-Cost Ratio (BCR); (2) Net Present Value (NPV); and Financial Internal Rate of Return (FIRR).
- iii. Other measures of project worth which should be determined as well include, among others: (1) Payback Period (PP); (2) Return on Investment (ROI); and (3) Break Even Point (BEP).

c. conduct of economic analysis

- i. The main reason for undertaking an economic analysis of projects is to determine whether or not the project shall result in an efficient use of resources from an economic point of view.
- ii. The three methods which will be utilized for comparing the costs and benefit streams to arrive at investment decisions are, among others, the following: (i) BCR; (ii) Net present Worth (NPW); and (iii) Economic Internal Rate of Return. This should include a comparative analysis on a with- and without-the-project situation.

d. conduct of sensitivity analysis

This should indicate how possible changes in events will affect the financial and economic viability of the projects. It may involve changing the values of key variables such as decreasing benefits and/or increasing costs, and determine how such changes will affect the BCR, NPV/NPW, FIRR/EIRR, and the other feasibility indicators.

e. preparation of projected financial statements

The projected financial statements of the project which would cover its implementation period until the ACEF loan is fully paid on an annual basis must be presented here, as follows:

- i. cash flow (the first year of project implementation should be presented on a monthly basis);
- ii. income statement; and
- iii. balance sheet

8.9.5 Socio Economic Aspect where the social benefits of the project should be indicated and quantified ,as follows:

- a. Direct benefits to project beneficiaries (e.g., increased incomes, employment opportunities, etc.); and

- b. Indirect and other benefits to the community/locality, small farmers/fisherfolk in the project area, and other stakeholders.

8.9.6 Organizational/Management Aspect, where the management capability of the organization and the overall viability of the organization itself should be established, by providing the following:

- a. organizational and administrative requirement, where:
  - i. the key project implementers and cooperators/coordinating entities including their respective roles and availability should be described in detail (This may be done through a functional organizational chart highlighting the relationship between the responsible unit and the cooperating/coordinating units within and outside the project set-up)
  - ii. in the case of relationships with outside organizations, the institutional arrangements in line with the project implementation should also be defined; and
- b. other organizational concerns such as: the management and technical capability and qualification of both the organizational and project officers/members and personnel/staff; and the availability of support/office facilities and fixtures, and other administrative requirements.

**ANNEX B**  
**Application Requirements**

**1.0 From the Private Sector**

**1.1 Those with at least three years of operation**

- 1.1.1 Board Resolution/Letter of Intent citing: (a) request for ACEF assistance; (b) the proposed equity contribution; and (c) designated representative who shall transact with DA for and in its behalf, attaching three specimen signatures;
- 1.1.2 Registration certificate from Securities and Exchange Commission (SEC); Cooperative Development Authority (CDA); Department of Trade and Industry (DTI); Department of Labor and Employment (DOLE), Department of Social Welfare and Development (DSWD), or any other appropriate agencies (to include its by-laws);
- 1.1.3 Notarized certification from appropriate entities that the proponent had successfully implemented projects before and/or is currently implementing successful projects (or that it has the institutional capability to implement projects);
- 1.1.4 List of/details on projects previously undertaken and/or currently being undertaken (to include proof of undertaking);
- 1.1.5 Audited financial statements during the last three years of operation; and
- 1.1.6 Certification from GFI that proponent is of good credit standing (no past due loan/record of property foreclosure), or its equivalent, if applicable.

**1.2 Those with less than three years of operation**

- 1.2.1 Items 1,2,3,4, and 6 above, where applicable;
- 1.2.2 Audited financial statements for the last two (2) years of operation, if applicable;
- 1.2.3 Marketing contract and/or purchase order from a market buyer(s) or their equivalent, for the period covering the start of project implementation until the ACEF loan is fully paid;
- 1.2.4 Proof of required equity contribution or capital build-up as stipulated in Section I.J.1.b in the form of cash deposits in the bank;
- 1.2.5 Proof that the organization is professionally managed by a competent staff; and

- 1.2.6 Proof that the project will use a pioneering technology as endorsed by any appropriate government office, if applicable.

2.0 **From the Government Sector**

**2.1 Local Government Units (LGUs)**

- 2.1.1 Sanggunian Resolution and/or corresponding Sanggunian issuance citing: (i) request for ACEF assistance; (ii) proposed equity contribution; and (iii) assurance of funds for MOOE during and after project implementation; (iv) designated representative who shall transact with DA for and in its behalf, attaching three specimen signatures;
- 2.1.2 Certification from the Bureau of Local Government Finance (BLGF) that the ACEF loan is within the borrowing capacity of the LGU; and
- 2.1.3 Proof that the project is within and/or included in the approved Area/Local/Provincial Development Plan.
- 2.1.4 Proof that the LGU is in partnership with the farmers, fisherfolk, peoples organization, women's group o indigenous peoples in joint venture undertaking.

**2.2 State Universities and Colleges (SUCs) and Other Government Agencies**

- 2.2.1 Board Resolution/Letter of Intent citing: (i) request for ACEF assistance; (ii) proposed equity contribution; and (iii) assurance of funds for MOOE during and after project implementation; (iv) designated representative who shall transact with DA for and in its behalf, attaching three specimen signatures;
- 2.2.2 Proof that the project is within and/or included in the proponent's charter/mandate; and
- 2.2.3 Proof that the project is within the proponent's Strategic Development or Investment Plan or its equivalent.

**Annex C**  
**Loan Agreement/Contract Provisions**

1.0 Proponents of approved project proposals shall enter into a Loan Agreement/Contract with DA or its designated appropriate attached agency, GFI, or government corporation prior to the release and disbursement of the ACEF loan.

2.0 The Loan Agreement/Contract shall at the minimum, have to contain the following information:

Article I - Basic Covenant

- Section 1. Loan Amount
- Section 2. Loan Term
- Section 3. Utilization of Loan Proceeds
- Section 4. Prepayments
- Section 5. Loan Security

Article II - Defaults

- Section 1. Events and Defaults
- Section 2. Effects of Defaults

Article III - Conditions for Release

Article IV - Effectivity

3.0 During the effectivity of the Loan Agreement/Contract, proponents shall not use the funds for money market, placement, time deposit, and other forms of investments not related to the project.

Annex D  
**Grant Agreement/Memorandum of Agreement**

- 1.0 Qualified Proponents of approved project proposals shall enter into a Memorandum of Agreement with the DA or its designated appropriate attached agency. GFI, or government corporation prior to the release of the ACEF grant.
  
- 2.0 The Grant Agreement/MOA shall contain the following information:
  - Article I – Basic Covenant
    - Section 1- Parties Involved
    - Section 2- Grant Justification
    - Section 3- Grant Amount
  - Article II – Conditions for Release
  
  - Article IV – Effectivity
  
- 3.0 During the affectivity of the Grant Agreement/MOA, proponents shall not use the funds for money market, placement, time deposit, and other forms of investments not related to the project.

## Annex E

### CHECKLIST OF REQUIREMENTS FOR PROJECT PROPOSALS (REGULAR ACEF)

Categories	Contents	Status
Project Proposal	1. Project feasibility study write-up	
Annex B	2. Board of Resolution/Letter of Intent (LOI)	
	3. Registration Certificate/Business Permit/certificates of Accreditation:	
	a. SEC, CDA, DOLE, DSWD, DTI, Mayor's Permit etc. Registration to include updated General Information Sheet (GIS), Certificate of Good Standing (current year), Articles of Incorporation and By-Laws.	
	b. HACCP, GAP, GMP, Halal, Organic, Sanitary Permit, NFA, BFAD etc. certification	
	c. Environmental Clearance Certificate (ECC)/CNC/IEE (for application of ECC)	
	4. Notarized Certification from appropriate entities that the proponent has successfully implemented projects before and/or currently implementing successful projects.	
	5. List and details of similar projects undertaken &/or currently undertaking	
	6. Audited financial statements during the last three years of operation:	
	a. Balance Sheet	
	b. Statement of Income and retained earnings	
	c. Statement of Cash flow	
d. Income Tax Return (ITR) during the last three years of operation duly received by the BIR		
7. Certification from GFIs that the proponent is of good credit standing		
Project CS/IS/BS	8. Project financial statements	
	a. Projected Balance Sheet	
	b. Projected Income Statement	
	c. Projected cash flow statement (with monthly cash flow [ <b>mcf</b> ] projections on the first year of operation)	
	9. Details of assumptions and schedules used	
	10. Production History for the last three years of operation (if applicable)	
11. Amortization schedule		
Other Documentary Requirements	12. Proponent and Company Profiles	
	13. Signed Agreements and legal instruments (Contracts, MOA, MOU, etc.) used to:	
	a. Assure supply (of raw materials)	
	b. Assure market (including letters of intent [LOI] from buyers)	
	c. Formalize management arrangements	
	• grower-ship Agreement (contract growing)	
	• Co-management Agreement	
	14. Suppliers' Quotation & Specification (from [3] sources)	
	15. Proposed Layout, Plans & Designs of Infrastructure (must be signed by a licensed Architect &/or Engineer) and details of Bill of Materials	
	16. Documents pertaining to the Land	
	a. Proponents Equity:	
	• a. Original/Transfer Certificate of Title (OCT, TCT) (should be free from any liens and encumbrances)/Deed of Absolute Sale	
• Tax Declaration		
• Location Map		
• Vicinity Map		
• Usufruct Agreement / Special Power of Attorney, if applicable)		

	b. To be leased	
	• Lease Contract/Agreement (signed)	
	c. Donated to the Proponent	
	• Deed of Donation	
	d. Appraisal – if land to be used as part of equity is not reflected in the Audited FS	
	17. Proof of Equity (approved Credit Line)	
Regional Appraisal	18. Endorsement from the concerned ACEF-Regional Technical Committee (ACEF-RTC)	
	19. Project Brief and Evaluation Report (PBER) signed by all or majority of the ACEF RTC)	
BI / CI	20. BACKGROUND and CREDIT INVESTIGATION	

ACEF NTS (Date : \_\_\_\_\_) S – Submitted Inc – Incomplete P – Pending (must have justification)

Department of Agriculture    NA – Not Applicable    NS – None Submitted

- S        - Submitted complete documents
- Inc      - Submitted documents but incomplete
- P        - Pending documents, submitted but with issues and concerns e.g., only a copy of application for license; for ECC, other documents waiting for approval (should have justification)
- NA      - Not applicable
- NS      - None submission of documents

Bank Statements on existing loans, others

HACCP, GAP, Halal, Organic, PS, etc. Certification

Hazard Analysis and Critical Control Points

Good Agricultural Practices

Good Manufacturing Practices

Halal Accredited /Certified: (meaning “with permission” currently from the Office of Muslim Affairs [OMA] (food free from pork)

Organic: (naturally grown, raised or produced)

Product Standards

Product's Supply and Demand

Agreements and Legal Instruments (MOA, MOU, Contracts, Lease, etc.) used must assure:

- (a) Supply of raw materials
- (b) Market (including letters of intent from buyers)

Formalized Management Agreement

- (a) Growership agreements (contract growing)
- (b) Co-Management Agreement/s
- (c) Others

***N.B.: All Legal Instruments must be signed by all parties concerned and duly notarized***

Independent Background and Credit Investigation (BI/CI): to be conducted before the proposal is reviewed by the ACEF -NTC.