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## MEMORANDUM CIRCULAR

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### **SUBJECT: IMPLEMENTING GUIDELINES FOR THE DA's FOOD MOBILIZATION PROGRAM**

Food availability, accessibility and affordability is one of the key strategies of the Department in addressing food security concerns of the country. Food supply chain inefficiency is manifested in high food prices which is brought about by lack of food logistics and distribution infrastructures and facilities. Added to this is the high seasonality of producing agricultural and fishery commodities which affects food distribution.

High food prices in the previous years contributed to high inflation rate resulting in lower purchasing power of consumers. In order to ensure that there are available food products that are affordable, the DA will implement a Food Mobilization Program. The Program contains interventions that will facilitate movement, delivery, and transport of food commodities from the production areas to the food deficit areas. While production supply remains sufficient at the countryside, this parallel facilitative intervention is needed to address food accessibility as supply chains are disrupted.

Drawing from experience in the implementation of the KADIWA initiatives, the Food Mobilization Program will focus on food supply delivery to Metro Manila and other major urban centers across the country.

To provide holistic guidance to DA concerned offices for the implementation of the "Food Mobilization Program," the following guidelines are hereby issued.

#### **Section 1. Program Description:**

The DA's Food Mobilization Program involves implementation of strategic interventions to improve supply and distribution of basic agri-fishery commodities to Metro Manila and other major urban cities as well as increase access of farmers and fisherfolk to markets.

The program will complement the DA KADIWA Food System which is a market-based approach in effecting a "direct" producer-to-consumer food distribution system as alternative to the conventional trader dominated marketing system. The model cuts marketing layers to the minimum feasible allowing producers (farmers/fisherfolk) capture the larger share of profits from the sold produce, instead of trader-intermediaries, while minimizing marketing costs that redound to affordable prices for the consumers.

The interventions under the program will ensure that affordable food is made available and accessible to consumers through the connectivity of food distribution networks by establishing/upgrading agricultural and livestock trading centers, food terminals and other food hubs in the metropolis and provision of hauling/delivery vehicles or refrigerated vans/trucks. This will be implemented through the provision of financial grant to eligible

beneficiaries and partner implementing entities for purposes stipulated in Sections 4 and 5 of this Guidelines

## **Section 2. Program Objectives:**

The program aims to make safe food accessible and affordable to the consuming public in Metro Manila and major urban cities by providing interventions to address food supply distribution. Specifically, it aims to:

- a. Ensure continuous supply of agricultural and fishery food commodities by connecting food supply areas to distribution centers in urban cities;
- b. Keep food prices within affordable range to the consumers particularly in urban poor areas;
- c. Increase farmers and fishers' income by directly selling to end markets or consumers; and
- d. Mobilize local government units and the private sector in the distribution of food commodities.

## **Section 3. Scope and Coverage**


The Food Mobilization Program will be the mechanism of the Department in providing interventions to address inefficiency in the food distribution system by facilitating movement of food commodities from the supply areas to the major demand centers.

The guidelines will cover eligible interventions, activities and purposes that can be availed of by project proponents and implementing partners. It also contains the review and approval process of the requested financial grant.

The food mobilization fund cannot be used to finance activities supporting movement and distribution of non-food commodities (e.g., rubber, fiber, and copra, among others), as production support interventions (e.g., seedlings, planting materials, fertilizers, farm machinery, and equipment), and re-lending, among others.

## **Section 4. Grant Purpose:**

The financial support which could be provided in the form of grant will be used to fund any or combination of the following interventions:

- a) Procurement of transportation and logistics facilities;
  - b) Establishment of food hubs through the construction of new or upgrading/rehabilitation of existing market-related infrastructures i.e. trading centers/posts, consolidation center, buying stations, livestock "oksyon" market, among others;
  - c) Provision of postharvest, processing and distribution equipment, machineries and facilities for cleaning, sorting, packing, drying, warehousing and distribution; and
  - d) Trading capital to be used for the procurement of agri-fishery commodities not exceeding Php 5Million.
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## Section 5. Implementation Strategy

The eligible purpose and activities that can be financed under the Program are presented in the table below. Proposals to be submitted by identified eligible organizations can be a combination of the different interventions.

Purpose/Activities/ Interventions	Eligible Organization	Activities to be Financed
Procurement of transportation and logistics facilities	Local Government Units (LGUs), Farmers/Fisherfolk Cooperative and Associations (FCAs), and Department of Agriculture (DA)	<p>To be used for the <b>procurement</b> of transportation and logistics facilities such as hauling and delivery vehicles and refrigerated vans or trucks.</p> <p>For proponent LGU or DA, this will be operated as a common or shared facility that can be used by FCAs, individual farmers/fisherfolk, and agri-fishery suppliers, among others. On the other hand, for proponent FCA, this will be used for the hauling and delivery of agri-fishery commodities of its farmer/fisher members.</p>
	FCA, DA	To be used as payment for <b>rental or lease</b> of transport and logistics facilities such as hauling and delivery vehicles, warehouse, cold storage facilities, among others. The fund may also be used by DA in providing transportation and logistics support (land, air, water) in the delivery of the commodities from the farm to markets.
Establishment of food supply or food distribution hub (i.e. trading centers, consolidation center, etc)	LGU	<p>To be used to fund any of the following: (i) <b>construction</b>; (ii) <b>renovation</b>; (iii) <b>upgrading</b> of trading posts, trading centers, food terminals, livestock “oksyon” markets and other market-related infrastructures, for assembly, aggregation, consolidation, distribution and wholesaling of agricultural and fishery commodities.</p> <p>The lot area requirement for these facilities will depend on the plans, purpose, nature and scope of operation of such facilities, subject to review and evaluation as stipulated in Section 8 of this Guideline.</p>

Provision of postharvest, processing and distribution equipment, machineries and facilities for cleaning, sorting, packing, drying, warehousing and distribution	LGU and DA	To be used for the <b>procurement</b> of equipment and machineries and construction/renovation/upgrading of postharvest and processing facilities to improve product quality, extend shelf-life, and increase value-adding activities. This will be operated and managed by the LGU/DA as a common or shared service facility.
	FCA	To be used as payment for <b>rental or lease</b> of equipment, machineries and facilities to improve product quality, extend shelf-life, and increase value-adding activities. It may also be used for rental of market facilities i.e. market stalls and buildings.
Trading Capital	LGU and FCA	To be used for the procurement of agri-fishery commodities. The trading capital should not exceed Php 5Million to be used as a revolving fund of the proponent. The fund will be deposited in a Trust Account (for LGU) or Current Account (for FCA) and can be used only for the approved purpose.

## **Section 6. Eligibility Criteria of Beneficiaries and Implementing Partners/ Proponents:**

### **6.1. Eligible Farmers/Fisherfolk Cooperative and Associations (FCAs) must be:**

- a. Registered either with Cooperative Development Authority (CDA), Securities and Exchange Commission (SEC), or Department of Labor and Employment (DOLE);
- b. Registered with the DA's Farmers and Fisherfolk Enterprise Development Information System (FFEDIS);
- c. Civil Society Organization (CSO) Accredited by DA;
- d. Operating for at least three (3) years; or if less than three (3) years, it must have implemented similar activity supported by accomplishment report or any equivalent proof certified by its President and Secretary in addition to its financial reports in the years it has been in operation;
- e. Have a core management team that will implement the project;
- f. In good standing with government agencies from which it has received public funds (either grant or loan) and not in default in liquidating any public funds; and
- g. Applicants must not have any Director, Trustee, Officer or key personnel related within the fourth civil degree of consanguinity or affinity to any official involved in processing and evaluation of the grant application or any official government agency or office handling or implementing the project to be implemented by the FCA. Relationships of this nature shall automatically disqualify the FCA of the grant assistance.



6.2. Eligible Local Government Units (LGUs) can either be a province, city, or municipality. It must have:

- a) No unliquidated funds/cash advances from the fund source agency (DA Central Office or DA-RFOs);
- b) Local *Sanggunian* Resolution authorizing the Local Chief Executive to enter into Memorandum of Agreement with DA;
- c) Seal of Good Local Governance issued by the Department of Interior and Local Government (DILG); and
- d) Must have identified FCAs or farmers and fisherfolk beneficiaries

6.3. The DA Central Office or DA-Regional Field Offices may directly implement the interventions stipulated in Sections 4 and 5 of this Guidelines, as needed or when necessary.

### **Section 7. Documentary Requirements**

The applicant must submit the following, as applicable, depending on the project purpose:

- a) Project Proposal/Feasibility Study/Business Plan; b) DED/POW (if with infrastructure);
- c) Detailed Specifications of equipment, machineries, and facilities; d) geotagged photos of the project location or site; and e) documentary requirements as stipulated in existing relevant COA rules and regulations.

The Project Proposal must contain the following information (Annex A):

1. Objectives of the project (describe the value adding activities and income objectives);
2. Direct beneficiaries (including number of farmers/fisherfolks, location, commodity produce, farm area and expected volume/yield);
3. Business operations plan (organization and management structure and systems, etc.); and
4. Financial feasibility /projection of the project (Cash flow, Project Income Statement, Financial Indicators i.e. FIRR, BCR, payback period).

### **Section 8. Review and Approval of Project Proposals:**

The project proposal submitted to DA will be evaluated and approved using the following steps:

1. **Acceptance of Proposals.** Proponents may submit project proposals directly to the DA Central Office through the Agribusiness and Marketing Assistance Service (AMAS) or the DA Regional Field Offices (DA-RFOs).

The Director of Agribusiness and Marketing Assistance Service (for proposals from NCR) and the DA-RFO Regional Executive Director (for proposals from the regions) shall designate technical staff in their respective offices, who shall conduct the processing and evaluation of the proposals. Only complete applications shall be evaluated.

2. **Evaluation of Proposals.** The evaluation of the proposal by the technical staff shall be based on the following:



- a) For FCAs - Assessment of management and financial capability and credibility of the organization. This shall be based on the track record of the organization as per review of submitted reports, endorsement from agencies that the FCA had dealt with and feedback from key informants (LGU, customers, business partners, creditors, or community residents).
- b) Assessment of viability of the enterprise activities proposed. This shall be based on financial statements and projections submitted, and operational feasibility assessment of the planned expansion (viability of enterprise scale as to sourcing of materials/produce and presence of firmed-up links with buyers).
- c) The amount of grant shall be based on funding requirements based on validation of cost estimates of the specific activities to be financed, as follows:
  - Facility construction – detailed engineering design and program of works
  - Equipment, machinery, or delivery vehicle – canvass of quoted prices, description and specifications of the equipment, machinery or vehicle.
  - Trading capital – based on the supply and marketing plan to be supported by a Supply Contract with the farmer suppliers (to whom the commodities will be purchased)

The *desk* evaluation process will take seven (7) working days per application with complete documents, and site validation will also be conducted after the technical evaluation. The evaluators may also request comments and recommendations from concerned DA operating units. The Bureau of Agriculture and Fisheries Engineering (BAFE) and/or the Regional Agriculture Engineering Division (RAED) shall review the DED/POW and specifications of the proposed infrastructure, equipment and facilities. By the end of the evaluation, an evaluation report shall be submitted to the Review Team to be assigned by the AMAS Director and the RFO REDs.

3. **Review of the Evaluated Proposals.** The Review Team at the Central Office shall be led by the AMAS Director, with the Chief of the three (3) Divisions as members. Concerned DA operating units may also be tapped for the review of the proposals. On the other hand, the Regional Review Team shall be led by the Regional Technical Director with the AMAD Chief and additional members from other divisions in the region assigned by the Regional Executive Director. The team shall review the evaluation report prepared by the designated technical staff and recommend to the approving authority the approval of the proposals. The review process will take three (3) working days upon receipt of the submitted evaluation report together with the complete documentary requirements.
4. **Approval of Proposals.** The approval process will take three (3) working days upon receipt of the endorsed project proposal and validated evaluation reports. The Assistant Secretary, who has direct supervision over AMAS, shall be the approving official for applications submitted to the AMAS Central Office. On the other hand, the Regional Executive Director (RED) shall approve applications submitted to the AMAD in the regions.

The timeframe for the conduct of technical evaluation and approval process entails a highly technical expertise and shall be guided by Section 5 under Republic Act (RA) No. 11032, otherwise known as the "Ease of Doing Business and Efficient Government Service Delivery Act of 2018 and its IRR, Rule VII "Accessing

Government Services," Section 3 (a), (b), and (c).

The entire evaluation, approval and implementation process will be done in compliance with RA 9184, otherwise known as the Government Procurement Reform Act, and RA 3019, otherwise known as the Anti-Graft and Corrupt Practices Act.

### **Section 9. Repealing Clause**

All DA issuances, orders, rules, and regulations, including the issued Memorandum Circular No. 13, series of 2021, or parts thereof that are inconsistent with the provisions of this Order, are hereby repealed or modified accordingly

### **Section 10. Separability Clause**

If any provisions under these guidelines are declared unlawful or unconstitutional, the other provisions not stated as such shall continue to be in full force and effect.

### **Section 11. Force Majeure**

Neither party will be held responsible for any delays or failures in carrying out these guidelines as long as they are caused by events or circumstances that are beyond their control, such as natural disasters, war, civil unrest, government actions, strikes, labor disputes, or difficulties in obtaining materials or transportation.

### **Section 12. Effectivity**

This Memorandum Circular shall take effect fifteen (15) days following completion of its publication in a newspaper of general circulation of the Official Gazette, a copy filed with the U.P Law Center, and its posting in the Department of Agriculture website.

Done this 7<sup>th</sup> day of MARCH 2024.

  
**FRANCISCO P. TIU LAUREL JR.**  
Secretary

