Republic of the Philippines

DEPARTMENT of AGRARIAN REFORM

Department of Agrarian Reform
ADMINISTRATIVE ORDER NO. 03
Series of 2010

SUBJECT: IMPLEMENTING RULES AND REGULATIONS ON THE PROVISION OF AGRICULTURAL SUPPORT TO AND LIBERALIZATION OF ACCESS TO CREDIT BY AGRARIAN REFORM BENEFICIARIES UNDER REPUBLIC ACT NO. 9700

I. PREFATORY STATEMENT

Pursuant to Republic Act No. 9700, otherwise known as "AN ACT STRENGTHENING THE COMPREHENSIVE AGRARIAN REFORM PROGRAM (CARP), EXTENDING THE ACQUISITION AND DISTRIBUTION OF ALL AGRICULTURAL LANDS, INSTITUTING NECESSARY REFORMS, AND AMENDING FOR THE PURPOSE CERTAIN PROVISIONS OF REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM LAW OF 1988, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR", the Department of Agrarian Reform (DAR), under the support services delivery component of CARP, is mandated to implement new programs and expand existing ones to continuously provide farmers and farm workers, specifically the ARBs, with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands.

II. SCOPE

These rules and regulations shall apply to the delivery of support services to agrarian reform beneficiaries (ARBs) in accordance with Section 14 of R.A. 9700, specifically in the provision of agricultural support as initial capitalization of new ARBs and the delivery of socialized credit for existing ARBs

III. DEFINITION OF TERMS

1. ***Accreditation*** shall refer to the formal recognition by the DAR of the Peoples' Organization (PO) after proper verification and validation of required documents.

2. ***Agrarian Reform Beneficiary (ARB) Cooperative*** is a community-based organization, duly registered with the Cooperative Development Authority (CDA), wherein ARBs comprise the majority (at least 50%+1) membership.

3. ***Agricultural Credit Facilities*** are financial windows that are available to support the agricultural credit needs of men and women ARBs.

4. ***Agricultural production*** involves natural farming activities from land preparation, planting to harvesting and corresponding utilization of farm inputs/materials such as seeds, fertilizers, and farm implements/equipment, to include fisheries (e.g., fishpond, aquaculture, and prawn farms), livestock and poultry.

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5. **Community-based Organizations (CBOs)/ Peoples' Organizations (POs)** are existing farmers' cooperatives, associations and women's organizations which the DAR may tap as credit conduits to propel economic development in agrarian reform areas.

6. ***Cooperative bank*** is a member-owned financial institution authorized and supervised by Bangko Sentral ng Pilipinas (BSP), to provide a wide range of banking and financial services (e.g., loans, deposits, payment services, etc.) to its clients.

7. ***Existing ARBs*** are men and women farmer-beneficiaries who are holders of Emancipation Patent (EP)/Certificate of Land Ownership Award (Individual or Collective CLOA), and other instruments issued by the DAR, including leaseholders. New ARBs, who have availed of the subsidy under the Agricultural Production Support Program (APSP), shall thereafter be considered as "existing ARBs".

8. ***Financing Institution*** is any bank or non-bank organization, which is capable and willing to provide, among others, financial services to ARBs and ARB cooperatives.

9. ***Financial Services Cooperative*** is a CDA-registered cooperative whose core business is the provision of savings, credit and other financial services.

10. ***Government Financing Institutions (GFIs)*** refer to the Development Bank of the Philippines (DBP), Land Bank of the Philippines (LBP) and other government-owned/controlled financing institutions under the supervision of Bangko Sentral ng Pilipinas (BSP).

11. **Joint and Several Liability** is when two or more people agree to take on the same obligation (such as a loan), they may each be responsible for a certain portion of the obligation or they may each be responsible for the entire obligation. When the contract states that liability is "joint and several", it means that all parties together are responsible for the obligation ("joint") but also that each party individually is responsible for the entire obligation on their own ("several"). The creditor may sue all of them or just one for the debt.

12. ***Marketing Agreement*** is a contract entered into between and among producers/farmers and buyers where the former commit to produce certain crops/products which the buyer/s agree to purchase at pre-agreed terms, such as volume, selling price, quality standard at a given time.

13. **Micro-finance** is the viable and sustainable provision of a broad range of financial services (savings and credit) generally, by the private sector to poor and low-income households engaged in livelihood and microenterprise activities using nontraditional and innovative methodologies and approaches (e.g., non-collateralized cash-flow based lending). The maximum individual loan amount provided for microfinance loans is P150,000. (Social Reform Agenda)

14. ***New Agrarian Reform Beneficiaries (New ARBs)*** are men and women farmer-beneficiaries awarded with EP/CLOA from July 1, 2009 onwards, under R.A.9700.

15. ***Purchase Order*** is a commercial document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide

to the buyer. Sending a PO to a supplier constitutes a legal offer to buy products or services. Acceptance of a PO by a seller usually forms a one-off contract between the buyer and seller, so no contract exists until the PO is accepted.

16. ***Socialized Credit*** is a credit assistance that is made available, accessible, and affordable to existing men and women ARBs to finance agricultural production and agri-based enterprises.

17. ***Standing crop*** is the quantity or total volume of planted crops, which are in a particular location at a particular time and ready for harvesting.

18. **Subsidy** is a one-time grant to the individual new men and women ARBs for the initial capitalization of agricultural production.

IV. STATEMENT OF POLICIES

A. General Policy Statement

The State, as far as practicable, shall adopt a community-based approach in CARP implementation, to assure, among others, that the farmers shall have greater control of farm gate prices, and easier access to credit (Sect. 2, par. 7, RA 9700).

B. Specific Policy Statements

1. The DAR shall adopt an integrated policy of support services delivery to ARBs. To this end, the DAR, together with the Department of Finance and the Bangko Sentral ng Pilipinas (BSP), shall institute reforms to liberalize access to credit by ARBs (Sec. 14, R.A. 9700). To realize this, the DAR shall develop and implement credit policy measures to further enhance the access of ARBs to various credit facilities/sources.

2. From the total fund appropriation for CARP, forty percent (40%) shall be allocated for support services. Thirty percent (30%) of the support services fund shall be immediately set aside and made available for agricultural credit facilities. Such funds earmarked for the program shall be fully disbursed for this purpose. The remaining 70% shall be utilized for extension and other support services.

3. One-third (1/3) of the funds appropriated for agricultural credit facilities shall be specifically allotted for subsidies to support the initial capitalization for agricultural production of new ARBs upon the awarding of EP and/or CLOA. The guidelines set forth shall ensure that the subsidies are used for its intended purpose to provide seed capital to enable the new ARBs jump start their agricultural endeavor.

4. The remaining two-thirds (2/3) shall be allocated to provide access to socialized credit to existing ARBs, including the leaseholders. The DAR and program partners shall set-up mechanisms to implement the credit program sustainably.

5. The Land Bank of the Philippines (LANDBANK) and other government financial institutions (GFIs), through their accredited retail lending institutions (i.e., cooperatives, POs, microfinance institutions, non-traditional conduits and cooperative/rural banks) shall provide the credit delivery platforms for the provision of financial assistance to ARBs (who are holders of EPs, individual or collective CLOAs) and cooperatives.

6. LANDBANK and other partner-GFIs shall continue to provide credit assistance to credit conduits (e.g., ARB cooperatives, MFIs) purely on the merits of marketing agreements or expected harvests, provided that the loans obtained shall be used in the improvement or development of the farm holding of the ARBs or the establishment of facilities which shall enhance production or marketing of agricultural products or increase farm income.

7. DAR shall ensure that collections from the credit programs, upon termination of the partnership with concerned credit service providers, shall be reverted to the Bureau of Treasury under the ARF account for further credit program allocations.

8. The DAR, in cooperation with the program partners, shall ensure that subsidy/grant for agricultural support shall be primarily for the promotion and adoption of sustainable agriculture in mitigating effects of climate change.

9. Parallel capacity development interventions for end-borrowers and partner credit conduit shall be provided to enhance credit worthiness of borrowers and sustain the management of funded projects.

V. OPERATIONAL GUIDELINES AND PROCEDURES

The DAR, in collaboration with Department of Finance (DOF) and BSP, shall establish two (2) ARB credit programs, as follows:

1. **Agricultural Production Support Program (APSP); and**
2. **Socialized Credit and Microfinance Program (SCMFP).**

A. Guiding Principles:

The provision of agricultural support and socialized credit is anchored on the following key principles:

1. DAR shall adopt a multi-pronged approach that includes credit assistance, institutional and ARBs' capacity-building, enterprise development, adoption of sustainable agri-based enterprise/agricultural technologies, and established market linkage to ensure effectiveness, efficiency, viability and sustainability of the program;

2. The long-term viability dimension of socialized credit shall always be emphasized. The credit funds are finite and should be disbursed, availed and utilized responsibly.

3. The household cash flow patterns of ARBs may be compounded by their payments of land amortization, thus becoming more vulnerable and unpredictable. To this end, DAR shall strive to develop schemes to address such cashflow weaknesses of ARBs without engendering dole-out mindset;

4. As a mitigating measure against credit risks, DAR shall support funding requests of conduits for close credit supervision of ARBs.

5. Promotion of savings mobilization and/or capital build-up (share capital) generation among ARBs within their cooperatives/POs;

6. Documentation, implementation and replication of financial best practices for program sustainability;

7. Multi-stakeholders partnership to ensure ARBs' long-term access to agricultural credit, and

8. Harmonization of SCMFP, CAP-PBD, and GMFA for more comprehensive ARB outreach and better credit penetration of agrarian reform areas.

B. Operational Strategy:

1. Agricultural Production Support Program (APSP)

a. Allocation, Use, and Access of Funds

The DAR shall establish the Agricultural Production Support Program (APSP), the funding of which shall be sourced out from the one-third (1/3) of thirty percent (30%) allocated for credit facilities over the next five years (CY 2009 to 2014), as provided for by law. All the allocated funds shall be for the provision of direct subsidy. The use of and access of the fund shall be guided by the following:

i. The APSP shall provide one-time subsidy to new ARBs upon their receipt/award of EPs/CLOAs under R.A. 9700, through organized groups. ARBs are encouraged to be members in bank-assisted cooperatives (BACs) and cooperatives participating in MICOOP and/or build, operate, adopt transfer (BOAT) schemes;

ii. The amount of subsidy to be given to each new ARB shall be determined by the NCPSC, taking into consideration the total fund allocation for subsidy; and the total number of new ARBs for the next five years.

iii. The ARB recipients shall utilize the subsidy, subject to the following terms:

- Should the ARB-recipients decide to collectively purchase farm implements/equipment, the organization/cooperative may have the option to pool the subsidies received to generate a substantial amount for such purchase. A rental fee shall be charged for the use of such equipment, the income of which shall be used by the organization in the maintenance/upgrading/replacement of such equipment/implement.

- ARB members, who shall use the one-time grant for their own production, shall pay back the corresponding amount to the organization/cooperative based on his/her expected cashflow. The repayment shall form part of the organization's indivisible equity, collectively owned by all members to be used as revolving

capital to ensure sustainability of funding support of newly organized PO/coop and where all members are ARBs. For existing organization, the repaid subsidy shall form part of the capital share of the concerned ARB/s.

- ARBs who availed of the subsidy may qualify to access socialized credit, provided that he/she has shown proof of evidence that the subsidy was used judiciously for its intended purpose.

b. Accreditation and Subsidy Assistance Documentary Requirements

New ARBs should fill-up Agricultural Productivity Information Sheet duly signed by the new ARB (Form 2 - ARB Agricultural Productivity Profile and Indicative Farm Plan); and Application duly signed by the Organization (Form 3 - Application for APSP) and submit these together with the following documents to the concerned DARMOs, for the availment of the subsidy, to wit:

i. Certificate of Membership in new or existing ARB organization, duly signed by the Chairperson;

ii. Certificate of Attendance/Participation in program orientations; trainings/seminars on organizational development and on appropriate farming technologies, facilitated by the DAR Provincial Office (DARPO) prior to and/or after the awarding of the EP/CLOA;

iii. Authenticated photo copy of the CLOA/EP issued after July 1, 2009 bearing his/her name or a certification from the PARO attesting that the DAR has issued CLOA/EP under his/her name or that his/her name is annotated in the Individual or Collective CLOA, stating the date of issuance of CLOA/EP;

iv. Photocopy of ARB ID card issued by the DAR, when available, and

v. Letter of Intent (Form 1- Letter of Intent) from the organization, where the new ARBs are members of, that said organization is willing to manage the subsidy assistance funds.

c. Profiling of New ARBs and their Organizations

i. The DARMO shall continue profiling the new ARBs and their organization and shall subsequently distribute ID cards to these new ARBs. Simultaneous with the processing of ARB accreditation, the MARO shall prepare an annual list of new ARBs based on the claim folders in the pipeline, indicating the name of organization/cooperative where the latter are affiliated and submit the list to the DARPO for consolidation. Similarly, the DARMO shall submit an indicative 5-year subsidy APSP plan based on their LAD target. The number of new ARBs reflected in the initial year of the APSP plan shall correspondingly tally with the list of ARBs awarded with EP/CLOA starting July 1, 2009.

ii. The DARPO shall consolidate the lists of new ARBs submitted by the respective DARMOs and endorse the same to DARRO.

iii. The DARRO shall consolidate all the reports submitted by the respective DARPOs and come up with an indicative five-year subsidy assistance plan and submit this to the BARBD, through the NCMU, as basis for budget programming.

iv. The CMPCU shall come up with a national masterlist of new ARBs and recommend to the NSPSC the annual subsidy budget and schedule of releases. The national masterlist of new ARBs shall be updated annually.

d. Procedures in Accessing the Subsidy Assistance:

The processing of project proposal for the subsidy assistance shall be guided by the following:

i. Each ARB shall fill-up Form 2 - ARB Agricultural Productivity Profile and the conduit organization shall fill-up Form 3, which is the application for APSP. These filled-up forms shall be submitted, together with the accomplished accreditation requirements, to the MARO for review and validation.

ii. The MARO shall review the submitted documents to determine if these are in accordance with the guidelines.

iii. The MARO shall then endorse to the DARPO the list of ARBs and their organizations, together with accomplished accreditation documents.

iv. The DARPO-BDCD shall evaluate the documents forwarded by the MAROs in terms of the viability and soundness of the proposed projects and verify/ensure that the ARBs are included in the masterlist. When the documentary requirements are met and found in order, the PARO shall issue Certificate of Accreditation to each New ARB. In case an ARB fails to meet any of the accreditation requirements, the DARPO-BDCD shall inform the MARO in writing, copy furnished the ARB, of the discrepancy/ies.

v. The PARO shall endorse the list of new ARBs recommended for subsidy assistance to the DARRO for approval and fund releases together with the following documents, namely:
   a. Form 1 - Letter of Intent
   b. Form 2 - ARB Agricultural Productivity Profile
   c. Form 3 - Application for APSP
   d. Certificate of Accreditation (original copy)

vi. The DARRO, through the Regional Program Management Unit (RPMU), shall deliberate the applications and prioritize the approval subject to availability of funds.

vii. The DARRO-RPMU shall forward to the DARPO the funding checks with the summary of approved and funded subsidy applications. Upon

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receipt of summary of approved applications, the BDCD, through the MARO, shall facilitate the signing of the MOA (Form 4) between DARPO and Organization/Cooperative.

viii. The DARPO-Cashier, upon receipt copy of the notarized MOA shall release the funding checks solely to the partner-organization, who in turn, shall distribute it to the individual ARB-recipients.

ix. The ARB/s shall execute a deed of undertaking with the partner-organization stating the exclusive use of the fund for the intended purpose, as spelled out in the approved APSP Form No.1, Letter of Intent executed by concerned cooperative or PO.

x. The DARRO-RPMU shall submit the list of approved and funded projects to DARCO-NCMU.

e. Establishment of Subsidy Fund for APSP

At DAR Central Office, the FMAO shall establish a separate Key Budgetary Item (KBI) for the APSP under the Agrarian Reform Fund (ARF).

A Special Allotment Release Order (SARO) from the Department of Budget and Management (DBM) for purposes of the implementation of APSP shall be released to the DARRO-Finance and Administrative Division of the concerned DARROs through the DAR Central Office-FIMAS.

f. Funds Drawdown and Financial Reporting

1. The drawing out funds from the APSP and financial reporting shall be guided by the existing and appropriate accounting and auditing rules and regulations.

2. The POs receiving fund/subsidy assistance, in behalf of the new ARBs, shall be required to keep/maintain a separate and simplified book of accounts. The DARRO/DARPO, through the Internal Audit Service (IAS), shall audit these books of accounts, but the auditing procedures and requirements shall be tailored-fit to the capabilities of the organization/cooperative, particularly for organizations that are newly formed.

g. Training and Extension

The BDCD, with MARO and DF, shall provide technical and business advisory assistance; organizational and enterprise development-related training (e.g., entrepreneurial, governance, financial, external linkages and the like); facilitate the provision of technology training; and installation of policy, system and procedures for the projects, subject to the results of the capability/training need assessment.

The DARPO shall include in their annual work and financial plans the training and activities needed to strengthen the ARB organizations and making their agricultural enterprises profitable.

2) Socialized Credit and Microfinance Program (SCMFP)

The SCMFP shall cater to existing ARBs and leaseholders who are in need of agricultural credit assistance, including rural women/spouses of ARBs.

Subject to appropriations made available to DAR, two-thirds (2/3) of the fund allocated for credit shall be set aside for socialized credit for the next five years with a sufficient sum or 10% at most , to be allocated for the following, subject to specific credit/ MF program to be formulated, to wit:

i. Institutional capability building for credit program implementers, partner-institutions (MFIs/coop);
ii. Agricultural technology and/or enterprise development for cooperatives/individual borrowers; and
iii. Management/operating costs of APSP and SCMFP.

a. Credit Delivery Platform

1. Credit Service Providers

The Land Bank of the Philippines, DBP and other GFIs can be tapped to provide the credit disbursement to partner credit-conduits, such as: accredited savings and credit coops, financial service coops, ARB cooperatives and accredited cooperative bank. Partner credit conduit shall engage in wholesale and retail credit.

The DAR and concerned GFI shall enter into a MOA to formalize the partnership. The partners shall come up with operational plan (five-year and annual plans) as bases for the downloading of credit funds, subject to the recommendation of the NMCU and approval of the NSCPMC.

The NCMU and partner GFIs shall jointly formulate accreditation and credit guidelines to be approved by the NSCPC for implementation by the concerned field counterpart of the NCMU.

Collections from the credit facility shall be treated as revolving fund of the partner GFI within the term of the program partnership to accommodate more borrowers.

Unused funds and collections upon the termination of partnership/s between DAR and GFIs, shall be reverted back to the National Treasury, under the ARF account for the use of credit program of DAR.

2. Partner Credit Conduits

The partner credit-conduits shall provide credit assistance to the following:

i. ARB cooperatives/organizations/ federations, and MFI-oriented NGOs,
ii. Individual ARB-members awarded with either individual or collective CLOA or EP and other CARP instruments; and holders of

leasehold contracts.

iii. ARB household members who are also members of the community-based organizations/cooperatives and who are in good standing.

In addition to the credit fund, the ARB organizations without credit track record shall be strengthened by the DARPO through the MARO. Likewise, the program management may enter into partnership with appropriate service providers, academe, NGOs to provide capacity building and enhancement to concerned ARB organizations-borrowers.

Existing bank-assisted cooperatives/organizations, willing and able to enlist a minimum of 60 ARBs as members, shall be tapped as credit conduits to extend credit assistance primarily to ARBs. Program management shall explore and tie-up with existing government institutions with guarantee or credit surety programs to assist cooperative/organizations to mitigate the credit risks involved in ARB lending.

b. Eligible Individual Borrowers

As much as practicable, end borrowers must have no past due accounts from any DAR financing programs or from other financial institutions/agencies. Hence, as a requisite, all individual borrowers must submit proof of settlement of previous account/s availed.

End-borrowers with past due accounts who wish to avail of financial assistance from the program shall issue a plan of payment, to be enforced and monitored by his/ her organization/cooperative, and the collections shall be remitted to the concerned lending institution the members are indebted to.

New ARBs who have availed of agricultural subsidy may, likewise, avail of the credit, provided he/she can show a proof of evidence that the said subsidy was used in accordance to its purpose.

c. Eligible Projects for Financing

The SCMFP shall provide financing for the following:

- Capitalization for agricultural production;
- Enhancement/improvement or development of the farm holdings to include construction/ repair of irrigation canal, and change of farm system to intercropping, diversification, integrated and multi-cropping system;
- Establishment/rehabilitation of storage, trading and processing facilities, pre and post-harvest facilities to enhance production or marketing of agricultural products;
- Working capital for agri-based micro and small enterprises to include regulatory requirements and licensing of processed products and services (e.g. BFAD), and training/acquisition of technology;

- Primary production, processing, manufacturing and other strategic technology and livelihood development

d. Collateral

Partner-conduits may accept the following possible securities: a) purchase orders, b) marketing agreements, c) expected harvests, and d) other types of soft collateral (e.g., promissory notes, treasury bonds)

e. Interest Rate

The partner-GFIs of the socialized credit and micro-finance programs shall charge a maximum of 2% per annum to the institutional borrowers/conduit to cover disbursement and collection costs. The inclusion of crop insurance shall be at the option of the borrowers.

At the partner-conduit level, interest rates to the end borrower shall be significantly lower than the market rate premised on the interplay of availability, accessibility, and affordability dimensions of credit.

Credit-conduits shall not impose advance payment of interest and shall be encouraged to compute accrued interest using declining balance method.

f. Loan Term

The NCMU and concerned partner-GFIs shall package short-term (one year) loans for new partner-credit conduits. Subsequent financing shall gradually scale up to medium-term loans after several successful cycles of good repayment, subject to the lending policy of specific credit programs.

g. Procedures in Provision and Accessing of Socialized Credit Services

i. After the publication of the IRR, the DAR field offices shall update the database of ARBs and ARB organizations in need of credit based on approved guidelines to include profiles of existing credit service providers and potential credit conduits; type of farming, enterprise and livelihood activities of ARBs and cooperatives/organizations; mode, terms and conditions of financing and instruments, payment, and preferred schemes for credit delivery, among others. The result of the database updating and profiling shall serve as an input or reference in developing or adopting appropriate loan products, credit delivery schemes, and partnering/linkage with conduits. Required forms shall be developed by the NMCU and completed forms by the concerned field offices shall be submitted two months thereafter.

ii. Simultaneous with the database updating and profiling, the DARPO and DARMO shall conduct orientation on the salient features of the credit program to new and existing ARBs and potential credit-conduits.

iii. The DAR in all levels shall assist the ARBs/ARB organizations in linking ARBs with other credit service providers in cases where no cooperative/organization qualified as credit conduit is present in the area.

iv. The DAR field offices shall extend technical assistance to the credit-conduits and ARBs and/or ARB organizations in project proposal preparation of viable agri-enterprise projects as requisite for accessing loan. It shall, likewise, extend assistance to capacitate and monitor ARB- and ARB organization-borrowers in managing and operationalizing their funded projects.

v. The DAR Central Office, through the NCMU and in coordination with the Management Information Service and Planning Service, shall design and implement an appropriate monitoring system for its various credit programs for policy development and enhancement, program/project design improvement, and accomplishment tracking and best practices documentation and replication.

vi. The DAR, through the NCMU, shall harmonize policies and guidelines of the existing credit programs such as CAP-PBD Window III and GMFA with this IRR.

vii. DAR shall, likewise, continuously enhance existing credit delivery schemes by adopting the best practices of DAR-NATCCO Microfinance Innovations in Cooperatives (MICOOP) and the DAR-CARD, Inc. Microfinance Capacity Development Program for Partner Organizations, Agricultural Solutions (AGRISOL), and other similar credit models.

viii. The NCMU shall orient the concerned DARCO officials and personnel, together with the DARRO-RSSD on the highlights of the IRR. The DARRO in turn shall orient the PAROs, BDCD staff, MAROs and DFs, who shall conduct information campaign in their respective areas. They shall also post at conspicuous places the approved IRR for the information of the general public.

h. Documentary Requirements

The DAR, through the NCMU, shall ensure that partner GFIs shall ease their accreditation criteria and documentary requirements for credit conduit applicants. Likewise, credit conduits shall do the same with the ARB-applicants.

The Basic documentary requirements for applicant/s interested to be credit-conduit/s are the following:

i. Certified true copy of SEC/CDA/BRW-Dole Registration
ii. Certified true copy of constitution and by-laws
iii. Masterlist of membership duly signed by the Chairperson
iv. List of ARB-members duly certified by the concerned MARO
v. BOD resolution stating their intention to apply for loan to be used for relending/ MF and person/s authorized to transact business with the bank
vi. Financial statements for the past three consecutive years
vii. List of previous project/s undertaken, loan secured/ repaid to establish track record.

Qualified applicants shall execute a Joint and Several Liability Undertaking prior to fund release.

The partner-GFIs are encouraged to waive the submission of audited financial statements as a requirement to short- term agricultural production loans. However, they may require other documents as proofs of evidence of credit-conduit's sound financial status.

Program management shall reserve the right to ease/relax documentary requirements required by credit-conduits to individual ARB/cooperative borrowers.

VI. IMPLEMENTING MECHANISM

1. The DAR shall constitute a National Credit Program Steering Committee (NCPSC) to be chaired by the DAR Secretary, and vice-chaired by the Undersecretary-SSO. The members are to be comprised of representatives from the Field Operations Office (FOO), Finance Management and Administration Office (FMAO), Policy Planning and External Affairs Office (PPEAO), Legal Assistance Office (LAO), Presidential Agrarian Reform Council (PARC) Secretariat, BSP, DOF, and People's Organization, as designated/appointed by the DAR Secretary.

   Concerned representatives from the academe, Non-Government Organizations (NGOs), and National Government Agencies (NGAs) may be invited as resource persons during steering committee meetings, as needed. The NSCPC shall review and approve policy recommendations; develop new credit windows and/or enhance existing credit programs; and oversee the implementation of the agricultural support and socialized credit assistance programs.

2. A National Credit Management Unit (NCMU) shall likewise be established and lodged in the DAR under its Bureau of Agrarian Reform Beneficiaries Development (BARBD), to develop, facilitate, oversee, monitor, and evaluate the DAR's agricultural support and socialized credit assistance programs. The NCMU shall provide technical and secretariat support to the NCPSC. It shall formulate a more detailed set of operational guidelines within 90 calendar days upon publication of this IRR.

3. A counterpart of the NCMU at the regional and provincial levels shall also be established.

4. The Department, in collaboration with Bangko Sentral ng Pilipinas (BSP) and the Department of Finance (DOF), shall formulate implementing policies on liberalized terms and conditions of credit assistance/financing for ARBs as provided for in Sec. 14 of R.A. 9700. DAR, DOF and BSP shall monitor and evaluate the implementation of policies and guidelines, review and amend them, if necessary.

VII. MONITORING AND EVALUATION

The Program shall subscribe to the rules and regulations stipulated under MC 17, series of 2009, entitled "Guidelines in the Implementation of An Enhanced Planning, Monitoring and Evaluation (PME) System of DAR in accordance with R.A. 9700." However for purposes of

establishing accountabilities and tracking of accomplishment, the NMCU shall design and operationalize a separate a program-based monitoring and evaluation system.

Sectoral reporting for both APSP and SCMFP shall observe the following monitoring and reporting system:

1. The MARO/DARPO- BDCD shall submit the appropriate monitoring and evaluation reports regularly as prescribed by the NCMU. The PMEU of the province shall consolidate the data for inclusion in the Planning Monitoring Evaluation System and submit the report to the Planning Service through the Regional Planning, Monitoring, and Evaluation Unit.

2. The NCMU shall, likewise, provide the Planning Service with the consolidated quarterly accomplishment report. The NCMU report together with an analysis and a program performance evaluation, shall serve as guide in providing feedback to the NCPSC for possible policy review and formulation.

3. The NCMU may conduct random monitoring among ARB recipients within two months after release of subsidy to individuals.

VIII. TRANSITORY AND FINAL PROVISIONS

1. Funding – The amount necessary to implement the provisions of this Administrative Order shall be included in the annual General Appropriations Act (GAA), however for CY 2010 funding shall be subject of a supplemental budget.

2. Separability Clause – If for any reason, any section or provision of these rules be declared unconstitutional or invalid, such part not affected shall remain in force and in effect.

3. Repealing Clause - All orders, circulars, rules and regulations inconsistent herewith are hereby amended, modified or repealed accordingly.

4. Effectivity - This Administrative Order shall take effect on June 24, 2010.

NASSER C. PANGANDAMAN
Secretary

Department of Agrarian Reform
Office of the Secretary
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DEPARTMENT of AGRARIAN REFORM

CERTIFICATION

This is to certify that Administrative Order No. 3, Series of 2010 entitled **"IMPLEMENTING RULES AND REGULATIONS ON THE PROVISION OF AGRICULTURAL SUPPORT TO AND LIBERALIZATION OF ACCESS TO CREDIT BY AGRARIAN REFORM BENEFICIARIES UNDER REPUBLIC ACT NO. 9700"** is published today, Friday, 02 July 2010 at Philippine Star and Malaya Business Insight newspapers.

Issued this 2nd day of July 2010 for whatever purpose it may serve.

HUGO D. YONZON III
Public Affairs Staff Director