

Appendix 2. Business Planning Tools

Appendix 2-A. Annotated I-REAP Business Plan Outline

ENTERPRISE GENERAL PROFILE (*serves as Cover Sheet of the business plan*)

Subproject Title	
Subproject ID No.	
Location	
Implementing Proponent	
Lead FCA	
Cluster FCA/s	
Contact Person	
Contact Number	
Cluster Members	
Financing Modality Based on the Amount of Subproject	<i>Micro Enterprise? Small Enterprise? or Medium Enterprise?</i>
Type of Implementing Proponent Undertaking	<i>Start Up? Or Scale Up?</i>
Products and/or Services	<i>What is the Product or Service that will be offered by the enterprise</i>

Appendix 2. Business Planning Tools

Total Investment Cost/Amount of the Business Plan	<i>Fund Source and Specific Investment Requirements:</i>						
	COMPONENTS	Source of Financing					
		Amount (PhP)	LP	GOP	EU (if applicable)	Implementing Proponent Equity	
	TOTAL CIVIL WORKS					Cash	in kind
	ENTERPRISE PROJECT COST (EPC)						
	TOTAL IMPLEMENTING PROPONENT EQUITY						
TOTAL PROJECT COST (TPC)							
Link to VCA and PCIP	<i>Briefly cite the VCA segment and PCIP Constraints/Opportunities that are being addressed by the enterprise</i>						
Brief Description of the Subproject	Briefly describe the business model						

Appendix 2. Business Planning Tools

<p>Enterprise or Subproject Objectives:</p>	<p>Enterprise Level objectives:</p> <ol style="list-style-type: none"> 1. 1. 2. 3. <p>Farmer Level objectives:</p> <ol style="list-style-type: none"> 1. 2. 3. 																						
<p>New Ways of Doing Things/ Innovations</p>	<p>Describe how the PRDP interventions will improve the way of doing things by the FCA/FCA Clusters or the innovations that the enterprise will undertake i.e. use of new technology, new practices, processes, etc</p>																						
<p>Economic Benefits:</p> <p><i>No. of Direct Individual Beneficiaries</i></p>	<table border="1"> <thead> <tr> <th rowspan="2">FCA/FCA Clusters</th> <th colspan="2">No. of IP</th> <th colspan="2">No. of Non-IP</th> <th rowspan="2">Total Individual Beneficiaries</th> </tr> <tr> <th>Male</th> <th>Female</th> <th>Male</th> <th>Female</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	FCA/FCA Clusters	No. of IP		No. of Non-IP		Total Individual Beneficiaries	Male	Female	Male	Female												
FCA/FCA Clusters	No. of IP		No. of Non-IP		Total Individual Beneficiaries																		
	Male	Female	Male	Female																			
<p>Job Generation</p>	<table border="1"> <thead> <tr> <th>Job Title</th> <th>Existing</th> <th>New Jobs</th> <th>Total Jobs Generated</th> </tr> </thead> <tbody> <tr> <td>Laborer</td> <td>2</td> <td>4</td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Job Title	Existing	New Jobs	Total Jobs Generated	Laborer	2	4															
Job Title	Existing	New Jobs	Total Jobs Generated																				
Laborer	2	4																					

Appendix 2. Business Planning Tools

	<table border="1"> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td></td> </tr> </table>					TOTAL											
TOTAL																	
Investment Cost per Direct Beneficiary																	
Increase in Farmers Income	<table border="1"> <thead> <tr> <th data-bbox="472 821 662 989">No. of Farmers Involved</th> <th colspan="2" data-bbox="662 821 1036 989">Average Annual Farmers Income (Php)</th> <th data-bbox="1036 821 1240 989">Total Incremental Income (Php)</th> </tr> <tr> <td></td> <th data-bbox="662 989 850 1087">Before PRDP</th> <th data-bbox="850 989 1036 1087">After PRDP</th> <td></td> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	No. of Farmers Involved	Average Annual Farmers Income (Php)		Total Incremental Income (Php)		Before PRDP	After PRDP									
No. of Farmers Involved	Average Annual Farmers Income (Php)		Total Incremental Income (Php)														
	Before PRDP	After PRDP															

Appendix 2. Business Planning Tools

<p>Financial Analysis</p> <p>Net Income of the Enterprise:</p> <p>Financial Ratios:</p> <p>Break-even Analysis:</p>	<p>Existing Net Income (baseline):</p> <p>Projected Average Net Income (projected period)</p> <p>FIRR:</p> <p>NPV:</p> <p>Payback period:</p> <p>Benefit-cost Ratio:</p> <p>ROI:</p> <p>Break-even Price:</p> <p>Break-even Volume:</p> <p>Break-even Sales:</p>																
<p>Technical Support Agencies</p>	<table border="1"> <thead> <tr> <th data-bbox="472 936 639 1100">Agency</th> <th data-bbox="639 936 834 1100">Nature of Technical Assistance</th> <th data-bbox="834 936 1013 1100">Estimated Cost</th> <th data-bbox="1013 936 1214 1100">Possible Source of Funding</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Agency	Nature of Technical Assistance	Estimated Cost	Possible Source of Funding												
Agency	Nature of Technical Assistance	Estimated Cost	Possible Source of Funding														
<p>Duration of Project Implementation</p>	<p>Target Start Date (<i>target date for the first NOL2 or fund download to Implementing Proponent</i>):</p> <p>Target Completion Date:</p>																

Sub-project Summary Data/Monitoring Sheet

Appendix 2. Business Planning Tools

Parameters	Baseline	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Increase Farmers Income											
Increase Marketable surplus (Heads)											
Increase Income of Enterprise											
Increase in Beneficiaries											
No. of Women engaged											
Employment Generated											
Increase Membership											

EXECUTIVE SUMMARY

(a snapshot of each of the major component)

A maximum of two-page brief presenting the following key points:

- (i) rationale for the proposed subproject, its contribution to value chain upgrading and to farmers/fishers income;
- (ii) description of the business enterprise;
- (iii) experiences and current state of the enterprise;
- (iv) target market;
- (v) operational plan;
- (vi) economic benefits; and
- (vii) results of the financial analysis.

I. DESCRIPTION OF THE BUSINESS ENTERPRISE (write up should be maximum of 2-pages only)

Appendix 2. Business Planning Tools

1. **Business Overview** *(Discussion on the profile and existing operation or business activities of the FCA/ FCA Cluster (including cluster members if applicable))*

In this section, briefly discuss the profile of the FCA/FCA Clusters, its business registration including year it was registered and particular agency registration, years in business operation, amount of assets of the organizations, number of members, and existing projects/ accomplishments/business activities. Mention the awards or citations received from government and non-government agencies if there's any. Discuss previous experiences/ track record in operating the same business activity or similar to what is being proposed. This will be done to all FCA Cluster members of the subprojects (if clustering). Discuss also the rationale or justification for proposing the subproject. (1-2 paragraphs)

2. **Role of the Enterprise in Value Chain Upgrading**

Brief description on the role of the enterprise in value chain upgrading focusing on: the specific segment/s of the value chain which the enterprise belongs; the constraint/s or gap/s which the enterprise aims to address as well as the opportunities that may help in developing or upgrading the value chain; and overall contribution of the enterprise to the development of the commodity or industry. (1 paragraph)

3. **Adaptation of Clustering and Consolidation Strategy in the Enterprise**

Discuss the clustering and consolidation activities of the enterprise which involve 1) expanding source of raw materials through increase in farmer members and consolidating volume of output of other cooperatives or associations 2) operational arrangement between each cluster members in managing the enterprise 3) consolidation of marketed output among its cluster members to leverage bargaining power 4) other approaches in clustering. (1 paragraph)

3. **Objectives of the Enterprise**

Discuss the general/specific objectives of the subproject/enterprise in terms of the farmer and enterprise level development objectives. *(The objectives should be aligned with the Project Development Objectives and Key Result Areas of PRDP I-REAP).*

Reminder:

- Please ensure that the write up reflects the needed information to complete the description of the business enterprise.

II. MARKET ANALYSIS

1. **Market characteristics (1-2 paragraphs)**

Briefly discuss the profile of the industry, market trends and competition, industry outlook and development. Is the market growing/declining/stable over time? What is the prospect for the industry? Is it growing/declining/stable? What is the state of the market or industry? Is it

Appendix 2. Business Planning Tools

new/emerging? Is it competitive or difficult to penetrate? Is it mature or stable? Discuss here also major players of the target industry.

Reminder:

- *Market trends and competition should cover the local market only if the enterprise has no plan of targeting the export market.*

2. Customer analysis (1 paragraph)

Discuss who are the target markets/customers, their characteristics and behaviors. How do they normally purchase this kind of product? What benefits are they looking for? How were they identified in your market? What is the size of your Market? (Identify indicators of size, population, per capita consumption, etc). Where are they located?

Suggested Table for presentation of data:

Type of Market/Customer	Description	Location	Distribution Channel	Estimated Volume Requirement	Specifications

3. Supply and demand analysis (supply and demand gap) (1 paragraph)

Briefly discuss the supply and demand scenario, its trends and outlook/projections. The supply and demand situation should focus only on the target market or customer segment that the enterprise is trying to penetrate.

Suggested Table for Supply and Demand Analysis:

Target Market/Customer	Product	Annual Demand	Annual Supply (by existing suppliers)	Remain Unmet Demand (or Gap)	Volume to be supplied by the enterprise

4. COMPETITOR ASSESSMENT (write up should be maximum of 1-page only)

Appendix 2. Business Planning Tools

Key Competitors - *competitors are firms/individuals that are producing or supplying the same product that the enterprise is or will produce and sell. Discussion maybe focused on top 3 competitors focusing on the following indicators:*

- description and product/service features of identified competitor;
- geographic location and area of influence;
- channels of distribution;
- relationship with suppliers/buyers;
- marketing strategies (price, product, place, positioning, promotion);
- market share; and
- financial strength/cost position

Suggested Table for presentation:

Key Competitors	Description	Location	Product	Price	Market share

5. **MARKETING PLAN** *(Discuss here the marketing objectives and targets in terms of sales volume, income and profit margin. Outline the strategy by defining the 4Ps of marketing)*

a) **Product**

- What exactly do you sell? (Physical description of each product, uses, attributes and functional benefits, specifications, quality control/services, standards, development and technological trends)
- What makes your product unique and why is it superior or unique or what is the unique selling proposition of your product?
- How is the product made or developed?

b) **Price**

- How much is your product price? (If there are several products, provide price for each)
- What is the basis of pricing? Or how is the price going to be established?
- How will your price compare with your competitors?

Note: provide historical price (5-years) of product as Annex

c) **Place**

- Where will you sell your product?
- Why did you choose that location?
- Pick-up points
- If there are other distribution channels, please provide the exact location/address.

d) **Promotion**

- Identify how you will promote your product or discuss your advertising and promotions plan (such as tri-media or social media campaigns).

III. OPERATIONAL PLAN

A. Ownership and management (two paragraphs)

Briefly describe or explain how the subproject will be managed including the type of ownership and management, the enterprise organizational structure, enterprise management team and its roles and functions. In case of FCA cluster, discuss what will be the management and operational arrangements between the individual groups of the cluster (will they form a project management team comprised of representatives from all the groups of the cluster? Will the operational components of the enterprise be distributed among the cluster groups? etc.)

Discuss the key personnel needed for the project enterprise implementation and operation including necessary skills and the additional training needs. Discuss also the internal control measures of the enterprise (i.e. check and balances on signatories and levels of authority for review and approval), grievance redress mechanism and emergency response team.

Present enterprise organizational chart/structure

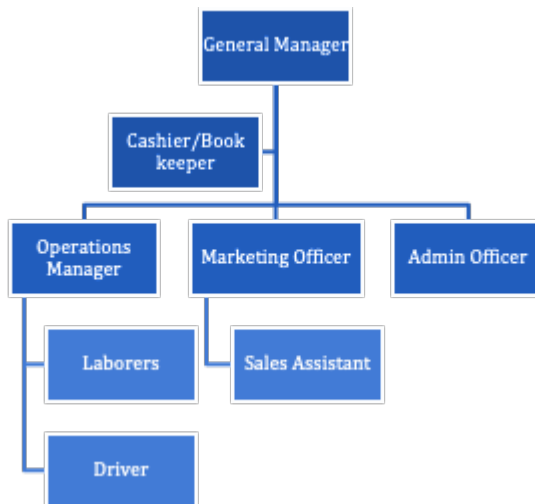


Figure 1. Sample Organizational Chart

Suggested Table for presentation of the enterprise management team (officers and staff should match with the positions indicated in the organizational chart):

Position	No. of Staff	Qualifications (education, year of experience, skills requirement)	Duties and Responsibilities/Job description
<i>Example</i>			

Appendix 2. Business Planning Tools

Manager	1	<ul style="list-style-type: none"> · Bachelor's degree in Business Administration, Agribusiness or any related field · Have the necessary planning and organizational skills · Excellent verbal and written communication skills · Must have excellent supervisory skills 	<ul style="list-style-type: none"> · Oversee the overall operation of the enterprise; · Closely coordinate with the operations manager and marketing officer on the daily status of operations and transactions · Preparation of weekly status of the business and presents it to the BOD

Present the remuneration/honorarium, government mandatory/statutory benefits for the enterprise management team (officer and staff positions should match with the organizational chart and table).

Position	No. of Staff	Salary/ Remuneration/ Honorarium/ Daily wage	Contribution/month			Other Benefits* (specify other benefits in footnote)
			SSS	Pag-Ibig	Philhealth	
<i>Example</i>						
General Manager	1	12,000.00/ month	250.00	120.00	100.00	12,000.00

Note: State the basis or source of the salary rates here.

**Add notes on the description of Other Benefits (in this case, 13th month pay)*

B. Production and operational process

Discuss what are the initial activities to be done and how the project will be operationalized. The following sections and tables must be discussed and filled up to provide complete but concise details on the operation and the equipment/infrastructure needed.

Appendix 2. Business Planning Tools

1. *Pre-operation activities*

Discuss what activities must be conducted first prior to the target period of actual operation.

Pre-operation Activity	Description	Input Requirement/s	Output	Timelines (when will it be conducted)
<i>Sample activities</i>				
Processing of Permits	Securing necessary permits to operate the enterprise	Submission of the following docs:	License to Operate/Business Permits/GAP or any other certifications	June 2020
Capability Building Activities	Identification of training needs necessary to operate the enterprise and training providers Participation to trainings	Training Need Assessment Letter request to identified training providers	Enhance skills on the technology/areas as required in the operation of the enterprise.	July 2020
Securing supplier's and marketing agreement	Conduct meetings/negotiations with target suppliers and buyers	Draft supply and marketing agreement	Signed supplier's and marketing agreement	July 2020

2. *Actual Operation*

a. Production Process (two paragraphs)

Discuss the production method and technology to be used. Discuss the procedures involved in the production/manufacturing/creation of the product/service from raw material sourcing to delivery of products to your target customers. Discuss the production schedule indicating the number of months of operation per year, hours of operation in a day, number of days operating in a week and the seasonality of production or operation and also the yearly increase in production per year if there is.

Appendix 2. Business Planning Tools

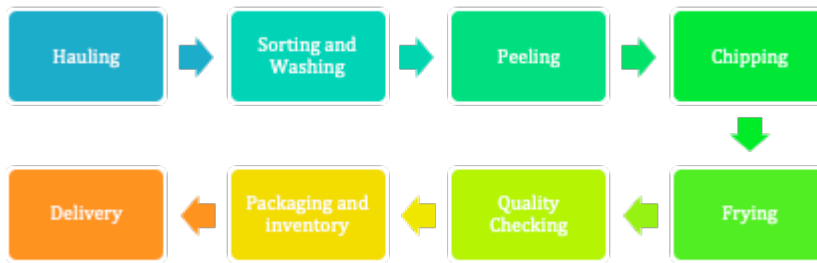


Figure 2. Sample Operations Flow Chart

Illustrate production process flow using flow chart diagram indicating the step-by-step process of product creation until it reaches the market. The process flow should show the transformation of the raw materials/inputs to its final product form until reaching the target market.

Suggested template for the activity description

Present a detailed description of each process in this format (items in the activity process should match with the activities stated in the operations flow chart):

Activity Process	Description of the Activity (description, conversions involved and percent recovery/losses)	Duration of the activity (time allotted per activity, hrs)	Input Requirement (raw materials, tools, equipment), indicate quantity of inputs used	Output (in terms of form, weight, less losses)	Location (site where the activity will be done)	Responsible Personnel	Quality Control Measures
Example							
Peeling	Removal of peel of washed and sorted raw bananas, peeling yields a 60% recovery	2 hrs/day	<ul style="list-style-type: none"> · 800 kg (lean season) - 1 ton (peak season) of washed and sorted raw bananas · 10 peeling knives · 10 plastic tubs 	480 kg (lean season) - 800 kg (peak season) of peeled raw bananas	Pre-processing area, processing center	10 laborers	Ensure all peel and impurities are removed during the peeling process

Appendix 2. Business Planning Tools

Note: Input and Output quantities may be presented in a range of quantities [e.g. 300 kg (lean season) – 600 kg (peak season) of banana chips per day] if the amount of raw material has seasonality of planned operational volume changes every set period of time. If quantity varies every year, you may present only for the year 1 and add a note on the % increase of production in later years.

b. Material/Raw material Sourcing (one paragraph)

Briefly discuss how the materials/ raw materials (commodities) will be sourced and secured. What are the arrangements with the suppliers or clusters (in case cluster FCAs will serve as the raw material suppliers)? What is the schedule of supply of materials? How much is the buying price of the raw materials? What are the specifications of the raw materials (quality, age, physical characteristics, etc.) and quality control mechanisms?

c. Machineries, equipment and other facilities (one paragraph)

Discuss if technologies to be used are adapted from established companies in the same business or the standard in the industry, etc. Discuss also if machines are locally available in the market, to be fabricated to fit the needs of the enterprise or still should be shipped from other countries.

For facilities and equipment, this is the sample table format:

Equipment/ Machinery Requirement	Purpose	Specifications (complete specifications)	Rated Capacity (design capacity of the equipment, if applicable)	of Units		Unit Cost (New) / Market Value (Existing)
				Proposed	Existing	

Appendix 2. Business Planning Tools

Delivery Vehicle	To be used in hauling of raw bananas from farmers at farm sites to the processing center	Euro 4 diesel engine; 6-wheeler truck; 18 footer Cargo Bed 18ft x 7ft x 400mm (LxWxH) Body Dimension; Manual Transmission w/minimum of 6 speed forward and 1 reverse; Maximum of power of 150kW at 2,500 rpm; 4 cylinder inline, 4 cycle; turbo charged intercooled engine; GVW of 8.5 tons; Curb weight of 2.5 tons	6 tons (payload capacity)			2,900,000
es	To be used in as containers of banana for hauling from the identified cluster consolidation areas to the main trading post	<ul style="list-style-type: none"> · Stackable · High quality plastic (PVC) material · Dimensions: 500 x 325 x 200 mm 	g			

For civil works, discuss the design concept for the infrastructure component of the enterprise: what is the basis of the design? Does the design pass the needed standards? etc. Discuss where the facility will be located. Does the location have access to the road network, electricity and water lines? **(One paragraph)**

Appendix 2. Business Planning Tools

For Infrastructure and Equipment, this is the sample table format:

Infrastructure	Purpose	Specifications <i>(description of design, floor area)</i>	Effective Capacity <i>(storage)/</i> Effective Capacity per Period <i>(processing, based on planned operations)</i>	No. of Units Required		Unit Cost/Market Value (if Existing) Php
				Proposed	Existing	
<i>Example:</i>						
Trading Post	To be used as the main consolidation site of all the bananas produced by the Implementing Proponent. Grading and sorting will also be conducted in this area.	200 sq.m. one storey open type building with 20 sq.m. enclosed office space	5 tons of raw banana/setting	1	0	1,500,000.00

Appendix 2. Business Planning Tools

Processing center	Serves as a the processing area for the production and processing of cassava chips	300 sq.m. fully furnished processing building with: <ul style="list-style-type: none"> • 100 sq.m. pre-processing area, • 100 sq.m. processing area, and • 100 sq.m. product holding area 	480kg-600kg banana chips/day	1	0	2,500,000.00
-------------------	--	--	------------------------------	---	---	--------------

C. Facilities and Equipment Utilization

1. Facility Utilization

1.1 Vehicle Schedule

Sample Table format for Vehicle Utilization Schedule

Vehicle	Activity	Coverage Area/Route	Schedule	Estimated Duration	Total Distance Travelled	Volume of Output/duration (<i>range for Lean season and Peak season</i>)
<i>Example</i>						
Hauling truck	Hauling of fresh bananas from farm areas to the enterprise consolidation area	Enterprise location – Farm Areas – Enterprise location	Daily, 5 times/week	2 hours and 30 mins	25 km	800 kg (lean season) - 1 ton (peak season) per day

1.2 Equipment and Machinery Utilization

Sample Table format for Utilization Schedule for Equipment and Machinery

Appendix 2. Business Planning Tools

Equipment and Machinery	Rated Capacity/duration	Actual Volume to be processed /duration (based on operational schedule, range for Lean season and Peak season)	Utilization rate	Hours of Operation	Period of Utilization per Operation Schedule	Fuel/Electric Consumption per Period Utilization	Volume of Output/duration (range for Lean season and Peak season)
<i>Example</i>							
Banana chipper	350 kg/hr	240 kg/hr (lean season) – 300 kg/hr (peak season)	68%-86%	2 hrs/day	5 days/week	0.8 kW-hr/day	480 kg/day (lean season) – 600 kg/day (peak season) of chipped raw banana

1.3 Infrastructure Utilization

a. Sample Table format for Infrastructure Utilization : Processing structures

Infrastructure	Rated Capacity/duration	Hours of Operation/duration	Period of Utilization per Operation Schedule	Electric Consumption/Period of Operation	Water Consumption/Period of Operation	Volume of Output/duration (range for Lean season and Peak season)
Banana Chips Processing Center	1 ton of fresh banana/day	8 hrs/day	5 days/week	400 kWh/month	10 cu.m./month	480-600 kg of cassava chips/day

b. Sample Table format for Infrastructure Utilization : Storage structures

Appendix 2. Business Planning Tools

Infrastructure	Rated Capacity	Electric Consumption/Period of Operation	Water Consumption/Period of Operation (if applicable)	Maximum volume of goods stored at any given time
Warehouse	10 tons of sacked dried coffee beans	20 kWh/month	2 cu.m./month	9.5 tons of sacked dried coffee beans

c. Sample Table format for Infrastructure Utilization : Animal Production structures

Infrastructure	Rated Capacity	Electric Consumption/Period of Operation	Water Consumption/Period of Operation	Maximum number of heads kept at any given time
Swine Production Facility				
1 Boar pen	1 boar	250 kWh/month	15 cu.m./month	1
10 Gestation pens	10 gilts/sows			10
5 Farrowing pens	5 sows			5
3 Nursery pens	30 heads of piglets/weanlings			30
30 Grow out pens	30 heads of fatteners			30

d. Sample Table format for Infrastructure Utilization : Plant Production structures

Infrastructure	Rated Capacity	Electric Consumption/Period of Operation	Water Consumption/Period of Operation (if applicable)	Volume of Output/duration
Greenhouse	2,000 hills of lettuce per setting	100 kWh/month	20 cu.m./month	1 ton of fresh lettuce/month

Appendix 2. Business Planning Tools

2. Repair and Maintenance

Discuss how the equipment, machineries and facilities will be maintained by the *Implementing Proponent*

Sample Table format for Repair and Maintenance

Equipment/Facility	Type of Maintenance	Schedule	Resource Requirement	Quantity	Estimated cost (Php)
<i>Vehicle</i>					
Hauling Truck	Vehicle check up	Every day before travel	Basic tools	1 set	100,000.00/year
	Change Oil	Every 3 months or as stated in the vehicle OM	<ul style="list-style-type: none"> · Engine oil · Basic tools · Oil funnel · Labor 	5 li 1 set 1 unit	
	Oil filter replacement	Every 3 months or as stated in the vehicle OM	<ul style="list-style-type: none"> · New oil filter · Basic tools · Labor 	1 unit 1 set	
	Fuel filter replacement	Every 6 months	<ul style="list-style-type: none"> · New fuel filter · Basic tools · Labor 	1 unit 1 set	
	Tire replacement	Every 6 months	<ul style="list-style-type: none"> · New tires · Tire replacement tools/equipment · Labor 	6 units 1 set	

Appendix 2. Business Planning Tools

	Battery checkup/ servicing/ replacement	Every 6 months	<ul style="list-style-type: none"> · Battery acid · Basic tools · Labor 	3 li 1 set	
<i>Equipment/machine</i>					
Banana chipper	Maintenance check up	Every month	<ul style="list-style-type: none"> · Basic tools 	1 set	5,000.00/ year
	Replacement of worn moving parts	As needed	<ul style="list-style-type: none"> · Basic tools · Spare parts · Technician 	1 lot	
	Regular cleaning	Every after usage	<ul style="list-style-type: none"> · Cleaning tools 	1 set	
<i>Infrastructure</i>					
Processing center	Carpentry and Joinery Repair	As needed	<ul style="list-style-type: none"> · Carpentry tools, materials and labors 	1 lot	30,000.00
	Plumbing repair	Every year/As needed	<ul style="list-style-type: none"> · Plumbing tools, materials and labor 	1 lot	
	Electrical system checking and repair and replacement of lighting fixture bulbs	As needed	<ul style="list-style-type: none"> · Electrical tools, materials and labor 	1 lot	
	Full cleaning of walls and floors	Weekly	<ul style="list-style-type: none"> · Cleaning tools and cleaning agents 	1 lot	

Appendix 2. Business Planning Tools

	Cleaning and repair of roofing	Every 6 months/ As needed	· Roof repair and cleaning tools and materials; labor	1 lot	
	Clearing and weeding around the facility	Monthly	· Weeding tools and labor	1 lot	
	Repainting works	Every 3 years	· Paint, painting tools and labor	1 lot	15,000.00

3. Gantt Chart

- Plot the Pre-operation and implementation activity schedule

Sample Project Implementation Gantt chart

Key Result Area	Major Activities	Key Indicators	Output	Implementation Schedule												Group /Person Responsible	Remarks		
				2020															
				J	A	S	C	N	D	J	F	M	A	M	J			J	A
Approved Business Plan	Finalization of Business plan package and conduct of RPAB deliberation	RPAB approval for the SP																Implementing Proponent, PPMIU, RPCO (all components)	
	Issuance of NOL	NOL Issued																PSO, RPCO, PPMIU, Implementing Proponent	

Appendix 2. Business Planning Tools

	IMA signing	SP Resolution giving authority to LCE to sign IMA and forwarded to PSO for signature of PD and notarization.																	PPMIU	
FCA/FCA Clusters readiness to implement the subproject	Meeting with FCA/FCA Clusters and its general membership	Each member is knowledgeable of the business operation processes and understands better what PRDP is all about																	PPMIU and RPCO	
	Procurement and Financial Management Training	Trained on IREAP procurement processes for goods, works and CFA and Financial Management processes																	PSO, RPCO, PPMIU, Implementing Proponent	
	BOD endorsement of the OpMan for ratification of the GA.	BOD Resolution of the OPMAN and its ratification.																	PPMIU and Implementing Proponent	
	Enterprise Agreement signing	1 EA per FCA/FCA Clusters with the PLGUs																	PPMIU and Implementing Proponent	

Appendix 2. Business Planning Tools

	Pre-implementation conference with general membership.	Deeper understanding of operational policies and PRDP outcomes																		RPCO, PPMIU, Implementing Proponent		
	Procurement Processes for goods	Better understanding of procurement processes.																			RPCO, PPMIU, Implementing Proponent	
	Hiring of enterprise staff and conduct of Capability development activities	Hired staff equipped with appropriate knowledge and skills for the operation of the enterprise																			Implementing Proponent	
	Conduct of series of meetings with target markets	Finalized and signed marketing agreements																				
Funds Downloaded to PLGU	Request for the downloading of funds to PLGU	First tranches of funds based on WFP and procurement plans are downloaded to respective PLGUs.																			PSO	
Procurement	Procurement of hauling truck and tools and supplies	Hauling truck, and all equipment procured																				PPMIU, Implementing Proponent

Appendix 2. Business Planning Tools

Full blown enterprise operations	Operation according to business plan	Hauling operation started																			Implementing Proponent	
Monitoring of SP operation	Support monitoring in the subproject implementation.	Regular monitoring of the subproject.																			PSO, RPCO, PPMIU	

IV. FINANCIAL PLAN (write up should be maximum of 10-pages only)

a) Sources of Funds

- Describe and how much is the investment requirement for the enterprise
- Where and how will the funds to support the investment requirement be sourced?

Fund Source	Amount (PhP)	Cost Sharing	Total Amount of Business Plan
World Bank Loan Proceeds			
Government of the Philippines - Department of Agriculture			
Total			
Implementing Proponent			
Total with Implementing Proponent			

b) Investment/Project Cost (in details including fixed capital, working capital and pre-operating expenses).

Appendix 2. Business Planning Tools

Sample table format:

Components / Line Items	Amount, PhP	Fund Sources				
		LP (PhP) (60%)	GOP (PhP) (20%)		Implementing Proponent (at least 20%)	
					Cash	In-kind
Land						
Vehicle*						
Equipment						
...						
Working capital**						
Total						

* When requesting for vehicles, Implementing Proponent should submit a) a cost-benefit analysis comparing owned vs rented vehicles; and b) a trucking schedule to validate utilization of vehicles (Table 11).

c) Financial Assumptions

- Note: Presentation of production schedule and sales schedule
- Sample tables are provided below for reference purpose

Sample table for Financial assumptions

Assumptions	Data Required	Source of Data
1. Pricing		
1.1. Direct cost		
1.1.1. Raw materials	<ul style="list-style-type: none"> ▪ Buying price for year 1 ▪ Buying price for year 2 and onwards 	

Appendix 2. Business Planning Tools

1.1.2. Fuel and oil	Price of fuel and oil	
1.1.3. Packaging materials	<ul style="list-style-type: none"> ▪ Number of packaging materials ▪ Capacity of packaging material ▪ Price per piece of packaging materials 	
1.2. Administrative and other operating costs		
1.2.1. Supplies and benefits		
1.2.2. Other costs such as permits and licenses		
1.3. Taxes	Tax Rate (If exempted, provide certificate of exemption)	
2. Other incomes	<ul style="list-style-type: none"> ▪ Vehicle and facility rentals ▪ Marketing of by-products 	
3. Working capital requirement (<i>see sample table below</i>)		
For farming-based enterprise	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Production period (planting) ▪ Inventory period (from harvest to delivery) 	

Appendix 2. Business Planning Tools

For processing	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Inventory period (from purchase of raw materials to manufacturing) ▪ Production period (manufacturing) ▪ Inventory period (from stocking to delivery of finished products) 	
For marketing and/ or trading	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Inventory period (from purchase to delivery of traded goods) 	
4. Depreciation schedule (for existing and proposed fixed assets) – <i>see sample table below</i>	<ul style="list-style-type: none"> ▪ Acquisition costs ▪ Year of acquisition ▪ Estimated useful life ▪ Estimated salvage value (if applicable) 	
5. Comparative analysis of renting vs owning vehicles (<i>see sample table below</i>)	Decision criterion: if NPV (own) < NPV (rent), then purchase vehicle.	

Sample table for Technical assumptions

Assumptions	Data Required
Production schedule	

Appendix 2. Business Planning Tools

OPTION 2: OWNING								
Useful life: ____								
Acquisition cost								
Other cash outflows:								
Interest expenses (if applicable)								
Fuel expenses (see hauling and delivery schedules)								
Repair and maintenance costs								
Other administrative costs (e.g. salaries of driver and crew, licensing fees, insurance)								
Total costs before salvage value								
Less: Salvage value								
Total ownership costs								
Net present value (at discount rate = 8%)								

Note: Prepare a separate comparative analysis for every truck proposed to be purchased.

d) Financial projections/financial forecasts:

1. Monthly income statement (Year 1)
2. Monthly cash flow (Year 1)
3. Income statement, cash flow and balance sheet annual projections from Year 2 to Year 10

e) Financial Analysis

Appendix 2. Business Planning Tools

b) Employment Generation

- Is the enterprise going to provide employment opportunities to the community?
- How many will be employed? Provide comparison on the number of people employed before and after the Project

Proposed sample table:

Job Title	Existing	New Jobs	Total Jobs Generated
	17		
TOTAL			

c) Women Engagement-potential

d) Profit sharing scheme - discuss the profit sharing/distribution scheme of the enterprise (if applicable)

e) Other potential benefits - discuss other targeted or potential impact of the Project

VI. SUSTAINABILITY MECHANISM

1. Sustainability Plan

Discuss briefly how the enterprise is going to sustain its operation? (2 paragraphs)

Proposed table format for presentation of sustainability plan of the enterprise with sample contents

Appendix 2. Business Planning Tools

Enterprise Objective	Target (based on technical and financial projection)	Timeline of Implementation	Strategies to Meet Target	Actions to be taken	Responsible Personnel	Estimated Cost
a. Increase of production output of the enterprise	10% annual increase in production output	starting on 2 nd year of operation	Increase in collection of abaca tuxy	<ul style="list-style-type: none"> Conduct awareness campaign to abaca farmers on abaca tuxy potentials Monitoring of planned expansion of production of existing farmer-members Coordination with the LGU for conduct of GAP trainings to farmers 		
			Increase no. of stripping machines	<ul style="list-style-type: none"> Revisit the capacity of the existing machines. Revisit working hours for possible extension of operation. Purchase additional units of stripping machines 		
			Increase in hauling/delivery capacity of the enterprise	<ul style="list-style-type: none"> Revisit the hauling and delivery schedule Acquisition of additional hauling truck 		

Appendix 2. Business Planning Tools

<p>b. Increase in membership of farmer-members</p>		<p>Increase in farmer membership of 10% annually</p>		<ul style="list-style-type: none"> · Coordination with other individual abaca farmers around the area for possible membership with the FCA/ FCA cluster. · Coordination from other nearby organized abaca farmers for teaming up/ outsourcing of supply 		
<p>c. Value adding to the products of the enterprise</p>	<p>Establishment of an abaca sack production arm in the enterprise</p>	<p>5th year operations</p>	<ul style="list-style-type: none"> · Purchase of fiber weaving machineries, tools and equipment by end of 4th year · Establishment of a sack production infrastructure by end of 4th year · Hiring of additional 10 personnel 	<ul style="list-style-type: none"> · Allocation of savings for the purchase of additional machineries and infrastructure for the planned additional operations for 5th year · Coordination with possible markets (coffee and cacao bean producers/traders) to be targeted for the additional enterprise product. 		

Appendix 2. Business Planning Tools

			<p>l for the sack production activities</p>	<ul style="list-style-type: none"> · Conduct of capacity development activities to prepare the enterprise for the operation of the additional production line. 		
<p>d. Sustaining of product quality and production efficiency of the enterprise</p>			<ul style="list-style-type: none"> · Detailed operation /repair and maintenance plan of the enterprise encompassing all the enterprise equipment and facilities · List of training needs of the enterprise 	<ul style="list-style-type: none"> · Allotment of funds for and strict conduct of scheduled repair and maintenance as well as replacement of depreciated/ obsolete enterprise machinery, equipment and facilities · Conduct of scheduled checkup of enterprise equipment and facilities · Assignment of personnel to conduct monitoring of and supervision of 		

Appendix 2. Business Planning Tools

				<ul style="list-style-type: none"> · repair and maintenance · Constant research of technological trends on production methods and market trends that the enterprise may adapt or may affect the market of the enterprise · Yearly capacity development training of enterprise workers to maintain quality of products and lessen losses · Strict keeping of all enterprise documents, transaction files and digitizing of important information and files for safe storage; setting restrictions in the access of such documents. 		
--	--	--	--	---	--	--

Appendix 2. Business Planning Tools

<p>e.</p> <p>Establishment of support platforms for farmers members</p>		<p>Sustenance of raw material supply source and increase of it by empowering farmer members through the operation of the enterprise</p>	<ul style="list-style-type: none"> · Production support plans of enterprise to empower farmer-members 	<ul style="list-style-type: none"> · Preparation of plans on supporting farmer-members in their production activities – in terms of financing, loans, training, assistance in obtaining certifications, linking with other government support agencies, incentives etc. · Allotment of funds for above mentioned activities 		
<p>f.</p> <p>Transforming of waste materials into by-products as additional income</p>		<p>Establishment of common composting facilities by each cluster FCAs by 2nd year of enterprise operations to reduce synthetic fertilizer expenses of</p>	<ul style="list-style-type: none"> · FCA cluster funded common composting facilities · Basic composting tools and equipment 	<ul style="list-style-type: none"> · Incorporation of this strategy in the EA that should be strictly followed by the enterprise FCA/ FCA cluster · Scouting of possible support from the LGU or 		

Appendix 2. Business Planning Tools

		the farmer-members		other government support agencies especially those focusing on organic farming for possible grants of materials (vermi worms, tools, etc.) and training.		
--	--	--------------------	--	--	--	--

2. Capacity Development Plan

- What are the required technical assistance to ensure continuous operation. These trainings and their timelines should be in line with the sustainability/future plans of the enterprise.
- The technical assistance could be for the farmers and/or the enterprise itself.
- Who will provide the technical assistance?
- What is the nature of the assistance and the costs involved?

Proposed presentation table: (Capacity Development Plan)

Aspects	Business Target	Plan	Proposed Interventions / Recommendations	Activities to be Undertaken	Responsibility Center	Timeframe	Support Service Provider	Source of Fund
---------	-----------------	------	--	-----------------------------	-----------------------	-----------	--------------------------	----------------

Appendix 2. Business Planning Tools

<p>Organization and Management</p>	<ul style="list-style-type: none"> • <i>Structure and Staffing</i> • <i>Salaries & benefits</i> 	<p><i>What strategies do we need to provide to be able to address the gaps identified?</i></p> <p>(Provide training on leadership and governance)</p> <p>(Provide coaching and mentoring support in the development of internal policies)</p>	<p><i>Provide list of activities to jumpstart the interventions</i></p> <p>(Prepare letter to seek training assistance from appropriate training service provider)</p> <p>(Seek assistance and secure meeting schedule with service provider)</p>	<p><i>Who is in charge to oversee the activity within the enterprise?</i></p> <p>(Chairman)</p> <p>(Chairman)</p>	<p><i>Target date to start the activity. (Year 1 to Year 3)</i></p>	<p><i>Identify other service providers to assist the enterprise</i></p> <p>PLGU MLGU DA- RPCO CDA DTI DOLE Private sector SUCs Etc.</p>	<p><i>Identify where the financing of the activity could come from.</i></p>
<p>Operations</p>	<ul style="list-style-type: none"> • <i>Production target</i> • <i>Target area of expansion (if applicable)</i> • <i>Source of supply</i> 	<p><i>What strategies do we need to provide to be able to address the gaps identified?</i></p>	<p><i>Provide list of activities to jumpstart the interventions</i></p>	<p><i>Who is in charge to oversee the activity within the enterprise?</i></p>			

Appendix 2. Business Planning Tools

Financial Management	<ul style="list-style-type: none"> ● <i>Projected sales forecast</i> ● <i>Projected net profit</i> 	<p><i>What strategies do we need to provide to be able to address the gaps identified?</i></p>	<p><i>Provide list of activities to jumpstart the interventions</i></p>	<p><i>Who is in charge to oversee the activity within the enterprise?</i></p>			
Marketing	<ul style="list-style-type: none"> ● <i>Target markets</i> ● <i>Target sales/margins/profit</i> 	<p><i>What strategies do we need to provide to be able to address the gaps identified?</i></p>	<p><i>Provide list of activities to jumpstart the interventions</i></p>	<p><i>Who is in charge to oversee the activity within the enterprise?</i></p>			
Sustainability and inclusivity	<ul style="list-style-type: none"> ● <i>Product registration/certification</i> ● <i>Number of Project beneficiaries</i> ● <i>Farmer's Income</i> 	<p><i>What strategies do we need to provide to be able to address the gaps identified?</i></p>	<p><i>Provide list of activities to jumpstart the interventions</i></p>	<p><i>Who is in charge to oversee the activity within the enterprise?</i></p>			

3. Business Continuity Plan

Brief discussion on the results of the risk assessment (1-2 paragraphs)

- *Development of backup/contingency operational plans during occurrence of situations that may halt normal operations. In times wherein normal conduct of operations is hampered or impossible, what are the contingency plans that the enterprise may execute to respond and recover normal operations?*

Appendix 2. Business Planning Tools

3. 1. Business Continuity Strategy

Each major enterprise activity can be affected by different threats, thus continuity strategies should be established and should be put up within set recovery duration depending on the impact of the business function in the overall operations.

Proposed presentation table (with Sample content):

Business Function	Involved Threats (A business function can have multiple involved threats)	Business Continuity Strategy / Activity Details (How will you continue to deliver this function or activity? What are the key action items in order to recover each function?)	Resources Needed	Recovery Time Objective
Purchase/ Collection of Raw Materials	Typhoon, Landslide, Theft, Civil Unrest/ Terrorism, Earthquake	Advance procurement of raw materials before the occurrence of typhoons/ severe weather conditions as forecasted by the PAGASA Scout all possible suppliers nearby and counter check the available space or look for temporary storage facilities to accommodate the expected incoming supply to ensure continuous operation of the enterprise.	Trading/ Operating Capital Manpower Storage house	Within 1-2 weeks
Processing of Cuplumps to Crumb Rubber	Power Outage, Typhoon, Earthquake, Theft, Fire	Backup generator to be rented out in-case of power outage. Securing of the facilities and equipment to prevent damages.	Operating Capital Manpower Generator/Fuel Ropes and other materials	Within 1-2 weeks

Appendix 2. Business Planning Tools

Delivery of the final product to Market	Typhoon, Landslide, Civil Unrest/ Terrorism, Earthquake, Theft	Maintain communication to the buyers to regularly update them on the situation and have a negotiation to deliver after the disaster. Ensure safe storage of the product to maintain the quality and quantity.	Manpower- Marketing Staff	Within 1-2 weeks
Payment Collection	Typhoon, Landslide, Civil Unrest/ Terrorism, Earthquake	Accept online payment. Opening/maintaining an online bank account and allowing wire/online transfer to facilitate the payment.	Finance Staff/ Collection Office	Within 1-2 weeks

3.2. Business Continuity Plan for Key Assets

An enterprise cannot operate without its resources, thus action plans should be ready in the occurrence of events greatly affecting these assets.

Proposed presentation table (with Sample content):

Resources to Protect	Involved Threats (A certain resource can have multiple involved threats)	Preparedness Measures (What pre-disaster activities will you do to ensure that that identified assets are ready)	Response (What activities will you do during the disaster to secure/manage the identified assets?)	Early Recovery (What activities will you do after the disaster to recover the identified assets?)
People/ Personnel	Typhoon, Landslide, Civil Unrest/ Terrorism, Earthquake, Epidemic/Disease Outbreaks, Work Accident	Conduct of Training on Occupational Health Safety and Standard for enterprise personnel. Placing workplace safety posters and first aid kits within the processing facility	Initiate immediate evacuation as needed to secure the safety of personnel.	Communicate with the personnel about their health and safety for immediate resumption of the operations.

Appendix 2. Business Planning Tools

		and vicinity of the enterprise.		
Equipment	Fire, Earthquake, Typhoon, Flood?	Regular clearing and maintenance of drainage lines. Elevate all the portable and necessary equipment to avoid reaching by flood. Cover and protect equipment by a tarpaulin or any protective materials. Installation of fire alarms and extinguishers within the vicinity of the facility where the equipment are located.	Cover and protect equipment by a tarpaulin or any protective materials.	Check the equipment and its components for any damages prior to resumption of operations. If there are any damages, immediate repair is to be done.
Inventory	Fire, Earthquake, Typhoon, Flood?, Theft			
Building/Facility	Fire, Earthquake, Typhoon, Flood?	Regular checking and maintenance of structural, electrical and plumbing of the facility. Installation of	In case of fire, immediately employ fire control measures using the fire extinguisher	Damage assessment and check the status of the functionality of the facility. If there are any damages, immediate repair is to be done.

Appendix 2. Business Planning Tools

		fire alarms and extinguishers within the vicinity of the facility	and available water. In case the fire spreads uncontrollably, call the nearest fire station.	
Data/Records	Fire, Theft, Flood, Typhoon	Secure the physical records/ books in a safe and higher place in case of flood and typhoon occurs. Ensure backup files are kept and maintained.	Ensure that the books/important documents are in a safe place. Maintain backup files .	Check all the important documents for any damages.
Supply Chain	Fire, Earthquake, Typhoon, Flood?	Check all possible routes to take in case a road network will be closed.	Keep updated all the time for news on road closures to take alternate routes.	Keep updated all the time for news on road closures to take alternate routes.

Social Safeguard Assessment

1. Subproject Beneficiaries

- Who are the beneficiaries of the subproject, please gender-disaggregate the population data.
- What is their socioeconomic status?
- Have they been consulted?
- Describe the consultation process (indicate date, location and attendees of meetings)
- Have they accepted the proposed project?
- What are their concerns and inputs?
- Describe the minutes of the meetings if any?
- Are the women represented in these consultations (describe attendance of women)?

Appendix 2. Business Planning Tools

- What are their concerns/inputs (describe any particular inputs from women, if any)
-

2. Social inclusiveness and equitable benefit-sharing of the Enterprise

- What are the services that the members and non-members will obtain in the enterprise?
- What are the FCA/ FCA cluster membership structures, close or restrictive membership policies?
- How will the FCA/ FCA cluster expand membership, provide or extend services to non-members?
- How will the FCA/ FCA cluster improve the welfare of the enterprise workers?
- During operation, will there be a potential economic displacement of existing similar or exactly the same enterprise in the area, especially the existing hard working individuals, small scale enterprises or small household-based businesses? Will creation of the enterprise/business deliberately and unfairly compete with the identified existing enterprise/s? Does the captured market/clientele overlap with existing operations in the area?

3. Indigenous Cultural Community/Indigenous Peoples (ICC/IP)

- Is the project located inside an ancestral domain? Refer to NCIP for the list of Ancestral domains and prepare an overlay map of the subproject site and its production areas with the nearby ancestral domain.
- If the project is not situated inside any ancestral domain, is it going to affect any extant IP/ICC community or are there beneficiaries who are members of the IP/ICC community?
- What particular IP/ICC community is involved?
- What is their socioeconomic status as compared to the mainstream group?
- Did the IP/ICC community solicit the subproject themselves?
- If they did not solicit the project, have they been consulted and have they given their endorsement of the project?
- Describe the consultation process thus far conducted. Indicate date, location and attendees of meetings.
- Describe the minutes of the meetings if any.
- What are their concerns and inputs?

Note that:

If the Project is inside any ancestral domain, or if there are any intact ICC/IP community to be affected by the project, either of the following should be secured:

- i. Certificate from the local tribal chieftain, or from the local tribal council or from NCIP that the project is part of the ICC-IP's development plan or is part of their Ancestral Domain Sustainable Development and Protection Plan (ADSDPP);
- ii. Certificate from the local tribal chieftain that the project is solicited by the ICC-IP themselves; or,

Appendix 2. Business Planning Tools

- iii. An endorsement (e.g. in a form of a Resolution) from ICC/IP community together with evidence of consultations conducted (e.g. minutes of meetings and list of attendees, issues and concerns raised and how they were addressed).

3. Site Acquisition

- What is the ownership status of the proposed site/s (e.g. expansion of the production area, land for the civil works and its entire site development plan including road right of way, etc.)?
- Describe the location and site requirement in terms of area (sq. m), land tenure, and existing land use based on the LGU Comprehensive Land Use Plan.
- Indicate well as to what site the land acquisition documents attached are meant.

Note that:

- Site and Right-of-Way acquisition should not only consider the site for the infrastructure but the entire site development plan which includes the parking space, right of way, access to water and electricity during operation.
- If any lands or ROW need to be acquired, the following are the documentary requirements that should be secured aside from the Annex G – 1 and G -2, if more than one affected person/institution:
 - i. If the land is public land, a Special Land Use Permit (SLUP) or any tenurial instrument from DENR
 - ii. If the land is owned by LGU, evidence of LGU ownership such as Title
 - iii. If the land is owned by a private owner(s) and purchased by the FCA/ FCA cluster, evidence of purchase such as Deeds of Sale and approved subdivision plan and/or TCTs under the name of the FCA/ Lead FCA
 - iv. If the land is owned by a private owner(s) and donated to the FCA/ Lead FCA, Deed of Donation and annotation of the property at the Registry of Deeds and/or TCTs under the name of the FCA/ Lead FCA
 - v. If the land is owned by a government institution and use of land by the FCA/ FCA cluster is permitted, a Usufruct Agreement or Memorandum of Agreement with a duration that shall at least cover the entire economic life of the enterprise as projected in the FS
 - vi. Basis for “economic life” can be: a) COA Circular 2003-007 Annex A wherein “useful life” is qualified as 30 years for concrete building; 20 years for mixed and 10 years for wood material. Cost of the infrastructure should also be taken into consideration in assessing if agreement should be more than 30 years; or b) the economic life of the enterprise as discussed in the Business Plan.
- If the subproject is inside Ancestral Domain or if not inside, it adversely affects an extant IP/ICC community who are not themselves beneficiaries of the subprojects, then an FPIC/CP should be secured under the auspices of the NCIP.

4. Damage to standing crops, houses and/or properties

- Will the construction of the project result in any crop and/or properties?
- Describe and try to quantify the potential damage.

Appendix 2. Business Planning Tools

- Who will be responsible for the clearing and demolition of the site? If there will be structures to be affected, will there be reconstruction? Who will be responsible for such activity?

Note that (potential) damage to crops and/or properties/assets should be inventoried and suitable compensation schemes should be worked out through consultation with the owners of the crops and properties (e.g. through a MOA or the Entitlement Survey Form). Compensation of damages following the agreed schemes should be based on actual damage or loss.

5. Physical and Economic displacement of persons

- Will the proposed subproject result in the relocation of houses and loss of livelihood or reduced access of families to their traditional livelihood sources?
- How many houses will be relocated and economically displaced persons?
- Describe the conditions of the affected houses and properties.
- What are the socioeconomic conditions of the affected households?

Note that loss of livelihood may result from: loss of a significant portion of the household's farmland, loss of business such as due to loss of vending stalls, etc. Describe the nature of loss if any. And; if there is physical or economic displacement of persons, a Resettlement Plan shall be prepared.

5. Grievance Redress Mechanism

Discuss Grievance Redress Mechanism of the subproject (especially the plan and procedure on feedbacks/grievance handling during construction and operation). Please include it in the Organization and Implementation Structure and make sure that the Grievance Point Person/Committee is in the Executive Order of the LGU and that the FCA/ FCA cluster will have a representative as Grievance Point Person. Refer to the 5th framework of IESSF.

Note: GRM should also be incorporated in the Enterprise Operations Manual

Environmental Safeguard Assessment

1. Natural habitat

- Describe the project site (civil works and expansion of production area) in terms of land use, vegetation, wildlife, presence of water ecosystems, endangered and other important species. How are they going to be impacted by the project?
- Is the project site within an officially declared or proposed protected area of natural habitat or any forest? Refer to the DENR for the list of protected areas and forests; as well as land use zoning based on CLUP/FLUP. Prepare an overlay map of the subproject site and its production areas with the nearby protected areas and forests.

Appendix 2. Business Planning Tools

- If the site is not inside a natural habitat or forest, indicate the nearest natural habitat or forest with the site's location. If the site is near a natural habitat or forest, provide mitigation measures that no encroachment will occur.
- For SPs in aquatic and marine areas, describe measures to ensure that project activities do not cause water pollution. A baseline data on water quality should be provided.

Note that: PRDP loan should not be used to fund subprojects involving civil works that encroach into Protected Areas of natural habitat such as areas declared as Natural Parks under NIPAS, except for NRM subprojects that are allowed as per provisions of the NIPAS law of Buffer Zone, or Multiple Use Zone, and the law creating the Natural Park. Clearances from DENR and PAMB or equivalent body should be secured by the Implementing Proponent.

2. Physical Cultural Resources

- Are there any structures, monuments or Physical Cultural Resources (as defined below) on site that will be affected by the subproject?
- Describe the cultural and historical significance of the structure/s, if any.
- Describe the impact of the project to the structure/s. Is the project site part of an important natural feature or landscape?
- How will the project change or impact the landscape?
- Is the project area a potential archaeological site?
- If there are no such structures or monuments or Physical Cultural Resources to be affected, the assessment should clearly say so.
- Describe the procedure in case of Archaeological/Paleontological Chance Funds. Refer to Annex H-2 of IESSF.

Note that: The World Bank Policy on Physical Cultural Resources requires that physical cultural resources likely to be affected by the project should be identified and the project's potential impacts on these resources be assessed as an integral part of the EA. Cultural resources are defined as movable or immovable objects, sites, structures, groups of structures, and natural features and landscapes that have archaeological, paleontological, historical, architectural, religious, aesthetic, or other cultural significance.

When the project is likely to have adverse impacts on physical cultural resources, appropriate measures for avoiding or mitigating these impacts shall be identified in the EA. These measures may range from full site protection to selective mitigation, including salvage and documentation, in cases where a portion or all of the physical cultural resources may be lost.

If the area is a potential archaeological site, the mitigation plan should include provisions for managing chance finds. For example: in case of archaeological finds during construction, civil works must be immediately suspended and the National Museum contacted.

3. Terrain, Soil Types and Rainfall

Appendix 2. Business Planning Tools

- What is the topography of the proposed subproject site for expansion of crop production and civil works?
- What is the type of soil?
- Describe the soil in terms of looseness and erosion potential.
- What is the amount of rainfall in the area?

4. Hazard/Risk Assessment

- Describe drainage, erosion and flooding potential of the site for expansion of crop production and civil works.
- Describe the solid and liquid waste management, including storage and disposal of hazardous chemicals. (During construction and operation of enterprise)
- Describe potential air contamination during operation and mitigation measure (During construction and operation of enterprise)
- Describe potential occupational safety issues during operation and appropriate mitigation measure (During construction and operation of enterprise)
- Discuss management during calamities/disaster in ensuring the safety of workers and recovery of the operations as well as the restoration of potential damages to the structure.

Note: Waste Management (e.g. solid wastes, waste water handling, treatment and disposal, and storage and disposal of hazardous chemicals), Community, Occupational Safety and Health (COSH) measures should be incorporated in the Enterprise Operations Manual

5. Integrated Pest Management and DA-KASAKALIKASAN

- Describe the type of agricultural cultivation or farming practice (monoculture, rotational cropping, intercropping, diversified or integrated farming). Include in the ESMP its potential hazards/risks and provide mitigation measures.
- Describe the organic or inorganic agrochemicals (e.g. fertilizers and pesticides) used in the enterprise: name, toxicity label, application methodology, frequency of application (e.g. if once or twice in every cropping season; once a year regardless of number of cropping season; or seldom used, only if needed when pests are uncontrollable or soil nutrient is poor), and volume of usage per hectare. Below is the suggested matrix:

Crop	Name of Organic and Inorganic Agrochemicals	Toxicity Label	Application Methodology	Frequency of Application	Volume of usage/dose per hectare
1.	Fertilizers				

Appendix 2. Business Planning Tools

	Pesticides					
	Other agrochemicals					

- Describe the Integrated Pest Management program (e.g. number FCA/ FCA cluster members trained, number of FCA/ FCA cluster members adopting IPM, adoption rate) and Status of DA-KASAKALIKASAN program of the proposed subproject. If no IPM or DA-KASAKALIKASAN in the proposed subproject, describe the present practice of Pest Management and how to transform such into the IPM Program.
- Discuss existing practices of the FCA/ FCA cluster and its farmer-member beneficiaries on Good Agricultural Practices (GAP), Good Animal Husbandry Practices (GAHP), Good Aquaculture Practices (GAqP), Organic Agriculture, among others.

6. Status of Environmental Clearances

- Describe the status of the environmental clearances such as ECC/CNC, cutting tree permits and any necessary clearances.

7. Social and Environmental Impacts

Discuss in brief the major potential impacts of the subproject and corresponding mitigating measures on the concerns indicated in the duly signed standalone ESMP.

ANNEXES

Annex A - Work and Financial Plan

Annex B - Procurement Plan

Annex D – Detailed Engineering Design (DED) (including facilities and equipment technical plan)

Annex E – Program of Works (POW) (including construction Schedule (bar chart/s-curve) for the facilities and equipment)

ATTACHMENTS

Appendix 2. Business Planning Tools

See checklist of requirements for the attachments (Annexes 13-A or 13-B) to comply with the requirements per component:

- Annex _: CHECKLIST OF REQUIREMENTS FOR ENTERPRISE PROPOSALS

Appendix 2-B. Guidelines for the Preparation of Financial Analysis of I-REAP Subprojects under the PRDP Scale Up ¹

I. Rationale

¹ Updated May 24, 2023.

Appendix 2. Business Planning Tools

These guidelines aim to provide Implementing Proponents (IPs) (e.g. Local Government Units (LGUs) and Farmers' Cooperatives and Associations (FCAs) or FCA Clusters) a step-by-step procedure in the preparation of Financial Analysis (FA) for enterprise proposals under the Philippine Rural Development Project (PRDP) Scale Up. Any implementing proponent (i.e., LGU, FCA or FCA Cluster) who will prepare Business Plan (BP) proposals is recommended to familiarize themselves with the general policies, guidelines, data requirements, acceptable data sources and data gathering methodologies to produce sound financial analyses.

The Financial Analysis shall be prepared in Excel format with traceable formulas and the summary tables as required in the BP outline shall be incorporated in the BP write-up. An electronic copy of the FA and BP shall be submitted to the PRDP for review. The Economist/s at the RPCO, PSO and NPCO are tasked to review the FA based on the guidelines and parameters of the I-REAP component.

II. General Policies and Guidelines

This section outlines the general policies and guidelines to be adopted in the preparation of financial analysis for I-REAP subprojects.

1. PRDP Scale Up investments in eligible enterprise subprojects under the I-REAP component in the following categories: Small: Php3,000,000-Php15,000,000; Medium: Php15,000,001 – Php100,000,000, Large: Php100,000,001 - Php240,000,000, will be subjected to financial analysis over a 10-year period. On a case-to-case basis, period of financial analysis may be extended to 15 or 20 years particularly for large-scale enterprise subprojects based on the useful life of the fixed asset investments. To qualify for the issuance of No Objection Letter (NOL) 1, the proposal must remain financially feasible at sensitivity scenarios with at least 10% increase in cost and 10% decrease in revenue (individual scenario), Net Present Value (NPV) greater than 0, Internal Rate of Return (IRR) of at least 8%, and Benefit Cost Ratio (BCR) greater than or equal to 1.
2. The Project adopts an eight percent (8%) financial discount rate as the hurdle rate which the Financial IRR of proposed IREAP subprojects must exceed to be considered as a financially viable investment;
3. The basis for the establishment of all assumptions used in the financial analysis must be discussed in the business plan and supported with reliable data including its corresponding data sources; and
4. During the course of the review process of submitted proposals under PRDP, any changes in the data (assumptions and costing) must be documented. Economist counterparts at the RPCO, PSO and NPCO levels must be well-informed of the subsequent changes.

I. Overview of data requirements in the preparation of Financial Analysis

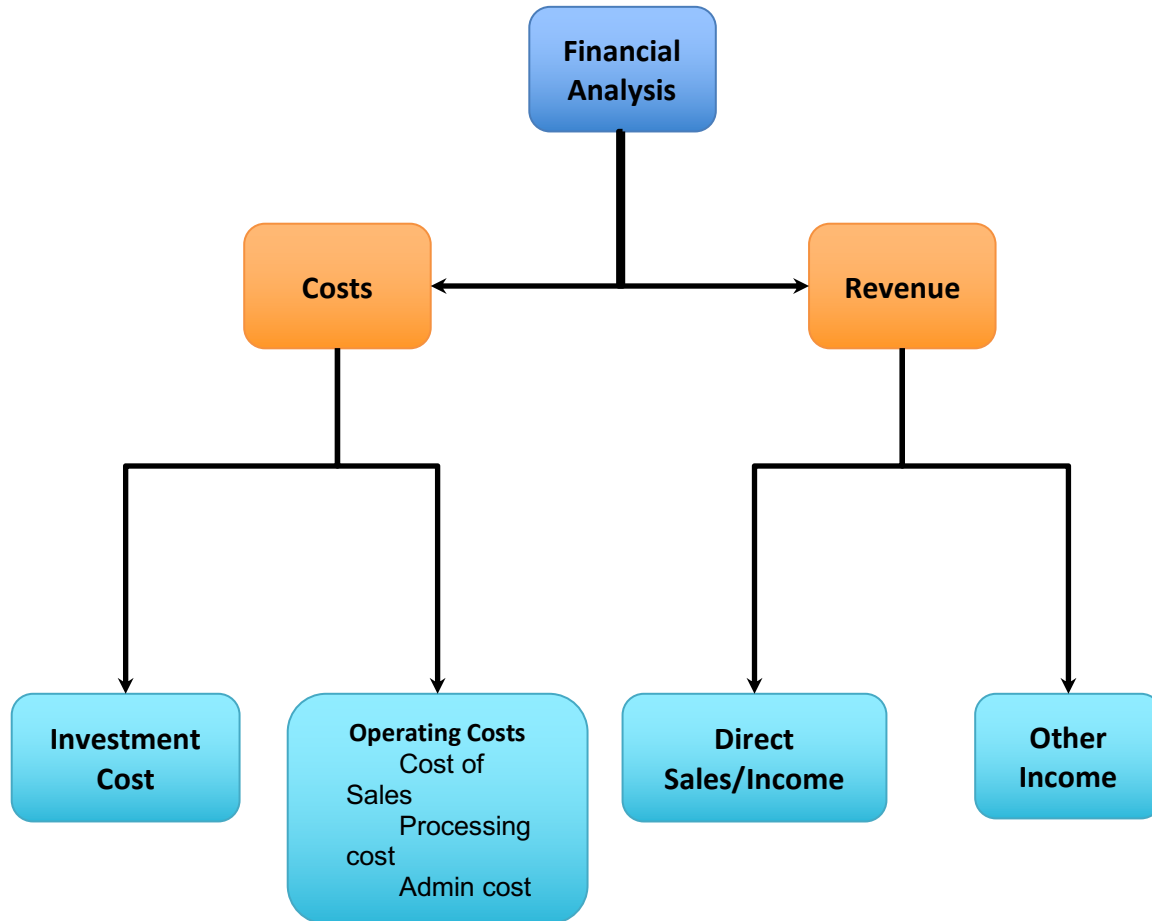


Figure 1. Summary of data requirements

In the preparation of financial analysis, all costs and revenue items must be properly identified and valued in order to come up with sound financial viability results and to paint a realistic picture of expected performance of the proposed enterprise.

The total cost of an enterprise is an aggregate of the investment cost and operating costs, with the latter being composed of cost of sales, processing costs, administrative costs and marketing costs. All streams of revenue must also be fully documented in the Financial Analysis, these include both the direct income from sales and other enterprise-related income.

II. Detailed guidelines and instructions in the preparation of Financial Analysis for Small, Medium and Large Enterprises

Financial analysis is the process of evaluating businesses, projects, budgets and other finance-related entities to determine their suitability for investment. It is being done to ensure the financial sustainability, financial profitability and distributional impact of the proposed project.

Appendix 2. Business Planning Tools

Income Statement, Cash Flow Statement, Balance Sheet are to be computed in doing the financial analysis. Results of such will be used to determine the financial indicators. These include Financial Net Present Value (NPV), Financial Internal Rate of Return (FIRR), Benefit Cost Ratio (BCR), Return on Investment (ROI), Payback Period and Break-even analysis.

Results of the financial indicators are taken into account to determine the viability and efficiency of the sub-projects.

a. Capital Investment Plan & Financing Mix

The total capital investment refers to the different costs needed to run the proposed enterprise. These costs are being identified during the business planning stage of which product selection, process flow, infrastructure and other technical requirements are being determined. It is a combination of three (3) different types of costs including fixed assets, variable costs and fixed costs. For each subproject, the Implementing Proponents are required to submit the capital investment plan and financing mix (See Annex A-Schedule 1 and 2 for the format) which will provide the detailed listings of the required funds for the enterprise including its financing sources, i.e., (Loan Proceeds (LP), Government of the Philippines – Department of Agriculture (GOP – DA), and Implementing Proponent equity.

Specific Policies

- The cost-sharing scheme under the PRDP Scale Up is shown below:

Type of Implementing Proponent	WB-Loan Proceeds (LP)	GoP – DA	Implementing Proponent Counterpart
FCA/FCA Cluster	60%	20%	20 (cash and/or in-kind; 5% in cash)
LGU	60%	20%	20% (in cash)

- The total investment plan must be derived from the work and financial plan of the proposed enterprise. All costs must reflect current market prices;
- Furniture and fixtures and other equipment related to the direct operation and/or creation of the product(s) for the proposed enterprise shall form part of the counterpart/equity of the Implementing Proponent;
- In the valuation of land, only the portion that will be allotted for the proposed enterprise shall be included as part of the capital investment requirement;
- The budget for initial trading and/or working capital shall be shouldered by the Implementing Proponent as part of their equity;
- Submit inventory of assets of the Implementing Proponent for enterprises classified under expansion/upgrading. All existing assets must be accounted for and only the remaining facilities/equipment should be funded under PRDP Scale Up; and
- For vehicles, a benefit-cost analysis for a 10-year period must be prepared to compare and determine whether it is more economical and cost-efficient to procure or rent the said vehicle considering the operation of the proposed enterprise. A 10-year trucking schedule must be

Appendix 2. Business Planning Tools

submitted to analyze its utilization rate and serve as a basis to gauge the necessity of the requested vehicle.

b. Assumptions and Schedules

Assumptions are set of information needed in the projection of financial analysis based on the business model and business plan prepared for a specific enterprise. Assumptions will briefly present and discuss how the business will run and operate as to revenue and expenses. Schedules on the other hand, refer to the set of data where all the computations will be done and shown thoroughly, starting from production, sales, hauling and delivery, depreciation, etc. The values to be computed will then be reflected in the financial statements and to be used in the financial analysis.

Specific Policies

1. All assumptions to be used in the financial projection must be listed in the financial section of the business plan;
2. All assumptions should be listed in a separate worksheet in the FA excel file with values linked to the relevant schedules;
3. All assumptions must be accompanied with relevant and acceptable data reference to verify data soundness;
4. The basis for the establishment of all assumptions must be clearly discussed in the business plan;
5. Formats for various schedules are attached to these guidelines as Annex A. The Implementing Proponent may use other formats as long as the essential information needed in the computation of income and cost streams are established.

b.1. Income Assumptions

Income refers to all earnings generated from the operation of a specific enterprise. In the preparation of financial analysis, it is important for the Implementing Proponent to determine the various sources of income as indicated in the business plan and shall be accounted accordingly in the financial statements. In the conduct of financial analysis, income generated by the enterprise will be classified as sales of primary product(s) of the enterprise and other income. Below is the definition for each classification:

Classification of Income	Definition
Sales of Product(s)	Revenue generated from the sale of primary product (s) of the enterprise.
Other Income	Revenue generated from other sources such as but not limited to vehicle and facility rentals, marketing of by-products and other secondary activities of the enterprise.

Specific Policies

1. All revenues identified in the business plan must be accounted in the financial analysis;
2. GANTT chart and production schedule (Please see Annex A-Schedule 3 to 4) must be submitted. The Gantt chart will provide the timeline of operation of the proposed enterprise thereby

Appendix 2. Business Planning Tools

providing information on its production cycle. Production schedule on the other hand will show computation of the total volume of production of product(s) produce by the enterprise at a given period.

3. To estimate for the volume of production, critical factors like mortality rate, rejects, product returns, postharvest/handling losses, conversion ratio and other factors that may affect the quantity of the produce must be established. The values that will be used shall depend on the assessment of the condition of the target areas and/or baseline information from reliable sources;
4. Pricing scheme shall be clearly stated in the business plan and must be supported with baseline data from reliable sources;
5. A mini income statement shall be presented should the Implementing Proponent undertake different kinds of activities in the proposed enterprise;
6. Sales schedule (See Annex A Schedule 5) shall be submitted to present the projected revenue (i.e. sales of primary products and other income) of the proposed enterprise. The sale schedule shall indicate the total quantity sold per product at a given period including its corresponding price. The Implementing Proponent can devise their own format as long as it contains the necessary information in the assessment of revenue of the enterprise; and
7. Data requirements and Annexes are attached in this guideline as Annex B.

b.2. Cost assumptions

Cost is defined as the cash amount or the cash equivalent being given up by the enterprise to produce a certain product and its operation. To account for the costs on the proposed enterprise, the Implementing Proponent must determine which expense items are classified as direct costs and indirect costs. Direct costs are expenses related to the production of the products. This may include among others the cost for the procurement of raw materials, packaging materials, labor, facilities and equipment. Indirect costs on the other hand refers to expenses related to the maintenance of the operation of the business. Cost items under this classification include among others the payment for salaries of employees and its benefits, repairs and maintenance, office supplies, utilities, marketing expenses, advertising and promotion, representation expenses and others.

Classification of Cost(s)	Definition
Raw Materials	Basic materials or substances used in the primary production or manufacturing of a good. These most commonly make up the bulk of the cost items of every enterprise.
Direct Labor	Labor refers to the work needed to perform production activities and being paid for by the enterprise. Usually labor refers to the volume of output to be produced and their engagement can be on a seasonal or regular basis.
Fuel and Oil	Fuel and oil are one of the important cost items needed in the operation of the proposed enterprise. These are necessary in the production and delivery of goods and services offered by the enterprise.
Packaging Materials	A type of materials used to enclose or protect products for distribution, storage, sale and use. This expense is part of direct cost and are directly related to the total volume of products.

Appendix 2. Business Planning Tools

Salaries and Wages	A form of periodic payment from an employer to an employee. This is a cost associated with the service provided by the administrative and project management staff of the enterprise.
Supplies and Materials	Items necessary in performing administrative tasks and financial transaction of the proposed enterprise including office supplies and other supplies used for operation.
Repairs and Maintenance	Refers to the costs involving fixing of any equipment, facility or any asset in order to bring back the condition of the said asset to continue with the operational activities of the proposed enterprise.
Utilities	This account the report of the cost incurred for the use of electricity and water for the operation of the enterprise.
Marketing Expenses	Refers to the cost incurred for the conduct of advertising and promotion of the proposed enterprise. The cost shall depend on the marketing strategies and promotional activities discussed under the business plan.
Representation Expenses	Costs incurred whose primary purpose is for representational related activities such as conduct of meetings, attendance to business related events and etc.
Permits and Licenses	This include cost incurred for securing permits, licenses and certification (e.g. organic certification, certification on hazard analysis and critical control points (HACCP), certification on good manufacturing practices, license to operate and etc).
Tax	A compulsory contribution to state revenue levied by the government on business profits.
Depreciation	Depreciation is a cost used to determine the intrinsic value of any asset. Data needed in the computation of depreciation are the total acquisition cost, the estimated life span and the salvage value (if applicable).

Specific Policies

1. All costs identified in the business plan must be accounted in the financial analysis;
2. Costs can be presented following the prescribed schedule of PRDP Scale Up (Please see Annex A for the format). However, the Implementing Proponent (IP) can device their own format as long as the vital information for the computation are present;
3. For the computation of direct labor, the IP must clearly indicate in the business plan the nature of engagement of the laborers particularly the basis for the payment of their salary (i.e. output based or fixed rate) and the duration of their engagement to the enterprise;
4. Trucking schedule (See Annex A Schedule 8) shall be submitted and shall become one of the basis for the justification of the requested vehicles under PRDP Scale Up and computation of gasoline/fuel and oil expense of the proposed enterprise. This schedule will project the frequency of hauling and delivery of products of the enterprise, loading capacity and actual loads per trip, and distance travelled per trip, for at least one production cycle. If the proposed enterprise will shoulder both the hauling and delivery, costing should be computed separately. Please take note that in the computation of fuel cost for hauling and delivery, average number of trips can be used if you have same number of trips per month, otherwise, use the total number of trips per annum;

Appendix 2. Business Planning Tools

5. Total number of trips is estimated by computing the total volume of production vis-à-vis the capacity of the delivery/hauling vehicle. The value generated will be rounded up (e.g. Number of Trips = 11.10 trips per annum (computed) the value to be used in the computation is 12 trips per annum);
6. Computation of gasoline/fuel and oil used in the operation of facilities and equipment shall consider the capacity of each equipment, average consumption per day, total number of working days per month and price to determine its corresponding cost (See Annex A Schedule 8-Fuel Cost for Facilities and Equipment);
7. The quantity of packaging materials is estimated by computing the total volume of production and the capacity of the identified packaging materials. Value generated shall be rounded up (e.g. Total Quantity of Packaging Materials = 345.10 pieces (computed) the value to be used in the computation is 346 pieces);
8. The business plan should clearly indicate the classification (i.e. regular or contractual) of all the staff for hiring on the proposed enterprise;
9. Statutory benefits (SSS, PHILHEALTH and HDMF) and 13th month pay shall be provided to employees as mandated by law and shall be accounted in the financial analysis. Provision of other benefits/incentives will be accounted depending on what is indicated in the operational plan of the proposed enterprise;
10. Basis for the computation of utilities for facilities/equipment used in the manufacturing of product(s) of the enterprise should include consideration on the capacity of the facilities/equipment, per kilowatt consumption per day, number of working days per month and the per kilowatt cost (See Annex A Schedule 11);
11. Income tax shall be computed based on the tax rate applied by the Bureau of Internal Revenue (BIR);
12. Depreciation of all fixed assets of the enterprise shall be computed using the straight-line method. The formula is shown below:

$$\text{Depreciation (in any period)} = ((\text{total acquisition cost} - \text{Salvage value})/\text{life span})$$

Where:

- Acquisition cost is the total amount paid to purchase a particular facility/equipment/vehicle
- Salvage value refers to the estimated sellable amount of a particular facility/equipment/vehicle after its useful life
- Life span refers to the estimated useful life of a particular facility/equipment/vehicle

13. Depreciation schedule must be submitted (See Annex A Schedule 12);
14. Equipment and facilities with lifespan less than the project life shall be re-purchased and corresponding depreciation cost should be computed;
15. For existing assets of the IP that will be used as counterpart in the operations of the enterprise, the cost shall be based on the asset's current book value. The asset's acquisition date and estimated useful life should be indicated in the assumptions; and
16. Other costs may be included aside from those stated in these guidelines and shall depend on the operation of the proposed enterprise.

a. Financial Statements

c.1 Projected Income Statement

The projected income statement is a financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary

Appendix 2. Business Planning Tools

of how the business incurs its revenues and expenses through both operating and non-operating activities.² It also shows the net profit or loss incurred over a specific accounting period. This is known as the profit and loss statement. It forecasts sales and costs involved in running a specific enterprise or business.

Data Requirements	Definition and Reliable data sources and references
Total revenue	This is the sum of all sales and other income of the proposed business or enterprise.
Expenses	This includes the sum of all expenses in the operation of the proposed business or enterprise (e.g. Cost of Sales, Operating Expense, Selling Expense, Administrative Expense, and Depreciation).
Taxes	Tax Rate will be dependent on the classification of the Proponent, whether Association, Cooperative, Business, etc.

Specific Policies

1. All funds that are part of the investment cost should not be reflected under the income statement or profit and loss statement;
2. Sales of each product produced by the enterprise including details of other income must be reflected in the income statement;
3. All costs shall be accounted except for the payment of tax;
4. For existing enterprise, the income statement before the proposed sub-project must be included as Year 0 in order to determine the current transactions and projected income and expenses; and
5. Use the income statement format (See Annex A Schedule 13) for the presentation of the enterprise profit and loss statement;

c.2 Projected Cash Flow

Projected cash flow explains how a company or enterprise acquires and spends its CASH. It provides an overview of the cash inflows and outflows of the business during a certain period of time, depicting the cash utilization from the different enterprise activities.

Data Requirements	Definition and Reliable data sources and references
Cash Inflows	Cash inflows pertain to all types of cash coming in as part of the operation of a specific enterprise or business, which include all sales, proceeds, loans (if any), grant, gains, etc. <ul style="list-style-type: none">● For Year 0, Loan Proceeds, GOP, and Cash IP Equity will be generated from the total investment plan● Sales, other income and depreciation can be derived from the Income Statement.

² Investopedia.com

Appendix 2. Business Planning Tools

Cash Outflows	<p>Cash outflows pertains to all types of cash going out (being spent) in running a specific enterprise or business, which include purchases, payments, expenses, investments, dividends paid, etc.</p> <ul style="list-style-type: none"> ● Items for the capital investment plan will come from the total investment plan ● Cost of Sales, Operating Expense, Selling/Marketing Expense, Administrative Expense and Taxes
---------------	---

Specific Policies

1. All pre-operating expenses including the investment capital requirement in the form of cash shall be reflected under Year 0 of the cash flow statement;
2. The net income entries in the cash flow statement shall be based on the computed net income under the profit or loss statement excluding depreciation cost;
3. Payment for taxes shall be accounted based on the projected net income of the enterprise and applicable tax rate of the IP; and
4. For facilities and equipment with estimated life span shorter than the project life, the corresponding cost of acquisition must be reflected in the project cash flow as part of the outflow.

c.3 Projected Balance Sheet

The projected balance sheet is a financial statement that summarizes the Implementing Proponent's assets, liabilities and shareholders' equity at a specific point in time. It provides a snapshot summary of what the proposed business or enterprise owns (assets) and owe to non-owners (liability) and owners (equity). The projection being made is based on the current situation of the enterprise/business as of a specific date. It also shows how much of the assets can cover liabilities and earn profits.

Data Requirements	Definition and Reliable data sources and references
Assets	<p>Assets refer to all the properties owned by a company or enterprise. Assets can be categorized in two:</p> <ol style="list-style-type: none"> 1) Current assets (normally lasts within one year) which include cash, accounts receivable, inventory 2) Non-current assets (lasts more than one year) which include fixed assets (ex. Machineries and equipment), long term investments, etc.
Liabilities	<p>Liabilities include loans, accounts payable, mortgages acquired by the business/enterprise from its creditors. It can be classified into current and noncurrent liabilities as well.</p>
Equity	<p>Equity is the value of ownership interest in property, including stakeholders' equity in a business. It is what the enterprise owes to the owners. This includes investments/grant and retained earnings</p>

Appendix 2. Business Planning Tools

a. Financial Profitability Indicators

d.1 Payback Period

Payback period refers to the period of time required to recoup the funds expended in an investment, or to reach the break-even point. It is expressed in years and fraction of years.

Data Requirements	Definition and Reliable data sources and references
Total investment cost	The total investment cost should come from the capital investment plan of the proposed enterprise
Net return/income per year	<p>Net return/income per year should come from the income statement.</p> <p><i>In order to get the net income to be used in the computation of the payback period, the depreciation cost must be added back to the net income computed under the projected income statement.</i></p>

Specific Policies

1. All sub projects/enterprises shall follow the formula below for the computation of payback period:

$$\text{Payback period} = Y1 + (\text{total capital} - X1) / X2$$

Where:

Y1	Year Number before you break-even / number of years before you reach break-even year
X1	Cumulative total at year before you breakeven
X2	net income at break-even year

Total Capital Investment 0

Years	Net income	Cumulative Total
1		
2		
3		

Appendix 2. Business Planning Tools

4		
5		
6		
7		
8		
9		
10		

1. Net income used is based on the computed net income after tax under the cash flow statement.

d.2 Break-even Analysis

Break-even analysis is used to determine the point at which revenue equals the costs associated with receiving the revenue. It shows the level of sales at which revenue equals expenses. Thus, showing zero net income. The sales point at this level is called the Break-Even Point.

Data Requirements	Definition and Reliable data sources and references
Annual Fixed Costs	<p>Fixed costs are the costs incurred in the operation that do not fluctuate with the change in quantity of volume to be produced. These include rent, insurance, office supplies, advertising, etc.</p> <p>Fixed costs can be generated from the Schedules Sheet</p>
Selling Price	It is the price of the product that is offered to the buyers
Variable Cost per unit	<p>Variable costs are those costs that vary depending on the enterprise's production volume. These include materials used in production, labor costs and utilities in the production of products, etc.</p> <p>Variable cost per unit is computed using the following formula:</p> $\text{Variable cost per unit} = \frac{\text{total variable cost}}{\text{total volume of output}}$
Contribution margin per unit (CMPU)	<p>Contribution margin per unit is the difference between the selling price and the variable cost per unit. It represents the portion of revenue left after deducting the variable cost.</p> <p>This is one of the variables needed in order to compute for the break-even analysis.</p> <p>$\text{CMPU} = \text{selling price per unit} - \text{variable cost per unit}$</p>
Contribution margin ratio	<p>Contribution margin ratio is the difference between an enterprise's sales and variable expenses and being expressed as percentage. It represents the portion of revenue left after deducting the variable cost</p> <p>$\text{C/M ratio} = \text{CMPU} / \text{selling price}$</p>

Appendix 2. Business Planning Tools

Break-even point in Units	<p>It is the point where the total costs (variable + fixed costs) and total revenues are equal. It is expressed in the number of units.</p> <p>This indicator is important in preparing financial analysis in order to determine the critical volume at which the enterprise should produce in order to gain profit and not to incur losses. Determining this critical point will help the enterprise to plan and prepare strategies to keep the enterprise gaining profit.</p> <p>Fixed Costs/Contribution Margin Per Unit</p>
Break-even point in Peso	<p>It is the point where the total costs (variable + fixed costs) and total revenues are equal. It is expressed in peso terms.</p> <p>Fixed Cost/ Contribution Margin ratio</p>
Break-even Price	$(\text{Total Fixed Cost} + \text{Total Variable Cost}) / \text{Total Prod. Volume}$

Specific Policy

If there are more than one (1) product to be produced by the enterprise, a break-even analysis for each product over a 10-year period should be computed.

d.3 Financial Profitability Indicators and Sensitivity Analysis

Financial Analysis is an aid to examine which business proposals should be approved. This will include indicators such as Financial Net Present Value (FNPV), Financial Internal Rate of Return (FIRR), Benefit-Cost Ratio (BCR), Return on Investment (ROI) and Sensitivity Analysis. Computation of financial indicators and sensitivity analysis will determine the profitability and financial viability of the proposed enterprise.

Data Requirements	Definition and Reliable data sources and references
--------------------------	--

Appendix 2. Business Planning Tools

Financial Net Present Value (FNPV)	<p>NPV evaluates the present value of net benefits against the present value of net costs for the whole project life.</p> <p>An NPV value of > 0 means that the business is gaining profit.</p>
Financial Internal Rate of Return (FIRR)	<p>The IRR shows the rate of growth the investment is expected to generate.</p> <p>If the FIRR value is greater than the opportunity cost of capital, the proposed subproject is profitable.</p> <p>FIRR $> 8\%$ is profitable</p>
Benefit cost ratio (BCR)	<p>BCR is the ratio of the benefits of a project against its costs, expressed in discounted present values.</p> <p>BCR with values > 1 means that the proposed project is gaining profit</p>
<p>Sensitivity analysis</p> <p>Scenarios:</p> <ul style="list-style-type: none"> ● 10% increase in cost ● 10% decrease in revenue ● 10% increase in cost and 10% decrease in revenue ● 15% increase in cost ● 15% decrease in revenue 	<p>Sensitivity analysis is a technique used to determine how different values of an independent variable will impact a particular dependent variable under a given set of assumptions.</p> <p>It is a way to predict the outcome of a decision if a situation turns different compared to the key prediction(s).</p> <p>Decision criteria: accept proposed subproject if financial indicators pass the 10% increase in cost and 10% decrease in revenue scenarios (individual scenario)</p>

Specific Policies

1. Computation of total expenses include the direct cost, administrative and operating expenses and tax payment. Depreciation cost is excluded in the computation;
 2. For an enterprise to be approved, the financial indicators at individual sensitivity analysis case scenarios of 10% increase in cost and 10% decrease in revenue must pass the prescribed hurdle rates: FNPV should have a positive value, FIRR must be at least 8%, BCR should have a value of 1.0 or above.
 3. Implementing Proponent will present sensitivity analysis using the following scenarios:
 - Base scenario
 - 10% increase in cost
 - 10% decrease in revenue
 - 10% increase in cost and 10% decrease in revenue
 - 15% increase in cost
 - 15% decrease in revenue
 4. Computation of indicators is subjected to 8% financial discount rate.
- The current practice on computing sensitivity analysis is subjecting all the costs and revenue items certain percentage increase and decrease. However, with this new guideline, each enterprise can have the option

Appendix 2. Business Planning Tools

to identify specific costs and items in the computation of revenue that will be subjected to certain increase and decrease.

But in doing so, there must be a thorough analysis in identifying the risks that may affect the operation of the enterprise. In the identification of risks for every enterprise the following must be considered:

- Nature of the enterprise.
- Historical data on the variables affecting the production of each enterprise

I. Policies on the Computation of Economic Benefits

Comparative analysis of individual farmer income under scenarios of (a) Without the PRDP Scale Up Project and (b) With the PRDP Scale Up Project.

This section highlights the benefits that an individual farmer/beneficiary can get from the project. In support of one of the Project Development Objectives (PDOs) of PRDP Scale Up, which is to increase income of individual beneficiaries, it is of necessity to carefully determine and analyze how the proposed project will augment farmer/beneficiary income and achieve the targeted increase in the PDOs. However, caution must be taken in accounting the different benefits to farmers/beneficiaries. It must be clear that only the benefits directly attributed to the project and benefits resulting from the interventions of PRDP Scale Up shall be considered in the analysis. The format for the comparative analysis of income of individual farmers is attached in Annex A Schedule 18.

Job/Employment generation

Another benefit that is important to highlight is the additional jobs/employment that will be generated by the proposed enterprises.

Based on the definition of Philippine Statistics Authority (PSA), persons in employment are those who do any work even for one hour during the reference period for pay or profit. Format for the computation of additional jobs generated from the proposed enterprise is attached in Annex A Schedule 18.

INFRA Component - Number of jobs to be generated by each subproject will include all persons who will be hired and paid for during construction and operation and maintenance activities.

Note on counting of total number of job generation: Counting of number of jobs should be based on the actual accomplishment. Masterlist of jobs with the corresponding names should be monitored and consolidated as a basis for counting the total number of jobs to be generated. This list can be requested from the concerned contractor.

Enterprise component:

- **For start-up sub-projects**
Number of jobs to be generated by each subproject will include all manpower requirements to perform the projected activities in the operation of the enterprise
- **For expansion and upgrading subprojects**
 - Number of jobs to be generated by each subproject will include all additional manpower requirements due to the upgrading or expansion of the proposed enterprise.

Appendix 2. Business Planning Tools

Hauling														
Processing														
Step 1														

.....														
Packaging														
Delivery														
Payment														

Schedule 4 – Gantt Chart of Implementation

Activity	YEAR 1											YEAR 10
	M 1	M 2	M 3	M 4	M 5	M 6	M 7	M 8	M 9	M 10	M 11	M 12	
Pre-Implementation														
Specific Activity														
Operation														
Specific Activity														
.....														

Schedule 5 – Sales Schedule

Particulars	Year 1		...	Year 10
	Month 1...	...Month 12
Volume				
Price				
Sales				

Schedule 6 – Financial Analysis

Assumptions	Data Required	Source of Data
A. Pricing		
A.1. Direct cost		
A.1.1. Raw materials	<ul style="list-style-type: none"> ▪ Buying price for year 1 ▪ Buying price for year 2 and onwards 	
A.1.2. Fuel and oil	Price of fuel and oil	
A.1.3. Packaging materials	<ul style="list-style-type: none"> ▪ Number of packaging materials ▪ Capacity of packaging material ▪ Price per piece of packaging materials 	
A.2. Administrative and other operating costs		
A.2.1. Supplies and benefits		

Appendix 2. Business Planning Tools

A.2.2. Other costs such as permits and licenses		
A.3. Taxes	Tax Rate (If exempted, provide certificate of exemption)	
B. Other incomes	<ul style="list-style-type: none"> ▪ Vehicle and facility rentals ▪ Marketing of by-products 	
C. Working capital requirement		
For farming-based enterprise	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Production period (planting) ▪ Inventory period (from harvest to delivery) 	
For processing	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Inventory period (from purchase of raw materials to manufacturing) ▪ Production period (manufacturing) ▪ Inventory period (from stocking to delivery of finished products) 	
For marketing and/ or trading	<ul style="list-style-type: none"> ▪ Percentage of sales on credit ▪ Credit terms with buyers (days receivable) ▪ Percentage of costs of goods sold on credit ▪ Credit terms with suppliers (days payable) ▪ Inventory period (from purchase to delivery of traded goods) 	
D. Depreciation schedule (for existing and proposed fixed assets) – see sample table below	<ul style="list-style-type: none"> ▪ Acquisition costs ▪ Year of acquisition ▪ Estimated useful life ▪ Estimated salvage value (if applicable) 	
E. Comparative analysis of renting vs owning vehicles (see sample table below)	Decision criterion: if NPV (own) < NPV (rent), then purchase vehicle.	
F.		

Appendix 2. Business Planning Tools

Schedule 7 – Technical Analysis

Assumptions	Data Required	Data Source
A. Production schedule		
For farming-based enterprise	Mortality rate (%) % Rejects	
For processing	Conversion ratio % losses per activity	
For marketing and/ or trading	Handling losses	

Schedule 8 – Trucking Schedule

Origin	Destination	Year							Number of Trips/Month (No.)	Monthly Fuel Cost (Php)	Annual Fuel Cost
		Month									
		Week									
		Day									
		Distance (km.)	Est. Time of Travel (mins.)	Volume (kg.)	Fuel Consumption (L/km.)	Fuel Price (Php)	Total Fuel Cost (Php)				
Hauling											
Delivery											

Schedule 9 – Cost of Raw Materials

Particulars	Month 1...	...Month 12	Year 1...	...Year 10
Total Volume (kg.)				
Price (Php)				
Total Cost of Raw Mat (Php)				

Schedule 10 - Salaries and Benefits

Position	Wage Rate	Monthly Salary	Benefits				No. of Workers	Total Monthly Expense	Annual Salaries & Benefits
			SSS	PhilHealth	Pag-Ibig	13 th Month Pay			

Schedule 11 – Comparative Cost Analysis for Vehicle

Appendix 2. Business Planning Tools

Truck 1	M1...	M12	Y1...Y10
RENTING					
Rental expenses					
Other related expenses					
Total rental expenses					
OWNING					
Acquisition cost					
Other cash outflows:					
Interest expenses (if applicable)					
Fuel expenses (see hauling and delivery schedules)					
Repair and maintenance costs					
Other administrative costs (e.g. salaries of driver and crew, licensing fees, insurance)					
Total costs before salvage value					
Less: Salvage value					
Total ownership costs					
Net Present Value for Renting					
Net Present Value for Owning					

Schedule 12 – Depreciation Schedule

Asset	Qty	Acquisition Cost	Total Cost	Estimated Useful Life	Remaining Useful Life	Book Value	Salvage Value (10%)	Annual Depreciation Cost

Schedule 13 – Income Statement

Particulars	Year 1		Year 1...	...Year 10
	Month 1....Month 12		
Sales				
Other Income				
Gross Revenue				
Less: Cost of Goods Sold				
Net Revenue/Gross Profit Margin				
Less: Expenses				
Operating Expense				
Selling Expense				

Appendix 2. Business Planning Tools

Administrative Expense				
Depreciation				
Taxes				
Total Expenses				
NET INCOME				

Schedule 14 – Cash Flow

Particulars	Year 0	Year 1		Year 1...	...Year 10
		Month 1....	...Month 12		
CASH INFLOW					
Cash Investment 1/					
Sales					
Other Income					
Total Cash Inflow					
CASH OUTFLOW					
Purchase of assets 2/					
Cost of Goods Sold					
Operating Expense					
Admin and Selling Expenses					
Total Cash Outflow					
NET CASHFLOW					

1/ Includes capital investment from PRDP Scale Up and IP cash equity.

2/ Purchase of assets as part of project investment.

Schedule 15 – Balance Sheet

Particulars	Year 1		Year 1...	...Year 10
	Month 1....	...Month 12		
ASSETS				
<i>Current Asset</i>				
Cash				
<i>Non-Current Asset</i>				
Properties				
TOTAL ASSETS				
LIABILITIES				
Current Liabilities				
Non-Current Liabilities				
Total Liabilities				
IP EQUITY				
Total IP EQUITY				

Appendix 2. Business Planning Tools

Average units	break-even											
Average sales	break-even											
Average price	break-even											

Schedule 18 – Farmer’s Income

Particulars	WOP	WP										
		Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	
Average Production Area/Farmer												
SALES												
Total Volume Produced												
Price per kg.												
Total Sales												
PRODUCTION COST												
Materials Cost												
Production Input												
Labor Cost												
Marketing Cost												
Total Production Cost												
NET INCOME												
OTHER BENEFITS												
Patronage Refund												
Share Capital												
Total Other Benefits												
TOTAL FARMER BENEFIT												

Schedule 19 – Job Generation

Position	No. of Jobs		Wage/ Month/ Person		Wage/ Annum/ Year	
	WOP	WP	WOP	WP	WOP	WP

Appendix 2. Business Planning Tools
