

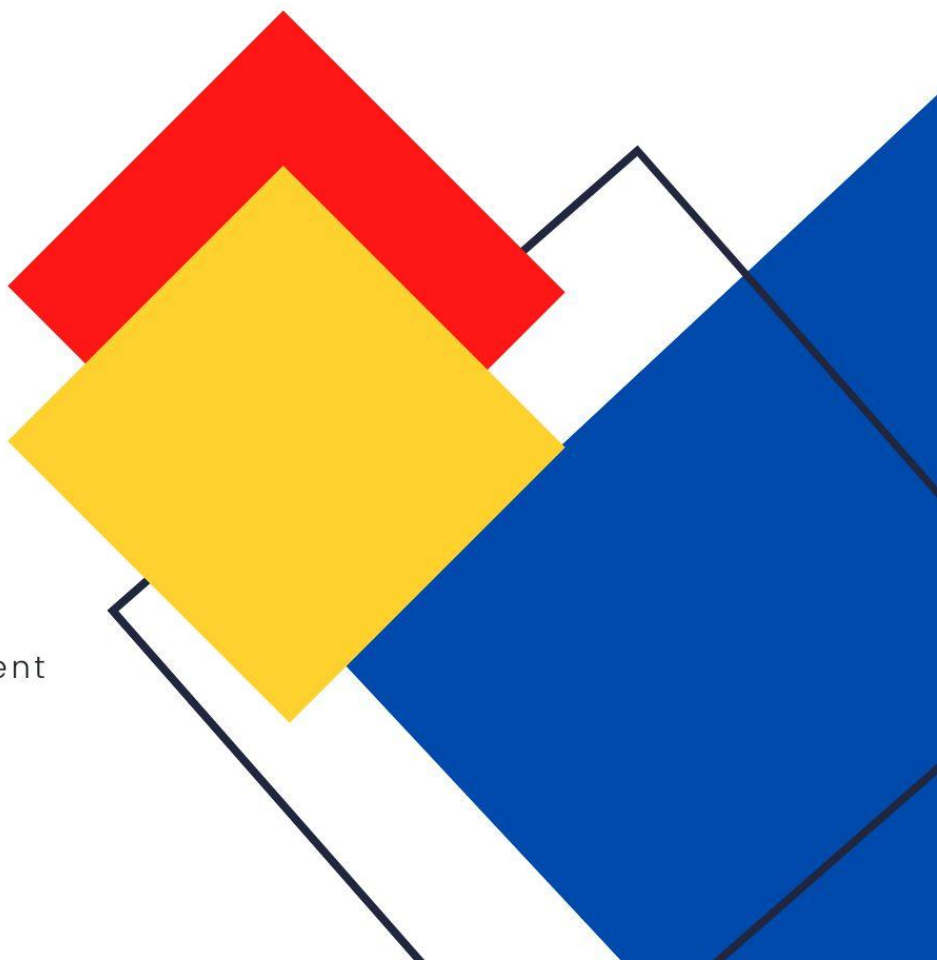
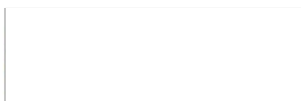


I-REAP

GUIDELINES FOR NON-OPERATIONAL SUBPROJECT

**Philippine Rural
Development
Project**

Enterprise Development
Component



Introduction

The Philippine Rural Development Project (PRDP) is designed to contribute to achieving the national goals of inclusive growth, job creation and poverty reduction. It builds on existing policy frameworks, principles and lessons learned from past programs of the Department of Agriculture (DA). The PRDP was initially a six-year initiative (2013-2018), until its extension until 2022 to continue its objectives to increase the productivity of farms and fisheries and improve the incomes of people from sixteen (16) target regions of the country. The project seeks to achieve this objective by improving farmers' and other industry players' accessibility to a strategic network of infrastructure, market information and support services. Specific investments and interventions are to be implemented under four central components of the project, namely: 1) Local Planning (IPLAN); 2) Infrastructure Development (I-BUILD); 3) Enterprise Development (I-REAP); and 4) Project Support (I-SUPPORT).

Banking on the gains of the original project implemented since 2014 and will close in 2025, the Philippine Rural Development Project (PRDP) Scale Up is an expanded response to the persistent challenges confronting the agri-fishery sector and the rural communities in the country. The Project aims to improve farmers and fisherfolk access to markets and increase income from agri-fishery activities (on and off-farm) by adopting the clustering and consolidation strategy of farmers and fisherfolk groups producing priority commodities that are within the Provincial Commodity Investment Plans (PCIPs) and aligned with the National Agriculture and Fisheries Modernization and Industrialization Plan (NAFMIP).

The proposed PRDP Scale-Up is envisaged to introduce a more holistic design and strategies by looking at a broader agri-food/commodity system to address the gaps in the whole commodity value chains, level up approaches and innovations based on lessons learned, contribute to improving climate resilience and modernizing the agriculture and fisheries sector. Interventions include the emphasis on rebuilding the whole value chain, improving the food supply chain and logistics, prioritizing farm-to-market roads (FMRs) with value chain infrastructure support, the inclusion of rice and corn focusing on value addition, and mainstreaming of institutional reforms in the DA programs and projects.

The implementation of the I-REAP component, and the PRDP as a whole, involves several institutional partners at the regional, provincial, municipal and barangay levels. It also involves local communities, households, people's organizations, non-government organizations, private sector, academic institutions and other civil society sectors.

I-REAP activities can be categorized into two sub-components namely; Rural Agri fishery Enterprise and Productivity Enhancement; and Technology and Information for Enterprise and Market Development. This component will support the development, implementation and sustainability of agricultural, livestock or fishery-based entrepreneurial activities, based on the analysis priority commodity value chains being supported under the Regional Agricultural Fisheries and Modernization Plans (RAFMPs) and as reflected in the Provincial Commodity Investment Plans (PCIPs). It will engage broad sections of the sector in the

production of marketable surplus through vertical clustering, joint business planning and investments by proponent groups engaged in rural agri-fishery enterprises.

Along the course of the Project implementation and based on the monitoring of completed subprojects, it was observed that there are sub-projects that have stopped operation and continued to be non-operational despite provision of technical assistance.

The Implementation Management Agreement (IMA) and Enterprise Investment Agreement (EA) provided provisions on the remedies for the DA on cases when the LGUs or the FCA/FCA Clusters failed to comply with the terms and conditions on the subproject Operational Plan.

IMA Sec 7.05 Upon the issuance of the Certificate of Completion, the Implementing Proponent shall operate and maintain the structures, systems and facilities installed or established under the subproject and allocate and maintain funds for the continuous operation of the subproject for the next ten (10) years after subproject completion.

IMA 8.08 Failure to comply with the Operational Plan: Should the Implementing proponent fail to properly operate the subproject and/or provide necessary budget allocations as per Operational Plan in Schedule 10 (Operational Plan) and assessment criteria, DA shall review its option to deny/withhold similar assistance in the future until such time that it is convinced that a reconsideration on the matter should be effected.

EA 8.05 Upon the issuance of the Certificate of Completion, the Implementing proponent shall operate and maintain, or cause to be operated and maintained properly, the structures, systems and facilities constructed, installed or established under the Enterprise

These provisions from IMA and EA are the legal basis of this guideline for non-operational IREAP subprojects that can be candidates for termination. Below are the main steps of procedure to properly assess and terminate or close a non-operational subproject.

- I. Validation and Assessment of the Non-Operational Subproject
- II. Termination of Subproject
- III. Local Government Unit Temporary Takeover of the Subproject
- IV. Transfer of the Subproject to FCA/FCA Clusters
- V. Settlement of Obligations
- VI. Updating of Status in the Management Information Systems (MIS).

General Objective

To provide procedures on the steps or actions to be taken on non-operational subprojects of Philippine Rural Development Project - Enterprise Development Component (PRDP IREAP)

Definition of Terms

Completed Subprojects refer to the subprojects (SPs) that have completed procurement and delivery of goods, facilities and equipment and finished construction of the infrastructure component.

Subproject for Closure - Non-operational subprojects in which all assets given to the Implementing proponent are not usable and not functional. Nothing can be taken over by the LGU/ partner LGU and nothing can be transferred to another FCA/FCA Clusters and/or the FCA/FCA Clusters is already dissolved, therefore subject to complete closure.

Non-operational Subprojects - these are completed SPs that have no operation for at least six (6) consecutive months. This does not include SPs of which operations are seasonal (e.g. recipients of SLP for custom services (tractors, threshers). The subproject is considered to have no operation when the equipment, machineries, or facilities are not being utilized. A seasonal-based subproject will be reported as non-operational when the equipment, machinery and facilities are not utilized during the season

Deed of Donations (DOD) - it is an agreement between the Donor and the Donee that indicates the purpose of the donation and the obligations of both parties.

Donor - the entity or person who donated the project.

Donee - the entity or person who received the project.

Subproject for Termination - are those non-operational sub-projects which can be temporarily taken over by the LGU or transferred to another FCA/FCA Clusters The asset/s received by the FCA/FCA Clusters that are still functional and may still be recovered/taken over and operated by the LGU or may be transferred to another eligible FCA/FCA Clusters depending on the LGU's discretion.

Enterprise Investment Agreement (EA) - it is an agreement between the FCA/FCA Clusters and LGU that spells out the implementation arrangements for all I-REAP subprojects/ enterprises within a given period including the schedule of fund releases and liquidations.

Farmers Cooperatives and Associations (FCA) - refers to farmers and fisherfolk cooperative, association or corporation duly registered with appropriate government agency (i.e., SEC, CDA, DOLE-BRW) and which are composed primarily of small agricultural producers, farmers, farm workers, agrarian reform beneficiaries, and fisherfolk who voluntarily join together to form business enterprises or non-business organizations which they themselves own, control and patronize.

FCA Cluster - shall be defined as a group of crops, livestock and/or fish producers within a community or adjacent communities on the basis of proximity of their production areas; similarity of inputs; and shared production activities/processes and/or common final products. An FCA cluster could also mean a group of two or more FCAs that agreed to undertake joint business planning.

Implementation Management Agreement (IMA) – is an agreement among the PSO, RPCO, and the Implementing Proponent that spells out the implementation arrangements for all I-REAP

subprojects/ enterprises within a given period including the procurement arrangements, schedule of fund releases and liquidations and operations and maintenance.

Implementing Proponent - refers mainly to the organization or entity proposing an enterprise subproject and is identified to implement the subproject. The proponent can either be an FCA/FCA cluster or an LGU. The FCA/FCA cluster should be engaged in the priority commodity value chain and have legal personality.

Implementation Management Agreement (IMA) - it is an agreement among the PSO, RPCO, LGU and FCA/FCA Clusters that spells out the implementation arrangements for all I-REAP subprojects/ enterprises within a given period including the schedule of fund releases and liquidations.

Section 1

Validation and Assessment of the Non-Operational Subproject

1.1 Assessment of the Non- Operational Subproject

The Regional Project Coordination Office (RPCO) shall validate all information through regular site visits, review of operational plan, compliance assessment with enterprise operation manual and Implementing proponent consultations to provide evidence-based reports for non-operational subprojects. A non-operational subproject is defined as a completed subproject that has no operation for at least six (6) consecutive months, except in cases of subprojects with seasonal-based operations. The subproject is considered to have no operation when the equipment, machineries, or facilities are not being utilized. A seasonal-based subproject will be reported as non-operational when the equipment, machinery and facilities are not utilized during the season.

When the subproject is non-operational based on monitoring, the RPCO shall send a letter (refer to Annex 1) to the LGU and/or the FCA/FCA Clusters requesting a justification report on why the enterprise has not operated. The LGU and the FCA/FCA Clusters shall respond to the letter within fifteen (15) days upon receipt thereof and shall include a duly signed Board Resolution (see Annexes 3 and 4) stating their intention to continue or not to continue the enterprise operation.

If the Implementing proponent would like to continue the operation, the Implementing proponent shall submit a recovery plan (refer to Annex 2) and a signed board resolution to continue the operation (refer to Annex 3) with the assistance of the LGU in case where the LGU is the implementing proponent. The RPCO shall review and approve the Recovery Plan and endorse the same to the Project Support Office (PSO) and the National Project Coordination Office (NPCO) for monitoring and evaluation. This must be accomplished by the RPCO within five (5) days upon receipt of the Recovery Plan.

On one hand, if the Implementing proponent shall decide to close the subproject, the Implementing proponent shall submit, with the assistance of the LGU, a resolution showing the intent for the subproject

termination (refer to annex 4). This shall be agreed among the board of directors of the organization and ratified or concurred by the general assembly.

1.2 Preparation of the Recovery Plan

The recovery plan shall contain a commitment clause attesting and warranting that the Implementing proponent can and will implement the recovery plan. The recovery plan (refer to annex 2) shall be approved by the RPCO before implementation. This plan should include the ff:

- Reason for not operating
- Action plan to recover
- Commitment Clause

1.3 Implementation of Recovery Plan

During the implementation of the Recovery Plan, the PG and LGU should exhaust all possible remedies and interventions to resolve the problem that caused the enterprise to halt its operation in a span of 6 months. This recovery period can be extended as long as actions are being taken for the subproject to resume its operation. The PG and LGU shall provide regular progress updates to RPCO according to the set timelines from the recovery plan. The said progress updates should be submitted to the PSO and the NPCO for monitoring. However, if the PG failed to operate without justifiable reason within the set timeline in the recovery plan, the RPCO can immediately issue a Notice for Subproject Termination (refer to annex 5).

Section 2

Termination of Subproject

Non-operational subprojects/enterprises wherein the Proponent Group/s signified intent not to continue operation or SPs which were not able to recover within the prescribed period in the Recovery Plan will be subjected to termination.

2. 1. Consultation with all Parties

The RPCO shall conduct a conference/meeting with the proponent group and the LGU, within one (1) week upon issuance of the Notice of Termination. During the meeting, the discussion will include the next steps or courses of action to be undertaken on the concerned subproject such as: cancellation of IMA/EA, takeover of LGU of the assets or the transfer of the enterprise to new PG, and/or refund of the immovable assets. All meetings should be well documented and will be attached to the submitted termination report.

2.2. Preparation of the Termination Report

The RPCO shall endorse the termination report (refer to annex 6) to the Project Support Office (PSO) and National Project Coordination Office (NPCO) within fifteen (15) days after the final consultation with the proponent group and the LGU. In addition, the termination report will require the RPCO to collect and include the following:

- Recovery Plan (if applicable)
- Inventory and Valuation of the provided goods, facility, equipment and other assets
- Latest available financial reports of their last operation
- Request Letters
- Minutes of the Meeting with Attendances of the Participants during Consultations

The RPCO shall also include in the Termination Report the agreement on the next courses of actions. It shall contain three (3) options for the LGU which is to 1) temporarily take over the management and operation of the business enterprise; or 2) immediately transfer the facilities and equipment to another proponent group; or 3) Permanent closure of the enterprise. Detailed procedures for the first 2 options are provided in Section 3 and Section 4, respectively.

2.3 Review and Approval of the Termination Report

The RPCO shall submit the Termination Report to the NPCO, through the PSO. The NPCO shall review the validity of the grounds for termination (set forth in Section 1) and acceptability of the recommendation. The NPCO should also check the completeness and accuracy of the report based on the documents and data presented. The NPCO shall review the viability of the recommendation regarding the LGU takeover (refer to Section 3) or transfer of SP (refer to Section 4) or permanent closure of the subproject. The NPCO shall conduct the review within fifteen (15) days upon the receipt of the report.

The NPCO shall issue the Letter of No Objection to the Recommendation of the RPCO (refer to annex 7 for the template). Upon receipt of the letter from the NPCO through the PSO, the RPCO will endorse the Recommendation together with all the supporting documents to RPAB for deliberation and approval.

If the NPCO deems termination of agreements/transfer of the SP as unwarranted, it can request from the RPCO for additional documents, requirements, justifications or re-assessment of the recommendation.

2.4 Regional Project Advisory Board Final Resolution for the Takeover or Transfer of SP

The RPCO shall endorse the Termination Report to the Regional Project Advisory Board (RPAB) for the approval of the termination of the SP and the recommendation for the next courses of action . The RPAB shall issue the resolution (refer Annex 8 for template) based on their evaluation of the gathered reports within fifteen (15) days.

If the RPAB deems termination of agreements/transfer of the SP as unwarranted, it can request from the RPCO for additional documents, requirements, justifications or re-assessment of the recommendation.

Section 3

Local Government Unit Temporary Takeover of the Subproject

If the recommendation under the Termination Report is for the P/M/CLGU to temporarily take over the subproject, the following provisions from IMA, EA, and DOD indicated below are the legal basis to proceed with this action.

- IMA 7.06 Upon the issuance of the Certificate of Completion, the P/M/CLGU shall operate and maintain the structures, systems and facilities installed or established under the subproject and allocate and maintain funds for the continuous operation of the subproject for the next ten (10) years after subproject completion
- EA 9.8 Failure to comply with Operational Plan: Should the PG fail to properly operate the enterprise in accordance with Schedule 9 (Operational Plan) and assessment criteria for a continuous period of one (1) year without justifiable cause and within the ten (10) year period from issuance of Certificate of Completion, the PLGU shall have the right to recover ownership over the facilities and/or equipment which are covered by this Agreement subject to existing laws, rules and regulations.
- DOD Miscellaneous Provision. In the case that the subproject did not operate at its best as evidenced by monitoring reports conducted and submitted by DA-PRDP PSO/RPCO and failure to submit reports required by the Project, the DONOR has the right to pull out all donated machineries, tools, equipment and facilities and also cancel the subproject as stipulated in the signed Implementation Management Agreement between the DONOR and DONEE and the provisions stated therein in Articles under Remedies shall be applied.

With these provisions from IMA, EA and DOD, the P/M/CLGU has the accountability and the right to temporarily take over the enterprise or the usable/recoverable items funded by the project until a new qualified proponent group in the community can operate the subproject or the recovered items. The LGU shall execute the following to prepare for the takeover of the operation:

- Assign Management Team through issuance of resolution or special order from the LGU (Refer to annex 9 for the template)
- Indicate the timeline on how long will the LGU operate the SP
- LGU set the timeline in transferring the SP to a new PG

After full compliance of the requirements mentioned above, the LGU can immediately start the actual implementation of the enterprise takeover as soon as the signed RPAB resolution is issued.

In cases where there is no eligible proponent group to take-over the subproject, the property and other asset will be subject to divestment or disposal based on the Audit Guidelines on the Divestment or Disposal of Property and Other Assets of National Government Agencies and Instrumentalities, Local Government Units and Government-Owned or Controlled Corporations and their Subsidiaries stipulated in COA Circular No. 89-296.

Any proceeds thereof will be used to settle the remaining obligation of the subproject. Any remaining balance shall be reverted to the Bureau of Treasury through the Project Support Office as indicated in Section 5. Settlement of Obligations.

Section 4

Transfer of the Subproject to Another Proponent Group

Aside from taking over the management and operation of the enterprise, the P/M/CLGU may also assign or transfer the subproject to another proponent group. The transfer of the enterprise to another proponent group will occur if the existing PG signified no intention to operate the SP and the P/M/CLGU decides to offer the subproject to potential new PG. The cancellation of EIA with the existing PG shall commence if they decide to transfer the assets to the LGU or another proponent group.

The P/M/CLGU shall commence information dissemination informing the public that there is an opportunity for the FCA/s to take-over an existing subproject or receive the recovered assets in upscaling their existing SP. Information dissemination must be in the form of formal letters for all the FCAs in the area or social media posting through the official website or social media accounts of the P/M/CLGU. The criteria in selecting new PG to operate the subproject are the following:

- The PG has existing operation and/or with experience in the same enterprise
- The PG has technical, financial and organization capability to operate sustainably the enterprise based on the result of the Enterprise Assessment to be made by the RPCO. The rating in terms of technical, financial, and organizational aspects of the pre-selected PG(s) must at least be **Moderately Satisfactory**.

The LGU shall prepare a Memorandum of Agreement with the new PG who will take over the operations and management of the enterprise. The movable assets provided by PRDP may be transferred to the new PG through a Deed of Donation to be executed by the LGU and the new PG. However, for immovable fixed assets such as buildings or other facility, the previous PG may enter into an agreement (i.e. Usufruct or Rental Agreement) with the new PG for the use of the building or the facility. If the land used to construct the building or facility is owned by the government or private individual and its use is allowed through Usufruct or Lease Agreement, such a contract will be executed between the owner and the new PG. However, if the proponent group will not agree with the usufruct arrangement or any arrangement on the utilization of the immovable asset or facility, the previous proponent group is obliged to repay to the LGU the value of the investment for the building or the facility.

The new PG should provide an Enterprise Operations Manual and a 5-year Operational Plan for the operation of the enterprise/subproject. The new PG is also required to prepare a Capacity Development Plan based on the result of its enterprise assessment to identify interventions to be provided in ensuring the sustainability of its operation. If the previous PG organization was dissolved, the members of the previous PG are also encouraged to participate as a member of the new proponent group taking over the subproject.

Section 5

Settlement of Obligations

After the issuance and approval of the RPAB resolution, the RPCO shall have consultation meetings with the PG presenting all documents and discussing the liabilities of all parties for the SP termination and the settlement process.

5.1 Recovery of Funds, Goods, Equipments and other Tangible Assets

The LGU shall enforce the recovery of funds, goods, equipment and other tangible assets provided by the project to the PG, in cases when the enterprise will no longer be operated. The LGU shall have the right to recover ownership over the facilities and/or equipment which are covered by the EA/IMA/DOD subject to existing laws, rules and regulations, approval letter, and RPAB resolution.

The LGU has the right to transfer the recovered goods to other proponent groups based on the RPAB resolution. If the item is transferred to another PG or cluster, the new SP shall be subject for legal documentation such as preparation of MOA between the LGU and the new proponent group.

If the SP is a fixed asset or immovable facility, the value of the SP should be repaid in full. If the PG has no capacity to repay the total value of the immovable facility or assets, the amount shall be refunded to LGU within 3 months for Original Loan SP.

The LGU office is responsible for collecting the refund of the facility from the proponent group. The collected funds should be remitted to the PSO office. The PSO shall deposit the fund to the Bureau of Treasury.

5.2 Implication of Non Repayment of the Due Amount

The PGs whose EA/IMA/DOD were canceled but did not refund or return the grant funds or goods awarded in full to PLGU or PRDP, the PG will not be considered for on-going and future projects and programs of the DA and PLGU, without prejudice to the filing of cases against the responsible officials of PG. The RPCO sends a recommendation letter to PPMIU that the PG is blacklisted from receiving any government funds. The PPMIU will also send a communication letter regarding the blacklisting of the PG and will be forwarded to PSO and NPCO.

Section 6

Updating of the Status in the Management Information System (MIS)

After filing all supporting documents prepared and signed for the closure of the sub-project. The RPCO shall tag the SP as closed in the MIS. The NPCO can tag the SP as closed in the Non-Operational Database.

For those sub-project where the proponent group is terminated, if the SP is transferred to a new PG, the database under MIS and other monitoring databases should be updated according to the changes within the sub-project.

ANNEX 1
REQUEST LETTER FOR JUSTIFICATION

Date

JUAN DELA CRUZ

Chairman

Name of the Organization

Address

Dear Mr. Dela Cruz,

On (Insert Date), during a routine site visit and inspection done by RPCO (Insert Region), and as a result of a subsequent consultation conference, it was identified that your subproject has been non-operational. *Explain further results of the investigation on why the SP is not operational*

A non-operational subproject is defined as a completed subproject that has no operation for at least six (6) consecutive months, except in cases of subprojects with seasonal-based operations. The subproject is considered to have no operation when the equipment, machineries, or facilities are not being utilized. A seasonal-based subproject will be reported as non-operational when the equipment, machinery and facilities are not utilized during the season.

The Implementation Management Agreement (IMA) and Enterprise Investment Agreement (EA) provided provisions on the remedies for the DA on cases when the LGUs or the Proponent Groups failed to comply with the terms and conditions on the subproject Operational Plan. Failure to comply may result to the TERMINATION of your Subproject. If you wish to continue to operate, you are directed to submit a justification letter, why you failed to operate and why the foregoing sanctions should not be imposed upon your subproject. You are also mandated to submit the following supplementary documents:

1. Recovery Plan
2. Commitment Clause (Attesting that the PG shall exhaust all possible remedies and interventions to resolve the problem that caused the enterprise to halt its operation in a span of six (6) months. However, if the PG failed to operate without justifiable reason within the set timeline in the recovery plan, the RPCO can immediately issue a Notice for Subproject Termination)

If you wish not to continue the operation of the subproject, you may issue a signed board resolution gathered through the general assembly of the board members.

Premises considered, you are hereby given a period of Fifteen (15) days within which to with the above directives. Failure to do so shall be considered your acquiescence to the imposition of the above sanctions.

For your guidance and compliance.

NAME

I-REAP RPCO Component Head

**ANNEX 2
RECOVERY PLAN TEMPLATE**

- I. Reasons for not Operating
- II. Action Plan to Recover with Timelines and Work Deliverables. Activities to be reflected here must also include capacity building and technical assistance provided by/through LGU to ensure that the proponent group can resume its operation.

Activity	Timeline	Unit Responsible

III. Commitment Clause to Operate

I, _____ representing Name of PG , hereby declare that the PG is committed in making sure that the recovery plan will be implemented according to the set timeline and deadlines. I am also aware regarding the implication for the non-compliance of this plan and failure to implement the activities to recover the operation of the subproject, which can make the SP be subject for termination.

In witness thereof, I have hereunto set my hands this day of 202 .

Signature
 Name of the Chairman
 Position
 Name of the PG

ANNEX 3

PG BOARD RESOLUTION FOR SUBPROJECT TO CONTINUE OPERATION

REPUBLIC OF THE PHILIPPINES)

_____) S.S.

BOARD RESOLUTION NO. _____

Series of 20__

APPROVING AND GUARANTEEING THE ACCOMPLISHMENT OF THE RECOVERY PLAN FOR PRDP
SUBPROJECT ID NO.: _____, (Insert Subproject Title)

RESOLVED, that **(Business Name of PG)** through the majority of the quorum of its Board of Directors during its Board Meeting held on **(Insert Date)**, has resolved that **(Business Name of PG)** is currently unable to continue or comply with its obligation under the IMA dated **(Insert Date)** and MOA **(Insert Date)** with PRDP herein attached and made an integral part hereof, in relation to **PRDP Subproject ID No. _____, (Insert Subproject Title);**

RESOLVED, FURTHER, that **(Business Name of PG)** by virtue of its inability to continue its aforementioned obligation has drafted a REHABILITATION PLAN (herein attached) to be approved by PRDP Management to remedy its failure to comply with its obligation and ensure the smooth operation of **PRDP Subproject ID No. _____, (Insert Subproject Title);**

RESOLVED, FURTHER, that **(Business Name of PG)** guarantees and ensures the accomplishment of the submitted RECOVERY PLAN and whatever amendments the PRDP Management incorporates within it;

RESOLVED, FURTHER, that **(Business Name of PG)** understands that the above guarantee shall be the basis of PRDP Management in its decision making regarding **PRDP Subproject ID No. _____, (Insert Subproject Title)** during rehabilitation or subsequent termination, should **(Business Name of PG)** fail to follow the rehabilitation plan;

RESOLVED, FURTHERMORE, that **(Business Name of PG)** subjects itself, its assets and all interests in the aforementioned subproject, to the procedures provided for in the **I-Reap Subproject Rehabilitation/Termination Guidelines** (herein attached), as well as agrees to comply and follow whatever the PRDP Management's and its Governing Board's decision and/or resolution be, in settling all obligations, liabilities and assets in **PRDP Subproject ID No. _____, (Insert Subproject Title)** among its stakeholders, in accordance to the above mentioned guidelines;

RESOLVED, FURTHERMORE, that **(Business Name of PG)** and its Board shall ratify and confirm all the acts to be done by its management in compliance to the **I-Reap Subproject Rehabilitation/Termination Guidelines** and the PRDP Management’s and its Governing Board’s decision and/or resolution be, in settling all obligations, liabilities and assets in **PRDP Subproject ID No. _____, (Insert Subproject Title)** among its stakeholders, including the disposition or transfer of assets, granting of usufructuary rights, reimbursement of loan proceeds and all other actions deemed necessary by PRDP Management for the smooth rehabilitation, termination or transfer of **PRDP Subproject ID No. _____, (Insert Subproject Title)**;

RESOLVED, FINALLY, that this Resolution shall remain valid, subsisting and enforceable unless subsequently modified, revoked, rescinded or superseded by a resolution of Board of Directors, however all authorities granted to PRDP Management over the assets and interests of **(Business Name of PG)** in **PRDP Subproject ID No. _____, (Insert Subproject Title)** shall be absolute and irrevocable.

IN WITNESS WHEREOF, we have hereunto set my hand this _____ day of _____ at 20__ at _____, Philippines.

(INSERT DIRECTORS)

ADOPTED AND APPROVED by the Board of Directors, this _____ day of _____.

(INSERT CORPORATE SECRETARY)

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

BEFORE ME, the undersigned Notary Public, personally appeared:

Name	Identification No.
_____	_____
_____	_____
_____	_____
_____	_____

known to me and to me known to be the same persons who executed the foregoing Board Resolution.

This instrument consisting of ____ (__) pages, including this page whereon this Acknowledgment is written has been signed by the parties on each and every page thereof; and that they acknowledge before me that the same is their free act and voluntary deed and those of the parties herein represented.

IN WITNESS WHEREOF, I hereunto set my hand this _____ day of _____, 20__ at _____, Philippines.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 20__.

ANNEX 4
PG BOARD RESOLUTION FOR SUBPROJECT TERMINATION

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

BOARD RESOLUTION NO. _____
Series of 20__

APPROVING THE TERMINATION OF PRDP SUBPROJECT ID NO.:
_____, (Insert Subproject Title)

RESOLVED, that **(Business Name of PG)** through the majority of the quorum of its Board of Directors during its Board Meeting held on **(Insert Date)**, has resolved that **(Business Name of PG)** is unable to continue or comply with its obligation under the IMA dated **(Insert Date)** and MOA **(Insert Date)** with PRDP herein attached and made an integral part hereof, in relation to **PRDP Subproject ID No. _____, (Insert Subproject Title);**

RESOLVED, FURTHER, that **(Business Name of PG)** notifies PRDP Management of its inability to continue its aforementioned obligations and its intent to terminate its involvement in **PRDP Subproject ID No. _____, (Insert Subproject Title)**, through this Resolution to be submitted to PRDP Management;

RESOLVED, FURTHERMORE, that **(Business Name of PG)** subjects itself, its assets and all interests in the aforementioned subproject, to the procedures provided for in the **I- Rehabilitation/Termination Guidelines** (herein attached), as well as agrees to comply and follow whatever the PRDP Management's and its Governing Board's decision and/or resolution be, in settling all obligations, liabilities and assets in **PRDP Subproject ID No. _____, (Insert Subproject Title)** among its stakeholders, in accordance to the above mentioned guidelines;

RESOLVED, FURTHERMORE, that **(Business Name of PG)** and its Board shall ratify and confirm all the acts to be done by its management in compliance to **Rehabilitation/Termination Guidelines** and the PRDP Management's and its Governing Board's decision and/or resolution be, in settling all obligations, liabilities and assets in **PRDP Subproject ID No. _____, (Insert Subproject Title)** among its stakeholders, including the disposition or transfer of assets, granting of usufructuary rights, reimbursement of loan proceeds and all other actions deemed necessary by PRDP Management for the

smooth termination or transfer of **PRDP Subproject ID No.** _____, (**Insert Subproject Title**);

RESOLVED, FINALLY, that this Resolution shall remain valid, subsisting and enforceable unless subsequently modified, revoked, rescinded or superseded by a resolution of Board of Directors, however all authorities granted to PRDP Management over the assets and interests of (**Business Name of PG**) in **PRDP Subproject ID No.** _____, (**Insert Subproject Title**) shall be absolute and irrevocable.

IN WITNESS WHEREOF, we have hereunto set my hand this _____ day of _____ at 20__ at _____, Philippines.

(INSERT DIRECTORS)

ADOPTED AND APPROVED by the Board of Directors, this _____ day of _____.

(INSERT CORPORATE SECRETARY)

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) **S.S.**

BEFORE ME, the undersigned Notary Public, personally appeared:

Name	Identification No.
_____	_____
_____	_____
_____	_____
_____	_____

known to me and to me known to be the same persons who executed the foregoing Board Resolution.

This instrument consisting of ____ (__) pages, including this page whereon this Acknowledgment is written has been signed by the parties on each and every page thereof; and that they acknowledge before me that the same is their free act and voluntary deed and those of the parties herein represented.

IN WITNESS WHEREOF, I hereunto set my hand this _____ day of _____, 20__ at _____, Philippines.

NOTARY PUBLIC

Doc. No. _____;

Page No. _____;

Book No. _____;

Series of 20__.

ANNEX 5
NOTICE FOR SUBPROJECT TERMINATION

Date

JUAN DELA CRUZ

National Project Director, PRDP
Department of Agriculture
Elliptical Road, Diliman, Quezon City

Dear Mr. Dela Cruz,

Upon careful monitoring and evaluation of the the I-REAP Subproject "Name of the Subproject" in Location of the SP , registered in the MIS with SP ID: PRDP-IR-0000-000-000-000-0000 by PRDP PPMIU/RPCO, the PG failed to implement their *recovery plan or decided not continue the enterprise* through issuance of the board resolution. Below, the list of issues encountered by the PG that led the SP to be subject for termination

1. Issue 1 (Elaborate and cite the example scenario and timelines)
2. Issue 2
3. Issue 3

With these scenarios with irreconcilable issues, please be informed that this SP is subject for termination.

Thank you very much for your usual support and appropriate action in this regard.

Very truly yours,

NAME

Regional Executive Director
PRDP PSO _____ Cluster Project Director

ANNEX 6
TERMINATION REPORT TEMPLATE

- I. Overview of the Subproject
 - A. *Approval date and completion date of the subproject*
 - B. *Amount of the Subproject and list of items provided*
 - C. *Profile of the Proponent Group*
 - D. *How long did the enterprise operate?*
 - E. *How did the PG fully utilize the subproject?*
- II. Issues/Concern
 - A. *What went wrong that led the SP to stop its operation?*
 - B. *List down and explain the different issues and problems encountered by the PG*
- III. Interventions or Recovery Plan
 - A. *What happened during the implementation of the recovery plan?*
 - B. *What are the interventions provided to address the issues?*
 - C. *Why did the PG failed to recover their operation?*
 - D. *Why did the PG decide to terminate the subproject?*
- IV. Recommendation
 - A. LGU Temporary Takeover
 - 1. *Who is the management team accountable for the enterprise takeover?*
 - 2. *Indicate the timeline on how long will the LGU operate the SP*
 - 3. *LGU set the timeline in transferring the SP to a new PG*
 - B. Transfer of SP to new PG
 - 1. *Who is the new PG?*
 - *Cite the experiences of the PG in managing similar enterprise or industry*
 - *What are the technical, financial and organization capability of the PG to sustainably operate the enterprise ?*

Prepared by:

PG

LGU

Endorsed by:

RPCO

Noted by:

PSO

Reviewed by:

NPCO

Document Checklist:

- Recovery Plan
- Inventory and Valuation of the provided goods, facility, equipment and other assets
- Latest available financial reports of their last operation
- Minutes of the Meeting and Attendance Sheets of the Consultation Meeting
- Letters from PRDP, LGU or PG

ANNEX 7
LETTER OF NO OBJECTION TEMPLATE

JUAN DELA CRUZ

Project Director, PRDP PSO

Address

Attention: **NAME**

PSO IREAP Component Head

NAME

RPCO IREAP Component Head

Dear Mr. Juan Dela Cruz,

As per review of the termination report gathered during the PPMIU and RPCO monitoring and from the conduct of management meeting with all parties last Date. The National Project Coordination Office (NPCO) of the Philippine Rural Development Project is respectfully endorsing herewith a **NO OBJECTION** to the request of PRDP PSO and RPCO that the Name of the Subproject from Name of the Proponent Group is cleared for Regional Project Advisory Board deliberation. (This can be substantiate based on the documents submitted to the NPCO)

Thank you very much for your continuous support

Reviewed and Endorsed by:

PRDP NATIONAL DIRECTOR

ANNEX 8
REGIONAL PROJECT ADVISORY BOARD RESOLUTION TEMPLATE

RESOLUTION APPROVING THE FOLLOWING MATTERS STATED HEREUNDER AND ENDORSING THE SAME TO THE PRDP PROJECT SUPPORT OFFICE:

- **TERMINATION AND TRANSFERRING OF NAME OF THE SUBPROJECT OF NAME OF THE PROPONENT GROUP TO NAME OF THE RECEIVING SUBPROJECT OF NAME OF THE RECEIVING PROPONENT GROUP**
- **DECREASE IN CLUSTER GROUP FROM ___ TO ___ CLUSTER MEMBERS**
- **CHANGE IN PROPONENT GROUP FROM ORIGINAL PG TO NEW PG**
- **CHANGE OF SITE NAME OF THE SUBPROJECT FROM ORIGINAL SITE TO NEW SITE**
- **ALL CONTRACTS OR AGREEMENTS INVOLVING THE SUBPROJECT WILL BE TERMINATED**

WHEREAS, the Republic Act. No. 8435 otherwise known as the Agriculture and Fisheries Modernization Act (AFMA) of 1997 sets out the government policies in the agriculture sector in attaining equitable distribution of opportunities, income and wealth expanding productivity, and sustaining in production of the goods and services thereby the quality of life of people especially underprivileged;

WHEREAS, the Department of the Agriculture (DA) gives foremost consideration on poverty alleviation and social equity through the development and implementation of projects that provide the poor sectors of the community especially those engaged in the subsistence agriculture with equitable access to resources income opportunities support services and most especially rural infrastructures particularly in areas where productivity is low and incidence of poverty is high;

WHEREAS, the Government of the Philippines (GOP) has obtained a loan from the International Bank for Reconstruction and Development -World Bank (IBRD-WB) with IBRD Loan No. 8421 amounting to **U.S. Dollar FIVE HUNDRED ONE MILLION TWO HUNDRED FIFTY THOUSAND ONLY (US\$ 501,250,000.00)** for the purpose of the financing the **Philippine Rural Development Project (PRDP)** to support the Government's effort to reduce poverty among rural areas around the country and another loan from the same Bank in the amount of **U.S. Dollar ONE HUNDRED AND SEVENTY MILLION ONLY (US\$ 170,000,000.00)**, under Loan Agreement for IBRD Loan No. 8816-PH dated March 2, 2018, for the purpose of providing additional financing to the Project and, specifically with respect to Infrastructure Development, to continue to support rural infrastructure investments in line with the Project Development Objectives (PDOs) and expected impacts as the PRDP works with qualified LGU's with investment proposals that have passed the Project's criteria for prioritization and approval;

WHEREAS, to facilitate the carrying out and financing of sub-projects by Local Government Units (LGU's) under the Infrastructure and Enterprise Development Component of PRDP, all sub-project proposal of LGU's will be approved by the concerned Regional Project Advisory Board (RPAB);

WHEREAS, funding for the subproject will be coursed through the PSOs and in accordance with the financing mix of 90% for the PRDP and 10% for the LGU under the Infrastructure Development Component and 80% for the PRDP and 20% under the Enterprise Development Component;

WHEREAS, the PRDP through its Enterprise Development Component, will engage broad sections of the sector in the production of marketable surplus through investments in strategic segments of priority commodity value chains prioritized under the Regional Agriculture and Fishery Modernization Plan (RAFMP) and Provincial Commodity Investment Plan (PCIP);

WHEREAS, the concerned RPCO and PPMIUs have satisfactorily responded to the queries, comments and suggestions raised by the members of the Regional Project Advisory Board (RPAB) on the above mentioned subject matters, and hance, the RPAB of Region __ has resolved to the APPROVED the same to maintain the viability and sustainability enterprise of said enterprises;

THEREFORE, be it resolved as it is hereby resolved that the Regional Project Advisory Board, Region __ unanimously approved this __th day of Month, 20__ that matters stated here under:

- **TERMINATION AND TRANSFERRING OF NAME OF THE SUBPROJECT OF NAME OF THE PROPONENT GROUP TO NAME OF THE RECEIVING SUBPROJECT OF NAME OF THE RECEIVING PROPONENT GROUP**
- **DECREASE IN CLUSTER GROUP FROM __ TO __ CLUSTER MEMBERS**
- **CHANGE IN PROPONENT GROUP FROM ORIGINAL PG TO NEW PG**
- **CHANGE OF SITE NAME OF THE SUBPROJECT FROM ORIGINAL SITE TO NEW SITE**
- **ALL CONTRACTS OR AGREEMENTS INVOLVING THE SUBPROJECT WILL BE TERMINATED**

RESOLVED FINALLY, that the cop of this Resolution for the said subproject be furnished to the PRDP PSO _____ for appropriate action and file copy be retained by RPCO __ and the concerned PPMIUs respectively

We hereby certify to the correctness of the foregoing resolution

RPAB Chairman

RPAB Representative

RPAB Representative

RPAB Member

RPAB Member

RPAB Member Representatives

RPAB Member Representatives

**ANNEX 9
LGU SPECIAL ORDER TEMPLATE**

SPECIAL ORDER

No. _____

Series of 20__

**SUBJECT: DESIGNATION OF THE MUNICIPAL STAFF/AGRICULTURE
EXTENSION WORKERS TO BE PART OF THE ENTERPRISE
MANAGEMENT COMMITTEE IN THE TEMPORARY TAKEOVER OF
PRDP SUBPROJECT WITH SP-ID 0000-0000-0000-0000**

NAME	POSITION	ROLE IN THE COMMITTEE

In the interest of making sure the enterprise is well-maintained and utilized, you are hereby designated to work under the PRDP SP 0000-0000-0000-0000 effective *Month 00 0000*.

This order takes effect immediately and shall remain in force throughout the duration of the project until the LGU assigned a new PG or unless revoked or amended.

Issued this *1st day Month 2000*, at *Location of the Office*.

Recommending Approval:

Name
PPMIU Head

Approval:

Name
Municipal Mayor/ Governor

Annex 10
Process Framework for Non-Operational Subproject

