

DA Administrative Order No. 10 Series of 2011

Implementing Rules and Regulations (IRR) on the Parameters, Modes, Guidelines, and Mechanisms for Co-financing Agreements (CFA) with Local Government Units (LGUs) in Financing Agriculture and Fisheries Extension (AFE) Projects per RA 8435

June 3, 2011

The AO provides the implementing rules and regulations on the co-financial agreements with local government units with regards to the conduct of the AFE projects. It was formulated to assist the LGUs and augment their limited resources for the conduct of AFE interventions. It describes the type of AFE interventions that can be implemented as well as the co-financing agreement or cost-sharing scheme to be availed, which is dependent on the income class of the LGU. Further, the guideline also provides details on how the CFA will be implemented and the eligibility and requirements for the co-financing of AFE interventions.

Salient Extension Provisions

ARTICLE III

PRINCIPLES OF CO-FINANCING AGREEMENTS

It is a policy of the national government to provide assistance to the LGUs in the delivery of services devolved to them with social and environmental benefits towards sustainable human and social development that would ultimately redound to poverty alleviation. The DA shall provide or augment the limited resources of the LGUs for the implementation of AFE programs and projects

Section 5.0 The CFA with the LGUs shall uphold the following principles:

5.1. Philippine Agriculture and Fisheries (AF) modernization is a joint-responsibility and undertaken by the DA, LGUs, and other stakeholders in the agriculture and fishery sector.

5.2. The CFA is a scheme towards shared responsibilities and congruence of goals in AFE program implementation between the national government and the LGUs

5.3. The CFA will be premised on equity considerations, depending on the nature of a program/project based on needs and priorities, and on income class, such that low-income LGUs shall be eligible for higher grants, particularly the 4th, 5th, and 6th class municipalities and/or province

5.4. The CFA supports the socio-economic development of the locality through increased efficiency and effectiveness in planning the municipal/city, and/or province-wide AFE projects and minimizing subjectivity the distribution of resources

ARTICLE IV

ROLES AND RESPONSIBILITIES

To ensure system, efficiency, and effectiveness in the implementation of co-financing agreements, the DA and the LGUs shall execute the following roles:

Section 6.0 The Department of Agriculture

The DA through its bureaus, service offices, attached agencies, and regional field units concerns with CFAs shall:

6.1. Identify priority areas for extension and assess program/project based on the general criteria in consultation with the LGUs

6.2. Provide assistance through a CFA and monitor compliance to the co-financing agreement

6.3. Approve program/project proposals submitted by the LGUs subject to their respective delegated authority

6.4. Approve program/projects submitted by the LGUs subject to their respective delegated authority.

6.5. Assist in the implementation of the AFE programs and projects

6.6. Conduct monitoring and evaluation in the implementation of CFA.

Section 7.0 The Local Government Units shall:

7.1 Develop AFE program/project proposals and identify the areas for co-financing

7.2. Implement the AFE program/project with the DA

7.3. Enter a Memorandum of Agreement with the DA

7.4. Monitor the progress of the project implementation and submit regular reports of funds utilization

7.5 Provide counterpart fund, staff complement, services, and/or facilities as required by the co-financing scheme with the DA to support local AFE programs and projects

ARTICLE V

ELIGIBILITY REQUIREMENTS FOR CO-FINANCING COLLABORATIVE EXTENSION PROJECTS

Section 8.0 AFE Program/Project eligible for funding under the CFA:

- 8.1. Supports the national and regional priority programs as embodied in the Agriculture and Fisheries Modernization Plans (AFMPs) and/or AFE plans and the LGU's Medium Term Development Plan.
- 8.2. Correspond to a municipality, city, and/or province-wide coverage.
- 8.3. Supports the priority commodities or economic activities in the area.
- 8.4. Adopts environmentally sound technologies and addresses vulnerability, risks, and impact of climate change and implements climate risk adaptation and mitigation and coping mechanism for the sustainability of the environment and the ecosystem.
- 8.5. Includes participation of farming household, women, youth, and marginalized groups
- 8.6. Benefits the customers/clients of the AFE sector under any or a combination of the following services:
 - 8.6.1 Training services
 - 8.6.2 Farm and business advisory services
 - 8.6.3 Technology demonstration services
 - 8.6.4 Information, Communication, and Communication Support Services
- 8.7. Assures a rational share of the LGU counterpart to the project cost that shall be committed officially by the Sangguniang Bayan/Panglungsod/Panlalawigan and through a certificate of the availability of funds signed by the Mayor/Governor.

ARTICLE VI

ASSESSMENT PROCEDURE IN THE AVAILMENT OF CO-FINANCING COLLABORATIVE EXTENSION PROJECTS (CFCEP)

Section 9.0 Committees shall be created to facilitate the CFA implementation

- 9.1. Project Proposal Evaluation Committee – an AFE program/project review and awards committee shall be created in each individual DA agency to evaluate the proposal submitted.
- 9.2. All program/project proposals approved and endorsed by the Local Chief Executives, as well as those from the DA national and regional agencies, shall pass the project proposal evaluation committee prior to its approval

Section 10. Availment Process. The following shall be the procedure in the availment of co-financing collaborative extension projects.

- 10.1. The concerned DA agency shall disseminate information on the availability of CFCEP among the local government units.
- 10.2. LGU-led collaborative AFE program/project adopted and endorsed by the local Sangguniang Bayan/Panglungsod/Panlalawigan shall be submitted by the Local Chief Executive to the DA respective agencies based on the criteria stated in Article V.
- 10.3. Program/Project proposal shall be submitted in hard copy and electronic copy.

ARTICLE VII

CO-FINANCING SCHEME

Section 11.0 The Co-financing/Cost-sharing Policy

An equitable financing scheme is hereby devised to allow for a more rational basis of providing support to the implementation of local extension program/project of the LGUs. The scheme shall take into consideration the income class of the province, cities, and municipalities (i.e. 1st class, 2nd class and up to 6th class), based on the latest classification of the Local Government Unit provided by the Bureau of Local Government Finance of the Department of Finance (DOF-BLGF). The cost-sharing scheme is as follows:

Income Class of LGU	Cost Sharing Percentage	
	DA	LGU (Prov/City/Mun)
5th – 6th Class	80%	20%
3rd – 4th Class	60%	40%

2nd Class	40%	60%
1st Class	20%	80%

Eligible expenditures for the grant shall only be the direct cost of the extension program/project. Direct cost covers the provision of inputs for the implementation of an AFE program/project provided the inputs are in support to the four extension categories considered in this guideline such as training services, farm, and business advisory services, technology demonstration services, and information, education, and communication support services. Such inputs could be in the form of:

- a. Supplies and materials
- b. Farm inputs such as seeds, fertilizers, pesticides, livestock, fingerlings, etc.
- c. Farm or training equipment like computer, LCD, and others
- d. Small-scale infrastructure, i.e. swine/poultry/small ruminants housing, and small water system.

Salaries of the extension works shall not form part of the project cost but shall be the counterpart of the respective local government of the province, city, and municipalities covering the program/project.

Section 12. Funding Source

In support of the government's policy of providing assistance in financing the devolved activities of the LGUs, the DA shall provide financial assistance or other forms of support for the implementation of AFE programs/projects.

It is provided in Section 93 of RA 8435 that extension activities shall be supported by the following fund sources:

- a. Allocation of multi-year budgets that shall be treated as grants;
- b. The budget for agriculture and fisheries extension service shall be at least one percent (1%) of the gross value added (GVA)

Funds needed to carry out the AFE programs/projects shall be sourced out from and be a part of the regular budget of the participating DA agencies.

However, apart from the budget support provided by the DA, the LGU should be able to provide its shared counterpart in the form of manpower or field personnel, soil and water laboratory services, other facilities such as training venue, drying facilities, warehouses and storages, and other extension support services and/or materials.

Section 13. Fund Releases and Protocols

The extension support funds shall be downloaded to the participating LGUs to augment local funding for the implementation of extension program/project and shall be released in three tranches as follows:

1st tranche – upon signing of the MOA

2nd tranche – mid-year program plan implementation and upon submission of required reports

3rd tranche – upon submission of terminal reports

The amount of releases depends on the project cost and duration and will be based on the Work and Financial Plan and Cash Program submitted by the LGU. The approving body, after the evaluation, shall determine the percentage releases for each tranche.

Fund utilization and disbursements by the concern DA agency shall be subject to the usual accounting rules and regulations.

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