

# MATCHING GRANT PROCUREMENT GUIDELINES RAPID GROWTH PROJECT

MAY 2025

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## I. Purpose

The purpose of this simplified Matching Grant procurement guidelines is to streamline procurement processes, enhance efficiency, ensure transparency, and promote compliance with relevant regulations. These guidelines aim to provide transparent, accessible, and standardized procedures that facilitate the timely acquisition of goods and services, reduce administrative burden, and support effective matching grant implementation.

## II. Scope and Coverage

This Guidelines shall apply to all procurements to be undertaken by Farmer Organizations, Cooperatives and MSMEs under the Matching Grant component of RAPID Growth Project regardless of counterpart or contributions.

## III. Governing Principles

### 3.1 General principles for procurement responsibilities<sup>1</sup>

The borrower/recipient has the primary responsibility for procurement and its management, whereas IFAD has a fiduciary responsibility to ensure that its proceeds and the funds it administers are used solely for the intended purposes stated in the applicable financing agreement(s), as well as to ensure that its own financing or the financing it administers is not used to finance illegal acts connected with money-laundering and terrorist financing.

The borrower/recipient is legally and operationally in charge of all purchasing transactions for a project, utilizing IFAD proceeds for these purposes.

IFAD's fiduciary responsibility is exercised through oversight and advisory roles. In this latter role, IFAD promotes capacity-building to achieve economy, efficiency and social equity, primarily through its support activities

### 3.2 Procurement Principles<sup>2</sup>

#### A. Ethics

1. No person or entity shall use, or attempt to use, his, her or its authority, position or office for personal gain or interest, which is defined as soliciting, accepting or otherwise benefiting from anything of material value in any form,<sup>3</sup> either in person or indirectly through close relatives or associates, in connection with IFAD financed operations.
2. Officials of the Borrower/Recipient engaged in any project procurement activity have a duty to enhance the reputation of the Borrower/Recipient by:
  - (i) Maintaining the highest standards of honesty and integrity in all professional relationships;
  - (ii) Developing the highest standards of professional ethics;
  - (iii) Maximizing the use of IFAD financing and other resources for the purposes for which they were provided to the Borrower/Recipient country;

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<sup>1</sup> 2020 IFAD Procurement Handbook, 11

<sup>2</sup> IFAD Project Procurement Guidelines, 6-8

- (iv) Providing information in the course of their duties that shall be true, fair and not designed to mislead;
- (v) Complying with both the letter and the spirit of:
  - The financing agreement;
  - The laws and regulations of the Borrower/Recipient country;
  - Professional ethics; and
  - Contractual obligations.

## B. Accountability

1. The Borrower/Recipient is accountable to IFAD for all actions and decisions in connection with project procurement activities. This includes, but is not limited to ensuring:
  - (i) That financing is used solely for the purpose for which it was provided;
  - (ii) That procurement is undertaken in accordance with these Guidelines; and
  - (iii) Full compliance with the Social, Environmental and Climate Assessment Procedures

## C. Competition

1. All project procurement activities shall be based on full, fair and legitimate competition among eligible suppliers and contractors.
2. The Borrower/Recipient must promote competition throughout the procurement process and may be required to provide evidence of:
  - i. Fair and genuine competition in the compilation of shortlists and solicitation of bids; and
  - ii. The effectiveness of competition during the entire process.
3. Single sourcing and direct contracting do not provide the degree of competition required by IFAD and will be considered only in exceptional cases.

## D. Fairness

1. Project-funded procurement will be open to as many eligible bidders as reasonable in order to comply with the principles and requirements of competition.
2. Striving for fairness in its procurement operations, IFAD will not tolerate exclusion, discrimination, bias, prejudice, favouritism or unequal treatment of any potential supplier or contractor, either directly or indirectly, through manipulation of any part of the procurement process, including (but not limited to) the preparation of technical specifications, evaluation criteria or bidding requirements. Where any such activity is suspected or proven, IFAD reserves the right to take any preventive, corrective or remedial action allowed under IFAD's legal and operational framework, as it considers appropriate.

## E. Transparency

The highest degree of transparency and openness will be applied in all IFAD procurement processes. A lack of transparency will be perceived as an attempt to withhold information, which in turn may compromise the fairness and integrity of the procurement process.

## F. Efficiency, effectiveness and economy

The Borrower/Recipient will be required to demonstrate efficiency and economy regarding the implementation of project procurement activities in order to avoid implementation delays and to maximize value for money.

## G. Best value for money

1. Every Borrower/Recipient should seek to obtain the best value for money for all project procurement activities by:
  - (i) Applying sound, internationally recognized procurement principles;
  - (ii) Ensuring that the goods, works or services procured meet the requirements of the activity;
  - (iii) Ensuring that the goods, works or services are contracted on the best possible terms, taking into account their expected life cycle; and
  - (iv) Ensuring that the provider of the goods, works or services is qualified, legally entitled and competent to enter into and execute the contract.

## IV. Prohibition of Conflict of Interest

To maintain the integrity, fairness, and transparency of the procurement process by preventing any actual, perceived, or potential conflicts of interest among personnel involved in procurement activities, the following prohibited conduct must be observed in the procurement process of the Project Beneficiary:

### 4.1 Prohibited Conduct

Individuals from the Project Beneficiary must not:

- (i) Accept gifts, hospitality, or any form of benefit from bidders, suppliers, or contractors.
- (ii) Use confidential procurement information for personal gain or to benefit a third party.
- (iii) Participate in the evaluation, selection, or management of contracts where a conflict of interest exists.
- (iv) Hold any financial interest or personal relationship (by consanguinity or affinity up to the third civil degree) with a bidder or vendor that could affect procurement decisions.
- (v) Alter evaluation criteria to benefit a preferred bidder or consults for a vendor or supplier who is bidding on contracts.

### 4.2 Duty to Disclose

All individuals involved in the procurement process are required to disclose any actual or potential conflict of interest. This includes any relationship or interest that may reasonably be perceived as compromising their impartiality.

## V. Procurement Planning

Planning for the proposed investment or intervention starts from the preparation of the Business Improvement Plan (BIP) which are contained in the Approved Detailed Investment Plan (DIP). The proposed investment or interventions should be carefully assessed through the Enterprise Diagnostic Tool (EDT) to ensure the appropriateness of the strategic investment for the improvement of business operations of the beneficiary/s. The BIPs and Strategic Investment Plans (SIPs) shall contain details of the intervention including specific items and a well-considered cost of the proposed investment. At all times, cost should be a product of a thorough market analysis/ market scoping with considerations of factors including the timing of approval of the investment and the actual fund download from the project.

Only those items in the approved BIP/DIP which are found to be viable and aligned with the project's policies and objectives shall be considered for funding under the Matching Grant.

## VI. Technical Specification, Statement of Requirements, and Scope of Works

Specifications and Scope of Works of the proposed investment shall be consistent with Part 4, Table 4.1 of the accomplished EDT (Accomplished EDT is the Business Improvement Plan of a DIP Beneficiary). These specifications should be carefully identified and backed-up by price quotations or screenshots/scanned copies of actual price catalogues to ensure accuracy of programmed costs.

**Table 4.1 Proposed Productive Investments (Equipment, Tools, and Facilities)**

Productive Investments	Specifications	Total Cost	RAPID Matching Grant	Counterpart
<b>Total</b>				

### A. Technical Specifications/ Statement of Requirements

The development of a technical specification/ statement of requirement is applicable for the procurement of processing equipment, logistics and transportation equipment and farm inputs. Beneficiaries are responsible for the initial draft of the specifications/ requirements but are encouraged to seek technical advice from external sources if they lack the required technical expertise.

#### A.1) Different types of specifications:

- (i) **Performance** specification describes:
  - what the item should do;
  - the measurable performance of the item;
  - the qualities of the item.
- (ii) **Functional** specification describes:
  - the general functions of the item – what it is and how it is to be used;
  - a common name for the item;
  - a generic item.

- (iii) **Technical (or “design”)** specification includes:
  - a full description of the technical and physical characteristics of each element
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## B. Scope of Works

The development of Scope of Works is applicable for the procurement of post-harvest and processing facilities. Preparation of the Scope of Works should begin with a general, summary description of the requirement (e.g. construction of storage warehouse, all-weather dryer facility) taken from Table 4.1 of the Enterprise Diagnostic Tool (EDT). A Program of Works, Bill of Quantities (BOQ), and technical drawing shall also be attached to help define the works required by the beneficiary. Even if not fully developed, construction drawings must show sufficient detail to understand the type of work and its degree of complexity so it can be priced appropriately and accurately.

**The overall scope of works should provide:**

- (i) a description of the works;
- (ii) approximate quantities of major items;
- (iii) background and the aim of the works, where appropriate;
- (iv) the objectives of the works required, where appropriate.

## VII. Recommended Procurement Functions and Signatories

Documents/ Process	MSMEs	Farmer Organization	
		Associations	Cooperatives
1. Technical Specifications	<p><b>Sole Proprietorship.</b> Preparer and Approver: Proprietor</p> <p><b>Corporations</b> Preparer: Technical staff/ Manager Approver: President</p>	<p><b>Preparer:</b> Lead Technical Staff or Business Development Officer or General Manager</p> <p><b>Approved by:</b> Chairperson</p>	
2. Purchase Request	<p><b>Sole Proprietorship</b> Preparer and Approver: Proprietor</p>	<p><b>Preparer:</b> Lead Technical Staff or Business Development Officer or General Manager</p>	
3. Request for Quotations	<p><b>Corporations</b> Preparer: Technical staff/ Manager Approver: President</p>	<p><b>Approved by:</b> Chairperson</p>	
4. Composition of Procurement Committee	<p><b>Sole Proprietorship:</b> n/a</p> <p><b>Corporations:</b> Procurement Department</p>	<p>Bids and Awards or Procurement Committees of Fos</p> <p>Recommended members: Chairperson to create the committee composed of 3-5 members coming from the operation, management or BOD Members except Chairperson.</p>	
5. Abstract of Canvas/ Quotation	<p><b>Sole Proprietorship:</b></p>	<p>Prepared and signed by the BAC/Procurement Committee members</p>	

	Prepared and signed by the Proprietor  <b>Corporations:</b> Prepared and signed by the Procurement Department	
6. Recommendation for Award	<b>Sole Proprietorship:</b> Approver: Proprietor  <b>Corporations:</b> Approver: President-	Approver: Chairperson
7. Purchase Order/ Contracts	<b>Sole Proprietorship</b> Preparer and Approver: Proprietor <b>Corporations</b> Preparer: Technical staff/ Manager Approver: President	<b>Preparer:</b> Lead Technical Staff or Business Development Officer or General Manager <b>Approved by:</b> Chairperson
8. Due diligence checklist	To be accomplished by RAPID Staff/Units	
9. Delivery Receipt	To be issued by supplier duly received and inspected by Proprietor	To be issued by supplier duly received and inspected by the General Manager or Chairperson.
10. Inspection and Validation Report	To be accomplished by RAPID Staff/Units and duly countersigned by the Proprietor	To be accomplished by RAPID Staff/Units and duly countersigned by the General Manager or Chairperson.

## VIII. Procurement of Farm Inputs for Expansion

### a. Competitive Procurement of Seedlings and Initial Fertilizer

<b>Definition</b>	Competitive procurement shall be the default method when procuring seedlings and initial basal fertilizer under the Matching Grants for farm expansion. This method includes solicitation of quotations from at least 3 legally, technically and financially capable bidders/suppliers.
<b>Process flow</b>	<pre> graph LR     A[Purchase Request] --&gt; B[Request for Quotation and Advertisement]     B --&gt; C[Abstract of Quotation and Evaluation]     C --&gt; D[Due Diligence by the Project]     D --&gt; E[Purchase Order]     E --&gt; F[Delivery] </pre>

<b>Procedures</b>	<p><b>Step 1. Purchase Request</b></p> <p>(i) The PR shall be prepared by the Project Beneficiary/FO relative to the goods to be procured. All PRs shall be approved by the Board of Directors (BOD) Chairperson of Project Beneficiary/FO. <b><i>PG-Annex 1- PR Template</i></b></p> <p><b>Step 2. Request for Quotation and Advertisement</b></p> <p>(i) The Project Beneficiary/FO shall prepare the RFQ, indicating the specifications, quantity, ABC, and other terms and conditions of the contract. The details in the RFQ shall be consistent with the MGA. The RFQ shall be signed by the BOD Chair or Head of Procurement of the Project Beneficiary/FO</p> <p>(ii) The RFQ shall be advertised for at least 5 calendar days in a conspicuous place within the project beneficiary's premises and through the official social media accounts of the farmer organization and/or through the social media accounts of the PCU/RCU. The PCU shall closely monitor and ensure the Project Beneficiary/FO's compliance of this requirement.</p> <p>(iii) The Project Beneficiary/FO shall send the RFQs to at least three (3) suppliers of known qualifications, and at least three (3) price quotations must be obtained.</p> <p>(iv) The deadline may be extended until the required number of quotations are received. <b><i>PG- Annex 2- RFQ Template</i></b></p> <p><b>Step 3 . Abstract of Quotation and Evaluation</b></p> <p>(i) Upon receipt of at least three (3) quotations within the prescribed deadline, the Procurement Committee of the Project Beneficiary/FO shall prepare an Abstract of Quotations setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest calculated quotation submitted. <b><i>PG- Annex 3- Abstract of Quotations</i></b></p> <p>(ii) The Procurement Committee shall validate the technical, legal and financial capability of the supplier to supply and deliver the goods.</p> <p>(iii) Upon confirmation and ascertainment of such capability, the Procurement Committee shall recommend to the BOD Chairperson through a resolution (<b><i>PG- Annex 4: BOD Resolution Sample Template</i></b>) the award of contract in favor of the supplier with the Lowest Calculated and Responsive Quotation.</p> <p><b>Step 4. Due Diligence by the project</b></p> <p>(i) Before entering into contract with the supplier, the Project Beneficiary/FO shall submit the procurement documents (PR, RFQ, Abstract of Canvass and Resolution to Award) to the PCU to facilitate the conduct of due diligence check. The due diligence check shall be conducted using (<b><i>PG- Annex 5: Due Diligence Form</i></b>). The form focuses on the verification of the technical, financial and legal responsiveness of the recommended winning bidder, ensuring price quotations are based on the prevailing</p>
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	<p>market prices and the absence of actual or potential conflict of interest in the contract to be bid.</p> <p>(ii) The VCF shall assist and closely monitor the entire procurement process of the beneficiary while the Provincial Project Coordinator (PPC) and the Regional Procurement Assistant (PA) shall conduct the Due Diligence check. The VCF shall not participate in the conduct of Due Diligence check to ensure check and balance of the process. The PPC and PA may from time-to-time request clarification from the FO should there are areas in the procurement process that require additional information.</p> <p>(iii) After the conduct of due diligence and confirming the supplier's compliance, the PCU through the PD shall officially communicate to the Project Beneficiary/FO the result of due diligence checks and provide clearance to proceed with contracting. <b><i>PG- Annex 6: Clearance from PCU/PD Template</i></b></p> <p><b>Step 5. Purchase Order</b></p> <p>(i) Upon receipt of result of due diligence check and clearance from the PCU, the Project Beneficiary/FO shall immediately enter into contract with the supplier through the issuance of Purchase Order signed by the BOD Chairperson. <b><i>(PG- Annex 7: Purchase Order Template)</i></b></p> <p>(ii) The Project Beneficiary/FO shall then conduct a levelling-off session with its selected supplier and agree on the details of the Delivery Plan which was prepared in advance by the FO after the conduct of the DIP Implementation Session. Once the supplier agrees to the details of the Delivery Plan <b><i>(PG- Annex 8: Delivery Plan)</i></b>, a Purchase Order to the winning supplier shall be issued. The Project Beneficiary/FO shall also prepare the list of recipients <b><i>(PG- Annex 9: List of Recipients Template)</i></b> appropriate to the Purchase Order.</p> <p>(iii) The farmer organization shall ensure that contract PO includes delivery schedule and shall be signed received by the supplier with date of receipt indicated on the received copy.</p> <p><b>Step 6. Delivery</b></p> <p>(i) Delivery of seedlings and fertilizers should be closely monitored by the beneficiary and the PCU through the VCF. Delivery should be checked for key aspects to ensure the integrity and accuracy of the delivery. These include verifying the quantity and quality of the delivered goods. <b><i>(PG- Annex 10: Delivery Receipt)</i></b></p> <p>(ii) Conduct of due diligence on the part of the RAPID Implementing Units is imperative in the actual utilization and implementation of the Matching Grants. Accordingly, all PCUs are required to validate the delivery, inspection, and acceptance of the goods and/or services by the Project Beneficiaries. <b><i>(PG- Annex 11: Inspection and Validation Report Template)</i></b></p>
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## b. Community Participation- Community Based Nursery

<b>Definition</b>	<b>Community Participation</b> <sup>3</sup> . Where, in the interest of project sustainability or to achieve certain specific social objectives, it is desirable in selected projects, or its components, to call for participation of local communities through Community or Social Groups, or members thereof in the delivery of Goods.
<b>Condition</b>	<ol style="list-style-type: none"> <li>1. The use of Community Participation as a method of procurement should be considered:             <ol style="list-style-type: none"> <li>(i) When there is greater economy and efficiency in procurement through lower transport costs, quality of inputs, and timely availability of materials at the point of use.</li> <li>(ii) Generation of employment and economic opportunities in the community.</li> </ol> </li> <li>2. When informal community groups are brought in to act as suppliers that will undertake the provision and delivery of goods, their institutional capacity needs to be examined and evaluated. The following areas should be addressed during due diligence check.             <ol style="list-style-type: none"> <li>(i) Organizational capacity of the group</li> <li>(ii) Rules of operation</li> <li>(iii) Accountability of group leaders</li> <li>(iv) Ability to contract</li> </ol> </li> <li>3. The basic principles of competition, transparency and fairness need to be balanced with the advantages of community participation.</li> </ol>
<b>Process flow</b>	<pre> graph TD     A[Project beneficiary to submit request and justification to the project to resort into Community Participation procurement] --&gt; B[Project's Assessment of the Request]     B --&gt; C[Due Diligence and validation by the project of the community's capacity to deliver]     C --&gt; D[BOD Resolution]     D --&gt; E[Delivery]             </pre>
<b>Procedures</b>	<ol style="list-style-type: none"> <li>1. The Project Beneficiary/FO shall submit a request letter and a justification to the PCU indicating that the Community Participation will be undertaken instead of competitive procurement. The justification shall address the conditions outlined in this guideline to resort into Community Participation.</li> <li>2. The PCU shall assess the request and conduct due diligence and validation by the project of the community's capacity to deliver. The validation process must assess and document the following: <b>(PG- Annex 5: Due Diligence Form)</b> <ol style="list-style-type: none"> <li>a) Presence of at least one documents or certification from relevant government offices evidencing that the organization/community is technically capable of seedlings production. Government offices include but not limited to DA, DENR, BPI, DAR, Municipal Agriculture Office, PAGRO, and others.</li> </ol> </li> </ol>

<sup>3</sup> Updated 2016 Revised IRR of RA9184, as of July 19, 2024, 374

	<ul style="list-style-type: none"><li>b) Validation of physical facilities and equipment needed to produce the volume of seedlings as approved in the DIP.</li><li>c) Validation of financial capacity of the Project Beneficiary/FO in funding the production of seedlings (release of Matching Grant shall only be granted after the delivery of seedlings to the individual farmer-beneficiaries).</li><li>d) The PCU shall ensure that the prices are based on the prevailing market prices.</li></ul> <p>3. After the validation process of the PCU, and if the project beneficiary/FO is found qualified, the PCU shall issue an official communication to the Project Beneficiary/FO providing clearance to proceed with Community Participation procurement. <b>(PG-Annex 6: Clearance from PCU/PD Template)</b></p> <p>4. Upon receipt of clearance from the PCU, the Project Beneficiary/FO shall immediately issue a notarized Board Resolution outlining its commitment to deliver the required goods.</p> <p>5. Delivery:</p> <ul style="list-style-type: none"><li>(i) Delivery of seedlings and fertilizers should be closely monitored by the beneficiary and the PCU through the VCF. Delivery should be checked for key aspects to ensure the integrity and accuracy of the delivery. These include verifying the quantity and quality of the delivered goods. <b>(PG-Annex 10: Delivery Receipt)</b></li><li>(ii) Conduct of due diligence on the part of the RAPID Implementing Units is imperative in the actual utilization and implementation of the Matching Grants, thus, all PCUs are required to validate the delivery, inspection, and acceptance of the goods and/or PG- Annex 11: Inspection and Validation Report Template services by the Project Beneficiaries. <b>(Annex 11: Inspection and Validation Report Template)</b></li></ul>
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## IX. Procurement of Processing Equipment, Logistics and Transportation Equipment

### a. Locally sourced

<b>Definition</b>	Competitive procurement shall be the default method when procuring Equipment and Logistics and Transportation Equipment. This method includes solicitation of quotations from at least 3 legally, technically and financially capable bidders/ suppliers.
<b>Process flow</b>	<pre> graph LR     A[Purchase Request] --&gt; B[Request for Quotation]     B --&gt; C[Abstract of Canvass]     C --&gt; D[Due Diligence by the Project]     D --&gt; E[Purchase Order]     E --&gt; F[Delivery]       </pre>
<b>Procedures</b>	<p><b>Step 1. Purchase Request</b>          The PR shall be prepared by the Project Beneficiary/FO/MSME relative to the goods to be procured. All PRs shall be approved by the proprietor/ BOD Chairperson of Project Beneficiary/FO/MSME. <b><i>PG-Annex 1- PR Template</i></b></p> <p><b>Step 2. Request for Quotation and Advertisement</b></p> <ul style="list-style-type: none"> <li>(i) The Project Beneficiary/FO/MSME shall prepare the RFQ, indicating the specifications, quantity, ABC, and other terms and conditions of the contract. The RFQ shall be signed by the Proprietor or Head of Procurement of the Project Beneficiary/FO/MSME. <b><i>PG- Annex 2- RFQ Template</i></b></li> <li>(ii) The RFQ shall be advertised for at least 5 calendar days in a conspicuous place within the project beneficiary’s premises and through the official social media accounts of the farmer organization and/or through the social media accounts of the PCU/RCU. The PCU shall closely monitor and ensure the Project Beneficiary/FO’s compliance of this requirement.</li> <li>(iii) The Project Beneficiary/FO/MSME shall send the RFQs to at least three (3) suppliers of known qualifications, and at least three (3) price quotations must be obtained.</li> <li>(iv) The deadline may be extended until the required number of quotations are received.</li> </ul>

### Step 3. Abstract of Quotation and Evaluation

- (i) Upon receipt of at least three (3) quotations within the prescribed deadline, the Proprietor or the Procurement Committee of the Project Beneficiary/FO/MSME shall prepare an Abstract of Quotations setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest calculated quotation submitted. ***PG- Annex 3- Abstract of Quotations***
- (ii) The Proprietor/Procurement Committee shall validate the technical, legal and financial capability of the supplier to supply and deliver the goods.
- (iii) Upon confirmation and ascertainment of such capability, the Procurement Committee, in case of Coops and Associations shall recommend to the BOD Chairperson through a resolution, the award of contract in favor of the supplier with the Lowest Calculated and Responsive Quotation. In case of MSMEs, the proprietor shall indicate in the Abstract of Quotation the winning supplier and the grounds thereof.

### Step 4. Due Diligence by the project

- (i) Before entering into contract with the supplier, the Project Beneficiary/FO shall submit the procurement documents (PR, RFQ, Abstract of Canvass and Resolution to Award) to the PCU to facilitate the conduct of due diligence check. The due diligence check shall be conducted using (***PG- Annex 5: Due Diligence Form***). The form focuses on the verification of the technical, financial and legal responsiveness of the recommended winning bidder, ensuring price quotations are above board and based on the prevailing market prices and the absence of actual or potential conflict of interest in the contract to be bid.
- (ii) The VCF shall assist and closely monitor the entire procurement process of the beneficiary while the Provincial Project Coordinator (PPC) and the Regional Procurement Assistant (PA) shall conduct the Due Diligence check. The VCF shall not participate in the conduct of Due Diligence check to ensure check and balance of the process. The PPC and PA may from time-to-time request clarification from the FO should there are areas in the procurement process that require additional information.
- (iii) After the conduct of due diligence and confirming the supplier's compliance, the PCU shall officially communicate to the Project Beneficiary/FO/MSME the result thereof and provide clearance to proceed with contracting. ***PG- Annex 6: Clearance from PCU/PD Template***

### Step 5. Purchase Order

- (i) Upon receipt of result of due diligence check and clearance from the PCU, the Project Beneficiary/FO/MSME shall immediately enter into contract with the supplier through the issuance of Purchase Order signed by the BOD Chairperson or by the proprietor. ***PG- Annex 7: Purchase Order Template***
- (ii) The Project Beneficiary/FO/MSME shall then conduct a levelling-off session with its selected supplier and agree on the details of the Delivery Plan which was prepared in advance after the conduct of the DIP Implementation

	<p>Session. Once the supplier agrees to the details of the Delivery Plan, a Purchase Order to the winning supplier shall be issued. <b>PG- Annex 8: Delivery Plan</b></p> <p><b>Step 6. Delivery</b></p> <p>(i) Delivery should be closely monitored by the Project Beneficiary/FO/MSME and the PCU through the VCF. Delivery should be checked for key aspects to ensure the integrity and accuracy of the delivery. These include verifying the quantity and quality of the delivered goods. <b>PG- Annex 10: Delivery Receipt</b></p> <p>(ii) Conduct of due diligence on the part of the RAPID Implementing Units is imperative in the actual utilization and implementation of the Matching Grants, thus, all PCUs are required to validate the delivery, inspection, and acceptance of the goods and/or services by the Project Beneficiaries. <b>PG- Annex 11: Inspection and Validation Report Template</b></p>
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## b. Internationally sourced or from Online Retailer or E-Commerce Platform

<b>Condition</b>	<p>Project Beneficiaries/FOs/MSMEs may directly procure the proposed investment from an international supplier or from online retailer or e-commerce platform. While global markets provide a broader range of equipment, including highly specialized machinery tailored to niche industries or processes, payment arrangement may not be as flexible as that of local suppliers. As a general condition of the Matching Grant, payment shall only be made once goods/items are completely and sufficiently delivered, except for construction of post-harvest and processing facilities.</p> <p>Should the beneficiary opt for the procurement or outsourcing the proposed equipment from international supplier or from online retailer or e-commerce platform, the following conditions must be considered:</p> <p>(i) The equipment/machine to be procured shall be consistent with the approved item/s in the Matching Grant Agreement.</p> <p>(ii) The cost of the equipment or machinery shall be within the approved Matching Grant amount. Should there be an excess in the overall cost of the equipment/machine including customs, shipping and other cost, the beneficiary shall cover such excess.</p> <p>(iii) The beneficiary must have the financial capacity to initially pay for the equipment/machine;</p> <p>(iv) Equipment/machine shall be fully delivered and functional before a refund to the beneficiary will be made through reimbursement from the Matching Grant fund.</p>
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<p><b>Process flow</b></p>	<pre> graph TD     A[Beneficiary to submit Letter of Intent to the PCU] --&gt; B[PCU's review of the request]     B --&gt; C[Direct Procurement by the beneficiary]     C --&gt; D[Delivery]     D --&gt; E[Reimbursement from the Matching Grant Fund]   </pre>
<p><b>Procedures</b></p>	<ol style="list-style-type: none"> <li>1. Beneficiary shall submit a request letter (<b><i>PG- Annex 12: Letter Request Template</i></b>) to the project indicating that the proposed investment will be directly procured from an international supplier or from an online retailer or e-commerce platform. The following documents shall be attached to the request:       <ol style="list-style-type: none"> <li>(i) Supplier's profile (screenshot from the website will suffice)</li> <li>(ii) Brochures and specification of the item/s offered by the supplier to be procured by the beneficiary.</li> <li>(iii) Quotation or cost of the item/s including shipping cost.</li> <li>(iv) Delivery timeline of the supplier.</li> </ol> </li> <li>2. The PCU shall review the request, conduct due diligence and ensure the following areas are addressed:       <ol style="list-style-type: none"> <li>(i) The beneficiary has the capacity to pay for the item/s in advance.</li> <li>(ii) That the beneficiary will procure from known and reputable sources;</li> <li>(iii) Specifications are aligned with the approved investment in the Matching Grant Agreement;</li> <li>(iv) The supplier will issue invoices compliant with the rules of the BIR or other acceptable documents evidencing delivery and payment.</li> <li>(v) The supplier will issue a warranty certificate related to the machine/equipment to be purchased.</li> </ol> </li> <li>3. Once reviewed and cleared from PCU, the PCU through the Provincial Director shall issue clearance (<b><i>PG- Annex 6: Clearance from PCU/PD Template</i></b>) to the beneficiary to proceed with direct procurement.</li> <li>4. Upon receipt of clearance from the PCU, the beneficiary shall immediately facilitate the completion of procurement.</li> <li>5. Delivery       <ol style="list-style-type: none"> <li>(i) Delivery should be closely monitored by the beneficiary and the PCU through the VCF. Delivery should be checked for key aspects to ensure the integrity and accuracy of the delivery. These include verifying the quantity and quality of the delivered goods.</li> <li>(ii) Conduct of due diligence on the part of the RAPID Implementing Units is imperative in the actual utilization and implementation of the Matching Grants, thus, all PCUs are required to validate the delivery, inspection, and acceptance of the goods and/or services by the Project Beneficiaries <b><i>PG- Annex 11: Inspection and Validation Report Template</i></b></li> </ol> </li> </ol>

(iii) The Inspection and Validation Report to be accomplished by the PCU's VCF shall prompt the R/PCUs to approve the Authority to Debit Form which will be attached to the Notification to Pay to LBP from the DTI Regional/Provincial Director.

(iv) Reimbursement Procedure:

a) If 100% of the MG fund is utilized for this purpose, DTI may recommend for the un-tagging of the beneficiary's bank account so the beneficiary can directly withdraw from the MG bank account; or

b) PD to issue notification to the bank allowing the beneficiary to withdraw up to actual amount of the machine/equipment procured by the beneficiary. Actual amount shall include logistic cost from the shipping point to the beneficiary's designated location. In this case, the sales invoice from the supplier and logistics receipt related to the equipment/machine shall form part of the total amount. The following documents shall be attached to the notification to pay:

- (i) Sales Invoice
- (ii) Delivery receipt
- (iii) Inspection and Validation Report
- (iv) Warranty Certificate
- (v) Logistic receipt

## X. Procurement of Facilities

<b>Definition</b>	Competitive procurement shall be the default method when procuring contractors for the construction of post-harvest and processing facilities. This method includes solicitation of quotations from at least 3 legally, technically and financially capable bidders/ contractors.
<b>Process flow</b>	<pre> graph LR     A[Purchase Request] --&gt; B[Request for Quotation and Advertisement]     B --&gt; C[Abstract of Quotation and Evaluation]     C --&gt; D[Due Diligence by the Project]     D --&gt; E[Contract Agreement/ Job Order]     E --&gt; F[Delivery]       </pre>
<b>Procedures</b>	<p><b>Step 1. Purchase Request</b>          The PR shall be prepared by the Project Beneficiary/FO/MSME relative to the facilities for construction. All PRs shall be approved by the Proprietor of the MSME or BOD Chairperson of the FO. <b><i>PG-Annex 1- PR Template</i></b></p> <p><b>Step 2. Request for Quotation and Advertisement</b></p> <ul style="list-style-type: none"> <li>(i) The Project Beneficiary/FO shall prepare the RFQ, with attached Program of Works, Bill of Quantities (BOQ), technical drawing and other terms and conditions of the contract. The details in the RFQ shall be consistent with the Matching Grant Agreement (MGA). The RFQ shall be signed by the MSME or BOD Chair or Head of Procurement Committee in case of FO. <b><i>PG- Annex 2- RFQ Template</i></b></li> <li>(ii) The RFQ shall be advertised for at least 5 calendar days in a conspicuous place within the project beneficiary's premises and through the official social media accounts of the farmer organization and/or through the social media accounts of the PCU/RCU. The PCU shall closely monitor and ensure the Project Beneficiary/FO's compliance of this requirement.</li> <li>(iii) The Project Beneficiary shall send the RFQs to at least three (3) contractors of known qualifications, and at least three (3) price quotations must be obtained.</li> <li>(iv) The deadline may be extended until the required number of quotations are received.</li> </ul> <p><b>Step 3. Abstract of Quotation and Evaluation</b></p> <ul style="list-style-type: none"> <li>(i) Upon receipt of at least three (3) quotations within the prescribed deadline, the Project Beneficiary shall prepare an Abstract of Quotations (<b><i>PG- Annex</i></b></li> </ul>

**3- Abstract of Quotations)** setting forth the names of those who responded to the RFQ, their corresponding price quotations, and the lowest calculated quotation submitted.

- (ii) The Project Beneficiary shall validate the technical, legal and financial capability of the contractor.
- (iii) Upon confirmation of the contractor's responsiveness, the Procurement Committee shall recommend to the BOD Chairperson through a resolution (**PG- Annex 4: BOD Resolution Sample Template**), the award of contract in favor of the contractor with the Lowest Calculated and Responsive Quotation. In case of MSMEs, the beneficiary shall indicate in the Abstract of Quotation the winning contractor.

#### **Step 4. Due Diligence by the project**

- (i) Before entering into contract with the contractor, the Project Beneficiary/FO shall submit the procurement documents (Program of Works, PR, RFQ, Abstract, Recommendation to Award) to the PCU to facilitate the conduct of due diligence check. The due diligence check shall be conducted using the **PG- Annex 5: Due Diligence Form**. The form focuses on the verification of the technical, financial and legal responsiveness of the recommended winning bidder, ensuring price quotations are above board and based on the prevailing market prices and the absence of actual or potential conflict of interest in the contract to be bid.
- (ii) The VCF shall assist and closely monitor the entire procurement process of the beneficiary while the Provincial Project Coordinator (PPC) and the Regional Procurement Assistant (PA) shall conduct the Due Diligence check. The VCF shall not participate in the conduct of Due Diligence check to ensure check and balance of the process. The PPC and PA may from time-to-time request clarification from the FO should there are areas in the procurement process that require additional information.
- (iii) After the conduct of due diligence and confirming the contractor's compliance, the PCU through the PD shall officially communicate to the Project Beneficiary the result and provide clearance to proceed with contracting. (**PG- Annex 6: Clearance from PCU/PD Template**)

#### **Step 5. Contract Agreement**

- (i) Upon receipt of result of due diligence check and clearance from the PCU, the Project Beneficiary shall conduct a levelling-off session with its selected contractor for the pre-construction conference. Once both parties agree to the details of the Construction, the Project Beneficiary and the contractor shall enter into Contract Agreement/ Job Order Contract. The contract may allow up to 15% of the project cost as advance payment.

	<p><b>Step 6. Delivery</b></p> <p>(i) Construction of facilities shall be closely monitored by the beneficiary, PCU and NPCO Rural Infra Engineer. Work accomplished should be checked for key aspects to ensure the integrity and accuracy of the construction.</p> <p>(ii) Conduct of due diligence on the part of the RAPID Implementing Units is imperative in the actual utilization and implementation of the Matching Grants, thus, all PCUs are required to validate the delivery, inspection, and acceptance of the goods and/or services received by the Project Beneficiaries. <b><i>PG- Annex 11: Inspection and Validation Report Template</i></b></p>
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## XI. Issuance of Authority to Debit and Notification to Pay (Payment to Suppliers/Contractors)

1. After the validation of the Delivery Receipt and completion of the Inspection and Validation Report by the PCU, the Project Beneficiary shall submit the accomplished **Authority to Debit (PG- Annex 13: Authority to Debit)** to the PCU to facilitate the request for payment to the supplier/contractor. The following documents shall be submitted to the PCU together with the signed Authority to Debit:
  - a) Complete procurement documents
  - b) Signed PO/Contract/Job Order Contract
  - c) Delivery receipt
  - d) Inspection and validation report
  - e) Billing Statement from the supplier/contractor
2. Upon verification of the sufficiency and completeness of the Authority to Debit, the PCU through the Provincial Director shall issue the **Notification to Pay. (PG- Annex 14: Notification to Pay)**
3. The PCU shall endorse the signed Authority to Debit by the Project Beneficiary and the signed Notification to Pay signed by the Provincial Director the transfer of the payment to the supplier/contractor.

## XII. Record keeping

In compliance with **Section 8.01**<sup>4</sup> Implementation Records of RAPID Financing Agreement, the project parties (Project Beneficiaries and the PCUs) shall maintain records and documents adequate to reflect their operations in implementing the Project (including, but not limited to, copies or originals of all correspondence, minutes of meetings and all documents relating to procurement) until the Project Completion Date, and shall retain such records and documents for at least ten (10) years thereafter.

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<sup>4</sup> *RAPID Financing Agreement*, 81

## Annexes:

*PG-Annex 1- PR Template*

*PG- Annex 2- RFQ Template*

*PG- Annex 3- Abstract of Quotations*

*PG- Annex 4: BOD Resolution Sample Template*

*PG- Annex 5: Due Diligence Form*

*PG- Annex 6: Clearance from PCU/PD Template*

*PG- Annex 7: Purchase Order Template*

*PG- Annex 8: Delivery Plan*

*PG- Annex 9: List of Recipients Template*

*PG- Annex 10: Delivery Receipt*

*PG- Annex 11: Inspection and Validation Report Template*

*PG- Annex 12: Letter Request Template*

*PG- Annex 13: Authority to Debit*

*PG- Annex 14: Notification to Pay*