



Omnibus Guidelines of the Matching Grant Fund of RAPID Growth Project

May 2025

RAPID-NPCO

Table of Contents

<i>Definition of Terms</i>	2
<i>Rationale</i>	3
<i>Management of The Matching Grant Pool Fund</i>	4
<i>Matching Grant Availment</i>	5
Eligible Entities, Investments, Eligibility Criteria, and Matching Grant to Counterpart Rates, and Investment Caps	5
Documentary Requirements and Approval Process	7
Conduct of the DIP Implementation Planning Session(s)	9
Transfer of Matching Grants to Project Beneficiaries.....	12
Overall Process of the Availment of RAPID’s Matching Grants.....	14
<i>Changing of Approved Matching Grants for Productive Investments</i>	15
<i>Due Diligence Procedures on the Utilization of Matching Grants</i>	16
Matching Grants to be Implemented by Administration.....	Error! Bookmark not defined.
Matching Grants to be Procured Abroad	Error! Bookmark not defined.
<i>Deadline on the Utilization of Matching Grant after Approval</i>	16
Recovery of Matching Grant Funds and Untagging of Deposit Account of Beneficiary	17
<i>Policy on the Utilization of Excess Amount of Downloaded Matching Grants</i>	17
<i>Untagging of Dedicated Savings Accounts of Project Beneficiaries</i>	19
Definitions	19
Eligibility for Untagging Dedicated Savings Accounts Post-Project	19
Process for Untagging Dedicated Savings Accounts Post-Project	19
Post-Untagging Process.....	19
<i>Monitoring and Evaluation</i>	20
<i>Appendix 1: IFAD’s SECAP Negative List</i>	21
<i>List of Annexes:</i>	23

Definition of Terms

Matching Grant (MG) – is a counterpart funding support intervention extended to a proponent to defray the cost of inputs, whether in full or partial, such as planting materials, machineries and equipment and other facilities needed to improve, enhance, and expand the business operation of the proponent.

Detailed Investment Plan (DIP) – is a plan that proposes and rationalizes the consolidated investment projects or activities to be undertaken by proponent value chain actors (farmer organizations, micro-small and medium enterprises and anchor firms) to capacitate, strengthen and expand a specific value-chain whereby the farmer organizations (with member small farm holdings) can sustainably participate and establish market linkage/s with anchor firm serving as the market center and micro and small enterprises as alternative markets. The proposed productive investment project per farmer organization or enterprise shall also be supported by a business plan or a farm plan.

Business Improvement Plan (BIP) – A business improvement plan is a document that describes in detail a proponent's business objectives, weaknesses, and how it plans to address the latter and achieve its goals with the infusion of additional productive investment and strategic business development and capacity building interventions from the RAPID project and other sources. Using the Project's Enterprise Diagnostic Tool (EDT), the BIP details the needed strategic investments and intervention of the various aspects of the proponent' business operations relative to their function in the value chain such as product competitiveness, organizational governance, production, marketing, financial performance and management, and etcetera.

Regional Technical Working Group (RTWG) – This is a regional collegial body composed of relevant national government agencies (at the regions), i.e, DA, DOST, TESDA, PCIC, PCA, etc .organized and chaired by the Department of Trade and Industry, RAPID implementing regional office, to review, evaluate and approve RSIPs, DIPs and BPs. They also ensure that there are no overlaps and duplications in projects to be implemented.

Matching Grant Pool Fund - refers to pool of funds deposited by the DTI Head Office to accredited depository banks intended to make readily available the matching grant fund for project beneficiary/ies approved project/s.

Matching Grant Agreement (MGA) – principal document to be formalized between the project beneficiary and the Department of Trade and Industry through its concerned Provincial Director stating the productive investments and other interventions specified under the approved DIP and the matching grand amount to be provided by the project. It will also contain commitment by both parties as well as the other provisions inherent to the agreement. (**Annex 1- Matching Grant Agreement Template**)

Rationale

One of the key features of the DTI RAPID Growth Project¹ under the Component of Direct Assistance to Beneficiaries is the provision of conditional Matching Grant (MG). The Matching Grant is a development intervention which aims to support the overall competitiveness of the selected priority industries (cacao, coffee, coconut and processed fruits and nuts) of the RAPID Project and strengthen the capacities of the processes and actors within specific value chains. In particular, it intends to provide the qualified proponents counterpart funding for their productive investments or projects to enable them to increase farm productivity and production capacity, enhance their value-adding operations and activities, and, enhance logistics support. It can be accessed by eligible proponents within the project's covered 21 provinces in Mindanao and Region 8.

The Matching Grant Fund is designed to address market failures & institutional deficiencies in terms of access to financing whereby the rates vary depending on the level of bankability of the proponents. It aims to provide the necessary development intervention to help improve and expand agricultural production, productivity, and quality. It will also facilitate the need to mainstream small farm holdings and farmer groups into bigger value chains and expand their market opportunities. Moreover, the matching grant can serve as incentives to trigger private sector investments.

For this intervention a matching grant fund has been provided by RAPID Project for planting materials and post-harvest facility and equipment as provided for in the DOF-IFAD Financial Agreement.

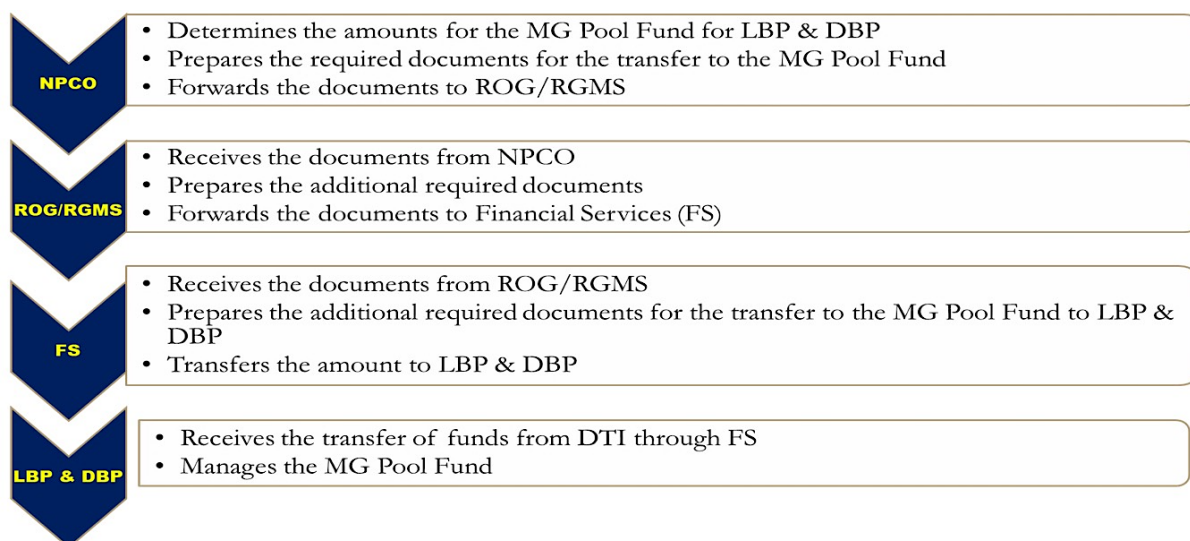
These guidelines will provide the operational framework, definition, procedures and standard documentation and forms to facilitate the process of application, review and evaluation, approval, operational planning and implementation and monitoring of Matching Grant assisted production and productive investments/projects of RAPID beneficiaries.

¹ The DTI- Rural Agro-Enterprise Partnership for Inclusive Development and Growth (RAPID Growth) Project is an International Finance for Agricultural Development (IFAD) assisted project which aims to provide enabling conditions for the **sustained growth of small and micro-enterprises and farmers** in selected agricultural value chains. It adopts a value-chain market driven strategy whereby small farmer producers and micro-small entrepreneurs are linked to bigger value chains.

Management of The Matching Grant Pool Fund

The DTI RAPID Project will make available the Matching Grant Fund taken out from the IFAD loan to potential eligible proponents. The Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP) shall serve as the RAPID Growth Matching Grant Pool Fund depository banks.

For this purpose, DTI shall open savings deposit accounts with LBP and DBP for the matching grant funds. The funds shall be deposited by the DTI – HO to the depository banks in tranches and amounts as may be determined and recommended by the National Project Coordinating Office based on the anticipated requirements of the approved projects in the Detailed Investment Plans (DIP) with the attached Business Improvement Plans (BIP) of the DIP proponents. Below is the process flow for the transfer of MG Pool Fund to the depository banks.



The project beneficiary is required to open a separate and dedicated Savings Account with LBP or DBP through which their matching grant availed of will be deposited. The project beneficiary shall be expected to have their equity counterpart for the project be deposited in said account, as necessary.

The said LBP or DBP account shall then be immediately tagged by the concerned RAPID R/PCU to avoid physical cash withdrawal of the Matching Grant and Cash Counterpart amount by the authorized signatories of the said account. The template of the letter to DBP/LBP for the tagging of accounts is attached herewith as **Annex 2**.

On the other hand, LBP and DPB will also serve as finance service providers for the debt equity financing of the project beneficiary, if needed.

Matching Grant Availment

Eligible Entities, Investments, Eligibility Criteria, and Matching Grant to Counterpart Rates, and Investment Caps

Farmer Organizations (Cooperatives and Associations) within the 21 Provinces covered by the Project		
<p><i>Basic Eligibility Requirements:</i></p> <ul style="list-style-type: none"> ✓ Existing Farmer Organization engaged in agricultural activities under the 4 priority industries of the project with valid certification of registration from CDA/SEC/DOLE ✓ Certified List of Cooperative/Association Members ✓ Business License/Mayor's Permit ✓ BIR Certificate of Registration 		
Eligible Investments	Additional Eligibility Criteria	Matching Grant to Counterpart Rate
High yielding planting material with initial basal fertilizer.	<ul style="list-style-type: none"> • Receiving smallholder farmer should be an active member (regular or associate) of a eligible cooperative or a farmer association within the provinces covered by the project • Receiving smallholder farmer should be the landowner and an actual tiller • Willing and able to provide family labor to undertake the farm expansion • Undergone agroforestry and other soil and water conservation system (SALT Training) and crop related production training 	<p>100%:0% MG Rate for Sloping Areas adopting SALT</p> <p>60%:40% MG rate for Mixed Used Areas and Open Areas</p>
Post-harvest facilities and equipment	<ul style="list-style-type: none"> • The proposed investment's specifications should be able to serve and benefit at least 50% of the FO's farmer-members covered within the scope of the DIP. • Must be able to raise the required Matching Grant Counterpart through internal financing or from access to FSPs <p><i>For Special Target Sectors, at least one of the following criteria is satisfied: (1) At least 45% of the farming members are women; (2) At least 18% of the farming members are youth (18yo-30yo); (3) At least 15% of the farming members are IPs.</i></p>	<p>60%:40%</p> <p>80%:20% for Special Target Sectors</p>
Nursery facilities and equipment		
Manufacturing facilities and equipment		
Transportation/hauling vehicles		
Other facilities/equipment that would increase efficiency of business operations		
Investments for Climate Resiliency / Mitigating Measures	Investments that enhances the climate resiliency of the FOs such as but not limited to water pumps, water storage facilities, practical slope protection investments, ditches, drainages, additional vegetation, and seedlings of tree crops as windbreakers (refer to Appendix 1 for the recommended SECAP Investments for FOs and IFAD's negative list)	80%:20%

Micro, Small, and Medium (\leq PHP 50m assets) Enterprises (MSMEs) from all Regions in the country that directly buy or support/provide services to RAPID-assisted Farmer Cooperatives and Associations

Eligible MSMEs:

- ✓ Processors, Consolidators and Traders
- ✓ Input Suppliers
- ✓ Transport and Logistics Providers
- ✓ Cold Chain Actors
- ✓ Wholesale Distributors and Retailers of processed products under the four (4) priority sectors of the Project

Basic Eligibility Requirements:

- ✓ Existing business with valid business registration and licenses
- ✓ BIR Certificate of Registration
- ✓ With a signed Commercial Partnership Agreement (or any equivalent document that establishes trade partnership) with RAPID-assisted FOs

Eligible Investments	Additional Eligibility Criteria	Matching Grant to Counterpart Rate
Post-harvest and processing/manufacturing facilities and equipment	The proposed investment(s) should contribute to the improvement of the business operations of the enterprise which will sustain the commercial partnership with the RAPID-assisted FOs and smallholder farmers.	40%:60% Micro Ent. \leq PHP 3M assets
Transportation/hauling vehicles		30%:70% Small Ent. 3M \leq PHP 15M assets
Other facilities/equipment that would increase efficiency of business operations		20%:80% Medium Ent. 15M \leq PHP 50M assets
Investments for Climate Resiliency / Mitigating Measures	Investments that reduces the enterprise's carbon footprint and emissions, improve waste management such as renewable energy facilities and equipment, equipment required in producing sustainable packaging materials, water conservation technologies, and etc. (refer to Appendix 1 for the recommended SECAP Investments for MSMEs and IFAD's negative list)	80%:20% for Micro Ent., Small Ent., and Medium Ent.

The Matching Grant Fund of the Project is solely for productive investments indicated in the tables above. **In no case shall the Matching Grant Fund be used for working capital nor for any operating expenses of a DIP beneficiary.**

For all investments to be funded with the Project's Matching Grants, Project beneficiaries are required to provide cash counterpart which may come from various sources, such as:

- ❖ Own Resources – the Project Beneficiary may raise the required equity counterpart from its own financial resources or cash / grants received from other institutions/government agencies.

- ❖ Through Financing – the Project Beneficiary has the option to seek financing from government financial institutions (GFIs) i.e. LBP/DBP or from other private rural financial institutions (RFIs). Process flow of RAPID’s facilitation in accessing loans from LBP for cash counterpart for Matching Grants is attached herewith as **Annex 3**.

To ensure equitable distribution of the Project’s Matching Grant Funds, the table below is the Matching Grant cap for all types of productive investments for the abovementioned eligible entities:

Category	Matching Grant Investment Cap	Estimated Project Cost (for Productive Investments only)
Farmer Cooperatives and Associations	Php 4.0M	Php 6.6M
Micro Enterprises (up to 3M Pesos Asset Size)	Php 1.0M	Php 2.5M
Small Enterprises (3M – 15M Pesos Asset Size)	Php 2.0M	Php 6.6M
Medium Enterprises (15M – 50M Pesos Asset Size)	Php 4.0M	Php 20.0M
Special Target Sectors	Php 4.0M	Php 5.0M

Should the Matching Grant amount for the total proposed investments of a DIP beneficiary exceeds the prescribed investment cap, the DIP beneficiary may only avail the maximum MG amount/cap and shall shoulder the remainder of the total project cost as its counterpart. DIP beneficiaries that have exhausted their Matching Grant Cap may no longer receive additional Matching Grants from the project.

Documentary Requirements and Approval Process

In the interest of further expediting the utilization of the Matching Grant fund considering the remaining project implementation period of the Project, and pursuant to the mandate of the DTI in supporting business enterprises in their development endeavors, the approval process of proposed investments and interventions of the project is modified as described below:

Chronological Order of MG Approval Process	Process Description
<p>Step 1: Initial Profiling and Validation of Value Chain Activities of Potential Matching Grant Proponent</p>	<p>For FOs: Concerned R/PCUs to check the basic eligibility of the potential proponent (FO) such as geographical location, products, and basic profile (Background of the Enterprise in the Enterprise Diagnostic Tool).</p> <p>For MSMEs: Concerned R/PCUs to initially profile the MSME using the Background of the Enterprise in the Enterprise Diagnostic Tool. Then the actual transaction/intention of buying their raw materials from RAPID assisted FOs should be validated. A Commercial</p>

	<p>Partnership Agreement (CPA) would be the strongest means of verification for this validation process. If a CPA would deem disadvantageous for both parties, actual evidence of business transaction between the parties would suffice.</p> <p>For other VC stakeholders (Ancillary VC support actors): Concerned R/PCUs to validate their function, relevance, and purpose in the improvement of the value chain must be validated and documented. The R/PCUs must at least collect their (1) Business/Institutional Profile and (2) a written and signed letter of intent to participate in the RAPID Growth Project highlighting their envisioned role in the improvement of RAPID supported value chains and how can the Matching Grant of the project materialize such vision of the proponent.</p>
--	--

<p>Step 2: Administration of EDT and Updating/Creation of DIP</p>	<p>For FOs and MSMEs: Pursuant to the new documentary requirements to warrant the approval of proposed investments and interventions of the project, the Enterprise Diagnostic Tool (EDT) shall be administered to thoroughly assess the weaknesses, constraints, and appropriate strategic investments and interventions for the improvement of the business operations of the proponent(s). The accomplished EDT as designed in the template provided to the R/PCUs, becomes the Business Improvement Plan (BIP) of the proponent of which will then be submitted to the NPCO for review, assessment, and approval of the proposed investments and interventions of the proponent(s). R/PCUs should prioritize project interventions that are crucial in improving the DIP proponent’s agri-enterprise operations and within the bounds of implementation capacity of their unit(s).</p> <p>Even though the accomplished EDT/BIP will suffice in reviewing and approval of the proposed investments and interventions of the proponent(s) in the interest of an expeditious approval process, the accomplished EDT/BIP will still have to be attached to an existing and approved DIP of a certain R/PCU (if applicable), and such DIP shall then be updated by the concerned R/PCU, to be submitted to the NPCO for knowledge management purposes.</p> <p>Should there be no existing and approved DIP for an accomplished EDT/BIP of a proponent to be attached to, the concerned R/PCU will have to prepare a new DIP for NPCO’s review, assessment, and approval.</p> <p>For VC Ancillary Actors: The process applicable to FOs and MSMEs remain the same, however, instead of using the EDT, these proponents are required to prepare the traditional Business Improvement Plan highlighting their enhanced capacity in serving the primary actors (FOs, SHFs,</p>
--	---

	and MSMEs) of the value chain. The BIP shall also be attached to DIP similar to the EDT-BIPs of FOs and MSMEs.
--	--

<p>Step 3: Conduct of Technical Review of DIPs and BIPs with NPCO</p>	<p>After the official submission of the DIP(s) with duly attached BIP(s) of the DIP proponents/beneficiaries, the concerned R/PCU must schedule the conduct of the technical review of the submitted aforementioned documents with NPCO. This process would result to the approval of the proposed investments and interventions by the NPCO should the DIPs/BIPs are found to be viable and aligned with the project’s policies and objectives. Should the submitted documents require further enhancement, a compliance form shall be prepared for the concerned R/PCU’s compliance. Official approval of the proposed investments and interventions shall come after the full compliance of the R/PCU to the comments and recommendations of the NPCO.</p> <p>The Guidelines on the Technical Review is attached herewith as Annex 4.</p>
--	---

<p>Step 4: Conduct of DIP/BIP Technical Review with Regional Project RTWG</p>	<p>After the conduct of the Technical Review of BIPs with the NPCO, the R/PCU shall now present the DIP/BIP to their Regional Technical Working Group for the latter’s approval and endorsement of the proposed investments and interventions. To expedite the approval and implementation of the investments and interventions, the R/PCUs may proceed with the conduct of the technical review with their respective RTWGs while complying to the comments and suggestions of the NPCO.</p>
--	---

<p>Step 5: Issuance of Official Memorandum on DIP Approval by NPCO</p>	<p>After the conduct of the RTWG Technical Review of BIPs, the R/PCU shall submit a copy of the RTWG endorsement of the DIP/BIPs to NPCO. The fully compliant DIP/BIP with the RTWG’s endorsement shall now warrant the issuance of the NPCO’s official approval of the proposed investments and interventions for immediate implementation.</p>
---	--

For value chain actors availing the Project’s Matching Grants located outside the RAPID-covered regions, the R/PCU that is responsible in facilitating its onboarding (Step 1-4) and roll-out of interventions and Matching Grants is the R/PCU where the direct partner/serviced beneficiaries are located.

Conduct of the DIP Implementation Planning Session(s)

After the RCU has received the official memorandum on the approval of DIP/BIP from NPCO, the R/PCU must immediately proceed with the conduct of the DIP Implementation planning sessions with the concerned DIP proponents to gather needed information and documentary requirements to transfer the Matching Grants to the DIP Proponents.

The DIP Implementation Planning Session is one of the most crucial project implementation activities as it maps out the timelines of implementation of productive investments, business development/capacity building interventions, and other important collaborations with other industry enablers to hasten and amplify the impact of project investments and interventions. In this regard, the R/PCUs are hereby recommended to abide to the following crucial steps of the DIP implementation planning session:

Step 1: Levelling-off and Planning with the DIP's Anchor Firm(s)	
<p>Description: This activity establishes mutual understanding with the DIP's Anchor Firm on the overall strategic investments and interventions for all DIP proponents in the pursuit of the supply chain's upscaling model/direction as detailed in the approved DIP and the attached enterprise level business improvement plans.</p> <p>In this activity, RAPID units are advised to process and validate the following details:</p> <ol style="list-style-type: none"> 1. RAPID's Investments and Interventions for the Anchor Firm as indicated in the approved DIP 2. Timelines and methodology of the implementation of the Investments and Interventions 3. Financing Needs and Plan (for MG counterpart and working capital) 4. Anchor Firm's role in the supply chain upscaling model with emphasis on CPA agreements and commitments (provision of technical assistance, financial assistance, incentives, and etc.) 5. Presentation and discussions on the Risk Assessment and Mitigating Measures in the Business Plan of the Anchor Firm 6. Agreed Roles of Project Stakeholders and Industry Enablers 7. Commencement of the preparation of the following Matching Grant Withdrawal documents: <ol style="list-style-type: none"> i. Matching Grant Agreement ii. Ways forward in Opening of Dedicated Matching Grant Savings Account iii. Matching Grant Request for Release iv. Board Resolution requesting for the matching grant and the authorized signatories to the MGRR v. Compliance to Project Procurement Processes (for Anchor Firms availing Matching Grant) vi. RAPID Growth Release Sheet and Notice of Release 8. Other concerns and issues 9. Agreements and Ways Forward 	
<p>Recommended Participants:</p> <ol style="list-style-type: none"> 1. Top Management of Anchor Firm 2. Financing Institutions and other relevant industry enablers 3. RAPID PCU 4. RAPID RCU Representative 	<p>Expected Outputs:</p> <ol style="list-style-type: none"> 1. Post-Activity Report detailing the highlights of the discussions, agreements, and ways forward 2. Matching Grant Withdrawal Documents (as enumerated above)

Step 2: Levelling-off and Planning with the Farmers' Organizations
<p>Description: This activity establishes mutual understanding with the Farmers' Organizations in the DIP on the overall strategic investments and interventions in the pursuit of the supply chain's</p>

upscaling model/direction as detailed in the approved DIP and the attached enterprise level business/farm plans.

In this activity, RAPID units are advised to process and validate the following details:

1. RAPID's Investments and Interventions for the FO as indicated in the approved DIP
2. Timelines and methodology of the implementation of the Investments and Interventions with emphasis on the following points:
 - Planting/Farm Expansion Schedule and Distribution
 - Sources of seedlings and volume capacity
 - Crop Insurance
 - Extension Services needed
 - List of final farm rehabilitation tools to be procured by the R/PCU
 - Timelines of the conduct of productivity enhancement, institutional, and business development trainings
3. FO's role in the supply chain upscaling model / Hub and Spoke Model
4. Presentation and discussions on the Risk Assessment and Mitigating Measures in the DIP which concerns the FO(s)
5. Financing needs of the FOs particularly on the following aspects:
 - Farm Inputs for farm routine maintenance (fertilizers, pesticides, and etc.) of smallholder farmer-members. Gauge as to how many smallholder farmer-members are interested and willing to avail financial products.
 - Working Capital of the FO for consolidation, trading, processing, and other business-related activities
 - Matching Grant cash counterpart
6. Agreed roles of project stakeholders and other industry enablers
7. Commencement of the preparation of the following Matching Grant Withdrawal documents:
 - i. Matching Grant Agreement
 - ii. Ways forward in Opening of Dedicated Matching Grant Savings Account
 - iii. Matching Grant Request for Release
 - iv. Board Resolution requesting for the matching grant and the authorized signatories to the MGRR
 - v. Compliance to Project Procurement Processes (for FCAs availing Matching Grant)
 - vi. RAPID Growth Release Sheet and Notice of Release
8. Other concerns and issues
9. Agreements and Ways Forward

Recommended Participants: <ol style="list-style-type: none"> 1. BOD of the FO 2. Representative of the Anchor Firm 3. RAPID PCU 4. RAPID RCU Representative 5. Financing Institutions 6. MAO and other collaborating industry enablers 	Expected Outputs: <ol style="list-style-type: none"> 1. Post-Activity Report detailing the highlights of the discussions, agreements, and ways forward 2. Matching Grant Withdrawal Documents (as enumerated above)
---	--

Step 3: R/PCU Budget Planning

Description:

After the conduct of the DIP Implementation Planning sessions with the DIP proponents, the posting of Matching Grants to the IFAD's OPEN System and Budget Planning session(s) should immediately follow and comprehensively plan the following points:

<ol style="list-style-type: none"> 1. Budget required and timelines of the roll-out of the productivity enhancement, institutional, and business development trainings for the DIP Proponents 2. Amount of Matching Grants to be requested for downloading. Matching Grants must be posted to IFAD's OPEN System. 3. Budget required for the procurement of farm rehabilitation tools. Procurement of tools must be posted to IFAD's OPEN System 4. Reconcile budget requirement vs. AWPB Budget and request for realignment and/or request for additional funds if found necessary and feasible 	
Recommended Participants: <ol style="list-style-type: none"> 1. Provincial Director 2. Technical Supervisor/DC 3. Procurement Assistant 4. Finance Management Assistant 5. All R/PCU staff 	Expected Outputs: <ol style="list-style-type: none"> 1. IFAD's No Objection through the OPEN System 2. AWPB Budget Realignment/Request for Additional Funds Form

Should the DIP proponent propose to change the requested investments and interventions in the DIPs due to the recent changes in its enterprise, the changes should be duly noted in the post-activity report. The PCU with the RCU, must together assess if the changes are drastic and will have material impact to the overall viability of the business enterprise. Should changes in the approved productive investments and interventions are necessary, the R/PCU must follow the prescribed process in the succeeding sections in this guideline.

The investments and interventions that will only reflect in the Matching Grant Withdrawal documents are those that are concurred by the proponent and are responsive to the overall upscaling strategy of the enterprise and of the supply chain.

Transfer of Matching Grants to Project Beneficiaries

After the conduct of the DIP Implementation Planning Session(s), R/PCUs are to expeditiously comply and submit to NPCO the following documents in order for the approved Matching Grants be released to the proponent's LBP or DBP Savings Accounts dedicated solely for RAPID Growth Project Implementation:

1. **Memo of DIP/BIP Approval from NPCO** – Sample Memo is attached herewith as **Annex 5**.
2. **DIP Implementation Plan(s)** – As detailed in the previous section, the DIP Implementation Plan serves as a crucial documentary requirement for the release of the Matching Grant for a DIP proponent. The details of which shall be thoroughly reviewed by the NPCO to check its consistency with the approved DIPs. The DIP Implementation Plan Template is attached herewith as **Annex 6**.
3. **Notarized Matching Grant Agreement(s) with Board Resolution of the project beneficiaries authorizing their Chairpersons to be the signatory of all RAPID Matching Grant related documents (for FOs)** – After finalizing the investments and interventions of the project for a certain beneficiary through the DIP Implementation Planning Session, the Matching Grant Agreement shall be executed between the Project Beneficiary and the DTI (to be signed by the concerned Provincial Director / Regional Director) to formalize the availment of the matching grant fund. The authorized proponent's signatory/representative should be supported by a notarized Board resolution duly certified by the Board Secretary designating the authorized representative to sign the agreement and related documents. The sample notarized board resolution is attached herewith as **Annex 7**.

4. **Copy of the LBP/DBP Passbooks of the abovementioned project beneficiaries**
– After executing the MGA with the notarized board resolution of the project beneficiary, the beneficiary shall immediately proceed with opening a dedicated/separate savings account with the authorized bank or financial service provider for the matching grant such as the Land Bank of the Philippines and the Development Bank of the Philippines. The Matching Grant beneficiary shall also deposit its required Matching Grant Cash Counterpart to the dedicated Savings Account. The MG Cash Counterpart amount to be deposited will depend on the priority/timeline of MG availment.

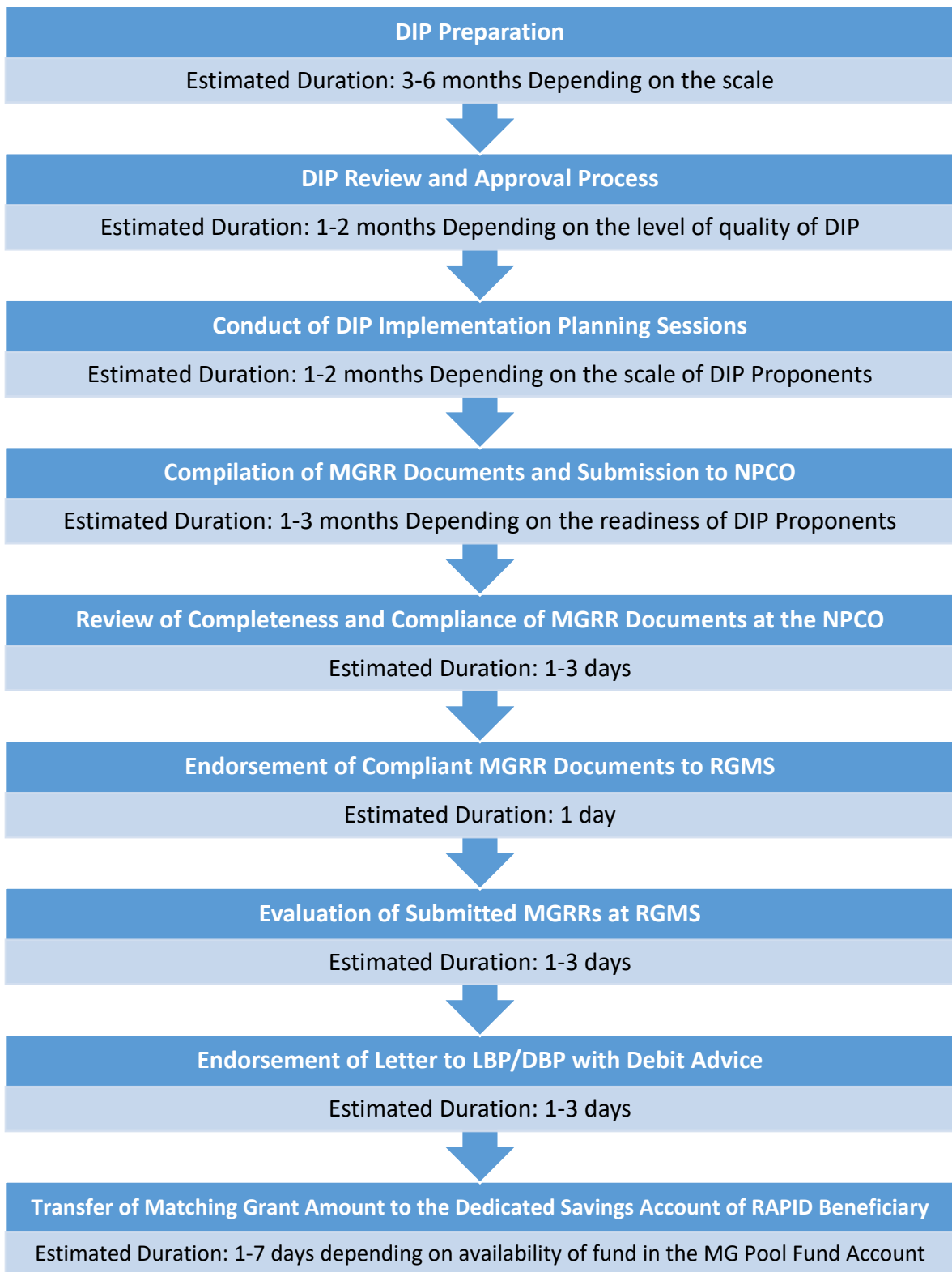
An introduction letter (**Annex 2**) from the R/PCU to the LBP or DBP must be sent to the chosen financial institution as the beneficiary opens its savings account. This letter will also notify the financial institution to tag the savings account disallowing any unapproved physical withdrawal of the Matching Grant.

5. **Screenshot of Approved Matching Grant Activity in the OPEN System** – With IFAD's new approval process of project procurements and utilization of funds including the Matching Grants, the approved Matching Grants as finalized in the MGAs shall be posted in IFAD's OPEN System for approval. The system's approval shall then be screenshotted and be submitted to NPCO as one of the documentary requirements to release the Matching Grant to the project beneficiary.
6. **Matching Grant Request for Release (MGRR)** – After complying with the abovementioned documents, the project is ready to request the release of their respective approved Matching Grants. a Matching Grant Request for Release (MGRR) shall be issued by the concerned DTI Provincial or Regional Director (whichever signing authority may be applicable) requesting the transfer of the approved amount from the LBP / DBP MG Pool Fund to the savings account of the project beneficiary. The MGRR template is attached herewith as **Annex 8**.
7. **Letter to LBP/DBP with Signed Debit Advice** – together with the MGRR, the R/PCU shall also prepare and submit the letter to LBP/DBP with signed project release sheets that serves as the debit advice to LBP or DBP for the transfer of funds from the DTI MG Savings Account to the Project Beneficiary's Account. Copy of the debit advice shall be forwarded to the concerned DTI PCU/RCU and NPCO. The template of the letter to LBP/DBP with Debit Advice is attached herewith as **Annex 9**.

All Matching Grant Requests for Release documents from the Regional/Provincial Coordinating Units (R/PCU) shall be submitted to the National Project Coordinating Office (NPCO) for thorough review of its completeness and consistency with the approved DIPs/BIPs, MGAs, and DIP Implementation Plan(s). This ensures proper oversight and compliance with project policies and requirements. This applies to all MGRR associated with RAPID Growth Project.

Should the NPCO find the MGRRs compliant and satisfactory, it will recommend to the designated Project Supervising Undersecretary the request for approval for release. In case of deficiencies, the NPCO will communicate the necessary deviations or additional information required to the concerned Regional Project Coordinators. The NPCO will notify to the concerned RCUs the release of matching grant fund to the concerned beneficiaries.

Overall Process of the Availment of RAPID's Matching Grants



Changing of Approved Matching Grants for Productive Investments

Should the beneficiary wishes to change its approved Matching Grants for its productive investments due to various valid reasons that affects its business operations and would deem the previously approved specification of productive investment(s) unresponsive to the current needs of the enterprise, the following policies and process must be followed by the beneficiary and the concerned R/PCU:

For change in cost with similar to no deviance to the purpose of investment

- The project beneficiary to submit a written request letter addressed to Regional Project Head detailing the reasons for the change in cost. Means of verification such as quotations should be attached to the request letter.
- After receiving the request letter, the R/PCU to review and validate the reasons for such request. Should the RCU find the request valid and reasonable, the RCU must recompute the IRR of the incremental benefit of the new cost of productive investment. The RCU shall then submit a written recommendation (memorandum) detailing the justifications of the change in cost including the recomputed IRR of the proposed productive investment to NPCO for final review, further instructions, and approval.
- Should the NPCO approve the request, the approval shall be officially communicated to the concerned RCU through a memorandum. The RCU shall then communicate such approval to the concerned beneficiary and PCU.

For change in specifications of investment that serve a similar purpose with no impact on cost

- The project beneficiary to submit a written request letter addressed to Regional Project Head detailing the reasons for the change in specifications.
- After receiving the request letter, the R/PCU to review and validate the reasons for such request. Should the RCU find the request valid and reasonable, the Regional Project Head must communicate its approval to the beneficiary through a memorandum, carbon copied NPCO for record-keeping purposes.

For change in specifications of investments serving a different purpose with or without impact on cost

- The project beneficiary to submit a written request letter addressed to Regional Project Head detailing the reasons for the change in specifications.
- After receiving the request letter, the R/PCU to review and validate the reasons for such request. Should the RCU find the request valid and reasonable, the concerned R/PCU must update the Business Improvement Plan (BIP) of the requesting beneficiary using the Enterprise Diagnostic Tool (EDT) of the Project.
- After preparing the BIP using the EDT, the RCU must then update the DIP and submit to NPCO for final review, further instructions, and approval.
- Should the NPCO approve the request, the approval shall be officially communicated to the concerned RCU through a memorandum. The RCU shall then communicate such approval to the concerned beneficiary and PCU.

Any approved changes to the productive investments should be reflected in the DIPs, thus, RCUs should update certain details of the approved DIPs and its implementation plan and

amend the Matching Grant Agreement of the proponent for consistency purposes to avoid potential Audit Observation Memorandum from COA.

Procurement Procedures of Matching Grants

After facilitating the submission of the Matching Grant Request for Release documents from the Project Beneficiaries. These recommended processes in the procurement, implementation, and utilization of the strategic investments through the Project's Matching Grants establishes the fiducial responsibility of the RAPID Implementing Units over the grants given to the Project Beneficiaries. In this regard, the R/PCU and the DIP beneficiaries must be guided on the following procedures:

Step 1: Checking the Status of the Tagging of the LBP/DBP Savings Account of the Project Beneficiary

Description:

After the execution of the Matching Grant Agreements and opening of LBP/DBP Savings Accounts of a Project Beneficiary, PCUs are tasked to immediately double check the tagging of the dedicated savings account of the project beneficiary to avoid unwarranted cash withdrawal of the grant.

Note:

LBP/DBP Branches may have different protocols in tagging accounts. Some LBP Branches require a signed waiver form signed by the account holder. In such case, the PCUs may have to facilitate the accomplishment of such form to successfully tag the savings account of a Project Beneficiary.

Step 2: Conduct of Matching Grant Procurement Procedures

Description:

After the submission of the Matching Grant Request for Release documents of the Project Beneficiaries, the FOs are immediately advised to proceed onto the conduct of their respective procurement processes of the approved project investments. The procurement activities and procedures of the DIP beneficiaries shall comply to the **Matching Grant Procurement Guidelines attached herewith as Annex 10.**

Deadline on the Utilization of Matching Grant after Approval

Establishing a policy that includes a deadline for FOs/SMSEs to avail the matching grant after approval or after the grant is deposited to the account of the beneficiary is crucial to ensure timely utilization of funds and efficient project implementation.

This policy on putting a deadline to the utilization of the deposited matching grants ensures that approved funds are utilized effectively. **MG beneficiaries for productive investments are required to avail the matching grant within 6 months and 1 year for MG beneficiaries for seedlings/plantlets** after the transfer of MG fund to the dedicated savings account of the FO/SMSE proponents. Concerned R/PCUs must explicitly inform the project beneficiary on this deadline. Extensions may be granted under exceptional circumstances upon request and approval.

When a beneficiary needs to request an extension for the use of a grant fund, the proponent needs to submit a letter of justification addressed to the PCU/RCU **at least 4 weeks prior to the deadline**. The justification letter must have the following quality and information:

- Clearly articulated reasons for needing an extension.
- Explanation on any delays or unforeseen circumstances that have impacted the timeline of utilization of the downloaded Matching Grant.
- Outline of the plan in utilizing the remaining funds effectively within the extended period.

The request for an extension shall be thoroughly reviewed by the RCU and shall be approved by the concerned Regional Head/Director. After the approval of the request, the RCU must update the new timeline of implementation/utilization in the DIP Implementation Plan and in the DIP Implementation Tracker in the project's MIS. The RCU shall then send an official notification to the project beneficiary and to the NPCO of such approval and the updated timelines for monitoring and record-keeping purposes. The **Template for the Matching Grant Fund Availment Extension Request Letter is attached herewith as Annex 11**.

Recovery of Matching Grant Funds and Untagging of Deposit Account of Beneficiary

Retracting or recovering the MG funds deposited to FO/MSME beneficiaries is a sensitive process that must be handled carefully and professionally to maintain good relationships and ensure compliance with legal obligations.

If the RCU/PCU has not received a request for extension from the beneficiary, the RCU shall communicate to NPCO an endorsement for withdrawing the MG Funds deposited by the assigned MG Pool Fund GFI (LBP/DBP) to concerned MG beneficiaries who have not availed the funds for six (6) months.

Upon receipt of the Matching Grant withdrawal endorsement from the RCU, the NPCO shall send a Request for Retraction of Matching Grant Fund to the concerned MG Fund Pool Manager (LBP/DBP), advising the concerned Bank Branch to deposit back to the main branch of the MG Fund Pool the whole amount of the MG Fund, as well as advising the concerned Branch to untag the deposit account of the beneficiary.

For documentation and compliance monitoring purposes, the NPCO should ensure that the funds are returned as instructed to the MG Pool Fund by requiring the MG Fund Manager to send a notice to DTI-RGMS and NPCO. Such notice shall then be compiled by NPCO and communicated to the concerned RCU.

Policy on the Utilization of Excess Amount of Downloaded Matching Grants

This policy on the excess amount of Matching Grant outlines how the Project and the MG Beneficiary handle situations where the approved and deposited MG funds exceed the originally budgeted or intended amount from the approved DIP.

Should there be an excess on the matching grant fund provided to the project beneficiary due to savings on procurement, the remaining amount can still be utilized for other productive investments within the context of the original project that the beneficiary will be able to identify in consultation with the DTI-PCU/RCU. On the contrary, should the matching grant fund not be enough for the project, the discrepancy should be borne by the project beneficiary from its own resources or other lending facilities that can be tapped.

In the event that the total actual amount of matching grant funds deposited exceeds the originally budgeted or intended amount, the R/PCU and Beneficiary shall follow the following procedures to ensure proper management, accountability, and compliance with grant requirements:

Excess Amount Thresholds (On top of the Php 10,000.00 maintaining balance)	Eligible Purpose and Approval Process
Less than Php 10,000.00	<p>Amount may be physically withdrawn by the beneficiary which will be used for procurement of consumable supplies for the business operations of the beneficiary. For the amount to be withdrawn, the beneficiary must send a simple request letter addressed to the concerned Provincial Director. The letter must detail the specific excess amount and the consumable supplies it is planning to procure.</p> <p>The concerned PCU must then validate the procured consumables and submit a validation report using the Inspection and Validation Report Template.</p>
Php 10,000.00 – Php 100,000.00	<p>Amount should NOT be physically withdrawn by the beneficiary. Such excess may only be used for procurement of consumable supplies, tools, and equipment for the business operations of the beneficiary. The beneficiary must send a simple request letter addressed to the Provincial Director outlining the following information:</p> <ul style="list-style-type: none"> • Excess amount • Specifications of the items requested to be procured using the excess MG fund • Quantified benefits of the proposed equipment/tools to be procured. <p>Once the request is approved by the Provincial Director, the R/PCU must then again follow the due diligence and MG disbursement procedures outlined in the previous sections of this guideline.</p>
Above Php 100,000.00	<p>For excess Matching Grants amounting to Php 100,000.00 and above, The RCU must submit an explanation letter to the NPCO detailing the reasons why such material amount was found to be in excess. The letter should also detail the recommendation of the RCU in utilizing or retracting the said excess amount for NPCO's review and approval.</p>

After the approval of the utilization of excess Matching Grants either from the NPCO or at the level of the Regional Project Heads, R/PCUs are required to update the Matching Grant Agreement of the beneficiary and the DIP Implementation Tracker of the Project's MIS. The R/PCUs are also required to validate the actual procurement and delivery of goods for monitoring and record-keeping purposes.

Non-compliance to the policy will result to the return of the full excess amount to the Project.

Untagging of Dedicated Savings Accounts of Project Beneficiaries

The purpose of this guideline is to provide a structured approach for untagging the dedicated savings accounts for the Matching Grants following the completion of the implementation of the productive investments. This ensures that bank accounts can be repurposed or remain active to benefit both the customer and the bank, rather than being closed.

Definitions

- **Untagging:** The process of removing specific tags or restrictions from a deposit account, making it accessible to the customer without closing the account.
- **Closure:** The process of permanently terminating a deposit account, resulting in the cessation of all account-related activities.
- **Project:** The RAPID's approved Matching Grant project that has a defined required amount of equity counterpart from the project proponent, start and end date.

Eligibility for Untagging Dedicated Savings Accounts Post-Project

- Accounts linked to a completed RAPID Matching Grant project where the project's objectives have been met (e.g. procured all productive approved investments and/or seedlings and basal fertilizer and paid all concerned vendors).
- Accounts with no outstanding fees or overdrafts.
- Accounts that have not been flagged for suspicious activity or fraud.

Process for Untagging Dedicated Savings Accounts Post-Project

- Upon project completion, MG Beneficiaries requesting account closure should be informed of the option to untag the account instead. If the remaining amount in the savings account is less than Php 10,000.00, the beneficiary may be allowed to untag its account for it to be used to procure supplies beneficial to the business operations of the beneficiary.
- The benefits of untagging, such as preserving the account history and the convenience of future transactions, should be explained to the MG beneficiaries.
- The R/PCU shall review and validate the status of MG implementation of the beneficiary should they receive a request from the latter to untag their deposit account used for the matching grant.
- If the said account is eligible for untagging, the PCU/RCU shall coordinate with the LBP/DBP branch representative for the former to conduct a review of the account status and ensure it meets eligibility criteria. The template of the letter of untagging the beneficiary's savings account is attached herewith as **Annex 12**.
- Necessary approvals of the untagging of savings account should be obtained from the relevant authorities as per the bank's internal policies and procedures. This shall remove any project-specific tags or restrictions.

Post-Untagging Process

MG Beneficiaries should receive a formal notification confirming the untagging of their account post-project. The notification should include details on how to access and use the account, any changes in terms and conditions, and customer service contact information for further assistance.

Detailed records of the untagging request, approval, and execution process should be maintained by the PCU/RCU and Google drive link/s shall be shared immediately to the NPCO. Records should include customer communications, internal approvals, project completion details, and system updates.

Monitoring and Evaluation

The Matching Grants Implementation is crucial in attaining the Project's intended outcomes and targets in providing partner beneficiaries sustainable access to producers, markets, and suitable productive investments /finance. Implementing the Matching Grant translates the needs and evidence-based interventions and activities that shall address the existing gaps and maximize opportunities for the VC stakeholders assisted by the Project. Hence, monitoring MGA Implementation is necessary to track the on-time provision of appropriate interventions to Project's target beneficiaries; and to ensure that results are aligned with and contribute to intended objectives and targets in the investment plans and Project's overall indicators. Section VIII: Key Indicators to Monitor of the Hub & Spoke Model Framework presents the key success indicators (outcome level) that should be monitored by the RAPID Implementing Units and for the Annual Outcome Survey Team to check the effectiveness of strategies and strategic investments and interventions pursuant to the DIPs Value Chain Development Models, and more importantly, its contribution to the achievement of the Project's Logical Framework targets.

The RCUs and PCUs, with NPCO's guidance, shall closely monitor the MGA implementation. In alignment with the existing M&E reporting flow, platforms, and schedules, the implementing units shall accomplish/fill out the data capture forms and comply with reportorial requirements and corresponding Means of Verifications (MOVs) relative to the activities' implementation on the approved DIPs/ Matching Grants Agreements. The Project's Management Information System (MIS) provides the templates and details of the data capture forms/report forms, Reporting frequency, and corresponding roles of the implementing units.

Moreover, the concerned DTI – PCU and RCU shall also conduct periodic on-site monitoring of the productive investment projects through ocular visits to farmland for planting and expansion; and to the processing site to ensure that installed equipment and machinery are operational and are optimally utilized. The assigned project staff shall document the findings, observations, and highlights of these visits as references for replicable good practices and in identifying corrective actions, if necessary. DTI's Post-Activity Report Template attached shall be utilized as a field visit-monitoring report. The summary or highlights of these activities shall be integrated into the Monthly Progress Reports (AWPB-based report and Narrative) submitted by RCUs to the NPCO every 5th of the month.

Appendix 1: Recommended SECAP Investments and IFAD's SECAP Negative List

Equipment/Technology that will qualify as SECAP Investments

For Farmer Organizations – Investments that enhances the climate resiliency of the FOs such as but not limited to:

- Smart Irrigation System / Drip Irrigation System
- Water Conservation and Management, including but not limited to Water Pump, Water Tanks
- Drones for aerial crop monitoring, aerial spraying and precision planting
- Organic Fertilizer Processing Facility
- Facilities to safeguard production area against flooding and extreme weather condition
- Rotary Drum Composter
- Greenhouse-type Solar Dryer
- Precision-Agriculture Equipment
- Pest Management

For MSMEs – Investments that reduces the enterprise's carbon footprint, improve its emissions and waste management such as but not limited to:

- Rotary Drum Composter
- Waste Management Technology
- Water Treatment Equipment/Facility
- Wastewater and solid waste disposal in accordance with national standards
- Solar Panels
- Sustainable Packaging/Materials sourced from suppliers with ISO 14001 Certification
- Biomass Facility

IFAD's SECAP Negative List

IFAD will not knowingly finance, directly or indirectly, projects involving the following (SECAP 2021, Vol.2):

- Production or activities involving harmful or exploitative forms of forced labor, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;
- Production or activities involving harmful or exploitative forms of child labor;
- Production or activities that impinge on the lands owned, or claimed under adjudication, by indigenous peoples, without full documented consent of such peoples;
- Activities prohibited by host-country legislation or international conventions relating to the protection of biodiversity resources, cultural heritage or other legally protected areas;
- The production, trade in or use of any product or activity deemed illegal under host country (i.e. national) laws or regulations, international conventions and agreements, or subject to international phase-out or bans, such as:
 - Products containing polychlorinated biphenyls (PCBs);
 - Pharmaceuticals, pesticides, herbicides and other hazardous substances subject to international phase-out or bans;
 - Ozone-depleting substances subject to international phase-outs regulated by the Montreal Protocol;

- Wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); and
- Transboundary trade in waste or waste products, as defined by the Basel Convention.
- Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
- Production or trade in wood or other forestry products other than from sustainably managed forests;
- Production or trade in alcoholic beverages (excluding beer and wine), tobacco or drugs;
- Marine and coastal fishing practices such as blast fishing, large-scale pelagic drift net fishing using nets in excess of 2.5 km in length or fine mesh net fishing harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;
- Trade in goods without required export or import licenses or other evidence of authorization of transit from the relevant countries of export, import and, if applicable, transit;
- Production of, trade in or use of unbounded asbestos fibers;
- All mining, mineral processing and extraction activities;
- Production or trade in radioactive chemicals;
- Gambling, casinos and equivalent enterprises, trade related to pornography or prostitution;
- Money laundering, terrorism financing, tax avoidance, tax fraud and tax evasion;
- Production and distribution, or investment in media that are racist, antidemocratic or that advocate discrimination against an individual, group or part of the population;
- Activities prohibited by host country legislation or other legally binding agreements regarding genetically modified organisms (GMOs); and
- Production of or trade in palm oil, unless from growers and companies with internationally recognized certification, or undergoing certification.

List of Annexes:

Annex 1: Matching Grant Agreement Template

Annex 2: Letter Template for the Tagging of LBP/DBP Savings Account

Annex 3: Process Flow in Availing LBP Loans for MG Counterpart

Annex 4: Guidelines on the DIP Technical Review

Annex 5: Sample Memo of DIP Approval

Annex 6: DIP Implementation Plan Template

Annex 7: Sample Notarized Board Resolution (Authorizing Signatories for MGA)

Annex 8: Matching Grant Request for Release Template

Annex 9: Letter to LBP/DBP with Release Sheet Template

Annex 10: Matching Grant Procurement Guidelines

Annex 11: Grant Fund Availment Extension Request Letter Template

Annex 12: Letter of Untagging the Beneficiary's Savings Account Template