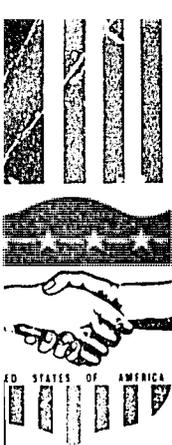


PHS-ABS-607



United States  
Agency for International  
Development

# PHILIPPINES

ENTERPRISE IN COMMUNITY DEVELOPMENT

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## ECD Co-Financing Program

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Certification Guidelines  
and  
Project Proposal Format

**United States Agency for International Development**  
**Enterprise in Community Development**  
**PROJECT GUIDELINES**

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The ECD Project helps to mobilize the managerial and technical resources of the profit-making, private sector to respond to the need for direct intervention in the problems of communities throughout the country. The project does this by providing grants to co-finance community development projects developed and implemented by the sponsoring firms. ECD finances up to 50 percent of the total project cost, "matching" the participating firms' cash and in-kind contributions.

**Who is eligible to receive ECD support?**

Business firms that are at least 50 percent Filipino- or American-owned and:

1. demonstrate that they have the managerial and financial capabilities to run a community development project;
2. contribute at least 50 percent of total project cost in cash and in-kind;
3. devote the time and services of a full-time project manager to ensure successful project implementation;
4. must have express corporate powers to receive grants, and to use such grants and its own resources for community development projects.

**What characteristics must an ECD-funded project have?**

ECD considers projects that:

1. focus entirely or primarily on beneficiaries who are not connected with the sponsoring corporation;
2. include the participation of the beneficiary community in the project's design, management, and implementation;
3. will be completed within 3 years; and
4. are designed to remain self-sustainable after ECD funding ends.

**What kinds of projects cannot be considered for ECD funding?**

ECD cannot consider projects that:

1. promote political or religious objectives, or involve higher education;
2. involve civic beautification, recreational or entertainment activities;
3. involve military or police activities;
4. promote the products or services of a sponsoring firm or otherwise result in the direct financial gain of the firm;
5. are normally the responsibility of the firm; or
6. target employees of the firm or their relatives as principal beneficiaries.

**How can a corporation avail of ECD funding?**

The steps to be taken in applying for ECD funding involve:

1. **Application for Certification** - The first step is to apply for certification with USAID. Please provide the documents listed in the attached ECD Application for Certification.
2. **Proposal Development** - During the certification process, a proposal is developed. A proposal format is attached. Where desirable; ECD staff members assist in the development of the proposal.
3. **Site Visit** - An ECD staff member will meet with the personnel who are responsible for developing and/or implementing the project. The staff member will also meet with the proposed beneficiaries and local community leaders and visit proposed project site.
4. **Formal Submission of Proposal** - The revised proposal is formally submitted to USAID (a cover letter on corporation stationery signed by the appropriate corporate officer, requesting funding consideration).
5. **Submission to Regional Development Council (RDC)** - A copy of the proposal will have to be submitted to the local RDC for study. USAID requires a date-stamped receipt from the appropriate RDC office prior to initiation of a grant.
6. **A Board Resolution must be passed by the Corporation endorsing the project.** (Sample Form on Page 11).

If you have questions, please contact the ECD staff at 521-7116 exts. 2444/2445/2446.

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United States Agency for International Development

**ENTERPRISE IN COMMUNITY DEVELOPMENT  
APPLICATION FOR CERTIFICATION**

NOTE: Please remove this sheet from the Application packet,  
attach it to the top of the document you submit to USAID.

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Name of Corporation: \_\_\_\_\_

Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Title: \_\_\_\_\_ Telephone Number: \_\_\_\_\_

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The first step a corporation must take in securing a grant is to apply for certification with USAID. Certification is a simple and confidential process whereby USAID reviews documents necessary to determine that the corporation has the legal, financial and managerial capabilities to implement an ECD co-funded activity. The documents needed for USAID to make this determination are listed below. Please submit these documents to:

United States Agency for International Development  
Office of Food For Peace and Voluntary Cooperation  
15th Floor, Ramon Magsaysay Center  
1680 Roxas Boulevard, Manila

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	<b>Checklist</b>
<b>1. Certification of Authenticity</b> - Please accomplish form on Page 3.	_____
<b>2. Certification of Ownership</b> - Please accomplish form on Page 4.	_____
<b>3. SEC Certified true copies of charter and amendments</b> - Please have these copies certified as true copies by the Securities and Exchange Commission with the proper documentary stamps. See sample on Page 5.	_____
<b>4. SEC Certified true copies of by-laws and amendments</b> - Please have these copies certified as true copies by the Securities and Exchange Commission with the proper documentary stamps. See sample on Page 5.	_____

- 5. **Copies of audited annual reports for the past 3 years** 

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- 6. **Any one of the following:**
  - a. **current BIR Tax Clearance Certificate (Sample on Page 6).** 

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  - b. **copies of BIR Tax Returns and Receipts, if applicable, for the past 3 years** 

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  - c. **certification from the company's external auditor that the company is up-to-date in its tax payments and that it has no outstanding material prior years tax assessments. (Sample on Page 7).** 

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- 7. **A legal opinion from corporate counsel that the corporation has express corporate powers to receive grants and to use such grants and its own resources for community development projects such as the one proposed. (Sample Form on Pages 8-10).** 

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# Enterprise in Community Development

## CERTIFICATION OF AUTHENTICITY

NOTE: This certification should be submitted at the same time as the other documents listed on pages 1 to 2 (cover sheet).

I, \_\_\_\_\_, hereby certify that  
(Name of Certifying Officer)

I am the duly authorized \_\_\_\_\_  
(Title of Certifying Officer)

of \_\_\_\_\_  
(Name of Corporation)

(the "Firm") and that the information stated herein and in the documents attached is true, correct and complete to the best of my knowledge, and contains no material misstatement or omission. I further certify that our Firm has also complied with all the requirements of the Securities and Exchange Commission (SEC) and the Bureau of Internal Revenue (BIR) and that no USAID grant funds will be used to pay taxes assessed on our Firm to the Government of the Philippines. I understand that any false or misleading statement, or omission of information which makes any statement misleading, will lead to the denial or termination of certification status and the termination of any subsequent grant awarded by USAID. I also understand that before the award of any grant, USAID will conduct a pre-award audit of the statements and documents attached and that at anytime USAID may request additional documents.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

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**Enterprise in Community Development**  
**CERTIFICATION OF OWNERSHIP**

NOTE: This document should be submitted at the same time as the other documents listed on pages 1 to 2 (cover sheet).

I, \_\_\_\_\_, hereby certify that  
(Name of Certifying Officer)

I am the duly authorized \_\_\_\_\_  
(Title of Certifying Officer)

of \_\_\_\_\_  
(Name of Corporation)

(the "Firm") and that more than 50 percent of the issued and outstanding shares of each class of stock or participation interest of the Firm are beneficially owned by individuals who are either citizens of the Philippines or of the United States or are lawfully admitted non-citizen permanent residents of the U.S.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

5

MINISTRY OF FINANCE  
SECURITIES AND EXCHANGE COMMISSION  
Edsa, Mandaluyong, Metro-Manila

\_\_\_\_\_ 198\_\_\_\_\_

I HEREBY CERTIFY that the foregoing is a true and correct xerox reproduction of the Official file (s) thereof in the custody of this Commission consisting of \_\_\_\_\_ (\_\_\_\_\_) page (s).



Verified by: \_\_\_\_\_ Fees: ₱ \_\_\_\_\_ paid under  
OR No. \_\_\_\_\_ dated \_\_\_\_\_, 198\_\_\_\_\_

*Yma S. Castel*  
YMA S. CASTEL  
Records Management Analyst.)



# Tax Clearance Certificate

BIR FORM 17.61  
March 1977

App. No. \_\_\_\_\_  
G-TCC No. \_\_\_\_\_  
TAN- \_\_\_\_\_

TO WHOM IT MAY CONCERN:

This certifies that, as of this date, the records of this Office show that \_\_\_\_\_ of \_\_\_\_\_ holder of P.T.R. No. \_\_\_\_\_ under Schedule No. \_\_\_\_\_ for \_\_\_\_\_ has no outstanding tax liability, except; for

This certificate is issued at the request of the aforesaid applicant in connection with his/its undertaking with the government (except to participate in any public bidding with the gov't. as provided for under Administrative Order No. 450 dated May 15, 1981 of the President of the Philippines) or private agency requiring the same in accordance with the instructions of the Commissioner on October 11, 1985.

This certificate is valid and effective for six (6) months from date of issuance.

Place \_\_\_\_\_ Date \_\_\_\_\_

.....  
: Affix ₱5.00 :  
: Documentary Stamp :  
: on the duplicate :  
: (PR#5-77) :  
:.....

For the Commissioner

EDUARDO P. PARITRAN

Chief, Receivable Accounts Division

Subject to the payment of a Certification fee of ₱2.00 in accordance with Executive Order No. 528, S. of 1952

O.R. No. \_\_\_\_\_ dated \_\_\_\_\_

NOTE: NOT VALID FOR TRANSFER OR OWNERSHIP OF REAL PROPERTY FROM THE DECEASED TO THE HEIRS AND/OR DONORS TO DONEE THEREFORE THIS SHALL NOT BE PRESENTED TO THE REGISTER OF DEEDS.

**Enterprise in Community Development**

**CERTIFICATION**

I, \_\_\_\_\_, hereby certify that  
(Name of Company's External Auditor)

I am the duly authorized \_\_\_\_\_  
(Title of Certifying Officer)

of \_\_\_\_\_  
(Name of Corporation)

(the "Firm") and that the Firm is up-to-date in its tax payments and that it has no outstanding material prior years tax assessments. (If the Firm is under tax assessment or litigation, the External Auditor should disclose such assessments/litigations in a separate sheet and should make an opinion that it will not materially affect the financial condition of the Firm.)

\_\_\_\_\_  
(Printed Name and Signature of Certifying Officer)

\_\_\_\_\_  
(Title of Certifying Officer)

\_\_\_\_\_  
(Date)

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**[Letterhead of Legal Counsel]**

Date

U.S. Agency for International Development  
Mission to the Republic of the Philippines  
1680 Roxas Boulevard  
Manila, Philippines

Gentlemen:

This opinion is being furnished to the U.S. Agency for International Development ("USAID") in connection with the application of [Name of Company] (the "Company") for certification with USAID under the Enterprise in Community Development Project (the "Project"). [We/I] understand that the purpose of the Project is to assist the development efforts of Philippine business enterprises by fostering the involvement of such enterprises in participatory community development activities and that this purpose is carried out in part through grants from USAID to selected business enterprises to conduct such community development activities. [We/I] further understand that certification with USAID is a condition of eligibility of the Company to receive a grant from USAID under the Project, but that certification of the company does not entail that a grant will be awarded to the Company. However, USAID is entitled to rely on this opinion both with respect to the application for certification of the Company under the Project and with respect to any award of a grant to the Company that may be made thereunder.

[We are/I am] legal counsel for the Company and, as such, [we are/I am] generally familiar with its affairs. In connection with this opinion, [we/I] have examined the Company's application for certification with USAID, [the Company's proposal to USAID for a grant] to conduct a community development activity

entitled " \_\_\_\_\_ " (the "Proposal") and such other documents, certificates, records and papers and have made such examination of law necessary to render the opinions expressed below.

Based upon the foregoing, [we are/I am] of the opinion that:

1. The Company is a duly organized and legally existing corporation in good standing under the laws of the Republic of the Philippines, including, without limitation, with respect to the Bureau of Internal Revenue and the Securities and Exchange Commission, is duly registered with the Securities and Exchange Commission and has filed all documents, reports, minutes and other papers required to maintain said registration.

2. More than fifty percent of the issued and outstanding shares of each class of stock of the Company is beneficially owned by individuals who are citizens of the Philippines or of the United States of America or are lawfully admitted non-citizen permanent residents of the United States of America.

3. The Company has express corporate powers adequate to be certified with USAID under the Project and to receive a grant from USAID to carry out community development activities, [include activities to be proposed,] using resources of the Company and resources derived from a grant made under the Project, if such a grant were to be made. [Enumerate and describe the provisions of the Company's charter or articles of incorporation upon which this conclusion is based].

4. The application of the Company for certification with USAID [has/and the Proposal have] been duly authorized, executed and delivered on behalf of the Company and no approval, authorization or other action required to be obtained whether under provisions of law or of the Company's charter, by-laws, or

any agreement by which the Company is bound, has not been obtained, in connection with the execution and delivery of the Company's application for certification [and the Proposal].

The opinion is delivered by the undersigned to USAID which shall be entitled to rely thereon.

Very truly yours,

[Law Firm/Attorney]

## Sample Form for Board Resolution

"RESOLVED, that the Corporation being of the opinion that the following community development activity will improve and enhance the Corporation's image in the community and among its employees, the Board of Directors adopt as proposed the following community development activity as a donation of the Corporation:

- (a) Project Description and USAID participation;
- (b) Cash and in-kind contribution of the Corporation to the activity; and
- (c) Responsible officers of the Corporation to carry out the activity.

As attested to by (name the responsible Financial officer of the Corporation), the determination has been made that this donation is reasonable in light of the firm's financial conditions.

The Secretary shall make part of the minute book a copy of the resolution."

**ENTERPRISE IN COMMUNITY DEVELOPMENT (ECD) PROJECT  
PROJECT PROPOSAL FORMAT**

Thank you for your interest in USAID's Enterprise in Community Development (ECD) Project. The following are USAID's recommended guidelines in the preparation of a project proposal. If, in the process of developing the proposal, you have questions or need assistance, please feel free to call our ECD staff at 521-7116 loc. 2444/2445/2446.

Important points to consider when writing your proposal:

1. Does the concept make sense?
2. Does the proponent have a clear and well-defined idea (i.e. purpose) of what it is they wish to accomplish?
3. Does the proponent know how they intend to accomplish the purpose of their project and do they really understand all the steps and problems involved?
4. Is the proposal cost effective? This can usually be determined by signifying and dividing the number of direct beneficiaries into the total cost (USAID and company counterpart) of the subproject which gives one the beneficiaries per capita cost. Indirect beneficiaries should also be noted, but NOT included in the per capita cost.
5. Is the proposal financially, economically, technically, socially, administratively, environmentally and otherwise feasible?
6. Does the proponent have the capability to carry out the project -- that is, does the proponent have the managerial, technical, financial and other resources required to carry out their end of the bargain?
7. Is the proposal presented in a coherent manner and in accordance with the format prescribed by USAID?

A. COVER SHEET (Form attached)

Fill in the information requested in the cover sheet.

If a subgrantee is involved, fill in the information concerning this organization(s). If no sub-grantee is involved, state none.

Grant period refers to the proposed number of years of USAID funding.

Project Coverage Area means the barangays, town, and provinces where the actual beneficiaries reside and where the project activities will take place.

Project Summary should be a very brief description of the project.

B. TABLE OF CONTENTS

Provide a table of contents. List the appropriate pages. Add titles and pages of additional sections and annexes.

C. INSTRUCTIONS FOR PREPARATION OF MAIN ELEMENTS OF THE PROPOSAL (Please limit to no more than ten (8 x 11) single-spaced typed pages.)

PROPOSAL FORMAT AND DESIGN (Numbering of articles and sections is the format used in an actual grant agreement).

I. PROJECT BACKGROUND (i.e., what is the context?)

Section 1.1. Problem

The problem that the project proposal purports to address must be clearly defined and fully explained in a direct and succinct manner. This section must demonstrate clearly that the project proponent has a sound understanding of the problem that their proposal intends to address. If the proponent really understands the problem, this section can usually be set forth in a single paragraph.

Section 1.2. Baseline Data

The following examples are illustrative only. These are not inclusive and should be used only as may be appropriate:

- a. Explain specifically where the project is to be undertaken.
- b. Describe briefly the demography of the area and the condition of the people, particularly the targetted beneficiaries.
- c. Describe briefly the topography of the area.
- d. Describe briefly the economy of the area and its condition.
- e. Describe briefly the role and participation of the beneficiaries.

Section 1.3. Administrative Capability

Explain briefly what community development work the company has accomplished to date and such other evidence that the company has the capability to properly manage the grant and undertake the subproject.

## II. PURPOSE, OBJECTIVES AND OUTPUTS

### Section 2.1. Purpose

The purpose should describe accurately and realistically the end result to be attained (through the project) by the end of the project. The purpose can and should be set forth succinctly in one sentence. If not, the proposal is probably too vague, too big, too complex or otherwise infeasible.

### Section 2.2. Objectives

Most, if not all, subprojects have several objectives which must be attained in order to accomplish the project purpose, and usually can be set forth in one or two sentences.

### Section 2.3. Outputs

This should consist of a listing of the specific targets which must be met in order to attain the project's objectives and purpose. Outputs should be set forth in their order of importance, and should be both quantified and qualified to the extent possible. Outputs should consist of major realistic targets -- not petty details -- and should not be confused with implementational steps or other matters. If the targets in their totality do not add up to the attainment of the project's objectives and purpose, the project is poorly designed. Proponents are also cautioned that they should not stretch themselves too far in setting their outputs and that they make sure they can achieve them within 2 or three years.

### Section 2.4. Project Analyses

Project analyses are required for the purpose of determining the cost-effectiveness, feasibility, suitability and acceptability of undertaking a proposed project. However, the requirements for subproject proposal analyses should be commensurate with the substantive importance and scope of the project. Other than the financial/economic analyses which must be prepared in accordance with the format prescribed, all other required analyses should be presented in a succinct narrative not to exceed one-half page, unless there are compelling reasons to present more than the essential information required. These analyses should be included in the main body of the project proposal as part of Article II (Purpose, Objectives and Outputs) immediately following Section 2.3 and be presented in the sequence shown hereunder or set forth as an Annex.

#### Financial/Economic Analysis

The purpose of financial/economic analysis is to determine that the proposed project will be financially and economically viable in the sense that it will provide cost-effective benefits to the recipients, that the projected costs of the project can be financed by the proponent and participating organizations, and that the project will be socially profitable.

1) Financial Analysis:

For projects involving individual or group enterprises, it is critical to assess whether they will be profitable for individuals or enterprises undertaking them. Just how elaborate the financial analysis must be for a particular project will depend upon the organization of the project and its complexity.

The most common tool used in analyzing the financial impact of an activity is the projected income statements. Sample financial and economic forms are in Attachment 2. Suggested income statement formats for agricultural and non-agricultural income-generating project (IGP) activities are presented on the first portion of Forms 1 and 2. These forms should be filled out for each type of enterprise or activity that will be financed through the IGP. A cash flow analysis is required for all types of projects, whether IGP or non-IGP, involving significant working capital requirements, credit assistance and sinking fund plans. It may be prepared for the individual project participants, a group of project participants such as a cooperative, and for the PVO itself.

2) Economic Analysis:

The purpose of the economic analysis is to determine whether a project as a whole is worthwhile for the country, i.e., whether the outputs or benefits from a project are sufficiently valuable as to warrant the expenditure of scarce resources. Where outputs are easily evaluated in monetary terms, economic analysis provides a measure by which to evaluate and compare projects.

An economic analysis differs from a financial analysis in three important ways: viewpoint, valuation of costs and benefits, and what to count. In terms of viewpoint, an economic analysis looks at costs and benefits in terms of the country or society rather than the narrow focus of financial analysis which relies solely on the expenditures and receipts of the entrepreneur. Hence, the economic analysis does not consider transfer payments such as interest payments and taxes as costs. However, it does consider even unpaid family labor as having a cost.

3) Credit Projects:

In addition to the minimum requirements listed in Section 1 and Section 2 (if applicable), any proposals with credit components must also include a summary of the credit procedures which will be employed and an explanation of how these comply with USAID's . The major purpose of USAID's Financial Markets Development Policy is to ensure that loan funds are not decapitalized, but that they can be sustained for further lending activities. (See USAID's Financial Markets Development Policy).

a. Technical Analysis:

The purpose of this analysis is to determine the technical feasibility of a proposal. Describe the technology to be used and explain the feasibility of its application within the context of the project.

b. Social Soundness Analysis:

The purpose of this analysis is to determine the socio-cultural feasibility of a proposal. Describe the socio-cultural context/setting, identify the direct and indirect beneficiaries, explain the context of beneficiary participation, assess the potential impact of socio-economic forces on implementation and summarize the overall socio-cultural impact on the project area.

c. Administrative Analysis:

The purpose of this analysis is to determine whether the project proponent has the administrative capability to conduct the proposed project. Describe and assess the administrative capability of the grantee to manage and implement.

d. Environmental Analysis:

The purpose of this analysis is to determine whether the project will have harmful, neutral or beneficial effects on the local environment. O/FFPVC has increased the emphasis on project environmental concerns.

### III. IMPLEMENTATION PLAN

#### Section 3.1. Implementation

An implementation plan of a project is a description of significant actions (not details) required to attain each of the project's stated objectives. In other words, it is a step-by-step plan for getting from where we are to where it is the project is designed to take us. Thus, who does what, when, where and how must be fully described and explained. Each action listed must be directed effectively at one or more of the projects' specific objectives. Significant actions should be set forth chronologically and logically in a manner which is keyed to each specific objectives. An implementation plan should also be set forth as succinctly as possible and not be shrouded in or convoluted by unnecessary verbage.

#### Section 3.2. Monitoring and Evaluation

Monitoring and evaluation are integral elements of all projects and must therefore be adequately planned and incorporated into the design of projects.

Monitoring and evaluation are functions that overlap in the sense that they rely on much the same information and because both share a common objective -- that is, to improve the chances of project success. Monitoring differs from evaluation in that it is a routine ongoing function which involves the continuous or periodic collection of information on factors which influence the project's progress and schedule. Evaluations, on the other hand, are more concerned with the viability of a project and as such, they are conducted only a few times (e.g. at key junctions) over the project's life.

a. Monitoring

Monitoring is the tracking of the project environment and its activities. Monitoring is concerned with critical steps in project implementation and influencing their successful accomplishment on a day-to-day basis. In this sense, the Project Manager generally follows all aspects of project implementation and keep current information on the progress of the project. Knowing what a project's plan is, when activities are departing from the intended course(s) and having the information at hand which can be used to make corrective decisions are all part of the Project Manager's monitoring responsibilities. He/She is thus responsible for establishing a suitable project monitoring system and operating it effectively. Grantees must, of course, monitor their projects on a day-to-day on-site basis.

b. Evaluation

Evaluation is the general process undertaken to analyze and assess the performance and results of projects. Evaluations assess whether planned results are being achieved and what impact, intended or otherwise, a project is having on its environment. The validity and relevance of hypothesis concerning performance and impact, together with assumptions about internal and external factors, are normally examined in the course of an evaluation. The purpose of evaluation is to provide an objective and rational basis for making decisions about projects. Normally, evaluations are planned and undertaken to provide information that will be used in making specific or fairly limited sets of decisions. Plans for evaluations and evaluation documentation should, nonetheless, recognize that information secured to support one type of decision may be useful in making other types of decisions as well.

Section 3.3. Sustainability

Sustainability is the capacity of the project to maintain its existence and activities beyond the term of the grant agreement. Therefore, it is necessary to explain in this section how and by what means the activities and/or benefits of the project will be continued. This necessitates that the corporation engage in thoughtful long-term planning if sustainability is to have any meaning. This is a weakness in many of our projects and it is an area that OFFPVC and USAID's clearing offices are paying increasing attention.

### Section 3.4. Assumptions

This item sets forth those key factors which are beyond the control of the proponent, but which must exist or come into being before the project purpose can be attained. Some examples found in many proposals are:

- a. The local security situation will remain stable;
- b. Local government officials and/or others will cooperate with the PVO and in some cases, provide certain kinds of support or other inputs; and
- c. Climatic conditions will be reasonable normal.

### IV. BUDGET

This part of the budget consists of standardized language for items Section 4.1.1. thru 4.1.9. Section 4.1.1. normally sets forth a summary budget for the project. The detailed budget must be included as an attachment to the proposal and the Grant Agreement.

Budgets should be calculated for the entire life of the project and include all the costs of undertaking the project -- not just those of the grantee which is required to provide counterpart in cash and/or in kind. Costs are defined as the accrued value of goods and services as they are procured (goods) or actually performed (services). Costs should not be confused with disbursements which relate to the payment of bills. The budget breakdown should be in accord with the following applicable inputs/components. All sources of funds (cash/in kind) including AID, should be shown separately denominated in pesos, and identified within each of the following major project input/cost component:

#### Section 4.1.1. Budget Summary (Sample format attached)

"Budget Breakdown": List the totals from the various schedules for each year of the project. These totals must match the attached schedules exactly.

"Project Beneficiaries": Estimate the number of individuals who will be directly or indirectly affected.

"Cost per Beneficiary": Divide the "Total Project Cost" by the "Number of Beneficiaries".

#### Section 4.1.2. Schedule 1 (Personnel)

Use the employee titles consistent with job description included in Annex 2. Indicate whether full or part-time. Indicate whether employee will be U.S. technicians, third country personnel, or local personnel. Figure fringe benefits and indicate the formula used on attached worksheet. Transfer the total amount of benefits from worksheet to Schedule 1.

Section 4.1.3. Schedule 2 (Equipment and Commodities)

Fill in line items, quantity and total. Indicate whether commodities will be procured in the U.S. or locally.

Section 4.1.4. Schedule 3 (Monitoring and Evaluation)

Describe in detail the funds needed for regular project monitoring. Describe in detail the funds needed for evaluation based on the evaluation plan in Section III.B. of the proposal.

Section 4.1.5. Schedule 4 (Administration, Travel and Casual Labor)

Fill in line items, quantity and total. Administration costs include indirect costs to the project such as office rent, supplies, etc. Note that administrative costs may not exceed 20% of the total project costs. Describe in detail the funds needed for project staff travel. Casual labor needed for the project may also be included in this schedule.

Section 4.1.6. Schedule 5 (Training - short term, local training)

Includes seminar fees, board/lodging (if applicable) and transportation of participants, training materials, resource persons, etc.

Section 4.1.7. Schedule 6 (Loan Program)

Describe the type of loan activity, the maximum loanable amount per activity, and the estimated number of loans to be released per activity.

Section 4.1.8. Schedule 7 (Program Support)

Usually are those costs directly allocable to the project, but which can not be charged to other budget line items. These may consist of such things as construction materials, etc.

Section 4.1.9. Other Direct Costs

Usually are those unanticipated costs which can not be charged to other budget line items, but which are necessary for project implementation. USAID approval is required prior to expending any funds from this line item. Otherwise, it will be disallowed. If Other Direct Costs are charged to USAID, they should not exceed 10% of the total USAID contribution.

Section 4.2. Preparation of Cost Estimates (and how to put value on counterpart)

The preparation of cost estimates should be undertaken concurrently with other input and output design tasks because the cost of adopting a particular course of action may affect its feasibility. The difficulty of preparing cost estimates vary with the number and type of elements to be included in the project.

No matter what the degree of difficulty, great care must be taken to arrive at realistic source and cost estimates since financing cost overruns can cause delays and/or operational problems. Timely and accurate costing can thus be crucial to project success.

### Section 4.3. Costing

Prepare a realistic list of inputs, probable source(s) of supply and then a "base cost" estimate, i.e. an estimate using current market prices at the time of preparation. The following tools are available for estimating costs:

a. Personnel, consultants or similar services. Experience with recent pay scales or contracts of like nature can be used. Such pay scales or contracts should provide cost per person/month or person/year. The budget for such items as allowances and travel costs should be figured separately for each year during which purchases are expected to be made. If calculated in this manner, the cumulative escalation allowance is applied to those purchases which are to be made during that particular year in the project schedule. This is usually more accurate than applying an "average" rate to the entire base estimate for all years in which purchases are to be made and is easier to make cost adjustments when assessing or recalculating for time delays later in the project implementation period.

b. Materials and Equipment - Imported or locally purchased, the cost can be based on recent experience as they are usually available from government agencies and local commercial sources.

c. Provide for two types of allowances, one to account for accidental omissions, errors in estimating the quantities of commodities or number of persons/years needed (in construction projects called "physical contingencies") and another to account for inflation (often called "escalation"). Estimating the physical contingency allowance is a matter of experience and judgement. Such estimates should take into consideration the reliability and level of specificity of information used in preparing the base estimate. The physical contingency is usually expressed as a stated percentage of the base estimate and should normally be no less than 10 percent. Although estimating allowances to be made for cost escalation also involves judgement, it requires, in addition, an estimate of the time at which contracts for goods and services will be concluded and/or costs thereunder fixed. First, the annual rate(s) of inflation must be estimated for the period(s) during which purchases will be made. These estimates should be made separately for foreign exchange purchases and local costs. The estimate of such rates can be based on general economic and commercial forecasts for the areas to be used as sources of procurement. At best, the estimated inflation rate will be an educated guess, particularly if project implementation stretches over a lengthy period. The escalation factor is then applied to the adjusted base estimate and the calculated amount

added to the base estimate. The rate(s) used should be explicitly identified. In large projects, it is advisable to calculate the training and other direct costs such as construction, etc. Both a summary budget and a specific schedule are required.

V. WHAT AID FUNDS MAY NOT BE USED TO FINANCE

Section 5.1. Restricted Commodities

Some commodities may be financed by AID only if certain conditions are met. These "restricted commodities" include the following:

- a. agricultural commodities
- b. motor vehicles
- c. pharmaceuticals
- d. pesticides
- e. rubber compounding chemicals and plasticides
- f. used equipment
- g. fertilizer

Section 5.2. Prohibited Commodities

AID financing of certain commodities is normally prohibited or limited to very special cases. These prohibited commodities include the following:

- a. military equipment
- b. surveillance equipment
- c. commodities for support of police and other law enforcement activities
- d. abortion equipment and services
- e. luxury goods and gambling equipment
- f. weather modification equipment.



ECD Proponent: \_\_\_\_\_

Proposal Title: \_\_\_\_\_

ECD Co-Financing Proposal Form Page  
Budget Summary: P \_\_\_\_\_ = \$1 U.S.

TOTAL COST OF PROJECT	TOTAL USAID REQUEST	TOTAL COUNTERPART
\$	\$	\$
P	P	

## BUDGET BREAKDOWN

SCHEDULE	USAID	COUNTERPART	TOTAL
1. Personnel			
2. Equipment and Commodities			
3. Monitoring and Evaluation			
4. Admin., Travel & Casual Labor			
5. Training			
6. Loan Program			
7. Support Program			
8. Other Costs			

## BUDGET GUIDELINES

ITEM	GUIDELINE	ACTUAL
PERCENT ADMINISTRATIVE COST	-	
USAID TOTAL PERCENT	Maximum of 50%	
COUNTERPART TOTAL PERCENT	Minimum of 50%	
NUMBER OF BENEFICIARIES	-	
COST PER BENEFICIARY	-	

















Financial/Economic Analysis Form 1  
For Agricultural Income Generating Activities

Type of Activity \_\_\_\_\_  
Cooperators per Enterprise \_\_\_\_\_  
Average Farm Size \_\_\_\_\_

FINANCIAL (To be filled in by Proponent)

	Without Project	With Project			a/
		1	2	3	
A.	Units produced/sold	_____	_____	_____	_____
B.	Selling price per unit	₱ _____	_____	_____	_____
C.	Gross Value of Production (A x B)	₱ _____	_____	_____	_____
D.	Expenses				
	D.1 Production Costs (as applicable)				
	D.1.1 Seeds				
	D.1.2 Labor (hired)				
	D.1.3 Rent (land, equipment, carabao)				
	D.1.4 Depreciation (production equipment)				
	D.1.5 Fertilizer/Chemicals				
	D.1.6 Others, e.g. land tax irrigation fee, fuel				
	Total Production Costs				
	D.2 Marketing Expenses				
	D.3 Other Charges (as applicable)				
	D.3.1 Interest on loans				
	D.3.2 Crop Insurance				
	D.3.3 Others				
	Total Other Charges				
	Total Expenses (D.1 to D.3)				
E.	Net Income (Loss) (C - D)	₱ _____	_____	_____	_____
F.	Taxes	₱ _____	_____	_____	_____
G.	Net Income (Loss) After Taxes (E - F)	₱ _____	_____	_____	_____
H.	Family Labor	₱ _____	_____	_____	_____
I.	Net Income After Deducting Family Labor (G - H)	₱ _____	_____	_____	_____
J.	Cost of Acquired Assets	₱ _____	_____	_____	_____

ECONOMIC (To be filled in by USAID O/FFPVC)

K.	Economic Benefits				
	K.1 Difference in Net Income After Deducting Family Labor (I)	₱ _____	_____	_____	_____
	K.2 Minus: Difference in Cost of Acquired Assets (J)	₱ _____	_____	_____	_____
	K.3 Add: Difference in Depreciation (D.1.4)				
	Difference in Interest Payments (D.3.1)				
	Difference in Taxes (F)	₱ _____	_____	_____	_____
	Total	₱ _____	_____	_____	_____

a/ Carry out only to the estimated year in which this IGP activity is expected to stabilize.

Financial/Economic Analysis Form 2  
For Non-Agricultural Income Generating Activity

Type of Activity \_\_\_\_\_  
Cooperators per Enterprise \_\_\_\_\_

FINANCIAL (To be filled in by Proponent)

	Without Project	With Project			a/
		1	2	3	
A. Units produced/sold	_____	_____	_____	_____	
B. Selling price per unit	₱ _____	_____	_____	_____	
C. Projected sales (A x B)	₱ _____	_____	_____	_____	
D. Expenses					
D.1. Cost of Goods Sold (as applicable)					
D.1.1 Materials					
D.1.2 Labor (hired)					
D.1.3 Rent (production equip./building)					
D.1.4 Depreciation (production equip./building)					
D.1.5 Others, e.g. utilities; repairs and maintenance					
Total cost of goods sold					
D.2. General and Admin. Expenses (as applicable)					
D.2.1 Salaries					
D.2.2 Rent (admin. equip./building)					
D.2.3 Depreciation (admin. equip./building)					
D.2.4 Insurance					
D.2.5 Others, e.g. utilities					
Total general and admin. expenses					
Total Expenses (D.1 + D.2)	₱ _____	_____	_____	_____	
E. Net Income (C - D)	₱ _____	_____	_____	_____	
F. Interest payments, fines and other financial charges	₱ _____	_____	_____	_____	
G. Taxes	₱ _____	_____	_____	_____	
H. Net Income After Interest and Taxes (E - F - G)	₱ _____	_____	_____	_____	
I. Family Labor	₱ _____	_____	_____	_____	
J. Net Income After Deducting Family Labor (H - I)	₱ _____	_____	_____	_____	
K. Cost of Acquired Assets	₱ _____	_____	_____	_____	

ECONOMIC (To be filled by USAID O/FFPVC)

L. Economic Benefits (given enterprise capacity) Incremental economic net income, i.e., the difference between with project and without project (L.1 - L.2 + L.3)					
L.1 Difference in Net Income after deducting Family Labor (J)		₱ _____	_____	_____	
L.2 Difference in cost of Acquired Assets (K)		₱ _____	_____	_____	
L.3 Sum: Difference in depreciation (both D.1.4 & D.2.3)					
Difference in interest payments(F)					
Difference in Taxes (G)		₱ _____	_____	_____	
Total		₱ _____	_____	_____	

a/ Carry out only to the estimated year in which this IGP activity is expected to stabilize.