

**MEMORANDUM ORDER NO. 13-1627**  
Series of 2013

**FOR:** Regional Directors/Provincial Directors/Heads of Concerned Bureaus/Offices

**SUBJECT** Guidelines for the Processing, Evaluation, Approval and Monitoring of Projects under the DTI Shared Services Facilities Project

**1. STATEMENT OF POLICY**

MSME Development is a key strategy to achieve Government's goal of inclusive growth and jobs generation. The 2013 General Appropriations Act (GAA) has earmarked funds under the budget of the Department of Trade and Industry (DTI) to implement its "Big Push" for MSME development. A major component of the MSME Development Program is the Shared Service Facilities (SSF) project which aims to improve the competitiveness of MSME's by providing them with machinery, equipment, tools, systems, skills and knowledge under a shared system.

This project will be implemented in accordance with government accounting and auditing rules and regulations.

**2. PURPOSES**

These guidelines aim to establish standards for the efficient and effective implementation of the SSF Project. The purpose is to provide implementing units particularly regional/provincial offices with policy guidelines, definition of roles and responsibilities, and prescribe standard operating procedures, and timelines.

These guidelines shall endeavor that the SSF project attain one or more of the following objectives:

- Enable MSME's to increase their productivity
- Accelerate MSME competitiveness by giving them access to better technologies and more sophisticated equipment
- Encourage the graduation of MSMEs to the next level where they could tap a better and wider market share and be integrated in the global supply chain
- Take into account convergence where government resources are pooled and integrated
- Address the gaps and bottlenecks in the value chain of priority industry clusters.

**3. COVERAGE**

These guidelines shall apply to DTI SSF Projects nationwide as provided under the 2013 GAA and future expenditure programs under the GAA.

*Enabling Business, Empowering Consumers*

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4. **DEFINITION OF TERMS.** As used in these guidelines, the following shall mean:

- 4.1 **Beneficiaries** - shall be the actual and potential users of the SSF which should be predominantly cooperatives, associations or groups of MSMEs including MSMEs or individual entrepreneurs who may not be members of cooperative, associations, corporations or organizations.
- 4.2 **Business Center SSF** - a type of shared service facility providing business counseling services, Internet connection, computing, printing, communication and other forms of administrative services that will assist the target beneficiaries in pursuing their business activities.
- 4.3 **CDA-Registered**—an entity registered with the Cooperative Development Authority (CDA).
- 4.4 **Community-Based Enterprise** - is any kind of formal economic activity that will serve as a stable source of income for the members of the community groups. This may have started from a livelihood or self-help welfare project that has been assisted and transformed to become continuously income-generating, so that the basic needs of the community and its individual members will be met. A community enterprise becomes formal by obtaining a business permit from the local government unit.
- 4.5 **Cooperator** – shall refer to the project's partner, which may be any juridical entity such as but not limited to non-government organizations, people's organizations, cooperatives, industry/trade/business associations, local government units (LGUs), state universities/colleges, technical vocational schools and other similar government academic and training institutions.
- 4.6 **Micro, Small and Medium Enterprises (MSMEs) where**  
  
*Micro* – shall refer to Enterprise or business activity with asset size of not more than Three Million Pesos (Php 3,000,000.00);  
*Small* – shall refer to Enterprise or business activity with asset size of more than Three Million up to Fifteen Million Pesos (Php 3,000,001.00–Php 15,000,000.00); and  
*Medium*- shall refer to Enterprise or business activity with asset size of more than Fifteen Million up to One Hundred Million Pesos (Php 15,000,001 – Php 100,000,000).
- 4.7 **National Technical Working Group (NTWG)**— a body consisting of at least five (5) members to be designated by the Supervising Undersecretary of the RODG tasked to evaluate SSF project proposals with project cost of One Million Pesos (₱ 1,000,000.00) and above against a set of selection criteria as provided herein.
- 4.8 **NGO/PO** - Non-Government Organization/People's Organization
- 4.9 **OTOP** – One Town, One Product Program
- 4.10 **Proponent** -refers to the DTI Provincial Office that identifies and/or endorses the proposed SSF project.

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- 4.11 **Regional Technical Working Group (RTWG)** –a body consisting of at least three (3) members to be designated by the Supervising Undersecretary of the RODG tasked to evaluate and approve project proposals with project cost of less than One Million Pesos (P 1,000,000.00) against a set of selection criteria as provided herein.
- 4.12 **SEC Registered**—an entity registered with the Securities and Exchange Commission (SEC)
- 4.13 **Shared Service Facilities (SSF) Project** - This refers to a set of machinery, equipment, tools, system, accessories, and other auxiliary items that may be required for the effective function of the SSF, to be managed by a Cooperator for the common use by the beneficiaries.
- 4.14 **SSF Focal Person** - Personnel of DTI in the provincial and regional office in charge of the SSF Project
- 4.15 **SSF Project Management Office** – an office that reports to the Office of the Undersecretary for Regional Operations tasked to assist the SSF implementing units in project identification, approval, monitoring and evaluation.

## 5. PROCEDURES

### 5.1 Eligible Projects

- 5.1.1 The proposed SSF Project must address processing and manufacturing gaps or bottlenecks of the industry cluster brought about by any of the following:
- 5.1.1.1 Absence of the needed facility
  - 5.1.1.2 Lack of capacity of an existing facility
  - 5.1.1.3 Cost of services of an existing facility is not affordable
- 5.1.2 The proposed SSF Project will increase the productivity of the industry cluster in terms of:
- 5.1.2.1 Product improvement/Quality enhancement/Marketability
  - 5.1.2.2 Price competitiveness
  - 5.1.2.3 Conformity to standards
- 5.1.3 The proposed SSF Project will support microenterprises within the priority industry clusters
- 5.1.4 Project proposals that will improve OTOP products shall likewise be considered.

### 5.2 Criteria for Selection of Cooperator

- 5.2.1 The Department through its Regional Offices/Provincial Offices shall identify and select a Cooperator that will host and manage the operation of the SSF project using the criteria enumerated in paragraph 5.2.2 and 5.2.3. A Cooperator can either be a government entity that includes such as, but not limited to LGUs, state universities/colleges and technical or vocational schools or private entity that will include non-government organizations, people's organizations and cooperatives
- 5.2.2 For LGUs, State Universities/Colleges, Technical Vocational Schools and other similar government academic or training institutions
- 5.2.2.1 Must be willing to be a Cooperator of SSF
  - 5.2.2.2 Must be capable of providing counterpart support in terms of

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- 5.2.2.2.1 Suitable facilities to house the machinery and equipment
- 5.2.2.2.2 Personnel
- 5.2.2.2.3 Working capital

Must be strategically located to service the beneficiaries of the SSF

5.2.3 For Non-Government Organization/People's Organizations/Cooperatives

- 5.2.3.1 Must be SEC, CDA registered or any other appropriate agency which registers organizations for purposes of establishing legal personality;
- 5.2.3.2 Must have a track record as follows: for a facility costing up to Php1.0 million, Cooperator must be in existence for at least two (2) years, and for a facility costing more than Php1.0 million, the Cooperator must be in existence for at least three (3) years; and
- 5.2.3.3 Must be capable of providing counterpart support in terms of:
  - 5.2.3.3.1 Suitable facilities to house the machinery and equipment
  - 5.2.3.3.2 Personnel
  - 5.2.3.3.3 Working capital

- 5.2.4 RO/POs are encouraged to work with other government agencies such as but not limited to LGUs, SUCs, other NGAs i.e. DOLE, TESDA, DOST, DA, DOT to institutionalize partnerships and promote efficient management of government resources.

5.3 Review/Evaluation of SSF Proposals

- 5.3.1 The review/evaluation process will be undertaken as follows:

Regional Technical Working Group (RTWG): For projects below Php 1 million

National Technical Working Group (NTWG): For projects Php1 million and above

- 5.3.2 In prioritizing the proposed SSF submitted, the following weights shall be used:

Criteria	Max. Points
1. The proposed facility has a desirable high impact-low investment ratio e.g. P100,000 investment = 100 coco coir processors (preferred) P100,000 investment = 2 jobs (lower priority)	30
2. The proposed facility is needed for expansion of a ready market.	25
3. The establishment of the proposed facility is initially prioritized within the NAPC focused towns/cities within the priority clusters.	25
4. The proposed facility targets identified industry clusters with the greatest need.	20
<b>TOTAL</b>	<b>100</b>

5.4 Project Approval



- 5.4.1 For projects below PHP 1 million pesos:
- 5.4.1.1 Upon submission of the project proposals duly endorsed by the proponent (Provincial Director), the Regional SSF Focal Person shall check completeness of submission and refer the same to RTWG for approval or disapproval.
  - 5.4.1.2 The RTWG shall convene monthly or as the need arises, to deliberate on the approval or disapproval of the project proposals endorsed by the proponent.
  - 5.4.1.3 The proponent shall be notified through a Memorandum on the result of the deliberation of the projects conducted by the RTWG not later than 2-days after the deliberation.
  - 5.4.1.4 The Provincial Officer, upon receipt of the memorandum containing approval or disapproval of the project, shall then notify the project cooperator on the result of the evaluation/deliberation of the projects not later than 3 days from receipt of notification memorandum from RTWG.
- 5.4.2 For projects above PHP 1 Million pesos:
- 5.4.2.1 For all projects evaluated and recommended for approval by the RTWG, the Regional SSF Focal Persons shall coordinate the transmittal of projects to the NTWG for evaluation.
  - 5.4.2.2 Projects amounting to PHP 1 million up to 5 million, endorsed by the NTWG for approval, shall be approved by the Undersecretary for RODG. Projects over PHP5 million endorsed by NTWG and Undersecretary for RODG, shall be approved by the DTI ExCom.
  - 5.4.2.3 The Regional Office shall be notified by the SSF PMO through a Memorandum on the result of the deliberation and approval of the project two(2)-days after approval
  - 5.4.2.4 Upon receipt of the memorandum containing approval or disapproval of the project, the Regional SSF Focal Person thru the Provincial SSF Focal Person shall then notify the project cooperator on the result of the evaluation/deliberation of the projects not later than 3 days from receipt of notification memorandum from the SSF-PMO.
- 5.4.3 **Documentary Requirements for Approved Projects.**
- 5.4.3.1 The following documents shall be compiled at the Provincial Office by the Provincial SSF Focal Person.
    - 5.4.3.1.1 Project Proposal signed by proponent using the prescribed form (Annex A)
    - 5.4.3.1.2 Duly signed approval sheet using the prescribed form (Annex B)
    - 5.4.3.1.3 Initial Evaluation and Site Visit Report by the Provincial SSF Focal Person where the project will be situated using the prescribed form (Annex C)
    - 5.4.3.1.4 Signed Memorandum of Agreement between DTI and the cooperator (Annex D)
  - 5.4.3.2 The completion of these documents shall be the basis for the commencement of procurement process.
  - 5.4.3.3 A complete set of these documents shall be submitted to the Regional Office upon approval of the project. A summary of approved projects shall be submitted to the SSF Project Management Office on a monthly basis or as required by the SSF PMO.

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- 5.4.4 Authorized DTI Representative to sign the Memorandum of Agreement with the SSF cooperator.
- 5.4.4.1 More than PhP3 million– Undersecretary for RODG
- 5.4.4.2 Up to PhP3 million – Regional Director
- 5.4.4.3 Up to PhP1 million – Provincial Director

- 5.5 **TERMS OF COOPERATION.** The Memorandum of Agreement (MOA) between DTI, and the cooperator shall contain the following:
- 5.5.1 Project name, intended beneficiaries, benefits to be delivered, project cost estimates, a brief description of the project, and its site/location
- 5.5.2 Systems and procedures to implement the project including procurement of goods
- 5.5.3 Schedule of periodic inspection/evaluation, reporting, monitoring requirements, date of commencement and date of completion,
- 5.5.4 Submission of the required periodic financial and physical status reports
- 5.5.5 Regular monitoring and inspection by DTI and other authorized government agency such as the COA
- 5.5.6 Roles and responsibilities of DTI and Cooperators as provided under No. 6 hereof.
- 5.5.7 Commitment on the part of the Cooperator to provide counterpart funds and facilities such as physical space and location for the project site, funds for supplies and maintenance, labor, and other forms of support or consideration for the project.
- 5.5.8 Commitment of both parties to prepare a Manual of Operation which will include the schedule of fees to be collected from the user of facilities which shall take into account the sustainability of the operation of the facilities in terms of cost recovery as well as the building of funds to be devoted solely for the repair and maintenance of the facility including the renewal of an all-risk insurance policy for the facilities.
- 5.5.9 The machinery/equipment shall be used by the Cooperator under a usufruct agreement which shall form an integral part of the MOA for a period of time as provided in the MOA. During the period under usufruct, the DTI shall provide insurance to cover loss or damage to the machinery/equipment due to but not limited to fire, theft, flood, earthquake or other causes. The Cooperator may also take out insurance to cover its loss in case of loss or damage to the SSF.
- 5.5.10 After the term of the usufruct agreement as provided for in the MOA has expired, the machinery/equipment shall be appraised to determine its depreciated value or residual value for purposes of transfer, sale or disposal by the DTI. A depreciation schedule for said machines/equipment shall be provided for and form an integral part of the MOA.
- 5.5.11 In the case of private NGO's, PO's, cooperatives, trade and industry or business associations, universities, colleges, technical or vocational schools acting as Cooperator, the DTI may transfer the machinery/equipment after the expiration of the usufruct agreement to the local government unit (LGU) where the Cooperator is located or to another government association or entity for the continuous use of said Cooperator. In such case, the DTI, the Cooperator and the LGU or the government association or entity, shall enter into a tripartite agreement governing the transfer for the benefit of the Cooperator. In all such cases, the Cooperator, the LGU or the government association or entity shall be prohibited from selling, mortgaging or transferring the machinery or equipment to third parties.
- 5.5.12 In case the preferred mode of transfer of the machinery/equipment at the end of the usufruct agreement is through sale, the depreciated value or

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residual value of the machinery/equipment may be used as the basis for the sale in accordance with COA rules and regulations.

- 5.5.13 Prior to the sale of the machinery or equipment to cooperator ~~from~~ the private sector upon expiration of the usufruct agreement, the concurrence of the COA must be secured.
- 5.5.14 In cases where the Cooperator is a government corporation, association, LGU, state university or college, technical and vocational schools or any other similar government academic or training institution, agreements can be entered into by DTI with such Cooperator during the term of the MOA transferring accountability over said machinery/equipment subject to COA rules and regulation on such transfer. In said cases, the conditions for the transfer shall be subject to the requirements stated under 5.5.1 to 5.5.8 herein
- 5.5.15 In case of non-compliance or default by the Cooperator of any of the provisions of the MOA, terms of the usufruct agreement, Manual of Approvals or any other agreement herein, DTI has the right to terminate the MOA and usufruct over the machinery/equipment and to reposses or pull out the machinery/equipment and transfer the same to another eligible Cooperator.
- 5.5.16 The MOA can be terminated under 5.5.16 above or upon mutual agreement of the parties, or by either party to the MOA in writing subject to reasonable notice for the security of the machinery/equipment.
- 5.5.17 DTI shall have a priority lien on the machinery/equipment subject of the SSF in cases of voluntary or involuntary dissolution of the Cooperator.
- 5.5.18 The machinery/equipment cannot be released to the Cooperator unless the MOA is signed and executed by all the parties thereto. Furthermore, the MOA shall contain a prohibition on the use of the machinery/equipment for other purposes other than the SSF and prohibition on selling, disposing, transferring, or mortgaging said machinery/equipment.
- 5.5.19 The MOA shall govern the terms of the agreement for the SSF. However, the DTI and the Cooperator may enter into any other contract or agreement for the implementation of the SSF such as Deeds of Usufruct, Transfer, Sale or Donation of the machinery/equipment.
- 5.5.20 The terms of the MOA shall be implemented in accordance with COA rules and regulations.

5.6 **Procurement.** Procurement for approved SSF may be undertaken as follows:

- 5.6.1 Procurement by DTI Regional Offices. DTI ROs shall immediately undertake the procurement of identified facilities/equipment, either through competitive bidding or through alternative modes of compliance such as Shopping, or Single Value Procurement (SVP), in accordance with the provisions of RA 9184.
- 5.6.2 Centralized Procurement. To achieve economies of scale, the purchase of big ticket items, and similar equipment may be undertaken by a central procurement agency, in accordance with the provisions of RA 9184.

5.7 **Project Implementation.**

- 5.7.1 After the execution of the MOA between DTI and the Cooperator, the facility/equipment shall be released directly to and duly acknowledge by the Cooperator using the prescribed SSF form, Acknowledgement Receipt of SSF Equipment:

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- 5.7.2 The Acknowledgement Receipt of SSF Equipment shall indicate the quantity, description, specifications and identification of the SSF Equipment as well as the terms and conditions for the use of the SSF Equipment.
- 5.7.3 Each of the equipment shall bear the approved markings for the purpose of proper identification, as follows:  
 "<Name of Project>  
 <Name of Cooperator>  
 Property of the Department of Trade and Industry"
- 5.7.4 The following documents shall be submitted by the Cooperator to DTI Provincial Office prior to the turn-over:  
 5.7.4.1 Manual of Operations  
 5.7.4.2 Name of authorized representative to transact with DTI
- 5.7.5 *Use of SSF.* Beneficiaries shall be encouraged to use the shared service facilities based on rules specified in the Manual of Operations.

## 6. ROLES AND RESPONSIBILITIES OF PARTICIPATING ENTITIES

### 6.1 Cooperators shall:

- 6.1.1 Make available provisions to house the equipment, provide working capital and counterpart support such as but not limited to power utilities, ancillary facilities and personnel required to manage, operate and maintain the SSF;
- 6.1.2 Jointly with the DTI, prepare and adopt a Manual of Operations which shall include, among others  
 6.1.2.1 Organizational/Functional Structure for the facility  
 6.1.2.2 Procedure for accessing the services  
 6.1.2.3 Business plan  
 6.1.2.4 Schedule of fees which balances the need for sustainability and affordability  
 6.1.2.5 Promotion/Marketing plan to promote use of the facility  
 6.1.2.6 Reportorial procedures, etc.
- 6.1.3 Together with an authorized representative of DTI, inspect and receive the machinery, equipment and tools that were procured upon delivery by the supplier thereof to ensure that they meet all specifications as defined in the Purchase Order;
- 6.1.4 Operate, perform repair and maintenance, and ensure safekeeping of the machines/equipment in the facility including responsible property custodianship and turn over the above to DTI in the event that compliance to the stipulations in the Manual of Operations can no longer be achieved;
- 6.1.5 Periodically submit to the Provincial Office reports of physical accomplishments and financial records and all other monitoring and evaluation instruments.

### 6.2 DTI-Regional Office (DTI-ROs) shall:

- 6.2.1 Initiate procurement of equipment necessary for the setting up of the SSF in their respective regions. The Regional Director as Head of Procuring Entity (HOPE) shall ensure that procurement is in accordance with RA 9184.
- 6.2.2 Turnover the machines/equipment, once delivered to designated project site in accordance with prescribed procedure, to cooperator and the latter shall acknowledge in writing receipt thereof.
- 6.2.3 Provide insurance that covers loss or damage to machines/equipment resulting from, but not limited to, theft, fire, flood, earthquake and lightning, for the first year;

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- 6.2.4 Provide technical support and assistance to the beneficiaries relative to the implementation of the program, such as but not limited to entrepreneurship, productivity enhancement, product development, marketing assistance, product diversification and other relevant social services;
  - 6.2.5 Coordinate with partner agencies for both technical and financial support to ensure cooperator's success
  - 6.2.6 Conduct periodic inspection of the facilities to monitor their condition. This is intended to identify any problem that may arise so that appropriate actions may be undertaken immediately.
  - 6.2.7 Institute appropriate actions against the concerned cooperator which may include, among others, suspension or termination of the project in case of violation of the provision of this MOA and/or legal action for misuse of approved and release funds, the legal costs of which shall be shouldered by the accredited conduit;
  - 6.2.8 Oversee the implementation of the SSF and assist the cooperator in managing the SSF in their area in a sustained manner and ensure that the SSF shall be used exclusively for the purpose stated in the approved proposal; and
  - 6.2.9 Consolidate and evaluate accomplishment reports submitted by the Provincial Offices
- 6.3 **DTI-Provincial Office (DTI-PO) shall:**
- 6.3.1 Prepare project proposals based on the criteria set
  - 6.3.2 Submit proposals with TORs with individual cost of more than one million pesos (>P1M) and those with unique/special configurations to NTWG and to the RTWG for proposals amounting to less than one million pesos (<P1M)
  - 6.3.3 Conduct a thorough inspection of the location, with the DTI-RO and Cooperator to check their condition. This is intended to identify any problem that may arise so that appropriate actions may be immediately undertaken
  - 6.3.4 The Provincial Director shall be responsible for the inspection and receipt of all machines/equipment upon delivery by the vendors to ensure that they meet all specifications defined in the purchase order. A representative of the project Cooperator shall be present during the inspection.
  - 6.3.5 Jointly with the Cooperator, prepare a Manual of Operations which shall include among others:
    - 6.3.5.1 Organizational/Functional Structure for the facility
    - 6.3.5.2 Procedure for accessing the services
    - 6.3.5.3 Business plan
    - 6.3.5.4 Schedule of fees which balances the need for sustainability and affordability
    - 6.3.5.5 Promotion/Marketing plan to promote use of the facility
    - 6.3.5.6 Reportorial procedures, etc.
  - 6.3.6 Monitor and evaluate the progress of the SSF particularly in terms of its physical accomplishment and finances.
  - 6.3.7 Identify emerging capability building needs of the Cooperators;
  - 6.3.8 Provide, when necessary, additional expertise, services and technical support required for capacitating the Cooperator and eventually other prospective Cooperators to sustainably operate and manage the facility in accordance to the Project objectives.
  - 6.3.9 Pull out the equipment if and when the Cooperator fails to comply with the Terms and Conditions stipulated in the Manual of Operations with the end in view of working with another Cooperator.

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6.3.10 Submit regular accomplishment reports to RO who shall consolidate all provincial reports for submission to PMO.

6.4 **SSF PMO shall provide the following services:**

- 6.4.1 Provide secretariat support to the NTWG.
- 6.4.2 Provide technical support or designate an alternate to work with the Central Procurement Agency in the review of bidding documents, and identification of potential suppliers/bidders. The SSF-PMO or its alternate may be asked to sit as part of BAC-TWG to help assist, evaluate and assess technical component of bids, e.g., equipment specifications, inter-operability, capacities and applications.
- 6.4.3 Generate and consolidate periodic reports from the DTI Regional Offices.
- 6.4.4 Coordinate the monitoring and evaluation of the project.

6.5 **National Technical Working Group (NTWG) shall:**


- 6.5.1 Evaluate project proposals with TORs with individual cost of more than one million pesos (>P1M) and those with unique/special configurations
- 6.5.2 If evaluation is deemed positive, endorse projects 1 - 5million for approval by USEC for RODG and five million and above proposals to the DTI Excom for approval
- 6.5.3 Proposals that are disapproved shall be returned to the PMO for dispositive action

6.6 **Regional Technical Working Group (RTWG) shall:**

- 6.6.1 Evaluate all project proposals and TORs
- 6.6.2 Transmit to RODG Undersecretary copies of RTWG approved proposals  
Furnish PMO with copies of approved proposals.
- 6.6.3 Recommend to RODG Undersecretary or ExCom projects consonant to sec. 6.5.2.
- 6.6.4 Transmit to RODG Undersecretary copies of approved proposals copy furnished the SSF-PMO.
- 6.6.5 Recommend to proponent (PO) to commence procurement process of approved proposals.
- 6.6.6 Return to proponent (PO) disapproved proposals for appropriate actions.

7. **MISCELLANEOUS PROVISIONS.** The Supervising Undersecretary of the RODG shall issue further guidelines covering the monitoring and evaluation of all SSF projects as deemed necessary.

8. **EFFECTIVITY.** This Order shall take effect immediately.

  
**ZENAIDA QUISON MAGLAYA**  
Undersecretary for Regional Operations  
Development Group

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**ANNEX A**  
**PROJECT PROPOSAL**

<b>I. Profile of the SSF Project</b>			
Title of the SSF Project:			
Cooperator:			
- Brief Profile/Registration/ No. of Members			
Location: Complete Address/ with District			
Industry Cluster:			
Products/Service Line:			
Target Beneficiaries:			
- No. of MSMEs Assisted			
- No. of Other Individual Users (other users, non-members of Cooperator)			
- No. of Jobs Generated			
Total SSF Project Cost:			
Breakdown of SSF Project Cost:			
SSF Equipment	Quantity	Unit Cost	Amount
*Attach specifications of Proposed SSF Equipment			
<b>II. SSF Project Description</b>			
Rationale/Background:			
Objective:			
Organization Management:			
Expected Output:			
<b>III. SSF Project Implementation</b>			
Production Gaps:			
Production Volume:			
Current Volume	Projected Volume with SSF		
Market/s:			
Current Market	Projected Market with SSF		
Sales:			
Current Volume/Amount	Projected Volume/Amount with SSF		
Financial Aspect			
- Proposed Investment Cost			
- Proposed Sources of Financing			
<b>IV. Socio Economic Impact</b>			



## ANNEX B APPROVAL SHEET

☐ NTWG

DATE: \_\_\_\_\_

☐ RTWG \_\_\_\_\_

VENUE: \_\_\_\_\_

SSF Project Proposal			
Region			
Project Location			
Name of Cooperator - Years of Existence - No. of members			
Brief Project Description			
Total Cost of SSF			
List of Tools and Equipment being requested for SSF Funding	Item	Quantity	Unit Cost
SSF TWG Decision	<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved <input type="checkbox"/> Deferred <input type="checkbox"/> Not Eligible <input type="checkbox"/> For Endorsement		
Remarks			

Approved by :

\_\_\_\_\_

SSF TWG Chairperson

Members:




**ANNEX C**  
**INITIAL EVALUATION AND SITE VISIT REPORT**

A. **Proposed SSF:** \_\_\_\_\_  
**Cooperator:** \_\_\_\_\_  
**Project Cost:** \_\_\_\_\_  
**Cooperator's Counterpart:** \_\_\_\_\_  
**Cost of Proposed SSF:** \_\_\_\_\_  
**Total Project Cost:** \_\_\_\_\_  
**Project Location:** \_\_\_\_\_

**B. PASS / FAIL CRITERIA**

Below criteria will be the basis for endorsing the proposal for further evaluation.

Pass / Fail Criteria	YES	NO	Remarks
1. The proposed facility must address Processing and/or manufacturing gaps or bottlenecks of the industry cluster to any of the following:			
1.1 absence of the needed facility			
1.2 insufficient capacity of an existing facility			
1.3 prohibitive cost of services of an existing facility			
2. The proposed facility will increase the productivity of the industry cluster in terms of any of the following:			
2.1 product improvement /quality enhancement			
2.2 price competitiveness			
2.3 conformity to standards			
3. The proposed facility is designed to support			
3.1 Micro Enterprises			
3.2 Small Enterprises			
3.3 Medium Enterprises			
4. The proposed facility will serve at least one of the following existing industry cluster(s)			
4.1 Abaca			
4.2 Bamboo			
4.3 Banana			
4.4 Cacao			



Pass / Fail Criteria	YES	NO	Remarks
4.5 Coconut / Coco Coir			
4.6 Coffee			
4.7 Dairy			
4.8 Fine Jewelry			
4.9 Gifts , Décor and House ware			
4.10 Kalamansi			
4.11 Meat, Fresh & Processed			
4.12 Metals & Metalworks			
4.13 Milkfish			
4.14 Muscovado			
4.15 Organic Fertilizer			
4.16 Pangasius			
4.17 Pineapple			
4.18 Processed Food			
4.19 Renewable Energy			
4.20 Seaweed			
4.21 Veggie Noodles			
4.22 Wearable's & Home styles			
4.23 Wood			
4.24 Others			
5. The proposed facility is needed for expansion of a ready market			
6. The processed facility has an "ELIGIBLE COOPERATOR" defined as:			
6.1 Juridical entities ( Indicate Registration Number & Date of Registration , if applicable)			
6.1.1 NGO / People's Org			
6.1.2 Cooperative			
6.1.3 Industry/Trade/Business Association			



Pass / Fail Criteria	YES	NO	Remarks
6.1.4 Academic Institution			
6.1.5 Exporter / Buyer Group		/	
6.1.6 Local Government Unit			
6.2 Required years of Cooperator Operation or Experience			
6.2.1 Facility of up to P 1 M → 2 years			
6.2.2 Facility of more than P 1 M → 3 years			
6.3 Has active members of MSME network as target beneficiaries			
6.3.1 Number of registered members			
6.3.2 Number of active, registered members			
6.3.3 Number of target MSME beneficiaries			
6.4 Capable of providing counterpart support terms of:			
6.4.1 Suitable site and building			
6.4.2 Support personnel			
6.4.3 Cash flow projection to support at least one (1) year initial operations			

7. List of the Existing Facilities and Production Capacity of the Cooperator

MACHINE/EQUIPMENT	CURRENT PRODUCTION CAPACITY	FUNCTION IN THE PRODUCTION PROCESS
1)		
2)		
4)		
5)		

Pre-screened by:

Approved by:

SSF FOCAL PERSON

PROVINCIAL DIRECTOR



## ANNEX D

**MEMORANDUM OF AGREEMENT  
SHARED SERVICE FACILITIES (SSF) PROJECT**

**KNOW ALL BY MEN BY THESE PRESENT:**

This MEMORANDUM OF AGREEMENT ENTERED INTO ON \_\_\_\_\_ (DATE)  
by and between:

The **DEPARTMENT OF TRADE AND INDUSTRY** - \_\_\_\_\_, a government agency duly organized and existing under the laws of the Republic of the Philippines, with principal office at \_\_\_\_\_ Address of Concerned DTI Office, represented herein by its \_\_\_\_\_ (Name of Signatory, depending on the amount under Section 5.4.4) \_\_\_\_\_, and hereinafter referred to as "**DTI-x**";

-and-

\_\_\_\_\_ Name of Cooperator, duly organized and existing under the laws of the Republic of the Philippines with principal office at \_\_\_\_\_ Address of Cooperator, represented herein by its \_\_\_\_\_ Position Title of Signatory for Cooperator, \_\_\_\_\_ Name of Signatory for Cooperator, and hereinafter referred to as the "**COOPERATOR**";

**WITNESSETH THAT;**

**WHEREAS**, MSMEs, by themselves, cannot acquire modern machinery, equipment and tools required to increase their productivity due to the huge capital investment necessary for such acquisition;

**WHEREAS**, the SHARED SERVICE FACILITIES PROJECT, hereinafter referred to as "SSF" will encourage the graduation of MSMEs to the next level where they could tap a better and wider market share and be integrated into the global supply chain.

**WHEREAS**, "SSF" primarily aims to address the gaps and bottlenecks in the value chain of priority industry clusters by providing processing and/or manufacturing equipment for the common use by MSMEs within the identified industry clusters, as well as to provide an integrated package of services including enhanced marketing approaches relevant to the maturity of the MSMEs and the target market, and to develop priority and market-driven industries;

**WHEREAS**, the "**COOPERATOR**" has been identified by "**DTI-x**" as a qualified Cooperator under Section 5.2.2 or 5.2.3 of Memorandum Order No. 13-1627, Series of 2013 to manage a shared service facility to be established at \_\_\_\_\_ Name of Province for \_\_\_\_\_ Specify Industry Sector;

**WHEREAS**, the "**COOPERATOR**" has expressed its willingness to manage the aforementioned shared service facility;

**NOW, THEREFORE**, for and in consideration of the foregoing premises and of the mutual covenants and stipulations hereafter set forth, "**DTI-x**" and the "**COOPERATOR**" hereby agree to enter into this Memorandum of Agreement (MOA), subject to the following terms and conditions:



## ARTICLE I – BRIEF DESCRIPTION OF THE SSF PROJECT AND ITS BENEFITS

1. Project Title
2. Project Site/location
3. Beneficiaries
4. Estimated Total Project Cost

Cost Item	DTI	Cooperator	Total Cost
Total Estimated Project Cost			

5. Brief Description of the SSF Project
6. Benefits of the SSF Project

## ARTICLE II - RIGHTS, DUTIES AND RESPONSIBILITIES OF "DTI-x".

1. Initiate procurement of machinery, equipment and tools necessary for the setting up of the SSF. The procurement shall be done in accordance with the provisions of R.A. 9184, otherwise known as the "Government Procurement Reform Act", and its Implementing Rules and Regulations.
2. Together with an authorized representative of the "COOPERATOR" shall inspect and receive the machinery/equipment/tools that were procured upon delivery by the supplier thereof to ensure that they meet all specifications as defined in the DTI Purchase Request form and to turnover the machinery/equipment/tools, once delivered to designated project site in accordance with prescribed procedure, to cooperator and the latter shall acknowledge in writing receipt thereof.
3. The DTI shall provide insurance to cover loss or damage to the machinery, equipment and tools due to but not limited to fire, theft, earthquake, lightning, floods and other acts of God for a period of one (1) year commencing on the date of delivery of the machinery, equipment and tools to the "COOPERATOR".
4. Grant the "COOPERATOR" use of the machinery, equipment and tools subject of this MOA free of charge during the effectivity of this MOA. It is hereby understood that the ownership of the machinery, equipment and tools subject of this MOA remains with "DTI-x". This shall be stipulated in a Deed of Assignment executed by DTI in favor of the "COOPERATOR".



5. Conduct periodic inspection of the shared service facility to monitor its condition in order to promptly identify any problem that may arise so that appropriate remedial measures may be undertaken. In addition to DTI, the Commission on Audit (COA) officials and personnel have visitatorial rights. The periodic inspection / evaluation, reporting, monitoring requirements, date of commencement and date of completion of the shared service facility shall be included and specified in the Manual of Operations to be prepared by the "COOPERATOR" and the "DTI-x."
6. Jointly with the "COOPERATOR", prepare and approve a Manual of Operations which shall include, among others, the organizational/functional/ structure of the shared service facility, procedure for accessing the services of the facility, business plan, schedule of fees to be collected from the users of the facility, communications plan to promote the use of the facility, and reportorial procedures.
  - 6.1 The schedule of fees to be collected from the users of the facility shall take into account the sustainability of the operation of the facility in terms of cost recovery, as well as the building up of funds to be devoted solely for the repair and maintenance of the SSF including the renewal of an all-risk insurance policy for the facilities..
7. Monitor and evaluate the operations of the facility, particularly in terms of its production and financial condition. The DTI-Regional Offices shall consolidate and evaluate accomplishment reports submitted by the DTI-Provincial Offices.
8. Provide, when necessary, additional technical support for capacitating the "COOPERATOR", including prospective cooperators, to sustainably manage and operate the facility in accordance with the objectives of the "SSF".
9. Institute appropriate actions against the concerned cooperator which may include, among others, suspension or termination of the project, in case of violation of the provision of this MOA and/or legal action for misuse of approved and released funds, the legal cost of which shall be shouldered by the accredited conduit.

### ARTICLE III – RIGHTS, DUTIES AND RESPONSIBILITIES OF THE "COOPERATOR".

1. Provide facilities to house the machinery, equipment and tools subject of this MOA, and counterpart support facilities such as power and other ancillary facilities, as well as working capital and personnel needed to manage and operate the shared service facility.
2. Together with an authorized representative of "DTI-x", inspect and receive the machinery, equipment and tools that were procured upon delivery by the supplier thereof to ensure that they meet all specifications as defined in the DTI Purchase Request form.
3. May also take out insurance to cover its loss or damage to the machinery/equipment/tools.



4. Jointly with the "DTI-x", prepare and approve a Manual of Operations which shall include, among others, the organizational/functional structure of the shared service facility, procedure for accessing the services of the facility, business plan, schedule of fees to be collected from the users of the facility, communications plan to promote the use of the facility, and reportorial procedures.
  - 4.1 The schedule of fees to be collected from the users of the facility shall take into account the sustainability of the operation of the facility in terms of cost recovery, as well as the building up of funds to be devoted solely for the repair and maintenance of the facility including the renewal of an all-risk insurance policy for the facilities.
5. Manage and operate the shared service facility in accordance with the Manual of Operations mentioned in Article II, No. 4 above, as well as provide working capital for operating expenses. It is hereby understood that ownership of the machinery, equipment and tools subject of this MOA remains with "DTI-x".
6. Conduct periodic preventive maintenance work to keep the machinery, equipment and tools subject of this MOA in good working condition.
7. Return the machinery, equipment and tools subject of this MOA to "DTI-x" upon the termination of this MOA, in good working condition save for the wear and tear arising from its normal usage. Where the deterioration of the machinery, equipment and tools subject of this MOA arose from the fraud or negligence on the part of the "COOPERATOR", the latter shall indemnify "DTI-x" for all expenses that may be incurred to restore the machinery, equipment and tools subject of this MOA to a working condition.
8. To take care of the machinery, equipment and tools subject of this MOA as a good father of a family and to ensure it from loss or damage due to theft, fire, flood or other acts of God.
9. Submit to "DTI-x", in accordance with the schedule set forth in the Manual of Operations, periodic reports pertaining to the shared service facility's production and financial condition.
10. Beneficiaries of the SSF as defined in Section 4.1 of Memorandum Order No. 13-1627, Series of 2013 shall be encouraged to use the shared service facilities based on rules specified in the Manual of Operations.
11. The Cooperator is prohibited to sell, dispose, transfer or mortgage the machinery/equipment/tools and shall solely use said machinery/equipment/tools as a shared service facility of the SSF beneficiaries as defined in Section 4.1 of Memorandum Order No. 13-1627, Series of 2013.

#### ARTICLE IV – DURATION OF THE MEMORANDUM OF AGREEMENT.

1. This Memorandum of Agreement shall be effective upon signing by the authorized representatives of both parties and shall be in force for a period of six (6) years.
2. The Usufruct Agreement shall be for a period of six (6) years.



## ARTICLE V – MISCELLANEOUS PROVISIONS

1. After the termination of this MOA or at the end of six (6) years, the machinery/equipment/tools shall be appraised to determine its depreciated value or residual value for purposes of transfer, sale or disposal by DTI. A depreciation schedule for all machinery/equipment/tools shall be provided for and form an integral part of this MOA as Annex "\_\_\_."

2. In the case of private NGOs, POs, Cooperative, Trade and Industry or Business Associations, Universities, Colleges, Technical or Vocational Schools acting as Cooperator, the DTI may transfer the machinery/equipment/tools after the expiration of this MOA to the Local Government Unit (LGU) where the Cooperator is located or to another government entity for the continuous use of said "COOPERATOR".

In such case the, the DTI, the "COOPERATOR", and the LGU or the government entity shall enter into a tripartite agreement governing the transfer for the benefit of the "COOPERATOR". In all such cases the "COOPERATOR", the LGU or the government entity shall be prohibited from selling, mortgaging or transferring the machinery/equipment/tools to any third party.

3. In case the preferred mode of transfer of the machinery/equipment/tools at the end of the six (6) years is through sale, the depreciated value or residual value of the machinery/equipment/tools may be used as basis for the sale in accordance with COA rules and regulations.
4. In cases where the Cooperator is a government corporation, association, LGU, state university or college, technical and vocational schools or any other similar government academic or training institution, agreements can be entered into by DTI with such "COOPERATOR" during the term of the MOA transferring accountability over said machinery/equipment/tools subject to COA rules and regulations on such transfer. In said cases, the condition for the transfer shall be subject to the requirements stated in Article III of this MOA.
5. The DTI and the "COOPERATOR" may enter into any other contract or agreement for the implementation of the SSF such as Deed of Usufruct, Transfer, Sale or Donation of the machinery/equipment/tools.
6. In cases of the voluntary or involuntary dissolution of the "COOPERATOR" the DTI shall have a priority lien on the machinery/equipment/tools, subject to existing COA rules and regulations.
7. The machinery/equipment/tools shall be used by the "COOPERATOR" under a Usufruct Agreement which shall form an integral part of this MOA as Annex "1."



#### **ARTICLE VI – GROUNDS FOR PRE-TERMINATION OF MOA.**

1. This MOA may be pre-terminated on any of the following grounds:
  - 1.1 Upon mutual consent of both parties in writing subject to reasonable notice for the security of the machinery/equipment/tools.
  - 1.2 In case of non-compliance or default by the "COOPERATOR" of any of the provisions of the MOA, DTI has the right to terminate this MOA and reposses or pull-out the machinery/equipment/tools and transfer the same to another eligible "COOPERATOR".
  - 1.3 Non-performance by either party of its duties and responsibilities as defined in this MOA and in the Manual of Operations to be developed jointly by the parties in this MOA.

#### **ARTICLE VII – AMENDMENTS TO THE MOA.**

1. Any amendments to this MOA shall be in writing and upon the mutual consent of both parties.



IN WITNESS WHEREOF, the parties have affixed their signatures this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

DTI REGIONAL OFFICE \_\_\_\_\_

COOPERATOR

By:

By:

\_\_\_\_\_  
NAME/DESIGNATION OF DTI REP.

\_\_\_\_\_  
NAME/DESIGNATION OF COOPERATOR REP.

**SIGNED IN THE PRESENCE OF:**

WITNESS

WITNESS

\_\_\_\_\_

\_\_\_\_\_

**ACKNOWLEDGMENT**

REPUBLIC OF THE PHILIPPINES

CITY OF \_\_\_\_\_

BEFORE ME, a notary public in the city of \_\_\_\_\_ this  
personally appeared:

NAME	GOV'T ISSUED ID	ISSUED ON	VALID UNTIL
_____	_____	_____	_____
_____	_____	_____	_____

Known to me and to me known to be the same persons who executed the foregoing Agreement, which consists of seven (7) pages including this page where the Acknowledgment is contained, signed at the foot of the instrument by the executing parties and their instrumental witnesses, and they acknowledged to me that the same is their free and voluntary act and deed as well as the entities they respectively represent.

IN TESTIMONY WHEREOF, I have set my hand and affixed my notarial seal at the place and date first above written.

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Book No.  
Series of 20 \_\_\_\_\_