

CONTRACT OF SERVICES

KNOW ALL MEN BY THESE PRESENTS:

This Contract of Services made and executed into this 22nd day of May, 2014 in Pasig City, Philippines, by and between:

The **AGRICULTURAL CREDIT POLICY COUNCIL (ACPC)**, an attached agency to the Department of Agriculture created pursuant to Executive Order No. 113 with office address at 28th Floor, One San Miguel Avenue Building, San Miguel Avenue cor. Shaw Blvd., Ortigas Center, Pasig City, Philippines, represented herein by its Executive Director, **JOVITA M. CORPUZ**, hereinafter referred to as the "**ACPC**";

and

The **MULTI-SECTORAL MANAGEMENT AND DEVELOPMENT CORPORATION (MMDC)** with principal office at 2nd Floor, One Joroma Place, Congressional Avenue, Quezon City and represented hereinafter by its President, **ISRAEL P. CARLOS**, hereinafter referred to as "**CONSULTANCY SERVICE PROVIDER**"

WITNESSETH THAT:

"**WHEREAS**, the ACPC is the institution on agricultural credit policy and program development that promotes a sustainable and effective delivery of financial services to the countryside;"

"**WHEREAS**, the ACPC is mandated by Republic Act 8435 or the Agriculture and Fisheries Modernization Act (AFMA) of 1997 as oversight of the Agro-Industry Modernization Credit and Financing Program (AMCFP);"

"**WHEREAS**, the ACPC develops and pilot-tests innovative financing schemes for integration into the AMCFP to explore new arrangements and credit delivery mechanisms to expand the outreach and increase access of small farmers and fisherfolk to credit;"

"**WHEREAS**, banks seldom lend to individual farmer-borrowers because of the high administrative costs they incur in servicing small, individual loans;"

"**WHEREAS**, many farmers still have limited access to formal credit and often resort to borrowing from informal sources such as private moneylenders, traders, and millers despite the high interest rates;"

"**WHEREAS**, cooperatives are seen as having the potential to serve as effective vehicles for providing much-needed financial services to small farmers and fisherfolk, most of which will not be able to access such services on their own from banks and other formal sources;"

"**WHEREAS**, through cooperatives, small farmers have a means of gaining access to formal credit by banks at a much lower interest compared to informal lenders;"

"**WHEREAS**, about 76% of the 23,672 cooperatives in the country are classified as micro, with assets of not more than P3.0 million each;"

"WHEREAS, majority of these cooperatives, according to CDA, could be considered prone to financial difficulties, and have little or no capacity to expand and meet the demands of their clientele;"

"WHEREAS, ACPC envisions cooperatives to be sustainable conduits of lending to the small farming and fishing sector, therefore making it critical to assess their capacity to access and manage credit funds, and serve as effective and sustainable channels of credit under the AMCFP;"

"WHEREAS, to attain the abovementioned objective, the ACPC has deemed it necessary to engage the services of a consultant to undertake the study entitled **"Assessment of the Capacity of Cooperatives as Lender to Small Farmers and Fishers"** as scheduled in the ACPC 2014 Research Studies;"

"WHEREAS, the ACPC, through its Bids and Awards Committee (BAC) Resolution No. 8, Series of 2014 has invited bid for the supply and delivery of a consultancy services provider for the said research study;"

"WHEREAS, the ACPC, through its Bids and Awards Committee (BAC) conducted the following activities: checking of eligibility criteria on March 10, 2014; short listing of eligible bidders on March 18, 2014; and opening of bids submitted by shortlisted bidders on April 7, 2014;"

"WHEREAS, upon further evaluation of technical and financial proposal by the BAC TWG and BAC following the set of criteria for technical and financial evaluation, the highest responsive bid was obtained by **Multi-Sectoral Management and Development Corporation (MMDC)/ CONSULTANCY SERVICE PROVIDER**"

"WHEREAS, the **CONSULTANCY SERVICE PROVIDER** has accepted such engagement pursuant to a Notice of Award dated 05 May 2014;"

"WHEREAS, the **CONSULTANCY SERVICE PROVIDER** shall post a performance bond for thirty percent (30%) of the contract price of **TWO MILLION EIGHT HUNDRED THOUSAND PESOS (Php2,800,000.00)**, prior to the signing of the contract."

"NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto have agreed, as they hereby agree, to enter into mutual covenants and stipulations hereinafter provided, to wit:

UNDERTAKING

A. The ACPC shall:

1. Allocate and release the fund in the total amount of **TWO MILLION EIGHT HUNDRED THOUSAND PESOS (Php2,800,000.00)**. Except as may be otherwise agreed upon, payment under this contract shall not exceed the amount allocated;
2. Provide an initial release as mobilization fees in an amount representing **FIFTEEN PERCENT (15%)** upon signing of the contract and issuance of Notice to Proceed by ACPC; and release of: **TWENTY-FIVE PERCENT (25%)** upon written acceptance by ACPC of the Inception Report; **THIRTY PERCENT (30%)** upon submission of the progress report, **TWENTY PERCENT (20%)** upon submission of 1st draft report, **TEN PERCENT (10%)** upon submission and acceptance of the final report by ACPC;
3. Monitor the utilization of the fund in accordance with its purpose and objectives and the implementation of the project;

4. Assign a "focal person" to coordinate the activities;
5. Make available to the Consultancy Service Provider program reports and other related information materials.

B. Consultancy Service Provider shall:

1. Acknowledge the receipt of payment by issuing an Official Receipt in the name of ACPC;
2. Submit an audited financial report seven (7) days after each payment as may be required by ACPC and/or after the end of contract date.
3. Commence the project within 15 days upon receipt of notice to proceed (NTP) and submit to the ACPC the final output eight (8) months after the commencement date.
4. Implement the project in accordance with the Terms of Reference (TOR) and the Work and Financial Plan (Annex A & B) ;
5. Prepare and submit to ACPC the following:
 - a. Inception Report
 - b. Progress Report
 - c. Draft Report; and
 - d. Final Report
6. Devote the necessary time and attention to the performance of the Services and at all times act with due diligence and efficiency, in accordance with the contract, during the Term of Engagement which shall last for eight (8) months.

C. GENERAL PROVISIONS:

The parties mutually agree to fully cooperate with each other for the successful undertaking and completion of the Project.

The parties mutually agree to perform, fulfil and abide with all the provisions and requirements, including all matters and things contained or could be reasonably inferred from the contract.

Nothing contained herein shall be construed as establishing or creating between ACPC and MMDC the relationship of principal and agent, it being understood that the position of the CONSULTANCY SERVICE PROVIDER and of anyone else performing the Services as that of an independent contractor.

No fees, gratuities, gifts, commissions, or other payments, other than those shown in the proposal or under the Contract, have been given or received in connection with the selection process or in the contract execution.

D. MISCELLANEOUS PROVISIONS:

1. INDEMNIFICATION

The CONSULTANCY SERVICE PROVIDER's liability under this Contract shall be limited to claims, actions, losses or damages directly caused by such failure to exercise skill and care in accomplishing the duties and responsibilities as specified in the contract and shall not include liability for any action, claim, loss or damage arising out of force majeure and occurrences incidental or indirectly consequential to such failure.

Force Majeure:

The term as employed herein shall mean acts of God, strikes, lock outs or other industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, storms, lightning, floods, washouts, civil disturbances, explosions, and any other similar events, not within the control of either party and which by the exercise of due diligence neither party is able to overcome.

2. NOTICE OF DELAY

In the event that the CONSULTANCY SERVICE PROVIDER encounters delay in obtaining the required services for facilities under this Contract, it shall promptly notify ACPC of such delay, and may request for an appropriate extension of time for the completion of the Services. Extension shall be allowed by ACPC only once for a maximum of three (3) months, upon submission of valid reason for such delay.

3. AMENDMENTS

No amendment, alteration, or modification of any of the terms and conditions of this Contract shall be valid unless in writing and signed by the duly authorized representatives of the parties.

4. PRE-TERMINATION

This Contract may be pre-terminated and/or rescinded if any of the following events shall have happened, and/or continue to happen:

By ACPC:

- a. Any conditions which have arisen which, in the reasonable mind could interfere or threaten to interfere with the successful carrying out of the Project, or the fulfilment of the purposes under the Contract;
- b. A default, failure or refusal shall have occurred on the part of the CONSULTANCY SERVICE PROVIDER to perform the Services under the Contract.

By the CONSULTANCY SERVICE PROVIDER:

- a. Shall promptly notify ACPC in writing of any situation or occurrence of any event beyond their reasonable control which makes it impossible for them to carry out their obligations hereunder.
- b. Upon confirmation in writing by ACPC of the existence of any such situation or event or upon failure of ACPC to respond to such notice within thirty (30) days of receipt thereof, the CONSULTANCY SERVICE PROVIDER shall be relieved from all liabilities from the date of such receipt for failure to carry out such obligations and the CONSULTANCY SERVICE PROVIDER may thereupon terminate the Contract by giving not less than thirty (30) days prior written notice.

In the event of pre-termination or rescission of the Contract, the CONSULTANCY SERVICE PROVIDER shall nevertheless be entitled to payment of service proportionate to the work performed or rendered.

5. EFFECTIVITY

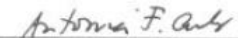
This agreement shall become effective upon receipt of Notice to Proceed with the services for a period of eight (8) months. It shall be in full force and effect until the Services and all payments therefore have been completed, and at such time the parties hereto shall be mutually released from all obligations hereunder. It shall remain effective and in force until the fund released shall have been liquidated in accordance with the approved Program.

IN WITNESS, THEREOF, the parties hereto have signed this Contract on the date and place above written.


ISRAEL P. CARLOS
President, MMDC


JOVITA M. CORPUZ
Executive Director, ACPC

WITNESSES



ANTONIA F. CARLOS


MAGDALENA S. CASUGA