



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
Elliptical Road, Diliman  
1100 Quezon City

**MEMORANDUM CIRCULAR**

No. 23

Series of 2022

**SUBJECT: AMENDMENTS TO MEMORANDUM CIRCULAR NO. 03, SERIES OF 2021 OR THE IMPLEMENTING GUIDELINES FOR THE ESTABLISHMENT OF ORGANIC HUB OR "ORGANIK-KONEK"**

For the effective implementation of Organic Hub or "Organik Konek" and to address the issues and concerns of the stakeholders, this Memorandum Circular is hereby issued.

**1. Section IV of MC 03, s.2021 is hereby repealed and amended, to read as follows:**

**IV. DOCUMENTARY REQUIREMENTS**

Proponents of organic agriculture hub are required to submit the following documents, or their equivalent, in their application.

1. Letter of Intent to avail of the program addressed to the DA- Regional Director;
2. Accomplished Business Plan (Refer to Annex A);
3. Accreditation Certificate of Civil Society Organization issued by the Department of Agriculture (DA Administrative Order No. 13, Series of 2020 as amended by DA AO No. 19, Series of 2020 and DA AO No. 13, Series of 2021);
4. Authenticated copy of the latest Articles of Incorporation or Articles of Cooperation, as the case maybe, showing the original incorporators/ organizers;
5. Secretary's certificate on the list of incumbent officers and members, and organizational chart;
6. Sworn Affidavit of the Secretary of the entities that none of its incorporators, organizers, directors or officials is an agent of or related by consanguinity or affinity up to the 4<sup>th</sup> civil degree to the officials/personnel of the National Organic Agriculture Board (NOAB), NOAB Technical Working Group (NOAB TWG), National Organic Agriculture Program- National Program Coordinating Office (NOAP-NPCO), DA-RFO Organic Agriculture Regional Screening Committee, or any personnel authorized to process and/or approve the proposal, the MOA, and the release of funds. Relationships of this nature shall automatically disqualify any entity from being granted the fund (Section 4.4.8 of COA Circular No. 2007-001 and Section 2.1 of COA Circular No. 2012-001);
7. Board Resolution authorizing the Chairman/President of the organization to enter into an agreement with DA;
8. Certification of the Accountant of the organization that it has no unliquidated financial grant from the DA;
9. Audited Financial Reports for the past three years preceding the date of project implementation. For NGOs/POs in operation for less than three (3) years at the time of application, financial reports for the years in operation and proof of the previous implementation of similar projects (Section 2.1 of COA Circular No. 2012-001);



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10. Disclosure of other related business, if any;
11. Certificate of Registration from the appropriate agency (ex. SEC, CDA, among others);
12. Valid business permit;
13. Certificate from the Secretary/Accountant that the entity has equity equivalent to at least 20% of the total project cost;
14. Proof of land ownership, with no encumbrances, by the proponent, or usufruct agreement between owner of the land and the OA hub operator with updated receipt of payment of real property tax;
15. Affidavit of Undertaking that the lot owned by the proponent or with usufruct agreement shall be dedicated to the sole use as OA hub and shall not be converted to any purpose for the duration of 25 years from its establishment;
16. Certified copy of the local ordinance on organic agriculture program;
17. Letter of Commitment to support the implementation of the project from the Minister, Ministry of Agriculture, Fisheries and Agrarian Reform (MAFAR), for BARMM proponents; and
18. Internal Control System (ICS) Manual on Organic Agriculture.

2. ***Section VII.A.10 of MC 03, s.2021 is hereby amended in accordance with COA Circular Nos. 2007-001 and 2012-001, requiring an equity of at least 20% of the total project cost:***

#### **VII. ROLES OF THE KEY STAKEHOLDERS**

x x x

10. Provide an equity of at least twenty percent (20%) of the total project cost in the form of either cash or in kind such as labor, land for the project site, facilities, equipment, and the like, for the use of the project.

3. ***Section VIII Funding Source of MC 03, s.2021 is hereby renumbered and amended, to read as follows:***

#### **IX. FUNDING SOURCE AND BUDGET CAP**

x x x

The NOAB shall set an annual maximum amount of the grant fund in support of the Organik Konek project in order to meet the planned outcome of the Program, subject to availability of funds.

4. ***A new Section X is hereby inserted, to read as follows:***

#### **X. MEMORANDUM OF AGREEMENT**

A Memorandum of Agreement (MOA) shall be undertaken once the project and the funding are approved. The sample guides in the preparation of Memorandum of





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Agreement between the DA-RFO and the Proponent are presented as Annexes B (for public bidding) and C (for fund transfer).

**5. A new Section XI is hereby inserted, to read as follows:**

**XI. FUND UTILIZATION AND FUND RELEASE**

After the selection and approval of the organic agriculture hub operator, the procedure for the fund utilization and fund release for the project shall be principally guided by the existing COA Guidelines, rules and regulations, particularly the following:

- COA Circular No. 94-013 - Rules and Regulations in the Grant, Utilization and Liquidation of Funds Transferred to Implementing Agencies (December 13, 1994);
- COA Circular No. 2007-001 - Revised Guidelines in the Granting, Utilization, Accounting and Auditing of the Funds Released to Non-Governmental Organizations/People's Organizations (NGOs/POs) (October 25, 2007);
- COA Circular 2009-007 - Restatement and Clarification of Items 4.5.4, 4.7.2 and 4.9.1 and Other Related Provisions of COA Circular No. 2009-002 dated 18 May 2009 (September 25, 2009); and
- COA Circular No. 2012-001 - Prescribing the Revised Guidelines and Documentary Requirements for Common Government Transactions (June 14, 2012).

**6. A new Section XII is hereby inserted, to read as follows:**

**XII. PROVISION ON DONATIONS**

Upon project delivery and acceptance of facilities, machineries and equipment, the same shall be donated to the organic hub operator, provided, that these shall not be repurposed within the period of twenty-five (25) years from its establishment and provided further, that the organic hub operator is not guilty of bad faith, gross negligence or misrepresentation at any time during application and implementation. Otherwise, the donation shall be void. Thereafter, the DA-RFO shall immediately takeover the operations of the organic hub without the need for court proceedings.

**EFFECTIVITY CLAUSE**

These amendments shall take effect immediately upon signing and shall supersede other related issuances inconsistent herewith.

Done this 21<sup>st</sup> day of June, 2022

**WILLIAM D. DAR, Ph.D.**  
Secretary



DA-CO-OSEC-MC20220621-00004

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# ORGANIK KONEK BUSINESS PLAN OUTLINE

**1. Proponent Information**

This section includes Organization’s name, project title, address, contact person, designation, and contact number.

**2. Situational Aspect/Rationale**

This is an overview of the current situation in relation to the project. This may also include food sufficiency levels, problems, gaps, and opportunities that the project will address.

**3. Objectives**

This section describes the goal of the project in relation to addressing the problems/gaps and/or opportunities discussed in the situational analysis. The said objectives should be SMART (specific, measurable, achievable, realistic and time-bound).

**4. Market Aspects**

This section includes the current supply and demand situation in the city or municipality of the commodity/ies to be produced in the project as well as the potential/identified target market. This may also include information about the City or Municipality such as population, total agricultural land, organic area, and market players/competitors. The section should include the marketing plan and strategy such as distribution channels, advertising, and promotions (i.e agri-tourism site).

**5. Technical Aspects**

This section describes the project description by components including the operation flow and activities of the project (e.i production up to marketing), operating capacity, availability of the project site, specifications of machinery and facilities needed, volume of existing and projected production, specific outputs, and other technical aspects such as Detailed Engineering Design and Program of Works. Provide all assumptions used and attached as Annexes (i.e recovery rate, volume of raw materials, stocking density, crop production plan, etc.).

**6. Financial Aspects**

This should include the total project cost/budgetary requirements presented per source of funds using the table below.

Components/Line Item	Quantity (A)	Unit Cost (B)	Total Project Cost (PhP) (A x B)	Fund Sources	
				DA-NOAP	Other DA Unit

Also, a separate table must be presented showing the proponent’s equity of not less than 20% of the total project cost using the table below.

Components/Line Item	Proponent’s Counterpart		Total Counterpart
	Cash	In Kind	

Likewise, it will contain projected financial reports such as Income Statement, Cash Flow, and Balance Sheet with computation of the following financial indicators: Return on Investment (ROI), Benefit-Cost Ratio (BCR), Net Present Value (NPC) and Internal Rate of Return (IRR). These must be accompanied by computations in excel format with traceable formula.





# ORGANIK KONEK BUSINESS PLAN OUTLINE

## 7. Economic Aspects

This includes the projected improvements in the welfare of the beneficiaries and the country as a whole, such as an increase in farmers' income, jobs generated, savings on importation, and efficiency in operation.

## 8. Organizational/Institutional Arrangements

This includes the background of the organization/proponent and competitive advantages such as organic certifications, OA ordinance, and linkages with other government agencies and private partners. The mechanics of project implementation should be described in order to determine the specific duties, responsibilities, and activities of each of the key stakeholders.

## 9. Implementation Arrangements and Schedule

This includes the implementation strategies and implementation period. This also includes a Gantt Chart and Work and Financial Plan (WFP) presented below:

ACTIVITIES	IMPLEMENTATION PERIOD (YEAR/MONTH)				DA -NOAP FUNDS (A)	PROONENT COUNTERPART FUNDS (B)	FUNDS FROM OTHER SOURCES (C)	BUDGET (PHP) (A+B+C)
	Y/M <sub>1</sub>	Y/M <sub>2</sub>	Y/M <sub>3</sub>	Y/M <sub>n</sub>				

The WFP must be accompanied by computations submitted in excel format with traceable formula.

## 10. Sustainability and Risk Management Plan

This should include the activities and strategies that will support the continuity of the project. Likewise, identify the different risks that the organization may encounter (i.e. occurrence of pests and diseases, calamities that would affect production, and environmental concerns) and mitigating measures that could be applied if the risks occur.



**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**DEPARTMENT OF AGRICULTURE -**  
**REGIONAL FIELD OFFICE (DA-RFO) \_\_\_\_**  
**AND**  
**(PROPONENT)**  
**FOR THE ESTABLISHMENT OF (PROJECT NAME)**  
**IN (LOCATION-BRGY, MUNICIPALITY, PROVINCE)**

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement is made and executed by and between:

The **DEPARTMENT OF AGRICULTURE - REGIONAL FIELD OFFICE** \_\_\_\_, a field office of the Department of Agriculture created under the laws of the Republic of the Philippines, with regional office address at \_\_\_\_\_ herein represented by \_\_\_\_\_, in his capacity as the Regional Executive Director of DA-RFO-\_\_\_\_\_, as authorized by NATIONAL ORGANIC AGRICULTURE BOARD (NOAB) Reso. No. \_\_\_\_\_, series of \_\_\_\_\_, both hereinafter-called the "**FIRST PARTY**";

-and-

\_\_\_\_\_, a cooperative/association, created under the laws of the Republic of the Philippines, with principal office address at \_\_\_\_\_, herein represented by \_\_\_\_\_ the \_\_\_\_\_, as authorized by Board Secretary Certificate dated \_\_\_\_\_, hereinafter referred to as the "**SECOND PARTY**"; (**as applicable**)

-or-

The Province/City/Municipality of \_\_\_\_\_, a political subdivision of the government created under Philippine laws, with office address at \_\_\_\_\_, herein represented by its Provincial/City/Municipal Governor/Mayor \_\_\_\_\_, as authorized by SP/SB Resolution No. \_\_\_\_\_ dated \_\_\_\_\_, hereinafter referred to as the "**SECOND PARTY**"; (**as applicable**)

**WITNESSETH:**

**WHEREAS**, RA 10068, as amended, otherwise known as "The Amended Organic Agriculture Act of 2010" established the National Organic Agriculture Program (NOAP) that seeks to promote, propagate, and implement further the practice of organic agriculture in the Philippines and contribute to the overarching goal of the Department of Agriculture (DA) in attaining food sufficiency and having prosperous farmers/fisherfolk;

**WHEREAS**, for the effective implementation of the Program, it introduced the establishment of organic agriculture hubs, also known as "Organik-Konek". In relation thereto, the DA issued Memorandum Circular No. 3 series 2021 or "The Implementing



Guidelines for the Establishment of Organic Agriculture Hubs or Organik-Konek”, Memorandum Circular No. \_ series 2022 and related issuances;

**WHEREAS**, the aim of the project is to provide shared facilities which shall serve as a one-stop shop in a city/municipality or province that will address the needs of organic farmers. It shall also serve as a business integrator of organic farms, that is, producing and supplying organic inputs, providing farm services, as well as consolidating and marketing the produce of organic farms. Finally, *Organik Konek* may also function as an avenue for the implementation of the Participatory Guarantee System (PGS);

**WHEREAS**, the (PROPONENT) expressed interest in establishing organic agriculture hubs and expanding the practice of organic agriculture in their areas;

**WHEREAS**, pursuant to National Organic Agriculture Board Resolution No. \_\_\_\_ series of \_\_\_\_\_, the SECOND PARTY has been qualified and approved as an organic agriculture hub operator in accordance with the criteria in DA Memorandum Circular No. 3 series 2021. (Copy of NOAB Resolution and approved project proposal are hereto attached as ANNEX “A” and “B”, respectively and form an integral part hereof)

**WHEREAS**, pursuant to National Organic Board Resolution No. \_\_\_\_ series \_\_\_\_\_, the DA-RFO \_\_\_\_ Regional Executive Director \_\_\_\_\_, has been authorized to enter into and sign this Agreement for and on behalf of the National Organic Agriculture Board; (Copy of NOAB Resolution is hereto attached as ANNEX “C”.);

**WHEREAS**, pursuant to Sangguninang \_\_\_\_\_ Resolution No. \_\_\_\_ series \_\_\_\_\_, the Provincial Governor/City/Municipal Mayor \_\_\_\_\_, has been authorized to enter into and sign this Agreement for and on behalf of the LGU of \_\_\_\_\_; (Copy of Sanggunian Resolution by the Province/City/Municipality of \_\_\_\_\_ is hereto attached as ANNEX “D”); **(as applicable)**

**WHEREAS**, pursuant to S.P.A./Board Secretary Certificate dated \_\_\_\_\_ executed by the, \_\_\_\_\_, its President \_\_\_\_\_ has been authorized to enter into and sign for and on behalf of the SECOND PARTY; (Copy of Board Secretary’s Certificate of the Farmers cooperative/association is hereto attached as ANNEX “D”); **(as applicable)**

**NOW, THEREFORE**, for and in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereby agree to the following terms and conditions:

**I. RESPONSIBILITIES OF THE PARTIES**

**A. OBLIGATIONS OF THE FIRST PARTY:**

**Phase One (Pre-Implementation Activities / Pre Construction)**

1. Ensure that the projects have been reviewed and have passed the criteria for the Project approval;
2. Require from the SECOND PARTY to designate a focal person for the organic agriculture hub project;
3. Ensure that all necessary legal and documentary requirements submitted by the SECOND PARTY to the FIRST PARTY are complete, true, correct and properly validated before this Memorandum of Agreement is signed;



4. Certify that the Work and Financial Plan submitted in support of the Project has been properly reviewed by the concerned Office and is found to be legally compliant;
5. Conducts the bidding procedure for this organic agriculture hub project pursuant to RA 9184 and its IRR;
6. Upon award of projects, shall ensure the posting of relevant information about the project pursuant to COA Circular 2013-004 which provides the general guidelines in information and publicity on programs/projects/activities of government agencies;
7. Ensures the SECOND PARTY shall secure a comprehensive insurance that shall include acts of God, calamities, and analogous situations, from a legitimate and accredited insurance company for the facilities, equipment, and other property of the organic hub project;
8. Ensure the SECOND PARTY, if not the owner of the land, has a usufruct agreement with the owner of the land, which terms and conditions are in accordance with DA MC No. \_\_\_\_ series 2022 and subsequent related issuances;

### **Phase Two (Project Implementation / Construction)**

1. Together with the SECOND PARTY conduct inspection of the delivered project/item if in accordance with specifications and prepare inspection report;
2. Conduct periodic site inspection to monitor progress of project/construction and implementation and ensure that all the obligations of the SECOND PARTY have been accomplished, including the efficient utilization of the fund, in accordance with the Approved Business Plan and Work and Financial Plan as well as the timely submission of reports and accomplishments;
3. Require the SECOND PARTY to submit digital photos/videos of site works and proof of accomplishments;
4. Together with the SECOND PARTY, issue the certification of acceptance upon project completion/delivery;
5. Terminate this agreement, within ninety (90) days, upon due notice to the SECOND PARTY on grounds in relation to Title IV of this agreement. In which case, the SECOND PARTY shall subsequently be disqualified from applying for a project from NOAP and any other DA programs, for a period of ten (10) years from the date of disqualification, in addition to the institution of any legal action by the FIRST PARTY against the SECOND PARTY, where warranted;

### **Phase Three (Post-Implementation/Business Operation)**

1. Require the SECOND PARTY to designate a project leader to ensure the efficient and effective operation of the project;
2. Provide technical assistance, training and other capability-building activities to the SECOND PARTY;
3. Conduct quarterly monitoring/site visits of the SECOND PARTY's hub operation;
4. Require the SECOND PARTY to enter relevant data of the organic hub operations in the Organik Konek Management Information System;
5. Provide templates to the SECOND PARTY for the monthly and annual operations and accomplishment reports;



6. Require the SECOND PARTY to conduct regular maintenance and ensure security of the project site in accordance with National Building Code and existing environmental laws or ordinances;
7. Conduct mid-term assessment of the SECOND PARTY after three (3) years to measure sustainability of the project implementation based on the management aspect and financial capability;
8. At the end of the fifth (5th) year of implementation, submit an impact evaluation report of the SECOND PARTY's Project to the National Organic Agriculture Program (NOAP) and recommend its continuation, enhancement or termination;
9. Ensure that the SECOND PARTY observe the roles and responsibilities provided for in VII.A of DA-MC No. 3 Series 2021, attached hereto as ANNEX "A" and forms an integral part hereof, and subsequent related issuances.
10. Take-over or assign to another entity the organic hub operations of the SECOND PARTY in case of termination in Title IV of this agreement;
11. Shall execute Deed of Donation to the SECOND PARTY upon project delivery and acceptance of facilities, machineries and equipment, provided that these shall not be repurposed or used for activities other than for organic agriculture for a period of twenty-five (25) years, otherwise the donation shall be void;
12. In case of termination in Title IV and subsequent dissolution of the SECOND PARTY, record on the remaining assets as lien, in accordance with existing law, up to the extent of the unexpected or unutilized portion of the fund;

#### B. OBLIGATIONS OF THE SECOND PARTY:

##### **Phase One (Pre-Implementation Activities / Pre Construction)**

1. Submit to the FIRST PARTY the Organic Hub Project proposal. Present the proposal to all levels of the screening process;
2. Designate a focal person who shall be responsible for liaising and communicating with the FIRST PARTY;
3. Submit all the complete and necessary legal and documentary requirements to the FIRST PARTY before this Memorandum of Agreement is signed;
4. Submit Certification from the Chief Accountant of the FA/LGU that the Work and Financial Plan submitted has been properly reviewed and found to be legally compliant;
5. Submit to the FIRST PARTY all necessary documents relative to the conduct of the bidding of the Organic Hub project pursuant to RA 9184;
6. Upon award of projects, shall assist the FIRST PARTY in ensuring the posting of relevant information about the project pursuant to COA Circular 2013-004 which provides the general guidelines in information and publicity on programs/projects/activities of government agencies;
7. Secure a comprehensive insurance that shall include acts of God, calamities, and analogous situations from a legitimate and accredited insurance company for the facilities, equipment, and other property of the organic hub project;
8. Execute a usufruct agreement with the owner of the land, if the SECOND PARTY is not the owner of the land, whose terms and conditions are in accordance with DA MC No. \_\_\_\_ s. 2022 and subsequent related issuances;



## **Phase Two (Project Implementation / Construction)**

1. Together with the FIRST PARTY conduct inspection of the delivered project/item if in accordance with specifications and prepare inspection report;
2. Allow visitorial audits by FIRST PARTY and COA officials and personnel authorized to perform audits under a duly-issued special order during project implementation of this organic hub or before the project term ends;
3. Submit to the FIRST PARTY pre, during and implementation, digital photos/videos of site works and proof of accomplishments;
4. Together with the FIRST PARTY issue the Certification of Acceptance upon project completion/delivery;
5. Explain or justify within thirty (30) days from receipt of a show-cause order from the FIRST PARTY, why this agreement should not be terminated on the ground it defaulted or failed to complete the project, or violated a material provision of this agreement. If subsequently found guilty, the SECOND PARTY shall comply with the order of disqualification.

## **Phase Three (Post-Implementation/Business Operation)**

Designate a project leader to ensure effective and efficient operation of the project;

Participate in various trainings, capability building activities of the FIRST PARTY for the enhancement of organic hub operations;

Ensure unimpeded access by the FIRST PARTY to the project documents/site and other information deemed relevant in monitoring and evaluating the progress of the project;

Encode all relevant data of the organic hub operations in the Organik Konek Management Information System;

Submit monthly operations and annual accomplishment reports in accordance with the templates to be provided by the FIRST PARTY;

Conduct regular maintenance and provide security to the project site in accordance with National Building Code and existing environmental laws or ordinances;

Participate in the mid-term assessment of the FIRST PARTY to measure sustainability of the project implementation based on the management aspect and financial capability;

At the end of the fifth (5th) year of implementation, submit a project completion/status report to the FIRST PARTY following the agreed project assessment/evaluation instrument and methodology. The Report shall also state the full justification in case of below targets accomplishment;

Performs other roles and responsibilities provided for in VII.A of DA-MC No. 3 Series 2021, attached hereto as ANNEX "A" and forms an integral part hereof, and subsequent related issuances;

Accept and sign as beneficiary or as donee the Deed of Donation of the FIRST PARTY, all property to be used for the organic hub project;

Must not dispose of its remaining assets with a recorded lien by the FIRST PARTY without notice to the latter;

Provide Cost Center for each component of the hub to determine the profitability index of every operation;

Submit project accounting covering all activities of the organic agriculture hub and audited financial statement to determine the overall health of the enterprise.



Execute a Deed of Donation in favor of owner of the land immediately all immovables, including the building, after twenty five (25) years reckoned from the date of effectivity of this agreement, or purchase the land where the building used for the organic hub project is erected;

**II. RELEASE OF FUNDS**

The approved project budget of \_\_\_\_\_ PESOS (Php \_\_\_\_\_) shall be released and disbursed in full amount to the SECOND PARTY subject to existing accounting and auditing rules. (Applicable to government agencies and LGUs)

The approved project budget of \_\_\_\_\_ PESOS (Php \_\_\_\_\_) shall be released and disbursed in tranches to the SECOND PARTY subject to the following schedule: (Applicable to FAs/Coops)

TRANCHE	DELIVERABLES	%	AMOUNT
FIRST	A. Upon signing of the MOA	15%	
SECOND	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Upon completion of at least ten percent (10%) of project activities according to the Work and Financial Plan (WFP) of the Approved Business Plan (ABP) of the SECOND PARTY evidenced by the following documents: i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report	35%	
THIRD	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Completion of at least sixty (60%) of project activities according to the WFP of the ABP of the SECOND PARTY evidenced by the following documents: i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report iii. Validation Report by DA-RFO	40%	
FOURTH	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Completion of one hundred percent (100%) of project activities according to the WFP of the ABP of the SECOND PARTY evidenced by the following documents:	10%	



	i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report iii. Final Validation Report by DA-RFO iv. Terminal Report by SECOND PARTY v. Certificate of Acceptance by FIRST PARTY		
	<b>TOTAL</b>	<b>100%</b>	<b>PhP</b>

### III. PROJECT COMMENCEMENT/MODIFICATION

This Memorandum of Agreement shall become effective for the period of two years, to commence upon receipt of funds and shall remain in force until the fund shall have been duly liquidated and upon fulfillment of the terms of the agreement. The above-named parties shall mutually agree upon any modifications to this Agreement in writing.

### IV. GROUNDS FOR TERMINATION

This Agreement may be terminated by the FIRST PARTY upon due notice to the SECOND PARTY on the following:

1. If the Agreement was obtained through fraud, misrepresentation or omission of facts at the time of application;
2. Failure to commence the project as based on their approved program of work and work and financial plan within one (1) month, without justifiable cause.
3. Withdrawal as organic hub operator by the SECOND PARTY for cause as provided in IX.A of DA-MC No. 3 Series 2021;
4. Violation of any of the conditions of, or failure to comply with, or perform the obligations as stipulated in the Agreement;
5. Violation of any provisions of pertinent guidelines, policies or applicable laws affecting the implementation of the project; and
6. Use of the project funds, structures, facilities, and equipment for activities not related to organic agriculture.

### V. TERMINATION PROCEDURE

The SECOND PARTY shall turn-over to the FIRST PARTY or its assigned entity, after conducting an inventory, of all assets, i.e., land, building/facility/structure, vehicles, equipment, inventory, etc., of the organic hub project in case of termination in Title IV above of this agreement ;

### VI. SETTLEMENT OF DISPUTES

All disputes, claims and controversies, arising from this agreement including but not limited to the interpretation and application of the provisions of this agreement shall be administratively settled or adjudicated in accordance with the provisions of Book IV Chapter 14 of the Administrative Code of the Philippines of 1987.



**VII. EFFECTIVITY**

This Memorandum of Agreement shall take effect upon signing by the parties.

IN WITNESS WHEREOF, the parties have signed this Memorandum of Agreement at \_\_\_\_\_ this \_\_\_ day of \_\_\_\_\_, 20\_\_.

For the FIRST PARTY:

DA-REGIONAL FIELD OFFICE\_\_\_\_\_

\_\_\_\_\_  
DA-RFO\_\_ Regional Executive Director

For the SECOND PARTY:

\_\_\_\_\_  
Farmer Cooperative/Association

\_\_\_\_\_  
Representative

Signed in the presence of:

\_\_\_\_\_

**ACKNOWLEDGMENT**

Republic of the Philippines)  
\_\_\_\_\_ )SS.

BEFORE ME, this \_\_\_ day of \_\_\_\_\_, 20\_\_, in \_\_\_\_\_,  
Philippines, personally appeared the following:

1. Name \_\_\_\_\_  
ID No. \_\_\_\_\_  
Date/Place Issued \_\_\_\_\_

2. Name \_\_\_\_\_  
ID No. \_\_\_\_\_  
Date/Place of Issue \_\_\_\_\_



Known to me and to me known to be the same person who executed the foregoing instrument for the offices/organizations they represent and acknowledged to me that the same is their free act and voluntary deed.

This instrument consisting of \_\_\_\_\_ (\_\_) pages, including this page whereon this acknowledgment is written, has been signed by the parties and their instrumental witnesses on each and every page thereof, sealed with my notarial seal.

**WITNESS MY HAND AND SEAL**, on the date, year and place first above written.

NOTARY PUBLIC

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2022

PUBLIC BIDDING



**MEMORANDUM OF AGREEMENT**  
**BETWEEN**  
**DEPARTMENT OF AGRICULTURE -**  
**REGIONAL FIELD OFFICE (DA-RFO) \_\_\_\_**  
**AND**  
**(PROPONENT)**  
**FOR THE ESTABLISHMENT OF (PROJECT NAME)**  
**IN (LOCATION-BRGY, MUNICIPALITY, PROVINCE)**

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement is made and executed by and between:

The **DEPARTMENT OF AGRICULTURE - REGIONAL FIELD OFFICE** \_\_\_\_, a field office of the Department of Agriculture created under the laws of the Republic of the Philippines, with regional office address at \_\_\_\_\_ herein represented by \_\_\_\_\_, in his capacity as the Regional Executive Director of DA-RFO-\_\_\_\_\_, as authorized by NATIONAL ORGANIC AGRICULTURE BOARD (NOAB) Reso. No. \_\_\_\_\_, series of \_\_\_\_\_, both hereinafter-called the "**FIRST PARTY**";

-and-

\_\_\_\_\_, a cooperative/association, created under the laws of the Republic of the Philippines, with principal office address at \_\_\_\_\_, herein represented by \_\_\_\_\_ the \_\_\_\_\_, as authorized by Board Secretary Certificate dated \_\_\_\_\_, hereinafter referred to as the "**SECOND PARTY**"; (*as applicable*)

-or-

The Province/City/Municipality of \_\_\_\_\_, a political subdivision of the government created under Philippine laws, with office address at \_\_\_\_\_, herein represented by its Provincial/City/Municipal Governor/Mayor \_\_\_\_\_, as authorized by SP/SB Resolution No. \_\_\_\_\_ dated \_\_\_\_\_, hereinafter referred to as the "**SECOND PARTY**"; (*as applicable*)

**WITNESSETH:**

**WHEREAS**, RA 10068, as amended, otherwise known as "The Amended Organic Agriculture Act of 2010" established the National Organic Agriculture Program (NOAP) that seeks to promote, propagate, and implement further the practice of organic agriculture in the Philippines and contribute to the overarching goal of the Department of Agriculture (DA) in attaining food sufficiency and having prosperous farmers/fisherfolk;

**WHEREAS**, for the effective implementation of the Program, it introduced the establishment of organic agriculture hubs, also known as "Organik-Konek". In relation



thereto, the DA issued Memorandum Circular No. 3 series 2021 or "The Implementing Guidelines for the Establishment of Organic Agriculture Hubs or Organik-Konek", Memorandum Circular No. \_ series 2022 and related issuances;

**WHEREAS**, the aim of the project is to provide shared facilities which shall serve as a one-stop shop in a city/municipality or province that will address the needs of organic farmers. It shall also serve as a business integrator of organic farms, that is, producing and supplying organic inputs, providing farm services, as well as consolidating and marketing the produce of organic farms. Finally, *Organik Konek* may also function as an avenue for the implementation of the Participatory Guarantee System (PGS);

**WHEREAS**, the (PROPONENT) expressed interest in establishing organic agriculture hubs and expanding the practice of organic agriculture in their areas;

**WHEREAS**, pursuant to National Organic Agriculture Board Resolution No. \_\_\_\_ series of \_\_\_\_\_, the SECOND PARTY has been qualified and approved as an organic agriculture hub operator in accordance with the criteria in DA Memorandum Circular No. 3 series 2021. (Copy of NOAB Resolution and project proposal are hereto attached as ANNEX "A" and "B", respectively and form an integral part hereof)

**WHEREAS**, pursuant to National Organic Board Resolution No. \_\_\_\_ series \_\_\_\_\_, the DA-RFO \_\_\_\_ Regional Executive Director \_\_\_\_\_, has been authorized to enter into and sign this Agreement for and on behalf of the National Organic Agriculture Board; (Copy of NOAB Resolution is hereto attached as ANNEX "C".);

**WHEREAS**, pursuant to Sangguninang \_\_\_\_\_ Resolution No. \_\_\_\_ series \_\_\_\_\_, the Provincial Governor/City/Municipal Mayor \_\_\_\_\_, has been authorized to enter into and sign this Agreement for and on behalf of the LGU of \_\_\_\_\_; (Copy of Sanggunian Resolution by the Province/City/Municipality of \_\_\_\_\_ is hereto attached as ANNEX "D"); **(as applicable)**

**WHEREAS**, pursuant to S.P.A./Board Secretary Certificate dated \_\_\_\_\_ executed by the, \_\_\_\_\_, its President \_\_\_\_\_ has been authorized to enter into and sign for and on behalf of the SECOND PARTY; (Copy of Board Secretary's Certificate of the Farmers cooperative/association is hereto attached as ANNEX "D"); **(as applicable)**

**NOW, THEREFORE**, for and in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereby agree to the following terms and conditions:

## **I. RESPONSIBILITIES OF THE PARTIES**

### **A. OBLIGATIONS OF THE FIRST PARTY:**

#### **Phase One (Pre-Implementation Activities / Pre Construction)**

1. Ensure that the projects proposal of the FIRST PARTY has been reviewed and has passed the criteria for the organic agriculture hub project approval;
2. Require from the SECOND PARTY to designate a focal person for liaison, communication and coordination for the organic agriculture hub project;



3. Ensure all documentary requirements submitted by the SECOND PARTY to the FIRST PARTY are complete, true, correct and properly validated before this Memorandum of Agreement is signed;
4. Validate that the Work and Financial Plan (WFP) submitted by the SECOND PARTY of the organic agriculture hub project has been properly reviewed by the concerned Office and is found to be legally compliant;
5. Allocate and release, through the Chief Accountant of the FIRST PARTY, the amount as indicated in Article III on Disbursement of Funds; necessary for the implementation and installation of the project in accordance with the attached approved Work and Financial Plan (WFP) which is part of the Approved Business Plan (ABP) attached hereto as ANNEX "B" and made an integral part hereof;
6. Ensure the SECOND PARTY complies with existing COA rules and regulations on fund transfers;
7. The Chief Accountant of the FIRST PARTY shall ensure through certification that funds previously transferred to the SECOND PARTY has been liquidated post-audited and accounted for in the DA Books per COA Circular 2012-001;
8. Observe the bidding process of the SECOND PARTY to ensure compliance with RA 9184, and thereafter make a report thereon to the NOAB;
9. Ensures the SECOND PARTY shall secure a comprehensive insurance that shall include acts of God, calamities, and analogous situations, from a legitimate and accredited insurance company for the facilities, equipment, and other property of the organic hub project;
10. Ensure the SECOND PARTY, if not the owner of the land, has a usufruct agreement with the owner of the land, which terms and conditions are in accordance with DA MC No. \_\_\_\_ series 2022 and subsequent related issuances;

#### **Phase Two (Project Implementation / Construction)**

1. Together with the SECOND PARTY conduct inspection of the delivered project/item if in accordance with specifications and prepare inspection report;
2. Ensure that the SECOND PARTY begins organic hub project implementation within one (1) month from release of funds;
3. Conduct periodic site inspection to monitor progress of project/construction and implementation and ensure that all the obligations of the SECOND PARTY have been accomplished, including the efficient utilization of the fund, in accordance with the Approved Business Plan and Work and Financial Plan as well as the timely submission of reports and accomplishments;
4. Require the SECOND PARTY to submit digital photos/videos of site works and proof of accomplishments;
5. Ensure submission by the SECOND PARTY of the necessary supporting documents in liquidation reports
6. Ensure submission by the SECOND PARTY of the monthly financial reports, including Status of Funds certified correct by the latter's Chief Accountant;
7. Ensure compliance by the SECOND PARTY with existing COA rules and regulations on project fund/return;
8. Ensure the SECOND PARTY complies with COA Circular on returns/refunds (COA Circular No. 2012-001 s. 2012) to the FIRST PARTY due to unused project funds and disallowances;
9. After project completion, require submission by the SECOND PARTY of the Fund Utilization Report within thirty (30) days;
10. Together with the SECOND PARTY, issue the certification of acceptance upon project completion/delivery;
11. Terminate this agreement within ninety (90) days, upon due notice to the SECOND PARTY on grounds found in Title IV of this agreement. In which case, the SECOND PARTY shall subsequently be disqualified from applying for a



project from NOAP and any other DA programs, for a period of ten (10) years from the date of disqualification, in addition to the institution of any legal action by the FIRST PARTY against the SECOND PARTY, where warranted;

### **Phase Three (Post-Implementation / Business Operation)**

1. Require the SECOND PARTY to designate a project leader to ensure the efficient and effective operation of the project;
2. Provide technical assistance, training and other capability-building activities to the SECOND PARTY;
3. Conduct quarterly monitoring/site visits of the SECOND PARTY's hub operation;
4. Require the SECOND PARTY to enter relevant data of the organic hub operations in the Organik Konek Management Information System;
5. Provide templates to the SECOND PARTY for the monthly and annual operations and accomplishment reports;
6. Require the SECOND PARTY to conduct regular maintenance and ensure security of the project site in accordance with National Building Code and existing environmental laws or ordinances;
7. Conduct mid-term assessment of the SECOND PARTY after three (3) years to measure sustainability of the project implementation based on the management aspect and financial capability;
8. At the end of the fifth (5th) year of implementation, submit an impact evaluation report of the SECOND PARTY's Project to the National Organic Agriculture Program (NOAP) and recommend its continuation, enhancement or termination;
9. Ensure that the SECOND PARTY observe the roles and responsibilities provided for in VII.A of DA-MC No. 3 Series 2021, and related issuances;
10. Take-over or assign to another entity the organic hub operations of the SECOND PARTY in case of termination in Title IV of this agreement;
11. Shall execute Deed of Donation to the SECOND PARTY upon project delivery and acceptance of facilities, machineries and equipment, provided that these shall not be repurposed or used for activities other than for organic agriculture for a period of twenty-five (25) years, otherwise the donation shall be void;
12. In case of termination in Title IV and subsequent dissolution of the SECOND PARTY, record the remaining assets as lien, in accordance with existing law, up to the extent of the unexpected or unutilized portion of the fund.

## **B. OBLIGATIONS OF THE SECOND PARTY:**

### **Phase One (Pre-Implementation Activities / Pre Construction)**

1. Submit to the FIRST PARTY the organic agriculture hub project proposal. Present the proposal to all levels of the project evaluation process;
2. Designate a focal person who shall be responsible for liaising, communicating, and coordinating with the FIRST PARTY;
3. Submit all necessary documentary requirements to the FIRST PARTY before this Memorandum of Agreement is signed;
4. Submit a Certification from the Chief Accountant of the FAC/LGU that the Work and Financial Plan (WFP) of the organic agriculture hub project submitted to the FIRST PARTY has been properly reviewed and found to be legally compliant;
5. Issue Official Receipt (OR) in the name of the FIRST PARTY corresponding to the amount transferred and received;
6. Maintain separate savings/current accounts in the name of the SECOND PARTY for every organic agriculture hub project fund received from the FIRST PARTY;
7. Maintain a separate ledger for the amount received for the organic hub project;



8. Use the project funds received from the FIRST PARTY solely for the implementation of the organic hub project;
9. Keep and maintain accurate financial and accounting records for the organic hub project funds, in accordance with generally-accepted accounting and auditing principles;
10. Submit liquidation reports to the FIRST PARTY signed by the Chief Accountant of the SECOND PARTY, on previous fund transfers in compliance with COA Circular 2012-001;
11. Allows the FIRST PARTY to observe the bidding process pursuant to RA 9184; *(Note: This provision is applicable if SECOND PARTY is an LGU/SUC)*
12. Pursuant to COA Circular No. 2012-001, No. 2.1, the SECOND PARTY shall conduct a simple bidding or canvass in the procurement of any type of asset; *(Note: This provision is applicable if SECOND PARTY is a Farmers Association/Cooperative)*
13. Upon award of organic hub projects, shall post relevant information about the project pursuant to COA Circular 2013-004 which provides general guidelines in information and publicity on programs/projects/activities of government agencies;
14. Secure a comprehensive insurance that shall include acts of God, calamities, and analogous situations from a legitimate and accredited insurance company for the facilities, equipment, and other property of the organic hub project;
15. Execute a usufruct agreement with the owner of the land, if not the owner, whose terms and conditions are in accordance with DA MC No. \_\_\_s. 2022 and subsequent related issuances;

#### **Phase Two (Project Implementation / Construction)**

1. Together with the FIRST PARTY conduct inspection of the delivered project/item if in accordance with specifications and prepare inspection report;
2. Commence the organic hub project within one (1) month from the release of funds;
3. Notify and seek the written approval of the FIRST PARTY in case of any changes, delays or any concerns relating to the complete and effective implementation of the identified projects;
4. Allow visitorial audits by FIRST PARTY and COA officials and personnel authorized to perform audits under a duly-issued special order during project implementation of this organic or before the project term ends;
5. Submit to the FIRST PARTY pre, during and implementation, digital photos/videos of site works and proof of accomplishments;
6. Submit liquidation/reimbursement reports of funds release, in accordance with the approved Work and Financial Plan, including the necessary supporting documents to the DA;
7. Submit to the DA-RFO, a monthly report which should include Status of Funds duly certified as correct by the accountant concerned reflecting all the amounts spent/used for the project, broken down by project component and/or by the object of expenditure;
8. Return/refund to the FIRST PARTY the full amount released in any of the following cases:
  - a. Misappropriation of funds without prejudice to the filing of administrative and/or criminal charges as the circumstances may warrant;
  - b. Non-compliance with any provision stated in this agreement; and
  - c. Commission of any act inconsistent with or contrary to the spirit and avowed intent of this agreement;
9. Return/refund to the DA (a) any portion of the fund which remains unused after the completion of the project and (b) any disallowed amount after the financial audit pursuant to Section 4.9, COA Circular No. 2012-001 s. 2012;



10. Submit within thirty (30) days after the project completion, the Fund Utilization Report certified by its accountant and approved by the FIRST PARTY;
11. Together with the FIRST PARTY issue the Certification of Acceptance upon project completion/delivery;
12. Explain or justify, within thirty (30) days from receipt of a show-cause order from the FIRST PARTY, why this agreement should not be terminated on the ground it defaulted or failed to complete the project, or violated a material provision of this agreement. If subsequently found guilty, the SECOND PARTY shall comply with the order of disqualification.

### **Phase Three (Post-Implementation/Business Operation)**

1. Designate a project leader to ensure effective and efficient operation of the project;
2. Participate in various trainings, capability building activities of the FIRST PARTY for the enhancement of organic hub operations;
3. Ensure unimpeded access by the FIRST PARTY to the project documents/site and other information deemed relevant in monitoring and evaluating the progress of the project;
4. Encode all relevant data of the organic hub operations in the Organik Konek Management Information System;
5. Submit monthly operations and annual accomplishment reports in accordance with the templates to be provided by the FIRST PARTY
6. Conduct regular maintenance and provide security to the project site in accordance with National Building Code and existing environmental laws or ordinances;
7. Participate in the mid-term assessment of the FIRST PARTY to measure sustainability of the project implementation based on the management aspect and financial capability;
8. At the end of the fifth (5th) year of implementation, submit a project completion/status report to the FIRST PARTY following the agreed project assessment/evaluation instrument and methodology. The Report shall also state the full justification in case of below targets accomplishments;
9. Performs other roles and responsibilities provided for in VII.A of DA-MC No. 3 Series 2021, attached hereto as ANNEX "A" and forms an integral part hereof, and subsequent related issuances;
10. Turn-over to the FIRST PARTY or its assigned entity all assets, i.e., land, building/facility/structure, vehicles, equipment, inventory, etc., of the organic hub project including usufructuary right in case of termination in Title IV of this agreement; However, the new hub operator shall secure a new usufruct agreement with the owner of the land;
11. Accept and sign as beneficiary or as donee the Certificate of Turn-over, Transfer of Ownership or Deed of Donation, as the case may be, in the event of transfer, turn-over, or distribution of all property from the organic hub project donated by the FIRST PARTY; and
12. Must not dispose of its remaining assets with a recorded lien by the FIRST PARTY without notice to the latter.

## **II. RELEASE OF FUNDS**

The approved project budget of \_\_\_\_\_ PESOS (PhP \_\_\_\_\_) shall be released and disbursed in full amount to the SECOND PARTY subject to existing accounting and auditing rules. (Applicable to government agencies and LGUs)



The approved project budget of \_\_\_\_\_ PESOS (Php \_\_\_\_\_) shall be released and disbursed in tranches to the SECOND PARTY subject to the following schedule: (Applicable to FAs/Coops)

TRANCHE	DELIVERABLES	%	AMOUNT
FIRST	A. Upon signing of the MOA	15%	
SECOND	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Upon completion of at least ten percent (10%) of project activities according to the Work and Financial Plan (WFP) of the Approved Business Plan (ABP) of the SECOND PARTY evidenced by the following documents: i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report	35%	
THIRD	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Completion of at least sixty (60%) of project activities according to the WFP of the ABP of the SECOND PARTY evidenced by the following documents: i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report iii. Validation Report by DA-RFO	40%	
FOURTH	A. SECOND PARTY complied with applicable provisions found in I.B of this MOA; B. Completion of one hundred percent (100%) of project activities according to the WFP of the ABP of the SECOND PARTY evidenced by the following documents: i. Progress Report duly-validated by the FIRST PARTY; and ii. Physical Accomplishment Report iii. Final Validation Report by DA-RFO iv. Terminal Report by SECOND PARTY v. Certificate of Acceptance by FIRST PARTY	10%	
	<b>TOTAL</b>	<b>100%</b>	<b>PhP</b>



### III. EFFECTIVITY

This Memorandum of Agreement shall become effective for the period of two years, to commence upon receipt of funds and shall remain in force until the fund shall have been duly liquidated and upon fulfillment of the terms of the agreement. The above-named parties shall mutually agree upon any modifications to this Agreement in writing.

### IV. TERMINATION

This Agreement may be terminated by the FIRST PARTY upon due notice to the SECOND PARTY on the following grounds:

1. If the Agreement was obtained through fraud, misrepresentation or omission of facts at the time of application;
2. Failure to commence the project within one (1) month from the disbursement of the fund;
3. Withdrawal as organic hub operator by the SECOND PARTY for cause as provided in IX.A of DA-MC No. 3 Series 2021;
4. Violation of any of the conditions of, or failure to comply with, or perform the obligations as stipulated in the Agreement;
5. Violation of any provisions of pertinent guidelines, policies or applicable laws affecting the implementation of the project; and
6. Use of the project funds, structures, facilities, and equipment for activities not related to organic agriculture.

### V. SETTLEMENT OF DISPUTES

All disputes, claims and controversies, arising from this agreement including but not limited to the interpretation and application of the provisions of this agreement shall be administratively settled or adjudicated in accordance with the provisions of Book IV Chapter 14 of the 1987 Administrative Code of the Philippines.

IN WITNESS WHEREOF, the parties have signed this Memorandum of Agreement at \_\_\_\_\_ this \_\_\_ day of \_\_\_\_\_, 20\_\_.

For the FIRST PARTY:

DA-REGIONAL FIELD OFFICE\_\_\_\_\_

\_\_\_\_\_  
DA-RFO\_\_Regional Executive Director

For the SECOND PARTY:

\_\_\_\_\_  
LGU/SUC

\_\_\_\_\_  
Representative



Signed in the presence of:

\_\_\_\_\_

**ACKNOWLEDGMENT**

Republic of the Philippines)  
\_\_\_\_\_ )SS.

BEFORE ME, this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, in \_\_\_\_\_,  
Philippines, personally appeared the following:

1. Name \_\_\_\_\_  
ID No. \_\_\_\_\_  
Date/Place Issued \_\_\_\_\_

2. Name \_\_\_\_\_  
ID No. \_\_\_\_\_  
Date/Place of Issue \_\_\_\_\_

Known to me and to me known to be the same person who executed the foregoing instrument for the offices/organizations they represent and acknowledged to me that the same is their free act and voluntary deed.

This instrument consisting of \_\_\_\_\_ (\_\_) pages, including this page whereon this acknowledgment is written, has been signed by the parties and their instrumental witnesses on each and every page thereof, sealed with my notarial seal.

**WITNESS MY HAND AND SEAL**, on the date, year and place first above written.

**NOTARY PUBLIC**

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2022