



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

MEMORANDUM CIRCULAR

No. 45
Series of 2022

SUBJECT: GUIDELINES ON THE IMPLEMENTATION OF ORGANIC AGRICULTURE LIVELIHOOD PROJECTS (OALP)

I. RATIONALE AND DESCRIPTION OF THE PROJECT

Organic agriculture production system is a promising solution to end hunger given that it heightened the promotion of human and environmental health while contributing to the country's goal of food security – having safe, nutritious, and affordable food available and accessible at all times. Organic agriculture promotes production of crops, animals and other products without the use of synthetic chemical fertilizers and pesticides, providing healthier food to the consumers and rejuvenating soil health.

However, farmers are constrained by limited supply of organic inputs, scarce farm labor and limited access to processing and marketing facilities and services.¹ The limited supply of organic inputs greatly contributes to the increasing price of organic products; thus, many consumers prefer inorganic products. Furthermore, lack of learning sites allotted for organic agriculture becomes a hindrance in enabling the farmers to convert their lands and venture into organic farming to provide organic products in the market.

There is a need to support organic agriculture not only for its economic potential but more so for the sustainability of agriculture. Consolidation of supply and provision of efficient facilities and services are key factors to upsurge production of quality produce and products with organic integrity. Livelihood support for its practitioners and advocates will boost their production.

Therefore, the DA National Organic Agriculture Program - National Program Coordinating Office (NOAP-NPCO) designs this project to strengthen and empower existing organic practitioners' and farmers' groups through the establishment of organic agriculture livelihood projects.

The livelihood project shall serve as a business integrator of organic farms, that is, producer and supplier of organic inputs, provider of farm services, as well as the consolidator and marketing arm of organic produce and products. The facilities and components of each organic agriculture livelihood project, as well as its scales of operation and phases of development, shall be based on the organic agricultural commodities of the proponent.

The provisions under this Department Circular aim to lay down the criteria, rules, and procedures to avail of organic agriculture livelihood projects.

II. COVERAGE AND SCOPE OF INTERVENTIONS

The livelihood projects may perform any of the following services and activities, e.g, production of agricultural inputs, farm services, agricultural technical services, consolidation of harvest and marketing, processing and value adding, training and capacity

¹ Based on Quarterly Assessments conducted by the National Organic Agriculture Program

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building. Consequently, the NOAP, through its operating units, may provide appropriate assistance listed below:

- A. SOCIAL PREPARATION, CAPACITY BUILDING AND INSTITUTIONAL DEVELOPMENT SUPPORT (Trainings/Capacity building activities, Office Equipment)
- B. PRODUCTION AND POSTHARVEST SUPPORT
 - 1. Crop Production (Fertilizer Facility, Concoction Facility, Seed Production, Nursery, Seed Dryer, Seed Processing, Seed Storage, Millers and Hullers, Solar/Bubble Dryers, Farm Production Machineries, Farm Sheds for Farm Machineries, Rainwater Harvester, Irrigation System)
 - 2. Animal Production (Breeder and Animal Stocks, Feed Production, Silage Facility, Animal Hauler, Animal Housing, Forage Development, Slaughter House, Dressing Plant, Hatchery with Incubator)
 - 3. Fisheries Production (Pond Construction, Breeder and Fingerlings, Feed Production, Feed Packaging, Fishery Processing, Fish Products Packaging and Fish Products Storage)
- C. MARKETING, LOGISTICS AND OTHER ANCILLARY SUPPORT
 - 1. Food Processing (Food Processing Structures, Food Processing Equipment and Food Packaging Supplies and Equipment)
 - 2. Consolidation Areas (Cold Storage, Warehouse and Wholesale Selling Area)
 - 3. Marketing and Logistics (Carts, Pedicabs, Hauling Trucks, Small Transport)
 - 4. Solar Photovoltaic (PV) System or Solar Panel System (as an alternative to electricity)

The packages and cost parameters are presented in the following table:

Package	Amount	Description of Packages
Package A: Production-focused livelihood project	Up to PhP 5 Million	Will consist of capacity building; farm inputs, equipment, machinery and support facilities for the production of soil ameliorants, crops, livestock and fisheries; and marketing and logistics support
Package B: Postharvest and Processing-focused livelihood project	Up to PhP 5 Million	Will consist of capacity building; postharvest and processing equipment, machinery and facilities; food packaging supplies; and marketing and logistics support
Package C: Marketing and Logistics-focused livelihood project	Up to PhP 10 Million	Will consist of capacity building; supplies, equipment, machinery and facilities for marketing and logistic activities including transport vehicles; and digital marketing infrastructure and equipment

III. ELIGIBLE BENEFICIARIES/PARTNERS

Any of the following entities are eligible beneficiaries:

- A. Certified Participatory Guarantee System (PGS) Groups;
- B. Registered Civil Society Organizations (CSOs) intending to become PGS groups;
- C. Indigenous People's Organizations; and
- D. Local Government Units (LGUs) with ordinance and programs on organic agriculture.

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IV. DOCUMENTARY REQUIREMENTS

Proponents of organic agriculture livelihood projects are required to submit the following documents, or their equivalent, in their applications:

- A. Letter of Intent to avail of the program addressed to the DA - Regional Executive Director (DA-RED);
- B. Project proposal;
- C. Certificate of Registration from the appropriate agency (ex. SEC, CDA, BAFS, NCIP, DOLE among others);
- D. 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 4th civil degree to the officials 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);
- E. Board Resolution authorizing the Chairman/President of the Organization to enter into an agreement with the DA;
- F. Valid Business Permit;
- G. Proof of land ownership, with no encumbrances, by the proponent, or usufruct agreement between the owner of the land and the proponent with updated receipt of payment of real property tax;
- H. Affidavit of Undertaking that the lot owned by the proponent or with usufruct agreement shall be dedicated to the sole use of the organic agriculture livelihood project and shall not be converted to any purpose for the duration of ten (10) years from its establishment;
- I. Certified copy of the local ordinance on organic agriculture program for LGU proponent;
- J. 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
- K. Certificate from the Secretary/Accountant that the entity has equity equivalent to at least 20% of the total project cost.

V. MECHANICS OF IMPLEMENTATION

The Department of Agriculture Regional Field Offices (DA-RFOs) and the NOAP-NPCO shall conduct an information caravan on the project from among their list of organic agriculture farmer groups and local government units. Interested entities may submit their application letters, together with the other documentary requirements to the DA-RFOs. The application process flow is presented herein as *Annex 1*.

The DA-RFOs and NOAP-NPCO shall compose the screening committee, conduct a joint review of the project proposals and select the entity to be endorsed as recipient of organic agriculture livelihood projects. The report of the screening committee shall be submitted to the DA-RED for approval.

By virtue of NOAB Resolution No. 022, s.2022 re "Approving the Implementing Guidelines for the Organic Agriculture Livelihood Project (OALP)", the DA-RED shall have the authority to approve all livelihood project proposals not exceeding five million pesos only (PhP5,000,000). Any project exceeding five million pesos only (PhP5,000,000) shall be endorsed to the National Organic Agriculture Board (NOAB) for approval.

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VI. MODALITY

The livelihood project will be provided as a grant assistance. The approved request may be procured either by the concerned Regional Field Office or the beneficiary, depending on the preference of the RFO and assessment of the capability of the beneficiary to carry out the procurement. In case of procurement by the beneficiary, the following requirements must be met by the recipient to enable fund transfer:

- A. Creation of Bids and Awards Committee (BAC) by the beneficiary;
- B. Training certificate on government procurement by members of the BAC;
- C. Accreditation Certificate of Civil Society Organization issued by the Department of Agriculture (DA Administrative Order No. 13, Series of 2021);
- D. Authenticated copy of the latest Articles of Incorporation or Articles of Cooperation, as the case maybe, showing the original incorporators/organizers;
- E. Secretary's certificate on the list of incumbent officers and members, and organizational chart;
- F. Certification of the Accountant of the organization that it has no unliquidated financial grant from the DA;
- G. Audited Financial Reports for the past three years preceding the date of project implementation, 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); and
- H. Disclosure of other related business, if any.

The fund transfer will only be made when the requirements are complied with; the proposal has completed the review, deliberation and approval process; the site was validated; the proponents were assessed to confirm their readiness, capability to procure the necessary interventions and manpower complement to execute the project; and the Memorandum of Agreement (MOA) has been executed.

VII. CRITERIA FOR EVALUATION OF PROPONENTS

Proponents shall be shortlisted according to the (1) greatest number of small-hold organic agriculture farmers or fisherfolks to be benefitted; (2) demonstrated plan for organic agriculture in the next three (3) years within their area of operation/influence; and (3) viability of proposed business operations.

VIII. EVALUATION OF PROJECT PROPOSALS

The DA Regional Field Offices through the Organic Agriculture Focal Person will receive and conduct the initial screening of the project proposals. The proposals that will pass the initial screening will be subjected to the review and evaluation of the Screening Committee.

The concerned RFO Regional Executive Directors and the NOAP NPCO Director shall designate the official and technical staff to compose the Screening Committee who will conduct the review and evaluation of the proposals. The proposal must demonstrate viability in the aspects of social, technical, market, financial, economic, implementation, institutional and sustainability as provided in the proposal template (*Annex 2*).

The amount of grant to be approved shall be based on the results of the validation of cost estimates of the specific activities and interventions requested.

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IX. ROLES OF KEY STAKEHOLDERS

The key stakeholders in the establishment of organic agriculture livelihood projects are the DA-RFOs, the NOAP-NPCO, and the OA livelihood project proponents. For the smooth implementation of the organic agriculture livelihood assistance projects, the key stakeholders shall perform their respective roles as follows:

A. Livelihood Project Proponents

1. Prepare farm development plan for its proposed OA livelihood project;
2. Prepare the budgetary requirement for its proposed OA livelihood project;
3. Identify and submit the list of farmers targeted to be members of the OA livelihood project;
4. Submit a plan of expansion of organic agriculture in their locality;
5. Facilitate the disbursement of funds based on existing accounting and auditing rules and regulations;
6. Execute an Undertaking that the subject land be dedicated for sole use of organic agriculture and other related activities and shall not be used for any other purpose for a period of ten (10) years;
7. Provide an equity, in kind or in cash, amounting to twenty percent (20%) of the total project cost;
8. Participate in all meetings called by the DA;
9. Prepare the site where the livelihood project will be established;
10. Ensure the proper maintenance of the facilities including the security of the area at all times;
11. Allow DA personnel to observe staff, management committee, and board meetings;
12. Submit monthly, quarterly and annual reports of operation and finances to DA-RFO and NOAP-NPCO;
13. Hire competent/qualified staff for the operation of the OA livelihood project;
14. Undertake the capacity building of organic stakeholders within its area of influence if applicable; and
15. Assist in the conduct of OA trainings and advocacy activities as a resource person.

B. Department of Agriculture - Regional Field Offices (DA-RFOs)

1. Undertake information campaigns for OA livelihood projects in their respective regions;
2. Identify the proponents of OA livelihood projects in their region based on the criteria provided under this Guidelines;
3. Assist the selected proponents of OA livelihood projects in preparing the proponent's farm development plan;
4. Assist the selected proponents of OA livelihood projects in preparing the budget requirement for the projects;
5. Assist the selected proponents of OA livelihood projects in the preparation of the plan for the expansion of organic agriculture in their locality;
6. Create the screening committee and lead in the conduct of review and evaluation of the proposals;
7. Assist the selected proponents of OA livelihood projects in the expansion of the operations and in networking with like-minded groups and allies;
8. Provide interventions and monitor the provision of interventions by other cooperating agencies to the OA livelihood project's proponents;
9. Provide technical support on the operation of the OA livelihood project;
10. Monitor the operation of the OA livelihood project by conducting site visits;
11. Lead in the consolidation of data in every OA livelihood project in their respective regions; and
12. Participate in the evaluation of the Program.

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C. National Organic Agriculture Program - National Program Coordinating Office (NOAP-NPCO)

1. Participate in the conduct of information caravans on the OA livelihood projects;
2. Participate in the review and provide recommendations on the project proposal of OA livelihood projects proponents;
3. Participate in the selection of OA livelihood projects;
4. Monitor the delivery of interventions of all implementing agencies cooperating in each OA livelihood project;
5. Conduct joint site visitation with DA-RFOs of OA livelihood projects;
6. Monitor, consolidate and analyze all relevant data from every DA-RFO and all established OA livelihood projects;
7. Provide recommendations for the improvement of the operation of respective OA livelihood projects; and
8. Take the lead in the evaluation of the Livelihood Project as a subprogram of the NOAP.

X. MONITORING AND EVALUATION

The DA-RFOs shall conduct quarterly monitoring of the operation of the livelihood projects, which may be joined by the NOAP NPCO. This shall include review of progress reports and field visits to check and validate what has been reported by the beneficiaries.

The monitoring report must include a comparison of the actual outputs of the project vis a vis the targeted outputs and financial accomplishment versus the financial plan, measured against the implementation schedule. It must also include the status of the operations and feedback on the implementation of each livelihood project. Challenges in the implementation as well as recommendations must be considered in the report. In addition, the DA-RFOs, through its Planning, Monitoring, and Evaluation Division shall submit to the NOAP NPCO an annual evaluation of the Livelihood Project as a subprogram of the NOAP and recommend for its continuation, enhancement or termination.

On the other hand, the beneficiaries shall submit to the DA RFO an annual report of accomplishment every January 15 of the following year. At the end of the third (3rd) year of implementation, the beneficiaries shall be required to submit a terminal report including the impact of the project to them following the agreed project assessment/evaluation instrument and methodology.

XI. FUNDING SOURCE

Funding for the Project shall be charged primarily to the NOAP Fund. Other DA Units and government agencies may also provide financial and other support for a greater impact. LGUs and other local and international funding agencies may likewise provide additional support in cash or in kind to the Project.

XII. MEMORANDUM OF AGREEMENT

A Memorandum of Agreement (MOA) between the DA RFO and the beneficiary/partner shall be undertaken once the project and the funding are approved, indicating among others that the proponent shall undertake PGS certification within two (2) years from the acceptance of interventions.

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This Agreement may be terminated by the DA RFO upon due notice to the beneficiary/partner 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 60 days upon receipt of the intervention, without justifiable cause;
3. The project is found to be non-operational for 60 days due to bad faith and gross negligence;
4. Violation of any of the conditions of, or failure to comply with, or perform the obligations such as PGS certification;
5. Use of the project funds, structures, facilities, and equipment for activities not related to organic agriculture; or
6. The beneficiary voluntarily decides to terminate the project.

In all cases, the DA RFO shall re-assign the recovered machinery, equipment, tools and supplies to willing and qualified beneficiaries. The original beneficiary who was at fault will be disqualified from future assistance from the NOAP within a period of five (5) years.

XIII. FUND UTILIZATION AND FUND RELEASE

After the selection and approval of the organic agriculture livelihood project, 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).

XIV. PROVISION ON DONATIONS

Upon project delivery and acceptance of interventions, the same shall be donated to the proponent, provided, that these shall not be repurposed within the period of ten (10) years from its establishment and provided further, that the proponent 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 take over the operations of the project without the need for court proceedings.

XV. AMENDMENTS

Amendments to these guidelines may be made after prior consultations with all program stakeholders and upon approval by the NOAB.

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XVI. EFFECTIVITY CLAUSE

This Memorandum Circular shall take effect immediately upon publication in the Official Gazette or in a newspaper of general circulation and its filing with the University of the Philippines Law Center – Office of the National Administrative Register (ONAR).

Done this 1st day of December, 2022 in Quezon City.

DOMINGO F. PANGANIBAN
Senior Undersecretary

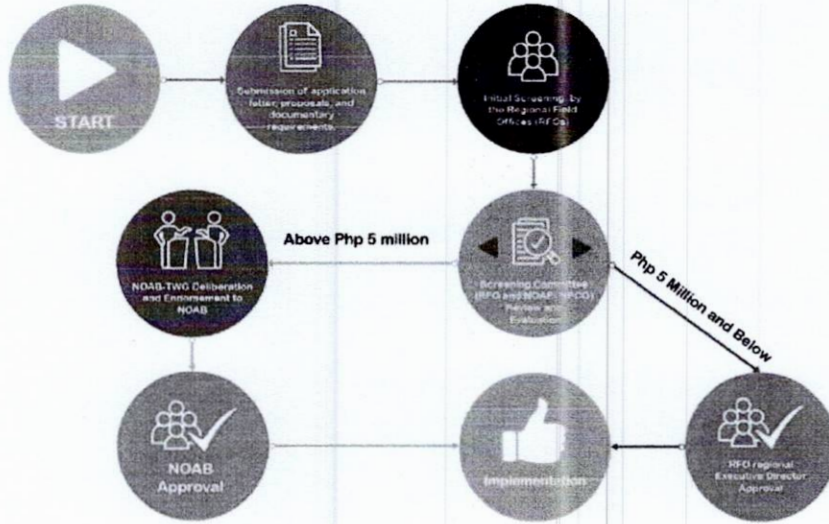


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ANNEX 1

Process Flow in Availing of OA Livelihood Projects



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ORGANIC AGRICULTURE LIVELIHOOD PROJECT 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 should describe 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. Define the marketing plan and strategy such as distribution channels, advertising, and promotions (i.e agri-tourism site).

5. Technical Aspects

This section explains the project with description by components including the following information: (a) operating capacity; (b) availability of the project site; (c) the operation flow and activities of the project (e.i production up to marketing), specifications of machinery and facilities needed; (d) volume of existing and projected production, specific outputs; and, (e) supplemental documents such as Detailed Engineering Design, Program of Works and basis of cost estimates. 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	

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Likewise, provide projected financial reports such as Income Statement, Cash Flow, and Balance Sheet with computation on the revenue stream of the livelihood project and the Return on Investment (ROI). Please submit this computation in an excel format.

7. Economic Aspects

This includes the projected improvements in the welfare of the beneficiaries and the country as a whole, such as: (a) increase in farmers' income, (b) increase in certified organic area and OA farm producers, (c) increase in number of clients/consumers, (d) increase in volume and value/price of OA products, and, (e) jobs generated.

8. Organizational/Institutional Arrangements

This includes the background of the organization/proponent and competitive advantages such as farmer members, organic agriculture certified area and potential farmers and areas for certification, support of the LGUs through OA ordinances, 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)	PROPONENT COUNTERPART FUNDS (B)	FUNDS FROM OTHER SOURCES (C)	BUDGET (PHP) (A+B+C)
	Y/M ₁	Y/M ₂	Y/M ₃	Y/M _n				

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

10. Sustainability and Risk Management Plan

This section should provide information on the preparedness of the proponents/FCAs to manage the impact of the natural calamities to the livelihood projects. 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. To facilitate this, the PRDP's Business Continuity Plan template will be adopted using the template below.

Resources to Protect	Preparedness Measures	Response	Early Recovery
	<i>What pre-disaster activities will you do to ensure that identified assets are ready? You may refer to the items identified in the BC Strategy Sheet</i>	<i>What activities will you do during the disaster to secure/manage the identified assets? You may refer to the items identified in the BC Strategy Sheet</i>	<i>What activities will you do after the disaster to recover the identified assets? You may refer to the items identified in the BC Strategy Sheet</i>
Equipment	Ensure the weighing scale and incubator to be placed in a secure a dry storage	Stand by equipment should be secured from flood and strong winds	Check if stand by equipment is ready to operate
Inventory	Creating buffer stocks enough for 3 months processing requirement	Buffer stocks are being secured and placed in an elevated storage place	Check if buffer stocks can still be used

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Building / Facility	Make sure infra (processing center) is typhoon resilient	Secure/board doors and windows	Cleaning and repair of damage facilities
Data	* Make sure all-important documents are intact * All data are encoded electronically and saved in a Flash drive/ Hard drive	* All backup data and documents are placed in a dry and safe vault.	Check back up data
Supply Chain	Always ensure there is enough raw materials (coconut husks)	Stock of raw materials should be covered by nets to lessen the loss/ damage caused by typhoons or floods.	Re-collection and recovery of husks that can be used

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