



Republic of the Philippines
OFFICE OF THE SECRETARY
Elliptical Road, Diliman 1100 Quezon City
+63(2) 8928-8741 to 64 and +63(2) 8273-2474

MEMORANDUM CIRCULAR

No. 43
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Subject: GUIDELINES ON THE ESTABLISHMENT OF SMALL-SCALE COMPOSTING FACILITIES (SSCF)

I. RATIONALE

The Republic Act (R.A.) No. 10068 or the Organic Agriculture Act of 2010, as amended by R.A. No. 11511, was enacted to promote, propagate, develop further, and implement the practice of organic agriculture in the Philippines. Section 2 of this Act emphasizes the need to establish a comprehensive program that promotes community-based organic agriculture systems including farmer-produced organic fertilizers, bio-control agents, and other farm inputs, as well as a nationwide campaign to educate and raise awareness about their use and processing. Correspondingly, Section 4 (c) states the promotion and encouragement of the establishment of facilities, equipment, and processing plants that would accelerate the production and commercialization of organic fertilizers, bio-control agents, organic soil amendments, and other appropriate farm inputs.

Thus, the National Organic Agriculture Program (NOAP), through its Operating Units, particularly the Bureau of Soils and Water Management (BSWM) and the Department of Agriculture - Regional Field Offices (DA-RFOs), implements the establishment of Small-Scale Composting Facilities (SSCF). This technological intervention produces vermicast, vermicompost, and vermicompost tea which can be utilized by organic practitioners for the cultivation of various crops such as rice, corn, high-value fruits and vegetables, and other agricultural produce.

II. OBJECTIVES

The implementation of this project is geared towards providing institutional support for the community-based production of vermicast, vermicompost, and vermicompost tea. This initiative seeks to empower farmers by facilitating the production of these organic inputs by means of knowledge transfer rather than input substitution. This will enable them to establish sustainable enterprises for income generation, fostering the adoption of organic agriculture within communities.

III. COVERAGE AND SCOPE

The guidelines shall delineate the implementation and establishment of SSCF. The assistance from the Program shall consist of one (1) unit of biomass shredder machine, fifteen (15) kilograms of African Night Crawlers (ANCs), and two (2) units of vermicompost tea brewer.

It shall also cover the criteria of eligible recipients and sites, the process of application and approval, key stakeholders' roles and responsibilities, project implementation and monitoring, as well as the conduct of training on the operation of SSCFs nationwide.

IV. ELIGIBLE RECIPIENTS

The following are the eligible candidate recipients:

1. Farmer Cooperatives and Associations (FCAs), Indigenous Peoples Organizations (IPOs) and Government-registered Civil Society Organizations (CSOs) advocating organic farming, with priority to Participatory Guarantee System (PGS) Groups;
2. Local Government Units (LGUs) with ordinances and/or programs on organic agriculture;
3. State Universities and Colleges (SUCs) and Public Schools offering a subject in organic agriculture;
4. Department of Agriculture (DA) Stations and DA-attached Bureaus and Agencies;
5. Learning Sites for Agriculture (LSA), Extension Service Providers (ESPs), Technical Vocational Institutions (TVIs), and Farm Schools offering a course in organic agriculture, preferably certified by DA Bureau of Agriculture and Fisheries Standards (BAFS)-accredited third-party and/or PGS Organic Certifying Body (OCB); and
6. Other government agencies advocating organic farming.

V. QUALIFICATIONS OF RECIPIENTS

To qualify, the recipient:

1. Must be able to provide counterpart requirements such as but not limited to land, shed, vermi beds, labor, farm supplies and tools, fence, operating and maintenance cost, and personnel;
2. Must assign at least two (2) staff/technical personnel to undergo training on vermicast, vermicompost, and vermicompost tea production, and SSCF operation and maintenance; and
3. Must commit to operate and maintain the facility;

As an additional qualification for FCAs, CSOs, LSA, ESPs, TVIs, and farm schools, they:

4. Shall endeavor to remain in the practice of organic agriculture;

For those who have already availed of SSCF and intend to request additional units:

5. Must have a regular record of the SSCF operation and be willing to undergo retraining.

VI. SITE REQUIREMENTS

The proposed site:

1. Must have an area of at least one hundred (100) square meters for the production area of SSCF; For DA Stations, other DA-attached bureaus and agencies, SUCs, Public Schools, LSA, ESPs, TVIs, and farm schools, the proposed site must also have a demonstration area on the utilization of vermicast, vermicompost, and vermicompost tea produced by SSCF;
2. Must have a source of water and access to electricity (from power distribution companies, renewable sources and/or generators) that fits the requirement of the equipment to operate;
3. Must have sufficient sources of agricultural residues, poultry and livestock manure, household/kitchen waste, and/or other indigenous biodegradable materials;
4. Must have road access for delivery/hauling vehicles and no right-of-way issue; and
5. Must not be located in flood-prone areas.

VII. APPLICATION REQUIREMENTS

Eligible recipients intending to avail of SSCF must submit the following application requirements, as may be applicable:

1. Letter of Intent (LOI) addressed/endorsed to the DA Regional Executive Director (RED) signed by the:
 - a. Local Chief Executive (LCE), for LGUs;
 - b. Chairman/President and/or authorized representative, for FCAs, CSOs, SUCs and public schools; and
 - c. Owner and/or authorized representative, for LSA, ESPs, TVIs, and farm schools
2. Sangguniang Panlalawigan/Bayan/Lungsod Resolution authorizing the LCE or Board Resolution authorizing the Chairman/President/Owner and/or authorized representative of FCAs, CSOs, SUCs, public schools, LSA, ESPs, TVIs, and farm schools with a Board, to enter into an agreement with the DA and commit to provide the counterpart requirements;
3. Proof of land ownership covering the site where the facility will be positioned, such as: Transfer Certificate of Title (TCT), Deed of Donation, Deed of Sale, Certificate of Stewardship, Certificate of Land Ownership (CLOA), lease or usufruct agreement with a term not less than 10 years, tax declaration, or any other instrument evidencing legal conveyances;

4. Photo of an existing shed or proposed area for the shed to be constructed with an area of at least fifty (50) square meters (may be made of indigenous materials); and
5. Philippine National Police (PNP) and/or LGU certification indicating that the area is relatively peaceful in support of the application for SSCF;

Additional requirements for FCAs and CSOs:

6. LGU endorsement of the FCA/CSO request signed by LCE and/or Provincial/City/Municipal Agriculturist;
7. Certified True Copy/Authenticated DA Accreditation Certificate or Certificate of Registration from Cooperative Development Authority (CDA)/Securities and Exchange Commission (SEC)/Department of Labor and Employment (DOLE)/Department of Social Welfare and Development (DSWD)/Agricultural Training Institute (ATI)/Technical Education and Skills Development Authority (TESDA), among others; and
8. Organizational chart and list of officers and members with corresponding farm addresses and areas.

VIII. MECHANICS OF IMPLEMENTATION

A. Application and Approval Process

1. The candidate recipients shall submit the application documents to the DA-RFO through the OAP. Requests submitted to BSWM and other DA offices shall be endorsed to the concerned DA-RFO for review and evaluation;
2. The Operating Units shall evaluate the application requirements of the candidate recipients;
3. The DA-RFO and/or BSWM shall conduct site validation based on the results of the evaluation of the application requirements;
4. The DA-RFO and/or BSWM shall approve the qualified recipient of SSCF five (5) days upon receipt of complete application documents and favorable result of the site validation; and
5. The DA-RFO and/or BSWM shall consolidate the list of qualified recipients of SSCF for approval of DA-RED and BSWM Director;

B. Procurement of SSCF

6. The BSWM/DA-RFO or any authorized/delegated procuring agency shall conduct the procurement of SSCF in accordance with R.A. No. 9184 and its Implementing Rules and Regulations (IRR), and applicable provisions on procurement and implementation under DA Memorandum Order No. 50, series of 2020;

C. Execution of Memorandum of Agreement (MOA)

7. The BSWM/DA-RFO or any authorized/delegated procuring agency, the qualified recipient, and other DA agency involved in the implementation of the project shall execute a Memorandum of Agreement (MOA) with a detailed arrangement on the establishment of the SSCF, which shall include provisions on the

completion of the training of the qualified recipient and the termination of the MOA for non-use, among others;

D. Delivery of SSCF

8. The supplier shall comply with the delivery and other terms of the contract;
9. The BSWM/DA-RFO or any authorized/delegated procuring agency and other DA agency involved in the implementation of the project shall conduct on-site technical inspection, acceptance testing and geo-tagging activities to ensure that the desired performance and set standards have been complied; and
10. The BSWM/DA-RFO or any authorized/delegated procuring agency shall issue a Property Transfer Report (PTR) and Certificate of Turn-over to the recipients, in accordance to government accounting and auditing rules with regards to Property Transfer and Receipt;

E. Training on SSCF Operation

11. Upon the delivery of SSCF, the supplier, in coordination with the BSWM/DA-RFO or any authorized/delegated procuring agency, shall conduct training on vermicast, vermicompost, and vermicompost tea production, and SSCF operation and maintenance for the qualified recipients prior to the operation of the SSCF;

F. Monitoring and Reporting

12. The recipients shall prepare a report on the monthly production and status of the equipment/facility to be submitted quarterly to the DA-RFO OAP Focals;
13. The Operating Units shall conduct quarterly monitoring of the status of SSCF operation and submit an annual report to NOAP-NPCO; and
14. The NOAP-NPCO shall analyze the report submitted by the Operating Units and report to the National Organic Agriculture Board (NOAB), with recommendations to address operational bottlenecks and improve SSCF implementation as applicable.

IMPLEMENTATION PROCESS

- 1** **SUBMISSION OF APPLICATION REQUIREMENTS**
Submission of application requirements to the DA-RFO
- *Candidate Recipient*
- 2** **REVIEW AND EVALUATION OF APPLICATION REQUIREMENTS**
Evaluation of the application requirements
- *DA-RFO and BSWM*
- 3** **SITE VALIDATION**
Conduct of site validation based on the results of the evaluation
- *DA-RFO and/or BSWM*
- 4** **APPROVAL OF QUALIFIED RECIPIENTS**
Approval of the list of qualified recipients
- *DA-RFO and BSWM*
- 5** **PROCUREMENT OF SSCF**
Procurement of SSCF
- *BSWM/DA-RFO or any Authorized/Delegated Procuring Agency*
- 6** **EXECUTION OF MEMORANDUM OF AGREEMENT (MOA)**
Execution of MOA between the qualified recipients, BSWM/DA-RFO, and the Authorized/Delegated Procuring Agency
- *Qualified Recipient, BSWM/DA-RFO and Authorized/Delegated Procuring Agency*
- 7** **DELIVERY OF SSCF**
On-site delivery of SSCF
- *Supplier*
- 8** **INSPECTION AND ACCEPTANCE**
Inspection and acceptance of SSCF, and issuance of PTR and Certificate of Turn-over to qualified recipients
- *BSWM/DA-RFO or any Authorized/Delegated Procuring Agency*
- 9** **TRAINING ON SSCF OPERATION**
Training on SSCF operation and maintenance, and training on vermicast, vermicompost, and vermicompost tea production
- *Supplier*
- 10** **SSCF OPERATION**
Operation of the SSCF, monitoring and record-keeping of production data, and preparation of monthly/quarterly reports
- *Recipient*
- 11** **MONITORING**
Monitoring of SSCF
- *DA-RFO, BSWM, and NOAP-NPCO*

IX. ROLES OF KEY STAKEHOLDERS

The key stakeholders in the establishment of SSCF are the NOAP, BSWM, DA-RFO, authorized/delegated procuring agency, and the SSCF recipients. For the smooth implementation of this project, the key stakeholders shall perform their roles:

A. National Organic Agriculture Program (NOAP)

1. Include SSCF in the annual plan and budget proposal; and
2. Analyze the annual report submitted by BSWM and DA-RFO, and report to the NOAB, with recommendations to address operational bottlenecks and improve SSCF implementation as applicable.

B. Operating Units (OUs) - DA-RFO and BSWM

1. Evaluate the application requirements of the candidate recipients;
2. Conduct site validation;
3. Approve the list of qualified recipients for SSCF;
4. Undertake MOA with the qualified recipients and the authorized/delegated procuring agency;
5. Participate in the conduct of on-site inspection and acceptance testing of SSCF to the qualified recipients, as well as the geotagging activities;
6. Conduct quarterly monitoring of the progress and status of SSCF;
7. Prepare and submit an annual report to NOAP-NPCO;
8. Provide technical assistance and/or retraining to address challenges identified, as applicable;
9. Implement Section XI. Project Termination, as applicable; and
10. For DA-RFO, may hire additional personnel/staff to support in the implementation of the project.

C. BSWM/DA-RFO or any Authorized/Delegated Procuring Agency

1. Spearhead the procurement of SSCF;
2. Undertake MOA with the qualified recipients and operating unit;
3. Conduct on-site inspection and acceptance testing of SSCF to the qualified recipients, as well as the geotagging activities;
4. Issue PTR and Certificate of Turn-over to the qualified recipients; and
5. Oversee the conduct of training for the SSCF recipients by the supplier.

D. Recipient

1. Submit the complete application requirements listed in Section VII of this guidelines to the respective DA-RFO;
2. Meet all the qualification requirements listed in Sections V and VI of this guidelines;
3. Undertake MOA with the BSWM/DA-RFO and the authorized/delegated procuring agency;
4. Receive and sign the Property Transfer Report and Certificate of Turn-over;
5. Hire and/or assign at least two (2) staff/personnel to participate in the SSCF training/s and operate the SSCF;

6. Operate, maintain, and repair the SSCF beyond the warranty period including the security in the area at all times;
7. Maintain records on the utilization of the facility;
8. Prepare a report on the monthly production and status of the equipment/facility to be submitted quarterly to the DA-RFO OAP Focals;
9. Utilize the machine in accordance to its intended purpose; and
10. Allow and assist DA and other concerned agencies during the monitoring of the provided facility.

X. MONITORING AND EVALUATION

The recipients shall maintain a record on the operation and status of SSCF, and prepare a report on their monthly production, including but not limited to length of the production process, type and quantity of substrates used, volume of vermicast/vermicompost/vermicompost tea produced, frequency of output collection/harvesting, as well as details on the utilization and distribution of outputs. The report shall also encompass feedback on the use of SSCF, along with any challenges and operational difficulties encountered, and recommendations for improvement. The report shall be submitted quarterly to the DA-RFO OAP Focals.

The Operating Units shall monitor the implementation of the establishment of SSCF, and submit an annual report to NOAP-NPCO. The annual report shall include the status of SSCF distribution, challenges encountered during implementation and operation, and recommended solutions and strategies. Subsequently, NOAP-NPCO shall analyze the report submitted by the Operating Units, and report to the National Organic Agriculture Board (NOAB), with recommendations to address operational bottlenecks and improve SSCF implementation as applicable.

XI. PROJECT TERMINATION

In cases where the recipient voluntarily decides to terminate the project, they shall provide a written notification to the DA-RED, with a copy furnished to the BSWM Director, stating the reasons or causes for the termination. The Operating Units shall recover the biomass shredder, and vermicompost tea brewer and re-assign it to another willing and qualified recipient who will shoulder the cost of the transfer.

Moreover, the following reasons may also serve as grounds for the termination of MOA and forfeit the recipients from availing future interventions from the NOAP:

1. Failure to comply with the required quarterly submission of the production report;
2. Failure to operate/utilize the awarded SSCF without justifiable reasons;
3. Failure to adhere to the terms indicated in the MOA;
4. If the facility is found non-operational for 90 days due to unjustifiable reasons, bad faith, gross negligence, or misrepresentation of the recipient; and
5. If the project was repurposed.

A separate protocol detailing the procedures for the termination of the project shall be prepared in coordination with the concerned DA agencies.

XII. FUNDING SOURCE

The source of funds for the project shall be through the General Appropriations of the National Organic Agriculture Program (NOAP) following the disbursement rules set by the Department of Budget and Management (DBM) and guided by government accounting and auditing rules and regulations.

XIII. AMENDMENTS

Amendments to these guidelines may be made upon review of the implementation and recommendations by the DA-RFO, BSWM, and NOAP-NPCO, for the approval of National Organic Agriculture Board (NOAB).

XIV. SEPARABILITY CLAUSE

If any clause, sentence, or provision of the Memorandum Circular shall be declared invalid or unconstitutional, the other provisions not affected thereby shall remain valid and subsisting.

XV. REPEALING CLAUSE

All administrative circulars, rules and regulations, and other issuances inconsistent with the foregoing provisions are hereby repealed or modified accordingly.

XVI. EFFECTIVITY

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 4th day of October, 2024 in Quezon City.


FRANCISCO P. TIU LAUREL JR.
Secretary
