



Republic of the Philippines
Department of Agriculture
OFFICE OF THE SECRETARY
Elliptical Road, Diliman, Quezon City 1101 Philippines

17 June 2015

DEPARTMENT CIRCULAR

No. 04
Series of 2015

**SUBJECT: REVISED GUIDELINES ON THE PROVISION OF CERTIFICATION
SUBSIDY INCENTIVE FOR ORGANIC AGRICULTURE ENTITIES/
FARMERS AND ORGANIC INPUT PRODUCERS**

WHEREAS, Section 24 of R.A. No. 10068, also known as the *Organic Agriculture Act of 2010*, states that the government shall extend incentives for the production and propagation of organic farm inputs by maximizing their use in all government and government-supported agricultural production, research and demonstration programs;

WHEREAS, Section 24 of R.A. No. 10068 further requires that the Department of Agriculture (DA) together with other Executive Departments¹, Land Bank of the Philippines (LBP), government lending and non-lending institutions to assist organic input producers and organic farmers through the provision of adequate financial, technical, marketing and other services and resources. Among these services is the provision of *subsidies for the certification fees*;²

WHEREAS, Section 9 of R.A. No. 10068 states that the National Organic Agriculture Board (NOAB) may call upon any government agency to carry out and implement programs and projects identified by the NOAB;

WHEREAS, in CY 2012, the DA issued *Administrative Order (AO) No. 02 on Regulation of the Incentive Subsidy Scheme for Organic Certification*, and *AO No. 03 on Fee Structure for the Regulation of the Incentive Subsidy Scheme for Organic Certification* to operationalize the certification subsidy provision of the *Organic Agriculture Act* and authorized the *Agribusiness and Marketing Assistance Service (AMAS)* as the designated focal agency in facilitating the certification incentive transaction;

WHEREAS, through NOAB Resolution No. 001, Series of 2014, (*Revising AO No. 2 Series of 2012 or the Regulation of the Incentive Subsidy Scheme for Organic Certification*), the NOAB resolved to transfer the functions of the Agribusiness and Marketing Assistance Service (AMAS) relative to the provision on certification subsidy to the Regional Field Offices (RFOs) in order to fast track its implementation;

¹ The Department of Agrarian Reform, The Department of Science and Technology, The Department of Interior and Local Government, the Department of Trade and Industry, the Department of Education, and the Department of Finance.

² Section 24 (d), R.A. No. 10068.

NOW THEREFORE, the Department hereby adopts and prescribes this Circular for purposes of the implementation of the provision on organic certification subsidy under R.A. No. 10068.

SECTION 1. OBJECTIVES. This Department Circular is issued in order to:

1. 1 provide the Regional Field Offices (RFOs) with the guidelines to effectively facilitate the implementation of Section 24 (d) of R.A. No. 10068; and
1. 2 encourage organic agriculture entities/farmers and organic input producers to comply with the Organic Agriculture related Philippine National Standards (PNS) through third-party certification.

SECTION 2. APPLICABILITY. These Guidelines shall apply to all organic agriculture entities/farmers and organic input producers, which have been granted with organic certification by the officially accredited local organic certifying bodies (OCB) of the Department of Agriculture - Bureau of Agriculture and Fisheries Standards (DA-BAFS).

SECTION 3. DEFINITION OF TERMS. For the purposes of these guidelines, the following terms shall be defined as follows:

- 3.1 **Certification** - refers to the procedure by which accredited/official certifying bodies or officially recognized certifying bodies provide written attestation that food or inputs or food control systems conform to applicable organic agriculture standards and requirements. Certification may be, as appropriate, based on a range of inspection activities, which may include continuous inspection, auditing of quality assurance systems, and examination of finished products
- 3.2 **Certification cost** - refers to the amount charged by the officially accredited OCB, which includes the application and processing fees and other reasonable related costs such as travelling expenses and per diems of the inspectors.
 - 3.3.1 **Application Fee** - is the amount charged to the client at the time of application. This is generally a flat fee, which is meant to cover the clients cost for the initial processing of its application. This covers basic legal document review and verification and administrative cost related to it.
 - 3.3.2 **Certification Fee** - is the amount charged to the client to validate the organic claim. The fee is variable depending on the scope and type of operations involved. The fee covers inspection and



evaluation fees. For inspection, it covers the farm, production unit and trading units among others. While evaluation covers assessment and evaluation of the inspection reports and other document generated and requested in relation to its compliance to the standard applied for. Most often travel cost and laboratory costs/fees are charged separately

- 3.3 **Certification subsidy** - refers to the organic certification incentive scheme of the DA for organic agriculture entities/farmers and organic input producers compliant with the relevant PNS for organic agriculture
- 3.4 **Micro, Small and Medium Enterprises (MSME)** - refers to any business activity or engaged in industry, agribusiness, and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must fall under the following categories:
- 3.4.1 Micro: not more than 3,000,000
 - 3.4.2 Small: P3,000,001 – P15,000,000
 - 3.4.3 Medium: P15,000,001 – P100,000,000
- 3.5 **Organic agriculture entities/farmers** - are those involved in the production, processing, manufacturing, sale and distribution of organic produce
- 3.6 **Organic Agriculture Validation Team (OAVT)** - refers to the team of experts and representatives from various DA regulatory agencies and concerned offices organized by the DA-BAFS responsible for the pre-registration validation, monitoring of licensed and registered organic farms and establishments, and post-market surveillance in market outlets.
- 3.7 **Organic Certificate** - refers to the official document issued by the officially accredited organic certifying bodies attesting that the entity conforms to organic agriculture requirements. The official document identifies the name and address of the entity certified, effective date of certification, expiration date of certification, certification number, scopes of products and/or process certified, identification of certified sites, name and address of certification agent, and standards to which the entity is certified.
- 3.8 **Organic Certifying Body (OCB)** - a body responsible for verifying that a product sold or labeled as "organic" is produced, processed, prepared, handled, exported and imported according to the prescribed guidelines



- 3.9 **Organic Input Producer** - refers to an entity that produces inputs e.g. organic materials such as plant nutrition and plant protection or pest management products that are compliant with the applicable PNS for organic agriculture.
- 3.10 **Registration** - refers to the process by which the DA-BAFS record and verify information about agriculture and fishery establishments engaged in the primary production and postharvest stages of the food supply chain, including facilities involved in activities related to agrochemicals and other inputs in the primary and postharvest stages of production, in an official list or official system for entering names and information.
- 3.10.1 **Certificate of Registration (COR)** - means a written approval granted by BAFS to a certified organic input producer indicating the products that are certified as “organic”.
- 3.11 **Scope** - refers to the type of operation defined in the PNS for OA e.g. crop production, livestock and poultry production, processing, special products (wild collections), aquaculture, and retailing.
- 3.12 **Total organic produce** - refers to the total volume of marketable yield harvested in the previous year

SECTION 4. ELIGIBILITY CRITERIA. The organic agriculture entities/farmers and organic input producers are eligible for the certification subsidy incentive. Provided, that they meet the following criteria:

- 4.1.1 An individual farmer or an organized group accredited with Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), Department of Labor and Employment (DOLE) and Department of Trade and Industry (DTI), as may be applicable;
- 4.1.2 Classified as micro, small, and medium enterprise (MSME);
- 4.1.3 Engaged in local organic food and input production;
- 4.1.4 Compliant with the applicable PNS for organic agriculture as evidenced by organic certificate issued by the officially accredited OCB; and
- 4.1.5 Registered with the DA – BAFS.

Provided, further, that, with respect to Item 4.1.4, entities/farmers/producers that obtained conditional approval of their organic certification application may be afforded certification subsidy if they are able to comply with/fulfill the “must be” complied requirements of the applicable standards for organic agriculture.



Ineligible entities/farmers/producers shall bear the cost of certification.

- 4.2 As a rule, subsidy shall be granted only to organic farmer producers whose products are intended for local market. Nevertheless, for products intended for export, subsidy shall be given only to those belonging to MSMEs, indigenous people, and agrarian reform beneficiaries (ARBs).
- 4.3 In case of funding constraints, small land and aquaculture farms, MSMEs, indigenous people, ARBs shall be accorded the top priority for the granting of the subsidy.

SECTION 5. COVERAGE OF THE CERTIFICATION SUBSIDY.

5.1 The incentive shall cover the total certification cost, consisting of the following:

- 5.1.1 Application fees;
- 5.1.2 Certification fees;
- 5.1.3 Inspection and re-inspection fees such as traveling expenses and per diems of inspectors; and
- 5.1.4 Costs of laboratory analysis to determine compliance with the PNS on OA

5.2 Table 1 shows the total certification subsidy fee structure covering all fees charged by the OCB based on the type of certification *vis-à-vis* the number of scope certified by the officially accredited local OCB.

5.2.1 **Table 1.** Total certification subsidy fee structure

Type of Certification	Number of Scope		
	1 scope	2 scopes	3 scopes
Individual	50,000 – 70,000	71,000 – 80,000	81,000 – 100,000
Group	70,000 - 84,000	85,000 – 120,000	121,000–150,000

SECTION 6. AVAILMENT OF SUBSIDY. In accordance with the Rule 24.8 of the Implementing Rules and Regulations of the R.A. No. 10068, an organic agriculture entity/farmer or organic input producer found to be eligible for certification subsidy may avail of the same for a maximum of three organic certifications.

SECTION 7. GUIDELINES IN THE PROCESSING OF THE CERTIFICATION SUBSIDY

7.1 The RFO shall implement the subsidy scheme in organic certification.

7.2 The subsidy shall be paid directly to the officially accredited local OCB³.

7.3 For purposes of the foregoing, the RFO, the local OCB and the subsidy applicant shall negotiate and conclude a tripartite Memorandum of Agreement (MOA)⁴.

7.4 Pre-certification process

7.4.1 The RFO shall procure the certification service of the OCB in accordance with the procurement requirements and procedures under Republic Act No. 9184, otherwise known as the *Government Procurement Reform Act*, its Implementing Rules and Regulations and related laws, rules and regulations.

7.4.2 The RFOs shall establish their respective processing cycle based on their Work and Financial Plan (WFP). Hence, applications for subsidy shall be processed by batch in accordance with the said cycle.

7.4.3 An eligible organic agriculture entity/farmer and organic input producer shall submit to the respective RFO the following:

- 7.4.3.1 Accomplished subsidy application form (Annex 1) with the RFO;
- 7.4.3.2 Letter of intent to undergo pre-assessment; and
- 7.4.3.3 Other documentary requirements as may be required by applicable laws and government accounting and auditing rules and regulations.

7.4.4 The RFO shall conduct pre-assessment of all applicants as to their compliance with the relevant PNS for organic agriculture. The rules and procedures on the conduct of the pre-assessment is shown in Annex 2.

7.5 Processing and Approval of Subsidy Application

7.5.1 The processing of the subsidy application shall start after the subsidy applicant has been granted an organic certification by the officially accredited local OCB and upon submission of the following additional documentary requirements:

- 7.5.1.1 Certified true copy of the organic certificate issued by the officially accredited local OCB;
- 7.5.1.2 Certified true copy of COR issued by the DA-BAFS for Organic Inputs or by other regulatory agencies as validated by DA-BAFS;

³ In accordance with the Rule 24.17 of the IRR of the R.A. No. 10068

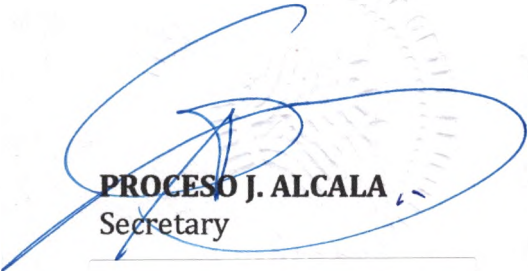
⁴ This is separate and distinct from the Contract generated and concluded between the procuring entity and the certification service provider

- 7.5.1.3 Official receipt issued by the officially accredited local OCB for the certification fee payment or billing statement for the certification costs based on the submitted computation of certification fees including official receipt of laboratory fees, if any.
- 7.5.2 The above list of requirements shall be, without prejudice to additional documentary requirements that may be required of the subsidy applicant by the concerned RFO.
- 7.5.3 Annex 3 illustrates the major steps for certification subsidy processing and the corresponding requisites.

SECTION 8. REPEALING CLAUSE. All existing Orders, Circulars, Guidelines, Rules and Regulations inconsistent with this Department Circular are hereby modified, revoked or repealed accordingly.

SECTION 9. SEPARABILITY CLAUSE. Should any provision of this Department Circular or any part thereof be declared invalid, the other provisions, so far as they are separable, shall remain in force and effect.

SECTION 10. EFFECTIVITY. This Circular shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation and its filing with the National Administrative Register at the University of the Philippines Law Center.


PROCESO J. ALCALA
Secretary

DEPARTMENT OF AGRICULTURE

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Republic of the Philippines
DEPARTMENT OF AGRICULTURE
NATIONAL ORGANIC AGRICULTURE PROGRAM



ANNEX 1.
APPLICATION FORM FOR ORGANIC CERTIFICATION SUBSIDY

Application Number:

I. Nature of Applicant (Check the box that applies)

- A. First time applicant? ☐ Yes. ☐ No.
(If no, please state how many times have you applied before):

B. Type of Applicant

☐ Individual farmer (Proceed to Step II.A)

☐ Farmer Organization/ Institution/ Establishment (Proceed to Step II.B)

II. Applicant's Information

A. For Individual Farmer

Name:
Last name Given Name Middle Name

Gender: Birthdate:

Landline: Mobile Number:

Active E-mail Address:

B. For Farmer Organization/ Institution / Establishment

Name of Entity:

Office Address:

Name of Official Representative:
Last name Given Name Middle Name

Landline: Mobile Number:

Active E-mail Address:

III. Farm/Establishment Information

Farm/Establishment Name:

Farm/Establishment Address:

Farm/Establishment Area:

IV. Organic Certification (Please attached hereto the Certified True Copy of the Certificate)

Name of Accredited Certifying Body:

Scope of Certification:

Date of Application for Certification: Valid until:

V. BAFS Registration (Please attached hereto the Certified True Copy of the Registration)

Nature of Application:

Registration Number: Valid until:

Declaration Statement: I hereby certify that the information appear herein are true and correct.

<input type="text"/>	<input type="text"/>
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Signature of the Applicant's Printed Name

Date of Application

ANNEX 2. Rules and procedures on the conduct of the pre-assessment of potential subsidy applicants in terms of their readiness for 3rd party certification

- 2.1 To determine the number of beneficiaries prior to the procurement of certification services, the RFO shall conduct a pre-assessment of all applicants.
- 2.2 All applications for certification subsidy shall be subject to pre-assessment by the RFO;
- 2.3 The RFO, through its OA Focal Person and the Regulatory Division shall conduct pre-assessment of the farm/establishment as regards their compliance with the organic agriculture relevant PNS ;
- 2.4 The RFO is authorized to engage the services of organic inspectors to assist them in the pre-assessment process;
- 2.5 If found to be non-compliant, the applicant shall be informed of the findings and given the chance to correct the same.
- 2.6 All successful applications shall be processed for certification through the officially accredited local certifying body.

ANNEX 3. Guidelines in the Processing of Certification Subsidy

Step	Procedure	Responsible Stakeholder	Required Documents/ Notes
1	1.1 Pre - certification process		
	1.1.1. Procurement of service of OCB	RFO	Procurement process in accordance with R.A. No. 9184 and its IRR.
	1.1.2. Assessment of potential certification subsidy applicants in terms of their readiness for 3 rd party certification	RFO	<ol style="list-style-type: none"> 1. Letter of intent to undergo pre-assessment 2. Accomplished subsidy application form¹ with the RFO; and 3. Other documentary requirements as may be required by government accounting and auditing rule
	1.1.3. Verification of documents submitted	RFO	
	RFO		
2	2.1. After certification approval		
	2.1.1. Submission of additional documents	SA	<ol style="list-style-type: none"> 1. Organic certificate issued by the DA-BAFS accredited local OCB (certified true copy); 2. Registration Certificate issued by BAFS (certified true copy); 3. Letter of recommendation issued by the inspector e.g. recommendation re: a need for laboratory analysis; and 4. Official receipt issued by the local OCB for the certification fee payment or billing statement for the certification costs based from the submitted computation of certification fees including official receipt of laboratory fees, if any.
3	3.1 Payment and MOA Signing		
	3.1.1 Signing of the Tripartite MOA	RFO, OCB and SA	Requirements for attachment to the MOA
	3.1.2 Subsidy payment	RFO	Payment shall be given directly to the CB