



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

MEMORANDUM CIRCULAR

No. 07
Series of 2022

SUBJECT: GUIDELINES ON THE IMPLEMENTATION OF PROTEIN-ENRICHED COPRA MEAL (PECM) COMMERCIALIZATION PROJECT OF THE DEPARTMENT OF AGRICULTURE - NATIONAL LIVESTOCK PROGRAM

WHEREAS, in the exercise of the mandate of Section 7, Chapter 2, Book IV of Executive Order No. 292 entitled: Instituting the Administrative Code of 1987, the Secretary of the Department is empowered to promulgate rules and regulations necessary to carry out department objectives, policies, functions, plans, programs and projects; and issue administrative orders necessary for the efficient administration of the offices under the Secretary and for the proper execution of the laws relative thereto;

WHEREAS, the Department of Agriculture (DA) is proposing for catch-up and mitigation plans to sustain food production and among the objectives is to enhance grain production and limit importation dependence of grains and by-products such as feeds to counter the current global crisis on food security impacted by the Russia-Ukraine conflict;

WHEREAS, the DA - National Livestock Program (NLP) through the project entitled "*Protein Enriched Copra Meal (PECM) Commercialization*" aims to commercialize the use of PECM as locally available feed ingredient that can substitute imported soybean for the benefit of Filipino swine and poultry raisers;

WHEREAS, the Project shall focus to jumpstart and expedite the commercialization of PECM as an urgent measure to cushion the impact of soaring feed raw material prices which had been contributing to the increase in pork and chicken prices for consumers;

NOW, THEREFORE, pursuant to the above-mentioned provisions and other issuances and memoranda, this Circular is hereby promulgated and issued by the DA to provide guidance and basis for the orderly and proper implementation of the "**PROTEIN ENRICHED COPRA MEAL COMMERCIALIZATION PROJECT**".

Section I
Definition of Terms

CIVIL SOCIETY ORGANIZATION - a domestic corporation, organization, association, labor organization, workers' association, farmers' organization, or cooperative, expressing the interests and values of their members or others, based on socio-economic, ethical, cultural and scientific considerations, duly registered with the Securities and

Exchange Commission (SEC), Cooperative Development Authority (CDA), Department of Labor and Employment - Bureau of Rural Workers (DOLE-BRW), or other similar legitimate CSO as defined under DA Administrative Order No. 8 Series of 2017.

COMMERCIALIZATION - refers to the process of deriving income or profit from technology, such as the creation of a spin-off company, or through licensing, or the sale of the technology and/or IPRs (Republic Act (RA) 10055).

COPRA MEAL - sometimes referred to as Coconut Oil Meal or Coconut Meal, copra meal is a byproduct of the process of extracting oil from dried coconut kernels (Stein, et. al., 2015)

TECHNOLOGY TRANSFER - refers to the process by which one party systematically transfers to another party the knowledge for the manufacture of a product, the application of a process, or rendering of a service, which may involve the transfer, assignment or licensing of IPRs (RA 10055).


Section II

Rationale and Project Description

The global COVID 19 pandemic aggravated by the Russia-Ukraine war has significantly worsened logistical movement and restricted the availability and supply of feed ingredients, foremost of which are soybean meal, feed wheat, and corn, which resulted in the spike in prices of these commodities in the global market. This is due to the fact that 30% of the global supply of feed grains is produced in Russia and Ukraine which is now lacking due to the ongoing conflict. Moreover, the damage to the loading facilities in the US due to the cyclone has resulted in a shortage in the supply of soybean meal which resulted in the unprecedented spike in prices. This precarious situation affecting the feed milling and livestock and poultry sectors has led to the need to look for possible alternative protein sources as substitutes for imported soybean meals.

This Project, which is a collaborative effort between the DA, Department of Science and Technology-Philippine Council for Agriculture, Aquatic, and Natural Resources Research and Development (DOST-PCAARRD) and the University of the Philippines - Los Baños (UPLB), together with selected Farmers Cooperative and Association (FCA) partnerships, aims to jumpstart and expedite the commercialization of PECM as an urgent measure to cushion the impact of soaring feed raw material prices, particularly soybean meal, which, for months, had been contributing to an increase in pork and chicken prices for consumers. The commercialization scheme shall be adopted and implemented in accordance with the appropriate provisions of the Philippine Technology Transfer Act of 2009 or R.A. No. 10055.

This Project comes as the culminating chapter of a seven-year aspiration of the DOST-PCAARRD to commercialize the use of PECM as a locally available feed ingredient that can substitute imported soybean for the benefit of Filipino swine and poultry raisers. DA perceives PECM as a possible leeway to decongest the pressure brought by feed inflation, and thereby cushion the effects of unprecedented feed cost spikes to small, medium to



large scale farmers in the future. In the interest and pursuit of the coco levy fund as a major Legislative Agenda of DA - Philippine Coconut Authority (PCA), the practicability of commercializing this technology as a livelihood for smallhold coconut farmers is being considered.

PECM can be 30% cheaper than soybean meal (SBM), thus making itself more affordable and cost-saving to animal raisers. Copra meal is a by-product of oil processing from coconut, an abundantly grown crop upon which millions of Filipino farmers depend for their livelihood.

The project, therefore, offers great advantages and benefits to feed manufacturers, animal producers, and meat consumers, especially during this time of high food prices brought by rising fuel and feed commodities prices in the local and international market. It is also seen to help reinvigorate the coconut industry as it can generate increased demand for copra meal and livelihood opportunities for coconut farmers, many of whom are still living below the poverty line.

Section III Objectives

These guidelines aim to ensure the effective, efficient, and timely implementation of the PECM Commercialization Project. It shall provide the necessary enabling procedures to facilitate the proper implementation of the programmed interventions with the beneficiaries of the Project.

Section IV Beneficiaries

This Project can be availed by a DA-accredited Civil Society Organization (CSO) such as Farmers Cooperatives and Associations (FCAs) who are interested to undertake and implement the project, subject to the submission of complete requirements in Section VI.

For the project's implementation, existing guidelines on DA and NLP projects with Donations as an object of expenditure will be adopted according to existing accounting and auditing rules and regulations.

Section V Responsibilities

A. The **DA-NLP** shall:

- Formulate policies and guidelines for the implementation of the project; and
- In coordination with DOST-PCAARRD, provide overall oversight, monitoring, and evaluation.

B. The **DA-RFO** concerned shall:

- Provide and release the funding for the project to the selected FCA beneficiaries covered by a MOA and by way of donation;
- Implement the project in accordance with the DA-approved guidelines;
- Provide technical assistance, regulatory and administrative support to facilitate the successful implementation of the Project; and
- Coordinate with the collaborating agencies and FCA beneficiaries on the implementation of the project.

C. The **DA-BAI** shall:

- Assist the DA-RFO in the implementation of the project;
- Chair the Technical Working Group (TWG) that shall provide technical assistance and act as Secretariat of the project;
- Coordinate with the implementing unit and FCA beneficiaries; and
- Provide technical assistance for the successful implementation of the Project.

D. The **DA-PCA** shall:

- Assist in facilitating any transactions between the Coco oil refinery and the FCA, especially on the supply of raw materials copra meal; and
- Provide technical assistance and administrative support to FCA in the production and / or acquisition of copra meal.


E. The **UPLB** as Technology Generator shall:

- Forge a Product Licensing Agreement with the selected FCA;
- Produce the inoculant to be supplied to the FCA beneficiaries for the fermentation process;
- Provide the knowledge, technology, and other expert services in the production of PECM; and
- Receive payment for the inoculant and royalties.

F. The **DOST-PCAARRD** shall:

- Evaluate the facts and merits of the proposed technology transfer agreement between the UPLB Biotech (as the Research and Development Institution or RDI) and the Farmers' Cooperative and Associations (as the Technology Adopter or Business Entity) ensuring fairness and advantage to the government; and
- Act as a partner of the DA in the commercialization of developed technologies relevant to agriculture and fisheries.

G. The **FCA Beneficiaries** shall:

- Forge a non-exclusive Technology Licensing Agreement with UPLB;
 - Manage, Operate and Maintain the PECM processing facility as a Production Facility;
 - Process and sell the PECM. Whereby, the copra and inoculant will be sourced from both Coco Oil Refinery and UP Biotech, respectively;
 - Market PECM to institutional buyers and feed millers that will procure the product to be used as a feed component in their feed formulation;
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- Create and sign marketing contracts with feed millers and livestock and poultry producers as may be applicable;
- Assist in the production of low-cost feed mix maintaining high quality; and
- Provide the DA with data and information on the utilization of PECM as feed ingredients and other parameters related to its utilization.

Section VI Requirements

A. Minimum requirements for FCA Applicants

1. Site Location must be in Region IV-A (CALABARZON) and Region XII (SOCSKSARGEN);
2. Letter of intent;
3. Project Proposal;
4. Marketing contracts with sources of copra meal;
5. Marketing contract with feed millers on the sale and use of PECM;
6. Should be able to comply with basic requirements for the application of the Product Licensing Agreement with UPLB; and
7. No existing unliquidated funds from the DA or any of its offices (Bureaus, Attached Agencies/Corporation, Regional Field Offices).

B. Criteria for selecting FCA Applicants

1. Has prior experience in successfully implementing DA projects;
2. Has experience in operating and managing an enterprise related to livestock raising and feed milling activities;
3. Has the capability to perform the project in a short amount of time;
4. Has a valid accreditation from the Department of Agriculture as a Civil Society Organization (CSO);
5. Has no outstanding unliquidated funds from DA or connected offices; and
6. Other criteria as may be decided by the Selection Committee.

C. Requirements for MOA Signing

1. Approved Project Proposal;
2. Board Resolution Authorizing the Head/Representative to Enter into MOA or any Document that gives Authority to the Head/Representative;
3. Proof of land ownership: land title/tax declaration/ usufruct, as may be applicable;
4. DA CSO Accreditation; and
5. Other documents may be required by pertinent accounting and auditing rules and regulations.



Section VII

Technical Working Group and Selection Committee

- A. The **Technical Working Group (TWG)** shall:
1. Be composed of personnel from the DA-NLP, DA-BAI, PCAARRD, UPLB, and DA-RFO;
 2. Spearhead the implementation of the project and provide technical and administrative support, among others;
 3. Monitor the utilization of funds and conduct periodic monitoring and evaluation of the operation of the project; and
 4. Perform other duties and tasks as may be necessary.
- B. The **Selection Committee (SC)** shall:
1. Be established and composed of technical personnel from the DA-RFO;
 2. Evaluate the project proposal of applicants; and
 3. Select FCA beneficiary and endorse the same to the RFO Regional Executive Director and TWG.

Section VIII

Project Activities

A. Project Activities

ACTIVITY	PROCEDURE	RESPONSIBLE	TIME FRAME
Submission of Letter of Intent and Project Proposal	1. Submission of a Letter of Intent and accompanying project proposal to the DA-RFO	FCA	5 days
Review of Documents	2. Review of submitted proposal and documents	SC	2 days
	3. Revise proposal as deemed necessary	FCA	3 days
Validation	4. On-site validation of the location of the project and validate qualification of the prospective recipient	SC, TWG	2 days per site
Approval of the Proposal	5. Approve project proposal	SC, DA-RFO RED	5 days
Preparation and MOA Signing	6. Prepare, discuss and agree on the provisions and Legal Review of the MOA	DA-RFO; FCA; DA-Legal Service	10 days
	7. MOA Signing	DA-RFO, FCA (Witness: DA-NLP, DA-BAI)	1 day

ACTIVITY	PROCEDURE	RESPONSIBLE	TIME FRAME
Project Implementation	8. Procurement and establishment of facilities	FCA	90-120 days
	9. Quarterly monitoring and inspection of the construction of building/facilities of the project from start to completion	DA-RFO, TWG/ Monitoring/ Secretariat	1-3 days
	10. Quarterly monitoring of project operation from Year 1 to Year 3	DA-RFO, TWG/ Monitoring/ Secretariat	2-3 days
	11. Prepare and submit quarterly reports on PECM production to DA-BAI/DA-RFO	FCA	2 days
	12. Consolidate and submit a quarterly report to NLP	Secretariat	5 days
Liquidation	13. Submit liquidation report	FCA	Within six (6) months after project completion

Section IX Memorandum of Agreement

The MOA shall be undertaken between the DA-RFO Implementing Unit and the FCA beneficiary.

The MOA shall include provisions that shall safeguard the proper and effective implementation of the project and the utilization of funds by the partner entity. The MOA shall have an effectivity period of three (3) years, subject to early termination by both parties should the necessity arise. The extension of which shall be undertaken in the form of an agreement approved before the original period of effectivity lapses/ends.

Section X Project Implementation

The project implementation shall be pursuant to the approved project document/proposal and the MOA. The FCA, which is the beneficiary of funds, shall see to it that the funds are utilized properly and within the implementation period agreed. It shall undertake a procurement process compliant with the government's procurement and accounting process, rules, and regulations.

The implementation stage must also actively involve the DA as supervisor and guide to the implementing partner entity. The DA and DOST shall provide technical and administrative guidance to the partner entity to facilitate the successful implementation of the project. The partner entity shall allow unrestricted access to the project site and documents to the DA. Progress reports must also be periodically submitted to the DA, or upon the request of the latter.

Section XI

Monitoring, Evaluation, and Sustainability

The DA-RFO shall provide updates on the processes of application, evaluation, and approval of the project beneficiaries.

The TWG shall conduct regular monitoring and evaluation of the project in coordination with the NLP Central Office. They will work in close coordination with relevant stakeholders to assist the partner entity/beneficiary in their technical and other related needs in maintaining the project.

Section XII

Supplementary Guidelines

If deemed necessary and the need arises, DA-RFO in coordination with the NLP, may issue supplementary guidelines that would be applicable in their regions or area of responsibility in order to facilitate smooth and faster implementation of the projects subject to the review and approval of the Undersecretary for Operations.

The DA-RFO shall include in the MOA penalty clause if the beneficiary fails to comply with the project implementation or utilization of fund.

Section XIII

Effectivity

This Memorandum Circular shall take effect immediately upon signing and shall be valid unless revoked and superseded by future issuances.

Done in the Quezon City, this 28th day of September, 2022

DOMINGO E. PANGANIBAN, PhD.
Senior Undersecretary



DA-CO-ASECL-BRF20220927-00053



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

OPINION NO. 2022-08



DA-CO-LS-MM20220831-00518

MEMORANDUM

FOR : RUTH MICLAT-SONACO, DVSM
Director, National Livestock Program

CC : DOMINGO F. PANGANIBAN
Senior Undersecretary

FROM : LEGAL SERVICE

RE : DRAFT MEMORANDUM CIRCULAR ON GUIDELINES ON
IMPLEMENTATION OF PROTEIN ENRICHED COPRA MEAL
(PECM) COMMERCIALIZATION PROJECT

DATE : August 31, 2022

This refers to the draft Memorandum Circular on the "*Guidelines on Implementation of Protein-Enriched Copra Meal (PECM) Commercialization Project of the DA-National Livestock Program*", for review of this Office.

May we respectfully submit the following comments:

1. The dictionary defines the word "Guideline" as *inter alia* as b: an indication or outline of policy or conduct¹

The purpose of a guideline is to establish how something should be done, in this case, the PECM Project. It answers the question "How". It is part of the implementation phrase. It is not the same as establishing or creating the program itself.

- a. Since creation precedes implementation, please state clearly in the body of the MC if it is the legal instrument establishing or creating the PECM Commercialization Project.
2. The DOST-PCAARRD and the UPLB are agencies outside the administrative jurisdiction of the DA. If they are part of the Project with corresponding tasks, the DA cannot unilaterally impose duties on them without their consent thru a mere DA Memorandum Circular. It is respectfully recommended the assent of these offices be secured through a joint administrative issuance.
 3. Section XII (Supplementary Guidelines)
 - a. Under the General Memorandum Order No. 3, s. 2016 or the Delegated Signing Authority of the DA Secretary, RFO's are not authorized to sign

¹ <https://www.merriam-webster.com/dictionary/guideline>



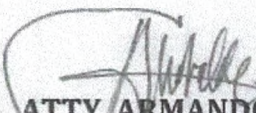
supplemental guidelines. Please secure an exemption from the GMO for the RFOs to issue the same.

4. Signatory

- a. Please ensure whoever is the signing authority for this administrative issuance is authorized by the DA Secretary/President.

5. Please ensure that all contents of, and stipulate that, this administrative issuance should conform with the *DA Intellectual Property Policy and Technology Transfer Protocol*

For your consideration.


ATTY. ARMANDO R. CROBALDE, JR.
Director IV
OIC-Director, Legal Service

*A food-secure and resilient Philippines
with empowered and prosperous farmers and fisherfolk*

