

Memorandum Circular

No.: 40
Series of 2023

SUBJECT : AMENDING AND SUPPLEMENTING MEMORANDUM CIRCULAR NO. 14, S. 2023 OR THE IMPLEMENTING GUIDELINES FOR THE DISTRIBUTION OF NATIONAL RICE PROGRAM - FERTILIZER ASSISTANCE STARTING 2023 CROPPING SEASONS

I. RATIONALE

In furtherance of the commitment of the Department of Agriculture (DA) to aid farmers in increasing farm productivity, crop yield, and income through fertilizer distribution, the Department promulgated Memorandum Circular (MC) No. 14, Series of 2023 titled "Implementing Guidelines for the Distribution of National Rice Program - Fertilizer Assistance for Rice Farmers Starting 2023 Cropping Seasons."

Identified as the main modality provided therein is the use of discount vouchers which reduces the cost associated with handling, storage, and transport as it involves the participation of the private sector particularly on the utilization of their current input distribution system.

In view of the efforts of the Department to promote the digitalization and modernization in the provision of agricultural inputs, the utilization of the Interventions Monitoring Cards (IMCs) is thus intended to be included as a form of Fertilizer Discount Voucher (FDV) that beneficiary farmers may use to claim fertilizers at DA-accredited merchants.

II. MODIFICATIONS IN MC. NO. 14, S. 2023

The following modifications are thus hereby adopted in MC No. 14, s. 2023:

a. Section III, Item g

Fertilizer Discount Voucher (FDV) - refers to the modality in the provision of fertilizer support to rice farmers, which shall be either of the following:

1. Printed-type FDV

One-time use printed voucher distributed to farmer-beneficiaries for claiming fertilizer assistance at DA-accredited merchants, with a value depending on the farm area planted and budget allocation for the year.

2. Interventions Monitoring Cards (IMC)

Cards which will serve as electronic wallets to be used by farmer-beneficiaries to claim fertilizers at DA-accredited merchants.



b. Section VI, Item D (C.1)(1)(h)

Must have a business bank account to process settlement.

- i. For printed-type FDV, merchants must have a business bank account to process settlement;
- ii. For IMC transactions, merchants must have a DBP business bank account. Applicable fees shall be charged for non-DBP business bank accounts.

c. Section IX

Supplemental guidelines may be approved/issued by the undersigned in the form of a Memorandum Circular to address the peculiar situations per region relative to the implementation of this Program.

III. IMPLEMENTATION DETAILS ON THE USE OF IMC

The utilization of FDV provided in DA MC No. 14, series of 2023 shall pertain to the printed-type form. The following guidelines shall facilitate the use of the IMC as an alternative form of FDV under the Fertilizer Assistance Program:

A. ELIGIBLE BENEFICIARIES

Farmers who are eligible under this project must be registered under the Registry System for Basic Sectors in Agriculture (RSBSA) and have been issued with IMC.

Farmer-beneficiaries are farmers who received high-quality seeds from DA, farmers who planted using their own or self-purchased seeds, or farmers who intend to plant for the covered cropping season in the said municipality to allow them to adopt the full high-yielding technology practices.

To serve more, farmers in non-clustered rice areas cultivating farm areas larger than 5.0 ha are only allowed to receive equivalent fertilizer support for up to 5.0 ha. On the other hand, farmers who are cultivating more than 10 hectares of rice area within the rice clusters are allowed to receive an equivalent support for up to 10 hectares.

Farmer members from clusters organized by National Irrigation Administration (NIA), Department of Agrarian Reform (DAR), and other government agencies (e.g. IAs through NIA, ARBs through DAR, etc.) can also secure their fertilizer allocation through the local officials of these agencies in coordination with concerned LGUs.

B. IMPLEMENTATION PROCESS

Under this Project, the farmer-beneficiaries shall use the IMCs to claim the fertilizers at DA-accredited merchants. The amount to be loaded to the IMCs, which shall serve as e-wallets, is valued at P4,000/ha for inbred or hybrid.



These IMCs shall be used by the farmer-beneficiaries to claim inorganic fertilizers pursuant to Memorandum Circular No. 14, Series of 2023.

1. Partnership with the Development Bank of the Philippines

A conforme letter shall be signed by the Undersecretary for the Rice Industry Development and the authorized representative of DBP to commence the project.

The DA-Regional Field Office with jurisdiction over the identified site shall implement this Project in partnership with the Development Bank of the Philippines (DBP). The DBP shall act as DA's partner in the payment of claimed fertilizers through the IMC to accredited merchants with the agreed rules and regulations. The DBP through a Financial Technology (FinTech) partner, shall also provide support services for the implementation of the project.

This will be done through the execution of a Supplemental Agreement (SA). The updated SA shall clearly define the roles and responsibilities, payment, liquidation process, and reporting, among others.

2. Accreditation of Merchants

The process of accreditation of merchants shall adhere to the guidelines as stipulated in Memorandum Circular No. 14, Series of 2023.

In addition, the merchants, as endorsed by the DA-RFO, shall also be onboarded by the FinTech partner to gain access to platforms and systems that will aid them in receiving payments to their transactions.

3. Use of the Interventions Management Platform (IMP)

The DA-RFO shall assign the users of the IMP based on the guidelines stipulated in the Memorandum Circular No. 14, Series of 2023.

The following shall be the process for the implementation of the pilot project:

- a. The DA-RFO shall prepare the list of eligible beneficiaries extracted from the Rice Seed Monitoring System (RSMS) for the recipients of hybrid and inbred seed distribution. The DA-RFO may likewise generate the list of beneficiaries from farmers with IMCs who purchased their rice seeds or used home-saved seeds for the intended cropping season.
- b. The designated user from the DA-RFO shall extract the eligible beneficiaries from the Farmers Information Management System (FIMS).



- c. The DA-RFO's IMP user shall upload the list of eligible beneficiaries in the IMP.
- d. The DA-RFO's IMP user shall process and endorse the same to the DA-RFO's designated reviewer.
- e. The DA-RFO's reviewer shall select the fund source and submit the list to the DA-RFO's designated approver.
- f. The DA-RFO's approver shall generate the disbursement file for the loading of digital wallets through the IMC. The disbursement file shall be endorsed to the DA-Information and Communications Technology Service Database Management Division (DA ICTS-DMD) with an official endorsement signed by the Regional Executive Director.
- g. DA-ICTS DMD shall submit the disbursement file through a Secured File Transfer Protocol (SFTP).
- h. The DBP, with the FinTech partner, shall process the disbursement and loading of e-wallets through the IMC of eligible beneficiaries.

4. Claiming Fertilizer Support using IMC through the Merchant System

The farmer-beneficiaries shall utilize the IMC at the DA-accredited merchant.

1. The farmer beneficiary must present the IMC to the accredited merchant or the digital wallet number to the merchant.
2. The merchant shall scan the IMC QR code using the merchant application and shall input the amount for collection.
3. The one-time password (OTP) shall be sent to the farmer's mobile number and be entered by the merchant into the application to authorize the payment.
4. The farmer's sub-wallet is debited and the merchant's wallet is credited. An SMS shall be immediately sent to the farmer showing the transaction details and current wallet balance.
5. In cases where the farmer does not have a mobile phone to receive the OTP, his/her photo will be taken through the merchant's application.
6. The merchant releases the availed fertilizer to the farmer.

5. Liquidation Process

The DA-accredited merchant, through the merchant's application, shall submit the necessary documents to support the liquidation to DA-RFO.

The DBP, in coordination with the FinTech partner, shall submit periodic reports or as required by the DA-RFO.

C. INSTITUTIONAL ARRANGEMENTS

The following are the duties and functions of the participating offices/units:



A. Office of the Undersecretary for Rice Industry Development and National Rice Program

1. Spearhead the overall coordination for the implementation of the pilot project;
2. Facilitate the approval of necessary documents (Special Orders, Joint Memorandum Circulars, Memorandum of Agreement, etc.) for the implementation of this activity;
3. The Undersecretary for Rice Industry Development, representing the DA RFO, shall enter into an agreement with the DBP for the implementation of the said pilot project.
4. Conduct briefing with DA-RFOs and other agencies/offices involved in the pilot project implementation;
5. Conduct operational monitoring and evaluation of the implementation;
6. Identify, analyze, and provide advice/strategies on the operational bottlenecks of the project;
7. Encode fund source in the IMP;
8. Conduct overall coordination for the preparation of the reports; and
9. Submit regular and terminal reports to the Office of the Undersecretary for Rice Industry Development.

B. DA-ICTS

1. Conduct briefing with DA-RFOs and other agencies/offices involved in the Project implementation;
2. Conduct system monitoring and evaluation of the implementation;
3. Identify, analyze, and provide advice/strategies on the operational bottlenecks of the Project;
4. Conduct training for IMP end users including RFO personnel;
5. Submit the DA-RFO disbursement file through a Secure File Transfer Protocol (SFTP); and

C. DA-RFO

1. Identify the pilot area for the implementation of the project;
2. Designate the authorized users in the IMP (*Program Focal Person, Reviewer, and Approver*);
3. Provide augmentation of funds for logistical support, if necessary;
4. Collect relevant data from the previous cropping season to assess project performance or activity contribution;
5. Mobilize its concerned personnel to coordinate with interested merchants to participate in the implementation of the project with the following requirements:
 - a. Submission of letter of intent (LOI) (Refer to Annex A);
 - b. Willing to submit accreditation requirements and attend the required trainings;
 - c. Enter into an agreement with the DA RFO for the implementation of the projects;



- d. Enter into an agreement with the FinTech Partner for the implementation of the projects;
 - e. Facilitate the distribution of fertilizer;
 - f. Enter into a data sharing and non-disclosure agreement with the merchant for the implementation of the project;
 - g. Secure from DBP the system-generated reports to DA to be transmitted thru the Secured File Transfer Protocol (SFTP) provided by DBP or other electronic means mutually agreed upon by the Parties;
 - h. Ensure that the DBP shall automatically refund to the DA account all rejected transactions net of the service fee;
 - i. Receive from DBP the monthly status report to DA within 15 days from the preceding month; and
 - j. Shall submit liquidation documents to DA-RFOs.
- 6. Conduct the evaluation process and provide accreditation to interested fertilizer merchants;
- 7. Ensure that the accredited merchant's selling price is the prevailing market price of fertilizers with no other charges;
- 8. Establish a mechanism or tool for feedback or complaints from farmers and provide responses to them;
- 9. Coordinate with the LGUs to do the following activities:
 - a. Conduct information dissemination to farmers and ensure that the implementing guidelines and other issuances are understood by all partner implementers;
 - b. Prepare masterlist of farmer-beneficiaries eligible for this Project;
 - c. Transmit the endorsement letter and the disbursement file to DA-Information and Communications Technology Service (DA-ICTS) for processing and endorsement of payments to DBP via SFTP;
 - d. Validate the planting of farmers who used their own or self-purchased seeds, and generate the certified masterlist for such;
 - e. Mobilize the agricultural extension workers to register all their farmers to the RSBSA;
 - f. Validate and certify the authenticity of all documents presented by the farmer-beneficiaries and merchants for this activity;
 - g. Ensure orderly and smooth coordination in the claiming of fertilizers using IMCs; and
 - h. Submit reports as required.
- 10. Coordinate closely with the DBP for the following activities:
 - a. Act as DA's partner in the payment of claimed fertilizers through the IMC to the accredited merchants with the agreed rules and regulations;
 - b. Ensure the efficient implementation of the following activities together with the FinTech partner:
 - i. Development of a digital platform, merchant's system, and reporting system (dashboard);
 - ii. Briefing and training of merchants; and
 - iii. Provision of 24/7 contact support.

- c. Allow maintenance of the DA-RFO Program Fund Account where the disbursement files shall be debited. DA-RFOs shall be guided by the existing rules governing the opening and maintaining of bank accounts by government agencies, i.e. Treasury Circular No. 02, series of 2014;
- d. Execute the disbursement requests from DA within three (3) working days upon receipt of the transmission file, provided that there are sufficient funds to cover the related instruction/s on the Program Fund Account;
- e. Exercise due diligence in complying with the verification procedures, and disbursement instructions, among others;
- f. The DBP, in coordination with the FinTech partner, shall submit periodic reports or as required by the National Rice Program; and
- g. Notify the DA of any unclaimed and reported fraudulent transactions for reversion to the DA Program Fund Account; and
- h. Consolidate and prepare reports for submission to the DA National Rice Program.

D. MONITORING AND EVALUATION

The reporting, monitoring, and evaluation system shall be led by the DA-RFO Planning, Monitoring, and Evaluation Division (PMED).

The generated reports from PMED shall be submitted to the Office of the Undersecretary for Rice Industry Development and the National Rice Program, complete with observations and/or recommendations.

DA-RFOs must ensure the monthly submission of accomplishment reports as required by the National Rice Program.

E. PILOT IMPLEMENTATION

The pilot project shall be implemented within the Wet Season of 2023 and Dry Cropping Season of 2023-2024 in the municipalities of Regions I, II, III, IV-B, and V, the funding of which to be sourced from the Fertilizer Assistance project under the 2023 General Appropriations Act (GAA).

Other Regions that will signify interest to participate shall submit a memorandum request for approval of the Undersecretary for Rice Industry Development, subject to availability of funds.

IV. 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.

V. REPEALING CLAUSE

All other provisions in MC No. 14, s. 2023 which are not affected by the modifications herein shall remain in effect.



VI. EFFECTIVITY CLAUSE

This Memorandum Circular shall be effective after its publication in the Official Gazette or in a newspaper of general circulation and shall remain in force unless revoked by a competent authority.

Done this 23 day of August 2023.

APPROVED / DISAPPROVED:



DA-CO-OSEC-MC20230824-00028

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