



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

**MEMORANDUM CIRCULAR**

No. 16  
Series of 2021

**SUBJECT: GUIDELINES ON THE IMPLEMENTATION OF COMMUNITY-BASED SWINE PRODUCTION, REPOPULATION AND EXPANSION THROUGH FARM CLUSTERING AND CONSOLIDATION AS ENUNCIATED IN THE INTEGRATED NATIONAL SWINE PRODUCTION INITIATIVES FOR RECOVERY AND EXPANSION (INSPIRE) 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 proper execution of the laws relative thereto;

**WHEREAS**, the Department launched the **Integrated National Swine Production Initiatives for Recovery and Expansion (INSPIRE)** to implement calibrated repopulation and enhancement of the local swine industry to recover the sector's capacity to locally produce sufficient supply of hogs and pork;

**WHEREAS**, The Department also launched **Bantay ASF sa Barangay** or **BABay ASF** Program to complement the INSPIRE Program, with aim at instituting biosecurity and disease control measures through a strong collaboration between and among the Department of Agriculture, its relevant agencies, with concerned Local Government Units (LGU), and stakeholders taking ownership of such program benefitting the farmers;

**WHEREAS**, Bayanihan Agri-Clusters is one of the key strategies of the Department of Agriculture to achieve its ONE DA REFORM AGENDA whose four pillars include consolidation, modernization, industrialization and professionalization;

**WHEREAS**, "clustering" is one of the strategies of implementation of INSPIRE PROGRAM and as embodied in the F2C2 Program would be key to consolidation and eventual modernization of the swine farmers and the industry;

**NOW, THEREFORE**, pursuant to the abovementioned provisions and previous several issuances and Memoranda, this Memorandum Circular is hereby promulgated and issued by the Department of Agriculture (DA).

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## Section I Scope and Objectives

This Memorandum Circular is aimed to provide guidance and basis for the orderly and proper implementation of INSPIRE' Component 1, calibrated repopulation and expansion of production through farm clustering and eventual consolidation, regardless of zoning classification.

The private sector is likewise encouraged to adopt such clustering strategy for their repopulation and expansion efforts.

## Section II Definition of Terms

As used in this Guideline, the following terms, words, and phrases shall be construed as:

**Cluster** - A group of farmers, with a minimum of 20 members residing in a given locality with business-type activity of swine production, or having the intention of doing a business-type activity of swine production; it also refers to group of swine farmers as used in AO 7.

**Clustering** - A strategic approach which involves organizing individual farmers from a specific locality into a group with the intention of doing business-type activity and ensuring economies of scale.

**Community-based Farming**- is a holistic model in Farming system or production initiative that is based in the community where the farmers reside.

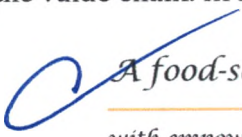
**Consolidation** - The strategy of consolidating the areas and resources of farmers to achieve economies of scale in production, as well as the harvest to enable the farmers to deal better prices.

## Section III Rationale, Program Description, & Institutional Framework

The 3-year INSPIRE Program offers mixed interventions to jumpstart and revive the significantly dying swine industry. Further, in spite of the relatively developed swine sub-sector, large proportion of production is accounted for by small hold raisers, while there is a glaring lack of integration along its value chain analyses of various regions. Information gathered during consultations indicates that as much as 90% of the trade in swine is through traders and/or middlemen.

Indeed, the ASF problem presents the opportunity of rebooting, modernizing and restructuring the industry for efficiency, sustainability and disease resiliency.

While the primary focus of the INSPIRE is on increasing swine inventory and breeder base, the Program also takes particular attention to clustering and consolidation strategies specifically of small hold raisers to facilitate technical support services and other interventions along the value chain. In support to repopulation efforts, the program also

  
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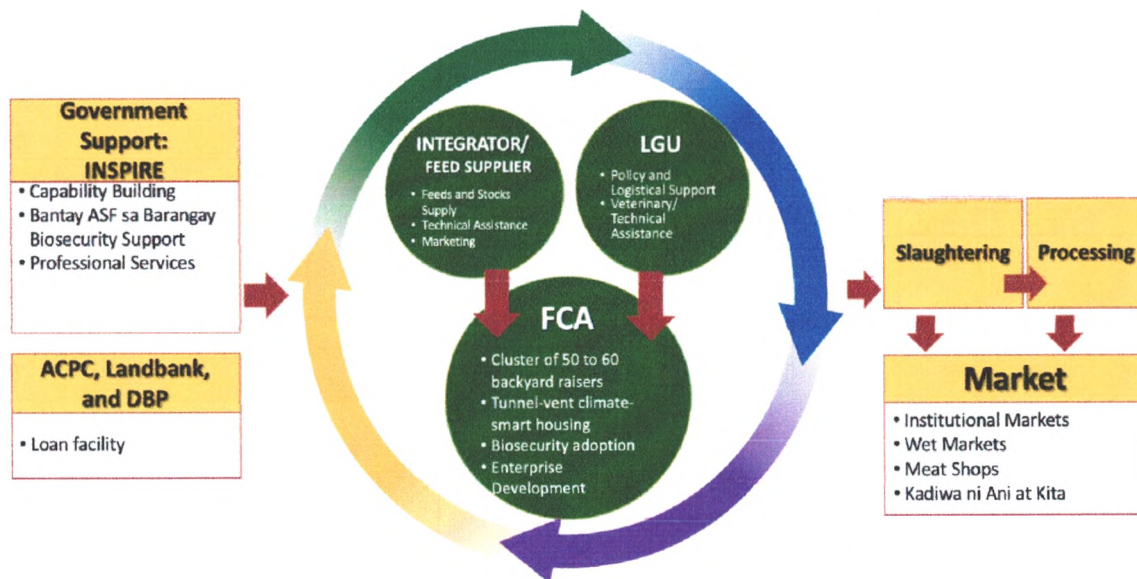
includes the implementation of biosecurity plans anchored to the BABAy ASF Programs. The involvement of government financial institutions providing concessional and flexible loan terms to the commercial raisers, who as per the latest PSA data lost 30% of their breeder animals, would hasten the recovery.

As such, calibrated repopulation will be executed thru clustering and consolidation. Following one of the paradigms of the New Thinking in Agriculture, the beneficiaries shall be organized into clusters.

The cluster shall adopt modern facilities showcasing climate-controlled systems and minimum biosecurity facilities for disease resilience. Facility management shall be thru paid labor. Likewise, this cluster shall continue to follow the requirements to ensure freedom from ASF as embodied in Administrative Orders 6 and 7. It is expected that this approach would facilitate the provision of production support services, technical support, and monitoring would be more organized. Marketing would also be easier and with a significant volume of production, a cluster can do value addition and maximize profits.

A contract growing arrangement with swine integrators shall be pursued with the FCA swine clusters. This will ensure sustainable supply of piglets, feeds, market, and overall logistical support. The local government units shall be required to provide veterinary and technical assistance as well as policy and administrative support. The institutional framework for the implementation is presented in Figure 1.


**Figure 1. Institutional Framework for the Community-Based Swine Production through Clustering and Consolidation**



## **Section V Responsibilities**

The following agencies and offices are responsible in the preparation, funding, and implementation of the Projects:

- A. Farmer Cooperatives and Associations (FCAs)** - The eligible applicants shall:
- a. Submit the application and comply with the requirements; and
  - b. Ensure the organizational integrity of the FCA and members.
- B. Local Government Units (LGUs)** - The LGUs shall:
- a. Provide necessary technical support to the FCA in the preparation and implementation of the project; and
  - b. Implement BABAy ASF Program.
- C. Department of Agriculture**
- a. **National Livestock Program** - The NLP shall:
    - i. Provide project steering and overall guidance and supervision to all units concerned;
    - ii. Provide policy support and coordination with GFIs; and
    - iii. Provide budget to fund eligible components subject to fund availability.
  - b. **Regional Field Office** - The DA RFOs shall:
    - i. Promote this project for greater awareness;
    - ii. Prepare list of potential beneficiary FCAs and LGUs;
    - iii. Determine those FCAs that are willing to apply to the DA (if funds are available) and to the GFIs under credit programs financing;
    - iv. Assist the interested FCAs in complying requirements that shall include but not limited to organization and institutional development, proposal preparation, and technical assistance; and
    - v. Managed funds that are lodged at the RFOs for this project from the application period, processing, fund transfer and/or procurement, and implementation.
  - c. **Agribusiness Marketing Assistance Service/Divisions** - The DA AMAS shall:
    - i. Assist in linking FCAs with GFIs, swine company integrators, feed companies that could be potential partners in the implementation of the project; and
    - ii. Assist the beneficiaries in the aspect of marketing and market linking.

  
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- D. Government Financial Institutions (Agricultural Credit Policy Council, Land Bank of the Philippines, Development Bank of the Philippines, etc.)** The GFIs shall allocate funds for the availment of FCAs and LGUs to establish this project under concessional and flexible terms in such a manner that would be easy to apply and avail for the applicants.

### **Section VI Fund Source**

There are various possible budget sources that would fund this program. The following are potential resources that can be used to cover the project components of the community-based swine clustering, subject to availability and allocation:

Office/Fund Source	Components Covered
1. DA National Livestock Program	Housing
2. Government Financial Institutions	Housing, piglets, feeds, supplies and other related inputs*
3. Local Government Units	Housing, piglets, feeds, supplies and other related inputs*
4. LGUs through GFIs	Housing, piglets, feeds, supplies and other related inputs*

\*Piglets, feeds, supplies and other related inputs could also be covered by the partner swine company integrators and/or feed company on a contract basis

### **Section VII Minimum Requirements**

This project can be availed by organized and active FCAs who desire to undertake modernized swine raising using the community swine clustering model. The following qualifications must be considered:

**A. Areas**

1. LGUs with existing BABay ASF related ordinances;
2. Must be released from quarantine;

**It is understood that areas under the remaining zoning classification may repopulate or expand anytime following existing rules and regulations of the government.**

**B. Farmers' Cooperative and Associations Applicants**

1. With at least thirty (30) swine-raising members who are RSBSA-registered;
2. At least 50% of members must have experience in operating and managing a swine enterprise;
3. Must be willing to provide the land, maintenance and labor force as counterparts/ or in the absence of such, is willing to include land in the financing coverage;
4. Must be willing to undergo the process of swine repopulation and training;

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5. No existing unliquidated funds from DA or its any attached agencies;
6. DA-accredited CSOs will be given priority.

### Section VIII Recommended Project Package

FUNDING COVERAGE	<b>PACKAGE 1: 300 heads capacity</b> <i>(Whole package will be under financing)</i>	<b>PACKAGE 2: 300 heads capacity</b> <i>(Housing and land components financed. Inputs will be provided by Swine Integrators under Contract Growing)</i>	<b>PACKAGE 3: 600 heads capacity</b> <i>(Housing and land components financed. Inputs will be provided by Swine Integrators under Contract Growing)</i>
<b>Biosecure Housing and Facilities</b>	Php 4,500,000	Php 4,500,000	Php 7,000,000
<b>Feeds**</b>	Php 2,250,000	-	-
<b>Piglets</b>	Php 2,750,000	-	-
<b>Land</b>	Php 500,000	Php 500,000	Php 500,000
<b>TOTAL (A)</b>	<b>Php 10,000,000</b>	<b>Php 5,000,000</b>	<b>Php 7,500,000</b>

**Assumptions:**

*Grow to finish operation only (4 to 5 months)*

*Feeds cost: Php7,500/hd (can also be supplied via contract with feed companies)*

*Piglets cost: Php 9,000/hd (can also be supplied via contract with integrator companies)*

*Farm Land: Php 500,000/hectare*

### Section IX Application Procedure for Inclusion in the Program

**A. Requirements for Application**

1. Letter of Intent
2. Endorsement from LGU (Municipal)
3. Project Proposal
4. Certificate of Release from Quarantine (where applicable)
5. Eligibility to Repopulate issued by concerned LGU (MAO/CVO/PAO/PVO)
6. MOA of FCAs with Integrators and/ or Feed Supplier

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## B. Application Process

Activity	Procedure	Responsible	Time Frame
<b>Submission and Review</b>	1. Submit application documents to DA-RFO/ GFIs	FCA (assisted by LGUs/RFOs)	1 day
	2. Review of submitted documents	DA-RFO/GFI	2 days
	3. Submit any lacking documents and resubmit to DA-RFO	FCA	7 days
	4. Revise proposal as deemed necessary by DA-RFOs	FCA/LGU	7 days
<b>On site evaluation</b>	1. Validate beneficiary and the location of the project	DA-RFO/ GFI	1 day
	2. Approve project proposals	FCA	5 days
<b>Preparation and Signing of MOA</b>	1. Prepare, discuss and agree on the provision of the MOA	DA-RFO, LGU / FCA	15 days
	2. MOA Signing	DA-RFO, LGU / FCA/ GFI	5 days
<b>Fund Transfer</b>	1. Fund transfer as stipulated in MOA and existing rules and regulations on transfer of funds	DA-RFO/ GFI	5 days

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<b>Liquidation</b>	1. Submit liquidation report as per COA rules and regulation	LGU / FCA	15 days
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**Section X  
Supplementary Guideline**

A supplementary guideline may be issued by the DA-RFOs as it deemed necessary to facilitate the orderly implementation of the project.

**Section XI  
Effectivity**

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

Done this 26th day of August, 2021.

  
**WILLIAM D. DAR, Ph.D.**  
Secretary

DEPARTMENT OF AGRICULTURE  
  
 in replying pls cite this code :  
**For Signature: S-08-21-0293**  
 Received : 17/08/2021 08:23 AM

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