

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6559**



INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

EXPLANATORY NOTE

Agriculture is the major pillar of the country's economy: it accounts for 9% of the Philippines' gross domestic product and 29 % of total employment in 2015. However, according to the Philippine Statistics Authority, field crop workers and aqua-farm cultivators are among the least paid laborers in the country, earning a monthly salary of Php7,949.00 and Php 7,088.00, respectively.

Thus, to contribute to the sustainability of the country's agricultural industry, this bill directs the national and local government agencies to purchase agricultural and aqua-cultural products from accredited farmers' and fisherfolks' cooperatives. Furthermore, the bill grants incentives to private entities and corporations that support the farmers and fisherfolk enterprise development initiatives of the government.

In view of the foregoing, the passage of this bill is earnestly sought.


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AN ACT
INSTITUTING THE FARMERS AND FISHERFOLK ENTERPRISE DEVELOPMENT PROGRAM OF THE
DEPARTMENT OF AGRICULTURE AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Short Title.* - This Act shall be known as the "Sagip Saka Act."

SECTION 2. *Declaration of Policy.* – It is the declared policy of the State to achieve sustainable modern agriculture and food security by transforming agricultural and fishing communities to reach their full potential, improving farmers and fishers' incomes and quality of life, and bridging gaps through public-private partnerships.

Towards these ends, the State recognizes the essential role of the private sector in promoting and supporting enterprise development in the agriculture and fisheries sectors, opening up of opportunities and markets for agricultural and fishery products in the domestic and world markets, and developing entrepreneurship among our farmers and fisherfolk.

In pursuance of this policy, the State shall strengthen the farmers and fisherfolk enterprise development program of government by establishing a comprehensive and holistic approach in the formulation, coordination and implementation of enterprise development initiatives, consolidate the roles of different government agencies involved in farmers and fisherfolk enterprise development, intensify the building of entrepreneurship culture among farmers and fisherfolk, and provide incentives to private entities that support the farmers and fisherfolk enterprise development initiatives of the government.

SEC. 3. *The Farmers and Fisherfolk Enterprise Development Program.* – There is hereby established the Farmers and Fisherfolk Enterprise Development Program, herein referred to as the Program, which shall refer to the comprehensive set of objectives, targets, and holistics approach and assistance in promoting the establishment of enterprises involving agricultural and fishery products. It shall be integrated and be made consistent with the Agriculture and Fisheries Modernization Plan, and the Micro, Small and Medium Enterprises Development Plan.

In the identification and prioritization of agricultural and fishery products that will be supported, the Program shall make use of science-based methodologies, such as the value chain analysis.

The forms of assistance to be provided under the Program shall include:

- 1) Improvements of production and productivity, including agricultural extension services, skills development, provision of production inputs, equipment and facilities/infrastructure for production and post-production activities;
- 2) Improvement of producers' and enterprises' access to financing in the form of credit grants as well as crop insurance;
- 3) Provision of access to improved technologies through research and development; and
- 4) Provision of business support and development services, particularly in the areas of access to markets, marketing, and networking.

SEC. 4. *Coverage of the Program.* – The Program shall cover the following areas:

- a. Agricultural and fisheries production, including processing of fisheries and agri-based products and farm inputs;
- b. Acquisition of work animals, farm and fishery equipment and machinery;
- c. Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items;
- d. Procurement of agricultural and fisheries products for storage, trading, processing and distribution;

e. Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries;

f. Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries related economic activities;

g. Agribusiness activities which support soil and water conservation and ecology-enhancing activities;

h. Working capital for long gestating projects; and

i. Credit guarantees on uncollateralized loans to farmers and fisherfolk.

The Farmers and Fisherfolk Enterprise Development Council, created under Section 8 of this Act, may include other areas of intervention in order to expand and support enterprise development in the agriculture and fisheries sector.

SEC. 5. *Beneficiaries of the Program.* – The possible proponent groups or beneficiaries of the Program are the following:

a. Existing producer groups with members producing commodities which are included in the priority commodity value chains and have potential to increase their marketable surplus;

b. Farmer and fisher groups which have potential to produce marketable surplus and demonstrate willingness to voluntarily adopt clustering with other groups and forge contracts or formal marketing agreements with buyers or private intermediaries;

c. Producer groups or cluster of growers that are either operational and/or show a willingness to undergo capacity building on enterprise development and management; and

d. Micro, small and medium scale processors, consolidators, exporters, and other enterprises, who are willing to assist producer groups in vertical clustering or joint business planning, and forge contracts or formal marketing agreements with such producer groups. Joint business planning and investments of the producer groups and agro-processors will be supported if it will result in increased engagement of the producer groups in value adding activities.

Farmers and fishers who are not members of any organization operating in the priority commodity value chain must join the proponent groups for them to be eligible either as a member of the proponent group or as supplier to the enterprise.

SEC. 6. *Implementing agency and Partner Agencies.* – The Department of Agriculture (DA) shall be the implementing agency of the Program. It shall tap the assistance, expertise and resources of the following agencies, such as, but not limited to, the Philippine Coconut Authority, the National Dairy Authority, the Bureau of Soils and Water Management, the Philippine Center for Post-Harvest Development and Mechanization, Bureau of Fisheries and Aquatic Resources, Agricultural Training Institute, Agricultural Credit and Policy Council, and the Bureau of Agricultural Research.

The DA shall likewise collaborate and secure the technical support and assistance of other department and their attached agencies and corporations to support enterprise development in the priority commodity value chain, such as: the Department of Agrarian Reform, the Department of Environment and Natural Resources, the Department of Science and Technology, the Department of Trade and Industry, and the Department of the Interior and Local Government.

SEC. 7. *Private Sector Partnership.* – Partnerships or alliances between farmer and fishers groups and the private sector may be formed to improve market access of producer groups.

The following criteria shall be considered in the selection of private sector partners:

- a) Committed to enter into marketing contract or buy-back agreement with the producers group;
- b) Will undertake technology transfer on the provided goods and/or services;
- c) Financial and organizational capability to undertake the proposed enterprise; and
- d) Established actual experience in undertaking or implementing the proposed enterprise.

Private sector partners may also provide or donate equipment, machineries, and other forms of assistance to farmers and fisherfolk engaging in enterprise development.

The DA shall issue the guidelines and impose the qualification requirements in recognizing private sector partners of the Program.

SEC. 8. *Creation of the Farmers and Fisherfolk Enterprise Development Council.* –

To oversee the proper implementation of the Program, the Farmers and Fisherfolk Enterprise Development Council is hereby created. It shall be composed of: (a) the Secretary of DA, or his duly authorized representative who is at least an Undersecretary, who shall be the chair, (b) a representative of the Department of Trade and Industry (DTI), who shall likewise at least be an Undersecretary; (3) a representative of the Department of the Interior and Local Government (DILG); (4) a representative of the Department of Finance (DOF); (5) Cooperative Development Authority (CDA); (6) a representative of a national organization of farmers cooperatives or associations; (7) a representative of a national organization of fisherfolk cooperatives or associations; and (8) two (2) representatives from the agriculture, food, restaurant and business sectors.

SEC. 9. *Local Councils for Farmers and Fisherfolk Enterprise Development.* – The Agricultural and Fishery councils (AFCs) of the Philippine Council for Agriculture and Fisheries shall provide the mechanisms for private sector participation in the development processes at the regional, provincial, and city/municipal levels.

SEC. 10. *Creation of the Farmer and Fisherfolk Enterprise Development Fund.* – To support the implementation of the Program, there is hereby created a Farmer and Fisherfolk Enterprise Development Fund, to be funded through annual general appropriations, grants from multilateral and bilateral agencies, and donations from the private sector.

The Development Fund shall be used to promote business opportunities available in the agriculture and fisheries sector, and to fund projects in areas identified in Section 4 of this Act.

In order to ensure a holistic approach in supporting projects in identified priority value cash, the Department shall, in addition to the Development Fund, tap resources under the management of its attached agencies and commodity development programs, and require counterpart funding from partner local government units and farmers and fisherfolk organizations and enterprises in the form of cash, land, building, labor, or

machineries and equipment. Releases from the Development Fund shall be considered as a project grant.

SEC. 11. Farmers and Fisherfolk Enterprise Development Information System. – The Department of Agriculture, through the Agribusiness and Marketing Assistance Service, shall maintain a Farmers and Fisherfolk Enterprise Development Information System to assist government in formulating plans and programs on enterprise development, and to enable producer groups, the private sector, local government units, and potential donors to respond to the needs of the local and world markets and in generating resources for further enterprise development. The information system shall contain a list of possible and implemented programs and projects; a registry of agricultural and fisheries enterprises, and private companies engaging these enterprises or have expressed interest in participating in the Program, and other information that may be identified by the Department or by the Council.

SEC. 12. Direct Purchase by National and Local Government Agencies.– To promote and support farmers and fisherfolk enterprise development, national and local government agencies are hereby mandated to directly purchase agricultural and fishery products from accredited farmers and fisherfolk cooperatives and enterprises: Provided, That, said agricultural and fishery products are necessary in the performance of their respective mandates.

For purposes of this Act, the procurement by national and local government agencies of said agricultural and fishery products shall be exempt from the application of the bidding process prescribed under relevant government procurement laws: Provided, That, said agencies shall undergo a negotiated procurement under the applicable guidelines of the Government Procurement Policy Board.

SEC. 13. Tax Incentives and Exemptions. – The provisions of any general or special law to the contrary notwithstanding:

a. Gifts and donations of real and personal properties shall be exempt from donor's tax and the same shall be considered as allowable deductions from the gross income of the donor, in accordance with the provisions of the National Internal Revenue

Code of 1997, as amended: Provided, That, the allowable deduction shall be equivalent to One Hundred Fifty percent (150%) of the value of such donation.

The valuation of a donation other than money shall be based on the acquisition cost of the property and shall take into consideration its depreciated value, if applicable.

b. LGUs shall identify local taxes that may be waived or reduced and offer them as incentives to organic input production and utilization;

c. The Land Bank of the Philippine shall provide preferential rates and special window to accredited and fisherfolk enterprises; and

d. Exemptions from income tax may be provided for income arising from the operations of the enterprise, as provided under Republic Act No. 9178, otherwise known as the "Barangay Micro-Business Enterprises."

SEC. 14. *Implementing Rules and Regulations.* – Within sixty (60) days from the date of effectivity of this Act, the Department of Agriculture (DA), in consultation with the Department of Trade and Industry (DTI), and the Department of Finance, shall formulate the rules and regulations for the proper implementation of this Act.

SEC. 15. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the other provisions not affected by such declaration shall remain in full force and effect.

SEC. 16. *Repealing Clause.* – All laws, executive and administrative orders, rules and regulations inconsistent with the foregoing provisions are hereby repealed or modified accordingly.

SEC. 17. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,