

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 7860**



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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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**EXPLANATORY NOTE**

The living condition of Filipino farmers and fishermen is dire. Their average income is only \$50 a month, working on a 1.5-hectare farm. The latest figures from the Philippine Statistics Authority (PSA) show that the poverty incidence among fishermen is 39.2%, and among farmers, 38.3%.<sup>1</sup> They also remain immensely vulnerable to extreme weather conditions and disasters ranging from continuous heavy rains to tropical storms and drought.

In light of the foregoing, the need of our farmers and fishermen for immediate, consistent, and sustainable support from the government cannot be over-emphasized. This bill seeks to improve their current situation by providing means for increased productivity and strengthened business management skills. This bill envisions farmers and fisherfolk who do not only cultivate farms or catch produce, but also manage the more sophisticated side of the agricultural industry – direct selling and marketing to more consumers.

In order to achieve this vision, the State is ready to extend support which includes, but is not limited to, skills development in the form of trainings on scientific and technological developments in all stages of production.

It is recognized that farmers and fishermen also lack the resources, primarily capital, which limits their opportunities. For instance, direct selling in the city is difficult and not doable for small-scale and/or subsistence farmers and fishermen who do not have enough financial resources for transportation and other expenses needed to move fresh produce to bigger markets in the city, and hence rely on middlemen who buy their products cheap then transport the same to such markets. This bill seeks to institutionalize State support through the provision of necessary infrastructure and equipment, as well as the extension of low-interest credit and business education to availing beneficiaries.

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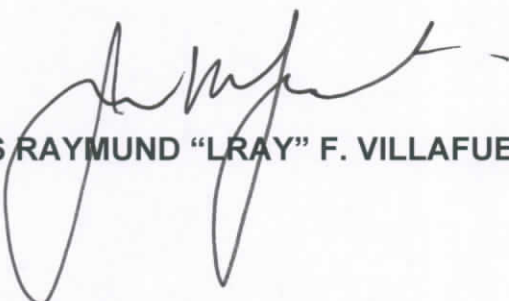
<sup>1</sup> <http://www.manilatimes.net/farmers-farm-workers-fishermen-poor/115635/>

With an upgraded set of skills and facilities, the bill aims to place our farmers and fishermen on top of the production ladder – selling their grown or caught goods at optimum prices to a wider network of customers – ultimately increasing their income.

This initiative has long been done in other advanced countries. For example, In Ireland, the State institutionalized *Bord Bia* which is a state agency that aims to promote sales of Irish food and horticulture sourced from local farmers to both abroad and in Ireland itself. It acts as a link between Irish producers and their customers worldwide. For that purpose it has several overseas offices in, among other cities, Amsterdam, Shanghai and New York City. This is the kind of support that we would like to provide our farmers and fishermen, the humble men and women who provide us with healthy products of the Earth, but often remain poor and underprivileged all their lives.

This Representation humbly implores the leadership of the Department of Agriculture, in partnership with other government agencies and private parties, to see the sound implementation of this endeavor.

In light of the foregoing premises, the approval of this bill is urgently sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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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 the House of Representatives 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 fishermen's incomes and quality of life, and bridging gaps through public-private partnerships.

In pursuance of this policy, the State shall strengthen the farmers and fisherfolk enterprise development program of the 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.

**SECTION 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 holistic 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 technologies, 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.

**SECTION 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.

**SECTION 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;
- 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.

**SECTION 6. *Implementing Agencies 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 Philippines 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 departments 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, the Department of the Interior and Local Government.

**SECTION 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 a 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 and 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.

**SECTION 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: (1) the Secretary of DA or his duly authorized representative who is at least an Undersecretary, who shall be the Chair, (2) 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 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 fisherfolk cooperatives or associations; and (8) two (2) representatives from the agriculture, food, restaurant and business sectors.

**SECTION 9. *Local Councils for Farmers and Fisherfolk Enterprise Development.*** – The Agriculture 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, city/municipal levels.

**SECTION 10. *Creation of the Farmers and Fisherfolk Enterprise Development Council.*** – 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 and 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.

**SECTION 11. *Farmers and Fisherfolk enterprise Development Information System.*** – The DA, 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.

**SECTION 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 and 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.

**SECTION 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 Philippines 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."

**SECTION 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.

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

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

**SECTION 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,*