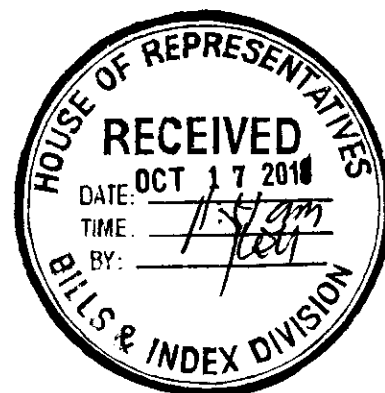


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8512



INTRODUCED BY REPRESENTATIVES

ARIEL B. CASILAO

**CARLOS ISAGANI T. ZARATE, EMMI A. DE JESUS, ANTONIO L. TINIO,
ARLENE D. BROSAS, FRANCE L. CASTRO AND SARAH JANE I. ELAGO**

EXPLANATORY NOTE

Rice is the staple of 95 % of our people. But our policy makers are killing our rice industry. They are killing it by relegating the industry to the bottom of government attention. They are killing it by the choking effect of high production costs. They are killing it by importation that suffocate our rice farmers in the flood of agricultural imports and by other neoliberal policies that surrender the industry to rice cartels. And they are killing it by abuse in the use of our agricultural lands.

From the Marcos regime to the present dispensation, the government's development policy for our rice industry swung from the massive state intervention of the Green Revolution to the "*belt-tightening measures*" of the "*structural adjustment program*" of the World Bank - International Monetary Fund (WB-IMF) and then to the current liberalization of our economy that largely left our rice industry and its farmers to their own device in a globalized market that kills the weak¹.

This swing from one end of the policy spectrum to the other has resulted in a rice industry that suffers from stunted development. It has remained backward, fragmented, underproductive, unsustainable, its farmers sinking deeper and deeper into the mire of poverty and misery. And it is presently struggling to stay afloat amidst the great flood of rice and other agricultural imports into the country. It is rapidly deteriorating in that most crucial aspect of providing the food security of our people. Every year, the country has a production deficit vis-à-vis consumption demands and it has experienced severe supply problems every decade since the 1980s.

In a word, our rice industry is in crisis. This crisis is tamed here and there by stop gap measures but explodes into a distribution catastrophe once very decade, a pattern that the country has experienced since the 1980s. And because of this crisis, our country is in danger of totally losing its food security.

In the distant past, our rice industry was relatively robust. It used to cover some 4.1 million hectares and hosted some 6 million farmers, farm workers and small

¹ The Green Revolution in our rice industry was packaged by the Marcos regime as *Masagana 99*.

entrepreneurs and workers in rice-linked trade and livelihood. In the 1960s and early part of the 1970s, this industry had an average production unit of 3 hectares and a productivity growth of 5.9 % such that the country was self-sufficient in fulfilling the rice consumption needs of our people and even became a minor rice exporter. But after the withdrawal of the massive subsidy program in the late 1970s in the wake of the "*belt-tightening measures*" of SAP, its productivity fell to 2.02 % in the 1980s and became stagnant as against a population growth of 2.60 %. In the 1990s, rice productivity picked up a little at 2.8 % and since then has stagnated in that vicinity due to increasing costs of production, token government support, conversion-driven contraction of planted-areas, and climate change.² In consequence, the country became a net rice importer starting in the late 1980s.

The crisis afflicting our rice industry is multi-dimensional. But it can be summed up in one sentence: our rice industry is in crisis because it runs on a structure that is dysfunctional to meeting the needs of our country and people. It is dysfunctional because its organization in production and distribution is not responsive to our goal of achieving *food security based on self-sufficiency, availability, and affordability*. Moreover, it is dysfunctional in terms of policy direction because our government subordinates the goal of attaining *food security to its primary thrust of liberalizing our agriculture and the national economy*. And this is a big part of the dysfunction because a government that believes it can achieve food security through economic liberalization is a government of very narrow options. It sees the suffering of our people but refuses to act on it because it sees importation as the only solution to the crisis when it can actually do many things to stop and prevent it from recurring. It is a government that ties its own hands with the ropes of importation. It will not do the right thing or it will not do the things that must be done to save our rice industry from its dysfunction that every now and then turns into a crisis as we have witnessed in the last seven months, a crisis that is devastating our people.

At the base of this crisis is a dysfunctional property relations that continue to prevail over the industry. The *Kilusang Magbubukid ng Pilipinas* estimates that, despite several agrarian reform programs, three of every four rice farmers still do not own the land they till. This property relations deprive our farmers of access to resources and subject them to various exactions that allow them no control over their produce, keeping them poor no matter how hard they work. Under this property regime, the harvest of our farmers is captured and their income shaved off by a wide array of economic predators. From landlords, rural usurers, farm inputs merchants to traders – these predators would take a huge slice of the rice produce at each stage of production and distribution (planting, harvesting, drying, milling, transportation and marketing) while keeping the prices of *palay* low. They leave our rice farmers with only a subsistence share that is barely enough to start production anew, binding them to a cycle of indebtedness. Their various exactions prevent our rice farmers from accumulating the fund to improve their farms units and productivity or even to save for family exigencies. They imprison our rice farmers in perpetual poverty. About 70% of our rice farmers are poor.

While the Green Revolution in the 1970s failed to increase the income of our farmers, it succeeded to usher in the corporate rice technology which is actually dysfunctional

² Our population growth rate has lowered in recent years to an average of 1.6%. But that still meant some 1.6 million new mouths to feed each year as compared to the industry's production growth of 2.8% which only yields an average increment of 680,000 MT a year.

to our rice industry. It does not fit into the character of our rice industry which is small-scale and largely run by poor farmers. It is also import-dependent and it banished the old self-reliance of our rice industry which was based on indigenous varieties, technology and materials. That technology now holds our industry in the vise grip of ever increasing production costs. It now costs at least P60,000 per hectare to produce the national average of 3.6 metric tons (MT) per hectare, increasing from P12,000 per hectare in the 1980s. This has made rice production prohibitive to many farming families that the ages 19 - 55 of the rural population are opting out of the industry to look for better economic opportunities in the cities and abroad.

The Green Revolution had also succeeded to commercialize rice distribution³ that the industry fell to the clutches of rice cartels that control its retail marketing and dictate the prices in Metro Manila and nearby environs that, in turn, influence the retail prices of rice in the provinces. Our production-consumption deficit, at 5 to 6 %, is actually not critical. But since the cartels control about 50 % of the rice supply, they are able to exploit the consumption level in Metro Manila, which is almost twice the national average, to create an "*availability problem*" that triggers periodic rice price shocks through-out the country. Except for the price shock in 2008, this is the template of the crisis that occurred in the country in the 1980s, 1995, and most recently from February to the present this year.

Exacerbating this situation is the dysfunction of a government that at the very least tolerates rice cartels and, starting with the withdrawal of the rice subsidy program in the late 1970s, treats our rice industry and food security as a mere sideshow to its bigger thrust of liberalizing our national economy. In its policy direction narratives, the government makes it a regular avowal to intensify rice production per hectare. But the real agenda of this intensification campaign, which is driven by new high-yielding but high-cost farm technologies with little government support, is not really the attainment of food security for the country. It is actually to free up more agricultural lands from rice cultivation for the expansion of foreign investments-led production for export within the framework of fully liberalizing our agriculture. This is coupled by the institutionalization of the policy that makes importation as the first and primary option for filling shortages in the domestic rice supply.

These policy thrusts, which became more and more the development trajectory of governments that succeeded the Corazon Aquino regime, especially after the country's entry to the World Trade Organization, launched our rice industry to the road of perdition and to the precipice of the present crisis it is in. After Aquino's Calabarzon came Ramos' "regional industrial centers" which Estrada tried to outdo with his "agriculture and fisheries development zones" which Arroyo tried to outdo with her "growth areas" that integrated whole regions into connected and integrated investment basins.⁴ Through land use and crop conversions, these calibrated spatial plans constituted a sustained assault on our rice lands and rice farmers who stood to be dislocated by the expansion.

³ In the 1950s, rice was primarily produced for consumption such that 65 % of it was in households and only 35 % was in the commodity circuit. This was the basis of the self-sufficiency of that period. The Green Revolution turned that equation upside down. It totally commodified rice, including those in the households of farmers.

⁴ During the Benigno "Noy" Aquino presidency, all talk of medium-term development based on spatial plans ceased for the simple reason that the country finally ran out of space for investment basins.

As a consequence of this frenetic build-up and expansion of space for export production, the development of our rice industry and quest for food security was deprioritized. The infrastructure projects for the investment basins got the highest priority in the mobilization of scarce and precious public resources and funds, giving only a token funding for our rice industry and food security.

The rice production intensification program failed because of limited government support, higher costs and unaddressed climate change. The yield per hectare has been slow to climb and even stagnated, puncturing a periodic gap between productivity and consumption demands. But where rice production intensification failed, the expansion of foreign investment-led export production had succeeded in massively converting rice lands, destroying some 2 million rural livelihoods and employment, gravely affecting national productivity while weakening the potential of our rice industry for self-sufficiency. Our rice lands, which constitute our primary food base, shrunk from 4.1 million hectares in the 1960s to 2.4 million hectares. The industry severely lacks the infrastructure requirement to support government targets of increased yield per hectare. The expansion also further fragmented our rice farm units to an average of 1.5 hectares which, in the absence of full government support, aggravates production unsustainability.

As our rice productivity fell, the government used the perennial inability of our rice production to meet consumption demands as the pretext for turning more and more to rice importation. In effect, it is punishing our rice farmers for underperformance when it actually gave the industry only so little in terms of production and infrastructure support. Since 2000, our country has imported an average of 1.22 million MT a year, turning the country into the world's biggest rice importer.

Our people are now paying dearly for these policies. Our rice industry has ceased to be sustainable due to high costs and low prices that keep our farmers indebted and poor. Its productivity is the lowest in the Asian region, making the country highly vulnerable to periodic shortfalls which rice cartels exploit to create distribution crisis and manipulate prices. And with government propensity to import rice, our food security is now hitched to the foreign rice market.

These, in broad strokes, are the dimensions of the crisis of our rice industry. It is a crisis of inequity in the distribution of the social product which keeps our farmers poor. It is a crisis of economic unviability and unsustainability characterized by high production costs and low prices of *palay*. It is a crisis of underproduction and flawed distribution characterized by low productivity and the dominance of cartels and high retail prices of rice. Most of all, it is a crisis of policy direction characterized by the primacy of economic liberalization and importation while putting the development of our rice industry to the backburner of government policy thrusts.

As our rice industry stands on the precipice, the crisis of policy direction is heading for the plunge as the Duterte administration implements a medium-term development plan that essentially imposes on the country more of the same dysfunctional policies and programs that, in the first place, brought our rice industry to the edge of the cliff. That plan is centered around a "*Build, Build, Build*" Program that raises taxes to fund a massive infrastructure build up that, again, has little for the rice industry and constitutes a heightened assault on our rice lands. It has ignited an inflation surge that, at 6.4 % in August 2018 and still surging, is the highest in nine years and hitting rice prices the hardest. In some places, such as in

Zamboanga, Sulu and Tawi-tawi, retail prices have already hit the ceiling and beyond at P80-90/kilo. As of this writing, people are forming beelines at NFA-accredited stores to buy rice at controlled purchase of three kilos for each individual. This distribution crisis would have people in Marikina lining up in Quezon City to skirt around the NFA-imposed limit.

To address this distribution crisis, the Duterte administration refused to look at its roots and to move against its structural defects. It preferred to push our rice industry to the gorge. To eliminate the crisis of our rice industry, it is treading on a policy direction that will altogether kill the industry. No industry, no crisis. After more than a decade of our people having successfully stalled the lifting of the quantitative restrictions on rice as imposed by the WTO and the ASEAN Free Trade Agreement, the Duterte administration is now poised to surrender our rice industry to the tariffication regime of global trade which will open our industry to unlimited importation. Rice tariffication will not only lift the remaining protection of our rice industry. It will finish our rice industry off, like the many innocent victims of *Oplan Tokhang*.

Hence, the urgency of this bill.

This bill seeks to lift our rice industry out from the multi-dimensional crisis that wasted away its productive capability, stunted its development and forestalled our attainment of food security. The result of extensive consultation with rice farmers, consumer groups and other industry stakeholders, it is part of the broader *Agrarian Reform and Rural Development* agenda which our peace-loving people are pushing to translate into concrete measures to help advance the third substantive agenda - the *Comprehensive Agreement on Socio-Economic Reforms* - of the peace talks between the GRP and the NDFP. It is a tandem legislation to House Bill 555 or the *Genuine Agrarian Reform Bill* as it stands on the free land distribution of GARB in addressing the root cause of the crisis of our rice industry.

This bill, therefore, echoes the demand of our farmers, consumers, other industry stakeholders and the masses who are now reeling from the rice crisis – the demand for the government to realize the *vox populi* principle of democracy that its commitment to regional and multi-lateral trade agreements cannot be greater than their obligation to ease the suffering of our people.

In line with this demand of our people, this bill begins with elevating into a state principle the idea that food security is a fundamental right of our people. Upon this realization, it imbues the state with the political will to march toward the goal of achieving food security by putting the national effort of addressing the roots of the crisis of our rice industry at the topmost of government priorities and to pour into the effort the level of resources and funding necessary for addressing the structural defects of our rice industry and retooling it so its full potential to provide for our people their primary staple can be realized. To this effect, it provides for the allocation of P495 billion (including a separate budget for NFA *palay* procurement from local production) for implementing within three years its nucleus and complementary core programs.

The nucleus program of this bill will provide our farmers a holistic production support program that consists of installing a collateral-free credit facility, farm inputs support and extension services. A subtext of the program is a poverty reduction thrust that

will provide focused intervention for targeted beneficiaries made up of the poorest of our rice farmers. The nucleus program and its subtext will address the inability of our rice farmers to accumulate funds for improving their productivity because of the dysfunctional property regime that slices a big chunk from the share of our rice farmers in the produce.

Like a wheel with rays, the nucleus program will be surrounded by core programs that complement the center by ensuring that the infrastructure requirements, from irrigation to post-harvest, for enhancing the productivity of our rice industry are completed and fulfilled. A crucial part of the core programs is the creation of the policy and legal environment for protecting our rice lands from conversion and reclassification and protecting our farmers from ejectment and various exaction schemes so the real value of the fruits of their labor will redound to them and their families. It will fortify the National Food Authority so it can better fulfill its main function of procuring *palay* from our rice farmers for reserve and buffer stocking at farm gate prices that will make rice farming profitable once again and of providing affordable rice to our people.

The bill takes a strong stand against importation because of its attrition effects on our rice industry. Its authors believe that hitching our food security to the global market is a dangerous idea, a sure formula for the systemic hunger of our people especially because the government's poverty alleviation programs are floundering in failure. The bill, therefore, creates a National Rice Supply Security Council that will have the main function of ensuring that importation is resorted to only in times when local production has been proven after investigation to be incapable of filling rice supply shortages in the domestic market.

On these premises and in order to stop the crisis of our rice industry from spiraling out of control, the approval of this bill is earnestly and urgently sought.


REP. ARIEL B. CASILAO
ANAKPAWIS Party-list

REP. CARLOS ISAGANI T. ZARATE
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GABRIELA Women's Party


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ACT Teachers Party-list

REP. SARAH JANE I. ELAGO
KABATAAN Party-list

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THE RICE INDUSTRY DEVELOPMENT ACT

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

CHAPTER I

Title, State Policies and Objectives

SECTION 1. *Title.* – This Act shall be known as *The Rice Industry Development Act of 2018*.

SECTION 2. *State Policies and Principles.* – The State holds that food security forms part of the fundamental rights of the Filipino people.

Upon this principle, it is the policy of the State to give the highest priority to the development of the national rice industry and, in line with such prioritization, to allocate the public resources and funds necessary to enhance to the fullest the productive capability of the rice industry, restructure its distribution and marketing linkages in order to make the industry sustainable, achieve for the country food security based on food self-reliance and self-sufficiency, increase the income of rice farmers and improve their living conditions, and ensure the accessibility and affordability of rice to the consuming population.

Rice importation is injurious to our rice farmers, weakens our rice industry, undermines our collective efforts to attain food security, and harmful to the national economy in the long run. To avert these negative effects, the State rejects any policy of giving first preference to rice importation in fulfilling the needs of the domestic market. In lieu thereof, it is the policy of the State to fulfill domestic consumption requirements by nurturing our rice farmers towards enhancing their productive capability.

The State sees land use conversion as a serious threat to the sustainability of our agricultural food base and a clear and present danger to our food security. To

protect our rice industry and to remove the danger to our food security and in order to align all efforts towards achieving food self-reliance, it is the policy of the State to prohibit the conversion and reclassification of rice lands to other uses.

The State recognizes the indispensable role of our rice farmers in attaining food security based on food self-reliance and self-sufficiency. It is therefore the policy of the State to uphold and promote their welfare and to protect their security of tenure and other rights as farmers.

Finally, it is the policy of the State to develop a national industry that is responsive to the welfare and interest of rice farmers and consumers and complements the well-rounded development of agriculture and the local rice industry.

SECTION 3. Objectives. – This Act has the following objectives:

- a) To develop within a mandated fixed schedule the domestic rice industry and increase its productivity toward attaining food security based on food self-reliance and self-sufficiency through:
 1. the institutionalization of the provision of necessary and auxiliary production support program and services to rice farmers;
 2. the completion of the infrastructure and facilities requirements for developing the rice industry; and
 3. the creation of a policy and legal environment for the protection of rice farmers and the rice industry;
- b) To increase the income of rice farmers, alleviate their poverty and empower them through:
 1. the implementation of transitional measures for poor-focused government support program for the poorest rice farmers;
 2. the institutionalization of viable and enhanced government price support program for the produce of rice farmers;
 3. the creation of structures that will enhance the participation of rice farmers in decision making on matters related to the rice industry; and
 4. the creation of transitory mechanisms for the eventual transfer of production and post-harvest facilities to the control of rice farmers; and
- c) To develop the rice distribution system within the framework of establishing closer linkages between the rice farmers and consumers to ensure rice affordability for the general public.

CHAPTER II

Definition of Terms

SECTION 4. Definition of terms. - Unless the context provides otherwise, the following terms are used in this Act to mean as follows:

- a. **Agrarian reform beneficiaries** are farmers who possess the qualifications of the beneficiaries of the land distribution and tenurial improvement programs of Republic Act 6657 otherwise known as the "Comprehensive Agrarian Reform Law of 1988".
- b. **Cartel** is any group of business entities that should be otherwise in competition with one another but combine with one another by acting in a way that one act complements or supports the similar acts of others in the combination, enabling the group to dominate the market through controlling supply and fixing the price. It is a form of collectively rigging the market as it eliminates competition as the instrument for setting the price of goods and commodities. In this Act, the term is used to refer to rice cartels.
- c. **Collateral-free** refers to a loan condition which does not require the putting up of fixed assets as collateral for the grant of the loan.
- d. **Credit auxiliaries** refers to farmers' organizations, rural loan associations or rural credit cooperatives designated and authorized by the Department to act as structural arms to help the government extend its credit facility to rice farmers.
- e. **Credit cooperatives** refers to cooperatives extending loans the majority of whose members are rice farmers or whose clienteles are rural-based.
- f. **Department** refers to the Department of Agriculture (DA).
- g. **Engaging in cartel operations** refers to entering into combination with others who are dealing in the same product and same market and performing acts that are uniform or complementary to the acts of others in the combination that result in artificial shortage and in the increase of prices. In this Act, the term is used to refer to rice cartel operations.
- h. **Farmers' organizations** refer to rice farmers' organizations consisting of farmers who have associated or organized themselves to achieve a common purpose or serve their common interest.
- i. **Farm inputs** include seeds, fertilizers, herbicides, pesticides and farm tools which are used for rice production.
- j. **Farm machines and equipment** are mechanized tools such as hand tractors, power tillers, sprayers, mini-harvesters, and threshers used in the various processes of rice production and harvesting;

- k. **Farmers' marketing cooperatives** are farmers' cooperatives which specialize in marketing their *palay* produce.
- l. **Farm production cooperatives** are farmers' associations or cooperatives whose membership is based on the labor contribution of their members.
- m. **Food security** refers to a situation in which the food requirements of the people are secured and sustained by continuous sufficient supply from local production and are available, accessible and affordable to the consumers. Its essential element is self-reliance through self-sufficiency in food production.
- n. **Hoarding** refers to the undue accumulation by a person or combination of persons of any basic commodity beyond his or their normal inventory levels or the unreasonable limitation or refusal to dispose of, sell or distribute the stocks of any basic necessity or prime commodity from the channels of reproduction, trade, commerce and industry. Under this Act, hoarding refers specifically to rice hoarding.
- o. **Land reclassification** refers to the legislative act or process of changing the classification of lands by the local government units (LGUs).
- p. **Land-use conversion** refers to the process of changing the use of the land.
- q. **Leaseholder** is a farmer who works on the land and pays the landowner a fixed lease rate.
- r. **Minimum access volume (MAV)** refers to the minimum volume of foreign agricultural products which a country must allow access to its domestic market, the volume constituting the minimum share of foreign agricultural products in the domestic market based on certain proportion of the domestic consumption requirements under the rules of the World Trade Organization (WTO).
- s. **Post-harvest facilities** refer to farm facilities used in treating and handling *palay* after the harvest; these include threshers, dryers, *palay* silos, warehouses and mills.
- t. **Price support** refers to a pricing mechanism in which a portion of the price of goods and services is paid for by the government.
- u. **Private commercial banks** are commercial banks owned and operated by the private sector.
- v. **Profiteering** refers to the sale or offering for sale of any basic necessity or prime commodity at a price grossly in excess of its true worth.
- w. **Production support** refers to a package of government support to rice farmers to enable them to procure farm inputs for rice production.

- x. **Research Program** refers to the Rice Industry Development Research Program.
- y. **Rice crisis** refers to a situation in which there occurs a sudden increase in the prices of commercial rice by more than ten percent (10 %) average of the previous average price, as determined through investigation by the *National Rice Supply Security Council* using Metro Manila as reference, which make rice unaffordable to the mass of consumers even though the rice supply is sufficient; or when the actual combined reserved and buffer stocks of the National Food Authority is down to fifteen (15) days and there is no incoming procurement delivery within the next ten (10) days and the rice stocks released by the private sector into circulation in the domestic market fall for five straight days to below ninety percent (90 %) of the daily consumption requirements and causes a five (5) percent increase in rice retail prices, as determined by the *National Rice Supply Security Council*, using Metro Manila as reference.
- z. **Rice farmer** refers to a farmer who plants or produces *palay*.
- aa. **Rice smuggling** is the act of importing rice or bringing any quantity of rice into the country and transporting, storing and distributing the imported rice in violation of the policy of this Act on importation as last option.
- bb. **Rural loan associations** refer to associations of farmers or rural residents who contribute equity share and loan the shares to its members.
- cc. **Security of tenure** refers to a state of possession or exercising control over a farm land peacefully and free from actual and potential threats of ejectment.
- dd. **Self-sufficiency** refers to an attribute in which the food production in the country meets the supply requirement, eliminating the need to import rice from foreign sources.
- ee. **Small-scale rice farmers** refer to rice farmers who own no lands or whose land or produce is not enough to meet the requirements of maintaining their families.
- ff. **Social guarantees** refer to guarantees issued by farmers' production cooperatives or rural credit cooperatives accredited as credit auxiliaries under this Act, local government officials, or priests in local parishes that vouch for the credit-worthiness of a farmer-borrower of the *Rice Production Socialized Credit Fund*.
- gg. **Socialized credit fund or facility** refers to the credit facility provided by the state as an assumed responsibility to help rice farmers. The credit facility is to be exclusively applied for enhancing rice production.

CHAPTER III

Implementation Schedule

SECTION 5. *Time-bound accelerated implementation.* – This Act shall be implemented within a period of three (3) years the start of which shall be reckoned after its effectivity.

SECTION 6. *Implementation plan.* – Within thirty (30) days upon the effectivity of this Act, the Department of Agriculture shall call a Rice Stakeholders Summit. The Summit shall be participated by all stakeholders of the rice industry. It shall have the sole purpose of formulating the Three-Year Implementation Plan for this Act based on its objectives, core programs and implementation schedule. The Department shall ensure the effective representation of rice farmers in the summit and its workshops.

CHAPTER IV

Beneficiary-targeting for Focused Poverty Alleviation Program

SECTION 7. *Focused poverty alleviation program for special beneficiaries.* – This Act shall have all rice farmers as beneficiaries of its component programs. It also targets the consumers as the end-use beneficiaries of its restructuring program of the domestic rice market. However, in implementing and dispensing its component programs, the Department is hereby mandated to give focus to alleviate the poverty of rice farmers who operate farm units of less than three hectares and rice farmers with annual income below the rural poverty line as periodically determined by the census of the Philippine Statistics Authority (PSA). Such farmers shall be the special beneficiaries of this Act.

SECTION 8. *Identifying the beneficiaries of focused poverty alleviation program.* – Within ninety (90) days after the effectivity of this Act, the PSA, in coordination with the Department, shall conduct a census of all rice farmers in the country. The Rice Farmers Census shall yield the following items of information:

- a. size of farm unit;
- b. type of soil of the rice farm;
- c. condition of the irrigation (whether irrigated or not; if irrigated, the type of irrigation);
- d. farm machines used;
- e. average production cost per hectare;
- f. source of capitalization;
- g. seed variety used and sources;
- h. fertilizer use and volume per hectare per cropping;
- i. herbicide use and volume per hectare per cropping;
- j. number of children;
- k. participation of children as labor force for the rice farm;
- l. gross harvest per hectare;
- m. cash conversion of their harvest;
- n. monthly family expenditure; and

o. net income.

The PSA shall isolate the data and information concerning the rice farmers mentioned in the preceding section and reduced them into a report to be submitted to the Department within thirty (30) days after the conduct of the census. The report shall serve as basis for the Department to identify and locate these beneficiaries for the focused poverty alleviation program of this Act.

SECTION 9. *Department database for focused poverty alleviation implementation and monitoring.* - The Department shall make and maintain a database of the information contained in the PSA report. The database shall serve as basis for the focused pouring of resources of the component programs of this Act to alleviate the poverty of the special beneficiaries. It shall also serve as basis for monitoring after every harvest the trends of income of the special beneficiaries during the implementation of this Act. This monitoring of the income of the special beneficiaries shall form part of the Department's periodic report to the Congressional Oversight Committee.

SECTION 10. *Special beneficiaries as priority in the Production Support Program.* - The Department shall give priority to the special beneficiaries in dispensing the benefits of the *Rice Production Socialized Credit Program* and the *Farm Inputs Support Program* components of this Act.

SECTION 11. *Organizing the poorest rice farmers into special beneficiaries farmers' association.* - The Department shall organize the special beneficiaries on barangay or cluster of barangay basis into farmers association. Such associations shall serve as conduits for the delivery of program services and as partners of the Department in implementing the focused-intervention program of this Act for the special beneficiaries.

SECTION 12. *Appropriate DA personnel organization for special beneficiaries.* - The Department shall form the appropriate organization of personnel that will specialize in attending to the needs and concerns of special beneficiaries during the course of implementing this Act.

CHAPTER V

Rice Development Zones and Rice Industry Development Councils

SECTION 13. *Rice Development Zones.* - To more effectively deliver the core programs of this Act and to attain greatest impact, the Department shall identify the rice areas in the country with the proven capability to produce above the national average or above the requirements of the local population or highest potential for increasing rice production and cluster them into *Rice Development Zones*. The clustering shall be made up of municipalities or provinces or inter-regions and on the basis of contiguity and connectivity. *Provided, That* there shall be at least two *Rice Development Zones* in Luzon, Visayas and Mindanao.

SECTION 14. *Rice Development Zones as centers of delivery of core programs.* - The *Rice Development Zones* shall serve as centers of the convergent and synergized delivery of the core programs of this Act.

SECTION 15. *Rice Industry Development Councils and functions.* - There shall be in each *Rice Development Zone* a *Rice Industry Development Council* which shall have the principal function of synergizing the delivery of the core programs of this Act. For this purpose, it shall convene at least twice a year.

SECTION 16. *Composition of RIDCs.* - The *Rice Industry Development Council* shall be composed of the following:

- a. a representative of the Department, preferably the Regional Director or any of its experts on the rice industry;
- b. a representative of special beneficiaries;
- c. a representative of farmers' marketing cooperatives;
- d. a representative of rural development civil society;
- e. a representative of rural credit cooperatives or credit unions;
- f. a representative of rural rice women farmers;
- g. a representative of the National Rice Food Security Council;
- h. a representative of the National Food Authority;
- i. a representative of the National Irrigation Administration;
- j. a representative of the Department of Public Works and Highways;
- k. a representative of Department of Science and Technology;
- l. a representative of the Department of Interior and Local Government;
- m. a representative of the Local Government Unit;
- n. a representative of the Land Bank of the Philippines;
- o. a representative of Philippine Rice Research Institute; and
- p. a representative of State Colleges and Universities.

The *Rice Industry Development Councils* shall be chaired by the representative of the Department.

SECTION 17. *Rice Development Indicators in Rice Development Zones and reporting.* - The *Rice Industry Development Councils* shall periodically monitor the implementation of the core programs of this Act by maintaining for each *Rice Development Zone* a *Rice Development Indicators Profile*. The Profile shall be submitted bi-annually to the Secretary of the Department. The *Rice Development Indicators* shall include the following items of information:

- a. total number of rice farmers and the actual size of their rice farms;
- b. total hectareage of rice farms;
- c. number of cropping seasons;
- d. total hectareage of rice farms actually planted in the current cropping season;
- e. current production costs per hectare as against previous production costs;
- f. indicative production target per hectare for the cropping season;
- g. current total harvest as against the previous harvest;
- h. current average harvest per hectare as against the previous average;
- i. indicative production shortfall as against the indicative production target;

- j. segregated usage rate among rice farmers, farmers' organizations and accredited credit auxiliaries of the RPSCF;
- k. number of private commercial banks which participated in the socialized credit program;
- l. actual number of farm inputs distributed, segregated as to organic and non-organic, and actual number of rice farmer-recipients;
- m. actual number of irrigation facilities segregated as to old and new;
- n. actual number of post-harvest facilities segregated as to old and new;
- o. actual number of rice farmers with access to irrigation;
- p. actual number of rice farmers with access to threshing, drying and rice storage and other common service facilities;
- q. accomplishment status of irrigation and post-harvest facilities development projects;
- r. number of cooperatives actually organized and their operational status;
- s. forms of extension services and the number of participating state colleges and universities and actual beneficiaries;
- t. price set by the NFA in accordance with Section of this Act;
- u. comparative prevailing price of private grain traders;
- v. total number of rice farmers who sold their *palay* to NFA; and
- w. current per capita income of rice farmers as against the previous.

The Secretary of the Department shall consolidate the Profiles submitted by the *Rice Industry Development Councils* and reduce them into an executive report to be submitted to the Congressional Oversight Committee and the Office of the President within fifteen (15) days from the submission from the *Rice Industry Development Councils*, with copy furnish for the *National Rice Supply Security Council* as created under Section 98 hereof. The Department shall attach the Profiles of each *Rice Development Zone* to the executive report.

CHAPTER VI

Core Programs and Components

SECTION 18. Core programs. – To attain the objectives of this Act, it shall have the following core programs:

- a. Production support program;
- b. Focused-poverty alleviation program for the poorest rice farmers
- c. Accelerated infrastructure development program for irrigation and post-harvest facilities;
- d. Research and development and auxiliary support and extension services program;
- e. Rice lands and rice industry protection program;
- f. Strengthening of the NFA for the implementation of enhanced government price support program for farmers and consumers; and
- g. Rice farmers empowerment program;

CHAPTER VII

Production Support Program

SECTION 19. *Institutionalization of production support program.* - This Act hereby institutionalizes a holistic production support program for rice farmers. The production support program shall consist of the following:

- a. Rice Production Socialized Credit Program;
- b. Farm Inputs Support Program;
- c. Provision of power tillers and threshers; and
- d. Crop insurance.

SECTION 20. *Rice Production Socialized Credit Program (RPSCP).* - A socialized credit program is hereby established for rice farmers to enable them to have access to economic resources necessary for rice production.

For this purpose, the amount of Twenty-Five Billion Pesos (P25 B) is hereby appropriated and constituted into a fund which shall be called *Rice Production Socialized Credit Fund* (RPSCF). The RPSCF shall be made available to farmers and farmers' organizations or farm production cooperatives as a credit facility for the exclusive purpose of rice production and rice production-related undertakings.

SECTION 21. *RPSCF beneficiaries.* - The loan program of the RPSCF shall be extended only to the following:

- a. Rice farmers;
- b. Farmers' organizations engaged in rice production or marketing; and
- c. Farmers' cooperatives engaged in rice production or marketing.

In extending loans to individual rice farmers, the RPSCF shall give priority to the special beneficiaries mentioned in Section 7 of this Act, the poorest rice farmers as determined by the Rice Farmers Survey. The amount of Ten Billion Pesos (P10 B) of the RPSCF shall be devoted for this purpose.

It shall also give priority to rice farmers who intend to use the loan for organic rice farming.

In no case shall the loan amount for each farmers' organization or farmers' cooperatives exceed Ten Million Pesos (P10,000,000.00).

SECTION 22. *Application of RPSCF loan.* - Rice farmers, farmers' organizations and farmers' production cooperatives shall apply the loan they availed of from the RPSCF to the following undertakings:

- a. purchase of seeds and other farm inputs;
- b. purchase of draft animals;
- c. purchase of farm equipment and machines such as power tillers, hand-held harvesters, threshers, and other similar equipment;

- d. purchase or construction of irrigation equipment such as water pumps and tube wells; and
- e. construction of dryers or purchase of drying machines.

In the case of farmers' organizations and farm production cooperatives, the loans may also be applied to the following:

- a. purchase of farm machinery for cooperative use;
- b. construction of water impounding systems for irrigating rice farms;
- c. construction of drying facilities;
- d. construction of cooperative *palay* warehouse;
- e. seed capital for establishing cooperatives for marketing of *palay*;
- f. construction of communal compost pit for making organic fertilizers; and
- g. financing the putting up of industries that produce *palay*-derivative products.

In no case shall the RPSCF be extended to borrowers for purposes not related to rice production.

The RPSCF shall be deposited with and administered by the Land Bank of the Philippines (LBP). All repayments from farmer-borrowers, interest earnings and income on the deposit shall accrue to the RPSCF.

SECTION 23. *Interest Rate on Loan.* - The interest rate for the loans to be made available to rice farmers under the RPSCF shall not be more than five percent (5 %) of the principal amount.

SECTION 24. *Collateral-free loan and provision against foreclosure.* - The loans to be made available to individual rice farmers under the RPSCF shall be collateral-free. The LBP shall make use of social guarantees as defined in Section 4, (ff) hereof. In cases when the farmer-borrowers fail to pay their loans, the LBP shall observe the provisions of Section 28 hereof.

SECTION 25. *Farmers' organizations, rural loan associations, and credit cooperatives as credit auxiliaries of the RPSCF.* - The Department shall have the authority to accredit farmers' organizations, rural loan associations or credit cooperatives as credit auxiliaries of the RPSCF: *Provided*, that such farmers' organizations, rural loan associations, and credit cooperatives are duly registered with the Cooperative Development Authority (CDA).

Farmers' organizations, rural loan associations and credit cooperatives accredited as credit auxiliaries of the RPSCF can access the RPSCF for the maximum amount of Ten Million Pesos (P10,000,000.00) at three percent (3%) interest rate for extending credit to their members who are rice farmers: *Provided*, that they shall not charge their members more than Eight percent (8 %); *Provided further*, that the amount from the RPSCF to be made accessible to credit auxiliaries shall not exceed Twenty per cent (20 %) of the RPSCF.

The Department, in consultation with the LBP and representatives of farmers' organizations, rural loan associations and credit cooperatives, shall formulate the

criteria, standards and procedures for the accreditation and participation of farmers' organizations, rural loan associations and credit cooperatives as credit auxiliaries of the RPSCF.

The interest collected from the credit auxiliaries shall accrue to the RPSCF and not to the capital fund of the accredited credit auxiliaries.

Farmers' organizations, rural loan associations and credit cooperatives accredited as credit auxiliaries of the RPSCF may extend loans under the RPSCF to non-members as long as the applicants are rice farmers.

SECTION 26. *Simplifying the procedure for loan dispensation.* – The RPSCF shall have a simplified procedure for filing, processing and approval to make it accessible, easy, quickly available and at minimum costs to rice farmers. The LBP, in consultation with the Department, shall formulate the guidelines for this purpose.

SECTION 27. *Incentives for participating private commercial banks.* – Private commercial banks which extend production loans to rice farmers with interest rate provided in Sections 10 and 11 hereof shall be entitled to tax credits of fifteen per cent (15 %) of the amount of the capital they devoted to rice production loans. Private commercial banks which continue to extend production loans to rice farmers after the end of the three (3) year implementation period of this Act shall continue enjoying tax credits at ten per cent (10 %) of the amount of the capital they devoted to rice production loans.

SECTION 28. *Non-payment of loans.* – In case of failure of an individual rice farmer to pay the loan, the LBP or the credit auxiliaries from which the farmer incurred the loan shall automatically renegotiate or restructure the loan of the indebted farmer until the loan is fully paid. The LBP shall formulate the guidelines for this purpose: *Provided*, that in no case shall the restructuring operate to effect the loss or foreclosure of the land of the indebted farmer nor shall it give effect to the blacklisting or disqualification of the indebted farmer from being a beneficiary of the RPSCF.

Credit auxiliaries from which the farmer incurred the loan may also extend assistance to the indebted farmer so that the indebted farmer can pay the loan without affecting his necessary family expenses. The assistance shall include, but shall not be limited to, allowing at reduced cost the indebted farmer to use the farm implements, working animals and farm inputs belonging to the credit auxiliaries.

SECTION 29. *Automatic moratorium.* - In times of natural or man-made calamities, the LBP, the credit auxiliaries and private commercial banks who extend rice production loans to farmers shall automatically extend a moratorium of six (6) months on the payment of loans and their interests. Excepting the interests, they shall not impose any other penalties and charges. The moratorium shall cover the entire area declared as under a state of calamity by the President.

SECTION 30. *Farm Inputs Support Program.* – Upon the effectivity of this Act, the Department shall institutionalize a *Farm Inputs Support Program* that shall consists of distributing to rice farmers, farmers organization and farmers producers cooperatives farm inputs at discounted prices. The farm inputs shall include seeds, fertilizers, herbicides, farm tools and other necessities for rice production.

SECTION 31. *Organic rice farming.* – In implementing the *Farm Inputs Support Program*, the Department shall give emphasis to procuring and distributing the farm inputs with the primary consideration of promoting organic rice farming in progression. It shall conduct massive training of rice farmers on the technology of organic rice farming.

Each *Rice Development Zone* shall have at least one (1) pilot area for organic farming.

SECTION 32. *Schedule of discount for seeds and other farm inputs.* – The seeds and other farm inputs procured by the Department shall be:

- a. distributed free to the special beneficiaries as a measure of full subsidy; and
- b. sold to all other farmers at less twenty-five per cent (25 %) of their purchase price.

The Department shall ensure that the distribution of seeds and other farm inputs to rice farmers shall be made thirty (30) days before the start of cropping season.

SECTION 33. *Seed selection and fertilizer distribution.* – In the purchase and distribution of seeds, the Department shall ensure that rice farmers shall have a wide selection of seed varieties in accordance with the knowledge and farm practices developed or existing in their communities.

The Department shall make full use of its database and mapping of soil types as basis in distributing fertilizers to rice farmers. As much as practicable and according to adaptability to the knowledge and farm practices prevalent in different areas of the country, the distribution shall be based on the best applicability to the soil types in the area.

SECTION 34. *Incentives for use of traditional varieties, organic farming and indigenous rice farming practices.* – The Department shall formulate an incentives scheme for rice farmers who shall use traditional varieties, organic farming, and indigenous rice farming practices.

SECTION 35. *Provision of power tillers and threshers.* – The Department shall institutionalize a distribution program of power tillers and threshers to rice production cooperatives or organizations.

SECTION 36. *Crop insurance.* – A portion of ten percent (10 %) of the principal amount of the loan extended to rice farmers under the RPSCF shall be charged each rice farmer for the full insurance coverage of his crops with the

Philippine Crop Insurance Corporation; *Provided*, that full crop insurance coverage shall be extended to the special beneficiaries of this Act.

CHAPTER VIII

Accelerated Infrastructure Development Program

SECTION 37. *Accelerated Infrastructure Development Program.* – The *Accelerated Infrastructure Development Program* shall consist of the irrigation development program and post-harvest facilities development program. The concerned government agencies responsible for implementing these programs are hereby mandated to complete their construction and development within three (3) years as provided in Section 5 hereof and ensure their operational sustainability, including the provision for maintenance.

A. Accelerated Irrigation Development Program

SECTION 38. *Accelerated completion of irrigation requirement.* – Within ninety (90) days upon the effectivity of this Act, the National Irrigation Authority (NIA) shall have drawn up a Program of Implementation for the accelerated completion of the construction of irrigation facilities and the rehabilitation of existing irrigation facilities based on an inventory and parallel assessment of existing irrigation system of the country and taking into account the preservation of natural ecosystems, appropriate technology and the requirements for attaining rice self-sufficiency. At the end of three (3) years, the NIA Program of Implementation shall achieve a one-hundred percent (100 %) irrigation of all rice lands of the country and shall include a maintenance program and incorporate the inventory and parallel assessment.

SECTION 39. *Identifying priority areas.* – In identifying priority areas for the accelerated completion of the construction of irrigation facilities, NIA shall take into account the following factors:

- a. areas designated as *Rice Development Zones*;
- b. provinces with low irrigation development;
- c. municipalities and areas with high density of rice farmers;
- d. municipalities and areas with low rice productivity; and
- e. rice areas recommended by rice farmers or farmers' organizations or farmers' cooperatives, agrarian reform beneficiaries who are rice farmers, farmers irrigators' association and indigenous peoples.

SECTION 40. *Projects criteria.* – For NIA to be able to complete the construction of irrigation facilities requirement within the mandated schedule, its Program of Implementation shall give focus on constructing medium and small-scale irrigation facilities, small water impounding projects and communal-type irrigation or similar facilities with low social costs but high benefits and the technical preparation of which can be done within ninety (90) days and the construction of which can be completed in one-hundred eighty (180) days or less.

SECTION 41. *Management and administration.* – The management and administration of small-scale irrigation projects shall be turned over to the farmer-beneficiaries through their farmers' associations, irrigators' associations or farmers' cooperatives upon project completion: *Provided*, that the NIA shall shoulder the maintenance cost and provide continuous technical support to the farmer-beneficiaries to whom the projects would be turned-over; *Provided further*, that the recipients of the turn over shall make the facilities available to rice farmer-beneficiaries in accordance with Republic Act 10969 or the Free Irrigation Services Act.

SECTION 42. *Budget allocation for accelerated irrigation infrastructure development.* – Of the fund appropriated under this Act for the accelerated irrigation development program, eighty percent (80 %) shall be used for the construction of new irrigation projects while the twenty percent (20 %) shall be earmarked for rehabilitation and repair works of existing irrigation facilities.

B. Post-Harvest Facilities Development Program

SECTION 43. *Development of post-harvest facilities.* – In coordination with local government units (LGUs), the National Food Authority (NFA) and the Department, through its Philippine Center for Post-Harvest Development and Mechanization (PhilMech), shall draw up an integrated three-year Program of Implementation for completing the construction of dryers, rice storage and other common service facilities that are needed in the rice producing municipalities and barangays and the construction of warehouses that are needed in the *Rice Development Zones* and other rice producing provinces and regions. At the most practicable, the Program of Implementation shall see to it that the facilities are based on appropriate technology, strategically optimized project siting and cost-benefit analysis and will holistically form a national post-harvest chain that will address issues of post-harvest losses, high transportation costs and deterioration of product quality.

The Program of Implementation to be crafted jointly by the Department and the NFA shall integrate the post-harvest facilities projects undertaken by LGUs.

The PhilMech shall provide the research and advisory requirement for determining the appropriate technology of the post-harvest facilities.

SECTION 44. *Roles of the Department and the NFA.* - The Department shall have the primary role of implementing the construction of post-harvest facilities in rice producing municipalities and barangays. For this purpose, it shall have supervisory function over post-harvest facilities projects undertaken by the LGUs.

The Department, through its PhilMech, shall launch a nationwide training program that will disseminate the appropriate technology down to the rice farmers and build the institutional capability of their organizations or cooperatives to operate and maintain these post-harvest facilities.

The NFA shall have the primary role of implementing the construction of warehouses in *Rice Development Zones* and other rice producing provinces and regions.

Both agencies shall ensure the completion of all the component projects of their integrated Program of Implementation within three (3) years.

SECTION 45. *Administration of municipal and barangay post-harvest facilities.* – Upon completion of the construction of municipal and barangay post-harvest facilities, the Department shall turn them over for administration and maintenance to concerned LGUs where the facilities are located.

The concerned LGUs may opt, or upon application by a barangay-LGU, a farmers' organization or a farmers' cooperative, to turn over these post-harvest facilities to qualified barangay-LGU, farmers' organizations or farmers' cooperatives: *Provided*, that the barangay-LGU, farmers' producers organization or farmers' cooperative has been certified by the PhilMech to have undergone the knowledge-transfer training and have acquired the institutional capability to operate the post-harvest facilities.

All municipal and barangay post-harvest facilities turned over to barangay-LGUs, farmers' organizations or farmers' producers cooperatives shall be under the supervision of the *Local Rice Supply Security Councils* as created under Section 90 hereof.

SECTION 46. *Mechanisms for maintenance of post-harvest facilities.* – To help defray the maintenance costs of the municipal and barangay post-harvest facilities, the LGUs or the farmers' organization or farmers' producers cooperative to which they are turned over shall be allowed to collect reasonable fees for the use of the facilities: *Provided*, that no collection or increase of service fees shall be imposed without:

- a. in the case of the municipal LGU, the approval of the Sangguniang Bayan through a resolution that has undergone wide public hearing;
- b. in the case of a barangay-LGU, the approval of the majority of the farmers in the barangay; and
- c. in the case of a farmers' organization and farmers' cooperative, the approval of the majority of its members and the concurrence of the *Local Rice Supply Security Council*.

The fees on the use of municipal and barangay post-harvest facilities shall be used exclusively for the maintenance of these facilities and in no case shall any fee be collected other than for defraying the maintenance costs for the facilities.

SECTION 47. *NFA inventory of its post-harvest facilities.* – Within thirty (30) days after the effectivity of this Act, the NFA shall make an inventory of its dryers, warehouses and other post-harvest facilities and ensure that they are operational and viable. For deteriorating post-harvest facilities under its control

and administration, the NFA shall integrate, where practicable, their repair and rehabilitation into the integrated Program of Implementation.

SECTION 48. *Authority of NFA to dispose non-productive post-harvest facilities.* - The NFA shall have the authority to dispose, sell or lease to private entities any of its post-harvest facilities that the inventory has found to be performing below fifty percent (50 %) of their capacity or beyond repair and rehabilitation.

If the NFA decides to sell or lease out these facilities, it shall make the offer first to farmers' organizations or farmers' producers cooperatives.

SECTION 49. *Regulating dryer and warehouse fees operated by private entities.* - Dryers and warehouses operated by private entities, including farmers' organizations or farmers' producers cooperatives which rent out these facilities to non-members, shall be regulated by the concerned LGUs. If the regulating LGU is the barangay-LGU, the regulation must be supported by a barangay resolution approved by a majority of the farmers in the barangay. If the regulating LGU is the municipal-LGU, the regulation must have the approval of the Sangguniang Bayan through a resolution that has undergone wide public hearing;

SECTION 50. *Responsibility of LGUs.* - For a period of three (3) years, LGUs in rice producing provinces and municipalities shall annually allocate a portion of their budget as their contribution for the construction of post-harvest facilities in their jurisdictions, three percent (3 %) in the case of provinces and two percent (2 %) in the case of municipalities.

CHAPTER IX

Research and Development and Extension Services Program

SECTION 51. *Research and development of appropriate technology for different rice production systems.* - The Philippine Rice Research Institute (PhilRice) shall add to its Research and Development Structure and devote a considerable portion of its resources and efforts to the development of multi-disciplinary, ecosystem-based and ecosystem-friendly appropriate technology and technical support system for the different rice production systems in the country.

Its research program shall promote organic rice farming and such other production technology based on indigenous materials, resources, knowledge and skills with the end view of reducing costs and attaining self-reliance in terms of sourcing rice farming inputs.

SECTION 52. *Extension Services Program.* - The Department, in coordination with state colleges and universities, and in consultation with farmers and their farmers' organizations and production cooperatives or the *Local Rice Supply Security Councils* of LGUs, shall formulate an extension services program focused on enhancing the production skills and knowledge of rice farmers and in building their capability through their farmers' organizations,

production and marketing cooperatives. The program shall strengthen the direct complementary role of the national government in the delivery of extension services by LGUs to rice farmers.

SECTION 53. *Areas of Extension Services.* – The extension services program shall have the following major areas of services:

- a. training and education services: this shall include the provision of trainings to help rice farmers organize cooperatives and other forms of mutual-aid and self-reliant societies, including trainings on cooperative management, project management and monitoring, finance administration, accounting, capability building, project feasibility analysis and fund sourcing;
- b. production technology consultancy and advisory;
- c. consultancy and advisory on cooperative development and related matters; and
- d. marketing information and communication.

The extension services shall include the periodic upgrading of the technical skills, knowledge, and professional competence of extension service workers.

SECTION 54. *Pooling and networking of extension services.* – The Department shall establish linkages with the agricultural extension programs of state colleges and universities and private schools with rural development extension programs, to harness their extension service capabilities and programs for rice farmers. It shall use such linkages for recruiting agricultural students for volunteer extension service, programmed rural immersion, and apprenticeship in the major areas of services mentioned in the preceding section.

The Department shall also tap non-government agricultural resource centers and institutions in the rice areas of the country and establish linkages with them to avail of their resource and extension services and programs.

Upon the approval of concerned state colleges and universities and private schools with rural development extension programs, an agricultural or community development student who has rendered a one-year volunteer extension service, immersion or apprenticeship in any of the major areas of extension services mentioned in Section 53 hereof shall be credited with having completed the thesis requirement of his or her course.

SECTION 55. *Capability-building for rice farmers.* – The Department shall ensure the participation of rice farmers and their organizations in extension services. It shall ensure through education, trainings and seminar workshops the formation of technicians and production advisers from among rice farmers and members of farmers' organizations and farmers' producers cooperatives. It shall complement the training and seminar workshops with a program for the periodic and continuous upgrading of their technical skills and knowledge.

SECTION 56. *Information network for rice farmers.* – The Department in coordination with the Department of Science and Technology (DOST), Department

of Information and Communication Technology (DICT), NFA, LGUs, and other appropriate government agencies, shall establish a computerized national network of information from the national to the provincial and municipal levels. The information network shall serve as resource procurement and marketing support services for rice farmers. It shall include, but not limited to, the following:

- a. directory of non-government organizations and institutions that provide resource dissemination, management, technical, organizational or legal services to rice farmers;
- b. supply and comparative price trends of rice production inputs;
- c. rice demand data;
- d. rice supply data;
- e. timely advisory and forecasts on *palay* prices of the NFA and private traders; and
- f. directory of trading centers, including listing of traders and farmers marketing cooperatives.

The Department shall make the information network available on its websites.

SECTION 57. *Promoting computer literacy among rice farmers.* – The Department shall promote the computerization of the operation of farmers' organizations and their production cooperatives, rural loan associations and credit cooperatives. Its training and education services shall include basic computer literacy for rice farmers.

CHAPTER X

Rice Lands and Rice Industry Protection Program

A. Protection of Rice Lands

SECTION 58. *Rice lands as zones of special protection.* – As the primary food base of the country and consistent with the state policy of protecting our rice industry, all rice lands in the country are hereby declared as zones of special protection.

SECTION 59. *Prohibition against reclassification.* – In pursuance of the preceding Section, the reclassification by municipal-LGUs of agricultural lands devoted to rice production shall be strictly prohibited.

SECTION 60. *Prohibition against conversion of rice lands into other uses.* – Similarly, the conversion of rice lands into other uses shall be strictly prohibited and is hereby made a criminal offense.

SECTION 61. *Prohibition against destruction of rice lands and diminishing their sustainability, economic viability or ecological soundness.* – It is likewise strictly prohibited of any person to perform such acts that cause the diminution of the economic viability or productivity of existing rice lands, or such acts that destroy or undermine the sustainability of rice

production in rice lands, including the destruction of their ecological soundness. Such acts include the following:

- a. destroying water systems, whether natural or man-made, or diverting or impeding their flow that causes rice lands to lose their sources of irrigation, making it appear that the affected rice lands are no longer economically viable;
- b. large-scale cutting of trees that destroys the biodiversity of rice lands;
- c. quarrying that will have the same effect of destroying the biodiversity of rice lands;
- d. contaminating rice paddies or water systems that irrigate rice fields with mercury and other similar harmful elements or chemicals; and
- e. failure to prevent the spill of mine wastes to rice fields.

SECTION 62. *Prohibition against crop conversion.* – The conversion of rice lands into other crops is also hereby prohibited.

SECTION 63. *Land reclassification review mechanism.* – The *Local Rice Supply Security Council* is hereby mandated to review all reclassification ordinances and resolutions passed by LGUs before the effectivity of this Act. Where the ordinance or resolution has covered rice lands and the rice lands have remained productive or have not been physically converted for more than three (3) years after their reclassification, the *Local Rice Supply Security Council* shall make the proper recommendation on the viability of reverting the rice lands to their former agricultural classification.

If the *Local Rice Supply Security Council* recommends reversal and the recommendation is supported by a signed petition of a majority of the farmers who are legitimate voters or residents of the city or municipality, the *Local Rice Supply Security Council* shall submit its recommendation and the signed petition to the sanggunian or the legislative council of the concerned LGU. If, after thirty (30) days from the receipt of the recommendation and the signed petition, the sanggunian fails to act on the recommendation and signed petition of the majority of farmers, the *Local Rice Supply Security Council* shall submit the recommendation and the signed petition to the provincial office of the Department of Interior and Local Government.

The DILG Provincial Director or any DILG official designated for the purpose shall then, within thirty (30) days from the receipt of the recommendation and the signed petition, verify the residency of the signatories, the authenticity of the signatures and as to whether the number of signatories constituted a majority of the farmers in the concerned LGU. If the DILG Provincial Director finds the petition valid as to the residency of the signatories, the authenticity of the signatures and the authenticity of claimed majority, it shall issue a certification to that effect, register the petition in the municipal registry of ordinances and cause its publication in three (3) newspapers of local circulation. After fifteen (15) days from the date of publication, the petition shall be deemed to have become an ordinance and the rice lands shall be deemed to have been reverted to their former agricultural classification.

B. Protection of the Rice Industry From Harmful Effects of Importation

SECTION 64. Policy of local production preference to meet the buffer stock requirement of the NFA. – In cases when its actual reserved and buffer stocks combined are below one hundred-five (105) days, the NFA is hereby mandated to fill the shortage from local production. In no case shall it resort to importation when the local rice production can fill the shortage.

SECTION 65. Policy against rice importation. – As a general rule, rice importation is hereby prohibited. As an exception, it shall only be resorted to upon recommendation of the *National Rice Supply Security Council*, as created under Section 98 hereof, after it has determined through investigation the existence of a rice crisis. The decision to import rice shall be made in accordance with the next Section.

SECTION 66. Steps to be taken before resorting to rice importation during rice crisis. – At the first sign of an apparent sudden increase of rice prices or a critical inadequacy of rice supply in the domestic market, the *National Rice Supply Security Council* shall conduct an investigation to determine if the extent of the price increase or supply inadequacy constituted a rice crisis as defined in Section 4 (y) hereof. If a rice crisis exists, it shall include in its report the following:

- a. a declaration of the existence of rice crisis;
- b. a determination if the rice crisis is caused by hoarding or by manipulation of the local supply in which case the *National Rice Supply Security Council* shall recommend to the President measures for compelling the manipulators to release the rice supply in their hands;
- c. a determination if the rice crisis is local or national. If the rice crisis is local, the *National Rice Supply Security Council* shall recommend measures on how the national supply maybe distributed to address the local crisis; and
- d. If the rice crisis is national, the *National Rice Supply Security Council* shall certify that local food production cannot fill the inadequacy. Only in such situation may it recommend the resort to rice importation.

The *National Rice Supply Security Council* shall have three (3) days to finish and submit its investigation report and recommendations to the President.

If the President finds from the report of the *National Rice Supply Security Council* that possible criminal acts were committed by private individuals or government officials in the course of the existence of the crisis, he shall direct the Department of Justice to investigate the case and to file the appropriate criminal charges thereon.

SECTION 67. Price Ceiling on Rice. – In the conduct of investigation for determining the existence of rice crisis to be made at the first sign of apparent inadequacy of rice supply in the domestic market, the *National Rice Supply Security Council* shall have the authority to implement measures to arrest the skyrocketing of rice prices. It shall have the authority to order the freezing of rice prices or a return to the price status quo ante. If there is prima facie evidence of

manipulation of prices during the period of investigation, the *National Rice Supply Security Council* shall set a ceiling of rice prices which shall not be more than two percent (2 %) of the price prevailing before the inadequacy situation. The order of the *National Rice Supply Security Council* freezing the rice prices, reverting the rice prices to status quo ante or setting a ceiling to rice prices shall remain in force until reversed by the President upon recommendation by the National Rice Food Security Council.

CHAPTER XI

Strengthening the NFA, Enhancing its Palay Procurement Program And Price Support Program for Consumers

SECTION 68. *Mandate and Role of the National Food Authority.* – The National Food Authority is an integral pillar in the national effort to attain food security for the country based on rice self-reliance and self-sufficiency, increase the income of rice farmers, stabilize the supply and price of rice in the domestic market, and ensure the accessibility and affordability of rice to the public, especially the poor among the consumers. These national goals are hereby incorporated into its mandate. The authority and functions of the NFA are likewise hereby reoriented towards attaining these national goals.

In consonance with the provision of this Section and with the State Policies of this Act, the NFA shall be the sole authority to import rice upon the recommendation of the *National Rice Supply Security Council*.

SECTION 69. *Forty-five days Rice Reserve and Sixty days Buffer Stocking.* – Consistent with the expanded mandate of the NFA as provided in the preceding Section, the NFA is hereby mandated to maintain a *Reserved Stock* good for forty-five (45) days continuing and a *Buffer Stock* good for sixty (60) days continuing to be exclusively sourced from local production except when ordered by the President to import rice in accordance with Section 66 hereof.

The *Reserved Stock* shall be the NFA's stocks for calamities and the marginalized sectors while the *Buffer Stock* shall be its strategic stocks for market participation.

SECTION 70. *Condonation of all existing loan obligations.* – So it can better fulfill its expanded mandate and functions and start afresh on sound and stable financial footing, the NFA is hereby relieved from payment of all its loan obligations, including interests due thereon, with the LBP and the Development Bank of the Philippines.

SECTION 71. *Procurement of palay at farm gate price.* – The NFA shall procure at least twenty-five percent (25 %) of the total *palay* production at farm gate price that guarantees rice farmers a reasonable rate of returns.

To achieve this procurement target, it shall establish a system that will bring its procurement closest to rice producing areas and communities.

SECTION 72. *Schedule of support-pricing on farm gate and establishment of procurement centers.* – The NFA shall purchase *palay* from rice farmers using the following price schedule:

- a. at Twenty Pesos (P20.00) per kilogram for the calendar year 2018 or upon effectivity of this Act; and
- b. after the initial year, the NFA shall review the farm gate price every year taking into consideration the impact of inflation rate on fuel and rice production. If the review finds the cost of rice production to have increased by one point five percent (1.5 %) of the previous production cost, the NFA shall adjust the farm gate price accordingly, using as reference the national average farm gate price of the preceding year as posted by the Philippine Statistics Authority.

SECTION 73. *Setting of farm gate price prior to every cropping season.* – The NFA shall review, set and announce the farm gate price prior to every cropping season, not later than the months of May and October.

SECTION 74. *Strengthening linkage between NFA and rice farmers at the farm gate.* – In purchasing *palay* from rice farmers, the NFA shall promote the cooperative marketing of *palay* among rice farmers, particularly small-scale rice farmers, as a mode for tightening the procurement linkage between the NFA and the rice farmers at the farm gate. For this purpose, the NFA shall devise a scheme for enrolling farmers' organizations or their marketing cooperatives as its procurement arm. The scheme shall have an incentives package for participating farmers' organization or cooperatives.

SECTION 75. *NFA authority to requisition the rice supply of the private sector and dispose it to address rice crisis or state of calamity.* – During rice crisis as declared by the *National Rice Supply Security Council* in accordance with Section 66 hereof or when a state of calamity has been declared over the entire country or over a specific region or province, the NFA shall have the authority to requisition the rice stocks in the control of private traders to strengthen its response capability to such exigencies. The requisition cost shall be the price at which the rice has been bought from the farm gate by the private traders. In the National Capital Region and other metropolitan cities, the requisition cost shall take into consideration and include the actual transportation cost incurred in hauling the rice stocks from their origin.

For this purpose, all rice traders who operate warehouses, storage facilities for rice or other similar structures used for volume stocking of rice, are hereby required to monthly submit to the NFA, copy furnish the *National Rice Supply Security Council*, the appropriate documents, such as warehouse receipts and a verified inventory of their rice stocks, that will show the volume of rice stocks in their control or in their warehouse, including incoming stocks and releases for circulation. The NFA shall make a directory of such warehouses and their operators as well as a monitoring system based on those documents that will give information on where the volume of rice can be found in real time.

The NFA shall make use of available communication and information technology to place its requisition: *Provided*, that any requisition using such technology shall be formalized through official documentation within forty-eight hours.

SECTION 76. *Effect of refusing NFA requisition.* - The act of refusing NFA requisition is hereby considered as abetting the rice crisis or the state of calamity which shall be a ground for cancelling the rice trade or warehouse permit of the private trader or operator.

SECTION 77. *Subsidized-pricing for retail rice.* - The NFA shall ensure that its marketed rice is available, accessible and affordable to the consuming public, especially the marginalized and poorest sectors. It shall sell it at retail prices not higher than twenty-five percent (25 %) of the procurement price at farm gate.

SECTION 78. *Separate budget for NFA procurement program.* - Using simulated forecasts of consumption requirements and such other necessary information, the NFA shall craft a *palay* procurement program that is good for three (3) years upon which its procurement budget shall be based. Such budget shall be entirely released to the NFA so it can have financial flexibility in pursuing its procurement program which it shall renew or revise at the end of the second year and submit to Congress. The Department of Budget and Management shall make a special account and procedure for the releases of the three-year procurement budget of the NFA.

For the first three (3) years upon the effectivity of this Act, the NFA shall have an annual procurement budget of One Hundred Three Billion Three Hundred Thirty Million Pesos (P103.33 B) which shall be immediately released to the NFA after it has submitted a three (3) year procurement plan.

CHAPTER XII

Rights of Rice Farmers

SECTION 79. *Security of tenure of rice farmers.* - Consistent with the state policy affirming the indispensable role of rice farmers in developing the rice industry towards achieving food security for the country, rice farmers shall have the right of security of tenure over their farm land. They shall not be ejected from their farm holding or their homes, crops and farm structures demolished unless directed by a final decision or order of the court.

SECTION 80. *Trial moratorium of ejectment cases against rice farmers during the implementation schedule of this Act and cooling off period thereafter.* - During the three (3)-year implementation of this Act, in order not to disrupt the delivery of services of its core programs to the rice farmer beneficiaries, no trial of any ejectment case, or any similar case that will result in ousting, shall proceed against any rice farmer who is a beneficiary of any of the core programs of this Act. The judge or court with competent jurisdiction over the case shall suspend its proceedings upon the submission by the rice farmer of a

certification from the Department that he is a beneficiary of any of the core programs of this Act.

Thereafter, any writ of execution issued by a court of competent jurisdiction that will have the effect of ejecting such a rice farmer shall incorporate into the writ a cooling off period of one (1) year.

SECTION 81. *Punishing invalid writ of execution.* - In all ejectment cases, or any similar case that will result in ousting, against rice farmers who are beneficiaries of any of the core programs of this Act, no court or tribunal shall issue a writ of execution unless all pending issues, including motions for reconsideration of the rice farmers, have been resolved. The failure of any judge or court of competent jurisdiction to observe this requirement shall render the writ invalid and any action of any government official on the basis of such writ is illegal and punishable.

SECTION 82. *Private acts of ejectment are criminalized.* - Any private act of ejecting the rice farmer who is a beneficiary of this Act or destroying their crops or farm structures that will have the same effect of ejectment without any valid court order is hereby made a criminal offense which is separate from other criminal acts that a private person may have committed in the course of ejecting a rice farmer without a court order.

SECTION 83. *Duty of the Department to provide legal services and aid.* - The Department shall have the duty to provide legal services and aid to rice farmers who are beneficiaries of any of the core programs of this Act but subjected to ejectment cases or harassment suits.

SECTION 84. *DAR AO No. 03-11, Series of 2011 applies when the rice farmer is an agrarian reform beneficiary.* - If the rice farmer subjected to ejectment, or any similar case seeking to oust him from his farm land, is an agrarian reform beneficiary under the Comprehensive Agrarian Reform Law and other agrarian reform laws, the judge or court shall apply the provisions of *Department of Agrarian Reform Administrative Order No. 03-11, Series of 2011*, as to the rice farmer. The *DAR AO No. 03-11, Series of 2011*, is hereby incorporated as part of this Act.

SECTION 85. *Right against unscrupulous land rent.* - Rice farmers who are tilling farm lands under tenancy or leasehold, including farmers' organizations and farmers' production cooperatives which lease lands for rice production, shall not be subjected to land rent that is more than ten percent (10%) of the average net harvest per hectare in the last three consecutive years. All contracts, whether written or unwritten, that exceed this threshold, including non-cash charges or other exactions added on top of the rent, are hereby declared as void and are considered reformed in accordance with this section.

SECTION 86. *Right against arbitrary deductions on loans and exorbitant interest rates.* - Rice farmers have the right against arbitrary deductions and exorbitant interest rates on loans. Rice farmers shall only be charged to pay the principal amount and interest. All interest rates for loans taken by rice farmers,

including farmers' organizations and farmers' cooperatives, from private entities shall conform to the provisions of Sections 23 and 24 hereof and are considered reformed in accordance therewith upon the effectivity of this Act.

SECTION 87. *Right against unfair trade practices.* – Rice farmers and their organizations or cooperatives shall have the right against unfair trade. The following are unfair trade practices:

- a. buying the *palay* product of rice farmers at prices below the farm gate price set by the NFA;
- b. tacking into loan agreements the condition that binds rice farmers to sell their *palay* product to the creditor at prices lower than the NFA farm gate price and such similar acts that deprive rice farmers the opportunity to seek better prices for their products;
- c. tacking into loan agreements the condition that binds rice farmers to procure their farm inputs and rent farm tools and equipment from the creditor at prices or rates higher than other suppliers and such similar acts that deprive rice farmers the opportunity to seek lower prices or rent for their needed farm inputs and equipment; and
- d. charging arbitrary deductions and exorbitant rates in milling, threshing, drying and other similar services.

SECTION 88. *Right of rice farm workers to family living wage.* – Agricultural workers in rice farms shall have the right to a family living wage. Agricultural workers working under *piece-meal*, *pakyawan* or any other similar arrangement who has rendered eight hours of work shall be entitled to the payment of living minimum wage set by law.

CHAPTER XIII

Strengthening Rice Farmers Towards Self-Reliance

SECTION 89. *Promoting cooperatives among rice farmers.* – The Department shall make it part of its extension services the strengthening of the ranks of rice farmers to make them self-reliant. For this purpose, it shall promote cooperatives and self-reliant organizations among rice farmers, giving focus on forming cooperatives of small-scale rice farmers or rice farmers with annual income below the rural poverty threshold. As much as practicable, it shall promote the following types of cooperatives:

- a. farm resources procurement and sharing cooperatives;
- b. credit cooperatives;
- c. production and labor-sharing cooperatives;
- d. marketing cooperatives;
- e. irrigation cooperatives; and
- f. consumers cooperatives.

CHAPTER XIV
Local Rice Supply Security Councils

SECTION 90. *Municipal/City Rice Supply Security Councils and their functions.* – LGUs of municipalities and cities shall create and constitute a rice food security watchdog to be called the *Local Rice Supply Security Council*. Such Council shall be constituted within thirty (30) days from the effectivity of this Act. It shall have the following functions:

- a. gather data for the Household Rice Food Security Index and ensure its in publication;
- b. review the land use and reclassification ordinances and resolutions in their municipalities and cities and to make the corresponding proper recommendation and representation to the local legislative council for its action in accordance with the provision of Section 63 of this Act;
- c. monitor local legislations that affect the rice industry in their municipalities and cities;
- d. facilitate with the end-view of ensuring the participation of rice farmers in local venues of decision-making such as their participation in the deliberation of ordinances and resolutions by local legislative councils on matters related to the rice industry;
- e. give the municipal or city chief executive timely and appropriate advise on matters related to the rice industry;
- f. recommend local legislations for the betterment of the rice industry and its stakeholders;
- g. monitor the rice supply in their municipality or city and, whenever it finds a critical supply situation, to make the corresponding proper report to the *Provincial Rice Supply Security Council* and the NFA;
- h. monitor possible hoarding activities of rice traders and to make the proper report to the municipal or city mayor and the chief of the local Philippine National Police; and
- i. monitor the price movement of rice and make the corresponding proper report to the *National Rice Supply Security Council*.

The municipal/city *Local Rice Supply Security Councils* shall meet at least once a month or as often as necessary.

SECTION 91. *Composition of the Local Rice Supply Security Councils.* – The municipal/city *Local Rice Supply Security Council* shall be composed of the following:

- a. a representative of the rice farmers;
- b. a representative of the irrigators association;
- c. a representative of the marketing cooperatives;
- d. a representative of the rice traders doing business in the municipality or city;
- e. a representative of rural development civil society;
- f. the Municipal Agriculture Officer; and
- g. the Municipal Agrarian Reform officer.

In municipalities and cities where there are no marketing cooperatives, their representation slot shall be given to rice producers' cooperative or farmers' organizations. Likewise, in the absence of any rural development civil society in the municipality or city, its representation slot shall be given to civic societies or to the academic sector.

SECTION 92. *Manner of constituting the Local Rice Food Security Council and electing the Chairperson.* – Within the thirty (30) days provided in Section 90 of this Act, the Municipal Agriculture Officer shall call an assembly of all rice stakeholders in the municipality or city. He shall ensure the attendance of all sectors from the ranks of which the representation composition of the Local Food Security Council should come from as provided in the preceding section. He shall also ensure the attendance of women in the assembly. The assembly shall then elect their representatives to the *Local Rice Supply Security Council* in accordance with the representation prescribed in the preceding section.

The Municipal Agriculture Officer shall make a report of the results of the elections and submit it to the chief executive of the municipality or city, copy furnish the provincial offices of the National Food Authority and the Department. The *Local Rice Supply Security Council* shall elect its Chairperson from among its members.

SECTION 93. *LGUs responsibility to provide working facilities for the Local Rice Supply Security Council.* – The LGUs shall provide office space and make available their facilities to the *Local Rice Supply Security Councils* to make them operational.

SECTION 94. *Household Rice Security Index.* – LGUs shall establish and maintain a Household Rice Security Index which is the measurement of rice security of households in each municipality or city. The *Local Rice Supply Security Council* shall be responsible for the gathering of data for the Household Rice Security Index and for keeping and publishing the Index the expenses for which shall be shouldered by the concerned LGU. The publication shall be made at the turn of every calendar year.

SECTION 95. *Information contents of the Household Rice Security Index.* – The Household Rice Security Index shall have the following information:

- a. number of households;
- b. number of members of each household segregated as to age and gender;
- c. rice consumption of each household segregated as to the sources;
- d. volume of rice supply from the NFA;
- e. volume of rice supply from private traders;
- f. point of origin of the rice supply from private traders;
- g. prevailing stall price of rice;

SECTION 96. *Provincial Rice Supply Security Councils.* – Within forty-five (45) days after the effectivity of this Act, the Provincial Director of the Department shall call to a meeting all chairpersons of *Local Rice Supply Security Councils* of municipalities and cities of the province and the Provincial Agrarian Reform

Officer, Provincial Manager of the NFA, and the Provincial Directors of the Department of Interior and Local Government, Department of Social Welfare and Development, Department of Trade and Industry and the National Economic Development Authority. They shall compose the *Provincial Rice Supply Security Council*. They shall elect from among themselves a chairperson and such other officers they deem necessary. The results of such election shall be submitted to the Provincial Governor of the concerned province.

The provincial LGUs shall give office space and make available its facilities to the *Provincial Rice Supply Security Councils* to make them operational. It shall establish a communication hotline for the primary use of the *Provincial Rice Supply Security Council*.

The *Provincial Rice Supply Security Councils* shall meet as often as necessary but not less than once every three months.

SECTION 97. Functions of the Provincial Rice Food Security Councils. – The *Provincial Rice Supply Security Council* shall have the following functions:

- a. consolidate at the provincial level the Household Rice Security Indexes from the municipalities and cities;
- b. help the *Local Rice Supply Security Councils* review the land use and reclassification ordinances of their municipalities and cities;
- c. help the *Local Rice Supply Security Councils* in making representations with their local legislative councils for making good their recommendations on land use and reclassification ordinances or resolutions as provided in Section 63 of this Act;
- d. recommend legislations and make representations in the provincial legislative council on matters related to the rice industry;
- e. give the Provincial Governor timely and appropriate advise on matters related to the rice industry;
- f. help the *Local Rice Supply Security Councils* in making representation with the NFA for redistribution of rice supply in times of critical rice supply situation;
- g. make representation with the Provincial Governor and other concerned enforcement agencies, including the Provincial Director of the PNP, for quick responses against hoarding activities and overpricing of rice; and
- h. when there is a local critical rice supply situation, immediately submit a report to the *National Rice Supply Security Council* with its recommendation as to whether or not there is a need to declare the existence of rice crisis and conduct an investigation covering the province.

CHAPTER XV

National Rice Supply Security Council

SECTION 98. The National Rice Supply Security Council. – There is hereby created a *National Rice Supply Security Council* which shall be composed of the following:

- a. Secretary of the Department;
- b. Director-General of the National Economic Development Authority
- c. Administrator of the National Food Authority;
- d. Secretary of the Department of Justice;
- e. Secretary of the Department of Interior and Local Government;
- f. Secretary of the Department of Social Welfare and Development;
- g. Secretary of the Department of Trade and Industry;
- h. Director General of the Philippine Rice Research Institute;
- i. a representative from the Provincial Rice Supply Security Councils;
- j. a representative of the farmers sector (one each from Luzon, Visayas and Mindanao);
- k. a representative of women sector;
- l. a representative of rural development civil society;
- m. a representative of the irrigators sector;
- n. a representative of the consumers sector;
- o. a representative of the rice vendors sector; and
- p. a representative of the rice traders sector.

The Executive Secretary of the Office of the President shall gather nominees from the *Provincial Rice Supply Security Councils* and from the sectors mentioned in enumeration m. to s. and appoint from among the nominees the representatives for the *Provincial Rice Supply Security Councils* and for each sector.

Within three (3) months during which the appointment of representatives of the *Provincial Rice Supply Security Councils* and the sectors shall have been completed, the Executive Secretary shall convene the members of the *National Rice Supply Security Council* and preside its inaugural meeting until it has elected a chairperson from among the sectoral representatives.

The *National Rice Supply Security Council* shall meet at least twice a year or as often as it deems necessary. Its Chairperson shall have the power to call an emergency meeting during critical situations of rice supply and price movements in the local market.

SECTION 99. Functions of the National Rice Supply Security Council. – The *National Rice Supply Security Council* shall have the following powers and functions:

- a. ensure that the policies and provisions of this Act on protecting the rice industry from the harmful effects of rice importation are implemented;
- b. serve as the Advisory Council for the Office of the President on all matters that affect the rice industry;
- c. declare the existence of a rice crisis after conducting an investigation in accordance with Section 66 of this Act;
- d. recommend measures for addressing critical situations of the rice supply in the domestic market;
- e. recommend to the NFA the importation of rice as a last resort after establishing and certifying that local rice production cannot fill in the supply inadequacy;
- f. set the terms and conditions for the rice importation;

- g. impose price control measures during critical rice supply situations in accordance with Section 66 of this Act;
- h. recommend legislations for the betterment of the rice industry and its stakeholders and make representation with both Houses of Congress for the enactment of recommended legislations;
- i. review the executive report of the Department on the Profiles of implementation of the core programs of this Act in *Rice Development Zones*; and
- j. review the periodic report of the Department on the special beneficiaries;

SECTION 100. Office, Secretariat and Budget. – The Department shall provide the *National Rice Supply Security Council* office space and equipment, facilities and vehicles for its operation. It shall also form from among its personnel a staff complement that will be detailed to the *National Rice Supply Security Council* to serve as its Secretariat and perform core functions and services.

The *National Rice Supply Security Council* shall have an initial annual budget of no less than Thirty Million Pesos (P30,000,000.00) after which it shall be levelled to no less than Twenty Million Pesos (P20,000,000.00) in the succeeding years: *Provided*, that it may be increased upon request of the *National Rice Supply Security Council* but shall not be diminished by the DBM or Congress.

SECTION 101. Remuneration for sectoral representatives. - The representatives from the *Provincial Rice Supply Security Council* and of the sectors shall be entitled to a remuneration for their attendance of the meetings of the *National Rice Supply Security Council*. The amount of the remuneration shall be decided in the inaugural meeting of the *National Rice Supply Security Council*; *Provided*, that the amount shall not exceed Ten Thousand Pesos (P10,000.00) per attendance for each representative.

CHAPTER XVI **Appropriations**

SECTION 102. Appropriation and Core Programs allocations. – The amount of One Hundred Eighty-Five Billion (P185 B) is hereby appropriated to fund the Three-Year Implementation Plan of this Act. Such amount shall be apportioned as follows:

- a. Twenty-Five Billion (P25 B) for the RPSCF;
- b. Forty-Five Billion Pesos (P45 B) for the *Accelerated Irrigation Development Program* and Twenty Billion (P20 B) for the rehabilitation and repair of existing irrigations systems;
- c. Thirty Billion (P30 B) for the Post-Harvest Facilities Development Program;
- d. Fifty Billion (P50 B) for the *Farm Inputs Support Program* to be released each year at Sixteen Billion and Six Hundred Sixty-Six Million Pesos (P16.666 B);

- e. Fifteen Billion (P15 B) for Research and Development and Extension Services Program.

Upon the completion of the Three-Year Implementation Plan, the National Government shall appropriate at least Twenty-Seven Billion Pesos (P27 B) to be included in the annual Government Appropriations Act for sustaining the core programs of this Act. Such amount shall be apportioned as follows:

- a. Ten Billion (P10 B) for the maintenance of constructed irrigation systems;
- b. Ten Billion (P10 B) for the continuation of the *Rice Production Socialized Credit Program*;
- c. Five Billion (P5 B) for the continuation of the Production Support Program;
- d. Two Billion (P2 B) for research development and extension services;

SECTION 103. *Exemption from election ban.* – The projects for the implementation of the *Accelerated Infrastructure Development Program* of this Act shall be exempt from election ban on public works.

CHAPTER XVII

Prohibited Acts

SECTION 104. *Criminal Offenses.* – The following acts, as defined in Chapter II, Section 4 of this Act, shall be prohibited and be liable for punishment:

- a. *Rice hoarding* – There shall be prima facie evidence of hoarding when:
 - 1. a person has stocks of rice which are not included in his inventory report to the NFA as mandated in the second paragraph of Section 71 of this Act;
 - 2. a person has documented stocks of rice which is ten percent (10%) higher than his average level of increase in his inventory in the last six (6) months immediately prior to the discovery of the questionable increase;
 - 3. a person has stocks of rice which exceed the capacity of his warehouse or storage facility by ten percent (10 %);
 - 4. a person has maintained two or more dummy operators of warehouses which enable him to control stocks of rice higher by more than five (5) percent of his market share for the last three (3) months;
 - 5. a person does not dispose, sell or distribute his stocks to the public for a period of fifteen (15) days from the warehouse arrival of the stocks; or
 - 6. a person takes out his stocks from distribution.
- b. *Profiteering* – There shall be prima facie evidence of profiteering when:

1. a person sells his rice stocks to the public at a price which is ten (10) percent higher than the price during the immediately preceding month;
 2. a person sells his rice stocks during the period of rice crisis the existence of which has been declared by the *National Rice Supply Security Council* at a price that does not conform with the price freeze, status quo ante price, or price ceiling order of the *National Rice Supply Security Council*;
 3. a person buys rice from the NFA at a lower price per kilo and sells it to the public at a price per kilo which is ten (10) percent higher than the NFA price;
 4. a person sells rice which is a mixture of commercial and NFA rice or a mixture of lower grade variety and higher grade variety; or
 5. a person misrepresents his rice stocks as to variety, weight and measurement.
- c. *Engaging in rice cartel operations* – There shall be prima facie evidence of engaging in rice cartel operations when:
1. two (2) or more persons or business enterprises dealing in rice and competing for the same rice market perform uniform or complementary acts among themselves which tend to bring about artificial shortage of rice supply in order to increase the price; or
 2. they simultaneously increase prices on their rice thereby lessening the competition among themselves;
- d. *Rice smuggling* – Rice smuggling, regardless of volume or value, is hereby declared as an act of sabotage against the national rice industry, our rice farmers and the people.

Rice smuggling is committed and the commission is prima facie evidence when:

1. a person buys or procures rice from any source outside of the country and brings the rice into the country;
2. a person transports or stores or sells inside the country the rice bought or procured from outside the country;
3. a government official issues any document to a private person or entity to give cover of legality to the act of bringing into the country the rice bought or procured from outside the country; or
4. a person acts as broker or intermediary for the importer in disposing the imported rice;

CHAPTER XVIII

Punishment and Penal Provisions

SECTION 105. *For the issuance of an invalid writ execution that violates the security of tenure of a rice farmer.* – For any judge who issued a writ of execution against a rice farmer in violation of the provision of Section 81 of this Act, the punishment shall be suspension without pay of not less than six (6)

months to two (2) years and a fine of One Hundred Fifty Thousand Pesos (P150,000.00). For any judge who commits the same violation a second time, the punishment shall be dismissal from service, perpetual disqualification from the judicial service, and a fine of Two Hundred Thousand Pesos (P200,000.00).

For any government official, including members of the Philippine National Police and the Armed Forces of the Philippines, who acts upon an invalid writ of execution resulting in the illegal ejectment or ousting of a rice farmer, the punishment shall be dismissal from service, perpetual disqualification from government service and a fine of One Hundred Thousand Pesos (P100,000.00).

SECTION 106. *For ejecting a rice farmer without a valid writ of execution or using an invalid warrant.* – For any person who orders or organizes a demolition activity against a rice farmer in violation of Section 82 of this Act, if the illegal ejectment is attended with excessive force and violence, the penalty shall be an imprisonment of not less than six (6) years but not more than eight (8) years and the payment of moral and exemplary damages for the moral injury of the rice farmer and actual damages for his destroyed properties.

In all other cases, the penalty shall be an imprisonment of not less than four (4) years but not more than six (6) years and the payment of moral and exemplary damages for the moral injury of the rice farmer.

SECTION 107. *For land-use conversion and destruction of rice lands.* – For any person who violates Section 60 or commits any of the acts enumerated in Section 61 of this Act, the penalty shall be as follows:

- a. If the conversion or destruction of rice lands is eighty-five (85) to one hundred percent (100%), the penalty shall be an imprisonment of not less than twelve (12) years but not more than fifteen (15) years and a reparation fine equivalent to the total expenses necessary to restore the converted or destroyed land to its rice production use;
- b. If the conversion or destruction is sixty-five (65) to eighty-four percent (84%), the penalty shall be an imprisonment of not less than six (6) years but not more than eight (8) years and a reparation fine equivalent to the expenses necessary to restore the converted or destroyed portion to its rice production use;
- c. If the conversion or destruction is fifty (50) to sixty-four percent (64 %), the penalty shall be an imprisonment of not less than four (4) but not more than six (6) years and a reparation fine equivalent to the expenses necessary to restore the converted or destroyed portion to its rice production use; and
- d. If the conversion or destruction is below fifty percent (50 %), the penalty shall be an imprisonment of not less than two (2) years but not more than four (4) years and a reparation fine equivalent to the expenses necessary to restore the converted or destroyed portion to its rice production use;

The reparation fine in each case shall be determined by an independent assessment commission to be appointed by the court.

SECTION 108. *For crop conversion of rice lands.* – Any person who violates Section 62 of this Act shall be meted the fine equivalent to twice the gross value of the rice that was lost to crop conversion. The gross value shall be based on the average gross harvest for the last two cropping.

Any person who induces a rice farmer to convert his rice farm to other crops shall be meted the fine equivalent to the gross value of the rice that was lost to crop conversion.

SECTION 109. *For hoarding, profiteering and engaging in cartel operation.* – For any person who commits any of the acts in enumeration a., b and c. of Section 104 of this Act, the penalty shall be not less than eight (8) years but not more than twelve (12) years, a fine of not less than Five Hundred Thousand Pesos (P500,000.00) but not more than Five Million Pesos (P5,000,000.00) and the cancellation of his business permit.

SECTION 110. *For rice smuggling.* – For any person who commits any of the acts in enumeration d. of Section 104 of this Act, when the minimum value is less than Ten Million Pesos (P10,000,000.00), the penalty shall be not less than twelve (12) years but not more than seventeen (17) years, a fine of twice the value of the smuggled rice and the aggregate amount of the taxes, duties and other charges avoided and the cancellation of his business permit.

If the rice smuggled has a minimum value of Ten Million Pesos (P10,000,000.00), as determined by the Bureau of Customs (BOC), the act shall be dealt with in accordance with the penal provisions of Republic Act 10845 or The Anti-Agricultural Smuggling Act of 2016.

In all cases, in accordance with Section 2530 of the Tariffs and Customs Code, the smuggled rice and the property used in smuggling shall be confiscated and, without prejudice to Section 2531 of the same Code, shall be forfeited in favor of the Government. The Bureau of Customs shall turn over the confiscated rice to the NFA to form part of its buffer stock.

SECTION 111. *Criminal liability of officers of juridical persons.* – When the violator of any of the prohibited acts is a juridical person, the criminal liability shall attach to its president, chief operating officer or manager who consents, tolerates or fails to take action to prevent the commission of the violation.

SECTION 112. *Criminal liability of public officials.* – Any public official or employee who, by reason of his office, with or without consideration, conspires in the commission of the prohibited acts or knowingly conceals the violation, shall likewise be held principally liable for the violation and shall suffer the additional penalty of permanent disqualification to hold public office.

CHAPTER XIX

Congressional Oversight Committee

SECTION 113. *Congressional Oversight Committee.* – A Congressional Oversight Committee is hereby created to oversee and monitor the implementation of this Act. It shall be composed of the Chairpersons and Vice-chairpersons of the Committees on Agriculture and Food, Agrarian Reform, and Poverty Alleviation of the House of Representatives and Chairpersons and Vice-chairpersons of the Committees on Agriculture and Food, Agrarian Reform and Economic Affairs of the Senate.

The Chairperson of the Congressional Oversight Committee shall be rotated among the chairpersons of the member-committees.

The Congressional Oversight Committee shall meet twice a year.

CHAPTER XX

Terminal Review of Implementation

SECTION 114. *Sunset review.* – On the third year of the implementation period, the Congressional Oversight Committee shall conduct a total review of the implementation of this Act per its component programs, especially its Focused-Poverty Alleviation Program. If it finds compelling and reasonable grounds to extend the entire program or any of its components, the extension shall be limited to one year; *Provided*, that the extension for the Focused-Poverty Alleviation Program shall be until the special beneficiaries have successfully transitioned to crossing over the rural poverty threshold one hundred percent (100 %).

CHAPTER XXI

Miscellaneous Provisions

SECTION 115. *Implementing Rules and Regulations.* – The Department shall issue the Implementing Rules and Regulations of this Act within forty-five (45) days after its effectivity.

SECTION 116. *Repealing clause.* – All laws, decrees, executive orders, rules and regulations and other issuances not consistent with this Act are hereby repealed or amended as to inconsistent parts.

SECTION 117. *Separability clause.* – If any provision or part of this Act is declared void, the remaining parts shall remain in force and effect.

SECTION 118. *Effectivity clause.* – This Act shall take effect immediately after fifteen (15) days from its publication in the Official Gazette.

Approved.