

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

NINETEENTH CONGRESS

First Regular Session

HOUSE BILL NO. **7402**



Introduced by **HON. JANETTE L. GARIN**

EXPLANATORY NOTE

Farm-To-Market Roads (FMRs) are the foundation of modern agriculture. FMR projects serve as catalyst in improving the country's rural economy by alleviating poverty incidence in recipient communities. FMRs are critical to greater food production and reduction on the prices of agricultural commodities. FMRs improve the mobility of people, goods, and services. They provide access to employment opportunities and basic social services. FMRs can increase local trade and productivity, reduce transportation costs of farm input and output, and minimize post-harvest losses.

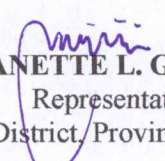
Since 2001 up to the present, the Department of Agriculture (DA) has been implementing the Farm-to-Market Road Development Program (FMRDP). The General Appropriations Act (GAA) have already invested P189.66 billion with 49,788 kilometers of FMRs implemented and constructed. Based on the estimates of the Bureau of Agricultural and Fisheries Engineering (BAFE), about 131,410.66 kilometers is required to address the FMR requirement of 14,455,172.61 hectares of agricultural lands in the country. (LMB data, 2020). Thus, 64,155.20 km of FMRs for concreting and upgrading (barangay roads and below- sitio roads, farm access roads) are still needed. With 980 kilometers of FMRs implemented for P14.5 billion appropriations, it will take more than 60 years to complete the implementation.

Based on the World Bank review on the *Mandanas* ruling and potential implications for the FMR development program, it pointed out that one particular problem for roads may be the under-funding of operations, repair, and maintenance. Many countries under-fund these activities, which is unfortunate, since spending on operations and maintenance has very high returns. Poor roads greatly increase costs for vehicle operators. And according to World Bank estimates, road repair costs are 6 times higher after 3 years of neglect and 18 times higher after 5 years.¹

It further mentioned that while the budget for the national road program as a whole has been increasing significantly in recent years, the share of the road program budget devoted to FMRs has been declining, falling from 7.6% of the total in 2015 to 2.6% in 2021.

In view of the above there is a need to strengthen the FMRDP and to provide adequate funding support for its implementation.

Foregoing, I hereby request for the approval of this bill.


JANETTE L. GARIN
Representative
First District, Province of Iloilo

¹The World Bank (June 2021). *Mandanas Ruling and Potential Implications for the Farm-to-Market Road Development Program: A Public Expenditure Review*. Manila, Philippines.

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AN ACT
STRENGTHENING THE FARM-TO-MARKET ROAD DEVELOPMENT
PROGRAM AND PROVIDING FOR A SUSTAINED REGULAR
FUNDING SUPPORT TO ACCELERATE ITS IMPLEMENTATION

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

Section 1. Short Title. This act shall be known as the Farm-to-Market Road Development and Acceleration Act of 2023.

Section 2. Declaration of Policy. The State recognizes the vital importance and contribution of farm-to-market roads in providing connectivity for bringing inputs to farmers and taking their production to distant markets, facilitate the transport of produce and goods efficient, cost-effective, and convenient, thus help achieve national food security and improve the lives of farmers and fisher folks.

In view of this, the State shall strengthen the Farm-to-Market Roads Development Program and provide adequate funding support to accelerate its implementation.

Section 3. Definition of Terms.

- a. Farm-to-Market Roads (FMR)* – refers to road within the agriculture and fisheries production areas, coastal landing points, post-harvest or processing facilities that links to local roads, national highways and market². It shall also refer to public infrastructure projects within agricultural, livestock, and fishery production, marketing and processing areas linked to all-weather or higher road class such as municipal, city, provincial, national primary and secondary roads. These are either barangay roads, purok or sitio roads and other farm-access roads.

² Harmonized Definition based on Section 4 of RA No. 8435, PD No. 701 and PCAF FMR Policy Study, 2018

- b. Farm Access Roads-* shall refer to existing road access within agricultural production, processing and related infrastructure including private roads, trails and tire-path, which are not yet classified as municipal, city, provincial, national primary and secondary roads

Section 4. Strengthening the Farm-to-Market Road Development Program. The Farm-to-Market Road Development Program (FMRDP) of the Department of Agriculture (DA) is hereby strengthened with the following objectives:

- a) Updating the National Network of Farm-to-Market Roads Development Plan;
- b) Strengthen the identification, validation and prioritization of FMRs to ensure rational and equitable funding allocation;
- c) Accelerate the construction of climate-smart and standards-compliant farm-to-market roads in key agricultural and fisheries production areas.
- d) Strengthen the support services at the national and local levels relative to the implementation of FMRs;
- e) Institute convergence and coordination among concerned National Government Agencies (NGAs) and Local Government Units (LGUs) in relation to the planning and implementation of FMRs; and
- f) Improve and sustain the maintenance of FMRs by the LGUs.

Section 5. Implementation of FMRDP. The DA through its Bureau of Agricultural and Fisheries Engineering (BAFE) shall oversee and manage the FMRDP and develop a state-of-the-art system to effectively monitor its implementation. The DA shall likewise:

- a) Serves as the lead implementing agency and fund administrator of the FMRDP and hereby authorized under this Act to issue the necessary and appropriate operational guidelines and policies to fully implement the Program;
- b) In collaboration with DPWH and other concerned entities and agencies, formulate a strategy to ensure the timely implementation of projects, such as, but not limited to the setting of technical specifications, clustering and geo-tagging of projects for cost efficiency in the procurement thereof and effective management and implementation of projects; and
- c) Submit annual reports of its implementation status to the Congressional Oversight Committee on Agriculture and Fisheries Modernization.

Towards this end, the BAFE is hereby strengthened and operate as a line bureau of DA and establish its regional and field offices to effectively and efficiently implement this program, as well its mandates on agri-fisheries mechanization and infrastructures. The BAFE is further given the mandate and authority to implement, conduct procurement and supervise contractors of the GAA-funded FMR projects as well as foreign assisted projects following the provisions of Republic Act 9184 and other applicable laws, adapting the guidelines to be promulgated by the DA, and using the relevant methodologies and tools of the Philippine Rural Development Project.

Section 6. Updating of the National Network of Farm-to-Market Roads Development Plan (NNFMRDP). The DA through BAFE in coordination and consultation with concerned national government agencies, local government units, farmer and fisher folk groups, private sector, civil society organizations, and other stakeholders shall update the NNFMRDP which shall be reviewed and updated every year from the effectivity of this Act.

The NNFMRDP shall list all priority FMR projects for opening, repair, rehabilitation and upgrading to higher road pavement class in the Philippines interfaced with the Local Road Network Plan (LRNP) formulated by the concerned LGU. This plan shall also contain the validated FMR project proposals by the DA to be funded annually by the national government based on formulated science-based tools and prioritization criteria, and operational guidelines to be issued by the Secretary of Agriculture.

The DA shall submit to the Department of Budget and Management (DBM) within one (1) year from the effectivity of this Act and within the budget preparation call of every year thereafter, an annual national FMRDP Plan of the Public Investment Program (PIP).

Section 7. Incorporation of Existing Farm-to-Market Road Projects. All continuing and existing farm-to-market road projects being funded and implemented by the national government are hereby incorporated in the NNFMRDP under this Act.

The continuing appropriations for all FMR projects being funded and implemented by the NGAs prior to the effectivity of this Act, except those funded under the Grassroots Participatory Budgeting (GPB) program or any other similar program and are included in the Plan shall be considered part of the Program's appropriation as provided in Section 19.

New FMR programs and projects to be funded through Official Development Assistance (ODA) after the effectivity of this Act are encouraged to be incorporated in the Plan.

Section 8. Identification and Prioritization Criteria. The Department shall coordinate with the LGUs and the resident-farmers and fisher folk in order to identify priority locations of farm-to - market roads that take into account the number of farmer and fisher folk and their families who shall benefit therefrom and the amount, kind and importance of agricultural and fisheries products produced in the area.

The prioritization of FMRs shall be based on the following criteria:

- a) Agro-industrial potential of the area;
- b) Socio-economic contributions of the investments in the area;
- c) Absence of public investments in the area; and
- d) Presence of agrarian reform beneficiaries and other small farmers and fisher folk in the area.

FMR investments shall give preference to the kind, type and design of facilities that are cost-effective and will be useful for the production, conservation, and distribution of most commodities and should benefit the most number of agriculture and fisheries producers and processors.

Section 9. Management Information System. The existing Agricultural and Biosystems Engineering Management Information System (ABEMIS) shall be strengthened to monitor the project implementation of FMRs which include the following:

- a. pre-implementation activity such as survey, detailed engineering design, program of work, right-of-way acquisition, feasibility study
- b. procurement
- c. progress construction monitoring
- d. operation and maintenance audit
- e. completed inventory list.

Section 10. Design and Construction Standards. All FMRs to be implemented shall conform to the existing, developed and adopted design and construction standards by the DA and DPWH, PABES and other relevant standards.

Section 11. FMR Monitoring and Evaluation. All procuring entities implementing FMR projects shall require the evaluation of the performance of their constructors following the National Economic and Development Authority (NEDA)-approved Constructors' Performance Evaluation System (CPES) Guidelines to ensure conformance to the specified requirements. The

funding/implementing agency's CPES-Implementing Unit shall be responsible for the implementation of CPES Implementing Guidelines and the conduct of CPES methodology for their ongoing FMR projects.

The BAFE shall likewise undertake the monitoring and evaluation of FMRs.

Section 12. Research and Development (R&D) for FMRs. The BAFE shall formulate a Research and Development Agenda for Agricultural Infrastructure Program encompassing among others the following thematic areas:

- a) Periodic preparation of a National R&D Agenda for Agricultural Infrastructure aligned to formulated commodity roadmaps and the national development plans;
- b) Formulation of locally-applicable measurement and monitoring tools for improving Accessibility, Road Influence Area Estimation among others;
- c) Conduct of National Impact Assessment/Evaluation on FMR contribution to agricultural potential, productivity and competitiveness by 2020;
- d) FMR Road Condition Survey nationwide;
- e) Analyze the implication of average daily traffic count in the prioritization and selection of road design for FMR in light of limited & competing needs for government budget;
- f) Identify institutions such as SUCs, BSWM, NIA, among others to conduct these R&Ds related to FMR and other agricultural infrastructures.
- g) FMR Road Accessibility Index; and
- h) Other aspects and issues on FMR and other agricultural infrastructures in relation to economic development.

The DA-Bureau of Agricultural Research (BAR) shall integrate the identified researchable themes in its plans and programs and shall allocate a portion from its yearly R&D budget to implement this provision in addition to the available funds provided in Section 22(Implementing Rules and Regulations) of this Act.

Section 13. Human Resource Development. The DA in collaboration with Technical Education and Skills Development Authority (TESDA), Commission on Higher Education (CHED) and other concerned government agency shall formulate and implement a Human Resource Development Program (HRDP) to support the FMRDP. This include the conduct of training and other capacity development activities for agricultural and biosystems engineers, construction workers, barangay LGUs for the maintenance of FMRs and other FMR workforce.

The DA and the DPWH shall provide the necessary skills and capacity development to all agencies implementing FMR including the LGUs on the preparation of engineering designs, plans, specifications, project studies, feasibility studies and estimates, and the supervision, management and monitoring of the construction. The Department of Labor and Employment (DOLE), through the Occupational Safety and Health Center (OSHC), shall maintain and monitor the implementation of occupational safety and health standards in the construction site.

Section 14. Roles and Responsibilities of the Local Government Units. The Local Government Units shall have the following roles and responsibilities:

- a) Identification of proposed FMR project sites in coordination and consultation with farmers organizations and other stakeholders.
- b) Ensure the settlement of road right-of-way for the FMR projects submitted to the DA.
- c) Through its Agricultural and Biosystems Engineering Offices at the provincial, city and municipal levels, assist the BAFE and RAED of their respective region on the:
 1. Site survey and staking to ensure participatory validation and concurrence;
 2. Monitoring of on-going and completed FMRs;
 3. Establishment and updating of FMR data base in the ABEMIS;
 4. Preparation and updating of provincial, city and municipal FMR Network Plan which shall form part in the LGUs Local Roads Network Development Plans (LRNDP) and share their respective shape file (.shp) and KMZ file (.kmz) to BAFE; and
 5. Conduct joint inspections with RAED and DPWH District Offices to ensure the full delivery of the items/works specified in the contract and assess the status and condition of the road.
- d) Ensure that the proposed FMR projects are included in the Local Development Investment Plan (LDIP) or Local Agriculture and Fisheries Modernization Plan (AFMP) or Provincial Commodity Investment Plan (PCIP).
- e) Responsible in repair and maintenance of FMRs, as provided under Section 15 of this Act.

Section 15. Right of Way and Road Maintenance. All right-of-way issues including the payment of just compensation to property owners shall be adequately addressed and settled by the

concerned Local Government Unit (LGU) where the road project is located and the applicable provisions of the amended Road Right of Way Act and other relevant laws.

The LGU shall be responsible for the maintenance of farm-to-market roads upon its completion and turn-over. Furthermore, the LGUs are hereby authorized to allocate not more than 20% from its Development Fund for the maintenance of the FMRs within their territorial jurisdiction.

Section 16. Incentive for Road Right of Way Lot Donors. Lot donors of Farm-to-Market Road projects throughout the country including those that are not yet perfectly segregated from the title or tax declaration of lot owners for earlier FMR projects funded by the government which has a duly notarized deed of donation, are hereby entitled to a 20-year real property tax payment holiday to the specific lot parcel where the FMR right of way is constructed as a form of incentives. The DA, DILG and Department of Finance is hereby authorized to issue the corresponding implementing rules and regulation of this provision.

The pertinent provisions of Republic Act 10023, such other laws and implementing guidelines issued to govern the issuance of special and free patents in favor of the Philippine government, its branches and instrumentalities, to lot parcel used and intended for government projects are hereby incorporated in this Act.

Section 17. Incentives for private sector participation in FMRDP. The applicable provisions of RA 7718 (amended Philippine BOT Law) are hereby incorporated specifically the inclusion of farm-to-market road among the eligible projects covered by this law and the corresponding incentives and modalities appropriate thereto.

Section 18. Inclusion of Farm-to-Market Roads in the Philippine Road Network Classification System. The DPWH, DILG and the Local Government Units are hereby mandated to include farm-to-market roads as a distinct and separate class from barangay roads in the Philippine Road network classification system. Towards this end, the concerned LGUs shall designate the FMRs within their respective jurisdiction and incorporate it in the updating of their Local Road Network Development Plan.

Section 19. Appropriations. Annual appropriations for the Program shall include the amounts necessary to support and administer the implementation requirements of all farm-to-market road infrastructure projects included in the Plan.

The Program shall be allocated with at least P50 billion per year under the General Appropriations Act (GAA). Additional funds over and above the regular yearly budget of the Department shall be sourced from:

- a) not less than 10% of the project cost from the development fund of LGUs as their counterpart;
- b) 30% of the 80% Special Road Support Fund collected under Republic Act 8794 (Motor Vehicle User Charge Law);
- c) 20% of the 80% remaining balance of incremental revenue derived from RA 10351 (Restructuring the Excise Tax Rate for Cigars, Cigarette and Alcoholic Beverages) and its amendments;
- d) 50% of the collected penalties imposed by Agri-Agra Law;
- e) 20% of the interest and other earnings of the Coconut Levy Fund to be allocated to coconut producing areas certified by the Philippine Coconut Authority;
- f) Official Development Assistance (ODA) and such other sources as may be determined by the national government and Local Government Units upon effectivity of this Act.

Provided, and that such allocation for the balance appropriation thereafter shall be determined by Congress upon the recommendation of the Secretary of the Department of Agriculture and the Department of Budget and Management.

Provided further, that the appropriations to implement this Act shall be integrated in the Department of Agriculture budget every fiscal year. An amount not exceeding 10% of the annual allocation shall be earmarked for administrative expenses, developmental activities and capital outlays to be managed by the DA-BAFE for the administrative, overhead, research and development and capital expenses to implement the purposes of this Act.

Section 20. Periodic Review. The DA through BAFE shall conduct a periodic review of the implementation of this Act every fifth year from its effectivity. The periodic review shall cover a systematic evaluation of the accomplishments and impact of this Act, the performance and organizational structure of its implementing agencies, other funding sources for purposes of determining remedial legislations to fully carry-out the intent of this Act.

Section 21. Implementing Rules and Regulations. The Secretary of Agriculture shall issue rules and regulations as he/she may deem necessary for the implementation of this Act.

Section 22. Repealing Clause. All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

Section 23. Separability Clause. If any provisions of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

Section 24. Effectivity. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation and shall remain valid and effective up to twenty (20) years thereof.

Approved,