

TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. **2159**

EXPLANATORY NOTE

Farm-to-market roads (FMR's) are roads that connect rural or agricultural areas to market towns and are used by farmers transport products to market towns or distribution centers. FMRs will provide access to agricultural goods to the market, as well as support for the establishment of agri-business enterprises by promoting linkages between and among the agrarian reform communities in different provinces.

In the Philippines, agricultural markets play a key role in the lives of poor people especially considering that we are a developing country. Majority of our population are in developing regions and in rural areas where agriculture typically constitutes 50–90 percent of household income. As a result, the development of efficient agricultural markets has a large impact on the economic opportunities of rural households. Rural households, however, are subject to a number of constraints including lack of access to buyers of their products. These make their participation in the market both costly and risky, often leaving them “unconnected.” When these constraints are removed, farmers can earn more by specializing in crops for which they have a comparative advantage and purchase commodities that are relatively costly for them to grow. Further, FMR's also generate jobs that would also help our economy.

Republic Act 8435, or the “Agriculture and Fisheries Modernization Act of 1997” was enacted in order to have a more equitable distribution of opportunities, income and wealth; a sustainable increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. However, the same law seems to have a provision that is in contravention with the stated policies of the State provided for in the same law, particularly on the section on Farm-to-Market Roads. The law requires Local Government Units to provide a counterpart of not less than ten percent (10%) of the project cost subject to their Internal Revenue Allotment (IRA) level.

As we all know, the IRA is a local government unit's (LGU) share of revenues from the Philippine national government. Provinces, independent cities, component cities, municipalities, and barangays each get a separate allotment. The allotment is largely based upon the type of government they are and a formula based upon their land area and population. Section 284 of the Local Government Code of the Philippines (RA 7160) sets up the formula for the distribution of the allotment. For some municipalities, the IRA accounts for 90% of total revenues. Since cities have more sources of local revenues, their IRA ranges from 50% to 70% of their total budget.

Since some LGUs solely rely on IRA for their revenue, it would be very difficult for them and unfair to still require them to use their IRA for the construction of FMR's which these LGUs really need to increase their revenue.

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


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

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AN ACT

**AMENDING SECTION 52 OF REPUBLIC ACT NO. 8435 OR THE AGRICULTURE AND
FISHERIES MODERNIZATION ACT OF 1997**

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

SECTION 1. Section 52 of Republic Act 8435 is hereby amended to read as follows:

“Section 52. Farm-to-Market Roads

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

Construction of farm-to-market roads shall be a priority [investment] of the LGUs. [which shall provide a counterpart of not less than ten percent (10%) of the project cost subject to their IRA level.] “

SECTION 2. Repealing Clause. - All laws, decrees, executive orders, rules and regulations and other issuances or part thereof, which are inconsistent with this Act, are hereby repealed, amended, or modified accordingly.

SECTION 3. Effectivity Clause. - This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,