

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

TWENTIETH CONGRESS

First Regular Session

House Bill No. 3176



Introduced by Representative

BRIAN DANIEL POE LLAMANZARES, PhD, MNSA

AN ACT TO ENHANCE FOOD SECURITY AND ULTIMATELY ACHIEVE FOOD SOVEREIGNTY THROUGH THE EFFICIENT PRODUCTION, PROCESSING, MARKETING AND DISTRIBUTION OF AGRICULTURAL PRODUCTS, RATIONALIZING AND RESTRUCTURING FOR THE PURPOSE, EXISTING GOVERNMENT ORGANIZATIONS IN AGRICULTURAL PRODUCTION, DISTRIBUTION, MARKETING AND OTHER SUPPORT PROGRAMS, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This bill, House Bill No. 1493, is designed to address food insecurity in the Philippines by restructuring government organizations related to agricultural production and marketing. The proposed legislation aims to support farmers, enhance their entrepreneurial skills, and establish a more efficient and competitive food supply chain.

The bill's key provisions include:

- **Creation of New Government Bodies:**
 - **National Agricultural Marketing Council (NAMC):** A policy-making body to coordinate food production, marketing, and credit support.
 - **National Agricultural Trading Corporation (NATCOR):** The market development arm of the NAMC, tasked with providing market information, identifying markets for products, and promoting efficient distribution.

- **Public Warehousing Corporation:** A government-owned corporation to establish and manage warehouses, post-harvest facilities, and Commodity Exchange Centers (CECs).
- **Agricultural Credit and Guarantee Corporation of the Philippines (AGCRECOR):** A renamed and attached agency to provide credit assistance and guarantee coverage to farmers and lending institutions.
- **Rationalization of Existing Agencies:** The bill proposes to absorb the functions and resources of several existing government bodies, including the Agribusiness Group of the Department of Agriculture, the National Agribusiness Corporation, the Agricultural Credit Policy Council, the Quedan and Rural Credit and Guarantee Corporation of the Philippines, and the National Food Authority.
- **Promotion of Food Sovereignty:** The legislation establishes a Food Sovereignty program to directly connect farmers and consumers, reduce the number of intermediaries, and promote modern farming techniques and innovation.
- **Support for Farmers:** The bill focuses on empowering agricultural workers by giving them access to credit, market opportunities, and support services. It also aims to transform farmers into entrepreneurs through various programs and policies.

In summary, the bill seeks to modernize the country's agricultural sector, improve food security, and empower farmers by creating a new, streamlined organizational structure that focuses on efficient production, marketing, and distribution of agricultural products. The immediate passage of this bill is requested to address the challenges of food insecurity and promote a more sustainable and prosperous agricultural future for the Philippines.


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APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES**

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

Section 1. Short Title. This Act shall be known as the "National Food Sovereignty Act".

Section 2. Declaration of Policy. It is hereby declared to be the policy of the State to ensure the general welfare of agricultural workers, who make up a majority of the national population and are key to producing a sufficient food supply nationwide. The State also recognizes that the agriculture sector is critical for maintaining affordable food and purchasing power, especially for the poor. It shall also be the State's policy to ensure the achievement of food security and ultimately food sovereignty as an essential element of national security and a critical element of national development. For the purposes of this Act, food security is defined as the availability and stability of food supply in a manner accessible to every Filipino, regardless of economic and social standing, even with changes in the country's climatic, social, political, and economic

conditions. Food sovereignty, on the other hand, ensures the need to support local production and to ensure farmers' rights to define their own agricultural and food policies.

The State recognizes that the goal of food security and food sovereignty is best served through competitive markets that provide sufficient incentives for farmers and producers to increase their farm productivity levels. To achieve food security and food sovereignty, it is a declared policy of the State to promote, propagate, and implement scientific and technological research and development for the agricultural sector. For these purposes, the State hereby rationalizes, restructures, and strengthens existing government structures and programs related to the production, processing, marketing, and distribution of agricultural products.

Section 3. Creation of the National Agricultural Marketing Council (NAMC). A policy-making and implementing body corporate called the National Agricultural Marketing Council, or the Council, is hereby created. The Council shall have the general powers of a corporation as outlined in the Corporation Law and the specific mandate to perform the following functions, powers, and responsibilities:

- (a) To formulate policies, plans, and programs on food production, post-harvest handling, storage, milling, distribution, and credit support, and to coordinate their implementation among government agencies, institutions, and the private sector.
- (b) To ensure the best administration of market development programs for agricultural commodities and food products.
- (c) To ensure an adequate flow of these products to consumers, a fair return for producers, and to prevent inefficient and wasteful distribution methods.
- (d) To foster the empowerment of agricultural producers into effective associations, cooperatives, or corporations under their own control for greater unity of effort in marketing.
- (e) To promote the establishment and financing of a farm, fisheries, or livestock marketing system of producer-owned and producer-controlled cooperative associations and other agencies.
- (f) To set and annually review the government's buffer grain stock requirements at the national and local levels and ensure these requirements are met.
- (g) To effect, with the Regional Agricultural Marketing Councils and/or other government entities as implementing agents, the domestic procurement of the government's buffer grain stock through purchases of warehouse receipts or quedans of grain deposits in government, farmer-cooperative, and private warehouses and/or by buying grain produce directly from farmer cooperatives.

- (h) To cause the direct importation of rice and allocate import quotas among private entities, especially certified and licensed farmer cooperatives.
- (i) To promulgate the government's "stabilization price" for grains and other livestock to assure agricultural workers a reasonable mark-up on their production costs and participation in profits from the sale of the government's buffer stock.
- (j) To reorient the country's food production policies, plans, and programs so that the focus of increasing farmer productivity is not just on yield per unit area but more so on the aggregate income from farming enterprises.
- (k) To promote and coordinate plans and programs of assistance to producers through input supplies, purchases, payments, and other operations, including low or no-interest loans in partnership with available financial sources or institutions.
- (l) To institutionalize and actively promote the adoption of sustainable agricultural practices at all farm levels to ensure a steady production of various food commodities to cope with the demands of a growing population while maintaining soil productivity and minimizing adverse environmental impacts.
- (m) To undertake other necessary tasks and activities to ensure the achievement of efficient agricultural marketing systems and food security.

Section 4. Governing Council. The powers, functions, and affairs of the Council shall be exercised and directed by a governing council. The Executive Secretary will serve as the chair, with the Secretary of Agriculture as vice-chair. The following will serve as members:

- (a) The Secretary of the Department of Agrarian Reform.
- (b) The Secretary of the Department of Finance.
- (c) The Secretary of the Department of Trade and Industry.
- (d) The Secretary of the Department of Public Works and Highways.
- (e) The Secretary of the Department of the Interior and Local Government.
- (f) The Secretary of the Department of Budget Management.
- (g) The Secretary of the Department of Social Welfare and Development.
- (h) The Secretary of the Department of Transportation and Communications.
- (i) The Secretary of the Department of Environment and Natural Resources.

The governing council shall meet regularly at least once a month on a date determined by the Chairman. The Chairman may also convene special meetings to discuss urgent matters that need immediate resolution. Council members are entitled to a per diem for each meeting they attend and other remunerations as determined by them. The council will prescribe the rules and regulations to govern its deliberations and other official actions.

Section 5. Organization and Staff. The day-to-day operations of the Council will be managed by an Executive Director, who will be appointed by the President of the Philippines with the rank of an Undersecretary. The Council will establish its organizational structure, staffing pattern, qualification standards, compensation scale, and the functions and authorities of its officers and employees in accordance with pertinent laws, rules, and regulations implemented by the Civil Service Commission and the Department of Budget and Management.

Section 6. Regional Agricultural Marketing Councils (RAMC). To operate and serve as the branch offices of the National Agricultural Marketing Council at the regional level, Regional Agricultural Marketing Councils are hereby instituted in all administrative regions of the country. The Regional Agricultural Marketing Councils will be under the administrative supervision and control of the National Agricultural Marketing Council and will implement the latter's policies, plans, and programs in the region.

Section 7. Composition of the Regional Agricultural Marketing Council (RAMC). The Regional Agricultural Marketing Council will be composed of: (a) All the provincial governors of the region.

(b) The Regional Director of the Department of Agriculture.

(c) A representative from the farming/fisheries sector.

(d) A representative from the agricultural marketing and trading sector.

(e) A representative from the consumer sector.

All provincial governors, along with the Department of Agriculture Regional Director, will, by majority vote, select the sectoral representatives from nominees submitted by recognized sectoral associations in the region. Afterward, the Council members will elect their Chairperson, Vice-Chairperson, and other officers.

Section 8. Support Staff. The RAMC will appoint a regional director from among its members or a qualified outsider to manage and direct the daily operations of the regional council. The regional council will set up the corresponding organizational structure and personnel plantilla, subject to the approval of the national council.

Section 9. Creation of the National Agricultural Trading Corporation (NATCOR). A body corporate to be known as the National Agricultural Trading Corporation (NATCOR) is hereby created as an attached agency to the Council. The NATCOR will be responsible for developing the most efficient, dependable, economical, and equitable marketing systems for agricultural products.

Section 10. General Powers and Functions of the NATCOR. The NATCOR will have the following powers and functions: (a) To formulate a medium-term agricultural market development plan that will be updated annually.

(b) To provide farmers and fisherfolk with up-to-date market information by establishing an integrated and efficient nationwide information access system. This system will help producers and other stakeholders make decisions on what and how much to plant, and where and when to market.

(c) To gather, analyze, and disseminate market information on various foreign countries' food supply, domestic and export demand, local and export prices, and other relevant data.

(d) To identify markets for Philippine agricultural products and assist in planning market centers, marketing channels, and distribution networks to reduce marketing costs for producers and, ultimately, the cost to consumers.

(e) To foster and assist in the development of new or the expansion of existing domestic and foreign markets through institutional arrangements such as contract growing, market matching, market intelligence, and other promotional activities for agricultural products.

(f) To stimulate and gather scientific, engineering, and technological efforts to meet the basic, immediate, and long-term agricultural needs of the people.

(g) To strengthen the country's educational system to provide a steady source of competent scientific and technological manpower for the agricultural sector.

(h) To provide farmers, fisherfolk, and other individuals or firms with access to existing public and private research that supports food market development activities.

(i) To disseminate information on inspection, classification, standardization, and grading systems for all agricultural products to enhance global competitiveness.

(j) To formulate, as part of its market development thrust, more efficient ways, systems, and facilities for harvesting, threshing or shelling, drying, storage, milling, packaging, post-harvest handling, transportation, and/or shipping of agricultural products to reduce costs and ensure a stable consumer supply.

(k) To require, as a tool for market information, the annual registration and publication of a directory of all persons, natural or juridical, engaged in or intending to engage in wholesaling, milling, processing, warehousing, and transporting of agricultural products, including their by-products.

(l) To coordinate with the Department of Transportation and Communications to establish more efficient, regular, adequate, suitable, and economical systems for transporting and/or shipping food products to reduce marketing costs and ensure the availability of basic transport, which is central to the entire chain of agricultural production and distribution.

(m) To promulgate policies, plans, programs, rules and regulations, sanctions, and penalties as needed for the effective exercise of the NATCOR's powers and functions.

Section 11. Strengthening of the Agricultural Marketing Information System. For the effective implementation of the policy stated in this Act, the Bureau of Agricultural Statistics will be strengthened as the principal line agency of the Republic of the Philippines for agricultural statistics and marketing information. It will serve the data requirements of the NATCOR.

Section 12. Cooperation with other Government Agencies and Private Business Organization. All government units and agencies must support and cooperate with the NATCOR in implementing its functions and programs. Similarly, private research organizations, purchasing and consuming organizations, boards of trade, chambers of commerce, other business or trade associations, transportation and storage agencies and organizations, or other individuals or corporations involved in the production, transportation, storing, processing, marketing, and distribution of agricultural products must support the NATCOR in implementing its functions.

Section 13. Creation of the Public Warehousing Corporation. A government-owned corporation to be known as the Public Warehousing Corporation, or the Corporation, is hereby created. It will be attached to the Council and have the following functions, powers, and responsibilities:

(a) To establish and maintain warehouses and post-harvest facilities for food grains and other agricultural products in all production areas of the country.

(b) To provide warehousing/storage services and post-harvest facility assistance for farmers' grain and food agricultural stocks/inventories.

(c) To issue, pursuant to existing laws and regulations, corresponding warehouse receipts or quedans for farmers' grain and food inventory deposits.

(d) To store and safekeep the government's food or grain buffer security stocks as directed by the Council.

(e) To lease out, sell, build, and transfer warehouses and/or post-harvest facilities to farmer-cooperatives and federations, subject to the Council's approval.

(f) To establish and operate Commodity Exchange Centers (CECs).

(g) To exercise the general powers and attributes of a corporation as set forth in the Corporation Law.

Section 14. Authorized Capital Stock of the Corporation. The authorized capital stock of the Corporation shall be Five billion Pesos (P5,000,000,000). This amount is divided into five million (5,000,000) common shares of stock, which will be subscribed to and paid for by the national government and government institutions.

Section 15. Governing Board. The powers, functions, and affairs of the corporation will be exercised and directed by a governing board composed of the following:

(a) The Executive Director of the Council as Chair.

(b) The General Manager of the Corporation as Vice-Chair.

(c) The President of AGCRECOR as a Member.

(d) The Director of NATCOR as a Member.

(e) The Director of the Bureau of Agricultural Statistics as a Member.

The Board will meet regularly at least once a month and may convene special meetings to discuss urgent matters. Board members will receive a per diem for each meeting they officiate and other remuneration as determined by the Board. The Board will prescribe the rules and regulations to govern its deliberations and other official actions.

Section 16. Organization and Staff. The day-to-day operations of the Corporation will be managed by a general manager appointed by the Council. The governing board will establish the organizational structure, staffing pattern, qualification standards, compensation scale, and the functions and authorities of its officers and employees in accordance with pertinent laws, rules, and regulations implemented by the Civil Service Commission and the Department of Budget and Management.

Section 17. Commodity Exchange Centers (CEC). The Corporation will establish Commodity Exchange Centers (CECs) at all terminal markets in the country, especially in Metro Manila and cities in Luzon, Visayas, and Mindanao. These centers will serve as central trading facilities for grains in the regions. Their purpose is to provide a ready market for farmers' produce and promote efficient grain distribution to consumers through a transparent marketing system that

benefits both farmers and consumers. Strategically located warehouses of the National Food Authority (NFA) will be used as the sites and business offices for the Commodity Exchange Centers. NFA personnel, due to their expertise in warehousing and grain classification and grading, will serve as the core staff for the CECs' operation. Initially, daily public bidding for grains will be on an "on the spot" commodity basis. Bidding will later be based on quedans or warehouse receipts for grain inventories stored in the warehouses of the Corporation, the CECs, or private bonded warehouses. The final phase for the CECs will be to work toward trading on agricultural commodity "futures". Initially, the CECs will only cover grains, but will later include other food and agricultural commodities.

Section 18. Responsibility of Credit and Guarantee Cover. The primary responsibility for providing credit assistance and guarantee coverage on project loans and inventory financing for commodities owned and stored by farmers, consumers, and traders in the warehouses of the Public Warehousing Corporations and franchised private bonded warehouses will fall to the Quedan and Rural Credit Guarantee Corporation. This corporation is hereby attached to the Council and renamed the Agricultural Credit and Guarantee Corporation of the Philippines, or AGCRECOR.

Section 19. Operating Guidelines. The AGCRECOR will adhere to the following operating guidelines: (a) Provide production loans to farmers and fisherfolk through their primary cooperatives or federations by direct lending, co-financing schemes, providing lending banks with special time deposits, rediscounting, lending banks' production loan receivables, and similar mechanisms to reach as many rural clients as possible.

(b) Encourage lending institutions to extend project loans for production, warehouses, post-harvest machinery and equipment, land transportation and shipping, and other bulk items by providing a guarantee cover on such loans.

(c) Provide guarantee coverage on inventory loans for grain or food commodities owned and stored by farmers, consumers, and traders in the PWC warehouses, Commodity Exchange Centers, and franchised private bonded warehouses.

(d) Extend loans directly for the aforementioned projects and food inventory when and where no lending banks are available or willing to provide the loans.

(e) Endeavor to provide soft-term loans by sourcing and coordinating grants and no-interest and low-interest funds and blending them with commercially sourced funds.

(f) Submit for the Council's approval and funding a credit plan and budget for the undertakings mentioned in paragraphs (a) and (d), detailing the per-region loan volume targets, expected beneficiaries, repayments, arrearages, and defaults on previous loans. A separate plan will also be submitted for the guarantee operation.

(g) Remit all repayments for current loans and recoveries on past-due loans funded by the Council back to the Council.

Section 20. Increase in Fund Base. To achieve the vital credit assistance and guarantee coverage envisioned in this Act, the authorized capital stock of AGCRECOR is hereby increased to Five billion pesos (P5,000,000,000). This is divided into common shares of stock with the same par value and government-private sector ownership structure as spelled out under Republic Act No. 7393. At the start of the year and with the Council's endorsement, the Department of Budget and Management and the Department of Finance will program and execute the subscriptions and payments for the government's portion of AGCRECOR's authorized capital stock from the national government and government institutions (LBP, DBP, SSS, PAGCOR, PCSO, etc.). This will continue until the government portion is fully completed within five (5) years.

Furthermore, to enhance credit assistance to farmers and fisherfolk's cooperatives and federations and other food enterprises, the Secretary of Finance shall guarantee the borrowings, duly approved and endorsed by the Council, from government or private, domestic or foreign, financial institutions.

Section 21. Incentives for Banks' Credit Support. The guarantee obligation of AGCRECOR shall be "sovereign" in nature and deemed as the obligation of the national government to encourage more bank credit support to the banking sector. The guaranteed loan receivables will be considered as compliant with the Agri-Agra Law, have access to the rediscounting window of Bangko Sentral Ng Pilipinas, and be exempt from the "single-borrower limit" and "risk asset ratio requirements".

Section 22. Compliance with the Agri-Agra Law. All banking institutions are hereby mandated to allocate at least fifteen percent (15%) of their loanable funds to the agricultural sector. The provisions of the Agri-Agra Law, Presidential Decree No. 717 as amended, on substantial compliance through the purchase of government securities, are hereby repealed. Bank loans extended for grain inventories deposited in the warehouses of the Corporation, Commodity Exchange Centers, and franchised private bonded warehouse operators will be deemed as compliant with the Agri-Agra Law.

Section 23. Devolution of the Agribusiness Group, the National Agribusiness Corporation and the Agricultural Credit Policy Council. The Agribusiness Group of the Department of Agriculture, the National Agribusiness Corporation, and the Agricultural Credit Policy Council are hereby devolved as follows: (a) The records of the Agribusiness Group will be transferred to the NATCOR. (b) The records, research, and reference materials of the Agricultural Credit Policy Council will likewise be transferred to the NATCOR. (c) All other properties, assets, and unexpended appropriations or corporate operating budget of the National Agribusiness Corporation and the Agricultural Credit Policy Council will be transferred to the Council. (d)

The Comprehensive Agricultural Loan Fund created under Executive Order No. 113 dated December 24, 1986, is hereby transferred to the Council. (e) Officials and employees of the said group and agencies will be devolved to the NATCOR on the basis of merit and qualification.

Section 24. Devolution of the Personnel, Properties, Assets, Records, Unexpended Appropriation of the National Food Authority (NFA). The present warehouses, post-harvest facilities, and equipment trucks, and utility vehicles of the National Food Authority will be transferred to the Public Warehousing Corporation as initial government equity. All personnel attached to the said grain facilities will likewise be transferred to the Corporation. All other personnel, properties, assets, records, and unexpended appropriations of the National Food Authority will be transferred to the National Agricultural Marketing Council and National Agricultural Trading Corporation in a manner that the said Council will decide. This will include imported rice and corn already in the country and other stocks that may arrive pursuant to the current importation thereof. These stocks will be disposed of in accordance with the new policy of the Council.

Section 25. Outstanding Obligations of the NFA. All obligations of the National Food Authority, upon the approval of this Act, will be transferred to and absorbed by the national government. The rice/corn inventory currently on hand and transferred to the Council will be used to pay these obligations to the extent of their value.

Section 26. Options of Devolved Personnel. All personnel who are devolved and not absorbed may choose to retire, or, if qualified, to retire. Leave and gratuity will be given as follows: (a) Not more than 20 years of service, 1.5 months gross pay per year of service. (b) More than 20 years of service, 2 months gross pay per year of service. Those with pending administrative and/or criminal cases will be paid only after exoneration; otherwise, they will forfeit whatever benefits are due to them.

Section 27. Strengthening Farmers and Fisherfolk's Cooperatives. Agri-based cooperatives will be strengthened to undertake farm business, agri-business, and other related activities, including production and post-harvest facilities, processing, and marketing services. The Cooperative Development Authority, in coordination with local government units and other government agencies and in cooperation with people and non-government organizations (NGOs), will initiate the transformation of agri-based cooperatives into entrepreneurs. The government will play a catalytic and supportive role without intervening in the internal affairs of the cooperatives, ensuring they adhere to sound business principles.

Section 28. Appropriations for the National Agricultural Marketing Council. The funds needed for the operation and maintenance of the Council, including credit funds to support food production and other undertakings, will be part of the appropriations in the annual General Appropriations Act.

Section 29. Appropriation for the National Agricultural Trading Corporation. For the initial operation of the NATCOR, the amount of Two Hundred Million Pesos (P200,000,000) is hereby appropriated from the current appropriations of the Department of Agriculture or the National Food Authority. Any additional amount needed for its operations and maintenance, including the amount needed to strengthen the Bureau of Agricultural Statistics, will be included as part of the appropriations in the annual General Appropriations Act.

Section 30. Appropriations for the Public Warehousing Corporation. For the initial operation of the Corporation, the amount of Five Hundred Million Pesos (P500,000,000) is hereby appropriated from the current appropriations of the Department of Agriculture or the National Food Authority. Any additional amount needed for its continuous operation and maintenance will be included as part of the appropriations in the annual General Appropriations Act.

Section 31. Appropriations for the Regional Agricultural Marketing Council. The National Agricultural Marketing Council will take from its financial resources a suitable amount as needed for the start-up and continuous operation of each Regional Agricultural Marketing Council.

Section 32. Repealing Clause. All laws, decrees, executive issuances, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

Section 33. Separability Clause. If any provision of this Act is declared unconstitutional, the validity of the other provisions will not be affected.

Section 34. Effectivity Clause. This Act will take effect immediately after its complete publication in at least two (2) newspapers of general circulation.

Approved,


HON. BRIAN DANIEL POE LLAMANZARES, PhD, MNSA
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