

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9188



Introduced by **Representative Jose Manuel "JM" F. Lagdameo**

EXPLANATORY NOTE

Smallholder farmers have long struggled with post-harvest losses, poor rice quality, and limited access to milling services. Despite producing palay, many of them lacked the means to process it efficiently, thus resulting in lower farmgate prices, hence, a lower income. This challenge is compounded by an increasing vulnerability to extreme weather disturbances brought about by climate change.

To address the intertwined challenges of uncompetitiveness, postharvest losses, and climate change vulnerability, the establishment of modern and enhanced Rice Processing Centers (RPC) in all key rice producing cities and municipalities nationwide is deemed crucial.

This Act institutionalizes and strengthens the existing government support programs of establishing RPCs. It brings forth a new policy framework that enhances RPC functionality. It clarifies the delineation of the roles and mandates of the national and local governments, transitioning ownership and operational and maintenance responsibility and accountability from the Department of Agriculture to the Local Government Units (LGUs) and farmer cooperatives.

By providing access to enhanced processing facilities, rice farmers will be able to command a fair farmgate price for their produce, rather than being forced to accept whatever price is offered by traders for wet *palay*.

This Act marks a shift toward localized stewardship, farmer empowerment, and shared responsibility—ensuring that rice processing centers would not just be a facility but a community-driven enterprise for those who need them most.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



JOSE MANUEL “JM” F. LAGDAMEO

Representative

2nd District, Davao del Norte

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**“AN ACT ESTABLISHING RICE PROCESSING CENTERS, AND
APPROPRIATING FUNDS THEREFOR”**

*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 *"Rice Processing Centers Act."*

Section 2. Declaration of Policy. Article XII, Section 1 of the Constitution provides that the goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained 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.

Consequently, it is hereby declared the policy of the State to ensure food security, enhance the productivity, competitiveness, and income of rice farmers, and promote sustainable agricultural practices.

Towards this end, the State shall establish measures to achieve the following objectives: (1) improve efficiency in the rice post-production system through the reduction of postharvest losses, (2) improve the quality of milled rice, (3) enhance effective distribution and marketing system, and (4) maximize utilization of rice by-products.

Section 3. *Establishment of Rice Processing Centers.* The Department of Agriculture (DA) shall establish rice processing centers (RPCs) in strategic or major rice-producing areas in cities and municipalities across the country as determined by the DA in coordination with the Philippine Statistics Authority (PSA) and the Department of Economy, Planning and Development (DEPDev).

Section 4. *RPC Geographical Location and Size.* The LGU shall provide the land where the RPC shall be established.

In determining the geographical area where RPCs shall be established, the following factors shall be considered: (a) rice production volume, (b) accessibility to transportation infrastructure, and (c) presence of organized farmer groups or cooperatives capable of participating in the operation, management, and maintenance of the RPC. Further, the location should be technically feasible, economically viable, socially acceptable, and environmentally sound.

The size of the land of the RPC, as well as its scale and capacity, shall be proportionate to the size of the total area devoted to rice cultivation inside the city or municipality.

Section 5. *RPC Operation and Management, and Maintenance.* RPCs shall be jointly operated, managed, and maintained by the local government units (LGU) and accredited farmers' cooperatives, subject to guidelines and regulations prescribed by the DA. The LGU shall ensure infrastructure and technical support and maintenance as well as regulatory compliance, while the cooperative shall oversee daily operations and farmer engagement in the city or municipality.

Section 6. *RPC Mandatory Infrastructures and Funding.* Each RPC shall include the following mandatory infrastructures:

- (a) modern and multi-stage rice milling equipment
- (b) drying systems,
- (c) storage facilities,
- (d) administrative offices,

- (e) weighing, hauling, transportation, and logistics infrastructures,
- (f) power and water utilities, including power backup system,
- (g) Multi-Crop Drying Pavement (MCDP);
- (h) moisture meter; and
- (i) combine harvester, in case of insufficient harvesting machine in the area.

The DA shall fund the procurement and installation of these infrastructures and components, subject to budgetary appropriations and laws, rules, and regulations.

Additional infrastructures and components, such as solar power, silo, etc., can be included if all mandatory infrastructures and components are already provided. The funding for the procurement and installation of these additional infrastructures and components shall be the primary responsibility of the LGU. The DA may provide technical assistance and facilitate access to credit or financing programs to support the LGUs and the farmers' cooperatives in fulfilling this mandate.

Section 7. *Functions of the Rice Processing Centers.* The RPCs shall have the following functions:

- (a) provide rice processing services to beneficiaries for free;
- (b) provide related services to clients at reasonable rates;
- (c) ensure the quality and safety of processed rice through stringent quality control measures;
- (d) facilitate the marketing and distribution of processed rice to local and international markets;
- (e) conduct training programs for farmers and rice mill operators on modern rice processing technologies, best practices, and entrepreneurship; and
- (f) serve as a hub for research and development in rice processing and value-added rice products.

Section 8. *Beneficiaries.* The services of the rice milling center shall be reserved for smallholder farmers, registered farmers cooperatives, and indigenous and other marginalized farming communities in the city or municipality.

Section 9. *Sustainability and Self-sufficiency of the RPCs.* To ensure the sustainability and self-sufficiency of the RPCs, the Centers may generate income through the provision of rice processing services to clients on a fee-based schedule.

Clients may include commercial farmers, large landowners, or other entities within the city or municipality, or nearby localities.

The fees, rates, and terms of service shall be determined in accordance with operational guidelines prescribed by the DA, in coordination with the concerned LGU.

All income derived from such activities shall be used exclusively for the operation, maintenance, and improvement of the RPC facilities, subject to applicable government accounting and auditing rules and regulations.

Section 10. *Research and Development.* The DA, in collaboration with the Department of Science and Technology (DOST), shall conduct research and development activities to improve rice processing technologies, develop value-added rice products, and enhance the competitiveness of the local rice industry.

Section 11. *Capacity Building.* The DA, in partnership with relevant government agencies and instrumentalities, shall provide technical assistance and training programs to LGUs, farmers' cooperatives, and other stakeholders to enhance their capacity in managing and operating rice processing centers.

Section 12. *Responsibilities of the DA.* The DA shall have the following responsibilities:

1. Identify strategic locations for the establishment of RPCs.
2. Procure, install, and maintain modern rice processing equipment
3. Provide training and technical assistance to RPC operators and rice farmers.
4. Conduct research and development to improve rice processing technologies.
5. Monitor and evaluate the performance of RPCs.

6. Promulgate rules and regulations for the implementation of this Act.
7. Ensure that design addresses climate resiliency and Good Manufacturing Practices (GMP)

Section 13. *Responsibilities of the LGU.* The LGU shall have the following responsibilities:

1. Provide the land for the establishment of the RPCs.
2. Maintain and upkeep the machinery and facilities of the RPCs.
3. Ensure the maintenance and operation of the RPCs.

Section 14. *Funding.* The amount of Five Billion Pesos (₱5,000,000,000.00) is hereby appropriated for the initial establishment of the RPC. The funding shall be sourced from the Rice Competitiveness Enhancement Fund (RCEF) and the General Appropriations Act. Thereafter, the operation and maintenance of the RPCs shall be included in the annual budget of the DA.

Section 15. *Ownership Transfer, Maintenance, and Compliance.* The ownership of RPCs established by the DA shall be formally transferred to the LGU through a Deed of Donation or other appropriate legal instrument, in accordance with government property transfer of ownership laws and rules.

The LGU shall submit periodic performance and maintenance reports to the DA, which include operational status, utilization rates, and coordination with farmer cooperatives, and other relevant reports.

Neglecting maintenance, mismanaging operations, or failing to submit the required reports shall result in administrative sanctions on the part of the LGU officials, suspension of future program support, or the reversion of the ownership to the DA, subject to applicable laws and regulations.

Section 16. *Implementing Rules and Regulations.* The DA, in consultation with relevant government agencies, LGUs, and the private sector, shall promulgate the implementing rules and regulations of this Act within ninety (90) days from its effectivity.

Section 17. *Separability Clause.* – If any provision of this Act shall be deemed unconstitutional or invalid, the other provisions not affected there shall remain in force and effect.

Section 18. *Repealing Clause.* – All Acts, Presidential Decrees, Executive Orders and Administrative Orders, Rules and Regulations and other such issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Section 19. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,