

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

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 0477



Introduced by
REP. ARLENE D. BROSAS (Gabriela Women's Party),
REPS. CARLOS ISAGANI T. ZARATE, FERDINAND R. GAITE,
EUFEMIA C. CULLAMAT (Bayan Muna), REP. FRANCE L. CASTRO (ACT Teachers Partylist)
and REP. SARAH JANE I. ELAGO (Kabataan Partylist)

EXPLANATORY NOTE

Food security is a fundamental human right. All talk about right to life, human welfare and development amounts to nothing if the people are not secured in their food, especially in their main staple. As a fundamental right, it is not something out there somewhere ready for the buying. It must be guaranteed by the state just like that the state guarantees our right to life. Therefore, food security - to be more exact the food security of the Filipino people - should be non-negotiable. It must be held supreme over all agreements that diminish or threaten our food security. These propositions are the words that become flesh in this bill, its articles of faith.

Our rice industry is the central pillar of our food security. This is so because 96% of our people are rice consumers. But that industry is no longer viable. Worse, it is destined to collapsing for being at the losing end of rice importation which the Duterte administration has recently made unlimited. This bill will not only avert that collapse. It will lay down a comprehensive program to develop our rice industry into a formidable central pillar of our food security.

This bill was filed by Anakpawis Partylist during the 17th Congress when the country was convulsing from a severe rice crisis that erupted right at the start of 2018 and lingered on till the end of that year. Since rice prices have not really returned to 2017 levels, its effects are still felt to this day. Many people considered that stirring episode as merely a supply problem caused by unscrupulous traders. On its part, the government blamed the ineptness of the National Food Authority and used the crisis to justify the passing of the Rice Tariffication Act and the downsizing of the agency.

The Rice Tariffication Act is a band aid solution. Or better still, it is no solution at all if viewed from the perspective of its immediate effects on our rice farmers. While the government was still drafting its IRR, palay prices promptly took a free fall from the level of P19/kilo to P14-P12/kilo. Traders are having a field day buying the palay of rice farmers at such near rock-bottom prices and selling them at P45-50/kilo, the level where the rice price had settled after the shake up brought about by the 2018 rice crisis. If this trend continues, the RTA will have a few winners but millions of losers: the rice farmers who are bound for bankruptcy and the consumers who will have to tighten their belts some more to meet their rice consumption needs. Meanwhile, the downsizing of the NFA would have thousands of its employees in the limbo regarding their employment.

Anticipating that rice tariffication will have its wide share of losers, the RTA has created a P10 billion Rice Fund to be used for making our rice farmers competitive. But as with the Agriculture Competitiveness Enhancement Fund of AFMA, it will only repeat the parody of this fund going to landlords and big business in agriculture, especially because only two per cent of the Rice Fund will go to a credit program for rice farmers. At bottom, the Rice Fund is very small obviously because it is a mere safety net intended to cushion the damage that rice tariffication (unlimited importation) will bear down on our local rice industry and rice farmers. It was not really meant to uplift the rice industry from its dire straits. Which brings us back to the point earlier made that the RTA is no solution at all.

Although the 2018 rice crisis was triggered by the implementation of TRAIN 1, it has roots that go deeper than the first instalment of President Duterte's tax reform package. This is where the government and its economic managers had it very wrong in passing the RTA as a long term cure to our cyclical rice problem. It is symptomatic of the deep roots of the 2018 rice crisis that since the 1980s, our country has become a net food importer, with rice being the biggest item in our food imports. Moreover, we have been visited by a rice crisis once every decade while experiencing supply deficit problems, averaging 6 % of total requirements, in between.

Our rice industry is in crisis and its crisis is not simply a supply problem. It is multi-dimensional. The industry is dysfunctional in all its aspects, from the policy environment overarching the industry, property relations, production and distribution in the market and to marketing to the consuming public. Since the collapse of the Green Revolution during the Marcos regime, government after government had tried to resolve the crisis of our rice industry, pouring billions and billions of public funds and foreign aid into the industry to increase its productivity. But all those programs petered out without resolving the crisis. One reason is: the government is a big part of the dysfunction.

First, our rice industry is overarched by a current policy environment that hitches our food security to the global market because the government places undue stress to our global trade commitments and the wholesale liberalization of the economy, resultantly detaching the country from a kind of food security based on strong domestic production. That policy environment has its own lore that, while agreeing that our rice industry is weak (their term for this is "not competitive"), has ramified into so many wrong policy positions: it sees government intervention and protecting our rice industry as evil; it relegates our rice industry to the back of resource allocation while foolishly wondering about our rice farmers' lack of access to resources and the industry's starving of capital and support services; it sees increasing productivity (which is actually the "agricultural version of the trickle down" theory) as the only viable program, exclusive of all other options, for resuscitating our rice industry; it sees rice importation as the first option in periods of supply deficiency; it gives up our rice lands to land and crop conversion; it considers the National Food Authority as a redundancy; it opts out from regulating the stall price of rice; and, above all these, it does not see the need for genuine agrarian reform in the rice industry. All told, it is a policy environment that reduces the government into a mere fence-sitter to the rise and fall of our rice farmers, a policy environment that necessarily produces a weak rice industry, a policy environment that can never address the deep roots of the crisis of our rice industry.

Second, our rice industry stands on a property regime that suppresses the productivity of our rice farmers. Most rice farmers and farm workers who work on rice farms are landless. This landlessness not only shuts them off from access to capital and marketing. It is also replete with tentacles (rural loan sharks, input suppliers, equipment renters, administrators and middlemen) that prey on the labor of our rice farmers at every stage of the production cycle, from land preparation, planting, maintenance, harvesting, drying and storing to marketing their produce.

This property regime is the root of the poverty of our rice farmers. It dooms them to poverty no matter how hard they work as it mires them in perpetual indebtedness that leaves them empty-handed at the end of each harvest, and unable to accumulate the fund for improving their productivity. It is because of this property regime that government programs for increasing productivity failed to benefit the majority of

our rice farmers since any increase there might have been only went to the predators lurking in such property regime.

Third, our rice industry has been captured by a kind of production technology that does not fit with the small-scale character of our rice farming. Our rice farm units average 1.5 hectares in size but the technology they used carries a price, at P75,000-80,000/hectare per planting season, that is too high for the reach of our rice farmers, especially because it has been promoted without adequate government support and auxiliary services. To be able to avail of such technology, our rice farmers have to contract loans that pushes them to more and deeper indebtedness.


Fourth, our rice industry has a flawed distribution system. The government aversion to intervene and its placing the rice industry to the back of resource allocation has naturally created a vacuum that was eagerly filled in by the private sector which sees the staple needs of our people as a gold mine. Since the NFA buys only about 2-5 % of the total palay production, the produce of the industry is sucked by big traders who control 25-30 % of the supply. Such cartel-like control leaves our rice farmers and consumers at the mercy of these traders as it gives them immense powers to manipulate prices at both the farm gate and distribution stalls.

Given these dimensions of the crisis afflicting our rice industry, this bill moves for the government to abandon its fence-sitting attitude and to embrace the principle that the food security of our people is supreme over all agreements and treaties that diminishes or threatens it. In lieu of non-intervention, the government must willfully perform its ascendant obligation to guarantee the food security of our people. To do exactly that, it must take the lead in developing our rice industry and not simply leave it to the profit-oriented private sector. It must allocate that level of logistics and resources necessary to holistically develop our local rice industry. This explains the huge budget, P185 billion, in this bill. Such a budget will go to 1) a concentrated state-led and time-bound nucleus program for production support for our rice farmers for enhancing their production capability and nursing them to become independent producers; 2) a program for completing the infrastructure requirements for increasing the productivity of our rice industry; 3) a program for putting up the structure for protecting our rice farmers, rice lands and the rice industry; and 4) a program of strengthening the NFA in order to establish an instrumentality for procuring the main staple of our people that will benefit rice farmers and the consuming public alike.

These programs will not only address the root causes of the crisis of our rice industry and holistically develop the industry in a way that will guarantee in the long term the food security of our people. They are at once employment and livelihood generating projects. On top of the 2.5 million rice farmers who will benefit from the bill's production support program, it is estimated that its auxiliary services and infrastructure development program will generate some 350,000 jobs and livelihood in the rural sector. These are the intangible pay-offs, beyond any calculus, for such a huge budget.

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.

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



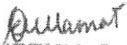
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THE RICE INDUSTRY DEVELOPMENT ACT

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 2019*.

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 tenural 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 hectarage of rice farms;
- c. number of cropping seasons;
- d. total hectarage 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 consist 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 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.