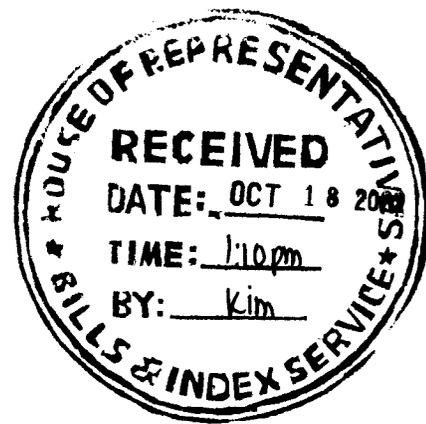


REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL No. 5588



Introduced by Representatives **DAVID "JAY-JAY" C. SUAREZ**
and **ANNA MARIE VILLARAZA-SUAREZ**

EXPLANATORY NOTE

Under Article XII, Section 1 of the 1987 Constitution, it provides that "[t]he goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. The creation of the Fertilizer and Pesticide Authority (FPA) is fundamentally anchored from this constitutional provision to assure that the agricultural sector has an adequate supply of fertilizer at reasonable prices, rationalizing the manufacture and marketing of fertilizing.

However, with the increasing prices of fertilizers, the FPA which was mandated under Presidential Decree 144 to control and regulate all marketing companies, whether importer, indenter, wholesaler or retailer by managing and handling prices, terms, mark-ups, distribution channels, promotion, storage, and other marketing factors in the domestic fertilizer market could only attribute it to the market power of importers after the removal of price caps that came with the industry's liberation. Because of the Trade Liberalization Act, the FPA cannot impose price ceiling in the sale of fertilizers. In addition, the COVID-19 pandemic has imposed challenges in the food systems as countries change their trade policies, yielding to successive increases in world market prices leading to the pump in the local cost of fertilizers.

As we know it, the price of fertilizers and other agricultural inputs take part in a huge considerable percentage of our farmers' production cost, thereby causing a massive

dent against the income of our farmers. With the present situation on the increasing prices of fertilizers, the high cost of the same has become an added burden to the Filipino farmers. This prompted them to situate themselves to no other recourse but to accrue unnecessary loans, making the step of reaching financial freedom miles to reach.

It is incumbent upon Congress to identify, prioritize, and institute the necessary policy intervention to provide immediate, effective, and sustainable relief for Filipino farmers amid the continuing spiraling of fertilizer costs.

As such, this proposed bill seeks to establish a national policy on instituting a National Fertilizer Program (NFP) that will:

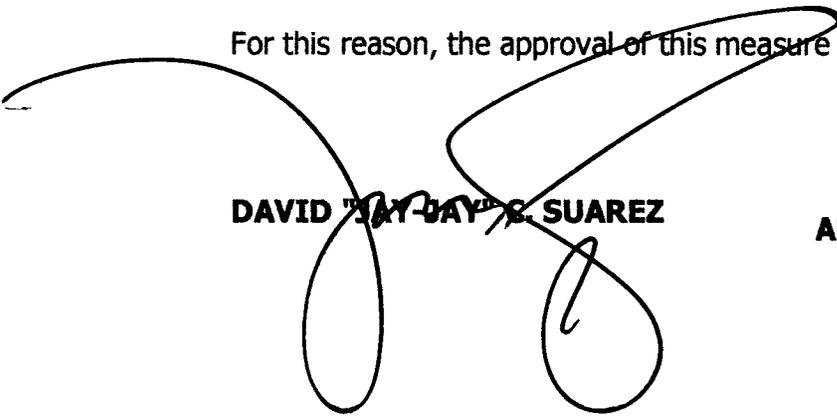
- i. Present a policy framework that will lay down the present challenges of the fertilizer industry, identification of possible continuing solutions, and the appropriate roadmap towards sustainability on domestic fertilizer production and utilization;
- ii. Immediate grant of financial relief to our farmers by appropriating initial funding in the amount of Twenty Billion Pesos (Php 20,000,000,000.00). The same consists of Ten Billion Pesos (Php 10,000,000,000.00) to be allocated for **actual subsidy for our farmers**. The other Ten Billion Pesos (Php 10,000,000,000.00) is for NFP establishment and operationalization.

The long-term goal of this measure is for the NFP to develop locally produced fertilizers with the highest quality and lowest possible prices so that the production cost of our farmers will eventually decrease, influencing an upward curve for their income.

In economic terms, it is understood that the price increase will result in a reduction in fertilizer input, which will significantly affect productivity. This policy proposal to support our farmers would increase local fertilizer supply and promote market competition to balance local prices. Intrinsically, the fastest way to address the rising costs is through subsidies and must be handed out immediately to our beneficiaries so as not to hamper production.

With the ongoing global trade uncertainties in this period of the COVID-19 pandemic, sustaining local production by assisting our local farmers would support jobs and income for the agriculture sector and secure the country's food availability throughout the public health crisis.

For this reason, the approval of this measure is respectfully sought.



DAVID "JAY-JAY" E. SUAREZ



ANNA MARIE VILLARAZA-SUAREZ

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HOUSE BILL No. 5588

Introduced by Representatives **DAVID "JAY-JAY" C. SUAREZ**
and **ANNA MARIE VILLARAZA-SUAREZ**

AN ACT
PROVIDING FOR A NATIONAL FERTILIZER PROGRAM, ESTABLISHING A
FRAMEWORK FOR ITS INSTITUTIONALIZATION, PROVIDING
MECHANISMS FOR ITS APPROPRIATE IMPLEMENTATION,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* This Act shall be known as the "*Dangal at Sigla ng Magsasaka sa Abono ng Pag-Asa Act.*"

Sec. 2. *Objectives.* This Act aims:

- (i.) To establish a national policy on Philippine Fertilizer Program that will provide support mechanism, both short-term and long-term, to the farmers;
- (ii.) To facilitate farmers' efficient access to fertilizers and help them to become self-sufficient in producing and using the same; and
- (iii.) To increase farm productivity and farmers' income.

Sec. 3. *National Fertilizer Program.* The Department of Agriculture herein referred to as the "Department" shall implement a National Fertilizer Program, which shall benefit qualified farmers. The national fertilizer program shall refer to the Philippine Fertilizer Program (PFP) and shall ensure that the following precepts are central in the preparation thereto, namely:

- (i.) Secure that the right of the farmers to balanced and gainful access to agriculture opportunities through the promotion of activities geared towards agricultural sustainability;
- (ii.) Establish a framework for the utilization of available technology that will contribute to the self-sufficiency of fertilizer production in ensuring a well-crafted balance between economic development and resource enhancement;
- (iii.) Enjoin the relevant non-government organizations, people's organizations, and the private sector to take the lead in initiating programs that will improve farmers' productivity;
- (iv.) Enlist the participation of local communities, including the indigenous people, by providing them the necessary assistance in the determination of economic opportunities that will concretize sustainability and the full enjoyment of the benefits thereof; and,
- (v.) Envision a vibrant rural economy by transforming the country's fertilizing system to obtain a strong food value chain and affordable and nutritious foods.

Sec. 4. *Development of Locally-Produced Fertilizers.* The primary objective is for the National Fertilizer Program to develop locally produced fertilizers with the highest quality and lowest possible prices so that the production cost for our farmers will eventually decrease and their income will subsequently increase. The Fertilizer and Pesticide Authority is hereby mandated to assure the agriculture sector of an adequate supply of fertilizer at reasonable domestic market prices, rationalizing and innovating the production and marketing of fertilizer, and protect the public from relevant risks.

Provided, that the Department shall ensure that the development of locally-produced fertilizers is consistent with the national policy on organic agriculture, with the appropriate development of production systems through technological utilization as assisted by the Department of Science and Technology (DOST) as a means to promote domestic sufficiency and sustainability.

Sec. 5. *Fertilizer Subsidy.* The Department, together with the National Economic Development Authority (NEDA), shall provide an economically acceptable percentage of fertilizer subsidy to qualified farmers from the cost of procurement of such fertilizer, based on prevailing market forces. Provided, that the Department shall initiate the necessary immediate intervention in the provision of such subsidy for cases when the prices of fertilizers are high.

Sec. 6. *Identification of Beneficiaries.* All farmers registered under the Registry System for Basic Sectors in Agriculture (RSBSA) are qualified to be considered beneficiaries of the subsidy under the NFP, regardless of tenurial status and landholding in the identified areas where the majority of the RSBSA-registered farmers are located. The Department shall establish a regional electronic database for the

RSBSA that contains the names, contact information, and addresses of farmers qualified to avail of the subsidy under the program. Any unauthorized sharing or use of any gathered data shall be subjected to violations with corresponding penalties under existing laws.

In addition, the beneficiaries shall be a bona fide member of the respective Provincial Farmers Federation or Association, or any equivalent to such, formally endorsed by the corresponding Provincial Agriculture Office, as authorized by the Provincial Government.

- Sec. 7. Farm Eligibility.* The following are the eligibility requirements for farms:
- (i.) The farm must not be part of a riverbed, lakebed, marshland, shoreline, or riverbank;
 - (ii.) The farm must have adequate irrigation and drainage systems. Provided, that for cases of rainfed areas, it shall still be eligible in due consideration of the farmers engaged in propagating drought-tolerant vegetables during the dry season;
 - (iii.) The farm must be accessible to regular means of transportation; and
 - (iv.) The farm must be suitable for production purposes.

Sec. 8. Mechanics of Implementation. The Department is hereby mandated to ensure that the following mechanics shall be required and complied with for the implementation of this Act.

- (i.) The beneficiaries shall be required to register with a government-issued identification card;
- (ii.) The Department shall facilitate the necessary training on the farmer-beneficiaries for the proper use of the subsidized fertilizers;
- (iii.) The Department shall enable the active engagement of the Provincial Association of Farmers in agri-supply trading and shall enjoin active participation in the relevant bidding or procurement process; and,
- (iv.) The report of qualified farmers and actual beneficiaries shall be submitted to the Commission on Audit every quarter.

Sec. 9. Submission of Program Report. The Department shall annually submit to the Agricultural Committee of both Houses of Congress a report indicating the status of implementation of the program. Each report required shall include, for the one-year period ending on March 1 of the year in which the report is submitted the following:

- (i.) The number of farmers that are selected in the program;
- (ii.) Summation of information regarding the demographic characteristics of the farmers;

- (iii.) Description of the steps taken by the Department to help the farmer-beneficiaries; and,
- (iv.) An assessment of the success or failure of the program on the standards of increasing production and improving the living condition of the farmers.

Sec. 10. *Appropriations.* An initial amount of Twenty Billion Pesos (Php 20,000,000,000.00) shall be allocated to implement this Act and shall be divided into two (2) portions for the initial implementation of this Act, an amount of Ten Billion Pesos (Php 10,000,000,000.00) for the provision of subsidy and the other Ten Billion Pesos (Php 10,000,000,000.00) for the operationalization of the program are hereby authorized to be appropriated from the National Treasury. Thereafter, such sums as may be necessary for the implementation of this Act shall be included in the succeeding General Appropriations Act (GAA).

Sec. 11. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, issuances, or parts thereof inconsistent with the provision of this Act are hereby repealed, amended, or modified accordingly.

Sec. 12. *Separability Clause.* – If any part, section, or provision of this Act shall be held invalid or unconstitutional, no other part, section, or provision thereof shall be affected thereby.

Sec. 13. *Effectivity.* – This Act takes effect fifteen (15) days after its publication in the *Official Gazette* or at least two (2) national newspapers of general circulation.

Approved,