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## **Philippines**

### **Agricultural Situation**

# **The Implementing Rules and Regulations of the Agriculture and Fisheries Modernization Act of 1997 1999**

Prepared by:

**Charles T. Alexander**

**U.S. Embassy**

Drafted by:

Perfecto G. Corpuz

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#### **Report Highlights:**

**The Agriculture and Fisheries Modernization Act of 1997 (AFMA) provides the framework to address the longstanding problems of Philippine agriculture. It will guide all agricultural policy during the Estrada Administration. Its success will depend on full funding and efficacious implementation.**

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Includes PSD changes: No  
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The Agriculture and Fisheries Modernization Act (AFMA) provides the framework to address the longstanding problems of Philippine agriculture. It will drive all agricultural policy and programs during the Estrada Administration. It is noteworthy for its thoroughness and comprehensive approach; its commitment to a market approach to increasing production; its support for liberalization and privatization within the agricultural sector; and, its goal of globalization and support for the Philippines= WTO commitments. AFMA's success will depend on the full funding by Congress and the efficacious implementation by the Department of Agriculture (DA).

The following is the full text of the AFMA which is designated as Republic Act 8435 and its Implementing Rules and Regulations (IRR). The actual wording from the Act is in *Italics* while actual wording from the IRR are in regular type.

An outline of the IRR is provided for a quick review.

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Begin text of AFMA

**Department of Agriculture**  
**ADMINISTRATIVE ORDER NUMBER 6**  
**Series of 1998**

**IMPLEMENTING RULES AND REGULATIONS**  
**PURSUANT TO REPUBLIC ACT 8435:**

***AAN ACT PRESCRIBING URGENT RELATED MEASURES TO MODERNIZE THE AGRICULTURE AND FISHERIES SECTORS OF THE COUNTRY IN ORDER TO ENHANCE THEIR PROFITABILITY, AND PREPARE SAID SECTORS FOR THE CHALLENGES OF GLOBALIZATION THROUGH AN ADEQUATE, FOCUSED AND RATIONAL DELIVERY OF NECESSARY SUPPORT SERVICES, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES, OTHERWISE KNOWN AS "THE AGRICULTURE AND FISHERIES MODERNIZATION ACT OF 1997."***

**WHEREAS**, Section 120 of Republic Act 8435 (RA 8435) sets its effectivity *A... thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation*. RA 8435 was published in two (2) newspapers of general circulation on January 10, 1998 and thus is effective beginning February 9, 1998.

**NOW, THEREFORE**, these Implementing Rules and Regulations (IRR) are issued as Department of Agriculture Administrative Order Number 2A (1998) to guide the Department of Agriculture, hereinafter referred to as the Department, and all other concerned departments, offices, agencies and stakeholders, in the implementation of RA 8435.

Section 1. *Short Title.* B This Administrative Order (AO) shall be known as the *Implementing Rules and Regulations (IRR) Pursuant to Republic Act (RA) 8435.*

Section 2. *Declaration of Policy.* B These IRR are issued pursuant to the policies declared under RA 8435, to wit: *AThe 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 State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. In pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of their ownership.*

*Thus, it is hereby declared the policy of the State to enable those who belong to the agriculture and fisheries sectors to participate and share in the fruits of development and growth in a manner that utilizes the nation's resources in the most efficient and sustainable way possible by establishing a more equitable access to assets, income, basic and support services and infrastructure.*

*The State shall promote food security, including sufficiency in our staple food, namely rice and white corn. The production of rice and white corn shall be optimized to meet our local consumption and shall be given adequate support by the State.*

*The State shall adopt the market approach in assisting the agriculture and fisheries sectors while recognizing the contribution of said sectors to food security, environmental protection, and balanced urban and rural development, without neglecting the welfare of the consumers, especially the lower income groups. The State shall promote market- oriented policies in agricultural production to encourage farmers to shift to more profitable crops.*

*The State shall empower the agriculture and fisheries sectors to develop and sustain themselves. Toward this end, the State shall ensure the development of the agriculture and fisheries sectors in accordance with the following principles:*

*Poverty Alleviation and Social Equity - The State shall ensure that the poorer sectors of society have equitable access to resources, income opportunities, basic and support services and infrastructure especially in areas where productivity is low as a means of improving their quality of life compared with other sectors of society;*

*Food Security - The State shall assure the availability, adequacy, accessibility and affordability of food supplies to all at all times;*

*Rational Use of Resources. - The State shall adopt a rational approach in the allocation of public investments in agriculture and fisheries in order to assure efficiency and effectiveness in the use of scarce resources and thus obtain optimal returns on its investments;*

*Global Competitiveness. - The State shall enhance the competitiveness of the agriculture and fisheries sectors in both domestic and foreign markets;*

*Sustainable Development. - The State shall promote development that is compatible with the preservation of the ecosystem in areas where agriculture and fisheries activities are carried out. The State should exert care and judicious use of the country's natural resources in order to attain long-term sustainability;*

*People Empowerment - The State shall promote people empowerment by enabling all citizens through direct participation or through their duly elected, chosen or designated representatives the opportunity to participate in policy formulation and decision-making by establishing the appropriate mechanisms and by giving them access to information; and,*

*Protection from Unfair Competition. - The State shall protect small farmers and fisherfolk from unfair competition such as monopolistic and oligopolistic practices by promoting a policy environment that provides them priority access to credit and strengthened cooperative-based marketing system.®*

Rule 2.1. These IRR shall remain effective unless explicitly and specifically amended by the Secretary of Agriculture.

Section 3. *Statement of Objectives.* B These IRR are issued consistent with the objectives of RA 8435, as follows:

*ATo modernize the agriculture and fisheries sectors by transforming these sectors from a resource-based to a technology-based industry;*

*To enhance profits and incomes in the agriculture and fisheries sectors, particularly the small farmers and fisherfolk, by ensuring equitable access to assets, resources and services, and promoting higher-value crops, value-added processing, agribusiness activities, and agro-industrialization;*

*To ensure the accessibility, availability and stable supply of food to all at all times;*

*To encourage horizontal and vertical integration, consolidation and expansion of agriculture and fisheries activities, groups, functions and other services through the organization of cooperatives, farmers= and fisherfolk-s associations, corporations, nucleus estates, and consolidated farms and to enable these entities*



*to benefit from economies of scale, afford them a stronger negotiating position, pursue more focused, efficient and appropriate research and development efforts and enable them to hire professional managers;*

*To promote people empowerment by strengthening people's organizations, cooperatives and NGOs and by establishing and improving mechanisms and processes for their participation in government decision-making and implementation;*

*To pursue a market-driven approach to enhance the comparative advantage of our agriculture and fisheries sectors in the world market;*

*To induce the agriculture and fisheries sectors to ascend continuously the value-added ladder by subjecting their traditional or new products to further processing in order to minimize the marketing of raw, unfinished or unprocessed products;*

*To adopt policies that will promote industry dispersal and rural industrialization by providing incentives to local and foreign investors to establish industries that have backward linkages to the country's agriculture and fisheries resource base;*

*To provide social and economic adjustment measures that increase productivity and improve market efficiency while ensuring the protection and preservation of the environment and equity for small farmers and fisherfolk; and,*

*To improve the quality of life of all sectors.®*

#### Section 4. Definitions of Terms. B

*"Agrarian Reform Community" is a barangay at the minimum or a cluster of contiguous barangays where there is a critical mass of farmers or farm workers and which features the main thrust of agrarian development: land tenure improvement and effective delivery of support services.*

*AAgricultural Sector" is the sector engaged in the cultivation of the soil, planting of crops, growing of fruit trees, raising of livestock, poultry, or fish, including the harvesting and marketing of such farm products, and other farm activities and practices.*

*"Agriculture and Fisheries Modernization" is the process of transforming the agriculture and fisheries sectors into one that is dynamic, technologically advanced and competitive yet centered on human development, guided by the sound practices of sustainability and the principles of social justice.*

*AAgricultural Land Use Conversion® refers to the process of changing the use of agricultural land to non-agricultural uses.*

*AAgricultural Lands® refers to lands devoted to or suitable for the cultivation of the soil, planting of crops, growing of trees, raising of livestock, poultry, fish or aquaculture production, including the harvesting of such farm products, and other farm activities and practices performed in conjunction with such farming operations by persons whether natural or juridical and not classified by law as mineral land, forest land, residential land, commercial land, or industrial land.*

*AAgricultural Mechanization® is the development, adoption, manufacture and application of appropriate location-specific, and cost-effective agricultural technology using human, animal, mechanical, electrical and other non-conventional sources of energy for agricultural production and post-harvest operations consistent with agronomic conditions and for efficient and economic farm management.*



*AAgro-Processing Activities® refers to the processing of raw agricultural and fishery products into semi-processed or finished products which include materials for the manufacture of food and/or non-food products, pharmaceuticals and other industrial products.*

*ABanks® collectively used, means government banks and private banks, rural banks and cooperative banks.*

*ABasic Needs Approach to Development® involves the identification, production and marketing of wage goods and services for consumption of rural communities.*

*"Communal Irrigation System (CIS)" is an irrigation system that is managed by a bona fide Irrigators Association.*

*"Competitive Advantage" refers to competitive edge in terms of product quality and/or price. It likewise refers to the ability to produce a product with the greatest relative efficiency in the use of resources.*

*ACooperatives® refers to duly registered associations of persons with a common bond of interest who have voluntarily joined together to achieve a lawful common social and economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.*

*ADepartment® refers to the Department of Agriculture.*

*"Economies of Scale" refers to the decrease in unit cost as more units are produced due to the spreading out of fixed costs over a greater number of units produced.*

*AEconomic Scale® refers to the minimum quantity or volume of goods required to be efficient.*

*AEmpowerment® involves providing authority, responsibility and information to people directly engaged in agriculture and fishery production, primarily at the level of the farmers, fisherfolk and those engaged in food and non-food production and processing, in order to give them wider choices and enable them to take advantage of the benefits of the agriculture and fishery industries.*

*"Extension Services" refers to the provision of training, information, and support services by the government and non-government organizations to the agriculture and fisheries sectors to improve the technical, business and social capabilities of farmers and fisherfolk.*

*AFarmer-s and Fisherfolk-s Organization or Associations® refers to farmers and fisherfolk-s cooperatives, associations, or corporations duly registered with appropriate government agencies and which are composed primarily of small agricultural producers, farmers, farm workers, agrarian reform beneficiaries, fisherfolk who voluntarily join together to form business enterprises or non-business organizations which they themselves own, control and patronize.*

*AFarm-to-Market Roads® refers to roads linking the agriculture and fisheries production sites, coastal landing points and post-harvest facilities to the market and arterial roads and highways.*

*"Fisheries Sector" is the sector engaged in the production, growing, harvesting, processing, marketing, developing, conserving, and managing of aquatic resources and fisheries areas.*

*"Fisheries" refers to all systems or networks of interrelated activities which include the production, growing, harvesting, processing, marketing, developing, conserving, and managing of all aquatic resources and fisheries areas.*

*"Fishing Grounds" refers to areas in any body of water where fish and other aquatic resources congregate and become target of capture.*

*"Fishing" refers to the application of techniques using various gear in catching fish and other fisheries products.*

*"Food Security" refers to the policy objective, plan and strategy of meeting the food requirements of the present and future generations of Filipinos in substantial quantity, ensuring the availability and affordability of food to all, either through local production or importation, or both, based on the country's existing and potential resource endowment and related production advantages, and consistent with the overall national development objectives and policies. However, sufficiency in rice and white corn should be pursued.*

*"Fresh Agricultural And Fishery Products" refers to agricultural and fisheries products newly taken or captured directly from its natural state or habitat, or those newly harvested or gathered from agricultural areas or bodies of water used for aquaculture.*

*AGlobal Competitiveness® refers to the ability to compete in terms of price, quality and volume of agriculture and fishery products relative to those of other countries.*

*AGross Value-Added® refers to the total value, excluding the value of non-agricultural or fisheries intermediate inputs, of goods and services contributed by the agricultural and fisheries sectors.*

*AHeadworks® refers to the composite parts of the irrigation system that divert water from natural bodies of water such as rivers, streams, and lakes.*

*AIndustrial Dispersal® refers to the encouragement given to manufacturing enterprises to establish their plants in rural areas. Such firms normally use agricultural raw materials either in their primary or intermediate state.*

*AIrrigable Lands® refers to lands which display marked characteristics justifying the operation of an irrigation system.*

*AIrrigated Lands® refers to lands serviced by natural irrigation or irrigation facilities. These include lands where water is not readily available as existing irrigation facilities need rehabilitation or upgrading or where irrigation water is not available year-round.*

*AIrrigation System® refers to a system of irrigation facilities covering contiguous areas.*

*AIrrigators- Association (IA)® refers to an association of farmers within a contiguous area served by a National Irrigation System or Communal Irrigation System.*

*ALand Use Plan® refers to a document embodying a set of policies accompanied by maps and similar illustrations which represent the community-desired pattern of population distribution and a proposal for the future allocation of land to the various land-using activities, in accordance with the social and economic objectives of the people. It identifies the location, character and extent of the area's land resources to be used for different purposes and includes the process and the criteria employed in the determination of the land use.*

*ALand Use Planning® refers to the act of defining the allocation, utilization, development and management of all lands within a given territory or jurisdiction according to the inherent qualities of the land itself and supportive of sustainable, economic, demographic, socio-cultural and environmental objectives as an aid to decision-making and legislation.*

*ALand Use® refers to the manner of utilizing the land, including its allocation, development and management.*

*AMain Canal® refers to the channel where diverted water from a source flows to the intended area to be irrigated.*

*AMarket Infrastructure® refers to facilities including, but not limited to, market buildings, slaughterhouses, holding pens, warehouses, market information centers, connecting roads, transport and communication and cold storage used by the farmers and fisherfolk in marketing their produce.*

*ANational Information Network (NIN)® refers to an information network which links all offices and levels of the Department with various research institutions and local end-users, providing easy access to information and marketing services related to agriculture and fisheries.*

*"National Irrigation System (NIS)" refers to a major irrigation system managed by the National Irrigation Administration.*

*"Network of Protected Areas for Agricultural and Agro-industrial Development (NPAAAD)" refers to agricultural areas identified by the Department through the Bureau of Soils and Water Management in coordination with the National Mapping and Resource Information Authority in order to ensure the efficient utilization of land for agriculture and agro-industrial development and promote sustainable growth. The NPAAAD covers all irrigated areas, all irrigable lands already covered by irrigation projects with firm funding commitments; all alluvial plain land highly suitable for agriculture whether irrigated or not; agro-industrial croplands or lands presently planted to industrial crops that support the viability of existing agricultural infrastructure and agro-based enterprises, highlands, or areas located at an elevation of five hundred (500) meters or above and have the potential for growing semi-temperate and high-value crops; all agricultural lands that are ecologically fragile, the conversion of which will result in serious environmental degradation, and mangrove areas and fish sanctuaries.*

*AOn-Farm Irrigation Facilities® refer to composite facilities that permit entry of water to paddy areas and consist of farm ditches and turnouts.*

*APost-Harvest Activities® include, but is not limited to, threshing, drying, milling, grading, storing, and handling of produce and such other activities as stripping, winnowing, chipping and washing.*

*APost-Harvest Facilities® include, but is not limited to, threshers, moisture meters, dryers, weighing scales, milling equipment, fish ports, fish landings, ice plants and cold storage facilities, processing plants, warehouses, buying stations, market infrastructure and transportation facilities.*

*"Premature Conversion of Agricultural Land" refers to the undertaking of any development activity, the results of which modify or alter the physical characteristics of the agricultural lands to render them suitable for non-agricultural purposes, without an approved order of conversion from the DAR.*

*"Primary Processing" refers to the physical alteration of raw agricultural or fishery products with or without the use of mechanical facilities.*

*AResource Accounting® refers to a process of tracking changes in the environment and natural resources biophysically and economically (in monetary terms).*

*AResource-based® refers to the utilization of natural resources.*

*ARural Industrialization® refers to the process by which the economy is transformed from one that is predominantly agricultural to one that is dominantly industrial and service-oriented. Agriculture provides the impetus and push for industry and services through the market that it creates, the labor that it absorbs, and the income that it generates which is channeled to industry and services. As development continues, with agriculture still an important sector, industry and services begin to generate income and markets and concomitantly increase their share of total income.*

*ASecondary Canal® refers to the channel connected to the main canal which distributes irrigation to specific areas.*

*"Secondary Processing" refers to the physical transformation of semi-processed agricultural or fishery products.*

*"Shallow Tube Well (STW)" refers to a tube or shaft vertically set into the ground for the purpose of bringing ground water to the soil surface from a depth of less than 20 meters by suction lifting.*

*ASmall and Medium Enterprise (SME)® refers to any business activity or enterprise engaged in industry, agribusiness and/or services, whether single proprietorship, cooperative, partnership or corporation whose total assets, inclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, must have value falling under the following categories:*

*Micro : not more than P1,500,000*  
*Small : P1,500,001 to P15,000,000*  
*Medium : P15,000,001 to P60,000,000*

*The Department, in consultation with the Congressional Oversight Committee on Agricultural and Fisheries Modernization (COCAFAM), may adjust the above values as deemed necessary.*

*ASmall Farmers and Fisherfolk® refers to natural persons dependent on small-scale subsistence farming and fishing activities as their primary source of income.*

*ASocio-culturally Sound® means the consideration of the social structure of the community such as leadership pattern, distribution of roles across gender and age groups, the diversity of religion and other spiritual beliefs, ethnicity and cultural diversity of the population.*

*AStrategic Agriculture and Fisheries Development Zones (SAFDZ)® refers to the areas within the NPAAAD identified for production, agro-processing and marketing activities to help develop and modernize, with the support of government, the agriculture and fisheries sectors in an environmentally and socio-culturally sound manner.*

*ATechnology-based® refers to utilization of technology.*

*AZoning Ordinance® refers to a local legislation approving the development/ land use plan and providing for the regulations and other conditions on the uses of land including the limitation on the infrastructure that may be placed within the territorial jurisdiction of a city or municipality.*

Rule 4.1. Other terms used in these IRR include, and are defined as:

- Rule 4.1.1. *AAgricultural and Fisheries Education® including non-formal education, refers to organized and institutionalized learning relating to basic education, technical, vocational, occupational and professional development, providing the basis for research and practice for technology development and extension in the various fields of agriculture and fisheries.*
- Rule 4.1.2. *AAgro-industrial potential® of a given area means the total production that can be derived therefrom, arising from: (i) new areas for development, (ii) increased productivity from existing areas, (iii) conversion of use of existing crop land to alternative, higher-value uses, (iv) reduction of post-harvest losses, and (e) value adding activities such as food and agro-processing.*
- Rule 4.1.3. *AApplied research® refers to research aimed at gaining knowledge to meet a specific, recognized need. Applied research is generally divided into pre-technology sciences and technology invention. Pre-technology sciences include soil physics and chemistry, plant and animal genetics, plant and animal pathology, plant and animal physiology, nutrition, engineering, climatology, computer science, and economics. Technology invention includes agricultural chemistry, plant and animal breeding, horticulture, agronomy, veterinary medicine, mechanics, irrigation methods, anthropology, sociology, communications research, extension research, computer software development and farm management.*

- Rule 4.1.4.    *Basic research*® research conducted to gain more complete understanding of the subject under study, without any specific applications in mind. This can include experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundation or phenomena and observable facts, without any particular or specific application or use in view.
- Rule 4.1.5.    *Core funds for research and extension*® refers to the recurring cost of operating a research and extension center or institute, which includes personnel services of core staff and maintenance and operating expenses. Core funds include maintenance cost of permanent projects such as germplasm collections and seed storage.
- Rule 4.1.6.    *Directed Credit Program*® refers to credit projects, activities and programs targeted at a specific sector or sectors of the population, implemented by a government or quasi-government non-financial agency directly or indirectly through an executing agency, fund manager, administrator or conduit, and whose funding comes at least partly from government or public resources, appropriations, local or foreign grants to government, loan proceeds from any source, or which involve government guarantee.
- Rule 4.1.7.    *Direct research cost*® refers to the cost of undertaking a specific research project or program. This includes the salaries and maintenance and other operating costs directly related to the implementation of the project.
- Rule 4.1.8.    *Escheat*® refers to the legal process leading to the reversion of land to the State.
- Rule 4.1.9.    *Field*® refers to an area of academic interest or specialization in agricultural and fisheries education.
- Rule 4.1.10.   *Field Operations Service*® (FOS), formerly known as the Field Operations Group (FOS) or Regional Operations Group (ROG).
- Rule 4.1.11.   *"Food Security" refers to the policy objective, plan and strategy of meeting the food requirements of the present and future generations of Filipinos in substantial quantity, safety and nutritional quality that meets desirable dietary requirements, ensuring the availability and affordability of food to all, either through local production or importation, or both, based on the country's existing and potential resource endowment and related production advantages, and consistent with the overall national development objectives and policies. However, sufficiency in rice and white corn should be pursued.*
- Rule 4.1.12.   *Institutional development*® refers to programs and activities that aim to increase, enhance, or develop human resources and related physical infrastructure.
- Rule 4.1.13.   *Model Farms*® refer to efficiently-managed, contiguous area of agricultural land or fisheries characterized by a diversified cropping and integrated farming or fishery system which shall serve as a demonstration center for agricultural or fishery technologies.
- Rule 4.1.14.   *Multi-sectoral participation*® is where all of the various sectors concerned with an issue, decision, project or program are adequately represented.
- Rule 4.1.15.   *National Marketing Umbrella*® refers to the nationally-federated farmers- and fisherfolk-s organizations, cooperatives, associations and other agri-based service organizations networked to engage in the procurement, processing, storage and

marketing of agri-based raw materials, semi-processed and finished products for domestic and foreign markets.

- Rule 4.1.16. *Participatory processes* are modes of action where decisions and actions are subjected to open discussion, public hearings or consultations involving stakeholders prior to finalization and implementation.
- Rule 4.1.17. *Planning Service* or PS refers to the office of the Department of Agriculture that prior to the issuance of these IRR was referred to as the Planning and Monitoring Service (PMS).
- Rule 4.1.18. *Planning Division* or PD refers to the office of the Regional Field Unit of the Department of Agriculture that prior to the issuance of these IRR was referred to as the Planning, Monitoring and Evaluation Unit (PMEU)
- Rule 4.1.19. *Scientific and technical personnel* refer to professionals and individuals working for the development of the agriculture and fishery sector such as scientists, researchers, technical personnel, research managers and coordinators, extension officers and workers.
- Rule 4.1.20. *Working capital* refers to assets including but not limited to land, buildings, machinery, equipment, raw materials, and cash utilized for the viable business operation of the farmers and fisherfolk and their organizations, cooperatives, and federations.

## **TITLE 1 PRODUCTION AND MARKETING SUPPORT SERVICES**

### **Chapter 1 Strategic Agricultural and Fisheries Development Zones**

Section 5. *Declaration of Policy.* - *It is the policy of the State to ensure that all sectors of the economy and all regions of the country shall be given optimum opportunity to develop through the rational and sustainable use of resources peculiar to each area in order to maximize agricultural productivity, promote efficiency and equity and accelerate the modernization of the agriculture and fisheries sectors of the country.*

Section 6. *Network of Areas for Agricultural and Agro-Industrial Development.* - *The Department shall, within six (6) months after the approval of this Act, and in consultation with the local government units, appropriate government agencies, concerned non- government organizations (NGOs) and organized farmers- and fisherfolk-s groups, identify the Strategic Agriculture and Fisheries Development Zones (SAFDZ) within the network of protected areas for agricultural and agro-industrial development to ensure that lands are efficiently and sustainably utilized for food and non-food production and agro-industrialization.*

The SAFDZ, which shall serve as centers where development in the agriculture and fisheries sectors are catalyzed in an environmentally and socio-culturally sound manner, shall be identified on the basis of the following criteria:

*Agro-climatic and environmental conditions giving the area a competitive advantage in the cultivation, culture, production and processing of particular crops, animals and aquatic products;*

*Strategic location of the area for the establishment of agriculture or fisheries infrastructure, industrial complexes, production and processing zones;*

*Strategic location of the area for market development and market networking both at the local and international levels; and,*



*Dominant presence of agrarian reform communities (ARCs) and/or small owner - cultivators and amortizing owners/agrarian reform beneficiaries and other small farmers and fisherfolk in the area.*

The SAFDZ shall have an integrated development plan consisting of production, processing, investment, marketing, human resources and environmental protection components.

- Rule 6.1. The spatial programming of the Government's interventions and support for agriculture and fisheries development and shall be organized in three levels:
  - Rule 6.1.1. The Network of Areas for Agricultural and Agro-industrial Development (NAAAD),
  - Rule 6.1.2. The Strategic Agricultural and Fisheries Development Zones (SAFDZ) within the NAAAD, and
  - Rule 6.1.3. The Model Farms within the SAFDZ.
- Rule 6.2. The NAAAD includes all the areas covered under the Network of Protected Areas for Agricultural and Agro-Industrial Development (NPAAAD) as defined in RA 8435. The NPAAAD ensures the sustained production of the country's basic agricultural and fisheries commodities through the stewardship and utilization of the most productive agricultural and fishery land and resources for optimal production, processing and marketing. The NPAAAD includes:
  - Rule 6.2.1. all irrigated areas,
  - Rule 6.2.2. all irrigable land already covered by irrigation projects with firm funding commitments;
  - Rule 6.2.3. all alluvial plains highly suitable for agriculture, whether irrigated or not;
  - Rule 6.2.4. agro-industrial croplands or land presently planted to industrial crops that support the viability of existing agricultural infrastructure and agro-based enterprises,
  - Rule 6.2.5. highland or areas located at an elevation of five hundred (500) meters or above and have the potential for growing semi-temperate and high-value crops;
  - Rule 6.2.6. all agricultural land that are ecologically fragile, the conversion of which will result in serious environmental degradation, and mangrove areas and fish sanctuaries, and
  - Rule 6.2.7. all fishery areas as defined pursuant to the *Fisheries Code of 1998*.
- Rule 6.3. The National and Regional SAFDZ Committees (National and Regional SAFDZ Committees) are hereby constituted. The Department Undersecretary charged with Operations shall serve as the Chairperson and the Bureau of Soils and Water Management (BSWM) shall serve as the Secretariat of the national SAFDZ Committee. The Chairperson shall recommend to the Secretary the multi-sectoral membership of the National SAFDZ Committee.
- Rule 6.4. Starting the third quarter of 1998, the Regional and National SAFDZ Committees shall be convened by the Chairperson at least once each quarter.
- Rule 6.5. The National and Regional SAFDZ Committees shall draw their operating support budget from sources such as, but not limited to, item 12 of Section 111.



- Rule 6.6. The Regional SAFDZ Committee shall perform local and regional analysis and verification of data and information related to the SAFDZ and provides recommendations to the national SAFDZ Committee. The Department Regional Director (RD) shall serve as the Chairperson while the RFU Planning Division, in coordination with the BSWM-Soils and Water Action Team (SWAT) Coordinator, shall serve as the Secretariat.
- Rule 6.7. The National SAFDZ Committee shall periodically review the technical findings and recommendations of the Regional SAFDZ Committees and recommend to the Secretary the list and composition of the NPAAAD in the form of a draft Department AO. The first such AO shall be submitted to the Secretary on or before July 30, 1998, for issuance on or before August 9, 1998. Thereafter the AO on the NPAAAD shall be reviewed upon the judgment of the Secretary, consistent with the timing for the delineation of the SAFDZ under Section 9.
- Rule 6.8. On or before September 30, 1998, the National SAFDZ Committee shall, based on the recommendations of the Regional SAFDZ Committees submit for the approval of the Secretary the list and composition of the SAFDZ in the form of a Department AO. The Secretary shall issue the AO for the guidance of all concerned on or before December 30, 1998. This AO shall periodically be reviewed upon the judgment of the Secretary in coordination with the DAR and the COCAFM consistent with the timing for the delineation of the SAFDZ under Section 9.
- Rule 6.9. The Department Undersecretary designated to be in charge of Operations, supported by the BSWM and the Planning Service shall prepare, in coordination with the national and regional SAFDZ Committees, the departments, offices, LGUs, NGOs and POs concerned, the integrated development plans for the SAFDZs. These plans shall serve as components and complements of the Regional Land Use Plan (RLUP), the Regional Physical Framework Plan (RFPF) and the Regional Agricultural and Fisheries Modernization Plan (RAFMP). The first edition of these regional SAFDZ plans shall be submitted for the review of the Regional SAFDZ Committee on or before March 30, 1999, and thereafter updated subject to a schedule consistent with the national and local development planning and budgeting calendar coordinated by the NEDA and the DBM.
- Rule 6.10. The integrated development plan for each zone shall take into account the production, processing, investment, marketing, human resources and environmental protection considerations of the SAFDZ. Through a participatory planning process agreed upon between the Department, NEDA and the LGUs, these plans will be consolidated and aggregated into the Agricultural and Fisheries Modernization Plans (AFMP) for the municipality, province, region and the country as a whole.
- Rule 6.11. The SAFDZs shall be identified for each appropriate area of the country to establish crop, fish and livestock specializations. The sub-zones in a SAFDZ shall not necessarily be consistent with political and administrative boundaries and shall cover one or more, or a combination of food crops, livestock, commercial crops, fisheries and agro-industry.
- Rule 6.12. The financing for the implementation of the integrated development plans of the SAFDZs shall be submitted by the Department to the DBM for inclusion in the President's program of expenditures for consideration by Congress under the General Appropriations Act, consistent with the proportions specified in RA 8435.
- Rule 6.13. To ensure that the Department is organized to effectively manage and support the SAFDZs, the Operations Group (FOG) is upgraded into the Field Operations Service (FOS). The FOS shall serve as the principal central logistics and support unit for the implementation of the Department's field programs, the operations of the Department's Regional Field Units (RFUs), and the services to the extension functions of the LGUs. The FOS shall be composed of at least four (4) divisions responsible for: Central Programs, Field Programs, Operations Management Information, Projects Coordination, and Infrastructure and Engineering. The Undersecretary designated to be in charge of Operations shall propose the detailed structure of the FOS for the approval of the Secretary upon the issuance of these IRR.

Section 7. *Model Farms - The Department, in coordination with the local government units (LGUs) and appropriate government agencies, may designate agrarian reform communities (ARCs) and other areas within the SAFDZ suitable for economic scale production which will serve as model farms.*

*Farmer-landowners whose lands are located within these designated areas shall be given the option to enter into a management agreement with corporate entities with proven competence in farm operations and management, high-end quality production and productivity through the use of up-to-date technology and collateral resources such as skilled manpower, adequate capital and credit, and access to markets, consistent with existing laws.*

- Rule 7.1. Based on the recommendations of the Regional and National SAFDZ Committees, the Department shall designate areas within the SAFDZs, including ARCs, farms owned by private entities, associations of smallholders, SUC lands and government-owned lands and priority fishery and aquaculture areas which are suitable for economic scale production as model farms. The SAFDZ Committee shall recommend an initial list of these areas for the approval of the Secretary on or before December 30, 1998.
- Rule 7.2. The Department shall formulate and implement a program of technical, logistical, investment and infrastructure support and/or incentives that will establish SAFDZ model farms that shall:
- Rule 7.2.1. be organized in the areas identified for economic scale production, with the scale dependent on the particular financial and economic viability of each commodity or enterprise;
  - Rule 7.2.2. be managed and organized according to terms and conditions in management agreements, joint ventures and other modalities of investment and cooperation,
  - Rule 7.2.3. utilize appropriate sustainable agriculture and fishery production systems which are private-led, market-based, competitive yet not harmful to the environment,
  - Rule 7.2.4. be targeted for priority commercialization and/or expansion and the provision of investment incentives such as, but not limited to, the Investment Priorities Program, and
  - Rule 7.2.5. be considered as participants under the Basic Needs Program mandated under Sections 98, 99 and 102.
- Rule 7.3. The first model farm under the program shall be identified and operational on or before December 30, 1998.
- Rule 7.4. The designation of a particular area as a model farm shall not contravene the provisions of RA 6657 or the Comprehensive Agrarian Reform Law (CARL).

Section 8. *Mapping - The Department, through the Bureau of Soils and Water Management (BSWM), in coordination with the National Mapping and Resource Information Authority (NAMRIA) and the Housing and Land Use Regulatory Board (HLURB) shall undertake the mapping of the network of areas for agricultural and agro-industrial development for all municipalities, cities at an appropriate scale. The BSWM may call on other agencies to provide technical and other logistical support in this undertaking.*

- Rule 8.1. The BSWM, in coordination with the NAMRIA, shall undertake the mapping of the NPAAAD and SAFDZ. These maps shall also be digitized and incorporated into the National Information Network (NIN) mandated under Section 41. The BSWM shall publish and make the maps available to the public on or before December 30, 1998.

- Rule 8.2. The initial financing for these maps shall be drawn from, among other sources, item 12 of Section 111. Thereafter the maps shall be made available to the public by the BSWM at cost. For this purpose the Department and the Department of Budget and Management shall propose to Congress the creation of a revolving fund to be managed by the BSWM.

Section 9. *Delineation of Strategic Agriculture and Fisheries Development Zones. - The Department, in consultation with the Department of Agrarian Reform, the Department of Trade and Industry, the Department of Environment and Natural Resources, Department of Science and Technology, the concerned LGUs, the organized farmers and fisherfolk groups, the private sector and communities shall, without prejudice to the development of identified economic zones and free ports, establish and delineate, based on sound resource accounting the SAFDZ within one (1) year from the effectivity of this Act.*

*All irrigated lands, irrigable lands already covered by irrigation projects with firm funding commitments, and lands with existing or having the potential for growing high-value crops so delineated and included within the SAFDZ shall not be converted for a period of five (5) years from the effectivity of this Act: Provided, however, That not more than five percent (5%) of the said lands located within the SAFDZ may be converted upon compliance with existing laws, rules, regulations, executive orders and issuances, and administrative orders relating to land use conversion: Provided further, That thereafter: 1) a review of the SAFDZ, specifically on the productivity of the areas, improvement of the quality of life of farmers and fisherfolk, and efficiency and effectiveness of the support services shall be conducted by the Department and the Department of Agrarian Reform, in coordination with the Congressional Oversight Committee on Agricultural and Fisheries Modernization; 2) conversion may be allowed, if at all, on a case-to-case basis subject to existing laws, rules, regulations, executive orders and issuances, and administrative orders governing land use conversion; and, 3) in case of conversion, the land owner will pay the Department the amount equivalent to the government's investment cost including inflation.*

- Rule 9.1. The effects of agriculture and fisheries activities on natural resources and the ecosystem in general will be explicitly considered in the delineation of the SAFDZ and in the formulation of the integrated SAFDZ development plans.
- Rule 9.2. The Department shall participate in the Philippine Economic Environmental and Natural Resources Accounting (PEENRA) system. Specifically, participation will involve:
- Rule 9.2.1. The BAS in the collection and periodic reporting of environmental and natural resource accounting data;
  - Rule 9.2.2. The NIN incorporating the results and data arising from the PEENRA system; and
  - Rule 9.2.3. The formulation and enactment of policy instruments influencing natural resource exploitation, including command and control instruments, economic measures and combinations thereof.
- Rule 9.3. The DENR shall provide training and technical assistance to the Department in ENRA activities.
- Rule 9.4. The conversion of use from agricultural to non-agriculture of lands covered under the SAFDZ as set in the AO establishing the SAFDZ shall be limited per Sections 9 and 12, in addition to any existing rules, regulations and procedures regarding applications for land use conversion and the protection of watershed areas, including RA 6657 or the CARL and Presidential Administrative Orders (PAO) 20 and 363, and Section 20 of the Local Government Code (LGC) and other Presidential issuances.
- Rule 9.5. All irrigated land, irrigable land already covered by irrigation projects with firm funding commitments, potentially irrigable land and lands with existing or having the potential for growing high-value crops included within the SAFDZ shall not be converted to non-agricultural use over the period beginning

February 10, 1998 to February 9, 2003. *Provided*, conversion may be allowed, except for areas identified as watersheds per Section 12, under the following conditions:

- Rule 9.5.1. The maximum of 5% of the total area covered by the conversion moratorium within the SAFDZ which may be eligible for conversion to non-agricultural use shall be limited by any existing rules, regulations and procedures regarding applications for land use conversion and the protection of watershed areas, including RA 6657 and PAOs 20 and 363, Section 20 of the LGC, and other Presidential issuances,
- Rule 9.5.2. The maximum of 5% equivalent to the total area of land determined to be eligible for conversion to non-agricultural use shall be jointly determined by the Department and the DAR, upon the recommendation of the Regional and National SAFDZ Committees. *Provided, that:*
  - Rule 9.5.2.1. the conversion of land use is consistent with the natural expansion of the municipality or locality, as contained in the approved physical framework and land use plan;
  - Rule 9.5.2.2. the area to be converted in use is not the only remaining food production area of the community,
  - Rule 9.5.2.3. the land use conversion shall not hamper the availability of irrigation to nearby farmlands,
  - Rule 9.5.2.4. the areas with low productivity will be accorded priority for use conversion, and
  - Rule 9.5.2.5. sufficient disturbance compensation shall be given to the farmers whose livelihoods are negatively affected by the land use conversion as provided for by existing laws and regulations.
- Rule 9.5.3. the monitoring and evaluation (M&E) of the SAFDZ approach to be operationalized by the Department in coordination with the DAR, the COCAFm and other stakeholders shall periodically assess the efficiency and effectiveness of the SAFDZ approach in terms of the welfare of the beneficiaries and communities within the SAFDZ, and
- Rule 9.5.4. that in case of approved conversion of land to non-agricultural use, the registered landowner will pay the Government, through the Treasurer of the Philippines, the amount equivalent to the government's investment cost including inflation, estimated to include all expenditures for capital goods expended by any and all agencies, financed from public, national or local budget resources, whether sourced from domestic or foreign, on the land applied for use conversion of. *Provided, that:*
  - Rule 9.5.4.1. the valuation of such investments will be equivalent to the total government expenditure made on the land in question, adjusted for average inflation over the period since the beginning of investment up to the month of approval of conversion;
  - Rule 9.5.4.2. the valuation shall be determined jointly by the Municipal Assessor and Municipal Treasurer, in consultation with those agencies which have made public investments in the area, and reviewed by the Provincial Assessor; and

Rule 9.5.4.3. the payment by the landowner shall be made in a single lump sum payment to the Treasurer of the Philippines, through the Municipal Treasurer of the Municipality where the farmland concerned is located.

Rule 9.6. Agricultural land located outside the SAFDZs may be converted upon compliance with existing laws, rules, regulations, executive and administrative orders and other issuances relating to land use conversion and the sustainability of agriculture and fisheries production particularly in those areas determined by the Department to be part of the NPAAAD.

Section 10. *Preparation of Land Use and Zoning Ordinance.* - *Within one (1) year from the finalization of the SAFDZ, in every city and municipality, all cities and municipalities shall have prepared their respective land use and zoning ordinance incorporating the SAFDZ, where applicable. Thereafter, all land use plans and zoning ordinances shall be updated every four (4) years or as often as may be deemed necessary upon the recommendation of the Housing and Land Use Regulatory Board and must be completed within the first year of the term of office of the mayor. If the cities/municipalities fail to comply with the preparation of zoning and land use plans, the DILG shall impose the penalty as provided for under R.A. 7160.*

Rule 10.1. The Housing and Land Use Regulatory Board (HLURB), using maps and information obtained from and/ or provided by the BSWM, and in coordination with the DILG, will issue guidelines to LGUs regarding the incorporation of the SAFDZ in the enactment and updating of LGU land use and zoning plans and ordinances. The guidelines will be issued by the HLURB on or before December 30, 1998. Thereafter, the guidelines shall be updated by the HLURB through participatory processes at least once every four (4) years.

Section 11. *Penalty for Agricultural Inactivity and Premature Conversion.* - *Any person or juridical entity who knowingly or deliberately causes any irrigated agricultural lands seven (7) hectares or larger, whether contiguous or not, within the protected areas for agricultural development, as specified under Section 6 in relation to Section 9 of this Act, to lie idle and unproductive for a period exceeding one (1) year, unless due to force majeure, shall be subject to an idle land tax of Three Thousand Pesos (P3,000.00) per hectare per year. In addition, the violator shall be required to put back such lands to productive agricultural use. Should the continued agricultural inactivity, unless due to force majeure, exceed a period of two (2) years, the land shall be subject to escheat proceedings.*

*Any person found guilty of premature or illegal conversion shall be penalized with imprisonment of two (2) to six years (6), or a fine equivalent to 100% of the government's investment cost, or both, at the discretion of the court, and an accessory penalty of forfeiture of the land and any improvement thereon.*

*In addition, the DAR may impose the following penalties, after determining, in an administrative proceeding, that violation of this law has been committed:*

*Cancellation or withdrawal of the authorization for land use conversion; and*

*Blacklisting, or automatic disapproval of pending and subsequent conversion applications, that they may file with the DAR.*

Rule 11.1. The farming and fishery areas and farmlands referred to as *within the protected areas for agricultural development* include all areas listed in the AOs on the NPAAAD and the SAFDZ.

Rule 11.2. The determination of the condition of *agricultural inactivity* of an area, or the *productive agricultural use* of an area previously determined to be idle and unproductive shall be through the following process:

Rule 11.2.1. The Municipal Agriculturist (MA) shall monitor agricultural land use activities within the municipality as a regular function. Through the MA's individual

initiative, or in response to a request for investigation from any concerned individual or farmers= or fisherfolk=s group, the MA shall send a written notice to the concerned landowner or lessee to attend a hearing concerning the allegation of inactivity of the latter=s area;

- Rule 11.2.2. within thirty (30) days after the first notice of hearing was received by the concerned landowner or lessee, the MA shall render a report and a ruling;
- Rule 11.2.3. The landowner or lessee may appeal the findings of the MA to the Provincial Agriculturist (PA) within ten (10) days upon receipt of the decision of the MA, otherwise, the same shall become final and a certification of inactivity for the said land shall be forwarded to the Municipal Treasurer for the imposition of the idle land tax, and to the landowner for the return of the farmland to productive use;
- Rule 11.2.4. Appeals received by the PA shall be resolved within fifteen (15) days upon filing of the appeal at the office of the PA;
- Rule 11.2.5. The landowner or lessee may appeal the decision of the PA to the Regional Director of the Department within ten (10) days from the receipt thereof. The Regional Director shall resolve the appeal within fifteen (15) days after filing of the appeal;
- Rule 11.2.6. Appeal against the decision of the Regional Director shall be made within ten (10) days from the receipt thereof to the Secretary, who shall resolve the appeal within fifteen (15) days upon receipt. Appeal from the decision of the Secretary shall be made to the appropriate Court in accordance with the New Rules of Court.
- Rule 11.3. The idle land tax due arising from a determination of an area being in the state of *Ainactivity@* shall be paid by the registered owner of the farmland concerned to the Treasurer of the Philippines, through the Municipal Treasurer of the concerned Municipality.
- Rule 11.4. Escheat proceedings due to the continued inactivity referred to in Section 11 may be initiated by the municipality or city where the land is situated or by the Department or the DAR, through the assistance of the Solicitor General. After the administrative determination based on the preceding section recommending the institution of escheat proceedings, the same shall be instituted in the proper court in accordance with the New Rules of Court.
- Rule 11.5. The DAR shall issue guidelines on the investigation and filing of charges relating to the premature use conversion of agricultural land. The guidelines shall be issued on or before August 30, 1998.
- Rule 11.6. Violators of the law against premature conversion of land use may also be penalized through blacklisting, or automatic disapproval of applications for conversion, including any future applications.

**Section 12. *Protection of Watershed Areas. - All watersheds that are sources of water for existing and potential irrigable areas and recharge areas of major aquifers identified by the Department of Agriculture and the Department of Environment and Natural Resources shall be preserved as such at all times.***

- Rule 12.1. The Department, particularly the BSWM, shall ensure that watershed areas are covered in the NPAAAD and clearly delineated in the maps issued by the BSWM.
- Rule 12.2. All logging, clearing or any other activity within watershed areas shall be limited and regulated per existing law and regulations. Reforestation, agro-forestry and



conservation and optimal management projects are eligible for support and financing from resources made available under RA 8435. The Department shall collaborate with the DENR to implement such watershed protection and conservation projects.

## Chapter 2 The Agriculture and Fisheries Modernization Plan

Section 13. *Agriculture and Fisheries Modernization Plan (AFMP) B The Department, in consultation with the farmers and fisherfolk, the private sector, NGOs, people's organizations and appropriate government agencies and offices, shall formulate and implement a medium- and long-term comprehensive Agriculture and Fisheries Modernization Plan.*

The Agriculture and Fisheries Modernization Plan shall focus on five (5) major concerns:

*Food security;  
Poverty alleviation and social equity;  
Income enhancement and profitability especially for farmers and fisherfolk;  
Global competitiveness; and,  
Sustainability.*

- Rule 13.1. The Department shall formulate the AFMP using participatory methods and where close linkages with all stakeholders shall be maintained throughout the planning cycle. The NAF Council shall review the AFMP prior to its finalization.
- Rule 13.2. The Department Planning and Monitoring Service (PMS) is renamed the Planning Service (PS) and charged with the execution and coordination of all Department activities related to the participatory achievement of the plans and goals listed in Sections 13 and 14. The PS shall develop, process, analyze and consolidate the AFMP. The PS shall collaborate with the Department's Finance and Management Service (FMS) to ensure adequate and timely budget support for the AFMP. The PS and the Policy Analysis Service (PAS) referred to in Section 15, in collaboration with the other offices of the Department shall provide principal staff support to the Secretary in the preparation of the AFMP, and its presentation to the NAF Council and all other concerned bodies.
- Rule 13.3. The PS shall include the following divisions: Planning and Budget Division (PBD), Public Investment Program Division (PIPD) and the Program Monitoring and Evaluation Division (PMED). The current Planning, Monitoring and Evaluation Unit (PMEU) at the Regional Field Unit (RFU) is hereby constituted into a Planning Division (PD). The PD shall provide principal staff assistance to the Regional Director (RD) in preparing the regional AFMP. The PD will coordinate closely with the PS at the Office of the Secretary (OSEC).
- Rule 13.4. The Secretary, upon the recommendation of the PS, shall issue:
- Rule 13.4.1. the over-all planning framework and parameters of the AFMP,
  - Rule 13.4.2. the calendar and timetable for the planning process which will establish the regular and cyclical Department, regional and sector-wide schedule for planning, monitoring and evaluation activities and deadlines for the formulation, publication and regular updating of the AFMP, and
  - Rule 13.4.3. The guidelines, in collaboration with the DILG, covering the implementation by LGUs in the formulation of the plans.



- Rule 13.5. The AFMP shall serve as the Agriculture and Fisheries Sector Development Plan in the national system of development planning and financing coordinated by the NEDA and DBM. The AFMP shall also cover the medium-term and annual Agriculture and Fisheries Sector Public Investment Program (PIP) which will be submitted to the NEDA for incorporation into the Philippine Medium Term and annual PIP.
- Rule 13.6. Where necessary and appropriate, separate but synchronized and coordinated Fisheries Sector development plans shall be formulated, particularly in collaboration with the BFAR. The national AFMP shall be formulated based on the aggregation of local, regional and subsectoral AFMPs.
- Rule 13.7. The local (municipal, provincial and regional) AFMP shall incorporate the local integrated SAFDZ plans. Aggregation shall consider, in particular, multi-area projects and programs that cross administrative and political boundaries. After the municipal SAFDZ Integrated Development Plans have been consolidated, the resulting Provincial SAFDZ Integrated Development Plans shall be consolidated into the Regional SAFDZ Integrated Development Plan. The aggregated Regional SAFDZ Integrated Development and Sub-sector Plans shall be submitted to the PS for incorporation as the National AFMP.
- Rule 13.8. The first annual local and national AFMP shall be completed on or before June 30, 1999 and shall cover the balance of the year 1999. The first medium-term local and national AFMP shall cover the period 1999-2004, or according to the schedule set by the NEDA. The first medium-term AFMP shall incorporate the rationale and allocation of the appropriations for agriculture and fisheries modernization.
- Rule 13.9. The Department, particularly the ATI and the RFUs in collaboration with the DILG and the CHED, shall immediately accelerate and strengthen capability-building activities for LGUs and small holders in agricultural and fisheries sector planning, development budgeting and management.
- Rule 13.10. The Department, particularly the Offices charged with Policy and Planning and Operations shall consolidate and strengthen its units and capacity in program and project development, appraisal and financing, to ensure that the overall modernization program as well as the local and national AFMPs are provided with the finances necessary for implementation. The actions related to the strengthening of project development in the Department include:
- Rule 13.10.1. The upgrading of the various divisions in the OSEC currently responsible for project development, appraisal and sourcing of financing, from both domestic and foreign donors into the Project Development Service (PDS) under the officer charged with Policy and Planning;
  - Rule 13.10.2. The assignment of responsibilities and performance targets for project development in each of the RFUs, Bureaus and Attached Agencies of the Department, linked to the OSEC PDS for coordination and programming;
  - Rule 13.10.3. The full implementation of the Project Clearinghouse System;
  - Rule 13.10.4. The linkage between project development coordinated by the PDS and budget formulation and programming coordinated by the FMS and the PS, and
  - Rule 13.10.5. The enlargement of the project development group through designation and/ or transfer of personnel from other units of the Department, RFUs, Bureaus and Attached Agencies.

Section 14. *Food Security, Poverty Alleviation, Social Equity and Income Enhancement. - The Department, in coordination with other concerned departments or agencies, shall formulate medium- and long-term plans*

*addressing food security, poverty alleviation, social equity and income enhancement concerns based on, but not limited to, the following goals and indicators of development:*

*Increased income and profit of small farmers and fisherfolk;  
Availability of rice and other staple foods at affordable prices;  
Reduction of rural poverty and income inequality;  
Reduction of the incidence of malnutrition;  
Reduction of rural unemployment and underemployment; and,  
Improvement in land tenure of small farmers.*

Rule 14.1. The Department shall also refer to the following additional indicators:

*Rule 14.1.1. Human Development Index (HDI), as developed by the United Nations, which provides measures of social, economic and cultural status, and*

*Rule 14.1.2. Balanced urban-rural development as defined by the NEDA.*

Rule 14.2. The above indicators shall be explicitly incorporated in the formulation of the AFMP and its associated performance monitoring and evaluation system.

Section 15. *Global Competitiveness and Sustainability. - The Department shall formulate medium- and long-term plans aimed at enhancing the global competitiveness and sustainability of the country in agriculture and fisheries based on, but not limited to, the following goals and indicators of development:*

*Increase in the volume, quality and value of agriculture and fisheries production for domestic consumption and for exports;  
Reduction in post-harvest losses;  
Increase in the number/types and quality of processed agricultural and fishery products;  
Increase in the number of international trading partners in agriculture and fishery products;  
Increase in the number of sustainable agriculture and fisheries firms engaged in domestic production, processing, marketing and export activities;  
Increase in and wider level of entrepreneurship among farmers and fisherfolk in the area;  
Increase in the number of farms engaged in diversified farming; and,  
Reduced use of agro-chemicals that are harmful to health and the environment.*

Rule 15.1. The formulation of the AFMP shall be consistent with the principles of sustainable development and international competitiveness within the context of the WTO, as contained in *Philippine Agenda 21* coordinated by the NEDA.

Rule 15.2. The Department shall enable the wide dissemination of the AFMP through the National Information Network (NIN) and other channels, in collaboration with the Philippine Information Agency (PIA) and the tri-media.

Rule 15.3. To enhance the strategic planning and policy formulation capacity of the Department in order to meet the challenges of globalization and long-term sustainability, the Department Policy Analysis Division is upgraded into the Policy Analysis Service (PAS). The PAS shall serve as the core of the Department's capacity on policy formulation and advocacy. The PAS will focus on medium to long-term, strategic concerns of agricultural and fisheries modernization. The PAS will be composed of three divisions focusing on:

*Rule 15.3.1. Economic and Policy Analysis: domestic and world trade and markets policy analysis; domestic and world demand, prices and supply projections; analysis and advocacy of Amarket-friendly®, yet sustainable policies; staff support to the Secretary in ensuring policy consistency across bureaus, agencies, programs and*

activities of the Department, and conduct of policy consultations with the public and stakeholders;

Rule 15.3.2. Legislation Support and Advocacy: analysis, research, drafting and background work on legislation in progress; preparation of Department inputs and responses to Congressional directives and initiatives on various matters including taxation and international commitments; formulation of an agenda of proposed legislation in support of agricultural and fisheries modernization, and collaboration with the Agricultural and Fisheries Information Service (AFIS) in advocacy supportive agricultural and fisheries modernization;

Rule 15.3.3. International Relations: logistical support and preparations on the Department's role in the Philippines= agriculture and fisheries agenda within international organizations and bodies, both multilateral and bilateral, such as the World Trade Organization (WTO), ASEAN, Asia-Pacific Economic Cooperation (APEC), Food and Agriculture Organization (FAO) and other international groupings and agreements, preparations toward bilateral technical exchanges, the monitoring of official assistance flows and cooperation, and secretariat support for the Department's Agricultural Attaches stationed abroad.

Rule 15.4. The Department shall ensure that all of its offices shall follow consistent policies and strategies toward agricultural and fisheries modernization and global competitiveness.

Section 16. *Global Climate Change. The Department, in coordination with the Philippine Atmospheric, Geophysical and Astronomical Service Administration (PAGASA,) and other appropriate government agencies, shall devise a method of regularly monitoring and considering the effect of global climate changes, weather disturbances, and annual productivity cycles for the purpose of forecasting and formulating agriculture and fisheries production programs.*

Rule 16.1. The BSWM shall coordinate with the PAGASA, the National Disaster Coordinating Committee (NDCC), Bureau of Fisheries and Aquatic Resources (BFAR), Philippine Institute of Volcanology and other agencies to devise a method of regularly monitoring, forecasting and considering the effect of global climate changes, weather disturbances, and annual productivity cycles. Such methods will be for the purpose of forecasting the status and impact of agriculture and fisheries production programs. The methodology shall be agreed upon among the concerned agencies and documented for the approval of the Secretary on or before December 30, 1998. The phenomena of concern include:

Rule 16.1.1. ARed tide®,

Rule 16.1.2. AEl Nino® and ALa Nina®,

Rule 16.1.3. Volcanic and geological disturbances and their aftermaths,

Rule 16.1.4. Weather patterns, particularly typhoons, drought and unusual rainfall,

Rule 16.1.5. Regional differentials in the above phenomena, and

Rule 16.1.6. Potential adjustment, mitigation and management interventions.

Rule 16.2. The information gathered regarding the above phenomena shall be incorporated into, and accessible through, the NIN.

Section 17. *Special Concerns. - The Department shall consider the following areas of concerns, among others, in formulating the AFMP:*

*Strategies and programs aimed to achieve growth and profitability targets in the context of the constraints and challenges of the World Trade Organization (WTO);*

*Programs arising from the implementation of the Agrarian Reform Program;*

*Identification of SAFDZ;*

*Infrastructure and market support for the SAFDZs;*

*Infrastructure support to make agriculture and fisheries production inputs, information and technology readily available to farmers, fisherfolk, cooperatives and entrepreneurs;*  
*Credit programs for small farmers and fisherfolk, and agricultural graduates;*  
*Comprehensive and integrated agriculture and fisheries research, development and extension services;*  
*Preservation of biodiversity, genetic materials and the environment;*  
*Adequate and timely response against environmental threats to agriculture and fisheries;*  
*Rural non-farm employment;*  
*Access to aquatic resources by fisherfolk;*  
*Basic needs program for the impoverished sectors of society who will be affected by liberalization;*  
*Indigenous peoples;*  
*Rural youth;*  
*Women;*  
*Handicapped persons; and,*  
*Senior citizens.*

Rule 17.1. In order to enable the coverage of all of the Aspecial concerns® mandated above, and to ensure that the capability-building of farmers and LGUs are attended to in the formulation of the local AFMPs, the Department shall mobilize itself to effectively manage and implement the regular and cyclical, participatory formulation of the AFMP to be linked at the local and the national levels. In coordination with the NAFC, the Department FOS, ATI, concerned POs and NGOs, and other offices as required, the PS and PAS shall draw up a plan and budget of the participatory planning and capability-building activities, including technical advisory services, for approval by the Secretary and financing from, among other sources, item 7 of Section 111, on or before September 30, 1998.

Rule 17.2. To support the capability-building activities for farmers, fishers and LGUs, the Department, particularly the PS, PAS, ATI and FOS shall issue reading and other information materials, suggested procedures and formats, templates and other manuals which will serve as references for Provincial and Municipal Agricultural personnel in their planning activities. The materials shall be in sufficient quantities and shall be prepared at least in the English, Pilipino and Visayan languages. While initial materials may be in print, succeeding editions shall be improved and be accompanied and supplemented by multi-media materials. The PS and PAS shall, in coordination with the Department FOS, AFIS and the ATI, mobilize itself to effectively prepare the learning materials on local agriculture and fisheries development planning. The Department shall update these materials at least every three years. The PS, PAS, ATI and the FOS may draw from the capability-building funds allocated under item 7 of Section 111 for this purpose, subject to the approval of the Secretary. The Department on or before December 30, 1998 shall make the first editions of these materials available.

Section 18. *Monitoring and Evaluation.* - *The Department shall develop the capability of monitoring the AFMP through a Program Benefit Monitoring and Evaluation System (PBMES). In addition, it can secure the services of independent consultants and external evaluators in order to assess its over-all impact. The Department shall make periodic reports to the Congressional Oversight Committee on Agriculture and Fisheries Modernization.*

Rule 18.1. The PS shall bear primary responsibility and authority for the design and the participatory, coordinated and interlinked execution of the Program Benefit Monitoring and Evaluation System (PBMES) for the AFMP, the Department and the agricultural and fisheries sector.

Rule 18.2. The PBMES shall be used to assess the effectivity of the AFMP. Effective immediately, the design of all Department programs and activities shall include a M&E component. The PS shall formulate and issue guidelines on system and data standards for compliance and corresponding *Guidelines for Operations*, for reference by the various M&E units of the Department. The PS on or before December 30, 1998 shall issue the initial guidelines. The guidelines shall be reviewed and updated at least every two (2) years.

- Rule 18.3. In coordination with the Bureau of Agricultural Statistics (BAS) and the Information Technology Center for Agriculture and Fisheries (ITCAF) and the AFIS, the PS shall ensure that the information arising from the PBMES shall be consistent with the NIN.
- Rule 18.4. To implement the PBMES, the PS is authorized to mobilize and obtain resources, if necessary, from other units of the Department and external assistance, subject to the approval of the Secretary. The implementation of the PBMES shall be financed from, in addition to other sources, item 10 of Section 111, subject to the approval of the Secretary.
- Rule 18.5. A major initial activity of the PMS with regard to the PBMES shall be the inventory of beneficiaries and their status.

Section 19. *Role of Other Agencies. - All units and agencies of the government shall support the Department in the implementation of the AFMP.*

*In particular, the Department of Public Works and Highways shall coordinate with the Department with respect to the infrastructure support aspect of the plan in order to accomplish networking of related infrastructure facilities.*

*The Department of Interior and Local Government shall provide assistance to the Department in mobilizing resources under the control of local government units.*

*The Departments of Trade and Industry, Agrarian Reform, Science and Technology, and Environment and Natural Resources shall coordinate their investment programs and activities to complement the Department's implementation of the AFMP.*

*The Department of Education, Culture and Sports, the Technical Education and Skills Development Authority, the Department of Health and the Department of Social Services and Development shall coordinate with the Department to determine the financial requirements of small farmers and fisherfolk to adjust to the effects of modernization as envisioned in the Agriculture and Fisheries Modernization Plan.*

*The Department of Environment and Natural Resources shall provide technical assistance and advice on the delineation of the SAFDZ and on the development of the Department's environmental protection plans.*

*The Departments referred to above shall be required to identify in their budget proposals the allocation intended for the improvement of the environmental and other conditions affecting agriculture and fisheries.*

*Congressional initiatives shall also be coordinated by the Committees of Agriculture of both Houses to complement and enhance the programs and activities of the Department in the implementation of the AFMP.*

### **Chapter 3 Credit**

Section 20. *Declaration of Policy. - It is hereby declared the policy of the State to alleviate poverty and promote vigorous growth in the countryside through access to credit by small farmers, fisherfolk, particularly the women involved in the production, processing and trading of agriculture and fisheries products and the small and medium scale enterprises (SMEs) and industries engaged in agriculture and fisheries.*

*Interest rates shall be determined by market forces, provided that, existing credit arrangements with agrarian reform beneficiaries are not affected. Emphasis of the credit program shall be on proper management and utilization.*

*In this regard, the State enjoins the active participation of the banking sector and government financial institutions in the rural financial system.*



Rule 20.1. The Secretary, as Chairperson of the Agricultural Credit Policy Council (ACPC), in collaboration with the National Credit Council (NCC), shall organize dialogue sessions among all stakeholders in rural, agricultural and fisheries financing. The sessions shall be held at least on a semestral basis beginning the second semester of 1998. The sessions will assess the status of rural, agricultural and fisheries financing and recommend and initiate policies, actions and mechanisms for the improvement of the banking and financial system's contribution to agricultural and fisheries modernization.

Section 21. *Phase-out of the Directed Credit Programs (DCPs) and Provision for the Agro-Industry Modernization Credit and Financing Program (AMCFP). - The Department shall implement existing DCPs; however, the Department shall, within a period of four (4) years from the effectivity of this Act, phase-out all DCPs and deposit all its loanable funds including those under the Comprehensive Agricultural Loan Fund (CALF) including new funds provided by this Act for the AMCFP and transfer the management thereof to cooperative banks, rural banks, government financial institutions and viable NGOs for the Agro-Industry Modernization Credit Financing Program (AMCFP). Interest earnings of the said deposited loan funds shall be reverted to the AMCFP.*

Rule 21.1. The Executive Director (ED) and staff of the Agricultural Credit Policy Council (ACPC), jointly with the National Credit Council (NCC) shall, through a participatory process with the beneficiaries and stakeholders, formulate the program of phase-out of all directed credit programs (DCP), including the Comprehensive Agricultural Loan Fund (CALF). The program shall include the plan, guidelines and timetable for the inventory, appraisal, accounting and funds transfer and phaseout of the DCPs so that the DCP funds shall be consolidated in order to finance the Agro-industry Modernization Credit and Financing Program (AMCFP). The phase-out program shall be consulted with the specific agencies and units managing and operating the various DCPs. The proposed program shall be submitted for approval by the ACPC ED to the ACPC Council and the NCC on or before September 30, 1998. Upon approval, the program will be implemented by the Department and completed on or before February 9, 2002.

Section 22. *Coverage. - An agriculture, fisheries and agrarian reform credit and financing system shall be designed for the use and benefit of farmers, fisherfolk, those engaged in food and non-food production, processing and trading, cooperatives, farmers-/fisherfolk-s organization, and SMEs engaged in agriculture and fisheries, hereinafter referred to in this chapter as the Abeneficiaries.@*

Rule 22.1. The ED and staff of the ACPC, in collaboration with the NCC, shall draft the design of the AMCFP and submit the design for approval by the ACPC Council and the NCC on or before December 30, 1998. The AMCFP shall be operational on or before March 30, 1999 and financed from, among other sources, the proceeds of the phase-out of DCPs. The draft design shall also cover the operating guidelines for the AMCFP; funding sources and requirements; the eligibility criteria for participating financial institutions; and modes, terms and conditions of financial arrangements and instruments, including safeguards. The ACPC ED shall consult the private sector financial system in the drafting process and shall call meetings and workshops with the Bankers= Association of the Philippines, the Chamber of Thrift Banks, the Financial Executives Association of the Philippines (FINEX, the Development Bankers= Association (DBAP), the Rural Bankers= Association (RBAP), the Federation of Cooperative Banks (*Bangkoop*) and other concerned groups.

Section 23. *Scope of the Agro-Industry Modernization Credit and Financing Program (AMCFP). B The Agro-industry Modernization Credit and Financing Program shall include the packaging and delivery of various credit assistance programs for the following:*

*Agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs;  
Acquisition of work animals, farm and fishery equipment and machinery;  
Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items;*

*Procurement of agriculture and fisheries products for storage, trading, processing and distribution;*  
*Acquisition of water pumps and installation of tube wells for irrigation;*  
*Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries;*  
*Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities;*  
*Agribusiness activities which support soil and water conservation and ecology-enhancing activities;*  
*Privately-funded and LGU-funded irrigation systems that are designed to protect the watershed;*  
*Working capital for long-gestating projects; and,*  
*Credit guarantees on uncollateralized loans to farmers and fisherfolk.*

- Rule 23.1. The LBP, DBP and QuedanCor shall initiate the financing of viable long-gestating projects within the second quarter of 1998. Such projects will include plantation crops, orchards, tree farms and other high-value crops consistent with the provisions of RA 7900.
- Rule 23.2. Subject to the viability of the projects and the creditworthiness of the borrowers, the coverage of the AMCFP in items a through k of Section 23 above are further specified as follows:
- Rule 23.2.1. Agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs including but not limited to field and sea beds preparation for mariculture, construction of fishponds, materials used in canning, dehydration, manufacturing of fertilizers and pesticides and weaving nets;
- Rule 23.2.2. Acquisition of work animals, farm and fishery equipment and machinery including but not limited to *carabaos*, tillers, harvesters and threshers of all applicable power ranges, post-harvest facilities, weighing scales and packaging equipment, fishing vessels and gears;
- Rule 23.2.3. Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar items including but not limited to the procurement of high-yielding varieties, organic and inorganic fertilizers, hybrid animal stock and fish meal;
- Rule 23.2.4. Procurement of agriculture and fisheries products for storage, trading, processing and distribution including but not limited to procurement, forward-selling, order-taking and contract-growing of rice and corn, legumes, fibers, fruits and rootstocks, coconut, raw rubber, livestock and meat products, fish and other marine products;
- Rule 23.2.5. Acquisition of water pumps and installation of tube wells and low-lift pumps for irrigation including but not limited to the procurement of power trains, motors, pipes, tubing-s, accessories and spare parts;
- Rule 23.2.6. Construction, acquisition and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries including but not limited to the equipment, spare parts and infrastructure of processing plants, ice plants and cold storage facilities, grain dryers, warehouses, grain silos, reefer vans, barges, trucks and vehicles, IT and telecommunication equipment;
- Rule 23.2.7. Working capital for agriculture and fisheries graduates to enable them to engage in agriculture and fisheries-related economic activities including but not limited to production, processing and trading of agricultural and fishery products and inputs, research and development activities, extension work, management consultancy and community organizing;



- Rule 23.2.8. Agribusiness activities which support soil and water conservation and ecology-enhancing activities including but not limited to research, development and extension activities and management consultancy in soil, water and resources conservation;
- Rule 23.2.9. Privately-funded and LGU-funded irrigation systems that are designed to protect the watershed including but not limited to development, planning, construction, operation and maintenance of communal irrigation systems, small water impounding projects (SWIPs), STWs, HTWs, and LLPs;
- Rule 23.2.10. Working capital for long-gestating projects including but not limited to the cost of labor such as land preparation and salaries and wages for their staff, employees and consultants, and inputs such as seeds, seedlings, fertilizers, pesticides, transportation and farm machinery, communication and IT equipment; and,
- Rule 23.2.11. Credit guarantees, subject to the following criteria: (a) credit-worthiness of the borrowers, (b) competence in project and loan management, and (c) Project viability.

Section 24. *Review of the mandates of Land Bank of the Philippines, Philippine Crop Insurance Corporation, Guarantee Fund For Small and Medium Enterprises, Quedan and Rural Credit Guarantee Corporation, Agricultural Credit Policy Council. - The Department of Finance shall commission an independent review of the charters and the respective programs of the Land Bank of the Philippines (LBP), Philippine Crop Insurance Corporation (PCIC), Guarantee Fund for Small and Medium Enterprises (GSFME), Quedan and Rural Credit Guarantee Corporation (QuedanCor), and Agricultural Credit Policy Council (ACPC), and recommend policy changes and other measures to induce the private sector's participation in lending to agriculture and to improve credit access by farmers and fisherfolk: Provided, That agriculture and fisheries projects with long gestation period shall be entitled to a longer grace period in repaying the loan based on the economic life of the project.*

The Land Bank of the Philippines, shall, in accordance with its original mandate, focus primarily on plans and programs in relation to the financing of agrarian reform and the delivery of credit services to the agriculture and fisheries sectors, especially to small farmers and fisherfolk.

The review shall start six (6) months after the enactment of this Act. Thereafter, the review shall make recommendations to the appropriate Congressional Committees for possible legislative actions and to the Executive Branch for policy and program changes within six (6) months after submission.

- Rule 24.1. The Secretary of Finance shall issue a directive on or before August 30 1998 to execute the review mandated above. The review shall consider the structure and results so far of the work of the NCC ongoing since 1993, and shall provide for substantial inputs from the private sector and intended beneficiaries. The Secretary of Finance shall engage an independent panel of experts to perform the review. The review will be financed by the guarantee institutions according to a sharing formula determined by the Secretary of Finance. The review shall start no later than November 1, 1998 and shall be completed by March 30, 1999.
- Rule 24.2. On or before May 1, 1999 the results of the review shall be presented for executive action to the Office of the President; the Secretaries of Finance and Agriculture; the BSP; the ACPC Council; the NCC; the Governing Boards of the Land Bank of the Philippines (LBP), Philippine Crop Insurance Corporation, the Guarantee Fund for Small and Medium Enterprises, QuedanCor, stakeholders and beneficiaries, and finally the appropriate Congressional Committees for possible legislation.
- Rule 24.3. The *Bangko Sentral ng Pilipinas* and the ACPC Council shall formulate, through a participatory process involving representatives of lenders, beneficiaries and independent financial and agribusiness analysts, the implementing guidelines for the setting of variable grace periods on the repayments on loans and guarantees to long-gestating and viable agricultural and fisheries projects. The guidelines shall be presented to the Monetary Board and the Secretaries of Agriculture and Finance for consideration and implementation on or before December 30, 1998.

Section 25 .        *Rationalization of Credit Guarantee Schemes and Funds. - All existing credit guarantee schemes and funds applicable to the agriculture and fishery sectors shall be rationalized and consolidated into an Agriculture and Fisheries Credit Guarantee Fund. The rationalization and consolidation shall cover the credit guarantee schemes and funds operated by the Quedancor, the GFSME and the Comprehensive Agricultural Loan Fund. The Agriculture and Fisheries Credit Guarantee Fund shall be managed and implemented by the Quedancor, provided that, representation to the Quedancor Board shall be granted to cooperatives, local government units and rural financial institutions; provided further that, credit guarantee shall be given only to small-scale agriculture and fisheries activities and to countryside micro-, small, and medium enterprises. It may also cover loan guarantees for purchase orders and sales contracts.*

*The Agriculture and Fisheries Credit Guarantee Fund shall be funded by at least ten percent (10%) of the funding allocation for the AMCFP.*

Rule 25.1.    The QuedanCor, subject to the overview of the ACPC Council and the NCC, shall engage an independent team of experts to undertake a review of the performance of the various guarantee schemes and funds and to draft a rationalization plan for these schemes and funds, and a design of the Agriculture and Fisheries Credit Guarantee Fund (AFCGF). The Terms of Reference of the review team shall be jointly drafted by the QuedanCor and GFSME for approval by the Secretary on or before August 30, 1998.

Rule 25.2.    The results of the review and the subsequent rationalization plan shall be submitted by the QuedanCor for approval by the Secretaries of Finance and Agriculture, the ACPC Council and the NCC on or before June 30, 1999.

Rule 25.3.    The Department and the QuedanCor shall implement the rationalization plan upon its approval. Implementation shall include the transfer of funds allocated from the AMCFP and the funds consolidated as a result of the rationalization and consolidation of the credit and guarantee funds.

Rule 25.4.    The Quedancor Board shall be enlarged, effective August 30, 1998 by representatives of the following sectors: cooperatives, local government units and rural financial institutions. The representatives shall be appointed by the Secretary upon the recommendation of the QuedanCor President based on consultations with the respective sectoral associations.

## **Chapter 4 Irrigation**

### **Section 26.**

*Declaration of Policy. - It is the policy of the State to use its natural resources rationally and equitably. The State shall prevent the further destruction of watersheds, rehabilitate existing irrigation systems and promote the development of irrigation systems that are effective, affordable, appropriate, and efficient.*

*In the choice of location-specific irrigation projects, the economic principle of comparative advantage shall always be adhered to.*

Rule 26.1.    The Department, particularly through the NIA, BSWM and FOS, shall collaborate with the DENR and concerned LGUs, SUCs, POs and NGOs in the preparation and implementation of programs and projects for watershed protection and rehabilitation. All irrigation projects utilizing surface supply sources shall be prepared considering their relation to the sustainability of watershed areas. All irrigation projects drawing from groundwater supply sources shall be prepared considering the aquifers= sustainable yields and recharge areas.

Rule 26.2.    To ensure the participatory and coordinated planning and management of irrigation services and to monitor the implementation of Sections 26 through 37, the Department and the NIA

shall prepare a proposed bill for the amendment of the NIA charter such that the membership of the NIA Board is expanded to include representatives of the Department's FOS and BSWM, as well as key representatives of stakeholders, particularly IAs. The proposed bill shall be submitted by the NIA and the Department to Congress on or before July 30, 1998.

Rule 26.3. The Department shall program for rehabilitation only those existing systems whose sources can supply the dry season irrigation requirements of a minimum level set by a Department SO. The first SO shall be recommended by the NIA on or before September 30, 1998.

Rule 26.4. In general, the jurisdictions for the delivery of technical assistance services shall be defined in terms of height of the dams. The BSWM shall be responsible for the delivery of technical assistance in relation to dams fifteen (15) meters or lower, and the NIA for dams higher than 15 meters.

Section 27. *Research and Development. - Irrigation Research and Development (R&D) shall be pursued and priority shall be given to the development of effective, appropriate and efficient irrigation and water management technologies.*

*The Department shall coordinate with the Department of Environment and Natural Resources concerning the preservation and rehabilitation of watersheds to support the irrigation systems.*

Rule 27.1. The Department, particularly through the NIA, BAR and the BSWM, in coordination and collaboration with the rest of the Irrigation Research and Development Network (IRDN) shall conduct R&D activities to improve the management, effectivity and efficiency of irrigation systems, the protection and sustainability of watersheds, and the adaptation or adoption of modern irrigation technology. Irrigation research shall be a specific component of the National Research and Extension Agenda (NAREA) under the overall coordination of the Council for Extension, Research and Development in Agriculture and Fisheries (CERDAF). The NIA shall also strengthen its Irrigation Engineering Center by upgrading its research facilities and technical training programs.

Rule 27.2. The Department, particularly through the IRDN, in collaboration with the DENR, National Water Resources Board (NWRB) and DOST, shall increase its level of financial, manpower and logistical support for the Comprehensive Irrigation R&D Umbrella Program (CIRDUP), on concerns such as:

Rule 27.2.1. The assessment of surface water potentials for irrigation, protection and management of critical watersheds, enhancing water and resources capability and identification and zoning of areas potentially irrigable by various modes of irrigation,

Rule 27.2.2. The assessment of drainage and irrigation efficiency,

Rule 27.2.3. the aquifer characterization program, and

Rule 27.2.4. The assessment of development priorities in the rehabilitation of gravity irrigation versus other modes of irrigation.

Rule 27.3. The Department, particularly through entities collaborating under the CIRDUP shall institutionalize and strengthen the IRDN. The IRDN shall be expanded to include private sector entities, POs, NGOs, SUCs and appropriate research institutions. Technical support for the research activities shall be provided by the appropriate NCEs while the BAR, in collaboration with the IRDN shall monitor CIRDUP activities.

Rule 27.4. The Department shall lead, through the BSWM, in coordination with the DENR and appropriate R&D institutions and SUCs in the planning and implementation of R&D and action programs concerning the preservation and rehabilitation of watersheds. Emphasis shall be on strategies for

erosion control, sediment transport, reservoir sedimentation, water yield enhancement and the development of cost-effective and socially acceptable watershed rehabilitation measures.

Section 28. *Criteria for Selection of Irrigation Development Scheme. - The selection of appropriate scheme of irrigation development shall be location-specific and based on the following criteria:*

*Technical feasibility;*  
*Cost-effectiveness;*  
*Affordability, low investment cost per unit area;*  
*Sustainability and simplicity of operation;*  
*Recovery of operation and maintenance cost;*  
*Efficiency in water use;*  
*Length of gestation period; and,*  
*Potential for increasing unit area productivity.*

*All irrigation projects shall, in addition to the criteria enumerated above, be subjected to a social cost-benefit analysis.*

Rule 28.1. The technical details of the criteria for the selection and prioritization of irrigation projects shall be further specified by the Department in the form of a Departmental AO. This AO shall be drafted through a participatory process involving stakeholders and analysts convened by the NIA and BSWM. The NIA and BSWM shall submit the draft AO to the Secretary on or before August 30, 1998.

Rule 28.2. The above criteria are further specified, such that the selection of appropriate scheme of irrigation development shall consider geographical differences in production and economic conditions, as well as agro-ecological characteristics, opportunities and problems as follows:

*Rule 28.2.1. Technical feasibility. --- Based on location-specific design criteria such as a minimum percentage of dependable water supply, land suitability for irrigation, a minimum cropping intensity, drainability, feasibility of water diversion and conveyance;*

*Rule 28.2.2. Cost-effectiveness B A threshold Economic Internal Rate of Return (EIRR), favorable Benefit Cost Ratio (BCR) and relatively short payback period;*

*Rule 28.2.3. Sustainability and simplicity of operation - Investment fully recoverable or shouldered by the private sector, simple to operate that the system can easily be turned over to water users and amenable to privatization.*

*Rule 28.2.4. Potential for increasing unit area productivity - Optimum benefit or production increase with project, focus on area with low yield and cropping intensity level.*

*Rule 28.2.5. Affordability, low investment cost per unit area B A maximum investment cost per hectare;*

*Rule 28.2.6. Recovery of operation and maintenance cost - Easy to operate for quick and easy turn-over to water users or amenable to privatization. There should be no subsidy or gradual removal of subsidy on operation and maintenance cost;*

*Rule 28.2.7. Efficiency in water use B A minimum overall water efficiency;*

*Rule 28.2.8. Length of gestation period B A maximum gestation period and,*

- Rule 28.2.9. The above-listed criteria are not mutually exclusive, and the first four (4) must all be met and therefore serve as minimum criteria. Prioritization of the projects can then be made on the basis of the remaining four (4) criteria.
- Rule 28.2.10. These above criteria shall be reviewed by the Department and the NIA Board given the results of the regular review of irrigation undertaken by the Department's M&E system.
- Rule 28.3. All irrigation projects shall, in addition to the criteria enumerated above, be subjected to a social cost-benefit and acceptability analysis, the methodology for which shall be established for all publicly-financed irrigation projects by the Department in coordination with the Investment Coordination Committee (ICC) through a Department AO. The Department PDS, assisted by the NIA and BSWM, shall draft the AO for the approval of the Secretary on or before September 30, 1998.
- Rule 28.4. Subject to the above criteria issued as an AO, the NIA shall recommend for the approval of the Secretary and implementation by the Department, NIA, BSWM, NEDA and other offices as required the priority irrigation structures and schemes for development and investment, including those with financing drawn from, among other resources, item 1 of Section 111. The NIA shall submit its recommendations on the first set of irrigation structures deemed priority for construction and financing to the Secretary on or before September 30, 1998. The NIA Board shall review the criteria and the list of priority projects on an annual basis.

Section 29. *Simplified Public Bidding.* - *The construction, repair, rehabilitation, improvement, or maintenance of irrigation projects and facilities shall follow the Commission on Audit (COA) rules on simplified public bidding.*

*Irrigation projects undertaken by farmers, farmers' organizations and other private entities whose funding is partly or wholly acquired by way of loan from government financial institutions shall not be subject to the bidding requirements of the government.*

- Rule 29.1. The Department, particularly through the NIA and BSWM, shall in consultation with the Commission on Audit, prepare the detailed guidelines on simplified public bidding. The draft guidelines shall be submitted for the approval of the NIA Board and the Secretary in the form of a draft Department AO on or before July 30, 1998.
- Rule 29.2. Irrigation projects undertaken by farmers, farmers' organizations and other private entities whose funding is partly or wholly acquired with financing from government financial institutions shall not be subject to the bidding requirements of the government. These projects include, among others, the loans for shallow tube wells and low-lift pumps, STW credit scheme and the LBP small-scale irrigation lending facility.
- Rule 29.3. The authority to undertake the construction, Approval of resolution, Award and Approval of Contracts under Local Minor Contracts (LMC) are within the delegated authority of the NIA Regional Irrigation Managers/Project Managers concerned and shall have a limit of ten million pesos (P10,000,000) per contract. Work schedule per LMC package shall be defined by specific station limits, identifiable points, specific structures and performance parameters.
- Rule 29.4. Force Account Works, categorized as *APacquiao* (pakyaw) *Contract®* and/or Labor Intensive Contracts are packaged for labor provision only. Priority in the award of these contracts is accorded to end-users, farmer-beneficiaries, IAs, POs and NGOs who are capable and interested in the work(s).

Section 30. *National Irrigation Systems (NIS).* - *The National Irrigation Administration (NIA) shall continue to plan, design, develop, rehabilitate and improve the NISs. It shall continue to maintain and operate the major irrigation structures including the headworks and main canals.*

In addition, the NIA is mandated to gradually turn over operation and maintenance of the National Irrigation System's *secondary canals and on-farm facilities to Irrigators' Associations.*

- Rule 30.1. The NIA shall continue to plan, design, develop, rehabilitate and improve the NISs. It shall continue to maintain and operate the major irrigation structures including the headworks and main canals.
- Rule 30.2. The NIA, in consultation with the Department, IAs and other relevant entities shall accelerate and complete the turnover of the Operation and Maintenance (O&M) of secondary canals and on-farm structures of the NIS to the management and O&M by IAs. Effective upon the issuance of these IRR, the preparation and execution of any national irrigation project shall provide for the participation of IAs and/or LGUs from initiation and also include a time-bound component of complete turnover to IAs and/or LGUs.
- Rule 30.3. The turnover of the O&M of existing NIS structures shall be completed on or before June 30, 1999. *Provided, that:*
- Rule 30.3.1. The physical and technical capacity to deliver and distribute adequate and timely irrigation water is not impaired, and
- Rule 30.3.2. The relevant IA is deemed jointly by the DA and the NIA to be prepared to assume the responsibility of O&M, according to criteria and capacity-building activities agreed upon between the Department, NIA and the Federation of IAs, and
- Rule 30.3.3. Appropriate transition measures are provided for any personnel who may be adversely affected by the turnover.
- Rule 30.4. The Department and the NIA shall collaborate on a program of capability-building for IAs to enable these to independently and successfully manage their NIS O&M tasks. The NIA, in consultation with the ATI, FOS and the IRDN shall draft a capability-building program for approval by the Secretary on or before October 30, 1998. The capability-building program for the IAs shall incorporate components for, among others, technical assistance, logistical support and training.

Section 31. *Communal Irrigation Systems (CIS).* - *The Department shall, within five (5) years from the effectivity of this Act, devolve the planning, design, and management of CISs, including the transfer of NIA's assets and resources in relation to the CIS, to the LGUs. The budget for the development, construction, operation and maintenance of the CIS and other types of irrigation systems shall be prepared by and coursed through the LGUs. The NIA shall continue to provide technical assistance to the LGUs even after complete devolution of the Irrigation Systems to the LGUs, as may be deemed necessary.*

- Rule 31.1. The Department, particularly the NIA and the BSWM, in consultation with the DILG, DPWH, DBM, DOF, DENR, IAs, Leagues of LGUs and other relevant entities, shall formulate and implement a program to devolve responsibilities related to CISs to the relevant LGUs. Turnover shall include responsibilities related to financing, planning, management, design, operation and maintenance, relevant assets and resources, and transition measures for affected personnel. The proposal for the turnover program shall be jointly submitted by the NIA and the BSWM for approval by the Secretary on or before December 30, 1998. The turnover of existing CIS to LGUs shall be completed by February 9, 2003, or sooner if deemed feasible by the NIA Board.
- Rule 31.2. Effective Fiscal Year 2003, the public investment, capital and other budgets for all CIS and CIS Projects shall be prepared by and coursed through LGUs. Such approval of such projects and the financing of these from national resources will be subject to the completion of coordinated public investment, integrated SAFDZ and AFMP plans consistent across administrative/ political boundaries.



- Rule 31.3. Henceforth, the preparation and execution of any and all irrigation projects shall provide for the participation of IAs and/or LGUs from initiation and also include a time-bound component not to exceed five (5) years from project initiation, of complete turnover to IAs and/or LGUs:
- Rule 31.4. The NIA shall continue to provide technical assistance to LGUs and IAs even after the complete devolution of the irrigation systems. LGUs may appoint and engage NIA and its NIACONSULT or other firms, under mutually-acceptable terms, to provide technical and management services for CIS.
- Rule 31.5. The Department, particularly through the NIA and the ATI, in collaboration with the DOF and the DILG shall collaborate on a program of capability-building to enable LGUs to independently and successfully sustain the CIS. The NIA shall enable a participatory process to draft a capability-building program for LGUs for approval by the Secretary on or before December 30, 1998. The capability-building program for the LGUs shall incorporate components for, among others, technical and financial assistance, logistical support and training

Section 32. *Minor Irrigation Schemes. - The Department shall formulate and develop a plan for the promotion of a private sector-led development of minor irrigation systems, such as Shallow Tube Wells (STWs), Low-Lift pumps (LLPs) and other inundation systems. The plan shall be included in the Short-term Agriculture and Fisheries Modernization Plan.*

- Rule 32.1. The Department shall promote an atmosphere that will encourage the innovation of private-sector owned and operated irrigation systems. These systems shall be independently executed and managed specially by farmers, farmers= associations or NGOs and include such modes and mechanisms such as, but not limited to, shallow tube wells, low-lift pumps, pressurized irrigation systems, small farm reservoirs, small water-impounding and diversion dams and other inundation systems and structures.
- Rule 32.2. The Department will encourage financial institutions to finance the private, independent acquisition of irrigation equipment such as pumpsets and drilling rigs.
- Rule 32.3. The Department will also support programs on the capacity-building and training of well drillers and machinery manufacturers and farmers; agro-industrial extension; concerted R&D and improved delivery of other essential irrigation support services and functions.
- Rule 32.4. The Department, particularly the FOS, NIA and BSWM shall formulate, through a participatory process, the plan and program to promote the accelerated development of independent, privately owned and operated irrigation systems. The program shall build and expand upon the experience of the existing program to promote STWs and other minor systems. The proposed plan and program shall be presented for review and approval by the Secretary on or before September 30, 1998 for implementation by or before January 1, 1999.

*Other Irrigation Construction Schemes. - The Government shall also encourage the construction of irrigation facilities through other viable schemes for the construction of irrigation such as build-operate-transfer, build-transfer and other schemes that will fast track the development of irrigation systems.*

- Rule 33.1. The Department shall encourage innovations in the design, engineering, financing and O&M of irrigation systems. Financing arrangements shall include build-operate-transfer, build-transfer and other mechanisms.

Section 34. *Guarantee of the National Government. - To make build-operate-transfer (BOT) projects for irrigation attractive to proponents, the national government shall issue the needed payment guarantee for BOT projects which shall answer for default of the National Irrigation Administration. Such amounts needed to answer for the payment guarantee is hereby to be appropriated.*



Rule 34.1. The National Government, through the DOF shall issue its guarantees covering the loan payment obligations of the NIA-s solicited and approved BOT projects for irrigation, provided that, such projects are consistent with the provisions, guidelines and procedures set under RA 7718 (*Amended BOT Law*), DOF Order 35-89 (*Guidelines on the Extension of Guarantees by the National Government for Borrowings of Government-Owned or Controlled Corporations*) and DOF Memorandum-Circular 1-91 (*Implementing Guidelines Governing the Collection of Guarantee Fee Charged by the National Government on Domestic and Foreign Borrowings of Government-Owned or Controlled Corporations Including Government Financial Institutions*). The Department and the NIA, in coordination with the DBM, shall ensure that funds needed for the payment guarantee under the BOT contract(s) shall be included in the President-s program of expenditures submitted to Congress.

Section 35. *Irrigation Service Fees (ISF). - Upon effectivity of this Act, the NIA shall immediately review the ISF rates and recommend to the Department reasonable rates within six (6) months from the effectivity of this Act.*

Rule 35.1. The NIA, through independent R&D entities, in consultation with the Department, other concerned agencies and representatives of IAs, shall conduct a review of ISF rates charged in systems managed by the NIA, using participatory processes. The review shall be completed and the recommendations submitted for review and approval by the NIA Board and the Secretary on or before August 10, 1998.

Rule 35.2. Reasonable ISF rates shall consider the full recovery of O&M costs as well as the following factors:

- Rule 35.2.1. Yield levels,
- Rule 35.2.2. Efficiency of the irrigation system, and
- Rule 35.2.3. Quality of irrigation services.

Section 36. *Monitoring and Evaluation. - The Department shall monitor the implementation of R and D programs and irrigation projects. The Department shall review all existing irrigation systems every four (4) years, to determine their viability or ineffectiveness. The Department shall employ the services of independent evaluators to assess the over-all impact of the country-s irrigation development.*

Rule 36.1. The Department shall cause the regular monitoring and independent evaluation of the implementation of the irrigation program and related R&D projects. Operational monitoring shall be performed by the implementing agencies such as the NIA, BSWM and LGUs in coordination with IAs and POs. Strategic M&E shall be managed by the PS and BAS with, where appropriate, independent analysts. The design and financing of all irrigation projects must include a M&E consistent with PBMES. The information generated in the irrigation M&E and evaluations shall be included in the NIN.

Rule 36.2. The first general review of all irrigation projects shall be completed and reported to the NIA Board and the Department on or before June 30, 1999. The performance of irrigation systems shall be reviewed from the agronomic, hydrologic engineering, ecological sustainability, environmental safety and socio-economic aspects. Thereafter, an independent review of the irrigation program and existing systems shall be conducted every four (4) years.

Section 37. *Exemption from Election Ban. - The repair, maintenance and rehabilitation of irrigation facilities as well as BOT irrigation projects shall be exempted from the scope of the election ban on public works.*

Rule 37.1. Based on the recommendation of the NIA Board and the BSWM, the Secretary shall furnish to the Commission on Elections (COMELEC) the list of irrigation projects deemed to be essential and covered by the exemption from the ban on public works during the election period as decreed by the COMELEC. The Secretary shall provide the COMELEC with the list of irrigation projects exempted from the Election Ban not later than one calendar month before the start of the campaign period as set by the COMELEC.

## Chapter 5 Information and Marketing Support Service

Section 38. *Declaration of Policy.* - It is hereby declared the policy of the State to empower Filipino farmers and fisherfolk particularly the women involved in agriculture and fisheries through the provision of timely, accurate and responsive business information and efficient trading services which will link them to profitable markets for their products. They shall likewise be given innovative support toward the generation of maximum income through assistance in marketing.

Section 39. *Coverage.* - A market information system shall be installed for the use and benefit of, but not limited to, the farmers and fisherfolk, cooperatives, traders, processors, the LGUs and the Department.

Section 40. *The Marketing Assistance System.* - The Department shall establish a National Marketing Assistance Program that will immediately lead to the creation of a national marketing umbrella in order to ensure the generation of the highest possible income for the farmers and fisherfolk or groups of farmers and fisherfolk, matching supply and demand in both domestic and foreign markets.

Rule 40.1. The Agribusiness Investment and Information Service (AIIS) shall be renamed the Agribusiness and Marketing Assistance Service (AMAS). The Marketing Assistance Service is reorganized into the Agricultural and Fisheries Information Service (AFIS), with functions enumerated in Section 42. All the functions, as well as the divisions of the former AIIS and MAS shall be merged into the AMAS. The AMAS shall be under the supervision of the Department officer charged with Operations.

Rule 40.2. The appropriate personnel in the RFUs shall be organized into the Agribusiness and Marketing Assistance Division (AMAD). The AMAS shall collaborate with, and provide direct assistance to, the private sector, including concerned NGOs and POs, in marketing ventures and in the conduct of market analysis, identification and matching.

Rule 40.3. The Department's Agricultural Attaches shall, in addition to their other functions, also provide services under the direction of the Secretary on marketing related concerns, such as: intelligence, investment, identification, sourcing and matching.

Rule 40.4. The Department, particularly the AMAS, assisted by the NFA and the National Agribusiness Corporation (NABCOR) shall draft the design for the National Marketing Assistance Program (NMAP). The NMAP shall cover the DA's full set of projects, activities and services in support of agriculture and fisheries marketing and post-harvest commerce, including the National Marketing Umbrella (NMU). The NMAP design shall be formulated through a participatory process in consultation with entities such as:

Rule 40.2.1. Network and system of existing National Marketing Cooperatives,

Rule 40.2.2. National Market Vendors Service Cooperative (NAMVESCO) and similar associations, including consumers' associations,

Rule 40.2.3. Marketing small and medium-scale enterprises,

Rule 40.2.4. Agribusiness and Industry associations, including, but not limited to: Philippine Confederation of Grains Enterprises (PHILCONGRAINS), Philippine Food Exporters Association (PhilFoodEx), Philippine Exporters Association (PhilExport), the Management Association of the Philippines (MAP), MAP Agribusiness for Countryside Development Foundation (MAP-ABCDEF), the Philippine Chamber of Commerce and Industry (PCCI), and other associations;

Rule 40.2.5. Concerned GFIs, particularly the LBP, QuedanCor, PCIC, GFSME, and SBGFC;

Rule 40.2.6. Concerned agencies and offices: the DTI, BOI, CDA, DAR, DOLE, NAFC, PS, NABCOR, NFA, FTI, PAS, and

Rule 40.2.7. Concerned associations of farmers and fisherfolk, POs and NGOs.

Rule 40.5. Upon the completion of consultations and inputs from the concerned entities, the AMAS shall consolidate the proposed NMAP for approval by the Secretary on or before October 30, 1998.

- Rule 40.6. In addition to the functions of the former AIIS and MAS, the AMAS shall be responsible for the following support services and activities:
- Rule 40.6.1. Inventory and assessment of the utilization levels of all post-harvest facilities including storage, transport, materials handling, communication, laboratory and ancillary facilities owned by the National Food Authority (NFA), Food Terminal Incorporated (FTI), Philippine Fisheries Development Authority (PFDA) as well as idle assets acquired by government controlled financial institutions, banks and other government entities.
  - Rule 40.6.2. Upon the completion of the above inventory and assessment, the facilitation of the turn-over of selected facilities, where feasible and under appropriate valuation and equity arrangements, to support the operation of the NMU as part of the NMAP.
  - Rule 40.6.3. With the support and cooperation of the private sector and specialized governmental agencies, the provision of management and technical support and assistance to marketing and agribusiness projects of farmers- and fisherfolk-s organizations and cooperatives. Such assistance may include support for:
    - Preparation of business and institution-building plans,
    - Training in information technology,
    - Networking and referrals for enterprise development and investments, and
    - Market matching and investment packaging.
  - Rule 40.6.4. In collaboration with the Post-harvest Horticulture Training and Research Center (PHTRC), the Bureau of Post-Harvest Research and Extension (BPRE) and other appropriate offices, the provision of technical assistance in the rehabilitation and/or upgrading of existing and viable post-harvest and related facilities for processing, transport and communication facilities to be used by the NMU, including:
    - Materials handling and packaging, including bulk and institutional packaging;
    - Cold storage including blast, plate, and tunnel freezing systems;
    - Warehousing, including ambient and conventional systems;
    - Reefer vans, containers and livestock carriers;
    - Telecommunications facilities, and
    - Wholesale facilities at key production centers.
  - Rule 40.6.5. Facilitation of linkages of farmers- organizations at the regional and provincial levels with urban and population centers and markets, and the promotion of reduced post-harvest losses and value-adding activities;
  - Rule 40.6.6. Provision of financial and technical assistance for viable contract growing schemes or joint agribusiness ventures, smallholder estates in ARC areas, particularly through financial institutions participating in the AMCFP;
  - Rule 40.6.7. Financing of technical services for the conceptualization, design and operationalization of the NMU;
  - Rule 40.6.8. Promotion of appropriate product standards and quality management;
  - Rule 40.6.9. Advocacy for policy reforms supportive of market modernization, and
  - Rule 40.6.10. Organization, in collaboration with the appropriate offices and entities, of fairs, exhibits, shows and other events which promote the marketing of various agricultural and fishery commodities and products. *Provided, that:*

Domestic fairs shall primarily be the responsibility of the AMAS, in consultation with agencies such as the DTI, DOT, LGUs and the private sector associations;

Participation in foreign fairs shall also be pursued in collaboration with the DTI, CITEM and DOT; and

In collaboration with the private-sector beneficiaries and exhibitors, mechanisms for cost recovery and sustainability shall be incorporated into the exhibits and fairs.

Rule 40.7. The Department, particularly through the AMAS will support the creation of the NMU. The strategic mechanisms leading to the creation of the NMU include:

Rule 40.7.1. The NMU is a private marketing system initiated by the broad-based network of agribusiness cooperatives and entities, created to provide market access, on a globally-competitive and sustainable basis, to the products of smallholder and medium-scale farmers, fisherfolk and agro-based processing entrepreneurs.

Rule 40.7.2. The NMU is primarily composed of representatives of farmers- and fisherfolk-s organizations, cooperatives and federations of cooperatives and associations that are:

Existing and functional as of the effectivity of RA 8435;  
Duly-registered with the CDA or the SEC;  
Has a membership whose principal livelihood is in agriculture and/or fisheries;  
Dominated by smallholders, and  
Regionally and Nationally federated.

Rule 40.7.3. The NMU shall be governed by a Board of Directors that shall be elected through a democratic process from among the members. The Government shall sit on the Board, but only in a non-voting, observer capacity. The officers of the NMU shall be selected by the Board from among themselves.

Rule 40.7.4. Management of the NMU shall be vested in the Managing Director who shall be appointed by the NMU Chairman of the Board. The Managing Director shall assume full responsibility in the organization, planning, human resource recruitment and training, control of operations and implementation of marketing programs, projects and related facilities ;

Rule 40.7.5. The NMU shall monitor and establish continuing contact with key agricultural and fishery production areas to anticipate marketing needs and link producers/ processors with local and foreign buyers. The NMU shall prepare formal arrangements to institutionalize the needed physical and funding requirements to ensure the production, procurement, handling and transportation, processing and packaging until full delivery of the ordered commodity in consonance with agreed product quality specifications and programmed delivery schedules.

Rule 40.7.6. The NMU shall establish a strong product database showing supply and demand indices in coordination and linked with the NIN.

Rule 40.7.7. The role of the Government in the NMU shall be limited to public investment and technical support during the formative stage of the NMU, principally in the financing of start-up, facilitation of turn-over of appropriate facilities under a user fee and

investment recovery scheme and the provision of technical and management information services;

- Rule 40.7.8. Upon the acceptability and approval of the design of the NMU, its organization shall be financed from, among other sources, as specified in item 5 of Section 111.

Section 41. *National Information Network. B A National Information Network (NIN) shall be set up from the Department level down to the regional, provincial and municipal offices within one (1) year from the approval of this Act taking into account existing information networks and systems.*

*The NIN shall likewise link the various research institutions for easy access to data on agriculture and fisheries research and technology. All departments, agencies, bureaus, research institutions, and local government units shall consolidate and continuously update all relevant information and data on a periodic basis and make such data available on the Internet.*

- Rule 41.1. The BAS and the ITCAF shall design and operationalize the NIN, in collaboration with the AFIS referred to in Section 42. On or before September 30, 1998, the BAS and the ITCAF shall jointly propose for the approval of the Secretary the mobilization plans that will enable the BAS and the ITCAF to implement the NIN. The mobilization design shall include the organization, design and associated investment requirements for the national structure of the NIN. The organic structure and organization of the BAS and ITCAF shall be expanded to enable these units to assume added functions in relation to the NIN. Additional resources shall be provided to the BAS and ITCAF organization to improve its data collection, processing, analysis and dissemination capabilities. The facilities of the RFUs and BAS provincial operation centers shall be upgraded to cope-up with the requirements of the NIN.
- Rule 41.2. On or before September 30, 1998, the BAS and ITCAF will submit for the approval of the Secretary the specific standards and applicable formats for information and data to be included in the NIN, including the information and results arising from the operationalization of the Department and sector-wide PBMES mandated under Sections 18 and 36. The proposals of the BAS and ITCAF shall incorporate the existing and partially-implemented information systems currently operational in the Department.
- Rule 41.3. The designs and standards to be employed in the NIN shall be consulted with the major users and generators of agricultural and fisheries information.
- Rule 41.4. The NIN shall be operational on or before December 30, 1998.
- Rule 41.5. The NIN shall account for and link with other existing information networks and systems. Therefore the NIN shall progressively interlink with networks other than those within the Department such as those supported and maintained by the PCARRD, PCMARRD, DTI, DENR, DOST, NSO, NSCB, NEDA, NCC, PIDS, SUCs and other agencies and entities.
- Rule 41.6. The NIN shall be accessible to the general public, researchers, academics, analysts and the media.
- Rule 41.7. To optimize access to information via the Internet and advanced telecommunications, the Department OSEC library, including its budget, personnel and other resources, is hereby placed within the functional and organizational structure of the ITCAF. The ITCAF Director and the Department Administrative Services Director shall draft a SO that, when approved by the Secretary of Agriculture, implements the transfer of supervision over the OSEC Library from the AS to the ITCAF on or before July 30, 1998.
- Rule 41.8. Upon approval by the Secretary, the organization, plans and designs for the establishment of the NIN shall be financed from, among other sources, items 5 and 10 of Section 111.

Section 42. *Information and Marketing Service. - The NIN shall provide information and marketing services related to agriculture and fisheries which shall include the following:*

*Supply data;*

*Demand data;*

*Price and price trends;*

*Product standards for both fresh and processed agricultural and fisheries products;*

*Directory of, but not limited to, cooperatives, traders, key market centers, processors and business institutions concerned with agriculture and fisheries at the provincial and municipal levels;*

*Research information and technology generated from research institutions involved in agriculture and fisheries;*

*International, regional and local market forecasts; and,*

*Resource accounting data.*

Rule 42.1. The Agriculture and Fisheries Information Service (AFIS) shall be established to ensure the effective packaging and broad dissemination of agriculture and fisheries production and market information. The AFIS shall be composed of the office of the Director of the former MAS and the existing Agricultural Information Division (AID). The AID is hereby renamed the Agriculture and Fisheries Information Division (AFID). The AFIS shall be organized into a service with divisions on Development Support Communication, Media Relations and Production and Circulation. At the Regional level, the existing Agricultural Communication Section shall be constituted into the Regional Agriculture and Fisheries Information Division (RAFID) which shall be provided technical assistance and supervision by the AFIS. On or before September 30, 1998 the detailed design and TOR of the AFIS and the RAFID shall be jointly proposed by the Undersecretary for Operations for approval by the Secretary.

Rule 42.2. The AFIS and the RAFIDs shall collaborate with the PIA and the entire tri-media network to disseminate agriculture and fisheries production, investment and market information.

Rule 42.3. The AFIS and the AFID shall provide those services provided by the former AID as well as marketing and agribusiness information services on both domestic as well as foreign markets.

Rule 42.4. The Department-s Agricultural Attaches shall, in addition to their other functions, provide information relevant to foreign agriculture and fisheries markets and foreign agribusiness investment opportunities, in coordination, as appropriate, with the Commercial Attaches of the DTI.

Section 43. *Initial Set-up. The Department shall provide technical assistance in setting-up the NIN at the local level through the cooperatives and the LGUs. Provided that, at the local level, a system that will make marketing information and services related to agriculture and fisheries will be readily available in the city/municipal public market for the benefit of the producers, traders and consumers.*

Rule 43.1. The BAS, ITCAF and AFIS shall collaborate to prepare the program to ensure that the services of the NIN are made available to LGUs and cooperatives. Upon approval by the Secretary, the organization, plans and designs for the establishment of the NIN at the LGU and cooperatives levels shall commence on or before October 1, 1998 and be financed from, among other sources, items 5 and 10 of Section 111.

Section 44. *Role of Government Agencies. - The Bureau of Agricultural Statistics will serve as the central information server and will provide technical assistance to end-users in accessing and analyzing product and market information and technology.*

*The Department of Transportation and Communications shall provide technical and infrastructure assistance to the Department in setting up the NIN.*

*LGUs shall coordinate with the Department for technical assistance in order to accelerate the establishment and training of information end-users in their respective jurisdictions.*



*The Cooperative Development Authority shall coordinate with the Department for technical assistance in order to provide training assistance to cooperatives in the use and analysis of market information and technology.*

- Rule 44.1. The BAS shall serve as the central information source and server, while the ITCAF shall ensure the provision of the necessary information technology, IT training, and basic infrastructure requirements of the NIN. The AFIS shall ensure that the services of the NIN are directly applicable to actual marketing conditions. Together, the BAS, ITCAF and the AFIS form the NIN implementation group of the Department.
- Rule 44.2. The DOTC shall ensure that the NIN is supported with the appropriate telecommunications links. Where feasible, the ITCAF and the BAS shall establish suitable telecommunications links with capable private sector service providers.
- Rule 44.3. The BAS and the ITCAF will collaborate with the National Computer Center (NCC), the FOS and the DILG to ensure that LGUs are provided access to the NIN. A program of increasing coverage and access to the NIN by LGUs shall be jointly drafted by the ITCAF and the DILG for the guidance of the Department, the DILG and the participating LGUs. LGUs shall be encouraged to participate and invest in the NIN. The design of this program shall be submitted to the Secretaries of Agriculture and Interior and Local Government on before September 30, 1998.
- Rule 44.4. The BAS and the DA ITCAF shall establish a continuing training program for key operators and users of the NIN. The training program may be implemented in collaboration with appropriate national training institutions, according to a basic design approved by the BAS and the ITCAF. The training program shall be operational on or before September 30, 1998.
- Rule 44.5. The BAS and the ITCAF will collaborate with the CDA, the NMU and the appropriate networks to ensure that marketing cooperatives are provided access to the NIN. A program of increasing coverage and access to the NIN by marketing cooperatives shall be jointly drafted by the ITCAF, BAS and the CDA. Cooperatives shall be encouraged to participate and invest in the NIN. The design of this program shall be submitted to the Secretaries of Agriculture and the Chairperson of the CDA on before September 30, 1998.

Section 45 . *Role of Private Sector. - The NIN shall likewise be accessible to the private sector engaged in agriculture and fisheries enterprises. The Department shall formulate guidelines and determine fees for private sector entities that use the NIN.*

- Rule 45.1. The Department shall seek the cooperation and collaboration of the private sector in the operation of the NIN. The NIN shall be designed to be self-supporting within five (5) years of its launching. The BAS and ITCAF shall explore and innovate mechanisms to ensure cost recovery and sustainability, where recoveries are applied to the improvement and sustainability of the NIN and its associated training programs, but without disregarding equity in access to the NIN, particularly by small and subsistence farmers and fisherfolk and their associations. The Department shall request the DBM to provide authority for a revolving fund to be managed by the ITCAF and BAS as part of the cost-recovery feature of the NIN.

## **Chapter 6 Other Infrastructure**

Section 46. *Agriculture and Fisheries Infrastructure Support Services. - The Department of Public Works and Highways, the Department of Transportation and Communications, Department of Trade and Industry and the LGUs shall coordinate with the Department to address the infrastructure requirements in accordance with this Act. Provided that, the Department and the LGUs shall also strengthen its agricultural engineering groups to provide the necessary technical and engineering support in carrying out the smooth and expeditious implementation of agricultural infrastructure projects.*

Rule 46.1. The Department, particularly the PS, shall formulate the agriculture and fishery infrastructure plan and monitor its implementation. The agriculture and fishery infrastructure plan shall be consolidated based on submissions from all the various units of the Department and its partner LGUs. The first edition of the agriculture and fishery infrastructure plan shall be submitted for the approval of the Secretary on or before December 30, 1998.

Rule 46.2. The Department, particularly the BPRE and the FOS shall collaborate with other offices of the Department and with LGUs to strengthen their agricultural and fisheries engineering capacities. The Secretary shall designate an appropriate official to take charge of the Department's program of infrastructure support for agricultural and fisheries modernization.

Section 47. *Criteria for Prioritization. - The prioritization of government resources for rural infrastructure shall be based on the following criteria:*

*Agro-industrial potential of the area;*

*Socio-economic contributions of the investments in the area;*

*Absence of public investment in the area; and*

*Presence of agrarian reform beneficiaries and other small farmers and fisherfolk in the area.*

Rule 47.1. The Department, particularly the FOS, BPRE and the PDS shall draft, through a participatory process, the guidelines in the form of a draft Department AO detailing the broad criteria stated in Section 47. The guidelines shall also include criteria based on sustainability and social acceptability. The draft AO will be submitted to the Secretary for approval on or before September 30, 1998.

Rule 47.2. Effective immediately, the government and the relevant departments and entities, including the Department and its component offices, shall refer to Sections 46 and 47 and related rules and regulations in the prioritization of objects for public investment in rural infrastructure. In particular, the Investment Coordination Committee (ICC), the NEDA and the DBM shall collaborate with the Department in the programming of rural infrastructure and in the screening of rural infrastructure projects to be prioritized in the annual and medium-term PIP as financed under the Public Works Act and general appropriations.

Rule 47.3. The integrated development plans for the SAFDZs shall include the prioritized agricultural and fishery infrastructure and support services including funding requirements.

Section 48. *Public Infrastructure Facilities. - Public infrastructure investments shall give preference to the kind, type, and model of infrastructure facilities that are cost- effective and will be useful for the production, conservation, and distribution of most commodities and should benefit the most number of agriculture and fisheries producers and processors.*

Section 49. *Private Infrastructure Facilities. - For infrastructure facilities primarily benefitting private investors, the State shall facilitate the purchase and use of such facilities and shall keep to the minimum the bureaucratic requirements for these types of investments. Private investors include cooperatives or corporations of agriculture and fisheries producers and processors.*

Section 50. *Public Works Act. - The Department of Public Works and Highways shall coordinate with the Department for the purpose of determining the order of priorities for public works funded under the Public Works Act which directly or indirectly affect agriculture and fisheries.*

Rule 50.1. The Department, particularly the FOS and PDS shall prepare recommendations on agriculture and fisheries infrastructure which may be incorporated in the following:

Rule 50.1.1. the public works programmed under the General Appropriations Act,

Rule 50.1.2. the priority infrastructure programs of the Departments of Public Works (DPWH) and Transport and Communications (DOTC), and

Rule 50.1.3. the infrastructure programs of LGUs and legislators in key production areas.

Section 51. *Fishports, Seaports and Airports.* - *The Department of Transportation and Communications, Philippine Ports Authority and Philippine Fisheries Development Authority shall coordinate with the Department for the purpose of determining priority fishports, seaports and airports and facilitating the installation of bulk-handling and storage facilities, and other post-harvest facilities needed in order to enhance the marketing of agriculture and fisheries products; Provided, That fishports, seaports and airports are also equipped with quarantine, sanitary and phytosanitary centers. The Department of Transportation and Communications (DOTC) shall have the mandate to cancel arrastre and cargo handling franchises among operators whom it deems inefficient and/or ineffective owing, but not limited to, a past history of under-capitalization, lack of equipment and lack of professional expertise. The DOTC shall recommend to the Philippine Ports Authority and consult with ship- owners and ship-operators in assessing the cargo-handling capabilities of cargo operators prior to extending new franchises or awards.*

Rule 51.1. The DOTC, the Philippine Ports Authority (PPA), NEDA and other agencies with infrastructure functions shall coordinate with the Department for the inventory, appraisal and determination of priority fishports, seaports and airports and facilitating the installation of bulk-handling and storage and other post-harvest facilities needed in order to enhance the marketing of agriculture and fisheries products. For this purpose the aforementioned agencies shall consult the Department prior to initiating the process of investment in rural, agricultural and fisheries infrastructure.

Rule 51.2. The PDS shall coordinate with the relevant offices and agencies, particularly the Bureau of Agriculture and Fishery Products Standards (BAFPS), the Bureau of Animal Industry (BAI), the Bureau of Plant Industry (BPI), the Bureau of Fisheries and Aquatic Resources (BFAR), among others, to ensure that the appropriate quarantine, sanitary and phytosanitary centers are established in the country's major fishports, seaports and airports.

Rule 51.3. The Department, particularly the FOS, PS, PAS and the PDS, shall collaborate with the DOTC, DTI, PPA, MARINA, the LGUs concerned, representatives of farmers and fisherfolk's associations and the private agribusiness and shipping sector to continuously assess the quality and efficiency of such services, including policies and regulations governing shipping, arrastre, ports infrastructure and services, stevedoring, charges and tariffs, safety and related matters.

Section 52. *Farm-to-Market Roads.* - *The Department shall coordinate with the LGUs and the resident-farmers and fisherfolk in order to identify priority locations of farm-to-market roads that take into account the number of farmers and fisherfolk and their families who shall benefit therefrom and the amount, kind and importance of agricultural and fisheries products produced in the area.*

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

Rule 52.1. The Department, particularly the PDS and the PS, and its RFUs shall collaborate with LGUs, DPWH and other stakeholders in the planning, prioritization and construction of roads and road networks with significant impact on the transport of agricultural and fisheries commodities. On or before September 30, 1998, LGUs shall provide a minimum 10 percent counterpart for the construction of farm to market roads in their jurisdictions. The Provincial or City Engineer, or the DPWH shall provide technical assistance to LGUs.

Section 53. *Rural Energy* - *The Department shall coordinate with the Department of Energy (DOE), the Department of Public Works and Highways (DPWH), National Electrification Administration (NEA) and the National*

*Power Corporation (NAPOCOR) for the identification and installation of appropriate types of energy sources particularly in the use of non-conventional energy sources for the locality in order to enhance agriculture and fisheries development in the area.*

Rule 53.1. The Department shall establish mechanisms of cooperation, information-sharing and consultation with the DOE, National Power Corporation (NPC), National Electrification Administration (NEA) and the DPWH such that an adequate supply of electricity, particularly that generated by non-conventional means, is provided in support of SAFDZs and agro-industrial activities. The DOE, in collaboration with the PDS, shall prepare an assessment of the state of energy supply to agro-industry for presentation to the NAF Council on or before December 30, 1998.

Section 54. *Communications Infrastructure. - The Department shall coordinate with the DOTC to facilitate the installation of telecommunication facilities in priority areas, in order to enhance agriculture and fisheries development.*

Rule 54.1. The Department, particularly the ITCAF and the PDS, shall establish mechanisms of cooperation, information-sharing and consultation with DOTC and the NTC to ensure that adequate telecommunications facilities are provided in support of SAFDZs and agro-industrial activities. The DOTC shall prepare an assessment of the state of telecommunications services for agro-industry, in collaboration with the DA-ITCAF for the NAF Council on or before December 30, 1998.

Section 55. *Water Supply System. - The Department shall coordinate with the DPWH and the LGUs for the identification and installation of water supply system in the locality for agro-industrial uses to enhance agriculture and fisheries development in the area.*

Section 56. *Research and Technology Infrastructure. - The Department in coordination with other government agencies shall give priority and facilitate the funding of infrastructure necessary for research ventures such as farm laboratories and demonstration farms with state colleges and universities that derive their core funds from the Department.*

Rule 56.1. The Department in collaboration with other agencies, shall give priority and facilitate the funding of the R&D infrastructure such as farm laboratories and demonstration farms of SUCs. The SUCs shall submit R&D proposals for co-financing to the Department through the RIARCs and BAR, including scholarships and thesis support for students.

Section 57. *Post-Harvest Facilities. - The Department shall coordinate with the Bureau of Post-Harvest for Research and Extension and the Post-harvest Horticulture, Training and Research Center of the University of the Philippines at Los Baños, to identify appropriate post-harvest facilities and technology needed to enhance agriculture and fisheries development in the area.*

Rule 57.1. The Department, particularly the PDS, BPRE, PhilRice and PFDA shall establish a joint planning schedule and work program with the UPLB PHTRC and other offices to facilitate the implementation of the post-harvest program. The BPRE shall lead the formulation and execution of a post-harvest technology development and promotion program for the major commodities other than rice. The first post-harvest work program shall be submitted to the Secretary on or before September 30, 1998 for the balance of 1998.

Section 58. *Public Market and Abattoirs. - The Department shall encourage the LGUs to turn over the management and supervision of public markets and abattoirs to market vendors' cooperatives and for that purpose, the appropriation for post-harvest facilities shall include the support for market vendors' cooperatives.*

*The Department shall coordinate with the LGUs in the establishment of standardized market systems and use of sanitary market facilities, and abattoirs, intended to ensure food safety and quality.*

*All markets shall have a sanitation unit, proper and adequate drainage and sewerage system, ample water supply, public toilets with lavatories, garbage receptacles, ice plants and cold storage, adequate lighting and ventilation and supply of electricity to ensure cleanliness and sanitation. Price monitoring bulletin boards for selected commodities and weighing scales accessible to the public shall also be established.*

*Proper protection and preservation of agriculture and fisheries products being sold in the market shall also observed. All foods which require no further cooking shall be wrapped, covered, or enclosed in containers to preserve the freshness and prevent contamination. Selling of products on market floors shall be prohibited.*

- Rule 58.1. The NMIC, assisted by the AMAS and in consultation with the DOF, DILG, DBM and other appropriate entities including financial institutions, shall draft a program aimed at the turnover of abattoirs and public markets by LGUs to vendors' or suppliers= cooperatives, subject to the maintenance of the health and safety standards and the absorption of qualified abattoir personnel by the LGUs and/or cooperatives. The program drafted by the NMIC shall be submitted for approval by the Secretary on or before September 30, 1998.
- Rule 58.2. The public markets and abattoirs that need upgrading shall also be considered as priority infrastructure for funding specifically those being managed by the market vendors= associations. Support for initiatives of cooperatives shall be provided from items 2 to 5 of Section 111, subject to the formulation of feasible financing schemes operated by financial institutions.
- Rule 58.3. The Department, particularly the BAFPS, AMAS and the Food Development Center (FDC), shall work with the associations and representatives of the private sector to ensure that appropriate standards are set and maintained with regard to health and safety concerns in the preservation, packaging and handling of agriculture and fisheries commodities.

Section 59. *Agricultural Machinery. - The Department shall give priority to the development and promotion of appropriate agricultural machinery and other agricultural mechanization technologies to enhance agricultural mechanization in the countryside.*

- Rule 59.1. The Department, particularly the BPRE and FOS shall develop, in association with the appropriate agencies, research and testing centers and industry associations, a continuing, long-term program of development and commercialization of appropriate agriculture and fisheries mechanization.
- Rule 59.2. The tools, equipment and machinery developed under the agricultural mechanization programs supported by the Department shall be gender and youth-friendly.
- Rule 59.3. The farm and fishery tools and machines developed under the program must be regularly subjected to social as well as economic feasibility analysis by the Department, particularly the BAR in collaboration with the appropriate agencies and technical institutions such as the Agricultural Machinery Testing and Evaluation Center (AMTEC). The AMTEC may be designated by the Department to issue the standards for agriculture and fisheries machinery.
- Rule 59.4. Where the tools and equipment developed under the program prove to be technically and economically viable, these shall be promoted by the Department, particularly the AMAS in coordination with the specialized units of the Department and other appropriate agencies such as the DTI, for commercialization by the private sector.
- Rule 59.5. The Department shall also provide technical assistance to LGUs and other agencies in the upgrading of their capabilities in agricultural engineering support for farmers and fisherfolk.



## **Chapter 7 Product Standardization and Consumer Safety**

- Section 60. *Declaration of Policy. - It is the policy of the State that all sectors involved in the production, processing, distribution and marketing of food and non-food agricultural and fisheries products shall adhere to, and implement the use of product standards in order to ensure consumer safety and promote the competitiveness of agriculture and fisheries products.*
- Section 61. *Bureau of Agriculture and Fisheries Product Standards. - The Department, within six (6) months after the approval of this Act, and in consultation with the Department of Trade and Industry and the Bureau of Food and Drug, shall establish the Bureau of Agriculture and Fisheries Product Standards (BAFPS).*
- Rule 61.1. On or before July 30, 1998 the Secretary shall issue an AO to establish the BAFPS and designate the BAFPS Director. As the BAFPS is being organized, the Secretary may designate an officer of the Department to serve in a concurrent capacity as BAFPS Director.
- Rule 61.2. The BAFPS shall be headed by a Bureau Director and two or more Assistant Directors appointed by the President upon the recommendation of the Secretary. One of the Assistant Directors shall be concerned with consumer issues and the BAFPS shall incorporate a Consumer Protection Division.
- Rule 61.3. The organization and design of the BAFPS shall consider the existing Philippine agriculture and fisheries product standards, the related functions and powers of the various agencies and offices of the Department and other agencies of government, including those provided under the *Fisheries Code of 1998*. On the basis of the review the BAFPS Task Force referred to in Section 64 shall propose the specific roles and activities of the BAFPS, and if necessary and appropriate, propose how and when functions and their associated resources currently with other agencies may be consolidated within the BAFPS
- Section 62. *Coverage. - The BAFPS shall set and implement standards for fresh, primary- and secondary-processed agricultural and fishery products.*
- Rule 62.1. More specifically, the coverage of the BAFPS shall include standards related to consumer health and safety and efficient trade of raw, fresh, primary and secondary processed agricultural and fisheries products, both food and non-food. On or before December 30, 1998 the Secretary, upon the recommendation of the BAFPS, shall issue a Department AO specifying the full listing of products covered by the BAFPS.
- Section 63. *Powers and Functions. - The BAFPS shall have the following powers and functions:*
- Formulate and enforce standards of quality in the processing, preservation, packaging, labeling, importation, exportation, distribution, and advertising of agricultural and fisheries products;*  
*Conduct research on product standardization, alignment of the local standards with the international standards; and,*  
*Conduct regular inspection of processing plants, storage facilities, abattoirs, as well as public and private markets in order to ensure freshness, safety and quality of products.*
- Rule 63.1. The BAFPS TF shall consult with the BFAR and the BAI on the appropriate delineation of their respective functions in consideration of the provisions of the *Animal Welfare Act of 1998* and the *Fisheries Code of 1998*, as well as practical considerations of the logistics, ease of administration, adequacy of budgets and personnel and agency capability. Their agreements shall be embodied in Departmental AOs jointly drafted for the approval of the Secretary. More specifically, in collaboration with the appropriate agencies and, the BAFPS shall have the following powers and functions:



- Rule 63.1.1. To formulate and enforce standards of quality that will ensure human health and safety and efficiency in the consumer consumption, marketing and trade of agricultural and fisheries products, both for export and import. Enforcement shall include the formulation and implementation of standards utilized in the enforcement of quarantine relative to products for human consumption.
- Rule 63.1.2. Develop and implement in association with the Department, other Departments, selected SUCs and LGUs, the codes of practice and guidelines for the food safety and efficient trade standards in post harvest handling, primary and secondary processing, packaging, labeling, advertising, distribution and marketing of agricultural and fisheries products,
- Rule 63.1.3. Assist government offices and agriculture and fishery enterprises to establish the scientific basis for domestic food safety and nutrition standards and codes of practice and the alignment of these with internationally accepted standards and practices,
- Rule 63.1.4. Coordinate with government offices and agriculture and fishery enterprises to develop an early-warning system on developments and trends in international food safety and nutrition standards and codes of practice, to enable adequate domestic adjustment to these,
- Rule 63.1.5. Ensure the participation of representatives of all affected parties, both government and non-government in the formulation of agricultural and fishery product standards and codes of practice for commodity and food safety and efficient trade,
- Rule 63.1.6. Establish and maintain, in collaboration with the NIN and the appropriate research institutions and SUCs, the database, Management Information System (MIS) and M&E, and research on commodity and food safety and nutrition standards,
- Rule 63.1.7. Conduct product testing, surveillance and inspection of food handling, processing and storage facilities, including abattoirs, fish ports and landing areas and markets, for compliance with approved standards and codes of practice, and establish and operate testing centers and research laboratories for this purpose,
- Rule 63.1.8. Establish an inspection and certification system including third party accreditation and a professional Certification System for commodity standards professionals to ensure cost-effective implementation of standards and codes of practice,
- Rule 63.1.9. In collaboration with the Department PAS, provide the organization and manpower expertise to ensure effective preparations and background for government participation in the deliberations on international food standards, including those related to the World Trade Organization (WTO), Sanitary and Phyto-sanitary Standards (SPS), Food and Agriculture Organization (FAO), World Health Organization (WHO), *Codex Alimentarius* Commission, the *Office Internationale des Epizootics*, the International Plant Protection Convention (IPPC) and other international bodies formulating international food safety and efficient trade standards, and, subject to the

direction of the Secretary, be responsible for government participation in the deliberations of the above international bodies,

- Rule 63.1.10. Serve as the Philippines= *National Enquiry Point* for SPS and other food safety and standards concerns,
- Rule 63.1.11. Determine and implement, in collaboration with the appropriate offices and entities, the recall from the market of commodities that are determined to be unfit for human consumption. *Provided*, that confiscated commodities are to be destroyed, and
- Rule 63.1.12. Levy and collect fees for its inspection, testing and certification services. *Provided*, that the schedule of fees shall be subject to the approval of the Secretary of Agriculture. *Provided further*, that such fees shall be managed under a BAFPS revolving fund, proposed by the Department to the DBM to be created in the 1999 Appropriations Act.

Section 64. *Pool of Experts and Advisers. - The BAFPS may coordinate, seek the services of, and consult with both private and governmental agencies, research institutes, educational establishments and such other individuals and entities with expertise in the field of product standards and consumer safety.*

*The Department of Trade and Industry, the Food and Nutrition Research Institute, and the Bureau of Food and Drug Administration shall provide technical advice and form part of the pool of experts/advisers of the BAFPS.*

- Rule 64.1. In addition to those from government agencies, the pool of experts shall also include experts from the private sector and concerned industry associations, POs and NGOs.
- Rule 64.2. The multi-sectoral BAFPS Task Force is hereby created to formulate the design of the BAFPS. On or before July 30, 1998 the Department Assistant Secretary charged with Regulatory and Consumer Services or another officer as designated by the Secretary shall assume the chair of the BAFPS TF. The BAFPS TF shall enable multi-sectoral consultations and the sharing of resources for the organization and early operationalization of the BAFPS. The Chairperson of the BAFPS TF is hereby authorized to draw resources from the concerned agencies such as, but not limited to: BPI, BAI, LDC, NMIC, BFAR, NFA, NNC, FDC and BAR in order to organize a secretariat for the BAFPS TF and the initial operations of the BAFPS.
- Rule 64.3. The TF shall be appointed from the pool of experts by the Secretary upon the recommendation of the TF Chairperson. The BAFPS TF shall prepare the terms of reference, funding and manpower requirements of the BAFPS for approval by the Secretary not later than September 30, 1998.
- Rule 64.4. Upon the approval by the Secretary of the design and initial work plan of the BAFPS, the BAFPS TF shall cease to exist. The pool of experts will however, continue to provide technical assistance to the Department on matters related to the BAFPS.

## **TITLE 2 HUMAN RESOURCE DEVELOPMENT**

Section 65. *Declaration of Policy. - It is hereby declared the policy of the State to give priority to education and training on science and technology in order to accelerate social progress and promote total human liberation and development.*

*The State shall promote industrialization and full employment, based on sound agriculture and fisheries development and agrarian reform, through industries that make full and efficient use of human and natural resources.*

*Rule 65.1. Principles in the implementation of the HRD program.* --- The state recognizes that the concerted efforts and active participation of academicians, agriculturists, fishery and aquaculture specialists, agribusiness industries, and farming/fishing communities, POs and NGOs is an important requisite in effective planning, implementation, and evaluation of human resources development program in agriculture and fishery.

*Rule 65.2.* The State shall be guided by the following principles in the implementation of its human resource development program:

*Rule 65.2.1. Quality.* - The provision of quality education is the foundation for the production of quality agriculture and fishery graduates who shall have the competence and professionalism to function in a globally competitive agriculture and fishery industry.

*Rule 65.2.2. Relevance.* - A highly competitive global economy demands responsive and flexible curricula and continuing improvement of teachers' competence and instructional and research facilities; and,

*Rule 65.2.3. Access and Equity.* - Agriculture and fishery education at the tertiary level should be accessible to all qualified students regardless of economic and social status.

*Section 66. National Agriculture and Fisheries Education System (NAFES).* -*The Commission on Higher Education (CHED), in coordination with the Department and appropriate government agencies, shall establish a National Agriculture and Fisheries Education System (NAFES) which shall have the following objectives:*

*To establish, maintain and support a complete and integrated system of agriculture and fisheries education relevant to the needs of the economy, the community and society;*

*To modernize and rationalize agriculture and fisheries education from the elementary to the tertiary levels;*

*to unify, coordinate and improve the system of implementation of academic programs that are geared toward achieving agriculture and fisheries development in the country; and,*

*to upgrade the quality, ensure sustainability and promote global competitiveness, at all levels, of agriculture and fisheries education.*

*Rule 66.1. Coverage of the NAFES.* --- The NAFES is an integrated system of agriculture and fishery education covering both public and private institutions in all three levels of education as follows:

*Rule 66.1.1.* Elementary and secondary schools;

*Rule 66.1.2.* Post-secondary institutions offering non-degree technical or vocational programs in agriculture and fishery; and,

*Rule 66.1.3.* Institutions of higher learning offering degree and post-graduate programs in agriculture and fishery.

*Rule 66.2.* The National Agricultural and Fisheries Education System Committee (NAFES Committee) is hereby created to ensure the coordinated implementation of the National Agriculture and Fisheries Education System (NAFES) and strengthening of the human resources of the agriculture and fisheries sector as defined in RA 8435. To facilitate the performance of its

mandate, the NAFES Committee may create subsidiary sub-committees and/or task forces, specifying their composition and TORs. The Chairperson of the CHED shall chair the multi-sectoral NAFES Committee and appoint its members. The Department Undersecretary charged with research, development and extension shall serve as Vice-Chairperson. The CHED shall serve as the Secretariat to the NAFES Committee, which effective the third quarter of 1998 shall meet at least once every quarter, or more often at the behest of the Chairperson.

Section 67. *Education Program for Elementary and Secondary Levels. - There is hereby established an Agriculture and Fisheries Education Program, under the NAFES, specially designed for elementary and secondary levels. The program shall be formulated, organized and implemented by the DECS with the following objectives:*

*to develop appropriate values that form the foundation for sustained growth in agriculture and fisheries modernization;*  
*to increase the attractiveness of agriculture and fisheries education, so that more young and talented person will look at agriculture and fisheries as an acceptable option for career and livelihood;*  
*to promote appreciation of science in agriculture and fisheries development;*  
*to develop among students, positive attitudes towards entrepreneurship and global competition in the agriculture and fisheries business;*  
*to improve the present curriculum in the elementary and secondary levels by emphasizing the core values necessary for agriculture and fisheries modernization; and,*  
*to develop an outreach program where students, parents and the schools become instruments in effecting positive changes in the pupils home and community.*

Rule 67.1. The DECS shall design and implement the Agriculture and Fisheries Education Program for Secondary and Elementary School Levels under the NAFES. The DECS shall submit the design for the approval of the NAFES Committee on or before September 30, 1998, for implementation by the DECS in or before the school year 1999-2000; *Provided*, that the design and implementation of the Agriculture and Fisheries Education Program for Secondary and Elementary School Levels shall be integrated into the accreditation, evaluation and rationalization system of the NAFES in or before the school year (SY) 2000-2001.

Section 68. *Post-Secondary Education Program. - There is hereby established a Post-Secondary Education Program for Agriculture and Fisheries under the NAFES, which shall be formulated and developed by TESDA in coordination with the appropriate government agencies and the private sector. The program shall include, among others, the following:*

*a mechanism for a flexible process of curriculum development;*  
*integration of the dual training system in the various agricultural curricula and training programs;*  
*integration of entrepreneurship and global competitiveness in the agro- fisheries curricula;*  
*institutionalizing agriculture and fisheries skills standards and technician testing and certification;*  
*regular upgrading of learning/training facilities, school buildings, laboratory equipment, and,*  
*development of a system for the strict enforcement of school regulations regarding standards and requirements.*

Rule 68.1. The TESDA shall design and implement the Post-secondary Education Program for Agriculture and Fisheries under the NAFES. The TESDA shall submit the design for the approval of the NAFES Committee before September 30, 1998, for implementation in or before SY1999-2000. *Provided*, that the design and implementation of the Post-secondary Education Program for Agriculture and Fisheries shall be integrated into the accreditation, evaluation and rationalization system developed for the NAFES in or before the SY 2000-2001.

Section 69. *Network of National Centers of Excellence for Tertiary Education. - There is hereby established a Network of National Centers of Excellence in Agriculture and Fisheries Education, composed of qualified public and*

*private colleges and universities, duly accredited as National Centers of Excellence (NCE) in the field of agriculture and fisheries.*

*For this purpose, the CHED shall formulate and implement a system of accreditation: Provided, that not more than one provincial institute in every province and no more than one national university in each field in every region shall be accredited as such; and provided further, that the system shall be based on the following criteria:*

*institutional accessibility, population, economic contribution of agriculture and fisheries in the community, and the needs or unique requirements of the area;*  
*quantity and quality of research studies conducted;*  
*degree of utilization of research results;*  
*quantity and quality of faculty members;*  
*type of facilities;*  
*linkage with international organizations; and,*  
*potential contribution to agriculture and fisheries development in the target area.*

- Rule 69.1. The CHED, in consultation with stakeholders, shall design and implement the periodic evaluation system of the NCEs using output-oriented performance standards (OOPS).
- Rule 69.2. The CHED shall also be responsible for the design and implementing guidelines for the system of accreditation under the Network of NCEs. The CHED may engage a team of experts and representatives of key institutions, particularly the PASUC, to design the evaluation system of NCEs.
- Rule 69.3. The database and the design of the evaluation and accreditation system shall be submitted by the CHED for review by the NAFES Committee on or before October 1, 1998, for implementation by all institutions concerned on or before February 9, 1999.
- Rule 69.4. Upon approval by the NAFES Committee of the NCE Guidelines, the CHED shall establish no later than December 30, 1998 the Network of NCEs in Agriculture and Fisheries Education.
- Rule 69.5. Not more than one agriculture and one fishery national university or college (NUCAF) in agriculture and fisheries per region and not more than one agriculture and one fishery institute (PIAF) per province shall be selected to form part of the NCEs;
- Rule 69.6. The NAFES Committee shall determine the specific roles and functions of the national and provincial institutions of agricultural and fisheries education.
- Rule 69.7. Universities and colleges shall complement each other in the three-fold functions of instruction, research, and extension.

Section 70. *Rationalization Plan. - For the purpose of upgrading and maintaining a high degree of academic excellence in the fields of agriculture and fisheries, all existing public and private colleges and universities that are not hereinafter designated and accredited as centers of excellence shall be given adequate time to redirect its program to non-agriculture and/or non- fisheries areas needed by the province or region and/or merge their program with accredited NCEs in accordance with the Rationalization Plan to be jointly formulated by CHED and the Philippine Association of State Universities and Colleges (PASUC) upon consultation with the institution concerned.*

*The Rationalization Plan shall include a policy for the effective utilization of affected personnel and facilities, and shall not be construed as to result in the decrease of the budget allocation for the state universities and colleges concerned.*

- Rule 70.1. Based on guidelines approved by the NAFES Committee, the CHED, in coordination with the PASUC and the Association of Colleges of Agriculture of the Philippines (ACAP), shall draft and implement the rationalization plan of NCEs based on the results of the evaluation and accreditation system and consistent with RA 7722 (*The Higher Education Act of 1994*) and RA 8292 (*The Higher Education Modernization Act of 1997*). The rationalization plan shall make use of the output-oriented performance standards in the assessment of institutions.
- Rule 70.2. All existing public and private colleges and universities that are not hereinafter designated and accredited as NCEs shall be allowed a maximum of five (5) years from the date of notification to redirect its program to non-agriculture and/or non-fisheries areas needed by the province or region. The rationalization plan shall be submitted by the CHED for the approval of the NAFES Committee on or before March 30, 1999, and for implementation on or before July 1, 1999; *Provided, that:*
- Rule 70.2.1. Not more than one agriculture and one fishery NUCAF in agriculture and fisheries per region and not more than one PIAF per province shall be selected as an NCE;
- Rule 70.2.2. In regions where there is only a single NUCAF and provinces where there is only a single PIAF, these institutions shall automatically be selected by CHED as potential NCEs for development. The selection process shall only apply to regions or provinces where more than one contending institution operates.
- Rule 70.2.3. The CHED shall determine no later than March 30, 1999 the appropriate fields in agriculture or fishery, which a selected NUCAF may offer, based on the human resource needs of the country and capability of the NCE concerned.
- Rule 70.2.4. Effective SY 1999-2000, schools not identified as NCEs in agriculture and fisheries shall no longer offer agriculture and fisheries courses, unless these are jointly offered with an accredited NCE.
- Rule 70.2.5. The CHED may designate an NCE to perform zonal instructional services in specific undergraduate or graduate degree programs to achieve economies of scale.
- Rule 70.2.6. The Technical Panel for Agriculture Education (TPAE) shall propose criteria developed for the selection of NUCAFs to perform zonal instructional services for degree programs.
- Rule 70.2.7. For public NCEs with non-agriculture and fishery instructional mandates, the institutions concerned shall delineate those portions of the institution which may be designated as the NUCAF or PIAF from the whole university or college and prepare a separate budgetary requirement for endorsement by the CHED to the DBM.
- Rule 70.2.8. The Rationalization Plan shall include a policy for the effective utilization of affected personnel and facilities and shall not result in the decrease of the budget for the SUCs concerned.
- Rule 70.2.9. The financing of the tasks related to the modernization of agricultural and fisheries education as mandated under RA 8435 shall be financed from the respective agency budgets of the CHED, TESDA, DECS and the



Department. If necessary, supplementary financing may be drawn from, among other sources, item 9 of Section 111. For this purpose the CHED, TESDA and DECS shall draw up specific annual budgets for the purpose and submit these to the Secretary and the NAFES Committee for approval and financing.

Section 71. *Counterpart Funding from LGUs. - The LGUs shall, within two (2) years from the effectivity of this Act, provide at least ten percent (10%) of the Maintenance and Other Operating Expenses (MOOE) budget for the operation of the provincial institutes within their area of responsibility.*

*In consultation with the LGUs, the CHED shall develop a provincial-national partnership scheme for a reasonable sharing of financial support taking into account social equity factors for poor provinces.*

Rule 71.1. In consultation with the LGUs, DBM, DOF and the Department, the CHED shall develop a partnership-financing scheme with provincial LGUs for the accredited NCEs in their provinces, to be implemented on or before February 9, 2000. The scheme shall account for social equity factors for poor provinces.

Section 72. *National Integrated Human Resource Development Plan in Agriculture and Fisheries. - The CHED, in coordination with the Department and appropriate government agencies, shall formulate, develop and implement an integrated human resource development plan in agriculture and fisheries which shall serve as an instrument that will provide over-all direction in setting priorities in curricular programs, enrollment, performance targets, and investment programs.*

Rule 72.1. The CHED, in coordination with the Department and other appropriate agencies shall formulate and implement the National Integrated Human Resource Development Plan (NIHRDP) in Agriculture and Fisheries. The NIHRDP shall cover academic, research and development, extension and practitioners in agriculture and fisheries. The components of the NIHRDP shall include:

Rule 72.1.1. an assessment of the state of human resources, particularly extension, research and development personnel, in the Department and other agencies in the NAFES, and

Rule 72.1.2. long-term, continuing program incorporating scholarships, recruitment, orientation, in-service training, continuing education and if necessary, early retirement.

Rule 72.2. The NIHRDP shall incorporate the application of the scientific career system to the appropriate technology, research and analysis positions and units of the Department and related agencies, consistent with the *Magna Carta for Science and Technology Personnel*.

Rule 72.3. The NIHRDP shall incorporate a competitive compensation and incentive structure.

Rule 72.4. The CHED and the Department may engage the services of HRD professionals to provide technical assistance in drawing up the long-term NIHRDP. The first NIHRDP shall be submitted for the approval of the NAFES Committee and the Secretary on or before December 30, 1998, and implementation on or before April 1, 1999.

Rule 72.5. The financing of the NIHRDP shall be drawn from, among other sources, items 7, 9 and 11 of Section 111.

Section 73. *Output-Oriented Performance Standards. - In order to ensure institutional accountability, efficiency, and quality, there shall be formulated and developed an Output-Oriented Performance Standards which shall serve as the primary instrument for institutional evaluation.*

*For this purpose, all public and private universities and colleges, that are designated as centers of excellence, shall cause to be installed a computerized monitoring and evaluation system that periodically collects and regularly measures variables indicating institutional performance based on the Output-Oriented Performance Standards.*

- Rule 73.1. The CHED shall formulate and develop the Output-Oriented Performance Standards (OOPS), not later than September 30, 1998, that shall serve as the basis for individual and institutional evaluation. The OOPS shall include qualitative and quantitative standards of institutional performance on internal productivity (management systems, governance, leadership and resource utilization) and external productivity (institutional efficiency and effectiveness in producing the desired outputs).
- Rule 73.2. All designated NCEs in agriculture and fisheries shall install computerized M&E systems which shall facilitate the collection and analysis of data for output-oriented performance evaluation as well as the third party evaluation every five (5) years. The CHED, in collaboration with the NUCAFs and PIAFs shall design, set up and operate a computerized M&E network which will provide timely and accurate data on manpower supply and demand, impact of NAFES on the agriculture and fisheries modernization, productivity, training services and needs; employment of agriculture and fishery graduates, diffusion of relevant and innovative technologies and other developments in the agriculture and fishery sector in the region (for NUCAFs) and the province (for PIAFs), not later than June 30, 1999.
- Rule 73.3. The OOPS and the M&E system for the NCEs shall be linked to the NIN.

Section 74. *Evaluation System. - Not later than one (1) year from the effectivity of this Act, the CHED shall establish a baseline information using the Output-Oriented Performance Standards referred to in Section 73 of this Title. Once every five (5) years thereafter, all designated NCEs in agriculture and fisheries shall be subject to a third party evaluation.*

*The evaluation shall include, among others, management and educational experts of national stature and representatives of key sectors of the agriculture and fisheries industries, as well as representatives of the Department, the Department of Environment and Natural Resources, the Department of Science and Technology, and the National Economic and Development Authority.*

- Rule 74.1. The CHED shall establish the baseline OOPS information on NCEs no later than December 30, 1998. Periodically, once every five (5) years or at intervals determined by the NAFES, and thereafter, all designated NCEs in agriculture and fisheries shall be subject to a third party evaluation. The CHED shall formulate appropriate incentive schemes for institutions that are performing well and appropriate sanctions for those institutions which are performing below standards.
- Rule 74.2. The external or third party evaluation teams shall include, among others, the following:
- Rule 74.2.1. Management and educational experts of international or national stature,
  - Rule 74.2.2. Representatives of key sectors of the agriculture and fisheries industries, including POs and NGOs,
  - Rule 74.2.3. Representatives of the Department, DOST, NEDA, and other appropriate agencies, and
  - Rule 74.2.4. Representatives of the relevant LGUs.

Section 75. *Agriculture and Fisheries Board. - There shall be created an Agriculture and Fisheries Board in the Professional Regulation Commission to upgrade the Agriculture and Fisheries profession.*

*Those who have not passed the Civil Service Examination for Fisheries and Agriculture but have served the industry in either private or public capacity for not less than five (5) years shall be automatically granted eligibility by the Board of Examiners.*

*The first board of examination for B.S. Fisheries and/or Agriculture Graduates shall be conducted within one (1) year from the approval of this Act.*

- Rule 75.1. The Professional Regulation Commission (PRC) shall create and operationalize a Board of Agricultural and Fisheries (BAF), a collegial body, under its administrative supervision and control, appoint its Chairman and members, provide their qualifications and terms of office, prescribe its powers, functions and responsibilities other related matters on the licensing and regulation of the practice of agriculture and fisheries. The PRC shall issue and promulgate its rules and regulations governing the creation and operation of the said Board, the licensing and regulation of the practice of agriculture and fisheries and other related purposes and activities implementing Section 75 of RA 8435. The Board's Chairman and Members shall be appointed not later than October 30 1998.
- Rule 75.2. The budget for the organization and operations of the BAF shall be drawn from a supplemental budget that the PRC shall submit to the DBM.
- Rule 75.3. The first licensure examination for BS Fisheries and/or Agriculture graduates shall be given not later than December 23, 1998.
- Rule 75.4. The Civil Service Commission shall confer eligibility on those graduates of agriculture or fisheries courses who have not taken the Civil Service Examination for Fisheries and Agriculture but have continuously served the industry in either private or public capacity for at least five (5) years upon application for eligibility.
- Rule 75.5. The BAF and the PRC shall, in collaboration with the Department and representatives of the affected groups, study the feasibility of a licensure examination for Specialist Practice in particular fields of Agriculture and Fisheries. The BAF shall, subject to the approval of the PRC, submit its recommendations to the NAFES Committee and the Secretary on or before June 30, 1999.

Section 76. *Continuing Agriculture and Fisheries Education Program. B The Commission on Higher Education, the Department of Education, Culture and Sports and Technical Education and Skills Development Authority, in coordination with the Department and the public and private universities and colleges, shall formulate and develop a National and Integrated Continuing Agriculture and Fisheries Education Program, which shall address the current education and training requirements of teachers, professors and educators in agriculture and fisheries.*

*For this purpose, pre-service and in-service training of teachers in Home Economics Livelihood Education (HELE) for the primary level and Technology and Home Economics (THE) for the secondary level, shall be upgraded.*

- Rule 76.1. The CHED, DECS and TESDA in coordination with the Department and the public and private universities and colleges in the NAFES, shall formulate the National and Integrated Continuing Agriculture and Fisheries Education Program (NICAFEP). The proposal for the NICAFEP shall be presented to the NAFES Committee on or before September 30, 1998, for implementation on or before SY 1999-2000.

- Rule 76.2. The Department, particularly the ATI and the Human Resources Development Division (HRDD), shall prepare, in coordination with the various institutions in the NAFES, a program of continuing education for the Department staff. If feasible, the continuing education requirements of the DAR and the DENR shall also be considered in the program. The Department shall present to the NAFES Committee its proposed program on or before September 30, 1998.
- Rule 76.3. The DECS shall formulate and implement a program of HELE upgrading. The DECS shall present its upgrading proposals to the NAFES Committee on or before September 30, 1999.
- Rule 76.4. The TESDA shall formulate and implement a program of THE upgrading. The TESDA shall present its upgrading proposals to the NAFES Committee on or before September 30, 1999.
- Rule 76.5. The financing for the NICAFEP, the Continuing Education program of the Department, as well as the upgrading of HELE and THE, shall be drawn from, among other sources, item 9 of Section 111.

Section 77. *Scholarship Program. - The CHED, in coordination with public and private universities and colleges, TESDA and the DBM, shall develop a national scholarship program that provides opportunities for deserving academic staff to pursue advanced degrees in agriculture and fisheries. Where appropriate, such scholarship program shall also provide opportunities for graduate work in foreign universities.*

- Rule 77.1. The CHED, in collaboration with the concerned agencies, shall draft the guidelines for a national scholarship program for deserving academic staff to pursue advanced degrees in agriculture and fisheries. The draft guidelines shall be submitted for the approval of the NAFES Committee on or before September 30, 1998.
- Rule 77.2. The Department, particularly the ATI and the NAFC, shall expand its existing program of scholarships for degree and non-degree training, both in national and international institutions, in agriculture and fisheries for deserving technical, scientific and extension workers in the Department and practitioners in agriculture and fisheries. The Department shall present its expanded program to the NAFES Committee on or before September 30, 1998.
- Rule 77.3. The Department, particularly the ATI and the NAFC, in collaboration with the concerned agencies, shall expand its existing program of scholarships for degree and non-degree training in agriculture and fisheries for capable and deserving youth, particularly the children of smallholders, in order to encourage and support study, service and professional careers in agriculture and fisheries. The Department shall present its expanded program to the NAFES Committee on or before September 30, 1998.
- Rule 77.4. The scholarship programs above shall include the following provisions:
  - Rule 77.4.1. The grantees from the government service shall render a reasonable equivalent years of service under existing government guidelines;
  - Rule 77.4.2. In cases of grantees from the academe, the program shall be utilized to strengthen the fields or areas of specialization for which the institution was identified as an NCE;
  - Rule 77.4.3. Local fellows shall be sent to the accredited NCE for a particular field of specialization.

Rule 77.5. These above listed scholarship programs shall initially be financed from, among other sources, item 9 of Section 111. In addition, the CHED and the Department, subject to the approval and the oversight of the NAFES Committee, shall establish an endowment fund for scholarships, to be built up over a period of five years beginning in 1999.

Section 78. *Merit System. - To promote the development of scientific excellence and academic scholarship, the public and private universities and colleges, in cooperation with the CHED and the DBM, shall institute an output-oriented unified system of promotion for academic personnel.*

Rule 78.1. The public universities and colleges of agriculture and fisheries, in cooperation with the CHED, DBM, Civil Service Commission (CSC) and the Career Executive Service Board (CESB) shall institute a unified, output-oriented system of promotion for academic personnel which shall be uniformly implemented on or before SY 1999-2000. The CHED will coordinate with the public tertiary educational system in the formulation and implementation of the merit-based, unified promotion system for academic personnel. The CHED shall submit the draft guidelines of the merit system to the NAFES Committee for approval on or before December 30, 1998.

Rule 78.2. Upon the drafting of the guidelines of the merit system, the CHED will enter into dialogue with the private tertiary educational institutions with the goal of achieving a merit system that is unified across the private and public educational system.

Section 79. *Budgetary Allocation Scheme. - The Budgetary Allocation Scheme for NAFES shall be as follows:*

*The current appropriation or budgets of state universities and colleges, that are herein designated as NCEs, shall continue and shall be modified and adjusted in succeeding years in order to meet the standards of the rationalized programs of the institutions as approved by Congress and shall be included in the annual General Appropriations Act;*

*NCEs that are created under this Act shall likewise be provided with budgetary support based on their programs and new staffing pattern as approved by DBM and shall be included in the annual General Appropriations Act.*

### **TITLE 3 RESEARCH, DEVELOPMENT AND EXTENSION**

#### **Chapter 1 Research and Development**

Section 80. *Declaration of Policy. - It is hereby declared the policy of the State to promote science and technology as essential for national development and progress.*

*The State shall likewise give priority to research and development, invention, innovation, and their utilization and to science and technology education, training, and services. In addition to appropriate and relevant technology, the State shall support indigenous and self-reliant scientific and technological capabilities, and their application to the country's productive system and national life.*

Rule 80.1. These IRR shall cover all existing networks of research and development, and extension centers and institutions that are in the public domain or are supported by public funds.

Section 81. *The National Research and Development System in Agriculture and Fisheries. - The Department, in coordination with the Department of Science and Technology and other appropriate agencies and research institutions shall enhance, support and consolidate the existing National Research and Development System in Agriculture and Fisheries within six (6) months from the approval of this Act: Provided, that fisheries research and development shall be pursued separately, from but in close coordination with that of agriculture.*

- Rule 81.1. The National Research and Development System in Agriculture and Fisheries (NaRDSAF) is hereby organized. The NaRDSAF shall complement the National Extension System in Agriculture and Fisheries (NESAF) created under Section 89.
- Rule 81.2. The Secretary recommends to the President the creation, on or before July 30, 1998 of the Council on Extension, Research and Development in Agriculture and Fisheries (CERDAF) which shall carry out the mandate to enhance, support and consolidate the NaRDSAF, as well as to ensure the effective linkage with extension in the NESAF. *Provided, that:*
- Rule 81.2.1. The term *Enhance* shall denote the improved responsiveness and usefulness of research and extension to the livelihood concerns of agricultural and fisheries operators and entrepreneurs.
- Rule 81.2.2. The term *Support* shall denote the provision of increased and more definite budgetary support for agriculture and fisheries research and extension, both at the national and local levels; as well as the application of the provisions of the *Magna Carta for Science and Technology Personnel* to the appropriate positions in the NaRDSAF, and
- Rule 81.2.3. The term *Consolidate* means the unification in strategy, approach and vision, of the agriculture and fishery components, of the ongoing National Agriculture Research and Extension Agenda (NAREA) formulated by the Department and the Science and Technology Agenda for National Development (STAND) formulated by the DOST; as well as the unification of the overall management of, and responsibility for, the research and extension system in agriculture and fisheries under the Department at the national level and under the LGUs at the local level.
- Rule 81.3. Fisheries research and development shall be pursued separately, from but in close coordination with that of agriculture.
- Rule 81.4. The NaRDSAF has two subsystems: the agriculture research subsystem and the fishery research subsystem. The agriculture research subsystem is composed of:
- Rule 81.4.1. the National Agriculture and Resources Research and Development Network (NARRDN) including the PCARRD, selected units of the Department of Agriculture Research and Development System (DARDS), selected SUCs, DENR, the private sector and specialized agencies.
- Rule 81.4.2. the DAR, specifically the Bureau of Agrarian Reform Beneficiaries Development (BARBD) and the Policy Studies and Research Services (PSRS), and,
- Rule 81.4.3. the CHED and SUCs which include existing and potential NCEs.
- Rule 81.5. The fishery research subsystem is composed of the National Aquatic Resources Research and Development System (NARRDS) including the PCAMRD, selected units of the DARDS, selected SUCs, the DENR, the private sector and specialized agencies.
- Rule 81.6. The detailed composition, as well as their roles and interrelationships of the institutions and councils comprising the NARRDN and the NARRDS shall be reviewed and determined by the CERDAF.



- Rule 81.7. The Secretary shall chair the CERDAF, which shall draw resources from any component agencies and offices within the NaRDSAF and NESAF to enable the accomplishment of its tasks. The BAR shall serve as the CERDAF Secretariat for R&D while the ATI shall serve as the CERDAF Secretariat for Extension and Training. The Department Undersecretary charged with research, development and extension shall head both CERDAF Secretariats. Starting the third quarter of 1998 the CERDAF shall meet semi-annually. The members of the CERDAF shall be appointed by the Secretary from the relevant agencies, representatives of NCEs, SUCs, LGUs, concerned POs and NGOs in agriculture and fisheries research, development and extension.
- Rule 81.8. The CERDAF shall:
- Rule 81.8.1. promote the integration of research, development and extension functions and enhance the participation of farmers, fisherfolk, the industry and the private sector in the development of the national research, development and extension agenda.
  - Rule 81.8.2. prepare and oversee the implementation of a comprehensive program of RDE to enhance, support, consolidate and make full use of the capabilities of the interlinked NaRDSAF and NESAF, including the review and rationalization of the roles, functions and organization of the various agriculture and fisheries national research, development and extension institutions, including the PCARRD and PCAMRD.
  - Rule 81.8.3. Set policies in agriculture and fishery national research, development and extension in order to ensure sustainable food security, alleviate poverty, promote people empowerment, agricultural productivity and development and promote internationally competitive agribusiness and fishery sectors;
  - Rule 81.8.4. Approve policies for the operationalization and continued strengthening of the institutional capacities, efficiency, effectiveness and integration of the national research, development and extension system, including the setting up of M&E on the effectiveness and efficiency of its various components;
  - Rule 81.8.5. Create committees, TWGs and Commodity Teams to facilitate the accomplishment of its objectives;
  - Rule 81.8.6. Review and approve national research, development and extension plans and programs developed by the NaRDSAF and NESAF; and
  - Rule 81.8.7. Set policies on relations and exchange between Philippine and international institutions on agriculture and fisheries national research, development and extension, and approve the allocation of funds from national as well as foreign sources for national research, development and extension programs.
- Rule 81.9. The PCARRD and PCMARD, under the coordination of the CERDAF, shall perform the following functions:
- Rule 81.9.1. Collaborate with the BAR in the screening of proposals and in the monitoring of ongoing R&D projects in the country;
  - Rule 81.9.2. Develop methodologies and systems for effective research, development and extension planning in agriculture and fisheries emphasizing the quality and intensity of participation on farmers, fishers and the industry in setting the

Department's research, development and extension agenda and related allocation of resources;

- Rule 81.9.3. Develop and coordinate the implementation of output-oriented performance standards for staff, institutions and programs in agriculture and fisheries research and development;
- Rule 81.9.4. Set-up and efficient and effective computerized system of M&E of research, development and extension staff and institutions, including databases required for the assessment of research excellence, performance and capacity, such as the ADatabase of Scientific and Technical Personnel,® Database for RDE Infrastructure,® and ADatabase of RDE Investment;®
- Rule 81.9.5. Develop and administer a career development program and a unified merit promotion system for scientific and technical personnel in agriculture and fishery research, development and extension;
- Rule 81.9.6. Develop and administer an incentive system to support high quality scientific journals in agriculture and fishery.
- Rule 81.9.7. Develop a human resource maintenance system for providing incentives and benefits to technical and scientific personnel in agriculture and fishery aimed at ensuring that agriculture and fishery institutions gain and maintain a competitive edge in attracting and maintaining their staff; and
- Rule 81.9.8. Provide technical assistance in the improvement of institutional and staff capabilities.

Rule 81.10. The BAR shall, for the purposes of the CERDAF and the NaRDSAF:

- Rule 81.10.1. serve as the CERDAF Secretariat for R&D,
- Rule 81.10.2. manage the R&D fund of the Department based on the guidelines approved by CERDAF,
- Rule 81.10.3. Provide leadership in the formulation of the NAREA;
- Rule 81.10.4. Implement a M&E system on agriculture and fisheries R&D, in collaboration with the appropriate institutions, and
- Rule 81.10.5. Develop an agriculture and fisheries R&D information system linked to the NIN,
- Rule 81.10.6. On or before July 30, 1998, the BAR shall propose to the Secretary any measures to enhance its capabilities in order to implement the above functions.

Rule 81.11. The ATI, for the purposes of the CERDAF and the NESAF, shall:

- Rule 81.11.1. Serve as the CERDAF Secretariat for extension and training in agriculture and fishery;
- Rule 81.11.2. Advise the Department in the management of financial and logistical support for extension, based on principles approved by the CERDAF;

- Rule 81.11.3. Provide leadership in the formulation of the national agriculture and fisheries extension agenda and budget;
- Rule 81.11.4. Implement M&E on extension, in coordination with the rest of the NESAF,
- Rule 81.11.5. Prepare an integrated training plan for publicly-funded training in agriculture and fishery for review by the CERDAF,
- Rule 81.11.6. Set up a certification system for vocational and technical training in agriculture and fishery in collaboration with the TESDA;
- Rule 81.11.7. Develop and administer a national human resource development program for short-term and degree and non-degree training for LGU extension personnel;
- Rule 81.11.8. Develop an extension information and communication system,
- Rule 81.11.9. On or before September 30, 1998 propose to the Secretary any and all measures to enhance its capacity to perform the above functions, and
- Rule 81.11.10. On or before December 30, 1998, to undertake the study to recommend to the Secretary and the CERDAF measures on the rationalization and networking, including the possible integration of the national, regional and provincial training centers with the RFUs, the NCRCs or SUCs.
- Rule 81.12. The DARDS is coordinated by the BAR and includes the National Commodity Research Centers (NCRCs), the Regional Integrated Agricultural Research Centers (RIARCs) and Research Outreach Stations (ROs) and the RDE units of bureaus and attached agencies. The specific institutions comprising the DARDS shall be reviewed and determined by the CERDAF, upon the recommendation of the Department, particularly the BAR.
- Rule 81.13. Under the guidance of the BAR and ATI, the NCRCs shall, in relation to their assigned commodities :
  - Rule 81.13.1. provide national leadership in the planning and orchestration of the implementation and M&E of the RDE program;
  - Rule 81.13.2. undertake basic research.
  - Rule 81.13.3. undertake upstream applied research including strategic research, and
  - Rule 81.13.4. develop and maintain a network of national, regional, and provincial collaborators in their RDE programs.
- Rule 81.14. Under the guidance of the NCRCs and in close cooperation with the relevant NUCAF, RFU and PA, the RIARCs shall, in relation to their assigned commodities or fields:
  - Rule 81.14.1. provide leadership in the planning and orchestration of the implementation and M&E of an integrated RDE within a farming systems approach in coordination with the Regional Training Centers (RTCs);
  - Rule 81.14.2. Undertake midstream and downstream applied research in the region, and,

- Rule 81.14.3. Develop and maintain a network of provincial collaborators in undertaking the regional RDE programs.
- Rule 81.15. Under the guidance of the RIARCS and in close collaboration with the PA and the PIAF, the Research Outreach Stations (ROSS) shall:
  - Rule 81.15.1. Serve as satellite stations of the RIARCS and links between the regional and provincial RDE programs;
  - Rule 81.15.2. Undertake downstream applied research;
  - Rule 81.15.3. Demonstrate new and appropriate technologies;
  - Rule 81.15.4. Serve as an educational and training facility; and,
  - Rule 81.15.5. Propagate genetic materials.
- Rule 81.16. Selected SUCs shall be included under the NARRDN and NARRDS as National Multi-Commodity Research Centers (NMCRCs), Regional Research Stations (RRSs) or Cooperating Stations (CSs). This list of SUCs shall be reviewed and determined by the CERDAF. NMRCs are NUCAFs that are assigned national or zonal responsibilities on specific commodities by the CERDAF based on recommendations of the PCARRD, PCAMRD or the BAR. The NMCRCs shall, in relation to their assigned national, zonal or commodity responsibilities:
  - Rule 81.16.1. Provide leadership in the planning, implementation and M&E of their RDE programs;
  - Rule 81.16.2. Undertake basic research;
  - Rule 81.16.3. Undertake upstream applied research including strategic research, and,
  - Rule 81.16.4. Develop and maintain a network of national, regional, and provincial collaborators.
- Rule 81.17. RRSs are NUCAFs or PIAFs that are assigned regional responsibilities on specific commodities by the CERDAF as recommended by the PCARRD, PCAMRD and BAR. Under the technical guidance of the NRCs and in close cooperation with the RIARCS and the PAs, the RRSs shall, in relation to their assigned commodity or area responsibilities:
  - Rule 81.17.1. provide regional leadership in the planning, implementation and M&E of the RDE programs;
  - Rule 81.17.2. Undertake midstream and downstream applied research in the region; and,
  - Rule 81.17.3. Develop and maintain a network of provincial collaborators.
- Rule 81.18. CSs are NUCAFs or PIAFs that are assigned provincial responsibilities on specific commodities or areas by the CERDAF as recommended by the PCARRD, PCAMRD or BAR. Under the guidance of the RRCs or the RIARCS and in close collaboration with the ROS and the PA, the CSs shall, in relation to their assigned commodities or areas:
  - Rule 81.18.1. Serve as a satellite station of the RIARCS or the RRSs and link the regional and provincial RDE program,

Rule 81.18.2. Undertake downstream applied research relevant to the province;

Rule 81.18.3. Demonstrate new and appropriate technologies in the province; and,

Rule 81.18.4. Serve as educational and training facilities.

Rule 81.19. To ensure the implementation of the Department's mandate to enhance, support, and consolidate the NaRDSAF and the NESAF, the following measures shall be undertaken by the Secretary no later than September 30, 1998.

Rule 81.19.1. The functional assignments of the Undersecretaries shall be defined such that one shall be responsible for RDE.

Rule 81.19.2. The functional assignments of RFU Assistant Regional Directors (ARDs) shall be defined such that one shall focus on RDE. The ARD for RDE shall serve as the Chairperson of the Regional RDE Consortium where the Department is designated by the Consortium as the base agency.

Rule 81.19.3. Allocation of RDE funds in agriculture and fisheries by the Department shall be based on the NAREA as updated and agreed upon in the CERDAF. RDE programs shall be integrated in approach, and multi-disciplinary in execution. Programs shall be composed of at least two (2) projects, which, in turn are made up of at least two (2) studies.

Rule 81.19.4. Effective January 1, 1999 the Department shall adopt on a Department-wide basis the PhilRice model of planning, funding, implementing and monitoring national commodity R&D programs. The Department shall arrange for the PhilRice to brief all appropriate units on the PhilRice system.

Rule 81.19.5. To enhance accountability and efficiency, the Department shall adopt contract modes in the administration and funding of RDE programs. Effective January 1, 1999 all entities, whether internal or external to the Department, participating in RDE projects financed by and through the Department shall be issued by the Department project leader with TORs defining their specific deliverables and deadlines in RDE projects.

Section 82. *Special Concerns in Agriculture and Fisheries Research Services. - Agriculture and Fisheries Research and Development activities shall be multidisciplinary and shall involve farmers, fisherfolk and their organizations, and those engaged in food and non-food production and processing, including the private and public sectors.*

Research institutions and centers shall enjoy autonomy and academic freedom. The Department, in collaboration with the Department of Science and Technology and other appropriate agencies, shall harmonize its merit and output-oriented promotion system governing the scientific community in order to promote increased research excellence and productivity and provide the government research system a competitive edge in retaining its scientific personnel.

*Appropriate technology shall be used to protect the environment, reduce cost of production, improve product quality and increase value-added for global competitiveness.*

Rule 82.1. The BAR shall draft, in coordination with representatives of SUCs, PCARRD and PCAMRD, the *AGuidelines on Planning and Implementation of Agriculture and Fishery Research*. The draft shall be presented for adoption by the CERDAF on or before

December 30, 1998. The guidelines shall include strategies for increasing the participation of the industry and target clientele and strategies for multi-disciplinary activities.

- Rule 82.2. Research institutions and centers shall enjoy autonomy and academic freedom.
- Rule 82.3. The CERDAF shall ensure that its component institutions harmonize their merit and output-oriented promotion systems.
- Rule 82.4. The BAR and ATI, in close consultation with the appropriate agencies shall draft guidelines for the review, no later than December 30, 1998, by the CERDAF of the following:

*Rule 82.4.1. APolicies on the Autonomy and Academic Freedom of Research and Development Institutions in Agriculture and Fishery,®* which should clarify issues related to institutional, fiscal and administrative autonomy and exercise of academic freedom of professional staff and research institutions. The policies should provide guidelines on the use and reinvestment of R&D income into R&D activities.

*Rule 82.4.2. AHarmonized Merit and Output-oriented Promotion System for Technical and Scientific Personnel Involved in Agriculture and Fishery Research and Development and Extension,®* which should harmonize performance standards, qualifications and salary scales and the collegial process of performance evaluation. The system should set minimum qualification standards and compensation and incentive structure for Directors or Heads of Research Centers.

*Rule 82.4.3. ASalary and Fringe Benefit System for Technical and Scientific Personnel Involved in Agriculture and Fishery Research, Development and Extension,®* with the aim of providing a competitive edge in attracting and retaining in the RDE system the brightest and the most productive technical and science personnel.

- Rule 82.5. Appropriate technology shall be used to protect the environment, reduce cost of production, improve product quality and increase value-added for global competitiveness. The CERDAF shall appoint a Task Force to draft CERDAF policy and guidelines regarding the integration of sustainable agriculture in RDE. The guidelines shall cover the generation, development and utilization of sustainable agriculture technologies for the protection or rehabilitation of the environment. All RDE institutions are mandated to incorporate in their programs and M&E systems the extent to which their RDE programs have contributed to the country's objectives of sustainable agricultural development.

Section 83. *Funds for Research and Development. B Considering the nature of research, development and extension activities, funding shall be based on the following guidelines:*

*Allocation of multi-year budgets which shall be treated as research and development grants.*

*The budget for agriculture and fisheries research and development shall be at least one percent (1%) of the gross value added (GVA) by year 2001 allocating at least one percent (1%) of the total amount by 1999. The Department of Finance (DOF) in consultation with the Department shall formulate revenue enhancement measures to fund this facility.*

*At least twenty percent (20%) shall be spent in support of basic research and not more than eighty percent (80%) shall be used for applied research and technology development, of which at least ten percent (10%) shall be used for technology packaging and transfer activities.*

*A science fund shall be established from which the scientific community in agriculture and fisheries shall draw its financial resource for sustained career development: Provided, that only the interest earnings of the funds shall be used.*



*The Department and other research agencies, in the national interest, are encouraged to go into co-financing agreements with the private sector in the conduct of research and development provided that the terms and conditions of the agreement are beneficial to the country.*

- Rule 83.1. The Department, following guidelines approved by the CERDAF and working with appropriate departments and committees of Congress, shall introduce a system of multi-year grants, based on a continuing appropriations system, from the national budget for the financing of agricultural and fisheries research, development and extension. The Department shall also develop a system of funding, including advances, co-financing and grants sourced from funds under the responsibility of the Department, to LGUs for the financing of LGU agricultural and fisheries extension activities. These designs of the grant and funding systems shall be proposed by the various research, development and extension agencies, reviewed by the CERDAF then submitted by the Secretary to the DBM for financing under the President's proposed national appropriations bill on or before September 30, 1998. *Provided, that, the designs proposed shall include:*
- Rule 83.1.1. The structures, parameters and mechanisms for the allocation and management of RDE resources by institution (government departments, institutes, agencies, SUCs, public and private), commodity (major and minor in terms of GVA) and level of governance (national and LGU);
- Rule 83.1.2. The time limits and performance standards which determine the continuation of support;
- Rule 83.1.3. The provision of advanced, post-graduate training for selected, deserving scholars in agriculture and fisheries both in national as well as international learning centers; and
- Rule 83.1.4. The provision of incentives and awards for extraordinary contributions to the advancement of knowledge and the innovation of technology for the benefit of the population and the sector.
- Rule 83.2. The financing systems developed shall be funded from various sources, including item 9 of Section 111, subject to the approval of the Secretary and the CERDAF.
- Rule 83.3. Avenues and mechanisms for co-financing with the private sector shall also be explored, and the fund-raising capacities of the Department and the various institutions of the CERDAF are enhanced. The co-financing agreements should cover ownership of the R&D output. Aside from the co-financing, contract research shall also be encouraged. A system of incentives (e.g., tax holidays) to attract private investors to venture in co-financing and contract research shall be developed. The CERDAF shall appoint a Task Force to work with the DOF and the DTI Bureau of Patents in proposing parameters, modes, guidelines, and mechanisms for this purpose. *Provided, that* at all times the independence of the research process and inquiry, and the maintenance of the national interest, shall be preserved.
- Rule 83.4. The DBM shall ensure that the total nominal peso value of allocations for fisheries and agriculture R&D from the national budget for fiscal year 2000, as contained in the President's proposed program of expenditures submitted to Congress in 1999 shall not be less than one per cent of agricultural GVA (including livestock and fisheries) for the year 1998 as reported by the NSCB. Allocations for subsequent years shall be similarly determined. *Provided, that* the total budget for agriculture and fisheries R&D shall be allocated such that at least twenty percent (20%) shall be expended on basic research and not more than eighty percent (80%) shall be expended on applied research. *Provided, further,* that biotechnology is considered as

basic research and as such the allocation of 4% of the total for R&D shall be sourced from that portion allocated for basic research.

Rule 83.5. In consultation with the CERDAF, the Department and the Development Budget Coordinating Committee (DBCC), the DOF shall identify revenue raising measures which may be used for the financing of expenditures in agriculture and fisheries research, development and extension. The DOF shall submit its proposals to the Department on or before November 30, 1998, for implementation on or before January 1, 1999.

Rule 83.6. The Secretary, upon the recommendation of the CERDAF, shall constitute the Agriculture and Fisheries Science Fund (AFSF) Task Force to be chaired and convened by the Department Undersecretary charged with research, development and extension, with the BAR as Secretariat. The AFSFTF shall;

Rule 83.6.1. formulate and propose the design, financing sources and modes and operating guidelines for the AFSF.

Rule 83.6.2. present its proposals to the CERDAF for approval on or before September 30, 1998, for operationalization on or before January 1, 1999. Upon approval of the guidelines of the AFSF by the CERDAF, the AFSFTF shall cease to exist.

Rule 83.7. The Department, in consultation with the CERDAF, shall allocate no less than 50% of the funds for R&D during the first five years from the effectivity of RA 8435 for capacity building, including institutional strengthening, reorganization, new positions, graduate scholarship for technical and scientific personnel and infrastructure development. The Department and other CERDAF institutions will present their *ACapacity-Building Plans* to the CERDAF no later than December 30, 1998.

Rule 83.8. To guide the CERDAF in the allocation of research funds across commodities or programs, the BAR shall commission a study to determine present R&D capacity and the required investments for sustained technological development. The analysis shall be initiated on or before July 31, 1998 and the results presented to the CERDAF no later than December 30, 1998.

Section 84. *Excellence and Accountability in Research and Development. - The Department, in collaboration with the Department of Science and Technology and other appropriate government agencies, shall formulate the national guidelines in evaluating research and development activities and institutions, which shall involve an independent and interdisciplinary team of collegial reviewers and evaluators.*

Rule 84.1. The BAR, in consultation with all the appropriate agencies and entities, shall draft the program, parameters and guidelines for the evaluation of agricultural and fisheries R&D performance, activities, institutions and outputs, incorporating the OOPS and the standards and accreditation guidelines called for in Section 73 and the provisions of the *Magna Carta for Science and Technology Personnel*. The Department shall submit the draft for the review of the CERDAF on or before December 30, 1998, for implementation on or before March 31, 1999.

Section 85. *Communication of Research Results and Research-Extension Linkage. - Research information and technology shall be communicated through the National Information Network (NIN).*

*All government agencies including the state colleges and universities and private educational institutions selected as NCEs shall be computerized, networked, provided with regular updated information, and shall likewise provide, through the NIN, results of research and development activities and current available technology relating agriculture and fisheries.*

- Rule 85.1. The results of all research conducted by offices and institutions within the NaRDSAF shall be reported at regular intervals and integrated into the NIN. For this purpose all institutions under the NaRDSAF are required to submit reports in formats consistent with standards and schedules issued by the Department and the CERDAF.

## **Chapter 2 Extension Services**

Section 86. *Declaration of Policy.* - *It is hereby declared the policy of the State to promote science and technology as essential for national development and progress. The State shall give priority to the utilization of research results through formal and non-formal education, extension, and training services. It shall support the development of a national extension system that will help accelerate the transformation of Philippine agriculture and fisheries from a resource-based to a technology-based industry.*

Section 87. *Extension Services.* - *Agriculture and Fisheries extension services shall cover the following major services to the farming and fishing community:*

*Training services;*  
*Farm or business advisory services;*  
*Demonstration services; and,*  
*Information and communication support services through tri-media.*

Section 88.

*Special Concerns in the Delivery of Extension Services.* - *The delivery of Agriculture and Fisheries Extension Services shall be multidisciplinary and shall involve the farmers, fisherfolk, and their organizations, and those engaged in food and non-food production and processing, including the private and public sectors.*

*There shall be a national merit and promotion system governing all extension personnel, regardless of source of funding, to promote professionalism and achieve excellence and productivity in the provision of the government extension services.*

Rule 88.1. The ATI, in consultation with representatives of the institutions in the NESAF shall issue no later than December 30, 1998 the *AGuidelines for the Planning and Implementation of Agriculture and Fishery Extension*,<sup>@</sup>that shall provide guidelines on multidisciplinary extension work and its linkages to R&D, and strategies for increasing the participation of the clientele and the industry in the planning and M&E of extension programs.

Rule 88.2. A national merit and promotion system governing all extension personnel, whether in the national or local government shall be instituted. The Department, particularly the ATI, in consultation with the CSC, CESB, DILG and LGUs shall formulate, the harmonized merit and output-oriented promotion system, and present this for the approval of the CERDAF no later than March 31, 1999.

Rule 88.3. The national merit and promotion system for extension personnel shall provide the following:

Rule 88.3.1. A harmonized output-oriented evaluation system for extension performance;

Rule 88.3.2. A harmonized pay scale and incentive system which provides for productivity or performance incentives and benefits and,

Rule 88.3.3. A mechanism for professional development, including a code of conduct for extension personnel.

Rule 88.4. The ATI shall maintain a computerized database on the extension force, covering all agriculture and fisheries extension personnel of LGUs, the Department and its attached agencies and bureaus, and other Departments. On or before December 30, 1999, the Department shall also expand the database to cover extension personnel of SUCs, NGOs and POs.

Section 89. The National Extension System for Agriculture and Fisheries (NESAF). - The Department, in coordination with the appropriate government agencies, shall formulate a National Extension System for Agriculture and Fisheries.

*The National Extension System for Agriculture and Fisheries shall be composed of three (3) subsystems:*

*The national government subsystem which directly complements;  
The local government subsystems; and,  
The private sector subsystem.*

Section 90.

*The Role of Local Government Units. - The LGUs shall be responsible for delivering direct agriculture and fisheries extension services.*

*The provincial governments shall integrate the operations for the agriculture extension services and shall undertake an annual evaluation of all municipal extension programs.*

*The extension program of state colleges and universities shall primarily focus on the improvement of the capability of the LGU extension service by providing*

*Degree and non-degree training programs;  
Technical assistance;  
Extension cum research activities;  
Monitoring and evaluation of LGU extension projects; and,  
Information support services through the tri-media and electronics.*

Rule 90.1. The LGUs shall be responsible for delivering agriculture and fisheries extension services to farmers, fisherfolk and agribusiness entrepreneurs.

Rule 90.2. Provincial governments shall integrate the operations for the agriculture extension services within the province and undertake continuing and periodic annual evaluation of all municipal extension programs.

Rule 90.3. PAs are mandated to coordinate and consult with the PPDOs, PVs, PNAOs, MAs and other concerned entities within their respective provinces to ensure that local-level agricultural and fisheries development plans, programs, projects and investments are consistent, mutually supportive and contributory to provincial and municipal economic development. More specifically:

Rule 90.3.1. All PAs shall formulate, in consultation with the MAs in their respective provinces, an annual or periodic planning calendar, which incorporates schedules, deadlines and guidelines on the municipal and provincial AFMP and PIP. The schedules and deadlines shall be consistent with the national development-planning calendar as formulated by the NEDA and the DBM, and the deadlines of the locality and item d of this Rule.

Rule 90.3.2. The guidelines for the preparation of the annual or periodic provincial and municipal AFMP shall include the review of all municipal-level agricultural

and fisheries plans and projects by the PA, subject to the oversight of their respective Provincial Governors and Mayors.

- Rule 90.3.3. Before being finalized, all draft local (Provincial or Municipal) AFMPs must be subjected to a scheduled, pre-announced public hearing open for attendance of all concerned, and held in the local (Provincial or Municipal) town hall. The public hearings shall be organized by the local MA or PA concerned, and chaired by the concerned Municipal Mayor or Provincial Governor in consultation with the AFCs, FARMCs, NGOs and POs.
- Rule 90.3.4. All Provincial Governors, PA and PV shall review and aggregate the AFMP, programs, budgets and operations of all Municipalities within their provinces. Aggregation shall consider, in particular, multi-area projects and programs that cross administrative and political boundaries. The mechanism for review shall be through the submission by the Municipal Mayor and MA of the Municipal AFMP for the succeeding year to the Provincial Governor and PA on or before October 30 of the preceding year. The PA, in coordination with the PPDO and the Office of the Provincial Governor, shall provide written feedback to the Municipal Mayor and MA within 30 calendar days from receipt of the Municipal Plans.
- Rule 90.4. The Department, particularly the PS, ATI and the DILG shall issue the *AAgriculture and Fishery Participatory Planning Manual for LGUs* no later than December 31, 1998. The manual should include the planning process, planning cycles, validation process and a plan for updating information and communication materials.
- Rule 90.5. The Department, in coordination with the DILG shall also issue reading and other information materials, suggested procedures and formats, templates and other manuals that will serve as references for Provincial and Municipal Agricultural personnel. The materials shall be in sufficient quantities and shall be prepared at least in English, Visayan and Pilipino. While initial materials may be in print, succeeding editions shall be improved and be accompanied and supplemented by multi-media materials. The PS shall, in coordination with the FOS, AID and the ATI, mobilize itself to effectively prepare the learning materials on local agriculture and fisheries development planning. The Department shall update these materials at least every three years. The PS, ATI and the FOS may draw from the capability-building funds allocated under item 7 of Section 111 of RA 8435 for this purpose, subject to the approval of the Secretary. The first editions of these materials shall be made available by the Department on or before December 30, 1998.
- Rule 90.6. The Department, through the ATI and the RFUs in collaboration with the DILG, NEDA, and national and local experts and institutions including the SUCs, shall periodically assess the agricultural and fishery planning and programming capability of LGUs and formulate a long-term program to provide continuing education and technical assistance to LGUs in sectoral planning and programming.
- Rule 90.7. Effective August 1, 1998 all Local Development Councils (LDCs) of all provinces and municipalities shall include as a regular member the Chairman or representative of the Local Agriculture and Fisheries Council (AFC). *Provided, that:*
- Rule 90.7.1. the Municipal Agriculturist shall serve as the Vice-Chairperson of the MAFC, and the Provincial Agriculturist shall serve as the Vice-Chairperson of the PAFC.

- Rule 90.7.2. In municipalities where at least 5% of households derive their incomes from fishery or aquaculture, the LDC shall also include representation from the local FARMC as mandated by the *Fisheries Code of 1998*, and
- Rule 90.7.3. The DILG, in coordination with the Department, is mandated to monitor the implementation of this provision.
- Rule 90.8. SUCs shall focus their extension activities such that their priority clients, aside from students, are the extension personnel of LGUs. The SUCs shall focus on the improvement of the extension capabilities of LGUs by providing:
  - Rule 90.8.1. Degree and non-degree training programs;
  - Rule 90.8.2. Technical assistance;
  - Rule 90.8.3. Extension and research activities;
  - Rule 90.8.4. M&E of LGU extension projects; and,
  - Rule 90.8.5. Information support services.
- Rule 90.9. The Department, particularly the ATI, in collaboration with the CHED, and LGUs shall develop *AGuidelines in the Preparation of Extension Programs of SUCs*® which shall be completed on or before December 30, 1998. These guidelines shall ensure that the extension programs of the SUCs shall:
  - Rule 90.9.1. Adhere to participatory principles in planning and implementation;
  - Rule 90.9.2. Form part of the integrated regional RDE agenda in the case of NUCAFs or the provincial RDE agenda in the case of PIAFs;
  - Rule 90.9.3. Encourage complementation of functions between the NUCAFs and PIAFs; and,
  - Rule 90.9.4. Be closely linked with RDE programs.

Section 91. *Role of the Private Sector in Extension. -- The Department shall encourage the participation of farmers and fisherfolk cooperatives and associations, and others in the private sector in training and other complementary extension services especially in community organizing, use of participatory approaches, popularization of training materials, regenerative agricultural technologies, agribusiness and management skills.*

*The Department is hereby authorized to commission and provide funding for such training and extension services undertaken by the private sector.*

- Rule 91.1. The Department shall encourage the participation in extension of farmers= and fisherfolk=s cooperatives and associations, NGOs and POs and other private entities with strong capabilities and track records in training and other complementary extension services especially in community organizing, use of participatory approaches, popularization of training materials, regenerative agricultural technologies, agribusiness, marketing and management skills.
- Rule 91.2. The Department is hereby authorized to commission and provide funding for such training and extension services undertaken by the private sector under mutually-acceptable terms and conditions.



- Rule 91.3. The Department, particularly the ATI shall develop, no later than December 31, 1998, specific guidelines harnessing the resources and the expertise of the private sector in the provision of extension services. The guidelines should include, among other things, terms and conditions on extension grants to qualified private entities which undertake, on behalf of the Department and/or LGUs, specific extension services to target clientele.
- Rule 91.4. The ATI shall compile a database and an accreditation system for private entities qualified to provide extension services.

Section 92. *The Role of Government Agencies. - The Department, together with state colleges and universities shall assist in the LGU-s extension system by improving their effectiveness and efficiency through capability-building and complementary extension activities such as:*

*technical assistance;*  
*training of LGU extension personnel;*  
*improvement of physical facilities;*  
*extension cum research; and,*  
*information support services.*

- Rule 92.1. The extension functions of the Department shall be undertaken by the RFUs and the ATI training centers, in collaboration with LGUs and SUCs, under the overall national coordination of the Office of the Undersecretary of RDE. The ATI Training Centers are under the overall administration of the ATI, and shall design and implement programs which are consistent and functionally integrated with the regional agriculture and fisheries development strategy and program as led by the Office of the DA Regional Director.
- Rule 92.2. The ATI training centers are composed of the National Training Centers and Institutes (NTCIs), Regional Training Centers (RTCs) and the Provincial Training Centers (PTCs). The NTCIs are supervised by the ATI and:
- Rule 92.2.1. Provide national leadership in the planning, design and M&E of training programs; and
- Rule 92.2.2. Develop a network of national, regional, and provincial collaborators in undertaking the national training programs of their assigned commodities.
- Rule 92.3. The RTCs are supervised by the ATI. In cooperation with the NUCAFs, RIARCs and the PAs of the region, the RTCs:
- Rule 92.3.1. Provide leadership in the design, planning, design and M&E of the regional training programs in coordination with the RIARCs; and
- Rule 92.3.2. Develop and maintain a network of provincial collaborators in undertaking the regional training program.
- Rule 92.4. The PTCs are supervised by the RTCs. In collaboration with the PAs and the PIAF of the province, the PTCs:
- Rule 92.4.1. Serve as satellite stations of the RTCs and the link between the regional and provincial research and extension programs;
- Rule 92.4.2. Serve as an educational and training facility; and,
- Rule 92.4.3. Serve as a provincial center for the distribution of training materials.

Section 93. *Funding for Extension Activities. - Extension activities shall be supported by the following measures:*

*allocation of multi-year budgets that shall be treated as grants;  
allow transfer of funds from the Department to the local government units as extension grants,  
and the budget for agriculture and fisheries extension services shall be at least one percent (1%) of the  
gross value added (GVA) by year 2001.*

Rule 93.1. The Department, particularly the ATI, shall form a task force to work with the DOF and the DILG to propose parameters, modes, guidelines and mechanisms for co-financing agreements with the LGUs on the financing of agriculture and fisheries extension. The Department shall present these proposals to the CERDAF on or before March 30, 1999, for operationalization on or before January 1, 2000.

Rule 93.2. The DBM shall ensure that the total nominal peso value of allocations for agricultural and fisheries extension expenditures from the national budget for fiscal year 2000, as contained in the President's proposed program of expenditures submitted to Congress in 1999 shall not be less than one per cent of agricultural GVA (including livestock and fisheries) for the year 1998 as reported by the NSCB.

Section 94. *Excellence and Accountability in Extension. - The Department shall formulate the guidelines in evaluating extension activities and institutions, which shall involve an independent and interdisciplinary team of collegial reviewers and evaluators.*

Rule 94.1. The ATI, in consultation with all the appropriate agencies and entities, shall draft the program, parameters and guidelines for the evaluation of agricultural and fisheries extension performance, activities, institutions and outputs, incorporating the OOPS. The ATI shall submit the draft for the evaluation system to the CERDAF on or before December 30, 1998, for implementation on or before March 31, 1999.

Section 95.

*Extension Communication Support for LGUs. - The Department, in coordination with the public and private universities and colleges, shall develop an integrated multimedia support for national and LGU extension programs. The Department shall assist the LGUs in the computerization of communication support services to clients and linkages to the NIN.*

Rule 95.1. The ATI, supported by the AFIS and FOS shall provide continuing development communication support through the tri-media for the nationwide extension system.

Rule 95.2. The ITCAF shall collaborate with the DILG and other agencies as appropriate on the formulation and execution of a program to link LGUs to the NIN and to introduce IT for their agriculture and fishery-related activities.

## **TITLE 4 RURAL NON-FARM EMPLOYMENT**

### **Chapter 1 Policy and Objectives**

Section 96.

*Declaration of Policy. - It is hereby declared the policy of the State to promote full employment. Economic history, however, shows that as an economy modernizes the number of workers employed in its agricultural sector declines. It is therefore necessary to formulate policies and implement programs that will employ workers efficiently in rural areas in order to improve their standard of living, and reduce their propensity to migrate to urban areas.*

Section 97. *Objectives. - Rural non-farm employment aims to*

*promote a basic needs approach to rural development;  
make rural workers more adaptable and flexible through education and training;  
promote rural industrialization and the establishment of agro-processing enterprises in rural communities;  
and  
increase the income of rural workers.*

Rule 97.1. The Department, in collaboration with appropriate entities, shall formulate, implement and evaluate a pilot Basic Needs Program (BNP).

Rule 97.2. The BNP shall serve as a key feature of the SAFDZ approach, particularly related to the SAFDZ model farms under Section 7, and also be a guiding principle of the AFMP.

## **Chapter 2 The Basic Needs Program**

Section 98.

*Principles. - The Department, in coordination with the appropriate government agencies, shall formulate the Basic Needs Program to create employment and cushion the effects of liberalization based on the following principles:*

*No credit subsidies shall be granted. The normal rules of banking shall apply to all enterprises involved, provided that existing credit arrangements with ARBs shall not be affected.  
Enterprises can use training, information, advisory and related services of the Government free of charge. The participation of the private sector shall be voluntary.*

*Teams composed of specialists from government agencies and the private sectors shall develop pilot programs in selected locales to establish the planning, implementation and evaluation procedures.*

Rule 98.1. The BNP shall be a community-based program under the AFMP and the SAFDZ approach, focused at meeting the basic needs of rural households. It will assist rural workers, subsistence farmers and fisherfolk to adjust to changing economic and employment conditions as the agricultural and fisheries modernization program proceeds.

Rule 98.2. The Department, particularly the National Nutrition Council (NNC), FOS and the RFUs, in collaboration with the DSWD, shall formulate the BNP. If necessary, the NNC shall convene and lead a multi-sectoral BNP Task Force. The design shall be presented by the NNC to the Secretary and the COCAFm on or before December 30, 1998, for implementation in 1999.

Rule 98.3. The design of the BNP shall incorporate the following:

Rule 98.3.1. The criteria for the selection of communities where the BNP will be pilot-tested B including those areas that have been identified as priority under the ongoing Social Reform Agenda (SRA).

Rule 98.3.2. The processes to be undertaken, including:

Needs assessment;  
Resource-identification;  
Community organizing;  
Programs/project management; and,  
M&E.

Rule 98.3.3. The program components, including:

Education and training, formal and non-formal;  
Rural industrialization and industry dispersal;  
Financing;  
Health and nutrition including a rural health insurance system; and  
Basic infrastructure, and  
Food security.

Rule 98.3.4. The M&E of the BNP shall use indicators of total human development such as employment, education, nutritional and health status and income.

Rule 98.3.5. The program shall be documented and published for the purpose of replication by LGUs.

Section 99. *Participation of Government Agencies.* - *The replication of the program shall be the responsibility of the local government units concerned in collaboration with the appropriate government agencies, and the private sector. The local government units shall bear the costs of promoting and monitoring the basic needs program for which their IRA shall be increased accordingly as recommended by the Secretary of the Department: Provided, That, the appropriate national government agencies shall continue to provide the necessary technical as well as financial assistance to the LGUs in the replication of the program.*

*The Cooperatives Development Authority shall encourage the establishment and growth of associations and cooperatives as vehicles for the stable expansion of basic needs enterprises.*

*The Department of Education, Culture and Sports, Department of Health, and the Technical Education and Skills Development Authority shall coordinate with the Department and Congress in the review, rationalization and reallocation of their regular budgets as well as their budgets under the GATT-related measures fund to finance education, training, health and other welfare services for farmers and fisherfolk.*

Rule 99.1. The BNP shall adhere to and employ participatory principles and approaches in all stages of design and implementation.

Rule 99.2. Upon the recommendation of the NNC, the Secretary shall appoint teams of specialists from government agencies and the private sectors shall develop pilot programs in selected locales to establish the planning, implementation and evaluation procedures.

### **Chapter 3 Rural Industrialization and Industry Dispersal Program**

#### **Section 100.**

*Principles.* - *Rural industrialization and industry dispersal programs shall be based on the interplay of market forces. The Board of Investments (BOI) is hereby required to give the highest priority to the grant of incentives to business and industries with linkages to agriculture.*

#### **Section 101.**

*Role of Government Agencies.* - *The appropriate government agencies, under the leadership of the LGUs concerned, shall provide integrated services and information to prospective enterprises under the one-stop-shop concept.*

*Local government units are authorized to undertake investment and marketing missions provided that the costs of such missions are borne by the LGUs concerned. In making their land use plans, the LGUs, in consultation with the appropriate government agencies concerned, shall identify areas for industrial parks.*

*The Department shall coordinate with the Department of Trade and Industry, in particular, the Board of Investments, in the formulation of investment priorities for rural areas.*

*The Regional Wage Boards shall consult participating enterprises in this program before they issue wage orders.*

Rule 101.1. Private sector enterprises located in the BNP areas within the SAFDZs may receive special assistance and investment incentives for their start-up and establishment. Such assistance includes:

Rule 101.1.1. Targeted extension of agricultural and fisheries technology and other enterprise and livelihood support services by LGUs, with intensified support by the Department and its agencies and offices and other units of government. For this purpose LGUs shall establish assistance units under the *one-stop-shop* mechanism, to be operational on or before March 30, 1999.

Rule 101.1.2. Skills training programs for employment creation and livelihood enhancement organized by the ATI, DSWD, DECS, TESDA, SUCs, DA, DTI, DOLE and other agencies, including the identification and promotion of alternative sources of livelihood, to be operational on or before March 30, 1999.

Rule 101.1.3. The highest priority accorded to the grant of incentives by the BOI to businesses and investments with linkages to agriculture and fisheries. The BOI will formulate a program of investment incentives and registration for enterprises and investments in the BNP areas and SAFDZs, to be operational on or before December 30, 1998.

Rule 101.1.4. The expansion into the BNP areas and SAFDZs of the agriculture, fisheries and rural portfolios of the various micro finance, lending and loan guarantee programs implemented by government agencies, subject to the principles contained in Section 98.

Rule 101.1.5. Close and regular consultation with the affected enterprises and industries by the DOLE and the Regional Wage Boards in the process of formulating wage orders, and

Rule 101.1.6. The promotion of rural industrialization, particularly small and medium scale enterprises (SMEs) in rural communities by the BOI, DTI, LGUs, the AMAS and other agencies, as appropriate.

#### Section 102.

*Participating Enterprises. - Participating enterprises may request any government agency for training, technical and advisory services free of cost.*

*A set of incentives shall be given to enterprises that subcontract part of their production to farmers, fisherfolk and landless workers during periods when they are not engaged in agricultural activities.*

Rule 102.1. The BOI, in coordination with the Department, shall formulate and execute a program of incentives for agriculture and fisheries entrepreneurs, including cooperatives, NGOs and POs, who wish to diversify into agribusiness, off-farm and non-farm ventures. The BOI shall submit the proposed program for approval by the BOI and the Secretary on or before September 30, 1998.

#### Section 103.

*Financing. - Except for basic infrastructure and other goods that benefit all citizens, the facilities of this program should be undertaken and financed by the private sector.*

## **Chapter 4 Training of Workers**

Section 104. *Role of TESDA. - TESDA shall organize local committees that will advise on the scope, nature and duration of training for the above-mentioned programs.*

*TESDA is authorized to request the additional budgetary resources for these programs: Provided, that after a reasonable period, the task of coordinating the training is transferred to the LGUs concerned.*

Rule 104.1. The TESDA shall expand the functions of the existing TESDA regional and local committees to serve as the local Technical Skills Training Committee in the BNP areas. The TESDA shall ensure, in addition to the existing members, the membership of the PA, PV, the Administrator or President of the relevant SUC or School of Arts and Trades, the relevant RD of the Department RFU and the ATI Training Center Manager. The local TESDA unit shall serve as the Secretariat and shall coordinate the preparation of the committee agenda, execute logistical support for meetings, and follow up on the implementation of the decisions. These committees shall meet at least once each quarter or more often upon the behest of the Chairperson. The local committees shall be organized and their deliberations started on or before December 30, 1998. The TESDA shall consolidate the recommendations of the local committees on a regular basis and present these for consideration and action by the Department or other appropriate agencies.

Section 105. *Role of the DENR. - The Department and the DENR shall organize the training of workers in coastal resources management and sustainable fishing techniques.*

Rule 105.1. The DENR and the BFAR, in coordination with the CHED, TESDA, DECS, ATI and PFDA shall be responsible for the organization of training in coastal resources management and sustainable fishing for the BNP areas and SAFDZs. The design and implementation of the training shall provide optimum opportunities for the participation of NGOs, the SUCs and LGUs. These training programs shall be operational on or before March 30, 1999.

Section 106. *Role of the Technology and Livelihood Resource Center (TLRC). - The TLRC shall undertake field training in entrepreneurship and management of workers involved in the basic needs program.*

Rule 106.1. The TLRC shall organize courses in the BNP areas in entrepreneurship and management for agriculture and fisheries workers. These training programs shall be operational on or before March 30, 1999.

Section 107.

*Special Training Projects for Women.- The Department , in collaboration with the appropriate government agencies concerned, shall plan and implement special training projects for women for absorption in the basic needs and rural industrialization programs.*

Rule 107.1. The ATI shall organize training programs specially directed at women in the BNP areas. The designs of the courses shall be consulted with the National Commission on the Role of Filipino Women (NCRFW). The training courses shall be operational on or before December 30, 1998.

## **TITLE 5 TRADE AND FISCAL INCENTIVES**

Section 108. *Taxation policies must not deter growth of value-adding activities in the rural areas.*

Section 109. *All enterprises engaged in agriculture and fisheries as duly certified by the Department in consultation with the Department of Finance and the Board Of Investment, shall, for five (5) years after the effectivity of this act,*



*be exempted from the payment of tariff and duties for the importation of all types of agriculture and fisheries inputs, equipment and machinery such as, but not limited to, fertilizer, insecticide, pesticide, tractor, trailers, trucks, farm implements and machinery, harvesters, threshers, hybrid seeds, genetic materials, sprayers, packaging machinery and materials, bulk-handling facilities such as conveyors and mini loaders, weighing scales, harvesting equipment, spare parts of all agricultural equipment, fishing equipment and parts thereof, refrigeration equipment, and renewable energy systems such as solar panels. Provided, however, that the imported agricultural and fishery inputs, equipment and machinery shall be for the exclusive use of the importing enterprise.*

*The Department, in consultation with the Department of Finance and the Board of Investment, shall, within ninety (90) days from the effectivity of this act, formulate the implementing rules and regulations governing the importation of agriculture and fishery inputs, equipment and machinery.*

Rule 109.1. The multi-sectoral Task Force on Tariff Exemptions for Agriculture and Fisheries Modernization (TF TEFAM) is hereby created to draft the IRR regulations governing the importation of agriculture and fishery inputs, equipment and machinery. The TF TEFAM shall initiate its work immediately and shall cease in existence upon the signing of the IRR. The Department Assistant Secretary for Policy and Planning shall serve as the Chairperson while the PMS shall serve as the Secretariat to the TF TEFAM. The A/S shall recommend to the Secretary the members of the TF TEFAM, convene the meetings and submit the draft IRR to the Secretary on or before May 9, 1998. The IRR shall be issued by the Secretary on or before July 30, 1998.

Section 110. *Any person, partnership, corporation, association and other juridical entity found circumventing the provisions of Section 109 of this Act shall suffer the penalty of imprisonment for a period of not less than six (6) months but not more than one (1) year, or a fine equivalent to two hundred percent (200%) of the value of the imported materials, or both, at the discretion of the court, and the accessory penalties of confiscation of the imported goods in favor of the government and revocation of the privileges given under this title.*

*In cases where the violator is a juridical entity, the officers responsible in the violation of Section 109 shall suffer the penalty of imprisonment prescribed in this section.*

*The importation of goods equivalent to or exceeding the declared assets of the enterprise, partnership, or the authorized capital stock in case of corporations, and/or the resale of the imported goods shall be a prima facie evidence of the violation of the provisions of Section 109 of this Act.*

## **GENERAL PROVISIONS**

Section 111. *Initial appropriation. - For the first year of implementation of this Act, the amount of Twenty Billion Pesos (P20,000,000,000.00) is hereby appropriated. The Department is hereby authorized to re-align its appropriations in the current year of the date of effectivity of this Act to conform with the requirements of this Act: Provided, That the amount shall be allocated and disbursed as follows:*

*Thirty percent (30%) for irrigation;*

*Ten percent (10%) for post-harvest facilities: provided, that the Secretary of Agriculture may invest up to fifty percent (50%) of the said amount to fund post-harvest facilities of cooperatives, especially market vendors' cooperatives, where said cooperatives exist and are operational; provided further, that if no cooperatives are operational, said amount shall fund the post-harvest facilities of the market-assistance system;*

*Ten percent (10%) for other infrastructure including fishports, seaports, and airports, farm-and-coast-to-market roads, rural energy, communications infrastructure, watershed rehabilitation, water supply system, research and technology infrastructure, public markets and abattoirs;*

*Ten percent (10%) for the Agro-industry Modernization Credit and Financing Program (AMCFP) to be deposited by the Department in participating rural-based public and private financial institutions*

*provided that no less than fifty percent (50%) of said funds shall be deposited in rural banks and cooperative banks;*

*Eight percent (8%) for the implementation of the Farmer-fisherfolk Marketing Assistance System and support of market vendors' cooperatives.*

*Ten percent (10%) for Research and Development, four percent (4%) of which shall be used to support the Biotechnology Program;*

*Five percent (5%) for capability-building of farmers and fisherfolk organizations and LGUs for the effective implementation of the agriculture and fisheries programs at the local level;*

*Six percent (6%) for salary supplement of Extension Workers under the LGUs;*

*Five percent (5%) for NAFES, for the upgrading of the facilities of State Universities and Colleges that will be chosen as national centers of excellence in agriculture and fisheries education;*

*1) Four percent (4%) for the National Information Network (NIN) consisting of both the national and local levels;*

*2) One-and-three-fourth percent (1.75%) for SUC and TESDA-administered Rural Non-Farm Employment Training; and,*

*3) One-fourth percent (0.25%) for the identification of the SAFDZs.*

Rule 111.1. The current year of the date of effectivity of this Act is identified as fiscal year 1998, during which the realignment of the Department's programs, projects and activities for 1998 shall be applied for. The first year of the implementation of RA 8435 shall be defined as fiscal year 1999, and the second to sixth years of implementation of RA 8435 are identified as fiscal years 2000 to 2004.

Rule 111.2. On or before July 30, 1998, the Department shall submit to the DBM and the President a proposed budget for 1999 which conforms to the requirements of this Act. The Department shall identify all of its offices, agencies, functions, programs, projects and activities, whether regular or related to GATT adjustments, including the corresponding appropriations, and classify these according to the specific items/ categories provided in items (1) through (12) of Section 111, for example: (1) irrigation, (6) research and (10) National Information Network. Where items from the 1998 appropriation law cannot be readily classified into the RA 8435 categories, these will be listed in a separate row, for example, Ageneral services® or Aadministration®. Similarly, the functions of Departments and offices other than the Department involved in the implementation of RA 8435 shall be classified according to the categories provided in RA 8435, including attributions of their respective budgets.

Rule 111.3. For the current year of the effectivity of RA 8435, or 1998, the Department, in coordination with the DBM, shall determine the total funding required for the implementation of RA8435, and compare this with the funding provided in the CY 1998 Appropriations Act, as adjusted and allotted.

Rule 111.4. For the first year of implementation of RA 8435, or CY 1999, the Department shall propose a budget incorporating the additional amount of Twenty Billion Pesos (P20,000,000,000) as appropriated under RA 8435. The Department shall propose for inclusion in the President's program of expenditures a total budget representing the appropriation for agricultural and fisheries modernization under RA 8435 added to the amount provided as regular appropriations under the *1998 Appropriations Act*. In the event a financing gap is found, then the Department shall submit a request for additional financing to the President in order to correct the shortfall between the 1998 actual appropriation and the total required to fulfill the tasks and percentage allocations mandated under RA 8435.

Rule 111.5. For the first year of implementation of RA 8435, or CY 1999, the amounts actually and additionally appropriated for agricultural and fisheries modernization shall be allocated in the following proportions:

*Rule 111.5.1. Thirty percent (30%) for irrigation, to the NIA, BSWM, FOS, PS, BAR, concerned SUCs, LGUs, POs and NGOs and projects and programs authorized by the Secretary for purposes supportive of the implementation of the irrigation program, including activities such as:*

Rehabilitation of national and communal irrigation systems  
Subsidy for the operation and management of NISs and CISs  
New CIS and NIS area generation  
Financing for the installation and rehabilitation of shallow tube wells and low-lift pumps, Construction of small water impounding projects (SWIPs) and small farm reservoirs (SFRs)  
Construction of other irrigation systems  
Upstream services for irrigation: policy analysis, planning and M&E, R&D on irrigation, drainage and water resources management, Extension services and training for irrigation, Irrigation project development and appraisal, and Coordination and management

*Rule 111.5.2. Ten percent (10%) for post-harvest facilities. Provided, that the Secretary may invest up to fifty percent (50%) of the said amount to fund post-harvest facilities of cooperatives, especially market vendors' cooperatives, where said cooperatives exist and are operational: provided further, that if no cooperatives are operational, said amount shall fund the post-harvest facilities of the market-assistance system. These shall be allocated to the AMAS, AFIS, BPRE, NFA, PhilRice, NMIC, PCA, NTA, BAI, BPI, PFDA, FIDA, PhilCotton, concerned SUCs, LGUs, POs and NGOs and related agencies, projects and programs, including project development and appraisal, authorized by the Secretary. The allocations through each of these agencies and offices shall ensure that up to fifty (50) percent are invested in the post-harvest projects and facilities of cooperatives, especially market vendors= cooperatives. Where such cooperatives do not exist or are ineffective, the funds shall be allocated toward projects supported under the NMAP and NMU.*

*Rule 111.5.3. Ten percent (10%) for other infrastructure including fishports, seaports and airports, farm-and-coast-to-market roads, rural energy, communications infrastructure, watershed rehabilitation, water supply system, research and technology infrastructure, public markets and abattoirs allocated to the BPRE, NFA, FIDA, PhilRice, BAFPS, BAR, BSWM, PFDA, PCA, BFAR, BPI and BAI, DENR, DOTC, NMIC, DPWH and concerned SUCs, LGUs, POs and NGOs and related projects and programs, including project development and appraisal, authorized by the Secretary.*

*Rule 111.5.4. Ten percent (10%) for the Agro-industry Modernization Credit and Financing Program (AMCFP) to be deposited by the Department in participating rural-based public and private financial institutions provided that no less than fifty percent (50%) of said funds shall be deposited in rural banks and cooperative banks. At least 10% of the AMCFP shall be allocated to the Agricultural and Fisheries Guarantee Fund to be operated by the QuedanCor. The Secretary shall also authorize allocations for the design of the AMCFP and the AFCGF. The allocations under the AMCFP shall be reviewed by the ACPC Council and approved by the Secretary and will cover projects such as:*

- Agriculture and fisheries production including processing of fisheries and agri-based products and farm inputs  
Acquisition of work animals, farm and fishery equipment and machinery  
Acquisition of seeds, fertilizer, poultry, feeds and other similar items  
Procurement of agriculture and fisheries products for storage, trading, processing and distribution  
Construction, acquisition of and repair of facilities for production, processing, storage, transportation, communication, marketing and such other facilities in support of agriculture and fisheries  
Working capital for agriculture and fisheries graduates  
Agribusiness activities which support soil and water conservation and ecology-enhancing activities  
Privately-funded and LGU-funded irrigation systems that are designed to protect the watershed  
Working capital for long-gestating projects, and  
Credit guarantees on uncollateralized loans to farmers and fisherfolk, through the AFCGF.
- Rule 111.5.5. Eight percent (8%) for the implementation of the Farmer-fisherfolk Marketing Assistance System and support of market vendors' cooperatives, allocated according to the design of the NMU prepared by the AMAS and approved by the Secretary.
- Rule 111.5.6. Ten percent (10%) for Research and Development as multi-year grants, four percent (4%) of which shall be used to support the Biotechnology Program. The allocations shall conform to the 80%-20% allocation between applied and basic sciences, the further 10% limit on technology packaging on the allocations under applied research and include the creation of the AFSF and the IHRDPAF. The Department, particularly the FOS, RFUs, ATI and the BAR on programs and activities consistent with RDE enhancement shall also be supported. These allocations shall be reviewed by the CERDAF and approved by the Secretary,
- Rule 111.5.7. Five percent (5%) for capability-building of farmers and fisherfolk organizations and LGUs for the effective implementation of the local-level agriculture and fisheries programs; Capability-building activities shall include scholarships, technical upgrading and training, participatory planning and policy formulation, program and project development, management, monitoring and evaluation, of the ATI, FOS, PS, PAS, CDA, other agencies, LGUs, SUCs, POs and NGOs, projects and activities, including private-sector provided extension activities, project development and appraisal, as authorized by the Secretary. *Provided, that* majority of the funds shall be allocated to the capability-building of farmers and fisherfolk,
- Rule 111.5.8. Six percent (6%) for salary supplement of Extension Workers under the LGUs; These funds shall be allocated in full to finance, to the extent possible, the shortfall, if any, between, on the one hand, the compensation income received by agricultural and fisheries extension and other personnel at the LGU levels, including those devolved from the Department pursuant to RA 7160 and subsequently and currently paid from LGU budgets at the provincial and municipal levels and on the other, the compensation incomes of extension and other personnel as set in the Salary Standardization Law, as of the effectivity of RA 8435, or February 10, 1998. The Secretary shall designate a Department Undersecretary or other officer to be responsible for this concern and coordinate with the DBM, DOF, CSC, DILG and other

agencies to draft the guidelines for the implementation on this measure for approval by the Secretary on or before September 30, 1998.

- Rule 111.5.9. Five percent (5%) for NAFES, for the upgrading of the facilities of State Universities and Colleges that will be chosen as NCEs in agriculture and fisheries education, and for other purposes as reviewed and approved by the NAFESC, including as follows:

to the CHED, to finance:

the organization and operations of the NAFESC,

the formulation of the National Integrated Human Resource Development Plan in Agriculture and Fisheries as called for under Section 72 of RA 8435,

the formulation of the guidelines for the national scholarship programs called for under Section 77 of RA 8435,

the formulation and implementation of the system of appraisal and accreditation of NCEs, and

the formulation of the implementation of the rationalization of NCEs based on the results of the evaluation and accreditation system;

to the DECS to finance the formulation and implementation of the Agriculture and Fisheries Education Program for Secondary and Elementary School Levels;

to the TESDA for the formulation and implementation of the Post-secondary Education Program for Agriculture and Fisheries;

to the PRC to finance the creation and operations of the AFB;

to the CHED, the Department and other institutions concerned to finance the national scholarship programs for youth, academic, technical and research staff called for under Section 77,

to the selected NCEs, subject to Section 79 and based on criteria, procedures and parameters approved recommended by the NAFESC and

to the BAR and the ATI for support of the CERDAF and the NAFES Committee, other projects, programs, offices, LGUs and NGOs for purposes related to the implementation of the national agricultural and fisheries education system.

- Rule 111.5.10. Four percent (4%) for the National Information Network (NIN) consisting of both the national and local levels, allocated to the BAS, ITCAF, AFIS, and other offices, concerned SUCs, LGUs, POs and NGOs, projects and activities authorized by the Secretary for purposes related to the NIN and based on the joint recommendation of the Directors of BAS and ITCAF.

- Rule 111.5.11. One-and-three-fourth percent (1.75%) for SUC and TESDA-administered Rural Non-Farm Employment Training; shall be allocated to organization

and implementation of the Basic Needs Program as designed by the ATI, BAR and TESDA in coordination with the concerned agencies and approved by the Secretary.

Rule 111.5.12. One-fourth percent (0.25%) for the identification of the SAFDZs and the participatory formulation of the integrated agricultural and fisheries integrated modernization and development plans of the SAFDZs, allocated to the BSWM, FOS, PAS and the PS. The BSWM may make further allocations to the NAMRIA and other agencies for mapping and other technical activities, including project development and appraisal in support of the integrated SAFDZ development plans, as may be required.

Rule 111.6. The agencies listed above shall submit proposals to the Secretary for allocation from the funds actually mobilized for agricultural and fisheries modernization. Their proposed projects and activities shall be prioritized and broken down by area, province and region.

Rule 111.7. The Department shall propose for creation in the 1999 Appropriations Act *Revolving funds* for the following purposes:

Rule 111.7.1. NIN training and information management, managed by the BAS, AFIS and ITCAF,

Rule 111.7.2. Capability-building for smallholders and LGU extension workers, managed by the ATI,

Rule 111.7.3. Agricultural and Fisheries Product Standards certification and other services, managed by the BAFPS, and

Rule 111.7.4. Mapping and preparation of the SAFDZ integrated development plans, managed by the BSWM.

Section 112. *Continuing Appropriation. - The Department of Budget and Management (DBM) is hereby mandated to include annually in the next six (6) years, in the President's program of expenditures for submission to Congress, and release, an amount not less than Seventeen Billion Pesos (P17,000,000,000.00) for the implementation of this Act.*

*Additional funds over and above the regular yearly budget of the Department shall be sourced from twenty percent (20%) of the proceeds of the securitization of government assets, including the Subic, Clark and other special economic zones.*

*Other sources of funds shall be from the following:*

*Fifty Percent (50%) of the net earnings of the Public Estates Authority;*

*Loans, grants, bequest, or donations, whether from local or foreign sources;*

*forty Percent (40%) of the TESDA Skills Development Fund;*

*Net proceeds from the privatization of the Food Terminal, Inc. (FTI), the Bureau of Animal Industry (BAI), the Bureau of Plant Industry (BPI), and other assets of the Department that will be identified by the DA Secretary and recommended to the President for privatization;*

*Proceeds from the Minimum Access Volume (MAV) in accordance with the provisions of R.A. 8178;*

*Poverty Alleviation Fund; and,*

*Fifty Percent (50%) of the Support Facilities and Services Fund under R.A. 6657.*

Rule 112.1. The budget for agriculture and fisheries modernization to be proposed by the Department for incorporation in the President's Program of Expenditures shall, effective the fiscal year 2000, be based on the Agriculture and Fisheries Modernization Plan and its various components.



- Rule 112.2. The DBM shall ensure that effective the year 2000, the total nominal peso value of allocations for fisheries and agriculture research and development expenditures from the national budget for each fiscal year as contained in the President's proposed program of expenditures submitted to Congress shall not be less than one per cent of agricultural GVA (including livestock and fisheries). The allocation for the year 2000 shall be based on the NSCB report of GVA for the year 1998. The allocations for succeeding years shall be similarly estimated.
- Rule 112.3. The DBM shall ensure that effective the year 2000, the total nominal peso value of allocations for agricultural and fisheries extension expenditures from the national budget for each fiscal year as contained in the President's proposed program of expenditures submitted to Congress shall not be less than one per cent of agricultural GVA (including livestock and fisheries). The allocation for the year 2000 shall be based on the NSCB report of GVA for the year 1998. The allocations for succeeding years shall be similarly estimated.
- Rule 112.4. The DBM shall ensure that effective the fiscal year 2000 up to year 2005, the annual appropriations included in the President's program of expenditures submitted to Congress in support of agriculture and fisheries modernization shall not be less than Seventeen Billion pesos (P17,000,000,000.00) in addition to the appropriations provided to the Department as provided in the 1998 Appropriations Law. For FY 2000 to 2004, the Department shall submit to the DBM a budget and expenditure program for the total amount which is consistent with the Agriculture and Fisheries Sector Public Investment Program integrated in the medium-term AFMP referred to in Section 13, and broken down on an annual basis. All the funds appropriated for the purposes of RA 8435 shall be treated as continuing appropriations
- Rule 112.5. The Secretary shall strengthen and mobilize the units of the Department responsible for program and project formulation, development and appraisal for the generation of financing for the modernization program from domestic and international sources. The Secretary shall designate a particular Undersecretary or Assistant Secretary to take charge of all project development responsibilities, and propose a program such that specific project development and fund-raising units shall be consolidated and their programs, project and financing work plans and targets, on an annual basis, clarified. This program shall be implemented on or before October 1, 1998.
- Rule 112.6. The Department shall establish a special unit, reporting to the Secretary, which shall inventory and appraise all Department assets and recommend those that may be feasibly privatized, in accordance with law, to generate financing for the implementation of the agriculture and fisheries modernization plan. This unit shall also undertake measures and actions leading to privatization and disposal.
- Rule 112.7. the Administrator of the Philippine Economic Zone Authority (PEZA) shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the securitization of government assets under the stewardship of the PEZA.
- Rule 112.8. the Administrator of the Clark Development Corporation (CDC) shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the securitization of government assets in the areas formerly covered by the Clark Air Base Reservation.
- Rule 112.9. the Administrator of the Subic Bay Metropolitan Authority (SBMA) shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the securitization of government assets in the areas formerly covered by the Subic Naval Base.

- Rule 112.10. the Administrator of the Public Estates Authority (PEA) shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the securitization of government assets under the stewardship of the PEA.
- Rule 112.11. the Secretary of Finance and the Director-General of the NEDA shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the inventory and status, including the availability for the purposes of RA 8435, of loans, grants, bequests, or donations, whether from foreign or local sources.
- Rule 112.12. the Administrator of the TESDA shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the TESDA Skills Development Fund.
- Rule 112.13. the President of the Food Terminal, Inc. (FTI) shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the privatization of the FTI.
- Rule 112.14. the Directors of the BAI, BPI, and other offices and units of the Department shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the privatization of assets of the Department identified by the Secretary and recommended to the President for privatization.
- Rule 112.15. the Commissioner of Customs and the Secretary of Finance shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the Competitiveness Enhancement Fund (CEF) arising from the proceeds from the Minimum Access Volume (MAV) in accordance with the provisions of RA 8178.
- Rule 112.16. the Secretary of Budget and Management shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the Poverty Alleviation Fund.
- Rule 112.17. the Secretary of Budget and Management and the Secretary of Agrarian Reform shall inform in detail and in writing, on a quarterly basis beginning October 1 1998, the NAF Council about the status of the Support Facilities and Services Fund under RA 6657.

Section 113. *Implementing Rules and Regulations.* - *The Secretary, within ninety (90) working days after the effectivity of this Act, together with the Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), Department of Finance (DOF), Department of Science and Technology (DOST), Department of Trade and Industry (DTI), Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), Department of Education, Culture and Sports (DECS), Department of Social Services and Development (DSSD), National Economic and Development Authority (NEDA), Department of Budget and Management (DBM), Department of Labor and Employment (DOLE), Commission on Audit (COA), Civil Service Commission (CSC), in consultation with other agencies concerned, farmers, fisherfolk and agri-business organizations, and in coordination with the Congressional Oversight Committee on Agriculture and Fisheries Modernization, shall promulgate the rules and regulations for the effective implementation of this Act.*

The Secretary shall submit to the Committee on Agriculture of both Houses of Congress copies of the implementing rules and regulations within thirty (30) days after their promulgation.

*Any violation of this section shall render the official/s concerned liable under R.A. No. 6713 otherwise known as the ACode of Conduct and Ethical Standards for Public Officials and Employees® and other existing administrative and/or criminal laws.*

Rule 113.1. The existing National Agriculture and Fisheries Council (NAF Council) is hereby strengthened to assist the Department in the broad-based monitoring and coordination of the agricultural and fisheries modernization process. The NAF Council shall serve as the integrative and consultative structure for inter-agency and inter-sectoral collaboration in the activities arising from RA 8435. The Secretary shall serve as the Chairperson-Coordinator of the NAF Council, while the Department Undersecretary charged with Operations shall serve as Vice-Chairperson. The members of the NAF Council shall include the Heads or the designated representatives of rank not lower than Undersecretary, of the following entities:

Commission on Higher Education,  
Department of Agrarian Reform,  
Department of Budget and Management,  
Department of Education, Culture and Sports,  
Department of Environment and Natural Resources,  
Department of Finance,  
Department of Interior and Local Government,  
Department of Labor and Employment,  
Department of Public Works and Highways,  
Department of Science and Technology,  
Department of Social Services and Development,  
Department of Trade and Industry,  
Department of Transport and Communications,  
National Economic and Development Authority,  
Technical Education and Skills Development Authority,  
Chairpersons of the national committees of the NAFC,  
Representative of the Fisheries and Aquatic Resource Management Council, and  
representatives of key, duly organized and registered national associations of farmers, farm  
women, fisherfolk and concerned POs and NGOs, appointed by the Secretary for one  
year, with option for reappointment.

Rule 113.2 The Chairperson-Coordinator may call upon the cooperation of other agencies as may be required.

Rule 113.3 The NAF Council shall meet at least once each semester, or more often at the behest of the Secretary or Chairperson-Coordinator.

Rule 113.4 The NAF Council shall have the following functions:

Rule 113.4.1. Monitor and promote transparency for coordination, the programs of the various government agencies toward agricultural and fisheries modernization in research, technology extension, production, stabilization, distribution, marketing and processing of food, feed and other crops, fisheries, aquaculture and animal products and the conservation and proper utilization of natural resources,

Rule 113.4.2. Serve as the consultative/feedback mechanism between and among the Department, other government agencies, private entities, farmers= and fisherfolk=s groups, POs and NGOs, for the collaborative establishment of the goals and scope of the country=s food, agriculture and fisheries policies, plans and programs,

Rule 113.4.3. Assist the Department obtain inputs and commitments of Secretaries and Heads of National Agencies in unifying the delivery of services in agriculture and fisheries,

- Rule 113.4.4. Assist the Department in mobilizing, monitoring and evaluation of the contributions of the different agencies toward the policies, plans and programs for agriculture and fisheries modernization.
- Rule 113.4.5. Promote consensus on and support for national agency and LGU budgets to finance programs and projects for agricultural and fisheries modernization,
- Rule 113.4.6. Assist the Department in the oversight and assessment of the impact of the local and national integrated SAFDZ development plans and AFMPs, in consultation with other agencies, concerned farmers, fisherfolk and agri-business organizations through conferences, workshops, exchange of documents and open, regular meetings,
- Rule 113.4.7. Appoint a Steering Committee from among its members and create subcommittees at the national and local levels and for sectoral concerns as necessary, and
- Rule 113.4.8. Review and recommend for the approval of the Secretary reports for submission to the COCAFM.
- Rule 113.5 The Secretariat and staff of the NAF Council shall mobilize and strengthen its resources and structure in order to serve the requirements of the NAF Council and the AFMP. The Executive Director shall head the Secretariat and have the rank of Assistant Secretary. Four (4) services operating under the direction of the NAF Council and the Executive Director shall comprise the Secretariat as follows:
  - Rule 113.5.1. *Agriculture and Fishery Support Staff* to monitor the provision of various support services to clientele through the network of government and non-government agencies and entities. The service shall be composed of the Rural Infrastructure Division, Financing and Marketing Division, and the Technology and Extension Division.
  - Rule 113.5.2. *Sectoral Coordination Staff*, providing Secretariat services for the participatory process of decision-making and resource allocation for the various sectors, integrating issues, concerns and positions. It shall be composed of the Divisions for Crops; Poultry, Livestock and Feed Crops; and Fisheries and Aquaculture.
  - Rule 113.5.3. *Institutional Development and Linkages Staff* carrying out the NAF Council's agenda to build and nurture linkages and partnerships with all entities concerned with agriculture and fisheries modernization. It will be composed of the AFC/LGU Coordination Division and the Special Partners and Concerns Division.
  - Rule 113.5.4. *Finance, Administration and General Services Staff* shall provide logistical services to the NAF Council and the Secretariat. It will be composed of the Finance Division and the Administrative and General Services Division.
- Rule 113.6. Two Deputy Executive Directors (DED) shall assist the Executive Director of the Secretariat. One DED shall be responsible for the Agriculture and Fishery Support Staff and the Sectoral Coordination Staff, and the other covering the Institutional Development and Linkages Staff and the Finance, Administration and General Services Staff. The Office of the NAF Council Secretary shall operate under the Chairperson-Coordinator and be responsible for NAF Council Meetings, Minutes and follow-up on NAF Council decisions and directions. The NAFC Secretariat shall be supported by units for Legal Concerns and Internal Audit.

Section 114. *Congressional Oversight Committee on Agricultural and Fisheries Modernization. - A Congressional Oversight Committee on Agricultural and Fisheries Modernization is hereby created to be composed of the Chairs of the Committee on Agriculture of both Houses, six (6) members of the House of Representatives and six (6) members of the Senate, to be designated respectively by the Speaker of the House and the President of the Senate, who shall endeavor to have the various sectors and regions of the country represented.*

The Chairs of the Committees on Agriculture in the Senate and House of Representatives, shall be, respectively, the Chair and Co-Chair of the Oversight Committee. The other members shall receive no compensation however, traveling and other necessary expenses shall be allowed.

*The Committee shall oversee and monitor the implementation of the Congressional Commission on Agricultural Modernization (AGRICOM) recommendations as well as all programs, projects and activities related to agriculture and fisheries, and its allied concerns in both public and private sectors, with a view to providing all legislative support and assistance within the powers of Congress to ensure their inclusion, wherever feasible, in the national, regional, provincial, municipal, and sectoral development plans, to recommend the disposal of assets no longer needed by the Department to fund the modernization program, and to see them through their successful implementation.*

Section 115. *Powers and Functions of the Committee. - The Congressional Oversight Committee on Agriculture and Fisheries Modernization shall have the following powers and functions:*

*Prescribe and adopt guidelines that will govern its work;*

*Hold hearings, receive testimonies and reports pertinent to its specified concerns;*

*Secure from any department, bureau, office or instrumentality of the Government such assistance as may be needed, including technical information, preparation and production of reports and submission of recommendations or plans as it may require;*

*Summon by subpoena any public or private citizen to testify before it, or require by subpoena duces tecum to produce before it such records, reports or other documents as may be necessary in the performance of its functions;*

*Use resource persons from the public and private sectors as may be needed;*

*Carry on the winding-up work of AGRICOM, such as editing and printing all technical reports and studies as well as bibliographic cataloguing of its collection of source materials, continue its information and advocacy work;*

*Cause to be transferred to the Committee all works, outputs, source materials and assets, funds, supplies and equipment of AGRICOM;*

*Approve the budget for the work of the Committee and all disbursements therefrom, including compensation of all personnel;*

*Organize its staff and hire and appoint such employees and personnel whether temporary, contractual or on consultancy, subject to applicable rules; and,*

*Generally, to exercise all the powers necessary to attain the purposes for which it is created.*

Rule 115.1. The Secretariat of the Legislative Commission on Agricultural Modernization (AGRICOM) created in the Tenth (10<sup>th</sup>) Congress shall serve Congress until the official creation and organization of the Committee by the eleventh Congress. The operating requirements during the transition period shall be charged against the budget for the COCAFMs.

Rule 115.2. Selected NCEs, other SUCs and R&D institutions shall assist in the conduct of studies that will provide guidance and information supportive of the COCAFMs oversight function.

Rule 115.3. The AGRICOM Secretariat shall prepare for the COCAFMs a program of work that includes the:

Rule 115.3.1. Filing of proposed legislative measures enumerated in the Legislative Agenda of the AGRICOMs main report.

- Rule 115.3.2. Follow-up of the re-filing of the bill on the *Rationalization of the Agricultural Bureaucracy Act of 1997*;
- Rule 115.3.3. Conduct of studies in aid of the Committee in its oversight function;
- Rule 115.3.4. Printing of technical reports;
- Rule 115.3.5. Evaluation of the proposed annual budget for the agricultural bureaucracy and other departments concerned with agricultural and fisheries modernization, and,
- Rule 115.3.6. Design and implementation of the Committee's M&E tools.

Section 116.

*Periodic Reports. - The Committee shall submit periodic reports on its findings and make recommendations on actions to be taken by Congress and the appropriate departments, and that in order to carry out the objectives of this Act, an initial amount of Twenty Million Pesos (P20,000,000.00) is hereby appropriated for the Oversight Committee for the first year of its operation.*

Section 117. *Automatic Review - Every five (5) years after the effectivity of this Act, an independent review panel composed of experts to be appointed by the President shall review the policies and programs in the Agriculture and Fisheries Modernization Act and shall make recommendations, based on its findings, to the President and to both Houses of Congress.*

Rule 117.1. The services of the independent review panel shall be recommended to the President by the COCAFm, and upon the President's approval, be engaged by the COCAFm Secretariat no later than the end of the third year after the effectivity of RA 8435, to allow for adequate preparation for the automatic review.

Section 118. *Repealing Clause. - All laws, decrees, executive issuance, rules and regulations inconsistent with this Act are hereby repealed or modified accordingly.*

Rule 118.1. The Department, particularly the PAS and the Legal Service shall review the relevant Departmental issuances to determine any necessary amendments.

Rule 118.2. The Secretary reserves the authority to at any time amend, modify or repeal these IRR or any provision thereof in order to ensure the attainment of the objectives of RA 8435.

Section 119.

*Separability Clause. - The provisions of this Act are hereby declared to be separable, and in the event one or more of such provisions are held unconstitutional, the validity of the other provisions shall not be affected thereby.*

Section 120. *Effectivity. - This Act shall take effect thirty (30) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.*

Rule 120.1. These IRR shall take effect seven (7) days after publication in a newspaper of general circulation.

**APPROVED.**

**William D. Dar**  
**Acting Secretary of Agriculture**



**July 10, 1998**