



Seventeenth Congress
First Regular Session

HOUSE BILL NO. **4018**

Introduced by Honorable Peter “Sr. Pedro” M. Unabia

EXPLANATORY NOTE

The Philippine Crop Insurance Corporation (PCIC) provides free insurance to all subsistence farmers and fisherfolks listed under their Registry System for Basic Sectors in Agriculture (RSBSA) under the RSBSA Agricultural Insurance Program (RSBSA AIP). The entire allocation is to be used exclusively to cover the cost of insurance premiums of small farmers and fisherfolks. In the 2015 General Appropriations Act, the allocated budget for the RSBSA AIP was P1.3 billion.

However, according to the 2014 annual report of the PCIC, only 917,814 or 42.97% of farmers and fisherfolks have been enrolled in the RSBSA, which serves as the basis for the grant of free agricultural insurance premium. This means that of the 11.21 million farmers and agricultural workers reported by the Philippine Statistics Authority in 2014, only 8.19% are covered by the different agricultural insurance packages of the PCIC, most of which are not free. In 2015, the PCIC reported that 589,534 farmers availed themselves of the RSBSA - AIP, premium for which is free for covered farmers because it was fully paid by the national government through the PCIC.

Many individual farmers and farmer groups could not afford to insure their crops because of the cost of insurance premiums. Neither can the PCIC fully cover the premium for crop insurance of all small farmers due to limited funding. As a result, these farmers suffer immense losses whenever their crops are damaged by typhoons, calamities and other similar contingencies.

This bill seeks to address this predicament of our lowly farmers. We revisited Republic Act No. 8178, as amended, and modified the apportionment

of the Agricultural Competitiveness Enhancement Fund (ACEF) to cover payments to agricultural insurance premiums of the PCIC for individual farmers and farmer groups. On May 23, 2016, Republic Act 101848 amending further Republic Act No. 8178, was passed, which extended the implementation of ACEF until 2022.

Through this bill, part of the tariffs derived from importation of agricultural goods to our country will be used to strengthen the local agriculture industry by ensuring the expanded coverage of free agricultural insurance program of the PCIC for qualified farmers. By supplementing the regular budget of the PCIC for insurance premiums of farmers covered by the RSBSA - AIP with 10% of the ACEF, most, if not all, small farmers in the rural areas can feel more secured because their agricultural produce are already insured.

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



PETER "Sr. Pedro" M. UNABIA

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AN ACT

**PROVIDING FREE INSURANCE PREMIUM FOR FARMERS UNDER
THE PHILIPPINE CROP INSURANCE CORPORATION, AMENDING
FOR THE PURPOSE REPUBLIC ACT NO. 8178, AS AMENDED,
ENTITLED “AN ACT REPLACING QUANTITATIVE IMPORT
RESTRICTIONS ON AGRICULTURAL PRODUCTS, EXCEPT RICE,
WITH TARIFFS, CREATING THE AGRICULTURAL
COMPETITIVENESS ENHANCEMENT FUND, AND FOR OTHER
PURPOSES”**

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

SECTION 1. Section 8 of Republic Act No. 8178, as amended, is
hereby further amended to read as follows:

“SEC. 8. *Agricultural Competitiveness Enhancement
Fund.* – To implement the policy enunciated in this Act, there is
hereby created the Agricultural Competitiveness Enhancement
Fund, hereinafter referred to as the Fund. The Fund shall consist of
all duties collected from the importation of agricultural products

under the minimum access volume (MAV) mechanism, including unused balances and collections from repayments from loan beneficiaries including interests, if any. The Fund shall be automatically credited to Special Account 183 in the General Fund of the National Treasury: *Provided*, That fund releases shall not be subject to any ceiling by the Department of Budget and Management (DBM).

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The Fund shall be set aside and earmarked as follows:

(1) **[Eighty percent (80%)]** SEVENTY PERCENT (70%), in the form of credit with reasonable interest, which shall not exceed Five million pesos (P5,000,000.00) per project loan, for the acquisition and establishment of agri-based production and post-production, and processing machineries, equipment and facilities to achieve modern agricultural practices, to be extended to Filipino farmers and fisherfolk associations and cooperatives, and micro and small-scale enterprises as defined in Republic Act No. 6977, as amended, engaged in agricultural production farming, fisheries, agri-business and similar activities, and not to exceed One million pesos (P1,000,000.00) to individual farmers and fishermen to finance the purchase of farm inputs, equipment, or for farm improvement.

1 The loan beneficiaries shall provide a counterpart fund or
2 equity of not less than ten percent (10%) of the total project cost,
3 which may be in the form of capital outlay, labor, land for the
4 project site, facilities, equipment, and salaries.

5 The Land Bank of the Philippines shall manage the credit
6 facility funded out of the Fund and shall determine the eligibility
7 requirements and set the required loan security or collateral and
8 reasonable interest for the loan. For this purpose, the Land Bank is
9 hereby authorized to charge a management fee from the Fund;

10 (2) Ten percent (10%) as grants for research and
11 development of agricultural and fishery products, and the
12 commercialization of such, including the upgrading of research
13 facilities, of qualified state universities and colleges, which shall
14 not exceed Five million pesos (P5,000,000.00) per project; **[and]**

15 (3) Ten percent (10%) to be used for the funding of a
16 comprehensive and attractive grant-in-aid program for agriculture,
17 forestry, fisheries, and veterinary medicine education, to be
18 implemented by the Commission on Higher Education[.]; AND

19 (4) TEN PERCENT (10%) TO BE USED AS PREMIUM
20 PAYMENTS OF INDIVIDUAL FARMERS AND FARMER
21 GROUPS REGISTERED UNDER THE REGISTRY SYSTEM
22 FOR BASIC SECTORS IN AGRICULTURE -

AGRICULTURAL INSURANCE PROGRAM (RSBSA - AIP)
OF THE PHILIPPINE CROP INSURANCE CORPORATION.

SEC. 2. All laws, decrees, executive orders, rules and regulations, and other issuances or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

Approved,