



SENATE

'19 JUL -1 A11 :08

Senate Bill No. 35

RECEIVED

Introduced by Senator FRANCIS N. PANGILINAN

AN ACT

TO PROVIDE COMPENSATION TO FARMERS WHO SUFFER FROM RECURRENT DISASTERS AND CALAMITIES, TO SUSTAIN AGRICULTURAL CREDIT AND FINANCING, AND TO ENSURE FOOD SECURITY, BY MAKING INSURANCE MANDATORY FOR PALAY AND OTHER ESSENTIAL CROPS, AMENDING FOR THE PURPOSE SECTION 4 OF PRESIDENTIAL DECREE NO. 1467, AS AMENDED BY REPUBLIC ACT NO. 8175, OR THE "REVISED CHARTER OF THE PHILIPPINE CROP INSURANCE CORPORATION (PCIC) ACT OF 1995," AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The agriculture sector generates a quarter of the country's jobs but only contributes less than a tenth to the gross domestic product.¹ According to the Philippine Statistics Authority (PSA), the sector absorbed 10.26 million persons, representing 25.44% of the national employment in 2017.² Agriculture, Hunting, and Forestry (AHFF) accounted for 8.2% of the total GDP in 2018. It has managed to grow by 0.8% in the first quarter of 2019; however, this is slower than the 1.1% growth in the same period of 2018.³

Despite the vastness of the sector, farmers are among the poorest in the country. According to the PSA's Family Income and Expenditure Survey (FIES) and Labor Force Survey (LFS), farmers posted the highest poverty incidences in 2015 at 34.3%. Agriculture is among the sectors which consistently registered the highest poverty incidence since 2006.⁴

Contributing to the prevalence of poverty among farmers are the persistent typhoons and other natural disasters that batter the country almost annually, severely affecting production that is mostly their sole source of income.

¹ Business World Online, Farm output growth misses 2018 goal, Published on 24 Jan 2019, Available at <https://www.bworldonline.com/farm-output-growth-misses-2018-goal/>, Accessed on 19 June 2019

² PSA, 2018 Selected Statistics on Agriculture, Available at <https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202018.pdf>, Accessed on 19 June 2019.

³ PSA Press Release on GNI and GDP, Available at <https://psa.gov.ph/nap-press-release/sector/Agriculture,%20Hunting,%20Forestry%20and%20Fishing>, Accessed on 19 June 2019

⁴ PSA, Poverty Statistics For Basic Sectors, Published on 30 June 2017, Available at <https://psa.gov.ph/content/farmers-fishermen-and-children-consistently-posted-highest-poverty-incidence-among-basic>, Accessed on 19 June 2019.

Hence, it is vital for the government to assist farmers through the expansion of the coverage of mandatory crop insurance especially amidst the recurrence of disasters and calamities. It is imperative that a support mechanism is put in place to ease the financial burden of farmers brought by the losses incurred from the destruction of crops when the country is hit by disasters and calamities.

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



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

SECTION 1. *Title.* – This Act shall be known as the “*Expanded Crop Insurance Act of 2019.*”

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to:

- A. Ensure food security, intensify food production, promote agricultural credit, and broaden the coverage of mandatory crop insurance, especially amidst the recurrence of disasters and calamities, natural or otherwise, including floods, typhoons, heavy rains, and drought, which destroy crops, especially *palay* and others necessary for food security;
- B. Alleviate the financial burden of farmers due to uncompensated losses arising from the destruction of crops brought by disasters and calamities, keep them away from perpetual indebtedness, enhance their credit standing, and provide additional government support to increase agricultural production; and
- C. Assist banks and financial institutions not to constrict their loaning capabilities and to kindle their willingness to extend loans to farmers.

1 SEC. 3. *Amendment of the Revised Charter of the Philippine Crop Insurance*
2 *Corporation.* – Section 4 of Presidential Decree No. 1467, otherwise known as the Charter
3 of the Philippine Crop Insurance Corporation (PCIC), as amended by Republic Act No.
4 8175 or the “Revised Charter of the PCIC Act of 1995,” is hereby further amended, to read
5 as follows:

6 “SECTION 4. WHO SHALL BE INSURED. – PARTICIPATION IN
7 THE INSURANCE FOR PALAY AND OTHER CROPS DETERMINED
8 TO BE ESSENTIAL FOR FOOD SECURITY SHALL BE COMPULSORY
9 UPON ALL FARMERS. IN CASE FARMERS ARE FINANCIALLY
10 INCAPABLE, THE NATIONAL FOOD AUTHORITY (NFA) SHALL
11 SECURE CROP INSURANCE FOR THEM. THE NFA SHALL PAY FOR
12 THE INSURANCE PREMIUM AND SHALL BECOME AT LEAST A
13 FIFTY PERCENT (50%) BENEFICIARY OF THE INSURANCE
14 PROCEEDS OR CLAIM FOR ALL OTHER CROPS, [P]articipation [~~in~~
15 ~~palay crop insurance~~] shall be compulsory upon all farmers obtaining
16 production loans [~~for palay~~] under the supervised credit program, and
17 optional on the part of self-financed farmers provided they agree to place
18 themselves under the supervision of agricultural production technicians.
19 The term “supervised credit program” as used in this Decree shall mean the
20 production credit program wherein the farmer who obtained production
21 loans [~~for palay~~] agree in writing that he will apply proven farm practices
22 necessary to conserve the land, improve its fertility and increase its
23 production, and abide by the approved farm plan and budget jointly
24 prepared by him/**HER** and the duly accredited supervised credit technician.
25 The term “supervision of agricultural production technician” shall mean
26 the supervision undertaken by agricultural production technicians who are

1 duly accredited by appropriate government agencies concerned, as
2 required under the supervised credit system.

3 X X X''

4 **SEC. 4. *Implementing Rules.*** – Within sixty (60) days after the effectivity of this Act,
5 the Secretary of the Department of Agriculture (DA), the Administrator of the NFA, and
6 the President of the PCIC shall be constituted into a Committee mandated to issue the
7 Implementing Rules and Regulations of this Act.

8 **SEC. 5. *Separability Clause.*** – If any provision of this Act, or parts thereof, is
9 declared unconstitutional, the same shall not affect the validity and effectivity of the other
10 portions.

11 **SEC. 6. *Repealing Clause.*** – All laws, executive orders, presidential decrees,
12 proclamations, rules, regulations, issuances, and enactments, or parts thereof,
13 inconsistent with this Act are hereby repealed or modified accordingly.

14 **SEC. 7. *Effectivity.*** – This Act shall take effect fifteen (15) days from its publication
15 in the Official Gazette or in two (2) newspapers of general circulation in the Philippines.

Approved,