

SEVENTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

16 DEC 13 P5:37

SENATE

RECEIVED BY: J

COMMITTEE REPORT NO. 23

Prepared and submitted jointly by the Committees on Agriculture and Food, and Ways and Means on DEC 13 2016

Re: **Senate Bill No. 1281**

Recommending its approval in substitution of **Senate Bill No. 50**

Sponsor: **Senator Pangilinan**

Mr. President:

The Committee on Agriculture and Food, and the Committee on Ways and Means, to which was referred **S. B. No. 50**, authored by **Sen. Pangilinan**, entitled:

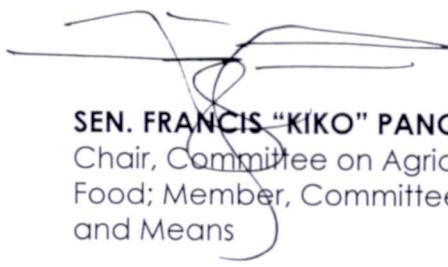
**"AN ACT
TO PROMOTE FARMER AND FISHERFOLK ENTREPRENEURSHIP AND
DEVELOPMENT TO BE KNOWN AS "SAGIP SAKA ACT OF 2016"**

have considered the same and have the honor to report back to the Senate with the recommendation that the attached bill, **Senate Bill No. 1281**, entitled:

**"AN ACT
INSTITUTING THE FARMERS AND FISHERFOLK ENTERPRISE DEVELOPMENT
PROGRAM OF THE DEPARTMENT OF AGRICULTURE AND FOR OTHER
PURPOSES"**

be approved in substitution of **Senate Bill No. 50**, with **Senator Pangilinan** as author thereof.

Respectfully submitted,



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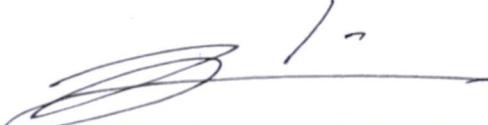
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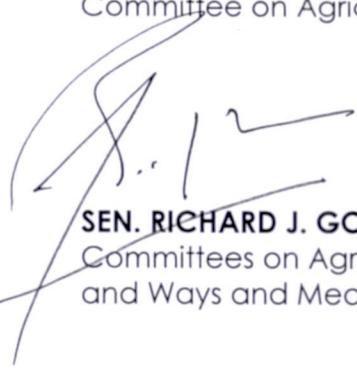
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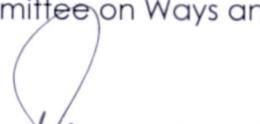
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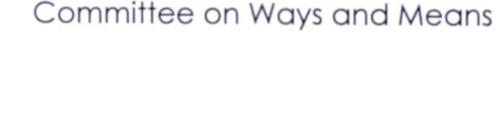
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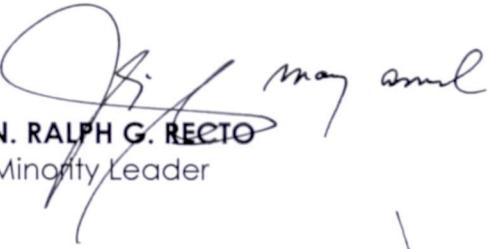


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Senate President

SEVENTEENTH CONGRESS OF THE
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Senate Bill No. 1281

(In Substitution of Senate Bill No. 50)

Prepared and submitted jointly by the Committees on Agriculture and Food, and Ways and Means, with **Senator Pangilinan** as author thereof

AN ACT
INSTITUTING THE FARMERS AND FISHERFOLK ENTERPRISE DEVELOPMENT PROGRAM OF THE DEPARTMENT OF AGRICULTURE AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Sagip Saka Act of
2 2016”.

3 **SEC. 2. Declaration of Policy.** – It is the declared policy of the State to
4 achieve sustainable modern agriculture and food security by transforming
5 agricultural and fishing communities to reach their full potential, improving
6 farmers and fishers incomes and quality of life, and bridging gaps through public-
7 private partnerships.

8 Towards these ends, the State recognizes the essential role of the private
9 sector in promoting and supporting enterprise development in the agriculture and
10 fisheries sectors, opening up of opportunities and markets for agricultural and
11 fishery products in the domestic and world markets, and developing
12 entrepreneurship among our farmers and fisherfolk.

13 In pursuance of this policy, the State shall strengthen the farmers and
14 fisherfolk enterprise development program of government by establishing a
15 comprehensive and holistic approach in the formulation, coordination and
16 implementation of enterprise development initiatives, consolidate the roles of
17 different government agencies involved in farmers and fisherfolk enterprise
18 development, intensify the building of entrepreneurship culture among farmers and

1 fisherfolk, and provide incentives to private entities that support the farmers and
2 fisherfolk enterprise development initiatives of the government.

3 ***SEC. 3. The Farmers and Fisherfolk Enterprise Development Program.*** –

4 There is hereby established the Farmers and Fisherfolk Enterprise Development
5 Program, herein referred to as the Program, which shall refer to the comprehensive
6 set of objectives, targets, and holistic approach and assistance in promoting the
7 establishment of enterprises involving agricultural and fishery products. It shall be
8 integrated and be made consistent with the Agriculture and Fisheries
9 Modernization Plan, and the Micro, Small and Medium Enterprises Development
10 Plan.

11 In the identification and prioritization of agricultural and fishery products
12 that will be supported, the Program shall make use of science-based methodologies,
13 such as the value chain analysis.

14 The forms of assistance to be provided under the Program shall include:

15 1) Improvement of production and productivity, including agricultural
16 extension services, skills development, provision of production inputs, equipment
17 and facilities/infrastructure for production and post-production activities;

18 2) Improvement of producers' and enterprises' access to financing in the
19 form of credit grants as well as crop insurance;

20 3) Provision of access to improved technologies through research and
21 development; and

22 4) Provision of business support and development services, particularly in
23 the areas of access to markets, marketing, and networking.

24 ***SEC. 4. Coverage of the Program.*** – The Program shall cover the following

25 areas:

26 a. Agricultural and fisheries production, including processing of fisheries
27 and agri-based products and farm inputs;

28 b. Acquisition of work animals, farm and fishery equipment and machinery;

29 c. Acquisition of seeds, fertilizer, poultry, livestock, feeds and other similar
30 items;

- 1 d. Procurement of agricultural and fisheries products for storage, trading,
2 processing and distribution;
- 3 e. Construction, acquisition and repair of facilities for production,
4 processing, storage, transportation, communication, marketing and such other
5 facilities in support of agriculture and fisheries;
- 6 f. Working capital for agriculture and fisheries graduates to enable them to
7 engage in agriculture and fisheries related economic activities;
- 8 g. Agribusiness activities which support soil and water conservation and
9 ecology-enhancing activities;
- 10 h. Working capital for long gestating projects; and
- 11 i. Credit guarantees on uncollateralized loans to farmers and fisherfolk.

12 The Farmers and Fisherfolk Enterprise Development Council, created under
13 Section 8 of this Act, may include other areas of intervention in order to expand and
14 support enterprise development in the agriculture and fisheries sector.

15 **SEC. 5. Beneficiaries of the Program.** – The possible proponent groups or
16 beneficiaries of the Program are the following:

- 17 a. Existing producer groups with members producing commodities which
18 are included in the priority commodity value chains and have potential to increase
19 their marketable surplus;
- 20 b. Farmer and fisher groups which have potential to produce marketable
21 surplus and demonstrate willingness to voluntarily adopt clustering with other
22 groups and forge contracts or formal marketing agreements with buyers or private
23 intermediaries;
- 24 c. Producer groups or cluster of growers that are either operational and/or
25 show a willingness to undergo capacity building on enterprise development and
26 management; and
- 27 d. Micro, small and medium scale processors, consolidators, exporters, and
28 other enterprises, who are willing to assist producer groups in vertical clustering or
29 joint business planning, and forge contracts or formal marketing agreements with
30 such producer groups. Joint business planning and investments of the producer

1 groups and agro-processors will be supported if it will result in increased
2 engagement of the producer groups in value adding activities.

3 Farmers and fishers who are not members of any organization operating in
4 the priority commodity value chain must join the proponent groups for them to be
5 eligible either as a member of the proponent group or as supplier to the enterprise.

6 **SEC. 6. *Implementing Agency and Partner Agencies.*** – The Department of
7 Agriculture (DA) shall be the implementing agency of the Program. It shall tap the
8 assistance, expertise and resources of the following agencies, such as, but not
9 limited to, the Philippine Coconut Authority, the National Dairy Authority, the
10 Bureau of Soils and Water Management, the Philippine Center for Post-Harvest
11 Development and Mechanization, Bureau of Fisheries and Aquatic Resources,
12 Agricultural Training Institute, Agricultural Credit and Policy Council, and the
13 Bureau of Agricultural Research.

14 The DA shall likewise collaborate and secure the technical support and
15 assistance of other departments and their attached agencies and corporations to
16 support enterprise development in the priority commodity value chain, such as: the
17 Department of Agrarian Reform, the Department of Environment and Natural
18 Resources, the Department of Science and Technology, the Department of Trade
19 and Industry, and the Department of the Interior and Local Government.

20 **SEC. 7. *Private Sector Partnership.*** – Partnerships or alliances between
21 farmer and fishers groups and the private sector may be formed to improve market
22 access of producer groups.

23 The following criteria shall be considered in the selection of private sector
24 partners:

25 a) Committed to enter into marketing contract or buy-back agreement with
26 the producers group;

27 b) Will undertake technology transfer on the provided goods and/or services;

28 c) Financial and organizational capability to undertake the proposed
29 enterprise; and

1 d) Established actual experience in undertaking or implementing the
2 proposed enterprise.

3 Private sector partners may also provide or donate equipment, machineries,
4 and other forms of assistance to farmers and fisherfolk engaging in enterprise
5 development.

6 The DA shall issue the guidelines and impose the qualification requirements
7 in recognizing private sector partners of the Program.

8 ***SEC. 8. Creation of the Farmers and Fisherfolk Enterprise Development***

9 **Council.** – To oversee the proper implementation of the Program, the Farmers and
10 Fisherfolk Enterprise Development Council is hereby created. It shall be composed
11 of: (a) the Secretary of DA, or his duly authorized representative who is at least an
12 Undersecretary, who shall be the chair, (b) a representative of the Department of
13 Trade and Industry (DTI), who shall likewise at least be an Undersecretary; (3) a
14 representative of the Department of the Interior and Local Government (DILG); (4) a
15 representative of the Department of Finance (DOF); (5) Cooperative Development
16 Authority (CDA); (6) a representative of a national organization of farmers
17 cooperatives or associations; (7) a representative of a national organization of
18 fisherfolk cooperatives or associations; and (8) two (2) representatives from the
19 agriculture, food, restaurant and business sectors.

20 ***SEC. 9. Local Councils for Farmers and Fisherfolk Enterprise***

21 **Development.** – The Agricultural and Fishery Councils (AFCs) of the Philippine
22 Council for Agriculture and Fisheries shall provide the mechanisms for private
23 sector participation in the development processes at the regional, provincial, and
24 city/municipal levels.

25 ***SEC. 10. Creation of the Farmer and Fisherfolk Enterprise***

26 **Development Fund.** – To support the implementation of the Program, there is
27 hereby created a Farmer and Fisherfolk Enterprise Development Fund, to be funded
28 through annual general appropriations, grants from multilateral and bilateral
29 agencies, and donations from the private sector.

1 The Development Fund shall be used to promote business opportunities
2 available in the agriculture and fisheries sector, and to fund projects in areas
3 identified in Section 4 of this Act.

4 In order to ensure a holistic approach in supporting projects in identified
5 priority value cash, the Department shall, in addition to the Development Fund, tap
6 resources under the management of its attached agencies and commodity
7 development programs, and require counterpart funding from partner local
8 government units and farmers and fisherfolk organizations and enterprises in the
9 form of cash, land, buildings, labor, or machineries and equipment. Releases from
10 the Development Fund shall be considered as a project grant.

11 **SEC. 11. Farmers and Fisherfolk Enterprise Development Information**
12 **System.** – The Department of Agriculture, through the Agribusiness and Marketing
13 Assistance Service, shall maintain a Farmers and Fisherfolk Enterprise
14 Development Information System to assist government in formulating plans and
15 programs on enterprise development, and to enable producer groups, the private
16 sector, local government units, and potential donors to respond to the needs of the
17 local and world markets and in generating resources for further enterprise
18 development. The information system shall contain a list of possible and
19 implemented programs and projects; a registry of agricultural and fisheries
20 enterprises, and private companies engaging these enterprises or have expressed
21 interest in participating in the Program, and other information that may be
22 identified by the Department or by the Council.

23 **SEC. 12. Direct Purchase by National and Local Government Agencies.**
24 – To promote and support farmers and fisherfolk enterprise development, national
25 and local government agencies are hereby mandated to directly purchase
26 agricultural and fishery products from accredited farmers and fisherfolk
27 cooperatives and enterprises: *Provided*, That, said agricultural and fishery products
28 are necessary in the performance of their respective mandates.

29 For purposes of this Act, the procurement by national and local government
30 agencies of said agricultural and fishery products shall be exempt from the

1 application of the bidding process prescribed under relevant government
2 procurement laws: *Provided*, That, said agencies shall undergo a negotiated
3 procurement under the applicable guidelines of the Government Procurement Policy
4 Board.

5 **SEC. 13. *Tax Incentives and Exemptions.*** – The provisions of any general
6 or special law to the contrary notwithstanding:

7 a. Gifts and donations of real and personal properties shall be exempt from
8 donor's tax and the same shall be considered as allowable deductions from the
9 gross income of the donor, in accordance with the provisions of the National
10 Internal Revenue Code of 1997, as amended: *Provided*, That, the allowable
11 deduction shall be equivalent to One Hundred Fifty percent (150%) of the value of
12 such donation.

13 The valuation of a donation other than money shall be based on the
14 acquisition cost of the property and shall take into consideration its depreciated
15 value, if applicable.

16 b. LGUs shall identify local taxes that may be waived or reduced and offer
17 them as incentives to organic input production and utilization;

18 c. The Land Bank of the Philippines shall provide preferential rates and
19 special window to accredited farmers and fisherfolk enterprises; and

20 d. Exemptions from income tax may be provided for income arising from the
21 operations of the enterprise, as provided under Republic Act No. 9178, otherwise
22 known as the “Barangay Micro-Business Enterprises.”

23 **SEC. 14. *Implementing Rules and Regulations.*** – Within sixty (60) days
24 from the date of effectivity of this Act, the Department of Agriculture (DA), in
25 consultation with the Department of Trade and Industry (DTI), and the Department
26 of Finance, shall formulate the rules and regulations for the proper implementation
27 of this Act.

28 **SEC. 15. *Separability Clause.*** – If any provision of this Act is declared
29 invalid or unconstitutional, the other provisions not affected by such declaration
30 shall remain in full force and effect.

1 **SEC. 16. *Repealing Clause.*** – All laws, executive and administrative
2 orders, rules and regulations inconsistent with the foregoing provisions are hereby
3 repealed or modified accordingly.

4 **SEC. 17. *Effectivity Clause.*** – This Act shall take effect after fifteen (15)
5 days from its publication in the Official Gazette or in two (2) newspapers of general
6 circulation.

Approved,