

H. No. 2

Republic of the Philippines
Congress of the Philippines
Metro Manila

Tenth Congress

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July, nineteen hundred and ninety-seven.

[REPUBLIC ACT No. 8435]

AN ACT PRESCRIBING URGENT RELATED MEASURES TO MODERNIZE THE
AGRICULTURE AND FISHERIES SECTORS OF THE COUNTRY IN ORDER
TO ENHANCE THEIR PROFITABILITY, AND PREPARE AND 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

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

SEC. 1. Short Title. - This Act shall be known as the "Agriculture and Fisheries
Modernization Act of 1997".

SEC. 2. Declaration of Policy. - The 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 nation 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 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. Towards this end, the State shall ensure the development of the agriculture and fisheries sectors in accordance with the following principles:

a.) *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;

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

c.) *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;

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

e.) *Sustainable Development* - The State shall promote development that is compatible with the preservation of the ecosystem an 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;

f.) *People Empowerments* - 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;

g.) *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.

Sec. 3 Statement of Objectives - This Act shall have the following objectives:

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

b.) 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;

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

d.) 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 fisherfolks 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;

e.) 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;

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

g.) 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.

h.) 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.

i.) To provide social and economic adjustment measures that increase productivity and improve market efficiency while ensuring the production and preservation of the environment and equity for small farmers and fisherfolk; and

j.) To improve the quality of life of all sectors.

SEC.4 Definition of Terms-

"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.

"Agricultural 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.

"Agricultural Land Use Conversion" refers to the process of changing the use of agricultural land to non-agricultural uses.

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

"Agricultural 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.

"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.

"Agro-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.

"Banks" collectively used, means government banks and private banks, rural banks and cooperative banks.

"Basic 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 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.

"Cooperatives" 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.

"Department" refers to the Department of Agriculture.

"Economic Scale" refers to the minimum quantity or volume of goods required to be efficient.

"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.

"Empowerment" involves providing authority, responsibility and information to the 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.

"Farmers and Fisherfolk's Organizations 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 which they themselves own, control and patronize.

"Farm-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" 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.

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

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

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

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

"Global 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.

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

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

"Industrial 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.

"Irrigable Lands" refers to lands which display marked characteristics justifying the operation of an irrigation system.

"Irrigated 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.

"Irrigation System" refers to a system of irrigation facilities covering contiguous areas.

"Irrigators Association (IA)" refers to an association farmers within a contiguous areas served by a National Irrigation System or Communal Irrigation System.

"Land Use" refers to the manners of utilizing the land, including its allocation, development and management.

"Land 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.

"Land 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.

"Main Canal" refers to the channel where diverted water from a source flows to the intended area to be irrigated.

"Market 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.

"National 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 Systems (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-temperature 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.

"On-Farm Irrigation Facilities" refers to composite facilities that permit entry of water to paddy areas and consist of farm ditches and turnouts.

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

"Post-Harvest Activities" includes, but is not limited to threshing, drying, milling, grading, storing, and handling of produce and such other activities as stripping, winnowing, chipping and washing.

"Post-Harvest Facilities" includes, but is not limited to threshers, moisture meters, dryers, weighing scales, milling equipment fish ports, fish landing, ice plants and cold storage facilities, processing plants, warehouse, 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 DAR.

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

"Resource-based" refers to the utilization of natural resources.

"Rural 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, labor that absorbs, the income that it generates which channeled to industry and services. As development continues, agriculture still an important sector, industry and services begin to generate income and markets and concomitantly increase their share of total income.

"Strategic 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.

"Secondary Canal" refers to the channel connected to the main canal which distributes 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.

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

"Small and Medium Enterprises (SME)" refers to any business activity or enterprises 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 : P1500,001 to P60,000,000

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

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

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"Technology-based" refers to utilization of technology.

"Zoning 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 city or municipality.