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SENATE

S. No. 714

RECEIVED BY: *Jri*

Introduced by Senator Ralph G. Recto

Explanatory Note

This Bill seeks to provide a special insurance program to cover losses incurred exclusively by rice and corn farmers.

Bulk of the Filipino diet and food expenditures consist of the staple grains, rice and corn. Generally, the Filipino family spends 20-30% of their food expenditures budget on rice.¹ On the other hand, around 14 million Filipinos prefer to eat white corn grits as their main staple.² Be they rice or corn eaters, Filipinos say, "*Mas masarap ang ulam kapag masarap ang sinaing.*"

The livestock and poultry sectors and food processors also depend on sufficient and stable supply of reasonably-priced rice and corn for food and non-food uses such as in feeds production. Rice and corn utilization for feeds is constantly high in the latest Department of Agriculture (DA) data, as follows:

(In thousand metric tons)³

	2008	2009	2010	2011
Rice	715	691	670	709
Corn	4,503	4,572	4,145	4,531

The two main staples are very important economic commodities as the production involves millions of farm households tilling land as small holders and millions more as laborers and merchants. Two million households grow rice and 600,000 households grow corn. Likewise, production need land, water, seeds, inputs like fertilizers, pesticides, herbicides and the like, farm machineries and post-harvest facilities like grain silos, that are mostly expensive.

Equally important in rice and corn production are: climate, of which the Philippines has four types; and, extreme weather events such as tropical cyclones with their increasing occurrence and intensity. Moreover, according to the Philippine Atmospheric, Geophysical and Astronomical Services Administration, various regions experience different climate types. In terms of rainfall patterns, the country has distinct Eastern and Western clusters. Western coastal areas have clear dry season from November to April while Eastern coastal areas lack a dry season during the same period.

Recent rain and tropical cyclone episodes upturned long-established patterns with increasing frequency of tropical cyclones in Mindanao, that until recently was touted as free of destruction from typhoon. On the flip side, corn production areas in Northern Luzon now undergo prolonged dry spell at a time when corn farms need rains in May and June.⁴ The peculiar climate of the Philippines increases the vulnerabilities in agriculture that consequently expand the mandates of government agencies.

¹ Agri-Pinoy Rice Program. Department of Agriculture (DA), 2013.

² Agri-Pinoy Corn Program. DA, 2013.

³ Rice and Corn: Supply Utilization Accounts by Commodity, Year and Item. DA, 2013.

⁴ <http://newsinfo.inquirer.net/424681/5000-hectares-of-corn-farms-dry-up>

To manage the negative impacts of extreme weather events and climate change, the DA mandated its Bureaus and Attached Offices and Corporations to mainstream climate change in their strategies⁵ to sustain growth, including the banner crops rice and corn. Rice and corn production are the main contributors of the P192.4 Billion crops subsector out of P352 Billion agriculture production just for the First Quarter of 2013.⁶ This echo subsector growth in the past. Some of the measures in mainstreaming climate change are the use of geo-hazard maps, engineering solutions and use of appropriate rice and corn varieties, among others.

Similarly, diseases and pest infestations lead to crop losses. The dreaded black bugs damage thousands of hectares of rice farms and are precursors of El Niño episodes. Rats, army worms and locusts are some of the pests considered as scourges by farmers nationwide.⁷ In order to recover from these damages and to plant anew, farmers need assistance through access to agriculture extension services and immediate capital infusion to acquire needed inputs.

Growth and equity in the subsector are paramount in achieving food security and elimination of extreme poverty especially in rural areas. Despite great demand for rice and corn, the farmers and farm workers remain one of the poorest sectors and suffer hunger, come good or bad weather.

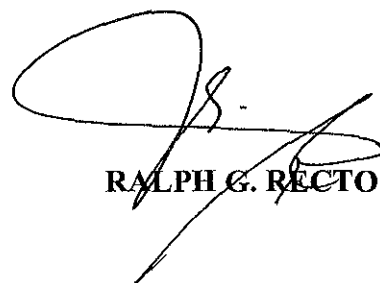
The Food and Nutrition Research Institute had reported the phenomenon of rural hunger, stunting and wasting among various age groups including infants and pregnant and lactating mothers.⁸ Rural hunger is encapsulated in the saying, "*Magdildil na lang ng asin*". Oftentimes, only alternative crops like cassava and camote keep their hunger at bay, not even rice or corn.

The cycle of crop loss and hunger is reinforced as farmers who suffered such crop losses exhibited the following coping mechanisms: passive acceptance and belief in the futility of attempts to prevent crop loss; replanting the damaged crops; and, planting alternative crops. Mostly, they wait for the next planting season and sustain family expenditures by working in other jobs like driving.⁹ Consequently, farmers with depressed incomes fail to provide for their minimum basic needs much less for inputs in the next cropping cycle.

The special insurance program will enable farmers cultivating land with a maximum area of five (5) hectares to replant as soon as weather and soil condition permits, thereby ensuring the least disruption in crop production, ensuring food security and farm incomes.

The premium shall be fully-paid for by the State through the Special Rice and Corn Insurance Program to be undertaken by the Department of Agriculture and the Department of Agrarian Reform through the Philippine Crop Insurance Corporation.

In light of the foregoing, immediate passage of the bill is earnestly sought.



RALPH G. RECTO

⁵ Memorandum. DA, January 25, 2013.

⁶ Performance of Philippine Agriculture, Bureau of Agriculture Statistics - DA, 2013.

⁷ <http://www.mindanews.com/top-stories/2011/03/19/rat-damage-to-palay-corn-farms-in-southwestern-mindanao-pegged-at-p612-m/>


⁸ Philippine Nutrition Fact and Figures 2011. Food and Nutrition Research Institute.

⁹ Climate Variability, SCF, and Corn Farming in Isabela, Philippines: a Farm and Household Level Analysis. Reyes, Domingo, Mina, Gonzales, March 2009.

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AN ACT
AUTHORIZING THE GRANT OF A FULL CROP INSURANCE COVERAGE TO
QUALIFIED FARMERS, PROVIDING FOR THE REQUIRED GOVERNMENT
PREMIUM SUBSIDY, AND FOR OTHER PURPOSES

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

1 **SECTION 1. Title.** - This Act shall be known as "Special Rice and Corn Insurance
2 Program of 2013".

3 **Sec 2. Declaration of Policy.** - The State shall ensure food security in basic staple grains
4 and protect the livelihood of qualified farmers against losses incurred from natural disasters,
5 plant diseases and pest infestation, exclusively on rice and corn crops.

6 Towards this end, there shall be a special insurance program for rice and corn farmers.

7 **Sec. 3. Special Rice and Corn Insurance Program.** - The Department of Agriculture and
8 the Department of Agrarian Reform (DAR) shall undertake a Special Rice and Corn Insurance
9 Program, guided by the following objectives:

- 10 1. Promotion of food security through rice and corn production.
11 2. Provision of immediate support to rice and corn farmers incurring crop losses due to
12 compensable causes.
13 3. Ensuring stable supply and prices of rice and corn for food and non-food utilization.

14 **Sec. 4. Qualified farmers.** - All rice and corn farmers cultivating a maximum of five (5)
15 hectares are qualified to participate in the Special Rice and Corn Insurance Program.

16 **Sec. 5. Rate of Premium.** - The rate of premium shall be determined by the Board of
17 Directors of the Philippine Crop Insurance Corporation (PCIC).

18 **Sec. 6. Premium Subsidy.** - The premium shall be fully subsidized by the National
19 Government and shall be deemed appropriated from the funds of the Department of Agriculture.

20 Initially, the premium subsidy for the first year of implementation shall be drawn on a
21 month-to-month basis, depending on the actual amount of insurance underwritten by the PCIC.

1 Subsequently, projections of the premium subsidy shall be submitted by the PCIC to the
2 President, and upon the approval of the President shall be included in the National Expenditures
3 Program.

4 **Sec. 7. *Implementing Rules and Regulations.*** – The Department of Agriculture,
5 Department of Agrarian Reform and the Philippine Crop Insurance Corporation shall provide the
6 necessary implementing rules and regulations within thirty (30) days upon the approval of this
7 Act. Such rules and regulations shall take effect after they have been made and shall be
8 published in at least two (2) newspapers of general circulation.

9 **Sec. 8. *Separability Clause.*** – If any provision of this Act is declared invalid or
10 unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

11 **Sec. 9. *Repealing Clause.*** – All laws, acts, decrees, executive orders, issuances, and rules
12 and regulations or parts thereof which are contrary to and inconsistent with this Act are hereby
13 repealed, amended or modified accordingly.

14 **Sec. 10. *Effectivity.*** - This Act shall take effect fifteen (15) days following its publication
15 in at least two (2) newspapers of general circulation or the Official Gazette.

Approved,