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NINETEENTH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session

SENATE

P.S. Res. No. 549

Introduced by SENATOR JOEL VILLANUEVA

RESOLUTION

DIRECTING THE APPROPRIATE SENATE COMMITTEE/S TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE IMPACTS OF NATURAL EXTREME EVENTS, DISASTERS, AND CLIMATE CHANGE ON THE AGRICULTURAL SECTOR, AND THE STATE OF THE GOVERNMENT'S AGRICULTURAL INSURANCE PROGRAMS

WHEREAS, Section 2 of Republic Act No. 8175 or the "Revised Charter of the Philippine Crop Insurance Corporation Act of 1995" declares that the State shall develop and support an adequate agricultural insurance program as a mechanism for managing the risks inherent in agriculture and stabilizing the financial fluctuations suffered by the agricultural producers in case of loss on crops, including agricultural facilities and related infrastructures;[1]

WHEREAS, agriculture, forestry, and fishing accounts for 8.9 percent of the total Gross Domestic Product (GDP) of the country in 2022, lower than the sector's 9.6 percent share to GDP in 2021;[2]

WHEREAS, based on the January 2023 Labor Force Survey, of the total 47.35 million employed persons, the agriculture sector accounted for 22.2 percent or 10.5 million Filipinos. In the mid-1990s, the sector was the biggest employer of the economy. However, the number of workers in agriculture has been declining both in relative and absolute terms, owing to diminishing farm sizes and decreasing relative incomes which have incentivized the shift out of agriculture;[3]

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1 Republic Act No. 8175 or the "Revised Charter of the Philippine Crop Insurance Corporation of 1995"
2 Philippine Statistics Authority (PSA). *4th Quarter 2022: Gross National Income & Gross Domestic Product.* Available at https://psa.gov.ph/national-accounts/sector/Agriculture,%20Forestry%20and%20Fishing (Accessed on 9 March 2023).
3 PSA. *Labor Force Survey (January 2023).* Published on 9 March 2023. Available at https://psa.gov.ph/content/unemployment-rate-january-2023-estimated-48-percent (Accessed on 10 March 2023).

WHEREAS, among the major factors for the low productivity and erratic trends in agriculture are climate change, regular weather disturbances, and disasters. The Philippine Statistics Authority estimates that the damages to agriculture incurred due to natural extreme events and disasters from 2010 to 2019 is P290 billion. This accounts for 62.7 percent of the P463 billion total damages to the country incurred during said period;[4]

WHEREAS, a 2021 study commissioned by the World Food Programme (WFP) underlined the need to address the impacts of climate change on the sustainability of food systems in the Philippines. It noted the critical state of food security, as the effects of climate change, further exacerbated by the COVID-19 pandemic, threatens to reverse years of developmental gains in food and nutrition;[5]

WHEREAS, the WFP study projects that the seasonal rainfall volumes will exceed historical averages by around 40% across the Philippines. Analysis of flood risk and livelihood mapping shows that rainfall will likely increase in frequency and severity in many parts of the country from 2020 to 2025, which will result in increased vulnerabilities among rice and vegetable production zones. By 2050, the temperature is expected to rise, which shall result in heat stress for most areas producing rice and annual crops and will likely cause the spread of plant diseases. The increasing temperature can also negatively impact livestock production and will diminish the quantity and quality of feed supply. Since the agricultural sector is the most vulnerable sector to almost all climate-related hazards, this will cause major food production disruptions and greatly impact the food security of the country and the price volatility of food items;[6]

WHEREAS, the Philippine Crop Insurance Corporation (PCIC), an attached agency of the Department of Agriculture (DA), implements the Agricultural Insurance Program of the government, which aims to increase the financial risk protection for agricultural producers, particularly from those posed by weather, geological events, and the occurrence of pests and diseases. To achieve food security and to empower and increase the resilience of farmers and fisherfolk, the PCIC provides insurance services under seven (7) agricultural insurance lines: 1) rice crop; 2) corn crop; 3) high-value crops; 4) livestock; 5) fisheries and aquaculture; 6) non-crop agricultural assets such as warehouses, rice mills, irrigation facilities, and other farm equipment; and 7) credit and life term insurance, which includes insurance protection for producers, loan repayment protection, and death, accident, and disability insurance for farmers and fisherfolk;[7]

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4 PSA. *Damages Due to Natural Extreme Events and Disasters Amounted to PhP 463 Billion.* Published on 28 October 2020. Available at https://psa.gov.ph/content/damages-due-natural-extreme-events-and-disasters-amounted-php-463-billion (Accessed on 9 March 2023).

5 World Food Programme. *Philippine Climate Change and Food Security Analysis.* Publised in July 2021. Available at https://docs.wfp.org/api/documents/WFP-0000133650/download/?_ga=2.129811466.708120587.1678411703-948264565.1678411703 (Accessed on 9 March 2023).

6 Ibid.

7 Department of Agriculture-Philippine Crop Insurance Corporation (PCIC).2020 Annual Report. Available at https://pcic.gov.ph/wp-content/uploads/2021/10/annual-2020-for-website-final.pdf (Accessed on 9 March 2023).

WHEREAS, under the 2023 General Appropriations Act, the PCIC received P4.5 billion in government premium subsidy for the insurance premium of subsistence farmers and fisherfolk;[8]

WHEREAS, in 2020, the PCIC was able to insure a total of 3,090,251 farmers and fisherfolk. The amount of protection assured was P94.591 billion and the premium generated was P5.086 billion. In terms of object of insurance, some 2.231 million hectares of standing rice, corn, and high-value crops were insured; around 1.31 million heads of various poultry and livestock; 8,149 fishing boats and gears; 1,069 lots of assets that support agricultural operations; and 242,330 credit and life term insurance policies were covered;[9]

WHEREAS, despite consensus on the significant role played by the government's agricultural insurance as a climate change adaptation measure and as a safety net to cushion the impact of shocks that affect the sector's productivity, challenges remain. According to a study by the Philippine Institute for Development Studies (PIDS), agricultural insurance in the Philippines suffers from an awareness issue. This issue is usually analyzed in the context of the low availment and penetration rate of PCIC insurance products. The literature on agriculture insurance shows that the failure of farmers to file for indemnity claims is partially attributed to their lack of knowledge on how to file for one. These problems could be attributable to 1) the PCIC's lack of sufficient resources to reach all of its target beneficiaries and 2) the general attitude of workers from the sector towards agricultural insurance. As for the former, the PCIC has been perennially understaffed and it is not clear whether it can handle an influx of new customers given their limited resources. As for the latter, farmers and fisherfolk generally lack trust on the system in view of the perceived long process of claims payments, documentary requirements, and the additional costs incurred during the application and claiming processes. Farmers are also unaware of the general benefits of insurance, and some are found to be dissatisfied with the amount of insurance cover;[10]

WHEREAS, government must ensure the accessibility, availability, and sufficiency of safety nets to protect the livelihood of Filipinos employed in agriculture and the food security of the entire country. Crop insurance must be an integral part of the government's preparedness and risk management plans in the event of droughts and floods due to El Niño and La Niña, and other natural extreme events. A science-driven and data-backed approach is necessary to build a climate-resilient agriculture sector and to address the vulnerabilities and threats that affect the availability of food in the Philippines. Furthermore, there is a need for government to determine the gaps in the current agricultural insurance system and put in place a whole-of-government approach in determining solutions;

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[8] Department of Budget and Management. FY 2023 General Appropriations Act. Available at https://www.dbm.gov.ph/wp-content/uploads/GAA/GAA2023/VolumeI/DA/DA.pdf (Accessed on 10 March 2023).

[9] Op. Cit., PCIC

[10] Philippine Institute for Development Studies. Tabuga et al. *Towards a More Inclusive Agricultural Insurance Program.* Published in December 2019. Available at https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps1938.pdf (Accessed on 9 March 2023).

NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, as it is hereby resolved, to direct the appropriate Senate Committee/s to conduct an inquiry, in aid of legislation, on the on the impacts of natural extreme events, disasters, and climate change on the agricultural sector, and the state of the government's agricultural insurance programs.

Adopted,

JOEL VILLANUEVA