

**Republic Act
No. 7607
June 04, 1992**

SUBJECT : An Act Providing a Magna Carta of Small Farmers

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

Sec. 1 Title. This Act shall be known as the "Magna Carta of Small Farmers."

CHAPTER I GENERAL PROVISIONS

Sec. 2 Declaration or Policy. It is the declared policy of the State to give the highest priority to the development of agriculture such that equitable distribution of benefits and opportunities is realized through the empowerment of small farmers. While the State recognizes the fact that the welfare and development of the small farmers is their primordial responsibility, the State shall provide the necessary support mechanism towards the attainment of their socioeconomic endeavors.

Recognizing that rural development based on growth and equity required full integration of women and youth in the mainstream of development, the State shall ensure that these sectors are provided ample opportunity to develop their skills, acquire productive employment and contribute to their communities to the fullest of their capabilities.

To ensure the efficient use and sustainability of land, water and other productive resources, the State shall ensure that ecological balance and environmental protection are maintained and observed in its pursuit of rural development goals.

In pursuance of this policy, the State shall recognize the right of small farmers and farm workers, as well as cooperatives and independent farmers' organizations, to participate in the planning, organization, management and implementation of agricultural programs and projects especially through the *bayanihan* spirit. It shall support agriculture through appropriate policies, research, technology and training, and adequate financial, production, marketing and other support services to enhance agricultural productivity. In addition, it shall provide incentives and reward systems to small farmers so as to accelerate agricultural productivity and to promote self-sufficiency and full development of agricultural potentials.

Sec. 3 Scope of Application. This Act shall cover all small farmers and, to the extent herein provided, the departments, offices, agencies, subdivisions or instrumentalities of the National Government.

Sec. 4 Definition of Terms. For purposes of this Act, the term:

- (1) **"Small farmer"** refers to natural persons dependent on small-scale subsistence farming as their primary source of income and whose sale, barter or exchange of agricultural products do not exceed a gross value of One hundred eighty thousand pesos (P180,000.00) *per annum* based on 1992 constant prices. An inter agency committee composed of the Department of Agrarian Reform, the Department of Trade and Industry, the Department of Finance and the National Economic and Development Authority and headed by the Department of Agriculture may conduct periodic review and adjustments of the income level to take into account the effects of changes in inflation, devaluation and consumer price index;
- (2) **"Farmers' organization"** refers to farmers' cooperatives, associations, or corporations duly registered with appropriate government agencies and which are composed primarily of small agricultural producers, farmers, farmworkers, and other agrarian reform beneficiaries who voluntarily join together to form business enterprises which they themselves own, control and patronize;
- (3) **"Small agricultural producer"** refers to any self-employed individual who, by himself or with his family provides the primary labor requirement of his business enterprise or one who earns at least fifty percent (50%) of his gross income from the payment, proceeds or income of the labor he provides;
- (4) **"Production infrastructure"** refers to farm-to-market roads, irrigation, rural electrification, ports, drying areas, public sites, warehouses and other physical facilities used for productivity enhancing services, extension management assistance, training, research and development;
- (5) **"Pre-harvest activities"** include, but are not limited to, seedbed and land preparation, planting, weeding, pest and disease control, fertilizer application, water management and harvesting;
- (6) **"Postharvest activities"** include, but are not limited to, threshing, drying, milling, storing and handling of produce and such other activities as shelling, stripping, winnowing, chipping and washing;

- (7) **"Extension services"** refers to the technology transfer provided by the Government and nongovernment organizations to the agricultural sector such training of farmers, credit assistance and the like;
- (8) **"Transportation infrastructure"** includes roads, bridges, ports, airports and the different modes of transportation using these infrastructure;
- (9) **"Pre-harvest facilities"** include, but are not limited to, plows, harrows, tractors, rotavators and sprayers;
- (10) **"Postharvest facilities"** include, but are not limited to, threshers, moisture meters, dryers, weighing scales, milling equipment, storage facilities, buying stations, market infrastructure and transportation facilities;
- (11) **"Market infrastructure"** refers to facilities such as market buildings slaughterhouses, holding pens and cold storage used by the farmers in marketing their produce;
- (12) **"Input subsidy"** refers to assistance extended by the Government to the farmers in terms of discounted prices of farm inputs such as fertilizers, pesticide and seed;
- (13) **"Agrarian reform credit"** includes production or other types of loans used for the acquisition of work animals, farm equipment and machinery, seeds, fertilizers, poultry and livestock feeds and other similar items; acquisition of lands authorized under the Comprehensive Agrarian Reform Law (CARL); construction or acquisition of facilities for the production and effective merchandising of agricultural commodities;
- (14) **"Price subsidy"** refers to the payment of Government of an additional amount for every unit of output sold by the farmers in the open market;
- (15) **"Farmworker"** is a natural person who renders service value as an employee or laborer in an agricultural enterprise or farm regardless of whether his compensation is paid on a daily, weekly, monthly or pakyaw basis;
- (16) **"Upland farming"** refers to planting of upland crops which usually require less water than other crops, as in non-irrigated and elevated farm areas;
- (17) **"Rural bank"** refers to banks duly organized under Republic Act Numbered Seven hundred twenty with authority to operate under existing laws;

- (18) **"Cooperative bank"** refers to banks whose owners are farmers' associations or cooperatives;
- (19) **"Private development bank"** refers to banks duly organized under Republic Act Numbered Four thousand ninety-three with authority to operate under existing laws;
- (20) **"Banks"** collectively used, means the rural banks, cooperative banks, and private development banks as defined in paragraphs 17, 18 and 19, Section 3 of this Act;
- (21) **"Irrigated lands"** are agricultural lands which are supported by irrigation services;
- (22) **"Non-irrigated lands"** are agricultural lands which lack irrigation systems and are usually rainfed;
- (23) **"Certified seed"** refers to seeds that passed the seed certification standards of the Bureau of Plant Industry and which are the progeny of foundation, registered or certified seeds that are so handled as to maintain satisfactory genetic identity and varietal purity.
- (24) **"Good seed"** refers to seeds that are the progeny of certified seeds so handled as to maintain a minimum acceptable level of genetic purity and identity and which is selected at the farm level;
- (25) **"Cooperative"** refers to a duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve a lawful common social 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;
- (26) **"Integrated Pest Management (IPM)"** refers to a pest management system which utilizes all suitable methods and techniques in as compatible a manner as possible to maintain the pest population at a level below that causing economically unacceptable damage or loss without endangering the environment; and
- (27) **"Locally available materials"** refers to form lumber, gravel and sand, nipa, sawali, old G.I. sheets and other low-cost, indigenous or used materials that could be used as inputs in small infrastructure projects.

CHAPTER II FARMERS' ORGANIZATION

Sec. 5 Right to Organize. The State recognizes the right of farmers to organize themselves to promote their welfare and advance or safeguard their interests. Towards these end, the Government shall assist small farmers in establishing such self-help organizations such as farmers' cooperatives and associations.

In particular, the Government shall encourage the formation of marketing cooperatives among farmers in order to enable members to purchase inputs at lower cost and obtain fair prices for their produce.

Sec. 6 Farmers' Representation in Government. After voluntarily organizing themselves on the barangay, municipal, provincial and regional levels, the farmers who have been elected through all levels shall elect from among themselves their national officials who, notwithstanding existing laws to the contrary, shall occupy a seat in the boards of concerned government agencies such as, but not limited to, the Philippine Coconut Authority, the National Food Authority, the Philippine Crop Insurance Corporation, the National Irrigation Administration and others.

On all other levels, the farmer representatives shall serve as members of planning and implementing units of the local governments and shall act as the official representatives of the farmers with whom the Government shall coordinate with: *Provided*, That all farmer representatives are members of primary farmers' organizations preferably cooperatives and have been elected in all preceding levels.

CHAPTER III EMPOWERMENT OF THE SMALL FARMERS

Sec. 7 General Provisions. Empowerment of small farmers refers to provision of opportunities whereby farmers can have access to ownership or management of production resources. To achieve this, small farmers' rights and obligations that specifically promote such empowerment are hereby given a legislative mantle. Through these provisions, the farmers' rights to participate in the charting of their political, economic and social development are made inviolable. Likewise, the corresponding obligations of the farmers to initiate, or undertake patriotic and nationalistic endeavors must be fulfilled.

Sec. 8 Farmers' Rights. The farmers have the right to:

- (1) Conduct their activities in an atmosphere guaranteed by a support price program for certain agricultural commodities such as rice and corn;
- (2) Participate in a market free from monopoly, cartel or any other situation which may suppress prices to their disadvantage;
- (3) Be covered by social security to serve as protection from event such as calamities, death, sickness and disability;
- (4) Avail of credit at minimal interest rates and with a minimum of collateral requirements for their farm and basic household needs;
- (5) Avail of and distribute farm inputs and services;
- (6) Be heard and represented in the Government;
- (7) Be regularly informed of such vital information as market prices, government agricultural policies, market demands and farming practices;
- (8) Benefit from our country's natural resources under existing laws;
- (9) Pursue any appropriate education and skills development towards the improvement of the quality of life;
- (10) Eventually assume certain processing and marketing functions of government agencies; and
- (11) Avail of technical assistance from the appropriate government agency in the preparation of project feasibility studies in availing loans and other forms of government economic assistance.

Sec. 9 Farmers' Obligations. The farmers shall:

- (1) Make use of their farmers' organizations preferably cooperatives in order to enhance their capabilities in production, processing marketing and financing towards self-reliance;
- (2) Aim for increased productivity through the use of recommended farm practices and quality inputs;

- (3) Comply with the terms and conditions stipulated in the availment of any form of assistance from the Government, financial institutions and nongovernment organizations to enable others to equally benefit from such assistance;
- (4) Adopt production and marketing strategies to avail of economies of scale, soil and climatic conditions, idle farm labor and innovative agricultural technology through crop zonification, diversification, home and backyard industries, farming systems and similar activities;
- (5) Through their cooperative, share with the consuming public the benefits derived from economies of scale, integration of processing and marketing activities and the application of better technology in the form of reasonable prices and superior quality of products;
- (6) Share in the delivery of public services by contributing available labor and material resources to activities such as the maintenance of irrigation canals, the construction of small water impounding projects, the establishment of buying stations and public markets, and the establishment of plant nurseries and seedbanks;
- (7) Exert efforts to meet local demand requirements to avert any shortage that may necessitate importation;
- (8) Participate in the conservation, protection and development of the national patrimony;
- (9) Promptly pay all applicable fees, license fees and taxes to the appropriate government agencies;
- (10) Participate in and contribute to government insurance and social security programs; and
- (11) Undertake self-help community development projects such as cottage industries, backyard farming and other economic-enhancement projects.

CHAPTER IV INFRASTRUCTURE AND FARM INPUTS

Sec. 10 Provision of Infrastructure Support, Inputs and Services. Consistent with the country's thrust for social equity and increased agricultural productivity, the Government shall provide infrastructure support, access to farm inputs and services to the agriculture sector, particularly to small farmers based on

their absorptive capacity. In the construction and maintenance of infrastructure projects, the Government shall undertake this with the farmers' organizations for the purpose of utilizing locally available manpower and materials.

Every farmer shall be assisted in gaining access to, obtaining, owning or operating facilities necessary for pre-and postharvest activities, for support services, and for procurement and distribution of inputs through their farmers' organizations. Each city or municipality which is predominantly agriculture-based shall ensure that appropriate linkages with component barangays, nongovernment organizations and concerned government agencies are established to ensure that such assistance is made available to local farmers.

Sec. 11 Transportation Infrastructure. The Government shall provide farm-to-market roads, feeder roads and bridges which will link the farms to the market. Priority shall be given to areas predominantly populated by small farmers and where agricultural productivity is relatively low.

To ensure accessibility of markets to farmers and thereby minimize product wastage, the Government shall also provide for the construction of additional piers or wharves and airports and the improvement of such existing facilities especially in areas having surplus agricultural production and in other strategic areas in the country. It shall devise schemes to allow farmers to operate and eventually obtain their own transport equipment

The Department of Public Works and Highways shall, in coordination with other agencies or subdivisions of the National Government, implement the provisions of this section. Farmers' organizations shall participate in site identification, preparation, actual execution and maintenance of infrastructure projects especially in tapping available local manpower and materials.

Sec. 12 Communications Infrastructure. To facilitate farmers' access to vital information, the Government shall make available at least one (1) communication facility in each municipality for this purpose. This facility is to be operated by the Department of Agriculture or by a designated viable farmers' organization.

Sec. 13 Postharvest Facilities/Services. Every barangay which is predominantly agriculture-based shall be entitled to at least one (1) storage facility and a multi-purpose pavement/plaza which can be used for various purposes including drying of agricultural produce.

These shall be located in the chosen barangay site or in any area to be approved by the *sangguniang barangay* in consultation with the small farmers and farmers'

organizations who shall provide the labor and other locally available materials for the construction and maintenance of the facilities. Priority shall be given to areas where no such facilities are available and predominantly populated by small farmers. The selected site shall, as much as practicable, be accessible by transportation and communication facilities and must be near the center of the barangay.

The farmers' organization may collect reasonable fees for services rendered in connection with the use of such facilities: *Provided*. That the collections therefrom shall be used only for the maintenance, improvement and expansion of these facilities: *Provided, further*, That an amount representing rental fees for the land shall be remitted to the barangay, where applicable

Sec. 14 Postharvest Facilities. The National Food Authority (NFA) shall establish the necessary postharvest facilities such as rice mills, dryers, threshers, warehouses, cold storage and other facilities which are needed in the area. Such postharvest facilities shall be leased to farmers' organizations. Viable cooperatives shall have the option to buy such facilities from the NFA. Under-utilized or non-operational postharvest facilities of the Government shall be made available to farmers' organizations through lease or sale.

Sec. 15 Market Infrastructure. To assure farmers of markets for their produce, the Government shall assist farmers' organizations in establishing and operating market infrastructure, facilities and equipment.

Sec. 16 Use of Good Seeds and Planting Materials. The State shall ensure that every farmer has the equal opportunity to avail of, to produce and to market good seeds and planting materials recommended by the Department of Agriculture as capable of producing high-yielding, pest-and-disease resistant, and widely-adopted crops for irrigated, rainfed and upland areas. Farmers' organizations shall coordinate with the field offices of the Department of Agriculture and other concerned government agencies in ensuring that seeds and the means necessary to engage in the production and marketing of seeds suited to prevailing conditions in their respective communities are made available to small farmers.

To ensure the constant availability of appropriate and affordable seeds of recommended varieties, the Department of Agriculture, through the Bureau of Plant Industry, and in cooperation with the private seed producers' associations, the farmers' organizations, the Institute of Plant Breeding of the University of the Philippines at Los Baños, and other state universities, colleges, and other institutions, shall extend all the necessary support needed to give the farmers the capability to undertake seed production and distribution services.

The Department of Agriculture shall conduct information campaigns and accelerate dissemination of technology on the use, production and storage of quality seeds. It shall also provide seed quality control services to discourage the use of inferior seeds and other varieties.

Sec. 17 Use of Fertilizers and Pesticides. The Government together with the small farmers shall encourage the use of fertilizers and pesticides which have an acceptable level of deleterious effects on the health and the environment. They shall also promote the use of organic fertilizer and Integrated Pest Management (IPM). In addition, they shall promote efficient and proper usage of fertilizer and pesticide taking into consideration the characteristics of the soil and crop and thereby eliminate losses due to wasteful and improper application. The Government shall support farmers' organizations in the trading of fertilizers and pesticides.

The Department of Agriculture shall formulate policies and implement programs regulating the use of fertilizers and pesticides. It shall conduct an extensive information campaign on the nature and consequences of using highly toxic pesticides. It shall monitor and regulate the sale of pesticides to ensure that banned pesticides are not sold in the market. It shall conduct thorough evaluation to check the data submitted by pesticide companies.

The Department of Agriculture shall likewise ensure adequate supply fertilizers at reasonable prices. To eliminate added cost passed on by traders to farmers, farmers' organizations shall be encouraged to undertake the distribution of fertilizers to their members.

CHAPTER V FARM MACHINERY AND EQUIPMENT

Sec. 18 Availability of Farm Machinery and Equipment. The Department of Agriculture, through the barangay or municipal governments and farmers' organizations, shall support activities to ensure the availability of farm machinery and equipment for the use of small farmers in both pre-and post harvest operations. For purposes of monitoring, all farm machinery and equipment must be registered with the municipal government. The Department shall devise a program to increase the population of draft animals in the area. Local agricultural officers shall, in coordination with farmers' organizations, devise schemes in the sharing, pooling, leasing or acquiring draft animals, equipment or machinery needed by the farmers.

The Government shall support the farmers in acquiring their inventory of farm equipment. With the use of grants-in-aid, as well as other domestic and foreign funds, the Government shall acquire and distribute to farmers' organizations farm equipment and

machinery so as to increase their productive capabilities. The funding requirement for this undertaking shall be included in the annual budget of the Department of Agriculture.

CHAPTER VI WATER MANAGEMENT AND IRRIGATION FACILITIES

Sec. 19 Water Management. The Government shall provide adequate support services that will address the development, management and conservation of water resources. The Department of Public Works and Highways, through the National Irrigation Administration and the Department of Agriculture, and with the participation of farmers' organizations, shall undertake the implementation of small water impounding projects which can provide supplemental irrigation and additional income from fish and duck raising, and at the same time minimize soil erosion, siltation and flooding. Training programs for small farmers on these subjects shall be provided.

Focus shall also be made on small irrigation systems which are more efficient, cost-effective and cheaper to establish: The design and construction of irrigation systems shall be based not only on economic rate of return but also on the sustainable use of these systems. Inefficient and underutilized irrigation systems shall be rehabilitated, improved and maintained.

To enhance the compatibility of environmental protection with sustained agricultural productivity, the Department of Environment and Natural Resources shall adopt measures to promote conservation practices such as reforestation, watershed management, antipollution programs and other similar measures. In addition, the Department of Agriculture shall implement specific measures to ensure that farming practices are not detrimental to the environment.

To ensure the protection of watersheds and availability of irrigation services in rainfed and upland farms, the Department of Environment and Natural Resources shall in collaboration with local government units, strictly enforce conservation measures and provide for the restoration of the protective forest cover and stability of the country's critical watersheds. Farmer-beneficiaries shall be organized into irrigator's associations which shall be tapped by the Department of Environment and Natural Resources to implement its community-based reforestation projects, particularly the development and management of watershed of the irrigation projects. To ensure the integration of irrigation delivery systems with other agriculture support services, there shall be close coordination among the National Irrigation Administration, the Department of Agriculture, and the Department of Environment and Natural Resources through the local development councils.

The Bureau of Soils and Water Management shall prepare for each barangay municipality or city which is predominantly agriculture-based parcellary maps identifying agricultural lands which can be reached by irrigation systems. In order to ensure the availability of irrigation services in areas with production potential, the Government shall implement irrigation pump distribution programs particularly in areas predominantly populated by small farmers.

Sec. 20 Access to Irrigation Services. While the Government, through the National Irrigation Administration (NIA) and other concerned offices, continues to provide irrigation services, farmers' organizations shall be encouraged to spearhead the construction of irrigation systems. Towards this end, the Government shall encourage small farmers to join or form irrigators' associations. In addition, it shall promote participation of farmers to develop their capabilities to eventually assume the operation and maintenance of irrigation systems and the responsibility of collecting fees from the individual members and remitting an amount to the NIA.

The NIA shall undertake the development and institutionalization of second-crop irrigation facilities in support of multi-crop farming. It shall also devise schemes for small farmers to avail of electric pumps or diesel-powered deep well irrigation systems in barangays or communities where water is scarce.

CHAPTER VII AGRICULTURAL CREDIT

Sec. 21 Rural Credit Delivery System. An efficient credit delivery system guided by a sound rural credit policy geared towards the needs of small farmers shall be established. The features of the credit delivery system for small farmers shall include, among others, a maximum rate of interest not to exceed seventy-five percent (75%) of commercial rate per annum inclusive of all service, penalty and other charges. It shall also include minimum collateral requirements, accessibility, reasonable repayment terms, expeditious and documentation and processing procedures. Services shall be expanded to include not only loans for procurement of production inputs but also for other needs and purposes of small farmers such as education and health needs.

The Department of Agriculture, through the Agricultural Credit Policy Council, (ACPC) and other concerned agencies, shall give subsidies for the education and training of small farmers on credit awareness, loan acquisition and loan repayment. It shall conduct an intensive information drive that will promote the establishment of strong and viable farmers' organizations such as cooperatives, credit unions, rotating savings, and credit associations and non-government organizations (NGOs) which plays major role in increasing small farmers' access to credit. Likewise, the Government shall also set up a system which will provide information on the credit worthiness of potential borrowers.

In order to reduce the risks and administrative costs of lending institutions, the Government shall expand its loan guarantee coverage under the Comprehensive Agricultural Loan Fund to be administered by the ACPC and crop insurance programs to cover not only rice and corn but other crops, livestock, poultry, fishery, and agro-forestry as well. The ACPC shall conduct special projects to promote innovative financing schemes for small farmers. Payments under such insurance program shall be prompt and any delay without just cause shall entitle the beneficiary to reasonable interest rate on the amount due.

In addition, the Government shall promote the development of farmers' organizations. Toward this end, the Government, through the ACPC and other concerned agencies, shall subsidize costs of information dissemination, monitoring training and registration. The farmers' organizations may serve as conduits of rural banks, private development banks and other banks for effective agricultural credit delivery. An amount shall be earmarked for lending exclusively to farmers' cooperatives at subsidized interest rates.

All agricultural lending programs of the Government are hereby consolidated and placed under the administration of the Land Bank of the Philippines. The funds shall be augmented by annual budgetary allocations which shall be managed as a self-sustaining fund base by the Land Bank of the Philippines in coordination with the ACPC.

A portion of all loanable agricultural funds shall be utilized for direct lending to small farmers for their production, processing, postharvest and marketing requirements.

To be able to generate funds that will be used to cover for the administrative costs of the agricultural funds being handled by the Land Bank of the Philippines, all government agencies that are involved in the development of the small farmers shall be allowed the option to deposit their funds in the Land Bank of the Philippines.

Sec. 22 Cooperative Banks. Small farmers shall have access to reasonable credit/loan package. The Government shall promote the establishment of cooperative banks and promote the growth of networks of cooperative banks.

CHAPTER VIII WAGE, INCENTIVES AND PRICE SUPPORT

Sec. 23 Incentives. Small farmers, including agricultural share tenants and lessees, regular and seasonal farm-workers and beneficiaries under the Comprehensive Agrarian Reform Law (CARL), shall be entitled to the following privileges or incentives:

- (1) Financial and technical assistance shall be awarded to deserving farmers' organizations implementing livelihood projects. Concerned national offices or agencies shall assist them in locating markets for their produce and by providing other support services necessary for the success of their projects;
- (2) Barangay, municipal or provincial officials shall assist their respective communities to make the necessary representations before the appropriate government agencies in seeking assistance for agro-based projects. They shall be encouraged to support farmers to set up site specific agro-based projects that shall be operated in a business-like manner;
- (3) The Department of Agriculture and other concerned agencies shall promote investment and financing programs designed to channel financial resources livelihood projects in the countryside;
- (4) Preferential tariff terms shall be extended on farm inputs and spare parts, farm machinery and equipment imported by farmers' organizations provided that they are used specifically for their projects;
- (5) The Government shall give incentives and recognition to farmers and farm 'organizations adopting more efficient farm technologies 'or equipment resulting in increased productivity and income;
- (6) The Government shall widen the scope of the existing crop and livestock insurance programs by providing an insurance scheme that can accommodate major crops, livestock and other produce of small farmers;
- (7) Study tours of short duration; local or overseas, shall be provided to deserving small farmers to Improve their technological competence and knowledge;
- (8) A system of certification of farm skills shall be instituted by the Department of Agriculture through duly authorized institutions to upgrade the skills of farm and farm workers;
- (9) Farmers' insurance coverage by the Social Security System subject to its charter shall be extended to small farmers and farm workers; and
- (10) Importations shall not be allowed on agricultural products that are produced locally in sufficient quantity. Importation policies should include the protection of new and developing crops such as soybean, ramie, sorghum and wheat. Importation policies shall be reviewed periodically by the Government in consultation with farmers' organizations.

Sec. 24 Income-generating Activities. Small farmers shall be encouraged to engage in other income-generating activities to supplement their farm income. National agencies, in collaboration with local government units, shall provide technical and skills training assistance through farmers' organizations, and shall also be tasked to provide marketing assistance to small farmers.

Farmer's organizations shall be the main conduits for funding livelihood projects. Assistance to livelihood projects shall include identification of specific markets and facilitating access to market facilities. The Government shall also provide other support services necessary for the success of livelihood projects. Priority shall be given to demand-pulled production activities.

Sec. 25 Price Support. The Department of Agriculture, through its appropriate agencies shall establish a price support system for certain agricultural products, especially rice and corn, taking into consideration the need to increase the real income of small farmers: *Provided, however,* That the price support established shall not result in the increase of the retail prices of such products beyond the paying capacity of the average consumer: *Provided, further,* That the Government shall also endeavor to set farmgate prices that respond to the changing economic conditions.

In addition the Government shall minimize importation of farm inputs which are being developed locally, such as fertilizers and seeds, except at times of calamities or emergencies.

Sec. 26 Minimum Wage. Rural workers including regular farmworkers shall be entitled to wage levels prescribed by the Regional Tripartite Wages and Productivity Board pursuant to Republic Act Numbered Sixty-seven hundred twenty-seven. Contract workers or seasonal farm workers shall also be entitled to minimum wages unless they receive higher wages under the terms of their contracts.

Sec. 27 Procurement of Agricultural Produce. The National Food Authority or any other appropriate agency of the Department of Agriculture which implements the government price support for agricultural produce, especially rice and corn, shall only procure and purchase *palay* corn or other agricultural produce directly from small farmers or farmers' organizations. Such agency shall devise an effective procurement scheme to ensure that small farmers can avail of this benefit

Any official or employee of such agency who allows, consorts or connives with any trader or nonfarmer in the purchase of rice, corn or other agricultural produce or inputs subject to price support or any other government subsidy which is intended exclusively to benefit small farmers, shall be punished by a fine of not less than Ten thousand pesos

(P10,000) or by imprisonment for a term of not less than two (2) years but not more than four (4) years, or both at the discretion of the court, without prejudice to administrative sanctions imposed by the subject agency with perpetual disqualification to hold public office. The Probation Law shall not apply to penalties imposed under this Act.

Authentic copies of any evidence of procurement or purchase of *palay*, corn and other agricultural produce enjoying price support as provided in this section shall, within thirty (30) days from the issuance thereof, be furnished the Bureau of Internal Revenue by the National Food Authority or any other agency of the Government implementing price support therefor, subject to the penalties provided in the preceding paragraph for violation thereof.

The penalties provided under this section shall likewise apply to any official or employee of the National Food Authority or to any such similar agency of the Government who consorts or connives with any trader or nonfarmer in the sale of rice, com or other agricultural produce sold under any government program.

CHAPTER IX RESEARCH AND EXTENSION SERVICES

Sec. 28 Research and Development System. The R and D System shall conduct mission-oriented or strategic research and adaptation trials taking into consideration specific needs of the intended beneficiaries. The results of these adaptation trials shall be verified under actual farm conditions to determine their performance in comparison with existing farming systems.

The R and D System shall complement national research centers by contributing studies or actual data to such studies. It shall concentrate on addressing the problems faced by farmers at the local level. The R and D System shall also tap the knowledge or experience of the farmers in the area and through proper assessment and development, synthesize such with the present stock data.

The Philippine Council for Agriculture and Resources Research and Development shall be the lead agency to strengthen the existing R and D System in coordination with the Bureau of Agricultural Research, the Philippine Rice Research Institute and other government research institutions; private research institutions; state colleges and universities; and the farmers' organizations in the area.

Sec. 29 Demonstration Farms. Technology verification and piloting shall be conducted by the farmers' organizations on the farmers' fields under the supervision of the R and D personnel. These demonstration farms shall showcase technologies that have passed regional adaptability tests.

Emphasis shall be given on the case of application of the concept/technique, the use of indigenous technology and materials, resource conservation, the increase in productivity and income of the farmers and other similar considerations.

Sec. 30 Focus on Research, Training and Extention. Research, training and extension shall focus on the development and transfer of adaptive technologies that provide solutions to problems encountered by the small farmers in the areas of production, postharvest and processing, marketing, entrepreneurship and management, and community organizing and institutional development.

Sec. 31 Studies on Soil Types and Climatic Conditions. The Bureau of Soils and Water Management (BSWM) and other concerned agencies shall conduct studies in the municipalities and provinces in order to determine the best use of the land, the most profitable cropping mix, and the fertilizers needed for such areas and crops. The BSWM shall likewise determine the soil management practices suitable for the areas to ensure sustainability of farming in these areas.

Sec. 32 Extension Services. The extension workers of the Department of Agriculture shall serve as linkages between the small farmers and farmer's organizations. Together, they shall identify on-farm problems to be referred to the research and development institutions. They shall likewise disseminate tested location-specific technologies to their farmer clientele. The farmers' organization shall complement the extension program of the Department of Agriculture for more effective technology transfer and information dissemination.

Sec. 33 Agro-industrial Linkages. The Department of Trade and Industry and the Department of Agriculture shall jointly devise a program that will increase the linkage between agriculture and industries, especially those in industrial estates, through the promotion of processing industries in order to develop a sound agri-based industrial development of rural communities.

CHAPTER X FINAL PROVISIONS

Sec. 34 Appropriations. The amounts necessary to carry out the provisions of this Act are hereby authorized to be appropriated in the General Appropriations Act of the year following its enactment into law. Other funding sources like the Philippine Aid Plan may also be tapped for the purpose.

Sec. 35 Implementing Guidelines. Within sixty (60) days from the sixty (60) days from the effectivity of this Act, the Department of Agriculture shall issue the necessary rules and regulations to implement this Act.

Sec. 36 Repealing Clause. All laws, decrees, executive orders, administrative orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly: *Provided, however,* That nothing in this Act shall amend, modify or repeal the provisions of Republic Act Numbered Seventy-one hundred sixty, otherwise known as the Local Government Code of 1991.

Sec. 37 Separability Clause. In case any provision of this Act or any portion thereof is declared unconstitutional by a competent court, other provisions shall not be affected thereby.

Sec.38 Effectivity Clause. This Act shall take effect fifteen (15) days after this publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved, June 4, 1992.