

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



'22 JUL 13 P1:13

SENATE

S. No. 493

RECEIVED BY: _____

Introduced by: Senator Loren Legarda

**AN ACT
STRENGTHENING THE FARM-TO-MARKET ROAD DEVELOPMENT
PROGRAM AND PROVIDING FOR A SUSTAINED REGULAR FUNDING
SUPPORT TO ACCELERATE ITS IMPLEMENTATION**

EXPLANATORY NOTE

Farm-To-Market Roads (FMRs) are the foundation of modern agriculture. FMR projects serve as catalysts in improving the country's rural economy by alleviating poverty incidence in recipient communities. FMRs are critical to greater food production and reduction in the prices of agricultural commodities. FMRs improve the mobility of people, goods, and services. They provide access to employment opportunities and basic social services. FMRs can increase local trade and productivity, reduce transportation costs of farm input and output, and minimize post-harvest losses.

In the World Bank's review on the Mandanas ruling and potential implications for the FMR Development Program (FMRDP), it was pointed out that one particular problem for roads may be the under-funding of operations, repair, rehabilitation, and maintenance. Poor roads significantly increase costs for vehicle operators. And according to World Bank estimates, road repair costs are six times higher after three years of neglect and 18 times higher after five years.¹

¹The World Bank (June 2021). Mandanas Ruling and Potential Implications for the Farm-to-Market Road Development Program: A Public Expenditure Review. Manila, Philippines.

It further mentioned that while the budget for the national road program as a whole has been increasing significantly in recent years, the share of the budget devoted to FMRs has been declining, falling from 7.6% of the total in 2015 to 2.6% in 2021.

In this regard, there is a need to strengthen the FMRDP and provide adequate funding support for its implementation.

In view of the foregoing, the approval of this bill is urgently sought.

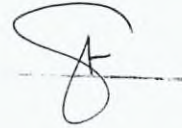


LOREN LEGARDA

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

1 Section 1. *Short Title.* - This act shall be known as the "Farm-to-Market Road
2 Development and Acceleration Act of 2022. "

3 Sec. 2. *Declaration of Policy.* - The State recognizes the vital importance and
4 contribution of farm-to-market roads in providing connectivity for transporting
5 inputs to farmers and bringing their production areas to distant markets, facilitating
6 the transport of produce and goods in an efficient, cost-effective, and convenient
7 manner, thus help achieve national food security and improve the lives of farmers and
8 fisher folks.

9 Given this, the State shall strengthen the Farm-to-Market Roads Development
10 Program and provide adequate funding support to accelerate its implementation.

11 Sec. 3. *Definition of Terms.* - For purposes of this Act, the following terms shall
12 be defined as follows:

13 a. *Farm-to-Market Roads (FMR)* - shall refer to public infrastructure
14 projects within agricultural, livestock, and fishery production,
15 marketing, and processing areas linked to all-weather or higher
16 road class such as municipal, city, provincial, national primary,

1 and secondary roads. These are either barangay roads, purok or
2 sitio roads, and other farm-access roads.

- 3 b. *Farm Access Roads*- shall refer to existing road access within
4 agricultural production, processing, and related infrastructure
5 including private roads, trails, and tire-path, which are not yet
6 classified as a municipal, city, provincial, national primary, and
7 secondary roads.

8 **Sec. 4. *Strengthening the Farm-to-Market Road Development Program.*** - The Farm-
9 to-Market Road Development Program (FMRDP) of the Department of Agriculture is
10 hereby strengthened with the following objectives:

- 11 a) Formulate and update the National Farm-to-Market Road Modernization
12 Network Plan;
- 13 b) Strengthen the identification, validation, and prioritization of FMRs to
14 ensure rational and equitable funding allocation;
- 15 c) Accelerate the construction of climate-smart and standards-compliant farm-
16 to-market roads in key agricultural and fisheries production areas;
- 17 d) Strengthen the support services at the national and local levels relative to
18 the implementation of FMRs;
- 19 e) Institute convergence and coordination among concerned national
20 government agencies and local government units insofar as to the planning
21 and implementation of farm-to-market roads; and
- 22 f) Improve and sustain the maintenance of farm-to-market roads by the Local
23 Government Units.

24 **Sec. 5. *Implementation of FMRDP.*** - The Department of Agriculture (DA)
25 through its Bureau of Agricultural and Fisheries Engineering (BAFE) shall oversee
26 and manage the FMRDP and develop a state-of-the-art system to effectively monitor
27 its implementation. The DA shall likewise:

- 28 a) Serve as the lead implementing agency and fund administrator of the
29 FMRDP and is hereby authorized to issue the necessary and appropriate
30 operational guidelines and policies to fully implement the Program;
- 31 b) In collaboration with DPWH and other concerned entities and agencies,
32 shall formulate a strategy to ensure the timely implementation of projects,
33 such as but not limited to the setting of technical specifications, clustering,

1 and geo-tagging of projects for cost efficiency in the procurement thereof
2 and effective management and implementation of projects; and

- 3 c) Submit annual reports of its implementation status to the Congressional
4 Oversight Committee on Agriculture and Fisheries Modernization.

5 Towards this end, the BAFE is hereby strengthened and operates as a line bureau
6 of DA and establishes its regional and field offices to implement this program
7 effectively and efficiently, as well as its mandates on agri-fisheries mechanization and
8 infrastructures. The BAFE is further given the mandate and authority to implement,
9 conduct procurement and supervise contractors of the GAA-funded FMR projects as
10 well as foreign-assisted projects following the provisions of Republic Act 9184 and
11 other applicable laws, adapting the guidelines to be promulgated by the DA, and
12 using the relevant methodologies and tools of the Philippine Rural Development
13 Project.

14 *Sec. 6. Formulation and Updating of Farm-to-Market Road Modernization Network*
15 *Plan.* – The Department of Agriculture (DA) through the Bureau of Agricultural and
16 Fisheries Engineering (BAFE) in coordination and consultation with concerned
17 national government agencies, local government units, farmer and fisher folk groups,
18 private sector, civil society organizations, and other stakeholders shall formulate a 20-
19 year Farm-to-Market Road Modernization Network Plan (FMRMNP) which shall be
20 reviewed and updated every year from the effectivity of this Act.

21 The FMRMNP shall list all priority farm-to-market road projects for opening,
22 repair, rehabilitation, and upgrading to higher road pavement class in the Philippines
23 interfaced with the Local Road Network Plan formulated by the concerned local
24 government units. This plan shall also contain the validated FMR project proposals by
25 the DA to be funded annually by the national government based on formulated
26 science-based tools and prioritization criteria, and operational guidelines to be issued
27 by the Secretary of Agriculture.

28 The DA shall submit to the Department of Budget and Management (DBM)
29 within one (1) year from the effectivity of this Act and within the budget preparation
30 call of every year thereafter, an annual national Farm-to-Market Road Modernization
31 Network Plan of the Public Investment Program (PIP).

1 *Sec. 7. Incorporation of Existing Farm-to-Market Road Projects.* - All continuing
2 and existing farm-to-market road projects being funded and implemented by the
3 national government are hereby incorporated in the FMRMNP under this Act.

4 The continuing appropriations for all FMR projects being funded and
5 implemented by the national government prior to the effectivity of this Act, except
6 those funded under the Grassroots Participatory Budgeting (GPB) program or any
7 other similar programs and are included in the Plan, shall be considered part of the
8 Program's appropriation as provided in Section 20.

9 New FMR programs and projects to be funded through official development
10 assistance after the effectivity of this Act are encouraged to be incorporated into the
11 Plan.

12 *Sec. 8. Identification and Prioritization Criteria.* The Department shall coordinate
13 with the LGUs and the resident farmers and fisherfolk to identify priority locations of
14 farm-to-market roads that take into account the number of farmers and fisherfolk and
15 their families who shall benefit therefrom and the amount, kind, and importance of
16 agricultural and fisheries products produced in the area.

17 The prioritization of FMRs shall be based on the following criteria:

- 18 (a) Agro-industrial potential of the area;
19 (b) Socio-economic contributions of the investments in the area;
20 (c) Absence of public investments in the area; and
21 (d) Presence of agrarian reform beneficiaries and other small farmers and fisher
22 folk in the area.

23 Farm-to-market road investments shall give preference to the kind, type, and
24 design of facilities that are cost-effective and will be useful for the production,
25 conservation, and distribution of most commodities and should benefit the most
26 number of agriculture and fisheries producers and processors.

27 *Sec. 9. Management Information System.* - The existing Agricultural and
28 Biosystems Engineering Management Information System (ABEMIS) shall be
29 strengthened to monitor the project implementation of FMRs which include the
30 following:

- 31 a) pre-implementation activity such as survey, detailed engineering
32 design, a program of work, right-of-way acquisition, feasibility study;
33 b) procurement;

- 1 c) progress construction monitoring;
- 2 d) operation and maintenance audit; and
- 3 e) completed inventory list.

4 Sec. 10. *Design and Construction Standards* – All FMRs to be implemented shall
5 conform to the existing, developed, and adopted design and construction standards
6 by the DA and DPWH, PNS/PABES, and other relevant standards.

7 Sec. 11. *FMR Monitoring and Evaluation* - All procuring entities implementing
8 FMR projects shall require the evaluation of the performance of their constructors
9 following the NEDA-approved Constructors Performance Evaluation System (CPES)
10 Guidelines to ensure conformance to the specified requirements. The
11 funding/implementing agency's CPES-Implementing Unit shall be responsible for
12 the implementation of CPES Implementing Guidelines and the conduct of CPES
13 methodology for their ongoing FMR projects.

14 The BAFE shall likewise undertake the monitoring and evaluation of FMRs.

15 Sec. 12. *Research and Development for FMRs*. - The DA-BAFE shall formulate a
16 Research and Development Agenda for Agricultural Infrastructure Program
17 encompassing among others the following thematic areas:

- 18 a) Periodic preparation of a National Research, Development & Engineering
19 (RD&E) Agenda for Agricultural Infrastructure aligned to formulated
20 commodity roadmaps and the national development plans;
- 21 b) Formulation of locally applicable measurement and monitoring tools for
22 improving Accessibility, Road Influence Area Estimation among others;
- 23 c) Conduct of National Impact Assessment/Evaluation on FMR contribution to
24 agricultural potential, productivity, and competitiveness by 2020;
- 25 d) FMR Road Condition Survey nationwide;
- 26 e) Analyze the implication of average daily traffic count in the prioritization and
27 selection of road design for FMR in light of limited & competing needs for
28 government budget;
- 29 f) Identify institutions such as State Universities and Colleges (SUCs), Bureau of
30 Soils and Water Management (BSWM), and National Irrigation Administration
31 (NIA), among others to conduct these R&Ds related to FMR and other
32 agricultural infrastructures.
- 33 g) FMR Road Accessibility Index; and

1 h) Other aspects and issues on FMR and other agricultural infrastructures in
2 relation to economic development; and

3 The DA-Bureau of Agricultural Research shall integrate the identified
4 researchable themes in its plans and programs and shall allocate a portion from its
5 yearly R&D budget to implement this provision in addition to the available funds
6 provided in Section 24 of this Act.

7 Sec. 13. *Human Resource Development.* - The DA through BAFF in collaboration
8 with Technical Education and Skills Development Authority (TESDA), Commission
9 on Higher Education (CHED), and other concerned government agencies shall
10 formulate and implement a Human Resource Development Program to support the
11 FMRDP. This includes the conduct of training and other capacity development
12 activities for agricultural and biosystems engineers, construction workers, barangay
13 Local Government Units (LGUs) for the maintenance of FMRs, and other FMR
14 workforce.

15 The DA and the Department of Public Works and Highways (DPWH) shall
16 provide the necessary skills and capacity development to all agencies implementing
17 FMR including the LGUs in the preparation of engineering designs, plans,
18 specifications, project studies, feasibility studies, and estimates, and the supervision,
19 and management and monitoring of the construction. The Department of Labor and
20 Employment (DOLE), through the Occupational Safety and Health Center, shall
21 maintain and monitor the implementation of occupational safety and health standards
22 on the construction site.

23 Sec. 14. *Climate Smart FMRs.* - Climate-Smart FMRs shall be pursued through
24 the provision of slope protection structures using *coco net* or bioengineering
25 technologies and the integration of polymer-based soil stabilizers, as necessary in the
26 detailed engineering design of FMRs which will ensure compactness and stability of
27 sub-base/base course.

28 Sec. 15. *Roles and Responsibilities of the Local Government Units.* - The Local
29 Government Units shall have the following roles and responsibilities:

- 30 a) Identify proposed FMR project sites in coordination and consultation with
31 farmers' organizations and other stakeholders.
- 32 b) Ensure the settlement of road right-of-way for the FMR projects submitted to
33 the DA.

1 c) Through its Agricultural and Biosystems Engineering Office at the provincial,
2 city, and municipal levels, assist the BAFE and Regional Agricultural
3 Engineering Division (RAED) of their respective region on the:

- 4 1. Site survey and staking to ensure participatory validation and
5 concurrence;
- 6 2. Monitoring of completed FMRs;
- 7 3. Establishment and updating of the FMR database in the ABEMIS;
- 8 4. Preparation and updating of provincial, city, and municipal FMRNP
9 which shall form part of the LGUs Local Roads Network Development
10 Plans (LRNDP) and share their respective shape file (.shp) and KMZ file
11 (.kmz) to BAFE; and
- 12 5. Conduct joint inspections with RAED and DPWH District Offices to
13 ensure the full delivery of the items/ works specified in the contract and
14 assess the status and condition of the road; and
- 15 6. Assist in the preparation of requirements prior to and after the site
16 validation.

17 d) Ensure that the proposed FMR projects are included in the Local Development
18 Investment Plan (LDIP) or Local Agriculture and Fisheries Modernization Plan
19 (AFMP) or Provincial Commodity Investment Plan (PCIP).

20 e) Responsible for repair and maintenance of FMRs, as provided under Section 16
21 of this Act.

22 *Sec. 16. Right of Way and Road Maintenance.* - All right-of-way issues including
23 the payment of just compensation to property owners shall be adequately addressed
24 and settled by the concerned Local Government Unit (LGU) where the road project is
25 located and the applicable provisions of the amended Road Right of Way Act and
26 other relevant laws.

27 The LGU shall be responsible for the maintenance of farm-to-market roads
28 upon its completion and turn-over. Furthermore, the LGUs are hereby authorized to
29 allocate not more than 20% from their Development Fund for the maintenance of the
30 FMRs within their territorial jurisdiction.

31 *Sec. 17. Incentive for Road Right of Way Lot Donors.* - Lot donors of Farm-to-
32 Market Road projects throughout the country including those that are not yet perfectly
33 segregated from the title or tax declaration of lot owners for earlier FMR projects

1 funded by the government which has a duly notarized deed of donation are hereby
2 entitled to a 20-year real property tax payment holiday to the specific lot parcel where
3 the FMR right of way is constructed as a form of incentives. The DA, Department of
4 Interior and Local Government (DILG), and Department of Finance (DOF) are hereby
5 authorized to issue the corresponding implementing rules and regulations of this
6 provision.

7 The pertinent provisions of Republic Act 10023, such other laws and
8 implementing guidelines issued to govern the issuance of special and free patents in
9 favor of the Philippine government, its branches, and instrumentalities, to lot parcels
10 used and intended for government projects, are hereby incorporated in this Act.

11 *Sec. 18. Incentives for private sector participation in FMRDP.* - The applicable
12 provisions of RA 7718 (amended Philippine Build Operate Transfer – BOT – Law) are
13 hereby incorporated specifically the inclusion of farm-to-market road among the
14 eligible projects covered by this law and the corresponding incentives and modalities
15 appropriate thereto.

16 *Sec. 19. Inclusion of Farm-to-Market Roads in the Philippine Road Network*
17 *Classification System.* - The DPWH, DILG, and the Local Government Units are hereby
18 mandated to include farm-to-market roads as a distinct and separate class from
19 barangay roads in the Philippine Road network classification system. Towards this
20 end, the concerned LGUs shall designate the FMRs within their respective jurisdiction
21 and incorporate them in the updating of their Local Road Network Development Plan.

22 *Sec. 20. Appropriations.* - Annual appropriations for the Program shall include
23 the amounts necessary to support and administer the implementation requirements
24 of all farm-to-market road infrastructure projects included in the Plan.

25 The Program shall be allocated at least Php 20 billion per year under the General
26 Appropriations Act (GAA). Additional funds over and above the regular yearly
27 budget of the Department shall be sourced from:

- 28 a) not less than 10% of the project cost from the development fund of LGUs as their
29 counterpart;
- 30 b) 30% of the 80% Special Road Support Fund collected under Republic Act 8794
31 (Motor Vehicle User Charge Law);

- 1 c) 20% of the 80% remaining balance of incremental revenue derived from RA
2 10351 (Restructuring the Excise Tax Rate for Cigars, Cigarette, and Alcoholic
3 Beverages) and its amendments;
- 4 d) 50% of the collected penalties imposed by Agri-Agra Law;
- 5 e) 20% of the interest and other earnings of the Coconut Levy Fund to be allocated
6 to coconut-producing areas certified by the Philippine Coconut Authority;
- 7 f) Official Development Assistance (ODA) and such other sources as may be
8 determined by the national government and Local Government Units upon
9 effectivity of this Act.

10 *Provided*, and that such allocation for the balance appropriation thereafter shall be
11 determined by Congress upon the recommendation of the Secretary of the
12 Department of Agriculture and the Department of Budget and Management.

13 *Provided further*, that the appropriations to implement this Act shall be integrated
14 into the Department of Agriculture budget every fiscal year. An amount not exceeding
15 10% of the annual allocation shall be earmarked for administrative expenses,
16 developmental activities, and capital outlays to be managed by the DA-BAFE for the
17 administrative, overhead, research and development, and capital expenses to
18 implement the purposes of this Act.

19 *Sec. 21. Equitable Allocation of FMR Projects.* – Notwithstanding any provision of
20 the law to the contrary, the appropriations for farm-to-market road projects shall be
21 allocated among provinces and municipalities in the following manner:

- 22 (a) Thirty percent (30%) of the farm-to-market road appropriations to be allocated
23 for provinces; and
- 24 (b) Seventy percent (70%) of the farm-to-market road appropriations to be
25 allocated for municipalities:

26 *Provided*, that the share of each province and municipality shall be determined based
27 on the following formula:

- 28 (a) Twenty-five percent (25%) of farm-to-market road appropriations to be
29 allocated pro-rata according to the population of the province or municipality
30 in relation to the total population of the country;
- 31 (b) Fifty percent (50%) of farm-to-market road appropriations to be allocated pro-
32 rata according to the land area of the province or municipality in relation to the
33 total land area of the country; and

1 (c) Twenty-five percent (25%) of farm-to-market road appropriations are to be
2 allocated equally among the provinces or municipalities.

3 Sec. 22. *Congressional Oversight Committee.* - There is hereby created a
4 Congressional Oversight Committee to monitor and oversee the implementation of
5 the provisions of this Act. It shall be under the auspices of the Congressional Oversight
6 Committee on Agricultural and Fisheries Modernization.

7 Sec. 23. *Periodic Review.* - The Congressional Oversight Committee shall
8 conduct a periodic review of the implementation of this Act every fifth year from its
9 effectivity. The periodic review shall cover a systematic evaluation of the
10 accomplishments and impact of this Act, the performance and organizational
11 structure of its implementing agencies, and other funding sources for purposes of
12 determining remedial legislation to fully carry out the intent of this Act.

13 Sec. 24. *Implementing Rules and Regulation.* - The Secretary of Agriculture shall
14 issue rules and regulations as he or she may deem necessary for the implementation
15 of this Act.

16 Sec. 25. *Penal Provision.* - Violation of any provision of this Act is hereby
17 declared a criminal offense. Any individual or juridical entity in the private sector or
18 government service who caused or was involved in any violation of this Act shall be
19 imposed with a penalty of One Hundred Thousand Pesos (Php 100,000.00) and
20 imprisonment per offense as may be determined by a court of competent jurisdiction.

21 Sec. 26. *Repealing Clause.* - All laws, decrees, executive orders, proclamations,
22 rules, and regulations, or parts thereof inconsistent herewith are hereby repealed or
23 modified accordingly.

24 Sec. 27. *Separability Clause.* - If any provisions of this Act are held invalid or
25 unconstitutional, the other provisions not affected thereby shall remain valid and
26 subsisting.

27 Sec. 28. *Effectivity.* - This Act shall take effect fifteen (15) days after its
28 publication in at least two (2) national newspapers of general circulation and shall
29 remain valid and effective up to twenty (20) years thereof.

Approved,