

'22 AUG 30 A 9 :26

SENATE

S. No. 1230

RECEIVED BY



Introduced by Senator Manuel "Lito" M. Lapid

AN ACT
ESTABLISHING AN AGRICULTURAL PENSION FUND TO PROVIDE PENSION
BENEFITS TO FARMERS AND FISHERFOLK

EXPLANATORY NOTE

Agriculture is considered the backbone of the Philippine economy. It employs about 22.52 percent of Filipino workers in 2020, according to the World Bank collection of development indicators, and unfortunately, it only contributes an average of 10 percent to the Gross Domestic Product. ¹

A World Bank study found that poor Filipinos live in large households with low educational attainment, headed by individuals who are self-employed or work in agriculture as laborers or smallholder producers. They rely mostly on income from agriculture (including subsistence farming, agricultural wages, and agriculture-related self-employment), domestic remittances, and government transfers.

In the latest data of 2018 provided by the Philippine Statistics Authority (PSA), farmers and fisherfolk residing in rural areas still remain the poorest since 2006. Farmers were recorded with 31.6% poverty incidence in 2018 while fishers with 26.2%. Basically, around 5.5 million farmers and 4.6 million fishers are poor.²

Although the country's agriculture output is in decline, it remains to play a significant role in the Philippine economy. The sector is important for inclusive growth,

¹ Agricultural Indicator System | Philippine Statistics Authority (PSA) | psa.gov.ph

² Farmers, Fisherfolks, Individuals Residing in Rural Areas and Children Posted the Highest Poverty Incidences Among the Basic Sectors in 2018 | Philippine Statistics Authority (PSA) | psa.gov.ph

with agriculture being a major source of employment as the key driver of the economy in the rural areas where most Filipinos live.³

Dahil kinikilala natin ang kontribusyon ng sektor ng agrikultura sa pagbibigay ng nakabubuhay na trabaho at di matatawarang ambag sa pambansang kaunlaran, ngayon, higit kailanman, na dapat ipakita ng pamahalaan ang kanyang pagmamalasakit sa ating mga magsasaka at mangingisda na sa matagal na panahon ay nakalimutang kalingain ng ating lipunan.

Hence, it is imperative for the government to assist our farmers and fisherfolk through the establishment of a farmers' pension program. This proposed measure seeks to encourage farmers and fisherfolk to save for their pension and social security benefits that is subsidized by the government. The establishment of an agricultural pension fund and social security scheme guarantees better quality of life for our retired farmers and fisher folk, stabilize rural society, and promote rural economic development.

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


MANUEL "LITO" M. LAPID
Senator

³ Integrated Natural Resources and Environmental Management Project | Asian Development Bank | adb.org

'22 AUG 30 A9:26

SENATE

S. No. 1230

RECEIVED BY: _____



Introduced by Senator Manuel "Lito" M. Lapid

AN ACT

**ESTABLISHING AN AGRICULTURAL PENSION FUND TO PROVIDE PENSION
BENEFITS TO FARMERS AND FISHERFOLK**

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

SECTION 1. This Act shall be known as the "*Agricultural Pension Fund Act.*"

SECTION 2. *Declaration of Policy.* – It is hereby declared policy of the State to give due recognition to the great contribution of our farmers and fisherfolk to the Philippine economy. Farmers and fisherfolks are key contributors to the country's development and shall thus be entitled to protection from the Philippine Government. The State shall formulate appropriate Social Security Programs for our agricultural sector to ensure that our farmers and fisherfolks are protected in case of disability and cared for during retirement.

Moreover, the State should augment its current efforts to ensure that the needs of the retired indigent farmers and fisherfolk are properly addressed.

SECTION 3. *Creation of the Agricultural Pension Fund.* – The Agricultural Pension Fund (APF) is hereby established to provide a voluntary pension scheme that shall benefit underprivileged farmers, agrarian reform beneficiaries, agricultural workers and fisherfolks.

1 SECTION 4. *Implementing Agency.* – A Supervisory Board for the Agriculture
2 Pension System is hereby convened under the Social Security Commission of the Social
3 Security System (SSS), it shall:

- 4 a. Create a pension plan for under privileged farmers, agrarian
5 reform beneficiaries, agricultural workers and fisherfolks;
- 6 b. Administer the social security and pension scheme and maintain
7 the required actuarial and financial reports;
- 8 c. Supervise matters related to its revenues and expenditures as well
9 as the use, operation, and administration of funds allocated to the
10 program;
- 11 d. Determine the criteria for eligibility, in coordination with relevant
12 government agencies;
- 13 e. Coordinate with Philippine Crop Insurance Corporation (PCIC), an
14 agency that manages the registration system of eligible
15 agricultural workers under the Registry System for Basic Sectors
16 in Agriculture (RSBSA);
- 17 f. To adopt, amend and rescind, subject to the approval of the
18 President, such rules and regulations as may be necessary to carry
19 out the provisions and purposes of this Act; and
- 20 g. Perform other duties and functions towards the efficient and
21 effective implementation of this Act.

22 SECTION 5. *Eligibility.* – Agricultural workers, farmers and fisherfolks who meet
23 the following qualifying criteria can, based on this Act, make payments into farmers'
24 pensions:

- 25 a. Those who actually cultivate the land and are 18 - 40 years old, at the time
26 of enrollment to the pension fund;

- 1 b. Those who are included in the Registry System for Basic Sectors in
2 Agriculture (RSBSA);
- 3 c. Those who possesses cultivable land which size is not more than three (3)
4 hectares;
- 5 d. Those who are not covered under any other public or private insurance
6 scheme such as, but not limited to, SSS and GSIS;
- 7 e. Those who do not receive payments for the elderly from relevant
8 government and private social insurance; and
- 9 f. Those who not belong to the category of in-service or retired employees or
10 officials of Government offices, departments and agencies.

11 SECTION 6. *Rate of Premium.* – The rate of premium shall be determined by
12 the Supervisory Board under the Social Security Commission of the SSS. The Board
13 must ensure that the premium to be paid by the subsistence farmers, agrarian reform
14 beneficiaries, agricultural workers and fisherfolks must be reasonably affordable to
15 them.

16 SECTION 7. *Benefits.* – The Agricultural Pension Fund shall provide various
17 benefits to the enrolled pensioners, such as, but not limited to:

- 18 a. Retirement Benefits – On the maturity of the scheme, an individual will
19 be entitled to obtain not lower than One Thousand Five Hundred Pesos (Php
20 1,500.00) monthly as a minimum guaranteed monthly pension, once they reach
21 the age of 65 years old;
- 22 b. Death Benefits – In the case of an eligible pensioner's death, his
23 designated beneficiary shall receive a lump sum amount of not less than
24 Eighteen Thousand Pesos (Php 18,000) for every year of contribution;
- 25 c. Disability Benefits – An individual registered under the Agricultural
26 Pension Fund, who is not delinquent in his payments, or otherwise disqualified,
27 and becomes permanently disabled before they reach the age of 65 years of

1 age may avail of either of two options as follows:

- 2 1. Their spouse or legal guardian may continue with the Scheme in
3 their behalf or pay the remaining balance in lump sum to qualify
4 for retirement; or
- 5 2. They can exit the Scheme and receive their contribution share
6 deposited so far, along with any interest earned thereon. The
7 interest amount will be higher than the savings bank interest rate
8 or interest earned by the Pension Fund.

9 d. Benefits if the Candidate Leaves the Agricultural Pension Fund – If the
10 underprivileged farmer, agrarian reform beneficiaries, agricultural worker or
11 fisherfolk leaves the Pension Scheme, they will be entitled to receive some
12 benefits. They are as follows:

- 13 1. If the pensioner exits this Scheme before ten (10) years from the
14 date of commencement of the Scheme but before they turn sixty-
15 five (65) years of age, they will only get their contribution share
16 with a savings bank rate of interest payable thereon;
- 17 2. If the pensioner exits after ten (10) years or more from the date of
18 commencement of the Scheme. In such cases, if the pensioner
19 withdraws from the Scheme before attaining sixty-five (65) years
20 of age, they will only get their share of contribution along with
21 accumulated interest thereon. This will be the higher amount of
22 interest earned by the interest at the savings bank interest rate or
23 the Pension Fund; and
- 24 3. If the pensioner has died before the completion of the Scheme but
25 has made regular contributions under the Scheme, and their
26 spouse who continued their account wants to exit the Scheme, the
27 latter will be eligible to receive the total contribution share made in
28 the name of the subscriber along with accumulated interest.

1 SECTION 8. *Monitoring.* – An effective and appropriate monitoring and
2 evaluation mechanism should be established by the SSS in partnership with the
3 Department of Finance, Department of Agriculture, and Local Government Units to
4 ensure proper implementation and identification of future improvements.

5 For the year of its enactment and each year thereafter, the Supervisory Board
6 for the Agricultural Pension Fund shall submit an annual report to both Houses of
7 Congress of its accomplishments.

8 A review on the viability of the program shall be made by the both Houses of
9 Congress and other concerned agencies after three (3) years of its implementation.

10 SECTION 9. *Penal Provisions.* – Any person who through malfeasance,
11 misfeasance or nonfeasance allows a spurious claim to be paid, including the claimant
12 himself, shall, upon final conviction, be punished by imprisonment of not less than one
13 (1) year but not more than six (6) years or a fine of not less than Fifty thousand pesos
14 (Php 50,000) but not more than Five hundred thousand pesos (Php 500,000) or both
15 at the discretion of the court.

16 The SSS and PCIC personnel who allowed the commission of the offense shall,
17 in addition, be dismissed from office, and forfeit all privileges and benefits which may
18 accrue to him.

19 SECTION 10. *Implementing Rules and Regulations (IRR).* – Within ninety (90)
20 days from the effectivity of this Act, the SSS, in coordination with the PCIC, and in
21 consultation with the Secretary of Finance, Secretary of Agriculture and
22 representatives of recognized farmers and fisherfolks groups, shall promulgate the
23 rules and regulations necessary for the effective implementation of this Act.

24 SECTION 11. *Appropriations.* Such amount necessary to implement the
25 provisions of this Act shall be included in the annual appropriations for Social Security
26 System of the General Appropriations Act.

27 SECTION 12. *Separability Clause.* – In the event that any part, section or
28 provision of this Act shall be declared unconstitutional or invalid by a competent court,

1 the remaining provisions thereby shall remain valid and in full force and effect as if
2 the sections or provisions so annulled or voided had never been incorporated herein.

3 SECTION 13. *Repealing Clause.* – All laws, decrees, executive orders,
4 issuances, rules and regulations, or parts thereof not consistent with the provisions of
5 this Act are hereby repealed or modified and/or superseded as case may be by this
6 Act accordingly

7 SECTION 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its
8 publication in the *Official Gazette* or in any newspaper of general circulation.

9 *Approved,*