

[**PRESIDENTIAL DECREE NO. 1595, June 11, 1978**]

AMENDING PRESIDENTIAL DECREE NUMBER SIX HUNDRED EIGHTY-ONE ENTITLED "CREATING THE FARM SYSTEMS DEVELOPMENT CORPORATION PRESCRIBING ITS POWERS AND ACTIVITIES, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES."

WHEREAS, under Presidential Decree No. 681, the Farm Systems Development Corporation has been created to bolster the government efforts to hasten rural development and to provide substantial opportunities to Filipino farmers to attain economic well-being and to lead a dignified life pursuant to the national policy declared under said Decree;

WHEREAS, in order to effectively fulfill its purposes and to enable it to undertake and implement special projects in the pursuit of its objectives, it is imperative that the Farm Systems Development Corporation be endowed with certain powers and conferred with certain privileges to the end that its activities be undertaken with greater vigor, resources and direction:

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Section 2 of Presidential Decree No. 681 is hereby amended to read as follows:

"SEC. 2. POLICY/PURPOSE.—The commitment of the farmers to actively participate in the efforts to improve methods and develop entrepreneurial capabilities in the areas of resource management, farming, fishing, forestry, agro-industrial production, processing, marketing, drainage, rural waterworks and land reclamation for agricultural production is vital in the process of increasing food production and hastening rural development. It is hereby declared to be the policy of the State to pursue and foster, in an orderly and expeditious manner, the attainment of this objective.

For this purpose, the FSDC shall promote the organization of and assist associations and other rural-based entities which are willing to pursue diligently the above purpose.

To become effectively established and operationally stable, the associations and other rural-based entities shall be given every tenable support and assistance by the national government, its instrumentalities and agencies to the fullest extent of which they are capable. Being by their nature substantially self-regulating and Congress, having by the enactment of this Decree substantially covered all phases of their organization and operation requiring or justifying regulation, and in order to further encourage and promote their development, they should be subject to minimal regulation by all administrative agencies."

SEC. 2. The following definitions shall be included in Section 3 of Presidential Decree No. 681:

"SEC. 3. DEFINITIONS.—x x x x

x x x x

- c. "NFAC" shall mean the National Food and Agriculture Council.
- d. "Farmers" shall mean persons actively engaged in agriculture, forestry, or fishing."

"SEC. 3. DEFINITIONS.—x x x x

x x x x

- e. "Association" shall mean an organization of farmers duly registered under the provisions of this Decree.

x x x x

- g. "Service" shall mean services provided by the association, including the providing of any auxiliary or related services."

SEC. 4. The existing Section 3 (d), (e), (f), (g), (h), (i), (j), and (k) of Presidential Decree No. 681 are hereby relettered as Section 3 (e), (f), (g), (h), (i), (j), (k), and (l), respectively.

SEC. 5. "Irrigation associations" and "farmer-associations" under Presidential Decree No. 681 shall read "association (s)". "Irrigation services" shall read "service (s)". "Farm-based entities" shall read "rural-based entities".

SEC. 6. Section 4 of Presidential Decree No. 681 is hereby amended to read as follows:

"SEC. 4. FSDC AUTHORITIES, POWERS AND DIRECTIVES.—The FSDC is hereby authorized, empowered and directed to promote the organization of, and assist associations to the end of achieving the objectives of hastening rural development, and for such purpose, it is hereby, without limiting the generality of the foregoing and in addition to the authorization, powers and directives established by this Decree, specifically authorized, empowered and directed:

- a. to have a continuous succession under its corporate name until otherwise provided by law;
- b. to prescribe and thereafter amend and repeal its by-laws not inconsistent with this Decree;
- c. to adopt and use a seal and alter it at its pleasure;
- d. to sue and be sued;
- e. to make contract of every name and nature, to execute all instruments necessary or convenient for the carrying on of its business;
- f. to make loans to associations or rural based entities for the construction or acquisition, operation and maintenance of irrigation and other water systems, cold-storage and warehousing facilities, and all related properties such as equipment, buildings and structures, machinery, fixtures and materials, and other support items such as transportation equipment and pre and post-harvest

- facilities; and thereafter, to make loans for the restoration, improvement or enlargement of such facilities;
- g. to make short-term production loans to associations or rural-based entities;
 - h. to receive from associations all articles of incorporation, amendments, consolidation, merger, conversion or dissolution and all certificates of changes in location of principal offices and of elections to dissolve, and, upon determining that such are in conformity with this Decree, to certify the same, to file them in the records of the FSDC, and to maintain a registry of such filings, the provisions of Act No. 1459, as amended, and Presidential Decree No. 902-A to the contrary notwithstanding;
 - i. to assist associations and other rural-based entities and coordinate with government agencies and corporations having related functions and purposes in planning, developing, establishing, operating, maintaining, repairing and renovating the association's facilities and systems;
 - j. to prepare feasibility studies, engineering plans for integrating rural-based systems development including the procurement of modern and improved facilities, devices and accessory equipment;
 - k. to provide managerial or administrative expertise including the rendering of professional training services for the association's staff and employee development;
 - l. to cooperate, coordinate and exchange such information, studies and reports with and to seek such cooperation and coordination from other departments, agencies, and instrumentalities of the National Government, including the National Irrigation Administration (NIA), the National Grains Authority (NGA), the National Electrification Administration (NEA), the Development Academy of the Philippines (DAP), the National Power Corporation (NPC), and the National Food and Agriculture Council (NFAC), as will most effectively conduce to the achievement of the purposes of this Decree;
 - m. to borrow funds from any source, private or government, foreign or domestic, and to issue bonds or other evidence of indebtedness;
 - n. to appoint, through its Board of Administrators, such officers and employees as are not otherwise provided in this Decree, to define their duties, fix their compensation, and require bonds of them;
 - o. to investigate and study the feasibility of using, and to use when feasible, irrigation equipment not only for irrigation but also for small-scale power generation purposes;
 - p. to investigate and study all available water resources in the Philippines in coordination with the National Water Resources Council and the National Irrigation Administration;
 - q. to enter into agreements or relationships with other institutions or organizations, both national and international, in furtherance of the purposes and objectives of the Corporation;
 - r. to acquire, by purchase or otherwise (including the right of eminent domain, which is hereby granted to the FSDC, to be exercised in the manner provided by law for the institution and completion of expropriation proceedings by the national and local governments), real and physical properties, together with all appurtenant rights,

easements, licenses and privileges, whether or not the same be already devoted to public use, upon the determination of the FSDC that such acquisition is necessary to accomplish the purposes of this Decree and, if such properties be already devoted to public use, that such use will be better served and accomplished by such acquisition; Provided, that the power herein granted shall be exercised by the FSDC solely as agent for and on behalf of one or more associations, which entity or entities shall become borrowers from the FSDC under sub-paragraph (f) of this section; and provided further, that the costs of such acquisition, including the cost of any eminent domain proceedings, shall be borne, either directly or by reimbursement to the FSDC, whichever the FSDC shall elect, by the association or entities on whose behalf the acquisition is undertaken; and otherwise to acquire, improve, hold, transfer, sell, lease, rent, mortgage, encumber or otherwise dispose of the property incident to, or necessary, convenient or proper to carry out the purposes for which the FSDC was created;

- s. to prescribe rules and regulations in which its general business may be conducted as well as to fix and implement terms and conditions of loans;
- t. to establish branch offices;
- u. to invest its funds or other assets in such undertakings as it may deem wise or necessary to carry its purposes and objectives;
- v. to report to the President at least annually, not later than June 30th, and when the same comes into existence, the Prime Minister and the National Assembly, on the status of its operation in the Philippines, including a comprehensive reporting of loans made advanced, loans secured from other sources and the advance thereof, the names and locations of the borrowers, and the number of farmers receiving services as a result of such loans;
- w. to do and perform any other acts and things, and to have and exercise any other powers which may be necessary, incidental or appropriate to accomplish the purpose for which the FSDC is organized, including the powers to establish and maintain subsidiaries, and in general, to exercise all the powers of a corporation under the Corporation Law, insofar as they are not inconsistent with the provisions of this Decree."

SEC. 7. Section 5(a) and (b) of Presidential Decree No. 681 is hereby amended to read as follows:

"SEC. 5. FSDC BOARD OF ADMINISTRATORS; ADMINISTRATOR

- a. For the purpose of administering the provisions of this Decree, there is hereby established a public corporation, to be known as the FARM SYSTEMS DEVELOPMENT CORPORATION. All the powers of the corporation shall be vested in and exercised by a Board of Administrators, which shall be composed of; the Minister of Public Works, Transportation and Communications, the NIA Administrator, the NGA Administrator, the NIA Administrator, the DAP President, and the NFAC Executive Director as regular members, and the FSDC Administrator as ex-officio member. The term of the ex-officio member shall be co-terminous with his term as the Administrator.

The Chairman shall be appointed by the President from among the regular members. The Chairman and every member of the Board of Administrators shall be entitled to a per diem of not more than P500.00 for such meeting actually attended by them; Provided that the total of such per diems shall not exceed two thousand five hundred pesos (P2,500.00) per month per member.

- b. The Board of Administrators shall meet regularly at least twice a month and as often as the exigencies of the Corporation's affairs demand. The presence of at least four members shall constitute a quorum which shall be necessary for the transaction of any business. The affirmative votes of a majority of the members present shall be necessary for the approval of any resolution, decision or order, except when a greater number of votes is required as sometimes hereinafter provided. When the Chairman is absent at a meeting duly called, the Administrator as ex-officio member shall preside."

SEC. 8. A new section is hereby inserted after Section 10 of Presidential Decree No. 681, to be designated as Section 11, which shall read as follows:

"SEC. 11. SPECIAL ANNUAL APPROPRIATIONS.—FSDC shall be provided special annual appropriations from the Social Pricing and Development Adjustment Fund of the Budget Commission to support its yearly operating expenses. Expenses that are non-income-producing such as customs duties on imported equipment, training of farmers and other expenses directly related to the institutional development program of FSDC shall be supported by contributions from the National Government."

SEC. 9. Section 15 of Presidential Decree No. 681 is hereby amended to read as follows:

"SEC. 15. SUPERVISION.—The FSDC shall be attached to the Office of the Ministry of Public Works, Transportation and Communications for purposes of policy direction and coordination."

SEC. 10. The existing Sections 11, 12, 13, 14 and 15 of Presidential Decree No. 681 are hereby renumbered as Sections 12, 13, 14, 15, and 16, respectively.

SEC. 11. A new chapter is hereby inserted after the existing Section 15 of Presidential Decree No. 681 to be designated as Chapter III, which shall read as follows:

"CHAPTER III"

ASSOCIATIONS

SEC. 17. ORGANIZATION AND PURPOSE.—Non-stock, non-profit associations may be organized and registered, and irrigators' associations heretofore formed or registered under Act No. 1459, as amended and Presidential Decree No. 902-A may be converted to an association, under the provisions of this Decree to pursue activities in line with the purposes and objectives provided for under this Decree.

SEC. 18. POWERS.—An association is hereby vested with all powers necessary or convenient for the accomplishment of its corporate purposes. Such powers shall