

[REPUBLIC ACT NO. 7607, June 04, 1992]

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:

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

CHAPTER I

GENERAL PROVISIONS

SEC. 2. *Declaration of 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 requires 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 farmworkers, 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) *per annum* based on 1992 constant prizes. 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 enterprises 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 as 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. "Preharvest 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 discounted prices of farm inputs such as fertilizer, 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 enter 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 systems;
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 generic 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 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 economics 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 to the 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