



NFA Annual Report for 2010

MFO I: Stable Supply and Price of Staple Cereals

PROCUREMENT

A. Palay Procurement

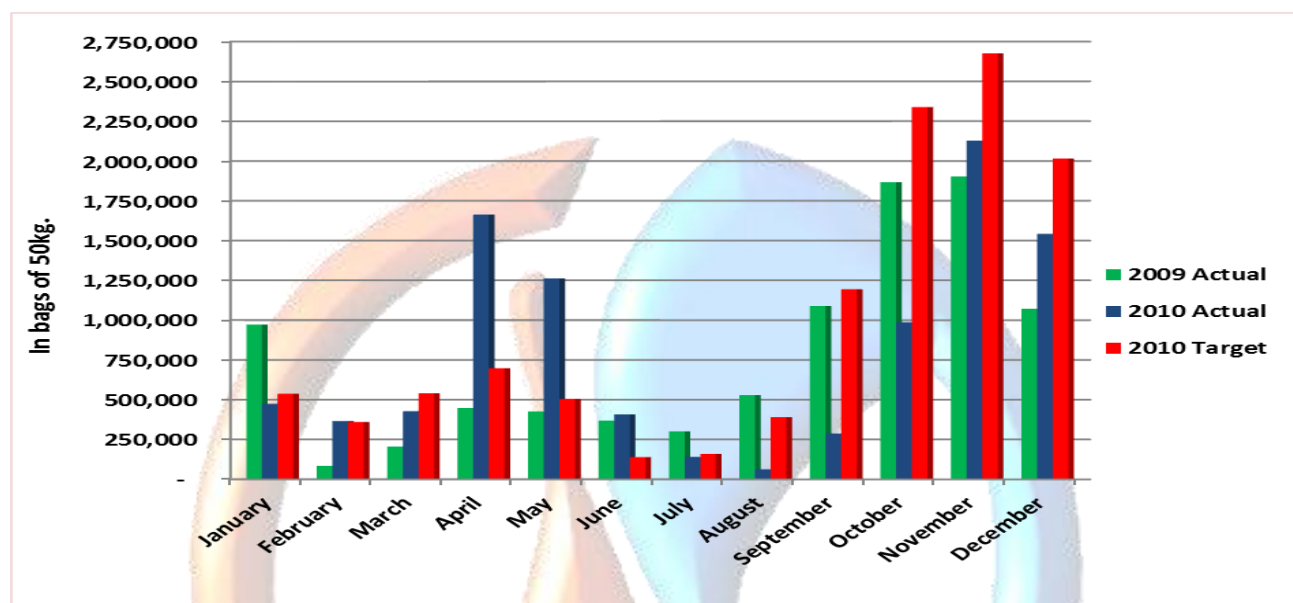
The agency is continuously procuring palay from the local farmers to further boost its rice inventory by increasing the government support price to ₱17.40 (including drying fee of ₱0.20 and delivery fee of ₱0.20) for individual farmers and ₱17.70 (including Cooperative Development Incentive Fee [CDIF] of ₱0.30, drying fee of ₱0.20 and delivery fee of ₱0.20) for organized small farmers, to ensure ready market and accommodate farmers' produce and allow farmers a fair return on production investment.

NFA Procurement for 2010
(In bags of 50 kg)

Month	2009	2010		% ACCOMP
		ACTUAL	TARGET	
January	72,260	473,064	537,500	88.01%
February	83,540	365,105	360,250	101.35%
March	205,100	427,947	540,250	79.21%
April	447,580	1,663,709	696,900	238.73%
May	425,860	1,261,839	504,900	249.92%
June	367,940	407,349	138,500	294.11%
July	301,020	140,462	159,000	88.34%
August	529,060	62,648	389,700	16.08%
September	1,088,600	287,989	1,194,100	24.12%
October	1,866,980	986,877	2,338,500	42.20%
November	1,902,040	2,128,293	2,675,600	79.54%
December	1,071,100	1,541,333	2,014,800	76.50%
TOTAL	9,261,080	9,746,615	11,550,000	84.39%

The total palay procured for the year 2010 totalled to 9,746,615 bags, accomplishing 84.39% of the procurement target set for the year at 11,550,000 bags. The volume procured increased by 5.24% from last year's level. It registered about 3% absorption rate vis-à-vis total production of 324,780,000 bags for the year.

NFA Procurement for 2010

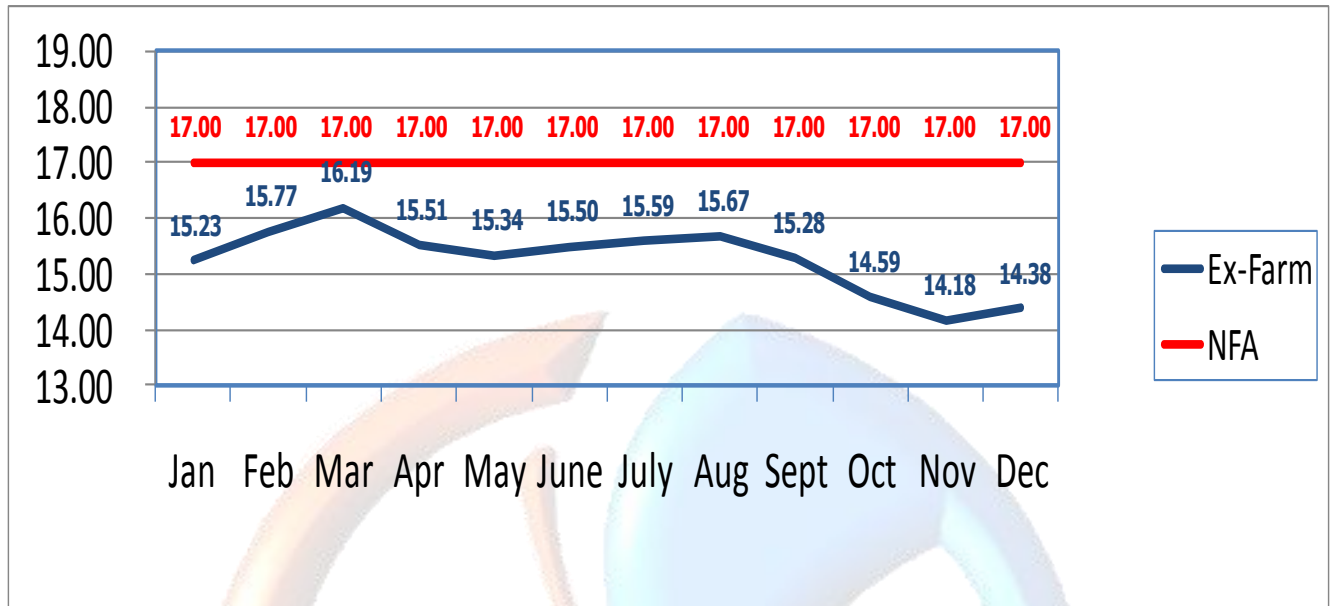


The reasons for not being able to hit the procurement target are as follows:

1. Occurrence of 11 typhoons and flashfloods, which caused damage to standing palay crops and reduced the volume of harvest. Palay production of 15.77 M MT decreased by 3% compared to CY 2009 production of 16.26 M MT.
2. Commitment of many farmers to deliver their stocks to traders for reason of indebtedness.
3. Delay in the release of NFA's funding which affected procurement operations at the onset of the main harvest season. The release of the P6.0 B subsidy from DBM was made only in the second week of October. Thus, regions were able to procure massively starting only in the 3rd week of October.

As shown in the chart, palay procurement significantly increased in November at 2,128,293 bags and 1,541,333 bags in December at the time we already had the subsidy from DBM.

**Average Palay Farm Prices vs. NFA Buying Price
(2010 Prices per kg.)**



You will note in the chart that the ex-farm price of palay of 15.67 in August went down to P15.28/kg in September, then further down to P14.18/kg in November, caused by the late release of the NFA subsidy and abundant supply of commercial rice in the market.

B. Corn Procurement

Corn Procurement
(In bags of 50 kg)

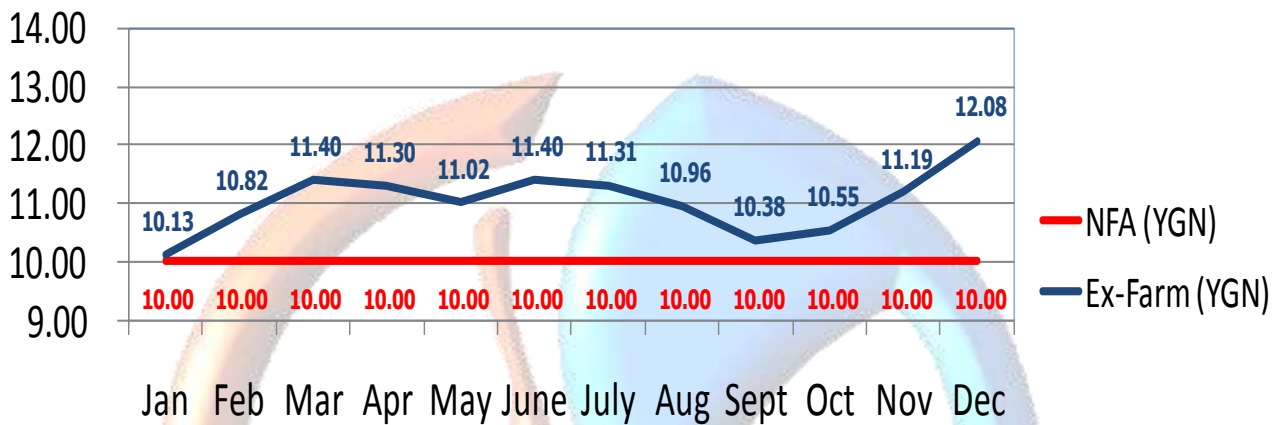
REGION	TARGET		ACTUAL		% ACCOMP		
	YGN	WGN	YGN	WGN	YGN	WGN	TOTAL
I - Ilocos Region	55,000	-	20,785	-	37.79%	0.00%	37.79%
II - Cagayan Valley	174,500	-	2,610	-	1.50%	0.00%	1.50%
III - Central Luzon	-	-	-	-	0.00%	0.00%	0.00%
IV - Southern Tagalog	-	-	-	-	0.00%	0.00%	0.00%
V - Bicol Region	-	-	-	-	0.00%	0.00%	0.00%
VI - Western Visayas	23,000	-	-	-	0.00%	0.00%	0.00%
VII - Central Visayas	-	-	-	-	0.00%	0.00%	0.00%
VIII - Eastern Visayas	-	-	-	-	0.00%	0.00%	0.00%
IX - Western Mindanao	23,000	10,000	171	-	0.74%	0.00%	0.52%
X - Northern Mindanao	436,000	-	73,183	-	16.79%	0.00%	16.79%
XI - Southern Mindanao	92,200	23,500	13,495	39	14.64%	0.17%	11.70%
XII - Central Mindanao	241,000	29,000	86,169	30	35.75%	0.10%	31.93%
XIII - NCR	-	-	-	-	0.00%	0.00%	0.00%
XIV - ARMM	-	-	-	-	0.00%	0.00%	0.00%
XV - CARAGA	41,000	-	109	-	0.27%	0.00%	0.27%
TOTAL	1,085,700	62,500	196,522	69	18.10%	0.11%	17.12%

For the year, NFA procured 196,591 bags of corn (WGN and YGN) or 17.12% accomplishment of the targeted 1.15M bags. This target was not met due to limited funds for procuring corn and the setting of one yellow corn quality specification (14% MC and 97% purity min.).

Yellow Corn (YGN)

Production of YGN decreased due to the occurrence of El Niño resulting to drought in some areas. Hence, prices increased due to limited supply and big demand for animal feeds.

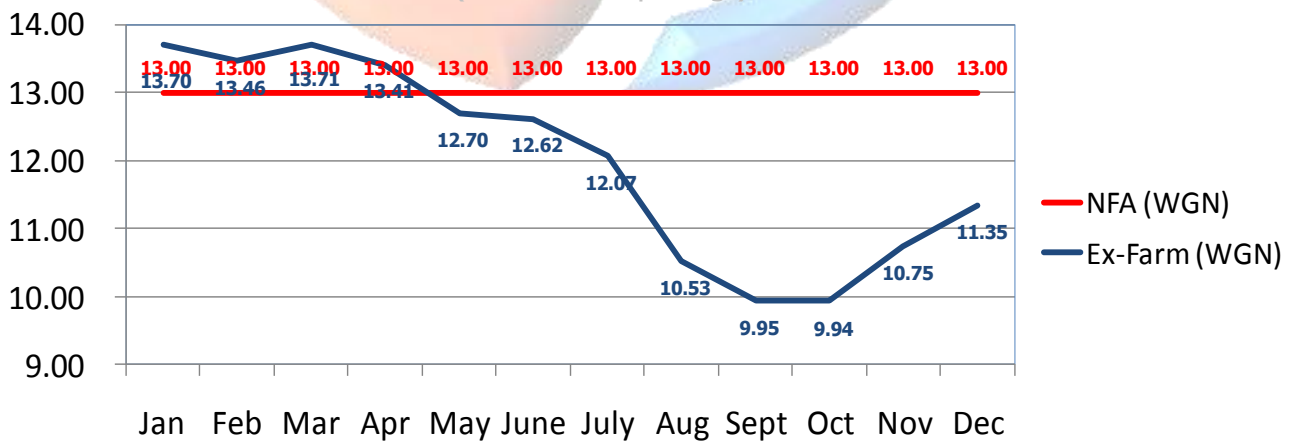
Average Yellow Corn Farm Prices vs. NFA Buying Price
(2010 Prices per kg.)



White Corn (WGN)

For WGN, demand decreased due to the abundant supply of rice and the shift of some corn-eating people to rice or other alternative foods, hence, prices of WGN decreased.

Average White Corn Farm Prices vs. NFA Buying Price
(2010 Prices per kg.)



DISTRIBUTION

NFA distributed 34,944,420 bags of rice or 71.41% of the total rice distribution target set at 48,932,140 bags and 3.5% lower than last year's total distribution. Market Participation rate was recorded at about 16% given the country's total food requirement of 221,600,000 bags. Rice distribution target was not met (28.59% or 13,987,720 bags short of target) due to the following reasons:

1. The reported rice smuggling, which was noted to be between 400,000 to 500,000 MT per newspaper reports.
2. Phase-out of the 13,200 Tindahan Natin Outlets (TNOs) on June 2010 which used to generate 60% of 2008 and 40% of 2009 sales of NFA because of the high subsidy cost incurred by NFA and the absence of budget from DSWD to finance it. These were converted to Bigasan Bayan Outlets (BBO).
3. Low demand for NFA rice due to abundant supply of commercial rice in the market.
4. Influx of imported rice arrivals under the Private Sector Rice Importation Program where importers were able to trade at lower prices due to zero tariff.

NFA Distribution for 2010
(In bags of 50 kg)

Month	2009	2010		% ACCOMP
		ACTUAL	TARGET	
January	2,209,920	3,166,927	3,929,324	80.60%
February	2,629,640	3,074,451	3,935,570	78.12%
March	3,701,060	4,254,668	3,934,906	108.13%
April	3,233,240	2,576,878	3,245,206	79.41%
May	3,167,740	2,395,885	3,468,575	69.07%
June	3,412,240	3,435,836	4,342,300	79.12%
July	3,414,100	3,234,381	7,026,910	46.03%
August	2,780,480	3,335,262	6,438,549	51.80%
September	2,723,300	2,845,378	4,410,850	64.51%
October	3,449,400	2,362,321	2,882,250	81.96%
November	2,602,520	2,279,797	2,622,150	86.94%
December	2,843,900	1,982,636	2,695,550	73.55%
TOTAL	36,167,540	34,944,420	48,932,140	71.41%

The increase in rice distribution accomplishment of 108% in March was due to I-FAD withdrawals. The increase in the distribution target in July and August was made to dispose old stocks through SMDP.

**2010 Average Prevailing Wholesale/Retail Prices of Rice and Corn,
Philippines**

COMMODITY	AVERAGE		% INCREASE/ (DECREASE)
	2010	2009	
Ex-Farm			
Palay	15.27	14.67	4.09
Yellow Corn Grains (YGN)	11.05	10.44	5.84
White Corn Grains (YGN)	15.72	12.05	30.46
Wholesale			
Well-Milled Rice (WMR)	31.46	31.17	0.93
Regular-Milled Rice (RMR)	28.44	28.26	0.64
Yellow Corn Grains (YGN)	14.38	13.84	3.90
White Corn Grains (YGN)	15.05	16.24	(7.33)
Retail			
Well-Milled Rice (WMR)	34.34	34.12	0.64
Regular-Milled Rice (RMR)	30.84	30.69	0.49
Yellow Corn Grains (YGN)	19.26	19.90	(3.22)
White Corn Grains (YGN)	19.61	21.21	(7.54)

NFA Rice, which was sold to consumers at P25.00/kg, was increased in December to P27.00/kg to accredited market outlets. The increase in NFA price did not have any significant impact/effect in the prevailing retail and wholesale prices of commercial rice in the local market, as well as in the volume of sales of NFA rice. Price of WMR remained stable ranging from P31.03/kg (Dec. 2010) to a high P31.57/kg (4th week of Jan. 2011). Meanwhile, average RMR wholesale prices ranged from P28.13/kg (Dec. 2010) to P28.68/kg (3rd week of Jan. 2011).

Despite increase in NFA selling price of rice, the Agency's total rice distribution in January 2011 still went up to 2.75 M from 1.98 M bags in Dec. 2010, or an increase of roughly 38.9%.

In terms of NFA finances, we were able to reduce losses by approximately P57.6 M in December from the additional P1.50/kg increase for market-based outlets alone.

IMPORTATION

a. NFA Imports

For the year, the NFA Council approved the importation of 2.9 M MT per Council Resolution No. 525-2010B dated 24 February 2010. NFA contracted 2,250,946.34 MT of rice from the neighboring Asian Countries following the bidding procedures under R.A. 9184. This volume is 31% higher from 2009's total volume of 1,575,000 MT of imported rice. This is based on the assessment of the Inter-Agency Committee on Rice and Corn (IAC) of the rice supply/demand situation and outlook on a cropyear basis, which has the following highlights:

1. The Food and Agriculture Organization (FAO) – United Nations estimate (November 2009) indicated that global paddy production for cropyear 2009/2010 was seen to decline by 2.3% to settle at only 449 MMT against the record 459 MMT harvested in 2008/2009 due to weather anomalies and natural disasters that occurred in several countries in Asia.
2. A decline in the total palay output for 2009 by 3.31% reaching only 16.26 MMT versus 2008 production due to ample palay that have been damaged in the 4th quarter of 2009 following the successive storms named "Ondoy & Pepeng" that hit the country last quarter of 2009.
3. Forecast for the first half of 2010 could fall by 1.72% as a number of farmers were not able to plant due to the dry spell that immediately followed after the successive typhoons. This forecast proved to be accurate.
4. Estimated area harvested for the first half could decrease by about 2.36% against last year's figures, as the El Niño weather pattern was expected to intensify in the coming months parching palay crop.
5. Rice self-sufficiency level for calendar year 2009 was almost 81%.

2010 Rice Importation

Contract Quantity (in MT) (Min/Max)	Commodity Specification	Source	Bidding Date	Actual Arrival Net/BL (in MT)	Percentage Accomplishment	Balance (in MT)
287,500.00 250,000.00 37,500.00	Long Grain White Rice 25% Brokens Re-order	Vietnam/Thailand	04 November, 2009	287,500.00	100%	
637,437.50 509,950.00 127,487.50	Long Grain White Rice 25% Brokens Re-order	Vietnam/Thailand Pakistan/China/US	01 December, 2009	637,437.50	100%	
592,815.88 474,252.70 118,563.18	Long Grain White Rice 25% Brokens Re-order	Thailand/Vietnam Pakistan	08 December, 2009	592,815.88	100%	
733,192.96 586,554.37 146,638.59	Long Grain White Rice 25% Brokens Re-order	Vietnam	15 December, 2009	681,892.96	93%	51,300.00
2,250,946.34				2,199,646.34	98%	51,300.00

* 67,550 MT arrived last December '09

** Balance shipments (51,300 MT) is scheduled to arrive on 1st quarter of 2011 per Administrator's verbal instruction.

Out of the total contracted volume, actual arrivals totalled to 2,199,646.34 MT or a 98% delivery rate. The delivery of the balance of 51,300 MT from Vietnam is scheduled in March 2011.

Further, NFA also imported US and Vietnam Rice under the US Food for Progress Program and East Asia Emergency Rice Reserve (EAERR) program. Likewise, the Royal Thai Government through EAERR donated rice stocks to the Philippine Government.

The volume and the weighted average contracted prices per country of origin are:

<u>Country</u>	<u>Volume (MT)</u>	<u>Weighted CFR Price (US\$/MT)</u>
Thailand	469,937.50	617.94
Vietnam	1,607,258.84	633.51
Pakistan	173,750.00	573.95

The actual import arrivals for CY 2010 are:

Actual Arrivals (MT)

2010 Contracts	2,199,646.34
US Food for Progress	7,000.00
EAERR	10,000.00

First Bidding (04 November 2009)

- Supply of 250,000 MT well-milled white rice, 25% brokens, based on the awarded price of US\$475.40/MT, CFR-FO.
- Price indications from Thailand's Board of Trade in October 2009 showed that the average FOB price for 25% brokens was at US\$449.00/MT, while the prevailing freight rate within the ASEAN Region was between US\$35-40/MT.

Second & Third Bidding (December 1 & 8, 2009)

- Supply of 600,000 MT each batch/bidding, the weighted average of winning offers were US\$623.58 and US\$670.56/MT, CFR-CO.
- FOB price at the time of bidding was at increasing trend from US\$480/MT on November 25, 2009 to US\$575/MT on December 10, 2009.

Last Bidding (December 15, 2009)

- The winning bid price was at US\$664.90/MT, which was about 2.89% lower than the December 8, 2009 bidding.

b. Private Sector Rice Importation under TES

The NFA allowed the private sector to import rice using the NFA's Tax-Expenditure Subsidy (TES), but with the imposition of a ₱2.00/kg service fee. A total of 18 participants composed of 9 farmer-organizations, 1 corporation, and 8 private individuals availed of the 200,000 MT total import allocation for the private sector, which arrived at the ports of Manila, Cebu, Davao and General Santos City.

c. PITC Rice Importation under TES

The Philippine International Trading Corporation (PITC) was also given 20,000 MT rice allocation using the NFA's Tax-Expenditure Subsidy. The accommodation followed similar terms given under the private sector rice importation, but the importer paid the corresponding service fee of ₱2.00/kg to the PITC. A total of 19,987 MT arrived at the Port of Manila.

d. WTO – Country Specific Quota (CSQ)

For rice importation under the Country Specific Quota of 163,000 MT through Land Bank of the Philippines, only one importer qualified, with a volume of 346.09 MT from Thailand.

e. NFA-SRA Sugar Importation under TES

By virtue of Executive Order 857 dated 29 January 2010 authorizing the NFA to intervene in the stabilization of the supply and price of sugar in the market, NFA and SRA handled the importation of 250,000 MT sugar. A bidding was conducted to allocate the volume among sugar industrial users, food processors/exporters, institution, repackers, and retailers under the Tax-Expenditure Subsidy of NFA. Three biddings were conducted and a total of 248,618 MT sugar arrived in the country.

RAPID FOOD PRODUCTION ENHANCEMENT PROGRAMME (RaFPEP)

The Rapid Food Production Enhancement Programme (RaFPEP) has two distinct sub-programs, namely the Rapid Seed Supply Financing Project (RaSSFIP) and the Irrigated Rice Production Enhancement Project (IRPEP).

A. Rapid Seed Supply Financing Project (RaSSFIP)

The RaSSFIP has been designed to be implemented in 2009-2010. RaSSFIP has the following components:

1. Procurement of Certified Inbred Seeds
2. Storage of Acquired Certified Inbred Seeds
3. Distribution of Acquired Certified Inbred Seeds among farmers
4. Project Management
5. Monitoring and Evaluation

RaSSFIP Summary of Accomplishment As of 31 December 2010

IMPLEMENTATION PERIOD	TARGET (Bags)	ACCOMPLISHMENT (Bags)	% ACCOMP.
Phase 1 (Sept. 16, 2009 - June 25, 2010)*	803,750	224,657	27.95%
Phase 2 (Sept. 16, 2010 - Dec. 31, 2010) **	579,093	185,694	32.07%
Total Accomplishment (Phase 1 + Phase 2 (Sept. 16 - Dec. 31, 2010))	803,750	410,351	51.05%

In Phase I (September 16, 2009 – June 25, 2010), NFA procured 382,511 bags of certified seeds (CS) at P1,200 per bag of 40 kgs, and distributed 224,657 bags. For reasons like the bidding process that slowed down the CS procurement, and the farmers' incapacity to pay the P600 equity, NFA was able to accomplish only 27.95% of the program targets for Phase I.

RaSSFIP Accomplishment
(Phase I: September 16, 2009 – June 25, 2010)

REGION	DA TARGET ORIGINAL	BIDDED ^{/1}	AWARDED ^{/2}	DELIVERED ^{/3}	DISTRIBUTED ^{/4}	% ACCOMP.
CAR	37,452	37,413	37,413	22,800	20,643	55.12%
II	73,511	73,511	73,511	43,740	18,183	24.74%
III	20,977	20,977	3,264	2,713	746	3.56%
IV-A	34,224	34,833	-	-	-	0.00%
IV-B	74,618	36,683	11,200	7,973	1,444	1.94%
V	83,620	13,700	16,579	15,398	4,377	5.23%
VI	111,550	57,160	57,160	57,160	17,904	16.05%
VII	45,343	31,177	31,177	30,910	12,255	27.03%
VIII	90,000	50,000	24,000	24,000	12,202	13.56%
IX	35,000	35,000	32,303	26,534	10,807	30.88%
X	62,000	30,965	30,965	29,516	14,468	23.34%
XII	68,361	66,441	68,441	68,441	67,097	98.15%
XIII	67,094	67,094	53,624	53,326	44,531	66.37%
PHILIPPINES	803,750	554,954	439,637	382,511	224,657	27.95%

^{/1} Procurable volume (in bags of 40 kg) in coordination with DA-RFU

^{/2} Volume to be supplied and delivered by the winning CS bidder, in bags of 40 kg

^{/3} Procured, delivered to NFA warehouses and paid by NFA

^{/4} Sold to DA-Authorized Representative

In Phase II (September 16, 2010 – December 31, 2010), the extension phase, NFA increased its rate of accomplishment because of major amendments in program implementation, mainly the change to direct procurement (from bidding) of CS supply. More importantly, NFA has fast-tracked its preparation and submission of reports required by DA and the funding agencies -- IFAD-EU.

RaSSFIP Accomplishment

(Extension Phase: September 16, 2010 – December 31, 2010)

REGION	TARGET	CS PROCURED (Bags)	CS DISTRIBUTED (Bags)	% ACCOMP.
IV-A	44,938	17,477	15,451	34.38%
IV-B	66,317	18,479	17,847	26.91%
V	83,620	27,513	27,513	32.90%
VI	60,500	26,785	17,323	28.63%
VII	37,619	5,048	5,273	14.02%
VIII	81,738	14,713	13,445	16.45%
IX	21,910	16,334	16,334	74.55%
X	25,864	7,112	7,047	27.25%
XII	99,700	46,423	46,423	46.56%
XIII	56,887	19,038	19,038	33.47%
TOTAL	579,093	198,922	185,694	32.07%

B. Irrigated Rice Production Enhancement Project (IRPEP)

The Irrigated Rice Production Enhancement Program (IRPEP) is a sub-programme of RAFPEP, a program of the National Government towards rice self-sufficiency, funded by a loan from the International Fund for the Agricultural Development (IFAD) and a grant from the European Union (EU).

The IRPEP aims to improve the productivity and production of irrigated paddy in selected areas with Communal Irrigated Systems (CIS). Target beneficiaries are farmers and farmer groups, particularly, Irrigator's Associations (IAs) in selected provinces in Regions 8 and 10. The National Irrigation Administration (NIA) is the lead agency for the program, in collaboration with the other agency-members of the Department of Agriculture (DA) family, like NFA. Under IRPEP, NFA is the lead agency in the implementation of the fourth component – Provision of marketing and post-harvest facilities. NFA will provide members of IAs in Regions 8 and 10 with adequate and correct marketing information, facilitate their access to existing NFA/other government facilities and structures, provide post-harvest facilities (dryers and rice mills) for their use, and promote on-farm marketing mechanisms to improve farm-gate prices and reduce transaction costs for their produce. In order to effectively carry out its role, NFA will improve its existing information system and upgrade its post harvest facilities.

To implement the component, NFA has a funding from IFAD and EU in the amount of P24.527 million to operationalize the following sub-components:

1. Improvement of NFA's Information Network: Upgrading of TXT-NFA, and the necessary trainings;
2. Upgrading and repair of post-harvest facilities in Regions 8 and 10: Repair of warehouses and ricemills, Retrofitting of mechanical driers with biomass furnace, and the necessary trainings on PH technology, i.e. use of the PHFs and the appropriate NFA Programs for the availment of the IA members; and
3. Promotion of Collective Marketing System.

NFA is also tasked to conduct the necessary policy dialogue/s to clarify and confirm the new administration's policies on:

1. NFA's Rice Price Stabilization Policy; and
2. Food Subsidy Policy.

MFO II: Staple Cereals are Available during Natural or Man-made Calamity or Emergency

RICE RELEASES

NFA issuances of rice to relief agencies during calamities that occurred in 2010 were recorded at 465,000 bags:

AGENCY	QUANTITY (In Bags)
DSWD	21,366
NDCC	15,683
PNRC	203,805
LGUs	18,347
NGOs	175,406
Legislators	23,304
DSWD (PDAF)	7,089
TOTAL	465,000

PERFORMANCE PARAMETERS

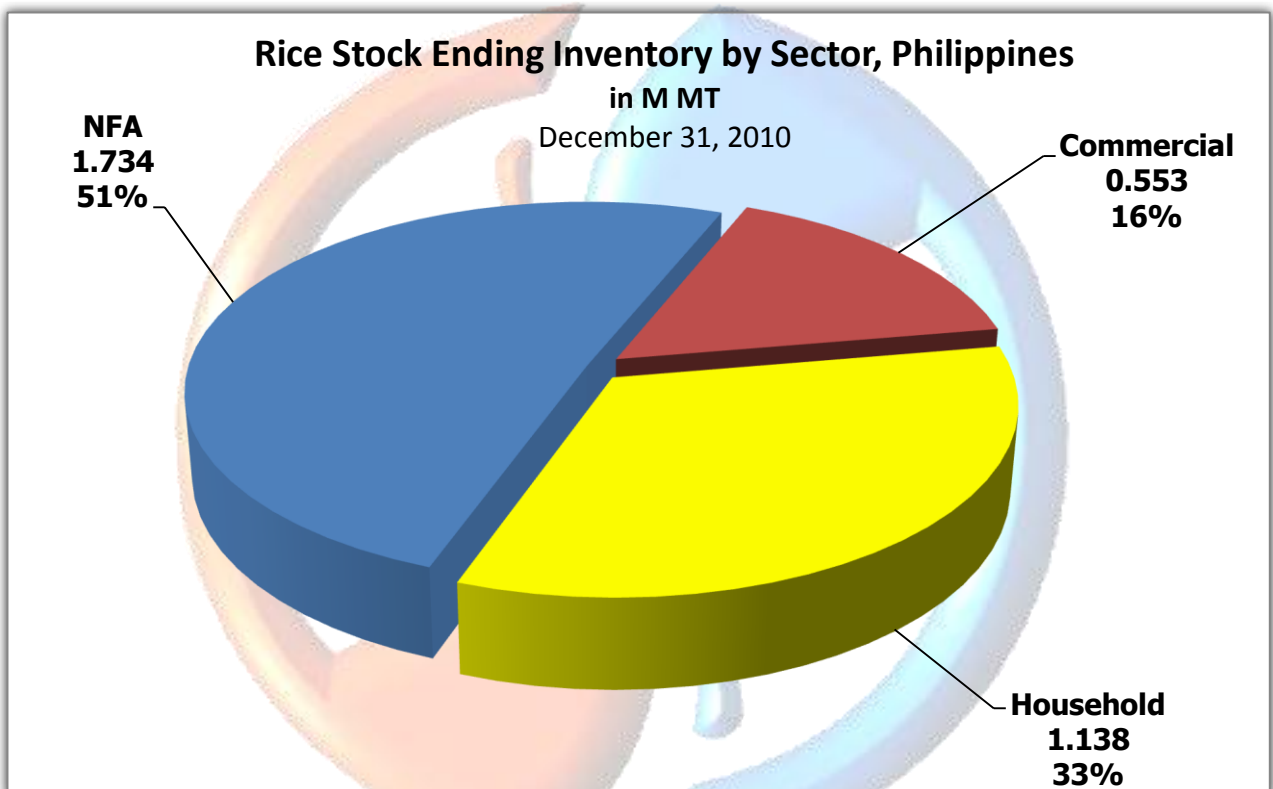
- ✓ 48-hour response time to staple cereal requirements in calamity/emergency-stricken areas.
- ✓ Restore or maintain within 2 weeks staple cereal supply and prices at levels immediately prior to a calamity or emergency.

In December 2010 alone, the prices of rice in the provinces of Albay, Agusan Sur, Agusan Norte, So. Leyte, Eastern Samar, No. Samar, Surigao Norte and Surigao Sur were kept at stable levels, even after the flashfloods in the said province.

MFO III: Buffer Stock of Staple Cereals Effectively Managed

RICE STOCK INVENTORY

As of December 31, 2010, NFA maintained a rice and palay stock inventory of 34,688,558 bags or 1,734,428 MT, good to last for 48 days based on the 36,300 MT national daily consumption requirement. The chart shows that 1.734 M MT or 51% of the total rice stock beginning inventory is with NFA, 1.138 M MT or 33% with the household, and 0.553 M MT or 16% with the commercial sector.



NFA Rice Stock Ending Inventory

(In '000 MT)

CY 2010

MONTH	NFA	DAYS TO LAST
January	1,027.6	28
February	1,207.7	33
March	1,502.0	41
April	1,712.7	47
May	2,031.8	56
June	2,031.7	56
July	2,011.3	55
August	2,003.9	55
September	1,884.3	52
October	1,813.0	50
November	1,774.6	49
December	1,734.4	48
AVE.	1,727.9	48

As mandated by Legislative and Executive Development Council (LEDAC), NFA must maintain a strategic emergency rice reserve enough for at least 15-day requirement, at any given time, equivalent to 544,500 MT of rice (15 days at 36,300 MT daily consumption requirement).

The NFA should also have at least a 30-day buffer stock by July 1 of each year as the country enters the traditional rice lean months, equivalent to 1.089 M MT (30 days x 36,300 MT daily requirement). The chart shows that NFA held inventories ranging from 28 days to 56 days consumption requirement.

2010 INFRASTRUCTURE/PHF DEVELOPMENT STATUS

As of December 31, 2010

PROJECT	CAPACITY (In bags)	QTY	ESTIMATED BUDGET	PROJECT ACCOMP.	STATUS/REMARKS
I. PROJECTS COMPLETED 2010					₱167,864,216.58
A. Construction of Warehouse					
San Juan, La Union	100,000	1	23,011,106.76	100%	Completed
Calintaan, Occ. Mindoro	100,000	1	18,954,484.00	100%	Completed
San Roque, Zamboanga City	50,000	1	14,924,365.18	100%	Completed
Cateel, Davao Oriental	10,000	1	11,505,573.10	100%	Completed (09/23/10)
Lebak, Sultan Kudarat	100,000	1	22,006,588.79	100%	Completed
Gen. Trias, Cavite	50,000	1	12,800,471.04	100%	Completed (02/24/10)
Dinagat Island	<u>30,000</u>	<u>1</u>	<u>13,012,283.62</u>	100%	Completed
	440,000	7	116,214,872.49		
B. Corn Centers					
NPGC, Echague, Isabela		1	25,574,615.14	100%	Installed and For Testing
C. Purchase/Replacement parts of various ricemills					
Santiago City, Isabela		1 Lot	4,822,581.72	100%	Completely Delivered
NPGC, Echague, Isabela		1 Lot	11,926,862.81	100%	Completely Delivered
Carig, Tuguegarao		1 Lot	3,458,576.80	100%	Completely Delivered
Concepcion, Tarlac		1 Lot	1,287,890.37	100%	Completely Delivered
San Miguel, Bulacan		1 Lot	1,839,466.72	100%	Completely Delivered
Molave, Zamboanga del Sur		<u>1 Lot</u>	<u>2,739,350.53</u>	100%	Completely Delivered
		6 Lots	26,074,728.95		

PROJECT	CAPACITY (In bags)	QTY	ESTIMATED BUDGET	PROJECT ACCOMP.	STATUS/REMARKS
II. PROJECTS ONGOING 2010					₱105,943,583.42
A. Construction of Warehouse					
Mambajao, Camiguin Island	25,000	1	8,885,959.08		Ongoing; Started 10/15/10
Baloy, Cagayan de Oro	200,000	1	38,185,695.70		Ongoing
ACA, Valenzuela	200,000	1	48,298,928.64		Ongoing as of 12/06/10
	425,000	3	95,370,583.42		
B. Purchase of Dryers w/ Biomass Furnace as Heating System					
Rosales, Pangasinan		1	1,095,000.00		For Testing
Alicia, Isabela		1	1,095,000.00		Installed and Tested
San Ildefonso, Bulacan		1	1,095,000.00		For Testing
Molave, Zambo. Del Sur		1	1,095,000.00		Installed and Tested
Kidapawan, No. Cotabato		1	1,095,000.00		Installed and Tested
		5 units	5,475,000.00		
C. Retrofitting of Existing Dryers w/ Biomass Furnace					
Binalonan, Pangasinan		1	422,000.00		Installed; For Testing
Alaminos, Pangasinan		1	422,000.00		Installed and Tested; For Acceptance
Dingras, Ilocos Norte		1	422,000.00		Installed; For Re-testing
Gamu, Isabela		2	844,000.00		Installed and Tested
Tumauini, Isabela		1	422,000.00		Installed and Tested
Tuguegarao City		1	422,000.00		Installed and Tested
Sindalan, Pampanga		1	422,000.00		Installed and Tested
San Jose, Antique		1	428,000.00		Installed and Tested
Alang-Alang, Leyte		1	428,000.00		Installed and Tested
Musuan, Bukidnon		1	433,000.00		Installed; For Re-testing
Digos, Davao del Sur		1	433,000.00		Installed and Tested
		12 units	5,098,000.00		

PROJECT	CAPACITY (In bags)	QTY	ESTIMATED BUDGET	PROJECT ACCOMP.	STATUS/REMARKS
III. PROJECTS FOR BIDDING 2010					₱180,551,690.74
A. Construction of Warehouse					
Bontoc, Mt. Province (Extension of Existing Warehouse)	4,500	1	4,500,000.00		Plans Reviewed at TRSD. Returned to NFA R-II
San Jose, Occ. Mindoro	100,000	1	22,719,525.11		Failure of Bidding. For Re-bidding.
Port Area, Cebu City	165,000	1	27,119,709.29		Memo on Approp. of funds forwarded to AO in 09/2010 for the approval of the Adm.
Borongan, E. Samar	40,000	1	13,402,860.07		Memo Approp. – Approved 06/2010; Plans forwarded to AO in July 2010 for signature of the Administrator.
Guiuan, E. Samar	15,000	1	5,653,716.36		Estimate/Plans Completed; For inclusion in 2011 Capital Outlay Budget.
Catbalogan, W. Samar	50,000	1	13,370,879.91		Memo Approp. – Approved 06/2010; Plans forwarded to AO in July 2010 for signature of the Administrator.
ACA, Valenzuela	200,000	1	38,000,000.00		Terms of Reference (TOR) ready at TRSD-ESD; Awaiting further instruction from higher management.
South District	100,000	1	29,000,000.00		Terms of Reference (TOR) ready at TRSD-ESD; Awaiting further instruction from higher management.
	674,500	8	153,766,690.74		
B. Purchase of Rice Fortification Equipment					
		1 unit	2,995,000.00		For Bidding.
C. Supply, Delivery, Installation & Commissioning of Truckscalls					
San Ildefonso, Bulacan		1	3,200,000.00		Site Development plan for approval.
Tabaco, Albay		1	3,200,000.00		
Dumangas, Iloilo		1	3,200,000.00		
Dipolog, Zamboanga del Norte		1	3,200,000.00		
Molave, Zamboanga del Sur		1	3,200,000.00		
		5 sites	16,000,000.00		

PROJECT	CAPACITY (In bags)	QTY	ESTIMATED BUDGET	PROJECT ACCOMP.	STATUS/REMARKS
<i>D. Purchase of Metrological Equipment</i> Electronic Platform Scale Various Equipment		50 <hr/> 50	5,990,000.00 <hr/> 1,800,000.00 7,790,000.00		Distribution to various field offices completed. Other items were already purchased, others are still for canvass.
IV. APPROVED ADDITIONAL 2010 CAPITAL OUTLAYS (Per Council Approval on June 19, 2010)					₱121,091,189.81
<i>A. Warehouses</i>					
Loakan, Benguet	50,000	1	11,500,000.00		Under Negotiation w/ BSP Estimate/Plans Completed; For inclusion in 2011 Capital Outlay Budget For Preparation of Plans For Preparation of Plans Estimate ongoing; Plans for Finalization Estimate/Plans Completed; For inclusion in 2011 Capital Outlay Budget For Preparation of Plans
Libmanan, Camarines Sur	100,000	1	23,919,189.81		
Tabaco, Albay	80,000	1	14,976,000.00		
Tabaco, Albay *(Expansion)	10,000	1	4,200,000.00		
Oras, Eastern Samar	20,000	1	4,800,000.00		
Dipolog, Zamboanga del Norte	80,000	1	14,976,000.00		
Liloy, Zamboanga del Norte	5,000 345,000	1 7	1,200,000.00 75,571,189.81		
<i>B. Corn Centers</i>					
Isulan, Sultan Kudarat		1	34,000,000.00		*Memo Approp. of funds returned to TRSD w/ notation of AA Tan: For re-canvass & revision of request memo of funds
<i>C. Purchase of Lot</i>					
San Carlos, Negros Occidental		1	11,520,000.00		

AS TO QUALITY OF STOCKS CLASSIFICATION

Under the NFA internal SOP on the Revised Quality Control Information System for Grains (SOP No. TS-SQ04 – effectivity date: April 6, 1999), rotten (nabubulok) rice is classified as “totally damaged stock (TD).” This is defined as “damaged grain stocks involving the entire stock and which are no longer fit for human and animal consumption but may still be fit for non-food/industrial use.” Based on this definition, the latest data and share of TD imported milled rice as of June 30, 2010, is only a mere 0.01% out of the 2.28M MT currently stored nationwide.

AS TO AGE OF STOCKS

On a national level as of June 30, 2010, the percent share of old-aged stocks (>12 to 24 months old) stands at 6.9% of the total 2.28M MT stored nationwide. Specially, 3.8% of those stocks belong to > 12-16 months old. Another 3.0% belong to > 16.1 – 20 months old and a mere 0.07% belong to >20.1 to 24 months old.

AS TO INFESTATION

In the year-end report on stock quality, infested stocks constitute only 0.65% of the 2.28M MT currently stored on a national level.

Infested stock is defined as “grain stocks with live infestation and/or stocks which are affected or damaged by insects or rodent actively which have not been subjected to fumigation activities.” (SOP No. TS-SQ04 – effectivity date: April 6, 1999). This means that these infested stocks will be considered as good quality stock after disinfestations through fumigation or reprocessing.

Pest infestation is a naturally occurring phenomenon, hence an unavoidable defect in grain stock quality classification. International standards, specifically US standards, show that the presence of insect fragments indicate no health hazard if found under low levels (maximum of 75 insect fragments/50 grams).¹

NFA sees to it that even before the stocks become unfit for human consumption, the appropriate disposal is made, varying on the quality of stocks, and the prevailing market situation. Disposal modes like Sale through Market-Determined Price (SMDP), tie-up with regular quality stocks, or open sales are adopted.

¹ [www.ca.uky.edu/entomology/dept/bagfood1.asp]

QUALITY ASSESSMENT OF NFA STOCKS

CY 2010
(In `000 MT)

STOCK CONDITION	AVERAGE PER MONTH (`000 MT)	AVERAGE %
Good	1,560.310	80.66%
Treated	340.469	17.58%
Infested	27.943	1.51%
Sweepings	2.275	0.12%
Partially Damaged	1.307	0.07%
Totally Damaged	1.010	0.06%
TOTAL (in `000 MT)	1,933.312	100.00%

The table above presents the volume of stored stocks per month per condition in 2010. Good, treated and infested stocks totalled 99.75%, which means they were fit for human consumption. Stocks assessed as 'treated and infested' during inspection are safe for distribution after treatment. A good portion could still be recovered from sweepings (0.12%) and partially damaged stocks (0.07%) after reconditioning or reprocessing. Only 0.06% is totally damaged.

GRAINS QUALITY TEST AND ANALYSES

CY 2010

PARTICULARS	ACCOMPLISHMENT
Analyses from the samples from management	2,812
Analyses from third party	791
Total income generated	P45,042.00

For the past year, 3,603 samples were analysed. Total income generated was P45,042.00.

RESEARCH AND DEVELOPMENT ACTIVITIES

Research and development activities are conducted to ensure that the good quality of rice inventory is maintained.

For the year 2010, nine programs, projects and activities (completed, carry-over, on-going and new) for research and development were implemented/undertaken, with an average accomplishment of 81.56% from January to December 2010.

PROGRAMS/PROJECTS/ACTIVITIES	TOTAL ACCOMP.	REMARKS
1. Weight loss assessment for paddy and corn during sundrying	100%	Project completed in January 2010; submitted terminal report and technology package
2. Validation of total weight loss of paddy in storage	100%	Project completed in December 2010
3. Paddy purity determination based on Brown Rice Recovery	100%	Project completed in August 2010; submitted terminal report and technology package
4. Test & Evaluation of ECO(2) FUME(TM) for NFA Stock Fumigation	100%	Project completed in August 2010; submitted terminal report
5. Enhancing Productivity and Competitiveness of Corn Farmers through sustainable production and use of Bio-N Fertilizer (Phase 2)	70%	Scheduled visit to project sites
6. Evaluation of the reliability and pilot testing of Digital Image Processing System (DIPS) for corn grains	70%	Debugging is over; DIPS software/ program under training
7. NFA TRSD ISO (9001:2008) Project (Phase 1) Development and Implementation of TRSD QMS	60%	Development of draft procedures; finalized titles of procedures for development
8. Comparative Quality Characteristics of Hybrid and Other Popular inbred Rice Varieties.	54%	Survey currently undertaken to traders/millers and retailers and purchased hybrid and inbred paddy varieties in Legaspi City, Albay; laboratory analysis of palay samples
9. Field Evaluation of Responsar SC 025 (Beta-Cyfluthrin) as Residual Spray to Control Stored Product Pests.	80%	Project implementation on-going at MFC Warehouses in NFA, NCR-NDO.
Average Accomplishment	81.56%	

**MFO IV: Developmental Regulation of the Grains Industry
Implemented and Enforced****INDIRECT MARKET INTERVENTION PROGRAMS****FARMERS OPTION TO BUY-BACK (FOBB)**

This program allows farmers to buy-back the same volume of stocks sold to NFA within six months or one cropping cycle for resale to traders when palay prices in the market are better than NFA's support price.

FOBB addresses farmer's immediate need for cash and at the same time provide them with the opportunity to maximize their earnings thru proper timing in the sale of said stocks.

PARTICULARS	ACCOMPLISHMENT (Jan. – Dec. 2010)
Total palay deliveries (bags)	92,128
Stocks Withdrawals (bags)	23,587
Palay Balance (bags)	68,541
No. of FOs	35

Under FOBB Program of NFA, 23,587 bags of palay were withdrawn by 35 Farmers Organization out of 92,128 bags delivered to avail of higher prices for their palay produce.

**GRAINS EXCHANGE PROGRAM FOR FARMERS' ORGANIZATIONS AND
RETAILERS ASSOCIATIONS (GEPFORA)**

GEPFORA is a program where accredited farmers' groups will have the opportunity to expand their market through direct linkage with the rice retailers' associations as buyers of their produce, in rice form. Marketing costs and negotiation time is reduced through the use of NFA facilities and network system, thus helping boost farmers' income and at the same time licensed rice retailers through their grains retailers' associations participating in the program will have a ready access to available supply/source of rice at a lower price.

For this year, GEPFORA has no avallees as compared to its initial years of implementation. The reasons for its slump were attributed to the participation of farmers' organizations and other sectors in the NFA Private Rice Importation Program and the existing high inventory of commercial and NFA rice in the market.

INSTITUTIONALIZED FARMERS AS DISTRIBUTORS (I-FAD) OF NFA RICE

This program allows FOs to directly participate in the distribution of imported rice.

As partners in the implementation of food security and stabilization program of NFA, farmers are allowed to undertake the distribution of NFA rice subject to certain rules and regulations formulated by the Agency.

PARTICULARS	ACCOMPLISHMENT (Jan. – Dec. 2010)
Total Allocation (bags)	1,997,544
FO Withdrawals (bags)	367,765
% Accomplishment	18.41%

Rice distribution through the IFAD program registered at a minimal volume of 367,765 bags representing total withdrawals of farmer-organizations vis-à-vis the total approved allocation of 1,997,544 bags or a measly 18% accomplishment. The NFA Council has approved the extension of withdrawal period until March 2011 for the balance.

PALAY MARKETING ASSISTANCE FOR LEGISLATORS AND LOCAL GOVERNMENT UNITS (PALLGU)

Legislators and LGUs shall enter into a marketing agreement with NFA where the former shall provide a premium amount in addition to the existing NFA Support Price for the purchase of palay from the farmers.

The provision of such premium shall entitle the legislator/LGU the right to buy the subject stocks from NFA within six (6) months.

Stocks may be stored in any designated NFA warehouse for free for four (4) months. If stocks are not withdrawn after the 4th month period, NFA shall charge the buyer with a 1.5% carrying cost for the 5th until the 6th month, which is the maximum period of storage.

NFA shall have the right to auction or sell the palay stocks if the buyer was not able to withdraw the same after six months.

PROGRAMS/ACTIVITIES	NO. OF BAGS	AMOUNT (PhP)	NO. OF FARMERS/FO
Volume Delivered Premium Paid	27,295	2,063,656.00 1.50/kg	141 FOs
Provinces:			
Allacapan	11,836	466,221.00	138 FOs
Davao del Norte	15,459	1,597,453.00	3 FOs

Under PALLGU, 27,295 bags were delivered by 141 Farmers Organization in the provinces of Allacapan and Davao del Norte amounting to P2,063,656.00.

CORN MARKETING ASSISTANCE PROGRAM FOR INDUSTRY PRODUCERS/USERS AND LOCAL GOVERNMENT UNITS (CMAPIPULGUs)

Aims to help corn farmers increase their income and at the same time assist corn users in sourcing their corn requirements

Corn buyers (commercial/industrial/LGUs) shall enter into a marketing agreement with NFA where the former shall provide a premium amount in addition to the existing NFA Support Price for the purchase of corn from NFA accredited individual farmers and/or farmers' organizations.

The provision of such premium shall entitle the corn user/LGU to the right to buy the subject stocks from NFA within four (4) months.

PARTICULARS	ACCOMPLISHMENT Jan. – Dec. 2010
No. of bags procured	81,351
Amount of Premium Paid	₱6,719,061.00
No. of farmers	902
No. of FOs	-
Premium Paid	₱1.70/kg
Province Aailed – Isabela	

For CMAPIPULGUs, 81,351 bags of corn were procured from 902 farmers from Isabela with a total premium price of ₱6,719,061.00 Million.

FARMERS' INCENTIVE RICE PURCHASE (FAIR)

Designed to encourage farmers to sell their palay harvest to NFA and be entitled to buy-back in the succeeding year up to 25% of rice equivalent of palay stocks sold to the Agency.

PARTICULARS (2009 Palay Deliveries)	ACCOMPLISHMENT (Jan. – Dec. 2010)
Total palay deliveries (bags)	3,518,323
Total Rice Recoveries (bags)	2,227,732
FAIR allocation (bags)	556,597
Total rice withdrawn (bags)	297,033
Rice balance todate (bags)	259,564
No. of Coops./FO Beneficiaries	776

Under FAIR, 297,033 bags of rice were bought back or withdrawn by 776 Coop/Farmers Organization beneficiaries out of the allocated 556,597 bags.

COOPERATIVE DEVELOPMENT INCENTIVE FEE (CDIF)

The provision of CDIF aims to promote membership of farmers in farmers' organizations (FOs).

A monetary incentive of ₱0.30 granted to farmers' organizations for every kilogram of palay/corn they sell to NFA.

The CDIF revolving fund can be used by FOs in the acquisition/rental of post-harvest facilities, as a subsidy for training expenses of FOs, purchase of farm inputs, as payment for loans, to fund entrepreneurial and development programs for FOs and for other purposes.

PARTICULARS	ACCOMPLISHMENT CY 2010
Amount CDIF Granted Rice	₱71.60M – Granted to some 2,123 FOs
Amount CDIF Granted Corn	₱0.727M – Granted to some 9 FOs
CDIF Utilized	₱57.80 – Utilized by some 806 FOs
PPISO Utilization	None

CDIF WITHDRAWAL/UTILIZED	NO. OF FOs EVALUATED	AMOUNT (In Million Pesos)	% SHARE
Purchase of NFA Rice	550	36.705	63.50%
Purchase of farm inputs/fertilizer	184	11.981	20.73%
Payment of Loan Amortization	36	4.689	8.11%
Purchase/Repair of Warehouse, Coop. Office, MPDP, others.	10	1.925	3.33%
Purchase/Repair of Post-Harvest & Production Facilities	23	2.451	4.24%
Purchase of Empty sacks	1	0.031	0.05%
Payment of Licenses	2	0.017	0.03%
TOTAL	806	57.802	100.00%

The CDIF fund amounted to P57.80 M were used by 806 FOs in the acquisition/rental of post-harvest facilities, as a subsidy for training expenses of FOs, purchase of farm inputs, as payment for loans, to fund entrepreneurial and development programs for FOs and for other purposes.

FARM LEVEL GRAINS CENTER (FLGC)

FLGC which involves the construction of 10,000-bag capacity warehouses with dryers to serve as collection centers in production areas.

FLGC Loan Amortization

PROGRAMS/ACTIVITIES	NO. OF FOs	TOTAL LOAN AMOUNT (In Million PhP)	TOTAL PAYMENTS (In Million PhP)
Updated w/ Satisfactory Repayment Record	4	11.5	6.8
Defaulting FOs	21	72.8	22.6
Scheduled for Repossession	3	11.09	0.845
Repossessed/Voluntary Turned-over to NFA	7	25.02	0.98
For awarding to Viable FOs	1 FLGC	1.09	0.164
Not yet Awarded to FOs	2 FLGCs	3.4	
Amount of Amortization Payment Collected (Jan. – Dec. 2010)	13	38.8	1.6
TOTAL		163.70	32.99
TOTAL LOAN EXPOSURE ₱163.70M	%ACCOMPLISHMENT		20%

Out of the P163.70 Million FLGC loan exposure, total payments collected as of December 2010 amounted to P32.99 M equivalent to 20% accomplishment.

**NFA-Owned PHF Assistance Program
CY 2010**

FACILITIES	AMOUNT GENERATED	VOLUME PROCESSED (In bags)	BENEFICIARIES	
			FARMERS	TRADERS
a. Mechanical Dryer	8,756,532.55	74,780.50	456	
b. Warehouse	4,144,250.00		809	
c. Truckscale	1,146,781.50	988,610.00	1,041	74
d. Trucking	763,470.00	1,126.00	163	
e. Solar Drying	417,906.74	77,603.00	716	
f. FOBB	251,039.73			
g. PALLGU	650,200.00			
h. FLGC	583,455.87			
i. Moisture Meter	49,950.00			
j. Roller Weights	6,400.00			
k. Platform Scale	5,700.00			
l. Forklift	3,730.00			2
TOTAL	16,779,416.39	1,142,119.50	3,185	76

There were 3,185 farmers and 76 traders beneficiaries who availed of NFA-Owned PHF Assistance Program in which NFA generated P16.779 Million. Truckscale service was the most availed.

CORN DEVELOPMENT FUND (CDF)

The Corn Development Fund (CDF) was created on March 17, 1998, with an initial fund of ₱124.4 Million for use in the development of the corn industry. It was later augmented by another ₱65.9 Million representing Service Fees from 2007 Corn Imports, bringing the total CDF principal amount to ₱190 Million. This fund is being held in trust by NFA and managed by the CDF Committee.

This is a loan assistance to corn producers and users (maximum of P10M) and grants (maximum of P0.5M). The loan can be used for the acquisition, installation and/or improvement of equipment and facilities for production, transport, warehousing and marketing. The grant is for training, seminars and studies on corn.

For the year, the following new projects were approved for funding and implementation:

APPROVED PROJECTS IN 2010	FUNDING SUPPORT (In Million Pesos)	
	LOAN	GRANT
1. Post-Harvest Processing & Trading Center, Isulan, Sultan Kudarat	10,000,000.00	
2. Aflatoxin Center in Isulan, Sultan Kudarat		500,000.00
3. Philippine Poultry Show 2010 – National Federation of Egg Producers in the Philippines		300,000.00
4. 7 th National Corn Congress in Isabela		300,000.00
5. Operationalizing the EETS-CORN and Development of the Roadmap for the full implementation of an Agricultural Commodity Exchange Systems (ACES)		1,000,000.00
TOTAL	10,000,000.00	2,100,000.00

CDF FINANCIAL REPORT
March 1998 to December 31, 2010

A. FUNDS INFLOW

Principal Fund Sources:

1998 Corn Importation Net Proceeds	PhP	124,137,671.83
Service Fees from 2007 Imports		65,900,000.00

Total **PhP** **190,037,671.83**

Other Fund Sources

Interest Income From:

Treasury Bills	PhP	20,986,632.21
Investment with NFA		69,405,938.54
PNB Deposit (MOOE Account)		1,739,846.95
Collection – Amortization Payments		9,550,543.20
Penalties from late payments		414,551.14
Others – return of excess funds		156,313.65

Total **PhP** **102,253,825.69**

TOTAL FUND INFLOW **PhP** **292,291,497.52**

B. FUNDS OUTFLOW

Corn PHF Projects	PhP	26,816,870.13
Loans		71,439,263.42
Projects Grants		28,226,010.50
Capital Expenditures		767,325.99
Project Management/Technical Evaluation and Other Operating Expenses		30,348,957.41

TOTAL FUNDS OUTFLOW **PhP** **157,598,427.45**

FUND BALANCE – Dec.31, 2010 **PhP** **134,693,070.07**

INDUSTRY REGULATION DEVELOPMENT

NFA continues to be one of the driving forces and catalyst for change and improvement of the grains industry. This involve the monitoring and enforcement of rules and regulations governing grains business, licensing and registration of all rice and corn business for a purpose of acquiring industry information and ensuring rational distribution of grains business for optimum utility and profitability. It also includes the promotion of harmonious and productive relationship among rice and corn industry stakeholders to achieve sectoral efficiency, discipline and growth. The following programs are being undertaken to achieve the above objectives.

LICENSING AND REGISTRATION OF GRAINS BUSINESSMEN

Any person, natural or judicial, who are engaged or are intending to engage in the rice and/or corn industry, shall apply for a grains business license and/or grains business registration with the industry.

A license is an authority or a privilege granted to a qualified applicant to engage in a particular line of activity in the rice and/or corn industry. It is issued by the Authority in the exercise of its police power for purposes of regulation. The Authority issues a registration certificate to grains businessman engaged in certain activities in the rice and/or corn industry for purposes of monitoring only.

For the period January – December 2010, the total number of grains businessmen registered/licensed nationwide was 84,786 applicants composed of 12,205 new and 72,581 renewees. A 101.08% accomplishment based on the projected target of 83,879 applicants was achieved, a slight 1.08% or an equivalent 907 increase in the number of registrants/licensees. Out of the total number of applicants, 3,291 grains businessmen availed the 2-year advance RL payment scheme.

R/L Grains Businessmen	84,786
New Applicants	12,205
Renewees	72,581
Target	83,879
% Accomplishment	101.08%

Total revenue generated from registration and licensing activities nationwide amounted to ₱140,413,355.06 or a 110.12% accomplishment vis-à-vis set target of ₱127,514,191.04, thereby exceeding the targeted collection by 10.12%. Total RL collections marked an increase of ₱12,899,164.02.

PARTICULAR	AMOUNT (PhP)
Total	140,413,355.06
Target	127,514,191.04
% Accomplishment	110.12%

Advance RL collections garnered for the 2-year advance RL fees payment scheme reached a total of ₱2,714,533.98 contributing a 1.93% share to the total revenue.

The growth in the number of applicants and collections were attributed to intensified RL operations such as the conduct of mobile licensing, massive advocacy campaign thru the use of quad-media, dispatched of notices/follow up letters for renewals, coordination with grains association officers, the 2-year advance payment of RL fees scheme and collection of surcharge/deficiency fees and fines/penalties. Also, on the concerted effort of provincial offices thru the inspection and revalidation of facilities and the results of the accreditation of millers who participated in the bidding of palay milling services, implementation of the Agency's special programs (accreditation of rice retailers) and the increase in the capitalization of grains businessmen particularly those who participated in the rice importation program.

As of December 31, 2010, total number of metal plates paid/issued to licensed/registered grains businessmen was placed at 14,657 pieces which generated a total collection of ₱2,931,400.00. Metal plates are issued in lieu of NFA registration/licensed certificates except for import license. These are issued only once, unless lost or destroyed, a replacement is made upon payment of reasonable amount.

CUSTOMERS ASSISTANCE UNIT (CAU)

The CAU was established to receive and immediately act on suggestions, inquiries/requests, and complaints of customers relative to the products and services carried by NFA particularly on matters such as product quality, pricing, weighing, packaging and the like throughout the country and to genuinely serve NFA stakeholders.

Operated by the Industry Services Officers from 7:30am – 5:30pm, Mondays to Fridays to receive suggestions, inquiries, request and complaints from NFA stakeholders/public. Action takes place within 24 hours for request/inquiries and within 72 hours for customers' complaints.

A total of 18,193 customers were served consisting of 17,491 inquiries mostly about licensing requirements and operations matters, 698 requests about rice allocations, release of Cooperative Incentive Fund and 4 complaints regarding rice allocation quantity deliveries, grains establishment owner operating without NFA license and non-accredited rice retailers selling NFA rice.

PHILIPPINE GRAINS STANDARDIZATION PROGRAM (PGSP)

This is a multi-sectoral effort spearheaded by Agency that aims to effectively implement or institutionalize the national grains standards through continuing advocacy, enforcement and monitoring activities among grain farmers, millers, traders or retailers and the general consuming public.

The National Grains Standards is a set of rules prescribing standards specifications on the quality, packaging, labelling, as well as, test and analysis for rice, corn and other grain commodities to help ensure efficiency, order and fair trade in the grains production and marketing system, which will benefit all the stakeholders from the farmer producers to the end-consumers.

Total number of establishments inspected in compliance to PGSP rules and regulations was 12,569 stalls/units with 745 seminars/trainings and meetings conducted to 5,062 grains stakeholders.

PRIVATE SECTOR RICE IMPORTATION PROGRAM

Monitored NFA licensed importers of field offices for submission to the Land Bank of the Philippines (LBP) as reference of LBP who are authorized to import rice in the opening of Letter of Credit (LCs) or other financial documents used importation. There was a total of 161 licensed rice importers nationwide with 84 licensees from the farmers' organizations and 77 licensees from other sectors. Only one (1) importer availed of the program who imported 484 MT rice from Thailand out of the 163,000 MT country specific quota (Thailand – 98,000 MT, China – 25,000 MT, India – 25,000 MT, and Australia – 15,000 MT). Other importers did not participate because of the required advance tariff payment of 40%. Instead, they participated in the importation of rice under the NFA tax expenditure subsidy by paying a service fee of ₱2.00/kg.

NFA INSURANCE ACCREDITATION

The NFA Insurance Accreditation Committee had accredited eleven (11) private insurance companies for 2010 to cater to the needs of the NFA licensed grains businessmen for their fire insurance/surety bond and "Acts of God/Fortuitous Event Clause" requirements. The NFA was able to collect from these companies ₱55,000.00 for the application/accreditation fees.

FOOD DEVELOPMENT CENTER

RICE FORTIFICATION PROGRAM

The NFA is the implementing agency of rice fortification program. In consonance with R.A. 8976 of the Food Fortification Act, it mandates the fortification of rice, sugar, edible oil and flour with iron and Vitamin A effective November 2004 to address the micro-nutrient malnutrition in the country. NFA and DOH signed a MOA that the two agencies shall formulate rules and regulations and procedures on advocacy, training, laboratory analysis as well as the imposition of sanctions to those who will practice illegal trading/marketing of Iron Fortified Rice (IFR).

1. Terms of Reference (TOR) – 2009 IRP 1500 – H – 011

- a. Sampling and inspection of the remaining fifty-nine (59) partial deliveries of the thirty seven thousand sixty-five (37,065) bags of Iron Coated Rice Premix (IRP) to complete the 1,500 MT of IRP approximately equivalent to 60,000 bags of 25 kg. capacity on January 4, 14, 22, & 27, February 12 & 19, March 11 & 22, 2010.
- b. Analysis of forty-one (41) IRP samples to check compliance with NFA specifications for IRP.
- c. Prepared following reports as basis for recommendation made on the acceptance of thirty-nine (39) partial deliveries of the 622.7367 MT of IRP on January 14, 22 & 29, February 5, 15 & 26, 2010, respectively:
 - c.1. Summary of Results of Analysis and Evaluation of IRP delivered to NFA.
 - c.2. Report of Inspection for the General Condition of IRP delivered to NFA.

2. Terms of Reference (TOR) – 2010 IRP 750 – B – 001

- a. Analysis of three (3) IRP bid samples to check compliance with NFA specifications for IRP.
- b. Prepared report on Summary of Results of Analysis and Evaluation of IRP bid Sample and Certification of Compliance to Quality as basis for recommendation made on the acceptance of the IRP bid sample.
- c. Sampling and inspection of twenty-three (23) partial deliveries of the ten thousand three hundred twenty-five (10,325) bags of IRP on March 22, 23, 24 & 30 and April 7, 14, 23 & 29, 2010.
- d. Analysis of forty-one (41) IRP samples to check compliance with NFA specifications for IRP.
- e. Prepared following reports as basis for recommendation made on the acceptance of twenty-four (24) partial deliveries of the 753.01658 MT of IRP on April 22, May 4 & 20 and June 9, 2010, respectively:
 - e.1. Summary of Results of Analysis and Evaluation of IRP delivered to NFA.
 - e.2. Report of Inspection for the General Condition of IRP delivered to NFA.

3. Expired and Nearing Expiration Stocks of IRP in NFA Warehouses

- a. Prepared sampling plan and estimated cost for sampling, inspection and analysis of expired and nearing expiration stocks of IRP in NFA warehouses.
- b. Requested appropriation of funds for the conduct of sampling, inspecting and analysis of first expired (expired as of April 2009) stocks of IRP in Region XII NFA warehouses.
- c. Conducted analysis of first expired (expired as of April 2009) stocks of IRP samples sent by Region XII NFA warehouses and IRP prepared from the IRP. The results indicated that the iron content of the raw IRP, which expired April 2009, is 1,736mg/100 grams and 1.04mg/100 grams in cooked IFR. For those that expired in December 2009, the iron content is 1,392mg/100 grams and 1.2mg/100 grams in IRP and cooked IFR, respectively. Results showed that iron content in raw IRP is above specifications while the iron content in cooked IFR is already near the lower limit of the specifications.

4. Participation in the NFA Rice Fortification Program (RFP) Meetings:

- a. "Pre-Procurement Meeting of the NFA Bids and Awards Committee for the procurement of Minimum/Maximum 750 MT IRP" at NFA ODAO Conference Room on January 15, 2010.
- b. "Pre-Bidding Conference and Bidding Proper of the NFA Bids and Awards Committee for the procurement of Minimum/Maximum 750 MT IRP" at NFA ODAO Conference Room on February 9 and 23, 2010, respectively.
- c. Administrator's Meeting with the NFA Executives and Personnel involved in the RFP at NFA Board Room on July 16, 2010.
- d. NFA Rice Fortification Program Meeting of the Technical Working Group on September 27, 2010 at the GMOD-NFA, SRA.
- e. Communication Plan (COMPLAN) for Iron – Fortified – Rice by the Interagency Representatives on October 21, 2010, at the NFA Board Room, SRA.
- f. Pagkaing Pampalusog ng Pilipino (PPP) Ad Campaign of the NFA Technical Working Group on October 28, 2010 at the 6th floor Conference Room, SRA.
- g. Communication Plan (COMPLAN) for Pagkaing Pampalusog ng Pilipino (PPP) and Distribution Plan for I-Rice on November 11, 2010 at the NFA Board Room, SRA.

ISO CERTIFICATION

NFA's Food Development Center was recertified to ISO 9001:2000 as a result of the 6th Surveillance Audit conducted on December 4, 2009. Hence, FDC has continuously complied with the standards set by Certification International Philippines, Inc. (CIPI) and successfully passed the semi-annual surveillance conducted by CIPI auditors, to be recommended for continued certification to ISO 9001:2000. On December 10, 2009, FDC was recognized by the Office of the President, among other government agencies that have attained ISO 9001:2000 accreditation.

- FDC maintained and upgraded its certification to ISO 9001-2008 through periodic conduct of internal audits, revision and improvement of documents to conform with policies and procedures, and commitment to continuous improvement of its quality management system.
- FDC is currently undertaking activities in preparation for certification to ISO 17025 of its Chemistry and Microbiology Laboratories.

From January to December 2010, 116 revised ISO and 50 new documents for the implementation of FDC policies and procedures or 160% accomplishment from 104 target. The accomplishment far exceeded the target, as there was an increased need for improvement of existing documents and preparation of new documents.

NATIONAL CODEX ORGANIZATION – MANAGEMENT SUPPORT OFFICE (NCO-MSO)

The NCO-MSO is the over-all technical coordinator to the Technical Committee and the 21 Sub-Committees or Task Forces chaired by the relevant agencies of the DA (10) and DOH (11). Philippine participation at Codex through these bodies requires effective coordination and monitoring to achieve the objectives of the NCO considering country positions would impact to the stakeholders namely food industry and regulatory agencies.

Develop and endorse policy recommendations for effective and cost efficient Philippine participation in the international food standard-setting process of the Codex Alimentarius Commission.

Provides over-all management and technical support to the work of the Technical Committee, Sub-Committees or Task Forces of the National CODEX in the Philippines.

DA OFFICIAL CONTAMINANTS LABORATORY AT FDC

The “Launching of the DA Official Contaminants Laboratory at FDC” was held on June 24, 2010. Attended by more than 70 guests from the Department of Agriculture, NFA, USAID, DA-attached agencies, other government agencies, food industry and private sector – the event was graced by then DA Secretary Atty. Bernie G. Fondevilla as the Guest Speaker.

It shall conduct all official testing for contaminants for the department and its attached agencies for their surveillance programs, regulatory approval of food and food raw materials for export or import, research and for other purposes.

The designation of FDC as the Official Contaminants Laboratory expands FDC’s responsibilities to include strengthening compliance of tests and analysis with international protocols that could withstand scrutiny during international disputes. It will ensure international market confidence in agricultural, animal, fisheries foods and food product exports and it will build capacity in setting international disputes.

FDC FINANCIAL SERVICES

Generate funds from fees and projects, prepare budget, financial reports and monitor and allocate costs.

PARTICULARS	TARGET	ACTUAL	% ACCOMP.	EVALUATION / REMARKS
	(In Million Pesos)			
Collection Income	12.20	10.78	88.36%	Target unmet due to breakdown of major Pilot Plant equipment resulting to reduced income. <ul style="list-style-type: none"> - Quality Evaluation - Pilot Plant Operations - Industry Services - TDD Special Projects

LEGAL MATTERS

PATICULARS	ACCOMP.
Litigation	
1. Hearings Attended by Lawyers	71
2. Pleadings, Memoranda & Related Documents Prepared	60
3. Opinions, Reports, Requests, Queries & Communications	127
Doc. & Legal Research	
1. Contracts Reviewed/Evaluated	107
2. Contracts Prepared	9
3. Opinions Rendered	45
4. Letters/Memo Prepared	30
5. Opinions Received from OGCC	1
6. Meetings Attended	8
7. Openings of Sealed Canvass	7
8. Administrative Hearings Attended	11
Adjudication	
1. Decided Administrative Cases	9
2. Draft Decisions Submitted to the Administrator	14
3. Formal Charges Filed	12
4. Hearings Conducted on Pending Administrative Cases	79

SECURITY SERVICES

PARTICULARS	ACCOMP.
Administrative Complaints	
Complaints for investigation as of December 30, 2010	20
Complaints received from January – December 2010	49
Complaints investigated January – December 2010	40
Complaints forwarded to LAD	4
Complaints for investigation as of December 31, 2010	19
Investigation report evaluated from January – December 2010	70
Investigation report for evaluation as of December 31, 2010	30
Forwarded to LAD for docketing	2
Enforcement	
Total Apprehensions	1,552

MFO V: Management Efficiency and Competency

NFA Road Map

Objective

Transform the NFA into a more cost-effective government agency that will facilitate sustained national food security, through the rationalization for efficiency and sustainability in the execution of its mandate.

Key Principles

1. Maintain palay procurement support price while adjusting NFA selling prices for rice to approach market prices, thus, encouraging farmers to produce more towards self-sufficiency;
2. Decreasing rice importation commensurate to the increase in rice production;
3. Amount of government support to NFA shall fully cover the costs of implementing (1) food security buffer stock(s); and, (2) farm price support;
4. Private sector will be the major player in rice importation ;
5. Improve NFA's organizational and operational efficiency; and
6. Subject to public consultation and legislation, allow Quantitative Restrictions to end by 2012.

The NFA Road Map is a major component of the Philippine Food Staple Self-Sufficiency of the Department of Agriculture, which was first presented to the Economic Managers on December 7, 2010.

Electronic Integrated Financial and Operations Management Information (e-IFOMIS)

A program envisioned as a web enabled on-line information system consisting of NFA operations and financial transactions, that are linked together accessing one database. The development of an e-IFOMIS shall be used to:

- collect, process, maintain, transmit and report data about financial and operations event;
- support financial planning and budgeting activities;
- accumulate and report cost and operations information;
- provide facilities for adhoc queries within the data structure; and
- support the preparations of financial statements, operations and other management reports.

Progress meeting and functional testing of various modules at 56% over-all accomplishment.

NFA Data Center

On June 28, 2010, the NFA Data Center was launched and inaugurated with no less than then NFA Administrator Jessup P. Navarro as Guest of Honor together with Ms. Celia Z. Tan, Assistant Administrator and Chairperson of the e-IFOMIS Project Steering Committee, Technical Working Group, invited guests from the IT community, NFA Executives and NFA personnel who made the NFA Data Center possible.

The NFA Data Center was constructed to serve as depository facility of all information captured and processed by the electronic Integrated Financial and Operations Management Information System (e-IFOMIS). Likewise, it is where the running applications of e-IFOMIS are stored to be accessed by NFA users nationwide through the Internet.

The NFA Data Center consists of state-of-the-art equipment and software. It has blade systems, 20 kva parallel redundant uninterruptible power supply (UPS), access control system, surveillance system and an automatic transfer switch (ATS) that automatically shifts the source of power from Meralco to a 175 kva generator set in case of power interruption. It has a fiber optic Internet connection. It is being managed by the Corporate Planning and Management Services Department.

THE AGRICULTURAL COMMODITY EXCHANGE SYSTEM (ACES)

A program developed into a functional commodity exchanged by the private sector with recognized government interventions in some key areas, like logistics support (communication services, office space, etc.) And manpower resources, at least in the critical stages. The ACES is expected to support the agricultural sector in terms of:

- a) Providing farmers a broader base to link with buyers/traders and consumers, thus giving them more opportunity to get better prices for their products;
- b) Providing corn buyers and sellers with alternative source and market for corn produce, respectively;
- c) Allow corn producers/suppliers/sellers to transact with corn users/buyers through an electronic exchange system;
- d) Allow corn producers/suppliers/sellers better income through a more efficient system of post-harvest processing that results in the sale of better quality produce and less marketing layers and cost;
- e) Educating farmers in the workings of the market thus preparing them for the realities of global competition.

ENHANCED ELECTRONIC TRADING SYSTEM (EETS) FOR CORN

A web-based trading system that provides information exchange and clearing house services and commodity trading for corn buyers and sellers.

An alternative market that gives buyers and sellers more opportunity to get better prices at less marketing layers and costs.

- Initial EETS-Corn Advocacy was conducted during the ISD Area Conference as follows:

Site	Date	No. of participants
Gen. Santos City	April 14-15, 2010	40 pax
Cebu City	April 21-23, 2010	33 pax
Baguio City	May 5-6, 2010	42 pax
Legaspi City	May 19-20, 2010	40 pax
Cagayan de Oro City	May 27-28, 2010	17 pax

- SOP on the EETS-Corn was completed and approved on June 25, 2010
- EETS-Corn Advocacy was conducted at PAFMI last July 7, 2010
- Training/workshop for NFA personnel on the EETS-Corn was conducted as follows:

Site	Date	No. of participants
Baguio City	October 12-14, 2010	50 pax
Gen. Santos City	November 16-18, 2010	60 pax

- Completed the development of the EETS-Corn web based system.
- Updates on marketing cost per BAS, NFA and Private quotes is being posted on the EETS-Corn trading boards as well as an updated International Market prices translated into local landed cost.
- NFA has negotiated/arranged an on-line/direct bank payment scheme with Metrobank (100%); BDO (70%); and BPI for corn procured through the EETS.

NFA TRANSITION REPORTS IN COMPLIANCE TO ADMINISTRATIVE ORDER NO. 255 OF MALACAÑANG:

The Administrative Order No. 255 of Malacañang orders all Cabinet members and heads of government agencies to lead "moral renewal" in their respective offices to achieve "zero tolerance for corruption".

- 1. Organizational Transition Report** – NFA legal bases, NFA mandates, Major Final Output (MFO), vision, mission, objectives, core values, organizational structure, functions by organizational units, budget, partnership and linkages, proposed areas of action of incoming officials, manpower complement, other major administrative concerns and name of NFA Transition Cooperation Team.
- 2. Functional Transition Report** – NFA Annual Accomplishments (2000 – 2009), NFA significant achievements, on-going/pipelined projects and financial report.

STANDARD OPERATING PROCEDURES (SOP)

Approved – 9

1. General Memorandum Order re: Revised Job Order Form (Approved: January 5, 2010)
2. SOP on the Implementation of Corn on Cobs Procurement/Processing
3. (Approved: March 19, 2010)
4. Amendments to the SOP on the Institutionalized Farmers as Distributors (I-FAD) of NFA Rice Program (Approved: March 23, 2010)
5. SOP on NFA Service Vehicle Loan Fund (SVLF) Program (Revised 2009) (Approved: March 30, 2010)
6. Amendments to the FDC Decentralized Purchasing System (Approved: March 31, 2010)
7. SOP on the Enhanced Electronic Trading System for Corn (EETS-Corn) (Approved: June 25, 2010)
8. Amendments/Addendum to the Revised SOP on Central Office Purchasing System (Approved: August 25, 2010)
9. Revised SOP on Educational Loan Program (Approved: September 15, 2010)
10. Implementing Guidelines on Designation/Fielding/Reassignment/Relief of SGOO's (Approved: September 3, 2010)

For Approval – 4

1. SOP on Leave of Absence
2. Revised SOP on Domestic Travel
3. Guidelines on Hiring of Workers on Job Order Basis
4. Guidelines on the Implementation of the Integrated Rice Production Enhancement Program (IRPEP)

For Finalization – 6

1. Revised SOP on Infrastructure Project Development
2. Amendment to the Revised SOP on Payment of Grains/MTS Shortages of NFA Accountable Officer
3. Amendment to SOP on the New Computerized Stock Examination and TOLA Computation
4. Revised SOP on Certificate of Clearance
5. Amendment to the Revised SOP on NFA Grievance Machinery
6. SOP on Vehicle Control System for Central Office

For Preparation of First and Second Draft – 9

1. Execution of Penalties of Suspension and Dismissal Meted to Officials and Employees Found Guilty of Administrative Cases
2. SOP on Filing & Resolution of Protest Cases on Appointments
3. Revised SOP on Retirement
4. Revised SOP on PPE Inventory, Monitoring and Control System
5. Amendment to SOP on MTS Procurement, Disposal and Utilization
6. SOP on the Resolution of Protest Cases on Appointment
7. SOP on Vehicle Control System for Field Office
8. Revised SOP on Registration and Licensing
9. Amendment/Addendum to SOP on Manpower Training & Development

HUMAN RESOURCES

MANAGEMENT TRAINING PROGRAM (MTP)

A program with the objective of professionalizing and empowering the Agency's present and future managers. Applicants composed of full-fledged managers, officers-in-charge, and those holding Grade levels 18 to 22 with Master's Degree. Subjected to a training that included classroom or academic exercises moral and spiritual renewal program, organization immersion program or on-site observation, preparation and finalization of strategy papers and the presentation of the legacy/strategy papers.

Thirty-five (35) participants had graduated from the Management Training Program. From this batch, Ms. Evelyn M. Barroga, Accountant IV (SG22) of NFA Region II was promoted to Provincial Manager (SG-24) of NFA Region VII (Siquijor P.O.).

TRAINING AND DEVELOPMENT

ACTIVITY / DESCRIPTION	JAN. TO JUNE	JULY TO DEC.	TOTAL
A. Local External Training			
Number of participants attended	90	167	257
Total expenses	3,728,802.00	4,990,567.00	8,719,369.00
B. Foreign Training			
Number of participants attended	3	4	7
C. Internal Training			
Number of program conducted	17	36	53
Number of participants attended	98	199	297

SUMMARY OF NFA PERSONNEL COMPLEMENT
(As of December 31, 2010)

	Authorized Plantilla Positions	Filled-Up Positions
Central Office	615	566
Field Office	3,822	3,505
TOTAL	4,437	4,071
Co-Terminus with Incumbent (Rank & File Employees)		
Central Office		148
Field Office		451
TOTAL		599
GRAND TOTAL	4,437	4,670

NFA PROVIDENT FUND

Total members as of Dec. 2010 = 4,108
Total Remittances = P16 M

GENDER AND DEVELOPMENT (GAD)

PROJECT / ACTIVITY	ACCOMPLISHMENT
1. GAD Awareness Briefing	Siquijor, Cotabato, Tuguegarao, Tabuk, Davao, Dipolog, Ozamis & Lucena
2. Health & Wellness Program	Attended by 42 NFA employees
3. Lecture on Fire Prevention	Attended by 121 NFA & SRA employees
4. Enhancement/Skills Formation Programs	Attended by 142 NFA & SRA employees

CY2009 TOP CORPORATE TAXPAYERS

NFA was awarded on Feb. 18, 2010 a Plaque of Recognition from BIR as one of CY2009 Top Corporate Tax payers.

AUDIT SERVICES

Assurance Services

1. Special Audit (59 NFA Offices)
 - Tindahan Natin
 - Cash Management (Collections, Deposits and Remittances)
 - Fixed Assets Management
 - Audits per instruction from top Management/AO

2. Special Audit on Registration and Licensing Activities at the following NFA offices:
 - Region I (W. Pangasinan, Benguet, Ilocos Sur & La Union)
 - Region II (Cagayan, Quirino, Lagawe & Nueva Vizcaya)
 - Region III (Nueva Ecija, Pampanga & Bataan)
 - Region IV (Lucena, San Jose, Laguna & Batangas)
 - Region V (Camarines Sur, Camarines Norte, Sorsogon & Albay)
 - Region VI (Antique, Capizm Iloilo & Bacolod)
 - Region VII (Cebu, Bohol & Dumaguete)
 - Region VIII (Tacloban, Biliran, Catarman & Catbalogan)
 - Region IX (Zamboanga City, Ipil & Dipolog)
 - Region X (Cagayan de Oro & Bukidnon)
 - Region XI (Davao City , Davao Oriental & Gen. Santos City)
 - Region XII (Kidapawan & Isulan)
 - Region XIV (Surigao Norte, Surigao Sur, Agusan del Norte & Agusan del Sur)
 - ARMM (Cotabato)

3. Special Audit on fixed Assets Management on the following NFA Field Offices:
 - Region I (Ilocos Norte, Ilocos Sur, La Union, Benguet, Abra, Western Pangasinan & Eastern Pangasinan)
 - Region II (Isabela, Kalinga & Allacapan)
 - Region III (Nueva Ecija, Pampanga, Tarlac, Bulacan, Zambales & Bataan)
 - Region IV (Batangas, Laguna, Marinduque, Mamburao, San Jose & Lucena)
 - Region VI (Iloilo, Negros Occidental, Aklan, Antique & Capiz)
 - Region VII (Cebu, Bohol, Siquijor & Negros Oriental)
 - Region VIII (Biliran, Northern Samar, Western Samar, Eastern Samar, Northern Leyte & Southern Leyte)
 - Region IX (Zamboanga, Pagadian, Ipil & Dipolog)
 - Region X (Misamis Oriental, Misamis Occidental, Bukidnon, Camiguin & Lanao Norte)
 - Region XI (Gen. Santos, Devao Norte, Davao City, Davao Oriental & Digos)
 - Region XII (Isulan, SPGC, North Cotabato & Marbel)
 - ARMM (Lanao Sur)

4. Management Audit (6 NFA Offices)
5. TOLA Assessment (16 NFA Offices)

Consultancy Services

1. e-IFOMIS Project
2. Assistance to the NFA Systems Audit Consultants
3. Assistance in Drafting the Proposed SOP for SGOO Movements

TOLERABLE ALLOWANCE (TOLA)

REGION	STOCK ACCOUNTABILITIES	AMOUNT
1	4	2,110,291.46
2	7	2,771,534.01
3	29	11,400,044.70
4	57	20,815,250.65
5	17	6,260,321.32
6	2	0.00
7	42	8,055,651.73
8	10	1,051,876.70
9	1	7,882,991.98
10	8	2,650,248.46
11	0	0.00
12	14	318,733.21
13	15	3,804,323.13
14	0	0.00
15	8	526,173.62
TOTAL	214	67,647,440.97
TARGET	STATUS	% ACCOMP.
816 Cases	214 Cases	26%
P491.93 M	P67.65 M	13%

As of September 30, 2010, 214 cases of stock accountabilities out of 816 cases were examined representing a 26% accomplishment. TOLA computed collectibles has amounted to P67.65 M out of the targeted P491.93 M or an accomplishment of 13%.

ADMINISTRATIVE SUPPORT AND GENERAL SERVICES

PHYSICAL INVENTORY OF FIXED-ASSETS AND SEMI-EXPENDABLE ITEMS

PARTICULARS	AMOUNT (PhP)
Central Office	
Fixed Assets	711,943,060.27
Semi-Expendable	18,748,753.15
Sub-Total	730,691,813.42
Field Office	
Fixed Assets	3,161,299,839.77
Semi-Expendable	17,061,464.22
Sub-Total	3,178,361,303.99
TOTAL ASSETS (Nationwide)	3,909,053,117.41

UNSERVICEABLE PROPERTIES

PARTICULARS	AMOUNT (PhP)
Central Office	150,088.00
Field Office	973,065.98
TOTAL NET PROCEEDS GENERATED	1,123,153.98

oDESKTOP SYSTEM

MONTH	TRANSACTIONS
January	262
February	427
March	152
April	145
May	67
June	58
July	123
August	135
September	315
October	101
November	67
December	81
TOTAL	1,933

FINANCIAL VIABILITY

PARTICULARS		As of November 30, 2010	December 1 - 31	As of December 31
I	CASH IN BANK BALANCE C.O.			<u>316.885</u> ^{/1}
II	CENTRAL OFFICE COLLECTIONS/			<u>38,729.863</u>
	LOCAL CEREALS	755.219		755.219
	IMPORTED RICE	34,100.044	2,419.469	36,519.513
	SUGAR	633.573		633.573
	MISCELLANEOUS	809.007	12.551	821.558
III	SUBSIDY RELEASES - 2010 FOOD SUBSIDY	8,000.000		<u>8,000.000</u>
IV	REMITTANCES TO FIELD OFFICES:			<u>17,416.049</u>
	CEREAL PROC. FUND - PALAY	7,281.981	1,972.786	9,254.767
	CEREAL PROC. FUND - SUGAR	-		-
	GOE/COF	5,997.265	596.902	6,594.167
	C.O. DISBURSEMENTS	1,478.373	88.742	1,567.115
V	2010 RICE IMPORTATION (NEGOTIATED)			
	Volume (MT)	Value in US\$		
	2,209,646.335MT	US\$1,390,621,060.042		
		60,050.160		<u>60,050.160</u> ^{/2}
VI	OBLIGATIONS:			<u>209,656.339</u>
	SHORT TERM LOANS - OUTSANDING BAL.	85,256.817		<u>97,090.225</u>
	AVAILMENT		16,630.000	
	PAYMENT		4,796.592	
	DUE TO SUPPLIER - 2010 RICE IMPORTATION	60,050.160		<u>33,429.587</u> ^{/3}
	PAYMENT		26,620.573	
	NET LENDING			<u>4,029.829</u>
	- PRINCIPAL	3,539.229		3,539.229
	- INTEREST		490.600	490.600
	LONG TERM - OUTSTANDING			
	FOREIGN	476.543		476.543 ^{/4}
	DOMESTIC:			
	OTHERS	600.326		<u>600.328</u>
	P35B ROP GUARANTEED LONG TERM	35,000.000		<u>35,000.000</u>
	NOTES (P8.0B / P9.0B)	17,000.000		17,000.000
	LBP - Long Term Notes	18,000.000		18,000.000
	Zero Coupon Bonds	-		-
VII	SALE OF ZERO COUPON BOND	15,201.222		<u>15,201.222</u>
VIII	INTEREST / BANK CHARGES	5,456.782		<u>5,789.162</u>
	- Short Term	4,138.684	261.828	4,400.512
	- Long Term	1,318.098	70.552	1,388.650
IX	BOND SINKING FUND CONTRIBUTION			<u>600.000</u>
	P8.0B RPO NOTES	400.000		400.000
	P9.0B RPO NOTES	200.000		200.000
X	TAX WITHHELD ON INTEREST PAYMENTS	392.670	23.267	<u>415.937</u>

Notes: /1 For funding on Jan. 3 & 4, 2011
/2 Adjusted due to FX Valuation
/3 US\$761,754,285.370@P43.885
/4 US\$ = P43.885
¥ = 0.012123

GOE/GOF Field remit. P 97.266
Payment of Interest 129.391
Payment of Principal 400.000
P 626.657

Creditors Bank

Scouted for new creditor banks, from 20 to 24, thus increasing NFA's short-term credit facilities to ₱134.812B. This provides the Agency with flexibility in negotiating better/more advantageous loan terms.

Liability and Fund Management Program

Completed the ₱35 Billion Liability and Fund Management Program with the final availment of the Land Bank Long Term Notes amounting to ₱18 Billion. The program started with Bond issuances, the first tranche of ₱8 Billion in 2008, and the second tranche of ₱9 Billion in 2009. Both issuances resulted to interest rates lower than prevailing rates at that time, while the LBP Notes pegged the bank spread to 1% per annum for ten years.

ROP Zeroes

Packaged with the LBP Loan is the full monetization of the Investment in ROP Zeroes. The sale of the Zeroes, which was also completed in early 2010, resulted to the recognition of a gross income of ₱6.20 Billion:

Accumulated bond discount		₱5.47 Billion
Gain from Sales		
Sales Proceeds	₱15.20	
Book Value	<u>14.47</u>	<u>0.73</u>
TOTAL GAIN		₱6.20 Billion

Commission Rate

Negotiated for a decrease of commission rate offered by banks, as the recipient of documents/collecting bank of NFA importation from, 1/55% to 1/65%.

2010 Subsidy

Worked out with the Bureau of Treasury the full release of 2010 subsidy totalling to ₱8 Billion.

Tax Expenditure Subsidy for NFA Rice Importation

Availed the Tax Expenditure Subsidy in the total amount of ₱24.575 Billion for NFA Rice Importation. Also facilitated for the private sector the TES availment of ₱2.036 Billion for its rice import and ₱3.251 Billion for sugar.

JICA Projects

Proceeds from the disposition of NFA-JICA Post-Harvest Facilities accrue to a special fund that NFA maintains at PNB, has a balance of P13.5 Million:

PNB NFA-JICA – I	₱10,362,393.25
PNB NFA-JICA – II	<u>3,156,690.38</u>
TOTAL	₱13,519,083.63

Reconciliation of Accounts

Fixed Asset reconciliation-Books versus Physical count as of 7/31/2009 accounted for variance of P60.159 M. Out of this amount, P35.883 M has been adjusted in the books and P2.413 M for adjustment in the records of GSD:

Per Books	765,182,804.67
Per Count	<u>705,023,643.90</u>
Variance	<u>60,159,160.77</u>

Accounts Receivable – Bureau of Treasury (BTR)

Balance as of 12/31/09	76,714,944.98
Balance as of 11/30/10	<u>20,795,194.98</u>
Adjustments Made	<u>55,919,750.00</u>

DA Certified Seeds Rice Program

Remitted ₱4,581,591.21 to BTR to fully liquidate the project.

Reconciliation of Inter-Branch Accounts

Reconciliation of 34,373 Inter-Branch Accounts amounting to ₱118,099,376,936.48.

**PARTNERSHIP FOR ECONOMIC GOVERNANCE REFORMS (PEGR)
13 Key Recommendations for NFA Effectiveness and Efficiency**

Objective

To enhance NFA's operational efficiency and effectiveness.

Findings

80% of NFA losses are due to policy, only 20% is due to operational losses. Hereunder, is a matrix of strategies being done to minimize operational losses:

STRATEGIES	INDICATOR	BASELINE (2007)	STATUS (As of June 30, 2010)
Operations			
<p>1. Adjust NFA selling prices to a cost-plus mark-up level, especially for outlets not focused on poor communities.</p> <p>Develop a formula to adjust the selling price annually. This formula should be based on the actual costs of procuring imported and local rice and processing palay, together with a margin sufficient to recover operating and overhead costs of the NFA, with such costs (and the resulting selling price) adjusted accordingly.</p> <p>Focus price subsidies on the poor.</p>			<p>Selling price was increased in 2007 by P0.25/kg from P16.50/kg to P16.75/kg and starting July 1, 2010 at P23.50/kg. Despite repeated recommendation for adjustment of NFA selling prices, the Economic Managers/Cabinet did not allow prices to be close-to-market.</p> <p>Adjustment of price has been regularly submitted to the Cabinet for approval but no favorable action has been taken. At present, a study to increase the selling price of rice to a certain level or to a level that will cover the trading cost is on-going.</p> <p>Pro-poor programs for 2010 are still maintained but price of P16.75 to Tindahan Natin outlets (TNs) was up to June 30, 2010 only, after which, TNs were converted into Bigasang Bayan Outlets (BBO). Effective July, selling price has been adjusted to P23.50/kg for release to different outlets at P25.00/kg.</p>
<p>2. Reduce/eliminate the tariff on imported rice.</p>			<p>Done NFA is availing full tax expenditure subsidy on imported rice since Oct. 2006</p>

STRATEGIES	INDICATOR	BASELINE (2007)	STATUS (As of June 30, 2010)
Operations			
3. Refinance the NFA's bank debt, either by: <ul style="list-style-type: none"> a. GOP liquidating NFA's debt, or b. GOP freezing loans in the NFA's books (for government accounting purposes), and paying off the loans over a period of time (extending debt maturity and improving liquidity) 			Partially done; refinanced P35B short term loans to long term loans with term of 10-12 years.
4. Give the NFA flexibility to undertake its trading activities and other related operations on a commercial basis (insurance, selling prices, procurement, etc.)			Under the NFA proposed bill, DA will provide fund difference between the NFA buying price and ex-farm price, while DSWD/ DepEd will pay NFA at cost.
5. Develop an integrated financial & operational management information system	% completion or system components completed	Proposal was finished Dec. 2007	Implementation on-going.
6. Design & implement a program to strengthen the NFA's capacity for corporate planning, reporting, and evaluation, as synchronized with DA, the mother dept.; DBM/DOF & other NG.	Completion of program		An integrated planning & budgeting process is now being implemented. Likewise, the NFA implements its programs per Major Final Output (MFO) to synchronize with DA, DBM and other NG.
7. Accelerate disposition of real property under the Asset Rationalization Program (e.g., sell excess real estate and FTI assets).	Value of assets disposed		The following six (6) NFA properties has been approved by the NFA Council for divestment.
Finance and Administration			
8. Complete negotiations with the DBM and implement Rationalized of organization structure and staff complement more closely aligned with the NFA's core functions.			<ul style="list-style-type: none"> • Fully implemented, from an Approved Plantilla of Positions (APP) of 6,377 positions, APP after EO 366 is now 4,439 positions. • Department/Office which needed to be merged have been merged. • Some departments/positions were abolished.

STRATEGIES	INDICATOR	BASELINE (2007)	STATUS (As of June 30, 2010)
Operations			
9. Rationalize the location of buying stations to better support the DA's rice program while looking at possibility of reducing total number.			Done
10. Implement longer-term re-engineering and computerization program.			On-going development
11. Implement improved receivables management and collection processes.	Amount collected	P172.5M	P934.19M
12. Strengthen role of the NFA Council in setting strategic direction for the NFA and monitoring the NFA's performance.			The NFA Council has been regularly monitoring NFA's plans and programs, budget and performance.
13. Strengthen internal controls, especially for inventory management, and establish/enforce new procedures and systems for monitoring and improving every step of the supply chain to reduce annual stock losses.			Internal Audit Services Department (IASD) conducts audit regularly and monitors stock liquidation. The Electronic-Integrated Financial and Operational Management Information System (e-IFOMIS) is being developed to ensure transparency and strengthen internal controls.

PUBLIC AFFAIRS

PARTICULARS	ACCOMPLISHMENT
News and Photo Releases	48 with 124 exposures
Letters to Editors/Columnist	19
Speeches/Messages	6
Photo Coverage	62
Interviews with PAD Director and other NFA Officials	
TV	74
Radio	52
Print	22

2010 proved to be a difficult time for NFA. However, we still managed to get the support from various stakeholders especially the farmers as proven by their manifestation of support for the agency's continuous existence.

In addition to this, NFA undertook various activities to continuously respond to challenges and maintain goodwill with the media as well as the NFA's external and internal public – employees, stakeholders and the general public.

NFA'S CONTRIBUTION TO THE ECONOMY:

- ✓ Total payment of P9.989 Billion to farmers through procurement.
- ✓ Total payment of P61.3 Million to private sectors through procurement of materials and properties.
- ✓ Remitted to BIR the amount of P429.1 Million of taxes withheld from NFA suppliers.
- ✓ Total payments of some Millions of Pesos from services rendered by millers, haulers, shippers and cargo handlers.

