



2017 NFA Annual Report

ENSURE FOOD SECURITY: Availability, Accessibility, Affordability of Safe-to-Eat Staple Food

Buffer Stock

15-Day National Average Buffer Stocks Maintained - The NFA average monthly rice inventory of 217,446 MT for the year is good to last for seven days, which is short by eight days than the Agency's commitment of 15-day Strategic Rice Reserve (SRR).

At the end of 2017, the NFA has a standing rice inventory of 106,447 MT which is estimated to last for three days only of the average national daily consumption requirement of 31,463 MT.

NFA Rice Stock Inventory
(Days to Last)

MONTH	DAYS TO LAST
January	14
February	12
March	10
April	8
May	6
June	5
July	3
August	2
September	5
October	6
November	5
December	3
AVERAGE	7

30-Day Buffer Stock Available by June 30 - Specific to the LEDAC policy that the NFA should maintain a 30-day rice buffer stock by 01 July (inclusive of 15-day SRR), the NFA was able to maintain a total rice inventory of 152,822 MT, equivalent to 5-day buffer stock only, which is below the required inventory of 30 days.

This situation is attributed to a relatively low procurement accomplishment of the NFA, mainly due to the prevailing ex-farm prices higher than the Agency's buying price. Further, the NFA was allowed to import only a minimal volume of rice for 2017, despite NFA's request to the NFA Council at the start of the third quarter for an additional import. (Per the President's standby authority to import 500,000 MT)

Despite a very low inventory level, the NFA needs still to ensure the presence of NFA rice in major markets. Thus, some regions resorted to inter- or intra- regional stocks transfer (dispersal) from surplus provinces/regions to deficit areas, to augment supply in areas with critical inventory level.

Procurement

Despite the field offices' drive on aggressive procurement as instructed further by Management, the NFA was not able to meet the target due to the high ex-farm prices of palay that averaged at ₱18.90/kg., compared to NFA's buying price of ₱17.00/kg. Hence, for 2017, the NFA's total palay procurement is only 28,489 MT, representing 19% of the targeted volume of 153,482 MT.

Palay Procurement (In Metric Tons)

MONTH	TARGET	ACTUAL	%
January	6,680	2,385	36
February	8,855	1,729	20
March	15,780	2,471	16
April	28,880	3,640	13
May	15,760	2,486	16
June	3,285	510	16
July	825	103	12
August	2,700	98	4
September	14,128	1,619	11
October	17,390	6,035	35
November	25,175	6,371	25
December	14,025	1,067	8
TOTAL	153,483	28,514	19

Source: NFA Grains Situationer Report as of December 31, 2017 (Final)

The relatively high ex-farm price vis-à-vis existing government buying price disadvantaged NFA's local buying activity. Despite the situation, the following procurement strategies were undertaken by the Agency.

- Continuous conduct of information campaign and installation of signages and directions;
- Conduct of sustained "Ugnayan" with farmer organizations and cooperatives; and,
- Undertake flexibility in buying Storm-Damaged Palay (SDP), subject to certain conditions, such as:
 - Only the calamity declared areas shall be covered by the NFA's procurement of SDP with a duration of one month from the date of receipt of the authority from the C.O.;
 - Funds to be used in the procurement of SDP shall come from the calamity fund or the President's Social Fund;
 - The base price for the procurement of SDP shall be at ₱11.00/kg. and it is not entitled to procurement incentives; and,
 - Only SDP up to 80% damaged/colored kernels shall be accepted.

In terms of contribution to volume procured from the 33 surplus provinces, Occidental Mindoro of Southern Luzon topped the list, followed by the provinces of Iloilo, Capiz, and Antique in Western Visayas.

It is noteworthy that despite a low procurement performance, the NFA was able to realize its objective of providing farmers with a fair return on their investments. With higher ex-farm price as compared to the government's buying price, farmers were able to gain modest earnings on their production investments. Besides, the NFA serves as **"buyer of last resort"** only, in the event that the prevailing price in the market is below the government buying price.

Prices

With its stabilization mandate, NFA's Buying Price of ₱17.00/kg. significantly pushed traders to offer farmers with prices relatively higher or closer to the government support price. As monitored by the Philippine Statistics Authority (PSA), the 2017 average annual ex-farm price of palay of ₱18.90/kg., is 11% higher than the NFA's Buying Price.

For corn, the annual average ex-farm price of white corn at ₱13.84/kg slightly higher than NFA's buying price of ₱13.00/kg.. However, the annual average ex-farm price of yellow corn at ₱11.52/kg was slightly lower than NFA's buying price of ₱12.30/kg.

Average Ex-Farm Prices vs. NFA Buying Price (Price per kg.)

Commodity	NFA Buying Price	Ex-Farm Price	Price Diff. (In peso/kg)
Palay	17.00	18.90	1.90
YGN (Yellow Corn)	12.30	11.52	0.78
WGN (White Corn)	13.00	13.84	0.84

Source: PSA (2017 – Final)

The presence of NFA significantly influenced traders to compete healthily and offer farmers with prices higher or closer to the government buying price.

Average Prevailing Wholesale/Retail Prices of Rice and Corn (Price per kg.)

Commodity	Average Prices		Price Diff. (In peso/kg)
	2016	2017	
Wholesale			
WMR	38.22	38.83	0.61
RMR	41.72	41.88	0.16
YGN (Yellow Corn)	17.70	17.99	0.29
WGN (White Corn)	16.97	17.31	0.34
Retail			
WMR	34.40	35.13	0.73
RMR	36.67	37.62	0.95
YGN (Yellow Corn)	22.57	22.49	0.08
WGN (White Corn)	23.87	29.09	5.22

Source: PSA

Average annual prices of rice, on the other hand, remained stable through the year. Slight increases of P0.61/kg. (WMR) and P0.16/kg. (RMR) at the wholesale level were noted compared to last year. For retail, price increases were recorded at P0.73/kg. and P0.95/kg. for WMR and RMR, respectively, compared to last year.

Distribution

In 2017, the NFA was able to distribute a total of 700,864 MT of rice, representing 62% of the national target at a market participation rate of 9%. This distribution level is lower by 38.75% as compared to the 1,141,850 MT rice distributed in the preceding year.

The decrease in distribution accomplishment is attributed mainly to the following circumstances:

- Due to low inventory level, the NFA calibrated its sales, and instead, prioritized requirements of DSWD, LGUs and other government relief-giving institutions;
- Suspension of implementation of rice sales using Cooperative Development Incentive Fee (CDIF) and Farmers' Incentive Rice Program (FAIR);
- Reduction by 6.78% in the number of active distribution outlets from 17,455 in 2016 to 16,272 in 2017; and,
- Suspension of the implementation of the Price Adjustment Mechanism.

NFA Rice Distribution

(In Metric Tons)

MONTH	TARGET	ACTUAL	%
January	80,730	79,952	99
February	82,575	71,457	87
March	83,920	70,236	84
April	88,735	56,086	63
May	99,955	65,317	65
June	119,095	51,181	43
July	137,810	47,240	34
August	142,015	40,124	28
September	120,185	40,570	34
October	58,734	53,736	91
November	56,281	65,017	116
December	59,985	59,948	100
TOTAL	1,130,120	700,864	62

Source: NFA Grains Situationer Report as of December 31, 2017 (Final)

In terms of contribution to volume distributed vs. target, CARAGA topped the list at 190% with all provinces exceeding its target, followed by N. Mindanao at 124%, S. Mindanao 74%, W. Visayas at 72% and W. Mindanao at 71%.

As of December 31, 2017, the country's total rice industry inventory was estimated to last for 89 days, at 31,463 MT Daily Rice Consumption (DCR) requirement.

Sector	Inventory (In Million MT)	Days to last
NFA	0.106	3
Commercial	1.056	34
Household	1.637	52
Total	2.799	89

Risk Management and Disaster-Response

The total rice released to LGUs and other relief-giving organizations totaled 114,970 MT, the bulk of which was issued during tropical storm Urduja in December 2017.

NFA Issuances of Rice to Relief Agencies (In Metric Tons)

CALAMITY/ EMERGENCY	MONTH OCCURRED	RELIEF AGENCY/VOLUME RELEASED				
		OCD	DSWD	LGUs	OTHERS/ NGOs	TOTAL
Tropical Depression Auring	Jan. 9, 2017		6,250	1,147	200	7,597
Flooding Incident	Jan. 16, 2017		16,714	5,524	200	22,438
6.7 Earthquake	Feb. 10, 2017		0	1,610	494	2,104
Marawi Siege	May 23, 2017	3,000	10,127	2,200	920	16,247
Tropical Storm Jolina	Aug. 24, 2017		0	569	113	682
Tropical Depression Maring	Sep. 12, 2017		0	2,328	504	2,832
Typhoon Nando	Sep. 22, 2017		120	243	748	1,111
Tropical Storm Odette	Oct. 12, 2017		0	64	25	89
Tropical Depression Salome	Nov. 9, 2017		499	740	1,949	3,188
Tropical Storm Urduja	Dec. 15, 2017		13,100	25,560	8,721	47,381
Tropical Storm Vinta	Dec. 22, 2017		9,350	1,747	144	11,241
<u>TOTAL</u>		<u>3,000</u>	<u>56,160</u>	<u>41,732</u>	<u>14,018</u>	<u>114,910</u>

Source: Rice Releases for Relief Operations (As of December 31, 2017)

Aside from rice releases, the NFA had, likewise, undertook the following activities:

- Activated Operation Center (OPCEN) to ensure ready assistance to calamity-stricken areas;
- Coordinated regularly with local counterparts;
- Conducted constant market monitoring; and,
- Opened NFA warehouses for rice issuance/withdrawals for relief operations.

Stocks Maintained in Good & Consumable Condition

NFA was able to sustain its commitment to maintain at least 99% of its stocks in good-quality condition, or fit for human consumption. Stocks assessed as treated and for treatment during inspection are safe for distribution after treatment. For 2017, the monthly average volume of stocks maintained in health-safe condition was 17,770,780 bags, equivalent to 99.83% accomplishment.

Percentage of Stocks Maintained in Good and Consumable Condition (For the period January to December 2017)

REGION	GOOD STOCKS (%)
I	99.98%
II	100.00%
III	99.88%
IV	100.00%
V	99.99%
VI	100.00%
VII	99.99%
VIII	99.83%
IX	100.00%
X	100.00%
XI	99.99%
XII	100.00%
XIII - NCR	97.82%
XIV - ARMM	99.93%
XV - CARAGA	100.00%
Average	99.83%

Grains Business Licensing & Registration

NFA continuously monitors and enforces rules and regulations governing grains business, license and registers all rice and corn businesses to maintain an industry databank and ensure rational distribution of grains business. Also, NFA promotes harmonious and productive relationship/s among rice and corn industry stakeholders, through its "Ugnayan with Stakeholders," as one of the major avenues to achieve sectoral efficiency, discipline and growth.

As of December 31, 2017, there were 10,889 new licensee/registrants and 65,339 renewees or a total of 76,228 licensees/registrants engaged in various lines of activities. Total collections amounted to P173,427,082.32. R/L and application fees, totaling P158,932,655.88, represent a 111% accomplishment of the total collection target of P143 Million.

Comparative Table of Licensees and Collections
(2017 vs. 2016)

Particulars	2017	2016	% Inc (Dec)
No. of Licensees/Registrants	76,228	78,565	(2.97)
New	10,889	12,072	(9.80)
Renewees	65,339	66,493	(1.73)
Amount of Collections (In Million)	173,427,082.32	169,889,655.89	2.08

Compared to 2016, the 2.97% decline in the number of licensees for 2017 is attributed to non-renewees, due to financial difficulty and the inability of some retailers to submit the required copy of their Income Tax Returns (ITR), which is one of the requirements in applying for a license.

Registration and Licensing Information System (RLIS)

The Registration and Licensing Information System (RLIS) is a computerized database that aims to attain efficiency in the delivery of NFA services particularly in the registration and licensing of the grains business in the country. The system is targeted to be installed and implemented in all NFA Provincial Offices around the country within the two years or under year 2018. The installation and implementation of RLIS has shortened the processing time in the issuance of licenses and registration in areas already covered by the program. RLIS is in line with the government's objective to ease doing business in the country as part of good regulatory practice. The program is one of the performance indicators in the 2017 NFA-GCG Performance Scorecard.

In 2017, the R/L Information System was successfully implemented in thirty-five (35) provinces, registering a 100% accomplishment over its target. The system was also installed in NFA Satellite Offices such as Guimaras Island, Culasi, Antique, and Casiguran, Aurora. Further, system upgrading was carried out in the Central District Office (CDO) at NCR, one of the earlier pilot sites of the RLIS program.

Registration and Licensing Information System (RLIS)
(For the Year 2017)

Month	Region	No. of Province	Province
1 st Quarter	-	-	-
2 nd Quarter	VI	5	Aklan, Capiz, Iloilo, Antique, and Negros Occidental
3 rd Quarter	IV	10	Quezon, Infanta, Marinduque, Callapan, San Jose, Mamburao, Laguna, Batangas, Romblon, and Palawan
4 th Quarter	NCR	5	South District Office, East District Office, North District Office, Central District Office, Cavite, and Batanes
	III	7	Bataan, Zambales, Bulacan, Tarlac, Pampanga, Nueva Ecija, and Aurora
	II	8	Taguegarao, Allacapan, Tabuk, Nueva Vizcaya, Mt. Province, Quirino, Ifugao, and Isabela
Total		35	

Ugnayan with Stakeholders

In 2017, a total of 1,181 Ugnayans were conducted nationwide with 47,392, participants, 34,292 farmers and 13,100 grains businessmen. Compared to last year, *Ugnayans* decreased by 28% or from 1,648 to 1,181, with a corresponding 15% decrease in the number of participants from 54,819 to 47,392. The decrease may be attributed to the conduct of nationwide Public Consultations on the Proposed Amendments of the Existing Rules and Regulations on Grains Businessmen in Luzon, Visayas and Mindanao, where NFA issues/problems and concerns were tackled.

Ugnayan Accomplishment Report (Per Region)

Region	Farmers		Grainsbusinessmen		Total	
	<i>Ugnayan Conducted</i>	No. of Participants	<i>Ugnayan Conducted</i>	No. of Participants	<i>Ugnayan</i>	Participants
Region I	71	2,207	48	1,106	119	3,313
Region II	206	12,080	52	1,665	258	13,745
Region III	92	2,486	12	845	104	3,331
Region IV	35	2,451	31	944	66	3,395
Region V	30	535	10	272	40	807
Region VI	69	5,373	35	800	104	6,173
Region VII	28	2,719	29	1,525	57	4,244
Region VIII	56	1,680	117	2,725	173	4,405
Region XIV	6	355	2	41	8	396
Region X	32	972	21	691	53	1,663
Region XI	47	1,403	27	505	74	1,908
Region XII	18	988	14	366	32	1,354
Region XIII	3	62	34	840	37	902
Region XIV	18	860	17	402	35	1,262
Region XV	6	121	15	373	21	494
Total	717	34,292.00	464	13,100	1,181	47,392

Most of the issues and concerns frequently raised and discussed during the conduct of *Ugnayans* are requests for increase in the buying price/support price of NFA, delivery of wet palay, NFA programs for the farmers, updates on rules and regulations of registration and licensing, Food Guardian Campaign, PGSP compliance, distribution guidelines and mobile licensing.

Public Consultation on the Proposed Amendment of the Existing Rules and Regulations on Grains Businessmen

NFA completed the conduct of public consultations in the following eight areas in the country, to gather comments and suggestions from affected grains business stakeholders regarding the amendment of the existing rules and regulations on grains businessmen:

Area	Date	No. of Attendees
Tagaytay	October 27	400 Retailers from Regions 1-5 & NCR
Bulacan	November 20	76 Millers from Bulacan
Iloilo City	November 23	97 various Grains Businessmen (GBs) from Region 6
Nueva Ecija	November 25	53 millers from Nueva Ecija
General Santos City	December 1	45 GBs from Regions 11, 12 & Cotabato City
Cagayan De Oro City	December 5	66 GBs from Region 10
Butuan City	December 6	28 GBs from CARAGA
Isabela	December 14	50 Millers rom Isabela

RATIONALIZED AND EFFICIENT LOCAL PROCUREMENT

Cereal Procurement Fund Made Available

In 2017, NFA was able to remit to the field offices their cereal procurement funds within an average of 1.88 days from their requests.

Average No. of Days to Remit Funds to Provinces (January – December 2017)

MONTH	No. of Days	
	Target	Actual
January	5	1.88
February	5	1.33
March	5	2.08
April	5	1.53
May	5	1.67
June	5	3.00
July	5	3.83
August	5	1.50
September	5	1.22
October	5	1.43
November	5	1.58
December	5	1.50
Total	5	1.88

EFFICIENT RICE IMPORTATION

NFA Importation

As approved by the NFA Council, only one Government to Private (G-to-P) negotiation was conducted in 2017, for the supply of 250,000 MT imported rice. Hereunder is the Summary of the Contracts entered into by NFA with the winning suppliers and the corresponding percentage accomplishment per contract:

Imported Milled Rice Arrivals (In MT) (CY 2017)

Disport	Allocation	Actual Arrival/BL	Quantity Unloaded	Balance per BL	Quantity Received at NFA Whses. (Good Stocks)	Balance Based on Allocation*
La Union	20,000	19,900	19,686.457	31.543	19,868.457	131.543
Batangas	30,000	30,000	29,553.051	446.949	29,553.051	446.949
Tabaco	25,000	25,000	24,714.163	285.837	24,714.163	285.837
Cebu	25,000	25,000	23,985.500	1,014.500	23,985.500	1,014.500
Cagayan de Oro	25,000	25,000	24,834.900	165.100	24,834.900	165.100
General Santos	10,000	10,000	10,000.000	0.000	10,000.000	0.000
Davao	15,000	15,000	15,009.954	(9.954)	15,009.954	(9.954)
Manila	100,000	100,000	98,539.811	1,460.189	98,539.811	1,460.189
TOTAL	250,000	249,900	246,505.836	3,394.164	246,505.836	3,494.164

*Import Allocation less quantity received at NFA warehouses (preliminary data)

Minimum Access Volume (MAV)

In the 2017, private sector importation of 805,200 MT was allowed, comprising of the 755,200 MT sourced specifically from the seven negotiating WTO member countries, and the 50,000 MT from any country of origin (omnibus). Of the 805,200 MT Minimum Access Volume (MAV), only 692,340 MT were availed by 211 eligible private rice importers who were issued Certificate of Eligibility (COE). The following were the allocation and source-country.

Country-Specific Quota and Omnibus Origin (CY 2017)

Country of Origin	Volume (In MT)
1. China	50,000
2. India	50,000
3. Pakistan	50,000
4. Australia	15,000
5. El Salvador	4,000
6. Thailand	293,100
7. Vietnam	293,100
8. Omnibus Origin (Any Country)	50,000
TOTAL	805,200

IMPROVED FINANCIAL PERFORMANCE

Contribution Margin

In 2017, NFA incurred a loss of ₱1.7 B from its rice and corn sales operations. The following table shows the sales and cost of sales of NFA on a per product-line basis:

SCHEDULE OF SALES AND COST OF SALES For the 11-month period ended November 30, 2017			
SALES	QTY	USP	AMOUNT
Local Rice	74,518,010.65	24.73	1,842,674,825.63
Local Corngrains	6,408,841.14	11.75	75,304,576.39
Local Rice-Well Milled	38,080,517.83	25.88	985,633,767.88
IMR-Vietnam Rice	24,531,507.64	23.66	580,462,781.93
IMR-Thailand Rice	18,865,543.48	24.57	463,560,476.67
IMR-15% Broken (800 MT)	1,625,811.40	26.69	43,397,300.32
IMR-15% Broken	16,173,611.98	26.11	422,278,404.23
IMR-25% Broken	458,576,589.15	25.07	11,495,1630,241.10
TOTAL SALES	638,780,433.27	24.91	15,908,942,374.15
LESS, COST OF SALES		UC	
Local Rice	74,518,010.65	30.27	2,255,384,851.05
Local Yellow Corngrains	6,408,841.14	13.29	85,205,410.01
Local Rice-Well Milled	38,080,517.83	29.95	1,140,372,840.11
IMR-Vietnam Rice	24,531,507.64	23.54	577,553,756.48
IMR-Thailand Rice	18,865,543.48	24.21	456,734,728.46
IMR-15% Broken (800 MT)	1,625,811.40	25.98	42,243,273.91
IMR-15% Broken	16,173,611.98	24.37	394,187,298.10
IMR-25% Broken	458,576,589.15	27.63	12,670,757,233.18
TOTAL COST OF SALES	638,780,433.27	27.59	17,622,439,391.30
GROSS INCOME/(LOSS)			
Local Rice		(5.54)	(412,710,025.42)
Local Corngrains		(1.54)	(9,900,833.62)
Local Rice-Well Milled		(4.06)	(154,739,072.23)
IMR-Vietnam Rice		0.12	2,909,025.45
IMR-Thailand Rice		0.36	6,825,748.21
IMR-15% Broken (800 MT)		0.71	1,154,026.41
IMR-15% Broken		1.74	28,091,106.13
IMR-25% Broken		(2.56)	(1,175,126,922.08)
TOTAL GROSS INCOME/(LOSS)	638,780,433.27	(2.68)	(1,713,497,017.15)

Divestment

The NFA Council approved the sale of a portion of NFA-NDO property in ACA Compound, Valenzuela property, consisting of 136,655 sq.m., based on the Asian Appraisal Value of ₱1.025B. Sales negotiation on a G-to-G agreement is still on-going.

Major Infrastructure

The construction of NFA-owned warehouses would mean prudent and more economical operational expenses in terms of the reduction in expenses for leased warehouses, personnel and security requirements of the Agency. For 2017, the on-going warehouse construction of a 45-TCC in Bantay, Ilocos Sur was 13.82% completed, while the 120-TCC in Cebu was 29.28% completed.

Other Post-Harvest Facilities

The use of NFA-owned ricemills would mean a reduction in the use of contract millers, resulting to decrease in milling expenses. The use of NFA-owned dryers would increase volume of procurement of wet stocks due to increased drying capacity. For 2017, there were two completed ricemills in Casiguran, Aurora and Alang-Alang, Northern Leyte. On mechanical dryers, the NFA completed the retrofitting with biomass furnace in Sorsogon, while the one in Camarines Sur is still for testing and commissioning.

Debt-Management

As of December 31, 2017, NFA's bank loans payable had a balance of ₱119.55 B, 20% lower than the ₱144 Billion target loan ceiling of NFA.

I -Short-Term Credit Lines	(In Million ₱)
Government Banks:	
LBP	17,049.106
DBP	20,991.740
Sub-Total	38,040.846
II-Long-Term Loans	
LBP - Notes	7,515.00
Various Creditors - T. Bonds	8,000.00
Long Term Notes Syndicated - New	9,000.00
LBP	4,500.00
DBP	4,500.00
Long Term Notes - Syndicated	57,000.00
LBP	6,080.00
DBP	7,600.00
BDO	21,690.00
Chinabank	6,232.00
Metrobank	1,391.00
PNB	2,280.00
Mizuho	327.00
BPI	11,400.00
Sub-Total	81,515.00
<u>TOTAL BANK LOANS</u>	<u>119,555.846</u>

Interest Savings on Pre-Payment of NFA's Loan

NFA realized a P15.385 M interest savings for the early repayment of its maturing loans.

Outstanding Debts

NFA's outstanding debts decreased by P5.98 B in 2017, equivalent to 3.8% reduction, compared to 2016. The decrease is due to payment of short and long term bank loans, and other loans.

December 2017	P	152.64 B
December 2016	P	<u>158.62 B</u>
Total	(P	<u>5.98 B)</u>

Unutilized Budget for Selected MOOE (January to November 2017)

Expenses	Budget per COB	Actual	Unutilized Budget
Travelling	73,620	45,729	27,891
Communication	34,455	20,838	13,617
Repairs & Maintenance	159,837	42,551	117,286
Supplies & Materials	216,911	111,627	105,284
Utility	106,849	82,689	24,160
Total	591,672	303,434	288,238

NFA recorded P288,238,000 unutilized budget under operating expenses. The biggest share came from repairs & maintenance, and supplies & materials.

Personnel Complement

As of year-end of 2017, out of NFA's authorized plantilla positions of 4,436, 88% or 3,901 positions were filled-up. There were 535 vacancies nationwide, composed of 77 positions at the C.O. and 458 positions at the F.O.. In addition, there were still 320 personnel, on a co-terminus status.

Personnel Complement

As of December 31, 2017

Status/Station	Authorized Plantilla Positions	Filled-Up Plantilla Positions	Vacancies
Regular (C.O.)			
Central Office			
Executive	62	58	4
Rank & File	553	480	73
Total	615	538	77
Field Office (F.O.)			
Executive	115	105	10
Ran & File	3,706	3,258	448
Total	3,821	3,363	458
Total Plantilla	4,436	3,901	535
CTI			
Central Office	59	59	
Field Office	261	261	
Total	320	320	
Total Positions	4,756	4,221	535

Personnel Actions

No. of appointments evaluated/processed	Cumulative for the Year
Promotion	880
Hiring	521
Transfer Entry	15
Renewal of Appointment	7
Reappointment	12
COPT/Transfer	14
Reinstatement	0
Re-appointment	8
Demotion	2
Total	1,459

A total of 1,459 personnel movements were processed for 2017. Noteworthy are the promotion of 880 employees and the hiring of 521 new entrants.

Training and Development

During the year, a total of 142 Training Programs were conducted for 1,296 employees from the Central Office and Regional/Provincial Offices.

Kinds of Training	No. of Training/ Seminar	No. of Partici- pants	Training Fee Charged to		Attributed to GAD Funds
			MDF	MOOE	
Internal Training I	19	678	1,012,100	247,655	138,000
Internal Training II	15	409	270,600	-	-
External Training	108	209	759,660	-	-
Total	142	1,296	2,042,360	247,655	138,000

Cases with Favorable Court Decision

Real Property Tax Cases – 8

1. NFA vs. City of Tagbilaran
2. NFA vs. Municipality of Dumalag, Capiz
3. NFA vs. Provincial Govt. of Mt. Province
4. NFA vs. Pagadian
5. NFA vs. City of Marikina
6. NFA vs. Province of Isabela
7. NFA vs. City Govt. of General Santos City

In these cases, the Courts ruled in favor of NFA by granting the Petition for Prohibition and/or issued a temporary Restraining Order/Writ of Preliminary Injunction, recognizing NFA as a Government Instrumentality with Corporate Power (GICP), due to its public mandate of food security and price stabilization of rice. Accordingly, as GICP, NFA is exempted from the payment of realty taxes.

Land Cases – 3

1. Maxima Nalual vs. NFA - Plaintiff Nalual filed a case against NFA allegedly for encroaching property. After 14 years of trial, the Court ruled that NFA did not encroach on her property.
2. Petition for the Judicial Reconstitution of Transfer Certificate of Title No. T-59467 issued in the name of the NFA, Rice and Corn Administration (now NFA), Vs. Register of Deeds of Cabanatuan City.
3. Petition for Change of Name of the Registered Owner of TCT No. 10589 from Rice and Corn Administration (RCA) to NFA involving NFA's property in Davao Del Sur.

The Courts favorably granted NFA's Petition for Judicial Reconstitution of lost TCT No. 59467 on its Cabanatuan property, and the judicial proceedings for the change of name from RCA to NFA involving NFA's property in Davao Del Sur.

Cases on Collection of Receivables – 3

1. NFA vs. CARGILL

CARGILL was required to pay license fees to NFA in the amount of ₱1,434,686, since it is engaged in feeds production using corn as an ingredient. As of June 29, 2017, CARGILL paid already ₱927,059.00.

2. NFA vs. Biba Diwa MPC (BDMPC)

NFA filed a collection case against BDMPC, where the Court ordered the cooperative to pay NFA the sum of ₱4 Million. The NFA is waiting for the Regional Trial Court's issuance of Certificate of Finality and Entry of Judgement to BDMPC.

3. Col. Felipe M. Agulto vs. NFA

The Supreme Court issued in favor of NFA, an order to Col. Agulto to pay NFA the amount of ₱633,362.05 plus 15% interest per annum until fully paid, relative to the Real Property case.

Stock Accountable Officer (SAO) – 1

1. NFA vs. Mario de Leon - A criminal case for stock shortages, where the RTC-Bulacan found accused Mario de Leon guilty of Malversation of Public Funds/Property.

ISO Certification

NFA Iloilo Regional and Provincial Offices finished stage 1 audit for their ISO Certification application last December 2017.

OTHER MAJOR ACCOMPLISHMENTS

Contribution to the Economy

NFA is not expected to earn while performing its social responsibility of providing affordable/subsidized rice for the poor sector of the society, yet it takes pride in generating income for the national economy from two major economic sectors: the labor sector (laborers, truckers, millers, ship and port workers), and the banking sector, in terms of its marketing operations and corresponding financial transactions – procurement and distribution, buffer stocking – and other expenditures amounting to P2.15 B. NFA remitted to the Bureau of Internal Revenue (BIR) taxes amounting to P178.2 M as taxes withheld from employees' compensation, and Value Added Taxes (VAT) withheld from suppliers of goods and services amounting to P313.2 M.

Contribution to the Economy As of November 30, 2017 per Trial Balance

Particulars	Amount
Palay Procurement	436,781,407.88
Corn Procurement	76,702,343.84
Rent Expenses	96,247,410.82
Transportation and Delivery Expenses	440,997,880.82
General Services	84,779,512.75
Janitorial Services	6,262,146.13
Security Services	257,067,659.61
Drying	1,323,178.03
Milling	49,997,471.22
Handling	214,401,415.60
Tax Withheld from Employees' Compensation	178,195,754.92
Tax Withheld from Suppliers of Goods and Services	313,207,879.75
Total	2,155,964,061.37

Food Development Center

The total income of FDC from food quality and related services rendered amounted to ₱9,881,980.85.

INCOME-GENERATING SERVICES	TOTAL (IN ₱)
1 QUALITY EVALUATION DIVISION	
Physical & Sensory Evaluation	149,900.00
Chemical Analysis	3,575,795.00
Contaminants	2,090,442.00
Microbiological	871,926.00
Microanalytical (Filth)	70,119.00
Package Testing	1,240.00
Sub-Total	6,759,422.00
2 INDUSTRY SERVICES DIVISION	
Plant Inspection	37,400.00
GMP/HACCP Certification	198,314.00
Document Review	39,000.00
Pilot Plant Operation	105,444.10
Conduct of Training	2,095,470.00
Preparation of Certificates/Add'l . Manuals	21,840.00
Use of Training Facilities	91,370.00
Information/Dissemination/Consultancy	2,070.00
Sub-Total	2,590,908.10
3 TECHNOLOGY DEVELOPMENT DIVISION/ SPECIAL PROJECTS	
Shelf-Life Testing	169,840.75
Process Evaluation & Establishment	299,460.00
Product Development	62,350.00
Sub-Total	531,650.75
5 Others	
TOTAL COLLECTION INCOME	9,881,980.85

Security Services and Investigation

In 2017, NFA's Security Services and Investigation collected fees amounting to ₱13,856,768 M, in enforcement and administrative fines.

PARTICULARS	ACCOMPLISHMENT (Jan.-Dec. 2017)
No. of grains business establishments inspected	57,199
No. of violations noted	6,128
No. of grains businessmen apprehended	4,088
Administrative fines/fees collected	₱1,943,467
Fees collected through enforcement	₱13,856,768

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

e-IFOMIS is a program envisioned as a web-enabled on-line information system on NFA operations and financial transactions that are linked together, accessing one database. With the e-IFOMIS, NFA can:

- 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 ad-hoc queries within the data structure; and,
- Support the preparations of financial statements, operations and other management reports.

The system is in the final stage of pilot implementation. It is currently being implemented in NFA Region IV (Batangas and Laguna Provincial Office) , and Central Office. As of December 31, 2017, the project is 96.21% complete.

Foreign-Assisted Project

The proposed project for the "***Establishment of an ICT-Based Rice Buffer Stock Management System in the Philippines***" was favorably endorsed by the Philippine Government through NEDA. A phone-in information of its approval by the Korean Government (Korea Agency for Education, Promotion and Information Service in Food, Agriculture, Forestry and Fisheries - EPIS) was received by NFA on December 15, 2017.

Standard Operating Procedures (SOPs)

In 2017, 11 out of the 15 SOP's submitted to the EXCOM were approved:

1. Amendment to the Revised SOP on Domestic Travel re TEV forms
2. Amendment/Addendum to the Revised SOP on the Application of Replacement Cost

3. Amendment to the Revised SOP on Manpower Training and Development
4. Revised Guidelines on Economy Measures (twice submitted with changes)
5. Amendment/Addendum to the SOP on the New Computerized Stock Examination and TOLA Computation
6. Guidelines on the Decentralized Implementation of Capital Outlay Budget for the Purchase of PPE Categorized as "Machinery and Equipment and Furniture, Fixtures and Books" with the Exception of Technical and Scientific Equipment and Medical, Dental and Laboratory Equipment
7. Amendment/Addendum to NFA's Freedom of Information Manual
8. Amendment/Addendum to People's Freedom of Information Manual
9. Strengthening the Systems on the Divestment of NFA Non-Performing Real Estate Properties
10. Revised SOP on Chart of Accounts
11. One (1) Move Policy

Yolanda Rehabilitation and Recovery Programs and Projects

When typhoon Yolanda struck the country on November 8, 2013, various NFA infrastructure in Regions VI, VII, and VIII were damaged. As of December 31, 2017, out of the ₱111,042,431.48 Yolanda Fund obligated, NFA completed the repair/ rehabilitation, reconstruction of warehouses, repair/replacement of PHF equipment and repair of administrative facilities in Regions VI, VII, VIII, with the re-construction of warehouses 1 & 2 in Region VIII on-going, still with 62% accomplishment.

Yolanda Rehabilitation and Recovery Programs and Projects

As of December 31, 2017

Program/Project/ Activity	Region	Funding Requirement	Accomplishment
1. Repair/Rehabilitation of warehouses	VI, VII, VIII	8,053,007.66	100%
2. Reconstruction of warehouses	VIII	3,000,000.00	62%
3. Repair/Replacement of PHF/Equipment	VI, VIII	13,451,763.82	100%
4. Repair of Administrative Facilities	VI, VII, VIII	6,700,000.00	100%
TOTAL BUDGET		111,204,771.48	

Metrology Services

During the year, the NFA technical personnel directly undertook various repairs and calibration services of metrology equipment in the field offices. Calibration services were done on 63 truck scales and 14 electronic platform scales, 369 digital moisture meters, 35 mechanical platform scales, 17 M2 Standard Test Weight and 25 laboratory equipment (top loading, analytical balance and oven). The NFA saved an estimated amount of P2,422,620.00 from directly undertaking the repair and calibration services.

Technical Research and Laboratory Services

The following are the other significant technical projects of the NFA, which can improve its operations:

Completed Projects (4)

1. NFA-TRSD-ISO 9001:2008 Maintenance
2. Nationwide establishment, calibration and training of new analytical panellists for sensory evaluation of milled rice (Phase 1 Central Office, Regions I-IV)
3. Updating of laboratory manual on grains analysis
4. Comparison of storage characteristics of woven polypropylene (WPP) NFA sack and laminated sacks as container of NFA milled rice.

Carry-over/On-going Projects (4)

1. NFA ISO 9001-:2015
2. Mobile soil test clinic to enhance farm productivity
3. Test and evaluation of Cyflux 5EW as residual and space spray in controlling stored insects
4. Acceptability of the different rice corn blends among the participants in the 13th Philippine National Corn Congress

Internal Audit

In 2017, nine completed Audit Engagements were undertaken by NFA's Internal Audit Services Department, with key findings on non-compliance with provisions of NFA SOPs, guidelines and instructions, and lapses on operational activities, as follows:

1. Special Audit on 2015 COA AOM re: Unusual increase in Weight of Stocks in Cebu.
2. Special Audit on Distribution, Cash Management, Collections, Deposits and remittances, TOLA and Provident Fund in E. Pangasinan, W. Pangasinan, Nueva Ecija, Quirino and Batangas.
3. Special Audit on Procurement, Drying, Milling and Quality and Dispersal Operations in Tarlac and Pampanga.
4. Special Audit on Distribution, Milling, Transfer, Cash Management: Collections, Deposits & Remittances and TOLA in Laguna.
5. Special Audit on Procurement, Drying, Milling, Transfer, Distribution and Cash Management in Sorsogon and Masbate.
6. Special Audit on anonymous Complaint on alleged anomalies in Zamboanga City and Tagum.

7. Fact-Findings on the alleged Spoiled Rice in Evacuation Centers of Marawi City Evacuees in Marawi City.
8. Special Audit on Procurement, Drying & Milling Operations, Cash Management: Receipts & Disbursement and TOLA in Bulacan and Aurora.
9. Special Audit on Distribution, Cash Management. TOLA and Provident Fund in Quezon, La Union and Pampanga.

Corn Development Fund

The Corn Development Fund (CDF) was created on March 17, 1998, with an initial seed fund of ₱124.4 Million for use in the development of the corn industry. It was later augmented from service fees collected from the 2007 Corn Imports in the amount of ₱65.9 Million, bringing the total CDF principal amount to ₱190 Million. This fund is held in trust by NFA and managed by the CDF Committee composed of representatives from the government and private corn producer and user sectors.

The CDF provides loans (maximum of ₱10M) and grants (maximum of ₱0.5M) to eligible corn farmers & consumer groups. 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 research studies on corn.

In the past 20 years, the CDF has assisted corn projects that ultimately redound to the benefit of the corn farmers and end-users. For 2017, the accomplishments are:

Grant Projects:

1. Completed the grant of Mobile Soil Test Clinic to ten corn farmer beneficiaries from corn producing regions of Region I, II, X & XII.
2. Completed the grant of Modernization of Grains Moisture Content Determination at the Farm Level to 50 corn farmer beneficiaries nationwide.
3. Approved a P10M CDF funding for the Development of the Computerized Real Time Enhanced Electronic Trading System (EETS)
4. Approved a project proposal for the "Establishment of a Baseline Data for CDF Projects"
5. Approved the "Pilot Testing of the Rolling Corn Mill for Village Level Operations" in collaboration with PhilMech.

Loan Projects:

1. **Corn Center Project.** The implementation of the Corn Center Project in Isulan, Sultan Kudarat was deferred due to austerity measure. However, as a result of the "Ugnayan" between the Corn Development Fund (CDF) Committee, the clamor of the corn farmers in Mamburao, Occidental Mindoro to construct a Corn Center in Sablayan, Occidental Mindoro (being the highest corn-producing province in Region IV), is undergoing a complete staff work (CSW) to determine if the project is feasible.

2. **The Tillers Multi-Purpose Cooperative, Tarlac.** The cooperative's proposal was approved with a Small Window Program (SWP) in the amount of ₱416,700, for the upgrading of its existing corn mill machine to improve production efficiency, minimize losses, and to improve the quality and reliability of corn grits supply to its target market. This aims to maximize revenue/income of the corn growers through Corn Value Addition.

Advocacy Programs:

As part of its advocacy program, the CDF co-sponsored the conduct of the 13th Philippine National Corn Congress (PNCC) at the Philippine International Convention Center (PICC) on November 22-24, 2017 with the theme **"Reshaping Corn As Staple: For Health and Wellness"**, with a fund outlay of P300,000. Also, P250,000 funded the launching of the **"Rice Corn Blend Project (RCB)"** at the PNCC.

The project aims to address nutrition requirement, ease the pressure on rice imports, and prime up complementary and supplementary supply of rice to fill the gap of the growing rice demand in the country. The RCB is a mixture of quality choice rice and corn variety forming into major rice corn blend products.

On November 24, 2017, the CDF conducted a **"Corn Buyer's Forum"**, as module of the 13th PNCC to identify and strengthen the relationship of the corn farmers and buyers, providing them with market linkages through information gateway and new market opportunities.

A **"Re-launch of the Rice Corn Blend Project"** was done in Davao City on December 22, 2017, per directive of the President, entailing another P200,000 funding. A Memorandum of Understanding (MOU) was signed amongst DA (Sec. Pinol)/NFA (Admin. Aquino)/PhilMaize (Engr. Navarro), to produce and market 500,000 MT RCBs (Rice @ 55%: Corn @ 45%).

On March 24, 2017, the CDF conducted a Briefing on the SOP TS-ES22 on the **"Management and Utilization of CornDev Fund"** to newly installed/transferred Provincial Managers with CDF loan applicants and on-going projects, and newly installed Director/Asst. Director of DAS and support staff on March 24, 2017. The briefing aimed to create awareness and provide updates on new COA/DBM issuances and requirements affecting the CDF Program.

In summary, in 2017, the CDF received ten applications for loan/grant assistance, of which one cooperative was approved of a Small Window Program, four loan/grant proposals were denied, and the remaining five loan/grant proposals are still undergoing evaluation.

FOOD GUARDIAN FG (#1for100iNFAntry)

As of December 31, 2017, a total of 1,343,841 strong Food Guardian (FG) Volunteers are helping ensure that rice is available, accessible, visible in public markets, and is safe to eat by consumers.

The NFA will initiate projects related to FG, having more than 1 Million supporters, in continuing the noble cause/purpose of the program --- to reduce or if not, eradicate the volume of wastage in rice consumption. Also, FG can be made one of the major advocacies of NFA being timely with fitness profile, like the Rice Corn Blend Project (RCB).

"Biyaya ng Pagbabago"

As one of the agencies under the Office of the Cabinet Secretary (OCS), NFA took an active role in the launching and implementation of the Biyaya ng Pagbabago (BnP) Poverty Alleviation Program, per Executive Order No. 2017-028.

The launching activities which included the presentation of the BnP caravan, kicked-off in Region I on December 1, 2017. NFA's initial participation was in Bulacan, Region 3, where NFA signed a manifesto of support to the program.

The national launch of BnP was hosted by Cabinet Secretary Evasco, and graced by House Speaker Congressman Alvarez in Davao City. The 12 offices under the Office of the Cabinet Secretary were provided each a booth to showcase the programs that cater especially to the poor and marginalized.

International Commitments

NFA hosted the 37th ASEAN Food Security Reserve Board (AFSRB) Meeting on April 26-27, 2017 at the Peninsula Manila Hotel

NFA also attended and participated in the following international meetings:

- ASEAN Plus Three Emergency Rice Reserve (APTERR) in Bangkok, Thailand (March 15-16, 2017)
- 5th Council Meeting of APTERR in Bali, Indonesia (May 3-4, 2017)
- Special SOM-Asean Ministers on Agriculture and Forestry (AMAF) and ASEAN – Russia Senior Officials Meeting in Singapore AMAF in Chiang Mai, Thailand (September 24 to October 1, 2017)
- 11th World Trade Organization (WTO) Ministerial Conference in Buenos Aires, Argentina (December 7-16, 2017)

EXCOM Planning & National Planning Conference

In 2017, two NFA Planning Conferences were held to synchronize the NFA's schedule with the Department of Budget and Management's Budget Call for all government agencies.

The first National Planning Conference was conducted on February 8-10, 2017 in Clark, Pampanga to flesh-out the 2017-2018 plans, budgets and commitments. The second National Planning was held on November 6-7, 2017 in NFA Visayas Office in Quezon City,

to tackle the 2018-2019 plans, budgets and commitments. These planning conferences were attended by members of the Executive Committee, Central Office Department Managers, Regional Directors, President of the Provincial Manager's League, and NFA-EA.

The Agency's major policy thrusts and programs are anchored on good housekeeping, where plans should be guided by the good governance tenets of accountability, efficiency, integrity and reliability, and prudent financial management.

The NFA Business Continuity Plan

The NFA Business Continuity Plan was prepared to provide the guidelines in ensuring the continuity in the NFA operations in times of calamities/contingencies, both natural and man-made, like typhoons, war or the "Big One". This will also enable NFA to "manualize" the NFA disaster-response operations. The main features of the plan include the creation of Disaster Teams, their roles and responsibilities, and the identification of command centers and source of food security supply.

NFA Food and Agri Trading System

The NFA prepared a draft concept paper entitled **NFA Food and Agri Trading System**, similar to the *Kadiwa* system.

The proposed project is to revive the services provided then by NFA under PD 1770 in 1981 to widen the agency's social responsibilities and commodity coverage to include non-grains commodities, e.g. raw/fresh fruits veggies, fish, marine, poultry, processed foods, etc..

The project is intended to create a more responsive poverty reduction program and achieve the government's goal on development and poverty alleviation. This will help ensure food security, aside from availability, and give greater access to food at reasonable/affordable prices. This will also improve/strengthen the food supply chain and eliminates unnecessary layer/s of middlemen which contributes to the higher costs of agricultural produce.

Compliance to Corporate Governance Scorecard (CGS)

Information listed below in compliance with the CGS will be attached as annexes, and posted in the NFA website as soon as completed:

1.	Contract details to voice complaints	Annex a
2.	Corporate objectives	Annex b
3.	Financial performance indicators	Annex c
4.	Non-Financial performance indicators	Annex d
5.	Statement confirming the company's full Compliance with the Code of Corporate Governance and where there is non-compliance	Annex e
6.	Disclosure that the Board of Directors/Commissioners has conducted a review of the company's material controls (including operational, financial and compliance controls) and risk management systems	Annex f
7.	Statement from the Board of Directors or Audit Committee commenting on the adequacy of the GOCC's Internal control/risk management systems	Annex g

