

The NFA Council has conducted a review of the company's material controls in 2021.

1. **Financial and operational aspects** - During the 16 March and 20 April 2021 meetings, the NFA Council inquired on the rice being donated to LGUs by the NFA, particularly on the following aspects of donation:
 - a. Basis and source of donation;
 - b. Factors to consider in donation;
 - c. Process of selection of beneficiaries;
 - d. Financial recovery.

Thus, the NFA Council directed the NFA management to present the *Policy / Guidelines on Rice Donation* with the foregoing factors. Then, in the 15 June 2022 meeting of the NFA Council, there was a manifestation to include in the next scheduled Audit and Risk Management Committee meeting, the agenda on Draft Guidelines on Rice Donation.

2. **Compliance to the law on mandatory food fortification (rice)**

The NFA Council, in its meetings on 16 March 2021 discussed the important role of the NFA in supporting the mandatory policy initiative of the Department of Health. Thus, the NFA may propose ways to address the budgetary and technical challenges involved, in order to comply with the Government's mandatory food fortification program and present them in the next Council meeting.

In 15 June 2021 meeting, the NFA management presented the budgetary proposal on the fortification of its rice buffer stocks in line with the implementation of Republic Act No. 8976 entitled: "*Establishing the Philippine Food Fortification Program and For Other Purposes*". The issues raised include the source of funding for undertaking the activity. Thus, the Council manifested to have a more targeted and feasible approach for the NFA's participation in the program, and resolved to limit the target of fortifying 150,000MT of the NFA's rice buffer stocks.

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

**MINUTES OF THE REGULAR MEETING OF THE NFA COUNCIL
TUESDAY, 16 MARCH 2021, 3:05 P.M.
TELECONFERENCE**

PRESENT:

1. **WILLIAM D. DAR** - Chairperson
Secretary, Department of Agriculture
2. **JUDY CAROL L. DANSAL** - Vice-Chairperson
Administrator, National Food Authority
3. **ZENO RONALD R. ABENOJA** - Alternate
Managing Director

Representing
Benjamin E. Diokno
Governor, Bangko Sentral ng Pilipinas
4. **SOLEDAD EMILIA J. CRUZ** - Alternate
Assistant Secretary

Representing
Carlos G. Dominguez III
Secretary, Department of Finance
5. **ELCID C. PANGILINAN** - Alternate
First Vice President

Representing
Cecilia C. Borromeo
President and CEO, Land Bank of the Philippines
6. **RUTH B. CASTELO** - Alternate
Undersecretary

Representing:
Ramon M. Lopez
Secretary, Department of Trade and Industry
7. **MERCEDITA A. SOMBILLA** - Alternate
Undersecretary

Representing:
Karl Kendrick Chua
Acting Secretary, National Economic and Development Authority

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

8. **EDWIN Y. PARALUMAN** - Member
Farmer's Representative
9. **RICARDO P. BERNABE III** - OP Representative
Undersecretary
Representing:
Salvador C. Medialdea
Executive Secretary, Office of the President
10. **EMMANUEL P. PRIVADO** - Alternate
Director
Representing:
Rolando Joselito D. Bautista
Secretary, Department of Social Welfare and Development

ALSO PRESENT ARE THE FOLLOWING:

1. UNDERSECRETARY LEOCADIO S. SEBASTIAN, DA
2. DIRECTOR SITTIE M. BUTOCAN, BSP
3. ARLENE INOCENCIO, CONSULTANT
4. DEPUTY ADMINISTRATOR RAUL E. CANON, JR., NFA
5. ASSISTANT ADMINISTRATOR GERRY J. AMBROSIO, NFA
6. ASSISTANT ADMINISTRATOR LEMUEL R. PAGAYUNAN, NFA
7. DEPARTMENT MANAGER ANNA KARINA A. CORONEL, NFA
8. ACTING BOARD SECRETARY NERIZA JOYCE M. RECINTO

I. PRELIMINARIES

A. QUORUM REQUIREMENT

With the attendance of the majority of the Council Members and their designated alternates and representatives, quorum was present.

B. CALL TO ORDER

NFA Council Chairman and Secretary of Department of Agriculture William D. Dar (Secretary Dar) called the meeting to order.

II. APPROVAL OF THE AGENDA

Council Member Ricardo P. Bernabe III (CM Bernabe) moved for the approval of the agenda. Administrator Judy Carol L. Dansal (Administrator Dansal) and Council Member Elcid C. Pangilinan (CM Pangilinan) seconded the motion. Upon motion made and duly seconded, the agenda for the meeting is approved.

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

12. Council Member Soledad Emilia J. Cruz (CM Cruz) asked the management as regards the disposition of rice. Particularly, when the IRR of RA 11203 is being drafted, it was proposed that NFA will have a revolving fund. That is, when NFA has stocks, its next step is to sell it, and use the money proceeds to buy more stocks. This mechanism, according to CM Cruz, partly addresses CM Sombilla's concern. To this, Administrator Dansal agreed, and added that the rollover of stocks enables NFA to have cash.
13. Chairperson Sebastian then commented that NFA might have to review the 6- and 3-month scheme, because if NFA will buy palay during dry season, NFA cannot anymore sell in September when typhoons have already arrived. Also, the dry season harvest, as compared to the wet season harvest, has a longer shelf life.
14. CM Cruz then further inquired on the recovery of the 300,000MT volume to be held as buffer stock by NFA, which the NFA Council can further discuss. She clarified the source of rice donated during the typhoons last year, and which were approved through the various NFA Council resolutions passed. To her understanding, the donations should have been recovered from the budget of DSWD. She also clarified if said donations are still part of the NFA rollover plan. Also, she asked for the basis of donation, and commented that if this will be continued, NFA's funds may be depleted. Administrator Dansal answered the query of CM Cruz, that the donation of rice was based on instructions, and that the donated rice were intended for Isabela, Cagayan, Davao del Sur and North Cotabato provinces. In said areas, most of the victims are farmers, and it was very hard for them to recover.
15. CM Cruz then requested NFA to present the policy or guidelines on the factors to consider in the donation, the process of selection of beneficiaries and the recovery. Chairperson Sebastian agreed to this, as otherwise, the funds of NFA will be depleted. Indeed, the policy of donation should be clearly established.
16. CM Abenoja supported the manifestation of CM Cruz as regards to the guidelines of donation and distribution of NFA rice to DSWD and other government agencies requesting for donation.
17. As previously agreed by the Council, the optimal buffer stock volume to be held by NFA is at 300,000MT. However, there is no motion to approve the final results of the study.

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

offices have either been merged or abolished, and even the books of account of the old officers have already been closed. At present, NFA has 45 branch offices. Administrator Dansal likewise added that the NFAEA is the only bargaining group of the employees with the management.

3. Administrator Dansal then related that NFA needs an employee representative from the 45 branches, thus, the management sent a letter to the union informing them of the required representative from the new 45 branch offices. However, the management received a letter from the union of its refusal to participate in the selection process, as member of the Personnel Selection Board. Nevertheless, management recognized that it is important that there must be a representative from the employees during NFA's selection process, which will be conducted to fill up the vacancies. She further informed the Council that the management will submit a comprehensive report on the implementation of the status of the NFA Restructuring Plan from 04 September 2020 pursuant to RA 11203.
4. Chairperson Sebastian asked the management if the retained employees can conduct election among themselves. Administrator Dansal stated that some offices have indeed conducted an election, but the NFAEA claims that such election is not recognized by it. She added that 3,200 employees have submitted an affidavit in support of management's implementation of the NFA restructuring. As suggested by Chairperson Sebastian, management may consider or determine the legality of the creation of different employees' representative from the different branches. This is so long as NFA has the majority of the employees electing the representative. Management agreed to this.

There being no other matter to be discussed, the meeting was adjourned at 6:11 P.M.

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APPROVED (As corrected)
20 April 2021 NFA Council Meeting

CERTIFIED CORRECT:

Neriza Joyce M. Recinto
ATTY. NERIZA JOYCE M. RECINTO
Acting NFA Council Board Secretary

**MINUTES OF THE REGULAR COUNCIL MEETING
20 APRIL 2021**

**MINUTES OF THE REGULAR MEETING OF THE NFA COUNCIL
TUESDAY, 20 APRIL 2021, 10:07 A.M.
TELECONFERENCE**

PRESENT:

1. **WILLIAM D. DAR** - Chairperson
Secretary, Department of Agriculture
2. **JUDY CAROL L. DANSAL** - Vice-Chairperson
Administrator, National Food Authority
3. **ZENO RONALD R. ABENOJA** - Alternate
Managing Director

Representing
Benjamin E. Diokno
Governor, Bangko Sentral ng Pilipinas
4. **RUTH B. CASTELO** - Alternate
Undersecretary

Representing:
Ramon M. Lopez
Secretary, Department of Trade and Industry
5. **MERCEDITA A. SOMBILLA** - Alternate
Undersecretary

Representing:
Karl Kendrick Chua
Acting Secretary, National Economic and Development Authority
6. **EDWIN Y. PARALUMAN** - Member
Farmer's Representative
7. **RICARDO P. BERNABE III** - OP
Undersecretary

Representing:
Salvador C. Medialdea
Executive Secretary, Office of the President
8. **EMMANUEL P. PRIVADO** - Alternate
Director

Representing:
Rolando Joselito D. Bautista
Secretary, Department of Social Welfare and Development

**MINUTES OF THE REGULAR COUNCIL MEETING
20 APRIL 2021**

ALSO PRESENT ARE THE FOLLOWING:

1. UNDERSECRETARY LEOCADIO S. SEBASTIAN, DA
2. MARIA MILISSA BERNARDO, LBP AVP
3. MAY ANN P. NAGERA, DOF TECHNICAL STAFF
4. REINA D. CUAREZ, DOF TECHNICAL STAFF
5. MARITES TIONGCO, CONSULTANT
6. ARLENE INOCENCIO, CONSULTANT
7. DEPUTY ADMINISTRATOR RAUL E. CANON, JR., NFA
8. ASSISTANT ADMINISTRATOR GERRY J. AMBROSIO, NFA
9. ASSISTANT ADMINISTRATOR LEMUEL R. PAGAYUNAN, NFA
10. SPECIAL ASSISTANT ANGELICA KRYSTLE L. DANSAL, NFA
11. DEPARTMENT MANAGER ANNA KARINA A. CORONEL, NFA
12. ACTING BOARD SECRETARY NERIZA JOYCE M. RECINTO

I. PRELIMINARIES

A. QUORUM REQUIREMENT

With the attendance of the majority of the Council Members and their designated alternates and representatives, quorum was present.

B. CALL TO ORDER

NFA Council Chairperson and Secretary of Department of Agriculture William D. Dar (Secretary Dar) called the meeting to order.

II. APPROVAL OF THE AGENDA

Administrator Judy Carol L. Dansal (Administrator Dansal) moved for the approval of the agenda. Council Member Zeno Ronald R. Abenoja (CM Abenoja) seconded the motion. Upon motion made and duly seconded, the agenda for the meeting is approved.

III. APPROVAL OF THE MINUTES OF THE PREVIOUS MEETING (16 MARCH 2021)

Secretary Dar reiterated to the Council members to follow the rules as previously agreed upon, that the minutes of the meeting will be approved in principle, subject to the submission of corrections by the members within five (5) days. Council Member Ricardo P. Bernabe III (CM Bernabe) moved for the approval of the minutes of the 16 March 2021 meeting. Council Member Emmanuel P. Privado (CM Privado) seconded the motion. Upon motion made and duly seconded, and there being no objection from the other Council members, the minutes of the 16 March 2021 meeting is therefore approved,

**MINUTES OF THE REGULAR COUNCIL MEETING
20 APRIL 2021**

subject to corrections from other Council members within 5 days from the meeting.

IV. MATTERS ARISING

Secretary Dar requested the management to provide the Council feedback from NFA Regional and Branch Managers with regard to the development of NFA rice prices in the market.

In this regard, Administrator Dansal related that NFA has been procuring from various regions – Region II, III, VI, IX and XII. In Region III in particular, NFA has been conducting *Ugnayans* with the farmers that is why we are able to buy from them. In Region II, NFA made arrangements with the local government on procurement under the *Palay Assistance Program for Legislators and Local Governments Units* program. Administrator Dansal further informed the Council that the NFA has not yet limited its procurement in the areas recommended by the study.

A. FOR INFORMATION

NFA GUIDELINES / POLICIES IN THE GRANT OF RICE DONATION AND SELECTION OF BENEFICIARIES, AND RECOVERY OF FUNDS

1. Administrator Dansal informed the body that the calamities and pandemic that occurred last year moved NFA to recommend donations of rice to affected areas. She added that the basis for NFA's recommendation is that those beneficiaries are from rice production areas which have been devastated.
2. She then reported that the total volume of the donated stocks from the year 2019 to 2021 is 90,340 bags. For the cost, the cost per bag is ₱1,657.50, and taking into account the expenditures in trucking and handling, the total amount is ₱159,723,934.00 without recovery.
3. CM Abenoja suggested for the Management to come up with detailed guidelines on the NFA's rice donation policy. This may include a systematic way of determining the volume of rice donation, a criteria for which LGUs to be included, the period of time in which NFA may consider requests for donation, and measures contemplated to recover cost. He added that while this is an important initiative by NFA, it is also the right time to set these policies for NFA's future activities.
4. In this regard, Administrator Dansal informed the body that the management has already crafted the guidelines and would like to seek

**MINUTES OF THE REGULAR COUNCIL MEETING
20 APRIL 2021**

assistance from the Audit and Risk Management Committee to discuss and finalize said guidelines.

B. FOR CONSIDERATION

1. FORTIFICATION OF NFA RICE BUFFER STOCKS AND IN LINE WITH THE IMPLEMENTATION OF RA NO. 11203

1. Administrator Dansal related to the body NFA's position on the fortification of NFA rice buffer stocks in line with the implementation of Republic Act No. 8976 and Republic Act No. 11203:

- As expressed by the management in its previous communication with the National Nutrition Council (NNC), the NFA is constrained to undertake the iron fortification program considering its new mandate under RA No. 11203. Thus, since NFA's mandate has been limited to buffer stocking, and its importation functions have been repealed, the NFA cannot import rice and the iron pre-mix.
- Said project is not included in the approved marketing plan of NFA for the years 2021 to 2024. Consequently, there is no allotted budget for the said purpose. The initial computation for the said activity requires an estimated ₱10.66/kg on top of the ₱25.00/kg. selling price of rice for distribution to relief-giving government agencies.
- NFA cannot regulate traders who should be undertaking the rice fortification due to the removal of NFA's regulatory functions under RA No. 11203.
- NFA has not undertaken rice fortification activities for several years now. Corresponding costs are necessary, such as additional budget for repair, rehabilitation, and retrofitting of equipment to be used. Also, retooling workshop for new or remaining NFA personnel who will conduct the mixing and blending of iron fortificant and rice is needed.

2. Council Member Ruth B. Castelo (CM Castelo) suggested to the Council the following points for the management's consideration:

- Rice fortification may be included as one of NFA's programs in the future.
- As regards the budget, NFA can include a budget proposal for the rice fortification program for 2022, so that it will be fully equipped with the facilities and equipment needed.

**MINUTES OF THE REGULAR COUNCIL MEETING
20 APRIL 2021**

services were extended to provide assistance in the implementation of the restructuring.

2. The total amount that was already approved for the payment of the Service Incentive Package (SIP) is ₱ 1.3 Billion.

C. REPORT ON THE NFA-EA CASE

1. Administrator Dansal updated the Council that the case is still pending, and the scheduled hearing on April 26 and 27 will not push through, per IATF order that all courts shall be closed up to 30 April 2021.

2. NFA has already started implementing the issuance of appointments to employees whose positions are retained. In the next phase, it will issue appointments in favor of incumbents to comparable positions under the new structure. Lastly for the third phase, hiring of external applicants will be considered.

D. RESULT OF THE VALIDATION OF THE INTER-AGENCY TASK FORCE (IATF) REQUIREMENTS FOR THE 2019 PERFORMANCE-BASED BONUS

Administrator Dansal informed the Council that NFA failed to pass the requirements of the GCG which resulted to the ineligibility of the Agency to the Grant of the Performance-Based Bonus (PBB) FY 2019.

Chairperson Sebastian expressed to the management on his expectation for a better performance for FY 2020.

Administrator Dansal moved for the adjournment of the current meeting. CM Abenoja seconded the motion. There being no other matters to be discussed, the meeting was adjourned at 12:57 P.M.

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20 April, 2021 NFA Council Meeting

CERTIFIED CORRECT:


ATTY. NERIZA JOYCE M. RECINTO
Acting Board Secretary V

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

**MINUTES OF THE REGULAR MEETING OF THE NFA COUNCIL
TUESDAY, 15 JUNE 2021, 10:00 A.M.
TELECONFERENCE**

PRESENT:

1. **WILLIAM D. DAR** - Chairperson
Secretary, Department of Agriculture
2. **JUDY CAROL L. DANSAL** - Vice-Chairperson
Administrator, National Food Authority
3. **ZENO RONALD R. ABENOJA** - Alternate
Managing Director

Representing
Benjamin E. Diokno
Governor, Bangko Sentral ng Pilipinas
4. **RUTH B. CASTELO** - Alternate
Undersecretary

Representing:
Ramon M. Lopez
Secretary, Department of Trade and Industry
5. **MERCEDITA A. SOMBILLA** - Alternate
Undersecretary

Representing:
Karl Kendrick Chua
Secretary, National Economic and Development Authority
6. **SOLEDAD EMILIA J. CRUZ** - Alternate
Assistant Secretary

Representing:
Carlos G. Dominguez III
Secretary, Department of Finance
7. **ELCID C. PANGILINAN** - Alternate
First Vice President

Representing:
Cecilia C. Borromeo
President and CEO, Land Bank of the Philippines
8. **EDWIN Y. PARALUMAN** - Member
Farmer's Representative

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

9. **RICARDO P. BERNABE III** - OP Representative
Undersecretary

Representing:

Salvador C. Medialdea
Executive Secretary, Office of the President

10. **EMMANUEL P. PRIVADO** - Alternate
Director

Representing:

Rolando Joselito D. Bautista
Secretary, Department of Social Welfare and Development

ALSO PRESENT ARE THE FOLLOWING:

1. UNDERSECRETARY LEOCADIO S. SEBASTIAN, DA
2. DEPUTY ADMINISTRATOR RAUL E. CANON, JR., NFA
3. ASSISTANT ADMINISTRATOR GERRY J. AMBROSIO, NFA
4. ASSISTANT ADMINISTRATOR LEMUEL R. PAGAYUNAN, NFA
5. SPECIAL ASSISTANT ANGELICA KRYSTLE L. DANSAL, NFA
6. DEPARTMENT MANAGER ANNA KARINA A. CORONEL, NFA
7. ACTING BOARD SECRETARY NERIZA JOYCE M. RECINTO

I. PRELIMINARIES

A. QUORUM REQUIREMENT

With the attendance of the majority of the Council Members and their designated alternates and representatives, quorum was present.

B. CALL TO ORDER

NFA Council Chairperson and Secretary of Department of Agriculture (DA) William D. Dar (Secretary Dar) called the meeting to order at 10:14 A.M.

II. APPROVAL OF THE AGENDA

In addition to the proposed agenda for the current Council meeting, Administrator Judy Carol L. Dansal (Administrator Dansal) informed the Council that per instruction of Honorable Chairperson and DA Secretary William D. Dar, she proposes to include, as part of *Other Matters*, the letter-request of 2nd District Representative of Aklan, Congressman Ted Haresco for the donation of 2,000 bags of rice. She then moved for the approval of the agenda, which motion was seconded by Council Member Ricardo P. Bernabe

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

VI. FOR INFORMATION / UPDATES

1. STATUS OF NFA STOCK INVENTORY, PROCUREMENT, AND DISTRIBUTION

1. AA Lemuel R. Pagayunan (AA Pagayunan) presented to the Council the updates on the status of the NFA stock inventory as of 10 June 2021. The total rice equivalent is 4.4 million bags, composed of 1.1 million bags of local rice and 5.1 million bags of palay. It is estimated to last for 6.56 days based on Daily Consumption Requirement, and 148.97 days to last based on average daily sales. The NFA's current market participation is at 4.40%.
2. In terms of palay procurement status, from January to date, NFA was able to procure around 1,832,754 bags, which is only 31.52% of NFA's current target. NFA usually attains its procurement targets during the main harvest season of the months of October to December.
3. For rice distribution, from January to date, NFA has already distributed 3,646,274 million bags, which is equivalent to a 95.28% accomplishment of its target.
4. As regards the distribution for relief operations, NFA has released a total of 655,366 bags for the period January to June 10, 2021. Since the pandemic started from 16 March 2020 up to 10 June 2021, a grand total of 6,445,528 bags have been distributed to other government agencies.
5. CM Cruz recommended that management include in the presentation the ending inventory of NFA buffer stocks. That is, there should be a monitoring of the buffer stocks in relation to the results of the study on NFA's buffer stocking mandate to manage and maintain 300,000 MT of rice at any given time. She likewise reiterated her suggestion to revisit the guidelines or policy on rice donation, and their financial return to NFA. Also, she recommended that management include in the next presentation, the utilization of NFA's funds for procurement.
6. Chairperson Sebastian supported CM Cruz' suggestion that the management should monitor the required buffer stocks in relation to the results of the study on buffer stocking mandate of NFA.
7. CM Abenoja then inquired about how the NFA assesses its ending stock position and how it will address the possible drawdowns on NFA inventory during the third quarter of the year, and even during the first quarter when there is a lot of demand for NFA rice. He likewise expressed his support to CM Cruz' suggestion to review the guidelines

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

or policy on rice donation, and looked forward to its discussion during the meeting of the Audit and Risk Management Committee (ARMC).

8. In this regard, Administrator Dansal informed the Council that the draft Guidelines on donation will be presented and discussed during the ARMC meeting, which meeting is scheduled prior to the next regular Council meeting. Said Guidelines will then be discussed during the regular Council meeting.
9. CM Abenoja then shared, as regards the improvement of procurement operations, the farmer-groups' concerns raised during their consultations, on the possible adjustment of NFA's procurement parameters. He then asked the management if there are continuing efforts to adjust existing procurement guidelines, specifically the parameters on quality and moisture content, taking note the feedback from stakeholders.
10. Administrator Dansal added that management, in conducting discussions with farmers' cooperatives, explained to them that NFA, in procuring, is mandated to maintain the required quality of palay. This is in view of NFA's purpose of maintaining and managing buffer stock during emergencies and calamities. She further expressed that the management will observe the current procurement parameters in view of the insufficient drying facilities of NFA. Also, the government, through the Department of Agriculture, provides support to the farmers in procurement in the form of seed and fertilizer assistance, as well as crop insurance programs.

B. REPORT ON NFA RESTRUCTURING

1. Administrator Dansal presented to the Council the summary report on NFA Restructuring as of 26 May 2021. From the 4,335 authorized personnel complement, only 2,644 positions remain in the restructured NFA. Administrator Dansal likewise stressed that, comparing the restructured personnel complement of 2,644 to the total warm bodies of 2,153, there are still remaining vacancies available once the employees in the existing plantilla will be placed.
2. As of 26 of May 2021, a total of 1,122 NFA employees have already claimed their Service Incentive Package (SIP). This is equivalent to a utilized budget of Php 1.4 Billion from the Php 1.6 Billion approved budget for payment of the SIP.
3. Administrator Dansal also reported that the issuance of the appointments of retained employees to same or comparable positions is

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

Administrator Dansal moved for the adjournment of the current meeting. There being no other matters to be discussed, the meeting was adjourned at 1:22 P.M.

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July 19, 2021 NFA Council Meeting

CERTIFIED CORRECT:


ATTY. NERIZA JOYCE M. RECINTO
Acting Board Secretary V

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

**MINUTES OF THE REGULAR MEETING OF THE NFA COUNCIL
TUESDAY, 16 MARCH 2021, 3:05 P.M.
TELECONFERENCE**

PRESENT:

1. **WILLIAM D. DAR** - Chairperson
Secretary, Department of Agriculture
2. **JUDY CAROL L. DANSAL** - Vice-Chairperson
Administrator, National Food Authority
3. **ZENO RONALD R. ABENOJA** - Alternate
Managing Director

Representing
Benjamin E. Diokno
Governor, Bangko Sentral ng Pilipinas
4. **SOLEDAD EMILIA J. CRUZ** - Alternate
Assistant Secretary

Representing
Carlos G. Dominguez III
Secretary, Department of Finance
5. **ELCID C. PANGILINAN** - Alternate
First Vice President

Representing
Cecilia C. Borromeo
President and CEO, Land Bank of the Philippines
6. **RUTH B. CASTELO** - Alternate
Undersecretary

Representing:
Ramon M. Lopez
Secretary, Department of Trade and Industry
7. **MERCEDITA A. SOMBILLA** - Alternate
Undersecretary

Representing:
Karl Kendrick Chua
Acting Secretary, National Economic and Development Authority

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

- | | | | |
|-----|--|---|-------------------|
| 8. | EDWIN Y. PARALUMAN
Farmer's Representative | - | Member |
| 9. | RICARDO P. BERNABE III
Undersecretary | - | OP Representative |
| | Representing:
Salvador C. Medialdea
Executive Secretary, Office of the President | | |
| 10. | EMMANUEL P. PRIVADO
Director | - | Alternate |
| | Representing:
Rolando Joselito D. Bautista
Secretary, Department of Social Welfare and Development | | |

ALSO PRESENT ARE THE FOLLOWING:

1. UNDERSECRETARY LEOCADIO S. SEBASTIAN, DA
2. DIRECTOR SITTIE M. BUTOCAN, BSP
3. ARLENE INOCENCIO, CONSULTANT
4. DEPUTY ADMINISTRATOR RAUL E. CANON, JR., NFA
5. ASSISTANT ADMINISTRATOR GERRY J. AMBROSIO, NFA
6. ASSISTANT ADMINISTRATOR LEMUEL R. PAGAYUNAN, NFA
7. DEPARTMENT MANAGER ANNA KARINA A. CORONEL, NFA
8. ACTING BOARD SECRETARY NERIZA JOYCE M. RECINTO

I. PRELIMINARIES

A. QUORUM REQUIREMENT

With the attendance of the majority of the Council Members and their designated alternates and representatives, quorum was present.

B. CALL TO ORDER

NFA Council Chairman and Secretary of Department of Agriculture William D. Dar (Secretary Dar) called the meeting to order.

II. APPROVAL OF THE AGENDA

Council Member Ricardo P. Bernabe III (CM Bernabe) moved for the approval of the agenda. Administrator Judy Carol L. Dansal (Administrator Dansal) and Council Member Elcid C. Pangilinan (CM Pangilinan) seconded the motion. Upon motion made and duly seconded, the agenda for the meeting is approved.

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

3. Secretary Dar clarified the action needed from the Council in this presentation of Succession Plan, and whether or not this item is for approval. Administrator Dansal responded that this is just for information of the Council, and that in the later part of the meeting, management will present the implementation phases in the agenda of *Update on Restructuring*.

**C. POSITION OF NFA MANAGEMENT ON THE IMPLEMENTATION OF
REPUBLIC ACT NO. 8976 ENTITLED "ESTABLISHING THE PHILIPPINE
FOOD FORTIFICATION PROGRAM AND FOR OTHER PURPOSES"**

1. Administrator Dansal related to the Council that Republic Act No. 8976 entitled "*Establishing the Philippine Food Fortification Program and For Other Purposes*", particularly Section 6 thereof, states the provision on mandatory food fortification. Thus, the fortification of staple foods based on the standards set by the DOH through the BFAD is hereby made mandatory, and NFA's focus is on Item No.1- *Rice, with iron*. She added that the NFA can do fortification process on its buffer stocks, given that additional budget will be provided. In the previous years, NFA has commenced with the implementation of rice fortification.
2. Administrator Dansal then presented the following apprehensions of NFA regarding rice fortification:
 - a. It will cost NFA an estimate of Php 2.00 per kilogram, which is based on NFA's experience from the years 2017 to 2019.
 - b. There is no regular supplier of the fortificant because it is not readily available in the market. For the previous years, the fortificant used by NFA was imported.
 - c. Market acceptability is not guaranteed. At the time, the fortificant procured by NFA is colored (yellow), which, when mixed and distributed in the market, was not acceptable to it. Thus, NFA had a hard time disposing the volume procured for the fortificants.
 - d. Sustainability of the program. There must be a continuous disposition of fortified NFA rice, but NFA's distribution activities are now limited.
 - e. Readiness on the milling facilities / contractors to perform the fortification activities. For NFA, it procured rice fortification equipment, and contracted rice mills to mix the fortificant with the rice.
 - f. Establishment of appropriate ratio and dispersion level of fortificant to rice. Per NFA's study, the ratio should be 5 grams per 1 kilogram of rice of 2.5kg of fortificant to a 50-kg rice. When the fortificant is mixed with rice, NFA cannot guarantee the dispersion, and it will be useless if the

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

ratio and dispersion level of the fortificant to the rice are not satisfied or met.

3. Secretary Dar observed that based on the discussions, NFA is not ready to proceed with fortification of rice. Administrator Dansal affirmed this, with reasons such as lack of budget for the procurement of fortificant, and the appropriate readiness for the equipment to be used for mixing. Another is that NFA's mandate is only limited to buffer stocking, thus, it only distributes as necessary and in the replenishment of its stocks.
4. Council Member Edwin Y. Paraluman (CM Paraluman) commended the purpose of the rice fortification program. However, he related that during the implementation of the program by the NFA years back, it was not successful because the consumers of the fortified rice remove the fortificant, with the perception that it is dirty or impure. Thus, he opined the need to have a more intensive study in fortifying rice so that government resources would not be wasted.
5. Council Member Ruth B. Castelo (CM Castelo) inquired on how expensive is the fortificant. Then, she suggested that rice buffer stock, which is the country's reserve for any emergency, may be fortified. As such, since the rice is being distributed to DSWD and LGUs in cases of emergency, the people who need the same, and those who are undernourished, would be benefited by the fortified rice.
6. Administrator Dansal added that the previous management made an arrangement for the suspension of the implementation of rice fortification, without any amendments to the law, because of the non-acceptability in the market and the lack of consultation with the stakeholders (such as millers) when this law was enacted. Indeed, it was difficult for them to satisfy the requirements of fortification of rice to be sold to the market. Administrator Dansal added that the fortificant is an imported commodity which NFA cannot anymore import.
7. Council Member Zeno Ronald R. Abenoja (CM Abenoja) highlighted the important role of NFA in supporting the mandatory policy initiative of DOH. He recognized that there are budgetary and technical challenges in implementing this program, and suggested for the Management to submit a proposal on how it will address these challenges. First, on the budgetary side, the provision of resources for this may be considered, as we rank the priorities of the Administration. Second, on the technical challenges, there might be a

MINUTES OF THE REGULAR COUNCIL MEETING 16 MARCH 2021

need to consult the industry on how to address these issues. Nevertheless, CM Abenoja advised the NFA to list down possible steps or options to comply with the Government's mandatory food fortification program and present them in the next Council meeting.

8. CM Sombilla proposed that the management can overcome the non-acceptability of the fortified rice through strong advocacy and advertisement. This may be done by informing the public on the importance and benefits of having fortified rice. She also agreed with CM Castelo as regards the rice buffer stocks to be fortified, to be distributed in the disaster relief activities of NFA, so that the beneficiaries will get their staple food and at the same time the required vitamins.
9. Council Member Emmanuel P. Privado (CM Privado) reported to the body that the Department of Science and Technology (DOST) has presented to DSWD the new technologies on rice fortifications with iron and vitamin A. He added that the fortified rice is best for people in the disaster areas, as they need more nutrients and vitamins that would overcome anxiety in dealing with such disaster. He also informed the NFA Council that if NFA could pursue with the rice fortification, the DSWD will be one of the captured markets.
10. CM Castelo agreed with CM Sombilla on the need for fortified rice to be distributed as buffer stocks, despite all the challenges and difficulties that the NFA will face. She added that at this time, there is a rising demand of brown rice, black rice, and other colored rice from the market. Thus, at this time, fortified rice may now be acceptable in the market.
11. Secretary Dar related that based on the discussions, management should submit its final proposal next meeting regarding the rice fortification for NFA's buffer stocks, with the caveat that this is supported by the NFA Council. To this, Administrator Dansal said that NFA will present rice fortification program together with the challenges, the procedures on undertaking the same, the budgetary constraints, and the support needed for the program to commence and become successful.

D. RECOMMENDATION AND AREAS FOR CONSIDERATION BASED ON THE NEW RESULTS OF THE BUFFER STOCKING STUDY

1. AA Pagayunan reported that two weeks prior to the Council meeting, the management had a meeting with the consultants. He then presented the

**MINUTES OF THE REGULAR COUNCIL MEETING
16 MARCH 2021**

offices have either been merged or abolished, and even the books of account of the old officers have already been closed. At present, NFA has 45 branch offices. Administrator Dansal likewise added that the NFAEA is the only bargaining group of the employees with the management.

3. Administrator Dansal then related that NFA needs an employee representative from the 45 branches, thus, the management sent a letter to the union informing them of the required representative from the new 45 branch offices. However, the management received a letter from the union of its refusal to participate in the selection process, as member of the Personnel Selection Board. Nevertheless, management recognized that it is important that there must be a representative from the employees during NFA's selection process, which will be conducted to fill up the vacancies. She further informed the Council that the management will submit a comprehensive report on the implementation of the status of the NFA Restructuring Plan from 04 September 2020 pursuant to RA 11203.
4. Chairperson Sebastian asked the management if the retained employees can conduct election among themselves. Administrator Dansal stated that some offices have indeed conducted an election, but the NFAEA claims that such election is not recognized by it. She added that 3,200 employees have submitted an affidavit in support of management's implementation of the NFA restructuring. As suggested by Chairperson Sebastian, management may consider or determine the legality of the creation of different employees' representative from the different branches. This is so long as NFA has the majority of the employees electing the representative. Management agreed to this.

There being no other matter to be discussed, the meeting was adjourned at 6:11 P.M.

* * *

APPROVED (As corrected)
20 April 2021 NFA Council Meeting

CERTIFIED CORRECT:

Nyime Cinto
ATTY. NERIZA JOYCE M. RECINTO
Acting NFA Council Board Secretary

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

**MINUTES OF THE REGULAR MEETING OF THE NFA COUNCIL
TUESDAY, 15 JUNE 2021, 10:00 A.M.
TELECONFERENCE**

PRESENT:

1. **WILLIAM D. DAR** - Chairperson
Secretary, Department of Agriculture
2. **JUDY CAROL L. DANSAL** - Vice-Chairperson
Administrator, National Food Authority
3. **ZENO RONALD R. ABENOJA** - Alternate
Managing Director

Representing
Benjamin E. Diokno
Governor, Bangko Sentral ng Pilipinas
4. **RUTH B. CASTELO** - Alternate
Undersecretary

Representing:
Ramon M. Lopez
Secretary, Department of Trade and Industry
5. **MERCEDITA A. SOMBILLA** - Alternate
Undersecretary

Representing:
Karl Kendrick Chua
Secretary, National Economic and Development Authority
6. **SOLEDAD EMILIA J. CRUZ** - Alternate
Assistant Secretary

Representing:
Carlos G. Dominguez III
Secretary, Department of Finance
7. **ELCID C. PANGILINAN** - Alternate
First Vice President

Representing:
Cecilia C. Borromeo
President and CEO, Land Bank of the Philippines
8. **EDWIN Y. PARALUMAN** - Member
Farmer's Representative

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

9. **RICARDO P. BERNABE III** - OP Representative
Undersecretary

Representing:

Salvador C. Medialdea
Executive Secretary, Office of the President

10. **EMMANUEL P. PRIVADO** - Alternate
Director

Representing:

Rolando Joselito D. Bautista
Secretary, Department of Social Welfare and Development

ALSO PRESENT ARE THE FOLLOWING:

1. UNDERSECRETARY LEOCADIO S. SEBASTIAN, DA
2. DEPUTY ADMINISTRATOR RAUL E. CANON, JR., NFA
3. ASSISTANT ADMINISTRATOR GERRY J. AMBROSIO, NFA
4. ASSISTANT ADMINISTRATOR LEMUEL R. PAGAYUNAN, NFA
5. SPECIAL ASSISTANT ANGELICA KRYSTLE L. DANSAL, NFA
6. DEPARTMENT MANAGER ANNA KARINA A. CORONEL, NFA
7. ACTING BOARD SECRETARY NERIZA JOYCE M. RECINTO

I. PRELIMINARIES

A. QUORUM REQUIREMENT

With the attendance of the majority of the Council Members and their designated alternates and representatives, quorum was present.

B. CALL TO ORDER

NFA Council Chairperson and Secretary of Department of Agriculture (DA) William D. Dar (Secretary Dar) called the meeting to order at 10:14 A.M.

II. APPROVAL OF THE AGENDA

In addition to the proposed agenda for the current Council meeting, Administrator Judy Carol L. Dansal (Administrator Dansal) informed the Council that per instruction of Honorable Chairperson and DA Secretary William D. Dar, she proposes to include, as part of *Other Matters*, the letter-request of 2nd District Representative of Aklan, Congressman Ted Haresco for the donation of 2,000 bags of rice. She then moved for the approval of the agenda, which motion was seconded by Council Member Ricardo P. Bernabe

MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021

2. He then presented in comparison the original and the revised budget of NFA. On the *Uses of Funds*, he relayed that with the Department of Finance's (DOF) initiative, the management included an additional Php 25 Billion for payment of domestic short-term loans to reduce NFA's outstanding loan obligations. Hence, the outstanding balance is expected to be reduced to at least Php 26 Billion pesos for CY 2022. For *domestic long-term loans*, there is an adjustment from Php 360 Million to Php 2.16 Billion, or an increase of about Php 1.8 Billion. On *Interest Expense and Other Financial Charges*, there is a reduction of Php 950 Million, for a total of Php 25.822 Billion increase in the Budget Expenditures.
3. Due to the increase in Budget Expenditures, *Sources of Funds* are also affected. Corporate receipts are reduced to Php 181 Million, while National Government (NG) Advances / Net Lending for short- and long-term loans increased to about Php 24.223 Billion and Php 1.780 Billion, respectively. The total amount adjusted for the sourcing of funds is at Php 25.822 Billion pesos.
4. Secretary Dar took note of the report presented by AA Ambrosio.

V. FOR APPROVAL

1. BUDGET PROPOSAL ON THE FORTIFICATION OF NFA RICE BUFFER STOCKS AND IN LINE WITH THE IMPLEMENTATION OF REPUBLIC ACT NO. 8976

1. AA Ambrosio presented the following assumptions used in arriving at the proposed budget amounting to Php 1,770.704 million on NFA Fortification Program for FY 2022:
 - a. On physical targets, in addition to the required buffer stock to be maintained by NFA at 300,000 MT, it is proposed that an additional volume of 300,000 MT be fortified. For the total volume intended for rice fortification at 600,000 and assuming the acceptable mixing ratio of 1:200, the volume requirements of iron premix is set at 3,000 MT or 60,000 bags.
 - b. The following are the comparative estimated acquisition costs based on the different sources of iron premix:

Particulars	Other Gov't Agencies – Import	Local Supplier (derived from 2018 data)	Local Supplier (derived from 2021 data)
Acquisition Cost/kg	P273.18	P375.95	P375.00
Add: Custom duties (35%)	*95.61	0.00	0.00

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

Service Fees (20%)	54.64	0.00	0.00
Acquisition Cost/Kg	P423.43	P375.95	P375.00
Acquisition Costs/MT	P423,430.00	P375,950.00	P375,000.00
Volume (in MT)	3,000	3,000	3,000
Total Costs of Ex-NFA Warehouse	P1,270,290,000	P1,270,850,000	P1,250,000,000

- c. On the existing inventory of rice fortification equipment (RFE) as of 31 January 2021, thirty-five (35) units are available to be used for the rice fortification program, twenty-two (22) units of which were acquired from 2009 and thirteen (13) NFA-owned dryers and polishers were converted. The repair cost is estimated to be at Php 1,330,000.00.

The total capital expenditures for the rehabilitation of the existing facilities and acquisition of new fifty-three (53) units of rice fortification equipment is at Php 160,065,000.00.

- d. AA Ambrosio also emphasized the need to consider the costs of mixing and other related activities from acquiring, mixing, transfer, dispersal, and disposition.

The estimated total direct cost involved in these activities is at Php 361,285,100.

- e. AA Ambrosio reported that the other maintenance and operating expenses that will be incurred is estimated at Php 56.2 million. The source of funds for fortification require support from the national government through NG Advances / Net Lending Program, which will result to an estimated interest of 4% or equivalent to Php 68.104 million per annum.

2. He then presented the breakdown of proposed budgetary requirements based on the following:

Particulars	Amount (in million pesos)
Procurement of Iron Premix	1,125.000
Capital Outlay	160.065
MOOE – Direct Costs	361.285
MOOE – Administrative and Operating Expenses	56.250
Total Estimated Costs and Expenses	1,702.600
Financing Charge at 4%	68.104
Total Budgetary Requirements:	1,770.704

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

3. Council Member Soledad Emilia J. Cruz (CM Cruz) expressed her concerns on whether or not NFA may undertake rice fortification in accordance with its mandate, the source of funding for the activity, as well as the manner by which NFA can earn money from its existing equipment.
4. In this regard, Administrator Dansal informed the body on the following issues / concerns that must be considered in relation to the implementation of rice fortification program:
 - a. The need to retrofit the existing equipment owned by NFA;
 - b. NFA's personnel complement has been reduced to focus on its mandate of buffer stocking due to Republic Act No. 11203; and
 - c. The need to maintain the quality and palatability of iron-fortified rice, as pre-mix cannot be mixed with the rice buffer stock at a time prior to distribution.
5. CM Abenoja added that the understanding of the Council is that the rice fortification initiative is consistent with the national government policy on health, collectively being pursued by different agencies. Thus, considering the cost implications of implementing such activity, options for resource-sharing with other government agencies could be explored. He further asked about the possible role of private sectors, specifically the contracted millers of NFA, in the delivery and transport / handling of fortified rice, to aid in the promotion of rice fortification. Also, in relation to the capital expenditure presented by the management, CM Abenoja inquired on the distribution plan for the additional 53 RFE units proposed to be acquired.
6. Administrator Dansal responded that with the removal of NFA's regulatory powers under RA 11203, NFA no longer has the power to control or deal with private millers, except in procuring the milling services for procured palay stocks.

She added, however, that one of the possible beneficiaries of iron-fortified rice is the Department of Education (DepEd) as part of its feeding programs.
7. CM Abenoja thanked Administrator Dansal for the clarification. Based on the information given, he then suggested a more targeted approach for the NFA's participation in the rice fortification program. Also, he reiterated the suggestion to share the cost with other agencies like DepEd to lessen the required resources by NFA.
8. CM Cruz clarified if the rice to be fortified of 300,000MT is in addition to the required buffer stock of NFA. She added that with the given constraint on financial resources, NFA's participation should be at the least cost.
9. Secretary Dar clarified from management on its target of 600,000 MT of rice to be fortified as the basis of the budgetary requirements presented to the Council. He then suggested for management to limit its target, and

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

consider CM Abenoja's idea for a more targeted collaboration with other government agencies. Administrator Dansal agreed, and added that the management will coordinate with concerned agencies such as the Department of Social Welfare and Development, the Department of Health and the Food and Research Nutrition Institute, who may take part in said initiative.

10. Secretary Dar suggested that to reduce the required resources on the part of NFA, the latter shall limit the fortification of its rice to its buffer stocks, to be distributed to agencies such as DSWD and DepEd. The rest of the volume can then be handled by private sectors.
11. Council Member Mercedita A. Sombilla (CM Sombilla) agreed with Secretary Dar that NFA must have a more feasible approach in undertaking rice fortification. In line with this, she suggested that NFA may initially fortify 50% of its buffer stocks, or 150,000 MT out of 300,000 MT of the supposed target. It shall then make a further evaluation based on the increase of demand by the target beneficiaries.
12. Secretary Dar reiterated the need to take part in the promotion of iron fortified rice. He then added that targeting 50% of buffer stock would be a good start and should there be an increase in demand in the future, NFA can complete its engagement by fully fortifying its buffer stock. He then instructed management to accordingly recalculate the budget to 50% of the targeted 600,000 MT that will be projected in the 2022 budgetary requirements of NFA.
13. As regards the budgetary requirements, Secretary CM Cruz requested management to include other additional costs that will be involved, and the projected cost of rice that will be fortified.
14. CM Sombilla moved that NFA be authorized to iron-fortify 50% of its buffer stocks of 300,000MT, and a new computation of budgetary requirements be made by management, and to include the projected price of the iron-fortified rice. NFA should likewise make the necessary coordination with relevant agencies on the promotion of the iron fortified rice in the market to educate the public on its acceptability, given that they commonly prefer white rice. CM Abenoja seconded the motion made by CM Sombilla. There being no objection from the other members of the Council, the motion is carried and the following Resolution is approved:

RESOLUTION NO. 1006-2021-F

WHEREAS, Republic Act No. 8976¹ otherwise known as the "Philippine Food Fortification Act 2000" was enacted on 07 November 2000;

¹ An Act Establishing the Philippine Food Fortification Program and for Other Purposes

**MINUTES OF THE REGULAR COUNCIL MEETING
15 JUNE 2021**

Administrator Dansal moved for the adjournment of the current meeting. There being no other matters to be discussed, the meeting was adjourned at 1:22 P.M.

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July 19, 2021 NFA Council Meeting

CERTIFIED CORRECT:


ATTY. NERIZA JOYCE M. RECINTO
Acting Board Secretary V