

NFA YEAR-END REPORT FOR CY 2012



OVERVIEW

In assessing NFA's performance, the welfare and stake of the stakeholders, primarily farmers, should be the foremost concern. Beyond the outcome of the targets, the essence of the agency's performance are the material and financial benefits accruing to the farmers and the grains industry, in general.

Stable Price for the Farmers

In particular, NFA has influenced farmgate prices to be more than 90% of the government support price of ₱17.00/kg. The farmgate prices in 2012 averaged to ₱16.52/kg or 97% of the government support price. NFA's presence alone has resulted to traders competing healthily and offering farmers with prices higher or close to the government support price.

For the 381,751 MT of palay NFA bought from farmers in 2012, NFA has infused ₱6.561B at the farmgate. This amount meant a lot at the farm.

Further, to encourage farmers to be more productive, NFA has managed the country's importation at low levels.

While NFA has been importing an average of 1.3 million metric tons in the last five years, NFA's importation in 2012 has decreased (drastically) to 120,000 metric tons:

2008	- 2.29 million metric tons
2009	- 1.575 million metric tons
2010	- 2.150 million metric tons
2011	- 200,000 metric tons
2012	- 120,000 metric tons

In 2012, while it has facilitated the arrival to the country of 99.81% of what it was authorized to import, NFA spent US\$39.5 million less than the import cost in 2011. NFA even earned ₱4.59 billion in service fees under the Private Sector Finance (PSF) scheme.

Stable Price and Supply for the Consumers

In making available rice with prices lower than the market, NFA sold 766,579 MT or 92.61% of its targeted distribution stocks in the market.

The food security mandate, on the other hand, requires the NFA to provide an immediate supply of rice to calamity-stricken areas and to ensure that rice prices are restored to pre-emergency levels within two weeks.

The availability and accessibility of supply allowed NFA to respond efficiently and effectively to the needs of local government units (LGUs) and other national government agencies (NGAs), with the expedient release of 201,339 bags of rice stocks within 24 hours after notice. The sufficient supply of NFA/government stocks and quick response helped maintain stable prices immediately before, during, and post-calamity/disaster in affected areas. This is evident in the regions hit by Typhoons for the period July to December (Ferdie, Gener, Habagat, Helen, Sendong, Igme, Lawin, Karen, Ofel, Nina, Quinta and Pablo). Retail prices remained stable ranging from as low as ₱30.00/kg to as high as ₱31.00/kg for RMR, and from as low as ₱32.00/kg to as high as ₱36.00/kg for WMR, before and after the typhoon. NFA responded swiftly, within 48 hours, in distributing rice to those areas affected by the calamities in the different government agencies/offices/units such as NDCC, DSWD, PNRC and LGUs.

Food Security and Buffer Stocking

NFA ensured the country's food security by maintaining a buffer stock of the staple food equivalent to a minimum of 15-day Strategic Rice Reserve (SRR) year round and 30-day rice buffer stocks by July 1 of every year inclusive of the 15-day SRR in preparation for the lean months. NFA had a rice ending inventory of 590,388 metric tons, good to last for 19 days to serve the country's daily rice consumption requirement of 31,861 metric tons.

In 2012, NFA has reduced its inventories close to its buffer stocking (level) mandate of 15 days at any one time, and 30 days on June 30/July 1, at the onset of lean months.

From 183,537 MT as of December 31, 2011, the imported stocks as of December 31, 2012 total to only 181,441 MT, or 1.14% lower.

Developmental Regulation

Developmental regulation is needed in the improvement of the grains industry. This involves monitoring and enforcement of rules and regulations governing grains business, licensing and registration of all rice and corn business and promotion of various NFA programs to ensure stability of supply and price of rice.

As of December 31, 2012, the total number of grains businessmen NFA licensed to engage in the grains industry reached 69,140 or 93.40 % of the target of 74,000 and earned the agency fees totalling to ₱136.72M.

Share in the Economic Growth

As the lead government agency in the grains marketing industry and mandated with staple cereal supply price stabilization and food security, NFA can not earn profit in performing its social responsibility. But it can take pride in generating income across the labor sector – laborers, truckers, millers, ship and port workers—banking sector – and government, in terms of its marketing operations and corresponding financial transactions —procurement and distribution, buffer stocking—and other expenditures amounting to ₱8.73B. NFA remitted to the Bureau of Internal Revenue taxes amounting to ₱528 million from employees’ compensation including Value Added Taxes (VAT) from suppliers of goods and services.

NFA’s outstanding loans were reduced by ₱8.67B from ₱162.23B in 2011 to ₱153.56B in 2012. This resulted to savings in financial charges in the amount of ₱250M.

- Outstanding Loans as of December 31, 2012 ₱153.56B
- ❖ Reduction in Loans ₱ 8.67B
- ❖ Savings in Financial Charges due to reduction in loans ₱ 250M

All these contributed to the Agency’s share in the economic growth of the country.

MFO I: Stable Supply and Price of Staple Cereals

PROCUREMENT

A. Palay Procurement

The agency continuously procured palay from the local farmers and farmers organization to allow them a fair return on their investment to accumulate buffer stock, and stabilize farm gate prices.

The total palay procured in 2012 totalled to 381,229 MT, accomplishing 64.43% of the procurement target at 591,675 MT. It registered about 2.11% absorption rate vis-à-vis total production of 18.03M MT for the year.

Despite new strategies in procurement policies, still NFA were not able to hit the procurement target due to the following:

1. Occurrence of 15 typhoons and flashfloods, which caused damage to standing palay crops and reduced the volume of harvest; and
2. Most farmers are already indebted to the private traders' payable from their upcoming harvest. Traders also serve as their source for other kinds of loans aside from production loans.

B. Corn Procurement

For the year 2012, NFA procured 474 MT of white and yellow corn or 259% compared to last year's 183 MT. This year's procurement maybe attributed to the setting of corn quality specification (14% MC and 97% purity min.) and the very close gap between NFA's buying price and the ex-farm price of corn.

PRICES

A. Palay Prices

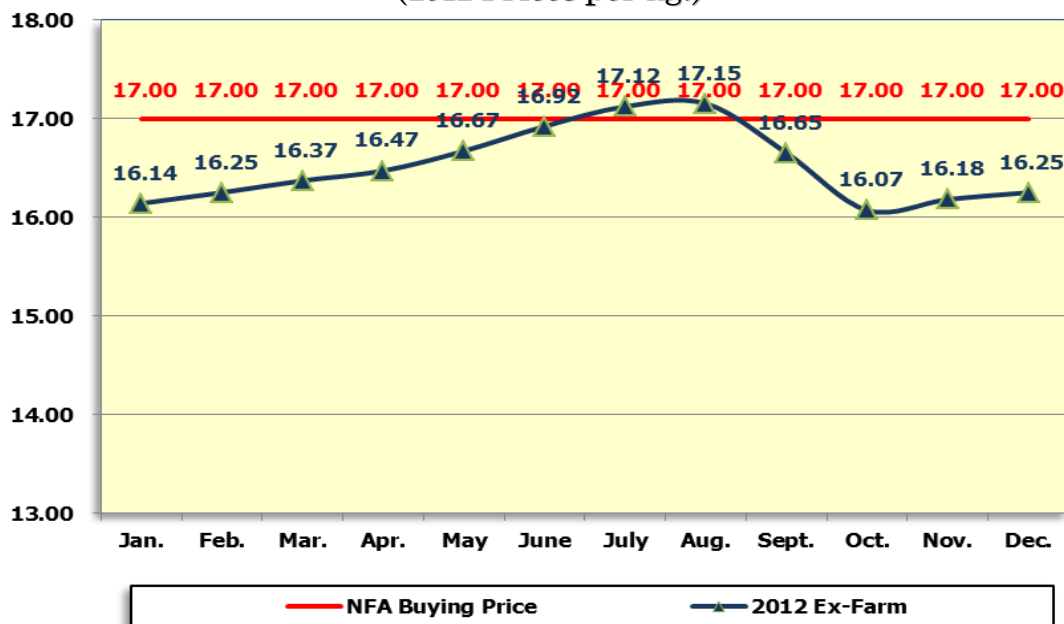
NFA Prices in 2012 were:

- Individual Farmers: ₱17.40 (including drying fee of ₱0.20 and delivery fee of ₱0.20)
- Farmers Organization: ₱17.70 (including Cooperative Development Incentive Fee [CDIF] of ₱0.30, drying fee of ₱0.20 and delivery fee of ₱0.20) for organized small farmers, to ensure ready market and accommodate farmers' produce and allow farmers a fair return on their production investment.

On September 20, 2012, the Delivery Fee was increased to a maximum of ₱0.50/kg based on the distance from farm to the NFA buying stations as follows:

- Within 0-10 kilometers - ₱0.20/kg or ₱10.00/bag
- Within 10-20 kilometers - ₱0.30/kg or ₱15.00/bag
- Within 20-30 kilometers - ₱0.40/kg or ₱20.00/bag
- Beyond 30 kilometers - ₱0.50/kg or ₱25.00/bag

Average Palay Farm Prices vs. NFA Buying Price
(2012 Prices per kg.)

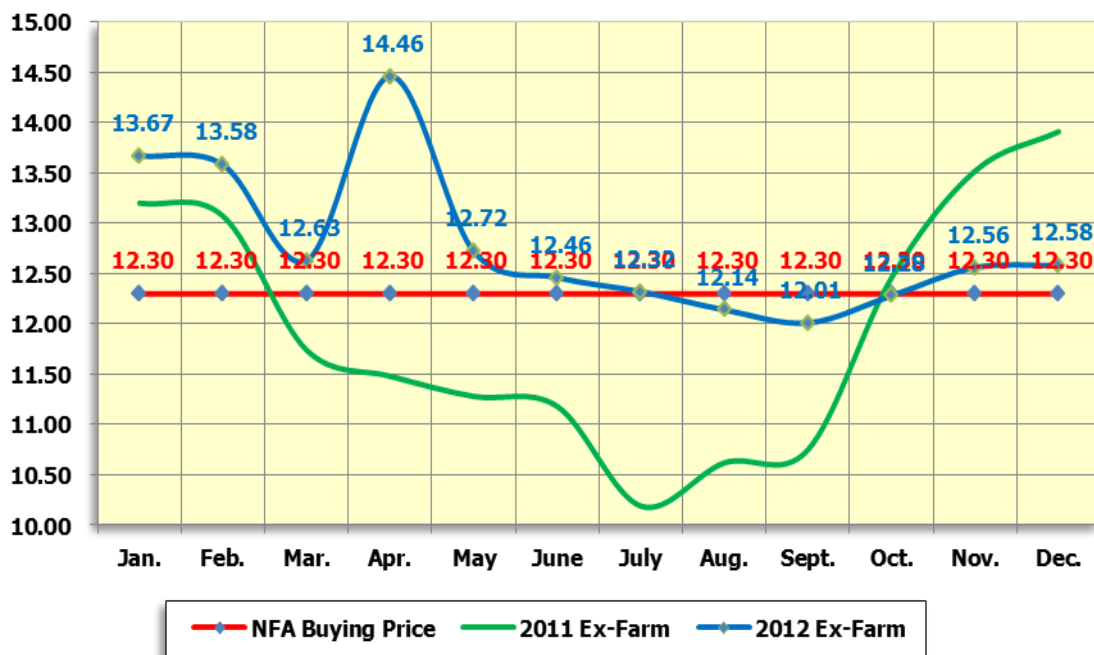


We were able to influence farm prices which averaged at 97.18% of the government support price.

Yellow Corn (YGN)

For YGN, farmgate price increased due to limited supply and big demand for animal feeds. The NFA buying price for clean and dry Yellow Corn grains (YGN) remained at ₱12.30/kg.

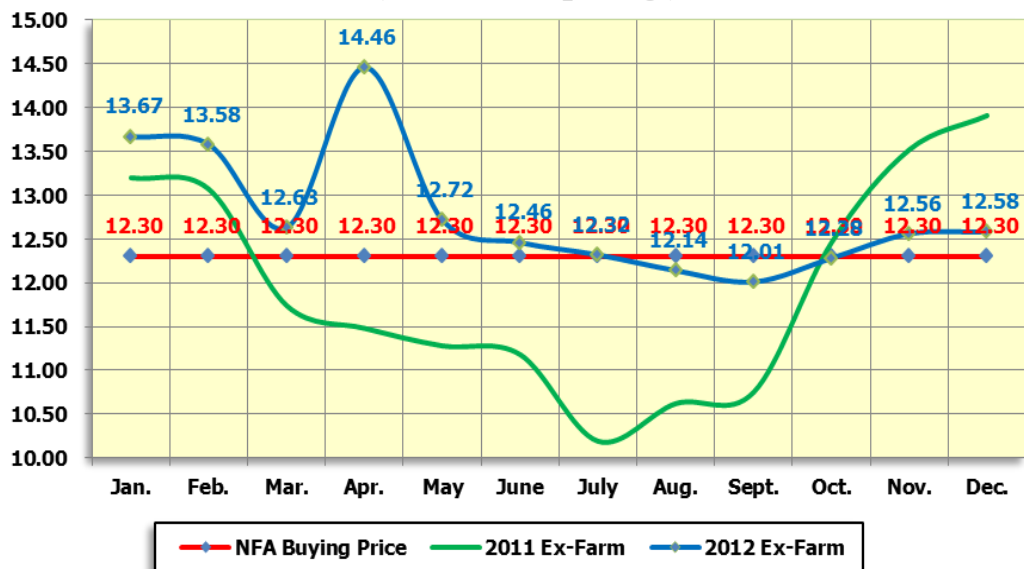
Average Yellow Corn Farm Prices vs. NFA Buying Price
(2012 Prices per kg.)



White Corn (WGN)

Price for white corngrains at farm gate were higher 2012 compared to 2011, this was due limited supply of white corn which was an alternative food for rice-eating people.

**Average White Corn Farm Prices vs. NFA Buying Price
(2012 Prices per kg.)**



IMPORTATION

For the year, NFA contracted 500,000 MT of rice from the neighboring Asian Countries following the bidding procedures under R.A. 9184. The contracted volume is broken down as follows:

- 120,000 MT – NFA Imports
- 190,000 MT – Private Sector
- 190,000 MT – Farmers Sector

This volume is 41.79% lower than last year's total contracted volume of 860,000 MT of imported rice. This is part of the Nation's effort to reduce imports and reach self-sufficiency by 2013 based on the NFA Road Map Assumptions and focus on private and farmer sector imports rather than government imports.

In summary, the NFA awarded the 380,000 MT of imported rice allocation to nineteen (19) importers and one hundred five (105) Farmers' Organization. NFA generated ₱2.64 Billion from service fees collected from the winning bidders.

PARTICULARS		VOLUME (in MT)	PERCENT ACCOMP.
NFA			99.81
	Quantity Contracted for CY 2012	120,000.00	
	Total Arrivals	119,776.55	
Private Sector Financed (PSF) - TES			99.53
	Total Allocation for CY 2012	190,000.00	
	Actual Arrival	189,103.00	
Farmers Sector			96.89
	Total Allocation for CY 2012	190,000.00	
	Actual Arrival	184,088.00	

a. NFA Imports (120,000 MT)

On June 7, 2012, the contract for the supply of 100,000 MT was signed by NFA and VINAFOOD II based on the NFA Council approved volume of 100,000 MT with recommendation on June 11, 2012, NFA contracted the additional 20,000 MT subject to the same terms and conditions of the original contract.

b. Private Sector and Farmer Organization – Tax Expenditure Subsidy (380,000 MT)

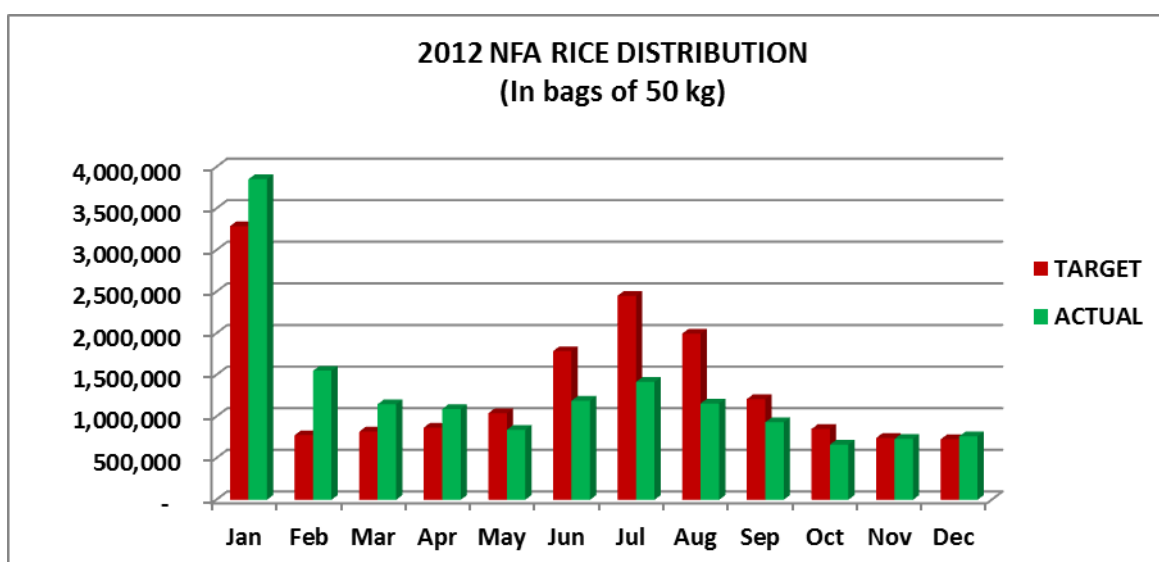
Of the 380,000 MT allocated to Private Sector and Farmers Organization, thru NFA Tax Expenditure Subsidy (TES), the first bidding was conducted on March 19, 2012 for the 190,000 MT of omnibus origin which was allocated to nineteen importers. On March 26, 2012, NFA held a second bidding for the balance of 190,000 MT participated in by one hundred five (105) Farmer Organizations/Cooperative (FO/FC).

As of December 31, 2012, total rice import arrival was 373,191 MT or 98.21%. To date, a total of ₱3.65B or 75.24% of the approved Tax Expenditure Subsidy (TES) of ₱4.85B was utilized. Total service fee collected for 2012 was ₱4.59B.

DISTRIBUTION

NFA distributed 766,579 MT of rice or 92.61% of the total rice distribution target set at 827,751 MT. Market Participation rate was recorded at about 9.77% given the country's total food requirement of 11.40 MMT. Rice distribution target was not met due to the following reasons:

1. Higher stock inventory maintained by the private sector for the four quarters of the year ranging from 10% to 50% higher;
2. The presence of better quality rice as compared to NFA stocks in the market; and
3. The stoppage of the Tindahan Natin Outlets of the DSWD, Bigasan sa Parokya and the Food for School Program of the DepED.



IRRIGATED RICE PRODUCTION ENHANCEMENT PROJECT (IRPEP)

4th Component - Provision of Marketing and Post-Harvest/Processing Facilities

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

For the year 2012, NFA conducted policy dialogue in the following policy papers:

- NFA's Rice Price Stabilization Program and Food Subsidy Policy
- Enhancing Agricultural Productivity through the Food Staples Sufficiency Program: Cost of Production Benchmarking for Global Competitiveness

This was attended by 50 participants from different government agencies such as DA, DOF, DBM, BSP, Land Bank, PNB and non-government organizations from World Bank, PFAB, SIKAP/STRIVE Foundation, Rice Watch and Action Network, Philrice, irri, and Centro Saka Inc.

The dialogue resulted in the identification of policy resolutions for complete staff work and approval of the NFA Council and/or Office of the President.

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

RICE RELEASES

During the year, the NFA distributed 201,339 bags of rice to various relief Agencies under the Disaster Preparedness Program. With the readiness and accessibility of our rice stocks anywhere in the country and with the continuous coordination and partnership forged by NFA local field offices with concerned offices, NFA was able to respond efficiently and effectively to the call of emergencies and calamities:

AGENCY	QUANTITY (In Bags)
DSWD	83,148
OCD	1,135
PRC	2,180
NDRRMC	2,625
LGUs	34,898
Private Institutions/NGOs	72,789
Legislators	3,374
Other Gov't. Agencies	1,090
PAGCOR	-
PCSO	100
TOTAL	201,339

PERFORMANCE PARAMETERS

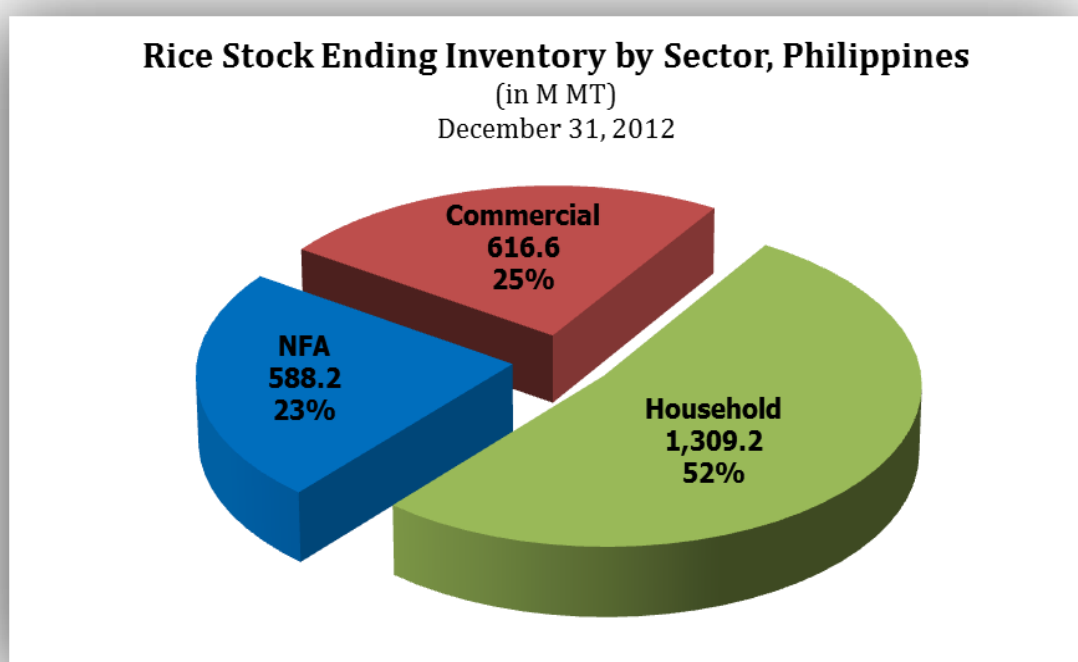
- ✓ 48-hour response time to staple cereal requirements in calamity/emergency-stricken areas.
- ✓ Restore or maintain within 2 weeks staple cereal supply and prices at levels immediately prior to a calamity or emergency.

In December 2012 alone, the prices of rice in the provinces of Agusan Sur, Bukidnon, Lanao Norte, Cagayan de Oro and Negros Oriental were kept at stable levels, even after the flashfloods and landslides in the said province.

MFO III: Buffer Stock of Staple Cereals Effectively Managed

RICE STOCK INVENTORY

As of December 31, 2012, NFA maintained a rice and palay stock inventory of 11,764,000 bags or 588.2T MT, good to last for 19 days based on the 31,681 MT national daily consumption requirement. NFA's stock was lower by 457.3T MT or 43.74% from last year's inventory of 1,045.5T MT.



NFA Rice Stock Ending Inventory
(In '000 MT)
CY 2012

MONTH	NFA 2012	DAYS TO LAST (NFA)
January	856.9	28
February	777.2	25
March	730.1	24
April	694.8	22
May	680.4	22
June	590.3	19
July	529.8	17
August	525.9	17
September	504.7	16
October	562.0	18
November	606.0	20
December	588.2	19

As mandated by Legislative and Executive Development Council (LEDAC), NFA must maintain a strategic emergency rice reserve enough for at least 15-day requirement, at any given time, equivalent to 465,000 MT of rice (15 days at 31,000 MT daily consumption requirement).

The NFA should also have at least a 30-day buffer stock by July 1 of each year as the country enters the traditional rice lean months, equivalent to 930,000 MT (30 days x 31,000 MT daily requirement). The chart shows that NFA held inventories ranging from 34 days to 52 days consumption requirement.

MFO IV: Developmental Regulation of the Grains Industry Implemented and Enforced

INDIRECT MARKET INTERVENTION PRORAMS

FARMERS OPTION TO BUY-BACK (FOBB)

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

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

PARTICULARS	ACCOMPLISHMENT (Jan. - Dec. 2012)
Total palay deliveries (bags)	5,018,895
Stocks Withdrawals (bags)	699,916
Palay Balance (bags)	111,161
No. of FOs	970

Under FOBB Program of NFA, 699,916 bags of palay were withdrawn by 970 Farmers Organization out of 5,018,895 bags delivered to avail of higher prices for their palay produce.

FARMERS' INCENTIVE RICE (FAIR) PURCHASE PROGRAM

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

PARTICULARS	ACCOMPLISHMENT (Jan. - Dec. 2012)
Total palay deliveries (bags)	2,976,610
FAIR allocation (bags)	478,938
Total rice withdrawn (bags)	236,803
Rice balance todate (bags)	242,135
No. of Coops./FO Beneficiaries	832

Under FAIR, 236,803 bags of rice were bought back or withdrawn by 832 Coop/Farmers Organization beneficiaries out of the allocated 478,938 bags.

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

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

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

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

PARTICULARS	ACCOMPLISHMENT Jan. – Dec. 2012
Volume procured in net kilos	1,011,922.43
Amount of Premium Paid	₱1,710,268.00
No. of farmers	203
No. of FOs	-

POST-PRODUCTION INCENTIVE FOR SERVICES OFFERED (PPISO)

PPISO is a one-time procurement incentive granted to Farmers' Organizations (FOs) in 2004 and was terminated in 2005 when Cooperative Development Incentive Fee (CDIF) was again implemented. Balance as of the end of 2012 was ₱715,341.64.

COOPERATIVE DEVELOPMENT INCENTIVE FEE (CDIF)

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

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

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

PARTICULARS	ACCOMPLISHMENT CY 2012
Amount CDIF Granted	₱64.29M – Granted to some 2,867 FOs
CDIF Utilized	₱44.44M – Utilized by some 536 FOs
PPISO Utilization	None

CDIF WITHDRAWAL/UTILIZED	NO. OF FOs EVALUATED	AMOUNT (In Million Php)	% SHARE
Purchase of NFA Rice	414	34.42	77.47%
Purchase of farm inputs/fertilizer	69	6.12	13.77%
Payment of Loan Amortization	14	1.49	3.35%
Purchase/Repair of Warehouse, Coop. Office, MPDP, others.	8	1.35	3.04%
Purchase/Repair of Post-Harvest & Production Facilities	7	0.72	1.63%
Purchase of Empty sacks	2	.11	0.25%
Training/Seminar Expenses	20	0.107	0.24%
Payment of Licenses	1	0.017	0.04%
Irrigation Fee	1	0.09	0.20%
TOTAL	536	44.44	100.00%

The CDIF fund amounted to ₱44.44 Million were used by 536 FOs in the acquisition/rental of post-harvest facilities, as a subsidy for training expenses of FOs, purchase of farm inputs, as payment for loans, to fund entrepreneurial and development programs for FOs and for other purposes.

CORN DEVELOPMENT FUND (CDF)

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

This is a loan assistance to corn producers and users (maximum of ₱10M) and grants (maximum of ₱0.5M). The loan can be used for the acquisition, installation and/or improvement of equipment and facilities for production, transport, warehousing and marketing. The grant is for training, seminars and research studies for corn.

CDF Fund Status of Program as December 31, 2012:

FUNDED PROJECTS	Number	Amount (In Pesos)
A. Corn Post Harvest Facility	5	26,816,870.13
B. Loans	9	71,439,263.41
C. Grants	55	27,369,007.77
D. Other Advocacy Projects	8	2,800,000.00
Total	77	128,425,141.31

Since the fund was held in trust in March 1998 under Memorandum Order No. 468 from the 1998 corn Importation Net Proceeds of ₱124.1 Million, another ₱65.9 Million representing Service Fees from 2007 Corn Imports was added to the CDF in 2007 bringing the total CDF principal amount to ₱190 Million. Through the years, the CDF has funded loans to 9 cooperative beneficiaries amounting to ₱71.4 Million; 55 Grant assistance in the amount of ₱27.3 Million; 5 corn PHF projects in Mindanao amounting to ₱26.8 Million; and 8 advocacy projects of ₱2.8 Million. CDF also, Collected amortization/repayment of loans amounting to ₱113.3 Million.

INDUSTRY REGULATION DEVELOPMENT

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

➤ Licensed/Registered Grains Businessmen

For the year 2012, the number of grains businessmen registered/licensed nationwide was 69,140 applicants composed of 9,471 new and 59,669 renewees. Out of the total number of registered/licensees, 1,926 or 2.79% applicant availed the advance RL payment scheme

The decline in the number of renewees was accounted by the following factors/reasons:

- Financial difficulty
- Shifted to other kind of business
- Losing Business venture
- Closed operations
- Transferred to other people/place
- Old Age/physically incapacitated
- Deceased
- Mechanical breakdown of Machine
- Failed to renew/for inspection
- Went Abroad
- Cancelled due to violation/submit letter
- Others
- No Longer Interested in the business

➤ Registration and Licensing (RL) Collections

For the year, total collections generated from registration and licensing activities nationwide amounted to ₱136,720,661.77 or a 117.28% accomplishment vis-à-vis set target of ₱116,578,366.58 for 2012.

Advance RL collections for the 2-year advance payment scheme yielded ₱1,494,355.20 from 1,926 applicants, posted a 1.09% share to the gross collections.

Metal plates paid/issued to licensed/registered grains businessmen totalled 9,780 pieces or equivalent to ₱1,956,000.00. Metal plates are issued in lieu of NFA registration/licensed certificates except for import license. These are issued only once, unless lost or destroyed, a replacement is made upon payment of reasonable amount.

**TOTAL AMOUNT OF COLLECTIONS
Registration/Licensing**

REGION	COLLECTIONS
I	12,204,279.32
II	20,821,054.18
III	16,008,133.46
IV	15,004,310.69
V	7,156,906.05
VI	9,513,561.68
VII	9,015,868.32
VIII	5,529,393.23
IX	4,019,580.39
X	6,600,103.00
XI	8,725,747.58
XII	4,673,163.41
XIII	11,040,016.12
XIV	1,070,487.21
XV	5,338,057.13
TOTAL	136,720,661.77

➤ **Customer Assistance Unit (CAU)**

The CAU served 25,413 customers relative to the products and services carried by NFA particularly on matters such as product quality, pricing, weighing and packaging.

CUSTOMERS ASSISTANCE UNIT (CAU) CY 2012	
Assistance Rendered	25,413
Complaints	49
Inquiries	13,130
Request	12,234

Concerns consisted of 13,130 inquiries mostly about licensing requirements and operations matters; 12,234 requests about rice allocations and release of Cooperative Incentive Funds; and 49 complaints regarding rice allocation quality deliveries, grains establishment owner operating without NFA license and non-accredited rice retailers selling NFA rice.

Action/response was within 24 hours for requests/inquiries and within 72 hours for customers' complains.

➤ **Philippine Grains Standardization Program (PGSP)**

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

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

Total number of establishments inspected in compliance to PGSP rules and regulations was 25,286 stalls/units with 50 seminars/trainings and meetings conducted to 15,001 grains stakeholders with 84 press releases as advocacy/campaign.

➤ **2012 Private Sector Rice Importation Program**

Monitored/recorded a total of 608 licensed rice importers nationwide consisting of 495 licensees from the farmers' organizations (FOs) and 113 from private sector. License fees gained from importing activity netted a ₱4,722,200.00 collections.

➤ **NFA Insurance Accreditation**

The NFA Insurance Accreditation Committee accredited nine (9) private insurance companies for 2011 to cater to the needs of the NFA licensed grains businessmen for their fire insurance/surety bond and "Acts of God/Fortuitous Event Clause" requirements. The NFA was able to collect from these companies ₱60,000.00 for the application and accreditation fees of accredited insurance companies.

FOOD DEVELOPMENT CENTER

For the year 2012, FDC's accomplishment were conducted in response to the requests made by 3rd party and in-house clients for various analyses of food products, packaging materials, establishment of processes and product shelf life. A total of 4,185 test services was conducted and generating an income of ₱7.88 Million.

	NO.	AMOUNT
Quality Evaluation Division	4,056.00	3,685,669.00
Physical and Sensory	368.00	589,690.00
Chemical Analysis	2,501.00	1,858,955.00
Contaminant Laboratory	30.00	264,700.00
Microbiological	980.00	773,251.00
Microanalytical	164.00	188,437.00
Package Testing	13.00	10,636.00
Industry Services Division	59.00	2,895,731.50
Seminar/Training	44.00	2,077,230.00
Facilities Usage	1.00	389,083.75
Information Dissemination	-	4,770.00
Quality Assurance	12.00	394,667.75
SP-Consultation (Plant Lay-Out)	2.00	29,980.00
Pilot Plant	4.00	68,438.30
	-	
Projects	66.00	1,225,823.50
Shelf Like	6.00	693,678.50
Product Development	2.00	134,095.00
Research and Development	5.00	32,395.00
Process Establishment and Evaluation	53.00	365,655.00
SP-DA LDC Meat Project	-	4,000,000.00
TOTAL	4,185.00	7,875,662.30

LEGAL MATTERS

In 2012, NFA through its Legal Department continuously monitoring and initiates a total of 1,842 activities pertaining to legal matters, broken down as follows:

Adjudication	123
Hearings Conducted	50
Draft Decisions submitted	43
Draft Decision for Endorsement	4
Decided cases	11
Attended hearing on Administrative case (handled by CODI)	11
New cases docketed	4
Documentation & Legal Research	111
Contracts reviewed/evaluated	49
Contracts prepared	9
Opinions rendered	53
Litigation	1,608
Hearing/s attended by Lawyers	1005
Pleadings, memoranda & related documents prepared by Laywers	90
Opinions, reports, requests, quiries & communications prepared and sent by Laywers	513

MFO V: Management Efficiency and Competency

ELECTRONIC INTEGRATED FINANCIAL AND OPERATIONS MANAGEMENT INFORMATION (*e*-IFOMIS)

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

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

The project is in the process of data gathering/classifications and presentations of report requirements of the different modules. As of December 2012, the over-all account of the project is 69%.

ENHANCED ELECTRONIC TRADING SYSTEM (EETS) FOR CORN

A web-based trading system that provide commodity trading for buyers and sellers and information exchange and clearing house services through a network of trading centers linked electronically with each other through the internet. It shall provide the mechanism or system that can help corn sellers link with their market at the right place and right time for better prices.

The EETS for corn was introduced as an initial project of the government with the support of private sector towards supporting corn farmers in marketing their produce and allowing them to improve income through less marketing layers and costs. With the EETS for corn, bids can now be transmitted electronically through the NFA's computer system via the internet and transactions/deals are done in near real-time basis. Finally, the electronic system is more transparent and could be a credible monitor of price and market trends for use in decision-making both by the private and government sectors.

The system is already on-going and the SOP is on its finalization. So far, no activity yet has been reported for the year.

APPROVED STANDARD OPERATING PROCEDURES (SOP)

1. Amendment to the Policy Framework of the 2011 – 2016 Asset Rationalization Program.
2. Amendment/addendum to the SOP on Post Production Incentive for Services Offered by NFA (PPISO)
3. Amendment/Addendum to the SOP on the Management and Maintenance of NFA Central Office Staffhouse
4. Amendment/Addendum to the Revised SOP on Warehousing Policies and procedures
5. Amendment to the Revised SOP on Warehouse Stock and MTS Documentations and Reporting System
6. Amendment to the Revised SOP on Warehouse Stock and MTS Documentation and Reporting System
7. Revised SOP on Cooperative Development Incentive Fund (CDIF)
8. Amendment to the Revised Rules on Administrative Disciplinary Proceedings
9. SOP on the Institutionalized Palay Procurement Program for Local Government Units (IPPPLGU)
10. Amendment to the Revised Implementing Guidelines on Designation, Fielding, Reassignment and Relief of Sr. Grains Operations Officers (WS IIs) AND Acting Sr. Grains Operations Officers (WS IIs) (to change the grade level of employees which can be designated as Acting WS II from SG 11 and above to SG 10 and above)
11. Amendment to the Revised SOP on Payment of Grains/MTS shortages of NFA Accountable officers (Amendment on No Installment Policy)
12. Revised SOP on the Total Revalidation and Accreditation of Individual Farmers (IFs), Farmers Cooperatives (FCs), Farmers organizations (FOs) AND Farmers Associations (FAs) for Grains Procurement Program (Institutionalized and Individual) and other NFA Pro-Farmers program and Grains procurement Passbook Issuance.
13. SOP on the procurement of Storm Damaged Palay (SDP)

AUDIT SERVICES

Assurance Services

- Completed the conduct of Special Audit on Remittances and Disbursement (Personal Services):
 - Region V (Cam Sur, Cam. Norte, Albay-RO and PO, Catanduanes, Sorsogon and Masbate)
 - Region VI (Iloilo –RO and PO, Capiz, Bacolod, Aklan and Antque)
 - Region VIII (Leyte – RO and PO, No. Samar, W. Samar, E. Samar, and So. Leyte)
 - Region XI (Gen Santos-RO and PO, Davao Sur, Davao City, Comp Val., Davao Norte and Davao oriental)
 - Region XII (Isulan, S. Kudarat - RO nad PO, So, Cotabato)

- Completed the conduct of Special Audit on Procurement Operations:
 - Pampanga
 - Palawan
 - Mamburao
 - Isabela
 - Camarines Sur
 - Calapan, Or. Mindoro
 - San Jose, Occ. Mindoro

- Completed the conduct of Special Audit and Finalization of Reports on Fixed Assets Management of the following NFA Regional and Provincial Offices:
 - Region V
 - Albay (RO)
 - Albay (PO)
 - Camarines Norte
 - Camarines Sur
 - Catanduanes
 - Masbate
 - Sorsogon
 - Region IV
 - Batangas R.O.
 - Batangas P.O.
 - Calapan
 - San Jose
 - Mamburao
 - Romblon
 - Marinduque
 - Palawan
 - Infanta
 - Lucena

- Completed the conduct of Special Audit on Milling Operations:
 - Ilocos Sur
 - La Union
 - Kalinga
 - Tarlac
 - Pampanga
 - Camarines Sur
 - Camarines Norte
 - Albay R.O
 - Sorsogon
 - Iloilo
 - Capiz
 - No. Cotabato
 - Isulan

- Completed the conduct of NFA Operations:
 - Tuguegarao, Isabela (P.O.), Nueva Vizcaya, Iloilo and Bacolod

- Completed the Conduct of Special Audit on Warehousing operation and Post-harvest Utilization:
 - Isabela, Mamburao, Palawan and Iloilo

- Management Audit on Tolerable Allowances:
 - Laguna, Calapan, Batangas, San Jose, Mamburao, Lucena, Infanta, Marinduque, Palawan, Romblon, Pampanga and Tarlac.

- Management Audit on Iron Fortification Program on the following P.O.:
 - Quirino, Nueva Vizcaya and Northwestern Cag-Allacapan

NFA'S CONTRIBUTION TO THE ECONOMY:

For the year, NFA paid the farmers and private sectors and remitted to BIR, a total of ₱8,730,863,793.79.

PARTICULARS	AMOUNT
Palay Procurement	6,551,605,479.29
Corn Procurement	17,297,555.93
Rent Expenses	37,786,631.36
Transportation & Deliveries Expenses	455,660,500.93
Storage	214,731,011.57
General Services	102,198,872.61
Janitorial Services	8,552,755.45
Security Services	316,675,704.00
Drying	3,125,999.95
Milling	113,017,653.98
Handling	381,989,219.85
Tax Withheld from Employees' Compensation	169,984,267.32
Tax Withheld from Suppliers of goods & services	358,238,141.55
TOTAL	8,730,863,793.79