

Republic of the Philippines
Bangsamoro Autonomous Region in Muslim Mindanao
BANGSAMORO TRANSITION AUTHORITY
Cotabato City

Third Regular Session

BTA PARLIAMENT
BTA Resolution No. 584



Introduced by:

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RESOLUTION

URGING THE GOVERNMENT OF THE DAY (GOTD), THROUGH THE MINISTRY OF FINANCE, BUDGET AND MANAGEMENT (MFBM), TO ESTABLISH THE ISLAMIC PRODUCERS FUND FOR FARMERS AND FISHERFOLK, AND APPROPRIATING FUNDS THEREFOR

WHEREAS, Section 3, Article V of R.A. 11054 or the Bangsamoro Organic Law (BOL) provides that the Bangsamoro Government shall exercise the power expressly granted, those necessarily implied therefrom, as well as powers necessary, appropriate, or incidental for its efficient and effective governance and those which are essential to the promotion of general welfare. Within its territorial jurisdiction, the Bangsamoro Government shall xxx enhance economic prosperity and social justice, promote full employment among its residents xxx;

WHEREAS, Section 1, Article XIII of the BOL provides that the Bangsamoro Government shall establish an economic system based on the principles and state policies declared in the Constitution. Pursuant to these principles, the Parliament shall enact laws pertaining to the Bangsamoro Autonomous Region economy and patrimony that are responsive to the needs of its people;

WHEREAS, Section 23, Article XIII of the BOL states that consistent with the provisions of Republic Act No. 8550, otherwise known as "*The Philippine Fisheries Code of 1998*," as amended, and other relevant national laws, the policies and laws of the Bangsamoro Government on agriculture as a key development strategy, promote productivity measures, and **provide support for small farmers, landholders, and marginal fisherfolk**. The Bangsamoro people, indigenous peoples, and resident marginal fisherfolk shall enjoy preferential fishing rights in

the Bangsamoro regional waters, without prejudice to the fishing rights in the Bangsamoro regional waters, without prejudice to the fishing rights of other citizens of the Philippines, whether residents or nonresidents of the Bangsamoro Autonomous Region;

WHEREAS, based on the data from Philippine Statistics Authority (PSA), poverty incidence in provinces now covered by the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM) remains high with 61 percent of the population unable to earn enough for food and non-food needs. This translates to 2.5 million Filipinos in the region living below the poverty threshold pegged at P11,482.00 on average for a family of five per month in 2018;

WHEREAS, the results of key informant interviews (KIIs) and the consultations conducted by the Institute of Bangsamoro Studies in Cotabato City, provinces of Lanao del Sur, Basilan, Sulu, Tawi-Tawi and the 63 Barangays which were formerly part of Cotabato disclosed that the participants expressed their concerns on the current plight of the farmers and fisherfolk whose income were very much affected due to open importation and limited access to finance in the BARMM;

WHEREAS, farmers and fisherfolks are among the marginalized and poorest individuals in the country. Their issues and concerns are oftentimes neglected or poorly addressed by the government. They remain financially dependent to on traders and financiers in their area;

WHEREAS, they are affected by unpredictable weather conditions or low-income caused by unfair pricing of crops used by traders. In addition, the price of commodity of local farmers are severely affected by the influx of large volume of imported crops due to its superior quality and lower price;

WHEREAS, farmers and fisherfolk in the region are dependent on local financing groups, mostly traders or lending institutions that offer interest-bearing loans. The common and unfortunate practice of committing their minimal harvest to local traders as repayment, while the meager profit mostly goes to lending institutions, limit their capability and perpetuate the incidence of poverty;

WHEREAS, there is a lack of access to Islamic Microfinancing for farmers and fisherfolk;

WHEREAS, the creation of the Islamic Producers Fund (IPF) for farmers and fisherfolk in the Bangsamoro Region and appropriating funds of Three Hundred Million Pesos (Php 300,000,000.00) thereof can be considered as an effective agricultural financing program for the Bangsamoro Government to implement;

WHEREAS, the said program can fulfill the goal of the BARMM to alleviate the poverty in the region, increase the income of farmers and fisherfolk and at the same time provide them with easy access to Shari'ah-compliant or Islamic Microfinancing;

NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the BTA Parliament to pass and approve this Resolution urging the BTA Parliament through the MFBM the establishment of the Islamic Producers Fund for farmers and fisherfolk, and appropriating funds therefor;

RESOLVED FURTHER, that Islamic Producers Fund for farmers and fisherfolk shall be implemented through Islamic Microfinancing Arrangements using the following key Shariah Compliant products:

1. **Murabaha or cost plus selling.** – Instead of taking out an interest loan to buy something, the customer asks the bank to purchase an item and be sold to him or her at a higher price on installment. The bank's profit is determined beforehand and the selling price cannot be increased once the contract is signed;
2. **Ijara or leasing.** – Instead of issuing a loan, the bank buys the product and then leases it to the customer. The customer acquires the item at the end of the lease contract; and
3. **Mudarabah or profit share.** – The BARMM Accredited Institution provides 100% of the capital intended for the creation of a business. The BARMM Accredited Institution owns the commercial entity and the customer provides management and labor. They then share the profits according to a pre-established ratio that is usually close to 50/50.

RESOLVED FINALLY, that the program will be using a Tri-partite Agreement Model to ensure profitability and sustainability. The MFBM shall allocate the funds while BARMM Accredited Shariah Compliant Institutions shall provide shariah-compliant products for MSMEs. The three separate parties are the MSME Entrepreneur, the Accredited Entity engaged in Islamic Microfinancing and the Market or Buyer.

Adopted,


MP ENGR. BAIN/TAN ADIL-AMPATUAN, MNSA