



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service

The Bureau Directors
Environmental Management Bureau
Forest Management Bureau
Land Management Bureau

All Regional Executive Directors

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION TO THE COMMITTEE MEETING AND REQUEST FOR POSITION PAPER ON SUBSTITUTE HOUSE BILL ENTITLED: "PHILIPPINE CACAO INDUSTRY DEVELOPMENT ACT" AND HOUSE BILL NO. 3489 ENTITLED: "AN ACT ESTABLISHING UPLAND SUSTAINABLE AGROFORESTRY DEVELOPMENT (USAD) PROGRAM IN UPLAND AGRICULTURAL LANDS AND APPROPRIATING FUNDS THEREFOR" OF THE COMMITTEE ON AGRICULTURE AND FOOD OF THE HOUSE OF REPRESENTATIVES**

DATE : 03 August 2023

In reference to the electronic mail received by our Office, the Committee on Agriculture and Food of the House of Representatives is inviting the Department to a meeting on **07 August 2023 (Monday), 9:30 A.M. at Conference Rooms 3 and 4, RVM Building, House of Representatives, Quezon City** to discuss the following legislative measures:

- **Substitute House Bill to House Bill Nos. 1370, 1411, 2931, 3546 and 6591 – "AN ACT INSTITUTIONALIZING A PHILIPPINE CACAO DEVELOPMENT PROGRAM, CREATING FOR THE PURPOSE THE PHILIPPINE CACAO INDUSTRY COUNCIL, AND APPROPRIATING FUNDS THEREFOR"**
- **House Bill No. 3489 – "AN ACT ESTABLISHING UPLAND SUSTAINABLE AGROFORESTRY DEVELOPMENT (USAD) PROGRAM IN UPLAND AGRICULTURAL LANDS AND APPROPRIATING FUNDS THEREFOR"**

In this regard, may we respectfully request a **position paper on the abovementioned bills, in anticipation of the Committee meeting**, as requested by the Committee. Kindly send them on or before **4 August 2023, at 5:00 PM** via email at denrlo@denr.gov.ph. Further, kindly inform us of the name/s of the representative/s from

your office who will participate in the meeting so we may include him/her/them as resource person/s.

Attached herewith are the Letter Invitation, and copies of the Substitute House Bill and House Bill No. 3489 for your reference.


ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



COMMITTEE ON AGRICULTURE & FOOD

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01 August 2023

SECRETARY MARIA ANTONIA YULO LOYZAGA

Department of Environment and Natural Resources

Dear Secretary Loyzaga:

The Committee on Agriculture and Food will hold a meeting on **07 August 2023, 9:30 A.M. at Conference Rooms 3 & 4 RVM Building**, House of Representatives, Batasan Hills, Quezon City, for the consideration and approval of the Proposed Substitute Bill on the **Establishment of a National Program for the Development of the Philippine Cacao Industry in substitution to House Bill Nos. 1370, 1411, 2931, 3546, and 6591.**

Your participation in the meeting will be highly appreciated as your inputs will greatly help the Committee in its deliberation. Attached are copies of the proposed substitute bill and House Bill No. 3489 for your reference.

Thank you.

Very truly yours,

REP. WILFRIDO MARK M. ENVERGA

Chairperson

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. _____

Introduced by Representatives Luis Raymund “Lray” F. Villafuerte, Jr., Miguel Luis R. Villafuerte, Tsuyoshi Anthony G. Horibata, Nicholas C. Enciso VIII, Keith Micah “Atty. Mike” D.L. Tan, Joseph “Jojo” L. Lara, Lex Anthony Cris A. Colada, Divina Grace C. Yu, Jurdin Jesus M. Romualdo, Brian Raymund S. Yamsuan, Wilfrido Mark M. Enverga

AN ACT
INSTITUTIONALIZING A PHILIPPINE CACAO DEVELOPMENT PROGRAM,
CREATING FOR THE PURPOSE THE PHILIPPINE CACAO INDUSTRY COUNCIL,
AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and the House of Representatives of the Philippines in Congress assembled:

1 **Section 1. Short Title.** This Act shall be known as the “Philippine Cacao Industry
2 Development Act”.

3
4 **Sec. 2. Declaration of Policy.** It is hereby declared the policy of the State to develop a
5 sustainable and competitive cacao industry that is environmentally sound, economically viable,
6 socially responsive and aimed to spur development through livelihood creation, job generation,
7 and income augmentation thereby contributing to poverty alleviation, inclusive growth, and
8 peace and order attainment particularly in the rural areas.

9
10 Towards this end, the State shall promote and support the sustained production of
11 Philippine cacao and increase value adding activities by allocating adequate financial resources
12 to the cacao industry towards the attainment of its full potential in the domestic and
13 international markets, and making cacao as one of the leading agricultural exports of the
14 country.

15 **Sec. 3. Objectives.** This Act aims to achieve the following objectives:

- 16 a. To enhance and increase the production of cacao through expansion and/or
17 rehabilitation of cacao production areas;
18 b. To formulate strategies and craft action plans, anchored on the value chain
19 approach that will provide development interventions from farm to market and
20 bean to bar for an enhanced and sustainable growth of the Philippine cacao
21 industry;
22 c. To improve the country’s cacao seed system and production of quality planting
23 materials to ensure traceability and reliability of cacao plantations;
24

- 1 d. To institutionalize adaptive sustainable land management system with the
2 participation of smallholders and private sector in nursery establishments and
3 commercial-scale plantations for inclusive agribusiness;
4 e. To optimize local production capacity by providing improved and climate resilient
5 technologies for cacao production and modern technologies for processing cacao
6 beans and the application of sustainable agricultural practices towards meeting
7 world standards for competitiveness;
8 f. To integrate and harmonize programs, projects, and activities of government
9 agencies and the private sector supportive of the short, medium, and long-term
10 agenda of the cacao industry;
11 g. To encourage private sector investment in agribusiness through policy reforms and
12 advocacy, investment promotion, access to financing, and cost-effective
13 incentives;
14 h. To promote Philippine cacao in the local market and in the international market by
15 providing the needed marketing support through a proactive product and market
16 development program that will position Philippine cacao in the local and global
17 markets;
18 i. To uplift the welfare and increase the income opportunities of the country's
19 smallholder cacao farmers, producers, processors, and retailers, including their
20 dependent families, by improving their productive capacities and enhancing
21 production quality towards attaining inclusive growth;
22 j. To provide technology upgrading and continuous innovation in the design,
23 manufacturing, and/or assembly of locally-produced farm equipment and post-
24 harvest tools for cacao production and processing to improve productivity and
25 efficiencies;
26 k. To create a proactive and responsive national implementing office that will review,
27 approve, implement, monitor and evaluate cacao-related programs, projects, and
28 activities to ensure the focused development of the cacao industry that is aligned
29 with the Philippine Cacao Industry Roadmap and subsequent program extension
30 and cacao industry development plans;
31 l. To strengthen research for development of the cacao industry; and
32 m. To harness, strengthen, and enhance existing participatory mechanisms to ensure
33 full engagement and active participation of various stakeholders in the
34 development of the cacao industry.

35 **Sec. 4. *The Philippine Cacao Industry Development Program.*** To ensure a
36 harmonized and collaborative implementation of policies, programs and projects for the
37 advancement, industry-wide development, and inclusive growth of the cacao industry through
38 a value chain approach, as well as increased and sustained yield and income; improved farm
39 productivity and quality; enhancement of farmers' capabilities and skills; and to achieve the
40 objectives set forth in this Act, the Philippine Cacao Industry Roadmap crafted in consultation
41 with the cacao industry stakeholders including any updates thereon, is hereby adopted.

42 The Philippine Cacao Industry Roadmap shall serve as a vital document to provide
43 direction to the cacao industry stakeholders for the optimal realization of the targets towards a
44 sustainable and globally competitive Philippine Cacao Industry that will likewise contribute to
45 attaining food security and poverty alleviation. The strategic interventions, programs and other
46 activities from the national down to the local levels shall be anchored on the Roadmap. It shall
47 be regularly reviewed and evaluated to determine the accomplishment of its targets. It shall
48 likewise be continually and regularly updated in consultation with industry stakeholders to
49 make it consistent with, and adaptive to, the current industry situation.

1 **Sec. 5 *The Philippine Cacao Industry Council.*** For a focused and
2 harmonized implementation of the Philippine Cacao Industry Roadmap and of the provisions
3 of this Act, and to catalyze, provide leadership, and proactively engage stakeholders in
4 the promotion and development of a champion cacao industry, there is hereby created a
5 Philippine Cacao Industry Council, otherwise known as the Council. The Council, which shall
6 be constituted within sixty (60) days from the approval of this Act, shall be attached
7 administratively to the Department of Agriculture (DA) and shall have the following
8 composition:

- 9 a. Secretary of the Department of Agriculture (DA), as Chairperson;
10 b. Secretary of the Department of Trade and Industry (DTI), as Vice-Chairperson;
11 c. A private sector representative, as Co-Vice-Chairperson;
12 Members:
13 d. Secretary of the Department of Science and Technology (DOST);
14 e. Secretary of Department of the Interior and Local Government (DILG);
15 f. Secretary of the Department of Agrarian Reform;
16 g. Secretary of the Department of Environment and Natural Resources;
17 h. Secretary of the Department of Education;
18 i. Commissioner of the Commission on Higher Education;
19 j. Director General of the Technical Education and Skills Development Authority;
20 k. Administrator of the Philippine Coconut Authority;
21 l. President, Union of Local Authorities of the Philippines;
22 m. Two (2) representatives from civil society organizations from Luzon;
23 n. Two (2) representatives from civil society organizations from Visayas; and
24 o. Two (2) representatives from civil society organizations from Mindanao.

25 The government sector representatives in the Council may appoint an official alternate
26 with a rank of an Undersecretary or its equivalent. The official alternate shall possess the same
27 powers as the Heads of the above-named government agencies and whose acts shall be
28 considered as acts of the heads of office being represented.

29 Representatives from the civil society organizations shall be appointed by the DA
30 Secretary from among the officers and members of existing national/regional cacao councils
31 and associations of cacao farmers and other private stakeholders of each island. The six (6)
32 private sector representatives shall be chosen based on the following minimum qualifications:

- 33 a. Must be a resident and citizen of the Philippines;
34 b. Must be an active member of a non-government cacao organization, association or
35 cooperative, or known and recognized in the cacao industry as an expert in cacao;
36 c. Must be engaged in cacao production, research and development, processing,
37 promotion, or in any activity in the cacao value chain from production to local
38 and/or international marketing; and
39 d. Must be a person of integrity, respected by the industry, and willing to serve with
40 utmost responsibility and efficiency.

41 The private sector representative who shall act as co-vice-chairperson shall likewise be
42 appointed by the DA Secretary from among the six (6) appointed representatives of the civil
43 society organizations as provided in this Section.

44 Representatives from the civil society organizations shall serve for a period of two (2)
45 years. When a vacancy arises due to the resignation, removal for cause, death or incapacity of a

1 member, a replacement shall be appointed who shall serve for the remainder of the
2 representative's term of office.

3 Government sector representatives shall not be entitled to compensation in the
4 discharge of their functions in the Council but they shall be entitled to reimbursement of any
5 reasonable expenses incurred in the performance of their functions. Private sector
6 representatives shall be entitled to honoraria or allowances for the expenses incurred in the
7 discharge of their functions as members of the Council.
8

9 **Sec. 6. Powers and Functions.** The Council shall have the following general powers
10 and functions:

- 11 a. Formulate, adopt and implement sustainable and industry-wide development
12 policies and programs to steer the growth of the cacao industry towards increased
13 production of fine quality Philippine cacao and its intensive marketing and
14 promotions for domestic and export markets;
- 15 b. Through the Cacao Program Management Office, oversee the implementation of
16 the Philippine Cacao Industry Roadmap;
- 17 c. Ensure the availability of adequate funding for the accomplishment of the targets
18 in the roadmap, and compliance with the declared policies and attainment of the
19 objectives of this Act;
- 20 d. Formulate the criteria and guidelines for the establishment of Cacao Centers of
21 Excellence in major cacao producing regions or in areas suitable for cacao
22 production, and ensure the conduct of relevant research, scientific study and
23 feasible marketing strategies;
- 24 e. In collaboration with the Information and Communications Technology Services
25 of the implementing agencies, establish, maintain and integrate a web-based Cacao
26 Production and Farmers Information System which shall be linked to the Farmers
27 and Fisherfolk Enterprise Development Information System of the DA, established
28 pursuant to Section 10 of Republic Act (R.A.) No. 11321 or the Sagip Saka Act
29 and its implementing rules and regulations.
- 30 f. Ensure the establishment of cacao production and post-production/ value-adding
31 facilities; adoption and use of modern and advanced technologies for a more
32 profitable, efficient, safe, and environmentally friendly cacao production;
- 33 g. Establish a system for the conduct of capacity building, education, and training of
34 cacao farmers and their organizations;
- 35 h. Serve as the official platform/venue for convergence on policy-making and
36 operations relative to the cacao industry, and to call upon, coordinate and/or
37 collaborate with other agencies of the government, including bureaus, or
38 government-owned and -controlled corporation, local government units, other
39 concerned agencies, the private sector, and other stakeholders;
- 40 i. Formulate policies and programs to promote agribusiness ventures on cacao
41 industry;
- 42 j. Establish linkages and collaborate with national and international organizations,
43 development institutions and funding networks of the cacao industry;
- 44 k. In coordination with the Agricultural Credit Policy Council and other credit
45 facilities and the Philippine Crop Insurance Corporation, formulate and
46 recommend policies and programs on easy access credit programs and provision of
47 crop insurance for the cacao industry stakeholders;
- 48 l. Officially represent the industry in national and international cacao events and
49 fora;

- 1 m. Serve as the sole authorized body in the conduct of major cacao events and
2 activities such as cacao congress, conference, cacao cupping/ sensory and other
3 relevant activities for the promotion of the cacao industry;
- 4 n. Promote and pursue Philippine cacao branding such as denomination of origin,
5 Geographical Indications, bean grade branding, and unique flavor profiles;
- 6 o. Develop efficient and effective marketing and promotions systems of cacao for
7 domestic and export markets;
- 8 p. Review, harmonize and update existing standards on cacao and direct or
9 recommend the crafting of additional standards, as necessary;
- 10 q. Review existing and recommend new legislation to develop the cacao industry and
11 promote the welfare of cacao stakeholders;
- 12 r. Formulate consultation mechanism to ensure that farmers, farm workers,
13 processors, and other stakeholders of the cacao industry may actively participate in
14 policy-making, strategic planning, implementation monitoring and feedback needs
15 and concerns of the cacao industry;
- 16 s. Mobilize existing nationwide network of consultative mechanisms to ensure
17 participation of multi-stakeholders in policy development, strategic planning, and
18 monitoring and feedback in the implementation of the Philippine Cacao Industry
19 Development Program;
- 20 t. Conduct an annual review and assessment of the implementation of the Roadmap
21 in consultation with the
22 Philippine Council for Agriculture and Fisheries and other relevant stakeholders to
23 determine the accomplishment of the cacao industry as provided in the Roadmap,
24 and to identify the gaps, issues and challenges in its implementation; and
- 25 u. Perform other functions and duties as may be necessary.

26 **Sec. 7. Meetings.** The Council shall regularly meet at least once every quarter, or as
27 often as the Chairperson deems necessary. The presence of the majority of all the members of
28 the Council shall constitute a quorum. The use of digital technology in the conduct of
29 meetings and approval of Council Resolutions shall be allowed, subject to such security
30 measures as the Council shall implement.

31 **Sec. 8. Cacao Program Management Office.** To manage, oversee and ensure the
32 implementation of the Philippine Cacao Industry Roadmap, the Cacao Program Management
33 Office (Cacao PMO) is hereby created. It shall be headed by an Executive Director to be
34 designated by the Chairperson of the Council and shall be under the supervision of the DA
35 Undersecretary in charge of High Value Crops.

36 The Executive Director shall identify the personnel of the Cacao PMO, subject to the
37 approval of the Secretary of DA. The salaries and positions of the personnel of the Cacao
38 PMO shall be based on the Revised Compensation and Position Classification System and
39 other civil service rules and regulations.

40 **Sec. 9. Functions of the Cacao Program Management Office.** The Cacao PMO shall
41 manage and ensure the implementation of the Philippine Cacao Industry Roadmap and shall
42 identify and recommend to the Council the strategic programs, projects, and interventions to be
43 prioritized for implementation. It shall further:

- 44 a. Provide support services for the coordination and monitoring of the implementation
45 of the programs, policies and plans formulated pursuant to this Act;
- 46 b. Ensure that the roadmaps and other programs are implemented and targets
47 accomplished;

- 1 c. Establish a monitoring and evaluation system by which the Cacao Development
- 2 Programs shall be evaluated;
- 3 d. Execute policy decision of the Council;
- 4 e. Prepare quarterly report on the implementation of the roadmap to be submitted to
- 5 the Council;
- 6 f. Prepare annual work plan and operating budget of the Council and the Cacao PMO
- 7 for approval of the Council;
- 8 g. Recommend policies and procedures for Council approval;
- 9 h. Function as the Secretariat of the Council and provide general administrative and
- 10 technical support;
- 11 i. Coordinate with the appropriate government agency and private institutions in the
- 12 establishment of an accurate cacao industry data; and
- 13 j. Perform other related functions as may be assigned by the Council.

14 **Sec. 10. Regional Cacao Councils (RCC).** For an effective and efficient implementation
15 of the provisions of this Act, the Council shall create Regional Cacao Councils in cacao-
16 producing regions which shall be composed of the following:

- 17 a. Regional Director of DA, as Chairman;
- 18 b. Regional Director of DTI, as Vice-Chairman;
- 19 c. Regional Director of DOST, as member;
- 20 d. Regional Director of the DILG, as member;
- 21 e. Three (3) representatives from civil society organizations of the cacao industry in
- 22 the region, who shall be chosen by the government representatives of the RCC from
- 23 a list of at least three (3) nominees from the Regional Agriculture and Fisheries
- 24 Council. They shall have the same term and qualifications as the government
- 25 representatives in the Council.

26 The functions of the RCC shall include but not limited to the following:

- 27 a. Localization and implementation of the Philippine Cacao Industry Roadmap,
- 28 including any revisions and updates thereof in the region;
- 29 b. Coordinate and collaborate with partner agencies in the region and with the local
- 30 government units;
- 31 c. Monitor and assess the implementation of the roadmap in their respective region;
- 32 d. Prepare the Annual Work and Financial Plan of the RCC;
- 33 e. Regularly submit a report to the Council on the status of the implementation of the
- 34 roadmap to include the issues and challenges encountered;
- 35 f. Upon consultation with the cacao industry stakeholders, make policy
- 36 recommendations that will enhance existing practices;
- 37 g. Subject to the provisions of Section 13 hereof, and in coordination and
- 38 collaboration with agricultural extension workers of the concerned local
- 39 government unit, assist in the conduct of survey, profiling, review, and evaluation
- 40 of information/data for the regional cacao industry database; and
- 41 h. Perform such other necessary functions that may be assigned by the Council.

42 The RCC shall be assisted by a support staff to be determined and approved by the
43 RCC.

44 **Sec. 11. Establishment of Cacao Centers of Excellence.** For the enhanced
45 development of the Philippine Cacao Industry, the DA shall establish and maintain Cacao
46 Centers of Excellence in major cacao-producing regions and in areas suitable for cacao
47 production. The establishment and operations of the Center shall be subject to such criteria and
48 guidelines as may be formulated by the Council. Relevant government agencies and State

1 Universities and Colleges (SUCs), together with the DOST and the Food and Drug
2 Administration (FDA), the Centers shall function as follows:

- 3 a. Organize systematic programs to improve cacao production including the
4 development of effective production and post-production systems to produce fine
5 cacao;
- 6 b. Serve as cacao farmer resource center for cacao production from farm to market and
7 from bean to bar, to include best practices aligned with the world standards in the
8 cacao value and supply chains;
- 9 c. Serve as product development hub for value-added cacao and cacao by-products as
10 results of continuous research and development;
- 11 d. Serve as the central site for networking and training;
- 12 e. Develop capacity building programs and initiatives for cacao farmers and other
13 stakeholders in the cacao value chain;
- 14 f. Assess, establish, and conduct collaborative research on emerging technology on
15 cacao;
- 16 g. Establish and maintain cacao bean grading laboratory to improve and maintain
17 cacao quality;
- 18 h. Develop pool of experts of certified cacao graders and promote culture of cacao
19 bean profiling and grading using the globally accepted standards and protocols with
20 the following core implementing functions: cacao research and development,
21 technology transfer and capacity building, socio-economics evaluation, and policy
22 research;
- 23 i. Develop new clonal varieties which are high yielding, good quality, and pest and
24 disease-resistant cacao varieties which can be easily mass propagated.
- 25 j. Provide technical assistance on nursery establishment, planting systems and
26 rehabilitation of farms;
- 27 k. Develop efficient, sustainable, productive, modern and advanced post-harvest and
28 processing technologies for cacao beans;
- 29 l. Establish and conduct collaborative research and other scientific studies;
- 30 m. Partner with accredited training centers and implement cacao farming schools as the
31 major channels for technology transfer;
- 32 n. Develop and implement programs on capacity-building activities for cacao farmers
33 and other stakeholders in the cacao value chain;
- 34 o. Establish and maintain a germplasm collection and gene bank for cacao; and
35 p. Perform other functions as may be necessary.

36
37 The Council shall prioritize the establishment of Centers in existing facilities of the DA,
38 DTI, and the SUCs. It may likewise collaborate and partner with the private sector in the
39 establishment of Centers.

40
41 **Sec. 12. *Whole of Government Approach.*** To further strengthen the convergence and
42 the consultative and collaborative mechanism particularly in the regions, all departments,
43 agencies, and instrumentalities of government, including government-owned or –controlled
44 corporations, shall give their support, perform their functions and deliver the required services
45 under this Act in accordance with their respective mandates as provided in their charters and
46 under existing laws, provide assistance and cooperation to the Council in discharging its
47 functions and more importantly, in implementing the Philippine Cacao Industry Roadmap, to
48 include but not limited to the following:

- 49 a. National Economic Development Authority (NEDA);
- 50 b. Food and Drug Administration (FDA)
- 51 c. State Universities and Colleges;
- 52

- 1 d. Philippine Statistics Authority (PSA);
- 2 e. Government financing institutions;
- 3 f. Other agencies or institutions as may be deemed necessary.

4
5 The Council shall ensure that an effective platform is established for the active
6 participation of all stakeholders in the cacao industry for consultative and continuing
7 discussions affecting the cacao industry from the national level to the regional, provincial, and
8 municipal levels.

9
10 **Sec. 13. *The Role of Local Government Units (LGUs).*** Recognizing the role,
11 participation and support of the LGUs in the delivery and implementation of agricultural
12 projects and programs, the Council and the RCC shall coordinate and establish partnerships
13 with the LGUs for the implementation of this Act.

14
15 This shall include coordination and collaboration works of the LGUs' AEWs and the
16 relevant agencies' personnel to ensure the collection of accurate production and post-harvest or
17 processing data, conduct of survey and profiling of cacao farmers, geo-tagging of farms and
18 other relevant sites, and review and evaluation of the gathered cacao farmers' data and related
19 production data and other information.

20
21 For this purpose, Congress shall ensure appropriate funding for the efficient discharge
22 of the critical functions of the AEWs under this Act.

23
24 The LGUs with areas suitable for cacao production are mandated to align their cacao
25 production projects with the Roadmap. They are likewise mandated to provide counterpart
26 funding and services to boost the production of cacao in their jurisdiction.

27
28 **Sec. 14. *Local Chocolate Shops.*** All shops serving cocoa or chocolate drink, including
29 local and foreign franchises, restaurants and hotels are encouraged to serve and include in their
30 menus cacao/chocolate that are grown, produced, sourced and manufactured locally.

31
32 For purposes of this Section, the DTI, shall conduct a separate consultation with relevant
33 stakeholders, including cacao shop owners and franchisees, for the formulation of the
34 guidelines to implement this section. The guidelines shall be incorporated in the
35 Implementing Rules and Regulations of this Act.

36
37 The DTI shall be the lead agency in the implementation of this Section.

38
39 **Sec. 15. *Tax Incentives.*** Any donation, contribution, grant, in cash or in kind, whether
40 local or foreign, which may be made by individuals and organizations, including private
41 entities, which shall provide the appropriate services, technology, facilities, materials and
42 other inputs, and delivery support services for the promotion and development of the
43 Philippine cacao industry, shall be exempt from the donor's tax and the cost of which shall be
44 considered as an allowable deduction from the gross income of the donor in accordance with
45 the provisions of the National Internal Revenue Code of 1997, as amended.

46
47 **Sec. 16. *Review of the Roadmap.*** The Council, in coordination with the Philippine
48 Council for Agriculture and Fisheries (PCAF) and other relevant stakeholders, shall update the
49 Philippine Cacao Industry Roadmap every five (5) years, or sooner as may be deemed
50 necessary.

1 **Sec. 17. *Mandatory Review and Impact Assessment.*** The Council, in partnership with
2 the PCAF and other concerned government agencies, the private sector and other stakeholders,
3 shall conduct a mandatory review of the implementation of this Act, and submit such report to
4 Congress to assess its impact and measure its effectiveness. The mandatory review and impact
5 assessment shall be conducted not later than five (5) years from the effectivity of this Act, and
6 every five (5) years thereafter.
7

8 **Sec. 18. *Appropriations.*** The funds necessary to carry out the initial implementation of
9 this Act shall be charged against the respective budget of concerned agencies for the current
10 year. Thereafter, such sums as may be necessary for the continued implementation of this Act
11 shall be included in the annual General Appropriations Act.
12

13 **Sec. 19. *Implementing Rules and Regulations.*** Within one hundred twenty (120) days
14 from the effectivity of this Act, the Secretary of the DA, in collaboration with the DTI, DOST,
15 DILG, ULAP, and CHED, and in consultation the DAR, DENR, PCA, FDA, cacao farmers'
16 organization and association, and other relevant stakeholders shall promulgate and issue the
17 necessary implementing rules and regulations for the effective implementation of this Act. The
18 implementing rules and regulations issued pursuant to this section shall take effect fifteen (15)
19 days after its publication in the Official Gazette or in a newspaper of general circulation.
20

21 **Sec. 20. *Separability Clause.*** If any provision of this Act is declared invalid or
22 unconstitutional, the other provisions not affected by such declaration shall remain in full force
23 and effect.
24

25 **Sec. 21. *Repealing Clause.*** All laws, executive orders, administrative orders, and rules and
26 regulations inconsistent with this act are hereby repealed or amended accordingly.
27

28 Nothing in this Act shall amend, modify or repeal the provisions of Republic Act 7900,
29 otherwise known as High-Value Crops Development Act of 1995.
30

31 **Sec. 22. *Effectivity.*** This Act shall take effect fifteen (15) days after the completion of its
32 publication in the Official Gazette or in two (2) newspapers of general circulation.
33

34 *Approved,*



Republic of the Philippines
House of Representatives
Constitution Hills, Batasan Complex, Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. 3489



Introduced by Representatives **EDDIEBONG G. PLAZA** and
ALFEL M. BASCUG

Explanatory Note

The uplands are the preferred destination for rural migration. It is home to many indigenous tribes and it hosts much of our forest resources and underground minerals. In 2000, an estimated 20 million Filipinos, approximately 26% of the population, lived in the uplands and more than eight million hectares of which are under some kind of cultivation (Guiang in Tacio, 2000). The uplands are also where we can find the highest incidence of poverty. Productivity is very low; upland farmers barely survive, and their children suffer from malnourishment. The situation is alarming as it further exposes our remaining forest cover to unhampered exploitation while keeping upland dwellers poor and destitute, making them susceptible to enticement by lawless elements to commit crimes and violence.


A clear policy and implementation strategy on upland development can kill three birds with one stone: protect the environment, fight poverty and eliminate crimes and insurgency. The Upland Sustainable Agro-Forestry Development (USAD) Program of the Province of Agusan del Sur launched in late 2013 was very instrumental in reducing poverty in the Province from 45% in 2015 to 32.4% in 2018. Currently, USAD maintains nearly 5,000 hectares of upland farms planted with high value crops providing an alternative source of livelihood to thousands of upland families. The USAD farms hectareage increases geometrically every year greening thousands of hectares of denuded uplands which helps in improving the quality of the Province's forests and timberlands.


It should be emphasized that growing crops is only secondary to USAD's main thrust on "growing people" – the empowerment of individuals and communities for greater productivity and sustainability. With a clear-cut implementation procedure that gives premium on accountability, both people beneficiaries and government workers of the Program have developed pride in hard work that brings tangible results to the benefit of the people and the service.

After eight years of implementation, USAD's humble strategy has been recognized a rousing success when it won the prestigious GALING POOK Award in October 2021. With

Agusan del Sur's successful experiment with USAD, these humble representations wish to share this experience with the entire nation.

In view of the foregoing, the approval of this bill is earnestly sought.


EDDIEBONG G. PLAZA
2nd District, Agusan del Sur


ALFEL M. BASCUG
1st District, Agusan del Sur



Republic of the Philippines
House of Representatives
Constitution Hills, Batasan Complex, Quezon City

NINETEENTH CONGRESS
First Regular Session

House Bill No. 3489

Introduced by Representatives **EDDIEBONG G. PLAZA** and
ALFEL M. BASCUG

**AN ACT ESTABLISHING UPLAND SUSTAINABLE AGROFORESTRY
DEVELOPMENT (USAD) PROGRAM IN UPLAND AGRICULTURAL LANDS AND
APPROPRIATING FUNDS THEREFOR**

Be it enacted by the Senate and House of Representatives of the Philippines in the Congress assembled:

ARTICLE I

SECTION 1. *Short Title.* This Act shall be known as the “USAD Act”.

SECTION 2. Declaration of Policy. Consistent with the policy of the State to free the people from poverty through policies that provide adequate social services, a rising standard of living and an improved quality of life, the State shall adopt a comprehensive and holistic approach in poverty alleviation wherein every Filipino is able to meet the basic needs of food, nutrition, environmental sanitation, shelter, education, and income security.

It is also the policy of the State to protect and promote the right of the people to a balanced and healthful ecology. The State shall implement projects and programs geared towards economic growth and sustained national development in harmony with environmental conservation and ecological balance.

SECTION 3. *Purpose and Objectives.* It is the purpose and objective of this Act to reduce poverty incidence in the uplands and specifically aims to:

- a. Employ a convergence approach in alleviating poverty in the most marginalized sectors in the country- the upland and indigenous communities;
- b. Create and increase economic opportunities for upland communities especially for those who make a living out of farming;
- c. Protect and conserve the natural resources by providing alternative sources of livelihood for people in upland communities;
- d. Involve the indigenous people communities into mainstream through comprehensive development programs;
- e. Empower the individuals and communities for sustainability through holistic development Approach that addresses the multi-dimensionality of poverty;
- f. Optimize agricultural productivity on idle lands owned by marginalized landowners.

SECTION 4. *Definition of Terms.* Whenever used in this Act, the following terms shall mean:

- a. Agricultural land- refers to land devoted principally to the raising of crops such as rice corn, sugar cane, tobacco, coconut, etc., or to pasturing, dairying, inland fishery, salt making and others, including and forest lands¹;
- b. Convergence approach- refers to multi-stakeholders or multi-agency cooperation in sprouting sustainable economic development;
- c. Custodian- refers to the designated authority and/or accountable person over the non-livelihood infrastructures;
- d. Enrollees-refer to upland dwellers which are identified as recipients of USAD Program;
- e. Home and Backyard Small Business- refers to small income-generating being run from someone's home or backyard which may include, but not limited, to baking, pastry-making etc., handicrafts such as but not limited to weaving, knitting; dressmaking and tailoring, and others;
- f. Social Preparation- the conduct of preliminary social analysis of the community where organizer, engage in institution preparations, area selection and social investigation/integration. ² It also refers to series of pre-implementation activities involving individuals and communities intended for the proper and effective discharge or execution of the USAD Program such as but not limited to:
 - i. educating and informing the enrollees and their respective communities on the poverty situation and other relevant data that will contextualize their participation in the program;
 - ii. the conduct of Participatory Assessment (PRA) and evaluation, if any, of barangay development plan; and
 - iii. the assessment of the absorptive capacity of the communities and enrollees based on the availability of labor and/or land.
- g. Participatory Rapid Assessment (PRA)- an interactive data collection process

¹ PD 464, Sec. 3 (c)

² DSWD, MC 06, S.2014.

- conducted at a community level or with a specific community group of interest. PRA is applied at the design, early implementation, and evaluation phases of a project cycle.
- h. Upland- refers to areas comprising: (1) marginal lands with slopes of 18 percent (18%) or higher, (2) lands within mountainous zones and (3) lands within terrain classified as hilly to mountainous.
 - i. Upland Sustainable Agro-forestry Development- refers to a comprehensive development framework aimed at alleviating poverty in the upland communities by way of convergence approach providing livelihood programs, non-livelihood and infrastructure projects and conducting continuous education and trainings relative thereto.

SECTION 5. *Scope and Coverage.* This Act shall apply and cover provinces, cities and municipalities with upland communities.

ARTICLE II

Structure, Composition, Operation of the USAD Program

SECTION 6. *Creation of USAD Coordinating Unit.* It is hereby created an USAD Coordinating Unit in every province, city and municipality which shall be under the direct supervision of the Local Chief Executive. It shall organize and assign USAD Coordinating and teams for the effective implementation of the USAD Program. The Provincial USAD Coordinating Unit shall serve as lead unit to municipal counterparts, the Municipal USAD Coordinating Unit.

SECTION 7. *Composition of USAD Coordinating Unit.* The USAD Coordinating Unit shall be composed of a Program Coordinator, USAD Teams and its respective team members.

SECTION 8. *Functions.* The functions of the USAD Coordinating Unit are as follows:

- a. USAD Program Coordinator. The Program Coordinator shall be the head of the Provincial/Municipal/City USAD Programs Unit whom shall be mandated to prepare and capacitate individuals and communities for the productive and beneficial absorption of government's development programs. He/she shall coordinate with the Program Management Team and the Implementing Offices for the programs, projects and activities for an integrated intervention approach on any given target community for development. He/she shall perform the following functions:
 - 1. Requires implementing offices for the submission of detailed work and financial plan for USAD areas along with initial impact assessment report;
 - 2. Requires updates on all programs,, projects and activities under USAD Programs and recommends measures based on the implementation procedure from the Implementing Offices;
 - 3. For municipal USAD, coordinates with the Municipal Local Chief Executive, municipal or the barangay focal person if deemed necessary;
 - 4. Coordinates with other national agencies relative to USAD convergence programs;
 - 5. Participates in the planning process to any programs and projects development particularly in the reduction of poverty condition of the province;

6. Supervises the USAD teams;
 7. Coordinates with the program management team to ensure success of the programs and/or projects;
 8. Conducts meeting with Program Team Leaders;
 9. Conducts validation of submitted reports and present progress report to the province/city/municipal government in the implementation process under the USAD Program; and
 10. Provides updates for the Governor/City/Municipal Mayor and make recommendations for constant improvement in the implementation process under the USAD Program; and
 11. Performs any functions as required by the Provincial Governor/ City/ Municipal Mayors.
- b. USAD Team. For provincial USAD Unit, one (1) USAD Team shall be assigned for every municipality or component city enrolled to USAD.

The USAD Teams shall be composed of a team leader and its respective members. The functions of a team leader are as follows:

1. Prepares action plan;
2. Leads in the conduct of the USAD activities in the field;
3. Conducts monitoring and submit reports on the progress of the implementation of the programs, projects and activities;
4. Coordinates with the City/Municipal/ Barangay Local Government Units and USAD focal person for the efficient implementation of the programs, projects and activities;
5. Attends regular meetings and update the program coordinator on the progress of USAD programs in their respective area of assignments;
6. Submit to the program coordinator a written report on the validated report from the field.

The team members shall perform the following functions:

1. Conduct social preparation and capacity development of enrollees and communities;
2. Participates in the team planning process in the conduct of field implementation, monitoring and reporting of programs, project and activities in their respective area of assignments,
3. Conduct close monitoring and reporting on every stage of the implementation processes;
4. Provide updated information to guide the implementing office for a timely intervention and/or technical assistance to USAD Program enrollees; and
5. Submit to the team leader validated reports from the field.

SECTION 9. *Implementing Offices.* The Implementing Offices shall propose, formulate, and implement programs, projects and activities (PPAs) on the target and identified areas having high poverty incidence. It shall be composed of the following offices : Provincial/City/Municipal Agriculture Office (PAO/CAO/MAO), Provincial/City/Municipal Veterinary Office (PVO/CVO/MVO), Provincial/City/Municipal Social Welfare and Development Office

(PSWDO,CSWDO/MSWDO), Provincial/City/Municipal Engineering Office (PEO, CEO, MEO), Provincial/City/Municipal Health Office (PHO, CHO, MHO), Provincial/City/Municipal Environment and Natural Resources Offices (PENRO/CENRO/MENRO), Provincial/City/Municipal Employment Services Offices (PESO, CESO, MESO). It is hereby mandated to perform the following functions:

1. Implement and manage their respective programs or projects identified under USAD;
2. Provide technical support to the USAD Program especially to the USAD teams in the field in assisting enrollees to ensure success of the Program;
3. Prepare and provide necessary data to the program coordinator which will be used by the USAD teams in monitoring and validation;
4. Prepare and provide progress report in each implementation phase and final report at the end of each fiscal year; and
5. Participate in the USAD general meetings.

SECTION 10. *Management Team.* It is hereby created a Program Management Team (PMT) who shall serve as the overseer of the USAD Program Units' activities. The Program Management Team shall comprise with the Heads of Offices of the following offices: Provincial/City/ Municipal Planning and Development Office (PPDO/CPDO/MPDO), Bids and Awards Offices (BAC), Provincial/City/ Municipal General Services Office (PGSO/CGSO/MGSO), Provincial/City/Municipal Accounting Office (PAdMO/CadMO/), Provincial/City/ Municipal Administration and Management Office (PadMO/CadMO/MadMO), Provincial/City/Municipal Human Resource and Management Office (PHRMO/CHRMO/MHRMO), Internal Audit Offices (IAOs), Information Management Offices (IMOs), Provincial/City/Municipal Treasury Office (PTO/CTO/MTO) and a representative of the municipal and barangay councils. The Municipal Management Team shall also be created which shall closely coordinate with the PMT.

It shall be mandatory that the Program Management Team is represented in every progress report presentation. The Program Management Team shall hold meetings as often necessary which shall be attended by the members sitting in ex-officio capacity.

It shall, thereafter, provide policy support, review and recommend course of actions and policies, provide feedback to policy makers, project developers, examine the objectives of the proposed programs, evaluate the progress and achievement reports and perform other functions deemed necessary to aid the program coordinator in ensuring the success of the programs and projects.

SECTION 11. *Municipal/Component City USAD Units.* The Municipal/City Government shall organize a Municipal/Component City USAD Unit which shall work under close coordination with the Provincial USAD Program Unit. Its programs and projects shall be consistent with those of the Provincial USAD Unit.

SECTION 12. *Personnel, Members and Staff.* Only non-ex-officio personnel, members and staff of the USAD Program Units, Program Management Team and the Program Implementing Office shall be entitled to remunerations to be determined by the concerned local government units taking into account their actual duties and responsibilities. It may be increased as per yearly reviews on

the merits based on their productivity.

ARTICLE III **Project Establishment Phase**

SECTION 13. *Selection of Barangays.* Barangays shall be selected and ranked according to their poverty incidence based on the results of Community Based- Monitoring System. Among those selected barangays, priority shall be given to those with existing Barangay Development Plan.

SECTION 14. *Non-livelihood and Livelihood Projects.* The Program shall serve as an avenue for infrastructure, social and non-livelihood projects and livelihood programs for upland residents towards comprehensive intervention and holistic development framework.

- a. Non-livelihood and Infrastructure Projects. Non-livelihood projects shall cover health, education, cultural and sports programs. Infrastructure projects shall include barangay health units, day care centers, sanitation and water facilities.
- b. Livelihood Projects. The USAD Program Unit shall determine the priority commodities and other support crops, home and backyard small business, fishery, livestock and poultry suitable for the livelihood projects.
- c. Documentary Requirements. The Implementing Offices shall issue the guidelines for the projects and project proposal. Non-compliance to the guidelines may result to automatic rejection without prejudice to its reversal upon compliance of the guidelines within the prescribed schedule.

SECTION 15. *Selection of Enrollees.* Selection of enrollees shall be made for the livelihood projects only. The prospective enrollees shall come from the list of households with income below poverty threshold provided that they are able to meet the requirements of the project such as labor, time and/or land.

All prospective enrollees must present a barangay certification attesting that he or she is a resident of the barangay at least six (6) months prior to the application to the Program validated through the Community-Based Monitoring System (CBMS). Enrollees not listed in CBMS must register with the system prior to acceptance to the Program. The Implementing Office may also require additional requirements as may be necessary in the enrollment of the Program.

For agricultural development programs and projects, the Implementing Office shall require a confirmation and validation from the Register of Deeds as to land status.

SECTION 16. *Duties and Responsibilities of Enrollees.* Upon agreeing with the terms and conditions of the Program, the enrollees shall comply with all requirements of the USAD's projects, programs and activities which include but not limited to:

- a. attending capacity development trainings;
- b. strictly observe guidelines and modules provided by the technical staff or expert resource person of the Implementing Office; and
- c. provide timely and necessary feedback and/or report to the USAD Team on the progress of the projects under their care.

SECTION 17. Procurement of Materials. The procurement of materials shall be prioritized and in accordance to existing procurement laws. The procurement process shall likewise take into consideration farms' schedule, timely field implementation to avoid delays as much as possible.

SECTION 18. Social Preparation and Capacity Development of Enrollees. The USAD Provincial, City and Municipal Team in coordination with the Implementing Offices shall conduct Participatory Rapid Appraisal (PRA) to identify community needs, assist in the crafting of a Barangay Development Plan if in case such is not updated and hold program orientation to barangay councils, enrollees and any interested member(s) of the communities.

The USAD Coordinating Unit shall also assist in the organization of the enrollees whom shall have a set of officers, approved policy and/or by-laws. This organization shall be registered at the Securities and Exchange Commission (SEC).

In case of an existing registered organization, the Implementing Office shall review the organization's constitutions and by-laws to determine its compatibility with the project's objectives. Non-member enrollees shall be enlisted with the organization.

A Memorandum of Agreement or Memorandum of Understanding shall be entered into by the Provincial/City Government, Municipality, Barangay and Enrollees' Organization prior to the establishment of the projects.

It shall be mandatory to conduct capacity development training which shall be attended by the enrollees who shall be assessed after. Appropriate assessment tools shall be developed for that purpose.

SECTION 19. Establishment of Livelihood Projects. For agricultural farm projects, the following activities shall be undertaken:

1. the concerned agricultural extension worker and agriculturist shall assist the enrollees in getting a soil sample from their respective farm site for laboratory analysis to determine its suitability for farming and appropriate crops;
2. lay-outing of the farm and geo tagging;
3. the timely delivery of planting materials, seedlings, and other necessary material inputs shall also be made to the concerned enrollees by the Implementing Offices along with USAD Teams. The guideline for the proper distribution shall be strictly observed; and
4. the USAD Team along with the Implementing Offices and its technical staff shall monitor and assist enrollees, if needed, in the implementation activities such as but not limited to, land preparation, planting, trimming and application of fertilizer.

Technical assistance shall be made available to enrollees from their corresponding Implementing Office all throughout the process from land preparation, planting, harvesting, farm maintenance, value-adding, processing, marketing and financial management.

For non-agricultural and projects, the Implementing Offices along with the USAD Teams shall conduct ocular inspections of the sites to assess its suitability to the intended project, program and activities. The same shall deliver to the enrollees all material inputs and the kits needed for the approved projects, programs and activities.

SECTION 20. *Establishment of Non-livelihood and Infrastructure Projects.* The assigned custodian shall submit quarterly maintenance report to the USAD unit who shall coordinate with the Implementing Office for timely and necessary assistance and feedback. The delivery of the projects shall be done in accordance with the approved implementation procedure.

The Implementing Offices shall likewise supervise the projects' delivery and installation. It shall also conduct capacity development training to assigned custodian while the projects are still in progress and involved the same in the formulation of the maintenance plan.

The assigned custodian shall submit quarterly maintenance report to concerned Implementing Offices on which the latter shall provide necessary assistance and feedback.

SECTION 21. *Project Maintenance Phase.* Sustainability. Reports submitted by the enrollees to the USAD Team shall be validated and verified by the Implementing Office in the field after which a meeting shall be called wherein the Implementing Office shall make necessary recommendations and take the necessary actions concerning the report. The USAD Team shall ensure that said recommendations are properly carried out in the field.

It shall be mandatory for the Implementing Offices in coordination with the USAD Unit to conduct continuing training and education of the enrollees taking into consideration issues and concerns in the field.

SECTION 22. *Project Marketing Phase.* The Implementing Office shall conduct an inventory or areas with agriculture production and organize the enrollees into associations in preparation for the marketing phase. Capacity building on value-adding commodity and market matching for possible buyers shall also be made.

SECTION 23. *Graduation of Enrollees.* The enrollees are deemed to have graduated from the program if the household earned an income above the prevailing poverty threshold as reflected by their respective Progress Report Card created for that purpose.

The graduated enrollees are hereby granted the option to continually attend the trainings and education conducted under the USAD Program.

SECTION 24. *Reportorial Requirements.* It shall be mandatory for every USAD teams to submit monthly progress reports to the Program Coordinator. The latter shall provide updates to the

Provincial Governor/City Mayor accordingly.

A mid-year assessment report shall be conducted by the USAD Program Unit taking into consideration the progress of the projects, programs, activities in each barangay, the general status of the USAD Program and other issues and concerns in the implementation phase.

The annual report shall cover the barangay status prior to the implementation of the projects (physical profile, demographic, brief history and poverty profile) vis-à-vis progress of the USAD projects and its impact in the communities.

SECTION 25. *Development Program Harmonization.* All national line agencies, civil society organizations and other institutions that implements socio-economic development projects shall harmonize and align policies, plans and programs for a sustainable USAD implementation.

ARTICLE III Miscellaneous Provisions

SECTION 26. *Appropriations.* The amount necessary to carry out the provisions of this Act shall be charged against the General Appropriations Act.

SECTION 27. *Implementing Rules and Regulations.* Within sixty (60) days after the effectivity of this Act, the Department of Interior and Local Government (DILG) in coordination with the Department of Agriculture, Department of Agrarian Reform (DAR), Department of Health (DOH), Department of Environment and Natural Resources (DENR), Department of Social Welfare and Development (DSWD), Department of Trade and Industry (DTI) and Technical Education and Skills Development Authority (TESDA) shall formulate the rules and regulations to fully implement the provisions of this Act.

SECTION 28. *Separability Clause.* If for any reason, any part or provisions of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall remain in full and effect.

SECTION 29. *Repealing Clause.* All laws, presidential decrees, executive orders and rules and regulations contrary or inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 30. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.