

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

Third Regular Session

HOUSE BILL NO. 6710



Introduced by **REPRESENTATIVE JESUS N. SACDALAN**
First District North Cotabato

EXPLANATORY NOTE

Palm oil is the vegetable oil produced and consumed in largest quantity. The demand for palm oil is global, and is forecast that palm oil shall become the world's most produced, consumed and internationally traded edible oil (*Center for Science in the Public Interest, Washington, DC.*), with Malaysia and Indonesia producing around 83 percent of the total volume. Without the large volume of exported palm oil from said countries, there would be a major problem in meeting world demand for vegetable oil. The demand for palm oil is forecast to double in 2020 and in order to achieve this production increase, there is a need to also increase the areas to be planted for each year. This increasing demand is attributed to the many uses of palm oil as a food and non-food ingredient. . It is used in such foods as margarine, shortening, baked goods and candies, and in non-foods as soaps, washing powders and cosmetics. Among its major markets are Asia, led by India and China and Europe.

In the Philippines, palm oil has been developed as an alternative for edible oil supply, next to coconut. Palm oil has been widely grown in the Provinces of Agusan del Sur, Agusan del Norte, Sultan Kudarat, North Cotabato, Maguindanao, Bohol, Palawan and Bukidnon. Present data on palm oil production show that there are already 54,748 hectares of land planted in the above provinces. Palm oil is efficient oil producers, with each fruit containing about 40% oil. As a result, they require ten times less area than other oil-

producing crops . Palm oil production as an agri-business industry has a lot of potentials because it can be produced both as a plantation crop and as a small holder crop. It is also an environmentally-sound commodity since it can thrive in rolling areas and does not require frequent land cultivation.

Palm oil industry is consistently growing, more farmers and agri—business groups are engaged in its production however, a lot has still to be done in support to this growing industry. This industry needs support among others in terms of policies, research and development, smallholder support services, related technology in relation to health and environmental protection, and infrastructure like oil mill facilities.

At present, there is a need for a government institution to look into the welfare, concerns and situation of the palm oil industry.

In view of the above, the approval of this bill is most respectfully prayed for.



REP. JESUS N. SACDALAN.
First District, North Cotabato

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HOUSE BILL NO. 6710

Introduced by: *Representative Jesus N. Sacdalan*
First District-North Cotabato

AN ACT
CREATING THE PHILIPPINE PALM OIL RESEARCH AND
DEVELOPMENT CENTER TO PROMOTE THE PHILIPPINE PALM
OIL INDUSTRY AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known as the “*Philippine Palm Oil Research and Development Center Act of 2012*”.

SEC. 2. *Declaration of Policy.* – It is a declared policy of the State to develop self-reliant and competitive industries through research, innovation, education and training in science and technology. Moreover, the state encourages investments and provides incentives to private enterprises, promote employment and livelihood opportunities, overcome poverty and ensure long term productivity and sustainability in the use of natural resources for agriculture and industrial purposes, which focuses on long-term sustainability and mitigation of climate change.

In support of this State policies, the establishment of the Philippine Palm Oil Research and Development Center aims to harness the potential of oil palm farming as a means of addressing poverty, ensure food security, enhanced nutrition, generate employment opportunities, and sustainable use of unutilized and underutilized land through programs and projects that will bring about increase in palm oil production among smallholders. Moreover, the center shall implement programs and projects to develop the production, processing and utilization of palm oil and its various products and by-products and thus, improve the quality of life in rural communities where oil palm is currently and will be grown.

SEC. 3. *Definition of Terms.* – As used in this Act, the following terms are defined as follows:

- (a) “Philippine Palm Oil Research and Development Center” refers to the main center for palm oil research, development and extension based at the University of Southern Mindanao (USM) in the Municipality of Kabacan, Province of Cotabato , Region XII , and its subsequent satellite units as may be established, whose mandate is to initiate and administer research and development programs and projects to expand production, increase productivity and promote the development of oil palm-based farming in the country.
- (b) Palm Oil – a vegetable oil resulting from the milling or crushing of oil palm fresh fruit bunches.
- (c) Oil palm – refer to the plant species botanically known as *Elaeis guineensis* Jacq.
- (d) Oil palm F1 hybrid – refers to a cross between a *Dura* (mother) and *Pisifera* pollen source which produce the commercial type F1 hybrid seed known as *Tenera*.
- (e) Palm oil by-products – products coming out of the processing of fresh fruit bunches of oil palm such as empty fruit bunches.
- (f) Oil palm farmer – a farmer engaged in oil palm farming.
- (g) Smallholder oil palm producer – a farmer cultivating an area of five hectares or less of oil palm plantation.
- (h) Palm Oil millers – business enterprises engaged in the primary processing of oil palm fresh fruit bunches into crude palm oil and other related by-products.

SEC. 4. *Creation of the Philippine Palm Oil Research and Development Center* – There is hereby created the Philippine Palm Oil Research and Development Center, hereinafter referred to as the PPRDC, which shall be under the control and supervision of the Department of Agriculture (DA).

SEC. 5. *Powers and Functions of the PPRDC.* – It shall have the following powers and functions:

- (a) Initiate and carry out genetic research, conservation and utilization of oil palm for research and development purposes;
- (b) Initiate and administer a multi-disciplinary research program to generate high yielding oil palm hybrids, establish oil palm plant nursery, develop innovative production and processing technologies including the utilization of palm oil and palm oil by products for economic and scientific purposes;
- (c) Initiate research and development projects on oil palm to address technology, policy and regulatory gaps so as to promote a robust and sustainable oil palm industry, ensuring high standard in production and meeting demands for quality palm oil in both domestic and international trade;
- (d) Empower palm oil farmers, palm oil millers and other stakeholders on the modern methods in the production, processing, and marketing through various support services such as training, demonstration farms, forums, market matching, technology publications and other communication media;
- (e) Sponsor training , forums, capacity-building, including scholarships both local and abroad to improve the expertise of PPRDC staff , oil palm producers and other industry stakeholders;
- (f) Promote and provide support in the establishment of value – added palm oil enterprises to generate livelihood opportunities and improve general well-being of the smallholder oil palm producers;
- (g) Promote cooperative development among smallholder oil palm producers and provide them access to oil palm planting materials, technological know-how, as well as entrepreneurial competency for the enhancement of their palm oil based enterprises and the protection of their welfare;
- (h) Establish demonstration farms of modern technologies in strategic places of the country to encourage the widespread use of modern technology in oil palm plantations; and

- (i) Enter into memoranda of agreement and receive grants from local and foreign donors either directly or through the Department of Agriculture , upon the recommendation of the PPRDC Advisory Board; or through the respective academic boards of satellite units housed in concerned state universities and colleges upon the recommendation of the PPRDC Advisory Board;

SEC. 6. *Composition of the PPRDC Advisory Board.* – There is hereby created an Advisory Board which is mandated to develop policies and programs aimed at improving the state of services needed by the Philippine palm oil industry in order to meet local and global opportunities.

The Advisory Board of PPRDC shall be composed of the following:

- (a) Secretary of the Department of Agriculture (DA), as Chairman;
- (b) President of the University of Southern Mindanao, as Vice-Chairman;
- (c) Undersecretary of Department of Science and Technology (DOST), as member;
- (d) Undersecretary of Department of Environment and Natural Resources (DENR), as member;
- (e) Undersecretary, Department of Trade and Industry as member;
- (f) President of the Philippine Palm Oil Industry Development Council, as member;
- (g) A representative of smallholder oil palm producers cooperative;
and
- (h) Executive Director of the PPRDC, as member and Secretary of the Advisory Board.

SEC. 7. *Functions and Powers of the Advisory Board.* – The Advisory Board shall meet on quarterly basis or as may be necessary, and shall perform the following functions and powers:

- (a) Recommend the selection of the Executive Director to be appointed by the DA Secretary.
- (b) Formulate policies and initiate programs and projects for the development of the Philippine palm oil industry;
- (c) Review and approve the annual budget of the PPRDC;
- (d) Evaluate the implementation, efficiency and effectiveness of the programs and projects of the PPRDC;
- (e) Approved the creation of positions, appointments to the positions and staffing pattern for the effectiveness and smooth implementation of PPRDC upon the recommendation of the Executive Director; and
- (f) Recommend the establishment or abolition of satellite units or branches as may be deemed necessary.

SEC. 8. *Executive Director of the PPRDC.* – The PPRDC shall be headed by an Executive Director who shall be responsible for the planning, implementation and supervision of its programs, projects and activities. He shall be appointed by the Secretary of Agriculture for a term renewable every four (4) years, upon recommendation of the Advisory Board. All other officers and employees shall be appointed by the Executive Director of the PPRDC, upon the approval of the Advisory Board in accordance with the criteria set by the Advisory Board and the Civil Service Commission.

The Executive Director must possess a high degree of educational, technical and managerial competency in research and development, as well as of integrity and proven probity in public service.

SEC. 9. *Functions and Powers of the PPRDC Executive Director.* – The following are the functions and powers of the Executive Director.

- (a) Recommend the creation of divisions and sections including the staffing patterns of the PPRDC for approval by the Advisory Board;

- (b) Recommend to the Advisory Board the appointment of personnel and consultants. The involvement of personnel from the plantilla position of the University of Southern Mindanao or any other satellite units as may be established, either in full-time or part-time with PPRDC shall be done in consultation with the respective head of such state college or university, and shall be paid on honorarium bases;
- (c) Oversee the planning, implementation and evaluation of the policies, programs and projects of the PPRDC;
- (d) Consolidate and recommend the overall budget of the PPRDC for approval by the Advisory Board; and
- (e) Perform such other functions as may be assigned by PPRDC Advisory Board.

SEC. 10. *Appointment of Division Chiefs and Unit Heads of the PPRDC.* – Division chiefs, unit heads, coordinators, project leaders and other positions in the PPRDC shall be recommended by the Executive Director, and appointed by the Secretary of the Department of Agriculture. Appointments to various positions in the PPRDC are subject to corresponding qualification standards to be established by the Advisory Board of PPRDC, and the rules and regulations set by the Civil Service Commission.

SEC. 11. *Hosting and Development of PPRDC.* The University of Southern Mindanao situated at Kabacan, Cotabato shall serve as the main host of PPRDC. Satellite stations may be designated later upon the approval of the Advisory Board. For this purpose an area of one hundred (100) hectares of the land grant of the University of Southern Mindanao at Kabacan, Cotabato Province will be allocated as area for research and office/administrative functions of PPRDC. Part of the fund of PPRDC will be allocated for the infrastructure development and strengthening the manpower of PPRDC including that of the University of Southern Mindanao and such other satellite units as may be established, who may be involved in the programs and projects of the center.

SEC. 12. *Coordination among Stakeholders of the PPRDC and Linkage with other Research & Development Institutions.* – The PPRDC shall regularly monitor and evaluate the palm oil research and development programs and identify the immediate gaps, needs and essential concerns in the palm oil industry in consonance with the domestic and international development and

opportunities. It shall likewise coordinate with other national government agencies and international RDE bodies in order to formulate strategies that would sustain the long-term growth of the palm oil industry.

The PPRDC shall initiate and provide leadership in partnering with other national, regional agencies and local government units in jointly implementing programs in areas suitable for oil palm farming and to enhance the achievement of the goals of this Act.

SEC. 13. *Allocation of Funds.* – Not more than forty percent (40%) of funds allocated under this Act and in subsequent annual appropriations shall be used for personnel services, and maintenance and operating expenses; thirty percent (30%) for research, training and extension and other development support services; and thirty percent (30%) for plant dispersal of hybrid palm oil seedlings with emphasis on the welfare of smallholder palm oil producers.

SEC. 14. *Annual Report.* – The PPRDC shall provide copies of the annual report to the Office of the President, the Senate and the House of Representatives indicating among others, the administration and institutional development of the PPRDC, an the progress of programs and projects on the palm oil industry and its stakeholders.

SEC. 15. *Appropriations.* – The amount necessary to carry out the provisions of this Act shall be include in the General Appropriations Act of the year following its enactment into law and thereafter.

SEC. 16. *Separability Clause.* – If any part, section or provision of this Act shall be held invalid or unconstitutional, the rest of the provisions shall not be affected thereby.

SEC. 17. *Repealing Clause.* – All laws, executive orders, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 18. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved:

05/15/11262012