

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 7443



Introduced by **Representative Christian S. Unabia**

EXPLANATORY NOTE

Section 1, Article XII of the 1987 Philippine Constitution provides for the promotion of the agricultural sector. In pursuing such goals, it further states that all regions of the country shall be given optimum opportunity to develop.

Mindanao is a home to diverse communities. It is the second largest island in the Philippines with an estimated population of 25.73 million, representing about a quarter of the country's total population. It is regarded as the country's food basket, with one-third (1/3) of its land area devoted to agriculture. In fact, Mindanao supplies over 40% of the country's food requirements and contributes more than 30% to national food trade.

Interestingly, in one of the publications released by Food and Agriculture Organization (FAO) of the United Nations, entitled *FAO in Mindanao*, it states that *"The growth in Mindanao's gross regional domestic product in recent years has surpassed that of other regions as well as the national average. In spite of this, its share of the country's gross domestic product is only at 14.4 percent on average, which pales in comparison to Luzon's contribution of 73 percent. This is mirrored by the wide income and social disparities between and within the various regions in Mindanao."*

Mindanao's economy continues to be dominated by the agriculture sector and prospects for agri-industrial development remain high. However, as FAO has aptly put it, ***"the challenge lies in harnessing this potential to support Mindanao's overall economic development"***.

The critical role of agriculture and food supply network in the survival and sustainability of people's lives cannot be overemphasized as we have clearly witnessed in the ongoing Novel Coronavirus (COVID-19) pandemic worldwide. Our local agricultural producers have been very vital in providing the much-needed food supply that our country needs.

Further, the current health crisis shows us the need to focus on two core elements of sustainability: self-sufficiency and resilience not only during the current crisis but beyond. In fact, FAO has likewise made a warning that unless we take immediate action, we risk a global food emergency that could have long-term impacts on hundreds of millions of children and adults. COVID-19 has struck at a time when hunger or undernourishment keeps rising. According to the latest UN estimates, at a minimum, an additional 83 million people, and possibly as many as 132 million, may go hungry in 2020 as a result of the economic recession triggered by the pandemic. Moreover, the pandemic

may plunge national economies into recession, and countries ought to take urgent measures to mitigate the longer-term impacts on food systems and food security.

To avert a food emergency, there is an urgent need to: protect the most vulnerable, keep global food supply chains alive, mitigate the pandemic's impacts across the food system, protect and even ramp up food production as much as possible, and looking beyond the pandemic, building back better, more resilient food systems. We must therefore immediately take action by providing additional support to our local agricultural producers and institutionalizing a mechanism that is intended to increase long-term food security and resilience.

Towards this aim, and to ensure inclusive growth consistent with the earlier-referred mandate of our Constitution, this Bill, which is a product of series of consultations with key stakeholders, proposes the establishment of **Food Supply and Distribution Centers (FSDC) in every province of Mindanao**. It must be emphasized that the FSDC, as envisioned in this proposed measure, is not a mere "bagsakan" or a "wholesale market" but an institutionalized mechanism that shall serve as an agricultural convergence platform among the different stakeholders in the agricultural value chain.

FSDC aims to promote sustainable agricultural development as a key component both in attaining inclusive economic growth for uplifting the lives of our people, and achieving long-term food security that shall ensure access to nutritious, good quality, affordable food products, especially among the low-income consumers in the different localities of our country, within and outside of Mindanao. It also seeks, among others, to empower and enable local agricultural producers in Mindanao to reach the other parts of our country, or even export food commodities abroad, without the additional burden slapped on them by middlemen and traders of agricultural food commodities.

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



REP. CHRISTIAN S. UNABIA
1st District, Misamis Oriental

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AN ACT
PROMOTING SUSTAINABLE AGRICULTURAL DEVELOPMENT, STRENGTHENING
FOOD SECURITY THROUGH ESTABLISHMENT OF FOOD SUPPLY AND
DISTRIBUTION CENTER IN EVERY PROVINCE OF MINDANAO, APPROPRIATING
FUNDS THEREFOR AND FOR OTHER PURPOSES.

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

1 **SECTION 1. Title** – This Act shall be known as the “**MINDANAO FOOD SUPPLY AND**
2 **DISTRIBUTION CENTER ACT OF 2020.**”
3

4 **SECTION 2. Declaration of Policy** – The State shall promote sustainable
5 agricultural development as a key component both in attaining inclusive economic
6 growth for uplifting the lives of our people, and achieving long-term food security that
7 shall ensure access to nutritious, good quality, and affordable food products, especially
8 among the low-income consumers in the different localities all over the country.
9

10 This shall include, among others, the establishment of Food Supply and
11 Distribution Centers, which shall allow equitable marketing opportunities for farmers,
12 capacitate them on the new technologies involve in agri-business, create food processing
13 centers for their produce and adopt a more comprehensive platform where stakeholders
14 in the agricultural value chain responsibly converge and foster inclusive growth and
15 economic progress, particularly within the rural communities.
16

17 **SECTION 3. Establishment of Food Supply and Distribution Center (FSDC) in**
18 **Every Province of Mindanao** – A Food Supply and Distribution Center (FSDC) shall be
19 established in every province of Mindanao.
20

21 FSDC is an institutional mechanism that shall serve as an agricultural convergence
22 platform established through public investment of central and local governments, with
23 active and strategic partnership with the private sector. It shall include complex
24 combinations of activities, functions and relations within the agricultural value chain (e.g.
25 production, handling, storage, transport, process, package, wholesale, retail, etc. of
26 agricultural, fisheries and livestock products) enabling cities and municipalities to
27 sufficiently meet their food requirements, as well as provide stable supply to densely
28 populated areas where the demand for food necessities is significantly high.
29

30 In implementing its programs, FSDC shall give preferential priority to organized
31 small-scale farmers, fisherfolks and livestock producers.
32

33 **SECTION 4. Classification of the FSDCs established under this Act** – The FSDCs
34 established under this Act are herein classified as “*Government Instrumentalities with*
35 *Corporate Powers (GICP)*”, which is defined in Republic Act No. 10149, otherwise known
36 as the “GOCC Governance Act of 2011,” as instrumentalities or agencies of the
37 government, which are neither corporations nor agencies integrated within the
38 departmental framework, but vested by law with special functions or jurisdiction,
39 endowed with some if not all corporate powers, administering special funds, and enjoying
40 operational autonomy usually through a charter.

41
42 **SECTION 5. Programs and Activities Within the FSDC** – The programs and
43 activities within the Food Supply and Distribution Center (FSDC), shall include, but are
44 not limited to the following:

- 45
46 a) Conduct of capacity building on enterprise development and agribusiness that
47 will allow farmers, fisherfolk, livestock producers and local government units
48 to maximize potential market opportunities;
- 49
50 b) Introduction of various productivity enhancing technologies to improve
51 household incomes and promote sustainable agricultural practices. This may
52 include training and technical assistance on improved cropping, diversified
53 farming systems and climate-smart agriculture practices through farmer field
54 schools, fishery and livestock technologies for both farmers and growers, as
55 well as agriculture extension workers and technicians;
- 56
57 c) Training for targeted beneficiaries, particularly women, youth and members of
58 the indigenous people’s community on identified micro agri-based enterprises
59 such as food processing, cottage industry and farming/fishing skills that are
60 market-driven;
- 61
62 d) Construction/rehabilitation and operation of the necessary agricultural
63 infrastructures such as food and agro-processing facilities, wholesale markets
64 and trading centers, communal post-harvest facilities, storage, solar dryers,
65 slaughter houses etc. to increase the agricultural sector’s productivity. *Provide,*
66 *that,* the rehabilitation and modernization of existing facilities shall be
67 prioritized. *Provided, further, that* as far as practicable and feasible, new
68 facilities shall be built near the production areas to reduce transportation cost;
- 69
70 e) Creation of food terminal markets and undertaking market linking/matching
71 activities with potential buyers, trade fairs and market missions;
- 72
73 f) Improvement of access to crop insurance and access to low-interest
74 credit/loan facilities for operational capital and agricultural investments,
75 especially among organized small-scale farmers, fisherfolks and livestock
76 producers;
- 77
78 g) Implementation of safety & quality management through inspection of food
79 safety, standardization of products, improving guarding and packaging to keep
80 food products fresh;
- 81
82 h) Installation of logistic center and transparent marketing system that are geared
83 towards improving access by households, especially low-income earners, to
84 stable supplies of good quality, nutritious and affordable food through efficient,
85 hygienic, healthy and environmentally sound food supply and distribution
86 systems;

- i) Promotion of innovative measures on disaster risk reduction and climate change adaptation that will increase the resilience of agricultural livelihoods;
- j) Integration within the local government units an effective and evidence-based planning through the establishment of information, early warning systems and disaster preparedness and response related to food and nutrition security; and
- k) Contribution towards increased employment and income opportunities in the agricultural food sector.

SECTION 6. Creation of the FSDC Board – Each Food Supply and Distribution Center (FSDC) shall have a Board composed of the following:

- a) Representatives of relevant government agencies:
 - i. Department of Agriculture, and its concerned bureaus such as the Bureau of Fisheries and Aquatic Resources, Bureau of Animal Industry, Bureau of Plant Industry and Agricultural Training Institute;
 - ii. Department of Trade and Industry;
 - iii. Department of Agrarian Reform;
 - iv. Department of Science and Technology;
 - v. Department of Information and Technology;
 - vi. Department of Local and Interior Government;
 - vii. Department of Transportation;
 - viii. Technical Education and Skills Development Authority;
 - ix. Mindanao Development Authority;
 - x. Cooperative Development Authority and
 - xi. Such other government agencies whose functions are essential to operations of FSDC, as may hereinafter be determined by the Board.

Each indicated government agency shall appoint an official representative, who shall thereafter must be its regular representative to the Board, unless otherwise officially replaced and communicated in writing.

- b) Local chief executives of the local government units (LGUs) within the covered province. A local chief executive may designate his/her official representative to the Board, in instances where he/she may not be able to attend the meetings of the Board;
- c) Representatives from government corporations, financial and banking institutions primarily assisting the agricultural sector such as Philippine Crop Insurance Corporation, Land Bank of the Philippines, Development Bank of the Philippines, etc.;
- d) Representatives from the academe who must have expertise related to agriculture and/or agri-business or any of its integral components. Each university and/or college within the province shall be allowed to have one official representative;
- e) Representatives from accredited civil society organizations (CSOs), whose advocacies and/or work are related to agriculture and/or agri-business or any of its integral components (*e.g.* organized small-scale farmers, fisherfolks, livestock producers, and consumer groups, etc.) Each accredited CSO operating within the respective provinces shall have one official representative; and

- 142 f) Representatives from business chambers and/or groups whose line of
143 business are related to agriculture or any of its integral components.
144

145 **SECTION 7. Organizational Structure of the FSDC Board** – The Department of
146 Agriculture shall serve as the Chairperson of the FSDC Board, while the Department of
147 Trade and Industry shall be its Co-Chairperson.
148

149 The FSDC Board shall determine all other positions in its organizational structure,
150 together with their corresponding qualifications. *Provided, that,* the local chief executives
151 of the concerned LGUs shall serve as regular members of the FSDC Board.
152

153 The Board shall constitute an Executive Committee, hereinafter referred to as the
154 ExeCom, from among its membership to act, for and on its behalf when the Board is not in
155 session, on urgent matters as may be deemed necessary by the Chairpersons. In
156 constituting the ExeCom, the Board must ensure appropriate representation and
157 participation among its members.
158

159 *Provided, further, that* to ensure that all the FSDCs established under this Act are
160 well coordinated and properly administered, the Mindanao Development Authority shall
161 serve as the primary supervising authority for purposes of close coordination of policies
162 and programs that may hereinafter be approved and adopted by the FSDC Boards.
163

164 **SECTION 8. Powers and Functions of the FSDC Board** – The FSDC Board shall
165 have the following powers and functions:
166

- 167 a) Develop a comprehensive and unified strategy and policies to ensure that the
168 purposes of the establishment of Food Supply and Distribution Center (FSDC)
169 and its programs and activities as enumerated in Section 5 of this Act are
170 successfully accomplished;
171
- 172 b) Initiate the development of smart agriculture and conduct of pre-feasibility
173 studies, business planning, policy studies and researches on sustainable
174 agricultural development, food production and related topics intended to
175 improve the operations of FSDCs;
176
- 177 c) Undertake meaningful, consultative and participatory dialogues and business
178 fora between and among the various stakeholders in the agricultural value
179 chain;
180
- 181 d) Identify, assess, evaluate and select potential micro agri-based enterprises in
182 strategic areas and study commodities/products with competitive advantage;
183
- 184 e) Form a Project Management Team, which shall be primarily responsible on the
185 operations of the FSDC;
186
- 187 f) Monitor and closely oversee the undertakings of the Project Management
188 Team;
189
- 190 g) Consolidate and integrate all policies, programs, projects, and initiatives that
191 are supporting and/or connected to FSDC;
192
- 193 h) Mobilize resources for the programs and projects of FSDCs, including resources
194 from international funding partners;
195

- 196 i) Ensure that the resources allocated for FSDC are utilized efficiently and
197 effectively towards the attainment of its goals as envisioned in this Act;
198
199 j) Assess the impact of the implementation of this Act on farmers and other
200 agricultural workers' income, their standards of living and stabilization of
201 consumer prices;
202
203 k) Submit annual reports and policy recommendations to Congress on the proper
204 implementation of this Act, and/or proposals for amendments;
205
206 l) Promulgate its own rules of procedures to govern its proceedings, provided
207 that it shall be in accordance with this Act and its implementing rules and
208 regulations; and
209
210 m) Perform such other functions and duties that are necessary or incidental to the
211 promotion and development of FSDC.
212

213 **SECTION 9. Research and Development.** - To serve the continuum of the
214 agricultural industry, each FSDC shall establish its Research and Development
215 component.
216

217 The FSDC's Research and Development component shall have inception from the
218 State Universities and Colleges in an area coverage basis. This component shall also
219 include and institutionalize a Data Management and Information Sharing Unit to ensure
220 that all relevant information, knowledge, technology and best practices that are
221 significant to the FSDCs are documented and utilized to continuously improve and make
222 innovations in its processes, as well as contribute in the agricultural industry, in general.
223

224 **SECTION 10. Training of Women, Youth and Members of the Indigenous**
225 **Communities** - The Technical Education and Skills Development Authority, the
226 Department of Agriculture's Agricultural Training Institute and the Department of Science
227 and Technology shall conduct trainings and provide technical assistance related to
228 agriculture among women, youth and members of the indigenous peoples to promote
229 their active participation in FSDCs.
230

231 **SECTION 11. Information and Education Campaign.** - To raise public awareness
232 and encourage active participation of citizenry in advancing the purposes of this Act, the
233 FSDC Board and its Project Management Team shall engage the Philippine Information
234 Agency, through the Public Information Office in each of the covered LGU to undertake
235 massive information and education campaign.
236

237 **SECTION 12. Implementing Rules and Regulations** - The Department of
238 Agriculture, as lead agency shall convene the relevant national agencies and other key
239 public and private stakeholders to craft and formulate the implementing rules and
240 regulations (IRR) of this Act, within sixty (60) days from the effectivity of this Act.
241

242 **SECTION 13. Appropriation** - For the effective implementation of this Act, the
243 amount of Five Hundred Million Pesos (PhP 500,000,000.00) is hereby appropriated. The
244 amount for the initial implementation of this Act shall be charged under the existing
245 funding of the Department of Agriculture, Department of Trade and Industry and the
246 Mindanao Development Authority. Thereafter, such amounts necessary for the successive
247 and continuous implementation of this Act shall be automatically appropriated in the
248 annual General Appropriations Act.
249

250 **SECTION 14. *Repealing Clause*** – All laws, executive orders, rules and regulations,
251 orders, memoranda or circulars, and other issuances inconsistent with this Act are hereby
252 revoked, repealed or modified accordingly.

253
254 **SECTION 15. *Separability Clause*** – If, for any reason, any portion or provision of
255 this Act shall be held unconstitutional or invalid, the remaining portions not affected
256 thereby shall continue to be in full force and effect.

257
258 **SECTION 16. *Effectivity Clause***. This Act shall take effect fifteen (15) days from
259 the date of its publication in the Official Gazette or in at least two (2) newspapers of
260 general circulation, whichever comes earlier.

261
262 Approved.