Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
Second Regular Session

House Bill No. 9929

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Introduced by Representative Midy N. Cua
Lone District, Quirino

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

EXPLANATORY NOTE

The Philippines, endowed with rich agricultural resources and a tropical climate ideal for cacao cultivation, holds significant potential for the development of its cacao industry. Despite its natural advantages, the Philippines' cacao industry is still in its nascent stages compared to other cacao-producing countries. Challenges such as low productivity, inadequate infrastructure, limited access to technology, and fragmented supply chains hinder the sector's growth potential. Moreover, inconsistent quality standards and limited market access further constrain the industry's development.

This measure aims to address the challenges faced by the Philippine cacao industry through the following:

- Adoption of the Philippine Cacao Industry Roadmap;
- Establishment of Cacao Centers of Excellence;
- Creation of the Philippine Cacao Industry Council;
- Establishment of the Cacao Program Management Office; and
- Creation of the Regional Cacao Councils

By employing a whole-of-government approach, this measure seeks to unlock the full potential of the Philippine cacao industry. By doing so, the Philippine cacao industry will transform itself into a significant player in both the domestic and international markets, making cacao one of the leading agricultural products of the country.

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

MIDY N. CUA
Representative
Lone District, Quirino

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

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

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

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

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

a. To enhance and increase the production of cacao through expansion and/or rehabilitation of cacao production areas;
b. To formulate strategies and craft action plans, anchored on the value chain approach that will provide development interventions from farm to market and bean to bar for an enhanced and sustainable growth of the Philippine cacao industry;
c. To improve the country's cacao seed system and production of quality planting materials to ensure traceability and reliability of cacao plantations;
d. To institutionalize adaptive sustainable land management system with the participation of smallholders and private sector in nursery establishments and commercial-scale plantations for inclusive agribusiness;
e. To optimize local production capacity by providing improved and climate resilient technologies for cacao production and modern technologies for processing cacao beans and the application of sustainable agricultural practices towards meeting world standards for competitiveness;

f. To integrate and harmonize programs, projects, and activities of government agencies and the private sector supportive of the short, medium, and long-term agenda of the cacao industry;
g. To encourage private sector investment in agribusiness through policy reforms and advocacy, investment promotion, access to financing, and cost-effective incentives;
h. To promote Philippine cacao in the local market and in the international market by providing the needed marketing support through a proactive product and market development program that will position Philippine cacao in the local and global markets;
i. To uplift the welfare and increase the income opportunities of the country's smallholder cacao farmers, producers, processors, and retailers, including their dependent families, by improving their productive capacities and enhancing production quality towards attaining inclusive growth;
j. To provide technology upgrading and continuous innovation in the design, manufacturing, and/or assembly of locally-produced farm equipment and postharvest tools for cacao production and processing to improve productivity and efficiencies;
k. To create a proactive and responsive national implementing office that will review, approve, implement, monitor and evaluate cacao-related programs, projects, and activities to ensure the focused development of the cacao industry that is aligned with the Philippine Cacao Industry Roadmap and subsequent program extension and cacao industry development plans;
l. To strengthen research for development of the cacao industry; and
m. To harness, strengthen, and enhance existing participatory mechanisms to ensure full engagement and active participation of various stakeholders in the development of the cacao industry.

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

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

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

a. Secretary of the Department of Agriculture (DA), as Chairperson;
b. Secretary of the Department of Trade and Industry (DTI), as Vice-Chairperson;
c. A private sector representative, as Co-Vice-Chairperson; Members:
d. Secretary of the Department of Science and Technology (DOST);

e. Secretary of Department of the Interior and Local Government (DILG);
f. Secretary of the Department of Agrarian Reform;
g. Secretary of the Department of Environment and Natural Resources:
h. Secretary of the Department of Education;
i. Commissioner of the Commission on Higher Education;
j. Director General of the Technical Education and Skills Development Authority;
k. Administrator of the Philippine Coconut Authority;
l. President, Union of Local Authorities of the Philippines;
m. Two (2) representatives from civil society organizations from Luzon;
n. Two (2) representatives from civil society organizations from Visayas; and
o. Two (2) representatives from civil society organizations from Mindanao.

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

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

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

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

Representatives from the civil society organizations shall serve for a period of two (2) years. When a vacancy arises due to the resignation, removal for cause, death or incapacity of a member, a replacement shall be appointed who shall serve for the remainder of the representative's term of office.

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

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

a. Formulate, adopt and implement sustainable and industry-wide development policies and programs to steer the growth of the cacao industry towards increased production of fine quality Philippine cacao and its intensive marketing and promotions for domestic and export markets;

b. Through the Cacao Program Management Office, oversee the implementation of the Philippine Cacao Industry Roadmap;
c. Ensure the availability of adequate funding for the accomplishment of the targets in the roadmap, and compliance with the declared policies and attainment of the objectives of this Act;
d. Formulate the criteria and guidelines for the establishment of Cacao Centers of Excellence in major cacao producing regions or in areas suitable for cacao production, and ensure the conduct of relevant research, scientific study and feasible marketing strategies;
e. In collaboration with the Information and Communications Technology Services of the implementing agencies, establish, maintain and integrate a web-based Cacao Production and Farmers Information System which shall be linked to the Farmers and Fisherfolk Enterprise Development Information System of the DA, established pursuant to Section 10 of Republic Act (R.A.) No. 11321 or the Sagip Saka Act and its implementing rules and regulations.
f. Ensure the establishment of cacao production and post-production/ value-adding facilities; adoption and use of modern and advanced technologies for a more profitable, efficient, safe, and environmentally friendly cacao production;
g. Establish a system for the conduct of capacity building, education, and training of cacao farmers and their organizations;
h. Serve as the official platform/venue for convergence on policy-making and operations relative to the cacao industry, and to call upon, coordinate and/or collaborate with other agencies of the government, including bureaus, or government-owned and -controlled corporation, local government units, other concerned agencies, the private sector, and other stakeholders;
i. Formulate policies and programs to promote agribusiness ventures on cacao industry;
j. Establish linkages and collaborate with national and international organizations, development institutions and funding networks of the cacao industry;
k. In coordination with the Agricultural Credit Policy Council and other credit facilities and the Philippine Crop Insurance Corporation, formulate and recommend policies and programs on easy access credit programs and provision of crop insurance for the cacao industry stakeholders;
l. Officially represent the industry in national and international cacao events and fora;
m. Serve as the sole authorized body in the conduct of major cacao events and activities such as cacao congress, conference, cacao cupping/ sensory and other relevant activities for the promotion of the cacao industry;
n. Promote and pursue Philippine cacao branding such as denomination of origin, Geographical Indications, bean grade branding, and unique flavor profiles;
o. Develop efficient and effective marketing and promotions systems of cacao for domestic and export markets;
p. Review, harmonize and update existing standards on cacao and direct or recommend the crafting of additional standards, as necessary;
q. Review existing and recommend new legislation to develop the cacao industry and promote the welfare of cacao stakeholders;
r. Formulate consultation mechanism to ensure that farmers, farm workers, processors, and other stakeholders of the cacao industry may actively participate in policy-making, strategic planning, implementation monitoring and feedback needs and concerns of the cacao industry;
s. Mobilize existing nationwide network of consultative mechanisms to ensure participation of multi-stakeholders in policy development, strategic planning, and monitoring and feedback in the implementation of the Philippine Cacao Industry Development Program;

t. Conduct an annual review and assessment of the implementation of the Roadmap in consultation with the Philippine Council for Agriculture and Fisheries and other relevant stakeholders to determine the accomplishment of the cacao industry as provided in the Roadmap, and to identify the gaps, issues and challenges in its implementation; and

u. Perform other functions and duties as may be necessary.

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

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

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

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

a. Provide support services for the coordination and monitoring of the implementation of the programs, policies and plans formulated pursuant to this Act;
b. Ensure that the roadmaps and other programs are implemented and targets accomplished;
c. Establish a monitoring and evaluation system by which the Cacao Development Programs shall be evaluated;
d. Execute policy decision of the Council;
e. Prepare quarterly report on the implementation of the roadmap to be submitted to the Council;
f. Prepare annual work plan and operating budget of the Council and the Cacao PMO for approval of the Council;
g. Recommend policies and procedures for Council approval;
h. Function as the Secretariat of the Council and provide general administrative and technical support;
i. Coordinate with the appropriate government agency and private institutions in the establishment of an accurate cacao industry data; and
j. Perform other related functions as may be assigned by the Council.

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

a. Regional Director of DA, as Chairman;
b. Regional Director of DTI, as Vice-Chairman;
c. Regional Director of DOST, as member;
d. Regional Director of the DILG, as member;

e. Three (3) representatives from civil society organizations of the cacao industry in the region, who shall be chosen by the government representatives of the RCC from a list of at least three (3) nominees from the Regional Agriculture and Fisheries Council. They shall have the same term and qualifications as the government representatives in the Council.

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

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

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

Sec. 11. ***Establishment of Cacao Centers of Excellence.*** For the enhanced development of the Philippine Cacao Industry, the DA shall establish and maintain Cacao Centers of Excellence in major cacao-producing regions and in areas suitable for cacao production. The establishment and operations of the Center shall be subject to such criteria and guidelines as may be formulated by the Council. Relevant government agencies and State Universities and Colleges (SUCs), together with the DOST and the Food and Drug Administration (FDA), the Centers shall function as follows:

a. Organize systematic programs to improve cacao production including the development of effective production and post-production systems to produce fine cacao;
b. Serve as cacao farmer resource center for cacao production from farm to market and from bean to bar, to include best practices aligned with the world standards in the cacao value and supply chains;
c. Serve as product development hub for value-added cacao and cacao by-products as results of continuous research and development;
d. Serve as the central site for networking and training;
e. Develop capacity building programs and initiatives for cacao farmers and other stakeholders in the cacao value chain;
f. Assess, establish, and conduct collaborative research on emerging technology on cacao;
g. Establish and maintain cacao bean grading laboratory to improve and maintain cacao quality;
h. Develop pool of experts of certified cacao graders and promote culture of cacao bean profiling and grading using the globally accepted standards and protocols with the following core implementing functions: cacao research and development, technology transfer and capacity building, socio-economics evaluation, and policy research;
i. Develop new clonal varieties which are high yielding, good quality, and pest and disease-resistant cacao varieties which can be easily mass propagated.
j. Provide technical assistance on nursery establishment, planting systems and rehabilitation of farms;

k. Develop efficient, sustainable, productive, modern and advanced post-harvest and processing technologies for cacao beans;
l. Establish and conduct collaborative research and other scientific studies;
m. Partner with accredited training centers and implement cacao farming schools as the major channels for technology transfer;
n. Develop and implement programs on capacity-building activities for cacao farmers and other stakeholders in the cacao value chain;
o. Establish and maintain a germplasm collection and gene bank for cacao; and
p. Perform other functions as may be necessary.

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

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

a. National Economic Development Authority (NEDA);
b. Food and Drug Administration (FDA)
c. State Universities and Colleges;
d. Philippine Statistics Authority (PSA);
e. Government financing institutions;
f. Other agencies or institutions as may be deemed necessary.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved,