

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Twentieth Congress
First Regular Session



HOUSE BILL NO. 8374

Introduced by **Representative RAYMOND ADRIAN E. SALCEDA**

AN ACT
STRENGTHENING THE HIGH-VALUE CROPS DEVELOPMENT PROGRAM BY
INSTITUTIONALIZING STRATEGIC AND TARGETED AGRO-
INDUSTRIALIZATION, PROMOTING SUSTAINABLE AGROFORESTRY AND
EFFICIENT UTILIZATION OF MARGINAL LANDS, BUILDING A ROBUST
BIOECONOMY AND AGRICULTURAL INNOVATION SYSTEM, CREATING FOR
THE PURPOSE THE OFFICE OF THE UNDERSECRETARY FOR AGRO-
INDUSTRIALIZATION, BIOECONOMY AND INNOVATION UNDER THE
DEPARTMENT OF AGRICULTURE, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7900, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The Philippines' agricultural sector holds significant untapped potential. Despite accounting for roughly one-tenth of GDP and employing about a quarter of the workforce, its contribution to national income and rural welfare remains constrained by a persistent structural gap: the bulk of agricultural output stays primary and unprocessed, with limited value-addition before it reaches markets. Republic Act No. 7900, or the High-Value Crops Development Act of 1995, provided the statutory foundation for promoting high-value crop production. Thirty years on, however, the law has not kept pace with the transformation of global food systems, the emergence of bioeconomy paradigms, and the imperative for agro-industrial integration that can genuinely and sustainably lift rural incomes.

This bill amends RA 7900 to address three interrelated and compounding structural deficiencies. First, the absence of agro-industrial clustering infrastructure that can anchor processing and value-addition at the production level forces farmers to sell raw commodities at low farmgate prices while the majority of value accrues to traders, intermediaries, and processors who are often located far from the farm. Second, the lack of a systematic program for developing marginal, idle, and degraded lands through agroforestry systems leaves millions of hectares unproductive while simultaneously failing to arrest soil erosion, watershed degradation, and biodiversity loss. Third, the fragmented institutional landscape for agricultural innovation and bioeconomy development prevents research outputs from reaching farmers and markets at the scale and speed necessary to transform the sector.

The bill institutionalizes Strategic Agro-Industrial Clustering by establishing High-Value Agro-Industrial Clusters across all major island groups, integrating production zones, post-harvest infrastructure, processing facilities, cold chain logistics, embedded and distributed power systems, digital traceability, and export gateways into coherent geographic development units capable of attracting large-scale domestic and international investment. Cluster-based planning has been demonstrated across Southeast Asia and East Asia to be among the most effective mechanisms for accelerating agro-industrial transformation.

It also creates a comprehensive Sustainable Agroforestry and Marginal Land Development Program in partnership with the Department of Environment and Natural Resources, the Department of Agrarian Reform, the Department of Science and Technology, state universities and colleges, and local government units, with focused support for multi-storey cropping systems using high-value trees, perennial crops, and ground crops — including cacao, coffee, rubber, bamboo, spices, and medicinal plants — that can generate income streams while simultaneously restoring degraded uplands, protecting watersheds, and sequestering carbon.

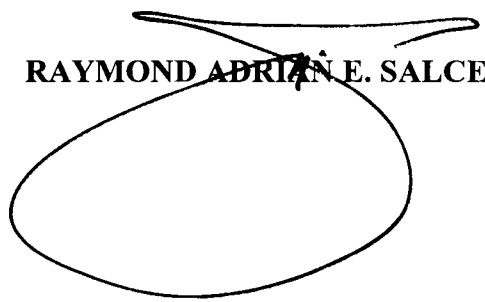
To drive bioeconomy and innovation at scale, the bill creates the Philippine Bioeconomy and Innovation Program for High-Value Agriculture, establishing Bioeconomy Innovation Hubs within major agro-industrial clusters and formalizing linkages among the Department of Agriculture, DOST, CHED, state universities and colleges, and private research and development institutions. The program supports biotechnology, precision agriculture, digital farming, embedded power system integration, and bio-input development, with explicit mechanisms for commercializing research outputs and nurturing start-ups in bio-based industries.

To build permanent institutional capacity for these transformations, the bill creates the Office of the Undersecretary for Agro-Industrialization, Bioeconomy and Innovation under the Department of Agriculture, supported by a new technical bureau — the Bureau of Agro-Industrialization and Bioeconomy Development. This ensures that agro-industrial and bioeconomy concerns are represented at the highest levels of agricultural governance, with a permanent mandate to coordinate across agencies, attract investment, develop industrial roadmaps, and align DA programs with national innovation and industrial strategies.

The bill substantially increases the capitalization of the High-Value Crops Development Fund to Ten Billion Pesos over five years, with targeted allocations for infrastructure, research and development, agroforestry rehabilitation, digital agriculture, credit mechanisms, and extension services. The Fund is opened to blending with climate finance instruments, green bonds, and multilateral development financing, subject to clear authorization and oversight mechanisms.

This measure is grounded in the recognition that genuine agricultural transformation in the Philippines requires not merely crop support programs but a systemic shift toward agro-industrialization, bioeconomy, and integrated rural development. High-value crops, properly anchored in processing infrastructure, innovation ecosystems, and inclusive financing, represent one of the country's most significant and still insufficiently tapped economic frontiers. The transformation this bill envisions is both feasible and urgent.

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



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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 “High-Value Agriculture, Agro-Industrialization and Bioeconomy Act of 2026.”

SEC. 2. *Declaration of Policy.* – Section 2 of Republic Act No. 7900 is hereby amended to read as follows:

“It is hereby declared the policy of the State to:

(a) Accelerate inclusive, equitable, and sustainable agricultural growth through strategic and targeted agro-industrialization that connects production with value-adding industries;

(b) Develop globally competitive, climate-resilient, and innovation-driven high-value crop industries capable of contributing to national food security and export earnings;

(c) Promote sustainable agroforestry systems and integrated farming models that enhance biodiversity, restore degraded lands, sequester carbon, and improve rural incomes;

(d) Ensure the efficient, productive, and sustainable utilization of marginal, idle, underutilized, and degraded lands for high-value agriculture and agroforestry;

(e) Build a robust Philippine Bioeconomy and Agricultural Innovation System that harnesses renewable biological resources, biotechnology, digital agriculture, and circular economy approaches to generate new sources of agricultural value;

(f) Strengthen value-adding, processing, embedded power systems, logistics, and export competitiveness of high-value crop industries; and

(g) Enhance farmer incomes, rural employment, and equitable participation of agrarian reform beneficiaries, indigenous peoples, women, and youth in the gains of agricultural transformation.”

SEC. 3. *Expanded Definition of Terms.* – Section 4 of Republic Act No. 7900 is hereby amended to include the following definitions:

(a) *Agro-industrialization* – the strategic integration of agricultural production with value-adding processing, embedded power systems, logistics, marketing, and industrial applications to increase the share of processed and manufactured agricultural output in national production and trade;

(b) *Agroforestry* – sustainable land-use systems integrating trees, perennial crops, annual crops, and/or livestock in spatial or temporal arrangements to simultaneously enhance productivity, resilience, and ecological services, including watershed protection and carbon sequestration;

(c) *Bioeconomy* – economic activities derived from the sustainable production and conversion of renewable biological resources, including crops, forests, and biological waste streams, into food, feed, fiber, bio-based products, and bioenergy;

(d) *Agricultural Innovation System* – the network of institutions, policies, research organizations, enterprises, and farming communities that collectively develop, adapt, and apply new technologies, knowledge, and practices to improve agricultural productivity, sustainability, and competitiveness;

(e) *Embedded Power System* – distributed and on-site energy generation and management infrastructure, including solar photovoltaic, biomass, biogas, and hybrid energy systems, integrated directly within agricultural processing facilities, cold storage, and agro-industrial clusters to reduce dependence on grid power and lower the cost of agricultural value-adding operations; and

(f) *Marginal Lands* – lands with physical, climatic, or soil constraints that limit conventional agricultural productivity, including degraded uplands, sloping lands, idle coconut areas, and climate-vulnerable zones, but which may be suitable for agroforestry, multi-storey cropping, or specialized high-value crop systems.

SEC. 4. *Strategic Agro-Industrial Clustering.* – A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“The Department of Agriculture (DA), in coordination with the Department of Trade and Industry (DTI), Department of Public Works and Highways (DPWH), Department of Energy (DOE), National Economic and Development Authority (NEDA), and concerned Local

Government Units (LGUs), shall establish and develop National High-Value Agro-Industrial Clusters (HVAICs) in strategically identified areas across Luzon, Visayas, and Mindanao.

The DA shall:

- (a) Conduct cluster-based planning integrating production zones, post-harvest facilities, processing hubs, embedded power systems, cold chain infrastructure, digital traceability systems, and export gateways into coherent agro-industrial development units;
- (b) Identify and publicly designate priority high-value crop commodities per ecological and production zone, based on technical suitability, market potential, and development impact;
- (c) Facilitate public-private partnerships (PPPs) for agro-processing investments, bio-based industries, and shared logistics and cold chain infrastructure within designated HVAICs;
- (d) Issue the rules and regulations for the accreditation, development, and monitoring of HVAICs, including minimum standards for agro-industrial infrastructure, environmental compliance, and social safeguards; and
- (e) Submit to Congress an annual report on the status of HVAIC development, investment attraction, employment generation, and commodity volume processed within each cluster.”

SEC. 5. *Sustainable Agroforestry and Marginal Land Development Program.* – A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“The Department of Agriculture, in coordination with the Department of Environment and Natural Resources (DENR), Department of Agrarian Reform (DAR), Department of Science and Technology (DOST), state universities and colleges (SUCs), and LGUs, shall establish and implement a Sustainable Agroforestry and Marginal Land Development Program. The DA shall:

- (a) Identify, map, and maintain a national inventory of marginal, idle, degraded, and climate-vulnerable lands suitable for agroforestry and specialized high-value crop production, in coordination with DENR and DAR;
- (b) Promote, develop, and disseminate climate-smart, biodiversity-friendly, and income-generating high-value crop systems adapted to marginal land conditions, including multi-storey cropping systems and systems incorporating cacao, coffee, rubber, fiber crops, banana, pineapple, rootcrops, coconut intercropping, bamboo, spices, and medicinal plants;
- (c) Provide technical assistance, planting materials, inputs support, and access to financing to farmers and communities adopting sustainable agroforestry systems on marginal and degraded lands;
- (d) Integrate carbon sequestration valuation, ecosystem services accounting, and green and climate financing mechanisms into agroforestry program design and implementation; and

(e) Establish partnerships with SUCs and research institutions for the continuous improvement of agroforestry technologies, variety development, and knowledge dissemination.”

SEC. 6. *Philippine Bioeconomy and Innovation Program for High-Value Agriculture.*
– A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“A Philippine Bioeconomy and Innovation Program for High-Value Agriculture is hereby established. The DA, in coordination with DOST, Commission on Higher Education (CHED), Technical Education and Skills Development Authority (TESDA), SUCs, and private research and development institutions, shall:

(a) Support the development and deployment of biotechnology, precision agriculture, digital farming, embedded power systems, and bio-input technologies applicable to high-value crop production and agro-industrial processing;

(b) Establish Bioeconomy Innovation Hubs within designated High-Value Agro-Industrial Clusters to serve as centers for applied research, technology demonstration, start-up incubation, and technology transfer to farmers and agro-enterprises;

(c) Facilitate the commercialization of research outputs and the scaling of start-up enterprises in bio-based industries, precision agriculture, and agri-digital services;

(d) Develop and implement a Philippine High-Value Agriculture Research and Development Roadmap, in coordination with DOST and CHED, identifying priority research investments and technology pathways for a ten-year period; and

(e) Establish mechanisms for monitoring, evaluating, and publicly reporting on the outputs and impacts of bioeconomy and innovation investments funded under this Act.”

SEC. 7. *Creation of the Office of the Undersecretary for Agro-Industrialization, Bioeconomy and Innovation.* – A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“There is hereby created under the Department of Agriculture the Office of the Undersecretary for Agro-Industrialization, Bioeconomy and Innovation (OUABI).

The Undersecretary for Agro-Industrialization, Bioeconomy and Innovation shall:

(a) Lead the planning, coordination, and implementation of national agro-industrial cluster development programs under this Act;

(b) Oversee the Philippine Bioeconomy and Innovation Program for High-Value Agriculture;

(c) Coordinate the development and implementation of high-value crop industrial roadmaps across all major commodity groups;

(d) Mobilize domestic and international investments in agro-industrial and bioeconomy sectors, including through PPP arrangements and engagements with multilateral development partners;

(e) Align DA programs and budgets with national innovation, industrial, and bioeconomy strategies;

(f) Coordinate with the Office for Competition under the Department of Justice, relevant regulatory agencies, and the Philippine Competition Commission on matters related to agro-industrial market structure and fair competition; and

(g) Submit an annual report to Congress on the status and performance of agro-industrialization, bioeconomy, and innovation programs under this Act.

The OUABI shall supervise a technical bureau to be known as the Bureau of Agro-Industrialization and Bioeconomy Development (BAIBD). The BAIBD shall:

(a) Provide technical and operational support to the OUABI in the implementation of agro-industrial cluster development and bioeconomy programs;

(b) Manage the national database and monitoring system for high-value agro-industrial clusters, bioeconomy enterprises, and innovation hubs;

(c) Develop technical standards, guidelines, and protocols for agro-processing, value-chain development, and bio-based product quality; and

(d) Facilitate interagency coordination with DTI, DOST, DENR, DAR, CHED, TESDA, and other relevant agencies in the implementation of this Act.

The creation of the OUABI and the BAIBD shall be subject to the rationalization and staffing requirements of the Department of Budget and Management (DBM) and the Civil Service Commission (CSC). The organizational structure, staffing pattern, and position classification of the OUABI and the BAIBD shall be determined in coordination with the DBM and CSC in accordance with existing civil service laws and regulations.”

SEC. 8. *Strengthening of the High-Value Crops Development Fund.* – Section 8 of Republic Act No. 7900 is hereby amended to read as follows:

“The High-Value Crops Development Fund (HVCDF) is hereby strengthened with an increased capitalization of Ten Billion Pesos (P10,000,000,000.00) to be released over five (5) years at Two Billion Pesos (P2,000,000,000.00) per fiscal year, subject to the annual General Appropriations Act.

The HVCDF shall be allocated as follows:

(a) Twenty-five percent (25%) for agro-industrial infrastructure within designated High-Value Agro-Industrial Clusters;

(b) Twenty percent (20%) for research, development, and innovation, including the Bioeconomy Innovation Hubs;

(c) Twenty percent (20%) for the Sustainable Agroforestry and Marginal Land Development Program;

(d) Fifteen percent (15%) for credit guarantee facilities and risk-sharing mechanisms for high-value crop producers and agro-enterprises;

(e) Ten percent (10%) for digital agriculture, traceability systems, and embedded power system investments; and

(f) Ten percent (10%) for capacity building, extension services, and technology transfer to farmer organizations and cooperatives.

The DA, in coordination with the Department of Finance (DOF), DBM, and Bangko Sentral ng Pilipinas (BSP), is authorized to develop and implement a blended financing mechanism to leverage climate finance, green bonds, official development assistance, and multilateral development financing in support of HVCDF-eligible investments: *Provided*, That the terms, conditions, and risk-sharing arrangements for all blended financing under this section shall be approved by the DBM in coordination with the DOF and shall be consistent with applicable government financial management laws and regulations: *Provided, further*, That annual reports on the utilization, blending, and performance of the HVCDF shall be submitted to the Commission on Audit and Congress within ninety (90) days following the close of each fiscal year.”

SEC. 9. *Incentives for Sustainable High-Value Agriculture.* – A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“In addition to existing incentives under Republic Act No. 7900 and other applicable laws, the following incentives are hereby provided:

(a) Qualified agro-processing enterprises investing in designated High-Value Agro-Industrial Clusters shall be eligible for fiscal incentives under Republic Act No. 11534 (CREATE Act) and its amendments, subject to the approval of the Fiscal Incentives Review Board (FIRB);

(b) Credit guarantee facilities and interest rate subsidies shall be made available through the Agricultural Credit Policy Council (ACPC) for bio-based enterprises, agro-processing cooperatives, and high-value crop agribusiness ventures;

(c) Green incentives, including preferential financing and technical assistance, shall be provided to farmers, cooperatives, and enterprises adopting climate-resilient crop systems, sustainable agroforestry practices, and carbon sequestration projects; and

(d) Grants under the HVCDF shall be made available to duly accredited farmer cooperatives and associations establishing primary processing facilities within or in proximity to designated High-Value Agro-Industrial Clusters.”

SEC. 10. *Monitoring, Evaluation, and Impact Measurement.* – A new section is hereby inserted in Republic Act No. 7900 to read as follows:

“The DA shall establish a Results-Based Monitoring and Evaluation Framework for all programs and investments under this Act. The Framework shall include, at minimum, the following key performance indicators:

(a) Changes in average net farm income among beneficiary farmers by commodity and region;

(b) Hectares converted to productive agroforestry systems and number of marginal land parcels rehabilitated;

(c) Volume and value of high-value crop exports and share of processed products in total export value;

(d) Growth in the number of accredited agro-processing enterprises and investments attracted to HVAICs;

(e) Greenhouse gas mitigation and carbon sequestration estimates from agroforestry and bioeconomy programs; and

(f) Value-added share of high-value crops in total agricultural GDP.

An annual High-Value Agriculture and Bioeconomy Performance Report shall be prepared by the DA and submitted to the Office of the President and to Congress. The Report shall be made publicly available on the official website of the DA.”

SEC. 11. *Appropriations.* – The amount of Two Billion Pesos (P2,000,000,000.00) is hereby appropriated from the National Treasury to carry out the provisions of this Act during the first year of its implementation. Thereafter, such sums as may be necessary for the continued implementation of this Act shall be included in the annual General Appropriations Act.

SEC. 12. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Agriculture, in consultation with the Secretaries of Trade and Industry, Environment and Natural Resources, Agrarian Reform, Science and Technology, Finance, and Budget and Management, as well as with representatives of farmer organizations, cooperatives, agro-industrial enterprises, and relevant civil society organizations, shall promulgate the Implementing Rules and Regulations necessary to carry out the provisions of this Act.

SEC. 13. *Separability Clause.* – If any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 14. *Repealing Clause.* – Sections 2, 4, and 8 of Republic Act No. 7900 are hereby amended as provided in this Act. All other laws, executive orders, presidential decrees, rules, and regulations or portions thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 15. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation in the Philippines, whichever comes earlier.

Approved,