

FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

SENATE  
OFFICE OF THE SECRETARY

SENATE

S. No. 1031

RECEIVED BY: 

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Introduced by Senator Manuel "Lito" M. Lapid

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### EXPLANATORY NOTE

This bill seeks to revive the dwindling cacao industry of the country.

Cacao is a small evergreen plant introduced by the Spaniards to the Philippines in 1674 to 1680. Its seeds or beans are used to make cocoa and chocolate, which has medicinal uses as well as culinary purposes.

Worldwide consumption of chocolate has been increasing three percent annually with new market demand growing steadily in regions like Central Asia and Eastern Europe, especially in mainland China, India and various states of the Russian Federation. Major cocoa bean processors include: Hershey's, Nestlé and Mars, all of which purchase cocoa beans via various sources.

The very rich and fertile Philippine soil is very well suited in the production of cacao but, ironically, the country still imports a large amount annually. As of 2008 the country only has 1.5 million cacao trees producing around 6,000 metric tons annually, ranking 18<sup>th</sup> in the world among cacao-producing nations. Southern Mindanao is the country's largest cacao-producing region, particularly Davao Oriental with nearly 4,000 hectares planted to cacao trees, followed by the CALABARZON region, particularly Quezon and Cavite.

With the world prices of cocoa beans shooting up to 3200 US dollars per metric ton last 2008 compared to 1007 US dollars in 2007, the Philippine cacao industry is expected to boost the exports of cacao beans and cocoa from the region, generating more dollar earnings and providing more livelihood and jobs for Filipinos.

The legislation envisions the creation of a center that will have general powers and functions in line with the research and development of the Department of Agriculture-Bureau of Agricultural Research (DA-BAR), Department of Science and Technology (DOST), Department of Trade and Industry (DTI), and the National Economic and Development Authority (NEDA). The Center will be in the forefront of educating and training all stakeholders in the cacao industry; conducting relevant researches, scientific study and feasible marketing strategies; extending technologies; and creating linkages with international organizations and other cacao development centers in other countries.

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

  
**MANUEL "LITO" M. LAPID**  
Senator

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**AN ACT**  
**CREATING A CACAO RESEARCH AND DEVELOPMENT CENTER,**  
**AUTHORIZING THE APPROPRIATION OF FUNDS THEREFOR, AND FOR**  
**OTHER PURPOSES**

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

**SEC. 1. Establishment of a Cacao Research and Development Center.** - The Cacao Research and Development Center is hereby established.

**SEC. 2. Powers and Functions.** - The Center shall have the following general powers and functions in line with the research and development programs of the Department of Agriculture - Bureau of Agricultural Research (DA-BAR), Department of Science and Technology (DOST), Department of Trade and Industry (DTI), and National Economic and Development Authority (NEDA).

- a. Educate and train all stakeholders of the cacao industry;
- b. Conduct relevant researches, scientific study and feasible marketing strategies;
- c. Extend technologies; and
- d. Linkage with international organizations and other cacao development centers in other countries.

**SEC. 3.** The Center shall have the specific powers and functions:

- a. Develop productive, high yielding, good quality varieties of cacao;
- b. Develop efficient, economic and productive cacao production technologies;
- c. Develop effective and sound cacao processing technologies for varieties "Forastero", "Criollo" and other outstanding varieties of cacao;
- d. Develop effective production systems for all cacao varieties;
- e. Establish and maintain germplasm collection and gene bank for cacao;
- f. Develop effective and efficient marketing systems for cacao;
- g. Evolve productive cacao-based farming systems;

- h. Develop and implement appropriate and suitable technology packages and effective technology transfer schemes, especially the conduct of training programs;
- i. Upgrade the skills of development facilitators, extensionists and farmers through trainings, seminars and workshop on cacao production and postharvest handling and processing;
- j. Establish national and international linkages for cacao research, development, extension and production activities; and
- k. Coordinate with other government/non-government agencies involved in the development of the cacao industry.

**SEC. 4. Qualifications of the Executive Director.** - The Center shall be headed by an Executive Director who shall be responsible for the planning, implementation, and supervision of the Center's program of activities. The Executive Director shall possess the following qualifications:

- a. Must not be more than **fifty (50)** years of age;
- b. Must have completed substantial and relevant education and experience on cacao research and development; and
- c. *Must be of good moral character and has not been involved in a legal case involving moral turpitude.*

All other officers and employees of the Center shall be appointed by the Executive Director consistent with the provisions of the Civil Service laws, rules and regulations.

**SEC. 5. Advisory Board.** - The plans and programs of the Center shall be reviewed annually by the Advisory Board composed of:

- a. The Secretary of the Department of Agriculture as Chairman;
- b. The Secretary of the Department of Trade and Industry, as Vice Chairman;
- c. One (1) representative from a non-governmental organization (NGO) working on cacao production, research and development and processing;
- d. One (1) representative from the group of cacao traders;
- e. One (1) representative from the group of cacao processors; and
- f. One (1) representative from the group of cacao growers.

**SEC. 6. Quorum.** - The presence of at least four (4) members at the time of the meeting shall constitute the quorum: *Provided, however,* That the Chairman, in his/her absence, the Vice Chairman, shall preside.

**SEC. 7.** The Center is hereby authorized to plan, construct, develop, improve, acquire, or lease buildings, farms, fields and other facilities, to purchase machineries, equipment, materials and supplies locally or abroad as may be necessary to carry out its functions and objectives. Moreover, the Center shall enjoy exemption from taxes and other duties in the importation of such machineries, development and extension programs, subject to the provisions of the Tariff and Customs Code, the National

Internal Revenue Code and the provisions on Automatic Appropriations under the General Appropriations Act.

**SEC. 8. *Appropriation.*** - The amount of Fifty Million Pesos (Php50,000,000.00) is hereby authorized to be appropriated from the Special Activities Fund of the President of the Republic of the Philippines, or from any other sources that may be identified for the purpose. Thereafter, such sum required for its operation, maintenance, research, and development shall be included in the annual General Appropriations Act.

**SEC. 9. *Revolving Fund.*** - Any and all savings and income of the Center shall constitute a revolving fund which shall not be reverted to the General Fund and which shall be used by the Center in the furtherance of its goals and objectives.

**SEC. 10. *Repealing Clause.*** -All existing laws, rules and regulations or part thereof inconsistent with the provisions of this Act are hereby repealed, superseded or modified accordingly: *Provided, however,* That nothing in this Act shall amend, modify or repeal the provisions of Republic Act No. 7160, otherwise known as the Local Government Code.

**SEC. 11. *Effectivity Clause.*** - This Act shall take effect after fifteen (15) days of its complete publication in the Official Gazette or in at least two (2) newspapers of national circulation.

***Approved,***