

**Comments on House Bill No. 3655: “An Act Providing for Direct Financial Assistance to Backyard Livestock Raisers Affected by Major Animal Disease, Epidemic, or Transboundary Animal Diseases, Amending for the Purpose Republic Act No. 1578, and for Other Purposes”, authored by REP. ALFRED C. DELOS SANTOS**

*Prepared by Roehlano M Briones<sup>1</sup>*

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## **Background**

The Bill commendably points out that there is an existing law, RA 1578 of 1956 (in turn a consolidation of CA 118 and RA 699), that needs to be revisited. That law created a Livestock Promotion Fund with the following purposes:

- For the introduction, propagation, production, and distribution of purebred and improved breeding animals
- For the establishment, equipment, maintenance and operation of stock farms, breeding stations, breeding centers, fixed or ambulatory, and slaughterhouses, in such places as may be deemed appropriate therefor and beneficial to the livestock industry: Provided, however, That no slaughterhouse shall be established in the City of Manila.
- For the manufacture of biological products needed in the control and eradication and treatment of animal diseases and parasites.cralaw
- For conducting experiments on the manufacture, preservation, utilization and industrialization of animal products, including milk and milk derivatives; and
- For such other purposes as may have for their object the stabilization, protection and development of the Philippine Livestock Industry.

The Fund authorizes collection of slaughter fees, in both public and private slaughterhouses, to finance the Fund, alongside sales of animals by the Bureau of Animal Industry. In the 2023 GAA, the Livestock Promotion Fund is authorized to disburse the amount of Php 69.6 million, to be funded out of these authorized sources.

The Bill proposes to amend RA 1578 with a provisions preferring individual backyard raisers. Support to this preferred sector takes the form of direct financial assistance to

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<sup>1</sup> Dr. Roehlano M Briones, Senior Research Fellow at the Philippine Institute for Development Studies (PIDS)

individuals, and other projects for their welfare. The Bill also updates the by-now miniscule fees being charged by slaughterhouses for financing the Fund.

The Bill comes at a time when other initiatives in Congress are underway for promotion of livestock, poultry, and dairy competitiveness. This context is the basis of the assessment and recommendations, below.

## Assessment

Considered alongside HB 0440, HB 3655 offers three contrasts: first is preference for backyard raisers; second is inclusion of individual farmers, subject to their entry into the Registry System for Basic Sectors in Agriculture (RSBSA); third is provision for industry fee-based financing. HB 0440 on the other hand prefers farmer organizations as beneficiaries of publicly-funded programs; with financing for livestock, poultry, and dairy industries to be obtained from the General Fund, together with tariffs of livestock, poultry, and dairy imports, under a Livestock, Poultry, and Dairy Competitiveness Enhancement Fund (LPDCEF).

Implicitly, HB 0440 envisions individual backyard raisers to form cooperatives and other associations as a condition to access public funds. In view of economies of scale in livestock production, as well as the critical role of collective action and coordination in biosecurity and waste management, the preference for farmer organizations is well-justified. The same arguments appear in PIDS DP 2022-20: *Towards Competitive Livestock, Poultry, and Dairy Industries: Consolidated Benchmarking Study* by R Briones and I Espineli.

Moreover, the plowback-type scheme introduced in RA 8178 for minimum access volume imports, and by RA 11203 for all rice imports, avoids raising the cost of doing business (although the tariffs themselves raise the cost to consumers). However, the increased slaughter fees proposed by HB 3655 increase the cost of doing business in the livestock industry.

## Recommendations

I therefore recommend consolidating this Bill into a wider legislation on livestock, poultry, and dairy industry development. Collections for the Livestock Promotion Fund should be abolished and existing monies be absorbed by the LPDCEF. The preference for organized farmers and the plowback formula of HB 0440 should also be retained.

