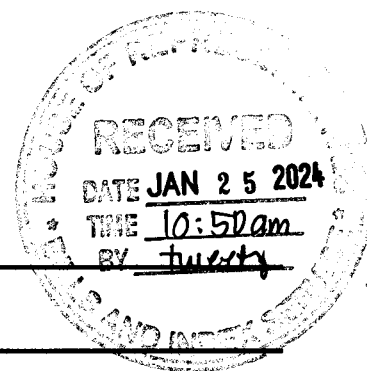


Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
19<sup>th</sup> Congress



House Bill No. **9830**  
Introduced by Cong. Claude P. Bautista

EXPLANATORY NOTE

This Bill titled AN ACT CREATING THE NATIONAL COFFEE DEVELOPMENT AUTHORITY FOR THE MODERNIZATION OF THE PHILIPPINE COFFEE INDUSTRY AND APPROPRIATING FUNDS THEREFORE seeks to promote and enhance the production of the coffee industry in the country with the aim of having an import-substitution to export-substitution of coffee in the global market. Approximately 81% of all coffee requirements in the Philippines is imported.

The Philippines has the favorable climatological conditions, soil specifications, and land areas suitable for the production of Arabica, Robusta, Excelsa, and Liberica variants. There are also other import coffee varieties like the Blue Mountain from Hawaii which experts said can be cultivated in the Philippines.

The Philippines used to be a top exporter of coffee, but through the years this has changed for lack of comprehensive and viable plan and actions, as well as minimum support from concerned government agencies. Local coffee production is decreasing by 3.5% per year over the past 10 years, when the Philippine's consumption from 2018-2020 increased by 2.1%. In 2015, the Philippines occupy the 30<sup>th</sup> slot among coffee producers in the world, but further slid to the 34<sup>th</sup> slot in 2020.

The production value of coffee in the Philippines from 2012-2022 (in billions of Philippine pesos) amounted to the following: In 2022, the value of coffee produced in the Philippines amounted to around Php 3.37 billion, indicating an increase from the previous year. In the same year, the total coffee consumed by Filipinos amounted to 3.31 million 60-million-kilogram bags.

Percent share in area planted to coffee by region (2020) was 113, 264.89 has. The top five regions with the biggest planting area for coffee in the last five years ago are as follows: SOCCSKARGEN, 27,010.25 ha; Davao Region, 15, 881, 29 ha; ARMM, 13, 976, ha; CALABARZON, 13, 196 ha.; and Northern Mindanao, 11, 639.41 ha.

There is a need to focus on the production and modernization of the Coffee Industry in the Philippines if the country is to increase its production and be able to be globally competitive. For this reason, this presentation proposes the Creation of the National Coffee Development Authority that will, among others, promote the coffee industry in order to address not only the shortage of domestic coffee supply but be able to create a niche in the worldwide market for high value cash crop.

Just like other agencies under the Department of Agriculture e.g., Fertilizer and Pesticides Authority and the Philippine Fiber Development Authority, the National Coffee Development Authority will have a governing board composed of the Secretaries from DA, DTI, DAR, Executive Director and a Director from the Philippine Council for Agricultural and Resources Research and Development.

There will be one representative from among the concerned government financial institutions and regional coffee farmers association representatives. A regionalized coffee commission shall take charge and oversee the operation of the coffee farms. They shall be the conduit of all information and concerns/issues coming from the field to the NCDA board for proper disposition.

For the foregoing reasons, the passage of this Bill is earnestly sought.



**Hon. Claude P. Bautista**

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**NINETEENTH CONGRESS**  
Second Regular Session

**HOUSE BILL NO. 9830**

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Introduced by Representative Claude P. Bautista

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**AN ACT CREATING THE NATIONAL COFFEE DEVELOPMENT  
AUTHORITY FOR THE MODERNIZATION OF THE PHILIPPINE COFFEE  
INDUSTRY AND APPROPRIATING FUNDS THEREFOR**

*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 "NATIONAL COFFEE DEVELOPMENT AUTHORITY ACT."

**SECTION. 2. *Declaration of Policy.*** - It is hereby declared the policy of the State to promote and modernize the coffee industry through creating an efficient framework in the coffee production and establishment of research and development facilities, and sufficient support services in order to empower local coffee stakeholders to earn higher income and increase in coffee production thereby enhancing the country's global competence in the coffee industry.

The State shall fully exploit the industry's potentials to increase the farmers' income, reduce imports of coffee products and generate foreign exchange revenues.

**SECTION. 3. *National Coffee Development Authority Act-*** This Act shall create an Authority in order to modernize the coffee industry in the country through establishing a structure that would enable the coffee industry stakeholders especially the coffee farmers, processors, traders, and exporters to be guided and provided with sustainable benefits and programs in order to establish an efficient and stable coffee industry that can meet the demands of the local market and eventually the global market.

**SECTION 4. *Creation of the National Coffee Development Authority (NCDA)-*** There shall be a National Coffee Development Authority to serve as the authority for the development of the Philippine Coffee Industry. It shall be an attached agency of the Department of Agriculture.

In relation thereto, NCDA will subsume the functions of the Philippine Council for Agriculture and Fisheries (PCAF) only in monitoring, specifically in monitoring the implementation of the coffee programs and the Department of Agriculture's High Value Crops Development Program as the lead coordinator of coffee production and farm expansion projects.

**SECTION 5. Objectives of NCDA.-** The NCDA shall have the following objectives:

1. To promote the country's coffee industry in order to address the problems on shortage of domestic coffee supply;
2. To improve the quality of life of Filipino farmers through coffee farming in the areas suitable for the crop;
3. To safeguard the profitability of coffee farmers through their adoption of prescribed and modern technology in terms of coffee production, processing and marketing;
4. To ensure that coffee is planted only during the times prescribed and only in areas specifically identified as suitable for coffee-growing and that only properly certified seedlings are used;
5. To provide sufficient support services to local coffee farmers in order for them to maximize market efficiency;
6. To create programs in order to enable the local coffee farmers to be economically sustainable; and
7. To promote the branding of Philippine Coffee for export purposes

**Section 6. Functions. –** The NCDA shall have the following functions:

- a. To undertake research studies on all aspects of the industry, including pilot studies, and to ensure strong and effective linkages between research and extension;
- b. To package and disseminate recommended production technology to guide coffee production activities in the country;
- c. To design and implement a specialized extension program on coffee production, and other training and communications program for manpower development in the various aspects of industry operations;
- d. To promulgate and enforce rules and regulations to govern coffee production, particularly with regard to closed season planting; the production, distribution, and use of planting seeds; the areas for coffee-growing; pest control, and other quarantine measures;

- e. To identify suitable areas for coffee-production and promote production in such areas;
- f. To support and enhance efforts of coffee farmers in organizing themselves into coffee farmers' associations or cooperatives;
- g. To produce breeder, foundation and registered seeds; set and enforce standards and procedures for seed production and marketing; supervise certified seed production by private coffee seedling growers;
- h. To source out and import suitable coffee varieties from other countries;
- i. To provide assistance to small farmers in the marketing of their coffee produce;
- j. To design and implement an industry monitoring and information system;
- k. To undertake coffee industry manpower development;
- l. To assist farmers in sourcing funds for coffee production;
- m. To conduct regular consultations with the coffee farmers, growers, and all other sectors involved in the coffee industry;
- n. To design and administer a package of incentives to promote private sector investments in the coffee industry;
- o. To develop the export potentials of coffee; and
- p. In general, to undertake all other functions as may be necessary to ensure the success of the coffee industry and promote the interests of small coffee farmers

**Section 7. Powers.** – The NCDA shall have the following powers:

- 1. To administer and regulate the coffee industry in the Philippines;
- 2. To incur any obligation or enter into contract with any person, material or juridical, domestic or foreign, essential to the proper administration of its affairs and the accomplishment of its purposes and objectives;
- 3. To own, purchase, lease, mortgage, encumber or otherwise dispose of real and personal property in accordance with its purposes and objectives;
- 4. To accept and receive financial and other support from private and other sources *for the development and promotion of the coffee industry*;
- 5. To promulgate and enforce rules and regulations on the production of coffee;

6. To impose administrative sanctions for violation of the rules and regulations issued by the NCDA;
7. To establish, operate and maintain testing and experimental stations;
8. To accredit associations/confederations of coffee farmers, growers, traders, exporters and other associations involved with the coffee industry; and
9. To undertake measures to ensure that small farmers receive a fair price for their produce.

**Section 8. *The Governing Board of the NCDA.*** – The NCDA shall be governed by a Board, composed as follows:

- a. Secretary of Agriculture, as *ex-officio* Chairman;
- b. Secretary of Trade and Industry;
- c. Secretary of Agrarian Reform;
- d. Executive Director
- e. Director, Philippine Council for Agriculture and Resources Research and Development;
- f. One (1) representative from among the government financial institutions to be appointed by the President of the Philippines upon the recommendation of the Secretary of Agriculture;
- g. Three (3) representatives from the coffee farmers associations to be appointed by the President of the Philippines upon the recommendation of their respective confederations in Luzon, Visayas and Mindanao duly accredited by the NCDA

**SECTION 9 . Creation of the Regionalized Coffee Commission**-In order for the NCDA to have an efficient and maximized management productivity, there shall be a coffee commission in each region identified as coffee producing region by the Governing Board. The primary function of the Regionalized Coffee Commission is to implement the programs formulated by the Executive Director and approved by the Governing Board.

**SECTION 10. Composition of the Regional Coffee Commission**- Each Regional Coffee Commission shall be composed of a Regional Director and two (2) Assistant Regional Directors who shall be appointed by the Governing Board.

The Executive Director and the members of the Board, except for the representatives of the coffee farmers associations and the *ex officio* members, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, resignation or removal for cause, their replacements shall serve only the unexpired portion of the respective terms. No person shall be appointed as a member of the Board unless the person is

a Filipino citizen, of good moral character, of proven probity and integrity, and with at least ten (10) years relevant working experience, preferably in the field of coffee management or public administration.

The members of the Board, except the *ex officio* members, shall each receive a *per diem* allowance at rates to be determined by the Department of Budget and Management in accordance with existing rules and regulations: *Provided, however,* That the total *per diem* allowance collected each month shall not exceed the equivalent of four (4) meetings unless and until the President of the Philippines has fixed a higher rate for the *per diem* allowance for the members of the Board, such allowance shall not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.

**SEC. 11. Organization and Personnel.** – The Board of Directors of the NCDA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification. The Board shall have exclusive and final authority to promote, transfer, assign, reassign, or remove officers of the NCDA, any provision of existing law to the contrary notwithstanding. The Executive Director shall execute the decisions of the Board.

The officers and employees of the NCDA, including all members of the Board, shall not engage directly or indirectly in partisan NCDA, shall be removed or suspended except for cause, as provided by civil service rules and regulations.

**Section 12. Powers and functions of the Board.** – The Governing Board shall act as the policy making body of NCDA to formulate policies, promulgate regulations and prescribe rules to attain NCDA's purposes and objectives.

**Section 13. Promulgation of rules and regulations.** – The Governing Board shall promulgate rules and regulations for the full implementation of this Act within ninety (90) days of its effectivity. Such rules and regulations shall take effect upon publication in the Official Gazette or in a newspaper of general circulation and shall be amended by the Governing Board from time to time as it may deem appropriate.

**Section 14. Appropriations.**– The amount necessary for the implementation of this Act shall be charged to the current year's appropriations of the Department of Agriculture. Thereafter, such sum as may be necessary for the continued implementation of this Act shall be included in the annua General Appropriations Act.

**SECTION 15. Repealing Clause.**– All laws, executive orders, presidential decrees, rules and regulations, and other issuances contrary to or inconsistent with the provisions of this Act are hereby repealed, modified, superseded, or amended accordingly.

**SECTION 16. Separability Clause.**–If any portion or provision of this Act shall be unconstitutional or invalid, the other provisions not otherwise affected shall remain in force and effect.

**SECTION 16. Effectivity.-** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,