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

NINETEENTH CONGRESS
Second Regular Session

House Bill No. 9928

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Introduced by Representative Midy N. Cua
Lone District, Quirino

AN ACT
ESTABLISHING A NATIONAL PROGRAM FOR THE DEVELOPMENT OF THE PHILIPPINE COFFEE INDUSTRY, CREATING FOR THE PURPOSE THE PHILIPPINE COFFEE COUNCIL, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

The Philippine coffee industry holds immense potential for economic growth, social development, and environmental sustainability. Coffee has been an integral part of Philippine culture and history for centuries. However, the development of the industry has faced significant obstacles, such as but not limited to, limited access to markets and technology.

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

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

By employing a whole-of-government approach, this measure seeks to unlock the full potential of the Philippine coffee industry. By doing so, the Philippine coffee industry will transform itself into a significant player in both the domestic and international markets. More importantly, this will allow the Philippines to showcase the historical and cultural relevance and contribution of coffee to Filipino life.

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 Coffee Industry Development Act of 2023."

Sec. 2. ***Declaration of Policy.*** It is the declared policy of the State to promote a more equitable distribution of opportunities, income, and wealth, a sustained increase in the amount of goods and services produced by the nation for the benefit of the people, and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged. The State shall likewise accelerate the growth and development of agriculture in general, enhance productivity and incomes of farmers and the rural population, improve the investment climate, competencies and efficiency of agribusiness and develop high-value crops as export crops that will significantly augment the foreign exchange earnings of the country, through an all-out promotion of the production, processing, marketing, and distribution of high-value crops in suitable areas of the country.

Guided by these policies, the State shall adopt strategies and measures to develop and sustain the livelihood of its people in all sectors of the economy. One of these sectors that has a potential to impact economic growth is the coffee industry. Towards this end, the State shall ensure the development of the Philippine coffee industry as key to a sustained agri-industrial Philippine economic growth using the value chain analysis approach, including the production, processing, marketing and distribution of Philippine coffee. It shall further:

a. Recognize coffee as a high value crop and its potential economic value domestically and internationally for the Philippines, which requires government support and intervention for increased farm productivity, increased value and sustained industry development;
b. Promote and support sustained production of Philippine coffee, especially its award-winning specialty coffee, by allocating adequate financial resources to the Philippine coffee industry towards the attainment of its full potential in the domestic and international markets, and making Philippine coffee one of the leading agricultural exports of the country;
c. Recognize the historical and cultural relevance and contribution of coffee, specifically the Barako variety, to the Philippine society, especially in terms of its heritage-shaping genesis

that defined cherished Filipino culinary tradition, and for which the Philippines has been known and identified within international circles for decades.

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

a. To formulate strategies and craft action plans, following the value and supply chains analysis from farm to market that will provide direction for an enhanced and sustainable growth of the Philippine coffee industry;
b. 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 coffee industry;
c. To promote Philippine coffee in the local market and in the international market;
d. To uplift the welfare and increase the income of the country's smallholder coffee farmers, producers, processors, roasters, and retailers including their dependent families and thereby attain the goal of inclusive growth;
e. To create a proactive and responsive national implementing arm that will ensure and monitor the focused development of the coffee industry guided by the Philippine Coffee Industry Roadmap and subsequent program extension and development plans involving the coffee industry; and
f. To harness and enhance existing participatory mechanisms to ensure full engagement of various stakeholders in the development of the coffee industry.

Sec 4. ***The Philippine Coffee 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 Philippine Coffee Industry and to achieve the objectives set forth in this Act, the Philippine Coffee Industry Roadmap, crafted in consultation with the coffee industry stakeholders and approved by the Secretaries of the Department of Agriculture and the Department of Trade and Industry on March 7, 2017, including any updated Philippine Coffee Industry Roadmap, is hereby adopted.

The roadmap shall serve as a guide for the coffee industry stakeholders for the optimal realization of the targets towards a sustainable and globally competitive Philippine Coffee Industry. The strategic interventions, programs and other activities from the national down to the local levels shall be anchored on the roadmap.

The Philippine Coffee Industry Roadmap 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. ***Establishment of Coffee Centers of Excellence.*** For the enhanced development of the Philippine Coffee Industry, Coffee Centers of Excellence in major coffee producing regions and in areas suitable for coffee production may be established and maintained, the establishment and operations of which shall be subject to such criteria and guidelines as may be formulated by the Council.

In coordination and collaboration with the DOST, the Department of Agriculture and its agencies, relevant government agencies and State Universities and Colleges, the Centers, which shall be administratively attached to the Department of Agriculture, shall function as follows:

a. Organize systematic programs to improve coffee production including the development of effective production and post-production systems;
b. Serve as coffee farmer resource center for coffee production from farm to market, to include best practices aligned with world standards in the coffee value and supply chains;

c. Serve as product development hub for valued-added coffee and coffee-by products as results of continuous research and development;
d. Serve as the central site for networking and training;
e. Establish and maintain coffee bean grading and cupping laboratories to improve and maintain coffee quality;
f. Develop pool of experts on coffee quality assessment and improvement among licensed Q graders and promote culture of green coffee bean (GCB) profiling, grading and cupping using the globally accepted standards and protocols;
g. Develop new clonal varieties which are high yielding, pest, disease and drought resistant, and can be easily mass propagated;
h. Provide technical assistance from nursery establishment, on planting systems and rehabilitation of farms;
i. Develop efficient, sustainable, and productive postharvest and processing technologies for coffee beans;
j. Assess existing and emerging scientific and technical knowledge on coffee;
k. Establish and conduct collaborative research and other scientific studies on emerging technology on coffee production;
l. Develop and implement programs on capacity-building activities for coffee farmers and other stakeholders in the coffee value chain;
m. Establish and maintain a germplasm collection and gene bank for coffee; and
n. Perform other functions as may be necessary.

The Philippine Coffee Council created hereafter shall prioritize the establishment of Centers in existing facilities of the Department of Agriculture and of State Universities and Colleges. It may likewise collaborate and partner with the private sector in the establishment of the Center.

Sec. 6. ***The Philippine Coffee Council.*** For a focused and harmonized implementation of the Philippine Coffee Industry Roadmap and of the provisions of this Act, there is hereby created a Philippine Coffee Council, to be known as the Council, which shall direct, supervise and monitor the development of the Philippine coffee industry. It shall be attached administratively to the Department of Agriculture, composed of the following:

a. Secretary of Department of Agriculture (DA), as Chairperson;
b. Secretary of Department of Trade and Industry (DTI), as Vice-Chairperson;
c. A private sector representative, as Co-Vice-Chairperson;
d. Secretary of Department of Science and Technology (DOST), as member;
e. Secretary of Department of Interior and Local Government (DILG), as member;
f. Chairperson of the Commission on Higher Education (CHEd), as member;
g. President of Union of Local Authorities of the Philippines (ULAP), as member;
h. Administrator of the Philippine Coconut Authority; as member;
i. Two (2) private sector representatives from Luzon, as members;
j. Two (2) private sector representatives from Visayas, as members; and
k. Two (2) private sector representatives from Mindanao, as members.

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

Representatives from the private sector shall be appointed by the government sector representatives in the Council from a list of at least three nominees for each island recommended by different organizations and associations of coffee farmers and other public or private stakeholders of

each island. Each private sector representative 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 coffee organization, association or cooperative, or known and recognized in the coffee industry as an expert in coffee;
c. Must be engaged in coffee production, research and development, processing, promotion, or in any activity in the coffee value chain from production to 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 representatives 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.

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 from the private sector, as provided for in this Section.

Sec. 7. *Powers and Functions.* The Council shall have the following powers and functions:

a. Formulate, adopt and implement sustainable and industry-wide development policies and programs to steer the growth of the coffee industry towards increased production of quality Philippine coffee and its intensive marketing and promotions for domestic and export markets;
b. Through the Coffee Program Management Office, oversee the implementation of the Philippine Coffee Industry Roadmap including the regular updating thereof to ensure that programs and projects for the development of the Philippine coffee industry is adapted to the current industry situation and representative of the development of at least the four varieties of Philippine coffee, i.e., arabica, robusta, liberica and excelsa;
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. Establish Coffee Centers of Excellence in major coffee producing regions or in areas suitable for coffee production, and formulate the criteria and guidelines for such establishment;
e. In collaboration with the Information and Communications Technology Services of the implementing agencies, establish, maintain and integrate a secure and web-based Coffee 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 No. 11321 or the Sagip Saka Act and its Implementing Rules and Regulations;
f. Promote agribusiness investment ventures on coffee by packaging investment concepts and projects as identified in the Roadmap, in collaboration with relevant government institutions and in partnership with the private sector;
g. Ensure the establishment of coffee production and post-production/value-adding facilities; adoption and use of modern and advanced technologies for a more profitable, efficient, safe, and environmentally friendly coffee production; and the capacity building of farmers and their organizations;

h. Serve as the official platform/venue for convergence on policymaking and operations relative to the coffee 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. Establish linkages and collaborate with national and international organizations, development institutions and funding networks of the coffee industry;
j. 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 coffee industry stakeholders;
k. Officially represent the industry in national and international coffee events and fora;
l. Serve as the sole authorized body in the conduct of major coffee events and activities such as coffee congress, conference, coffee cupping and other relevant activities for the promotion of the coffee industry;
m. Promote and pursue Philippine coffee branding such as denomination of origin, Geographical Indications, etc.;
n. Provide marketing and promotions of coffee for domestic and export markets;
o. Review, harmonize and update existing standards on coffee and direct or recommend the crafting of additional standards, as necessary;
p. Review existing and recommend new legislation to develop the coffee industry and promote the welfare of coffee stakeholders;
q. Formulate consultation mechanism to ensure that farmers, farmworkers, processors, and other stakeholders of the coffee industry may actively participate in policymaking, strategic planning, implementation, monitoring and feedback needs and concerns of the coffee industry;
r. Mobilize existing nationwide network of consultative mechanisms to ensure multi-stakeholder participation in policy development, strategic planning, and monitoring and feedback on the implementation of the Philippine Coffee Industry Development Program; and
s. Perform other functions and duties as may be necessary.

Sec. 8. ***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. 9. ***Coffee Program Management Office.*** To manage, oversee and ensure the implementation of the Philippine Coffee Industry Roadmap, the Coffee Program Management Office (Coffee PMO) is hereby created, with the membership composition to be identified by the Council. It shall be under the DA Undersecretary in charge of High Value Crops and shall be headed by an Executive Director to be designated by the Chairperson of the Council.

The salaries of the members of the Coffee PMO shall be based on the Revised Compensation and Position Classification System and other civil service rules and regulations.

Sec. 10. ***Functions of the Coffee Program Management Office.*** The Coffee PMO shall manage and ensure the implementation of the Philippine Coffee 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 Coffee 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 Coffee 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 48 technical support; and
i. Perform other related functions as may be assigned by the Council.

Sec. 11. ***Regional Coffee Councils (RCC).*** For an effective and efficient implementation of the provisions of this Act, the Council shall create Regional Coffee Councils (RCC) in coffee producing regions which shall be composed of the following:

a. Regional Director of DA, as Chairperson;
b. Regional Director of DTI, as Vice-Chairperson;
c. Regional Director of DOST, as member;
d. Regional Chairperson, League of Provinces of the Philippines, as member;
e. Three (3) private sector representatives of the coffee industry in the regions, 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 such term and qualifications as the private sector representatives in the Council.

The functions of the RCC shall include the following:

a. Implement the Philippine Coffee 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 coffee industry stakeholders, make policy recommendations that will enhance existing practices; and
g. Such other necessary functions that may be assigned by the Council.

The RCC shall be supported by a manpower complement to be determined and approved by the RCC.

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 (GOCCs), 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 Coffee Industry Roadmap, to include but not limited to the following:

a. Department of Agrarian Reform (DAR);
b. Department of Environment and Natural Resources (DENR);
c. National Economic Development Authority (NEDA);
d. Food and Drug Administration (FDA);

e. State Universities and Colleges;
f. National Council for Indigenous People (NCIP);
g. Philippine Statistics Authority (PSA);
h. Government financing institutions; and
i. Other agencies or institutions as deemed necessary.

The Council shall ensure that an effective platform is established for the active participation of all stakeholders in the coffee industry for consultative and continuing discussions affecting the coffee 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.

The LGUs with areas suitable for coffee production are hereby encouraged to align their coffee production projects with the roadmap. They may likewise provide counterpart funding and services to boost the production of coffee in their jurisdiction.

Sec 14. ***Government's Coffee Consumption.*** To promote and patronize the sustained production and domestic consumption of Philippine coffee, all national government agencies, whether in the executive, legislative and judicial branch, including its attached agencies, bureaus, and government-owned and -controlled corporations, and the local government units are hereby encouraged to serve locally grown and locally produced coffee in all of their public activities and events. Pursuant to Section 11 of R.A. No. 11321, they shall directly procure coffee beans and ground coffee from the Filipino farmers or from their retail arm.

Sec. 15. ***Local Coffee Shops.*** All coffee shops, including local and foreign franchises, restaurants and hotels are likewise encouraged to serve and include in their menus locally grown, produced, and sourced Philippine coffee varieties from Good Agricultural Practice (GAP)-certified coffee farms and Good Manufacturing Practice (GMP)-certified coffee processors. The menu shall state the traceable local origin and variety of the coffee.

For purposes of this Section, the DTI, shall conduct a separate consultation with relevant stakeholders, including coffee 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. 16. ***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 coffee 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.

Expenses incurred by the local coffee shops, including local and foreign franchises, restaurants and hotels serving coffee under the provisions of Section 16 of this Act shall be allowed an additional deduction from the gross income equivalent to fifty percent (50%) of such expenses.

Sec. 17. ***Review of the Roadmap.*** The Council, in coordination with the Philippine Council for Agriculture and Fisheries (PCAF) and other relevant stakeholders, shall review and update the Philippine Coffee Industry Roadmap every five (5) years, or sooner as may be deemed necessary.

A yearly review and assessment of the implementation of the roadmap shall be conducted by the Council in coordination with the PCAF and other relevant stakeholders to determine the accomplishment of the coffee industry as provided in the roadmap, and to identify the gaps, issues and challenges in its implementation.

Sec. 18. ***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. 19. ***Prohibited Acts.*** The following acts shall be prohibited:

a. Misrepresentation in the variety of coffee;
b. False statement of the origin of coffee;
c. Misbranding;
d. Mislabeling and false information in the packaging of coffee; and
e. Misrepresenting imported coffee in whatever form as locally grown and locally produced imported coffee.

Sec. 20. ***Penal Provision.*** Any person who fails to comply with Section 19 of this Act shall suffer the following penalties:

a. For the first violation, a fine of not less than twenty thousand pesos (Php20,000.00) but not exceeding one hundred thousand pesos (Php100,000.00) or imprisonment of not less than six (6) months but not more than two (2) years, or both at the discretion of the court; and
b. For any subsequent violation, a fine of not less than one hundred thousand pesos (Php100,000.00) but not exceeding two hundred thousand pesos (Php200,000.00) or imprisonment for less than two (2) years but not more than six (6) years, or both at the discretion of the court.

If the violator is a corporation, organization or any similar entity, the officials thereof directly involved shall be liable therefor.

If the violator is an alien or a foreign national, he shall be deported immediately after service of sentence without further deportation proceedings.

If the violator is a public official or employee, the public official or employee shall be held administratively liable as provided under existing laws, in addition to the above penalties.

Non-compliance with Section 16 of this Act shall likewise be punishable under this Section after three (3) years from the effectivity of this Act.

Sec. 21. ***Appropriation.*** For the initial implementation of this Act, the amount of Five Hundred Million Pesos (Php 500,000,000.00) shall be charged against the current year's budget of the Department of Agriculture. Thereafter, the amount necessary for the continued implementation of this Act and for the accomplishment of targets of the Philippine Coffee Industry Roadmap shall be included as a separate line item in the budget of the DA, DTI, DOST, and of the partner implementing agencies in the annual General Appropriations Act.

Sec. 22. ***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, President of ULAP, and in consultation the DAR, DENR, PCA, FDA, coffee 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 thirty (30) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Sec. 23. ***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. 24. ***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. 25. ***Effectivity Clause.*** 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,