



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 4847



Introduced by Representative Caroline L. Tanchay, KAMALAYAN Party-List

EXPLANATORY NOTE

The Philippines has a rich coffee heritage spanning over two centuries, with the country once being the fourth largest coffee producer in the world. Despite this historical significance and favorable growing conditions, the Philippine coffee industry has struggled to regain its former prominence in the global market. Today, the Philippines imports approximately 70% of its coffee consumption, representing a significant trade deficit and missed economic opportunities.

The fragmented nature of the Philippine coffee industry presents numerous challenges that hinder its growth and competitiveness. Small-scale farmers, who comprise the majority of coffee producers, often lack access to modern processing facilities, quality testing services, technical training, and direct market linkages. This results in poor post-harvest handling, inconsistent quality, and dependence on middlemen who capture most of the value along the supply chain.

THE COFFEE HUB CONCEPT

The concept of coffee hubs draws inspiration from successful agricultural cluster development models implemented in other countries. Coffee hubs serve as integrated ecosystems that bring together all stakeholders in the coffee value chain within a *concentrated geographic area*. By co-locating essential facilities and services, coffee hubs create synergies that benefit all participants while reducing transaction costs and improving overall efficiency.

International experience demonstrates that agricultural hubs can significantly transform rural economies. Countries like Kenya, Ethiopia, and Colombia have successfully implemented coffee cluster development programs that have improved farmer incomes, enhanced product quality, and strengthened export competitiveness. These models provide valuable lessons for the Philippine context.

The five proposed coffee hub locations were selected based on several criteria:

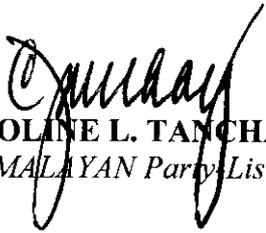
1. Northern Luzon Hub (Benguet) - Capitalizes on the high-altitude Arabica production in the Cordillera region, known for producing some of the Philippines' finest specialty coffees.
2. Central Luzon Hub (Bataan) - Strategically positioned to serve growing coffee production in Central Luzon while benefiting from proximity to Metro Manila markets and port facilities.
3. Southern Luzon Hub (Batangas) - Leverages Batangas' reputation as a major coffee-producing province and its strong coffee culture, particularly for the indigenous Barako variety.
4. Mindanao Hub (Bukidnon) - Takes advantage of Mindanao's position as the country's largest coffee-producing island, with Bukidnon's favorable climate and growing conditions.
5. Additional Hub - Provides flexibility to establish a fifth hub in an emerging coffee region or to strengthen an existing production area based on future developments.

The establishment of coffee hubs represents a strategic investment in the Philippine coffee industry that addresses fundamental constraints while creating opportunities for sustainable growth. By bringing together infrastructure, services, and stakeholders in integrated facilities, coffee hubs can transform the industry landscape and restore the Philippines' position as a significant player in the global coffee market.

The proposed legislation provides a clear framework for implementation while ensuring adequate funding and institutional support. With proper execution, coffee hubs will serve as catalysts for broader coffee industry development, benefiting farmers, processors, traders, and consumers while contributing to national economic development.

This bill represents a timely and necessary intervention that can unlock the full potential of the Philippine coffee industry. The success of coffee hubs will not only benefit the coffee sector but also serve as a model for cluster development in other agricultural commodities, contributing to the country's overall agricultural transformation and rural development objectives.

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


CAROLINE L. TANCHAY
KAMALAYAN Party-List



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AN ACT
ESTABLISHING COFFEE HUBS IN THE PHILIPPINES TO PROMOTE
COFFEE INDUSTRY DEVELOPMENT, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

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 Hub Development Act.”

Section 2. Declaration of Policy - It is hereby declared the policy of the State to promote the development of the Philippine coffee industry by establishing strategically located coffee hubs that will serve as centers for coffee production, processing, trading, research, and tourism, thereby enhancing the competitiveness of Philippine coffee in both domestic and international markets.

Section 3. Definition of Terms - For purposes of this Act:

- a) **“Coffee Hub”** refers to a designated geographic area with integrated facilities and services that support the entire coffee value chain from production to consumption;
- b) **“Coffee value chain”** refers to all activities involved in coffee production, processing, marketing, distribution, and consumption;
- c) **“Anchor facilities”** refers to core infrastructure and services essential for coffee hub operations;
- d) **“Coffee stakeholders”** refers to coffee farmers, processors, traders, exporters, researchers, and other entities involved in the coffee industry.

Section 4. Establishment of Coffee Hubs - There are hereby established five (5) regional coffee hubs in the following locations:

- a) **Northern Luzon Coffee Hub** - in the Province of Benguet;
- b) **Central Luzon Coffee Hub** - in the Province of Bataan;
- c) **Southern Luzon Coffee Hub** - in the Province of Batangas;
- d) **Mindanao Coffee Hub** - in the Province of Sultan Kudarat;
- e) **Additional Coffee Hub** - in a location to be determined by the Department of Agriculture based on coffee production potential and strategic importance.

Section 5. Coffee Hub Components - Each coffee hub shall include the following anchor facilities:

- a) **Coffee Processing Center** - equipped with modern coffee processing machinery and equipment for washing, drying, hulling, sorting, and roasting;
- b) **Quality Testing Laboratory** - for coffee quality assessment, grading, and certification services;
- c) **Training and Research Facility** - for coffee production training, research and development, and extension services;
- d) **Trading Center** - for coffee marketing, auction, and commercial transactions;
- e) **Warehouse and Storage Facility** - for proper coffee storage with climate control systems;
- f) **Coffee Museum and Visitor Center** - to promote coffee tourism and education;
- g) **Business Incubation Center** - to support coffee-related startups and enterprises;
- h) **Demonstration Farm** - to showcase best practices in coffee cultivation and processing.

Section 6. Coffee Hub Management - Each coffee hub shall be managed by a Coffee Hub Management Board composed of:

- a) Provincial Governor or designated representative as Chairperson;
- b) Regional Director of the Department of Agriculture as Vice-Chairperson;
- c) Mayor of the host municipality;
- d) Representative from coffee farmers' cooperatives;
- e) Representative from coffee processors and traders;
- f) Representative from academic institutions;
- g) Representative from the private sector.

Section 7. Powers and Functions of Coffee Hub Management Boards - The Management Boards shall have the following powers and functions:

- a) Oversee the development, operation, and maintenance of coffee hub facilities;
- b) Formulate policies and guidelines for coffee hub operations;
- c) Coordinate with government agencies and private sector partners;
- d) Promote the coffee hub and attract investments, establish coffee-tourism programs, manage export and marketing strategies within the hub;
- e) Monitor and evaluate coffee hub performance and submit annual reports to the Department of Agriculture;

Section 8. Services and Programs - Coffee hubs shall provide the following services and programs:

- a) **Technical assistance** to coffee farmers on production, post-harvest, and quality improvement;
- b) **Processing services** for smallholder farmers and cooperatives;
- c) **Quality testing and certification** services;
- d) **Training programs** on coffee production, processing, and business management;
- e) **Market linkage** services connecting farmers to buyers and exporters;
- f) **Research and development** activities for coffee improvement;
- g) **Tourism promotion** featuring coffee culture and heritage;
- h) **Business development** support for coffee enterprises.

Section 9. Appropriations. -

- a) The amount of Five Billion Pesos (₱5,000,000,000) is hereby appropriated for the initial establishment of the five (5) coffee hubs, to be sourced from the General Appropriations Act;
- b) Each coffee hub shall receive an initial budget of One Billion Pesos (₱1,000,000,000) for infrastructure development and equipment procurement;
- c) Annual operating expenses shall be included in the budget of the Department of Agriculture;
- d) Coffee hubs may generate income through service fees, facility rentals, and other commercial activities to support their operations.

Section 10. Implementation Timeline -

- a) Within six (6) months from the effectivity of this Act, the Department of Agriculture shall identify specific sites for each coffee hub;
- b) Within one (1) year, detailed engineering designs and construction plans shall be completed;
- c) Within three (3) years, all coffee hubs shall be fully operational;
- d) Coffee Hub Management Boards shall be constituted within ninety (90) days after site identification.

Section 11. Partnerships and Collaboration - The Department of Agriculture is authorized to enter into partnerships with:

- a) Local government units for land provision and counterpart funding;
- b) Private sector entities for equipment supply and technical expertise;
- c) Academic institutions for research and training programs;
- d) International organizations for technology transfer and capacity building;
- e) Coffee industry associations and cooperatives for program implementation.

Section 12. Monitoring and Evaluation - The Department of Agriculture shall establish a monitoring and evaluation system to assess Coffee hub performance and impact on the industry; Utilization of facilities and services; Income generation and financial sustainability; Stakeholder satisfaction and feedback; and Contribution to local economic development.

Section 13. Implementing Rules and Regulations - Within ninety (90) days from the effectivity of this Act, the Department of Agriculture shall promulgate the necessary implementing rules and regulations in consultation with relevant government agencies and coffee industry stakeholders.

Section 14. Annual Report - The Department of Agriculture shall submit an annual report to Congress on the status, performance, and impact of coffee hubs, including recommendations for improvement and expansion.

Section 15. Separability Clause - If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

Section 16. Repealing Clause - All laws, decrees, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Section 17. Effectivity - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.