

**NATIONAL TOBACCO ADMINISTRATION
CORPORATE OPERATION BUDGET FY 2020**

EXECUTIVE SUMMARY

MANDATE AND OBJECTIVES

The NTA is the sole government Agency vested with the power to administer and regulate the local tobacco industry. **Executive Order No. 245**, series of 1987, mandates the Agency to:

1. Improve the living conditions and raise the quality of life of the tobacco farmers including those who depend upon the industry for their livelihood; and,
2. Promote the balanced and integrated growth and development of the tobacco industry to help make agriculture a solid basis for industrialization.

POWERS

To effectively and efficiently carry out its mandate, the Agency was vested with the specific powers to, among others:

1. Promulgate and enforce rules and regulations on the production, standardization, classification, grading and trading of tobacco and tobacco products as may be necessary to attain its purposes and objectives and pursue the policy of government on tobacco; and,
2. Conduct agricultural and industrial research and establish, operate and maintain experimental stations.

ADDITIONAL MANDATE: In addition, Section 33 of Republic Act No. 9211, entitled, Tobacco Regulation Act of 2003, mandates the NTA to implement the following programs and projects:

1. **Tobacco Growers Assistance Program** to support financially the NTA registered tobacco farmers who may be displaced due to the implementation of the said RA or has voluntarily ceased planting tobacco;
2. **Promote Tobacco Growers Cooperatives Program** to assist tobacco farmers in developing alternative farming systems, plant alternative crops and other livelihood projects;
3. **National Tobacco Free Public Education Program** to provide scholarship for dependents of tobacco farmers in collaboration with state colleges and universities;
4. **Research and Development Program** to undertake studies concerning technologies and methods to reduce the risk of dependence on or injury from tobacco product usage and exposure and Development of Alternative Uses of tobacco and similar research programs.

VISION

Within the medium-term, NTA envisions:

“An improved quality of life of the tobacco farmers and other stakeholders through increased productivity and other income-generating activities.”

MISSION

For the effective actualization of the vision, NTA is committed to:

Enhance capabilities, build synergistic relationship among sectors, and mobilize resources for the development of the tobacco industry, in accordance with national laws, policies and commitments, for the benefit of the tobacco farmers and other industry stakeholders.

NTA CORPORATE PRIORITIES

In aggressive pursuance of its mandates and thrusts, the NTA accords top priority to the following programs/projects/activities for CY 2020:

1. **Market-Driven Quality Tobacco Production**, addressing the growing demand for domestic manufacturing and export markets, primarily through the:
 - **Tobacco Contract Growing System (TCGS)** that will include the provision of production, technical and marketing assistance, and 40% subsidy to tobacco farmers cooperators. It targets to assist about **6,000 tobacco farmers**;
 - **Curing Barn Assistance Project (CBAP)**, involves the provision of construction and repair of about **3,000 curing barns and curing shed** for the tobacco farmers of Regions 1, 2 and CAR;
 - **Tobacco Farm Mechanization Program**, in compliance with the 8 paradigms of the Honorable Secretary of Agriculture, the initial budget will be for the purchase of farm tractors and other farm equipment which can be availed by tobacco-based cooperatives/associations or a package to be implemented thru corporate farms;
 - **Improved Seedling Production**, with the objective of producing good quality seedlings and instill early planting among the tobacco farmers, this project will involve the provision of assistance to tobacco seedling growers and distribution of seedlings to tobacco farmers;
 - **Integrated Demo/Model Farm and Extension Training Laboratory with the installation of Solar Powered Irrigation System**, located in all branch offices to serve as a show window for tobacco farmers involving the planting of tobacco and other crops;
2. **Integrated Farming and Other Income Generating Activities Project (IFOIGAP)**
 - **Hog Production**, where NTA provides additional income for tobacco farmers in hog production. The project includes value-adding/processing, where it operates the **Kadiwa: Ani at Kita Food Processing Plant** (formerly AgriPinoy Tobacco Farmers Food Processing and Trading Center (ATFFPTC) in Ilocos Region, which buys farmers' produce; processes them into top selling bagnet, Vigan longaniza, bacon, etc.;
3. **Renewable Energy Farm Project and Restoration of Ecological Integrity** of Tobacco Growing Regions will address the fuelwood requirement of the farmers in the flue-curing of Virginia tobacco, as well as assist in the reforestation efforts of the tobacco growing regions;

4. **Farmers' Organizational Development**, to include continuing registration of farmers, strengthening farm clusters, organizational development and livelihood assistance, to enable the farmers to become self-reliant, food secured and active partners of development;
5. **Continuing Research and Development, and implementation of pioneering ventures** (the other industrial uses of tobacco), to include among others, the enhancement of technologies and profitability of the production of tobacco dust, tobacco handmade paper and tobacco extracts as pesticide for vegetables, fruits and ornamentals.
6. **Quality Assurance for Tobacco Leaf and Manufactured Products**, will concentrate in the provision of services that ensure the quality of land, water, fertilizer and leaf tobacco, including the continuing study and monitoring of physical and chemical quality of cigarettes, as an input to continuing technology adjustments, standards formulation and effective regulation enforcement and compliance.
7. **Continuing Exercise of Regulatory Authority under existing laws**. At present, NTA covers production and trading of leaf and the importation and exportation of tobacco leaf and tobacco products. The NTA intends that in the future, it will also cover the processing of leaf and the manufacture, distribution and sale (wholesaling and retailing) of cigarettes, with emphasis on the compliance to standards, detection of fake products and shelf life; regulation also includes the dissemination to trading centers/tobacco buyers of the harmonized grading system of tobacco;

The agency's approved **Program Expenditure Classification (PREXC)** of the DBM includes the following specific programs/activities/projects:

- I. Operations
 - A. Conduct of Research and Development
 - B. Technology Assistance, Extension and Production Support Services
 - C. Development and Enforcement of Regulatory Policy
- II. Support to Operations
 - A. Planning and Management Services
 - B. Information Technology Mgmt. And Computer Services
 - D. Communication Support, Education and Information Campaign
 - E. Market Research and Trade Promotion
- III. General Administration and Support Services
 - A. Human Resource Development
 - B. General Service Improvement
 - C. Internal Audit Services
 - E. Repairs and Improvements of 3 Branch Offices: Pangasinan, Candon, and Cagayan.

RELATIONSHIP TO NATIONAL DEVELOPMENT PLAN, POLICIES AND PRONOUNCEMENTS

The above programs, projects and activities are supportive of the the Department of Agriculture's priorities and Philippine Development Plan (PDP) government that lay down the foundation for inclusive growth, a high trust and resilient society, and a globally-competitive knowledge economy resulting to the reduction of inequality in economic opportunities thru increasing access to economic opportunities of small farmers and fisherfolk, particularly access to:

1. value chain;
2. innovative financing;
3. land and water resources; and
4. technology.

It may be noted that the local tobacco industry:


1. Provides Income and sustenance to 2.8 million people, including the more than 800,000 tobacco farmers and the members of their families; and,
2. Generates revenue amounting to an average of more than PhP70 billion, in the recent years due to R.A. 10351 (Sin Tax Reform Law), which, to a large measure, helps the Government fund its delivery of services, economic, infrastructure, education, health and social welfare programs

TOTAL BUDGETARY REQUIREMENT FOR CY 2020

For the effective implementation of its programs and projects for the year, the NTA will need a Total Agency Budget of **One Billion, Three Hundred Twenty Six Million, Four Hundred Ninety One Thousand Pesos only (PhP1,326,491,000.00)**, which will be used for Personal Services (PhP252.469 million), Maintenance and Other Operating Expenses (PhP325.123 million), Payment of Accounts Payable (82.095 million), and Capital Outlay (PhP666.804 million).

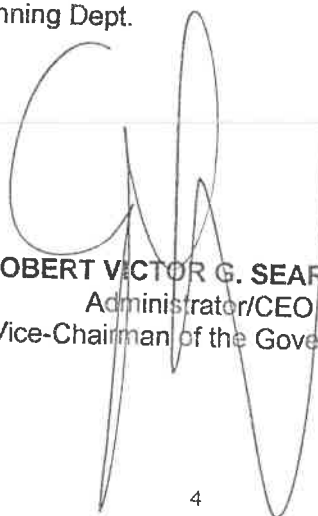
The details of Sources and Uses of Funds by Expense Class and other supporting documents are presented in the ensuing pages.

Prepared by:


FORTUNA C. BENOSA
Manager III, Corporate Planning Dept.


MA. TERESA B. LAUDENCIA
Manager III, Finance Department

Approved by:


ROBERT VICTOR G. SEARES, JR.
Administrator/CEO
and Vice-Chairman of the Governing Board