

**NATIONAL TOBACCO ADMINISTRATION
CORPORATE OPERATING BUDGET FY 2023**

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 is 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 ALIGNED TO THE DA PILLARS/STRATEGIES

In pursuance of its mandates and thrusts, and in line with the Department of Agriculture's Pillars and Strategies, the NTA accords top priority to the following programs/projects/activities for CY 2023:

I. FARM CLUSTERING(BLOCK FARMING)/ BAYANIHAN AGRI-CLUSTERS/ POST-HARVEST PROCESSING/ MARKETING SUPPORT

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. **Php100 million from the national government will be given as a grant at Php6,000 per farmer tilling 0.5 hectares and below. In addition the Php100 million from the agency's Corporate Funds will be for production loan with PHp6,000 subsidy per farmer cooperator. It targets to assist about 16,000 tobacco farmers;**
- Provision of **Bio-Stimulant for Rain Damaged Tobacco** as a mitigation measure for the affected crops of 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;

2. Integrated Farming and Other Income Generating Activities Project (IFOIGAP). In support to the food security thrusts of the DA, the following shall be implemented from the agency's Corporate Funds:

- **Gulayan at Manukan sa Barangay Project**, was conceived in response to ensuring food security. The **Php10 million** is targeted for **1,000 tobacco farmer beneficiaries;**
- **Hog Fattening Project** under the **Kadiwa ni Ani at Kita Food Processing Plant** to benefit about **200 farmers** mostly from **Ilocos Sur** where the plant is located.

II. CLIMATE CHANGE ADAPTATION AND MITIGATION MEASURES/DIGITAL AGRICULTURE

1. Renewable Energy Farm Project and Restoration of Ecological Integrity of Tobacco Growing Regions, activities will include the annual **Synchronized Tree Planting** per province and the **Beema Bamboo Production Project** with the aim of producing alternative source of materials for curing and in the future utilize the biomass for possible conversion to ethanol and other fuel forms;

2. **Development of Facility Maps in Tobacco Producing Areas** aims to develop NTA projects and tobacco related activities and facilities map for stakeholders of the tobacco industry; to generate a web map application, story map and operations dashboard embedded to NTA website;
3. **Monitoring of Soil and Water Quality** shall generate information on the fertility and salinity status of different tobacco growing areas to be presented as soil fertility and chloride maps.

III. MOBILIZATION AND EMPOWERMENT OF PARTNERS TO ATTAIN SCALE/ PROFESSIONALIZATION

Farmers' Organizational Development, to include continuing registration of farmers, strengthening farm clusters, trainings for cooperative officials and members, organizational development and livelihood assistance, to enable the farmers to become self-reliant, food secured and active partners of development;

IV. GLOBAL TRADE, EXPORT DEVELOPMENT AND PROMOTION

1. **Continuing Research and Development, and implementation of pioneering ventures** (the other industrial uses of tobacco), involves various researches on the enhancement of technologies and profitability of the production of tobacco dust, tobacco handmade paper and tobacco leaf extracts as pesticide for vegetables, fruits and ornamentals, among others;
2. **Quality Assurance for Tobacco Leaf and Manufactured Products**, will concentrate in the provision of laboratory services that to test the quality of soil, 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;
3. **Market Research and Development** includes research and assessment on the local tobacco industry, situation/trends of the international market and trade promotions thru participation in trade exhibits.

V. EASE OF DOING BUSINESS

Regulatory Services covers the monitoring and issuance of licenses on the trading of leaf, on the implementation of trading centers/tobacco buyers of the harmonized grading system of tobacco, as well as the bi-annual conduct of Tripartite conference on floor price determination. The processing of import/export and transshipment licenses are done thru the **Tradenet**, an online system developed by the Department of Finance (DOF) to facilitate processing/approval.

VI. STRATEGIC COMMUNICATIONS

Communication Support Program involves the provision of information and education materials for the stakeholders especially the tobacco farmers, in the form of technoguides/technocalendars, newsletters, video production, radio programs (OMT) and other forms of social media;

VII. PROFESSIONALIZATION

1. **Institutional Development Programs** include Human Resource Development activities, capability trainings for the agency's personnel and improvement of facilities, buildings, and acquisition IT software and hardware;
2. **Scholarship Program for Tobacco Farmers' Dependents** is a continuing program in compliance with R.A. 9211.

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. Regulatory Services
- 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

RELATIONSHIP TO NATIONAL DEVELOPMENT PLAN, POLICIES AND PRONOUNCEMENTS

The above programs, projects and activities are supportive of the Department of Agriculture's vision and 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 value chain, innovative financing, land and water resources and technology. It is likewise in support of the new normal activities in agriculture and fisheries.

The **Philippine Tobacco Industry** has the following significant contributions to the **country's economy**:

- provides livelihood and sustenance to some **2.1 million people**, including the more than **400,000 farmers, farm workers and the members of their families**;
- The industry earns **US\$619 million** from the exportation of unmanufactured and manufactured tobacco.
- earns for the national coffers some **PhP150 billion** in taxes a year, with the excise taxes from locally manufactured Virginia-type;
- **PhP74 billion** per year to the Universal Health Care and Health Enhancement Facilities;
- **PhP19 billion** plowed back to tobacco-growing local government units (provinces, municipalities and cities), in 2022 which they can use for their priority programs and projects, pursuant to R.A. 7171 and 8240; and,

TOTAL BUDGETARY REQUIREMENT FOR CY 2023

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 One Million, Four Hundred Twenty Thousand Pesos only (PhP1,301,420,000.00)**, which will be spent for **Personal Services (PhP354,900,000.00)**, **Maintenance and Other Operating Expenses (PhP416,504,000.00)**, **Accounts Payable (PhP280,435,000.00)**, **Capital Outlay (PhP46,752,000.00)** and **Investment Outlay (PhP202,829,000.00)**.

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

Dept. Manager III, Corporate Planning Dept.



MILAGROS C. TIUA

Officer-In-Charge, Finance Dept.

Approved by:



BELINDA S. SANCHEZ
Administrator/CEO