

How Modern is Philippine Agriculture? The Agriculture and Fisheries Modernization Act after a Quarter Century

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Surian sa mga Pag-aaral Pangkaunlaran ng Pilipinas

What is this book
about?

AFMA (RA 8435) of 1997

Legal framework for agricultural development in the Philippines. Objectives:

1. To modernize the agriculture and fisheries sectors
2. To enhance profits and incomes in the agriculture and fisheries sector
3. To ensure the accessibility, availability, and stable supply of food at all times;
4. To encourage horizontal and vertical integration, consolidation
5. To promote people empowerment by strengthening POs, cooperatives and NGOs
6. To pursue a market-driven approach
7. To induce the agriculture and fisheries sectors to ascend continuously the value-added ladder
8. To adopt policies that will promote industry dispersal and rural industrialization
9. To provide social and economic adjustment measures that increase productivity and improve market efficiency while ensuring the protection and preservation of the environment
10. To improve the quality of life for all sectors

This book tries to answer the following:

1. Were these objectives achieved?
2. If not – what are the prospects for meeting these objectives?
3. What needs to be done to complete agriculture and fisheries modernization?

Chapters of the book – based on objectives

CONTRAST WITH PAST REVIEWS: This book focuses on outcomes and impacts, rather than inputs and strategies

Chapter 1. Modernizing Agriculture and Fisheries: Overview of Issues, Trends, and Policies - Roehlano Briones

Chapter 2. Market and State in Philippine Agricultural Policy - Roehlano Briones

Chapter 3. Agricultural Technology and Innovations: Why Does the Agricultural Production Level Remain Low Despite Increased Investments in Research and Extension? – Rowena D. Baconguis



Chapters of the book – based on objectives

Chapter 4. How Much Has People Empowerment Progressed among Small Farmers and Fisherfolk? State of People's Organizations in the Philippines – Danilo A. Songco



Chapter 5. To What Extent Has Philippine Agriculture Undergone Integration and Consolidation? The State of Agri-enterprise in the Philippines - Arlene B. Inocencio, Alexis B. Baulita, Albert Dale B. Inocencio



Chapters of the book – based on objectives

Chapter 6. Are Agriculture and Fisheries Ascending the Value-added Ladder? The State of Agricultural Value Chains in the Philippines - Karlo Fermin S. Adriano, Lourdes S. Adriano



Chapter 7. Philippine Structural Transformation in the Context of Technological Change – Leonardo A. Lanzona



Chapters of the book – based on objectives

Chapter 8. Enhancing Profits and Incomes in Agriculture and Fisheries - Roehlano M. Briones

Chapter 9. Is Food Supply Accessible, Affordable, and Stable? The State of Food Security in the Philippines - Ivory Myka R. Galang

Chapter 10. How Well Has Environmental Protection Been Ensured for the Fisherfolk and Farmers? Sustainable Development of Philippine Fisheries and Agriculture - Maria Corazon M. Ebarvia

Chapter 11. Synthesis – Roehlano M Briones



How will AFMA bring this about?

- Implicit Theory of Change - AFMA strategies, **driven by a market approach**, seeks to overcome a set of **macro**, **meso**, and **macro** constraints to modernization.
- Micro constraints: AFMA seeks to transform farms from being “resource-based” to being “technology-based”
- Meso level: SFF to be empowered through formation of POs, realize economies of scale by consolidation
- Macro level: modernization of the agricultural value chain, lifting AF up the value-added ladder, spreading industries to rural areas
- Overcoming these constraints → lead to the **intended impacts** of modernization: **higher income** of SFF, **improved food security** of the country, and **protected natural environment**.

What are the findings?

Market approach

Agricultural policy has made considerable progress in adopting the market approach since the mid-1990s.

However: **State intervention remains pervasive**, with strong reliance on propping up market price through policy-induced import barriers.

- Other producer support: commodity-oriented expenditure programs → skewed towards input and machinery subsidies, irrigation, rice industry.

Overcoming micro constraints

Farm level

- There is some productivity growth [especially in rice and corn]
- Progress fallen behind other countries, in terms of inputs (public R&D expenditure), outcomes (productivity growth)
- Especially among smallholders: still far from adopting appropriate latest technologies
- Fragmented governance of public R&D and extension
- Active private sector extension for some commodities and inputs

Overcoming meso constraints

Govt has been implementing programs to pursue empowerment provisions of AFMA → accounts in part for rising budgetary outlays for production support.

- But interventions remain limited in scope, not yet reaching a large majority of small farmers and fishers.
 - Community organizing (CO) a difficult and costly exercise
 - Government a poor provider of CO services
 - Token farmer representation, prioritization still done by government officials

Overcoming meso constraints

Farm and fishery production still done in small-scale informal sector; exists side-by-side with formal sector → dual structure

- Formal sector characteristics: High degree of horizontal integration, but low degree of vertical integration (except poultry)
- Horizontal integration: crops on a decreasing trend in concentration; mixed for livestock and poultry; increasing trend for fisheries.
- Vertical integration: for 12 crops markets, almost all poultry and livestock, and fishing markets, trend is increasing
- The pace and magnitude of improvement in achieving economies of scale difficult to properly establish in the absence of benchmarks

Overcoming macro constraints

Industry level

- Classification of VC development: Traditional, transitioning, modern;
- Corn value chain: *mostly transitioning*; livestock and poultry sectors → weakly integrated with corn; private sector-driven; large-scale, integrated production common in chicken
 - Milkfish: *mainly transitioning* → dominance of small- to medium- fisherfolks or producers with a relatively long chain
 - Tuna: *mixed of transitioning and modern* value chains
 - Rice: *mostly transitioning*, still dominated by small-scale farmers
- Lagging behind in achieving industry dispersal, compared with ASEAN neighbors

Goals of AFMA

Income

- Increased income and reduced poverty among farm households (up to 2018)
- Still relatively high poverty levels; likely higher after pandemic

Food security

- Availability achieved; significant reduction in hunger incidence, increasing in share of food secure households
- But poor food/diet quality and food unaffordability still widespread; Philippines lagging SEA in eradicating malnutrition

Environment

- Rather than progress: Resource base and environment for agriculture arguably worse off today than in late 90s

What are the
recommendations?

Market and State

- Elements of traditional industrial policy inconsistent with the market approach should be abandoned
- Producer support in the form of elevated price policies should be phased out in favor of expenditure programs
- Expenditure programs based on distortionary subsidies should be terminated to give way to funding a modern industrial policy for the agri-food system

Overcoming micro and macro constraints

Transforming farms from resource-based to technology-based activities requires reforms along the entire R&D and extension continuum

Apply area-based, bottom-up planning in determining strategic interventions to meet the needs of farmers and rural enterprise along the value chain

Based on strategic zones, pursue a program of consolidation anchored on SFF enterprises in partnership with agribusiness investors; raise or repeal the ceiling on agricultural landholdings.

Overcoming macro constraints

Develop, update, and implement roadmaps for agricultural value chain upgrading and innovation.

To facilitate industry dispersal, incorporate a spatial component in the value chain roadmaps

Achieving AFMA intended impacts

- Adopt income growth of a fixed SFF household panel as a key result area/performance indicator for AF modernization
- Harmonize the policies and programs that address the country's food security needs in all its dimensions.
- Adopt, by legislation and in practice, ecosystem approaches to sustainable development of agriculture and fisheries
- Adopt a results-based management approach to the AFMP, with implementation monitored by a Program Benefit Monitoring and Evaluation System (PBMES).



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