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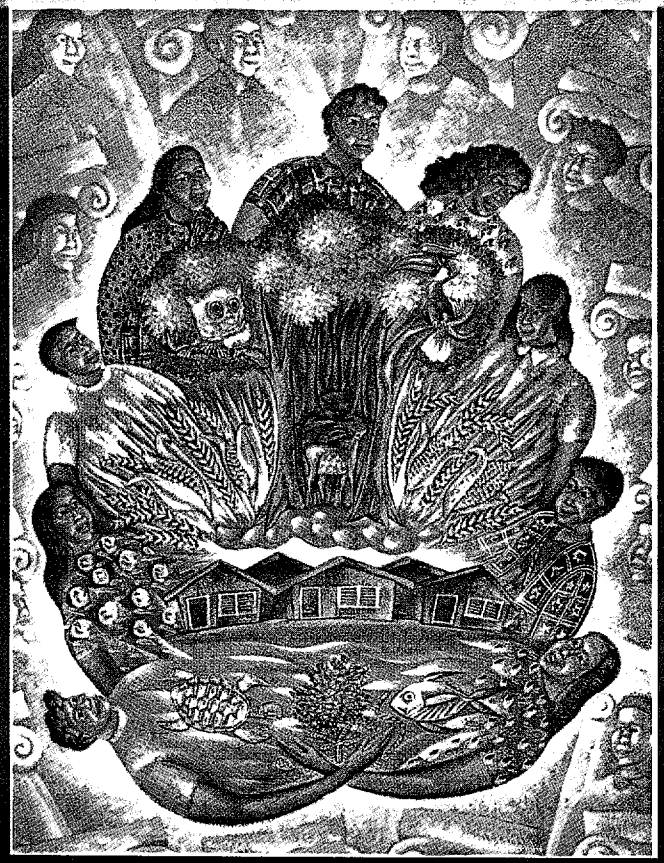
Food Security from Below

STRENGTHENING NATIONAL GOVERNMENT-LOCAL GOVERNMENT PARTNERSHIP IN GRAINS PRODUCTION



ASIAN INSTITUTE OF MANAGEMENT • FORD FOUNDATION

FOOD SECURITY FROM BELOW

Strengthening National Government – Local Government Partnership in Grains Production

Asian Institute of Management

1999

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Preface

Most of the studies undertaken since the implementation of the Local Government Code of 1991 (Republic Act 7160)[1] largely overlooked the relations between the national and local governments. These initiatives focused on the absorptive capacity of the local government units (LGUs) to implement devolved functions, capacity building for local officials, and participation of civil society in local governance. The relationship between the national government and the LGUs, a crucial factor for the effectiveness and sustainability of local governance, has not been adequately studied. The role of national government agencies (NGAs) and the necessary changes they have to undergo as a result of devolution have also not been really looked into.

Though the Code addressed devolution and decentralization comprehensively and ambitiously, it, however, did not spell out the role that the national government line agencies should perform in a devolved and decentralizing political system. Thus, there is a need to redefine the role and the function of national government line agencies in the context of a devolved political system. There is also a need to help these agencies transform themselves from frontline service providers to organizations that develop national policy guidelines, monitor performance, and extend technical support to LGUs. Specifically, these agencies must be able to shift their focus from directing development efforts to one of absorbing and integrating local programs into national development policies.

To complement this transformation, various modes of partnership between LGUs and national government agencies (NGAs) have to be explored towards a more ef-

[1]Republic Act 7160 was signed on October 10, 1991 and became effective on January 1, 1992.

fective implementation of the devolved functions. The partnership between NGAs and LGUs also require changes in the way LGUs implement the devolved programs and the way they relate to NGAs.

Among the few studies that looked into the role of the national government and its relationship with the local governments in the devolution process are the annual Rapid Field Appraisals (RFAs) of the Governance and Local Democracy Project (GOLD) of USAID[2] and the assessment of the implementation of the Local Government Code of 1991 written by Alex Brilliantes.[3] Brilliantes identified the following as among the factors that hampered the smooth implementation of the Code: the lack of guidelines to the LGUs from the NGAs in operationalizing devolution; and, the continuing need to define and clarify inter-governmental relations, i.e. national-local and local-local.

Among his recommendations for a smoother and a more effective implementation of the Code are the following: (a) Clarifying inter-governmental relationships (i.e. national-national; national-local; and local-local); (b) Continuing support from the national government agencies, particularly in the areas of provision of technical assistance to LGUs, capability-building and training, ongoing dialogues and exchange of information; and (c) Continuing orientation for national agency officials to effect a continuing paradigm shift among national officials with regard to the frontline local governance and to avoid "unfunded mandates".

The first four Rapid Field Appraisals (RFAs) observed that "NGAs lag behind in terms of initiatives and ways of adapting to the demands of the decentralized system of government, and did little beyond the devolution required by law".[4] The fifth (1995) and the sixth RFA (1996) observed that NGAs had not "pro-actively pursued new roles after devolution was accomplished." The 7th RFA (1997) identified the reluctance of the NGAs to devise methods to provide technical assistance to LGUs

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[2]The 1st four RFAs (1992-1994) were undertaken under the Local Development Assistance Project of the USAID. The succeeding RFAs (5th to 8th RFAs, 1995-1998) were conducted under the GOLD Project of the USAID. The RFAs assess the pace and direction of the decentralization process from the local perspective by broadly identifying the trends in the decentralization process and the factors that constrain these trends.

[3] *Historical Developments of Philippine Local Governments: Five-Year Assessment of the Implementation of the Local Government Code.* (Unpublished Paper, 1997).

[4]*Synopsis of Findings from the Four Rapid Appraisal of Decentralization, 1992-1994.* Associates in Rural Development, Inc. USAID and the Local Development Assistance Program, 1994.

pursuing locally defined priorities and the lack of involvement of LGUs in planning and managing national programs as among the constraints to further decentralized democratic development.

The transformation required of NGAs and the need for partnerships between NGAs and LGUs become more imperative in view of the policy changes taking place in grains production and agricultural planning and implementation, coastal resource management (CRM), community-based forest management (CBFM) and socialized housing. These four program areas are the focus of this study. The trend of these policy reforms is to further devolve, strengthen, and institutionalize the decentralization and devolution process started by the Local Government Code. These policy changes will be discussed in more detail in the succeeding chapters of this report.

Consistent with these policy reforms, there are efforts within the national government, as observed in the eighth RFA (1998), to engage LGUs in new ways. One such effort is the Department of Agriculture's move to do a bottom-up planning process and to propose a co-financing scheme to finance provincial food security programs. Another is the emphasis on the role of LGUs as one of the two main strategies of the present administration in providing socialized housing.

THE PROJECT

A. Objectives.

The present study proposes to examine national and local government relations in the context of specific devolved program areas. In so doing, the study hopes to generate recommendations that will address concerns specific to a program area. Thus, this study uses the case study approach to look at the implementation of these program areas at the provincial level. The study also hopes to outline recommendations that will address devolution and decentralization in general.

Aside from focusing on specific program areas, the study also puts a strong emphasis on building a strong constituency that will help advocate and push for policy reforms towards strengthening national - local government relations. A strong constituency for policy reform creates a more supportive regulatory and policy environments for local governments. Thus, consultations and meetings with various stakeholders were done throughout the project cycle.

The three core activities of this project are participatory policy research, advocacy and constituency building, and documentation and publication. The *general objectives* of this study are:

- To determine what changes in policy and organizational structure are necessary to create more effective partnerships between the national and local governments;

- To gain commitments from national government agencies where they believe policy and organizational changes are feasible through the participatory approach involving all stakeholders; and

- To design follow-through activities to strengthen the constituent base that can advocate for the implementation of these reforms.

The *specific objectives* of the study are the following:

- To formulate a policy research agenda on national and local government relations within the context of decentralization through broad consultations with various stakeholders;

- To produce research papers, including case studies, addressing the issues identified in the policy research agenda;

- To formulate recommendations for policy reforms based on the findings of the research.

B. Program Areas.

The four program areas of this study were chosen after a review of the literature and consultations with various stakeholders. These are grains production, community-based forest management (CBFM), coastal resource management (CRM), and socialized housing. These four programs were also chosen due to their tremendous impact on the quality of life of the basic sectors, such as the indigenous peoples, upland dwellers, fisherfolk, farmers and the urban poor.

In addition, the implementation of these programs represents varying modes of devolution. In the case of the Department of Agriculture (DA), the agency responsible for grains production and agricultural development, its devolution is "partial". Meaning, though its extension services were devolved to LGUs, it is still mainly responsible for the entire planning, financing and execution of agricultural development. In the case of the Department of Environment and Natural Resources (DENR), the devolution of forest management functions to LGUs are "under the supervision and control of the DENR." For housing, the municipal LGUs have direct mandates to undertake socialized housing, with assistance from relevant national government agencies.

The implications, if any, of these varying modes of decentralization on the implementation of the devolved functions will be discussed in the succeeding chapters of this report.

C. Case Study Areas.

The case studies focused on the province and treated it as a political (and not a geographical) unit. Among others, the research looked at how the province manages, and, in certain cases, implements the different devolved programs and its relationship with the national government in managing and implementing these programs. The case studies also studied at least one municipality within the province to highlight the municipal LGU–provincial LGU relationship in the management and implementation of these programs.

Based on the consultations with the different stakeholders and the review of related literature, the Project Team initially came up with six provinces as possible sites for the case studies: Cotabato, Negros Occidental, Batangas, Bohol, Nueva Vizcaya, and Quezon. Initial socio-economic data, including data on activities of the province on the four program areas, were gathered to help the Project Team determine the final three provinces for the case studies. For the case studies on socialized housing, the Housing and Urban Development Coordinating Council (HUDCC) recommended Bacolod City and San Fernando City in La Union. HUDCC used the following criteria in coming up with these two cities:

- the need for socialized housing

- mayor is either a first- or a last-termer
- cooperative and reliable HUDCC Regional Office personnel
- presence of POs/NGOs who can participate in setting up the mechanisms to address the housing problem.

The Project Team applied the following criteria in choosing the final three provinces for the case studies:

- the willingness of the local chief executive to participate in the project
- the presence of two or more of the project's four program areas
- the presence of innovation or success stories at the local level, and
- the lack of written material on the site.

The Project Team also took into consideration the representation of the three major regions (Luzon, Visayas, Mindanao) in choosing the sites. The final three provinces for the case studies are Quezon (CRM and CBFM), Negros Occidental (grains production, CRM and CBFM) and Cotabato (grains production and CBFM). For socialized housing, the Project Team took the recommendation of Secretary David of HUDCC to study San Fernando City and Bacolod City.

After selecting the study sites, the Project Team met with individuals and research outfits that could possibly undertake the case studies for the project. One of the requirements was the relative familiarity of the case writer with the province as well as with the program focus. For Negros Occidental, the case study writer is Quidan-KAISAHAN, an NGO based in Bacolod City, represented by its executive director Mr. Teodorico Peña. The case study writer for Cotabato is Mr. Gerardo Bulatao, a senior consultant of the Institute of Politics and Governance (IPG). For Quezon, the case study writer is Mr. Adrian S. Cristobal Jr., a former consultant of the Local Government Academy and chairperson of the Board of IPG.

D. Thematic Papers.

As background materials for the case study writers, the Project Team commissioned individuals to write thematic or state of the art papers. These thematic papers give the macro perspective on the program areas in the Philippines and the role of local governments in implementing these programs. The the-

matic writers are Professor Antonio La Viña, former undersecretary of the DENR, for CBFM; Dr. Fermin Adriano, professor of agricultural economics at UP Los Baños, for grains production; Mr. Alfredo Isidro, former Director of the Fisheries Sector Program of the DA, for CRM; and Anna Marie Karaos, associate director of the Institute of Church and Social Issues, for socialized housing.

E. Consultations

As mentioned earlier, the study emphasizes the building of a constituency that will push for policy recommendations toward strengthening national-local government relations. Thus, consultations with the partner agencies, LGUs and other stakeholders were undertaken throughout the project cycle. The study's culminating activity is a national consultation that will bring together top policymakers and stakeholders for each sector. The national consultations had three objectives, namely: (a) to share major conclusions and recommendations of the project with the top policy makers and major stockholders for each sector; (b) to consult the stakeholders on the viability of the recommendations and explore follow-up activities; and (c) to heighten the need for greater synergy between national and local governments, in particular program areas, and in governance as a whole.

1. *With partner government agencies.* After determining the program areas that will be studied, the Project Team held meetings with Undersecretary Domingo Panganiban, Undersecretary Cesar Drilon and Secretary William Dar of DA, Undersecretary Ramon Paje, Undersecretary Elmer Mercado and Secretary Cerriles of DENR, and Secretary-General Joey Mendoza and Secretary Karina David of HUDCC to discuss the project and explore possible cooperation between the Project and these government agencies. Securing the cooperation and involvement of these national government agencies is crucial to the Project which, among others, aims to institutionalize recommendations on program, policy and structural reforms in the four program areas. These meetings were also significant in helping ensure that the focus of this policy project is consistent with the policy directions of these agencies.

During the course of the research for the case studies, the Project Team and the case study writers met with mid-level and top officials of these agencies to present the findings and recommendations at the local level. Members of the Project Team, in the writing of the final main report, also met with regional officials of these agen-

cies in order to understand the perspective at the regional level.

2. *With LGU officials*. After determining the sites for the case studies, the Project Team also met with the governors of the three provinces and the mayors of the two cities to discuss the project and explore possible cooperation between and among the LGUs, the Asian Institute of Management through the Project Team, and the NGAs. Also discussed during these meetings were the proposed tripartite Memorandum of Understanding (MOU) for the project.

The Sanggunian (legislative bodies) of the 3 provinces and the 2 cities approved the terms of the MOU between the months of September and October 1998. The LGU chief executives and the secretaries (or the regional directors in the case of DENR) finally signed the MOU in November 1998.

The Project Team, together with the case study writers, also held exit meetings with the governors and the mayors to discuss the findings and recommendations of the case studies. Also taken up during these meetings are possible follow-through activities that will implement these recommendations.

3. *With other stakeholders*. The local research teams held consultations with the local officials and other stakeholders during the course of their field research. In certain cases, case study writers held local consultations to present the findings and recommendations of the case studies. In some cases, representatives from national government agencies attended these final local consultations. The Project Team also held meetings with individuals involved in the four program areas, as well as with other stakeholders in decentralization and devolution.

F. Research Design.

The design for the case studies broadly identifies the mandates of the LGUs on the four program areas based on present laws and policy guidelines. The design also gives the case study writers enough flexibility to further determine the focus of their case studies, depending on what the LGUs want or plan to do in a certain program area and other realities on the ground. For example, the case study on grains production in Cotabato focuses on marketing, instead of production of grains, since the province is a net exporter of rice and corn. In the case of Toboso, Negros Occidental, the case study on grains production focuses on the municipality's attempt to shift from sugarcane to grains because its grains production is insufficient

to meet the demand of its population. In general, the project seeks to answer the following:

- What mechanisms and structures need to be put in place at both the local and national levels to improve the delivery of basic services to the people?
- How can NGAs help provincial LGUs do planning and implementation better?
- How can LGUs mobilize more national government resources for implementation of projects by local governments?
- What program, policy, and institutional reforms are needed to strengthen national government – local government relations and to create more effective partnerships between them?

In answering these questions, the case studies:

- Identified the mandate of the LGUs in each program area;
- Determined what the LGUs plan to do to improve its implementation;
- Documented its implementation;
- Identified and analyzed the gaps and constraints to its implementation; and
- Outlined policy recommendations towards strengthening national-local government relations for a better implementation of the devolved program areas.

The editors

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Acknowledgments

The making of any publication involves many people; but in this particular project, we not only involved the high and the mighty, but also the lowly and the voiceless, in the rural and urban communities. They are the people whom we would like to acknowledge first of all – the many fisherfolk, upland settlers, urban poor associations and farmers whose plight and concerns serve as the driving force of this study.

We started this project with an idea in mind – examining the relationship of the national and local governments in specific areas of devolution, and we chose the Department of Agriculture (DA), the Department of Environment and Natural Resources (DENR), and the Housing and Urban Development Coordinating Council (HUDCC) as our partner agencies. We acknowledge the warm support given by Secretaries William Dar, Antonio Cerilles, and HUDCC Chairperson Karina David. We also note the support given by Secretary Edgardo Angara towards the end of the project, especially in the national consultation on grains production and coastal resource management.

In the DA, we would like to thank Undersecretary Domingo Panganiban, and Undersecretary Cesar Drilon, and also, Director Eliseo Ponce of the Bureau of Agricultural Research, who provided numerous valuable insights in the DA operations. Likewise, Director Rudy Guieb of the Regional Operations was very helpful in understanding the nature of the bottom-up planning process for food security. We also met with then BFAR Director Arsenio Camacho, and also Mr. Marco Carreon, who is the project manager of the FRMP.

Assistant Secretary Carolina Z. Mangawang of the DILG gave us a walking tour of the intricacies of food security planning, and the difficulties of

inter-agency coordination, between the DA, DILG and the Leagues of Provinces.

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STRENGTHENING NATIONAL GOVERNMENT– LOCAL GOVERNMENT INTEGRATION IN GRAINS PRODUCTION: A SUMMATION

ERNESTO D. GARILAO

Philippine agriculture has been declining these past three decades. In 1997, farming, fisheries and forestry contributed less than 21% of Gross Domestic Product. Among the commodities produced by the sector, only livestock and poultry showed increased contribution to agricultural GDP.

Agriculture's declining share of GDP impacts negatively on the sector's critical links with the rest of the economy, particularly agriculture's role in producing affordable food for the total population. This role translates into less upward pressure on wages and lower cost of living, as well as off-farm and non-farm rural employment.[1]

In the rice sector, yields have not met consumption requirements for the past 17 years due mainly to few new investments in irrigation and the neglect of existing systems. In rapidly urbanizing areas like Region 3 and Region 4, the sad state of irrigation systems has made it easier to convert irrigated farmlands to non-agricultural uses.

Cristina David[2] attributes the overall decline of Philippine agriculture to a policy and institutional framework that has prevented the sector from achieving sustainable growth. Although there have been improvements in agricultural incentives, these came at the cost of greater inefficiencies in resource allocation, including wide distortion of prices. David also presents an analysis of how trade and price policies,

[1] Interview with Victor Bruce Tolentino, Ph.D., August 1999.

[2] Cristina C. David, *Constraints to Food Security: The Philippine Case.* Paper presented at the Ministerial Roundtable on "Beyond the Asian Crisis: Sustainable Agricultural Development and Poverty Alleviation in the Next Millenium", 14-15 June 1999 (unpublished).

distortions in economic incentives, public expenditure programs in agriculture, and the structure of property rights hindered the sustainable growth of agriculture.

AGRICULTURE AND THE LOCAL GOVERNMENT CODE

In addition to the macro policies identified by David, Fermin Adriano in his thematic paper on agriculture[3], explains the state of agriculture after the passage of the 1991 Local Government Code, which devolved the main responsibility of ensuring food security to local governments. According to Adriano:

Section 17 of the [Code] provides for the devolution of all agricultural extension workers of the [Department of Agriculture (DA)] to the municipalities, provinces and cities, thus transferring the primary responsibility of increased farm productivity and preventing clear outbreaks of diseases of plants and animals from the [national government agency or NGA] to the LGUs. Necessarily the attainment of food security objective would have been passed on to the LGUs with the devolution of the agricultural personnel and basic facilities. There is wisdom in this assumption since food security is "local" in nature. Food shortages and starvation are immediately felt at the local level rather than at the national level. LGUs are the ones immediately confronted by the phenomena and are tasked to respond to them. Moreover, LGUs are in a better position to determine the best areas where productivity-enhancing programs should be launched and what types of crops would best suit their respective localities. This was the logic of the devolution, and also the logic of the partnership between the NGA and local government in agriculture.

A. The Experience: What Happened to the Department of Agriculture and the Provinces.

The partnership Adriano refers to has not been effective. His paper, and subsequent interviews with DA Regional Officers,[4] identified six major difficulties:

(1) *Dysfunctional organizational structure and linkages*. The most glaring gap after devolution was the lack of a formal mechanism that coordinated the DA

[3] Fermin D. Adriano, *The State of Philippine Agriculture and the Role of Local Government*, 1999.
[4] Interviews with DA Regional Directors for Regions IV and XII, and the Provincial Agriculturists of Quezon and Cotabato, 1999.

regional structure with the provinces on the one hand, and the Provincial Agricultural Officer (PAO) with the Municipal Agricultural Officer (MAO) on the other. The linkages that existed were mostly informal and dependent on individual initiative. Similarly, the DA and its allied agencies could not present an integrated picture of what the DA family was doing in the region and the provinces.

(2) *Unsynchronized planning and budgeting*. The immediate result of the lack of formal mechanisms was unsynchronized planning and budgeting. DA regional offices would prepare plans and budget priorities based on policies set by the Central Office. Regional budgets did not realistically represent actual project proposals. This explained the use of lump sum appropriations for commodities. When regional budgets were finally approved, the Regional Offices did not normally share the information (i.e., the allocations) with the provinces. A province learned of the allocation either because its governor asked for the information or the Regional Office director offered to share the information.

(3) *Inadequate skills in the LGU bureaucracy*. After devolution, the continuous upgrading of local DA staff effectively halted since very few provinces invested in human resource development for devolved DA personnel. The DA also did not prepare the LGUs in planning and implementing agriculture projects. This meant that the quality of provincial agricultural plans depended almost entirely on the quality of the personnel devolved. Governors who did not have agriculture as a priority aggravated the situation by leaving program planning to the provincial staff. At the municipal level, the situation was even worse because mayors generally showed little interest in agriculture.

(4) *Inadequate local fiscal resources*. The DA left local governments to do their own agriculture development programs. In many cases, local plans did not synergize with national plans — and vice versa. Local priorities inconsistent with regional program priorities had to be locally funded. The DA regional office had its own budgeting process, which did not necessarily take into account LGU plans. Compounding this was the relatively weak capabilities of both provincial and municipal agriculture staff. Regional offices frequently complained of provinces that either did not take advantage of approved provincial allocations, or took too long in identifying projects and providing documentation.

(5) *Low utilization of the DA budget*. One obvious result was low utilization of the DA budget. Had there been closer coordination, LGUs could have played a substantial role in planning and implementing agricultural projects, resulting in higher

utilization and, hopefully, higher agricultural productivity. The limited interaction between the regional office and the provinces in identifying priority projects and programs resulted in too few projects for potential funding; hence, the low budget utilization.

(6) *Budgeting and Congressional opposition.* Part of the problem is that Congress has so far failed to establish an objective, nonpartisan basis for budget allocation. Not a few congressmen tend to object to budget allocations for nonparty members and political opponents. They prefer to redirect budget allocations to political bailiwicks instead of directing it to genuine priority areas.

B. Agricultural Development in the Provinces: Case Studies on Negros Occidental and North Cotabato.

Negros Occidental. In 1996, Negros Occidental launched a Five-year Food Sufficiency Program for rice and corn. The objective was to increase the annual yield in rice from 2.4 metric tons (mt) of milled rice per hectare to 3 mt. Emphasis was on increasing the area of irrigated rice lands from 37,000 hectares to 44,000 hectares by the year 2000. On paper, the program prioritized irrigation development, rice self-sufficiency, fishery resources and aquaculture development, corn and vegetable production, support systems for the sugar industry and for sugarworkers, poultry and livestock, and fruits and other high-value crops. However, given the wide range of priorities, the province decided to concentrate on irrigation development.

The content of the provincial program drew heavily from the results of a series of barangay development planning exercises. Among the municipalities that joined this exercise — and subsequently launched its own agricultural development plan — was the Municipality of Toboso.

Toboso has a population of about 37,200. Eighty-two percent of the population belongs to the agriculture sector. Agricultural productivity is low. The average yield of sugar is 60 mt per hectare, compared with the provincial yield of 80 mt. In palay, annual yield in upland areas is 50 cavans per hectare. Corn yield is 1.8 mt per hectare.

Increased productivity is a function of access to support services like rural infrastructure and credit. The Toboso program for self-sufficiency in rice and corn involves the development of five barangays into so-called "Strategic Agriculture and

Fisheries Development Zones" (SAFDZs). It has two phases. The first covers the development of 1,226 hectares of rice and corn lands, with a development cost of P30,000 per hectare. With this investment, Toboso claims it will meet its rice self-sufficiency target and 73% of its corn requirements.

Although Toboso's agriculture and food security program is on its third year, the municipality is hardly halfway in its plan. Only P8.8 million has been raised of the required budget of P42.3 million. Of the province's P45-million agricultural fund in 1998, only P700,000 were allocated for Toboso. The bulk of the provincial agricultural fund has gone to central Negros, where the majority of irrigated areas are located. In the DA regional allocation of P163 million for Negros Occidental, only P2.2 million was earmarked for Toboso. Toboso has never been in the priority list of both the province and the DA regional office.

In addition, the institutional arrangements between the PAO and the MAO show gaps in coordination and performance. The municipality's agriculture development staff continues to have limited capabilities. The case study establishes the need for the DA and the province to base their plans on municipal plans and to optimize local popular participation in planning.

Cotabato. This case starts off with the provincial position that its agricultural problem is the marketing of grains. The province produces about 6.2 million cavans of palay annually and the residents of the province consume only 2 million bags of rice (3.33 million bags of palay). The difference of 2.87 million cavans is shipped out to other provinces. The Governor sees marketing as a bigger problem in the coming years in view of the plan to irrigate an additional 30,000 has. within the next few years which could raise rice production to 4.8 million cavans per year. This agricultural problem has yet to be effectively addressed by the DA, the National Food Authority (NFA) which is not a devolved agency, and the provincial government. As earlier mentioned, though production was devolved to LGUs, marketing remained with the central office.

The case study recommends contract-buying of palay between the NFA and the farmers' cooperatives, which can initially be piloted in Cotabato. It also recommends the expansion of NFA's Electronically Relayed Agricultural Products Trading System (ERAP-TS) to include palay and make electronic trading possible year-round.[5] These two recommendations would ensure that NFA has

[5] As part of the case study, the Office of the Governor sponsored a consultation on these recommendations last June 15, 1999 where Assistant Deputy Administrator Jessoph Navarro represented NFA Cen-

its supply of palay and, at the same time, increase the number of farmers benefiting from its support price which is generally higher than the traders'. It also recommends that the province establish a Provincial Cooperative Development Office or Task Force Kabuhayan at Kooperatiba that would (1) assist farmers' cooperatives in strengthening themselves and marketing their agricultural products, and (2) coordinate closely with the NFA.

C. NGA-LGU Interaction.

Cotabato, through the office of Governor Emmanuel Pinol, organized a Food Security Summit in July 1998. The summit resulted in a Food Security Action Plan, budgeted at P1.2 billion for 1999 and P1.3 billion for 2000-2003. The province also launched a 1999-2003 agricultural development program based on consultations with municipal agriculturists and other local agriculture officials. This plan was presented to the Provincial Planning and Development office (PPDO) and later to the Provincial Development Council (PDC), after which it was sent to the Sanggunian Panlalawigan for approval and funding. Portions of the plan focused on areas excluded in the DA's list of priorities.

The 1998 budget for Cotabato's agricultural development program was P11.3 million and P6.5 million for 1999. Both amounts represent 20% of the province's Development Fund [or 30% of its Internal Revenue Allotment (IRA)]. For 1999, the DA regional budget was P174 million, of which P111.7 million was allocated for *Agrikulturang Makamasa* projects. Of this amount only P19 million has gone down to Cotabato for its grains projects. The rest of the allocations for Cotabato has yet to be reported.

In the past, the approved DA regional budget was not communicated to the provincial agriculturists. There was no formal mechanism for sharing this information. When it occurred, it was done on a limited basis. This explained why the province could not take immediate action in utilizing its allocated budget. Limited budgets and limited training opportunities resulted in a less

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tral Office. NFA agreed in principle to operationalize the contract buying scheme and pilot test it in Cotabato, and to seriously consider the expansion of ERAP-TS to include rice and also cover Cebu and Batangas as buying centers to be linked electronically. The Province is now working with NFA on the operationalization of the proposed contract-buying scheme.

effective provincial agriculture staff. There remains a significant need for retraining, especially in project planning and management, both at the provincial and the municipal levels. Even with funds available, inadequate local management capacities means projects can not be effectively carried out.

WHAT HAS BEEN DONE SO FAR

Perhaps the most important Congressional response to the steady decline of the country's agriculture sector was the establishment of a bicameral Commission on the Modernization of Agriculture (AGRICOM). AGRICOM sees the following as urgent prescriptions for curing the ills of the sector:

- Correct macro-economic policies, particularly monetary and fiscal, that are conducive for the growth of the more efficient sectors of the economy as well as implement measures that promote the attainment of a more equitable society.

- Appropriate government budgetary support to countryside development, especially in the new World Trade Organization regime, to include provision of support services to farmers (e.g., farm-to market roads, irrigation, post harvest facilities, and research and development). In addition, there should be policy reforms in ancillary services used by the sector such as shipping, air, and land transport.

- Appropriate changes to ensure a more efficient and coordinated agriculture bureaucracy.

- Institutional changes to provide the human resource requirements of the agriculture sector. These should include stronger linkages between extension workers and regional state universities and colleges (SUCs).

Based on the Commission's report, Congress passed Republic Act 8435, the Agriculture and Fisheries Modernization Act (AFMA), in 1997. The Implementing Rules and Regulations (IRR) of this law was signed on July 10, 1998. Among others, AFMA strengthened the role of local governments in agricultural pro-

duction in a way that ameliorated the perceived negative effects on agriculture of the 1991 Local Government Code.

On the part of the Executive Branch, the present Estrada administration positions food security as its banner program. To give this substance, the administration conducted a National Food Security Congress on August 19, 1998. During this assembly, President Estrada announced that governors would take the lead role in achieving food security. He instructed them to formulate comprehensive agriculture and fisheries modernization and development plans.

The DA serves as the principal support agency of local governments in their goal of achieving food security. The DA is responsible for providing sector monitoring and management, and co-financing of LGU programs and plans, among others.

The DA has also proposed a collaborative financing mechanism with LGUs. At least 50% of programs identified in the municipal AFMA will be financed through the municipal IRA. The balance will be financed by the province using funds sourced from its IRA and from the DA. In addition the DA recently entered into a memorandum of understanding with the Department of Interior and Local Government, the Commission on Higher Education, and the LGUs. Under the agreement, the DA will help develop the capacities and capabilities of LGUs in training, extension, communication, and social mobilization for the farming and fisheries sectors. All partners in the agreement will provide counterpart funding for various agriculture modernization programs and projects.

A Food Security Covenant '99, signed during a Governors' Workshop on January 20, 1999, stated that local autonomy will be enhanced in the implementation of food security programs. Governors will provide in their annual development plans specific budgetary appropriations to support and implement food security programs in their respective jurisdictions. Necessary funds will be correspondingly devolved to LGUs subject to the criteria and guidelines to be agreed upon between the concerned national government agencies and the League of Provinces, the official association of all provincial governors in the country. To act as the monitoring body, the President issued Executive Order 86 creating the National and Provincial Food Security Councils.

The Estrada government's emphasis on food security, operationalization of the AFMA, and the signing of EO 86, have started changes in the partnership between the DA and the LGUs. These include the following:

- For the first time ever, LGUs have now prepared their respective AFMPs. As a result, LGUs expect national government resources to fund their AFMPs.

- There is greater transparency in the budget allocation and utilization of regional DA budgets. The PAOs currently report more coordination meetings with the DA regional director. The DA and the DA family now meet quarterly for coordination.

- The greater promise is the DA's regional budget planning for the year 2000. This will now rely substantially on the AFMPs made by the LGUs. The region will prepare its regional plan based, but not exclusively, on the local plans. Hopefully, the regional budget allocations will now meet the provincial priorities. The implication here is the way the budgets will be planned and allocated in the General Appropriations Act for year 2000, as specified in the AFMA.

In the face of all these changes, the provinces report other challenges. These include:

- The need for updating existing skills of staff. Both case provinces reported that local staff at the regional, municipal and provincial levels need updated training, particularly in managerial functions, although actual training needs still have to be verified through a formal analysis.

- The leadership role of the governor has also been emphasized. As virtual agriculture "czar" of the province, he must provide the vision and the targets. The governor also has to use his political leadership and moral suasion to lead his mayors toward an implementable agriculture development program for the province. He must interact with the DA secretary and regional director to assert provincial agriculture development.

MAJOR RECOMMENDATIONS

With AFMA and EO 86, the policy environment has been set to promote greater local government empowerment in agriculture. Specifically, LGU agriculture priorities

are now captured in the DA budget planning and prioritization process. Local executives now have the mandate to take the lead in local agricultural development. The strategy is to build on these policy initiatives to strengthen LGU implementation of agricultural production. It should be pointed out that these recommendations do not touch existing macro-level policies and major institutional issues. Instead, they pertain to implementable actions. There remains a need for better coordination between the regional DA officers and the provinces in identifying priority agriculture projects and better coordination in budget planning and project implementation.

A. Institute a Formal Mechanism for Interaction between the DA and the Provinces.

There should be a formal mechanism for formal interaction between the regional DA officers and the provinces. This mechanism should (a) incorporate provincial priorities in the DA regional priorities and budgets, (b) promote greater transparency for approved allocations, and (c) facilitate the two-way flow of information on the status of budget utilization and problems in implementation. (See the Draft Administrative Order mandating the Regional Directors to ensure and strengthen the partnership and coordination between the DA and the provincial governments.) This procedure alone will result in greater utilization of local agriculture budgets. The formal mechanism should ensure that —

(1) Regional DA budgets are based on the overall DA framework plan and the provinces' prioritization;

(2) Regional DA annual budgets are endorsed by the Regional Development Council (RDC) to determine whether the budget therein is consistent with the priorities of the provinces;

(3) Approved Regional DA budgets (including attached agencies) are presented to the RDCs/provinces so that they will know the allocation and the steps they must take to ensure utilization of approved budgets;

(4) Regional DA and their attached agencies report on a quarterly basis to the RDC and the provincial governor on the utilization of provincial allocations; and,

(5) Problem areas at the regional and local levels are promptly identified and addressed.

B. Higher Budgets for Agriculture.

If provinces are to become responsible for agriculture production, they must get the corresponding budgetary support. The DA should ultimately implement the budget allocation process of the AFMA, whereby the DA budget is allocated by province for programs that are to be implemented locally. If governors are to become agriculture "czars" and held accountable for commodity productivity and targets, then they must have a direct, lumpsum grant that they can immediately use for their agricultural program. In addition, the national government can provide this as an incentive so that LGUs will allocate more provincial funds for agriculture on a cost sharing basis with the national government. It should be pointed out that there are obvious political disadvantages to this approach. First is the possible opposition from Congresspersons who believe that funds for the provinces should be coursed through them. This needs a political solution. Second is the possible opposition from the Executive, since this approach reduces the arbitrary power of patronage of the Executive Office.

Nonetheless, higher budgetary allocations for local agriculture programs will lead to faster build up of local capabilities for agriculture. Necessarily, provisions for transparency and a system of checks-and-balances to ensure that funds are properly spent should be established.

C. Capability Building for the Provincial DA.

Higher budget utilization by the DA, especially for commodities, will depend on good projects, projects in the pipeline, and the DA's absorptive capacity (i.e., faster implementation and project completion). Historically, the DA's expenditure rate for the past decade has averaged between 60% to 65% because local projects have not been identified, implemented and completed fast enough.[6] This is due to the lack of capability of local agricultural staff. After devolution, upgrading of skills has not received priority. What is required is a training needs assessment that will result in

[6] Tolentino interview, August 1999.

relevant human resource development, particularly in the areas of local agriculture development planning, implementation and monitoring.

D. Building an LGU Constituency for Agricultural Productivity.

If the DA develops an assertive constituency for agriculture, it can mobilize a potent political ally for agricultural productivity. It can aggressively mobilize more resources by way of budget submissions to the Executive Office and allocations from Congress. The DA must demonstrate a higher absorptive capacity for agricultural development funds. To achieve this, LGUs need to develop the capacity to plan good programs and carry them out efficiently. This means that capacity building at this level, especially of the provincial staff, would be an integral part of the DA strategy. There are past training interventions that can serve as models. These include the Ford Foundation-funded capacity building program for the Department of Agrarian Reform (DAR) provincial line executives that resulted in dramatic improvements in meeting the DAR's provincial targets. Following such a program, both training and technical assistance will be required.

DRAFT ADMINISTRATIVE ORDER NO. _____
Series of 1999

SUBJECT: MANDATING THE REGIONAL DIRECTORS TO ENSURE AND STRENGTHEN THE PARTNERSHIP AND COORDINATION BETWEEN THE DA REGIONAL FIELD UNITS (DA-RFU) AND THE PROVINCIAL GOVERNMENTS

PREFATORY STATEMENT

Republic Act 8435, otherwise known as the Agriculture and Fisheries Modernization Act (AFMA), strengthens the provisions of the Local Government Code of 1991 on the central role of local government units (LGUs) in agricultural production and the attainment of food security. AFMA further directs LGUs to prepare agriculture and fisheries modernization plans (AFMPs) which shall form the basis for the national AFMP to be prepared by the DA. The implementing rules of the AFMA further provide that the budget for agriculture and fisheries modernization to be proposed by the DA for fiscal year 2000 shall be based on the AFMP and its various components.

Consistent with the AFMA, subsequent agreements and policy instruments such as the Food Security Agreement entered into by the DA, DAR, DTI, CHED, and the League of Provinces; the Memorandum of Understanding between and among the DA, DILG, CHED and the League of Provinces; and Executive Order 86 which created the National and the Provincial Food Security Councils, further strengthened and institutionalized the leadership role provinces must take in agricultural production and the attainment of food security. These policy changes further redefined the role of the national government, or the DA, to facilitate rather than direct agricultural development.

With the central role of the provinces in agricultural production and food security, there is a need for the DA, through its regional offices, to work closely and coordinate with LGUs. Better and systematic coordination between the regional offices and the provincial governments can result in regional plans reflective of provincial priorities and the higher utilization of DA budgets. An integrative mechanism between the DA Regional Field Units (DA-RFU) and other attached agencies in the region,

and the Provincial LGUs is necessary in increasing agricultural productivity and attaining food security.

At present, there is no institutionalized mechanism whereby the coordination and regular feedback between the DA-RFUs and its attached agencies, and the provincial governments are ensured. This Administrative Order is being promulgated to attain greater coordination and stronger partnership between the DA-RFUs and the provincial governments, through the maximum utilization of existing structures.

POLICY STATEMENTS

1. The current thrust of the national government is to recognize the critical role of LGUs as principal stewards of agricultural and fisheries modernization within their respective jurisdiction, and to develop the capacity of LGUs to undertake such a role.

2. The DA shall strengthen its partnership with local institutions, particularly the LGUs, in order to improve the country's agricultural productivity and food security. The DA is the principal support agency of the LGUs in their goal of achieving food security.

3. The Regional Field Units of the DA (DA-RFUs) shall strengthen its partnership and coordination with the provincial governments within their respective jurisdiction, from the formulation of the regional plans and the required budget to the implementation of projects and the utilization of funds allocated to the region.

4. The DA, in coordination with the other government agencies, shall build and strengthen the capacities and capabilities of LGUs for planning and implementation of agricultural projects towards the modernization of this sector.

5. The Provincial Council on Food Security shall oversee the successful implementation of the provincial food security action plan, in coordination with concerned agencies and the component LGUs..

6. The Regional Management Committee for the DA and its attached agencies shall be strengthened to ensure the coordinated and cohesive implementation of the DA projects and policies at the regional level.

7. The Regional Development Council is the primary institution in the region which sets the direction of the economic and social development of the region, and through which regional development efforts shall be coordinated.

OPERATIONAL PROCEDURES

Per Executive Order 86 (1999), creating the National and Provincial Councils on Food Security, the Provincial Council on Food Security (PCFS) is tasked, among others, to oversee and monitor the implementation of the Food Security Action Plan of the province.

Special Order No. 509 (1992), as emphasized recently by a memorandum from the Secretary (1999), calls for the strengthening of the DA Regional Management Committee (RMC) and a more effective coordination of DA and its attached agencies in the region. One of the functions of the RMC, chaired by the DA Regional Director, is to coordinate the implementation of the DA's plans and programs in the regional and field levels.

Executive Order 308 (1987) designates the Regional Development Council (RDC) as the primary institution in the region which [shall] set the direction of economic and social development of the region and through which regional development efforts [shall be coordinated]. Among its task is to review and endorse to the national government the regional budget proposals of government agencies.

Consistent with these policy pronouncements, the Regional Directors of the DA-RFUs are hereby mandated to:

Provincial Councils on Food Security (PCFS)

1. At the start of the fiscal year, provide the various PCFS, specifically the provincial governors who serve as its chairperson, within its jurisdiction with a list of the approved projects and budgets for their respective provinces;

2. Provide the various PCFS, specifically the provincial governors, within its jurisdiction with quarterly reports on the accomplishments of the DA and its attached agencies for each quarter, specifically on projects undertaken in each province and the rate of budget utilization; and

3. Conduct quarterly meetings with the provincial governors to thresh out issues and gaps in the agricultural sector at the provincial level, including problems with project implementation and budget utilization.

DA Regional Management Committee (RMC)

1. As its chairperson, convene the RMC at least once a month for a better coordination and implementation of agricultural projects by the DA and its attached agencies;

2. Require the various agencies of the DA to submit quarterly accomplishment reports, with a specific breakdown of projects and their allotted budgets undertaken in each province within their jurisdiction, to the RMC; and

3. Collate the quarterly accomplishment reports of the DA-RFU and its attached agencies, and submit the collated reports to the provincial governors.

Regional Development Council (RDC)

1. Present to the RDC the regional plan and the proposed budget for the current year, which shall include a specific breakdown of projects and budget allocation for each province. Upon its approval, the RDC shall endorse the regional plan and its proposed budget to the DA central office;

2. Present to the RDC the approved plan and budget for the current year, and provide provincial governors with the list of approved projects and their budgets in their respective provinces; and

3. Report the accomplishments of the DA and its attached agencies during the quarterly meetings of the RDC, specifically on rate of utilization of budget allocation and degree of project implementation for each province.

Better coordination and partnership between the DA, through its regional offices, and the provincial governments would ensure a more effective implementation of projects at the regional and provincial levels and a higher utilization of the DA budget. It would also ensure that there is a fit between the regional plans and the priorities of the provinces within the region.

_____, 1999, Quezon City, Metro Manila

EDGARDO ANGARA
Secretary

STATE OF PHILIPPINE AGRICULTURE AND THE ROLE OF LOCAL GOVERNMENTS

FERMIN D. ADRIANO

In President Joseph Ejercito Estrada's "Ten-point Agenda for the Estrada Administration" and in his numerous pronouncements on what his government intends to do to sustain the country's economic growth, he has repeatedly declared that the development of the Philippine agricultural sector would receive top priority under his term. This is a logical move because the "poorest of the poor" Filipinos are found in the countryside, employed in a number of agricultural undertakings. Given the President's pro-poor ("maka-masa") stance, prioritizing rural development will therefore go a long way in the President's effort to alleviate the plight of the bulk of the poverty-stricken Filipinos.

Agriculture does not only provide employment for our labor force or much-needed foreign exchange for a cash-starved government; it also supplies the food requirements of a burgeoning population and the raw material requirements of industries. It is therefore not surprising that countries all over the world, rich or poor, have placed so much attention on the health of their agricultural sector, even treating its fate as a matter of national security.

In the Philippines, various institutional mechanisms have been devised and implemented to boost agricultural productivity and growth. However, most of these productivity-enhancing programs were implemented with the national government (in particular, the Department of Agriculture or DA) taking the lead role. It was only in 1991, when the new Local Government Code (LGC) was enacted, that the primary responsibility for ensuring the attainment of food security and agricultural growth was passed on to the local government with the devolution of DA extension personnel to local government units (LGUs). It should be noted that while the production (productivity and growth) function was primarily assigned to the LGUs, policies on marketing (trading) have been left out to the national government.

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Similar to the economic-growth-versus-economic-development dichotomy where the former is viewed as a necessary but not a sufficient ingredient in the latter, agricultural productivity is seen as an indispensable element in attaining agricultural development and modernization. It is in this task that the assistance of the LGUs is being solicited. Recently, a covenant was signed by the DA with the League of Provincial Governors whereby the latter committed itself to helping the national government attain its food security objective while the former pledged to channel funds intended for agricultural projects to the LGUs.

This paper does not intend to deal with how the partnership should be operationalized. Neither will it determine whether the devolution of agricultural personnel to LGUs has been effective in attaining the goal of increased agricultural productivity, though this may be opportune now considering that considerable time has elapsed since the passage of the LGC. Rather, this paper will only provide background information on the performance of the agricultural sector, with particular focus on palay/rice production. Data presented in this paper will be largely confined to the recent performance (i.e., 1995-1998 whenever they are available) of the sector.

PERFORMANCE OF THE PHILIPPINE AGRICULTURE SECTOR

Agriculture's contribution to gross domestic product (GDP) has continually shrunk during the last decade. In 1988, agriculture's share represented more than a quarter of the GDP. In 1995, 1996 and 1997, agriculture, fisheries and forestry constituted only 21.53%, 21.15% and 20.78%, respectively, of GDP (Table 1).

Among agricultural commodities, palay is still the leading crop planted by our farmers, followed by corn. However, their contribution to GDP had been declining, symptomatic of the stagnation of productivity experienced by these subsectors. On the other hand, the livestock and poultry subsectors' shares in agricultural GDP have been continually increasing. In fact, of all the commodities produced by the sector, only livestock and poultry have consistently registered increasing contribution to the agricultural GDP. This trend is confirmed by Table 2, which indicates agriculture gross value added (GVA) at constant 1985 prices.

Among crops, palay ranks second in value at around P29 billion, for the period 1995-1997, to the collection of disparate crops classified under the category of "Other Crops" (i.e., composed of fruits, vegetables and ornamental plants). Livestock comes

Table 1
Percentage contribution of agriculture, fishery and forestry to GDP, 1995 to 1997

Industry	1995	1996	1997
1. Agriculture Industry	21.31	20.93	20.56
A. Agricultural Crops	17.02	16.89	16.72
Palay	3.51	3.56	3.37
Corn	1.23	1.17	1.16
Coconut	0.92	0.81	0.82
Sugarcane	0.49	0.57	0.54
Banana	0.35	0.35	0.36
Other crops	5.12	4.91	4.95
Livestock	2.47	2.49	2.49
Poultry	2.00	2.11	2.14
Agri. act. & ser	0.93	0.92	0.89
B. Fishery	4.29	4.04	3.84
2. Forestry	0.22	0.22	0.22
Agri., Fishery & Forestry	21.53	21.15	20.78

Source of basic data: National Statistical Coordination Board (NSCB).

second with an average value of almost P21 billion for the same period and poultry at P17.5 billion. Sugar contributed the second least value at around P4.5 billion for the period 1995-1997 with banana registering the lowest at P3 billion for the same years. Almost all commodities experienced a positive growth rate for the years 1996-97 but this was arrested during the first quarter of 1997-1998 when the adverse effects of the El Niño dry weather phenomenon began to be felt. In fact, except for sugarcane, livestock and poultry, all of the subsectors suffered a negative growth rate in production. This decline will exacerbate in the first semester of 1998 when agricultural growth rate will contract to almost negative 7%, a 20-year record low for the sector.[1] Although agriculture's share to the GDP is a mere fifth of the total, it however employs a substantial amount of Filipino workers: 42.3% in 1995, 42.6% in 1996, 39.1% in 1997, and 35.3% in 1998.

Two conclusions can be derived from the above figures: one is the decline in the number of workers engaged in agriculture as the country's economy becomes more

[1]See *Business World*, "Agriculture, Agrarian Reform, Mining", "Year End Report," January 5, 1999 issue, pp. 6-7.

industrialized; and two is the low productivity in the countryside considering that while a substantial portion of the labor force is engaged in agricultural undertakings the sector's contribution to the GDP remains low. Moreover, the table also indicates the prevalence of underemployment in the rural areas, wherein more than a fourth of those who are already employed expressed their desire to work more.

The share of agricultural exports as part of the country's total exports continues to decline consistent with the industrialization of the economy. In 1995, agricultural exports comprised 14.3% of total exports, declined to 11.2% in 1996, and went down again to single digit level at 9.3% in 1997. Considering the adverse effects of the El Niño on agricultural production, the figure must be lower in 1998.

Coconut products remain to be the country's leading export with a value of US$767 million in 1997, followed by fish and fish preparations (US$435 million), then banana (US$242 million), pineapple products (US$150 million),

Table 2
Philippine GDP and GVA in agriculture, fishery and forestry, 1995-1997 and first quarter 1996-1998 (in million pesos, at constant 1985 prices)

Industry	Gross Value Added			Growth Rate (%)			
	95	96	97	95-96	96-97	96-97 1st Qtr	97-98 1st Qtr
1. Agriculture Industry	171,069	177,553	183,601	3.8	3.4	6.7	(4.3)
A. Agricultural Crops	136,616	143,264	149,326	4.9	4.2		
Palay	28,189	30,175	30,135	7.0	(0.1)	1.6	(13.4)
Corn	9,837	9,893	10,324	0.6	4.4	(2.0)	(23.5)
Coconut	7,380	6,890	7,280	(6.6)	5.7	8.3	(1.8)
Sugarcane	3,964	4,810	4,828	21.3	0.4	7.9	9.7
Banana	2,809	3,011	3,206	7.2	6.5	20.5	(2.1)
Other crops	41,090	41,639	44,200	1.3	6.2	9.1	(6.3)
Livestock	19,834	21,143	22,273	6.6	5.3	5.6	3.8
Poultry	16,056	17,866	19,088	11.3	6.8	11.1	5.3
Agri. act. & ser.	7,457	7,838	7,992	5.1	2.0	7.5	(2.2)
B. Fishery	34,452	34,288	34,275	(0.5)	(0.04)	0.7	(0.2)
2. Forestry	1,779	1,898	2,001	6.7	5.4	(44.7)	(15.2)
GVA in Agri., Fishery & Forestry	172,848	179,451	185,601	3.8	3.4	4.9	(3.6)
Gross Domestic Product	802,866	848,451	893,017	5.7	5.3	5.5	1.7

Source: Economic and Social Statistics Office, NSCB.

and crude animal and vegetable materials (US$133). Surprisingly, sugar and sugar preparations, the country's traditional export products, only came in sixth (US$116 million). Undoubtedly, the strength of the sugar sector in the political arena is no longer matched in terms of its contribution to the country's foreign exchange earning

Table 5 merely confirms the above trends in terms of the share of the various agricultural commodities to total agricultural exports. Coconut and coconut products value represents around 33% of the total, fish and fish preparations 18.6%, banana 10.3%, pineapple products 6.4%, crude animal and vegetable materials 5.7%, and sugar and sugar preparations nearly 5% in 1997. In terms of our agricultural imports, Tables 6 and 7 show their value and their percentage share to total agricultural imports, respectively.

Value-wise, the leading imports are cereal and cereal preparations (US$771 million), dairy products and bird's eggs (US$406 million), feeding stuff for animals (US$310.7 million), fertilizers manufactured (US$214 million), miscellaneous edible preparations (US$165.7 million), and tobacco and tobacco manufactures

Table 3
Employment and underemployment in the agriculture sector, Philippines, April 1995-April 1998

	April 1995	April 1996	April 1997	April 1998
Labor Force	28,057	30,713	31,368	32,113
Employment				
Philippines (in thousands)	26,090	27,365	28,106	27,842
Agriculture, fishery and forestry				
Number (thousands)	11,043	11,668	10,987	9,819
Percent	42.3	42.6	39.1	35.3
Underemployment				
Philippines (in thousands)	4,686	6,075.09	6,576.74	5,846.81
Agriculture, fishery and forestry				
* Number (thousands)	nd	2,969	2,958	nd
* Percent of total underemployed	nd	48.9	45.0	nd
* Percent of total employed in agriculture, fishery and forestry	nd	25.4	26.9	nd

Source: Bureau of Labor and Employment Statistics, DOLE (various issues).

Table 4
Value of Philippine agricultural exports, 1995-1997 (F.O.B. value in million US$)

Commodity	–Value of Agri. Exports– 1995	1996	1997	–Growth Rate (%)– 1995-96	1996-97
Food and Live Animals					
Live Animals	2.49	1.79	2.07	(28.11)	15.64
Meat & Meat Preparations	0.40	0.22	1.10	(45.00)	400.00
Dairy Products & Bird's Eggs	1.43	1.78	1.15	24.48	(35.39)
Fish & Fish Preparations	501.94	436.58	435.21	(13.02)	(0.31)
Cereals & Cereal Preparations	14.06	23.16	38.22	64.72	65.03
Vegetable and Fruits					
Coconut products	908.93	658.86	766.52	(27.51)	16.34
Pineapple products	140.00	156.27	149.55	11.62	(4.30)
Banana	245.19	259.56	241.59	5.86	(6.92)
Mango	55.00	50.32	52.18	(8.51)	3.70
All other fruits & vegetables	72.27	78.44	77.63	8.54	(1.03)
Sugar & sugar preparations	88.80	157.76	115.68	77.66	(26.67)
Coffee, tea, cocoa spices & manufactures thereof	31.25	30.04	28.26	(3.87)	(5.93)
Feeding stuff for animal	80.35	72.22	64.40	(10.12)	(10.83)
Misc. edible & preparations	36.16	36.77	32.36	1.69	(11.99)
Tobacco & Tobacco Manufactures	27.94	37.63	40.00	34.68	6.30
Crude Materials					
Oil Seeds & Oleaginous Fruits	0.57	0.18	0.11	(68.42)	(38.89)
Crude Rubber	27.86	33.88	25.18	21.61	(25.68)
Crude Fertilizer	0.12	0.19	0.14	58.33	(26.32)
Crude Animal & Vegetable Materials (inc. hides, skins and furskins, raw)	118.38	127.30	133.00	7.54	4.48
Animal Vegetable Oils & Fats	18.33	18.17	21.63	(0.87)	19.04
Fertilizers, manufactured	119.92	114.54	98.95	(4.49)	(13.61)
Agricultural Chemicals & Materials	4.35	6.89	9.05	58.39	31.35
Agricultural Machinery	3.32	4.09	3.53	23.19	(13.69)
Total Value of Agri. Exports	2,499.06	2,306.64	2,337.51	(7.70)	1.34
Total Value of All Exports	17,447.19	20,542.55	25,227.70	17.74	22.81
Agri. Exports As Percent to Total Value of All Exports	14.32	11.23	9.27		

Source: Agricultural Foreign Trade Development, BAS (various issues).

Table 5
Percent share of various agricultural commodity exports to total value of Philippine agricultural exports, 1995-1997

Commodity	1995	1996	1997
Food and Live Animals			
Live Animals	0.10	0.08	0.09
Meat & Meat Preparations	0.02	0.01	0.05
Dairy Products & Bird's Eggs	0.06	0.08	0.05
Fish & Fish Preparations	20.09	18.93	18.62
Cereals & Cereal Preparations	0.56	1.00	1.64
Vegetables and Fruits			
Coconut products	36.37	28.56	32.79
Pineapple products	5.60	6.77	6.40
Banana	9.81	11.25	10.34
Mango	2.20	2.18	2.23
All other fruits & vegetables	2.89	3.40	3.32
Sugar & sugar preparations	3.55	6.84	4.95
Coffee, tea, cocoa spices & manufactures thereof	1.25	1.30	1.21
Feeding stuff for animal	3.22	3.13	2.76
Miscellaneous edible & preparations	1.45	1.59	1.38
Tobacco & Tobacco Manufactures	1.12	1.63	1.71
Crude Materials			
Oil Seeds & Oleaginous Fruits	0.02	0.01	0.00
Crude Rubber	1.11	1.47	1.08
Crude Fertilizer	0.00	0.01	0.01
Crude Animal & Vegetable Materials (inc. hides, skins & furskins, raw)	4.74	5.52	5.69
Animal Vegetable Oils & Fats	0.73	0.79	0.93
Fertilizers, manufactured	4.80	4.97	4.23
Agricultural Chemicals & Materials	0.17	0.30	0.39
Agricultural Machinery	0.13	0.18	0.15
Total Value of Agri. Exports	100.00	100.00	100.00

Source: Agricultural Foreign Trade Development BAS (various issues).

Table 6
Value of Philippine agricultural imports, 1995-1997 (F.O.B. value in million US$)

Commodity	–Value of Agri. Imports– '95	'96	'97	–Growth Rate (%)– '95-'96	'96-'97
Food and Live Animals					
Live Animals	79.20	77.12	94.91	(2.63)	23.07
Meat & Meat Preparations	68.97	96.71	129.86	40.22	34.28
Dairy Products & Bird's Eggs	409.53	388.46	406.01	(5.14)	4.52
Fish & Fish Preparations	58.76	68.88	70.18	17.22	1.89
Cereals & Cereal Preparations	533.23	843.08	771.12	58.11	(8.54)
Vegetables and Fruits	96.78	122.68	137.31	26.76	11.93
Sugar & sugar preparations	172.81	251.07	62.21	45.29	(75.22)
Coffee, tea, cocoa spices & manufactures thereof	52.24	49.66	78.94	(4.94)	58.96
Feeding stuff for animal	263.05	197.26	310.68	(25.01)	57.50
Misc. edible & preparations	115.98	142.33	165.72	22.72	16.43
Tobacco & Tobacco Manufactures	118.81	71.52	141.48	(39.80)	97.82
Crude Materials					
Oil Seeds & Oleaginous Fruits	44.97	76.25	68.51	69.56	(10.15)
Crude Rubber	34.69	34.14	28.90	(1.59)	(15.35)
Crude Fertilizer	43.30	28.54	15.71	(34.09)	(44.95)
Crude Animal & Vegetable Materials (inc. hides, skins & furskins, raw)	134.17	149.84	131.27	11.68	(12.39)
Animal Vegetable Oils & Fats	38.35	56.71	57.21	47.87	0.88
Fertilizers, manufactured	194.53	194.62	213.96	0.05	9.94
Agri. Chemicals & Materials	81.38	104.02	108.04	27.82	3.86
Agri. Machinery	107.90	142.96	109.77	32.49	(23.22)
Total Value of Agri. Imports	2,648.65	3,095.85	3,101.79	16.88	0.19
Total Value of All Imports	26,537.63	32,426.93	35,933.82	22.19	10.81
Agri. Imports as Percent to Total Value of All Imports	9.98	9.55	8.63		

Source: Agricultural Foreign Trade Development BAS (various issues).

Table 7
Percent share of various agricultural commodity imports to total value of Philippine agricultural imports, 1995-1997

Commodity	1995	1996	1997
Food and Live Animals			
Live Animals	2.99	2.49	3.06
Meat & Meat Preparations	2.60	3.12	4.19
Dairy Products & Bird's Eggs	15.46	12.55	13.09
Fish & Fish Preparations	2.22	2.22	2.26
Cereals & Cereal Preparations	20.13	27.23	24.86
Vegetables and Fruits	3.65	3.96	4.43
Sugar & sugar preparations	6.52	8.11	2.01
Coffee, tea, cocoa spices & manufactures thereof	1.97	1.60	2.54
Feeding stuff for animal	9.93	6.37	10.02
Miscellaneous edible & preparations	4.38	4.60	5.34
Tobacco & Tobacco Manufactures	4.49	2.31	4.56
Crude Materials			
Oil Seeds & Oleaginous Fruits	1.70	2.46	2.21
Crude Rubber	1.31	1.10	0.93
Crude Fertilizer	1.63	0.92	0.51
Crude Animal & Vegetable Materials (inc. hides, skins & furskins, raw)	5.07	4.84	4.23
Animal Vegetable Oils & Fats	1.45	1.83	1.84
Fertilizers, manufactured	7.34	6.29	6.90
Agri. Chemicals & Materials	3.07	3.36	3.48
Agri. Machinery	4.07	4.62	3.54
Total Value of Agri. Exports	100.00	100.00	100.00

Source: Agricultural Foreign Trade Development BAS (various issues).

(US$141.5 million) in 1997. Percentage-wise, the contributions of each commodity to total agricultural exports are as follows: cereal and cereal preparations 24.9 %, dairy products and bird's eggs 13.1%, feeding stuff for animals 10%, fertilizers manufactured nearly 7%, miscellaneous edible and preparations 5.3%, and tobacco and tobacco manufactures 4.6% in the same year.

THE RICE SECTOR

A. Production and Demand.

Table 8 shows palay production and production growth rates by region for the years 1995-1998. Central Luzon is still the country's major palay producer throughout the period, followed by Cagayan Valley, Western Visayas, and the Southern Tagalog region. In Mindanao, the foremost rice producers are the

Table 8
Production and production growth rate of palay, by region, 1995-1998

	—Production (Metric Tons)—				—Growth rate (%)—		
Region	'95	'96	'97	'98	'95-'96	'96-'97	'97-'98
PHIL	10,540,649	11,283,568	11,468,963	9,017,906	7.05	1.64	(21.37)
CAR	193,221	209,480	218,523	199,397	8.41	4.32	(8.75)
Ilocos	886,517	992,606	1,076,753	885,977	11.97	8.48	(17.72)
CagayanValley	1,349,258	1,441,343	1,544,728	1,204,338	6.82	7.17	(22.04)
C. Luzon	1,757,425	1,888,084	2,008,877	1,439,403	7.43	6.40	(28.35)
S. Tagalog	992,760	1,060,760	1,090,496	933,443	6.85	2.80	(14.40)
Bicol	598,618	660,966	687,890	524,925	10.42	4.07	(23.69)
W. Visayas	1,291,275	1,474,430	1,327,668	1,073,067	14.18	(9.95)	(19.18)
C. Visayas	230,759	232,067	236,900	116,395	0.57	2.08	(50.87)
E. Visayas	446,057	435,790	457,260	369,045	(2.30)	4.93	(19.29)
W. Mindanao	345,489	381,694	359,071	272,914	10.48	(5.93)	(23.99)
N. Mindanao	357,260	311,966	271,034	267,117	(12.68)	(13.12)	(1.45)
S. Mindanao	610,038	682,745	848,302	565,500	11.92	24.25	(33.34)
C. Mindanao	752,426	834,420	757,701	682,464	10.90	(9.19)	(9.93)
ARMM	327,187	327,520	302,790	233,254	0.10	(7.55)	(22.97)
Caraga	402,359	349,697	280,970	250,667	(13.09)	(19.65)	(10.79)

Source: BAS.

Southern and Central Mindanao regions because of the presence of vast flat lands there traversed by Cotabato river.

However, it is interesting to note that the highest growth rates in palay production was not necessarily registered by the traditional rice producing regions but places like Southern Mindanao, the Ilocos and Bicol regions. Likewise, the ill effects of the El Niño in all the regions could be discerned from the dramatic decline (consistently negative for all regions) in the growth rate figures for 1997-1998. The worst affected areas were Central Visayas, Southern Mindanao, and Central Luzon with negative growth rates of more than 25%.

Central Luzon, Cagayan Valley and Western Visayas remain to be the rice granaries of the country (refer to Table 9). About 40% of our rice are produced in these regions. The Ilocos region in the north and the Southern and Central Mindanao regions in the south exhibit potentials for being major producers of palay in the

Table 9
Production and production share of palay, by region, 1995-1998

	—Production (Metric Tons)—				—Regional Contribution (%)—			
Region	'95	'96	'97	'98	'95	'96	'97	'98
PHIL	10,540,649	11,283,568	11,468,963	9,017,906	100.0	100.0	100.0	100.0
CAR	193,221	209,480	218,523	199,397	1.8	1.9	1.9	2.2
Ilocos	886,517	992,606	1,076,753	885,977	8.4	8.8	9.4	9.8
C. Valley	1,349,258	1,441,343	1,544,728	1,204,338	12.8	12.8	13.5	13.4
C. Luzon	1,757,425	1,888,084	2,008,877	1,439,403	16.7	16.7	17.5	16.0
S. Tagalog	992,760	1,060,760	1,090,496	933,443	9.4	9.4	9.5	10.4
Bicol	598,618	660,966	687,890	524,925	5.7	5.9	6.0	5.8
W. Visayas	1,291,275	1,474,430	1,327,668	1,073,067	12.3	13.1	11.6	11.9
C. Visayas	230,759	232,067	236,900	116,395	2.2	2.1	2.1	1.3
E. Visayas	446,057	435,790	457,260	369,045	4.2	3.9	4.0	4.1
W. Mindanao	345,489	381,694	359,071	272,914	3.3	3.4	3.1	3.0
N. Mindanao	357,260	311,966	271,034	267,117	3.4	2.8	2.4	3.0
S. Mindanao	610,038	682,745	848,302	565,500	5.8	6.1	7.4	6.3
C. Mindanao	752,426	834,420	757,701	682,464	7.1	7.4	6.6	7.6
ARMM	327,187	327,520	302,790	233,254	3.1	2.9	2.6	2.6
Caraga	402,359	349,697	280,970	250,667	3.8	3.1	2.4	2.8

Sources of basic data: (1) Palay Yield – Cereal section, CLPFSD, BAS, DA (diskette). Rice and Corn Situation and Outlook, BAS, DA. (2) Population – *Philippine Statistical Yearbook* (various issues).

future considering that their combined palay production comprised around 23% of the total. Moreover, the traditional rice producing regions such as Central Luzon, Cagayan Valley and Western Visayas have by now fully irrigated their potentially irrigable areas that dramatic growth in production may no longer be attainable by now. In contrast, less than 30% of the total irrigable areas in Mindanao have irrigation facilities. The possibilities of attaining higher productivity in these places are therefore promising.

In terms of area devoted to rice production (see Table 10), the rice regions of Central Luzon, Cagayan Valley, Southern Tagalog and Western Visayas expectedly have the biggest hectarage areas devoted to the production of the grain. Not surprisingly, a decline in the cultivated area for the crop could be gleaned particularly in 1998 as a consequence of the El Niño dry weather phenomenon, and combined, in the case of Central Luzon and Southern Tagalog regions, with conversion of rice lands to non-agricultural uses.

Figure 1 clearly illustrates that except for the years 1982, 1985, 1986, 1991 and 1994, our rice yields are unable to meet our rice requirements over a 17-year time frame (1980-1997) (refer also to Table 11). With the adverse impact of the El Niño being fully felt in 1998, it is expected that 1998 production will again lag vis-à-vis demand. However, it is projected that with the advent of the La Nina, which has the effect of prolonging the rainy season and hence the rice planting season, the Department of Agriculture is confident that the rice sector will register a growth rate of at least 3% in 1999.

Figure 2 shows the average growth rates of our population and palay yield. The figure starkly illustrates that we will always suffer a rice deficit considering that our population growth rate is averaging at 2.4% while our harvest is only growing at an average rate of 1.4%. Undoubtedly, unless we are able to drastically decrease the rate of our population growth or dramatically raise our productivity, or a combination of both, the country will remain for years a net importer of rice.

B. Why the Shortfall?

Population growth rate outstripping productivity does not totally account for the current shortfall in our food requirements. After all, population on the global scale has grown in a geometric fashion and yet, technological advances had allowed the farming sector to keep pace with the needs of the consumers. In the Philippines,

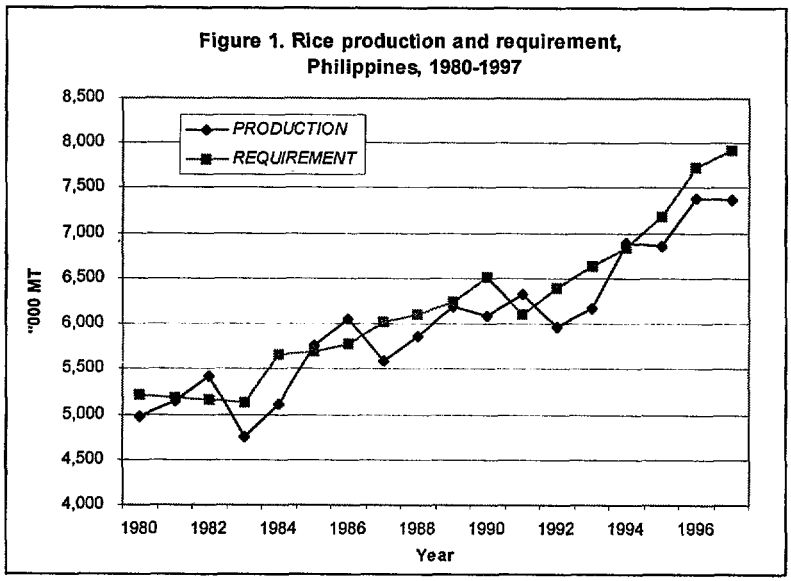

Figure 1. Rice production and requirement, Philippines, 1980-1997

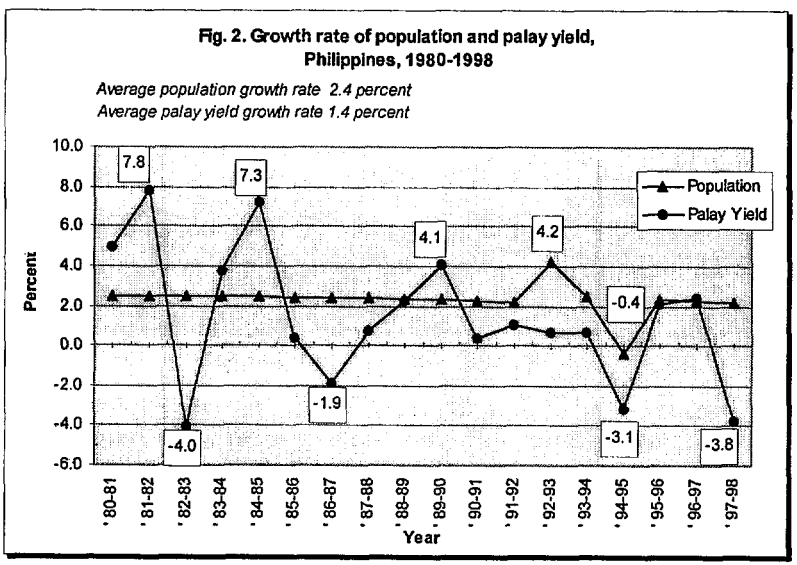

Fig. 2. Growth rate of population and palay yield, Philippines, 1980-1998

the major reason cited is limited production area for rice cultivation due to (a) neglect of existing irrigated lands, (b) failure to provide irrigation facilities for potentially irrigable areas, and (c) conversion of irrigated areas particularly in Regions III and IV for non-agricultural uses (Agricom 1997).

While the Philippines yield of nearly 3 mt of palay per hectare is higher than that of Thailand (around 2.7 mt per hectare) and Vietnam (just over 2 mt per hectare), irrigated rice lands here merely range from a low estimate of 600,000 hectares to a high estimate of 800,000 hectares compared to Thailand's 3 million hectares and Vietnam's 6 million hectares. During the height of the Masagana 99 program and the early 1980s, the emphasis of the Marcos regime on the construction of irrigation facilities brought the level to around 1.2 million hectares. However, neglect combined with the absence of new investments to irrigation by the Aquino and Ramos administrations brought the figures to their current levels.

Table 10
Area harvested and area growth rate of palay, by region, Philippines, 1995-1998

	—Area Harvested (Hectares)—				—Growth rate (%)—		
Region	'95	'96	'97	'98	'95-'96	'96-'97	1997-98
PHIL	3,758,691	3,951,136	3,844,270	3,195,016	5.12	(2.70)	(16.89)
CAR	76,387	75,609	77,269	71,348	(1.02)	2.20	(7.66)
Ilocos	322,964	337,349	343,418	302,095	4.45	1.80	(12.03)
Cagayan Valley	403,111	414,256	427,990	368,851	2.76	3.32	(13.82)
C. Luzon	547,562	542,364	542,507	419,992	(0.95)	0.03	(22.58)
S. Tagalog	410,168	410,435	398,289	363,508	0.07	(2.96)	(8.73)
Bicol	281,263	306,140	298,810	231,427	8.84	(2.39)	(22.55)
W. Visayas	468,290	536,096	503,396	416,644	14.48	(6.10)	(17.23)
C. Visayas	112,630	108,077	105,741	52,499	(4.04)	(2.16)	(50.35)
E. Visayas	206,488	208,868	213,279	187,177	1.15	2.11	(12.24)
W. Mindanao	120,965	134,434	130,768	101,731	11.13	(2.73)	(22.20)
N. Mindanao	98,156	93,336	83,634	82,739	(4.91)	(10.39)	(1.07)
S. Mindanao	183,361	218,134	209,793	171,847	18.96	(3.82)	(18.09)
C. Mindanao	223,397	263,263	249,379	211,204	17.85	(5.27)	(15.31)
ARMM	157,619	161,247	144,889	118,152	2.30	(10.14)	(18.45)
Caraga	146,330	141,528	115,108	95,802	(3.28)	(18.67)	(16.77)

Source: BAS.

Various studies have shown that one of the foremost contributors to increased productivity is the existence of irrigation facilities. This is a commonsensical finding because the presence of irrigation allows the cultivator a second or third cropping. Even assuming that the yield remains low, the mere fact that the farmer can plant a second crop within the year will already raise, theoretically, his harvest (and hence productivity) by a hundred percent.

The financial crisis experienced by the country during the mid-1980s and early 1990s led to the neglect of our irrigation facilities and the absence of major investments in irrigation. This financial crunch combined with the debate among donor agencies whether big-scale irrigation projects are economically and financially sound resulted in the further deterioration of existing facilities and the government's con-

Table 11
Domestic production and demand in rice production, Philippines, 1980-1997.
('000 mt)

Year	Domestic Production	Total Requirement	Food	Seeds	Feeds & Wastes	Exports	Surplus (Deficit)
1980	4,970.2	5,209.0	4,453.3	169.2	323.1	263.4	(238.8)
1981	5,142.0	5,177.3	4,581.6	166.7	334.2	94.8	(35.3)
1982	5,416.9	5,162.8	4,645.8	163.4	352.1	1.5	254.1
1983	4,756.2	5,131.2	4,632.3	149.4	309.2	40.3	(375.0)
1984	5,120.1	5,653.8	5,164.0	155.1	332.8	1.9	(533.7)
1985	5,758.9	5,689.7	5,153.1	162.2	374.3	0.1	69.2
1986	6,047.4	5,787.0	5,224.0	169.9	393.1	-	260.4
1987	5,585.1	6,027.2	5,393.5	159.7	363.0	111.0	(442.1)
1988	5,867.1	6,105.9	5,558.1	166.4	381.4	-	(238.8)
1989	6,186.0	6,233.9	5,644.3	171.5	402.1	16.0	(47.9)
1990	6,094.8	6,507.2	5,948.2	162.8	396.2	-	(412.4)
1991	6,326.4	6,108.5	5,519.2	168.0	411.3	10.0	217.9
1992	5,970.4	6,396.7	5,822.1	156.9	388.1	29.6	(426.3)
1993	6,170.0	6,629.7	5,977.0	161.1	491.6	-	(459.7)
1994	6,892.0	6,834.0	6,204.0	182.0	448.0	-	58.0
1995	6,852.0	7,179.0	6,551.0	183.0	445.0	-	(327.0)
1996	7,379.5	7,738.3	7,064.8	193.8	479.7	-	(358.8)
1997	7,369.9	7,911.3	7,243.3	188.5	479.0	-	(541.4)

Source: BAS.

fusion as to whether it should pour more money to its provision. In the process, potentially irrigable areas, particularly those in Mindanao, have not been accorded investments in irrigation. By the time the debate seemed to have been settled and the government has finally realized the importance of constructing these facilities, the food shortage problem has intensified because of rapid population growth rate and the financial crisis that once again struck the country. While there is now a consensus that much of these irrigation facilities should be constructed in Mindanao because of the presence of vast tract of fertile lands in the island and that it is typhoon-free, the government does not have enough resources to embark on massive irrigation projects. Thus, less than 30% of the total irrigable areas in Mindanao is currently irrigated.

Undoubtedly, the problem is aggravated by the widespread conversion of irrigated farm lands in Central and Southern Tagalog regions to non-agricultural uses. Areas devoted to rice farming are fast dwindling and billions of pesos worth of investments in irrigating these lands have gone to waste. The pressure to convert however is overwhelming considering the tremendous financial gains from the process. The demand for lands for other uses due to the increasing industrialization of the economy and the expanding population in search of lands for housing and other services such as recreation have made offers from real estate developers too tempting for the farmers who are unable to generate a decent income from the small piece of land that they till.

Ideally, a compromise could be forged wherein a land conversion tax could be imposed by the government to real and industrial estate developers to recoup the costs of its irrigation investments and to capture some of the windfall gains of the developers. In turn, proceeds from this tax could be used to finance irrigation projects in other areas. Unfortunately, to this day, Congress has not enacted such a scheme. Thus, while the losses to conversion have been borne by society, private individuals have largely captured the gains from it.

GOVERNMENT STRATEGIES TO ADDRESS FOOD SECURITY AND AGRICULTURAL PRODUCTIVITY

Unlike the concept of food self-sufficiency, which emphasizes that available food must be locally produced (regardless of the cost of production), food security means the availability and affordability of food to consumers. The latter is indifferent to

where the food was produced because of the "affordability" factor. For as long as it is available and affordable to the consumers, the strategy does not mind if food is imported or if the imported one is much cheaper than the locally produced goods. Economically, food security is therefore a more acceptable concept and strategy.

Still, food security can be best guaranteed if local agricultural productivity is high. This means that the country will be less dependent on the volatile international market. It is for this reason why the government has emphasized raising agricultural productivity as one of its priority from time immemorial. For instance, the Marcos regime launched its Masagana 99 program in the late 1970s until the early 1980s to boost rice production. It partly met success when the Philippines produced a rice surplus in 1979 but this could not be sustained because of the high cost of the program (APST 1986). Aside from providing irrigation facilities to farmers and quality seeds, the most important components of the program were the extension of highly subsidized credit to the participants by the Land Bank of the Philippines (LBP) and the procurement of their produce at a guaranteed price by the National Food Authority (NFA). Because many farmers associations (Samahang Nayon) defaulted on their loans combined with the financial crisis that struck the country in the early 1980s (and later the removal of NFA's monopoly rights to import wheat and other grains, the proceeds of which were used to buy the farmers palay at the guaranteed price), the program had to be abandoned.

The Aquino administration launched a similar program called the Rice Productivity Enhancement Program (RPEP). RPEP emphasized the rehabilitation of existing irrigation facilities and the provision of small community water impounding project (SWIP). It also distributed free fertilizers (through the buy one-take one scheme) to farmers in the belief that such an approach will be less prone to corruption. And even assuming that fertilizer use is diverted from rice to other crops such as corn or coconut, its implementors still believed that the higher yields in other crops will redound eventually to the benefit of the agricultural sector through higher aggregate yield. The effort seemed to have paid off because, as reflected in Figure 1, we had a rice surplus in the year 1991 despite the debilitating series of coups staged by military putschists from 1987-1989 and the 1991 Mt. Pinatubo eruption.[2]

[2]At that time, some knowledgeable individuals in the DA alleged that the reason for having a surplus during that year was because, in 1990, the country over-imported rice. This was in preparation for the worst-case scenario in the Iraqi invasion of Kuwait and the subsequent military actions taken by allied forces led by the US in the Middle East.

When the Ramos government ascended to power in 1992, the DA launched its "Medium-Term Agricultural Development Plan for 1993-1998" (MTADP). The linchpin of the grains productivity program was the "Grains Productivity Enhancement Program" (GPEP). Under the leadership of Roberto S. Sebastian, the MTADP espoused the concept of the "Key Production Areas" (KPAs) approach wherein certain places in the country were designated as the most suitable for rice and corn production; for livestock production; vegetable and other crops production; and fisheries production. Sebastian justified the employment of KPAs on the basis of the basic principle of agronomy, i.e., "planting the right crop at the right place at the right time." Accordingly, he worked hard for the provision of the appropriate budget for his various KPAs.

Just like its predecessors, there was heavy emphasis on the provision of irrigation (this time, the "shallow tubewell" type), farm-to-market roads, certified seeds, and postharvest facilities. The difference though was that they would now be concentrated in the KPAs to prepare the Philippine agricultural sector for the competition posed by a liberalized agricultural trading regime heralded by the country's ascension to the World Trade Organization (WTO).

During the initial phases of GPEP, it was successful in raising rice productivity to 4.25 mt per hectare and corn productivity to 3.31 mt. (CPDS-CIDS 1996). However, due to the adverse weather condition in late 1994 and early 1995, combined with a major policy mistake on rice importation in 1995, there was a severe shortage of the grain in that year. Prices of rice and even corn almost doubled and this led to consumers protests in various parts of the country but more specifically in Metro Manila. As a result, Secretary Sebastian resigned in early 1996.

His successor, Salvador Escudero, merely continued his programs but gave it a different name, i.e., "Gintong Ani". Moreover, instead of giving certified seeds to the farmers, DA shifted its subsidy to credit by lending money to the farmers 25% lower than the prevailing rate imposed by Land Bank. There was also emphasis given to the rehabilitation of existing irrigation facilities and effort was made to secure additional funding to construct new irrigation more particularly in Mindanao.

The "Gintong Ani" program did not meet much success because of the advent of the El Niño and the Asian regional financial crisis in the latter half of 1997. The prolonged dry season wrought havoc in the traditional rice producing regions of the country such as Central Luzon and Cagayan Valley, and the

traditional corn producing areas like South and Central Mindanao. Combined with the scarcity of funds due to the financial crisis brought about by the drastic devaluation of the peso, the national government was hard put in generating the much-needed funds for the grains production program. The result was a record low performance of the agricultural sector and record high importation of agricultural commodities in 1998.

It was also in 1997, when Congress enacted Republic Act No. 8435 or the "Agriculture and Fisheries Modernization Act" (AFMA) wherein a P20 billion fund was allotted to the DA on top of its regular budget for the purpose of modernizing the Philippine agriculture sector. AFMA was passed in recognition of the urgent need to modernize the countryside considering the stiff competition that will be engendered by the entry of imported agricultural products as a result of the liberalized agricultural trading as heralded by the WTO. AFMA was supposed to be in effect in 1998 but because the budget process for that year was already completed, its implementation was pushed to the following year. Unfortunately, the Estrada administration buffeted by severe budgetary constraint was not able to find the P20-billion fund for agricultural modernization. In fact, the DA regular budget even suffered a cutback from its 1998 level of around P17 billion to its current budget of just over P16 billion. This has not factored in the effect of inflation and the drastic devaluation of our currency.

The Estrada administration has repeatedly stressed that the attainment of food security is one of its primordial goals. Recently, the DA under the leadership of Acting Secretary William Dar unveiled its "Agrikulturang Makamasa Rice Program". The usual package of certified seeds, subsidized credit, rehabilitation of existing irrigation facilities, research and development support, etc. are contained in the program. It also declared that the targeted areas for this production program would be the 300-500,000 hectares of irrigated farms. In other words, the DA leadership is hoping that the dramatic increase in productivity in these farms would enable the sector to attain a productivity of at least 3% this year.

In a way, the limited area coverage of the program is already an admission of the budgetary constraints faced by the Department. Moreover, it would be unrealistic to expect dramatic increases in productivity in these traditional rice-producing areas as most of them have already adopted the package of recommended technol-

ogy. Thus, it is inevitable that importation will have to be resorted to by the government to fill in the expected supply gap. Ostensibly, there is discrepancy between the stated goal and the resources allocated to the agriculture sector.

THE ROLE OF LGUS IN FOOD SECURITY

Section 17 of the 1991 Local Government Code provides for the devolution of all the agricultural extension workers of the DA to the municipality, provinces and cities. It is clear in this section that the primary responsibility of increased farm productivity and preventing the outbreaks of pests and diseases to plant and animal lives had been delegated to the LGUs. Necessarily, the attainment of the food security objective would have been passed on to the LGUs with the devolution of agricultural personnel and basic facilities. There is wisdom in this assumption since food security is "local" in nature. Food shortages and starvation are immediately felt at the local level rather than at the national level. LGUs are the ones immediately confronted with the phenomena and are tasked to respond to them. Moreover, LGUs are in a better position to determine the best areas where productivity-enhancing program should be launched and what types of crops would best suit farms in their respective localities.

Consistent with the intent of the 1991 LGC, the DA signed last January a food security covenant with the League of Provinces of the Philippines (LPP) committing the latter to attain self sufficiency in rice by the year 2002, corn by the year 2003, and fish in the year 2004.[3] On the part of the DA, it committed itself to channeling all funds of productivity-enhancing programs to the LGUs, which in turn, pledged to provide counterpart funds for such programs.

Inadequate funding support has been a major bottleneck in the ability of the LGUs to perform the food security task assigned to it. For some LGU units, the absorption of the devolved agricultural extension workers was already a problem in itself. This is because the Internal Revenue Allocation (IRA) given to them was not enough to cover the salaries of all the devolved personnel of the various services agencies (i.e., agriculture, health, natural resources, etc.). Thus, it was virtually impossible for them to engage in productivity-enhancing projects because of the sheer lack of funds.

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[3]The covenant was forged during the Governors' Workshop on Food Security held on January 10-12, 1999, at Holiday Inn, Clark Field, Pampanga.

A second problem is the relative lack of capability on the part of the LGUs to engage in agricultural projects. LGUs merely inherited the army of extension personnel without passing judgement on their competence and capability. Most of the workers were commodity-trained and were therefore ill prepared to address the requirements of other agricultural commodities. With the devolution, the need was for a generalist but the qualifications of the inherited personnel do not respond to this. And the problem had been aggravated by the lack of funds to conduct training meant to upgrade the skills of these workers.

The absence of coordination between the DA and the LGUs was another contributory factor to the inability of the LGUs to perform their food security task. There is no re-alignment between plans hatched at the national level and those at the provincial/municipal levels (if the latter are competent enough to formulate one). Thus, provision of the all-important support services to the farmers such as irrigation, farm-to-market roads, post-harvest facilities, etc. are most often disjointed.

Third, to some LGUs, particularly those near the National Capital Region and other urban centers in the country, enhancing agricultural productivity is no longer a primordial goal because of the shift of economic activities from agriculture to the manufacturing and service sectors. Moreover, the rapid conversion of agricultural lands to other uses in these places only means that agriculture is no longer an attractive undertaking because the profits derived from it is small compared to non-agricultural ventures. For them, the more important consideration is the availability of food for their consumers at lower prices. Whether the supply is sourced locally or abroad is a secondary concern to the objective of having food at affordable prices. Often, the attainment of the latter conflicts with the interest of the food producing sector because of its desire to generate a reasonable return to farming.

Finally, it should also be noted that while the productivity-enhancing task had become the primordial responsibility of LGUs due to the devolution of agricultural extension personnel to them, the procurement/marketing aspect is still in the hands of the national government, i.e., the National Food Authority or the NFA. Increased productivity is a necessary but not a sufficient condition to raising farmers' income. What price they will get from their produce will determine whether they will earn a decent income or not. For instance, increased productivity might only lead to surplus or glut, which in turn, results in falling prices. In this situation, higher yields

instead of encouraging farmers to produce more will only result in frustration. Thus, it will be difficult to obtain the tillers cooperation in the next productivity program sponsored by the government.

This points out to the importance of the market in determining whether the productivity-enhancing program will succeed. However, under the current scheme, while the LGUs are primarily in-charge of production programs, the procurement/marketing function is not in their control but that of the national agency. And even in this marketing function, the role of the national government is limited because firstly, it does not have the resources to fully influence the market, and secondly, under a free enterprise system, particularly in the era of a liberalized trading regime, the government's role in the economy is ideally limited to providing the regulatory framework that will allow the freer working of market forces.

In conclusion, the LGUs capability to ensure a decent income to their tillers is already constrained at the very outset because while the responsibility of raising productivity has been assigned to them, the marketing aspect has been primarily left to the administration of the national government. It is therefore incumbent upon the LGUs that even before embarking on a productivity-enhancing campaign, it should already be looking/examining possible markets for the produce of their farmers.

ISSUES AND CONCERNS IN THE AGRICULTURAL SECTOR

The report of the Congressional Commission on Agricultural Modernization (1997) summarizes the entire gamut of problems hounding the countryside. But basically, its prescriptions can be collapsed into four major concerns:

A. Providing the right macroeconomic policy which will be conducive for the growth of the sector such as in the fields of monetary and fiscal policies in order that the more efficient sectors of the economy (including the agricultural sector) will flourish and that measures that promote the attainment of a more equitable society are fully implemented.

B. That the appropriate budgetary support to countryside development be given by the government in order to enhance its competitiveness particularly in the light

of the country's ascension to a more liberalized agricultural trading regime provided by the WTO. Activities that particularly need support are the provision of support services to the farmers such as irrigation, farm-to-market roads, postharvest facilities, and investments in research and development. This will also necessitate policy reforms in ancillary services used by the sector such as in shipping, air transport, land transport, etc.

C. That the appropriate institutional changes are undertaken to ensure a more efficient agricultural bureaucracy, and avoid the proliferation of agencies discharging the same functions or attending to the same commodity.

D. And, finally, changes on institutions providing the human resource requirements of the agricultural sector must also be undertaken. Linkages between the extension workers and the regional SCUs must be strengthened, courses at the secondary level dealing with agriculture must be modified, agricultural high schools' curricular programs must have immediate application after graduation, and that college level agricultural courses in the tertiary level must be oriented towards entrepreneurship.

The Agricom points out that future administrations of the country must consider the above tasks if they want to see a modern agricultural sector capable of competing in the world market particularly in the new millennium. If the requirements of the countryside are not attended to right now, the same body predicted a dire future for our agricultural sector, and, hence, for the development agenda of this nation.

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STRENGTHENING LOCAL GOVERNMENT-NATIONAL GOVERNMENT INTEGRATION IN GRAINS PRODUCTION: THE TOBOSO EXPERIENCE

QUIDAN-KAISAHAN OF NEGROS OCCIDENTAL, INC.

Philippine agriculture is undoubtedly on the decline. Fermin Adriano's study of the performance of the agriculture sector reveals that "the contribution of agriculture to the country's gross domestic product (GDP) has continually shrunk during the last decade. In 1988, agriculture's share represented more than a quarter of the GDP. In 1995, 1996 and 1997, agriculture, fisheries, forestry only constituted 21.53%, 21,15% and 20.78%, respectively, of the GDP."[1] The same study reveals the continuous decline in agriculture's share to the country's exports. From a 14.3% share in 1995, agriculture's contribution to total exports dropped to 11.2% in 1996, and further went down to 9.3% in 1997.

The adverse effects of this decline are becoming increasingly visible. The more alarming of these effects is the poverty of those in the sector. Despite the country's shift toward industrialization, a large proportion of Filipinos continues to depend on agriculture for livelihood and survival. In 1998, more than a third of Filipino workers were still employed in agriculture, fisheries and forestry. Of this proportion, however, more than one-fourth were underemployed.[2] Agricultural workers are probably among the lowest-paid workers in the country. In the haciendas of Negros, for instance, the daily wage still ranges from P50 to P70.

Another ill effect of the decline in agriculture is the widening demand-supply imbalance in agricultural products, especially in staple crops. While the country's population increases at a geometric pace, its staple crop production stagnates. Population growth averages 2.4% while rice production grows at an average rate of only

[1] Fermin D. Adriano, *State of Philippine Agriculture and the Role of Local Governments* (1999). The data cited in this paper were taken from the National Statistical Coordination Board (NSCB).
[2] Bureau of Labor and Employment Statistics, as cited in Adriano.

1.4%. As such, except in 1991 and 1994, the country has had a supply deficit in rice for the last decade.

Consistent with previous administrations, the Estrada administration has placed agricultural productivity improvement and food security among his top development priorities. It is also not surprising for his administration to focus on establishing legal and institutional mechanisms for attaining this goal. For their part, local government units have been instructed to spearhead agricultural development and food security. National government agencies and state universities have been directed to provide LGUs the necessary financial and technical support.

However, legal infrastructures, although critical, do not automatically guarantee the realization of the government's goals. Even more important, perhaps, is translating mandates into action and delivering programs to the target beneficiaries. Equally critical are the financial capability of the government, the appropriateness of structural arrangements and the capability of the implementors, including the LGUs. The success and sustainability of programs depend on the investments that the government is willing to put in and the appropriateness of the political and structural environment within which these programs must operate.

This study looks into the status of the food security program in the municipality of Toboso, Negros Occidental. Specifically, the study looks at the investment and resources poured into the municipality's program, the capability of the LGU to abide by its mandate to spearhead the program, and the effectiveness of the structural arrangements installed. The assessment includes the participation and involvement of the barangay LGUs and farmers' organizations, the convergence of local and national government agencies, and the integration of local and national programs.

The study also reviews the existing programs and mandates of the national and provincial governments. It reports on and assesses the implementation of the program based on the Toboso experience. Toboso's Grains Production Enhancement Plan — which incorporates the plans of the three Strategic Agriculture and Fisheries Development Zones (SAFDZs) — is used as a basis for assessing the extent of local efforts and external assistance. The evaluation and analysis focuses especially on investment and resources, structural arrangements, and LGU capability.

The final section of the paper consolidates the analysis and offers recommendations. Results of consultative conferences with barangay representatives (officials and farmer-leaders), municipal and provincial government authorities (specifically, the local agricultural offices), and the Department of Agriculture in Region VI also are included. The recommendations include policy proposals, mechanisms for more efficient and responsive resource and fiscal allocation and utilization, and structural improvements.

NATIONAL AND PROVINCIAL PROGRAMS AND MANDATES

A. National Government Initiatives.

Past national government programs to attain optimum agricultural productivity and food security include the Marcos administration's Masagana 99 program, and the Rice/Grains Production Enhancement and the Gintong Ani Programs of the Aquino and Ramos administrations.

These efforts extend to this day. In 1997, Congress enacted Republic Act 8435 or the Agriculture and Fisheries Modernization Act (AFMA). This legislation recognizes the need to "enhance profits and income in the agriculture and fisheries sectors" and to "ensure the accessibility, availability, and stable supply of food to all at all times" (AFMA Implementing Rules and Regulations, 1998). RA 8435 allotted a P20-billion fund to provide necessary production and marketing support services, such as, credit, technology and capability building, irrigation and other infrastructures to modernize the country's agriculture and fisheries.

B. Devolution.

The responsibility for spearheading agricultural modernization has been passed on to the local government units (LGUs). Section 17 of the 1991 Local Government Code provides for the devolution of agricultural development functions (together with all agricultural extension workers) to local governments. It transfers the primary role of improving farm productivity and income, and promoting food security to the barangay, municipal and provincial government units. Similarly, the AFMA directs the LGUs to formulate and ensure the implementation of their Agriculture and Fisheries Modernization Plans (AFMPs).

To enable LGUs to effectively perform this devolved function, however, national government agencies are mandated to provide the necessary assistance in building the capability of LGUs. The AFMA mandates the Department of Agriculture (DA) to "accelerate and strengthen capability building activities for LGUs and small holders in agriculture and fisheries sector." They are, likewise, mandated to ensure "that the local and national AFMPs are provided with the finances necessary for implementation." Moreover, in the Food Security Covenant entered into by the DA and the League of Provinces of the Philippines, the DA has committed to provide the fiscal and technical assistance needed by the LGUs. LGUs are expected to raise their counterparts.

Effective collaboration and integration among the national government and local governments have been included in these mandates. Section 25 of the Code mandates national government agencies to closely coordinate with the LGUs and involve them in the planning and implementation of national projects. The AFMA, on the other hand, mandates the provincial and national agricultural agencies to incorporate the municipal AFMPs in their own plans.

TOBOSO'S AGRICULTURAL DEVELOPMENT AND FOOD SECURITY PROGRAM

A. The Provincial Program.

In 1996, Negros Occidental launched its "Pagkaon 2000," a Five-Year Food Sufficiency Program. This program aims to attain self-sufficiency in staple crops, specifically in rice and corn. This means:

- increasing the annual rice yield by 25% (or from 2.4 MT of milled rice per hectare to 3.0 MT per hectare);
- developing potential water resources of Negros Occidental in order to increase irrigated ricelands from 37,000 hectares in 1996 to 44,000 hectares by the year 2000, thereby increasing provincial production;
- establishing a responsive marketing support system to ensure the profitability of rice and corn farming and, therefore, provide the necessary mo-

tivation for the farmers to sustain and/or shift into staple crop production; and

- promoting equitable financial accessibility and livelihood opportunities

B. The Toboso Program.

Toboso's Agricultural Development and Food Security Program is consistent with both the national and provincial programs. Its aim is to build the town's capability in producing the staple food of its populace while improving farmers' income.

Pagkaon 2000 began in 1996 as an offshoot of the participatory barangay development planning conducted in all of Toboso's nine barangays. The barangay plans that resulted from this planning exercise were incorporated in a Municipal Development Framework. In this framework, agricultural development and food security were placed among the town's priority programs.

The municipality's Grains Production Enhancement Program (GPEP), which was packaged and launched in 1998, is, therefore, not a new program but a continuation of the 1996 plans and initiatives. It maintains the goals, strategies and components of the 1996 plan. The GPEP adopts strategies that will optimize Toboso's agricultural resources and potentials while responding to its problems and inadequacies.

TOBOSO'S AGRICULTURAL PROFILE: POTENTIALS AND INADEQUACIES

A. Location and Topography.

The municipality of Toboso is located on the northeastern side of the province of Negros Occidental. It is bounded on the southwest by the municipality of Calatrava, northwest by the municipality of Sagay, north by the municipality of Escalante and east by Tanon Strait. The town proper, which is the Poblacion, is 115 kilometers from Bacolod City, the provincial capital.

The terrain of Toboso is slightly rolling along the national highway and mountainous to very mountainous in its interior barangays. The coastal area is relatively flat to steep in certain places. The Odiong mountain range represents its maximum

elevation at 366 meters above sea level while the minimum elevation is in the Poblacion at 2.50 meters above seal level.

B. Land and other Natural Resources.

Toboso has a total land area of 11,328 hectares or 113.28 square kilometers.[3] Of this land area, 8,921 hectares (nearly 79%) are devoted to agriculture. The remaining area is used for residential, commercial, industrial, and other purposes.

Sugarcane is the major crop and occupies about 60% of the total agricultural land. Rice and corn — the people's staple — is confined to only about 6.5% and 27.6% of the agricultural land, respectively. The remaining area is utilized for other crops such as banana, cassava, fruit, vegetables, and others.

Toboso has historically been a rice-and-corn producing municipality. In the 1850s, the introduction of large-scale sugar cultivation and the conversion of large tracts of lands into sugar haciendas transformed the town's agricultural production from subsistence farming and food production to commercial production.

C. Soil.

There are three soil types found in the municipality. These are clay, loam and hydrosal. The clay type covers most of the areas from the coast to the interior mountains. Hydrosal and san miguel loam cover mineral areas along the coast.

D. Water Resources.

There are five major rivers in Toboso that could provide the irrigation requirements of most of its agricultural lands. These are Manara, Dalusan, Himoga-an, Sag-ahan and Salamanca Rivers. There also are various springs in the town's barangays.

[3] The 1999 DENR data reveals an increase in Toboso's land area to 12,340 hectares. However, the area needs to be surveyed. This Plan uses the earlier data.

E. Agrarian Profile.

The introduction of large-scale sugar production also brought in the systematic occupation and fencing-off of lands by the Chinese mestizos who spearheaded the conversion of large tracts of lands into sugar haciendas. This started the semi-feudal relationship between the tillers of the soil and the owners of capital and the inequitable distribution of resources in the municipality.

Although the agrarian problem in Toboso may not be as critical as in the other parts of Negros Occidental, the inequity in the distribution of landholdings may still be seen in the fact that 50% of agricultural lands is still classified as big landholdings ranging from 5 hectares and more. As of 31 December 1998, the government's agrarian reform program has succeeded in distributing 918 hectares of land in Toboso or 25% of the total target to about 500 tillers.

F. Climate and Rainfall.

Toboso has two pronounced seasons: the wet season, which starts from June and ends in January; and the dry season, which starts in February and lasts to May. The highest rainfall is usually recorded in the month of June.

G. People in the Agricultural Sector.

Based on the 1996 census, Toboso's total population is 37,212 (51% male, 49% female). Population density is pegged at 3.14 persons per hectare. About 82% of the total population belong to the agricultural sector.

The potential labor force is 18,360. About 82% of laborers depend on agriculture for their livelihood either as owner-cultivators or agricultural laborers. The haciendas continue to be a major source of employment.

The people in the agricultural sector are probably one of the poorest groups in the municipality. Only about 10% of those in the sector can be classified as "better off". These are the owners of lands ranging from 6 hectares and above who are engaged in other economic activities such as poultry and livestock, trading, agro-processing, and other businesses.

About 20% of those in the sector (small farmers owning a maximum of 5 hectares; owner-cultivators/agrarian reform beneficiaries; and share

tenants/ leaseholders of bigger parcels of land) are able to generate enough income to meet the nutritional and other basic requirements of their households. The remaining 70% who own or lease less than a hectare of land or earn their living from farm/hacienda employment have to cope with income deficits for most months of the year. They depend on credit not only for their production capital but also for their basic household expenses (e.g., food, hospitalization, etc.).

INDUSTRY ANALYSIS

A municipality that is predominantly agricultural like Toboso would naturally depend on agriculture as its main ingredient for development. However, the abundance of its natural resources seems unable to conceal the poverty and underdevelopment that plague its people and communities. Apparently, its rich soil, sufficient water sources, and hardworking people have not been optimized to improve the agricultural industry. The people's access to resources and opportunities is still limited and the provision of support services that would improve agricultural productivity and income is still inadequate. Consider the following :

A. Capital Sources and Utilization.

Only 10% of small farmers can provide for their own production capital. Most of these farmers own 3 to 5 hectares of land. They may also be raising poultry and livestock, and run small businesses. They are the ones who can generate adequate income from their farms and other sources (such as, selling of livestock, small business activities, and the like) to cover their capital requirements for the next cropping season.

The remaining 90% of farmers require credit for their production capital. Private and government banks are sources of credit in Toboso. Although only one rural bank exists in Toboso, other private and government banks such as the Land Bank of the Philippines (LBP) and Philippine National Bank (PNB) extend credit assistance in the municipality.

However, only farmer members of cooperatives (barely 20% of the total number of small farmers in the municipality) qualify for LBP loans. PNB extends loans

either to big landowners or those owning at least 10 hectares of land. Moreover, about 70% of the total production loan availed of by Toboso farmers and landowners go to sugarcane production.

As such, about 70% of small farmers resort to private financiers for their production capital requirement. A common financing system is the "alili" where borrowers pay an interest of 50% within four months. Other forms include the borrowing of seeds from neighbors at a rate of 100% — that is, 1 cavan of palay paid with 2 cavans during harvest or after four months.

B. Technology.

Monocropping (generally, sugarcane-based) continues to be the farming practice of most of the landowners and farmers of Toboso. Moreover, farming technologies being adopted require intensive use of fertilizers and chemical pesticides for optimum productivity. Present farming practices do not take into consideration proper conservation and management of soil, which leads to soil erosion and depletion. All these technological inappropriateness result in low farm productivity.

C. Infrastructure and other Storage and Agro-Processing Facilities.

The construction of the national highway from Escalante to Vallehermoso has made Toboso accessible to the other municipalities of the island. The constraint, however, is the poor condition of the majority of the roads connecting the barangays to the municipal proper. This makes the hauling of inputs to and produce from the farms very expensive.

Irrigation facilities, a necessary infrastructure in agriculture, are limited. There is, at present, no irrigation system that taps Toboso's major rivers. Only low-cost irrigation facilities, such as small diversion dams and small water impounding projects, have been constructed in Barangays Bandila and San Isidro. These facilities are capable of serving only about 20 hectares of land. One sugar central and one coconut oil extracting factory operates in Toboso. There are also privately-owned rice/corn mills and warehouses.

D. Market Flow.

There is one main market operating in Toboso's poblacion and secondary markets in Barangay Aguinaldo, Barangay San Isidro, and in Barangay Bug-ang. The farmer's marketing problem points to the poor condition of the farm-to-market roads, which makes the handling and hauling of products very expensive.

Another hindrance is the absence of a farmer's group that can serve as the marketing channel of the members' products. The common marketing arrangement in Toboso is still through traders who go to the barangays and purchase the produce, often, at prices unfavorable to the farmers.

As such, the prices that the farmers are able to get for their products are almost always below the prevailing market price set by agencies such as the National Food Authority (NFA). The actual selling price of corn ranges from P4.00 to P4.50 per kilogram while the prevailing farmgate price set by the NFA is P6.00. For rice, the farmers are able to get only P300.00 per 50-kg sack of palay.

E. Productivity and Income.

Despite Toboso's natural resources, its farmers still have to cope with low agricultural productivity. This is reflected in the production records of major crops. Average yield in sugarcane, which is pegged at 60 tons per hectare, is low relative to the provincial average of 80 tons per hectare. In palay, the average annual yield in rainfed areas is 50 cavans per hectare. While this may be comparable with the provincial average, this could still be doubled if the town's irrigation potentials are tapped. In corn, Tobosos' average yield of 1.8 metric tons (mt) per hectare falls short of the provincial average of 2 mt per hectare.

Toboso's agricultural records show that the municipality used to enjoy good yields. Moreover, the town's clay-and-loam soil is suitable for farming. Present farming practices and the townpeople's habitual disregard for soil conservation methods are the major causes of soil depletion in Toboso.

The farmers' limited access to resources and opportunities, specifically, timely and affordable credit, irrigation and other infrastructure support services, also contribute to their inability to optimize the productivity of their land. Farmers have to cope with the high cost of transporting their products due to the poor condition of

their farm-to-market roads, and the low prices they get for their produce (the result of trader control of the marketing system).

Toboso farmers continue to be among the poorest sectors in the municipality. The average annual net income from a hectare of sugarcane is only P8,490.00 while that of rice and corn is P17,000-P21,000 and P1,000-P3,000 respectively.

TOBOSO'S STAPLE FOOD SITUATION

A. Demand.

The staple of 68% of Toboso's population (or 25,112 persons) is corn, while that of the remaining 32% or 12,090 persons is rice. Following the average municipal per capita consumption in both rice and corn of 182 kg per person per year, the annual volumetric demand for rice is 2,206,514 kg (2,206 mt) while that for corn is 4,584,741 kg or 4,584 mt.

B. Supply.

At present, Toboso has a total rice land area of 582 hectares of which only about 60 hectares are irrigated. With an average annual yield of only 2,500 kgs (2.5 mt) of milled rice per hectare for the irrigated areas and 1,250 kg (1.25 mt) for the rainfed areas, Toboso is capable of producing only 1,496,500 kg (1,496 mt) of milled rice annually. This supply meets only 68% of the total rice requirement of the municipality. Toboso continues to depend on outside producers and suppliers of rice for the staple of 32% of its people.

On the other hand, 2,461 hectares is being used for corn production. At an average annual yield of 1,800 kg (1.8 mt) per hectare, this means an annual production of 2,559,085 kg (2,559 mt) of milled corn. This means a demand-supply imbalance of about 2,025 mt or 44% of the demand.

C. Nutrition.

The implication of Toboso's demand-supply imbalance in rice is clearly seen in the state of the children's nutrition. As in the rest of the province, the rate of malnutrition among the preschoolers of Toboso is alarming. Statistics for 1996 show that

12.5% of preschoolers in Toboso are malnourished. Although this represents a significant improvement over the 23% rate in 1990, it still means that 1 of every 8 preschoolers in the town is malnourished. This rate is high compared with the national rate of 8.5%.

TOBOSO'S GRAINS PRODUCTION ENHANCEMENT PROGRAM

Toboso's Grains Production Enhancement Program or GPEP has two main objectives. These are to attain self-sufficiency in rice and corn and to improve agricultural productivity and the incomes of agricultural workers.

Rice and corn farming could potentially be productive and profitable economic activities. A cost-and-return analysis of rice, corn, and sugarcane reveals that rice could be three times more profitable than sugarcane. Corn could also generate an income 50% higher than sugarcane. With its 32% demand-supply imbalance in rice and a 44% gap in corn, Toboso could be a viable market for these crops.

Toboso's GPEP will optimize the use of the town's strengths and natural endowments, and tap its agricultural potentials. Generally, the Program aims to produce and meet 100% of the town's rice and corn requirements and increase its small farmers' income by 30% by the year 2004. This means increasing the yield of at least 1,021 hectares of rice and corn land by a minimum 50% and shifting the use of about 205 hectares of commercial sugar farms to rice production. To achieve these goals, the Program includes as its major components the following:

- Formation and strengthening of people's organizations
- Transfer of appropriate technologies
- Provision of capital assistance and other inputs
- Infrastructure support and other pre- and post-harvest facilities
- Marketing support
- Establishment of a Central Processing and Marketing Unit

The Program will be implemented in two phases: the first phase will involve the development of three Strategic Agriculture and Fisheries Development Zone (SAFDZ) in two barangays; the second will involve the development of three other barangays and the establishment of a Central Processing and Marketing Unit. In the context of

the Local Government Code and the Agriculture and Fisheries Modernization Act, the barangay and municipal LGUs of Toboso, together with the farmers and farmers' organizations, will spearhead the implementation of the Program.

The program also will encourage the cooperation of other government units and agencies and the integration of national programs into local plans. Toboso will require their assistance, specifically financial and technical assistance. The help of national line agencies such as the DA will be needed to build the capability of the LGUs, their municipal and local agriculturists, and the farmers. Funds that will complement local resources also will be required.

Moreover, the participation of farmers will be encouraged in the entire development process. Development interventions will be guided by the area-specific and integrated plans to be formulated in close consultation with farmers groups.

The first phase of the Program will require about P37,000,000. Although this seems to be a large investment, a cost analysis shows the amount to be warranted.

The investment will cover 1,226 hectares of rice and corn land. This reduces the development cost to only P30,000 per hectare. Compared with the investment requirement of the province's Pagkaon 2000 (Food Security) Program, this is relatively cost effective. For the provincial irrigation development program alone, an average of P40,000 per hectare is required.

With the investment, an additional 32% of the rice-consuming populace of Toboso (5,725 persons) and 17% of those consuming corn (4,269 persons) will have a secured source of staple food. This means a P3,600 investment for an individual's food security. This also means that Toboso is able to meet 100% of its rice requirement and 73% of its corn requirement. Measured from the incremental income that could be generated, the return on the P37-million investment is about 300% by the end of the Program period.

The projected impact of the Program further justifies the Program. The Program can result in an incremental yield in corn of about 759 mt or an improvement in productivity of about 50%. In rice, on the other hand, the Program can bring about an increase in yield by about 270%.

Through the Program, the corn farmers' income is expected to increase by almost 10 times the present income. On the other hand, rice farmers' incomes are expected to improve by at least 150% for irrigated lands and 400% for rainfed lands. Also, the income of small sugarcane farmers will increase by at least 200% if they decide to convert to rice farming.

STATUS OF PLAN AND PROGRAM IMPLEMENTATION

Started in 1996, Toboso's agricultural and food security program is already on its third year. It is still only half-way to meeting its objectives. Table 1 shows that of the total financial requirement of about P42 million, only about P8.8 million have been raised and allocated up to 1999. This covers only about 21% of the Plan's total financial requirement.

As argued above, the attainment of agricultural development goals depends on two critical factors: the availability of adequate resources and investments, and the appropriateness of structural arrangements and institutional capabilities. Gaps and inadequacies in these factors may, therefore, explain the relative "slowness" in the attainment of Toboso's agricultural and food security goals.

A. Resource Allocation and Utilization.

Agricultural development is an expensive undertaking. Investment or fiscal resource is, therefore, a critical requirement in any agricultural enhancement project. Past experience reveals that the success or failure of any agriculture-based program can be determined by the amount of money the government is willing to invest in it. The Masagana 99 program of the Marcos administration was not sustained because of the government's inability to meet the investment requirements of the program. In the same manner, the Gintong Ani program's success was hampered by the financial crisis of 1997, which limited the government's ability to raise the needed funds.

Today, the government continues to be cash-strapped. The implementation of the Food Security program, therefore, depends on the capability of the government to manage and prioritize the use of its limited fiscal resources. The following section of this paper reports on the investment and financial management by the LGUs and the national government. This assessment will be based on the Toboso experience.

(1) *Barangay and Municipal Resources.* Being a predominantly agricultural municipality and having placed agricultural development and food security among its priority programs, it is only logical for the municipal and its barangays to shift resources toward the Program. The shift is clearly reflected in the utilization of the Barangay Development Fund (BDF). In 1995, the entire BDF went into social

Table 1
Status of plan implementation and resource allocation (as of January 1999)

Priority Projects based on Development Plans		Related Projects Implemented as of 1998 and with Allocations for 1999		Agency
Project	**Cost**	**Project**	**Cost**	
PO Formation & Strengthening	211,500	PO formation & strengthening		MAO, OPA
Technology Enhancement	201,000	Rice and corn productivity enhancement trainings		MAO, OPA
Capital & Input Assistance	14,949,000	Capital for 66 ha rice land	832,000	DA, OPA
		Capital for 90 ha corn land	745,000	
Working Animals & Farm Tools/ Implements	2,728,000	Carabao dispersal	488,750	
Farm-to-Market Roads	10,000,000	Farm-to-market roads	1,200,000	
Pre-& Post-Harvest Facilities	2,990,000	Solar dryer		DA, MDC, CDF, Coop, BDC
		Corn sheller		
		Corn mills		
		Tillers & hand tractors	823,000	
GRAND TOTAL	42,394,500		8,878,750	

and infrastructure projects such as potable water systems, waiting sheds, basketball courts and barangay stages. However, starting in 1997, there was a dramatic shift in priorities.

Today, 75% to 90% of the 1999 BDF of 4 of the 9 barangays (3 of which are the SAFDZs) have been allocated for economic and agricultural development projects. In the other 5 barangays, the allocation ranges from 50% to 74%. Farmers and their barangay-based organizations have started their own resource generation efforts. From their local capital- and savings-generation programs, they have raised their counterparts to the program. Moreover, on their own, they have accessed resources from government and nongovernment donors. The people themselves have accessed some of the projects reported in Table 1.

In terms of municipal resources, Agricultural and Economic Development have consistently been treated with equal importance. An average of 22% of the municipality's total revenue for the last 3 years (1996 to 1998) have been used for agriculture and livelihood (Table 2).

Toboso recognizes that it should put in more investments for agriculture. However, it is also pressured to address other immediate socioeconomic concerns and needs. For one, it has to accelerate the improvement of its roads not only to encourage investments and promote commercial and industrial development but to facilitate the hauling of farm products as well. Also, the demand of Toboso's people for basic services cannot be neglected. Toboso does not have a hospital and the barangay health centers are still pressed for medicines and supplies. Thus, the LGU needs to allocate a substantial amount for the purchase of ambulance and provision of medical supplies.

Considering this, external resources/assistance is, therefore, critical for Toboso to realize its agricultural and food security program. However, as Table 1 shows,

Table 2
Toboso's revenue and agricultural and economic expenditures

Year	Total Revenue	Expenditure on Agri & Eco Devt.	% of Agri-Eco Expenditure to Total Revenue
1996	14,160,661	3,778,722	26
1997	15,261,336	3,033,563	20
1998	20,750,862	4,226,942	20

outside assistance remains inadequate. This could mean the inadequate capability of Toboso to mobilize outside assistance either from private/non-government or government organizations. However, this could also mean that despite the mandates, the cooperation among and integration of local and national government agencies is yet to be strengthened. Moreover, this could mean that plans and priorities are yet to be agreed upon by the local, provincial and national actors.

(2) *Provincial Agricultural Fund.* The Negros Occidental provincial government abides by the mandate to promote agricultural development and food security. The allocation and utilization of the Provincial Development Fund is proof of the importance the provincial LGU puts on the program.

A comparison of the 1995 and 1998 resource allocations (Table 3) reveals a 143% increase in the agricultural development fund. It also shows a significant increase in the money poured into food production efforts. The irrigation development fund increased from about P9 million in 1995 to more than P20 million in 1998. Moreover, the rice and corn production and marketing support fund, which covers production capital, technology enhancement, provision of working animals, pre- and post-harvest facilities, and marketing assistance, increased from about P3 million in 1995 to more than P5 million in 1998.

There is indeed a significant shift in the province's priorities toward agriculture and food security. This shift, notwithstanding, the benefits gained by Toboso from the provincial re-focusing remains relatively minimal. Most of the support projects went to the municipalities and cities in the central part of the province – the traditional "rice granary" of Negros Occidental.

In 1998, of the several agricultural development projects and the P45 million fund spent on these projects by the provincial government, only the following had been implemented in Toboso:

- 7 technology enhancement trainings;
- marketing assistance which includes the conduct of 2 agricultural food fairs, 7 market matches and 2 market linkages;
- formation/strengthening of 4 farmers' organizations;
- provision of P50,000 capital for the establishment of 1 livelihood project;

Table 3
Projects and programs of the office of the provincial agriculturist

Year	Major Programs/Projects	Amount	% of total
1995	Irrigation Development	9,253,106.40	49.6
	Production & Marketing Support Fund for Rice and Corn:		
	Post-Harvest/Processing Facilities	3,000,000.00	
	Technology Improvement	20,135.00	16
	Fisheries Development/Coastal Resource Mgt.	565,595.00	
	Livelihood/Home-Based Industry Development	3,000,000.00	
	Nutrition Support Program	1,000,000.00	
	Institutional development/Capability Building for Farmers and Fishermen	600,000.00	
	Logistical/Staff Support	1,430,000.00	
	TOTAL:	18,668,836.49	
1998	Irrigation Development	20,793,000.00	46
	Production & Marketing Support Fund for Rice & Corn:		
	Rice Production Input Support Program	2,000,000.00	
	Corn Production Input Support Program	2,000,000.00	
	Construction of Multi-Purpose Drying Pavement	250,000.00	
	Technology Enhancement	87,750.00	
	Insurance & Marketing Fund for Rice & Corn Farmers	400,000.00	
	Bull and Cart Project	305,125.00	11
	Livestock Support Program	1,000,000.00	
	Vegetable Production Input Support Program	500,000.00	
	Fisheries-Based Livelihood Assistance	1,500,000.00	
	Nutrition Support Program	1,000,000.00	
	El Niño Disaster Assistance	10,000,000.00	
	Drought Mitigation Measures	505,077.16	
	Pagkaon 2000 Scholarship Program	400,000.00	
	Sectoral Productivity Enhancement & Devt.	2,980,899.00	
	Livelihood Support Program	263,545.00	
	TOTAL:	45,230,896.16	

- provision of material and technical assistance for the establishment of 15 bio-intensive gardens, 2 Sloping Agricultural Land Technology (SALT) modules, and 2.5 hectares of mango farms;

- provision of financial and technical assistance for the improvement of rice productivity benefiting 44 farmers and corn productivity covering 90 hectares;

- dispersal of 15 heads of swine, 18 heads of goat, and 2 heads of carabao; and,

- installation or construction of 6 small farm reservoirs and 1 small diversion dam.

These activities cost an estimated P700,000 or 1.6% of the provincial investment in agriculture in 1998. This shows the lack of recognition by the provincial government for Toboso's efforts and initiatives. As explained above, Toboso is among the first to identify its SAFDZs and formulate and submit its Agricultural Modernization and Food Security Plan. Since 1996, this endeavor has been the focus of the LGU's attention, as reflected in the shift in its resource utilization and mobilization.

This also shows that the provincial government has not optimized Toboso's comparative advantage in rice and corn production. Toboso has the necessary resources for rice and corn production. Five major rivers, which could have been sufficient sources of irrigation, are waiting to be tapped. The town's soil is suitable for rice and corn and the labor force has the needed skills and experiences in rice and corn farming. Moreover, rice and corn could be a profitable economic endeavor for the farmers of Toboso. The municipality and the entire northern part of the province, with its huge demand-supply imbalance in rice and corn, could be a certain market for the commodities.

This shows the failure of the provincial government to give importance to the cost effectiveness of Toboso's Program. The cost analysis made on Toboso's GPEP reveals that the Program requires only about P30,000 to provide the necessary inputs to develop a hectare of rice/corn land. This includes capital, working animals, farming and storage facilities, farm-to-market roads, irrigation, and the like.

Considering that the provincial program will primarily be implemented in the traditional rice areas, this cost analysis disproves the claim that it is cheaper to invest in traditional rice and corn areas than to develop new areas.

(3) *Department of Agriculture's Fund.* In 1998, the DA Regional Office in Western Visayas (Region VI) allotted about P624 million for its support program to the crop sector. The breakdown of expenditures for 1998 is shown in Table 4.

In terms of program focus, DA is consistent with the national thrust. The 1998 allocation for the crop sector is more than 400% higher than 1997 allocation. Moreover, about 60% of the total allocation went into irrigation development. However, of the amount spent on the Region, only 26% was invested in Negros Occidental while most of the fund was used in Panay – the traditional rice producer of the region.

This system of resource allocation seems to discriminate against Negros Occidental, which is traditionally classified as a sugarcane-producing province. The fact that the province's Food Security Program had been launched in 1996, and that huge investments had been poured into the Program since then, does not seem to have been given the recognition it deserves.

Table 4
1998 allocations/expenditures for the crop sector, DA-Region VI

Projects/Programs	–Regional Total–		–Negros Occ. Total–	
	# Units	Total Cost ('000)	# Units	Total Cost ('000)
Shallow Tube Wells	1,004	80,320.00	241	19,280.00
Small Diversion Dam	57	171,000.00	15	45,000.00
Small Farm Reservoir	63	1,260.00	13	260.00
Multi-Purpose Drying Pavement	370	29,600.00	77	6,160.00
Small Water Impounding Project	13	97,500.00	5	37,500.00
Farm-to-Market Road (kms)	207.93	207,930.00	47.94	47,940.00
Mechanical Dryer	15	7,500.00	3	1,500.00
Hand Tractor	43	6,450.00	9	1,350.00
Floating Tiller	20	1,200.00	4	240.00
Reaper	12	900.00	3	225.00
Sripper	9	675.00	2	150.00
Corn Seeds (bags)	2,585	2,585.00	1,080	1,080.00
Palay Seeds (bags)	27,381	17,797.65	3,638	2,364.70
TOTAL		624,717.65		163,049.70
		(100%)		(26%)

Moreover, of the total investment in Negros Occidental, only about P4.4 million or 2% went to Toboso. Just like the provincial assistance, most of the DA investment still went to Central Negros.

This experience could be an indicator that the system of resource allocation by the provincial and national government continues to be based on the existing commodity rather than on the plans and their viability. Their biases in the extension of support for food security still favors the traditional food producing areas. Since Negros Occidental, in general, and Toboso, in particular, are traditionally sugarcane areas, they are given lesser priority.

As such, despite Toboso's initiative, readiness, comparative advantage, potential, and the viability and cost-efficiency of its plans, the town continues to live on whatever savings or unallocated budget the provincial and national government can generate at the end of the fiscal year.

B. Structural Arrangements and LGU Capabilities.

Several local initiatives and efforts toward strengthening the local agricultural extension office and improving the implementing mechanisms clearly reflect the LGUs' seriousness in promoting agricultural development and food security.

The barangays have initiated the formulation of their barangay development and grains enhancement plans through a participatory process. They have also created local project management committees to ensure the implementation and sustainability of these plans.

At the municipal level, additional funds were provided to the Municipal Agricultural Office (MAO) — the office tasked to spearhead the agricultural development of the municipality — to increase its extension workers from two in 1995 to six starting in 1997. Moreover, three motorcycles were acquired to improve staff mobility.

The provincial government also undertook similar efforts to strengthen the personnel complement and improve the mobility of the Office of the Provincial Agriculturist (OPA). At present, the OPA assigns at least one technician in every municipality or city. It also holds monthly consultation and assessment conferences with the MAOs.

Moreover, the provincial government also initiated the formation of the Agricultural and Fisheries Committee (AFC) within the Provincial Development Council

(PDC). This effort could mean an increase in fund allocation since agriculture and fisheries can now enjoy an equitable share of the Provincial Development Fund instead of sharing the Economic Development Fund with other concerns such as livelihood and enterprise development.

This move could also mean an improvement in the planning, implementation, and monitoring systems of the Agriculture and Fisheries Development Program. From the broad economic development goal, the committee's function will now be focused merely on agriculture and fisheries development.

On the other hand, the DA, through its Regional Office based in Iloilo City, also holds regular assessment and planning workshops with the local (municipal and provincial) agricultural offices. In 1998, it conducted or facilitated the formulation of municipal and provincial AFMPs as mandated. Moreover, the DA consults with the MAO and the OPA for the distribution and implementation of available resources and projects.

These efforts to improve the capability and mechanisms of the agricultural extension offices of both the LGUs and the DA are, indeed, noteworthy. However, the inability of the present set-up to adequately respond to the needs of Toboso as reflected in the wide gap between the planned and implemented projects in the municipality (shown in Table 1) is an indication that the efforts are not enough.

A closer look at the present structural arrangement will point to several weaknesses. Among these are :

(1) *Lack of Capability of the Barangay and Municipal Implementors.* Although the barangays have already initiated the formation of local project management committees, the people comprising these committees still need technical capabilities. Although they may have the experiences (considering that farming is their main source of living), the technologies that they are currently adopting do not optimize land productivity as evidenced by the relatively low yield. Moreover, their capability in providing technical assistance to the other members of the barangay needs to be built.

Similarly, although the MAO's personnel may have already been increased, it is still unable to cover all the concerns of the municipality. One reason is the overspecialization of the staff. The six staff members could be optimized if they were generalists. As such, their technical capability needs to be strengthened. Moreover, their skills in planning, implementing, negotiating, coordinating and monitoring projects need enhancement.

Despite the OPA and the DA's mandate to accelerate the provision of capability building assistance to the LGUs and small holders, their assistance in Toboso remains inadequate. Although the OPA assists in the formation and strengthening of farmer's organizations in the barangays, its 1998 report does not contain any technical or capability building/training assistance provided to the MAO and barangay LGUs. For its part, the DA's assistance is limited to assessment and planning workshops and orientations on new programs.

(2) *The Need to Strengthen Coordination and Collaboration among the Different Actors and Government Units/Agencies.* Although the OPA technician holds office in the MAO, the extent of his coordination seems to be limited to the sharing of information. There is no common priority and interventions are still not guided by a common plan. While the MAO uses the municipal and barangay plans, the OPA continues to conduct its own consultation and planning workshops with the farmers. Moreover, the OPA does not seem to share its resources and capabilities in monitoring, managing and maintaining projects.

On the other hand, although the DA's financial support for the GPEP is noteworthy, the technical and monitoring assistance it has provided to the barangay and municipal LGUs seem lacking. A mechanism that will coordinate and consolidate all the efforts in the municipality has yet to be installed. The decision of Toboso to adopt the province's AFC concept can be a logical decision. Not only could this ensure more funds for the sectors, it could also facilitate linkages between barangay, municipal, provincial and national implementors.

(3) *Most of the DA's and the OPA's Programs are Based on Own Programs.* Probably because of the inadequacy of extension workers resulting in the DA's and the OPA's inability to reach out to all the communities, most of their assistance are still based on their own programs and available resources rather than on local needs identified in the barangay and municipal development plans.

(4) *The Need to Optimize Local Participation.* Toboso's efforts at involving the farmers and the people in the entire development process — from planning to implementation to monitoring — is a big step. However, the appreciation and recognition of this process by the provincial and national units still need to be strengthened.

Their system of coordinating and generating local cooperation should go beyond mere consultations and information gathering and sharing. Firstly, projects could be more responsive if needs and solutions are identified with the people. Sec-

ondly, people's participation could be optimized if not limited to mere provision of labor counterpart. Thirdly, local capability could be built and the people's sense of responsibility over the project developed if they are involved in project management and decision-making.

THE GAPS AND POSSIBLE SOLUTIONS

A. Strengths and Opportunities.

(1) *Toboso's Grains Production Enhancement Plan, which incorporates the barangay development plans formulated through a participatory process.* There is active participation of farmers in the entire development process. They are committed to share in the responsibility over the realization of their plans. This is reflected in their active involvement in the planning process, their efforts to raise their own counterpart and initiate their own resource accessing, and their participation in the project management committees formed in the barangays.

(2) *The barangay and municipal LGUs' recognition and support of the people's plans.* This is reflected in the utilization of the Barangay and Municipal IRA, specifically the Development Fund. This is also seen in the recognition of the PMC as a committee of the BDC.

(3) *The additional personnel and mobility support given by the LGU to the MAO and the permanent OPA technician assigned in Toboso.* There is an existing linkage between the LGU and the DA as seen in the projects availed of by Toboso from the DA.

(4) *The formation of the Agriculture and Fisheries Committee within the Provincial Development Council and a commitment from the municipal government to adopt the strategy.* This will mean more resources for agriculture and fisheries.

(5) *The availability of support funds at the provincial and national levels.* It was learned during the Consultative meeting that the national government has allocated an additional fund for the DA and the LGUs to support their AFMPs.[4]

[4] During the Consultative Conference where Toboso's GPEP was also presented, the OPA and the DA declared that Toboso, being one of the first to formulate and submit its AFMP-GPEP, had a good chance of availing of the additional AFMA fund. However, no definite commitment was given. Toboso still needs to follow-up on its request for external assistance.

B. Weaknesses and Inadequacies.

(1) *The inadequacy of local resources and external assistance.* Despite local efforts at optimizing resources, local resources are just not enough to meet resource requirements. Moreover, assistance from other government agencies such as the OPA, the DA, and the District Representative remains minimal. Non-government and foreign donor institutions have yet to be tapped.

(2) *Lack of convergence and integration among municipal, provincial and national implementing agencies.* Coordinative and collaborative mechanisms at the barangay and municipal levels still need strengthening.

(3) *The absence of common plans and priorities.* The presence of the barangay and municipal agricultural development plans seems to have failed in providing a common direction to the government implementors. Although it is true that the plans have already been used to guide the utilization of barangay and municipal resources, they have not directed the utilization of external assistance. This can be because most of the interventions of the OPA and the DA are still based on their own programs and priorities rather than on local plans. As such, the projects tend to be spread out. The impact remains minimal and resources have not been optimized.

(4) *The lack of capability of local implementors.* Local implementors such as farmers' organizations, barangay PMCs, and even the MAO still lack not only technical capabilities but also skills in areas such as planning, project management, resource mobilization, and monitoring.

C. Possible Solutions.

As argued above, the agricultural development and food security program's success or failure can be determined from the investment and resources made available for the program and the appropriateness of the structural arrangements installed. For the country's program to succeed and be sustainable, its investment and structural requirements must be met. The following are some proposals at improving the government's system of resource allocation and utilization and at strengthening the mechanisms for national-local government cooperation and integration.

(1) *Improved Participation of "Beneficiaries" in the Development Process.* This means going beyond mere consultation prior to project implementation. This means encouraging people's participation in the identification of their needs and in

working out solutions to their concerns, making them raise and consolidate their own resources, no matter how small, involving them in decision-making and management, and sharing with them the responsibility for realizing program goals and sustaining its impact.

(2) *Recognition and Adoption of Local Plans.* Instead of planning for the community from their own points of view, government agencies (LGUs and NGAs, alike) can be more responsive if they adopt and support the people's plans. This does not, however, limit them from offering technical advice to improve the plans. Moreover, these plans could provide a common guide to all implementors in the utilization of their resources.

(3) *Barangay and Municipal Leadership but with Provincial and National Support.* The barangay and municipal LGUs know their localities and constituents better. They are, therefore, the ones in the best position to implement the agricultural development programs.

However, given the present inadequacy in LGU skills and fiscal resources, provincial and national organizations are needed in the provision of technical and capability-building assistance and financial support. The DA and the OPA are the ones with more access to technologies and other skills. These institutions must, therefore, be tasked to spearhead this component of the program. They are also the ones with bigger resources and better access to other resource-holders and donors. They must, therefore, augment local resources with their own and assist the LGUs in tapping the assistance of other donors. Moreover, they must provide external monitoring services to the LGUs.

(4) *Increased LGU Revenue and Resources.* This means increasing the share of the LGUs in the RPTA. This could also mean the introduction of alternative revenue-generating systems. One alternative is increasing the taxes on idle and unutilized lands. This will not only offer an additional source of fund for the LGUs and their development programs but could also motivate the landowners to make their lands productive again. Moreover, LGU capability in resource accessing must be upgraded to enable them to tap donors other than the government.

(5) *Convergence of Efforts and Pooling of Resources for Attaining a Common Plan.* Resources are limited. Their use must, therefore, be prioritized and focused for a more meaningful impact. Local and national implementors must agree on a common set of priorities, whether geographic (as in the SAFDZ concept) or program-based, to guide their interventions and resource utilization. Other or-

ganizations such as nongovernment and private and foreign organizations must also be enjoined to support the existing plans and efforts instead of making their own programs.

The need to converge could be addressed through the formation of Agricultural and Fisheries Committees within the barangay, municipal and provincial development councils. These committees could serve as a venue for consolidating the efforts, capabilities, and resources not only of the government but of the concerned sectors and people's organizations as well. It could also serve as a convergence point for external assistance and as a channel for elevating local concerns to higher policymaking levels.

NATIONAL GOVERNMENT ASSISTANCE TO LOCAL GOVERNMENT UNITS TO HELP RICE FARMERS IN NORTH COTABATO

GERARDO V. BULATAO

My study poses the question: What might be a practical intervention by a national government agency (NGA) that would be valuable to a local government unit (LGU) and helpful to its constituents? The focus of the study is the grains industry, as the Department of Agriculture was one of the agencies devolved as a result of R.A. 7160, the Local Government Code of 1991. The study looks in particular at Cotabato, more commonly known in Metro Manila as North Cotabato. It examines the province in the light of the thematic paper on agriculture prepared by Fermin Adriano.

From the start, I sought to avoid ending with a "grocery list" of recommendations of the type that would be broad but shallow. I wanted to examine carefully the situation in Cotabato and come up with one or a few recommendations for action that would pass the test of technical feasibility, political palatability and social desirability.

DATA SETS FOR COTABATO

A. Consumption.

Anyone keen on grains sufficiency would have to look at demand and supply, consumption and production. Cotabato has a population of 862,666 as of 01 September 1995 (*Province of Cotabato, Region XII: Socio-Economic Profile 1995*, p. 67). According to Lorenzo "Larry" Camayang, Provincial Manager of the National Food Authority (NFA), government estimates that each person on the average consumes 2.48 bags of rice in one year. On a daily basis

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this translates into 0.34 kilogram (kg) for each person (2.48 bags/year x 50 kg/bag ÷ 365 days/year).

Cotabato's annual consumption, therefore, was 2,139,412 bags (862,666 persons x 2.48 bags per person per year). According to Economist II Prima G. Osorno of NFA-Cotabato province, it was 6,674 bags a day, 200,220 bags a month or 2,436,010 bags a year – not too far from the earlier estimate, the difference possibly explainable by use of different population figures.

Camayang said that, even during the drought, at the time when news items in the Manila dailies reported people dying from food poisoning due to their consumption of root crops growing wild, NFA had stocks in its warehouses. The problem, according to him, was the people's poverty and crop failures due to the drought.

B. Production.

Within the province the principal agency responsible for rice production is the Office of the Provincial Agriculturist (OPA). It is under the Office of the Governor. The OPA also has under it the Environment and Natural Resources Office as well as the secretariat for the Provincial Cooperative Development Council.

After the devolution, most of the employees of the Department of Agriculture Provincial Office and Municipal Offices were distributed among the OPA and the Offices of the Municipal Agriculturists (OMAs).

According to Provincial Agriculturist Antonio Balagot, agriculture in Cotabato is lucky. It is one of the big-ticket items together with infrastructure and health (particularly hospitals).

OPA's budget for PS, MOOE and CO comes from the general fund of the province. Its P11-million project fund is drawn from the "20 Eco" (20% IRA Economic Development Fund). 80% of this is allocated for livelihood projects. The 1999 budget may be about as much. He expected this to go down but it looks like some items will be restored. OPA now has a trust fund of about P30 million in cash in banks and receivables. P2 million in receivables may be written off as unrecoverable El Niño losses. Farmers' loan payments do not revert to the general fund but are deposited in this trust fund.

The budget for the Offices of the Municipal Agriculturists (OMAs) is drawn from the municipal government's budget. It averages P100,000 to P150,000 annually. In a few municipalities, it may go as high as P500,000.

(1) *Rice Land.* Total land area of this landlocked province is 656,590 hectares (ha). Its "terrain varies from flat, fertile plains to irregular landscape of wide valleys, scattered hills and extensive mountain ranges such as the Kitubod Range, Mt. Apo which forms the natural boundary between Cotabato province and Davao City and Davao del Sur Province and the Tunel Range which joins the municipalities of Pres. Roxas, Magpet and Matalam" (*Province of Cotabato, Region XII: Socio-Economic Profile 1995*, p. 39).

PA Balagot, estimated during our conversation that the total area planted to rice was 49,000 ha – 31,000 ha irrigated; 9,000 ha rainfed lowland; 9,000 ha rainfed upland. According to him, the irrigated area harvested about 5,000,000 cavans (31,000 ha x 2 harvests x 80 cavans/ha = 4,960,000 cavans). The rainfed lowland area contributed about 720,000 cavans (9,000 ha x 80 cavans/ha x 1 harvest). Rainfed uplands produced about 270,000 cavans (9,000 ha x 30 cavans/ha x 1 harvest). This gave a total of about 6,000,000 cavans annually or 300,000 tons ({4,960,000 cavans + 720,000 cavans + 270,000 cavans} ¸ 20 cavans of 50-kg bags/ton = 297,500 tons).

Later OPA gave me a copy of the official "Palay Planting/Harvesting Report of October 1998." I rounded off the figures by dropping the decimals and computed production in cavans (bags), total production and average production to produce Table 1.

Table 1
Cotabato's rice production based on OPA's October 1998 report

Item	Irrigated	Rainfed Lowland	Rainfed Upland	Total
Area Planted (Ha)	34,490	5,646	7,583	47,719
Area Harvested (Ha)	38,894	2,465	3,482	44,841
Production (MT)	133,378	7,010	11,258	151,246
Production (cavans)	2,667,567	140,200	225,160	3,032,920
Farmers Served (No.)	25,203	3,636	4,364	33,203
Production/Ha (MT)	3.42[a]	1.24[b]	1.48[c]	
Production/Ha (cavans)	68.58[d]	24.83[e]	29.69[f]	

[a]Production divided by area harvested. [b]Production divided by area planted. [c]Production divided by area planted. [d]Production divided by area harvested. [e]Production divided by area planted. [f]Production divided by area planted.

I found it strange that the irrigated area harvested should be 4,404 ha larger than the irrigated area planted but could not get a clear explanation for this. If one were to take the higher figures for the different categories of palay areas, one may conclude that 52,123 ha was devoted to rice (38,894 ha of irrigated land harvested + 5,646 ha of rainfed lowland planted +7,583 ha of rainfed upland planted), not far from PA Balagot's oral estimate of 49,000 ha. It is about one fourth of Cotabato's agricultural area (52,123 ha ÷207,032 ha = 0.25176).

The figures given in the *Cotabato Province, Region XII: Socio-Economic Profile 1995* (pp. 57-60) are quite different. Table 2 includes the figures by municipality but for purposes of simplification gives only the provincial totals.

In Table 2 total irrigated and non-irrigated area devoted to paddy rice amounts to 74,421 ha. That is substantially more than the 52,123 ha reported by OPA as of October 1998. However, the general conclusion regarding grain sufficiency and an annual palay surplus is the same.

Total production in the earlier table from OPA is only 3,032,920 cavans. This, however, refers to just one harvest. If the irrigated area harvested is doubled, the total would come to 5,700,487 cavans (2,667,567 cavans + 2,667,567 cavans + 140,200 cavans + 225,160 cavans).

Larry Camayang estimated the usual annual rice production for the province to be around 6.2 million cavans of palay. Tony Balagot's estimate was the same. Rat infestation greatly lowered rice production in 1998-1999. This explains why production figures for the period are considerably lower than the estimates of Camayang and Balagot.

The lower figure of 5,700,487 cavans of palay translates into 3,420,292 bags of rice assuming 60% recovery (5,700,487 cavans x 60%). Compared to the consumption requirement of 2,436,010 bags of rice (the higher consumption figure), there is still a surplus of more than one million bags. Traditionally this is exported to Davao City and as far as Surigao and Leyte, according to NFA Assistant Provincial Manager Chito Manago. In fact, Chito says that traditionally 55-60% of Cotabato's rice harvest is exported to other provinces.

Gov. Piñol told me that the province had another 30,000 ha that could be irrigated. He said that Cotabato could supply all the rice needs of Mindanao. That was an exaggeration made by an enthusiastic Governor who had been the Mayor of a premier rice-producing municipality, as doubling the irrigated area cannot possibly lead to multiplying the rice harvest by six.

The information supplied by Provincial Board Member Jose "Pingping" Tejada, Chair of the Agriculture Committee, indicated that 12,553 ha had been programmed for irrigation in 1999 with identified fund sourcing.

(2) *Rice Production Costs and Yields*. Small farmers gave varying production costs. According to Roger Cordero, a farmer leader in Mlang municipality, his production expenses for 1 ha of irrigated land amount to P10,000 to

Table 2
Present land use and vegetation (simplified)

Land Use Vegetation	Total Area (Ha)	% Distribution
A. Agricultural Areas	207,032	31.53
1. Paddy rice irrigated	49,701	7.57
2. Paddy rice non-irrigated	24,720	3.76
3. Corn	93,724	14.27
4. Tobacco	2,070	0.32
5. Sugarcane	11,647	1.77
6. Coconut (bearing, non-bearing)	21,043	3.20
7. Fruit trees (citrus, mango, jackfruit, lanzones, durian, mangosteen, etc.)	622	0.09
8. Coffee	3,462	0.53
9. Monggo	47	0.01
B. Grassland/Shrubland	294,782	44.90
1. Pasture	5,641	0.86
2. Grasses	133,349	20.31
3. Shrubs	155,794	23.73
C. Woodland Areas	122,716	18.69
1. Forest	88,930	13.54
2. Rubber (tappable, non-tappable)[a]	33,786	5.15
D. Wetland Areas	27,295	4.16
1. Inland marsh (grass type)	15,962	2.43
2. Inland swamps (tree type)	11,333	1.73
E. Special Miscellaneous (built-up areas, beach sand, river wash, etc.)	4,765	0.73
TOTAL	656,590	100.00

[a]Isn't it strange that rubber trees would be classified as woodland rather than agricultural area? In calculating agricultural value produced, will not the tendency be to use the agricultural area as divisor, and if so, will this not lead to a bloated estimate of per-ha agricultural value added?

12,000. He harvests 70 to 80 cavans or 3.5 to 4 metric tons per ha. This means that his cost per cavan varies from P125 per cavan (P10,000 ÷ 80 cavans) to P171 per cavan (P12,000 ÷ 70 cavans) or from P2.50 to P3.42 per kg (P125/cavan ÷ 50 kg; P171/cavan ÷ 50 kg).

Mlang Mayor Luigi Cuerpo, who personally cultivates an irrigated ¾-ha parcel, calculated his cost at P5,000/harvest. His yield was 85 cavans (4.25 metric tons). Projecting these figures on a one-ha parcel would give him a cost of P6,666 and a yield of 113.33 cavans (5.66 metric tons). His cost per cavan produced was only P58.82/cavan (P5,000/harvest ÷ 85 cavans/harvest) or P1.17/kg (P58.82/cavan ÷ 50 kg/cavan).

Farmer leader Basilio Hernaez of the Sta. Catalina Multi-Purpose Cooperative in President Roxas broke down his production costs for his rainfed upland area of 1 ha in great detail (Table 3):

Table 3
Costs & yield of a 1-ha rainfed upland farm (Basil Hernaez)

Item (Computation)	Amount	Total
Rental of power tiller	P1,500	
Seeds (4 sacks x 60 kg x P11/kilo)	2,640	
Fertilizer	0	
Pesticides (1 liter, to counteract black bug)	700	
Planting	0	
Weeding (10 persons x 2 days x P60)	1,200	
Harvesting (1/30 x 2,400 kg x P6.40)	512	
Rental of thresher (2/30 x 2,400 kg x P6.40)	1,024	
Hauling (2,400 kg x P0.20/kg)	480	
Total production cost		P8,056

Mang Basil does not use chemical fertilizer he has to purchase. Nor does he employ farm hands for planting. He and his family take care of this themselves.

Average farm size in Cotabato for palay is 1.2 ha. If all three farms were this big, Mang Basil in President Roxas would have grossed 2,880 kg of palay or 57.6 cavans, Mayor Cuerpo in Mlang would have harvested 136 cavans, and Roger Cordero would have had 84 to 96 cavans.

(3) *Agricultural Technology and Production Credit.* I did not look closely at these two items for reasons that will soon become clear. Gov. Piñol was emphatic about the relatively low value of outside assistance in palay production technology. Cotabato farmers know how to grow palay, he said, that's not where they need help. Since the Governor is an Ilonggo from the rice-farming municipality of Mlang, he was speaking from personal knowledge. If we are able to put in the irrigation, we can easily have an additional harvest of 160 cavans/ha annually, he declared.

Fred Epiz felt a bit differently. He said that there still was some value in encouraging farmers to cut costs by going organic, even if not purely organic, and by this means, raise their incomes. But he believed that OPA could not deliver on this, that the cooperatives and NGOs in the long run are better able to disseminate such technology.

Fred did say, however, that there was a serious problem in regard to production credit. Some coops were deeply indebted to the Land Bank or to other banks. Some farmers had been blacklisted by banks because of unpaid loans. In certain cases known to him, it was not the fault of the farmers or their cooperative. LBP had organized "instant coops" without any process of ensuring the building up of cooperation before formalizing the establishment of a cooperative; all form, no substance. Upon contact with "hot water" the coops dissolved. Sometimes their first meeting – to listen to a technician present the loan package and secure their signatures on a document – was the last before the loan arrived and was not repeated afterwards.

I felt that credit may be an idea for a useful intervention but this was not hard data. So I will return to this in a later section.

(4) *Agrarian Reform Beneficiaries (ARBs) and their Rice Land.* Thirteen of the 20 agrarian reform communities (ARCs) cultivate palay. 8 of the 13 have warehouses and solar dryers with excess capacities. Table 4, which uses data supplied by SARPT Virginio S. Lonzaga and PARO I Cenon S. Original, is instructive.

The hectarage figures of the ARCs represent a small percentage of total rice land in the province (1,837 ha, 52,123 ha = 3.5%). That this is land covered by agrarian reform, however, makes it special. Likewise, the 1,297 rice farmers in the 20 ARCs are just 9% of the 33,000 estimated by OPA for the province. But farmers in ARCs often come together in economic organizations or cooperatives. Hence, they could be priority beneficiaries of a program that aims to benefit organized rice farmers primarily.

C. Data on Distribution.

If one thinks immediately of government agencies related to nutrition, health and social welfare when he considers rice consumption and of the DA, OPA and OMA when studying rice production, he will remember NFA when looking into rice distribution.

Unlike the DA, however, NFA was not devolved. Production was devolved, Fermin Adriano states, but not marketing. Fermin's explanation was that markets cross LGU boundaries, hence marketing cannot be devolved. One could argue, however,

Table 4
Farmers, hectarage, rice production and facilities in ARCs

# ARC Name (Municipality)	# of ARBs	Irrigated Land (ha)	Ave. Production (cavans)	Warehouse Capacity (cavans)	Solar Dryer's Capacity (cavans/day)
1. Alamada (Alamada)					
2. Babiba (Tulunan)					
3. Batiocan (Libungan)	59	74[a]			
4. Buayan (Mlang)	85	120	75	500	250
5. Dalpata (Pikit)	31	31	45	500	120
6. Del Carmen (Pres. Roxas)	157	230	70	500	50
7. Gastav (Banisilan)	56	56[a]			
8. Kibudoc (Matalam)					
9. Kibudtungan (Carmen)					
10. Lesin (Makilala)					
11. Libertad (Makilala)	35	25	80	2,000	200
12. Magarbu (Makilala)					
13. Magatos (Kabacan)	224	440	60	4,000	50
14. Malamala (Antipas)	80	73[a]			
15. Meohao (Kidapawan)					
16. Msarc (Mlang)	244	410[a]			
17. Patot (Pigcawayan)	23	18[a]			
18. Tumbras (Midsayap)	61	63	70	10,000	250
19. Ulamian (Libungan)	13	20	80	1,000	500
20. Upper Paatan (Kabacan)	229	277	80	1,000	50
TOTAL	1,297	1,837			

[a]Non-irrigated.

that assistance to producers in regard to market-matching requires an understanding of producers and their costs as well as the local market and not only the market outside the LGU's area; so there could be good reasons for LGUs to be given or to take on some responsibility in regard to marketing.

The role of NFA, according to Manager Camayang, is simply to stabilize grain supplies and prices. It is not to buy all the grains produced by farmers nor is it supposed to compete with the market. However, whenever there is a threat of manipulation of supply or price, it is expected to intervene. In order to perform its role as supply and price stabilizer, NFA is authorized to take care of the buffer stock, to import grains as needed, and to purchase a certain quantity from producers.

Assistant Provincial Manager Chito Manago saw NFA as the "buyer of last resort." While it does not want to unduly distort the market, its main role is to stabilize supply and prices by intervening in a timely way in the market.

NFA traditionally buys about 3% of farmers' production nationwide and about 8% in Cotabato province, according to Celso Limas, Executive Director of the CDSMC.

In late 1998, NFA warehouses were filled with corn, so it could absorb little of the palay harvests. This was unfortunate because the NFA's price was significantly higher than those of traders. According to both Celso Limas and Chito Manago, fresh palay in Mlang was being sold at P6.60 to 6.90. Dry palay was fetching P7.80 to 7.90. Meantime, NFA was buying palay with 14% moisture content at P9.25/kg. This was broken down into P8.00 for palay; P0.50 for the cooperative development incentive fee (CDIF); P0.65 for drying; and P0.10 for delivery.

The difference of P1.45 per kg (P9.25/kg – P7.80/kg) is substantial. Farmers would, of course, want to sell their product at the higher price if they could. Being a net exporter of rice, Cotabato province is often given an allocation to buy part of the rice stock NFA uses as its buffer stock. The target usually is to purchase 10-12% of the harvest but frequently only 6-8% is bought from local producers, according to Manago.

Camayang said, however, that some provinces are given an allocation to purchase as much as 20% of the estimated grain production. I speculate that these would include Nueva Ecija and Iloilo. With additional hectarage under irrigation, Cotabato could probably make a successful bid to join them.

Assuming 10% and Manager Camayang's 6.2 million palay production estimate, NFA-Cotabato has a little less than P300,000,000 for buying palay (6,200,000 bags x 10% x 50 kg/bag x P9.25/kg = P286,750,000). If all this money went to the

33,000 farmers estimated by Tony Balagot, each one would receive P8,689.39. But if one assumes that only 20% of the 33,000 are organized into cooperatives and only cooperatives were allowed to sell to NFA, 6,600 farmers would be paid by NFA-Cotabato through their cooperatives the amount of P43,446.96 (P286,750,000 ¸ 6,600 farmers), a significant amount that would give impetus to farmers joining or forming cooperatives in order to maximize their participation and benefits.

If PA Balagot is right that the average rice farm size in Cotabato is 1.2 ha and one uses Mayor Cuerpo's production and cost figures, a farmer would spend P8,000 to produce 135.9 cavans ({85 cavans ¸ 75%} x 120%). If he is able to sell all of these to NFA at P9.25/kg, he can gross P62,899 (135.99 cavans x 50 kg/cavan x P9.25/kg) or net P54,899 (P62,899 – P8,000, to be further reduced by hauling, delivery, and drying costs). Table 5 shows how Mang Basil calculated his income from one ha.

If he were able to sell to NFA through his cooperative and the cooperative deducts 10% for handling fees, he would make P9,240 more than when he sells to the coop and the coop can pay him only P6.40/kg because the coop sells its rice to the traders at a price lower than NFA's (P23,848 – P14,608).

(1) *Solutions to the Warehouse Problem.* I mentioned earlier that corn-filled warehouses prevented NFA from buying palay from the farmers. That problem could have been solved but a solution would have required several months time.

According to Camayang, the municipal government of Alamada was willing to donate a two-ha lot on which NFA may be able to build a 100,000-bag warehouse. A second possibility: NFA owns a one-ha lot in Baguer, Libungan and may build a warehouse there. But both possibilities above will take time.

Table 5
Income from a 1-ha rainfed upland farm (Basil Hernaez)

Item (Computation)	SCMPC Price	90% NFA Price
Price for Fresh Palay	P6.40	P8.32
Gross Receipts for 1 Harvest ({48 cavans x 50 kg} x Price)	15,360.00	19,980.00
Net Income for 1 Harvest (Gross Receipts less Production Expenses of P8,056)	7,304.00	11,924.00
Net for 2 Harvests (Net Income x 2 Harvests)	P14,608.00	P23,848.00

Then there is the Cofeco warehose in Kidapawan City (former Area Marketing Cooperative and FACOMA). This warehouse was foreclosed by the Land Bank of the Philippines (LBP). Local LBP officials say that they cannot decide on the terms and that head office should make the decision. So, the matter has been referred to VP for Mindanao Cris Salispara.

A fourth possibility is the Angel warehouse in Kabacan. An LBP-foreclosed warehouse, there is a dispute between LBP and NFA on whose pro-forma contract should be used. The issue has been referred to VP Harry Dacumos.

Fifth, there is the Andolana warehouse in President Roxas: NFA-Cotabato has already signed the contract to lease this 40,000-bag warehouse. The only remaining obstacle: a bonded warehouse supervisor needs to be assigned. Organized farmers may soon be able to sell an additional 40,000 bags to NFA at P9.25/kg if this is done (worth P18,500,000 gross: 40,000 bags x 50 kg x P9.25/kg).

Agriculture Committee Chair Tejada said that, in fact, the Provincial Board had passed a resolution authorizing the use of underutilized school facilities like gyms as temporary warehouses and asking the NFA to use these if needed.

Camayang's preferred solution was the rental of the Andolana warehouse in President Roxas, which NFA had used previously. It has a capacity of 40,000 to 50,000 bags. Rental would be a low P6,000/month. In January 1999 a contract was signed. However, for lack of qualified personnel initially and then for other reasons subsequently, the arrangement did not push through.

(2) *Rice Prices*. When rice production is low, traders' prices rise to as high as P9.00 to 10.00/kg for palay, according to Chito Manago. Edgar Amoronio, the general manager of SCMP, says traders' prices may rise to P10 to 12/kg for palay with 14% moisture.

Traders' prices are highest in May to July, especially May. To ensure that NFA-Cotabato will be able to buy rice, its March-to-September price is P10.50/kg, including the cooperative development incentive fee of P0.50/kg. Traders' prices are lowest in November to January when the harvests are most bountiful. So from October to March NFA's price is P9.25/kg.

According to Camayang, there are fewer traders now, because a number have gone under due to uncollected loans from farmers on account of natural disasters like El Niño. According to him, a number of cooperatives have stepped in to fill the vacuum.

In late 1998, NFA warehouses were filled with corn, so it could absorb little of the palay harvests. This was unfortunate because the NFA's price was significantly higher than those of traders. According to both Dodong Limas of CDSMC and Chito Manago, Assistant Provincial Manager of NFA, fresh palay in Mlang was being sold at P6.60 to 6.90. Dry palay was fetching P7.80 to 7.90. Meantime, NFA was buying palay with 14% moisture content at P9.25/kg. This was broken down this way: P8.00 for palay; P0.50 for Cooperative Development Incentive Fee (CDIF); P0.65 for drying; and P0.10 for delivery.

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I did not ask the manager if P300,000,000 was the correct figure, because I thought he wouldn't want to give me a direct answer. I did try to get this data from him in various ways though. He himself told me, however, that NFA-Cotabato had a credit line with LBP that would allow his office to buy 300,000 bags of palay and 300,000 bags of corn a year. This means that he has a minimum budget of P138,750,000 for palay purchases (300,000 bags x 50 kg/bag x P9.25/kg). Probably a little higher than this as NFA's summer price for palay is P10.50/kg. If one estimates that half of NFA's palay stock will be bought at the higher price and half at the lower price, his palay budget would be P148,125,000 ({150,000 bags x 50 kg x P9.25} + {150,000 bags x 50 kg x P10.50}).

In emphasizing NFA's commitment to give preference in its palay purchases to farmers themselves, especially those who are organized into cooperatives, Camayang

told me about the farmers' passbook, a requirement for sellers of palay to NFA. He said, however, that traders sometimes get around this by borrowing the passbook or asking farmers to "sell" palay without letting on that they had already sold this to the trader.

He also mentioned the farmers' option to buy back (FOBB). Under this arrangement, farmers who have sold palay to NFA may buy this back in order to re-sell it to traders if the price of the latter is higher. They would have to pay a small handling fee to NFA to do this.

The latest scheme to benefit organized farmers was the Electronically Relayed Agricultural Products Trading System (ERAP-TS) which at present is limited to corn. NFA now maintains a web page for accepting bids from buyers and sellers for market-matching purposes. This is a pilot project that covers nine sites: North Cotabato, Koronadal, Gen. Santos, Bukidnon, Zamboanga del Norte (not yet on line), Palawan, and three other places. It was launched on 18 January 1999 in Kidapawan.

The Sta. Catalina Multi-Purpose Cooperative tested the system. It delivered 200 bags of corn and asked for P5.50/kg. On that day traders' price in Kidapawan was P4.80 and in Davao, P5.30. A group in Batangas put in a bid for corn P6.70/kg. The two bids were matched electronically and the deal was considered closed. Sta. Catalina MPC was paid P5.57/kilo (P6.70/kg less P1.13/kg shipping cost) and the Batangas group withdrew 200 bags of corn from an NFA warehouse in Batangas.

What made it possible was NFA's web page and the fact that NFA has been able to standardize quality, so that the corn drawn in Batangas was not the same as that deposited in Kidapawan but had similar characteristics.

One implication of ERAP-TS: reduction in transaction costs and time, thus lowering prices for buyers and raising prices for sellers by eliminating the spread accruing to middlemen. The price the seller received was still lower than the support price but then it is clear that nationwide NFA can buy only about 3% of palay and corn at this price.

(3) *Marketing Cooperatives*. An increasingly important player in palay marketing is the cooperatives. PA Balagot estimated that there may be a thousand cooperatives registered in the province but only one-half were operational.

Fred Epiz said that, like some traders, a number of cooperatives were not financially sound. Some had huge debts on account of LBP loan conduiting for their farmer-members. Farmers would obtain production credit through their primary cooperative and then fail to pay, often (but not always) due to crop failure.

This was one reason why CDSMC was organized, he said. They wanted to get to the household level in places where farmer-cooperators were plentiful. They raised money to train and field development workers who would ensure that cooperators really knew their rights and obligations as members, made proper claims for services and rebates from their coops, attended meetings, and participated in other coop activities.

Coops buy their members' palay supposedly at a competitive price and give them patronage refunds and rebates. Cooperators are owners of the enterprise. They elect a Board. The Board of Directors appoints a General Manager. The General Manager hires staff. If he is skillful and honest, he is appreciated and tends to wield enormous power even in regard to the Board. If he fails to deliver or is dishonest, wranglings within the cooperative pull it down. When the Board and members are not watchful, a manager may run the organization to the ground. On the other hand, when a Board tries to take over from their General Manager all the decision-making that should be left to him, business slows down. Or when Board members, managers or staff insist on certain undeserved favors for themselves, the coop suffers.

Coops also act like traders in buying non-members' palay. Table 6 shows the procurement in 1998 by three primary cooperatives that are members of the Cotabato-Davao del Sur Federation of Cooperatives (CDSFC). Note the variance in prices. The lowest is 72% of NFA's price (P6.65 ¸ P9.25), while the highest is 92% of this (P8.50 ¸ P9.25).

NFA traditionally buys grain from Vietnam (Thailand, Indonesia) at a low price, sells in the Philippines at prevailing market rates, and uses the profit to support

Table 6
Palay procurement of three CDSFC-affiliated primary cooperatives

Primary Cooperative/Municipality/ Period of Procurement	Price/kg	From Members (in bags/in kg)	From Non-Members (in bags/in kg)
Sta. Catalina MPC/President Roxas/ Jan-Dec 98	P7.85	26,052 bags 1,511,065 kg	60,790 bags 3,525,820 kg
Bialong MPC/Bgy. Bialong, Mlang/ Jan-Dec 98	P8.50	2,964.9 bags 148,247.2 kg	3,149.9 bags 157,497 kg
Mlang MPC/Mlang/ Jun-Dec 98	P6.65	6,755 bags 371,520 kg	4,412 bags 242,671 kg

infra development (shallow tube wells, multipurpose pavements, small water-impounding improvement projects).

According to PA Balagot, Cotabato province loses so much potential income by selling rice to other provinces in the form of palay. If milled into table rice first, more labor would have been employed, more electricity consumed, more milling machines used, etc.

D. Possible Interventions.

Gov. Piñol suggested assistance to marginal rice and corn farmers to shift to fruit trees and higher valued crops like vegetables. But in rainfed upland areas, people need rice or corn as their staple and then the inadequate farm-to-market road system would make transportation costly and travel time lengthy. It is still good to get OPA to encourage rice and corn farmers who cannot produce certain volumes/hectare or at certain standard costs to shift to fruits and vegetables. But training will be needed for this as well as planting materials and then also assistance in market-matching. Further, OPA can already handle this without NGA intervention.

He also suggested focusing on marketing, although he was thinking less in terms of rice and corn and more in terms of fruits, vegetables and other agricultural products.

Manager Camayang said that NFA by policy prefers to buy its rice from farmers' cooperatives. That is the reason for the P0.50 cooperative development incentive fee. This year NFA-Cotabato targeted to buy 6% of the rice, he said. It can target 10% next year (but not 25% immediately). It can buy all of this from the cooperatives if they are ready. Camayang said that NFA-Cotabato would be willing to pre-contract their palay. Strategically, according to him, NFA's view is that most of the country's rice will come from Mindanao, as it is relatively typhoon-free. There definitely will be no problem in buying 300,000 bags of palay from the farmers' cooperatives this year, he said.

Board Member Pingping Tejada disclosed that the Provincial Board had passed a resolution urging NFA to utilize school gyms and foreclosed warehouses for grain storage so that it can continue to buy palay. The Board also approved a resolution-letter requesting NFA Administrator Edno Joson to appoint additional bonded cashiers, warehousemen and supervisors. His point

was to avoid "wasting" the allocation to NFA-Cotabato for palay buying on account of insufficient warehouse space.

Mayor Cuerpo proposed that NFA's buying price be raised to P20. He pointed out the benefits of this to hundreds of thousands of farmers. While this is true, it is also necessary to consider world prices (we are not Japan; a price that is higher than the world price would only encourage smuggling), effects on the urban poor, and implications for political stability.

If it were not important to the country to think globally, Mayor Cuerpo's idea would not sound wild to me. After all it should be possible to agree on certain standards and if these standards of productivity and quality are met, farmers should be entitled to a decent income. Let us assume for a while that the poverty threshold is P90,000/year for an average-sized family. Let us assume also that the standard rice farm is 1.2 ha, that it is irrigated, that it is possible to have two harvests in one year, and that the normal harvest is 3.5 MT/ha. This means that the normal production is 168 cavans ({3.5 MT/ha x 20 cavans/MT} x 2 harvests x 1.2 ha) or 8.4 MT (168 cavans ÷ 20 cavans/MT). Let us assume further that Mayor Cuerpo's costs are also norma, i.e., the equivalent of P16,000 yearly for work on 1.2 ha (P6,666/ha x 1.2 ha x 2 harvests = P15,998).

If we say the farmer should earn an annual income of P90,000, he should be able to sell his palay at P106,000 (P90,000 + P16,000). This means setting the palay price at P12.62/kg (P106,000 ¸ 8.4 MT ¸ 1,000 kg/MT = P12.619/kg) in order to put him on the poverty line, instead of the rainy season price of P9.25/kg or the summertime price of P10.50/kg. It would also assume that we want to consider anything else he can grow on his farm as products to raise him above the poverty line.

(1) *CRIAC's Advocacy Campaign.* The Cotabato Rice Industry Advocacy Council (CRIAC) put forward eight-points for immediate/short-term advocacy:

"The provincial government shall make representations to the National Food Authority to increase capital for procurement and support price from P8.00 to P9.00 per kg to corner substantial volume of palay in the province" [desired: 25% of production].

"The Provincial Government shall negotiate and make a request with the Land Bank of the Philippines to extend the terms and conditions of loans provided to the coops and rice farmers to be able to hold the stock of palay while the price is not yet stabilized."

The Provincial government shall pass a resolution requesting the farmers, coops and private traders to hold their stock (hoarding) to be able to have a sufficient stock of palay in preparation of the incoming hit of La Niña in the province"

"The Provincial Government shall pass a provincial ordinance to use a portion of the paved road for drying purposes along the provincial and/or municipal highways that can be identified to have a peak harvest of rice."

"The Provincial Government shall make representations to the Department of Education, Culture and Sports to allow the use of school campuses/pavements for drying purposes for palay during the bumper harvest season."

"The Provincial Government shall make representations to the Department of Public Works and Highways and/or the Provincial Engineers Office to especially give priority in repairing farm-to-market roads on a cost-sharing basis with all barangays identified to have bumper harvest."

"The Provincial Government shall allocate funds and directly put it at the disposal of National Food Authority for the procurement of buffer rice stocks to absorb the provincial rice bumper harvest in preparation for La Niña disaster."

"The provincial government shall pass a resolution directing the Local Government Units to spearhead massive cleaning of waterways to mitigate effects of La Niña."

CRIAC also advanced four long-term action points:

"Conscious efforts on the Provincial Government to effectively implement the synchronous and timing of planting in combating the massive attack of rice infestation in the next cropping season."

"Improve the farm-to-market roads in the barangay level that are known to be the rice and corn producing area in the locality."

"Community post-harvest facilities such as dryers, mills, and storage must be made available to small farmers organizations and cooperatives to reduce losses due to wastage and spoilage."

"Land reform is an imperative of food security, land redistribution reestablishes the central role of small farmers in the agricultural economy. Security of tenure is not limited only to land distribution but also access to all credit facilities."

CRIAC met again on 15-16 February 1999. That meeting agreed on the Council's Policy and Action Plans for the following year. I will include the final document as an annex to this study.

RECOMMENDED INTERVENTIONS

In thinking about all these ideas and in discussions with Fred, the one possible intervention that stood out for me was the very first point in the short-term advocacy agenda of CRIAC: the maximization of NFA-Cotabato's allocation for purchasing farmers' palay.

Fortunately, Manager Camayang was supportive of this. So, too, were two middle management NFA Central Office personnel I consulted. And so was Administrator Edno Joson when Ernie Garilao, Hec Soliman, Asia Canieso and I met with him, although questions were raised by Deputy Administrator Gregorio Tan about the idea of securing Quedancor's participation by using the NFA contract as collateral for production credit to be extended by that institution.

It is clear that a policy pronouncement or an administrative order of some kind would have to be issued by Administrator Joson for NFA-Cotabato to engage in contract buying of palay. This is not something that can be done at the level of Manager Camayang or his immediate boss at the regional level. If Gov. Piñol personally asks Administrator Joson, a former provincial Governor himself, to enact such a policy with Cotabato as the pilot province, chances are high that this will be approved.

The collateral idea mentioned earlier has bearing on the second concern in CRIAC's short-term advocacy agenda: the matter of production credit. Since many cooperatives and farmers were in arrears on their LBP loans, they would have to turn to traders for production loans. If they do this, they would be forced to sell their harvest to the traders rather than NFA. And of course, the traders would give them a lower price than would NFA.

Combining the first and second points of CRIAC would mean entering into agreements, at the time of planting, to sell to NFA or for NFA to buy from farmers' cooperatives, so that these agreements could be used as collateral for production credit. If LBP was unwilling to restructure loans in a reasonable way, farmers could turn to Quedancor. Bureau of Agricultural Research Director Litoy Ponce pointed out that there were other DA program or facilities that could likewise be tapped.

The credit source could provide production credit worth 80% of the contract price, deducting from the amount to be released the payment of interest. It could collect at harvest time directly from NFA. This means that at harvest time, the farmers would be paid only 20% of the contract price. But they would be able to renegotiate a new contract for the next season right away.

Inasmuch as prices fluctuate, it would be wise *not* to ask farmers or their cooperatives to pledge their entire crop to NFA. Perhaps 50% would be adequate. This way, if traders' prices rise beyond those of NFA's, farmers can sell 50% to them. But if market prices remain below those of NFA, then at least the farmers were able to sell half of their production at the better price.

In this process it would be important to bring in the small farmers' organizations in the ARCs as players. By bringing them in, relations with the more established cooperatives can be strengthened.

Perhaps, the first time contract buying is tried in Cotabato, NFA can limit itself to targeting to secure the signing of contracts for 75% of its allocation. By doing this it protects itself from over-dependence on the pre-need contracting system. So if it was allocated enough funds to purchase 400,000 bags of palay, it can sign contracts to cover the buying/selling of 300,000 bags. The reason for this is to guard against "pole-vaulting" – i.e., farmers not delivering contracted palay to their cooperatives and/or cooperatives not delivering their palay to NFA, in order to sell this to traders at a higher price.

While this could happen and it is necessary for NFA to protect itself from this eventuality, pole vaulting will be discouraged by limiting contracting to 50% of the previous harvest, by the operation of the farmers' option to buy back (FOBB), by the knowledge that if the scheme fails, they would be back to the tender mercies of the traders, and by basic education for those involved in the program.

In contracting to buy 300,000 bags of palay, the following indicative breakdown could be used:

Nine primary cooperatives care of CDSMC	150,000 bags
Other cooperatives care of MCDOs	75,000 bags
Cooperatives and others in ARCs	75,000 bags
TOTAL	300,000 bags

On the side of the provincial government, it would be important to have a mechanism that can simultaneously deal with the cooperatives, with NFA, and with the OMAs or Mayors who wish to participate in the scheme. Cotabato already has a Provincial Cooperative Development Council. It would be worthwhile to create a Provincial Cooperative Development Office (PCDO) that would serve as its permanent secretariat, deal with CRIAC and the cooperatives, and help a new Municipal

Cooperative Development Desk lodged within the OMA with tasks related to the contract buying of palay.

Board Member Sergio Catotal, Chair of the Committee on Cooperatives, proposed the creation of the PCDO, together with Board Member Jose Tejada, Chair of the Committee on Agriculture. The Provincial Board turned down the proposal apparently because it was misinformed about the availability of funds. But the PCDO is certainly an idea worth reconsidering.

If these recommendations work in Cotabato during the first season, there would be no reason not to try these out for corn as well. And if these work with corn, wider application to other provinces could also be tried.

Director Ponce raised the idea of contract farming rather than contract buying. If by contract farming is meant that the agreement to be signed would include specifications on inputs and technology, this may unduly complicate the contract and may require more coordination between NFA and the OPA/OMAs than they are ready to enter into at this time. Further, the cooperatives focus on marketing and not production, so for them to sign a contract for farming rather than just selling may push them beyond their present competence at a time when they are not ready to take this step.

Since contract buying of palay can cover only a limited amount, it would be good to expand the Electronically Relayed Agricultural Products-Trading System (ERAP-TS) to include palay. Hopefully, the positive things achieved by the corn program can also be attained for rice. Whatever can be done to raise the price of palay for the producers themselves – not just the traders – should be done. Since the most positive thing about ERAP-TS is that it reduces transaction costs of delivery time, it would help rice farmers for their product to be included.

In December 1998 I met with PARO II Vic Cubita, PARO I Cenon Original, some development facilitators and other provincial DAR personnel to present some of the ideas in this paper and secure feedback from them. The reaction was positive though not enthusiastic.

The meeting during the same week with the leaders of various cooperatives associated with CDSMC surfaced more questions and doubts, particularly about the reliability of government when it signs an agreement. During a number of meetings I had with Manager Camayang, I made it a point to bring along a few cooperative leaders. This may have helped because I now have the sense that there is more trust in the air.

There was also a question whether it is the federation, the primaries or the farmers directly that should sign contracts. I agree with the coop leaders and managers that it should be the primary coops. Otherwise it would be too tedious for NFA-Cotabato and Camayang and company may back out. But I'm not sure that we see eye to eye on the price the coops should set for their members. My own recommendation is to deduct not more than 10% for handling and delivery to NFA, but I suspect they are thinking of a bigger margin in order to raise money faster to pay their debts.

So thinking about a constituency for the proposals, I'm sure now that there is one. This includes the Governor and some key staff, at least two members of the Provincial Board, at least one Mayor, a number of CRIAC members, CDSMC staff, at least a dozen coop leaders and managers, DAR provincial personnel involved in ARC development, and probably some key people at NFA Central Office and in Cotabato.

I'm sure a wider constituency can be generated in support of the recommendations, but I'm not sure that one is necessary.

In February 1999 Fred and I asked Gov. Piñol if he was willing to convene a forum to discuss this study and its recommendations. He said yes readily. So the following month Fred and I, together with Jun Obillo from the Governor's staff, put together the necessary papers. Unfortunately, our timing was not quite right, as the forum could not be convened in April and May. But hopefully the 15 June schedule will run as anticipated. I will include as a second annex the presentation paper I wrote for the forum.

Annex 1

COTABATO RICE INDUSTRY AND ADVOCACY COUNCIL (CRIAC)

ACTION PLAN FOR JUNE 1, 1999 TO MAY 30, 2000

1. CAPABILITY-BUILDING

Objectives	Strategic Interventions	Key Result Indicators
Equip Council members with skills for preparing policy briefs and other policy instruments	Skills training workshop on policy brief and instruments preparation	20 Council members have developed capacity to prepare policy briefs and advocacy instruments
Develop a sustainability plan for CRIAC	Strategic planning workshop	20 Council members have formulated a sustainability plan covering the period 2000-2003
Strengthen commitment and support of Council members on the Vision-Mission of CRIAC	• Monthly BOA meetings • Quarterly general meetings • General assemblies	• 10 monthly BOA meetings held • Council policies formulated • 4 quarterly general assemblies held

2. ADVOCACY

Objectives	Strategic Interventions	Key Result Indicators
Implement advocacy plans on the 6 policy and action plans	• Formulation of policy brief and instruments • Fora on specific policy and action recommendations • Follow-through lobbying	• Coordinated effort between Food Security Desk and the Task Force for implementing Food Security Agenda • Initial activities to review the current thrust of the OPA • Initial preparation of land use plan in relation to AFMA implementation • Committee organized to initiate activities for seed and input distribution • A comparative analysis of the level of accomplishment of target outputs

Activities	Timeframe	Resources Needed
• Contract resource persons/facilitators • Send invitation to CRIAC members • Prepare budget and venue • Confirm members' participation • Prepare training modules/materials • Conduct skills training proper.	July 26-28, 1999	P20,000.00
• Contract resource persons/facilitators • Send invitation to CRIAC members • Prepare budget and venue • Confirm members' participation • Prepare planning design & materials • Conduct the strategic planning	November 24-26, 1999	P20,000.00
• Send invitation to council members • Meeting/Assembly proper • Document proceedings/minutes	Monthly meetings, every 1st Thurs. of the month Quarterly meetings, every last Wed. of last month of the quarter	(Monthly meetings) P15,000.00 (Quarterly meetings) P12,000.00

Activities	Timeframe	Resources Needed
• Conduct research activities • Draft policy brief and instruments • Discuss policy brief and instruments with BOA for comments & refinement • Send invitation to forum participants • Prepare venue and materials • Present policy briefs & instruments to concerned agencies during forum • Forum on:		
a. Creation of Food Security Desk	September 15, 1999	P3,000.00
b. OPA thrusts and the agri sector	October 20, 1999	P3,000.00
c. Land use plan and the AFMA	December 16, 1999	P3,000.00
d. Seed & organic inputs distribution	January 26, 2000	P3,000.00
• Follow/monitor subsequent activities		

(CONTINUED)

(ANNEX 1 – CONTINUTATION)

3. INFORMATION DISSEMINATION		
Objectives	Strategic Interventions	Key Result Indicators
Inform and update council members with regard to current policies, activities and programs of the local and national government	Publication and distribution of bi-monthly CRIAC News and Information	6 issues of the CRIAC News and Information are distributed to the stakeholders of the rice industry. Feedbacks are received on the content of the publication

Activities	Timeframe	Resources Needed
Gather data and information on the rice industry Drafting of news and informaton Editing and lay-outing Printing Distribution	Every 1st week of August, October, December 1999, and February, April, June 2000	P1,000.00 for printing (100 copies x P10/copy)

Annex 2

CONTRACT-BUYING OF PALAY FROM FARMERS' COOPERATIVES: A CONCEPT PAPER BASED ON THE SITUATION IN COTABATO PROVINCE

A. Recommendations.

(1) *For NFA (for a pilot project in Cotabato province).* Sign contracts with farmers' cooperatives, during or before the planting season (before August), for them to produce and deliver the palay contracted during the months of the peak harvest season (November to January) when traders' prices tend to be low.

Make arrangements with Quedancor for the acceptance of NFA contracts as collateral for production loans – say, to the extent of 80% of the contracts' value.

Expand the Electronically Relayed Agricultural Products Trading System (ERAP-TS) to include palay and make electronic trading possible year-round.

(2) *For farmers' cooperatives (including those in agrarian reform communities).* Sign contracts with NFA, during or before the planting season, to sell one half of their expected production to NFA at the support price, for delivery during the harvest season, and take care of delivery in accordance with contracts.

(3) *For the provincial government.* Establish a Provincial Cooperative Development Office or Task Force Kabuhayan at Kooperatiba that would operate under the supervision of the Governor and would, among other things,

- assist farmers' cooperatives in strengthening themselves and marketing their agricultural products,
- coordinate closely with the National Food Authority,
- link up with the Municipal Cooperative Development Councils and Offices, and
- serve as the secretariat of the Provincial Cooperative Development Council.

B. Rationale.

In connection with the research project of the Asian Institute of Management, I took a look at the grains situation in the province of Cotabato. I was convinced early on that food security in grains was not a major problem. The farmers of Cotabato produce about 6.2 million cavans of palay annually and

the residents of the province consume only 2 million bags of rice (3.33 million bags of palay). The difference of 2.87 million cavans is shipped out to other provinces.

During the height of the El Niño crisis in 1998, when destitute farmers in Cotabato were forced to scrounge for root crops, NFA still had grain in its warehouses. The problem was not the supply. It was distribution. It was poverty: some people did not have enough money to buy the grain they needed.

Further, according to Gov. Emmanuel F. Piñol, an additional 30,000 ha is slated to be irrigated within the next few years. This could raise production by as much as 4.8 million cavans/year (30,000 ha x 2 harvests x 80 cavans/harvest/ha). So he sees marketing as a bigger problem farmers face rather than productivity. In other words, ensuring farmers' profitability guarantees their productivity.

NGOs, cooperatives, and farmer groups in CRIAC (Cotabato Rice Industry Advocacy Council) formulated an eight-point advocacy campaign for the immediate and short term and a four-point advocacy campaign for the long term. The first of the eight points had to do with marketing and NFA: raise the support price from P8.00 to P9.00 and purchase a larger volume of palay.

It may be coincidental but that advocacy has already borne fruit as the price rose to P9.25 by the last quarter of 1998 and is now P10.50. It is clear, however, that there are limits to how much palay NFA can buy. The mandate of NFA is to stabilize the supply and price, not to buy all the produce of farmers. But the mandate also includes a preferential option for farmers, especially those organized into cooperatives, rather than traders. In line with this, NFA instituted the following, among others:

- The **Farmer's Passbook** – only farmers or their cooperatives may sell directly to NFA (but traders who provide production credit are often able to "borrow" the passbook or use farmers as their agents).
- The **Cooperative Development Incentive Fee (CDIF)** – an additional P0.50/kilo of palay for farmers who sell through their cooperative.
- The **Farmer's Option to Buy Back (FOBB)** – farmers who sell grain to NFA who discover that a trader is willing to pay a higher price may buy back their grain from NFA at the price they sold it plus a small fee for handling so that it can be sold to the trader.
- The **Electronically Relayed Agricultural Products Trading System (ERAPTS)** – farmers and wholesale consumers enter bids to sell or buy yellow corn

and are matched electronically through an NFA website. This results in higher prices for sellers and lower prices for buyers (assuming there is no manipulation of buyers' and sellers' bids) because it reduces transaction costs.

Along with the expansion of ERAP-TS to include palay, contract-buying would increase NFA assistance to poor farmers. While ensuring for itself a certain supply, it would increase the number of farmers benefiting from NFA's support price.

C. Some Requirements.

To make contract-buying of palay work, the provincial government would have to create a mechanism that understands the cooperatives, can work with the bureaucracy, and would be able to deal efficiently with NFA. This could be placed under the Office of the Provincial Agriculturist (OPA). Or it could be positioned as a Task Force (TF Kabuhayan at Kooperatiba?) or another Office (Provincial Cooperative Development Office?) reporting directly to the Governor.

Cooperatives must be convinced about government's seriousness. Too often in the past, good intentions were not operationalized properly and thus led to bad results.

Even if traders' prices rise, farmers would have to deliver to NFA the amount of palay contracted. Cooperatives would have to police their ranks in order to enforce contracts. But since farmers would commit only 50% of their expected harvest, they can still sell the other half to traders. Further, FOBB reduces the temptation to "pole-vault" by making it possible to buy back their palay at a small handling fee. Otherwise, the next time around, they would be at the mercy of traders who can then set lower prices. NFA could also impose a penalty for non-delivery, say, a two-year suspension of the Farmer's Passbook.

The Head Office of NFA would have to approve such a scheme if only on a pilot basis. To maximize impact it could commit a larger budget to NFA-Cotabato assuming that the provincial office can get signed contracts from the cooperatives.

NFA must increase its warehouse capacity. The provincial government can help by using its funds to rent warehouse space, build new warehouses on donated land, or buy foreclosed warehouses, instead of purchasing grain at the support price. The province's two Congressmen may also allocate some money for this purpose. Likewise, if the agrarian reform communities (ARCs) are included in the program, DAR may contribute some amount. Of course, all this would be contingent on whether

NFA's Head Office agrees to the scheme and puts in more money for palay purchases which in turn would depend on whether cooperatives would sign contracts with NFA.

Quedancor should be convinced to accept the scheme, again perhaps only on a pilot basis. If it works, a larger pilot could be tried. And if that works, it could be made part of the normal operations of Quedancor and NFA.

For purposes of effective monitoring, NFA could assign a Senior Grains Operations Officer attending to market matching and based at the Head Office. Quedancor may consider someone similar for the same purpose.

D. Conclusion.

The proposal to contract-buy palay from farmers' cooperatives would be an additional step in NFA's preferential option for farmers' cooperatives.

- Since it would increase the number of poor farmers benefiting from NFA work, it would be in line with *para sa mahirap* (pro-poor) programs.
- But since it would be limited to only 10-20 percent of the supply and not create market distortions, it would be pro-market.
- Since it would give preference for cooperatives, it would support government's thrust of **empowerment of the poor**.
- And since it would be carried out in conjunction with the provincial government, it would strengthen **NGA-LGU collaboration** in the service of the nation.

Annex 3

HIGHLIGHTS OF THE CONSULTATION ON CONTRACT-BUYING OF PALAY: KIDAPAWAN CITY, COTABATO PROVINCE, JULY 1999

Objectives

1. To share the province's experience with the innovative NFA project called the Electronically Relayed Agricultural Products Trading System (ERAP-TS).

2. To build consensus on the proposal for the early contracting with farmers' cooperatives and subsequent delivery of palay to NFA with production loans from Quedancor.

Panel of Visitors

1. Jessoph Navarro, Assistant Deputy Administrator, National Food Authority
2. Rudy Galang, DA Central Office
3. Ernesto Garilao, Project Coordinator, *Strengthening National Government - Local Government Relationship through Participatory Policy Analysis*
4. Hector D. Soliman, Deputy Project Coordinator, *Strengthening National Government–Local Government Relationship through Participatory Policy Analysis*
5. Gerry Bulatao, Case Study Writer, *Strengthening National Government - Local Government Relationship through Participatory Policy Analysis*
6. Hon. Emmanuel Piñol, Governor, Province of Cotabato
7. Hon. Jesus Sacdalan, Vice-Governor, Province of Cotabato
8. Hon. Jose Tejada, Board Member, Province of Cotabato

Highlights

1. 54 participants coming from the different sectors of the province attended the Forum.

Program Activities

National Anthem
Invocation by Fred Epiz
Welcome Remarks, by Hon. Vice-Governor Jesus Sacdalan
Clarification of Objectives and Rationale of the Forum, by Caloy Bautista
Introduction of NFA's ERAP-TS, by Lorenzo Camayang, Cotabato NFA Provincial Manager

Open Forum on ERAP-TS

- This NFA program currently covers only rice.
- It was proposed that the local government units should look into, and consider, it as an approach in assisting farmers and small cooperatives located in remote areas to access some of the programs of the NFA.
- It was suggested that the handheld radios of barangay officials be utilized to access information on this program and the other programs of the NFA.
- The requirements of the NFA regarding the purity and moisture content of palay can be attained through proper timing in planting, harvesting and post-harvest handling.

- Introduction on the Background of the Contract Buying Proposal, by Ernesto Garilao
- Discussion on the Mechanics of the Contract Buying Proposal, by Gerry Bulatao

Responses

Edgar Amoronio, General Manager, Sta. Catalina Multi-Purpose Cooperative, Pres. Roxas, Cotabato:

- Agreed with the premise that rice production in the province in relation to the consumption needs of the populace is not a problem. In short, there is enough production of rice in the province.
- Stressed strongly that there is a big problem regarding rice production in relation to the cost of production.

- Expressed that the proposal on contract buying is good. However, he foresees the problem of pole-vaulting.
- The issue of rice importation affected the prices of rice and the viability of rice farming.
- Aside from the low prices of rice, the bad condition of the farm-to-market roads also has implications on the viability of rice farming. The provincial government should address this problem.

Celso D. Limas, Chairperson, Cotabato Rice Industry Advocacy Council (CRIAC):

- Introduced and explained the background of CRIAC.
- Emphasized that the forum is one of the major advocacy points of the Council.
- Aside from the Forum, there are other venues wherein the different stakeholders of the rice industry in the province can pool together their resources and expertise so that problems on productivity or the viability of rice farming can be addressed.

Jessoph Navarro, Assistant Deputy Administrator, National Food Authority:

- Said that NFA is trying its best to make its programs not only available and accessible but also affordable to small farmers. Its main aim is to make the farmers earn more from their farm. NFA does not stop looking for ways and means in order to help the people.
- NFA ensures that there is enough buffer stock in the warehouse and tries its best to respond to the basic needs of the people.
- Announced that NFA Kidapawan is alloted 130 Million Pesos as its procurement budget for 1999.
- On the issue of rice importation, NFA resorts to importation only as a last recourse.

Hon. Governor Emmanuel Piñol:

- Emphasized that the provincial government intends to provide roads, water, light and other basic social services to its people.
- Expressed that he is grateful that every concerned sector in the province is trying to help and assist the provincial government.

Open Forum

On how to solve the surplus production in grain:

- Intensify market strategy development.
- Encourage feedmill investors to invest in the province. However, the livestock industry in the province is small.
- Improve infrastructures and delivery of basic social services.

On the productivity and viability of grains production:

- Provincial Agriculturist Balagot expressed that the Office of the Provincial Agriculturist is doing its best to explore all possible venues where the problem of low productivity of farmers can be addressed.
- There is difficulty in the marketing of organically grown rice.

On ERAP-TS and the proposed contract buying scheme:

- It was suggested that the NFA should explore markets other than Batangas.
- Details of the contract buying need to be finalized. Asst. Dep. Administrator Navarro said that the group may consult or sit down with NFA's regional personnel to work out the details of the proposal.

On the creation of a Food Security Desk (FSD) in the province:

- Gov. Piñol told the participants that the creation of FSD has been deferred, subject to the availability of funds.

On the NFA's procurement budget and warehouse problem:

- Hon. Tejada inquired if there will be enough warehouse space that can be utilized when the 130 M budget will be made available to NFA Kidapawan.
- NFA Regional Administrators have been instructed to utilize the foreclosed warehouses of the Land Bank of the Philippines and the Development Bank of the Philippines. Stocks in the provincial offices are going to be moved to Manila in order to free provincial warehouses.

On the Creation of the Provincial Cooperative Development Office (PCDO):

- The Sanggunian Panlalwigan has turned down the proposal creating the PCDO.
- Gov. Piñol clarified that the proposal was not turned down, but was held in abeyance in view of the limited funds.

On the national government's support to initiatives of the local governments:

- Ernie Garilao shared to the group that in order to access funds from the national government, LGUs must come up with good programs. LGUs must also identify venues where it can sit down with national government agencies to discuss such programs.
- Gov. Piñol said that the province has good programs and good proposals. In fact, every time he goes to Manila, he brings with him several proposals. However, the response from the central government is slow.

NOTES ON THE NATIONAL CONSULTATION ON GRAINS PRODUCTION

I. BACKGROUND AND RATIONALE

The study "Strengthening the National Government - Local Government Relationship through Participatory Policy Analysis" emphasizes the building of a constituency that will push for policy recommendations toward strengthening national - local government relations. A strong constituency for policy reform creates a more supportive regulatory and policy environment for local governments. Thus, consultations with the partner agencies, local government units, and other stakeholders were undertaken throughout the project cycle. Further, the study's culminating activity is a national consultation that will bring together top policymakers and stakeholders for each sector. The objectives of the national consultation are:

1. To share the major conclusions and recommendations of the project with the top policy makers and major stakeholders for each sector;

2. To consult the stakeholders on the viability of the recommendations and explore follow-up activities; and

3. To heighten the need for greater synergy between national and local governments, in particular program areas, and in governance as a whole.

The consultation on grains production/agriculture was the second of the three consultations conducted as part of the project. For this consultation, grains production and coastal resource management were taken together since both fall under

the jurisdiction of the Department of Agriculture. It was held on October 20, 1999 at the Dusit Hotel Nikko in Makati.

II. PARTICIPANTS

National Government

1. Secretary Edgardo Angara, DA
2. Undersecretary Domingo Panganiban, DA
3. Undersecretary Cesar Drilon, DA- Fisheries, represented by: Mr. Archie Amara
4. Assistant Secretary Segfredo Serrano, DA
5. Director Rudy Guieb, DA-Regional Operations
6. Director Malcolm Sarmiento, DA-BFAR

Local Government

7. Governor Rafael Coscolleula, Negros Occidental
8. Governor Wilfrido Enverga, Quezon
9. Governor Emmanuel Pinol, represented by: Mr. Antonio Balagot, Provincial Agriculturist
10. Governor Hermilando Mandanas, Batangas

Non-Government Organizations

11. Mr. Philip Penaflor, PhilDHRRA

AIM and Ford Foundation

12. Prof. Felipe Alfonso, AIM
13. Prof. Victor Tan, Associate Dean, AIM-CDM
14. Mr. Gary Hawes, Ford Foundation

Project Team

15. Prof. Ernesto D. Garilao, Project Coordinator

16. Atty. Hector D. Soliman, Deputy project Coordinator
17. Atty. Adrian S. Cristobal Jr., Case Study Writer for Quezon
18. Mr. Gerry Bulatao, Case Study Writer for Cotabato
19. Mr. Teodorico Pena, Case Study Writer for Negros Occidental, represented by Ms. Glenda Nabua

Special Guest

20. Dr. Fermin Adriano, Thematic Writer for Agriculture

III. PROCEEDINGS

The consultation started with welcome remarks from Prof. Felipe Alfonso of the AIM, followed by Atty. Soliman who gave the overview and context of the project. Prof. Garilao presented the summary of findings and recommendations for the case studies on grains production and coastal resource management.

IV. RESPONSE

Rafael Coscolluela. On grains production, Gov. Coscuella observed that there is no mechanism for an efficient allocation of the budget for agriculture. The DA Regional Offices do not inform LGUs of their respective allocations. He said that the budget allocation process is often affected by political intervention that results in an inequitable sharing of resources. Thus, he recommended that LGUs' participation in planning and budget allocation must be strengthened.

Aside from the limited interaction between the province and the DA Regional Office, the other problem is the lack of a human resource development program for its local agriculture personnel. The General Appropriations Act (GAA) prohibits LGUs from using the internal revenue allocations (IRA) for training seminars and workshops. He recommended that this restriction be removed from the GAA.

On coastal resource management, Gov. Coscolluela commented that the study did not mention the conflict between the coastal or marginal and commercial fishery sectors. In Negros Occidental, he noted that these conflicts exist and cannot be resolved at the local level. Initially, conflicts are taken up at the regional level then forwarded to the national level. His province has also requested the chairperson of

the Regional Development Council to initiate the meetings of LGUs with contiguous waters in order to resolve the question of who will enforce, and how to enforce, fisheries laws. Another question is who will pay for the enforcement of these laws, especially if there are several LGUs involved. In addition, boundaries of municipal waters in the province are not very clear.

He opined that the biggest problem in CRM is the enforcement of fisheries laws, especially given the spotty capabilities and resources of LGUs. Thus, LGUs, who are mandated to enforce these laws in municipal waters, are not able to effectively do this.

Gov. Coscolluela shared some of the initiatives undertaken by the province in inter-municipal management system of marine waters:

1. the Southern Negros Coastal Development Program which brings together six coastal municipalities in Negros Occidental, and
2. KAHILUAT, which groups together three coastal municipalities.

The provincial government is funding these initiatives from its 20% Development Fund. He hopes to institutionalize this funding support to CRM to ensure a regular funding source.

He observed that most LGUs come up with their own municipal fisheries ordinance without coordinating with the next town, often resulting in conflicts between the two ordinances. He emphasized the need to rationalize the various fisheries ordinances of various municipal LGUs. The proposed rationalization of municipal fisheries ordinances for Negros Occidental is currently with its Sangguniang Panlalawigan.

In the case of Negros Occidental, the role of the province in CRM is referee, funder and coordinator. He noted that the province has neither the authority nor the mandate to do this. He recommended that a provincial Bantay Dagat be organized, with funding from the provincial government, in order to strengthen enforcement of fisheries laws in the province. He noted that most municipal LGUs do not have this capability, especially because they usually only have bancas that cannot run after violators.

The last point he made was the need to develop and strengthen inland fisheries in order to increase fish production. He noted the increasing prices of fish sourced from marine waters.

Wilfrido Enverga. Gov. Enverga noted the lack of concrete plans of, and coordination between and among the, national, provincial and municipal governments. He also noted the tug of war between Congress (i.e. Lower House) and the provincial governments in the allocation of resources. He recommended that a mechanism should be established to ensure that the priority of provincial LGUs is the primary consideration in the allocation of funds. This tug of war is exacerbated when the congressman and the governor have different political affiliations, which impacts on the allocation of funds.

Another issue that has to be addressed is the apprehension and prosecution of violators of fishery laws. LGUs lack the capacity and the resources to apprehend and prosecute violators. He also noted the difference between apprehension and prosecution, and emphasized the need to address both.

Antonio Balagot, representing Gov. Emmanuel Pinol. Mr. Balagot agreed with the observations and recommendations made by both Gov. Coscolluela and Gov. Enverga. He also said that the province fully agrees with the recommendations of the study, and endorses the draft Administrative Order which calls for a closer coordination and partnership between the province and the DA regional office.

He noted the weak managerial skills of agricultural technicians to implement projects after transfer of technology has taken place. According to him, agricultural technicians continued to function as if they were still technicians under the DA, instead of taking the role of production managers of LGUs. He emphasized the need to training these technicians to enable them to manage and sustain projects.

He also told the group that production of grains in Cotabato is becoming a problem, with the maximum income of rice and corn farmers amounts to only P30,000/ha/year. Farmers who plant other crops, such as papaya or asparagus, have higher incomes. He said that the province is thinking about refocusing production strategies and shifting to other crops. However, it acknowledges the possibility that the DA might not welcome this move.

On CRM, Mr. Balagot said that the province, though not a coastal area, has a large freshwater area that produces 11 to 29 tons of fish per day. However, this body of water is not covered by any program of BFAR.

Hermilando Mandanas. Gov. Mandanas opined that the need to strengthen local and national government relations is critical not only in grains production

and coastal resource management, but in the entire agricultural sector. He believes that policies and programs are in place, but that programs bog down in the implementation stage. To him, the problem with the implementation is mainly due to lack of appreciation of decentralization policies, and to politics wherein funds are controlled by congressmen.

He said that Regional Development Councils (RDCs) should bridge this gap in program implementation, and function as the linkage between national government agencies (NGAs) and the province. Though mandated by law to do this, RDCs have not been able to do so because of absence or lack of funds. Thus, NGAs has often ignored RDCs.

He also emphasized the important role of the private sector in the achievement of food security and improvement of the entire agricultural sector. He clarified that the private sector he refers to are not the big corporations, but the middle sector or the producers. These are the small fisherfolk, small poultry operator, small farmers, and the like. He opined that production budgets must be directed to these producers in order to achieve full utilization of resources and maximize the beneficiaries' absorptive capacity. He recommended the following:

1. Budgets/resources that cannot be fully absorbed by NGAs should be given to LGUs. Among others, it will decrease the "barrels" of Congressmen. He acknowledged, however, that this requires the open-mindedness of the NGAs.

2. Empower RDCs to take a stronger role in the budget process for year 2001. Each RDC has been given P5 M this year to cover expenses for the preparation of regional budgets, using the bottom-up approach, to be headed by the RDCs.

Edgardo Angara. Sec. Angara acknowledged the timeliness of the study and its recommendations, especially because the DA is in the process of reorienting, realigning and reorganizing the budgetary allocation process. He asked AIM, the Project Team and the Ford Foundation to continue the study since there are aspects that need to be studied further.

He noted that there are fundamental structural problems in grains production and CRM. He said that the following issues need to be addressed even before the partnership between the national and local governments can be strengthened:

1. The key motivator for grains production is price. However, importation and pricing policies are not consistent with our production policies. This is due to a pricing mechanism that is separate from production and importation,

and places them under two different jurisdictions (i.e. DA for production, NFA under the OP for pricing).

2. For the fisheries sector, there is again a dichotomy: the DA is in charge of production, while the DENR is responsible for protecting the natural hatcheries of fish (mangroves and corals).

3. Ideally, there must be agriculture-oriented chief executives in predominantly agricultural provinces. With such chief executives, it will be easier for the LGU and the DA to interact and plan together.

4. There is creeping centralization in the government. One such manifestation is the need for the governors to get the permission of the pertinent Cabinet Secretary before they can go on an investment mission. This is also true for the purchase of equipment that requires the prior approval of the DILG. These limitations impinge on the autonomy of local governments.

The "downside" of decentralization and autonomy, however, is the increasing dependence of most LGUs on their IRA instead of thinking about ways of expanding their revenue base.

He emphasized that the mandate of the Agriculture and Fisheries Modernization Act is clear: LGUs shall be the partner of the DA in agricultural development, with LGUs as "the senior partner". But he was quick to admit that this is not yet reflected in the DA budget. Its food security budget, for example, of P1.5 B is divided among the congressmen and not among the provinces. He said one major barrier to a rational planning of resources are the members of the Lower House. Thus, he recommended that the GAA provision which provides that "no infrastructure budget will be approved without consultation with the Congressman" be abolished.

He told the group that he wants the money and resources for production, irrigation, etc. to be given directly to provinces. Currently, this is given to the DA Regional Directors, which he believes creates more problems for the regional offices. Because of its funds, the regional offices have acquired a political color and are subjected to jealousies and rivalries among and between provinces. He believes that the DA must rethink the role of Regional Field Offices, and transform them into an information, monitoring, evaluation and standards enforcement office. The DA must also tap the provincial and municipal agricultural officers as the action man of the province/ municipality.

He also told the group that for year 2000, the DA Secretary is authorized to realign its budget. Thus, the Department will have the chance to implement the

AFMA budget, and to reorient, realign and change the role of the various players in the agriculture sector.

He also told the group that the DA, as a goal and a policy, is now working under the principle of counter-parting. For irrigation, for example, the DA will establish a P100 M revolving fund. This will be given to LGU on a grant basis, provided that the both the LGU and the Irrigators' Association contribute their share. The Irrigators' Association must also collect fees, which shall be deposited as a special account with the LGU. Only 20% of this amount may be spent by the Association, and only for the maintenance of the irrigation facilities.

The DA is also encouraging every agricultural provinces to set up nurseries, since farmers have very low (only 18%) utilization of certified seeds. DA gave a grant of P1M to each province, which provided a counterpart fund, to set up techno-demo nurseries.

For fisheries, he agreed with the study's conclusion that not enough attention is paid to this sector, and that there is a weak enforcement of fisheries laws. He declared that the DA will follow the recommendation of the study and deal with provinces and not just the municipalities in CRM. He recommended that LGUs come up with a model municipal/provincial ordinance regulating the use of sea cages because of the plan to introduce sea ranching in CRM.

He also said that fisheries law enforcement should be done by the national government, in a strong partnership and cooperation with provincial governments. The present set up where the municipality is in charge of enforcement in waters within its jurisdiction is ineffective. He suggested the use of bigger boats manned by the province and supported by the national government

V. OPEN FORUM

Hermilando Mandanas. Gov. Mandanas broached the possibility of piloting a study, with the support of the AIM and Ford Foundation, on the budget preparation for year 2001, with the RDC taking the lead in the bottom-up approach in budget allocation. He noted that concept of counterparting is very good, and will hopefully force both the congressman and the governor to work together.

Rafael Coscolluela. Gov. Coscolluela observed that the projects of the National Irrigation Authority (NIA) tend to be extremely expensive, and that [NIA] charges

all the cost to the proponent. In his province for example, the cost, as computed by NIA, of rehabilitating existing irrigation facilities is higher than setting up a communal irrigation system. He said that its feasibility studies and detailed engineering reports are also expensive. He also said that the NIA should be invited in these consultations.

Fermin Adriano. Dr. Adriano made three points:

1. The private sector should help the DA in its advocacy work, while the DA focuses on its work of developing and modernizing the agriculture sector.

2. As mandated by the AFMA, an LGU must have a plan before it can get resources for project implementation. He suggested that the AIM or other entities help LGUs come up with these plans.

3. Some LGUs have abused the 20% Development Fund of their IRA. He suggested that a study be conducted on how LGUs use their IRA. This requires, however, the openness of LGUs. He opined that the counterpart mechanism being proposed by the DA can help address this issue.

He also recommended that there should be mechanisms to ensure greater transparency in the transactions of the LGU.

V. CLOSING REMARKS

Mr. Gary Hawes gave the closing remarks. He noted the enthusiasm and optimism of the participants, and the new partnerships and innovative approaches being developed in the agriculture sector. He referred to the study's assertions that active consultations with the various stakeholders must be had in order to foster new partnerships to address problems in the different sectors.

He said that Ford Foundation will be supportive of any initiatives to further implement the ideas that came up during the consultation. He also reminded the group about the Ford Foundation's bias, which has not really been addressed in the consultation, for empowering local communities and forging partnerships with them.

Notes on Contributors

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QUIDAN-KAISAHAN OF NEGROS OCCIDENTAL, INC. is a nongovernment social development organization that works in the areas of agrarian reform, local governance, sustainable development, urban development and gender equity. Quidan-Kaisahan is translated in English as "Solidarity of the Nameless Ones".

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