

The Philippine Agriculture Challenge



Strategic Issues in the Duterte Administration

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Introduction: Where is Philippine Agriculture Today?



EO 116/292

- *Farmer's income*
- *Employment generation*

Introduction: Where is Philippine Agriculture Today?



RA 8435

- *Food Security*
- *Productivity & Income*
- *Poverty Alleviation*
- *Global competitiveness*
- *Sustainable development*

The last 30 years, little has changed!

- Food prices are among the highest in the ASEAN; lack food security; malnutrition
- AF producers' income is low
- Lack of rural employment; high rural—urban migration; peace & order problem
- Weak agriculture competitiveness: anemic export growth
- Persistently high rural poverty incidence
- Climate change makes AF more risky

Paddy Price Trends of Selected ASEAN Countries, 1999-2014

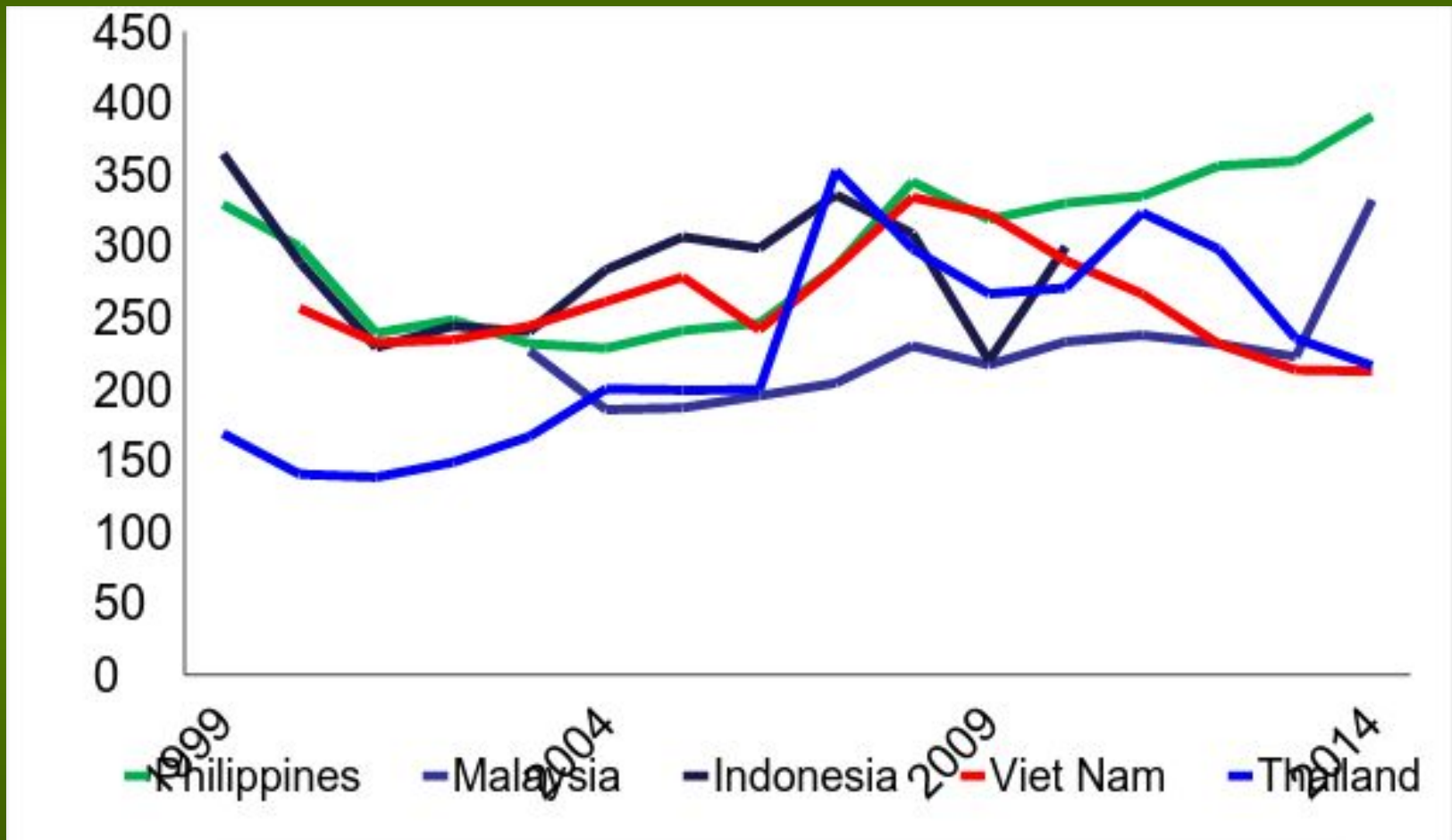


Figure: Ponce & Inocencio 2017

Data Source: FAOSTAT

Note: deflated by CPI 2010 = 100

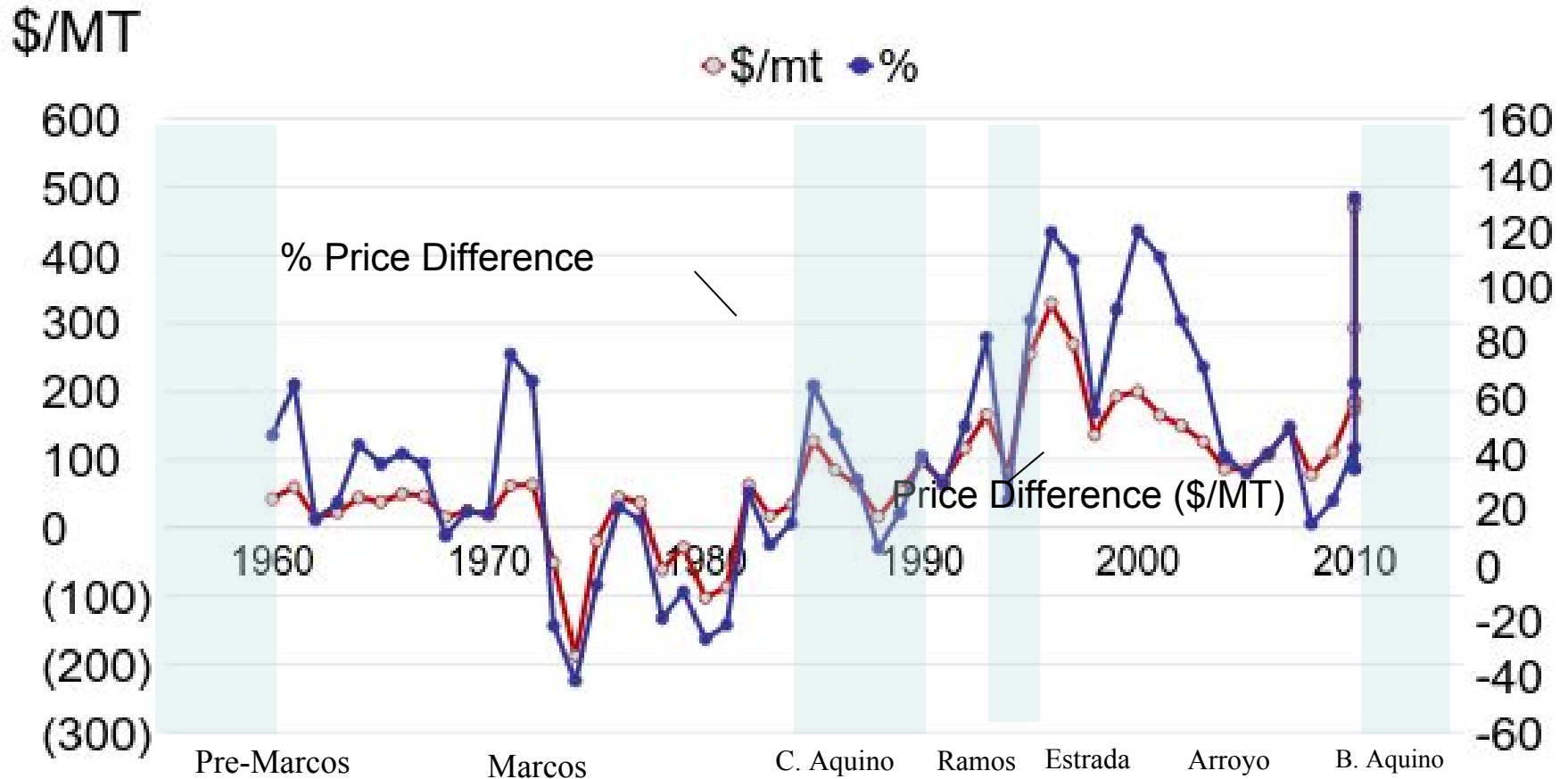
Rice in Family Food Expenditure, 2012

Items	All Income	Income Class				
	Class	Under 40,000	40,000 59,999	60,000 99,999	100,000 249,999	250,000 and over
Food Expenditure (P Mn)	1,765,634	14,042	46,767	192,833	677,073	837,475
% to Total Family Expenditure	42.8	62.3	62.2	60.1	51.8	34.9
% Distribution Food Expend.						
Total Bread and Cereals (%)	28.0	42.2	43.7	41.1	31.3	20.9
Rice Expenditure (%)	19.9	30.0	31.1	29.3	22.3	14.9
Corn Expenditure (%)	1.2	1.8	1.8	1.7	1.3	0.9
Flour Expenditure (%)	0.1	0.1	0.2	0.1	0.1	0.1
Other cereal preparation (%)	1.5	2.2	2.3	2.2	1.7	1.1
Bread Expenditure (%)	4.3	6.4	6.6	6.2	4.8	3.2
Pasta Expenditure (%)	1.0	1.6	1.6	1.5	1.2	0.8
Other bread expenditure(%)	0.0	0.0	0.0	0.0	0.0	0.0
Other Food (%)	54.5	47.4	50.1	51.2	54.2	56.0
Food Regularly Consumed Outside the Home (%)	17.5	10.4	6.2	7.7	14.5	23.1
Total Food Expenditure (%)	100	100	100	100	100	100

Table: Ponce & Inocencio 2017

Data Source: 2012 Family Income and Expenditure Survey (FIES), NSO

Difference between Philippine Domestic Rice Prices & World Prices, 1960-2014



Items	Pre-Marcos		Marcos		C. Aquino		Ramos		Estrada		Arroyo		B. Aquino	
	L	H	L	H	L	H	L	H	L	H	L	H	L	H
\$/MT	15	59	(188)	127	16	97	80	329	136	200	78	164	172	471
%	16	64	(42)	64	6	39	23	119	55	120	15	110	34	132

Figure: Ponce & Inocencio 2017

Data Sources: World Bank, USDA ERS and PSA CountryStat

Estimated Costs to Households of the Price Wedge, 2003-2012

Items	All Income Class			
	2003	2006	2009	2012
1. Domestic Price (Php/MT)	16,510	19,490	28,250	30,040
2. World Price (Php/MT)	9,654	13,956	22,950	22,266
3. Annual Consumption* (MMT)	9.49	22.90	21.53	11.70
4. Family Total Annual Rice Expenditure at Domestic Price (Php M)	156,717	446,240	608,331	351,511
5. Family Total Rice Expenditure at World Price (Php M)	91,634	319,542	494,197	260,546
6. Difference (Php M): (4) – (5)	65,083	126,698	114,135	90,965
7. % Difference	42	28	19	26
8. Total DA Budget (GAA @ current prices)	30,479	34,541	79,094	77,049

Table: Ponce & Inocencio 2017

Data Sources: FIES 2003, 2006, 2009 & 2012, World Bank, USDA ERS, PSA CountryStat

Note: World Price (35% broken – more conservative price than the 25% broken); Domestic Price (Regular Milled Wholesale); *Estimated national rice requirement as food based on FIES data

Rice Self-sufficiency Ratio & Global Food Security Index in ASEAN Countries

Country	Area Harvested (M ha)	Production (MMT)	2009		Global Food Security Index 2015 (Rank)
			Domestic Utilization (MMT)	Rice Self-Sufficiency Ratio (%)	
Singapore	none	none	0.175	none	2
Malaysia	0.67	1.59	2.53	63	34
Thailand	11.14	20.89	11.27	185	52
Vietnam	7.44	25.28	18.33	138	65
Philippines	4.53	10.74	13.16	82	72
Indonesia	12.9	40.35	38.43	105	74
Cambodia	2.6	4.59	2.93	157	96
Lao PDR	0.78	1.82	1.76	103	-

Table: Ponce & Inocencio 2017

Data Source: ASEAN Food Security Information System (2009)

2015 Ave. Monthly Food Threshold vs Rice Net Returns per Landholding, 2014 & 2015 (current prices)

2015 Ave. Monthly Food Threshold for a Family of 5*	2014		2015	
	Ave. Net Return per Month**	Income Shortfall (%)	Ave. Net Return per Month**	Income Shortfall (%)
6,329	6,088	-3.96%	3,949	-60.25%

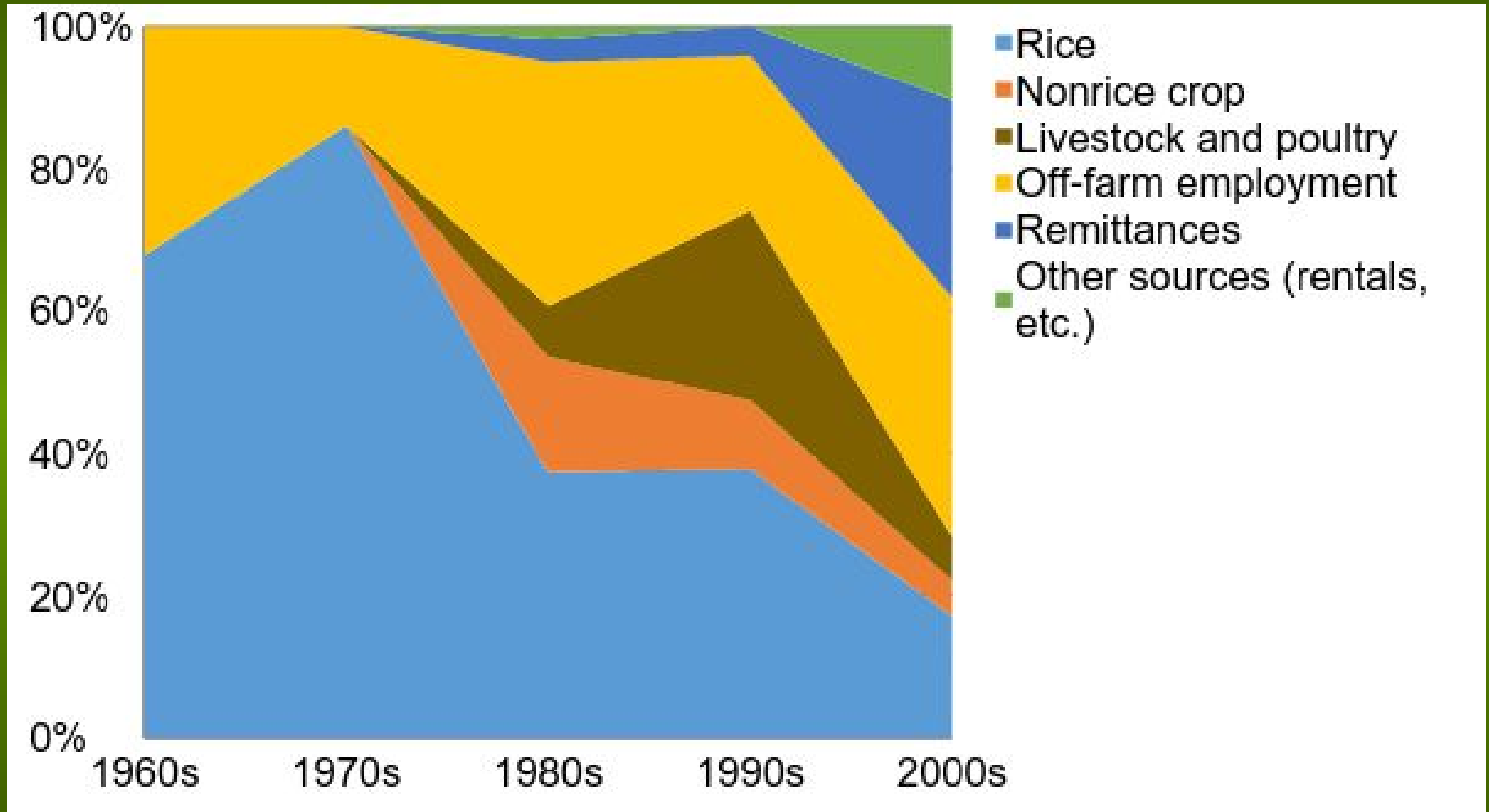
Table: Ponce & Inocencio 2017

Note: * Poverty threshold (basic food & non-food needs) is P9,064.

**Per Rice Farm/Holding: Average Net Return of all Rice Production multiplied by Ave. Area per Farm (1.18 for 2012)

Data Sources: PSA, PSA CountryStat, CAF 2012

Sources of Rice Farming Household Income, 1960-2000



Source: B. Tolentino (2015)

Poverty Incidence of Families, 1985 – 2008

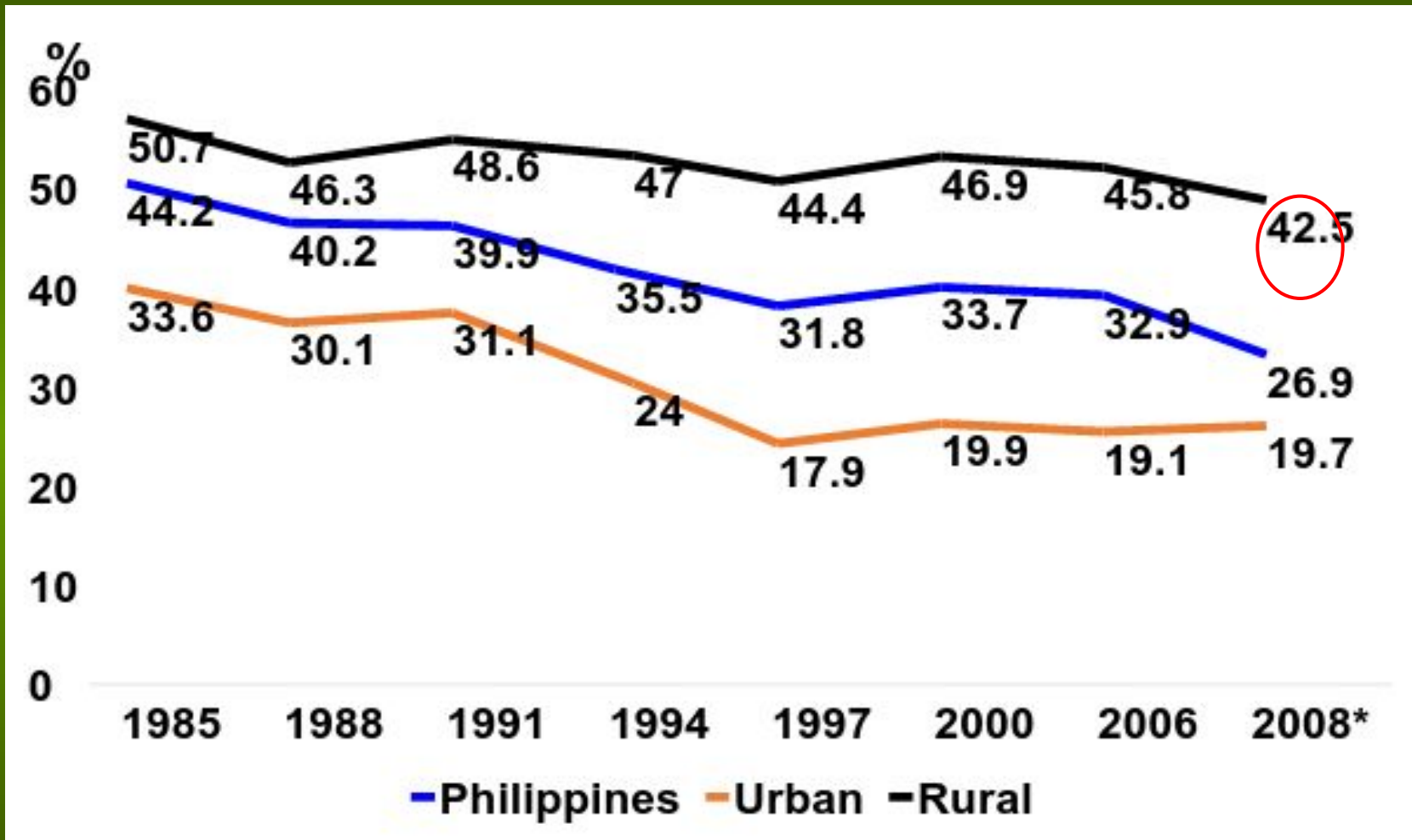


Figure: Ponce & Inocencio 2017

Data Sources: National Statistics Office— FIES (2006), An Assessment of the Poverty Situation in the Philippines— Reyes (2010), The Poverty Fight: Has It Made a Difference?— Reyes (2003)

*From the Annual Poverty Indicators Survey (2008), not the FIES (2006)

Comparative Poverty Gap* of Selected ASEAN Countries

Year	Philippines	Vietnam	Indonesia	Thailand	Malaysia
1997	14.23				1.23
1998		26.38		2.52	
1999			29.69	3.7	
2000	14.93			3.68	
2001					
2002		28.18	20.09	2.1	
2003	13.71				
2004		21.43		1.46	4.38
2005			18.78		
2006	13.5	17.77		1.04	
2007				0.64	0.19
2008		14.68	17.62	0.46	
2009	11			0.4	0.49
2010		4.91	14.19	0.33	
2011				0.16	
2012	11.68	3.47	11.8	0.19	
% Reduction	17.9	86.8	60.3	92.5	60.5
Years	15	14	13	14	12

Table: Ponce & Inocencio 2017

Note: *Poverty gap at \$3.10 a day (2011 PPP) is the mean shortfall in income or consumption from the poverty line \$3.10 a day (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line. This measure reflects the depth of poverty as well as its incidence.

Data Source: World Bank WDI

Why Are We Where We Are Today?



1. We have serious problems of governance
2. We do not plan well
3. We have poor investment strategy
4. We do not have clear system of accountability

1. Poor Governance

1. **Fragmented bureaucracy & management (e.g. rice sector)**
2. **Conflict of interest; lack of function specialization**
3. **Weak technical staff; politicization of technical managers' positions**
4. **Flawed decentralization; weak/ad hoc DA-LGU interface**
5. **Poor knowledge mgt. system; deterioration of technical efficiency (TE)**

Governance Weaknesses*

- **Over Centralization**
- **Budget Instability & Politicization**
- **Unclear Communication Lines**
- **Fragmentation/Lack of Coordination**
- **Lack of Clear Organizational Framework**
- **Weak Technical/Managerial Capacity**
- **Authority without Accountability**
- **Corruption & Leakages**

*AFMA Team, 2010 (Habito et al)

2. Poor Planning

- a. **Lack of robust planning framework (EO 116/RA 8435) & quality planning**
- b. **Commodity rather than FF's welfare**
- c. **Ill-defined goals; absence of clear metrics**
- d. **Inappropriate approaches and strategies**
- e. **Politicization of program parameters**
- f. **Inability to fully factor CC in planning despite AFMA directives (1997)**

The National Rice Program & Performance, 1986-2016: Key Findings

- 1. In the last 28 years, the Philippines has achieved self-sufficiency in only 4 years. Yield and production target performance: irrigated – 0%; rainfed – 29%**
- 2. The rice self-sufficiency program strategies have remained the same. Changes are in labels and budgets under various administrations.**
- 3. Total factor productivity (TFP) has gone down from the mid-70s to the mid-80s, and it has not recovered to the same level since then.**
- 4. Efficiency change has remained static during the last 30 years despite technological change, which is indicative of the lack of effectiveness of the RDE system of the country.**

National Rice Program Performance, 1986-2016

Administra tion	DA Secretary	Programs	Year	Accomplishment					
				Yield Attainment Success Rate (%)		Self-sufficiency Ratio (%)			
				Irrigated	Rainfed	High	Low	Ave.	
C. Aquino	R. Mitra	Masagana 99	1986-1987						
	C. Dominguez	RPEP 1 & 2	1987-1989	0%	0%	101	91	97	
	S. Bacani	Rice Action Prog.	1990-1992						
F. Ramos	R. Sebastian	Key Prod'n Areas	1992-1996						
	S. Escudero	Gintong Ani-Prog.	1996-1998	0%	67%	100	72	91	
J. Estrada	W. Dar	Agriculturang	1998-1999						
	E. Angara	Makamasa Program	1999-2001	0%	0%	93	90	92	
G. Arroyo	D. Panganiban		2001						
	L. Montemayor		2001-2002						
	L. Lorenzo Jr.		2002-2004						
	A. Yap	GMA-CARES	2004-2005	0%	0%	91	81	86	
	D. Panganiban		2005-2006						
	A. Yap		2006-2010						
	B. Fondevilla		2010						
B. Aquino	P. Alcala	Agri-Pinoy/FSS P	2011-2016	0%	80%	97	89	93	

Table: Ponce & Inocencio 2017

Data Sources: DA National Rice Program, BAS data, PSA Country Stat

Trends in Palay Yield Targets vs. Actual; Average Yield Gap by Administration 1986-2015

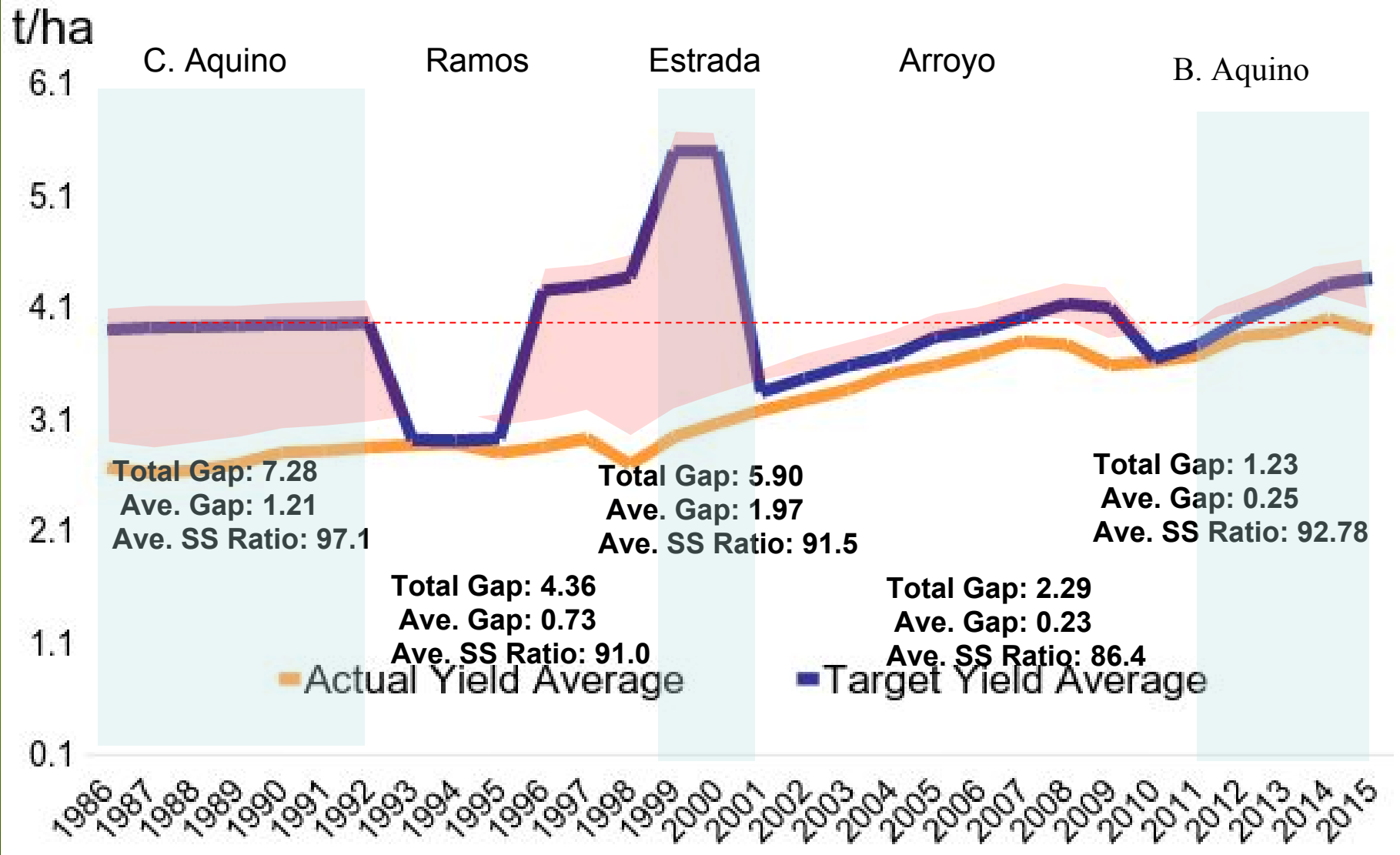


Figure: Ponce & Inocencio 2017

Note: Under Estrada administration, yield targets for both irrigated and rainfed were combined during wet and dry seasons

Data Source: BAS data

Poor planning: Inappropriate Goals

- **Production Targets vs. Farm Incomes, Employment Generated**
- **Rice Self-Sufficiency vs. Food Security**



*AFMA Team, 2010 (Habito et. al.)

Poor planning: Inappropriate Strategies/ Approaches



- Top-down rather than participatory
- Focused on meeting production targets rather value chain inefficiencies

*AFMA Team, 2010 (Habito et. al.)

Efficiency Change (EC), Tech. Progress (TP) and Total Factor Productivity (TFP) Indices in Paddy Production, 1980 - 2010

		Malaysia	Myanmar	Philippines	Thailand	Vietnam	Mean
1980-1985	EC	1.000	1.000	1.032	1.011	1.025	1.014
	TP	0.976	0.968	1.010	0.995	1.003	0.990
	TFP	0.976	0.968	1.042	1.005	1.029	1.004
1986-1990	EC	1.000	1.000	1.000	1.004	1.019	1.005
	TP	0.998	1.049	0.967	0.954	1.003	0.994
	TFP	0.998	1.049	0.967	0.957	1.023	0.998
1991-1995	EC	1.000	1.000	1.000	1.000	1.000	1.000
	TP	1.018	0.960	0.996	1.000	1.029	1.000
	TFP	1.018	0.960	0.996	1.000	1.029	1.000
1996-2000	EC	1.000	1.000	1.000	1.000	1.000	1.000
	TP	0.976	1.065	1.001	1.023	1.026	1.018
	TFP	0.976	1.065	1.001	1.023	1.026	1.018
2001-2005	EC	1.000	1.000	1.000	0.990	1.000	0.998
	TP	1.007	1.618	1.021	1.024	1.036	1.120
	TFP	1.007	1.618	1.021	1.014	1.036	1.118
2006-2010	EC	1.000	1.000	1.000	1.010	1.000	1.002
	TP	1.045	1.048	1.026	1.032	1.033	1.037
	TFP	1.045	1.048	1.026	1.042	1.033	1.039

Table: Ponce & Inocencio 2017

Data Source: Sawaneh, M., Latif, I., Abdullah, A. (2013)

Note: Eff - Efficiency Change, Tech – Technological Progress, Tfp –Total Factor Productivity

Efficiency Change (EC), Technological Progress (TP), & Total Factor Productivity (TFP) in Paddy Production: 1980-2010

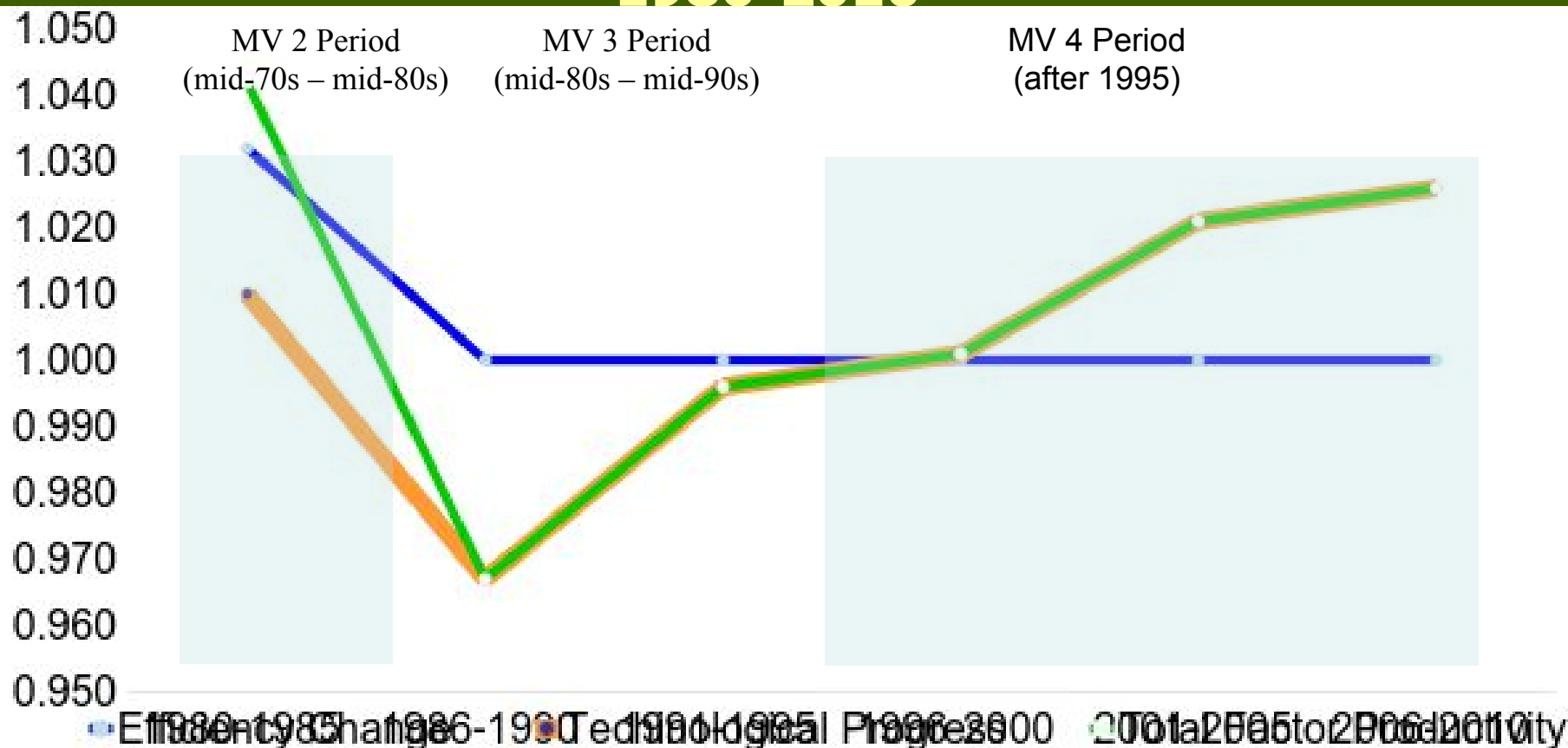


Figure: Ponce & Inocencio 2017

Data Source: Sawaneh, M., Latif, I., Abdullah, A. (2013)

Notes: MV1 - mid 1960s to mid 1970s (required high inputs)

MV2 - mid 1970s to mid 1980s (resistances to major pests & diseases)

MV3 - mid 1980s to mid 1990s (improved resistances & higher grain quality)

MV4 - after 1995 (target more difficult production environment)

3. Poor investment strategy

- 1. Inability to observe the balanced investment strategy mandated by EO116**
- 2. Underinvestment in productivity enhancing instruments (RDE) and in the removal of policy constraints**
- 3. Funding instability: absence of medium and long-term investment plans**
- 4. Politicization of fund allocation**

MFOs & Sub-MFOs of EO 116/292

Purpose

<p>1. AF Support Services (Operations)</p> <ul style="list-style-type: none">a. R&Db. ICEc. Regulationsd. Water & Irrigation Servicese. Others	<p>Cost of Operations</p>
<p>2. Public Investment in Human & Physical Infra</p> <ul style="list-style-type: none">a. R&Db. ICEc. AF Regulatoryd. Irrigatione. Farm to market road & other rural physical infrastructure	<p>Cost of improving the Human & Physical Infrastructure towards greater resilience & effectiveness</p>
<p>3. Policy Environment</p> <ul style="list-style-type: none">a. Reg. & Market Policiesb. Trade Policiesc. Technology or Knowledged. Partnership Policiese. Credit Policiesf. Others Mgt. Policies	<p>Cost of reducing or removing structural or organizational barriers of efficiency & effectiveness</p>
<p>4. Program Management, Monitoring & Evaluation</p> <ul style="list-style-type: none">a. Program Managementb. Planning, M&Ec. Others	
<p>5. Others: Production & Distribution of Private Goods</p> <ul style="list-style-type: none">a. Seeds, Fertilizers & Pesticidesb. Machineries/Equipmentc. Structured. Others	

National Rice Program (NRP) Budget by Operating Units & MFOs, 2011-2016 (in Php M)

OP Units	Prod. Sup-p ort	Irrig. Dev't. Srvcs.	Infra & Posthar vest Dev't. Srvcs.	Market Dev't. Srvcs.	ESET S	R&D Srvcs.	Reg. Srvcs.	Plans, Policy, Prog. Coord., M&E	TOTAL	%
RFOs	10,396	4,839	8,556	84	3,921	2,043	70	864	30,772	79
ATI	27				467	10		79	583	1
BAR					24	1,141		20	1,185	3
BAS						10		143	153	>1
BSWM	196	1,217			28	23		72	1,536	4
BPI	122				31	31	182	41	407	1
PhilMech			535		15			15	565	1
PhilRice						322			322	1
OSEC	1,098	32	162	20	1,271	20		848	3,451	9
TOTAL	11,838	6,088	9,253	104	5,757	3,600	252	2,082	38,974	100
%	30	16	24	>1	15	9	1	5	100	

Table: Ponce & Inocencio 2017

Data Source: DA National Rice Program

Deconstructed National Rice Program (NRP) Budget Breakdown by EO 116/292 MFOs, 2009-2015 (Php B)

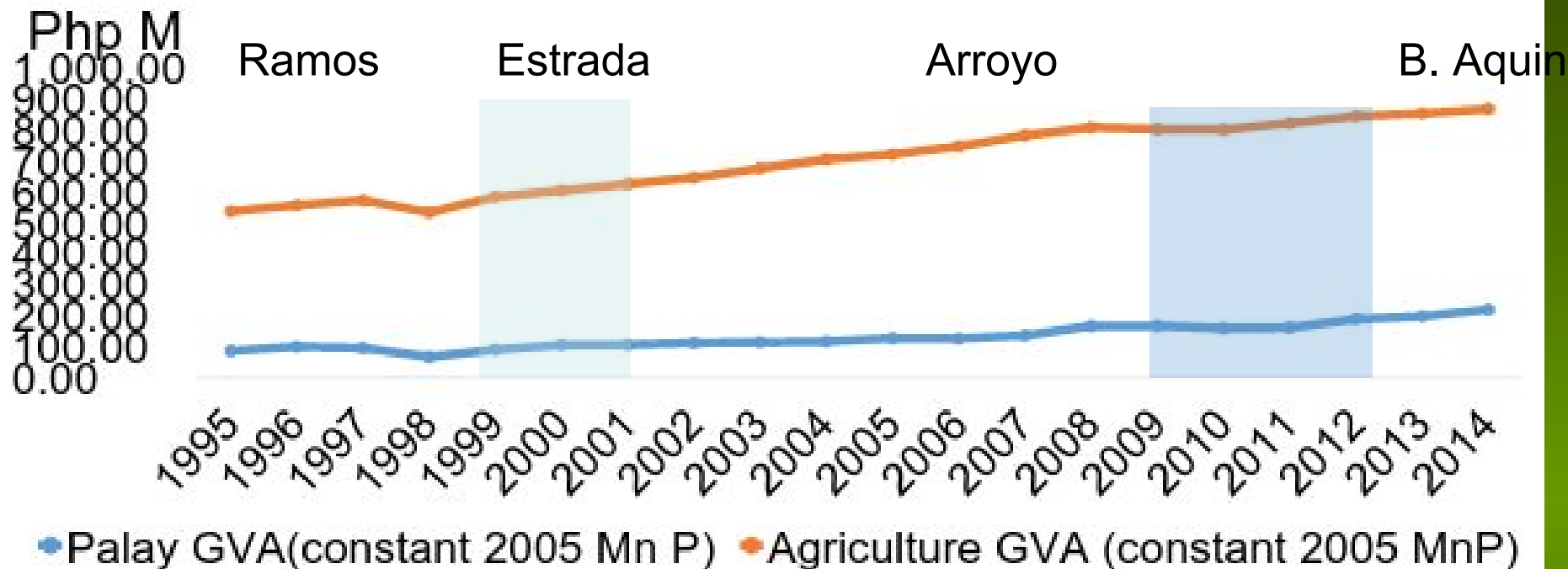
Current DA MFOs	Plans, Policy, Prog. Coord., M&E	Prod. Support	Market Dev't.	ESET S	R&D	Irrig. Dev't	Other Infra/ Post-ha rvest & Farm Equipt.	Reg.	Others*	TOTAL	%
EO 116/ 292 MFOs											
1. AF Support Services	0.11	2.63	0.24	7.76	6.28	0.31	0.02	0.39	0.49	18.23	36
2. Public Investment in Human & Physical Infrastructure	0.01	0.28			0.16	5.20	2.64			8.29	16
3. Policy Environment	0.10								0.01	0.11	>1
4. Program Management, M&E	3.10									3.10	6
5. Others: Prod. & Dist. of Private Goods		12.44		>1		0.12**	8.34			20.9	41
TOTAL	3.32	15.36	0.24	7.76	6.44	5.63	11.00	0.39	0.50	50.64	100
%	7	30	>1	15	13	11	22	1	1	100	

Table: Ponce & Incencio 2017

Note: *Others– Expanded Modified Rapid Composting Program (2010); R&D includes PhilRice Budgetary Support & Income; **Installation of STW/PISOS

Data Source: DA National Rice Program

Trends in Real Agriculture & Palay GVA (2005 Prices), 1995-2014



Items	Ramos (1995 - 1997)			Estrada (1998 - 2000)			Arroyo (2001 - 2009)			B. Aquino (2010 - 2014)		
	Amount	%	AGR*	Amount	%	AGR*	Amount	%	AGR*	Amount	%	AGR*
Palay GVA	216,470	17	5.1%	218,541	15	2.5%	1,236,529	18	3.1%	1,408,121	22	1.7%
Agri less Palay GVA	1,059,410	83		1,210,871	85		5,516,397	82		4,910,659	78	
Agri GVA	1,275,880	100	.2%	1,429,412	100	1.7%	6,752,926	100	2.5%	6,318,780	100	1.1%

Figure: Ponce & Inocencio 2017

Data Source: PSA CountryStat; Note: * Annual Growth Rate (%)

Total Rice Sector Budget (Php M) vs Total DA Budget & Budgets Compared to Palay GVA Growth Rates by Admin., 1995-2015

Items	Ramos (1995 - 1998)		Estrada (1999 - 2000)		Arroyo (2001 - 2010)		B. Aquino (2011 - 2015)	
	Amount	%	Amount	%	Amount	%	Amount	%
Total Rice Sector Budget (Annual Ave.)	56,568 (14,142)	68%	37,773 (18,886)	67%	296,586 (29,659)	73%	234,410 (46,882)	60%
Total Agriculture Budget (Annual Ave.)	82,810 (20,703)	100 %	56,736 (28,368)	100 %	406,380 (40,638)	100%	392,069 (78,414)	100 %
Annual Average Palay GVA Growth Rate (%)	-5.09%		2.53%		3.06%		1.68%	
Annual Ave. Rice Budget per 1% growth in Palay GVA (Php M)	-2,778		7,465		9,692		27,906	

Figure: Ponce & Inocencio 2017

Data Sources: GAA various years; Department of Agriculture (2016), PSA CountryStat

Note: Rice sector budget includes National Rice Program, NIA Capital Outlay, NIA Support, PhilRice, & NFA Budgetary Support plus Obligation

Poor investment; faulty budget allocation



- **Allocated by commodity, not by functions**
- **Unduly dominated by rice at the expense of other important crops**
- **Mostly supports private goods rather than public goods**
- **Benefits more capable farmers; fisheries, coconut receive minimal shares**

*AFMA Team, 2010 (Habito et. al.)

How did we get here?

Faulty Budget Execution



- Too much for projects, too little for core functions
- Goes to sectors that don't bring jobs, incomes or poverty relief
- Consumption support highly inefficient and ineffective (For every P1 assistance delivered, government spends an estimated P8)

*AFMA Team, 2010 (Habito et. al.)

Total Rice Sector Budget vs. Total DA Budget, 1995-2015

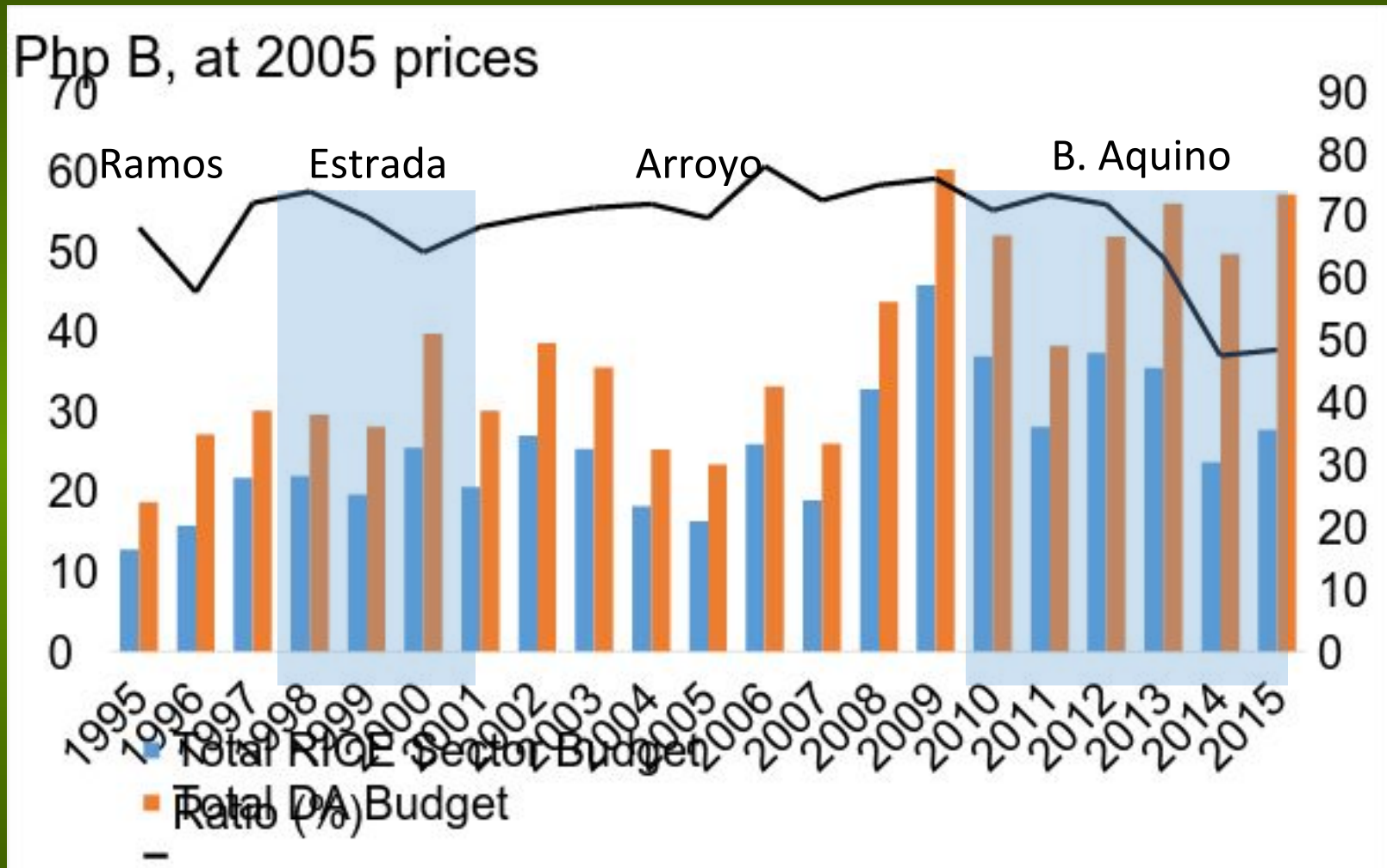
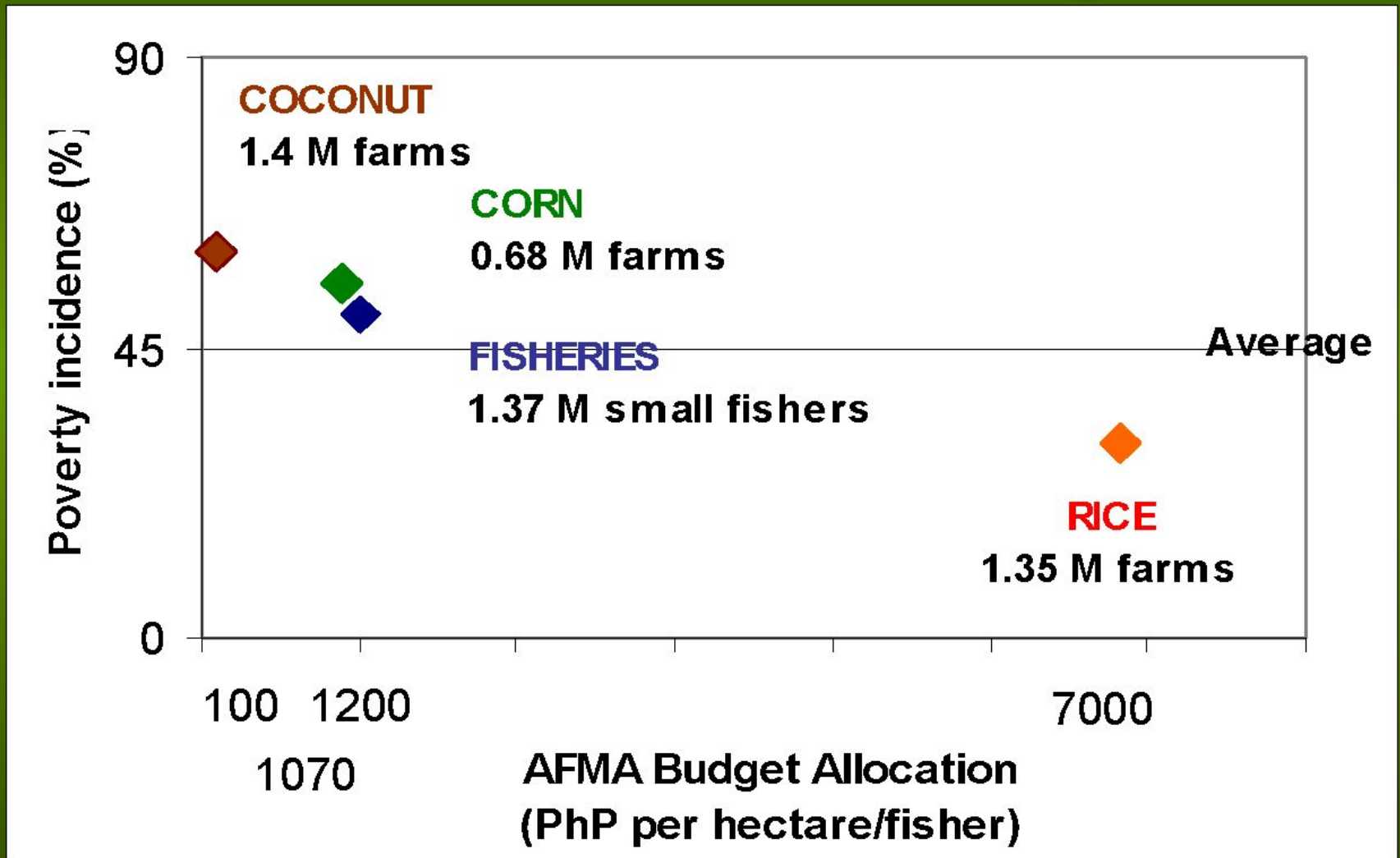


Figure: Ponce & Inocencio 2017

Data Sources: GAA for DA allocation and Department of Agriculture for paddy (2016)

Note: Palay commodity allocation is composed of the budgets for the national rice programs, NIA, PhilRice, & NFA Budgetary Support plus Obligation

Sectors with worst poverty have received the least budget



*AFMA Team, 2010 (Habito et. al.)

4. Poor M&E, poor accountability,

- 1. No well-defined system of accountability: by office nor by programs/projects;**
- 2. Lack of results-based M&E; nurtures publicity & bootlicking culture**
- 3. Absence of organizational or program performance audit or evaluation;**
- 4. Poor institutional memory**
- 5. Stunted culture of innovation & self-improvement**

Results-Based M&E Framework (EO 116 & RA 8435)

EO 116 Outputs

1. Support Services
2. Policy Environment
3. Investment in Public Infrastructure (Human & Physical)

STRATEGY

Programs
Projects
Activities

EO 116 Outcomes

Increased Income
Job Generation

RA 8435 Outcomes

Food Security
Poverty Alleviation
Productivity & Income
Sustainable Development
Global Competitiveness

FEEDBACK

**Key Agriculture
Reform Agenda
FOR THE DUTERTE
ADMINISTRATION**

Agenda 1: Modernize the Philippine Agriculture Bureaucracy

Key Features:

Legislative Action 1: Reorganize/Modernize the DA Bureaucracy

- i. **Streamline along key functions: R&D, IEC, Regulatory similar to the proposal by the Economic Policy Research & Advocacy (EPRA, 2006)**
- ii. **Eliminate conflict of interest by strictly observing function specialization including corporations and attached agencies**
- iii. **Clearly define functions, programs, & accountability of the reorganized DA in terms of the principles of New Public Management (NPM)**

Agenda 1: Key Features

Legislative Action 1: Reorganize/Modernize the DA Bureaucracy:

- iv. Integrate all corporations as part of the DA; remove special powers and privileges; standardize and strengthen function specialization across agencies within the DA bureaucracy.
- v. Create a new Department of Fisheries & Aquatic Resources (DFAR) along the same principles stated from i-iii to accelerate fisheries & marine resources development.
- vi. Integrate PCARRD with the “new DA” to remove duplication of functions and achieve more-cost effective R&D operations; integrate the “old PCAMRD” functions to research arm of DFAR . **Q: Whose welfare or interest is paramount?**

Agenda 1: Key Features:

Legislative Action 1: Reorganize/Modernize the DA Bureaucracy:

- vii. Elevate integrated functions under one authority/agency in the “new DA;”
- viii. Professionalize the management & operations of the DA; limit political appointments to the Secretaries, Undersecretaries, & Assistant Secretaries. Set high standards for managerial technical positions.

Legislative Action 2: Modernize the Philippine AF Extension System to Accelerate AF Development. Refile & work for the passage of the Angara & Legarda bills that seek to modernize the AF extension services of the country by making the province as the unit of operation, professionalizing services, and instituting a DA grant system for LGUs to address equity and upgrade services to meet standards.

Administrative Re-Engineering*

- DA to lead by **steering** and let LGUs do the **rowing**, but must help build latter's capacities to equip them for it
- Coordinate LGU initiatives from the **province level**; strengthen RFUs & PAOs
- **Reform DA structure** to consolidate and strengthen core functions
- **Catalyze effective public-private partnerships** for agriculture investments

*AFMA Team, 2010 (Habito et. al.)

AFMA Team Recommendations, 2010 (Habito et. al.)

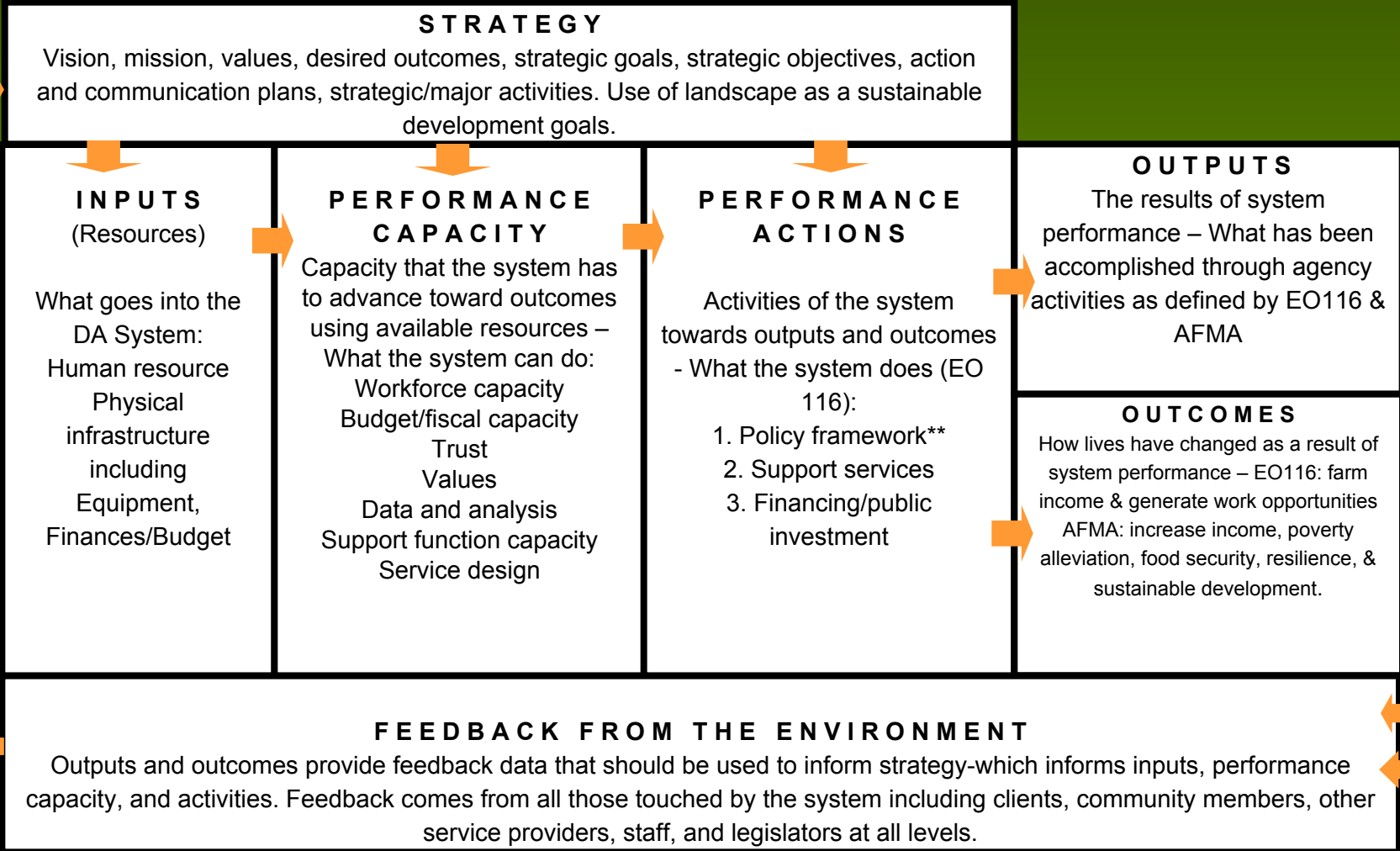
- **Fix conflict in NFA mandates (DBCC):**
E.g., Reinvent it into the Strategic Food Reserve Corporation (COCAFV); DSWD to do targeted assistance
 - Auction rice import licenses to PS
 - CCTs vs. rice subsidies
- **DA Rationalization (DBM, Congress)**
- **DA-DAR-DENR Convergence**

Agenda 2: Institute Quality Planning at the DA, Systems' Wide

Key Features:

- a. **Institute a robust, participatory quality planning (DA Executive Order & Legislative Action):**
 - i. **Adopt an organizational effectiveness framework planning (next slide)**
 - ii. **Research-based planning culture**
 - iii. **Develop a reliable, distributed highly accessible planning database**
 - iv. **Elevate PME as a bureau similar to other to Malaysia (Part of the DA Modernization)**
 - v. **Institutionalize External Program Management Review (EPMR)**

Organizational Effectiveness Framework



Adapted from: © 2012 American Public Human Services Association. Modifications by the DA-AMIA Landscape Planning (2016) *Includes the whole DA agriculture bureaucracy composed of the Office of the Secretary and its bureaus and Regional Field Offices (RFOs) and attached agencies and corporations. **providing an environment in which they (AF producers) can increase their income, improve their living conditions and maximize their contributions to the national economy (Sec. 2, EO 116). ***requires research-based planning that has a robust M&E system including institutionalized External Program Management Review.

MFO Budget Structure & Objectives

EO 191/292 Major Final Outputs	Objectives
<p>1. AF Support Services (Operations)</p> <ul style="list-style-type: none"> a. R&D b. ICE c. Regulations d. Water & Irrigation Services e. Others 	<p>Cost of Operation</p>
<p>2. Public Investment in Human & Physical Infra</p> <ul style="list-style-type: none"> a. R&D b. ICE c. AF Regulatory & other rural physical infra d. Irrigation e. Farm to market 	<p>Cost of improving the Human & Physical Infrastructure towards greater resilience & effectiveness</p>
<p>3. Policy Environment</p> <ul style="list-style-type: none"> a. Regulatory & Market Policies b. Trade Policies c. Tech./Knowledge Management Policies d. Partnership Policies e. Credit Policies f. Financing Policies g. Others 	<p>Cost of reducing or removing structural or organizational barriers of efficiency & effectiveness</p>

Agenda 2: Improve the Quality of Planning in the DA *

- a. From Self-sufficiency to Food Security
- b. From Meeting Production Targets to Holistic Value Chain Improvement
- c. From Production to Performance Targeting
- d. From Top-down Management to Province-led Devolution
- e. From Commodity-Oriented to Function-Oriented Budgets

*AFMA Team, 2010 (Habito et. al.)

Community-Driven Development*

- Assert subsidiarity as key principle in managing rural development and A&F modernization,
- Strengthen bottom-up decision-making that gives due course to community-driven initiatives; “Listen to the poor”
- Maximize venues for scaling up successful Kalahi-CIDSS style interventions to meet needs of farming and fishing communities

*AFMA Team, 2010 (Habito et. al.)

Budget Reorientation*

- Define along functional lines, for efficient resource deployment and effective public goods provision
- Give ample support to DA's core mandates, i.e. "steering" functions
- Support capacity-building and empowerment of LGUs and communities
- Uphold transparency and accountability in budget allocation and execution

*AFMA Team, 2010 (Habito et. al.)

Agenda 3: Sound Investment Strategy

1. Have balanced investment across functions; investment by commodity should be determined within each function, not the other way around.
2. Apply EO 116 in defining the Major Final Outputs (MFOs) and determine budget allocation by major MFOs and sub-MFOs
3. Institute investment monitoring by key functions/MFOs including impact of investment on the key outcomes.

Agenda 4: Clearly Defined Accountability (Congress)

1. Have a well-defined accountability in the DA, systems-wide.
2. Institute a periodic External Project Management Review (EPMR) of all programs, projects & agencies (bureaus, corporations, & offices) in the DA.
3. Institute a culture of transparency & accountability

Summary

Four-Point Reform Agenda

1. Modernize the Philippine Agriculture Bureaucracy
2. Institute Quality Planning
3. Sound Investment Strategy
4. Clearly Defined Accountability

AFMA Team (2010): Closing Statements

- **Agriculture/Agribusiness remains the most crucial sector in the pursuit of the PDP goal of inclusive growth**
- **Age-old shortcomings in the sector will require fundamental institutional and budget reforms**
- **Key actions are needed from the economic oversight agencies, LGUs**
- **Agriculture is everyone's business, and is much too important to be left to DA alone**

END

Definition: Efficiency Change, Technological Progress, & Total Factor Productivity (TFP)

- **Productivity is the ability of the production factors to produce optimal output.** No meaningful economic development and welfare improvement can take place in the absence of productivity growth.
- The two key factors to productivity growth are **technological advance also known as technical change/progress** (shift in production frontier) and **technical efficiency change** (movement towards or away from the frontier), Fare et al (1994).
- **Growth in total factor productivity (TFP)** is defined as a growth in outputs which is **unexplained by the growth in the use of inputs in production** or the **sum of technical efficiency change (EC) and technical progress (TP)** (Pfeiffer, 2003).

Philippine Cyclones* with Casualties and Agriculture

Year	President	No. of Cyclones	No. of Regions Affected	No. of Regions Affected (multiple response)	Casualties	Agriculture Damage (Php B)
1998	Estrada	5	11	26	490	4.903
1999		8	7	21	118	1.061
2000		9	13	37	345	2.120
2001	Arroyo	4	14	31	432	3.562
2002		7	13	22	169	0.340
2003		9	12	34	139	1.315
2004		9	11	55	2396	9.466
2005		3	12	17	48	0.110
2006		7	12	44	1134	8.998
2007		4	10	23	57	1.180
2008		9	14	42	673	12.642
2009		11	16	73	1111	28.857
2010		2	6	9	110	8.557
2011	Aquino	10	17	61	1538	16.818
2012		8	16	36	1174	26.888
2013		9	16	56	6378	26.950
2014		8	15	53	292	40.317
2015		7	10	31	139	16.372
Total		129	225	671	16,743	210.457
Annual Average		7	13	37	930	12

Table:
Ponce &
Inocencio
2017
Data
Sources:
NDRRMC,
NDCC,
PAG-ASA
Note:
*Includes
typhoons &
storms

Agenda 2: Key Features

Insure a Law Compliant DA Plans: DA Secretary Memorandum Order (MO) directing PMS to:

- i. To focus planning of programs, systems' wide, on the Major Final Outputs (MFOs) & outcomes mandated by EO116 & RA 8435 (next slide).
- ii. Implement memo on the full integration of CC in the DA plans and programs, systems wide; strategic planning framework shift from commodity to landscape planning.

Note: The Philippines should learn from the GPRA* of the US; enacted in 1993 & revised in 2010.

*The Government Performance and Results Act (GPRA)
(Pub.L. 103–62)

Number of Tropical Cyclones, Regions Affected and Agriculture Damage, 1998-2015

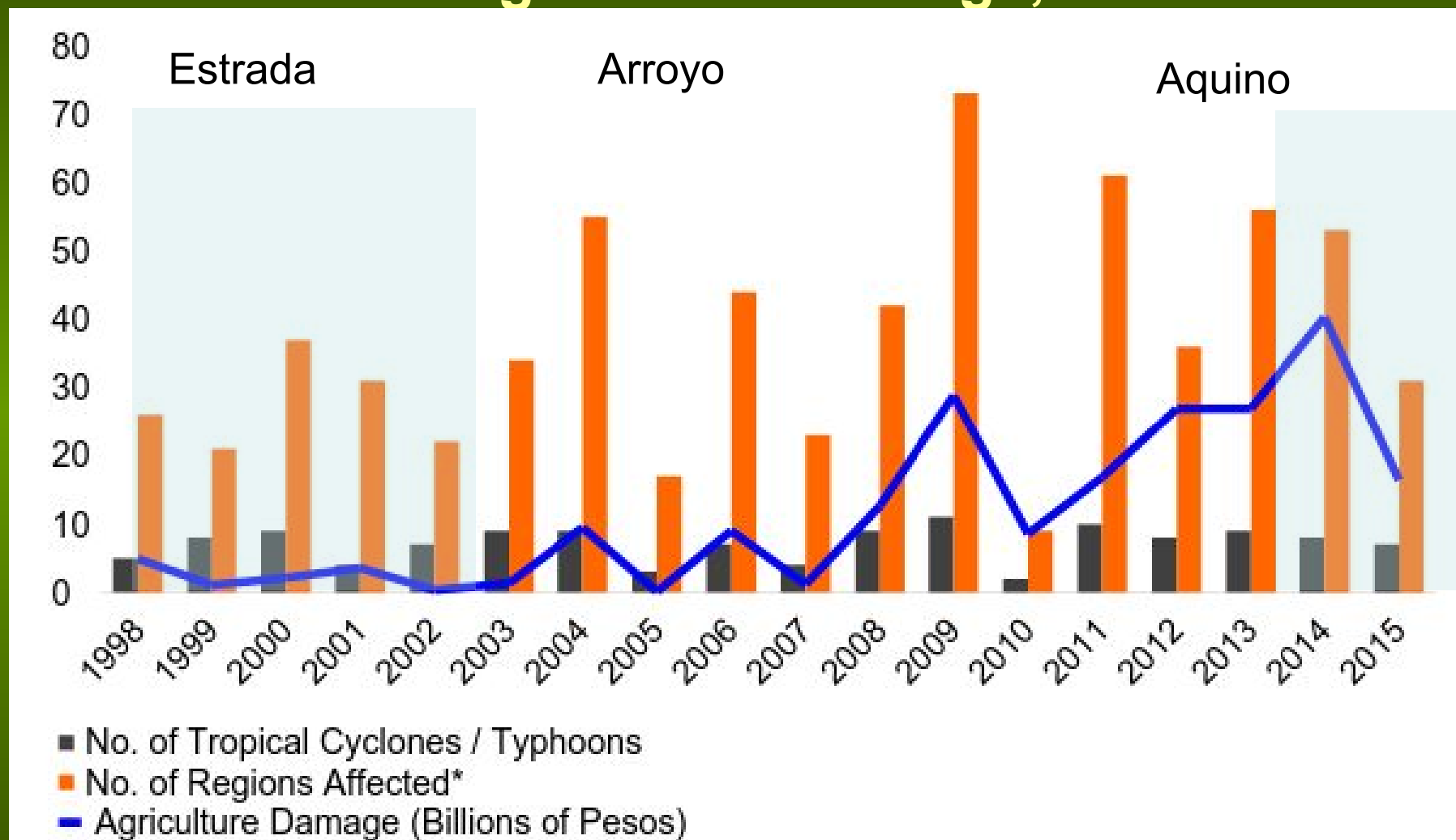


Figure: Ponce & Inocencio 2017

Note: *Multiple counts: Some regions were hit several times in a year.

Data Sources: NDRRMC, NDCC, PAG-ASA

