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Poverty Alleviation Programmes in the Philippine Agricultural Sector*

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Introduction

Agriculture in the Philippines, including the fisheries sector, is an important segment of the Philippine economy. It contributes 14 per cent to the gross domestic product and employs directly and indirectly 11.6 million workers or 37 per cent of the total labour force. Over two thirds of the poor depend directly and indirectly on agriculture for their livelihood and sustenance. In spite of the limited area for agricultural cultivation, which stands at 9.97 million hectares, agriculture for the last three years has been posting respectable growth of 3.4 per cent annually. These rates of growth, however, are hardly sustainable, which implies that the sector should be modernized and transformed into a technology-based industry.

The average farm household earns PhP 57,628 annually or US$ 3.75 dollars a day. This amount can hardly support a family of five to six members, which is the average size of Philippine farm households. The country's success or failure in winning the war against poverty will depend on how household incomes can be increased. Given the rapid population growth (2.36 per cent annually) and the closure of the land frontier, increases in income can originate only from productivity growth. This remains a critical challenge, given the productivity slow-down in agriculture in recent decades. But it is heartening to note that national productivity increases had been shown in rice and tilapia production through increased adoption of attendant technologies.

Along with the primary objectives of the Department of Agriculture (DA) of ensuring food security, increasing productivity and incomes of farmers and fisher-folk, protecting the agricultural resource base, and attaining global competitiveness, poverty alleviation and people empowerment in the sector is given close attention, especially in marginal areas. To

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address this concern, the DA has implemented national programmes focusing on small farmers and fisher-folk.

The Department of Agriculture's Poverty Alleviation Programme

Goal I and Goal II under the Medium-term Philippine Development Plan (MTPDP)

This development programme is not solely for impoverished farmers and fisher-folk, but also for progressive farmers who intend to enter into agribusiness ventures. Goal I aims to develop 2 million hectares of idle/vacant lands for agribusiness development to create 2 million jobs by 2010. As of 2006, a total of 300,510 ha had been developed, generating 532,646 jobs. The biggest area of 45,000 ha in Region XII was planted with coconut, corn and high-value crops (banana, cassava and vegetables). In Region IV-A alone, 86,917 agriculture-related jobs were generated. Furthermore, 145,440 jobs were created with a PhP 3.92 billion loan and guarantees for agriculture-related ventures.

Goal II involves the reduction of costs through productivity enhancement, efficient logistics and improved retailing linkages.

DA's Productivity and Income-Enhancement Programmes for Marginal Areas

These programmes include, aside from improvements in crop varieties and cultural practices, support productivity enhancement from production to post-production stage. These programmes are collaborative projects involving DA agencies and its regional field units, local government units and the private sector. These programmes are tailor-made to meet the needs of small farmers and fisher-folk taking into account the beneficiaries' limitations with financial constraints in the purchase of production inputs and the suitability of the site-specific environment and natural resources in the cultivation of certain crops or animal production.

Irrigation

The rehabilitation and restoration of existing national and communal systems is one of the Department's top priorities for the current year 2007. This programme intends to promote cost-effective crop growing, and support the rice self-sufficiency goal of the government, at the same time generating jobs in the sector. To make irrigation available to small farmers, focus will be given to small-scale irrigation systems as they are short-gestating, easier and cheaper to install and adaptable to crop diversification.

Small Water Impounding Projects (SWIPs)

SWIP is not a new technology but it is being institutionalized as a means of providing water or the needed moisture to crops when needed all year round. It is a structure constructed across a narrow depression or valley to hold back water and develop a reservoir that stores rainfall and run-off during the rainy season for immediate or future use. This project has long been implemented by the DA through its Bureau of Soils and Water Management (BSWM) in collaboration with the DA regional field units. This is also implemented in partnership with local government units which have the capacity to implement these types of projects.

A structure with a height of 5-15 metres, SWIP has a storage capacity of about 0.3 million cubic metres and could service an area of 25–150 ha. It requires a modest investment cost per hectare of service area, at PhP 60,000–125,000 (US$ 1,392–2,894). It is recommended as one of the mechanical measures to promote the effective use and conservation of soil in upland areas. It can transform poor upland rural communities into more self-reliant and viable communities while harmonizing natural resources management and infrastructure development. It enhances the environmental services of agriculture in terms of flood mitigation, fostering ground water recharge and sediment capture.

SWIP is recognized as one of the major interventions to mitigate the impact of extreme climatic events, i.e. during El Nino (by ensuring the availability of conserved rainwater) and during La Nina (by capturing run-off to help prevent flooding). Aside from irrigation, SWIP can provide water for various uses, such as:

- domestic purposes, and livestock production in critical, less-accessible upland areas;
- for flood prevention and control in high rainfall areas;
- for recharging ground water and spring sources for domestic and other uses;
- for value-adding activities and environmental impacts such as recreation and development of habitat for wildlife and biodiversity.

Project benefits

Farm level

- Increases cropping intensity and yield.
- Facilitates growing of crops other than rice (i.e. crop diversification).
- Augments farm income through integration of fish and livestock production.

Community level

- Provides additional sources of income for water users and local people.
- Increases labour demand within the rural community.

Organic-based agricultural development (*Agri-Kalikassan*)

Agri-Kalikassan is the primary DA strategic cost-reduction, environmentally friendly food production measure to reduce the dependence of vulnerable small farms on chemical-based fertilizer. It is a science-based back-to-basics sustainable agriculture and rural development programme that advocates the implementation of organic-based farming guided by scientific principles. The programme implements two technologies, a) modified rapid composting (MRC) which promotes farm wastes for farmers having limited capital to sustain production; and b) *tipid abono* (TA) which is an alternative technology to help farmers cope with high input costs.

The general objective of the programme is to intensify the gains of the GMA (or Bountiful Golden Harvest) Rice programme of the DA for food security through the establishment of commercial production farms and to promote a more practical and prudent use of chemical fertilizer through the utilization of microbial inoculants as biofertilizer.

The specific objectives are to:

- provide fertilizer subsidy in the form of microbial inoculants to the farmers;
- distribute soil test kits (STK) and rapid soil test kits (RST) to technicians and farmer leaders;
- strengthen awareness in the use of proper waste management through education and training;
- encourage LGU participation to protect the country's soil and water resources;
- establish organic and microbial fertilizer production plant in selected areas;
- reduce chemical fertilizer usage by 50 per cent and increase production by 25 per cent using microbial inoculants;
- commercially establish 50 hectares MRC production farms;
- create partnerships with commercial organic producers;
- conduct fertility mapping.

Project components include:

- procurement and distribution of microbial inoculants;
- production and distribution of fertilizer guide maps;
- extension support, education and training;

- research and development;
- information and support system services;
- policy formulation, planning and advisory services.

The Community-based Participatory Action Research Programme

The Community-based Participatory Action Research Programme (CPAR) is the banner programme of the DA's Bureau of Agricultural Research (BAR). This is being implemented to accelerate the adoption of technologies by farmers and fisher-folk. Piloted in three regions in 1999 and later expanded to all the 16 regions of the country, the CPAR projects are implemented by the respective DA Regional Integrated Agricultural Research Centers (RIARCs) and the DA Regional Fisheries Research and Development Centers (RIFRDCs). CPAR projects are conducted in collaboration with various institutions, including; selected state universities and colleges (SUCs), DA's Agricultural Training Institute (ATI), local government units (LGUs), farmers' organizations, and people's organizations.

The CPAR approach promotes more active client participation in research project identification, planning, implementation and evaluation. It involves the application of technologies at farmers' fields, collectively managed by farmers to compare packages of new technologies with farmers' practices following the farming systems approach. This is done in consideration of the poor farmers' and fisher-folk's financial limitations in the purchase of farm inputs and indigenous knowledge which are modified to increase total farm productivity and income within the context of sustainable production system. Aside from verifying the feasibility and economic viability of technologies in site-specific areas, the CPAR programme aims to improve the allocation of resources for the efficient utilization and management of the farm environment to enable the farm family to increase productivity and income. Affordable, cost-effective and site-specific production-enhancing technologies are developed right on farmers' fields to accelerate technology dissemination. This leads to the efficient distribution of the benefits of stakeholders in agriculture and fisheries. It is in cognizance of this that BAR initiated this programme.

Delivery of Goods and Services through Pro-Poor Programme

Rice Distribution by the National Food Authority

The National Food Authority (NFA) procures rice, corn and sugar from the producers with the aim of maintaining a buffer stock and stabilizing the prices of these commodities at affordable levels. In 2006, about 1.31 million metric tons of rice were distributed nationwide

through NFA's various market outlets and maintained consumer price for well-milled rice at PhP 23.56/kg. About 64,000 metric tons of palay were procured by NFA from farmers, equivalent to 48 per cent of the targeted 143,192 metric tons to be procured. Even at this level of procurement, NFA's presence was already able to influence the ex-farm price which averaged PhP 10.81 compared to the NFA's buying price of PhP 10.00.

Coconut Farmers Safety Net Programme (CFSNP)

The Department, through the Philippine Coconut Authority implements the following projects for the benefit of coconut farmers and farm workers in the countryside.

Direct Copra Marketing Assistance Project

This is a component of the CFSNP, implemented with the objective of increasing the incomes of farmers by providing assistance in bringing their coconut directly to the oil mill to shorten the operations involved, reduce trading costs and provide other sources of income from other produce planted/raised within the coconut farm. The project has two components, a) nut/copra trading support and b) working capital for nut/copra buying. The Coconut Farmers and Farm Workers Organizations (CFFO) are provided with working capital for the purchase of whole coconuts to be delivered to the Coconut Industry Investment Fund (CIIF) oil mill or copra buying units (CBUs). The CIIF then processes the nuts, i.e. de-husks, produces copra, produces fertilizer from the peat, and markets the coir. In 2006, 140 CBUs were established and a total 25,808 farmer-members are now benefiting from the scheme.

Microfinance and Credit

This programme aims to provide working capital for livelihood projects and enhance entrepreneurial skills of coconut farmers and farm workers. In 2006, a total of 631 farmers' co-operatives were established with 17,563 members granted loan assistance amounting to PhP 116.38 million (US$ 2.7 million).

Farmers' Empowerment Programme

The NFA- owned Post-Harvest Facilities (PHFs) Assistance Programme

This programme intends to help Farmers' Organizations (FOs) acquire post-harvest facilities of their preferred brand at reasonable prices and reasonable payment terms. The provision of post-harvest facilities is envisioned to reduce grain losses, lessen post-harvest operations costs and shorten the time period of various post-production operations. A total of 1,918 farmers and 4,642 institutions have participated in the programme at minimal rates.

Cooperative Development Incentive Fee (CDIF) and Post Production Incentive for Services Offered (PPISO)

CDIF, a monetary incentive to FOs, is used as a revolving fund for the acquisition or rental of post-harvest facilities by giving farmer-members incentives of PhP 0.25/kg (6 cents) for *palay* they sell to NFA. The usage of CDIR was initially limited to the purchase of post-harvest equipment, since many FOs have accumulated CDIF amounting to millions of pesos. NFA opened other uses for the fund such as entrepreneurial and development programmes and the purchase of farm inputs. For 2006, CDIF released PhP 18.24 million (US$ 423,202), benefiting 257 FOs.

Young Farmers Programme-NFA Component (YFP-NFA)

This programme involved the utilization of NFA's vacant/available lots by interested young farmers in the agricultural sector through proper and sustainable agribusiness activities. This is implemented in co-ordination with the National Agricultural and Fishery Council (NAFC) and Congressional Oversight Committee for Agriculture and Fisheries Modernization (COCAFM). Under the programme, the government is committed to help participating entrepreneurs to secure loans representing 60 per cent of the total capital needed for their proposed agribusiness project. The 25 per cent of their needed capital would be provided as grant by the programme, while the remaining 15 per cent has to be raised by the proponent as equity. For the past year, 26 project proposals on agriculture and fisheries (e.g. banana and livestock) were granted funding from the programme amounting to PhP 1.81 million (US$ 41,995).

Institutionalized Farmers as Distributors (I-FAD) Programmes

The government, through NFA/Philippine Investment Trading Corporation (PITC) sells stocks to qualified farmers groups based on the approved NFA selling Price Bulletin (SPB) for distribution to buyers. Farmers can participate in the programme and can purchase NFA imported rice at wholesale prices, withdraw within a specific period and sell wherever they want. For 2006, the programme had a total approved rice allocation of 50,000 mt, withdrawing 67 per cent of the total rice allocation.

Programang Gulayan (Vegetable Production Programme)

The *Programang Gulayan Tungo sa Kanayunang Malusog at Busog sa Pag-asa* (Vegetable Production Programme toward Healthy Community and Full of Hope) aims to reduce rural hunger and malnutrition, enhance the rural community to produce their own

food through adoption of integrated backyard gardening. Of the 170 *barangays* (communities) in the four pilot regions, 84 were served, benefiting 13,669 families.

Special Lending Programme for Tobacco Farmers

The QUEDANCOR, in partnership with the Department's Agricultural Credit Policy Council and the National Tobacco Administration, created a special lending programme for tobacco farmers to initially finance the production of Virginia and Burley-neutral tobacco in selected provinces of Region I (in Northern Luzon). For the period ending 2006, a total of PhP 28.13 million (US$ 652,668) was released to 1,382 beneficiaries in Ilocos and Pangasinan. The Innovative Financing Scheme Programme (IFSP) was extended for another five years. This extension was due to the impressive achievements in its five years of implementation. The programme addresses the needs of borrowers who could not meet the collateral and other requirements of the commercial lenders that hindered flow of credit to the countryside.

The National Tobacco Administration also managed and operated the Productivity and Growth through Marketing Assistance – Multi-Food Processing Plant (PGMA-MFPP) in Santa, Ilocos Sur. The MRPP assists tobacco farmers during off-season by buying, processing and distributing their non-tobacco products (hogs, poultry, fruits, vegetables, etc.) with pre-arranged markets in Regions I, II and Metro Manila. Around 35,000 tobacco farmers were assisted by this initiative.

Conclusion

It is an established fact that the basic requirement to alleviate poverty in the sector is to propel the growth of the agricultural economy. Aside from the various programmes presented above, other priority projects are being continued or implemented within the next five years. The Department adopts a holistic development approach, which is embodied in the DA's Five Development Pillars for Agriculture and Fisheries. These are: 1) irrigation facility; 2) post-harvest and storage; 3) market access; 4) R&D, education and extension; and 5) credit facilitation. The current focus now is on the entire agriculture and fisheries supply chain, from production to market. These development pillars, which embody various programmes, are being implemented in collaboration with state universities and colleges, local government units and the private sector. This model promotes awareness of development projects among stakeholders, beneficiaries, farmers and fisher-folk. Further, it promotes synergy through concerted efforts in achieving the goals, objectives and future vision for the sector.