

Philippine Development Plan 2017 to 2022 for Agriculture, Forestry and Fishery Sector: Sustaining Inclusive Economic Growth¹

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INTRODUCTION

Having a sustained growth rate of 6.3% during the 2011 to 2016 period, the Philippines is indeed, traversing the higher growth path. To secure the means for improving people's lives, a long-term national vision involving a combination of social, economic and institutional processes was established through the "*AmBisyon Natin*" 2040. The creation of Philippine Development Plan (PDP) 2017-2022 was anchored on this platform pursuant to Executive Order No. 5, s. 2016. The PDP is the first medium-term plan to ensure that the long-term visions for the country by 2040 will be achieved including: 1) a prosperous, predominantly middle-class society where no one is poor; 2) a healthy and resilient society; 3) a smart and innovative society; and 4) a high trust society. The overall strategies fall into three pillars: "*Malasakit*" (to enhance the Social Fabric), "*Pagbabago*" (to reduce inequality), and "*Kaunlaran*" (to increase Potential Growth of the economy) which will be supported by a strong foundation in national security, infrastructure development and ecological integrity. The development agenda was crafted in-line with the President's 10-point Socioeconomic Agenda and is a product of consultation with stakeholders and the general public.

"*AmBisyon Natin*" 2040 and the PDP recognize that it takes more than growth to be able to lift the poor out of poverty. With farmers and fisherfolk remaining as one of the poorest, development of this sector is still a top priority so that poverty can be reduced massively. Although the national growth has been growing remarkably, the agriculture and fisheries sector grew at a mere one percent from 2013 to 2015 which is way below the target of the previous PDP at 3.5 to 4.5%.

The current PDP thus seeks to expand economic opportunities in the agriculture, forestry and fisheries (AFF) sector. The challenges and lessons learned from the previous plan were documented and served as a guide in the formulation of the new PDP.

¹ Policy paper submitted to the Food and Fertilizer Technology Center (FFTC) for the project titled "Asia-Pacific Information Platform in Agricultural Policy". Policy papers, as corollary outputs of the project, describe pertinent Philippine laws and regulations on agriculture, aquatic and natural resources.

PHILIPPINE DEVELOPMENT PLAN 2017 TO 2022 FOR AGRICULTURE, FORESTRY AND FISHERIES

The current PDP contains seven (7) main parts: overview of the economy; development challenges; and development strategies articulated in chapters of Enhancing the Social Fabric; Inequality-Reducing Transformation; Increasing Growth Potential, Enabling and Supportive Economic Environment; and Foundations for Inclusive and Sustainable Development. The growth in the gross domestic product (GDP) is aimed at 7 to 8% in the medium-term.

To achieve inequality-reducing transformation, the strategies for the AFF sector are outlined under Chapter 8 with title, “*Expanding Opportunities in Agriculture, Forestry and Fisheries*”. It has three (3) major parts: (1) assessment and challenges of the sector; (2) strategic framework; and (3) legislative agenda.

A. Assessment and challenges

The declining contribution of the AFF sector in the country’s GDP and drop in employment are recognized. The weak performance of the crop sub-sector, considered to be the primary driver of the AFF sector, is highlighted and is attributed to its vulnerability to extreme weather events (e.g. drought and typhoons), infestation of coconut scale insect, and limited adoption of high-yielding varieties. The limited crop production diversification also prevented the AFF from harnessing its full potential, particularly the overly concentration on rice, corn and coconut. Similar to crops, the fisheries sector is heavily impacted by extreme weather events. This, coupled with degraded resources, pulled down the growth of the fisheries sector. The long-standing issues such as limited access to credit and insurance, low farm mechanization and inadequate postharvest facilities, inadequate irrigation, limited support for R&D, weak extension service, ageing farmers and fisherfolk, agrarian reform, limited connection between production area and markets, poor compliance with product standards, competing land use, and weak institutions are highlighted. There is also a threat posed to less competitive producers by the expiration of the quantitative restriction for rice set on June 30, 2017.

B. Target and strategies

The PDP seeks to achieve the following outcomes: 1) expanded economic opportunities for those who are currently engaged in producing AFF products; and 2) increased access to economic opportunities for small farmers and fisherfolk who are typically subsistence producers and have limited market participation. The main target is to achieve a **gross value added (GVA) target for agriculture** of 2.5% to 3.5% in the medium-term (Table 1). Also, the reversal in the growths of crops, forestry and fisheries are being aimed for. The growth in labor productivity of farmers and fisherfolk is targeted to increase from a baseline of 4.6% to 5-6%.

Table 1. PDP targets to expand economic opportunities in Agriculture, Forestry and Fishery, 2017 to 2022.

INDICATORS	BASELINE		END OF PLAN TARGET
	YEAR	VALUE	2022
Sector Outcome A: Economic Opportunities in Agriculture, Forestry, and Fisheries Expanded			
Growth of GVA in Agriculture, Forestry, and Fisheries Increased (year-on-year at constant 2000 prices, in percent)	2015	0.1%	2.5%-3.5%
a. Crops	2015	-1.8%	2.0%-3.0%
b. Livestock	2015	3.8%	3.0%-4.0%
c. Poultry	2015	5.7%	3.0%-4.0%
d. Forestry	2015	-26.7%	2.0%-3.0%
Growth in Value of Production of Fisheries Increased (year-on-year at constant 2000 prices, in percent)			
a. Commercial	2015	-3.3%	2.5%
b. Municipal	2015	-2.2%	1.0%
c. Aquaculture	2015	0.8%	5.0%
Growth in the Value of Agriculture and Fishery Exports Increased (year-on-year, FOB value, in percent)	2015	-21.6%	9.0%
Sector Outcome B: Access to Economic Opportunities by Small Farmers and Fisherfolk Increased			
Growth in Labor Productivity of Farmers and Fisherfolk Increased (year-on-year at constant 2000 prices, in percent)	2015	4.6%	5.0-6.0%

Source: Philippine Development Plan, 2017-2022.

As outlined in the PDP, expanding economic opportunities to existing AFF producers would entail the following strategies: 1) developing an integrated color-coded agricultural map to identify the comparative advantage of specific areas; 2) accelerating construction of disaster-and climate-resilient small-scale irrigation systems and retrofit existing ones; 3) facilitating the use of appropriate farm and fishery machinery and equipment; 4) strengthening the AFF extension system; and 5) pursuing an ecosystem approach to fisheries management. Similarly, increasing AFF-based enterprises will be achieved through the following: 1) diversifying into commodities with high value-adding and market potential; 2) expanding AFF-based enterprises through new and innovative production and marketing schemes; and 3) strengthening community-based enterprises in upland areas.

Increasing access to economic opportunities by small farmers and fisherfolk will be achieved by facilitating access to value-chains, technology and financing while ensuring that their rights and welfare are defended and asserted. Access to value-chains will be increased by: 1) physically linking production areas to markets through road and rail-based transport, inter-island water transport and logistics system; 2) organizing small farmers and fisherfolk into formal groups and farms into clusters to create economies of scale; 3) providing capacity building for small farmers and fisherfolk on value-adding activities; and 4) providing non-farm livelihood options to seasonal farm and fishery workers whose incomes are irregular and who are vulnerable to shocks. Access to technology will be increased by: 1) raising investments in R&D for production and post-harvest technologies, enhancing capacity of small farmers and fisherfolk to adopt better and new technologies. Access to innovative financing will be increased by: 1) increasing the number of small farmers and fisherfolk that are provided with agricultural insurance; and 2) providing small farmers and fisherfolk easy access to affordable formal credit. The access of small farmers and fisherfolk to land and water resources will be increased and protected by: 1) completing the land acquisition and distribution and immediately installing agrarian reform

beneficiaries in awarded lands upon the issuance of emancipation patent; 2) fast tracking the resolution of agrarian-related cases involving large numbers of affected farms; 3) revisiting the Local Government Code which authorizes local government units to reclassify agricultural lands for other uses; 4) completing the delineation of municipal waters; and 5) complementing strategic efforts with environmental and governmental strategies.

C. Legislative agenda

Among the legislative agenda identified in the PDP to support the identified strategies are the following: 1) abolish the irrigation service fees for small farmers; 2) comprehensive Forestry Law and delineation of Specific Forest Limits; 3) amend the revised chapter of the Philippine Crop Insurance Corporation (PCIC) to increase its authorized PHP2 billion capital stock to cater more effectively to the demands of small farmers and fisherfolk; 4) amend or repeal Presidential Decree No. 4 series of 1972 to separate the regulatory and propriety functions of the National Food Authority and focus its role on rice buffer stocking for food security; 5) amend the Agriculture Tariffication Act of 1996 to replace **quantitative import restrictions (QRs)** on rice with tariffs and for the tariff proceeds from the rice imports to plough back to the rice sector; 6) provide guidelines for the utilization of coco levy fund; 7) pass the National Land Use Act to protect prime agricultural lands; and 8) genuine and comprehensive Agrarian Reform Program to distribute for free or without amortization agricultural lands to landless farmers and agricultural workers.

CONCLUSION AND POLICY IMPLICATIONS

The long-standing issues to improve the agriculture, forestry and fishery sector remains a challenge. To further the country's development goals, addressing these issues is crucial with agriculture lagging behind industry and services sectors. The PDP 2017-2022 sets out the plans for the development of the sector with comprehensive evaluation of the past to formulate new and effective strategies to lay a solid foundation to achieve inclusive growth. The PDP now serves as blueprint to achieve the national goals at the medium-term. All government agencies have been mandated to align respective programs, projects and activities with the PDP. With its effective implementation, it is expected that the challenges that have lingered over time can now be positively addressed.

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