



Promoting Inclusive Growth and Ensuring Resilient Rural Communities



Alternative Budget Proposals of the Alternative Budget Initiative (ABI) Agriculture Working Group

Members

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Agriculture has been in the headlines the past days with exposés on the misuse of Priority Development Assistance Fund (PDAF), linking some politicians. We are saddened by the billions of pesos supposedly for agriculture development squandered in this corruption mess. Agriculture is turning out to be a favorite channel to conceal abuses simply because agriculture subsidies are too difficult to track, on top of lack of monitoring system in place.

Agriculture continues to register positive growth in 2012 at 2.92 percent and 1.44 percent in the first half of 2013. However, farm incomes dropped by 1.70 percent in 2012 and went down further by an average of 0.56 percent in the first half of 2013. Thus, agriculture growth does not necessarily translate to higher incomes for the farmers.

The main questions, therefore, for this 2014 budget are the following:

- What are the new measures in the budget to address poverty?
- Will it really promote inclusive growth and reduce poverty in agriculture?
- Are the programs financially sustainable and climate-proofed?
- What are the safeguards in place to ensure judicious fund utilization?

Critique of the 2014 DA Budget and Rationale for ABI-AGRI's Alternative Budget Proposals

A look at the 2014 budget would show an increase of eight percent from its 2013 level. This only goes to show that agriculture remains to be a major investment area of the government because the P-Noy government continuously provides huge allocation to this sector.

We support the direction of the DA in giving a higher budget to other crops. We think this can open up opportunities to diversify sources of income of farmers and fishers that can eventually lead to gains in incomes and livelihoods.

Over-all, the budget remains heavy on infrastructure, particularly, irrigation and farm to market roads (FMRs), which is essentially not bad, particularly FMRs because these will benefit the different crop producers, and not only rice farmers. Irrigation in the main, is not also being opposed as a strategy. For one, it is only now that we have been completing what we should have done before which is increasing new irrigation areas. Irrigation would have been a measure to improve incomes, especially for water-deprived and rain-dependent areas since this would automatically double the farmers' incomes in a year. Farmers in rainfed farms will have an opportunity to plant during the dry season. However, with the recent pronouncements of the DA that we have successfully narrowed the yield gap to a single digit number, some questions were raised if irrigation will still be among the priority programs. For one, NIA has very low performance despite its high budget allotment and frontloading of investments on irrigation since 2011 to 2013.

No New Service Delivery Approach to Facilitate Inclusive Growth

The ABI Agriculture Working Group raises questions on the absence of new mechanisms to deliver rapid inclusive services on the ground. Extension service would be a critical component in making government support inclusive and deliver immediate results. However, utilizing state universities and colleges as a way to help the extension service has to be evaluated. The government also needs to fast track the resolution of personnel problem of the DA and immediately organize LGU personnel and communities toward a dynamic and sustained extension service on the ground.

A study commissioned by the Food and Agriculture Organization noted the absence of a close working relationship between national agricultural research and extension organizations with farmers and farm-based organizations. This was one of the most challenging institutional problems confronting ministries of agriculture in many developing nations.¹

We can say the same thing for the Philippine agriculture. In fact, in 2010, in an attempt to respond to



Farmers demanding the continuance of the quantitative restriction on rice in front of the Department of Agriculture.

this age-old problem and circumvent the pitfalls of devolution, the Department of Agriculture announced an alternative extension program tapping state universities and colleges to deliver farming technologies to farmers. This and other reforms such as, the removal of direct subsidy program, particularly for seeds and fertilizers, while heavily banking on infrastructure through irrigation and farm to market roads, were undertaken by the administration of DA Secretary Proceso Alcala. However, these investments can be more sustainable. We all know that farmers cannot afford inputs like fertilizers or pesticides if these are not subsidized.

After almost three years, very little has changed in the situation of farmers and fishers. We have yet to see major changes in the way research, new knowledge on agricultural practices, and other learning activities are communicated to farmers and fishers.

Farmers' education includes strengthening agricultural extension services that can deliver ways to potentially improve food production and farmers' incomes, while also protecting soil, water, and climate. However, if this in itself is not working, compounded by the absence of more tangible programs to directly benefit farming individuals and households; what inclusive growth in agriculture can we expect?

1. Burton E. Swanson is Professor and Director of the International Program for Agricultural Knowledge Systems (INTERPAKS), College of Agricultural, Consumer, and Environmental Sciences, University of Illinois at Urbana-Champaign. Chapter 19 - Strengthening research-extension-farmer linkages. Improving agricultural extension. A reference manual. <http://www.fao.org/docrep/W5830E/W5830E00.htm>

RSBSA: Exclusive Targeting System in Agriculture

The Registry System for Basic Sectors in Agriculture (RSBSA) is an important tool to determine DA programs that are appropriate to its beneficiaries. However, it was found to be flawed and tended to become exclusive.

The ABI Agriculture Working Group has long pushed for a registry of farmers and fishers as basis for agriculture subsidy distribution and better targeting system. However the RSBSA of the NSO does not automatically include women, youth and persons with disabilities (PWDs) in the survey. It only included the heads of farmers and fishers households who are normally, men. Second, the registry is only a survey and not a census, thus, possibly missing on other possible targets of the DA's programs.

Failure to Practice What They Preach

People's participation in governance has been touted by PNoy as one of the key features of his government. Various efforts were launched to encourage civil society and private sector participation in budget formulation and program monitoring. The DA managed to achieve some level of compliance by setting up the NAFC Budget Committee. However, there were cases when civil society was able to successfully include their proposals in the DA budget, only to be challenged by the Department of Budget and Management and eventually slashing out the DA's budget proposal. This raised an important and recurring problem with the DBM and raised doubts on the seriousness of this government on participatory budgeting.

Misleading Poverty Reduction Programs

A number of programs are directed to alleviate poverty among the poorest of the poor in agriculture, specifically in fisheries and coconut sub-sectors. However, the ABI Agriculture Working Group raises questions on the sustainability and feasibility of the proposals:

1. On Aqua-silviculture. We support this strategy of polyculture technology while maintaining the 70% mangrove forest. However, the question is how to ensure that this program is beneficial to the poor when the Fishpond Lease Agreement (FLA) holders are usually big businessmen and local politicians. The cancellation of existing FLAs will take time and may not be resolved within the year.

Secondly, BFAR's aquasilviculture program which they said, intends to raise fishers' income by distributing mangrove propagules, provides no clear livelihood component. The program spoke of setting up demo farms in state colleges and universities

when the need to rapidly deliver income increases for poor coastal communities.

2. Seaweeds program. Access to seaweed seedlings is currently not the only problem of poor fishermen. The main challenge is the unstable prices of seaweeds that are greatly affected by imports. Fishers also face losses in production brought about by inclement weather and fisheries pollution.
3. Payao program – The program as envisioned by BFAR is not sustainable. For one, the payao target areas are along the pathways of tropical cyclones. These investments can be easily washed out. Second, the payao program is designed for deep-sea catch fishery and thus, will support commercial fishers more than the poor municipal fishers and could aggravate the problem of over-fishing.
4. 55 Municipal Ports and Post-Harvest Facilities and Services – The absence of operations manual or guidelines to ensure the sustainability of these infrastructures can aggravate the pressure exerted by big business and politicians in coastal areas.

Key Proposals

Increasing Palay Procurement

The volume of NFA palay procurement remains at 4.250 billion metric tons. The ABI Agriculture Working Group is pushing for higher budget allocation to the NFA in order to increase its operating capital for domestic palay procurement and to cover 10% of national production. The NFA previously said the procurement budget is usually lower than the actual needs as they resort to other sources of funds like loans. However, the ABI Agriculture Working Group believes the NFA should get more budget allocation for palay procurement, instead of resorting to loans to finance palay procurement. The government committed to agriculture stakeholders who attended the Food Self-Sufficiency Program (FSSP) that the NFA should be able to corner 10% of domestic production.

NFA Milling Procured Palay into Brown Rice

Related to palay procurement is the support for milling of palay to produce brown rice. We are proposing that the DA improves the NFA's capacity to mill a portion of its palay to produce brown rice to promote and improve the health of low-income groups, and for possible distribution during disaster emergency response.

Brown (*unpolished*) rice is considered a healthy food with its higher dietary fiber, vitamins, minerals, good fats and anti-oxidant contents. However, it has very low production volume because of low demand from

the market due to the people's limited awareness on its benefits. The potentials of organic brown rice in improving nutrition and achieving greater food security is high, according to studies done by the Food and Nutrition Research Institute (FNRI). Aside from that, brown rice production lowers the country's 10% post-harvest losses that can somehow help bridge the rice yield gap over time.

We support the direction of the DA in giving higher budget to other crops that started in 2012. We think this can open up opportunities to diversify farmers' sources of income that will eventually lead to gains in their income and livelihood.

Budget for on-site/farmer-led R and D and extension

Experiential learning gained through interactive processes where farmers are encouraged to experiment on-farm techniques, make their own decisions, with mentors available to respond to farmers' inquiries, contribute to increased productivity.

The budget supports institution-based seed development and conservation, either thru Regional Integrated Agricultural Research Centers (RIARCs) and state universities and colleges (SUCs). However, the budget fails to recognize farmer-led and on-farm/on-site research and development processes especially on seeds. The ABI Agriculture Working Group proposed an increase in the budget for this program with farmers. Whether farmer group driven or LGU led, every municipality should promote seed varietal selection, participatory breeding (in some selected sites) and set up a genuine community seed bank to improve access to a variety of seeds. It is important to determine seeds' suitability, according to the changing climate, soil types, and needs of farmers and communities.

- Expanding the Farmers as Scientists / (Extension Assistants) Program

The DA can further enhance and expand this program. We have seen many farmers being effective showcase of successful farming systems and they serve as assistants to LGU staff in extension work particularly for season-long field schools.

Triple A Common Facilities for Livestock

Triple A facilities were removed because, according to the DBM, this is more of a private sector's concern. However, the reality is that only big companies like San Miguel can afford to set up their own dressing facilities. Small players are forced to keep up with even higher cost of production and greater losses when competing with

bigger players in the industry. This proposal will serve as a common facility for small players to support their bid for competitiveness.

Integrated Fisherfolk Settlement as Core Strategy to Address Complex Nature of the Municipal Fisheries Sub-sector

This proposal is in compliance with the provisions of the Fisheries Code of 1998. The alternative proposal of Php 300 million hopes to establish a fisherfolk settlement that goes beyond the provision of housing for the fishers and their families. This includes integrated support for fisheries communities, such as village level common landing site, post harvest facilities to address poor fish handling and limited access to such facilities of municipal fishers, and establish critical checkpoint for fish monitoring, control and surveillance functions.

This paves the way for active organizing of fishers, and will prevent production losses of around 30-40% that can immediately translate to increased fish production. Post harvest is one of the least supported programs of BFAR. This integrated facility will also support the organization of municipal fisheries resource users and address overcapacity in the fisheries sector. Data collected from monitoring fish catch is also a critical input to effective fisheries management.

Completion of Municipal Water Delineation

NAMRIA has completed the preliminary delineation of municipal waters in 927 coastal LGUs. Additional budget is being requested to complete the remaining areas that need municipal water delineation.

Supporting Best Practices in Climate Change Adaptation

We call on the DA to allocate funds to support best practices in climate change adaptation in agriculture and/or projects assisting local governments in delivering efficient, honest-to-goodness extension service, innovative programs on the ground and other projects worthy of replication and scaling up.

Increase in budgetary support for budget tracking/monitoring by civil society

The reports on corruption are a cause for alarm. Poverty among farmers and fisherfolks are aggravating and it is distressing to know that people's funds did not go to its intended purpose. We want to institutionalize farmers' monitoring of DA projects for transparency and accountability of the DA as a public institution.

NAFC reported Php 220,000 budget per region for RAFC monitoring. In this regard and in response to the growing movement for a more transparent and participatory budgeting process and program implementation, we are proposing additional budget to cover greater participation of civil society organizations in regional monitoring and tracking of agriculture projects.

Unused Credit Budget for Agriculture and Fisheries

We received reports that the allocation in 2013 for credit facilities in agri-fisheries sector has not been released. We support its re-instatement in the 2014 budget should the Php1B budget for credit in 2013 was not released.

ABI AGRICULTURE WORKING GROUP Alternative Proposals

	2014 NEP	ABI Proposal	Total Budget
NFA Subsidy Palay Procurement	4.250	10 billion	14.250 B
NFA Milling facility for brown rice/improved facilities	-	1 billion	1 B
Livestock program • Triple A Dressing Plant	-	300 million	300 million
Livestock Program • Triple A Abattoirs		500 million	500 million
Rice Program Budget • On-farm R and D (seed selection, breeding and seed-banking) in partnership with LGUs/ and or organized farmers groups • Expanding the Farmers as Scientist Program	-	200 million	200 million
OSEC • Supporting Best Practices in Climate Change Adaptation		50 million	50 million
BAS (in cooperation with multi-stakeholders) • New Registry Census Program for Farmers and Fishers		100 million	100 million
BFAR • Monitoring and control and surveillance	770 million	(300 million)	440 million

R1 Rice Self-Sufficiency Bulletin is a quarterly magazine of the Rice Watch and Action Network (R1). It monitors the rice self-sufficiency targets of the Department of Agriculture. It also provides background articles and analysis on rice and other issues that R1 is working on.

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