

Department of Agriculture 2011 Year-end Report

Achievements

1. The most significant achievement of the Department of Agriculture this year was **restoring the trust of the farmers and other agriculture stakeholders in government**. I took over a department that was scandal ridden and listed among the most corrupt agencies of government.[1] The DA is no longer in that list.[2] Knowing the ground situation by listening was an important first step. I visited all the 16 regions of the country – reaching 58 out of 80 provinces. I met with farmers and other local groups, the DA people, the local government officials, investors in agriculture and all those who believe that agriculture holds the key to our country's progress. To them we delivered the message that we in government will do our part, but will work in partnership with them.

2. **Growth in agriculture**. The agriculture and fisheries sector has proven its resilience in the face of severe natural disasters. Recovering from the long dry spell in 2010, both palay and corn recorded 15.9% growth in volume at production levels of 10.75 million metric tons of rice and 5.49 million metric tons of corn. Agricultural production volume grew by 4.28 percent in the first nine months of 2011, a marked improvement over the 2.81 percent decline during the same period in 2010. It is worth noting that the growth achieved in rice production is the highest in the last 10 years.

Boosted by the increase in production of other crops like sugarcane, coconut and others, the crops subsector contributed 50.07 percent to total agricultural production while the shares of other subsectors were as follows: fisheries - 20 percent, livestock-16 percent and poultry- 14 percent.

3. Our capacity to quickly **respond after a calamity** was shown in the aftermath of typhoons Pedring and Quiel this year. Our seed buffer stocks were ready to allow farmers to replant and replace the crops they lost. Seeing the huge damage caused by the typhoons, we identified 50,000 hectares for immediate ratooning to allow us to cut our losses. We have distributed climate resilient seeds. Our research centers are continuously improving drought and submergence resistant varieties. The drying facility at the Rice Processing Center (RPC) in Pangasinan operated 24 hours a day right after the typhoon saving the harvest of many farmers. We have three more RPCs under construction – in Iloilo, Davao and Bohol.

4. Making farmers believe in government means showing them that the DA serves their interests. We have **reduced rice importation** for this year to 860,000 metric tons from 2.4 million metric tons in 2010. Of the total volume imported, 600,000 metric tons were imported by the private sector and farmers' groups, while 200,000 metric tons are NFA imports. These resulted in savings for government and served the interest of Filipino farmers.

The Food Staples Sufficiency Program (FSSP) is at the heart of our food security policy. The FSSP includes a set of interventions to improve productivity, increase farmers' incomes and

ensure the country's food supply. For 2012 and 2013, while we will continue to import, the NFA Council is considering allowing the private sector to handle bigger portions of imports.

5. We sought to **front load investments in public goods particularly irrigation, farm to market roads (FMRs) and post-harvest facilities** and successfully presented our case to the legislative and executive branches of government. The DA has been allotted the highest budget in history with P61.7 billion for 2012 representing an increase of 61 percent over 2010. Some 62 percent of the 2012 budget is allocated for infrastructure. These are investments that individual farmers cannot afford – government must invest in these public goods.

We make sure that we do not only build roads and dams, we build them better, monitor them more closely and ensure that they serve the purpose for which they were built. This year, we redesigned FMRs so that at least 50% of budget goes to concreting critical road sections. With that, we ensure that these roads do not disappear after a flood. We have started the geo-tagging of infrastructure projects so that we are able to track them online from project identification, to bidding and at various stages of completion. You may already view this on the Mindanao Rural Development Program (MRDP) website. We are training staff to geo-tag all other infrastructure projects.

6. Focused and Enhanced Services

- From January to October, a total of 10,907 jobs were generated through the farm-to-market roads program of the Department. The 12 Corn Postharvest Processing and Trading Centers we have established through the National Agribusiness Corporation (NABCOR) were also able to generate a total of 3,668 jobs during the same period.
- As of October 2011, we have generated a total of 12,988 hectares of new areas; restored 10,061 hectares; and rehabilitated a total of 42,423 hectares under the National Irrigation Administration's (NIA) *Irrigation Development Plan*. Forty-seven small-scale irrigation projects (SSIPs) have also been installed. These national and communal irrigation systems are viable means of increasing the cropping intensity and area harvested.
- We have raised awareness among our stakeholders regarding the importance of seed security as going beyond providing seeds and warehouses. Concurrent with this, a seed security program was launched consisting of community-based seedbanks and seed buffer stocks that will ensure farmers' access to quality seeds at the right place and at the right time. Our agencies are now open to formal and informal seed systems to maximize access to affordable seeds for various ecosystems. Instead of distributing seeds that cost the government Php1,200 per 40-kilogram bag of certified seeds, the first batch of farmers were given two kilograms of registered seeds costing Php40 per kilogram which they will grow in order to produce their own quality seeds for the following cropping seasons.

In doing away with seed subsidies, the following benefits were realized: (1) the farmers get their preferred kind of seeds; (2) farmers buy their own seeds after seeing the result of planting

good seeds, while seed growers get paid in cash rather than wait for payment of government-subsidized seeds; and, most significant of all, (3) rice production has increased at record levels.

- The ***Agri-Pinoy*** program has also been staunch in its aim to stabilize supply and producers' income through the *Value Chain Approach*. Success stories include the mitigation measures carried out for the vegetable industry in Benguet during the frost formation in January 2011, and the emergence of Nueva Vizcaya as the country's second major "salad bowl", helping Dupax del Sur to produce more quality vegetables such as lettuce, baguio beans, bell pepper, tomato, and squash from a total of 1,000 hectares of farmland.

Innovations

- **Engaging landless rural workers as service providers**

On 12 December, the Department of Agriculture and the Department of Social Work and Development launched the Agrikulturang Pantawid Pamilyang Pilipino in Las Navas, Northern Samar. The national launch comes after a partnership between the two agencies that started in August 2011 to engage landless farmers under the DSWD's Cash-for-Work Program in paddy diking (the building of "pilapil" around farms) to allow these farms to benefit from the Catubig irrigation project.

From just four hectares of farms being served, last August, by an irrigation project started 10 years ago, the service area with built up paddy dikes increased to 303 hectares within less than four months. This was the result of the work of eight batches of workers with 50 farmers per batch. Farmers are grouped into teams of 10 persons and they work for 10 days for each hectare to build some 650 meters of "pilapil." Each batch undergoes training in paddy diking. Aside from the training, the DA also provided tools that the workers use for the job. Seventeen more batches of 100 persons per batch are being prepared to work on 30 hectares per batch. The workers get paid for four days of training and for 11 days at work at P200 per day

Altogether, the project will cover some 4,000 hectares that will create jobs for the landless rural workers and produce food for the province of Northern Samar.

The same workers who are building the paddies will be trained and organized into service provider groups that will eventually be able to contract other farm jobs from paddy diking to plowing, replanting, harvesting, irrigation canal repair and desilting and other labor-intensive farm activities.

The poverty reduction strategy is to organize "skills-based" service provider groups who will be able to contract to do farm services that the group can guarantee in terms of quality and competitive pricing. Management and marketing will be important add-on components of the groups to enable them to solicit enough jobs for the group, sufficient income and maintain themselves in a given area because of the good job they do.

We have started the work on the service provider scheme for coconut replanting and coconut fertilization and for the repair and desilting of irrigation canals. Farmers will be engaged to undertake the Philippine Coconut Authority's coconut planting project that targets 138,125 farmers to replant the same number of hectares of coconut farms. Other farm laborers will be tapped to do coconut fertilization while other coastal families will produce salt that will be procured by the program to fertilize the coconut trees. The program is, likewise, linked with the DSWD Cash-for-Work Program.

• **Integrated Community-Based Multi-Species Hatchery and Aquasilvi Farming**

The poverty of fisher families is often traced to declining catch whether due to big commercial fishers or the sheer decline in fish population. An integrated and sustainable approach requires the restoration of mangrove areas that disappeared due to unsustainable fishing cages.

The *Integrated Community-Based Multi-Species Hatchery and Aquasilvi Farming* is the DA's banner program to address poverty among fisherfolk families and communities. The program achieves fisheries resource protection while expanding the number of self-sufficient fisher families. It involves aquasilviculture or a mangrove-friendly system of growing fish and other aquatic organisms in enclosed areas within the mangrove. The people who replant the mangroves are the fisher families themselves who are assigned a one-hectare area to engage in aquasilvi farming.

To expand the project, 31 coastal areas throughout the country have been identified. On 16 December, 40 institutional partners and the Bureau of Fisheries and Aquatic Resources (BFAR) signed a memorandum of agreement that will engage these institutions as project managers of community-based hatcheries that will supply fingerlings of various species to 11,700 fisher families who will undertake mangrove farming of 11,700 hectares located at these sites. Every hectare shall be planted to 3,000 trees for which the fisher family gets paid a total of P5.50 per mangrove tree (P1.50 for the planting material, P2 for planting and P2 for every tree that survives) for an income of P16,500 upon replanting and watching over the hectare of mangrove assigned to the family.

The restored mangrove area will become a growing area for fingerlings that will be supplied by the hatcheries. The families will be provided with netting material to enclose their area so that it becomes their own fishing ground. Canals within the mangrove area will be dug as growing sanctuaries for the fishes. Excess fishes may be set free into the wild increasing fish population for other small fishers. Families have the choice whether to raise fish for food or for sale. They also have the choice of consolidating their catch with other aquasilvi fishers. Hence, while we invest in restoring the mangroves for a healthier growing area for the fishes, we are also providing fisher families with their own fishing ground and seeding the waters with new fishes grown in the restored mangroves.

For this project, the amount of P280.8 million has been approved under the President's stimulus fund and it is ready to go. To include more fisher families, the module is being considered as

part of other future agriculture projects. Already, the processing and marketing components for these projects are in place in some areas.

7. Recognizing individual performance as well as the strength of organized groups.

For our young people to take interest in agriculture, they need to see opportunities for growth and progress in the sector. We have our scholarship programs for young people as well as for our middle level personnel to pursue higher studies. For all who go through these programs, we need them to take pride in the results of their work and studies. For individuals and for groups, we have award programs to provide the incentives. Our irrigators' associations are rated based on performance. We build partnerships with various groups to help us move the agriculture agenda forward.

LOOKING AHEAD TO 2012

The DA pursues the goals of the Philippine Development Plan (PDP) 2011-2016

The DA's programs are aligned with the three goals of the PDP's objective "towards a competitive and sustainable agriculture and fisheries sector," which are:

- (1) improved food security and increased rural incomes;
- (2) increased sector resilience to climate change impacts; and
- (3) enhanced policy environment governance.

Improved Food Security and Increased Rural Incomes

Sufficiency in food staples by 2013 is the goal under the DA's Food Staples Sufficiency Program that prescribes three program strategies: (1) raising productivity and competitiveness; (2) enhancing economic incentives and enabling mechanisms and (3) and managing food staples consumption. In carrying these out, major interventions such as the following have been laid out: front-loading investments in irrigation, agricultural mechanization, and postharvest systems, and increased investment in research, development, and extension.

The FSSP-Credit Component which will include loan guarantee and crop insurance is being finalized with targeted loan conduits and other support agencies.

Strengthening irrigators' associations and other groups and establishing close collaboration with local government units and other organizations are essential elements of the FSSP. Various interventions such as farm mechanization, community seed banking, credit and extension are designed to be implemented with strong participation from these groups.

Endeavors to expand the local and global markets for our livestock and poultry industry stand at an advantageous position as the Philippines currently holds an FMD-free status without vaccination and an Avian Flu-Free status. We will build on this reputation to further enhance our livestock and poultry industry.

We will also continue to be vigilant towards strict monitoring and implementation of regulations, as well as providing means for upgrading postharvest, cold-chain, and training facilities.

Staying on the path towards attaining the full potential of high-value crops also occupies a high priority in the Department's activities in the coming year. The production of our traditional export commodities like coconut, sugar, abaca, banana, and pineapple will be revitalized. New markets, as well, will be opened up for organic vegetables, as shown by the linkage we are forming between farmers in the provinces of Quezon and Benguet with prospective buyers from Singapore.

The decline in fisheries, often traced to the dwindling number of catch due to either the competition with big commercial fisheries or to the sharp decline in fish population, will be reversed. To do this, we aim to adopt a triple strategy of regeneration, protection, and sustainable production. Establishment of mariculture parks, nurseries, and hatcheries will be pursued.

Coastal Resource Management will be promoted, together with the replanting of mangroves under the *Integrated Community-Based Multi-Species Hatchery and Aquasilvi Farming* program. It involves aquasilviculture or a mangrove-friendly system of growing fish and other aquatic organisms in enclosed areas within the mangrove.

Increased Sector Resilience to Climate Change Risks

The nation was still in the midst of its recovery from the back-to-back lashings of typhoons Ondoy and Pepeng in 2009, and typhoon Juan in 2010, when another massive devastation in 2011 came in the form of typhoons Pedring and Quiel.

The impact of such natural phenomena – and overall climate change – in the agriculture and fisheries sector cannot be understated.

Hence, the full integration of *climate change (CC) adaptation measures* in all programs and projects is being carried out. This entails designing a climate information system for agriculture and fisheries, research and development for adaptive tools, technologies, and practices, climate-resilient agriculture and fishery infrastructures, implementing regulations to ensure effectiveness and safety, and providing windows for financing and instruments for risk transfer (e.g. weather-based insurance).

Enhanced Policy Environment and Governance

With challenges posing a constant presence in our bid to serve our farmers and fisherfolk, alongside the more promising opportunities for heightened capacity-building, we recognize the pressing need to foster partner-relationships with other government agencies.

In addition to its convergence with the DENR and DAR, the DA is currently working in convergence with the Department of Public Works and Highways (DPWH) for flood control and water impounding. Another convergence approach with the Department of Social Work and

Development (DSWD) has given rise to programs aimed at farm development and rural employment.

Policy Framework

The DA's general policy framework is derived from the PDP (2011-2016).

The results matrix has been laid out and we score our achievements against those results. To ensure that we attain those results, we further itemize the major deliverables per agency. For example, at the NIA, we look at projects per system, per province and check on hectares irrigated as well as areas planted. We have found that some irrigation projects in which billions have been spent remain unutilized because the farms are not ready to receive water. These are problems we discover on the ground and which we are able to address immediately.

The **Agriculture and Fisheries Modernization Act (AFMA) of 1997** provides more detailed prescriptions for the Department to execute including ensuring the quality of cross-cutting functions such as research, regulation, extension. The Department's policy and planning service is currently conducting the updating of the plans and programs under AFMA.

The Organic Agriculture Act of 2010 (R.A10068) supports sustainable resource management and contributes to climate change adaptation and disaster risk reduction.

To set the DA's general direction, we promoted **Agri-Pinoy** (Agrikulturang Pilipino) as the strategic framework for all programs and services of the department. Four principles and features of AgriPinoy guide the initiatives and interventions of the department: food security and self-sufficiency, sustainable resource management, support services from farm to table and broad-based local partnerships.

Additional Inputs to DA 2012 thrust:

The DA 2012 budget amounting to P61.73 billion, inclusive of attached corporations, will be spent mainly to pursue the Food Staples Sufficiency Program (FSSP), which is the centerpiece program of the Aquino administration.

An important feature of the FSSP is the frontloading of investments, particularly on infrastructure like irrigation, farm-to-market roads, and postharvest facilities. We hope to regain momentum in irrigation, with particular focus on cheaper and shorter gestating small-scale irrigation system.

Also in support of the FSSP, our National Corn Program is appropriated a substantial increase in FY 2012 for the development of the white corn industry, and the processing of corn grits as supplement to rice. In addition, we have integrated under this Program the development of the cassava industry.

In our National High Value Crops Development Program: aside from the regular mandate of the provision of appropriate development support services and facilitating access to local and

international markets, the Program also incorporates in their FY 2012 the provision of nurseries to support the National Greening Program of the government (coffee and cacao).

For livestock and poultry, our focus is on the following:

- improvement of genetic materials;
- disease prevention, control, and eradication;
- promote the establishment of meat trading centers complete with slaughterhouse, cutting floor, cold storage, and processing/packaging plant; promote regulatory capabilities of LGUs;
- exert efforts to maintain the FMD free status (without vaccination) and the avian flu-free status of the country.

In fisheries, we are facing the triple threat of: degradation of the coastal ecosystem; climate change; and globalized trading order.

Thus, our responses are:

- establishment and maintenance of mariculture parks;
- intensify the “cage for livelihood” program;
- provision of training and technical assistance in various areas in aquaculture, municipal, commercial, post-harvest, and regulatory in support to the fishery industry;
- establishment of hatcheries and nurseries;
- implementation of Coastal Resource Management projects;
- operation of the Monitoring, Control and Surveillance (MCS) System;
- ensure compliance with global food safety standards; and
- actively participate in the Coral Triangle Initiative (CTI)

Other key programs being implemented include organic agriculture (to export organic vegetables soon), trading centers (Baguio), public-private partnerships, and the locally-funded projects and foreign-assisted projects (e.g. MRDP).

The locally-funded projects and the foreign-assisted projects are the Department’s main contribution to the poverty alleviation program of the government, and in the case of some local-funded projects, our contribution to the peace program.

Other key programs being implemented include organic agriculture (to export organic vegetables soon), trading centers (Baguio), coconut/salt production, sugar, abaca, trading

centers, public-private partnerships, and the locally-funded projects and foreign-assisted projects (e.g. MRDP).

Our lessons in the past have taught us that the provision of short-term interventions such as direct input subsidies (fertilizer, seed, chemicals, and pesticides) not only cultivates a culture of dependency among the farmers and fishers, it also breeds corruption and wastes scarce government resources.

Thus, we can expect more and more of the DA's interventions to be focused on longer-term and longer-lasting real productivity enhancing measures such as irrigation, postharvest facilities, research and development, extension, education and training.

In general, we shall veer away from the provision of private goods and shift to the more strategic intervention of providing public goods which should be the role of government in the first place.

We shall use the 2012 budget to, among others:

- Generate 87,405 hectares of new areas, rehabilitate 79,246 hectares of degraded irrigation systems, and restore 57,199 hectares;
- Install/construct around 4,584 small-scale irrigation projects, among them: 1,283 shallow tube wells, 75 small water reservoirs, 56 small water impounding projects and 3,130 spring development;
- Distribute about 4,526 units of postharvest equipment and machineries such as dryers, storage and milling equipment, and dairy equipment and machineries;
- Construct close to 2,777 postharvest facilities for drying, storage, processing and transport;
- Maintain 62 mariculture parks and 9 regional and municipal fishports;
- Construct and rehabilitate a total of about 1,284 kilometers of farm-to-market roads under the foreign assisted and locally-funded projects; and
- Establish strategically-located trading centers such as Benguet, Urdaneta, Pangasinan, San Jose, Camarines Sur and Argao Cebu
- Implement Aqua-silviculture Program.

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Secretary

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