



Republic of the Philippines  
**OFFICE OF THE SECRETARY**  
Elliptical Road, Diliman  
1100 Quezon City

## **ADMINISTRATIVE ORDER**

No. 17  
Series of 2021

**SUBJECT: STRENGTHENING THE INCLUSIVE AGRIBUSINESS DEVELOPMENT PROGRAM (IADP) THROUGH AGRO-INDUSTRIAL BUSINESS CORRIDORS (ABCs) INCLUDING THE FISHERIES MANAGEMENT AREAS IN THE COUNTRY**


**WHEREAS**, Chapter 8 of the Philippine Development Plan (PDP) 2017-2022 highlights the role of the agriculture, forestry, and fisheries (AFF) sector as pivotal in generating employment for about a third of the country's labor force, thereby reducing poverty and inequality for three-fourths of the poor who are in the rural areas;

**WHEREAS**, Agriculture and Fisheries Modernization Act (RA 8435) likewise provides that the State shall promote industrialization and full employment based on sound agricultural development, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. In pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop.

**WHEREAS**, pursuant to Sagip Saka Act (RA 11321), it is a declared policy of the State to achieve sustainable modern agriculture and food security by helping the agricultural and fishing communities to reach their full potential, increasing farmers' and fisherfolks' incomes, and bridging gaps through public-private partnerships, thereby improving their quality of life.

**WHEREAS**, pursuant to the Bayanihan 2 Act (RA ), the State shall provide assistance to the agriculture industry, including agriculture cooperatives through the "Plant, Plant, Plant" Program that includes the: (1) Ahon Lahat, Pagkaing Sapat (ALPAS) kontra COVID-19; (2) food markets, food logistics and other interventions; (3) Urban agriculture program of the DA; and (4) Cash-for-work program in the agriculture.

**WHEREAS**, the agriculture sector is faced with a myriad of challenges that include among others the high cost of transporting goods, limited and high cost of postharvest facilities, lack of economies of scale in raw material production, inefficient value chain, limited access to credit and high cost of loan, limited private sector investment, limited access of insurance, issues on utilities (Power and Water), governance and policy Issues (e.g., security and trade issues), high exposure to climate change/disaster hazards and limited support for extension services.

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**WHEREAS**, Agri-Industrial Business Corridors (ABCs) are essential for promoting sustainable agricultural development through value chains with agricultural clusters along existing infrastructure corridors and establishing multi-sectoral public-private partnerships and providing catalytic financing to attract capital from domestic and international, public and private sources.

**WHEREAS**, the Inclusive Agri-Business Development Program (IADP) through the mainstreaming of the partnerships of small hold farmers and fishers, the private sector and government into the agricultural value chain can effectively unleash the great development potential that is inherent in the agriculture and fisheries sectors.

**NOW THEREFORE**, in view of the foregoing and by virtue of the powers vested in the Secretary of Agriculture under relevant laws of the Republic, the Department and all its operating units, banner programs, regional field offices, bureaus and attached agencies are hereby directed to abide and give utmost priority to the implementation of the following policy directions and department wide program, as follows:

## **I. TITLE**

This Administrative Order shall be referred to as the **Agri-industrial Business Corridors- Inclusive Agribusiness Program (ABC-IAP)**.

## **II. DEFINITION OF TERMS**

**Agricultural value chains** - are composed of various types of business models that link different actors along the chain.

**Agri-Industrial Business Corridors** - is a tool for promoting sustainable agricultural development through value chains with agricultural clusters along existing infrastructure corridors and establishing transformative multi-sectoral public-private partnerships and providing catalytic financing to attract capital from domestic and international, public and private sources.

**Agri-Enterprise** and **Agri-business** - used interchangeably, refer to the enterprise development activities of a farmer organization, an informal farmer group, a marketing cooperative or cottage microenterprise, a small agro-processor or a large buyer.

**Farmer organizations** - refer to formal or informal (registered or unregistered) membership-based collective action groups serving its members, who receive part or all of their livelihood from **agriculture**.

**Inclusive Agri-business program** - refers to sustainable and equitable commercial operations that link low-income communities and smallholder farmers/fisherfolks to the entire commercial supply or value chains to lift them out of poverty and stimulate overall rural development.

**Small Farmers and Fisherfolk** - refers to natural persons dependent on small-scale subsistence farming and fishing activities as their primary source of income.


### III. OBJECTIVES AND OUTCOMES

The *Inclusive Agribusiness Development Program*, the Flagship Program of the Department of Agriculture, is a policy-based intervention aligned with the ABC development approach that would enable the State goals and the United Nations Sustainable development goals (SDGs) to be achieved. Its objectives are as follows:

1. Ensure food security and increase productivity, develop rural agro-enterprises, catalyze agro-industrialization through technology innovation and efficiency in food logistics to ensure access to safe, nutritious and affordable food for all;
2. Provide opportunities for smallholder producers to engage in profitable agriculture by providing incentives for stronger linkages between smallholders and commercial agribusinesses, including "hub and outgrower" schemes that allow smallholders in the vicinity of large-scale farms to access inputs, extension services, value-adding facilities and markets.
3. More importantly, under a post-COVID 19 environment, serve as the platform to drive regional economic transformation from traditional farming to globally competitive agribusiness sector.

It is envisaged that having achieved all these objectives the desired outcomes of the ABC- Inclusive Agribusiness program implemented through the hub and spokes mechanisms are:

1. Increased number of farmers and fisherfolk enterprises with value-adding products that are integrated in a particular agri-industry sub sector.
2. Scalable agri-business enterprises supported and sustainable business relationships established among the chain players (e.g. producers, processors, consolidators, exporters) that are facilitated by the establishment agro-industrial facilities.
3. Stronger support on the local food systems by leveraging resources through public-private-community partnerships.

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#### IV. PROGRAM FOCUS

An Agri-Industrial Business Corridor is a “smart” tool for *integrated territorial planning* that combines interventions in infrastructure (and related services) with specific actions to boost key agriculture sectors. These could be described as “**Islands of Competence**”, that is, areas that stand out on the basis of their sustainable competitive advantage, grounded in economic performance. One possible basis for identifying potential ABCs are the current flows of agricultural products, especially the champion commodities from the production areas to the distribution centers.

The strategic pillars of an ABC are infrastructure development, investment promotion, agri-business development and climate change resiliency and natural resource management. These pillars consist of spatial development initiatives that include the core transport infrastructure and logistics, institutional frameworks and procedures, anchor and cluster projects and the inclusion of communities and small businesses. They provide the solid foundation for an efficient agricultural value chain from input supply, farm production, assembly, processing and distribution.

The ABC is an integrative strategy that enables industrial proliferation, creation of jobs, upgrading of infrastructure, alignment of infrastructure development with urban and social agglomerations, unifying domestic markets, linking production centers with global value chains, decentralization of development away from the country's capital city and creation of markets in the lagging regions. Thus, a growth corridor program *encompasses a set of coordinated actions* that ensure a critical mass of investments with the ability to transform the territory. Corridors are intrinsically conducive to *generating multi-stakeholder strategic alliances* for development, with the participation of local and central public authorities, private actors and donors, among others.

The strategies therefore for the spatial development of ABCs may not be uniform per region since it is dependent on the particular multi-dimensional characteristics of the areas. Basic however to these ABCs is the inclusion of smallhold farms into the corridor and farm clustering such as contract or cooperative farming to ensure economies of scale in the value chain. Farms producing certain products may or may not be contiguous. Some of these production areas may choose to specialize in certain commodities while others may decide to produce a variety of high value crops. Irrespective of the production schemes, what is common among them is the provision of support facilities and services to ensure the efficiency of the value chains within the ABCs. These support facilities may be centrally located in agribusiness hubs or may be dispersed along the Agribusiness corridors, which is especially true if these facilities are already in place before the ABCs are organized into one efficient product highway from production to distribution. It may include among others seed production facilities to ensure the availability of quality seeds, technology incubation parks for facilitating the maturation of technologies, and agri-parks which can be described as areas of intensive, contiguous, parcel of land for agricultural production which sees to integrate all facets of the agricultural value chain from pre-production to production, post harvesting and marketing.



### ***Territory-based Spatial Planning and Development***

This includes the establishment of Agro-industrial Business Corridors (ABC), different forms of agro-cluster farms and food logistics, common facilities, national seed technology parks, agri-economic zones and business incubators in agriculture (BIAG) which aim to attract private sector investments, mainstream Farmer Cooperatives and Associations (FCAs) in agricultural value chains and create an enabling environment for nascent enterprises and small businesses to grow.

### ***Key Investment Areas***

The three key investment areas are public investment, small and medium enterprise (SMEs) investments and larger scale commercial investments. Public investments include agricultural support programs and related infrastructure along the corridor such as extension services, roads, railroads, ports, irrigation facilities. SME investments include catalytic funds to provide funding for local smallhold groups and local SMEs seeking to invest in agribusiness projects and related infrastructure (logistics, storage, common facilities, business incubators and others) in the corridor. The larger-scale commercial investments refer to corporate investments in larger scale projects in the corridor that are beyond the capacity of local SMEs and best not managed by the public sector such as agro processing units, power generation, transport infrastructure, etc.

### ***Agricultural Value-Chain***

The Inclusive Agribusiness Program will provide the framework for linking the different programs of the Department of Agriculture. It shall bring together initiatives on agricultural and fishery production clusters, agro-industrial hubs, agri-technology parks, agribusiness incubators, food logistics and fresh food markets, providing strategic infrastructure support and attracting private sector investments to address structural inefficiencies in food value chains. All these are geared towards mainstreaming the smallholder farmers and fishers to the market to unleash the economic potential of the sector.

### ***Sustainable Financing and Risk Reduction Mechanisms***

It is important to identify and engage with the right organizations to define and deliver the exact types of financial and insurance services required in the corridor. This would mean determining the optimal financing mix from financial institutions and donors that originally convene the corridor, or from new private sources (such as banks and insurance companies) or other donors (bilateral agencies, multilateral development banks and large foundations).



### ***Change Agents***

The success of any agricultural transformation relies on how well millions of small farm holders and small and medium-sized enterprises can be helped to change their farm practices as quickly and effectively as possible. Change agents are essential for promoting, championing, enabling and supporting changes in the system. Their focus is on people and the interactions between them. In private sector transformation, leadership training and peer networks is essential. One development intervention that may be included in the program is the training and business development services to the enterprises.

## **V. PROGRAM IMPLEMENTATION**

As part of the Bounce Back strategy under the Bayanihan 2 Act, the Inclusive Agribusiness Program will facilitate the establishment of support facilities such as the following.

### **Sustainable Financing and Risk Reduction Mechanisms**

The establishment of a catalytic fund to support area-based interventions to achieve the industrialization of the sector and facilitate innovative agribusiness by attracting private sector investments with their new technologies and business skills.

### **Cluster Farm Development**

Cluster-based development shall include the following activities: identification of strategic initiatives and commercial opportunities; financing and mobilizing investments; continuous monitoring and evaluating investments; and ensuring sustainability. This will be guided by the following:

1. Institutionalization of localized intervention and services carried out at the community level to enhance food security and nutrition, livelihood opportunities and poverty;
2. Heightened awareness and science-based, knowledge and technology-driven and inclusive market-oriented development strategies for developing the sector;
3. Increased peoples' participation – young farmers, NGOs and private sector using viable, scalable and sustainable approaches; Improved governance regime, social safety nets and favorable climate for nurturing inclusive agribusiness.



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## **Food Logistics and Interconnectivity Support**

The Inclusive Agri-business program shall provide support services in production, processing, distribution, and disposal to improve the efficiency of moving food products along the market supply chain. These services will include among others digital communications and transportation support services, cold storage and warehouses, processing and packaging common facilities.

Transportation is the means by which inputs and commodities are transferred from one point to another. In particular, the program will provide cold chain transportation where a temperature-controlled land vehicle will be used to extend and ensure the quality of agricultural products. Transportation which shall be known as agri-mobiles shall provide transfer services from the clustered farm areas to the agro-industrial hubs or to processing centers.

A food warehouse and cold storage is a critical link in the food chain from the producer farmer or fisher to processors or packagers to distributors or retailers or consumers. These storage facilities will be used for storing commodities for either long or short periods of time and for distribution in normal food channels.

Food processing and packaging involves the transformation of raw animal or plant materials into consumer-ready products with the **objective** of lengthening their shelf lives to reach the consumer in the most economic way possible and create **ease** of storage.

## **Incubation startups**

Incubation startups in an inclusive agribusiness ecosystem provide for dynamic, interactive community within a geographic region and composed of varied and inter-dependent actors (e.g. entrepreneurs, institutions and organizations) and factors (e.g. markets, regulatory framework, support setting, entrepreneurial culture) which promote value creation over time.

The DA recognizes in an inclusive agribusiness arrangement the high success rate of start-ups that involves, for instance, a) creating business incubation in agriculture and technology parks at the DA Regional Research Centers, partnership with agricultural state universities and colleges, and private-run agribusiness incubators, b) establishment of nucleus and multiplier farms for improving breeds in livestock, hybrid for coconut plantation, fingerling/fries, seed incubators in high-value crops, OPV and hybrid in rice, c) mainstreaming smallholder farmers/fishers in the value chain (rice processing centers, coconut processing plants, etc), and d) increasing success rate of existing enterprises (e.g. bangus, salted egg and cassava processing among others).



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Inclusive agribusiness shall provide the business environment that can assist particularly smallholders to be a part of the ecosystem, to thrive in it and eventually, to comply with market standards, certification requirements and buyers preferences and equitably, to be able to stand side by side with big farm holders in the value chain.

Lastly, it is vital to the sustenance of Inclusive agribusiness to provide the necessary support of the financial system within the operating ecosystem and for the program to have a viable long term growth and development that will benefit all stakeholders.

### **Technology and Knowledge Transfers**

Inclusive agribusiness shall provide the platform for smallholders to access technological innovation to improve efficiencies in the primary production, farm consolidation and clustering and product value-addition. Opportunities through

training, education, networking, alliance, and other technology-based and knowledge-based transfers including areas on financing (loans) and access to credit shall be made available through the Business Incubator in Agriculture (BIAG) project.

### **ABC Pilot Areas**

The ABCs are projected to unleash the growth potential of the sector as DA amplifies inter-agency collaboration to promote and attract location-focused public and private investments interconnecting access to raw materials, market, technology, infrastructure and utilities. This completes the DA's survival-reboot-grow strategy through its Plant, Plant, Plant Program (P4) and onward to ABC's Connectivity, Competitiveness and sense of Community (C3).

Pilot project on the IA/AIH with the Bases Conversion and Development Authority (BCDA) through the New Clark City – Department of Agriculture (NCC-DA) Agro-industrial Hub and with the City Government of Taguig for its IA/AIH MAAGAP Taguig to provide scalable business models linking agricultural value chains with good infrastructure, logistics and market connectivity.

## **VI. TARGET BENEFICIARIES**

The target beneficiaries of the Program are farmers/fisherfolk and their organizations, producer groups and Micro, Small and Medium Scale Agri-fishery Enterprises as defined under Section 5 of "Sagip Saka Act" (RA 11321); corporations operating and registered with the Securities and Exchange Commission and corporations and federations of cooperatives registered under the Cooperative Development Authority.



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## **VII. IMPLEMENTATION STRATEGY**

### **Project Management Set Up**

#### ***Steering Committee***

It is composed of representatives from concerned DA offices that will be headed by an Undersecretary, to prepare and oversee the implementation of the program and formulation of policies aimed to optimize public investments, harness institutional partnership and synergies, and attract private sector participation in agribusiness development. The Committee shall meet regularly and conduct program review, assess the progress and milestones as well as monitor the attainment of outcomes and impact in line with the DA's rebooting and grow strategy amidst pandemic.

Composition:

Chairperson: DA Undersecretary for Agri-Industrialization and Fisheries

Vice-chairperson: DA Undersecretary for Policy and Planning

Members:

Assitant Secretary for Agribusiness and Marketing Assistance Services  
Director, Bureau of Agriculture and Fisheries Engineering  
Director, Bureau of Agriculture and Fisheries Standards  
Director, Bureau of Agricultural Research Director, Bureau of Plant Industry  
Director, Bureau of Soils and Water Management  
Director, Project Development Service  
Director, Agricultural Training Institute  
Director, Special Area for Agricultural Development

#### ***External Review Panel***

Whenever necessary, a panel of experts will be tasked to oversee and elevate science quality to global standards, harmonize initiatives between DA and other implementing agencies, screen and endorse project proposals for approval by the Steering Committee and evaluate the performance of the program in collaboration with external partners. Its Chair and members shall serve on-call.

#### ***Project Management Office (PMO)***

A PMO will be created to manage the day-to-day operations, coordination and activity-based monitoring; develop new programs, provide administrative support in the roll-out of IAP and its various derivatives as defined in this Order; and recommend policies to the Steering Committee to effectively achieve the goal and objectives of the program. There will be National and Regional level PMOs.



## National Program Management Office (NPMO)

The NPMO shall be the overall lead and shall serve as the operations center for the implementation of the Agro-Industrial Business Corridors (ABC).

The specific functions of the NPMO are the following:

1. Provide lead coordination across different ABCs, hubs and cooperating agencies;
2. Serve as the national secretariat of the ABC Advisory Board;
3. Identify potential ABC areas in coordination with the regional offices;
4. Layout requirements and processes for the establishment of an ABC;
5. Consult and coordinate with representatives of both private and government agencies;
6. Establish information, education and communication capacity and produce the necessary materials and platforms for these;
7. Promote ABC to various publics particularly the national bodies;
8. Provide technical support to interested private investors along the ABC;
9. Provide project management information and decision points to the Regional PMO and assist in communication of decisions and directions;
10. Review and consolidate accomplishment reports of the RPMOs;
11. Conduct periodic inspection of the ABC sites and monitor the performance of program activities;
12. Provide inputs in the implementation and operational guidelines and outline a well-defined project management process;
13. Assist in addressing requests and issues on the services provided by the ABCs;
14. Facilitate the conduct of capacity building, training, and workshops for stakeholders;
15. Establish and monitor the overall online database of key stakeholders;



## **Regional Program Management Office (RPMO)**

The Regional Program Management Office (RPMO) shall serve as the main coordination and implementing unit of the ABC program at the regional level. There shall be 5 members of the RPMO , composed of the Regional Executive Director as head and 4 members from the relevant offices.

The specific functions of the RPMO are the following:

1. Oversee the overall operations of the ABCs at the regional level; Validates and evaluates the potential ABC sites for endorsement to the NPMO;
2. Provides coordination across specific ABCs, hubs and cooperating agencies at their respective regions;
3. Prepare guidelines on the implementation of the ABC Program in their respective region.
4. Lead the identification of champion commodities in the regional setting;
5. Lead the promotion of the ABC Program at the regional and local level;
6. Lead in the monitoring and evaluation in the implementation of ABCs in their respective region;
7. Assist the NPMO in the inspection of ABC sites and other monitoring activities;
8. Escalate and address issues that other RPMO might encounter such as difference in resources, market, facilities, etc.;
9. Ensure efficiency in production and supply chain to avoid wastage of agricultural products;
10. Create an interactive environment that is inclusive of different stakeholders and interested individuals



### III. BUDGET

The budget for Agri-Business Corridors - Inclusive Agribusiness, its derivatives and implementation strategies for its first year of implementation is One Billion One Hundred Fifty Million Pesos (PhP 1.150 B).

Done this 4th day of May, 2021

  
**WILLIAM D. DAR, Ph.D.**  
Secretary

DEPARTMENT OF AGRICULTURE  
  
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