

Civil Society Monitoring of the Medium Term Philippine Development Plan (MTPDP)¹

Assessment of the Agriculture Performance of the Macapagal-Arroyo Administration (2004-2006)

By Ernesto Lim, Jr., AR Now!

I. Introduction/Background

In her 2004 State-of-the-Nation Address (SONA), President Gloria Macapagal-Arroyo announced her program for the development of two million hectares of new agribusiness lands.

At the time of her pronouncement, there seemed to have been no clear policy yet on how such a goal would be achieved. Officials of the Department of Agriculture, at that time, had admitted that there was still no policy or clear concept for the said program.

The said program was formally institutionalized with the issuance by President Gloria Macapagal-Arroyo of Executive Order No. 333, which created the Office of the Presidential Adviser for Jobs Generation [OPAJG] and mandated it with the tasks of creating 6-10 million jobs and the development of 1 to 2 million hectares of agri-business lands within the next 6 years.

However, it was only after the final draft of the Medium-Term Philippine Development Plan (MTPDP) for 2004-2010 was released that clearer information on the 2 Million Hectares for Agribusiness Development Program was made available.

This paper attempts to assess the targets set and accomplishments made under the MTPDP for the development of two million hectares of new agribusiness lands (commonly referred to “Goal 1”).

¹ The Civil Society Monitoring of the MTPDP is a continuing effort of the Caucus of Development NGO Networks (CODE-NGO) with other civil society organizations; for this assessment, CODE-NGO worked with the Citizens for ConCon (C4CC), Foundation for the Philippine Environment (FPE), Institute on Church and Social Issues (ICSI) People’s Campaign for Agrarian Reform Network (AR Now!), Dr. Cielito F. Habito, Dr. Edsel L. Beja, Jr. and Mr. Roy Cabonogro.

II. MTPDP Targets and Accomplishments for Agribusiness

Table No. 1 below presents the major targets and commitments made by the Arroyo administration under the Agribusiness chapter of the 2004-2010 Medium-Term Philippine Development Plan (MTPDP).

**Table No. 1: Major MTPDP Targets & Accomplishments
2004-2010**

MTPDP Targets	Accomplishments
A. Goal 1	
1. Develop at least two (2) million hectares of new agribusiness lands within six (6) years	- 261,177 hectares developed as of May 31, 2006 >For 2005: only 57% of target >For Jan-May 2006: only 13% of target for the whole 2006
2. Create at least two (2) million jobs from the activities of target no. 1	- 397,998 jobs created as of May 31, 2006 >For 2005: only 60% of target >For Jan-May 2006: only 12% of target for the whole 2006
3. Complete the identification, validation and prioritization of new lands for agribusiness by June 2005	- Only 766,026 hectares validated as of May 31, 2006
4. Complete surveys, classification and distribution of at least 760,080 hectares of public alienable and disposable lands by 2010	- No report
B. Goal 2	
1. Make food plentiful at competitive prices where the cost of priority “wage goods” such as rice, sugar, vegetables, poultry, pork and fish and other important non-wage goods like corn must be reduced.	- No report
2. Allocate 17 billion pesos yearly in addition to the annual budget of the DA for agricultural and fishery modernization	- No “over and above” AFMA budget

Sources: 2005-2010 MTPDP Agribusiness Chapter, DA Report on Development of New Lands for Agribusiness

The Arroyo government aims to develop a total of 2,047,400 has. of new lands for agribusiness and, subsequently, generate 2,871,525 jobs from 2005 to 2010. Table No. 2 enumerates the exact yearly targets for Goal 1.

**Table No. 2: Targets on New Lands & Job Generation
2005-2010**

Year	Hectares	Jobs
2005	357,650	600,478
2006	400,570	557,988
2007	408,580	559,988
2008	367,220	559,517
2009	293,770	472,897
2010	219,610	417,407
Total	2,047,400	2,871,525

Source: DA

Of the two million hectares to be developed under Goal 1, some 1.3 million hectares would be coconut lands. This is followed by corn lands covering 175,625 hectares.

**Table No. 3: Targets on New Lands & Job Generation
by Commodity, 2005-2010**

Commodity	Targets	Jobs
Coconut	1,324,644	1,387,169
HVCC		
<i>Mango</i>	<i>23,670</i>	<i>82,847</i>
<i>Vegetables</i>	<i>27,615</i>	<i>47,280</i>
<i>Others</i>	<i>343,229</i>	<i>343,229</i>
Sugar	20,410	20,410
Abaca	50,390	100,780
Corn	175,625	175,625
Livestock	45,200	45,200
Fisheries	36,617	668,985
Total	2,047,400	2,871,525

Source: DA

III. Assessment and Analysis

1. Computation for jobs generated

The reported accomplishments for jobs generated are merely estimates on a jobs per hectare basis. For example, the DA merely computes and assumes that for every hectare of banana area developed three (3) jobs were generated.

The computation for jobs also considers the following assumptions:

- For crop production, 90 person-days equivalent to 1 job/hectare
- For seaweed production, 45-person days equivalent to 1 job/hectare

Another issue with the “jobs generation” framework is that people really want and need quality and sustainable employment or livelihood and not 90 person-day jobs.

Table No. 4 shows the DA's computation for jobs per hectare generated for every crop/commodity.

Table No. 4: Computation for Jobs

Commodity	Coefficient (jobs/hectare)
Coconut (new plantings)	1.0
Intercropping	
Banana	3.0
Corn, Cassava, Peanut, Pineapple	1.0
Mango	
Cassava, Durian, Pineapple, Coffee, Sweet Potato, Jackfruit, Citrus	1.0
Banana, Rubber, Cotton	1.0
Vegetables (carrots, cabbage, white potato)	2.0
Sugar	1.0
Abaca	2.0
Corn	1.0
Livestock/Pasture Land	1.0
Aquaculture/Fishponds-Tilapia	27.0
Mariculture/Fish Cages-Bangus, etc.	10.0
Seaweeds	20.0

Source: DA

2. Low accomplishments for 2005 and 2006

Table Nos. 5 indicates that the Arroyo government was only able to develop 202,668 hectares of new lands or just 56.67% of its target of 357,650 hectares for 2005. At the same time, it only created 313,291 jobs or 60.12% of its target for 2005 of 521,093 new jobs.

**Table No. 5: Targets & Accomplishments on New Lands & Job Generation
2005**

Commodity	Target		Validated		Developed		% Developed vs. Target	
	Has.	Jobs	Has.	Jobs	Has.	Jobs	Area	Jobs
Coconut	151,539	151,539	195,882	195,882	78,903	81,102	52.07	53.51
HVCC	135,171	142,120	175,001	202,884	61,275	69,134	45.33	48.64
Sugar	-	-	1,176	1,414	13	12	-	-
Corn	48,771	31,146	55,042	34,901	43,542	29,112	89.28	93.47
Abaca	9,337	18,674	10,785	21,569	8,589	16,472	91.99	88.20
Livestock	3,482	3,482	4,535	4,535	1,581	1,581	45.40	45.40
Fisheries	9,351	174,132	13,750	224,958	8,765	115,879	93.74	66.55
Total	357,650	521,093	456,171	686,143	202,668	313,291	56.67	60.12

Source: DA

For 2006, the Arroyo administration is again expected to fail to meet its targets as, with almost half of the year already over, it has only been able to develop 58,509 hectares of new

agribusiness lands or only 12.62% of its target. Meanwhile, it was only able to generate 84,707 new jobs or just 12.46% of its target 679,915 new jobs.

**Table No. 6: Targets & Accomplishments on New Lands & Job Generation
January to May 2006**

	2006 Target	Accomplishment	%
Hectares	463,455 ²	58,509	12.62
Jobs	679,915 ³	84,707	12.46

Source: DA

The low accomplishment for first five months of 2006 has been attributed by DA to the following factors, or the lack of them:

1. Availability of quality seeds and planting materials
2. Accessibility of credit facility
3. Establishment of infrastructure support
4. Immediate market linkages
5. Participation of stakeholders

The low accomplishments for 2005 and the first half of 2006 also confirmed earlier critique on the government setting targets (i.e. to develop two million hectares of new lands for agribusiness) which it cannot meet since its accomplishment is dependent on the decision of the private/business sector to participate in the said program.

3. The strategy is focused on expanding the effective production areas for agriculture and fisheries but the real issue is lack of investments in agriculture.

Under Goal 1, the main strategy and objective is to identify and develop “new lands” for agribusiness.

By “new lands,” the DA is referring to (a) underutilized farm lands which can be made more productive through increased cropping intensity, intercropping and diversification, (b) idle and marginal lands, including denuded upland areas, and (c) idle off-shore and inland bodies of water for aquaculture.

The plan/strategy seems to assume that if “new lands” are identified then agribusiness or private investors will come in to develop these areas and make them more productive.

However, the plan has very little interventions in terms of providing incentives for agribusiness to invest in these lands. It also does not provide interventions (i.e. provision of credit/capital, etc.) for building the capacity of agrarian reform beneficiaries (ARBs) and farmers’ cooperatives to be able to invest and engage in agribusiness activities.

² Does not match with DA’s matrix for targets in table no. 2

³ Does not match with DA’s matrix for targets in table no. 2

These “new lands” are idle and underutilized mainly because its owners either do not have the capital to cultivate the said lands or agricultural ventures are considered too risky and minimally profitable. Thus, mainly identifying and labeling lands as “new lands” will not necessarily lead to more private sector investments.

4. Funds to be utilized for Goal 1 to come from the ARF, recovered Marcos ill-gotten wealth and coconut levy funds

Peasant groups and agrarian reform advocates have been pushing for the convergence or utilization of existing regular funds of the DA and other CARP implementing agencies for agrarian reform beneficiaries to augment the limited funds for CARP.

However, the government seems to be planning the opposite as the MTPDP states that the Agrarian Reform Fund (ARF), funds from recovered Marcos ill-gotten wealth and coconut levy funds will be utilized for the implementation of Goal 1.

This would be acceptable as long as the said funds are actually used for their intended beneficiaries (the ARF for agrarian reform beneficiaries, coconut levy funds for small coconut farmers, etc.) and not the said funds being used for areas being developed by big agribusiness. But this is not clear.

5. Prices of “wage goods” going up rather than down

With regards to Goal 2, the Arroyo administration has also failed to achieve its objective of lowering the price of “wage goods.” Table No. 7 indicates that the prices of most of this so-called “wage goods” have actually gone up since the President’s SONA last July 2004.

**Table No. 7: Prices of “Wage Goods”
at prevailing prices, July 2004, July 2005 & July 2006, in PhP**

Commodity	July 17, 2004	July 19, 2005	July 18, 2006
1. Rice (ordinary)	19	22	22
2. Fish (tilapia)	75	70	70
3. Sugar (refined)	27	30	38
4. Chicken (dressed)	100	110	110
5. Pork (ham)	135	145	140

Source: BAS, Market Prices of Selected Commodities in Metro Manila

IV. Recommendations

1. Increase government spending (i.e. infrastructure, support services, credit, over-and-above AFMA budget, etc.) in agriculture.
2. Truly implement MTPDP for agriculture but focus on small farmers, ARBs and fisherfolk, rather than on big agribusiness and on “land”.

3. Ensure that funds accessed from the Agrarian Reform Fund, coconut levy funds, recovered Marcos ill-gotten wealth to be used in connection with the 2 million Hectares for Agribusiness Development Program are actually used for the agrarian reform beneficiaries and small coconut farmers and farm workers their intended beneficiaries and not to support big agribusiness.

x x x

24 July 2006