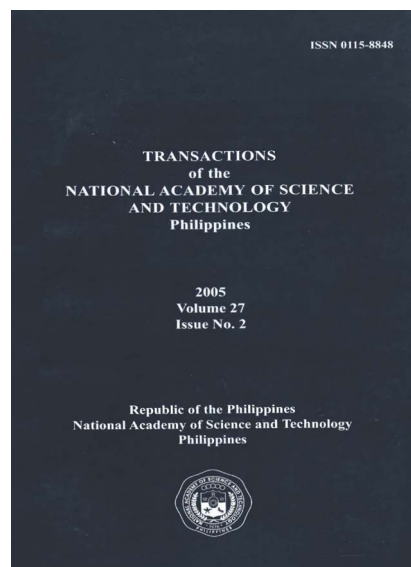


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Enabling Environment for PA 2020

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Philippine Agriculture 2020: A Strategy for Poverty Alleviation, Food Security, Global Competitiveness, Sustainability, Justice and Peace

ENABLING ENVIRONMENT FOR PA 2020

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First let me congratulate the leadership of NAST for this important initiative. I believe the initial importance of this undertaking is the way the NAST has become an advocate for the development of Philippine agriculture and the rural sector. I wish to thank the organizers for the invitation to participate as a panelist and I consider it as a rare honor and privilege to share my perspective and views on Philippine Agriculture with this group of eminent scientists and academicians in the country.

I also would like to congratulate the writing panel for a job well done although many more things are needed to complete the draft. I know you have put quite an effort to produce this document and it comes very timely because having seen agriculture in many other countries in the region, it saddens me to know that the performance of our agriculture can quite be quickly summarized as having lagged behind those of other countries in the region. More disturbingly, the growth rate of Philippine agriculture, during that period, if you take away the first few years of this millennium, has lagged behind the country's population growth rate. However, I share the vision of hope and confidence that the previous speakers so eloquently conveyed. The reasons and causes behind the performance have been expertly assessed and analyzed in many documents and the present volume in progress also represents an attempt to comprehensively evaluate and integrate all aspects of knowledge on this topic. I share the many visions and recommendations contained therein and after hearing the Secretary of Agriculture, the keynote speaker this morning, there seems to be very little to add.

However, I would like to see this great vision articulated in terms of strategy, a complete agenda of action plans, a road map that states what

needs to be done by whom and when, who should do what in the next 6 months, in the next year, in the next 5 years and so on and so forth. It would have to lay out the resource requirements to realize the vision and where the resources would come from. In this regard, I would only add that we should be realistic in terms of what the public sector can do and can spare. The crucial role, in my view, of the public sector lies in the provision of an enabling environment that will encourage participation and initiatives in the development of agriculture in the rural sector. This includes supplying of public goods and preventing market failures through appropriate policies. The distinction between the roles of the public and the private sectors need to be embedded in the strategy and road map in order to assure that we would have a sustainable approach to agricultural and rural development. Indeed, the role of government can easily be overly estimated and it could become overbearing as to stifle private sector initiatives.

I also agree with the other speakers on the need to move the strategy and road map away from a commodity-by-commodity approach and to be more oriented to the development of resources and endowments of farmers, particularly the small and marginal farmers. I believe that the PA 2020 has made references to this, moving away from commodity-by-commodity approach. Nonetheless, there seems to still have a focus on a few commodities in the outline of the action plan, although I noted from Dr. Javier's presentation that this is because the other contributions have not yet come. I am sure this apparent inconsistency between the recommendation in the main document and what the outline implies would be remedied in finalizing the strategy document.

Let me then make some comments on competitiveness as one of the dimensions of the vision. Here I would say that affordable prices of food as well as price stability are a necessary condition before competitiveness. Our studies show that food price levels and stability can make a difference in poverty incidence by as much as 12–15% points in the short run. Food security in nutrition and health linkages can accelerate the demographic transition to a lower fertility rate. Demographic transition is needed to reduce household dependency rates and that way generate internal savings that would fuel economic development. This is an important consideration that has not been taken into the policy thinking in the country. The experience in East Asia is essentially that the demographic transition increased savings rate that fuel the investment that was needed for the economic development.

I would emphasize, however, that low and stable prices of food must be mediated through productivity gains. The productivity gains must cut

across commodities as opposed to emphasis on single crops. Why? This is because the aggregate agricultural supply must shift to the left for the gains to be sustainable. The problem with emphasizing commodities is that what you gain in one, you might lose in the other because they compete in production resources and prices. So what fundamental ways should be followed? One is to focus on applied research and development and its delivery mechanisms because the conveyor of technology from the laboratory to the farms is the seed. Thus, the document must give some thoughts on how to encourage development of a vibrant, competitive, private sector-driven seed industry. Without this, the technology will not be available to the farmers. The second point I want to emphasize is the improvement of the resource-base of the small and marginal farmers, the adoption of land-augmenting technology because land is scarce and the adoption of small-scale low-cost farmer-own irrigation technology. These will offer some opportunities to mitigate the constraints.

I fully endorse the recommendation of PA 2020; this is quite doable with a short gestation period. I'd like to end my comments with some caution about asset reform. I'm not against it; on the contrary, I am for it but the way it is done must be thoroughly and critically analyzed and evaluated. Not doing it could introduce so much uncertainty which might deter the needed investment in various sectors. Once again, thank you very much for this opportunity.

