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**Impact of Government structure and interventions and
social capital on the transformation of the smallholder
vegetable industry: The case of Barangay Songco,
Lantapan, Philippines**

Glory Dee Romo, Colin Brown, and Rob Cramb

Contributed presentation at the 60th AARES Annual Conference,
Canberra, ACT, 2-5 February 2016

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**Impact of Government structure
and interventions and social
capital on the transformation of
the smallholder vegetable
industry: The case of Barangay
Songco, Lantapan, Philippines**



**Glory Dee Romo
Colin Brown
Rob Cramb**

The University of Queensland

**The 60th Annual Australian Agriculture and
Resource Economics Society**

Background

While crop production is more than half of the agricultural production, the major vegetables have a share of only 2.76% to the total value of agricultural production (2000-2014)

Annual growth rate of the value of all vegetables -2.12% (2000-2014)

- < growth rates all major crops -2.73%

- < growth rates all crops - 2.54%

- < growth rate of total value of agricultural production -2.45%

Reliance of the vegetable farmers to the traditional marketing systems

Inability of the smallholders to sustain a vegetable marketing collaboration

Background

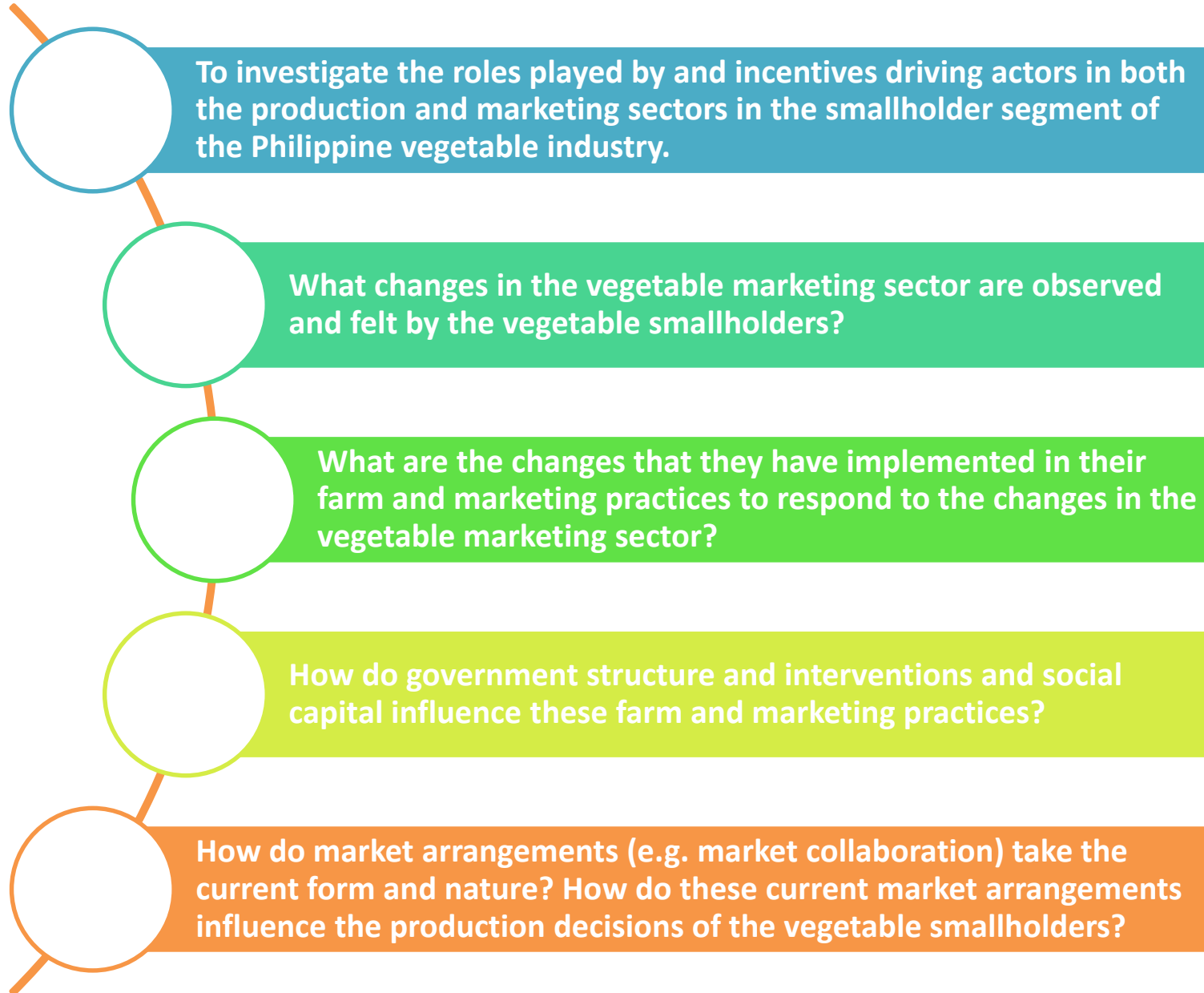
Agriculture contributes 10.02% to the total value of the Gross Domestic Product (GDP) and is third only to service (55.55%) and industry (33.43%) sectors in 2014 (PSA, 2015)

Its annual growth rate from 2000 to 2014 was the lowest among the three sectors at 2.60% and lower than the GDP annual growth rate of 5.02%

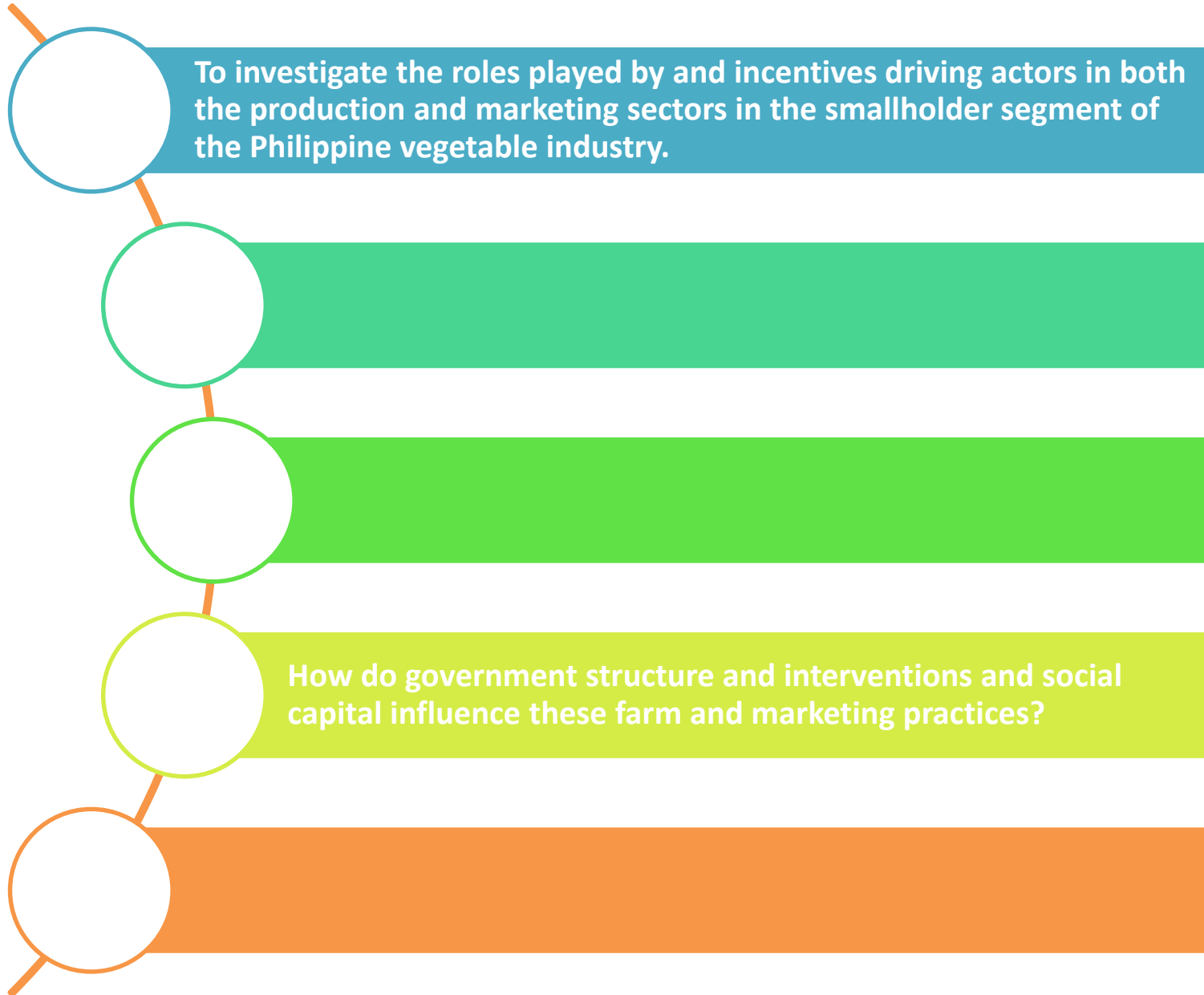
The growth of the agriculture did not meet the target set in the Medium Term Philippine Development Plan (MTPDP) 2004-2010

The target annual growth rate from year 2011 to 2016 had been raised to 4.6% to 5.7% (NEDA, 2011b)

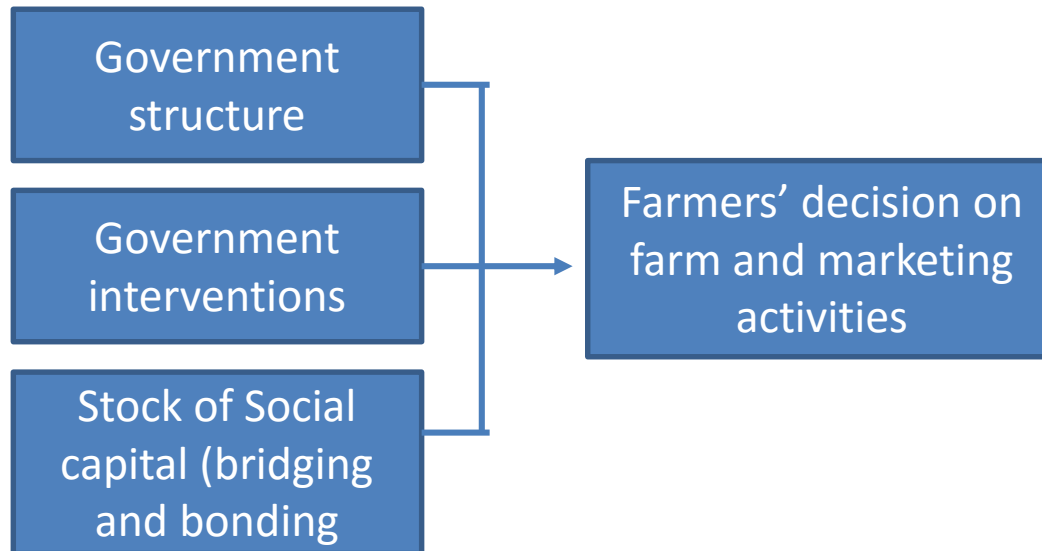
Objective and Research Questions



Objective and Research Question



Conceptual Framework



Use of case studies

1) Broccoli – high value crop

2) Potato – with long storage life

3) Tomato – high perishability

Research Location

Municipality of Lantapan, Bukidnon



not to scale

Source: Pailagao et al, 2010

Government structure and interventions

**Corazon Aquino Administration:
1986 -1992**



**Fidel Ramos administration:
1992-1998**



**Estrada administration
1998-2000**



**Gloria Macapagal-Arroyo
administration: 2001-2004**



**Gloria Macapagal-Arroyo
administration: 2004-2010**



**Benigno Aquino III
administration: 2010-2016**



Government structure and interventions



1986 -1992

This administration has adopted the agro-industrial development strategy but a product-oriented approach.

A study conducted by Allen & Dy (1990), however, pushed for an agribusiness framework

Decentralization of government structures

Government structure and interventions



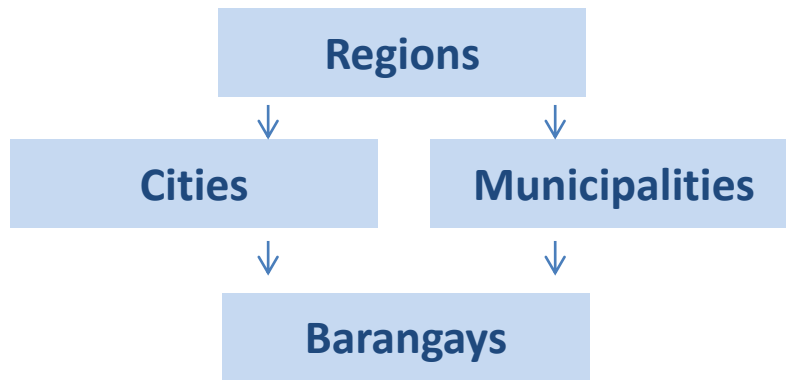
1986 -1992



REPUBLIC OF THE PHILIPPINES

DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT

Number of Provinces, Cities,
Municipalities and Barangays by Region
as of March 31, 2014



REGION	PROVINCE	CITIES	MUNICIPALITIES	BARANGAYS
NCR		16	1	1,706
I	4	9	116	3,265
II	5	4	89	2,311
III	7	14	116	3,102
IV-A	5	18	124	4,011
IV-B	5	2	71	1,458
V	6	7	107	3,471
VI	6	16	117	4,051
VII	4	16	116	3,003
VIII	6	7	136	4,390
IX	3	5	67	1,904
X	5	9	84	2,022
XI	5	6	43	1,162
XII	4	5	45	1,195
XIII (CARAGA)	5	6	67	1,311
CAR	6	2	75	1,176
ARMM	5	2	116	2,490
TOTAL	81	144	1,490	42,028

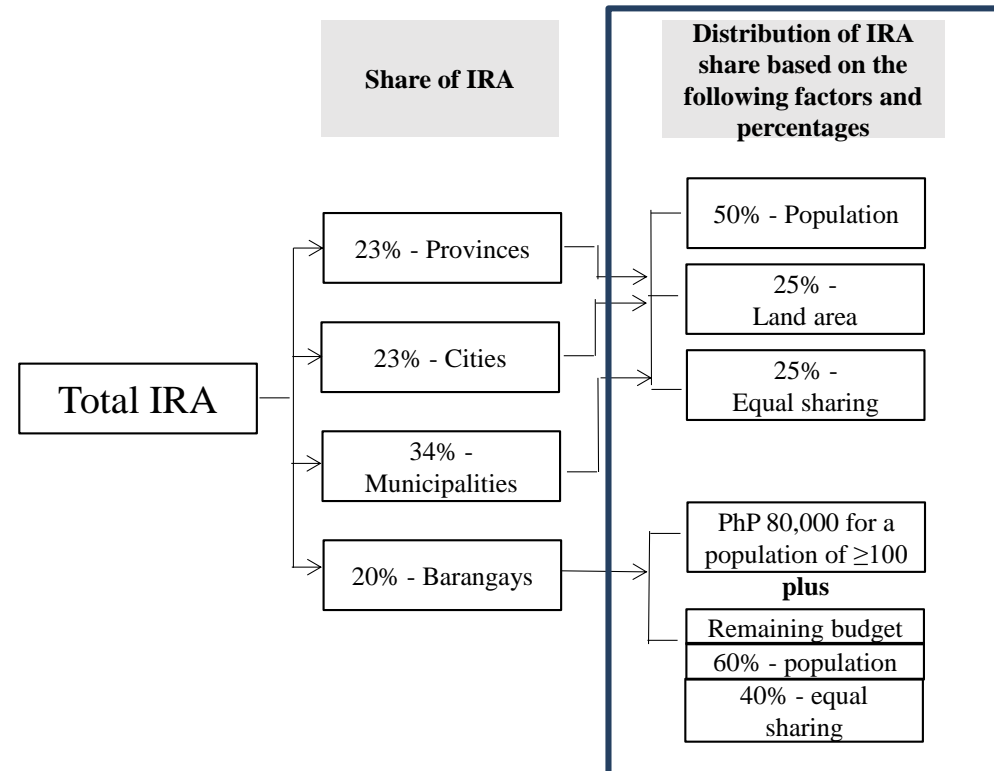
Source: DILG, 2014

Government structure and interventions



1986 -1992

Fiscal autonomy: Internal revenue allotment

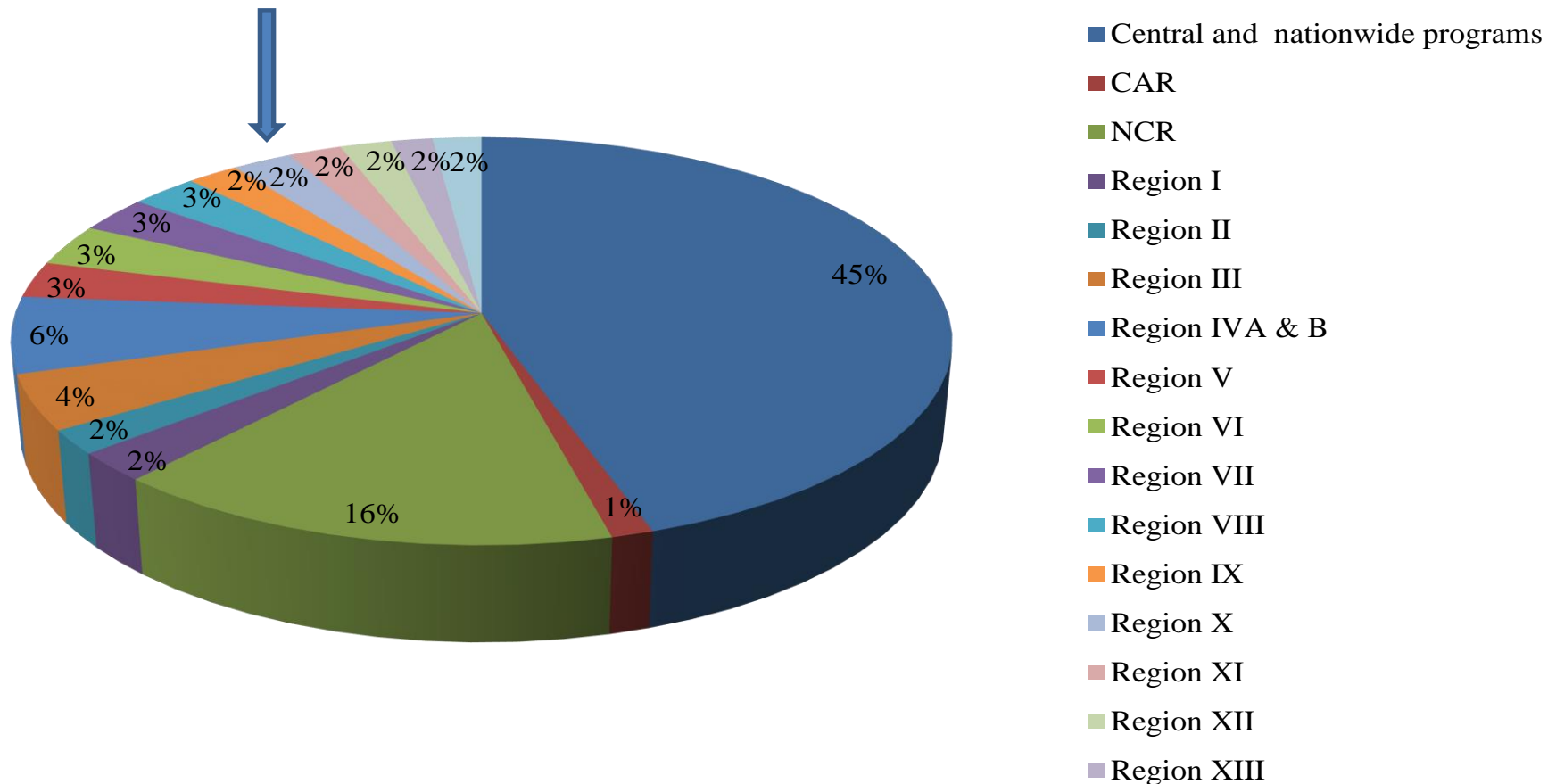


Government structure and interventions



1986 -1992

Fiscal autonomy: 2015 National budget



Government structure and interventions



1992-1998

One of the priorities was on strengthening domestic industries for international market.

AFMA 1997: production of high value crops became one of the priority commodities which led to the significant increase in the area covered by crops

Government structure and interventions



1998-2000

Economic program was focused on agricultural development

farm-to-market roads,
postharvest facilities, rural
credit, and extension services
rural areas

major weaknesses:
lack of major stakeholders'
participation and the
weaknesses observed among
the implementing agencies.

Introduction of Priority Development
Assistance Fund

Government structure and interventions



2001-2004

The first strategy was the continuous implementation of AFMA of 1997

GMA High Value Crops was introduced.

Improvement on the exporting capabilities of Mindanao in high value agricultural products and to make the Mindanao island as the food basket in the country

US\$550 million Mindanao Rural Development Project (15 yr project) covered the whole Mindanao and locally funded integrated projects covering some selected areas of Mindanao

Government structure and interventions

This administration is also adopting the agribusiness approach to spur development in agriculture and rural areas which aims to achieve the following specific objectives (NEDA, 2004)

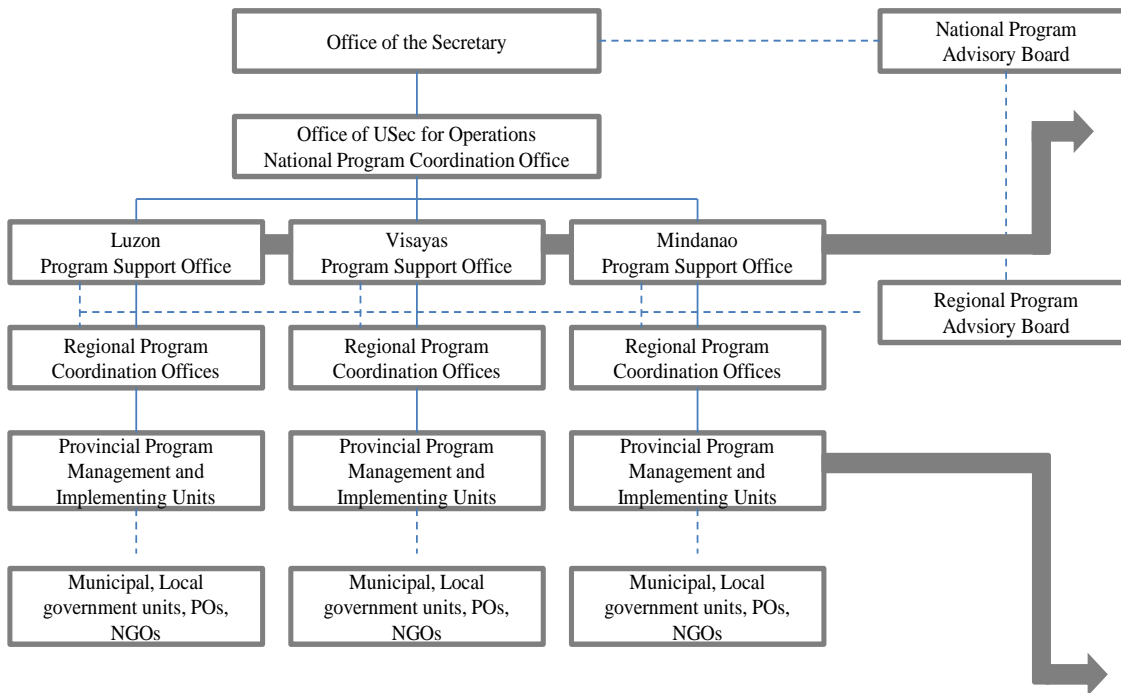
The PDAF was adopted by Macapagal-Aroyo administration which allowed projects not limited to livelihood and financial assistance (Galam, 2014).



2004-2010

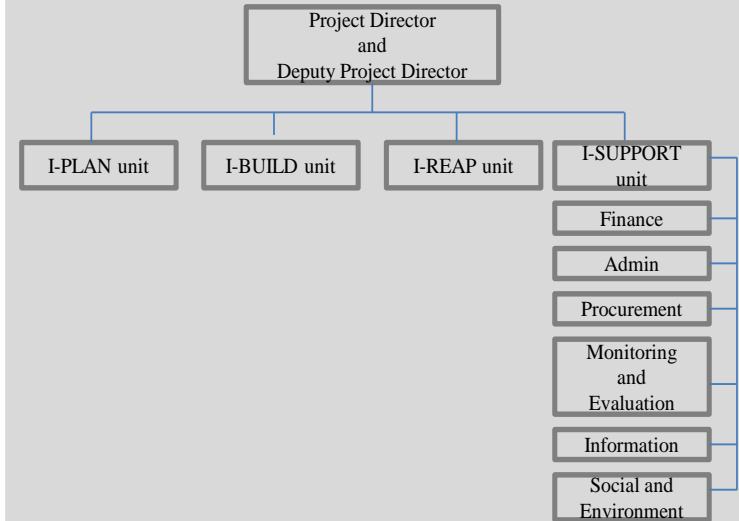
Government structure and interventions

A. National project management structure of PRDP

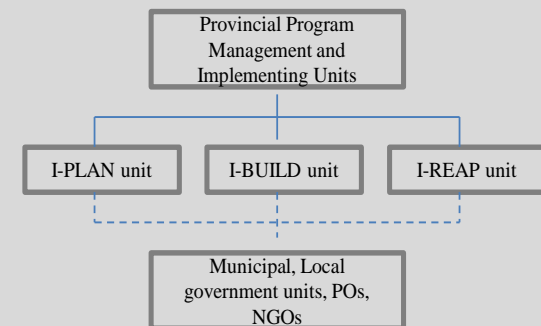


2010-2016

B. Organizational structure at the PSO



C. Provincial project management structure of PRDP



Social capital

Bonding social capital



Bridging social capital

ACIAR



Other universities

Social capital: key findings

No. of respondents	Broccoli	129
	potato	88
	tomato	29

decision to plant crop - influenced by the community			
	broccoli	104	81%
	potato	75	86%
	tomato	12	40%

reasons for producing a crop				
	broccoli	anticipation for high price	21	16%
		encouraged by the results of the other farmers' harvest and sales	14	11%
		when price of cauliflower goes down, price of broccoli goes up	11	8%
	potato	for the availability of seeds	16	17%
		long storage life	16	17%
		anticipation for higher price	13	14%
		less labour requirements	13	14%
		anticipation for high price (only when there is high demand from		
	tomato	Manila)	17	60%

Classification - done by buyers			
	broccoli	56	43%
	potato	9	10%
	tomato	0	0%

Implications

1. Targeted policies which consider the different key characteristics of the crops in the vegetable smallholder system
 2. Improved monitoring and evaluation of the projects implemented at the level of the villages or municipalities
 3. Understanding of the power dynamics in the market as a key to appropriate assistance and improved policies for the municipality and villages
 4. Enhanced collaboration between the universities and local government units
 5. Enhanced collaboration between the universities (and other organizations) and local government units
 6. Enhanced bonding social capital
 7. Enhanced bridging social capital
-

Thank you!

The University of Queensland
Australian Centre for International Agricultural Research

