



Country case studies **Asia**

PUBLIC SECTOR SUPPORT FOR INCLUSIVE AGRIBUSINESS DEVELOPMENT

**An appraisal of institutional
models in the Philippines**





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Johnson P. Mercader

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and Marlo Rankin

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Preface

The agrifood system is changing rapidly. Structural changes are occurring throughout the system in response to the modernization of agriculture (globalization, coordination and concentration) and shifting consumer and societal demands for safer, better-quality and ready-to-eat food produced in a socially and environmentally responsible manner. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. However, to what extent are the MOAs empowered and equipped to do so? Many of them have seen their mandates and functions expanded from a strictly productive dimension to a more holistic, farm-to-fork approach. This expansion should be reflected in the provision of an increased scope of public goods and services to deal with post-production issues. MOAs also face the challenge of mainstreaming relatively new approaches such as the design and implementation of value chain programmes; climate-smart agriculture; the use of contract farming; public-private partnerships and other private sector engagement models; and agribusiness programmes with a territorial dimension (e.g., agricultural growth corridors and clusters).

FAO has conducted an appraisal of the organizational arrangements used by MOAs to support inclusive agribusiness and agro-industry development, which included a scoping survey of 71 countries and in-depth analysis of 21 case studies from Africa, Asia and Latin America. The study found that many MOAs have established specific agribusiness units with technical, policy and/or coordination functions concerning agribusiness development. Others have set up clusters of units with complementary individual mandates.

The study analysed how well prepared these agribusiness units and their staff are to deal with both traditional and non-traditional approaches and tools for agribusiness development. This assessment examined the units' staffing, organizational structure and budget allocation, and the range and quality of goods and services they provide.

FAO is publishing this series of country case studies to enhance knowledge and information on best practices for establishing and operating well-performing agribusiness units. The various organizational models applied by countries to cater to the changing agribusiness environment are also explored, including mechanisms to build linkages with other relevant ministries (e.g., of industry and commerce) and private institutions. The series provides an opportunity to raise awareness about the need for stronger public commitment to inclusive agribusiness and agro-industrial growth, reflected in a more generous allocation of human and financial resources to empower agribusiness units and similar structures within MOAs. Refocusing the core functions and/or targeting specific commodity/value chains could also help the units to achieve a suitable balance between the requirements of their changing agribusiness mandates and their existing resource allocations, while maximizing the achievement of social goals (e.g., inclusiveness and job creation).

Acronyms

ADB	Asian Development Bank
AFMA	Agriculture and Fisheries Modernization Act
AFMIS	Agriculture and Fisheries Market Information System
AFMP	Agriculture and Fisheries Modernization Plan
AGS	Rural Infrastructure and Agro-Industries Division (FAO)
AIIS	Agribusiness Investment Information Service
AMAD	agribusiness and marketing assistance division
AMAS	Agribusiness and Marketing Assistance Service
AO	Administrative Order
ARMM	Autonomous Region in Muslim Mindanao
ASEAN	Association of Southeast Asian Nations
ATI	Agricultural Training Institute
BAFPS	Bureau of Agriculture and Fisheries Products Standards
BDTP	Bureau of Domestic Trade Promotion
BETP	Bureau of Export Trade Promotion
BFT	<i>barangay</i> food terminal
BLGF	Bureau of Local Government Finance
CAR	Cordillera Administrative Region
CITEM	Center for International Trade Exposition Management
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DENR	Department of Environment and Natural Resources
DFIMDP	Diversified Farm Income and Market Development Project
DOST	Department of Science and Technology
DOT	Department of Tourism
DTI	Department of Trade and Industry
EO	Executive Order
FDA	Food and Drugs Administration
GAP	good agricultural practice
GIZ	German Agency for International Cooperation
HACCP	hazard analysis and critical control points
JICA	Japanese International Cooperation Agency
LGU	local government unit (municipality, city or province)
MARINA	Maritime Industry Authority
MOA	Ministry of Agriculture
MSMAEs	micro, small and medium agro-enterprises
MSMEs	micro, small and medium enterprises
MSMEDC	Micro, Small and Medium Enterprise Development Council
NABCOR	National Agribusiness Corporation
NCI	National Convergence Initiative
NEDA	National Economic Development Authority
NGO	non-governmental organization
NMAP	National Marketing Assistance Programme

NMU	National Marketing Umbrella
PPA	Philippine Ports Authority
PDS	Project Development Service
PFP	Physical and Financial Plan
PPP	public-private partnership
PTTC	Philippine Trade Training Center
RA	Republic Act (or Law)
RFU	regional field unit
SAIP	Strategic Agribusiness Investment Programme
SEARCA	Southeast Asian Regional Center for Graduate Study and Research in Agriculture
SMEs	small and medium enterprises
SWOT	strengths, weaknesses, opportunities and threats (analysis)
TCP	Technical Cooperation Programme

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The preparation of this document was made possible with the support and cooperation of numerous agencies and individuals in both the private and public sectors. Their support and assistance are well appreciated. Because of space limitations, it is not possible to mention all the numerous individuals who provided assistance. These acknowledgments and gratitude are intended for them.

Special thanks for valuable support are extended to the management and staff of the Department of Agriculture (DA), the Agribusiness and Marketing Assistance Service (AMAS), the agribusiness and marketing assistance divisions of DA's regional field units in CAR, Regions VI, IX and XI, and the Department of Trade and Industry's Center for International Trade Exposition and Management and Region XI Office.

The industry council/cluster leaders in Region XI, the agribusiness entrepreneurs in all regions, and the offices of provincial agriculturists in Benguet, Antique and Davao Sur and their staff provided valuable support in bringing this document to completion.

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Executive summary

The Department of Agriculture (DA) is the delegated agency responsible for promoting agricultural development in the Philippines. It has a network of 48 organizations: the Office of the Secretary, 22 attached agencies, 9 bureaux and 16 regional field units (RFUs), including in the Autonomous Region in Muslim Mindanao (ARMM). Within the Office of the Secretary there are eight services (equivalent to directorates), including the Agribusiness and Marketing Assistance Service (AMAS).

AMAS started as the Agribusiness Group, headed by an Assistant Secretary, through the issuance of Executive Order (EO) 116 on 30 January 1987. This agribusiness unit was created to make farming – including related fishery concerns – more profitable, to address poverty in the rural sector.

The mission of AMAS and the agribusiness and marketing assistance divisions (AMADs) in the RFUs is “to serve as the focal unit and facilitator/coordinator of agribusiness and market development services, market linkages and information exchange to support agribusiness entrepreneurs/investors in their effort to formulate strategic agribusiness plans”.

The DA network of organizations, including AMAS, is being restructured in accordance with the framework of the Rationalization Plan (DA, 2004) prescribed under the Government Rationalization Programme (EO 366 of 2004). AMAS expected the approval of its proposed reorganization in 2011. The main change proposed consists of merging the Market Promotion and Development Division with the Marketing and Technical Assistance Division, to form the Market Development Division, whose main mission will be to facilitate access to local and export markets for fishery and agricultural products, focusing on market information and intelligence.

The Rationalization Plan states that AMAS’s refocused services will apply a holistic approach to serve its stakeholders better. AMAS is expected to act as the single contact unit for exporters, international and domestic buyers, agribusiness clients, industry support groups, other private sector actors, and public sector promotion agencies. It will become a one-stop agriculture and fisheries business advisory centre with technical and data links, not only to DA units, bureaux, operating entities and attached agencies, but also to the Department of Trade and Industry (DTI), the Department of Science and Technology (DOST), academic and research institutions, the Philippine Chamber of Commerce and Industry, industry associations and support groups involved in agribusiness enterprise development.

In spite of the presence of AMAS as DA’s core agribusiness agency, some aspects of the agribusiness development mandate in the Philippines are still fragmented across several government institutions. The key to enhancing agribusiness development therefore lies in good and coordinated governance of the agribusiness sector, which requires close, functional collaboration between AMAS and related DA agencies for primary production and marketing; DTI and its agencies for business licensing and market promotion of processed agricultural and fishery products; DOST for the development of processing technologies; DA’s Bureau of Agriculture and Fishery Products Standards (BAFPS) for regulations and standards on food safety of primary products; the Food and Drugs Administration (FDA) of the Department of Health for processed goods; and a host of other organizations.

The key concerns in agribusiness development include a need to: i) integrate agribusiness approaches into the extension service of LGUs, including capacity building of LGU extension staff and development of agribusiness extension messages; ii) strengthen functional collaboration among the agencies involved in agribusiness development; and iii) develop a common approach and strategy for the development of clients’ agribusiness skills by concerned agencies, given the fragmentation of agribusiness mandates.

Suggested priority areas for capacity building of AMAS, in coordination with DA bureaux and related agencies, include: i) market access and development to make Philippine agricultural and fishery products globally competitive; ii) market and product promotion to achieve global market expansion targets; iii) provision and dissemination of market information, in partnership with the Bureau of Agricultural Statistics’ Information Technology Centre for Agriculture and Fisheries and the Agriculture and Fisheries Information System; iv) generation and promotion of investments to develop a comprehensive agribusiness investment plan; and v) industry linkages and support.

The findings from this appraisal show that there are opportunities, as well as issues that need to be addressed, to optimize the effectiveness of AMAS (and related agencies) in serving the agribusiness sector. AMAS has undergone an iterative institutional transformation process and has refocused its vision. In establishing an agribusiness unit, the Government of the Philippines has developed an innovative and proactive vision, a conducive policy framework and a well-designed institutional model to support agribusiness development. The key consideration is whether or not these three positive elements are being used efficiently to help the agribusiness sector grow and thrive. The answer to this question is mixed. On one hand, the reform plans are well designed and have been backed by strong and consistent political engagement over the years. On the other hand, implementation shortcomings are jeopardizing public institutional capacity to facilitate agribusiness development. Two main implementation issues hampering the public sector's ability to offer agribusiness public goods are the inadequate allocations of financial and human resources to AMAS, and the fragmentation and segmentation of the agribusiness mandate.

These issues leave AMAS with major weaknesses in terms of institutional structure and human resources. These weaknesses are largely institutional in nature, and coordination among concerned agencies is of paramount importance. Steps taken in this direction include the formation of several coordination and convergence alliances, such as the Micro, Small and Medium Enterprise Development Council (MSME-DC), the partnership between DA and DTI, and the National Convergence Initiative (NCI).

The study findings identify opportunities for investment by the government and international donors and agencies, to improve the provision of agribusiness services in the Philippines by including agribusiness elements in extension services, integrating segmented mandates, and updating and expanding the range of services offered. These developments will require both national and multilateral assistance.

Chapter 1

Introduction

1.1 BACKGROUND

The new agribusiness era is characterized by a shift from family farms to strategically placed commercial production and processing units linked to exporters and modern retailers. New sophisticated and globalized procurement practices have been mainstreamed to comply with food quality and safety standards, including traceability requirements, reduce transaction costs and minimize risks. Changing consumer preferences (especially for pleasure, health, fitness, convenience and ethics) and concerns about the impacts of climate change are pushing the agribusiness sector to new heights of performance and innovation. However, agribusinesses in developing countries still face the same market and financing issues that headed the agenda in the 1980s and 1990s: lack of access to input and output markets, and underinvestment in public productive and marketing infrastructure.

This changing agribusiness environment is also placing increased pressure on ministries of agriculture (MOAs) to engage in agribusiness and agro-industry development. In 2007, FAO's Committee on Agriculture identified the review and reform of institutional mandates for agribusiness and agro-industry¹ as a top priority (FAO, 2007), and in recent years its Rural Infrastructure and Agro-Industries Division (AGS) has received many requests for strategic advisory support on agribusiness from countries such as India, Kenya, Nepal, Pakistan, Sierra Leone and Swaziland, demonstrating the priority given to these issues.

AGS's efforts to increase its knowledge and expertise on the organizational reform and institutional strengthening of MOAs to create relevant agribusiness capacities include the preparation of fact sheets, mission statements and a checklist on institutional arrangements for agribusiness and agro-industry development in 19 African countries

(2008); a study on innovative approaches to accelerating agribusiness development in sub-Saharan Africa (2009); and groundwork on the role of government institutions in agribusiness, supply chain management and agro-industry development in the Commonwealth of Independent States (2010). AGS organized a workshop on market-oriented extension services and support to agribusiness in Harare (Zimbabwe) in October 2010, attended by representatives from the MOAs of 15 East and Southern African countries.² During the three days of presentations and discussions, a wealth of information emerged on what MOAs in these regions were doing to adapt to the new agribusiness era. In particular, participants described the organizational changes taking place as their ministries assume new functions related to agribusiness, focusing on the new organizational structures being put in place, the priorities and scope of service provision to agribusiness and agro-industry, and priority areas for capacity building. Based on the information gathered during the workshop, more in-depth studies were undertaken in these subregions.

In 2011, AGS complemented these efforts with a worldwide appraisal of the organizational arrangements of MOAs and, as appropriate, cross-ministerial and long-term programmatic mechanisms, to support agribusiness and agro-industry development. This appraisal focused on innovative models and the new functions of MOAs, assessing how MOAs were addressing these functions in practice, identifying capacity building needs and drawing lessons and good practices.

In Asia, this initiative was carried out in collaboration with the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA). SEARCA analysed the experience of six Asian countries, including the Philippines, which had established an agribusiness unit in 1987.

¹ For the purposes of this study, agribusiness enterprises include firms or business entities that produce or provide inputs; produce raw materials and fresh products; process or manufacture food or other agricultural products; transport, store or trade agricultural products; or retail such products.

² Botswana, Ethiopia, Kenya, Lesotho, Malawi, Mozambique, Namibia, Rwanda, South Africa, the Sudan, Swaziland, Uganda, the United Republic of Tanzania, Zambia and Zimbabwe.

1.2 PURPOSE

This document describes the Philippines' experience in setting up an agribusiness unit, reviews the business model used by that unit, and proposes priorities for capacity development. The study has three objectives: i) to clarify the organizational changes introduced by the Philippines' Department of Agriculture (DA) as it adopts new functions related to agribusiness; ii) to characterize DA, describing its functional roles, key objectives, current priorities, and scope of service provision pertaining to agribusiness and agro-industry; and iii) to assess DA's capacities to fulfil its functions, the opportunities and threats that affect it, and its institutional comparative advantages for providing services related to agribusiness and agro-industry development.

1.3 METHODOLOGY

As a first step in the AGS/SEARCA review, a brief scoping survey was carried out to identify organizational structures with mandates related to agribusiness in 22 countries of the region. The survey identified DA as the Philippines' principal agribusiness unit. An in-depth study of DA was then undertaken using two main sources of information: 41 interviews with key informants, and a

secondary data review. Annex 1 provides a list of key informants interviewed between 16 June and 15 July 2011.

1.4 ORGANIZATION OF THE REPORT

This study has five sections. Section 1 presents background information and describes the purpose and methodology of the study. Section 2 provides an institutional profile of DA. Section 3 describes the business model for service provision and assesses the scope of services provided against a set of service areas selected for the study: appraisal of business models; value chain analysis, including benchmarking, chain coordination and facilitation; building of business and entrepreneurial skills; reinforcement of business and market linkages; support to collective action and alliance building; finance and investment appraisal and support; trade and marketing appraisal and support; agro-industry and processing appraisal and support; development of policy and strategy papers; lobbying and advocacy in the agribusiness sector; and sharing of knowledge and information pertaining to the agribusiness sector. Section 4 identifies priority areas for capacity building in these service areas, and section 5 presents some conclusions and final remarks.

Chapter 2

Institutional profile

DA is the principal agency of the Government of the Philippines responsible for promoting agricultural development. It has a network of 48 organizations (Annex 2): the Office of the Secretary, 22 attached agencies, nine bureaux, and 16 regional field units (RFUs), including in the Autonomous Region in Muslim Mindanao (ARMM). The RFUs are DA's extension offices in the regions. They coordinate and/or implement the programmes, policies and regulations of DA and its bureaux and agencies. Three of the bureaux are commodity-specific – crops, livestock and fisheries – and the remaining six are thematic: training, product standards, research, statistics, soil and water management, and post-harvest. The agencies are parastatals in charge of developing specific commodities or promoting finance and crop insurance, among other topics.

DA has eight services (equivalent to directorates), including the Agribusiness and Marketing Assistance Service (AMAS), which is the focus of this report. The rest of this section of the report describes the main drivers behind the creation of AMAS and present its profile, policy and socio-economic environment, main stakeholders and institutional capacity.

2.1 DRIVERS BEHIND THE CREATION OF AMAS

The People Power Revolution of 1986 sprouted a public service reform movement that paved the way to agrarian reform in the Philippines. A few months after the passage of the 1987 Constitution, Republic Act (RA) 6657, the Comprehensive Agrarian Reform Law of 1988, was passed to promote privatization and agrarian and land reform. The Department of Agrarian Reform (DAR) was set up to implement the Comprehensive Agrarian Reform Programme, which involved: i) managing all land reform programmes; ii) providing support services to beneficiary farmers; and iii) promoting the development of viable agrarian reform communities. These communities were in strategic areas – villages, groups of villages, municipalities or settlements with significant land areas and beneficiaries – covered by the reform programme, and were used for land distribution and the provision of support services.

The agrarian reform occurred in parallel with the reorganization of the MOA, a long process marked by three milestones: Executive Order (EO) 116 of 1987; RA 8435, the Agriculture and Fisheries Modernization Act (AFMA) of 1997; and the Rationalization Plan of 2004.

EO 116/1987 took three steps to implement reform: i) renaming the MOA as DA; ii) engaging technocrats from the private sector to manage DA and introduce a more performance-driven and results-based managerial style; and iii) creating the Agribusiness Group (later renamed AMAS). The Agribusiness Group started operations on 30 January 1987, headed by an Assistant Minister or Secretary to coordinate and deliver the services needed to enhance agribusiness development. The main motivation for creating this unit was to make farming (including related fishery concerns) more profitable, to address poverty in the rural sector, which continues to have the greatest concentrations of people living below the poverty line.

The Agribusiness Group was composed of the Marketing Assistance Service and the Agribusiness Investment Information Service (AIIS). Under EO 116, the Marketing Assistance Service was made responsible for identifying markets for Philippine agricultural products and assisting in the planning of market centres, marketing channels and distribution networks. AIIS was charged with functions related to research and data collection on agribusiness matters, and the identification and promotion of agribusiness investment opportunities, including the formulation of sample feasibility studies for agricultural products and markets.

In 1997, ten years after EO 116, the AFMA brought three organizational changes with the aim of modernizing agriculture by promoting market linkages and value addition: i) renaming the Agribusiness Group AMAS; ii) merging the functions of AIIS (agribusiness investment promotion) and the Marketing Assistance Service (trade and marketing);³ and iii) creating regional agribusiness

³ Administrative Order (AO) 14/1999, in compliance with the provisions of DA AO 6/1998.

and marketing assistance divisions (AMADs) in DA’s 16 RFUs, with technical supervision from AMAS. The enactment of AFMA was a major development for AMAS in broadening its powers and functions. AFMA emphasized the empowerment of producers in the agriculture and fisheries sectors through “the provision of timely, accurate and responsive business information and efficient trading services that link them to profitable markets for their products [...] and innovative support towards the generation of maximum income through assistance in marketing”.⁴

At the time of writing, DA, including AMAS, was being restructured in accordance with the framework of the Rationalization Plan prescribed under EO 366 of 2004. AMAS expected the approval of its proposed reorganization in 2011/2012. The main change proposed is the merging of the Market Promotion and Development Division with the Marketing and Technical Assistance Division to form the Market Development Division, whose main mission will be to facilitate access to local and export markets for fishery and agricultural products, focusing on market information and intelligence. This restructuring is discussed further in section 3.5.

Figure 1 presents the organizational chart of AMAS prior to the proposed restructuring. AMAS consists of the Office of the Director and two services dealing with marketing and agribusiness investment promotion. These services have four divisions, created under EO 116 and recognized by the Department of Budget and Management: the Market Promotion and Development Division, the Marketing and Technical Assistance Division, the Agribusiness Investment Information Division and the Agribusiness Feasibility Study Division. A more detailed organizational chart is shown in Annex 3.

2.2 INSTITUTIONAL PROFILE

Mission

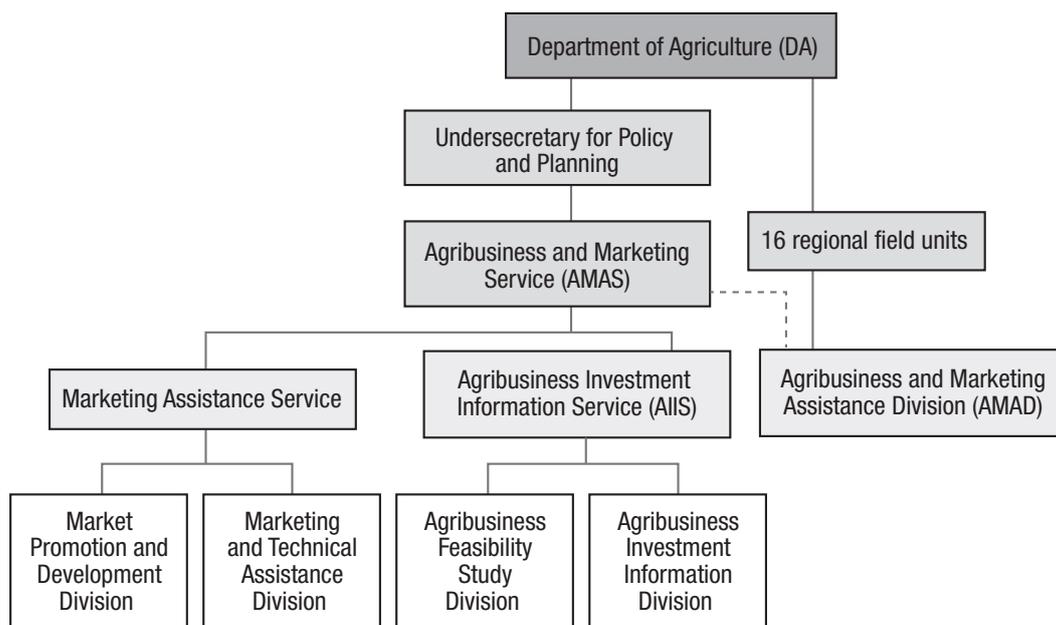
The mission of AMAS is to serve as the focal unit and facilitator/coordinator of agribusiness and market development services, market linkages and information exchange to support agribusiness entrepreneurs/investors in formulating strategic agribusiness plans. Its mandate is twofold:

- i) to facilitate and coordinate the efforts of DA in all matters pertaining to agribusiness development and marketing activities;⁵

⁴ Policy declaration in Section 38 of DA AO 6/1998 on the Implementing Rules and Regulations for AFMA.

⁵ AO 6, (AFMA Implementing Rules and Regulations) Chapter 5, Section 40, Rule 40.2.

FIGURE 1
AMAS organizational chart



- ii) to facilitate the promotion of rural industrialization, particularly small and medium enterprises (SMEs) in rural communities.⁶

This mandate recognizes that AMAS has a key role in facilitating the implementation of DA's thematic and commodity-focused programmes. DA has six thematic programmes: i) post-harvest facilities and farm equipment; ii) the Farmer-Fisherfolk Marketing Assistance Programme and support to market vendors' cooperatives; iii) the Agro-Industry Modernization Credit and Financing Programme; iv) production support services; v) irrigation; and vi) research and development. AMAS is particularly well placed to deal with post-harvest infrastructure, marketing, and agro-industry modernization, and also supports the national banner programmes for rice, maize, coconuts, livestock, high-value crops and fisheries.

AMAS envisages a market-driven agribusiness sector "ready to face the challenges of intensified global competition and able to contribute to the growth and progress of the economy leading to an improved quality of life for the Filipino people".⁷

It is mandated to collaborate with and provide direct assistance to the private sector, including non-governmental organizations (NGOs) and producer organizations, in marketing ventures, market analysis, market identification and business matching.

The AMADs have the same mandate, but at the regional level. There are 16 AMADs, one in each region of the Philippines. Their mandate is to "collaborate with and provide direct assistance to the LGUs, the private sector including concerned NGOs and [producer organizations] in implementing agribusiness and marketing support activities in the region" (AO 6/1998).

Functions of AMAS and AMADs

This section analyses the functions of both the central service (AMAS) and the regional units (AMADs) as mandated by AFMA. As well as its role in providing public goods and services relating to marketing and agribusiness development, AMAS has policy-making and coordinating functions and is responsible for coordinating the interactions among different actors in the agribusiness sector. In particular, AMAS:

- i) is responsible for the National Marketing Assistance Programme (NMAP), in conjunction with parastatal agribusiness agencies of the DA: DA's National Food Authority and National Agribusiness Corporation (NABCOR); NMAP was intended to be the framework programme for the marketing of agribusiness products, but seems to have been abandoned; AMAS is now formulating the broader Strategic Agribusiness Investment Programme (SAIP);
- ii) conducts the inventory and assesses the utilization levels of all post-harvest facilities owned by attached agencies,⁸ and the idle assets acquired by government-controlled financial institutions, banks and other government entities;
- iii) facilitates linkages between producer organizations at the regional and provincial levels and urban population centres and markets, to reduce post-harvest losses and promote value-adding activities;
- iv) organizes fairs, exhibitions, shows and events to promote the marketing of agricultural and fishery products, in collaboration with other ministries/departments, such as the Department of Trade and Industry (DTI),⁹ the Department of Tourism (DOT) and local government units (LGUs, of provinces, cities, municipalities and *barangays*);¹⁰
- v) coordinates the provision of marketing services, such as market intelligence, investment promotion, identification and matching of agricultural produce and foreign markets, with DA agricultural attachés.¹¹

AMAS engages in advocacy for policy reforms that support market modernization, including industry consultations to discuss policy issues, with a view to providing inputs for policy formulation through DA's Policy Analysis Service.

⁶ Rule 101.1.6 of the AFMA Implementing Rules and Regulations.

⁷ <http://www.da.gov.ph>, last accessed December 2012.

⁸ For example, the National Food Authority, Food Terminal Incorporated and the Philippine Fisheries Development Authority.

⁹ Including DTI's Center for International Trade Exposition Management (CITEM), the export promotion agency.

¹⁰ A *barangay* is the smallest administrative division in the Philippines – a village, district or ward.

¹¹ Agricultural attachés are the equivalent of trade or labour attachés assigned to selected Philippines embassies. They inform DA (particularly AMAS) on the agricultural trade trends occurring in the countries or regions where they work. AMAS uses these inputs in its product development promotion activities.

AMAS does not have regulatory functions (the regulatory body is the Bureau of Agriculture and Fisheries Products Standards [BAFPS]), but it is engaged in promoting appropriate product and quality management standards for agricultural products, including good agricultural practice (GAP) and organic agricultural produce standards for certification by BAFPS.

AMAS also has functions related to the provision of public goods and services, including the provision of financial and technical assistance to:

- i) support the marketing and agribusiness projects of producer organizations and cooperatives, with assistance from the private sector and specialized government agencies;
- ii) rehabilitate/upgrade existing, viable post-harvest and related facilities for processing, transport and communications for the National Marketing Umbrella (NMU),¹² in collaboration with the Postharvest Horticulture Training and Research Center,¹³ the Philippine Center for Postharvest Development and Mechanization and other offices;
- iii) support viable contract growing schemes, joint agribusiness ventures and smallholder estates in DAR's agrarian reform communities, particularly through financial institutions participating in the Agro-Industries Modernization Credit and Financing Programme – an interagency initiative established under AFMA to consolidate/integrate policy formulation and coordination of government financial facilities for the agriculture sector.

At the regional level, the counterparts of AMAS are the AMADs. Each AMAD has two units: a Market Promotion and Analysis Unit and an Agribusiness Investment and Industry Support Unit. The Market Promotion and Analysis Unit gathers agribusiness information and disseminates it to users. It is also charged with the functions of market research, competition analysis and supply and value chain analysis

¹² NMU is a private marketing system for cooperatives and agribusiness entities governed by a Board of Directors. It monitors and maintains contacts with key agricultural and fishery production areas to anticipate marketing needs and link producers and buyers. However its Board of Directors is non-operational, as NMAP has not been pursued. AMAS finances technical services for the conceptualization, design and operation of NMU.

¹³ The centre was established by the Association of South-east Asian Nations (ASEAN), but has been nationalized as part of the University of the Philippines at Los Baños, Laguna.

for both domestic and international markets. Given the unit's limited capacity and the global implications, these functions would have been better situated at the central level of AMAS, in collaboration with other national agencies and with external support. The Agribusiness Investment and Industry Support Unit organizes regional events, identifies potential agribusiness investments, and coordinates access to credit and value-adding activities. It also disseminates products, technologies and market information to clients.

The functions of the AMADs are to:

- i) provide information on markets and investment opportunities, and venues for the exchange of agribusiness information;
- ii) coordinate and lead efforts to support market linkages and sustain agro-industry investments;
- iii) analyse evolving market trends, through market assessments and studies of emerging demand for agricultural products, in both domestic and export markets, and enhance the competitiveness of agricultural and fishery products;
- iv) collaborate with DTI's Bureau of SME Development and serve as the DA focal unit on enterprise development;
- v) collaborate with DTI agencies, such as the Bureau of Export Trade Promotion (BETP), Bureau of Domestic Trade Promotion (BDTP) and CITEM, and serve as the DA focal unit on domestic and export market development;
- vi) collaborate with the Maritime Industry Authority (MARINA), the Philippine Ports Authority (PPA) and the Department of Transportation and Communication and serve as the DA focal unit on logistics and distribution interventions, including the Road Roll-On-Roll-Off Transport System.

Current objectives and priorities

The objectives and priorities of AMAS are presented in its annual Physical and Financial Plan (PFP). PFP 2011 is summarized in Annex 4 and is very different from PFP 2010, reflecting the change in leadership in mid-2010, which urged AMAS to focus on its core functions. While PFP 2010 dedicated the majority of resources to market information and market promotion activities,¹⁴ PFP 2011 includes: i) formulation

¹⁴ Including: i) operationalization of the Agriculture and Fisheries Market Information System (AFMIS); ii) organization of local and international fairs; iii) attendance at and organization of ASEAN meetings on agribusiness matters; and iv) other activities such as monitoring of prices in specific markets and assistance for food lane accreditation.

of the SAIP; ii) budget for capacity building of its 20 staff; and iii) greater client outreach, with more resources to support activities that are client-driven. This is the first time that AMAS has been allocated budget for staff development; previously, agribusiness training was confined to broad training sessions coordinated by the National Economic Development Authority (NEDA).

The Rationalization Plan refocuses AMAS's functions, with corresponding shifts in its organizational structure: "AMAS will focus on translating market opportunities into comprehensive strategic agribusiness investment plans to assist domestic producers, guide prospective investors on areas with investment gaps and the processors to penetrate and expand local and export markets. Staff will be retooled to become experts in forecasting market and industry trends, investment planning and packaging, new promotion techniques that will enhance the competitiveness of domestic industries relative to producers and entrepreneurs in other countries" (DA, 2004). This refocusing of services means that AMAS will be the agribusiness reference organization for exporters, international and domestic buyers, agribusiness firms, industry support groups, other private sector actors and public sector agencies. It will become a one-stop agriculture and fisheries business advisory centre with technical and data links not only to DA units, staff bureaux, operating entities and attached agencies but also to DTI, the Department of Science and Technology (DOST), academic and research institutions, the Philippine Chamber of Commerce and Industry, industry associations and support groups involved in agribusiness enterprise development.

2.3 INSTITUTIONAL ENVIRONMENT

Policy and socio-economic environment

The Philippines' Constitution of 1987 (Constitutional Commission, 1987) enshrines agribusiness, highlighting that: "[the State] recognizes the indispensable role of the private sector; encourages private enterprise; and provides incentives to needed investment" (Article II, Section 20), and adding that: "The State shall promote industrialization and employment based on sound agricultural development and agrarian reform [...] and private enterprises including corporations, cooperatives and similar collective organizations shall be encouraged to broaden the base of their ownership" (Article XII, Section 1).

EO 116/1987 and AFMA 1997 provide the legal framework for agribusiness development through

AMAS (see subsections 2.1 and 2.2). Another building block of the country's agribusiness framework is the 2004 Rationalization Plan, which aims to:

- i) raise the productivity and incomes of agriculture and fishery-based households and enterprises;
- ii) strengthen research, development and extension;
- iii) increase investments and employment along an efficient value chain;
- iv) reaffirm the mechanism and objectives of the National Convergence Initiative (NCI) (see subsection 2.5);
- v) pursue agribusiness public-private partnerships (PPPs), especially for infrastructure and value chain development;
- vi) develop markets and sharpen regulatory competence;
- vii) transform the beneficiaries of agrarian reform into viable entrepreneurs.

The overall strategic framework that guides DA's services and programmes from 2011 to 2016 and beyond, the Agri-Pinoy or *Agrikulturang Pilipino*, is well aligned with the Philippine Development Plan 2011–2016 (NEDA, 2011). Agri-Pinoy has four pillars: i) food security and self-sufficiency; ii) sustainable agriculture and fisheries; iii) natural resource management; and iv) local development. It seeks to ensure that all value chain actors – "from farm to table" – receive economic benefits to sustain their participation in the value chain, and recognizes the need to adopt specific interventions to meet the needs of different stakeholders. It also emphasizes that DA's role is to devote public resources to providing public goods, such as irrigation systems, market infrastructure (e.g., trading centres) and processing facilities (e.g., post-production centres for meat), in collaboration with the private sector through PPPs, especially in larger projects. Agri-Pinoy recognizes the important paradigm shift taking place in the Philippines; as the President put it during a two-day multisectoral conference on "Agriculture and Fisheries 2025" early in 2011: "achieving an agricultural sector [that is] globally competitive, prosperous and equitable by 2025 requires working together with the private sector: shared vision, shared journey." Agribusiness PPPs are particularly important at the local level, and the conference pointed out that "the current legally mandated Provincial and Municipal Agriculture and Fisheries Councils should be re-engineered and revitalized to be the catalysts for this local PPP" (President's speech).

Current investment policies¹⁵ consider agribusiness, particularly agroprocessing, as priorities, although the restriction on foreign investment (with majority ownership by Philippine nationals) applicable to these and other sectors acts as a major deterrent. To overcome this, Congress is proposing some amendments to the Constitution, regarding business ownership matters. In addition, the advantageous fiscal treatment of agriculture and agribusiness (e.g., tariff- and duty-free imports of agricultural and fishery machinery, equipment and inputs, and tax and duty rebates on fuel used for agricultural and fishery purposes) encourages investments in the sector. The 2011 Investment Priorities Plan also provides business opportunities and incentives for micro, small and medium agro-enterprises (MSMAEs).¹⁶

The Government of the Philippines embraced decentralization in the early 1990s. The landmark Local Government Code of 1991 (RA 7160) devolved to LGUs the principal responsibility for delivering basic services, including agricultural research and extension. Together with the shift in functions, the devolution has led to the transfer of DA staff and budget to local government units: 60 percent of staff and 22 percent of the budget (World Bank and ADB, 2004). Through its RFUs, DA provides technical supervision and assistance to the LGUs, but has failed to integrate agribusiness messages into its extension services, except in certain cases and in very few locations.

Agribusiness stakeholders

This section describes the major stakeholders of AMAS including clients and beneficiaries, and national and international partners in agribusiness development.

The major clients of AMAS are MSMAEs,¹⁷ either individually or organized into industry or

commodity councils. These councils are associations of micro, small and medium-sized firms and entities (supported by DA and other government agencies) involved in various aspects of commodity production – research, policy advocacy, commodity development, trade, marketing, etc. More information on AMAS's clients is provided in subsection 3.2.

AMAS's major partners in agribusiness development within DA are with:

- i) BAFPS, for standards and regulations;
- ii) the Philippine Center for Postharvest Development and Mechanization, for post-harvest machinery and equipment development (including inventory management as mandated by AFMA);
- iii) the Agricultural Training Institute (ATI), for training;
- iv) the Bureau of Animal Industry, the Bureau of Plant Industry, the National Meat Inspection Service and the Bureau of Fisheries and Aquatic Resources, for coordinating phytosanitary and epizootic regulations for the import and export of agricultural and fishery products;
- v) Philippine agricultural attachés in the United States of America, Belgium (for the European Union), Thailand (for Southeast Asia), Japan, Italy and China, for agribusiness intelligence, research and promotion.

Outside DA, the major partners of AMAS and AMADs are DTI's BETP, BDTP and CITEM, primarily for agriculture and fishery fairs and exhibitions and market promotion activities. Other partners are MARINA, PPA and the Department of Transportation and Communication, for logistics and distribution interventions.

DA works at the central and regional levels but not in provinces and municipalities. Provincial and municipal agricultural offices¹⁸ are therefore considered to be both clients and partners in the delivery of agribusiness goods and services.

Following the global food, fuel and financial crisis, international donors and technical agencies have expressed their intention of increasing support to the agriculture sector. In its *World Development Report 2008*, the World Bank (2008) called for greater investment in agriculture in developing countries and warned that the sector must be at the centre of

¹⁵ EO 226/1987 (the Omnibus Investments Code) and RA 7042 (the Foreign Investments Act) of 1991.

¹⁶ Agribusiness micro, small and medium enterprises (MSMEs) are provided with a wide range of incentives such as exemptions on direct and indirect taxes, loan guarantees, facilitation of export/import processing, and subsidies for participation in fairs and exhibitions.

¹⁷ DTI covers MSMEs more broadly for non-agribusiness trade matters. MSMEs play a significant role in the national economy. Between 2006 and 2011, the MSME sector accounted for about 99.6 percent of the businesses registered in the Philippines, providing livelihoods to 63 percent of the labour force. About 35.7 percent of total sales and value added in manufacturing comes from MSMEs. <http://www.dti.gov.ph> (information checked September 2011)

¹⁸ There are 81 provincial, 120 city and more than 1 500 municipal agricultural offices according to the Bureau of Local Government Finance (BLGF) (September 2011).

development. From 2004 to 2009, the World Bank provided assistance to AMAS and AMADs through the Diversified Farm Income and Market Development Project (DFIMDP), under which AMAS office facilities were refurbished and equipped, and the Agriculture and Fisheries Market Information System (AFMIS)¹⁹ was established. AMADs were provided with computer equipment and office facilities, including agribusiness one-stop shops.

Other international support to agribusiness development in the Philippines has come from the German Agency for International Cooperation (GIZ), on convergence efforts among the three rural development agencies (DA, DAR and the Department of Environment and Natural Resources [DENR]) leading to the NCI; the Japanese International Cooperation Agency (JICA), on the development of industry clusters (e.g., mangoes, bananas and seaweeds) in Region XI, with a project for establishing nationwide clusters approved; the Asian Development Bank (ADB), on several agribusiness projects, mainly in the Cordillera Administrative Region (CAR); and FAO, on various projects under the Technical Cooperation Programme (TCP), mainly focusing on production issues. In its 2011 PFP, AMAS plans to conduct training programmes for the proposed Improving Small Farmers' Market Development Project funded by JICA and FAO as part of a regional programme to assist farmers' organizations in improving access to markets for their products.

2.4 INSTITUTIONAL CAPACITY

Financial resources

The Congress of the Philippines' support to the agriculture sector is reflected in the increases in DA budget from US\$453 million in 2000 to US\$707 million in 2011, with a peak of US\$775 million in 2009. Congress has also passed several laws related to the development of MSMEs, including those in the agriculture sector. DA's management has also been supportive of agribusiness development. Despite the lack of a specific national banner programme for agribusiness, significant budget allocations have been made to market infrastructure and related issues. LGUs' support to agribusiness has been mixed, with some units allocating their own development funds to agribusiness, on top of the support received from DA, and others completely disregarding the issue.

However, much of the support promised to agribusiness development has not materialized. For instance, AFMA contemplated an incremental budget of US\$494 million for the first year (1999) of implementation of the Agriculture and Fisheries Modernization Plan (AFMP), and US\$420 million per annum for the succeeding six years (2000–2005), of which one-fifth was for agribusiness development under three DA programmes: i) post-harvest facilities and farm equipment; ii) the Farmer-Fisherfolk Marketing Assistance Programme and support to market vendors' cooperatives; and iii) the Agro-Industry Modernization Credit and Financing Programme, mainly for farm inputs and the processing of fishery and agricultural products. However, instead of increasing, AFMP's annual budget declined sharply in inflation-adjusted terms from 1999 to 2005, and the allocation to production was larger than that to agribusiness components. AFPM's completion report (Centre for Research and Communication Foundation, 2007) noted that the programme, although good, was "faulted for over-commitment and trying to do many things with too many agencies, and saddled with lack of resources".

The budget of AMAS has never exceeded 2.5 percent of DA's total budget, ranging from 0.5 percent in 2008 to 2.4 percent in 2011, as shown in Table 1. The budget for personnel services has been fairly stable, with modest annual increases due to salary adjustments rather than increases in staff numbers. A large percentage of AMAS's budget is for maintenance, operating and other expenditures, which increased significantly from 1.74 percent of DA's total budget for these expenses in 2008, to 7.75 percent in 2011. These substantial increases are attributed to increased organization of and participation in local and international fairs and exhibitions, and to monitoring and technical assistance for *barangay* food terminals (BFTs) and – in 2011 – for Agri-Pinoy trading centres (modern agricultural trading and processing centres). The budget allocated for capital expenditures is largely through DFIMDP for refurbishing and re-equipping AMAS's offices. However, it should be noted that most of the budget allocated to agribusiness infrastructure and marketing has been provided by national banner programmes for specific commodities. Physical infrastructure and facilities (e.g., the BFTs) are generally funded by these programmes, while AMAS focuses on building the skills needed to manage and maintain them.

According to AO 14/1999, which regulates AFMA fund allocations, each AMAD was supposed to receive 5 percent of the local RFU's budget. However, this provision was not implemented because the

¹⁹ <http://afmis.da.gov.ph> (accessed 23 June 2013)

expected additional funds for agribusiness development were not granted.

Human resources

AMAS has 38 approved positions, representing 6.5 percent of the DA's total staff (589). Of these 38 positions, 31 are filled and seven staff members have been borrowed from other units. These vacancies are the result of successive uncompleted reorganization initiatives, and cannot be filled until the EO 366 Rationalization Plan for AMAS has been approved by the Department of Budget and Management. Many other government offices are awaiting approval of their EO 366 Rationalization Plans.

The technical staff of AMAS are college graduates with degrees in agriculture, agribusiness, economics and related fields. Currently, AMAS has a ratio of 1:2 for support and technical staff. More information on AMAS staff is provided in Annex 3b.

AMADs have no approved positions of their own; their staff are seconded from other RFU units.

Depending on the size of the region, each AMAD is assigned from seven (CAR and Region XIII) to 11 (Region XI) staff members, of whom two to four are in administrative positions and the rest in technical positions. This arrangement has created instability within the organization, as staff may be recalled at any time by their RFUs. Staff numbers are deemed insufficient by most regions.

Strategic leadership and governance

Senior management of DA is supportive of agribusiness. The previous Secretary set up an agribusiness showroom on DA premises and initiated the BTFs; the current Secretary promoted the establishment of an Agribusiness Center²⁰ with expanded facilities, and initiated the Agri-Pinoy trading centres,

²⁰The Agribusiness Center is a showcase for agribusiness products and provides information on the traders and producers of these products.

TABLE 1
DA and AMAS budgets, 2008–2011

Year/DA*/AMAS**	Personnel services	Maintenance and other operating expenditures	Capital expenditures	Total	Percentage of total DA budget
2008					
DA	Ps 1 744 954 US\$39 658*	Ps 5 854 199 US\$133 049	Ps 14 906 224 US\$338 777	Ps 22 505 377 US\$511 485	100%
AMAS	Ps 9 183 US\$209	Ps 102 096 US\$2 320	–	Ps 111 279 US\$2 529	0.5%
2009					
DA	Ps 1 930 490 US\$41 074	Ps 16 113 694 US\$342 845	Ps 18 369 473 US\$390 840	Ps 36 413 657 US\$774 758	100%
AMAS	Ps 10 747 US\$229	Ps 533 000 US\$11 340	Ps 14 000 US\$298	Ps 557 747 US\$11 867	1.5%
2010					
DA	Ps 1 908 258 US\$42 405	Ps 10 212 255 US\$226 939	Ps 22 135 141 US\$491 892	Ps 34 255 654 US\$761 237	100%
AMAS	Ps 10 923 US\$243	Ps 533 000 US\$1 844	Ps 5 000 US\$111	Ps 548 923 US\$12 198	1.6%
2011					
DA	Ps 2 028 548 US\$47 175	Ps 9 134 304 US\$212 426	Ps 19 242 167 US\$447 492	Ps 30 405 017 US\$707 093	100%
AMAS	Ps 11 937 US\$278	Ps 708 082 US\$16 467	Ps 2 000 US\$47	Ps 722 019 US\$16 791	2.4%

US\$ equivalent based on prevailing exchange rate for the year concerned.

* DA budget includes the Office of the Secretary, bureaux and RFUs.

** AMAS budget does not include the budget allocations for AMADs.

Source: DA, 2008–2011.

as explained in section 3.1. Decisions relating to budget, operations and priority interventions are deliberated in DA's Executive Committee, which is composed of senior DA officers and heads of its network of organizations.

Senior management of AMAS has a participatory management style and direct access to the Secretary of Agriculture. This relationship is believed to have resulted in generous support to AMAS activities and programmes. Interviews with key officers of AMAS indicated that weekly meetings are held to assess the previous week's activities and to plan for the next. Annual review and planning conferences, mid-year reviews and re-planning conferences are held when needed.

Other core resources

AMAS and AMADs own infrastructure assets, including well-equipped offices, the Agribusiness Center at AMAS's headquarters, and the one-stop shops in regional AMAD offices, which serve as showcases for agribusiness products and sources of information related to agribusiness. AMADs' one-stop shops should not be confused with those of DTI, which cater to business registration and licensing in the main cities and towns, and maintain a showroom in each region featuring regional products, including agricultural products. There is duplication in these efforts by both agencies and the one-stop shop schemes should be amalgamated so that limited resources can be directed to other uses.

2.5 INTER-INSTITUTIONAL LINKAGES

DA plays a key role in three formalized inter-institutional mechanisms, with support from AMAS in some. These inter-institutional linkages are largely in response to the results of the expert's review of AFMA in 2007 (Centre for Research and Communication Foundation, 2007).

The first mechanism is the Micro, Small and Medium Enterprise Development Council (MSMEDC) created by RA 6977 and the Magna Carta for Small Enterprises of 1991. The DA participates in this inter-ministerial committee, which supports MSMEs, including those in the agribusiness sector. MSMEDC meets once a month to discuss issues, evaluate activities, and map out short- and long-term plans for MSME development. The council has ten members: the Secretary of DTI (Chairperson), the Secretary of DA, the Director-General of NEDA, the Secretaries of the Department of Labour and Employment, DOST and DOT, the chairpersons of the Monetary Board and the Small Business Guarantee and Finance Corporation, three representatives from the private

sector and one from the private banking sector. Within MSMEDC, AMAS provides secretariat support to the Secretary of Agriculture and is responsible for inputs on policy and regulatory issues relating to agribusiness aspects of MSMEs.

The second mechanism is the partnership between DA and DTI established in June 2011 to improve the ease of doing business in the agriculture sector. During the recent inauguration of the DA Agribusiness Center, DTI and DA forged a partnership to help farmers and fishers enhance their businesses. The partnership covers business licensing, trade facilitation and export market exposure. DTI makes its facilities available to DA through its regional (and provincial) offices and trade attachés in other countries, providing learning opportunities and export facilitation. This partnership was boosted by the 59 percent growth in the food sector between May 2010 and April 2011 and the 25 percent growth during the first four months of 2011.

The third inter-institutional mechanism is the National Convergence Initiative (NCI), established on 17 November 2010 through a Joint Memorandum Circular signed by the Secretaries of the three rural development agencies: agriculture (DA), agrarian reform (DAR) and environment (DENR). NCI is a multisectoral and integrated planning approach for more focused and unified interventions for sustainable rural development, particularly agribusiness promotion. Under NCI, the three departments have prepared joint plans and committed resources for these focal areas. DA's support to NCI is largely through the Philippines Agricultural Development Commercial Corporation, an agribusiness corporate arm of DA. NCI has identified 12 areas for agribusiness development (involving DAR's agrarian reform communities), of which eight have been operationalized.

AMAS is also linked to DOT, particularly in the recent development and promotion of agritourism. This concept is still in the early stages, and little has been accomplished in this area to date.

However, AMAS has no formal functional linkages with research institutions, universities and other drivers of innovation in agribusiness. The Rationalization Plan indicated that such linkages would be among the major functions of the agribusiness unit, so AMAS needs to identify potential partners in the regions and establish collaborative relationships. To establish links to industry players, AMAS has set up commodity councils in all regions, some of which are being transformed into industry clusters. AMAS and AMADs provide the industry councils with assistance by organizing meetings and industry events such as trade fairs, workshops and conferences.

Chapter 3

Appraisal of the business model for service provision

This section describes the services delivered by AMAS as a core public service provider to the agribusiness sector. The report details the services provided, and the instruments and means employed to deliver them to their intended clients; and analyses whether there are gaps in AMAS's capacity to maximize its performance. AMAS's institutional comparative advantages over other public or private organizations providing similar services to agribusinesses in the Philippines are also assessed.

3.1 SERVICES PROVIDED

Functions of AMAS

AMAS places high importance on delivering high-quality services to agribusiness in the areas of market intelligence and investment promotion, often in collaboration with other DA and DTI agencies. AMAS's core functions include:

- i) developing and facilitating the implementation of a national plan for agribusiness development and investment promotion, to guide the prioritization and targeting of government assistance to industries with high potential for growth and global market competitiveness;
- ii) developing partnerships with producers, traders, exporters, importers, investors, entrepreneurs and local government units, to promote Philippine agricultural and fishery products and agribusiness investments worldwide (locally and internationally);
- iii) strengthening market access for Philippine agribusinesses and promoting agribusiness investments, in coordination with the International Relations Division of DA;
- iv) analysing evolving market trends by conducting comprehensive market assessments and commodity/industry studies, to scan emerging demand for agricultural products in both domestic and export markets and to enhance the competitiveness of agricultural and fishery products;
- v) providing business advisory assistance (in collaboration with DTI) to agribusiness investors and entrepreneurs, including information

- about agro-industries, competitiveness and factors affecting the growth of industries;
- vi) strengthening the network of DA agencies, bureaux and RFUs, state colleges and universities, other government agencies (e.g., the Board of Investment of DTI, the Department of Interior and Local Government, DAR, the Land Bank of the Philippines, MARINA, PPA and the Department of Transportation and Communication), private organizations (e.g., the Association of Small and Medium Enterprises, commodity councils, and cooperatives) and NGOs in various agribusiness concerns;
- vii) serving as DA's focal unit for enterprise development, domestic and export trade development, logistics and distribution interventions, agribusiness investments, consumer affairs, promotion of product standards and food safety, Halal certification and organic farming;
- viii) serving as the lead unit of the One-Stop Agribusiness Center²¹ in providing agribusiness information and referrals to concerned institutions and individuals.

Service provision

The AMAS officers interviewed recognized that the delivery of some agribusiness services is hampered by gaps in capacities and budget constraints. The services that AMAS provides are summarized in Table 2, classified according to whether they are core or secondary services. The final column mentions a series of new services that AMAS plans to provide, reflecting changes brought about by the new management. Among the newer service areas are the appraisal of business models (area 1), market research (area 7), finance and investment opportunities (area 6), and agroprocessing (area 8). Provision of these services is hampered by limited staff numbers and technical expertise, but AMAS's PFP 2011 earmarked funds for equipping staff with the new skills required.

²¹ The centre provides information and advice to firms and organizations.

Value chain analysis and road mapping (area 2) for commodity development have been undertaken in some regions and provinces under internationally assisted projects. Region VI and Benguet province have formulated road maps for major commodities/industries using the value chain approach, with GIZ and ADB assistance. Discussions with AMAS key staff indicated that they were knowledgeable on the value chain approach, but this knowledge was not being transferred to local agricultural extension agents.

Over recent years, AMAS has focused on building the business and technological skills of the managers

and beneficiaries of selected market infrastructure (area 3) and on market promotion (area 7), largely through fairs and exhibitions. Since the enactment of AFMA, the provision of *training and technical assistance in operating and maintaining public infrastructure and facilities* has been the major focus of AMAS, to complement infrastructure development funded by banner programmes. This has occupied much of the limited staff time, at both the central and regional levels. Through NABCOR,²² DA has built

²² NABCOR is a corporate marketing arm of DA.

TABLE 2
Service areas provided by AMAS

Service area	Core service	Secondary service	New services*
1. Appraisal of business models			
2. Value chain analysis			In selected regions, through assistance from donors and international financing institutions
3. Building of business and entrepreneurial skills	Training on management of BFTs and trading centres; and training of farmers in preparation for GAP and organic certification		
4. Reinforcement of business and market linkages	AFMIS Web site; promotional materials; consultations		
5. Support to collective action and alliance building	Industry consultations		
6. Financial and investment appraisal and support			Investment profiles
7. Trade and marketing appraisal and support	Market promotion (domestic and international fairs and exhibitions); participation in inter-ministerial and ASEAN promotion activities; support to NMU		Market research
8. Agro-industry and processing appraisal and support			
9. Development of policy and strategy papers		(By DA's Policy Analysis Service) Provision of inputs to policy analysts and regulation formulators; industry consultations	
10. Lobbying and advocacy in the agribusiness sector	Support to industry councils		
11. Sharing of knowledge and information pertaining to the agribusiness sector	AFMIS Web site; promotional materials; consultations		

* Expected to start from 2011.

Source: Author's elaboration.

village markets – BFTs – where farmers and fishers can sell their produce, and is now working to establish Agri-Pinoy food trading centres in some provinces. These centres will be equipped with processing facilities for producing semi-processed or finished products for targeted institutional buyers, and will be co-owned by public and private sector actors. The Vegetable Trading Center in La Trinidad, Benguet province – a central market for highland vegetables – has already been developed and upgraded. AMAS provides training and technical assistance for managing and maintaining these markets and processing centres.

AMAS also provides farmers with training on internal control systems, in preparation for GAP certification by BAFPS and organic certification by the Organic Certification Center of the Philippines. However, these services are irregular, and were not provided at all in 2010.

For *market and trade promotion* (area 7), AMAS and AMADs maintain vital links with DTI agencies (BETP, BDTP and CITEM) for organizing agriculture and fishery fairs and exhibitions and for market promotion activities to showcase Philippine agricultural and fishery products in both domestic and international markets. DA holds an average of eight agriculture and fishery fairs a year, including the Philippine Food Exposition (food show), Agrilink, the International Food Exposition, and the Manila Food and Beverage Exposition. These are modest in size and CITEM is encouraging DA to hold a single large fair every year (as other ASEAN countries do) to maximize the impact and attract greater international participation. AMAS's *support to agricultural trade cooperation initiatives* includes its role as the national focal point for ASEAN's Cooperation in Agriculture and Forest Products Promotion Scheme, covering *carrageenan* (seaweed extract), coconuts, cocoa, tapioca, coffee, peas and beans, palm oil, forest products, tea, pepper and tuna. Related to this, AMAS conducts industry consultations as a mechanism for addressing issues in regional efforts to promote trade, agriculture and forest products in international markets. Another example is the support provided by the AMAD office in Mindanao to the Brunei Darussalam-Indonesia-Malaysia-The Philippines East ASEAN Growth Area, a subregional initiative to promote increased trade, tourism and investments in focus areas of participating countries, through transportation linkages, trade, investments, tourism and institutional relationships among the countries and the private sector.

Reinforcement of business and market linkage services (area 4) is a routine activity for AMAS

staff, largely under the framework of national banner programmes and through fairs, exhibitions and consultations. Additional market linkage work is carried out by NABCOR and DTI.

AMAS *supports collective action and alliance building* (area 5) in agrifood chains through the promotion of regional commodity and industry councils. Over the past two decades, AMAS has supported these councils as a way of connecting producer organizations at the provincial and municipal levels. The councils have been fairly successful in *advocating for policy reforms and financial and technical support* for their respective commodities and industries (area 10), despite budget constraints. However, they have continued to exist mainly by using their own resources, and many of them – especially in Regions X and XI in Mindanao – have become export and/or processing cooperatives. In Region XI, DA and DTI have helped the councils to evolve into industry clusters, with assistance from JICA. This project has been so successful that JICA and the Government of the Philippines plan to expand the approach nationwide.

Appraisal of investment opportunities (area 6) is a prominent feature in PFP 2011, which planned to prepare 125 agribusiness investment profiles, following extensive consultations to identify opportunities. This task encompasses conducting feasibility studies and market research, packaging investment options, and preparing agribusiness investment seminars to disseminate and discuss the results.

Policy formulation (area 11) is not a core function of AMAS, as this task is the main responsibility of DA's Policy Analysis Service. However, AMAS is often requested to provide inputs to agribusiness policies and programmes, for example, DA's annual plan and budget and its medium-term development plan. AMAS formulated the draft National Marketing Assistance Programme (NMAP) in 1999, but DA did not accept the draft, which remained unfinished. NMAP was envisaged as the framework for NMU, a private marketing network of agribusiness cooperatives and entities for providing market access on a globally competitive and sustainable basis. NMU was registered with the Securities and Exchange Commission in September 2002, despite the non-completion of NMAP. An NMU Board of Directors was also constituted, but the lack of financial support, among other factors, has hindered its operation. The experts' review of AFMA (Centre for Research and Communication Foundation, 2007) noted that NMAP had "little relevance in a globally competitive market and

its mission should be delegated to the producer groups and supply chain players” and recommended revisiting NMU’s roles. In lieu of NMAP, AMAS is now pursuing SAIP, but continues to provide support to NMU.

AMAS has also contributed to several agribusiness-related guidelines and regulations:

1. AO 14/2011 – guidelines on registration of organic food and organic input producers;
2. AO 22/2009 – guidelines for the issuance of a national quality seal for agricultural and fishery products;
3. EO 481/2005 – promotion and development of organic agriculture in the Philippines;
4. EO 209/2004 – duty-free importation of fishing vessels, paraphernalia and equipment and tax and duty rebates on fuel consumption;
5. EO 376/2004 – tariff-free importation of agricultural inputs, machinery and equipment;
6. AO 31/2004 – tariff exemption for the importation of agricultural and fishery inputs, equipment and machinery pursuant to EO 376/2004;
7. AO 32/2004 – accreditation guidelines for the Food Lane Project, which exempts trucks carrying agricultural and marine products from trucking bans, to ensure efficient distribution of agricultural and fishery products from production sites to the major demand centres in Metro Manila;
8. AO 19/2003 – guidelines on compliance with GMP for agriculture and fishery products.

In *knowledge and information sharing* (area 11), AMAS conducts seminars on agribusiness investment opportunities to increase industry players’ awareness of investment options and enhance capabilities in the farming and fishery sectors. AMAS maintains the Web-based AFMIS, a recently developed integrated and cluster-based market information system. AMAS has an important partnership with DTI provincial offices, which have extensive databases of producers, processors and other details related to agribusiness. AFMIS also maintains an agribusiness database, but it is a recent development and is still thinly populated. The exchange of agribusiness information or a facility for data migration between AFMIS and the DTI system would be useful.

3.2 CLIENT

AMAS’s main customers are MSMAEs, LGUs and industry councils. Most MSMAEs are in rural areas, particularly primary producers, small processors and

intermediaries, but AMAS and DTI also support traders, who are usually based in urban areas. The MSMAE sector is dominated by micro and small enterprises geared towards the domestic market. Those engaged in the export business are largely medium and large agribusiness enterprises. However, it should be noted that medium enterprises source their products (through either direct purchases or subcontracting) from micro and small enterprises.

AMAS uses a broad definition of agribusiness that classifies as agribusiness entrepreneurs all farmers and fishers, as well as traders and processors. This brings about two problems for AMAS: a lack of clear focus and knowledge about its clients’ characteristics and needs; and significant overlapping with other government agencies, chiefly DTI.

Regarding the first problem, there are no disaggregated data on MSMAEs engaged in trading and processing, in AFMIS or any other statistical system. This is partly because many primary producers are also engaged in processing and marketing, but is also because of a lack of conceptual clarity (as the focus shifts from supporting small farmers to developing the entire value chain) and of underinvestment on the data gathering necessary to support value chain mapping and analysis.

There are substantial overlaps between the targeted clients and beneficiaries of DTI and AMAS. DTI covers both agribusiness and non-agribusiness enterprises, so clarification of the respective mandates concerning agribusinesses is essential. The proposed division of mandates is based on:

- i) the degree of value addition: AMAS focuses on fresh produce and DTI on processed and manufactured agricultural and fishery products;
- ii) size: AMAS provides assistance to only MSMEs (primary producers, traders and processors), whereas DTI also works with large agribusiness firms of which there are about 100 in the Philippines.²³

Other major clients are the LGUs. With implementation of the Local Government Code (1991), AMADs, under RFUs, are expected to provide training of trainers, mentoring and other services to 81 provincial, 120 city and more than 1 500 municipal agricultural offices.²⁴ This is mainly to ensure the adequate delivery of agribusiness services and

²³ DTI classifies large agribusiness companies as those with more than US\$2.3 million capitalization or more than 199 employees.

²⁴ As of August 2011: <http://www.blgf.gov.ph>

goods related to national banner programmes. However, study respondents in provinces and municipalities noted that AMADs do not perform agribusiness activities and had not received any agribusiness training, except for some *barangays* that received training in food terminal market operations.

At the provincial level, an extension officer is designated as the Agribusiness Coordinator to serve as a focal point for the local AMAD's food terminal projects and support to commodity councils and industry clusters. However, there is very little agribusiness extension at the local level, particularly for processing and business aspects. The provinces and municipalities visited noted a need to improve their internal capacity in agribusiness (particularly food processing technologies, food safety regulations and business development) as they receive numerous enquiries from farmers, producer groups, councils and firms that they cannot resolve and have to forward to the AMAD or DTI.

Table 3 summarizes the services demanded by clients and the capacity of AMAS and related agencies to deliver them. Because of the fragmentation

of agribusiness functions and the wide range of services demanded by clients, the services in the table are not provided by AMAS alone. The table indicates the different service providers, and cases where there is significant evidence of overlaps between AMAS and DTI.

Overall, there is a mismatch between the services demanded by AMAS's clients and the services offered, with duplications of services observed in many cases, and glaring gaps in others. AMAS's customer targeting and management approach has two main shortcomings: i) it is excessively broad and duplicates the efforts of other agencies; and ii) there are insufficient resources and mechanisms in place to ensure the adequate provision of agribusiness extension services at the provincial and municipal levels – AMAS needs to integrate agribusiness into the extension services offered by LGUs.

3.3 MAIN INSTRUMENTS

AMAS implements programmes dealing with three main topics: i) agricultural marketing; ii) industry support; and iii) agribusiness investment promotion:

- i) The Market Access and Development Pro-

TABLE 3

Clients, service demands and capacities of AMAS and related agencies

Clients (size, position in the value chain, etc.)	Services demanded	Delivering agency and capacity
Farmers and fishers (individual or in groups) engaged in primary production	Agricultural production technologies; post-harvest technologies; market outlets	From LGUs, through commodity banner programmes
MSMAEs (individual or in groups) engaged in processing and marketing	Information on processing and related technologies, including labelling and packaging Business registration and accreditation for tariff and duty rebates Food safety regulations Credit policies for preferential interest rates and charges Domestic transport policies for reduced shipping costs* Investment and financial analysis Market linkage services Product promotion Export procedures Construction of market facilities	From DOST From DTI and AMAS From the Department of Health, the Food and Drugs Administration (FDA); training from DTI's Philippine Trade Training Center (PTTC) Not provided Not provided From DTI, and occasionally AMAS From AMAS, DTI and NABCOR Jointly from AMAS and DTI through local, national and international fairs and exhibitions From DTI 1. From AMAS using banner programme funds
LGUs	Programme for agribusiness development, including staff training on providing agribusiness extension services; would cover all items demanded by MSMAEs, credit and domestic trade policies	From AMAS through links with the DTI, PTTC, FDA and other organizations

* It is claimed that shipping costs from Mindanao to Manila are higher than those to other countries because of the Cabotage Law.

gramme links producers and buyers (through AFMIS, fairs, exhibitions and consultative meetings), disseminates promotional materials, strengthens BFT officers and provides technical assistance to Agri-Pinoy trading centres. These instruments have significantly contributed to the growth of MSMAEs in the country. BFTs provide market access to producers in remote areas, and give consumers access to reasonably priced foods, thus contributing to food security. AFMIS seems to be useful for small and medium agribusinesses, but has limited value for the microenterprises that dominate the national agribusiness landscape, as they have very little access to Internet facilities. Functional linkages with DTI provincial databases would improve access to information for the producers and buyers of agribusiness products at the local level.

- ii) The Market Information Dissemination Programme, which AMAS leads, includes maintaining and updating AFMIS. This programme could be enhanced by instituting agribusiness extension services at the provincial level, supported by AFMIS.
- iii) A small farmers' marketing system project, which AMAS participates in, has been funded by JICA and FAO since 2011.

AMAS is directly responsible for various activities of the Industry Support and Development Programme, including:

- i) supporting ASEAN's promotion of agricultural and forestry products, largely through conferences and advocacy meetings/consultations with stakeholders;
- ii) supporting NMU, through facilitation of Board meetings; however, during study interviews it was suggested that the NMU scheme should be revisited as it has stagnated;
- iii) supporting the National Mango Action Team, through facilitation of meetings and conferences; the action team is composed of private and public sector representatives dedicated to promotion of the mango industry; support should be expanded to other commodities that are important exports or have export potential;
- iv) conducting market research on selected commodities; many key informants mentioned that market research services should focus on major products, to maximize the gains;
- v) promoting Halal and organic agriculture certification;

- vi) facilitating Food Lane Pass accreditation, where steps in the right direction seem to have yielded positive results.

Regarding agribusiness investment promotion, AMAS has participated in the formulation of SAIP, and implements the Investment Promotion and Enterprise Development Programme, including by establishing agribusiness investment fora for Philippine workers overseas, and for local and international investors; developing investment opportunity portfolios for investors; producing commodity profiles; providing technical assistance and advisory services to agribusiness investors; and monitoring and conducting consultative meetings on EO 376 (Food Lane Pass). Domestic and international fairs would also contribute towards enhancing investment promotion. Enterprise development is better undertaken as an extension activity as most clients are at the local level.

A summary of these programmes, with their corresponding instruments, is provided in Table 4.

3.4 CAPACITIES

This section analyses AMAS's capacities to provide its core services, identifying gaps between what it is supposed to deliver and the existing capacities related to the specific services offered, including in budget and staff allocations. Table 5 summarizes the capacity of AMAS to provide services in each of the areas analysed, in terms of staff skills and budget allocations.

The numbers of staff allocated to agribusiness tasks were analysed. Most service areas are the responsibility of a single AMAS division, but some are cross-cutting:

- i) The Market Promotion and Development Division employs eight staff (including one support staff) handling the building of business and entrepreneurial skills (area 3), and the reinforcement of business and market linkages (area 4).
- ii) The Marketing and Technical Assistance Division also has eight staff (including one support staff) handling trade and marketing appraisal and support (area 7).
- iii) The Agribusiness Investment Information Division employs six staff (including one support staff) in charge of the appraisal of business models (area 1), finance and investment appraisal and support (area 6), and agro-industry and processing appraisal and support (area 8).
- iv) The Agribusiness Feasibility Study Division has eight staff (including one support staff)

TABLE 4
Programmes, service areas and instruments used by AMAS

Service area	Programmes	Instruments
1. Appraisal of business models	Investment Promotion and Enterprise Development	Packaging of investment opportunities
2. Value chain analysis	No programme, but undertaken in some regions, especially those receiving assistance through international development projects	Used in commodity development mapping
3. Building of business and entrepreneurial skills	Investment Promotion and Enterprise Development	Consultations, fairs and exhibitions, fora and conferences, packaging of investment opportunities
4. Reinforcement of business and market linkages	Market Access and Development Investment Promotion and Enterprise Development	Web site, consultations, training, conferences, fairs and exhibitions, technical assistance and advisory services
5. Support to collective action and alliance building	SME Development NCI Investment Promotion and Enterprise Development Industry Support and Development	Inter-ministerial council, joint memoranda of understanding
6. Finance and investment appraisal and support	Industry Support and Development	Market research, investment packages
7. Trade and marketing appraisal and support	Industry Support and Development Market Access and Development	PPPs
8. Agro-industry and processing appraisal and support	Industry Support and Development	Market studies, investment packages
9. Development of policy and strategy papers	No programme, but intermittently assigned by the Secretary of Agriculture when new policies and regulations are required and during the formulation of major plans and budgets	Consultations, provision of inputs for formulation of regulations by the Policy Analysis Service and other bureaux
10. Lobbying and advocacy in the agribusiness sector	Industry Support and Development	Industry consultations, conferences, international cooperation, inter-ministerial council, joint memoranda of understanding
11. Sharing of knowledge and information pertaining to the agribusiness sector	AFMIS Market Promotion Investment Promotion and Enterprise Development	Agribusiness Web site, other media, consultations and training

Source: Author's elaboration.

handling AFMIS maintenance and development, which is part of the sharing of knowledge and information (area 11).

- v) The following services are cross-cutting: development of policy and strategy papers (area 9); lobbying and advocacy in the agribusiness sector (area 10); and sharing of knowledge and information pertaining to the agribusiness sector (area 11).

Table 5 shows that traditional areas of service provision (areas 4, 5, 7, 10 and 11) are relatively well funded and performed by staff with adequate skills, although there is plenty of room for capacity build-

ing. Conversely, the new priority areas (areas 1, 2, 6 and 8) are underfunded and delivered by staff lacking specific competencies and expertise. For example, although the formulation of feasibility studies and investment appraisals has become a major function of AMAS, it has not received priority attention until recently because of weak capacity, limited staffing and budgetary constraints. Options for overcoming these issues include: i) developing closer linkages with the Agricultural Credit Policy Council, financing institutions and the SME Guarantee Fund; ii) outsourcing, totally or partially, the development of 125 investment profiles; and iii) training AMAS staff on agricultural finance

and investment promotion. In spite of having staff familiar with agrifood value chain analysis, this service has not been widely provided: the proposed development of 125 investment profiles offers a good opportunity to employ this capacity.

DA needs to be aware of these challenges so that it can smooth the transition from old to new priority areas for service provision by making strategic decisions about budget allocations, staff development and coordination mechanisms. The critical priorities for capacity building are discussed in detail in section 4.

3.5 PERFORMANCE OF AMAS

Overall, AMAS has a mixed performance rating, as attested by the experts' review of AFMA (Centre for Research and Communication Foundation, 2007). The regular performance evaluations mandated by the Civil Service Commission have been conducted, but the system in place is somewhat generic and does not focus on agribusiness functions. In 2011, AMAS instituted a custom-made performance evaluation

system for its own and AMADs' staff. Recognizing the relatively low competency of its staff in some domains, in 2011 it instituted a capacity building programme, starting with 20 key staff members. However, its system does not monitor the satisfaction of clients or beneficiaries. Interviews with LGUs and the councils that represent MSME clients pointed to a need for more proactive assistance on agribusiness matters from AMAS and related DA agencies.

The objective of EO 116 in creating the Agribusiness Group in 1987 was to stimulate growth in the rural sector through private business development and partnerships with farmers, for which the Agribusiness Group (now AMAS) was to be the driving force. This did not materialize because of budgetary constraints and poor organizational design. With a bankrupt government following the People Power Revolution, DA had to make do with the available staff, who were not trained in agribusiness development, although they were supposed to prepare feasibility studies and link farmers to markets. AFMA sought to improve the

TABLE 5
Service areas and capacity analysis

Service area	Relative importance of area in terms of funding/income generated*	Capacity level**
1. Appraisal of business models	11	2
2. Value chain analysis	10	2
3. Building of business and entrepreneurial skills	9	2
4. Reinforcement of business and market linkages services	5	4
5. Support to collective action and alliance building	4	3
6. Financial and investment appraisal and support	8	2
7. Trade and marketing appraisal and support	1	3
8. Agro-industry and processing appraisal and support	7	3
9. Development of policy and strategy papers	6	3
10. Lobbying and advocacy in the agribusiness sector	3	3
11. Sharing of knowledge and information pertaining to the agribusiness sector	2	3

* 1 = most funding allocated; 11 = least funding allocated.

** 1 = none; 2 = basic; 3 = moderate; 4 = advanced.

Source: Author's elaboration.

organization and mandates of AMAS, but it too failed as the necessary funding arrived long after AFMA's approval. In the interim, the 1997 financial crisis prevented the government from providing the necessary training and facilities for AMAS personnel. In 2004, EO 366 prevented government bodies from hiring staff and reorganizing their structures until their Rationalization Plans were approved by the Department of Budget and Management. These factors contributed to AMAS's low capacity in meeting the needs of its stakeholders and clients.

SWOT analysis

The results of a strengths, weaknesses, opportunities and threats (SWOT) analysis of AMAS are presented in Table 6.

Strengths: The key strengths of AMAS lie in the clarity of its legal framework (AFMA) and its able leadership, which is instrumental in implementing

reforms. Despite the absence of an agribusiness banner programme, AMAS continues to receive funds for its activities, particularly for establishing and managing market infrastructure. AMAS had also been able to equip itself adequately to undertake its functions. For example, AMAS and AMADs are fully computerized and have newly refurbished offices; the AFMIS Web site – when adequately populated – will contribute to the attainment of AMAS's objectives; and the newly established Agribusiness Centre should help AMAS to deliver its services more efficiently.

Another major strength is the existing functional partnership with DTI and other local and regional agencies. Over the years, together with DTI, AMAS has established a network of industry councils, which are being transformed into industry clusters. These councils/clusters could serve as extension arms for AMAS and AMADs. Another positive note is that AMAS has been a stable organization with minimal staff turnover, although the other side

TABLE 6
AMAS SWOT analysis

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. AMAS is institutionalized and mandated by law 2. AMAS leadership is capable and has access to DA management, facilitating the provision of funds for development activities 3. Budgetary support for development activities enables AMAS to establish facilities for marketing activities 4. AMAS and most AMADs have well-equipped offices, including information dissemination facilities and showrooms for agribusiness products 5. AMAS has established a network of industry councils and partners 	<ol style="list-style-type: none"> 1. AMAS and AMADs have limited staff numbers with generally weak capacities related to their mandates and functions 2. AMAS and AMADs have an unstable organization pending approval of the Rationalization Plan 3. AMAS has an unstable development budget with little control over the design of activities, as funds are derived from other programmes 4. The Local Government Code weakened AMAS and AMADs linkages at the provincial and municipal levels, as DA's organizational presence ends at the regional level with RFUs 5. Limited budget has weakened AMAS coordination with institutions related to research and training, including universities 6. AMAS has no established banner programme similar to the programmes for major commodities
Opportunities	Threats
<ol style="list-style-type: none"> 1. The policy environment includes many laws supportive of MSME development 2. There are numerous active and willing MSMEs 3. Donors are largely supportive of agribusiness development 4. The network of support and partner institutions, universities, etc. can be tapped for agribusiness development 5. The country is experiencing improved governance, and cooperation among agencies has been heightened by MSMEDC and NCI 6. Most LGUs are in agriculture-based economies, providing opportunities for agribusiness/agri-industry development 7. Technologies for agricultural production and processing are fairly well developed 	<ol style="list-style-type: none"> 1. Approval of the Rationalization Plan has been delayed since 2004; further delays will prevent the streamlining of AMAS and AMADs to respond more effectively to clients' needs 2. Changing priorities in the banner programmes on which AMAS depends for financing of its development activities could put an end to these activities 3. The fiscal crisis may lead to unaffordable credit and unprofitable production, which may reduce the support of stakeholders, especially producers 4. Climate change may render agribusiness activities unprofitable 5. Local producers may be unable to adapt to global trade policies and competitiveness 6. The farming/agribusiness population is ageing and there is diminishing interest in agriculture among youth 7. Some policies, particularly on credit and domestic transport, remain unaddressed

Source: Author's elaboration.

of this coin is the prevailing inertia regarding the modification of job descriptions and the upgrading of skills to adapt to the new agribusiness mandate. The Rationalization Plan seeks to update and clarify the post descriptions for all staff.

AMAS is not a revenue-generating agency, so it relies on annual budget allocations according to the General Appropriations Act. Since 2003, the unit has received a steady stream of funds for covering its personnel, maintenance and operating expenses, and capital expenditure for upgrading its facilities. A large percentage of these funds is provided under national banner programmes, particularly for activities related to BFTs, trading centres, and post-harvest equipment and machinery for distribution to beneficiaries. The budget for maintenance, operating and other expenditures is generous, although most of the funds have been earmarked for support to BFTs, trading centres and exhibitions and fairs, while funding to support councils/clusters has been rather limited.

However, with no national agribusiness programme (as NMAP and SAIP have not been finalized), budget support is unreliable, which might threaten AMAS's development activities. AMAS has acknowledged the need for a national agribusiness programme, possibly with extrabudgetary assistance from international donors, hence the urgency and importance of formulating and obtaining approval for SAIP and complementary agribusiness projects.

Weaknesses: The weaknesses of AMAS are also largely institutional in nature. An antiquated organizational structure and functions have boxed AMAS staff into undertakings that no longer respond to needs in the sector. Pending approval of the Rationalization Plan, AMAS has lacked capacity building for more than a decade, as training and scholarship opportunities are based on official job functions. This has led to the relatively low technical capacity of AMAS staff, except for in supporting BFTs and conducting fairs and exhibitions. AMAS's staff of 38, which is already considered too small for the range of functions provided, will be further reduced to 35 if the proposed Rationalization Plan is approved. Although the Rationalization Plan provides for more focused functions of divisions and individual staff members, the reduced number of staff will be inadequate to undertake all the proposed functions.

AMAS and AMADs have very limited capacity in business/investment analysis, processing, food safety regulations, transport, packaging and labelling and product development. Although these are

not their main tasks, internal capacity in these areas is essential for the analysis of business ventures, policy formulation and other tasks. This situation presents tremendous opportunities for capacity building. DA's project development system requires the formulation of concept and feasibility studies by DA units before they are finalized by the Project Development Service (PDS) and used in proposals for financing by international donors or the government. AMAS has limited capacity in project formulation and programme development. Its participation in DFIMDP did not require project formulation, as AFMIS had already been conceptualized and DFIMDP is a budget support project.

The lack of presence at the provincial level means that AMAS and AMADs face difficulties in maintaining links with farmers, fishers and MSMEs. This is compounded by weak capacities at the provincial and municipal agricultural offices of LGUs. AMAS needs to integrate agribusiness approaches into extension services at the municipality, city and provincial levels. This is a challenging task considering the number of people who need to be trained and the massive training budget required.

AMAS faces some administrative problems that are not unique to it or DA, but that have negative impacts on field activities. Of particular importance is the delayed issuance of daily subsistence allowances and related expenses for travelling staff, which could derail operations and has often left staff to pay their own travel expenditures.

AMAS also lags behind in the adoption and use of innovative approaches. For instance, the value chain approach has not been institutionalized, despite its application as a major tool in industry analysis at the global level and its relevance to agribusiness development.

Opportunities: The current country and global situations give AMAS numerous opportunities to exercise its mandates and contribute towards agribusiness development. The policy environment is supportive of agribusiness development. Numerous incentives and business opportunities have encouraged the establishment of MSMEs. In the government sector, partners have established institutions and services to support agribusiness development, including production, processing and marketing for both domestic and international markets. DA has research centres at the national and regional levels, and numerous production technologies have been developed and now require only dissemination to users. Almost every province has a state college/university that could be tapped for research

and extension, and DTI's PTTC provides training on a wide range of business and related concerns. Improved governance has brought coordination among agencies to the functional level, including through MSMEDC, NCI and other partnerships. Donors are receptive and encourage investment in agriculture and agribusiness development. DA's industry councils (and clusters in Regions X and XI) are hungry for support and are enthusiastic about agribusiness development, and MSME financing – from both private and government banks – is being increased to accommodate more clients.

Threats: The major threats to AMAS are in the areas of institutionalization. Further delays in approval of the Rationalization Plan for DA (and AMAS) would keep AMAS with its current staffing and structure that are not conducive to agribusiness development. The other threat related to institutionalization is AMAS's reliance on national commodity banner programmes for development activities. Changes in the priorities of these programmes may deprive AMAS of its support for development activities. The experts' review of AFMA (Centre for Research and Communication Foundation, 2007) noted that DA has far more funds for commodity production than for marketing and processing. AMAS should insist on the allocation prescribed in AFMA for the agribusiness component, which will require the formulation of a national marketing programme approved by DA management, and by the Department of Budget and Management for fund allocation.

3.6 INSTITUTIONAL COMPARATIVE ADVANTAGES

Although AMAS is the Philippines' lead agency for promoting agribusiness development, other public entities have similar mandates. Sometimes the dividing lines between the mandates of AMAS and other agencies are rather fluid: for instance, according to many interviews and secondary data analysis for this study, DA, through AMAS, is responsible for the development and promotion of agribusiness products in their raw form, while DTI is responsible for manufactured/processed agricultural products. This demarcation in functions has not been legally formalized and there are multiple areas of overlap: for instance, AMAS also promotes processed agricultural and fishery products and, although DTI has the mandate for overall trade promotion, AMAS also works on agricultural trade. There are also points of overlap with NABCOR.

Similarly, while technology development for agricultural production is the responsibility of DA's

Bureau of Agricultural Research, and development of post-production/processing technologies rests with DOST, AMAS also offers services regarding these issues.

The agribusiness development mandate in the Philippines is fragmented across several institutions. The consolidation of all agribusiness tasks within a single institution is not a practical solution as the sector is broad and such consolidation would involve very complicated legislative processes. However, there are other options. The key to enhancing agribusiness development lies in good and coordinated governance of the agribusiness sector. This requires close and functional collaboration among AMAS, other DA agencies, DTI and a host of other organizations. Each of the agencies involved in agribusiness development has its own comparative advantages based on its mandate and human and financial assets:

- There are capacities in agribusiness technology development in the network of regional integrated agricultural research centres of the Bureau of Agricultural Research and the research centres of DOST, but although it is well recognized that new agribusiness technologies exist, they have not been disseminated, because LGUs' extension services do not cover agribusiness.
- DTI has significant capacity in organizing trade and marketing fairs and conducting training programmes related to agribusiness.
- Regulatory instruments are in place and new ones are formulated as the need arises.
- AMAS has organized and established a network of industry councils at the regional level.
- Both DTI and AMAS have agribusiness databases for electronic information dissemination.

However, despite these advantages, agribusiness development has not achieved significant progress given the sector's potential. The agencies generally have limited financial capacities for exercising their mandates and implementing their plans in full, and most have insufficient staff. For instance, it takes about six months to obtain FDA clearance because of a shortage of staff at regional offices (some regions have only two assigned food inspectors). The inadequate budget also limits the capacity to enforce regulations and carry out training and other agribusiness activities. Given the scarcity of financial and human resources, there is need to link the numerous agencies into a network with efficient arrangements for enhanced agribusiness development. There is also need for agencies to focus on activities that would have immediate impacts in

satisfying the needs of clients, as well as synergistic effects resulting from collaboration.

In particular, there is need for: i) integrating agribusiness approaches into LGUs' extension services, including capacity building of LGU extension staff and development of agribusiness extension messages; ii) streamlining the functions of the numerous

agencies involved in agribusiness to ensure functional collaboration; and iii) developing a common approach and strategies for agribusiness development of beneficiaries among the agencies concerned, given the fragmentation of mandates. The Rationalization Plan aims to achieve these objectives by forcing agencies to focus on their main final outputs.

Chapter 4

Capacity development priorities

Following SWOT analysis, the study identified the priorities for capacity building, based on a reflection on the future path for AMAS. Recommendations were also made on the role that FAO can play in improving the unit's institutional capacity and helping it to move forward along the development path. The contents of this section have been discussed and validated with stakeholders.

4.1 DEVELOPMENT PATH

The development path pursued by AMAS is articulated in its Rationalization Plan, along with the envisaged outcomes. These are presented in the following with comments and suggestions on how to enhance and maximize the benefits from investments and efforts. Under the Rationalization Plan, AMAS envisages five programmes:

1. *Market access and development*: This programme focuses on coordination with other DA agencies in the areas of technology development, market research, product development, and facilitation of the construction of market infrastructure.
2. *Market and product promotion*: AMAS envisages developing a national marketing programme for the promotion of agricultural and fishery products in both domestic and international markets. AMAS will collaborate with agricultural attachés, appropriate offices and entities (DTI, CITEM, DOT, Department of Fisheries Administration, LGUs) and the private sector in the promotion and marketing of agriculture and fishery products in domestic and export markets.
3. *Provision and dissemination of market information*: AMAS will continue to provide stakeholders with agribusiness and market information, in partnership with other DA agencies.
4. *Investment generation and promotion*: Under this programme, AMAS envisages packaging investment plans for domestic and international investors.
5. *Linkages and support to industry*: AMAS envisages linking service providers (within and outside the DA network) to agribusiness entrepreneurs.

While these programmes are designed to respond effectively to clients' needs, some fundamental reforms need to be made to enable AMAS to achieve its objectives. The following are the most important areas for reform:

- i) Stabilize the institutional setting of AMAS and AMADs, with or without the approval of the Rationalization Plan, which is a law of lower level than the Republic Act (AFMA).
- ii) Enhance the capacities of AMAS, AMADs and the LGUs that are their extension arms by integrating agribusiness approaches into LGUs' extension services.
- iii) Stabilize financial support by instituting a banner programme for agribusiness, focusing on post-production, as the production of key commodities is already supported by national banner programmes.

AMAS and AMADs also need the capacity to mobilize donor and local resources. The DA system for project development requires each DA unit to analyse its subsector's needs and requirements and formulate concept papers for specific sectoral projects. AMAS does not have the capacity to formulate project proposals that are acceptable to international donors, and in all its years of existence, it has never generated a project by itself. AMAS needs capacity building in analysing problems and opportunities and formulating projects, programmes and policies to address issues in the agribusiness sector.

4.2 PRIORITY AREAS FOR CAPACITY BUILDING

The discussion in this section focuses on the services listed in Table 5, which are necessary to propel the development of the agribusiness sector.

The capacity for *building business and entrepreneurial skills* is limited. Some staff have received training on enterprise development but need more training. DTI's PTTC could be instrumental in providing this training.

Reinforcement of business and market linkages requires more in-depth knowledge of international and domestic market trends, trade restrictions and procedures, as well as phytosanitary, epizootic and

hazard analysis and critical control points (HACCP) requirements, among others. This capacity does not exist in AMAS and needs to be instituted.

AMAS has significant experience and capacity in *support to collective action and alliance building* and in *lobbying and advocacy in the agribusiness sector*, at both the regional and domestic levels. However, effective implementation, especially at the local level, is hindered by the lack of budgetary support for industry councils' activities and capacity building. On the other hand, support to ASEAN activities is well funded, as these activities are mandatory. Capacity in this area is considered very high in spite of the modest national budget allocation, because AMAS also receives important funding from external programmes.

AMAS's *trade and marketing appraisal and support* are largely through the establishment of BFTs and the recent Agri-Pinoy trade centres. International trade for agribusiness products is largely through DTI. Closer collaboration between DTI and AMAS is needed on this issue.

With the segmentation and fragmentation of agribusiness functions, capacity for providing *agro-industry and processing appraisal and support* does not exist in AMAS, which therefore has to collaborate closely with DOST, DTI, FDA and others.

Although AMAS is a key DA resource in providing inputs for the *formulation of policies and regulations related to agribusiness*, its capacity for policy analysis and strategic planning focused on the agribusiness sector is weak. This capacity is needed to enable AMAS to guide the direction of the sector's development.

AMAS *shares knowledge and information pertaining to the agribusiness sector* through consultations, conferences, fairs and exhibitions and, recently, with the establishment of the AFMIS Web site. Functional integration of AFMIS with the DTI Web site would be useful.

Appraisal of business models

Appraising business models is part of AMAS's mandate under EO 116. However, the limited number and low technical capacity of staff, and budgetary constraints have led to the neglect of this service area. In 2011, AMAS expected to conduct 125 feasibility studies on various business models, but given its current capacity and budget, this target appeared unrealistic.

Within DA, the capacity for preparing feasibility studies resides with the Project Development Service (PDS). As AMAS's staff need basic skills in project formulation and development, AMAS

should collaborate closely with PDS to become the key provider of technical agribusiness information. PDS was established in 1978 and its staff had benefited from numerous training courses on project formulation and analysis. However, PDS has not done substantial work on agribusiness projects, and partnership with AMAS could lead to more productive appraisals of agribusiness models.

Value chain analysis

AMAS makes little use of the value chain approach in its analysis of programmes for product and subsector development (fisheries, livestock, fruits, vegetables, etc.). Staff may have knowledge from previous training, but are unlikely to have skills as they have no practical experience in this area. A refresher course coupled with practical exercises on value chain analysis would be useful, and AMAS should prescribe the use of value chain analysis in product and subsector development activities. Staff of some RFUs have operational skills in value chain analysis, and AMAS should use these staff members as resource persons for refresher courses.

Building of business and entrepreneurial skills

AMAD and the Agricultural Training Institute (ATI) have limited capacity for building business and entrepreneurial skills. The capacity for this function is with DTI's PTTC, which is inaccessible to most micro and small enterprises as it is based in Manila and offers infrequent courses. As the building of business and entrepreneurial skills is a key input to integrating agribusiness into LGUs' extension services, AMAS and ATI need to collaborate with PTTC to conduct training of trainers for the regional staff of ATI regional training centres. This would significantly improve the access of micro and small enterprises to training programmes on business and entrepreneurial skills.

Reinforcement of business and market linkages

Reinforcing business and market linkages is a routine activity of AMAS staff, carried out mainly through fairs, exhibitions and consultations. This service area requires more in-depth knowledge of international and domestic market trends, trade restrictions and procedures, as well as phytosanitary, epizootic and hazard analysis and critical control point (HACCP) requirements, among other issues. Currently, this capacity does not exist in AMAS and needs to be instituted.

The promotion of agriculture and fishery products is largely through fairs and exhibitions, jointly

with DTI's CITEM, the Bureau of SME Development, BDTD and BETP. During interviews, staff of CITEM noted that these events have extremely limited budgets. CITEM is also working to integrate DA's eight annual fairs and exhibitions into a larger, single event, to make a bigger impact on the market, attract international market participants and maximize the gains from relatively small investments. This integration should be studied jointly by DA, CITEM and stakeholders.

Support to collective action and alliance building, and lobbying and advocacy in the agribusiness sector

These two functions are discussed jointly as they are interrelated. AMAS supports collective action and alliance building at both the domestic and international levels. At the domestic level, support is largely through the establishment of industry councils in all regions of the country, which started in the late 1980s, spearheaded by the National Agribusiness and Fishery Council and AMAS. As this is largely a private sector affair, AMAS provides support by organizing the councils, assisting their business establishment and operations and providing capacity building for their officers and members. The councils were expected to become self-supporting within a few years. Some councils continue to operate without budget support from the National Agribusiness and Fishery Council and AMAS, but expect support for minor items such as meeting expenses to keep them abreast with national and international developments.

The councils have been effective in alliance building and even in bringing about policy reform in the agribusiness sector. Current efforts to establish commodity clusters should be continued, as the clusters provide a broader framework for the organizational growth of the councils. DA and DTI should pursue these efforts and include sustainability in their cluster development plans.

At the regional/international level, agribusiness activities under ASEAN are fully supported and funded. These activities focus on alliance building and advocacy for the promotion of selected commodities agreed by the Ministers of Agriculture and Food of ASEAN member countries.

Finance and investment appraisal and support

AMAS has limited capacity for functions related to finance and investment appraisal and support, and needs to develop closer linkages with the Agricultural Credit Policy Council, financing institutions

and the SME Guarantee Fund. Although the formulation of feasibility studies for agribusiness initiatives was a major function of the Agribusiness Group according to EO 116, weak capacity, limited staff numbers and budgetary constraints meant it received little attention until recently. Appraising business opportunities is a prominent feature of PFP 2011, which aimed to prepare 125 agribusiness investment plans, following extensive consultations to identify investment opportunities. This target was optimistic given the limited staff and budget of AMAS, which would need to outsource the plan formulation and seek the necessary budget. Related activities are the conducting of market studies and the packaging of investment options for presentation at investment seminars on agribusiness. Market analysis should be part of all investment feasibility studies.

Trade and marketing appraisal and support

At the domestic level, AMAS provides these services mainly through BFTs and the recent Agri-Pinoy trade centres. Production and product flows are analysed prior to the establishment of infrastructure for these facilities.

DTI carries out most international trade promotion of agribusiness products. AMAS collects information from DA's agricultural attachés, but DA has fewer of these attachés than DTI. AMAS needs to collaborate closely with DTI to optimize the promotion of agribusiness products on international markets, and should not rely solely on its own attachés for information on trade and marketing trends at the international level. The Internet and publications provide substantial information on these trends.

Agro-industry and processing appraisal and support

AMAS has limited capacity for appraising and supporting agro-industries and the processing of agricultural and fishery products. DOST is mandated to develop technologies for agro-industries and processing, and MSMEs use DOST's services in developing machinery and processes for agribusiness. The capacity for appraising the business aspects of agro-industries and processes resides with DTI. AMAS should collaborate closely with DOST and DTI on these matters.

Development of policy and strategy papers

While AMAS is a key provider of agribusiness information for the formulation of policies and regulations related to agribusiness, its capacity for policy analysis and strategic planning is weak.

The phenomenal growth of MSMEs in the Philippines over the past decade, most of which are agriculture- or fishery-based, requires nurturing if it is to be sustained and to contribute to local and national development. Policy analysis and strategic planning could play a significant role in guiding the sector on matters related to trade, marketing, financing, investment and technological development, among others. AMAS needs capacity building in strategic planning and basic policy analysis to address issues in the agribusiness sector.

The capacity for strategic planning and policy analysis and formulation resides with DA's Planning Service and Policy Analysis Service, which can provide AMAS staff with basic training in these areas. AMAS should arrange short training programmes to improve its capacity in strategic planning and policy analysis and formulation.

Sharing of knowledge and information pertaining to the agribusiness sector

AMAS's main modality for information sharing is its electronic database AFMIS. However, most AMAS clients are microenterprises in rural areas, which have no or limited access to the Internet. The key users of AFMIS are therefore SMEs, which are based mainly in urban areas. DTI also operates an electronic database, which offers information on agribusiness producers and markets as well as product and technical information. One option for populating AFMIS more quickly is to investigate the possibility of data migration from the DTI database, assuming that the software used by the two systems is compatible.

The main option for expanding AMAS's knowledge and information sharing to reach most of its clients (agribusiness microenterprises) is to integrate agribusiness matters into the extension services offered by LGUs. This is a major challenge that would require significant investment in developing extension messages, training of trainers on agribusiness extension, and training of LGU extension staff. These efforts would localize technical capacities in agribusiness development, significantly increasing entrepreneurs' access to agribusiness information.

AMAS conducts agribusiness conferences and trade fairs to showcase products and agribusiness technologies. However, these events are infrequent. Integrating agribusiness into the extension services would pave the way for including agribusiness matters (products, technologies, etc.) in the local agricultural fairs that are conducted almost annually by provincial LGUs and less frequently by city and municipal LGUs.

4.3 POTENTIAL ROLES OF AND INSTRUMENTS FOR FAO SUPPORT

The assessment in the previous section demonstrates the need for vast capacity building efforts to which FAO can provide assistance. The following are the critical capacity building needs of AMAS and AMADs:

- i) *Agribusiness policy analysis and formulation:* AMAS needs the capacity to review the situation of and policies for agribusiness subsectors such as markets, transport, food safety, credit and finance, to identify the implications of these policies on the agribusiness sector and to provide inputs to the Policy Analysis Service and others.
- ii) *Technical knowledge* on post-harvest processing, packaging and labelling, transport engineering, value chain analysis, marketing, industry analysis, investment analysis, packaging of investment opportunities, imports and exports, design of training courses, formulation of research agendas, food safety, financial and economic analysis, project development and agribusiness extension methodologies: While some of these topics are not direct responsibilities of AMAS, basic knowledge of all of them would enable AMAS to refer clients to the agencies with direct responsibilities.
- iii) *Project and programme formulation:* There are numerous project and programme possibilities for agribusiness development. AMAS needs basic skills in these.

Regarding support to LGUs, the following areas for capacity building are worth mentioning:

- i) *Technical aspects* (as in item ii above): LGUs need basic knowledge on technical aspects to enable them to refer their clients to the proper authorities.
- ii) Use of *value chain analysis* and related tools in agribusiness development.
- iii) *Support to industry clusters:* LGUs that are in direct contact with industry clusters need knowledge and skills on organizational development.
- iv) *Integration of agribusiness skills into extension services:* LGUs require training in the basics of agribusiness and agro-industry extension methodologies, which are quite different from the modalities for production extension. There is also need to establish common processing centres for demonstrations, training and commercial purposes. These facilities could be self-sustaining.

Chapter 5

Conclusions and main findings

The main findings of the study include opportunities as well as issues that need to be addressed to optimize the effectiveness of AMAS (and related agencies) in servicing the agribusiness sector.

Since the mid-1980s, the Government of the Philippines has placed much importance on modernizing agriculture, developing agribusiness and working with the private sector, through two key interventions: i) the adoption of policies and strategies conducive to agribusiness growth; and ii) the restructuring of DA to fit the new paradigm. The organizational model it chose was the establishment of a core agribusiness agency within DA (AMAS), with field offices (AMADs) at the regional level.

AMAS was created in 1987 as part of a broader institutional reform movement triggered by the People Power Revolution, which aimed to devolve power to farmers and other private sector actors. Since then, AMAS has undergone a number of restructuring processes, the most significant of which include the reforms of 1997, under AFMA, and 2004, prompted by the Rationalization Plan. In the late 2000s, agribusiness attracted increasing interest following declarations by top-level government officials proclaiming it a top priority. Agribusiness is recognized in the national development plan (NEDA, 2011) and the strategic framework for the agricultural sector (Agri-Pinoy) for 2011–2016. The two main features of this revamped vision are a focus on promoting agribusiness investments (particularly in the agro-industry subsector) and a commitment to working with the private sector through PPPs, as expressed in the government's motto "Shared Vision, Shared Journey".

This iterative restructuring process illustrates how DA has evolved: step 1 involved implementation of the agricultural reform (1987); step 2 facilitated the modernization of agriculture (1997); step 3 involved efforts to introduce organizational rationalization and performance measures into the public sector (2004); and the current step emphasizes investing in partnerships with the private sector.

This refocused vision has profound implications for AMAS's work and mandate, which have been clarified and refined. AMAS is expected to

become the "go-to" organization for agribusiness development in the Philippines, leading and coordinating efforts with other units in DA and other ministries, academic and research institutions, the private sector and civil society. To put AMAS on the right track for achieving this vision, additional core functions have been introduced (e.g., agricultural value chain development and agribusiness investment promotion), and changes in staff and resource allocation are expected to follow. The new approach also addresses the need to bridge the skill gaps of AMAS staff so they can adapt to the revised mandate.

The Government of the Philippines responded to the calls for decentralization that swept the region in the 1980s and 1990s by enacting the Local Government Code of 1991, which eventually devolved functions (including agricultural extension and research), personnel and budgets to LGUs. The resulting organizational design for providing public support to the agribusiness sector covers the central and regional levels through AMAS and AMADs, but leaves a vacuum at the local level, as DA's RFUs are not providing the necessary support to LGUs. In addition, the government's tight fiscal situation has squeezed central transfers to LGUs, affecting their capacity to deliver services efficiently. Decentralization as a means of improving public service delivery (rather than an end in itself) seems not to have yielded the intended positive outcomes for the agribusiness sector.

The government has developed an innovative and proactive vision, a conducive policy framework and a well-thought out institutional model to support agribusiness development through the establishment of an agribusiness unit.

The key consideration is whether these three positive elements have been put to work efficiently to help the agribusiness sector grow and thrive, and the answer to this question is mixed. On one hand, the successive reform plans are well designed and have been backed by consistent and strong political engagement throughout the years. On the other hand, several implementation shortcomings have arisen, jeopardizing the public institutional capacity to support the agribusiness sector efficiently.

Two main implementation issues have prevented the public sector from creating a well performing institutional set-up for providing agribusiness services: i) insufficient financial and human resources have been allocated to AMAS; and ii) in spite of efforts to the contrary, the agribusiness mandate remains fragmented across several public agencies within and outside DA.

Insufficient financial and human resources: Although the overall budget envelope for agribusiness development is generous, most of it is spent on providing market infrastructure. The provision of other important agribusiness services, such as those related to the enhancement of soft skills and the institutional strengthening of AMAS and other public agencies, has been largely neglected. In contrast to the general trend in other developing countries, the Philippines' budget for the agriculture sector has increased over recent years, as has the agribusiness promotion budget, in line government priorities. However, most of these resources go to activities under the framework of national banner and thematic programmes (particularly market infrastructure provision), over which AMAS has little control. Conversely, the allocation to AMAS and AMADs is a meagre 1.5–2.0 percent of DA's total budget, along with 6.5 percent of authorized staff positions. AMAS has been given the mandate for agribusiness promotion, but no the means to fulfil it.

This situation leaves AMAS with major weaknesses in its institutional structure and human resources. Three main flaws are worth highlighting:

- i) *Decades of continuous but only partially implemented government reorganization initiatives have prevented AMAS from streamlining its organization* to respond effectively to the challenges facing the agribusiness sector. As a result, an antiquated organizational structure and functions have been juxtaposed with new ones, pushing AMAS's staff into activities that are no longer responsive to the sector. The need to cure this "reform disease" (i.e., the continuous reform process that results in many initiatives that are sometimes contradictory and usually only partially implemented) was mentioned in many of the interviews conducted during this study. In many cases, the approved reform measures remained unimplemented because the necessary funds were not granted. For instance, the new agribusiness paradigm proposed in AFMA in 1997 could not be put in place without the additional US\$80–100 million per annum envisaged for agribusiness development.

- ii) Other design-flaws relate to the misplacement of *traditional headquarters functions at the local level*. This is the case of domestic and international market analysis, which has become a responsibility of AMADs; given the limited capacity of AMADs and the global implications of the task, it would be better situated at the central level in AMAS, in collaboration with other national agencies and with external support.
- iii) One message reiterated frequently during the interviews was that AMAS and the other agencies involved in agribusiness development should translate existing policies and plans into a single sharply focused operational plan that meets clients' needs. However, before doing this, AMAS needs to *clarify who its key clients are*. The current definition of AMAS's core clients and beneficiaries is too broad, especially given the scarce resources available; the alignment between AMAS's core functions and its supposedly core clients is not clear. At present, it seems that the prioritization of clients is based more on the availability of resources under banner/thematic programmes.
- iv) So far, the Philippines has not completed the transition from independent, unlinked commodity and thematic programmes dealing with marketing, infrastructure and agro-industrial development to a *consolidated, umbrella agribusiness programme*. This failure is particularly unfortunate because the country's resource allocation is based on programme priorities, and the absence of an integrated agribusiness programme has perpetuated the fragmented approach to agribusiness service provision. Failure to adopt NMAP as foreseen in AFMA (with the necessary financial and human resources allocated) left the reformed agribusiness unit an empty shell that depends on the budgets of other national programmes – instead of looking for longer-term solutions, AMAS has survived by providing support to national banner programmes. In the meanwhile, the new SAIP risks facing the same fate as its predecessor.

Regarding *human resources*, AMAS has weaknesses in the following areas:

- i) *Staff numbers:* AMAS is a small, centralized service, with only 31 staff members on the payroll and a number of posts left vacant

because of administrative issues. AMAS staff are trying to cover an overly ambitious range of functions that continues to grow as new functions are added without existing ones being dropped. In practice, staff spend most of their time supporting the implementation of national banner programmes, leaving no time to tackle other functions.

- ii) *Technical capacity*: Pending approval of the Rationalization Plan, AMAS had no access to capacity building for more than a decade, because training and scholarship opportunities are based on official job functions. This has led to relatively low technical capacity and productivity of AMAS staff, except for in supporting BFTs and conducting fairs and exhibitions. The need to improve the capacities of AMAS staff was first recognized in PFP 2011, which provided a sizeable budget for training 20 core staff.
- iii) *Local coverage*: Operationalization of the agribusiness policy is very weak at the decentralized level, particularly for agribusiness extension services and financing. AMAS has a mandate but no permanent staff at the field level: LGU extension services are supposed to fill the gap. However, two decades after the passage of the Local Government Code, agribusiness issues have not been introduced into LGUs' extension programmes. LGUs are particularly weak in the delivery of extension messages related to agribusiness management, processing technologies and food safety and standards. The integration of agribusiness approaches into LGU extension services should be made a major priority of AMAS and DA, but no steps have yet been taken in this direction. A programme for this institutionalization process should be drafted to guide AMAS in its implementation.

Fragmentation of the agribusiness mandate: In spite of repeated efforts to concentrate all agribusiness functions in one core agency (AMAS), the public institutional setting continues to suffer from fragmentation and segmentation of the mandate for agribusiness development, leading to a duplication of functions and facilities.

In practice, AMAS shares its mandate of promoting agribusiness development with several other agencies/institutions: primary production and marketing are largely lodged with AMAS and other agencies within DA; the development of processing technologies is the mandate of DOST;

business licensing and market promotion of processed agricultural and fishery products are the domains of DTI and its agencies; and regulations and standards for food product safety are shared between DA's BAFPS (for primary produce) and the Department of Health's FDA (for processed products).

Frequently the dividing lines between the mandates of AMAS and other agencies are rather fluid. For instance, AMAS is responsible for developing and promoting agribusiness products in their raw form, while DTI is responsible for manufactured/processed products. Such separation between fresh and processed products is artificial and impractical, creating an overlap of functions between DTI and AMAS. As another example, DTI tends to work with large agribusiness firms, while AMAS is supposed to work exclusively with agribusiness SMEs, creating another artificial divide that prevents AMAS from being exposed to the innovations of large firms (which can be transferred to small and medium agribusiness enterprises) and from developing working relationships with large firms potentially interested in contract farming or outgrower schemes.

The fragmented mandate has resulted in considerable duplications in the functions and facilities of AMAS and DTI agencies. Areas where duplications occur include information system services, the location of agribusiness offices in regional capitals (DTI's one-stop shops and DA's agribusiness showrooms) and the organization of domestic fairs and participation in international trade expositions.

Given this situation, the need for coordination among concerned agencies is of paramount importance. Existing *coordination and convergence alliances* include MSMEDC, the partnership between DA and DTI, and NCI. However, these initiatives should be better operationalized. For example, MSMDC covers both agribusiness and non-agribusiness entrepreneurs, but agribusiness entrepreneurs have specific requirements so it would be advisable to organize a sub-committee or task force for agribusiness concerns, focusing on collaboration among the agencies concerned. Given the novelty of many of these initiatives, it is too early to assess their effectiveness, although they seem to be moving in the right direction.

These findings provide opportunities for investment by international donors and the government to propel agribusiness development to greater heights. Vast investments are required, especially for issues such as integrating agribusiness approaches into extension services, inte-

grating segmented mandates and expanding the agribusiness sector. This calls for multilateral assistance, which the government should initiate at the earliest opportunity.

Efforts to streamline the agencies' functions related to agribusiness development would reduce duplication in efforts and resource use and could optimize

the gains in agribusiness development. Avenues already exist for coordinating the fragmented agribusiness development functions, providing a forum for change and development. As a critical priority, DA and AMAS should review the options for integrating agribusiness approaches into the agricultural extension services provided by LGUs.

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Annex 1

People contacted

Date	Name	Position, organization and contact details	Notes
16 June	Engr. Leandro Gazmin Ms Ma Teresita Matias	Director, AMAS, DA Division Chief, (Information), AMAS, DA	
17 June	Mr Jose Manto Ms Gregoria Santos	Division Chief (Market Promotion), AMAS, DA Division Chief (Marketing and Technical Assistance), AMAS, DA	Officer in Charge
21 June	Ms Lolita Benpres Mr Leonard Harvey	Provincial Agriculturist, Benguet Province, CAR Cut-flower Entrepreneur, Baguio City	
22 June	Ms Marlyn Sta Catalina Mr Danilo Daguio Ms Carmen Himmiwat	Regional Executive-Director, DA CAR RFU, Baguio City RTD Operations, DA CAR RFU, Baguio City Agriculturist 1, AMAD, CAR	
23 June	Mr Joel Rudinas Ms Rebecca Badiola	Undersecretary (Operations), DA, Manila Chief Admin. Officer (Personnel), DA, Manila	
27 June	Ms Leny Pecson	Exec. Asst, AMAS, DA, Manila	
28 June	Mr Mariz Agbon	President, Philippines Agricultural Development Commercial Corporation, Manila	DA's corporate arm
29 June	Mr Jerry Pactoran Mr Gumersindo Tumbali	Under Sec., SSO, DAR National Deputy Director, APRED, DAR	
30 June	Ms Remelyn Recoter Mr Ricardo Povido Ms Ma Teresa Solis	RTD Operations, DA RFU 6, Iloilo City RAFC Chair, Iloilo City Chief, AMAD, RFU 6, Iloilo City	
1 July	Mr Nicelarito Calawag Ms Betty Baldevia Mr Raoul Bravo Ms Madelyn Pagunsan Ms Elma Pena Ms Gina Jordan	Prov'l Agriculturist, Office Prov. Agric., Antique Agribusiness Coordinator Office Prov. Agric., Antique Extension Agents, San Jose, Antique Extension Agent, San Jose, Antique PAFC Chair, Antique Monitoring and Evaluation Officer/Head of Antique Agribusiness Convergence Secretariat, Office Prov. Agric., Antique	
July 4	Mr Oscar Parawan Ms Mirope Lamsen Mr Roger Masareno Mr Ernesto Miro Ms Melinda Rubalano	Regional Exec.-Dir., DA RFU XI, Davao City Chief, AMAD, DA RFU XI, Davao City City Agriculturist, Digos City Provincial Agriculturist, Office Prov. Agric., Davao Sur Agribusiness Coordinator, Office Prov. Agric., Davao Sur	
5 July	Mr Romualdo Crispino Mr Gilbert Agduay Ms Tracy Pagobo Mr Romeo Castanaga Mr Ireneo Dalayon Mr Candelario Miculob Mr Ray Acain	Agri-entrepreneur and former RAFC Chair, Digos City Research Officer, Bureau of Fisheries and Aquatic Resources, Digos City Coop Treasurer, PARBO Multipurpose Coop, Pasig, Kidlawan, Davao Sur Chief Trade and Industry Development Specialist, DTI Reg XI, Davao City Chair, Mindanao Banana Industry Cluster, and CEO Federation of Cooperatives in Mindanao (FEDCO) Director, Mindanao Fruit Industry Dev. Council, Davao City President, Vegetable Industry Council of Southern Mindanao, Davao City	

see next page

Date	Name	Position, organization and contact details	Notes
7 July	Ms Rosemarie Castillo Ms Leah Ocampo	Bureau of Export Trade Promotion, DTI, Makati City, Metro Manila Chief (Agrimarine), CITEM, Roxas Blvd, Manila	
8 July	Mr Ferdinand Gamorot	Chief, AMAD, DA RFU IX, Zamboanga City	
9 July	Ms Fe de Veyra Mr Leo Ilustrisimo	Proprietor, RDV Co. (Marine products processing company), Zamboanga City Poultry Processor and Trader, Zamboanga City	
10 July	Ms Baby Torres	Agribusiness Trader, Zamboanga City	

Annex 2

Department of Agriculture network of agencies

A. Central Office: Office of the Secretary (OSEC)

The Office of the Secretary consists of the Secretary, Undersecretaries and Assistant Secretaries assigned to the bureaux and attached agencies and the services under OSEC as follows:

1. Agribusiness and Marketing Assistance Service (AMAS)
2. Administrative Service (AS)
3. Finance and Management Service (FMS)
4. Field Operations Service (FOS)
5. Information Technology Center for Agriculture and Fisheries-Agriculture and Fisheries Information System (ITCAF-AFIS)
6. Legal Service (LS)
7. Policy Analysis Service (PAS)
8. Project Development Service (PDS)
9. Planning Service (PS)

B. Bureaux (9)

1. Agricultural Training Institute (ATI)
2. Bureau of Fisheries and Aquatic Resources (BFAR)
3. Bureau of Agriculture and Fishery Products Standards (BAFPS)
4. Bureau of Animal Industry (BAI)
5. Bureau of Agricultural Research (BAR)
6. Bureau of Agricultural Statistics (BAS)
7. Bureau of Plant Industry (BPI)
8. Bureau of Soils and Water Management (BSWM)
9. Philippine Center for Post-harvest Development and Mechanization (Philmec)

C. Attached agencies (22)

1. Agricultural Credit Policy Council (ACPC)
2. Cotton Development Administration (CODA)
3. Fibre Development Authority (FIDA)
4. Fertilizer and Pesticide Authority (FPA)
5. Livestock Development Council (LDC)
6. National Agribusiness Corporation (NABCOR)
7. National Agribusiness and Fishery Council (NAFC)
8. National Dairy Authority (NDA)
9. National Food Authority (NFA)
10. National Fisheries Research and Development Institute (NFRDI)
11. National Irrigation Administration (NIA)
12. National Meat Inspection Service (NMIS)
13. National Tobacco Administration (NTA)
14. Philippines Agricultural Development Commercial Corporation (PADCC)
15. Philippines Coconut Authority (PCA)
16. Philippines Carabao Centre (PCC)
17. Philippines Crop Insurance Corporation (PCIC)
18. Philippines Fisheries Development Authority (PFDA)

19. Philippines Rice Research Institute (Philrice)
20. Quedan Rural Credit and Guarantee Corporation (QUEDANCOR)
21. Southeast Asian Fisheries Research and Development Center (SEAFDEC)
22. Sugar Regulatory Administration (SRA)

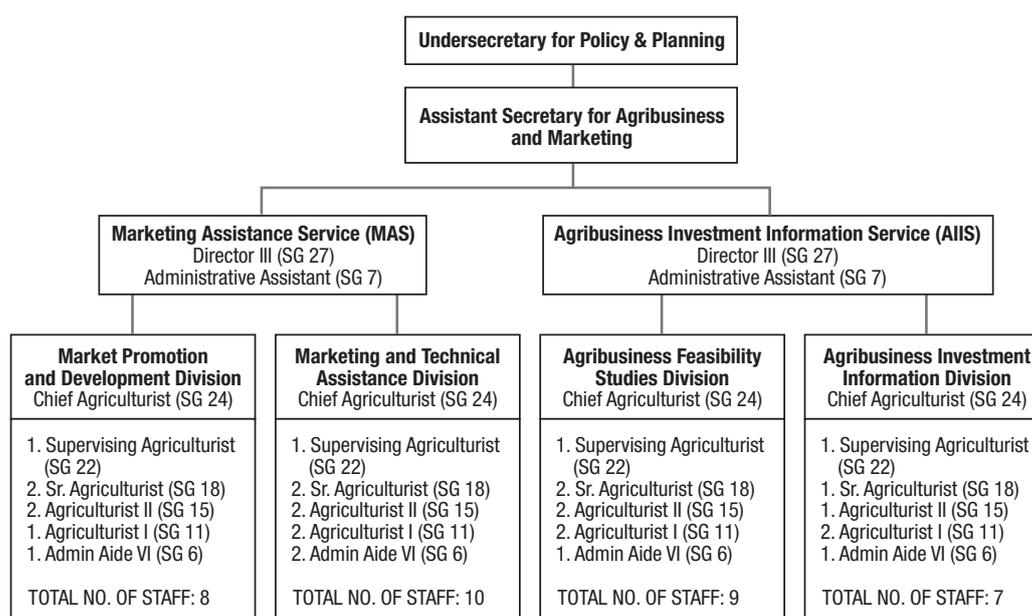
D. Regional field units (16)

1. Cordillera Administrative Region (CAR)
2. Region I: Ilocos Region
3. Region II: Cagayan Valley
4. Region III: Central Luzon
5. Region IVA: Southern Luzon
6. Region IVB: MIMAROPA (Mindoro Provinces, Marinduque, Romblon and Palawan [island provinces of Southern Luzon])
7. Region V: Bicol Region
8. Region VI: Western Visayas
9. Region VII: Central Visayas
10. Region VIII: Eastern Visayas
11. Region IX: Western Mindanao or Zamboanga Peninsula
12. Region X: Northern Mindanao
13. Region XI: Davao Region
14. Region XII: SOCSARGEN
15. Region XIII: CARAGA
16. ARMM: Autonomous Region in Muslim Mindanao

Annex 3

AMAS organizational chart and staffing pattern

Annex 3a: AMAS organizational chart



Annex 3b: AMAS staff

Position title	No. of staff	Remarks
Marketing Assistance Service		Main service
Director III	1	AMAS Director – retained at AMAS
Administrative Assistant I	1	Occupied but seconded to Field Operations Service
Market Promotion and Development Division (MPDD)		
Chief Agriculturist	1	
Supervising Agriculturist	1	
Senior Agriculturist	2	
Agriculturist II	2	
Agriculturist I	1	
Administrative Aide VI	1	
Marketing and Technical Assistance Division (MTAD)		
Chief Agriculturist	1	Vacant
Supervising Agriculturist	1	Vacant

see next page

Position title	No. of staff	Remarks
Senior Agriculturist	2	
Agriculturist II	2	
Agriculturist I	2	
Administrative Aide VI	2	Occupied but one staff member seconded to another DA office
Agribusiness Investment Information Service (AIIS)		Main service
Director III	1	Unfunded
Administrative Assistant I	1	Seconded to the Agribusiness Industry Development Division (AIDD) – staff transferred to AMAS
Agribusiness Investment Information Division (AIID)		
Chief Agriculturist	1	
Supervising Agriculturist	1	
Senior Agriculturist	1	
Agriculturist II	1	
Agriculturist I	2	One vacant
Administrative Aide VI	1	
Agribusiness Feasibility Study Division (AFSD)		
Chief Agriculturist	1	
Supervising Agriculturist	1	Acting as Officer in Charge/Chief Agriculturist MTAD
Senior Agriculturist	2	
Agriculturist II	2	
Agriculturist I	2	
Administrative Aide VI	1	
Summary		
Director III	2	
Division Chief level	4	
Supervisory level	4	
Senior technical staff	7	
Junior technical staff	14	
Administrative assistant – Office of the Director	2	
Administrative Aide	5	
Total no. of positions	38	

Sources: Department of Budget and Management approved positions for the Department of Agriculture, 1987.

Annex 4

AMAS Physical and Financial Plan Bed no. 1 – 2011

Department: Agriculture – OSEC

Agency/OU: Agribusiness and Marketing Assistance Service (AMAS)

Fund: CY 2010 NEP – Regular Fund

P/A/P/performance measures	Previous year accomplishment		Current year physical targets					Current year financial estimates (in thousand pesos)					
	Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	
(1)	(2)		(3)	(4)	(5)	(6)	(7) = (3)+(4)+ (5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+ (10)+(11)	
Market Access and Development		33 198						9 387	11 549	8 410	8 654	38 000	
Establishment of <i>bagsakan</i> centers/ alternative distribution outlets	Number established	1 088											
Establishment of <i>barangay bagsakan barangay</i> community-based outlets	Number established	2 410											
Pork-in-a-Box (PIB) Project	Volume; value of marketing agreements finalized						0					-	
Facilitation of linkages of PIB producers to institutional buyers	Number of producers/ suppliers linked	0					0					-	
Facilitation of linkages of agriculture and fishery producers to institutional buyers, processors and consolidators	Volume; value of marketing agreements finalized						0					-	
	Number of producers/ suppliers linked						0					-	
Bantay Presyo							0					-	
Monitoring of prices in the Huwarang Palengke and non-Huwarang Palengke markets	Number of days of price monitoring conducted	144	756	36	36	36	36	144	450	360	360	450	1 620
	Number of commodities monitored			15	15	15	15	60					-

see next page

P/A/P/performance measures		Previous year accomplishment		Current year physical targets				Current year financial estimates (in thousand pesos)					
		Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
(1)		(2)	(3)	(4)	(5)	(6)	(7) = (3)+(4)+(5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+(10)+(11)	
Conducting/facilitation of meetings, consultations and seminars of the TWG on Bantay Presyo and Consumer Concerns	Number of meetings, consultations, seminars conducted/facilitated	25	3	3	3	3	12						-
Facilitation of the preparation of guidelines on Price Act Implementation	Number of guidelines prepared	20	1				1						-
Establishment of Agribusiness Export Showroom							0						-
Establishment of Regional Agribusiness Export Showroom	Number established	1	2 293		4		4		3 940				3 940
Identification of supplier-exhibitors	Number identified		0.14				0						-
	Volume; value of commodities displayed/sold						0						-
Market Promotion of Agri-Fishery Products							0						-
	Number of exhibitors benefitted	24 300		6 000	7 000	5 000	6 000	24 000					-
Conducting of fairs and exhibitions at the local and	Number conducted	11	2 275	0	1	1	2	4	500	300	300	500	1 600
International level	Number conducted	21	4 742	4	5	3	4	16	800	1 000	600	800	3 200
Funding of fairs and exhibitions at the local and	Number funded	17	2 003	2	4	5	3	14	2 000	500	1 000	1 000	4 500
International levels	Number funded	21	5 591	4	5	3	4	16	3 952	3 820	3 225	4 425	15 422
Participation in local and	Number participated in	17	859	2	3	4	1	10	100	100	200	300	700
International fairs	Number participated in	22	4 940	4	5	3	4	16	250	300	300	250	1 100
Dissemination of promotional materials	Number disseminated in	24 300	664	6 000	7 000	5 000	6 000	24 000	150	200	100	150	600
Support to Promotion of Organic Agriculture							0						-
Funding of training/seminars on organic agriculture: Internal Control System (ICS) Phase I	Number funded	3	0.60				0						-

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P/A/P/performance measures		Previous year accomplishment		Current year physical targets					Current year financial estimates (in thousand pesos)				
		Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
(1)		(2)	(3)	(4)	(5)	(6)	(7) = (3)+(4)+(5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+(10)+(11)	
Enhancing Capability of Agri-Fishery Stakeholders							0					-	
Funding of training/ capacity building of agrifishery stakeholders	Number funded						0					-	
Supply Chain Management Support							0					-	
Food Lane Project							0					-	
Facilitation of issuance of accreditation certificates to producers, traders, truckers and shippers	Number issued		30	30	30	30	120					-	
Conducting of consultations with stakeholders and concerned government agencies and local government units	Number conducted	0.58	1	1	1	1	4					-	
Strong Republic Nautical Highway (SRNH-RoRO)							0					-	
Monitoring of volume and value of agricultural and fishery commodities shipped through RoRO	Volume/ value of commodities shipped						0					-	
	Western Seaboard						0					-	
	Eastern Seaboard						0					-	
Industry Support and Development							0					-	
Support to National Marketing Umbrella							0					-	
Assistance to/ facilitation of meetings, planning workshops and consultations of NMU Board of Directors	Number assisted/ facilitated	522	1/1	2	1	2	1/6	300	0.10	0.06	0.10	300	
Project-based activity	Number of projects implemented				1		1					-	
Support to National Mango Action Team							0					-	

see next page

P/A/P/performance measures		Previous year accomplishment		Current year physical targets					Current year financial estimates (in thousand pesos)				
		Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
(1)		(2)	(3)	(4)	(5)	(6)	(7) = (3)+(4)+(5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+(10)+(11)	
Assistance to/ facilitation of planning workshops, meetings and consultations of the NMAT-TWG on credit, marketing, institutional, post-harvest and processing	Number assisted/ facilitated	12	0.02	3	1	2	1	7	0.20	0.03	0.05	0.03	0.30
ASEAN Cooperation in Agriculture and Forest Products Promotion Scheme								0					-
Participation in/ organization of international meetings of the Joint Committee and TWG (cocoa, coconut)	Number participated in/ organized			1	2		3		150	230			380
Participation in/ organization of meetings and consultations for carrageenan and coconut stakeholders	Number participated in/ organized			2	2	2	2	8	0.02	0.02	0.06		0.11
Support to Promotion of Organic Agriculture								0					-
Assistance to suppliers/ exporters securing certification from organic products certifying body	Number assisted							0					-
Development of nucleus and satellite organic farm clusters and market and value chain optimization in northern <i>batangas</i>								0					-
Funding of studies	Number funded							0					-
Market Information Dissemination								0					-
Agriculture and Fisheries Market Information System	Number of farmers accessing AFMIS							0					-
Establishment and operationalization of AFMIS, including required system management	Number of AFMIS subsystems established and operationalized			3	3	3	3	12	480	374	930	374	2 157
Establishment of Internet connections for AMDs & LGUs for access to AFMIS Web site	Number established			23	23	23	23	92	105	105	105	105	420

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P/A/P/performance measures		Previous year accomplishment		Current year physical targets					Current year financial estimates (in thousand pesos)				
		Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
(1)		(2)	(3)	(4)	(5)	(6)	(7) = (3)+(4)+ (5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+ (10)+(11)	
Procurement of mobile units for the mobile data gathering system as interface to the AFMIS Project for Bagsakan Coordinators in Metro Manila and AFMIS regional focal person	Number procured					33	33			660		660	
Production of digitized market information materials for AFMIS Web site	Number produced						0					-	
Preparation of agribusiness database/directories (buyers, suppliers and producers markets)	Number prepared		810				0					-	
Updating of investment opportunities and profiles	Number updated	2	200				0					-	
Packaging and publication of investment opportunities and profiles	Number packaged and published	1	100				0					-	
Preparation of profiles and factsheets for selected commodities	Number prepared	1	100				0					-	
Updating of profiles and factsheets for selected commodities	Number updated	1	100				0					-	
Investor Assistance and Investment Promotion							0					-	
Provision of technical assistance and business advice to agribusiness investors	Number provided with technical assistance and advice		102				0					-	
Funding of local investment fora, congresses and summits	Number funded		2 000	3	4	4	3	14	300	400	400	300	1 400
Participation in local investment fora, congresses and summits	Number participated in		212				0					-	
Participation in international investment fora, congresses and summits	Number participated in	1	1 032				0					-	

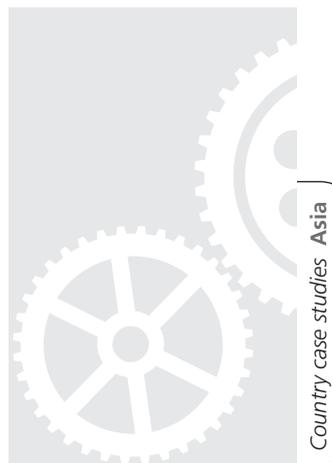
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P/A/P/performance measures		Previous year accomplishment		Current year physical targets				Current year financial estimates (in thousand pesos)				
		Physical	Financial	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4
(1)		(2)	(3)	(4)	(5)	(6)	(7) = (3)+(4)+ (5)+(6)	(8)	(9)	(10)	(11)	(12) = (8)+(9)+ (10)+(11)
Monitoring of implementation of EO 376	Number of monitorings conducted						0					-
	Numbers of importers accredited; commodities						0					-
Conducting of/ participation in consultations, workshops and seminars on implementation of EO 376	Number conducted/ participated in						0					-
Formulation of strategic agribusiness development plans	Number formulated						0					-
Provision of assistance to consultations, workshops and meetings	Number assisted	6	352				0					-
Provision of assistance to value chain analysis for selected commodities	Number assisted		0.74				0					-
Publication of strategic agribusiness development plans	Number published						0					-
Development of Market Master Plan							0					-
Facilitation of/ participation in interviews on selected provinces	Number facilitated/ participated in		0.16				0					-
Prepared by:								Approved by:				
Leny G. Pecson Executive Assistant 05 February 2010			Jocelyn B. Palisada Financial Analyst 05 February 2010					Francisco A. Ramo III Director, AMAS 05 February 2010				

1. The Physical and Financial Plan (PFP) serves as overall plan of the operating unit/agency, encompassing physical (targeted outputs) and financial (estimated obligations/expenditures) aspects, consistent with the approved budget level for the year, broken down by quarter. This shall be prepared by fund (i.e. General Fund, Special Account in the General Fund, etc.) and submitted to DBM on or before February of each year.
2. Column 1 shall reflect the agency's P/APs and performance measures used by the agency/OU. In the case of agencies already subjected to the Organizational Performance Indicator Framework (OPIF), their confirmed/harmonized MFOs/PLs shall be used. MFOs refer to goods/services produced/provided by the agency in the performance of its P/APs for the attainment of organizational outcome, while PIs refer to the performance.
3. Column 2 shall reflect the actual physical accomplishments/financial performance for the preceding year.
4. Columns 3 to 6 shall reflect the quarterly physical targets (outputs) during the current year, in terms of quantity or percentage of completion.
5. Column 7 represents the total annual physical plan of the agency.
6. Columns 8 to 11 shall reflect the corresponding quarterly financial estimates (obligations/expenditures) during the current year.
7. Column 12 represents the total annual financial plan of the agency for the current year.

PUBLIC SECTOR SUPPORT
FOR INCLUSIVE
AGRIBUSINESS
DEVELOPMENT

An appraisal of institutional
models in the Philippines



The agrifood system is changing rapidly in response to agricultural modernization and shifting consumer and societal demands for safer, better-quality and more convenient food. This new scenario coexists with more traditional types of family and subsistence farming.

This changing environment places increased pressure on Ministries of Agriculture (MOAs) in developing countries to engage in agribusiness and agro-industry development. For this reason, over the past decade, many MOAs have established agribusiness units with technical, policy and coordination functions. To perform well, these units should be given clear mandates and sufficient financial resources and qualified staff familiar with current agribusiness developments, such as value chain programmes, climate-smart agriculture, contract farming and public-private partnerships. However, this ideal scenario rarely occurs. A change in the mind-set of MOA staff is required to move beyond the traditional focus on production towards a more holistic, farm-to-fork approach that includes post-production issues; and this might prove to be quite a challenge.

To shed light on the role, performance and empowerment of these agribusiness units, FAO conducted a scoping survey of 71 countries and in-depth analyses of 21 case studies from Africa, Asia and Latin America. The primary objective was to draw lessons that can provide guidance to member countries on how to establish and operate well-performing agribusiness units. The outcome is presented in this series of country case studies, which contribute to enriching knowledge and sharing information on institutional responses for enhancing the public commitment to inclusive agribusiness and agro-industrial growth and job creation.