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**Food Security and the Threat From Within:  
Rice Policy Reforms in the Philippines**

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*With Compliments*

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## ABSTRACT

The forces of globalization, in tandem with realities of domestic natural resources, economics and politics, and the influence of international institutions such as the World Trade Organization (WTO), Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB), are re-shaping the food security policy and strategy of nations such as the Philippines. This paper describes the forces that have come to bear on the shaping of food security policy in the Philippines in recent years, and the Philippine Government's responses to the challenges. This paper attempts two approaches to the problem:

1. a political economy and public administration insight into the effectiveness and efficiency of the Philippine Government's efforts to boost rice production. Public goods and policies have greater significance in rice productivity and growth than in most other commodities and services. Research and analysis that intensifies attention to public sector governance as a crucial factor in the attainment of sustainable food security is thus appropriate; and
2. use of the concept of the "securitization" of food, and the implications of such securitization. Food security has increasingly become a matter not only of national economics, but of politics as well. Some elements related to such securitization are discussed.

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# **Food Security and the Threat From Within: Rice Policy Reforms in the Philippines<sup>1</sup>**

## **Introduction**

The forces of globalization, in tandem with realities of domestic natural resources, economics and politics, and the influence of international institutions such as the World Trade Organization (WTO), Association of Southeast Asian Nations (ASEAN) and the Asian Development Bank (ADB), are re-shaping the food security policy and strategy of nations such as the Philippines.

The Philippine government has been under great pressure to respond forcefully and effectively to what is increasingly seen as a crisis – and therefore a “poor security situation” in agricultural and food production. The task of ensuring food security has become more politicized than ever, and is perceived not only as a domestic problem but an international challenge as well, given the country’s significant and increasing dependence on imported rice supplies. The task is made much more complex since agricultural trade is increasingly subject to the disciplines of multilateral agreements under the purview of the WTO.

This paper describes the forces that have come to bear on the shaping of food security policy in the Philippines in recent years, and the Philippine Government’s responses to the challenges. This paper attempts two approaches to the problem:

3. a political economy and public administration insight into the effectiveness and efficiency of the Philippine Government’s efforts to boost rice production. Public goods and policies have greater significance in rice productivity and growth than in most other commodities and services. Research and analysis that intensifies attention to public sector governance as a crucial factor in the attainment of sustainable food security is thus appropriate; and
4. use of the concept of the “securitization” of food, and the implications of such securitization. Food security has increasingly become a matter not only of national economics, but of politics as well. Some elements related to such securitization are discussed.

The paper is organized into four (4) parts. Part 1 summarizes the performance of the Philippine rice sector over the past two to three decades. Part 2 describes the food security reform program that the country was attempting to implement – with great difficulty - over the 1990s and early 2000s. The country’s institutional structure of governance for food security and its instability over the past three decades is discussed, emphasizing the frequency with which Philippine government officials have been changed since the 1980s, and the negative impact of such changes on agricultural and food security programs. Part 2 concludes with an outlook for the likely developments in grains sector reforms, along with some

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elements of a scenario to stabilize governance for improved rice productivity and ultimately food security in the Philippines. Part 3 outlines the “securitization” of food in the Philippines, and finally, Part 4 offers ideas on the outlook for reforms of the grains sector in the Philippines, as well as some proposals on how some stability in leadership of the agriculture sector may be achieved, thus leading to improved food security.

## **Part 1: The Philippines’ Performance in Rice Production<sup>2</sup> and Population Growth**

Like in most other nations, the Government of the Republic of the Philippines has held the attainment of sustainable food security to be a primal objective of national development policy. An important component of the Government’s food security policy is the production of the food staple, rice, at a level considered as “self-sufficient”. Self-sufficiency in the production of rice is indeed an explicit national policy, as stated in the Philippine Constitution itself, and further explicated in Republic Act 8435 – the *Agriculture and Fisheries Modernization Act of 1997*, to wit:

*"Food Security" refers to the policy objective, plan and strategy of meeting the food requirements of the present and future generations of Filipinos in substantial quantity, ensuring the availability and affordability of food to all, either through local production or importation, or both, based on the country's existing and potential resource endowment and related production advantages, and consistent with the overall national development objectives and policies. However, sufficiency in rice and white corn should be pursued.<sup>3</sup>*

Despite the above-stated policy however, the country has never been self-sufficient in rice production for any sustained period. Since the early 1980s growth in rice production in the Philippines has been quite slow. The rate of growth in the Philippines’ rice productivity in particular, and the country’s agricultural sector in general, have also lagged behind much of Asia.

Worse, the rate of growth in rice production of the Philippines has lagged behind the rate of growth of its population – to the extent that the country has now turned into a regular importer, no longer self-sufficient in rice. In the 1970s the country imported less than 2 per cent of its requirements. In 2000 – 2002, imports as a proportion of total supply had climbed to a high of 8 per cent (See Table 1).

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<sup>2</sup> More details on the rice sector in the Philippines may be gleaned from V. Bruce J. Tolentino *et. al*, *101 Facts About Rice in the Philippines*, Department of Agriculture and Asian Development Bank, 2001.

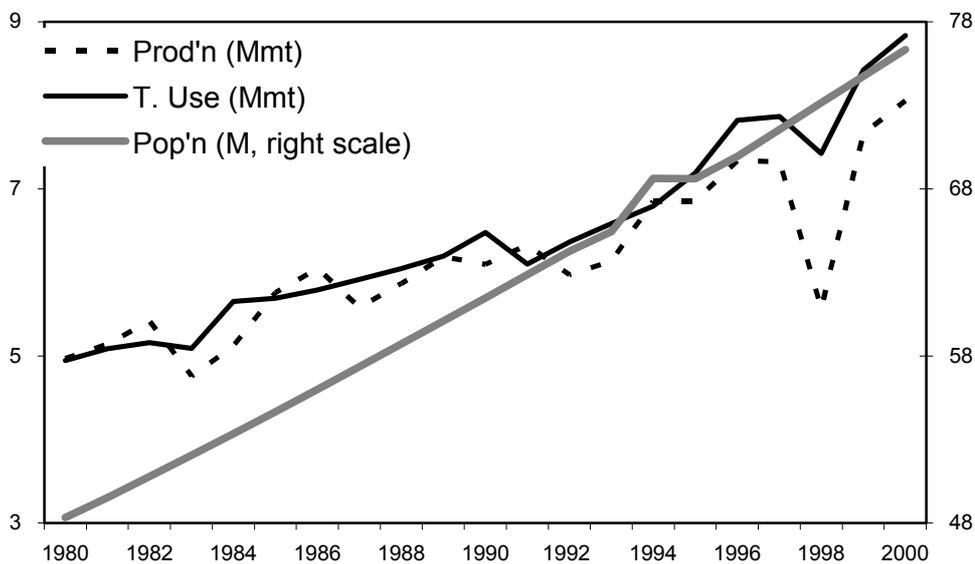
<sup>3</sup> Section 4, “Definition of Terms,” Republic Act 8435 – the *Agriculture and Fisheries Modernization Act of 1997*.

Table 1

<b>Imports Growing as % of Total Rice Supply *</b>	
1975 - 1979	1.13
1980 - 1989	1.73
1990 - 1999	7.31
2000 - 2002	8.00
* $TS = Prodn + Imports$	
Data Source: BAS & NFA	
September 2003	Tolentino: Food Security

It should also be noted that a significant part of the food supplies imported by the Philippines have been sourced under the Public Law 480 program of the United States. Commodity sales under PL480 programs are partly a mechanism for export of surpluses produced by US farmers. These are also partly instruments of US foreign policy, since access to these foods at the seemingly concessional terms that these are provided, come with conditions that implement the US's foreign policy or its vision of development for the country receiving the commodities.<sup>4</sup>

Growth in the total production of rice in the Philippines has averaged 2.44 per cent per year over the period 1980 - 2000. This rate quite slow particularly in relation to the rapid growth of the Philippines' population over the same period - an average of over 2.3 per cent (See Figure 1).

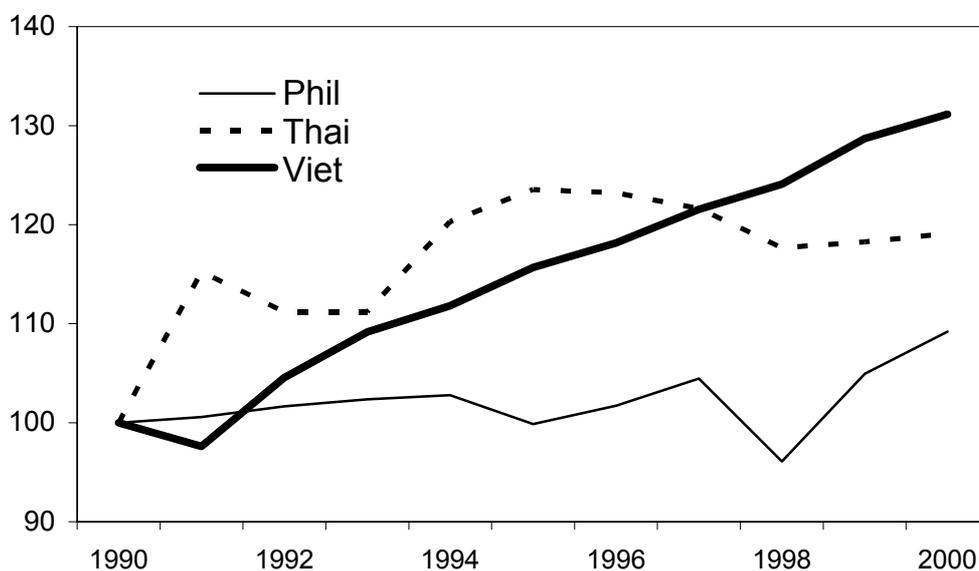


**Figure 1**  
**Rice Production, Rice Use and Population, Philippines, 1980 - 2000**

<sup>4</sup> “Seemingly concessional”, because when the full, effective, real price or cost of the PL480 commodity imports are worked out, these turn out to be even more expensive than those sourced from other exporting countries. The US commodity sales are also tied to specific US-based shipping and payment arrangements and other tie-in conditions.

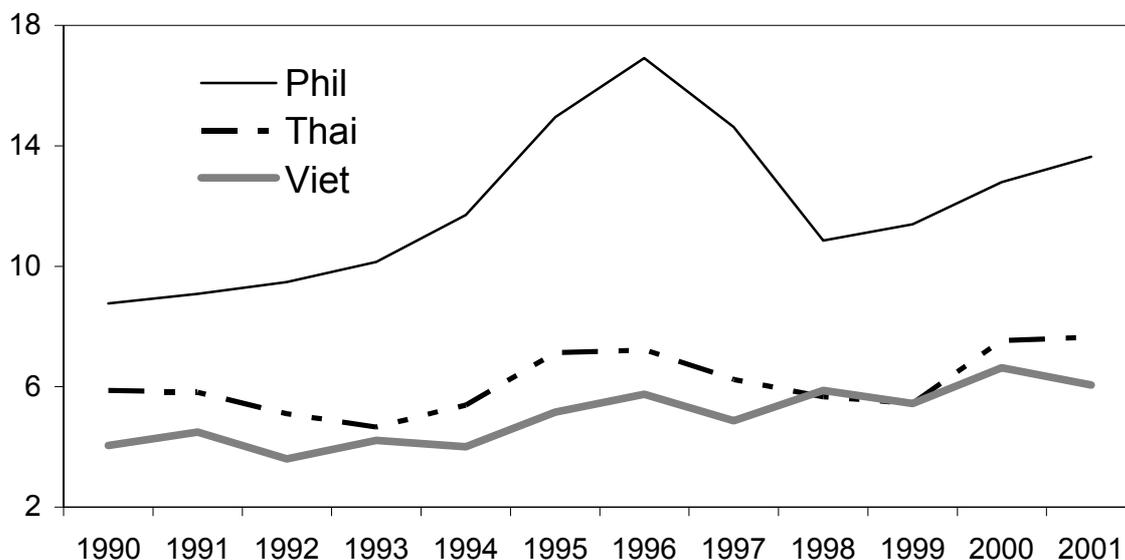
Total rice usage in the Philippines began to regularly outstrip domestic rice production in the 1990s, and since then the country has shifted from a state of marginal self-sufficiency to that of a regular and growing importer rice – the largest customer for the exports of Viet Nam of low-quality rice, and a regular customer of the better-quality rice exports of the United States, particularly those under soft loan terms provided by programs such as US Public Law 480.

Relative to its major rice-producing neighbors in the ASEAN region, the Philippines has been left behind in terms of productivity growth. Over the decade of the 1990s, the rice productivity growth of Viet Nam literally spurted upwards, and that of Thailand steadily rose. In contrast, Philippine rice productivity has remained basically stagnant (See Figure 2).



**Figure 2**  
**Trends in Paddy Yields, Philippines, Thailand and Viet Nam, 1990 = 100**

Equally worrisome as the trends in rice production volumes are the trends in rice prices. Over the 1990s, while world rice prices have remained relatively low and stable, domestic consumer prices have been two to three times those of Viet Nam and Thailand, and also more volatile (See Figure 3).



**Figure 3**  
**Domestic Consumer Rice Prices in Philippine Peso Terms,**  
**Philippines, Viet Nam and Thailand, 1990-2000**

## **Part 2: Food Security Reform Programs**

### *2.1. Unfinished Agriculture Sector Reforms*

Philippine governance has been unable to substantially implement a broad range of policy and institutional reforms necessary for long-term, sustainable growth and development. From the early 1980s onwards, a wide-ranging agenda of reforms have been set but left unfinished<sup>5</sup>.

The reforms left uncompleted include the: (a) transfer of land ownership from large landowners to landless farmers under the comprehensive agrarian reform program, (b) cost-effective delivery of support services - including infrastructure and technology, to farmers; (c) productivity and competitiveness-enhancing policy reforms in grains, sugar and coconut; (d) revitalization of the food parastatal the National Food Authority (NFA), (e) quantum increases in public investments in irrigation, technology and other public goods, and (f) the full financing and implementation of Republic Act 8435 - the *Agriculture and Fisheries Modernization Law of 1997*. Several of the above reform areas have direct bearing on rice productivity and food security. These are the provision of public goods that determine the

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<sup>5</sup> A comprehensive enumeration of the unfinished reforms is contained in V. Bruce J. Tolentino, "*Monopoly and Regulatory Constraints to Rapid Agricultural Growth and Sustainable Food Security in the Philippines*," Foundation for Economic Freedom and the Trade and Investment Policy Analysis and Advocacy Support Project (USAID), May 1999.

pace of productivity growth: irrigation and transport infrastructure and market interventions, particularly constraints to international trade and domestic shipping.

The Philippine government has been experiencing extreme difficulty in implementing the reforms it has agreed to under multilateral frameworks such as the GATT-WTO and the ASEAN AFTA. The Philippine government's efforts to push domestic agricultural productivity have been frustrated by instability in its governance, exacerbated by inadequate financial resources, as well as the inappropriate allocation of available resources for investment in the public goods crucial for improved productivity. The government needs international financing from institutions such as the ADB, but such development financing commonly requires the establishment of an agreed path of reforms, with the release of budget financing contingent on successful implementation. Even on their own, the envisioned reforms are difficult. However, the difficulties have been compounded by weaknesses in the country's governance.

## 2.2. *The National Food Authority*

An area of reform that has proven particularly intractable concerns the government food parastatal -- the National Food Authority. The NFA continues to exercise monopoly powers over the international trade of rice in the Philippines. Along with South Korea, the country remains one of only two countries in the World Trading Organization (WTO) that maintains quantitative restrictions (QRs) on rice imports. The monopoly power of the NFA and its tight implementation of these QRs have maintained high farmgate and thereby high consumer rice prices in the country. This has contributed to an over-reliance of policymakers on price intervention instruments rather than productivity increases to support farmers' incomes and ensure domestic food security.

As set by law – *Presidential Decree 4 (1972)*, the mission of the NFA is praiseworthy: buy high (from farmers), sell low (to consumers), store long (to stabilize prices). However, its performance over the past three decades shows that its mission has been impossible to successfully achieve (See TA 3429, 2001).

## 2.3. *The Grains Sector Development Program and GSDP Loans*

The Government of the Philippines has long recognized that there are major challenges to be faced in ensuring food security in the Philippines. The government, in fact, successfully met the food security challenge during the 1970s as the Philippines emerged as a leading implementor of the "green revolution". However, the country's gains of the 1970s were dissipated in the excesses of the dictatorship of President Ferdinand Marcos. By 1986 the country was again a significant importer of rice.

The government of President Corazon Aquino served beginning with the "people-power revolution" of February 1986, up until May 1992. The Aquino government was acutely aware of the need for more effective food security policy, and in fact instituted major reforms in food price and buffer stocking in the euphoric period just following Aquino's entry into power – in a context characterized by fiscal crisis, domestic unity and swollen international goodwill.

Under President Aquino's watch, the basic Democratic institutions and freedoms were re-established. Congress and the Judiciary were again co-equal with the Executive Branch. The

media was allowed full freedom and civil society groups blossomed. In this highly politicized environment, any attempts to reform food security policy became much more complex and difficult. Exacerbating the difficulties were the dissatisfactions that had emerged with the “structural adjustment” programs implemented in the context of the worldwide debt crisis of the early 1990s. Mrs. Aquino’s government initiated further agricultural reforms but could not institutionalize these by the end of its term in 1992.

*The GSDP* The formulation of the Grains Sector Development Program (GSDP) and its associated GSDP Loans were begun in 1990 under the administration of President Aquino. Further reformulation and development continued through the term of President Fidel Ramos from 1992 to 1998. The Government and the ADB finally reached agreement on the terms in 2000 and finally the loan became effective in August 2000 under President Joseph Estrada and Agriculture Secretary Edgardo Angara. From project identification to effectivity, the GSDP loans took ten years, three Presidents and five Secretaries of Agriculture!

The GSDP Loans were agreed upon between the Government of the Philippines and the ADB to finance important components of the country's programs in grains productivity, food security and poverty alleviation. The GSDP was designed to help overcome the policy, institutional, and investment constraints resulting in low grains productivity and food insecurity in the country – in a manner consistent with the medium-term Philippine development and agriculture development plans and RA 8435 - the *Agriculture and Fisheries Modernization Act* of 1997. These programs include those for rice and corn and the supporting programs of key departments such as the Department of Agriculture (DA) and its component agencies such as the Philippine Rice Research Institute (PhilRice), Agriculture Training Institute (ATI), Bureau of Agricultural Statistics (BAS), Bureau of Agricultural Research (BAR), Bureau of Plant Industry (BPI), Bureau of Soils and Water Management (BSWM), National Irrigation Administration (NIA) and the DA's Policy and Planning Group (PPG).

Thus, the GSDP was an integrated package of five components of policy and institutional reforms, sector investments and advisory Technical Assistance (TA) projects aimed at making the grains sector more productive and internationally competitive, while helping the country to meet its food security objectives. The five components are: (1) policy and institutional reforms to ensure increased private sector investments; (2) irrigation facilities and farm-to-market roads in key grains areas; (3) activities to strengthen generation and dissemination of grains technology; (4) improvement of the Government’s capacity in gathering, processing and managing grains statistics for appropriate policy analysis, formulation and advocacy, and (5) efficient GSDP management.

The policy features of the GSDP Policy Matrix are consistent with the country’s commitments as a signatory to the WTO Agriculture Agreement, and as a participant in the ASEAN AFTA.

*The GSDP Loan* The GSDP was a package of two loans totaling US\$175 Million to be disbursed from 2000 to 2005. The first loan of \$75M was to finance investments in irrigation, advanced rice and corn production technology, and improved capacity in policy and planning. The other loan of \$100M was provided as general budget support, to be released in three tranches, contingent on policy and institutional reforms aimed at expanding private sector participation in rice marketing, and at improving the efficiency of the NFA, the

implementation of key aspects of the food security program, and the targeting of food subsidies to the poor.

The GSDP investment project loan was for US\$75 million, at an interest determined in accordance with the ADB's pool-based variable rate, a commitment charge of 0.75% per annum, to mature in 25 years, with a grace period of 5 years. The investment project loan was to finance: (a) the rehabilitation and expansion of selected national and communal irrigation systems covering 18,000 hectares; (b) expanding hybrid rice research, (c) supporting rice biotechnology research, (d) promoting corn and corn substitutes research, (e) improving and expanding the Integrated Crop Management program for 450,000 farmers (25% women); (f) upgrading 20 regional and provincial soils laboratories; (g) upgrading 25 agricultural training centers, (h) improving the capacity of the Bureau of Agricultural Statistics; and (i) improving the capacity of the DA's Policy and Planning Group. The investment loan was to be implemented within 5 years, or by 31 December 2004

The GSDP policy loan was for US\$100 million, at an interest determined in accordance with ADB's pool-based variable rate, a commitment charge of 0.75% per annum, to mature in 15 years, with a grace period of 3 years. The policy matrix agreed upon between the Government and ADB focused on: (a) liberalized, more cost-effective grains pricing and import policies; (b) improved grains buffer stock administration, (c) restructuring of the NFA such that it focused on grains trading, while the regulation of procurement levels is assigned to a separate government line agency, and (d) design and implementation of a targeted food subsidy safety net for the poor.

Other reforms focused on improved coordination, structure and implementing capacity of national and local agricultural agencies, and the creation of an overall policy environment conducive to both public and private investments. The policy goals of the GSDP are summarized in the GSDP Policy Matrix agreed upon between the GOP and ADB.

The policy loan was expected to be released to the Government within 24 months from loan effectivity in three tranches: (a) \$30 million upon effectivity in August 2000, (b) \$30 million by May 2001, and (c) \$40 million by August 2002. Each release was subject to the fulfillment of agreed policy reforms. The DA and the Department of Finance were joint executing agencies for the policy loan.

*Complementary Technical Assistance* The GSDP loans were complemented by four advisory technical assistance projects in support of program implementation: (a) TA 3429, financed by the ADB and implemented from late 2000 to mid-2002, is the Grains Policy and Institutional Reforms Project which provided advocacy and policy analysis assistance to the DA and NFA in carrying out the reform agenda; (b) an assessment of the financial health of the NFA; (c) options for the restructuring of the NFA, and (d) design of a food subsidy program targeted at the poor. The second and third projects were financed by the U.S. Agency for International Development and completed in 2000. The last TA, while programmed for USAID financing, still has to be initiated.

#### *2.4. Status of GSDP-Linked Policy Reforms, end-2003*

The GOP and ADB agreed that the attainment of the policy goals set the GSDP policy matrix would serve as the triggers for release of financing under the GSDP Program Loan. Three *tranches* were agreed upon: the first upon loan effectivity and compliance with the first

*tranche* release conditions. The terms linked to the first *tranche* were completed in August 2000. The second *tranche* conditions were programmed for completion by May 2001. As of mid-2003, these conditions were still unmet. Finally, the terms linked to the third *tranche* were programmed for completion within 24 months from loan effectivity, or by August 2002. As of end-2003, there was no expectation that the deadline will be met.

Given the non-implementation of the agreed policy matrix, the GSDP loans were cancelled in late 2003, by mutual agreement of the Philippines Government and the ADB. The key reason for the non-implementation of the agreements was the change in thinking on the part of the GOP with regard to key aspects of the policy matrix. The change in the thinking of the GOP came about because of changes of persons serving as the officials accountable for the grains sector reforms. These changes in officials took place subsequent to the replacement of Mr. Joseph Estrada by Ms. Gloria Macapagal Arroyo as President of the Philippines in January 2001. With the change in President also came changes in other key officials as summarized in Table 2.

**Table 2**  
**Officials in Key Posts Relative to GSDP, Pre- and Post Arroyo Presidency**

<b>Post</b>	<b>Pre-January 2001</b>	<b>Incumbent</b>
Secretary of Agriculture	Edgardo Angara (up to Dec 2000) Domingo Panganiban (Dec 2000 to Jan 2001); Leonardo Montemayor (Feb 2001-Nov 2002)	Luis Lorenzo (since Dec 2002)
Secretary of Finance	Jose Pardo	Jose Isidro Camacho
NFA Administrator	Domingo Panganiban (Acting Administrator up to Jan 2001); Antonio R.A. Abad (Feb 2001-Dec 2002)	Arthur Yap (Since Jan 2003)

Moreover, the resolution of the items in the GSDP policy matrix was due to the basic need for the new officials since January 2001, and then again since January 2002, to know and understand the complex reforms envisioned under the GSDP. This required a period for briefings, study and consultation – leading toward the formation of their own views.

Since 1986, the successive Secretaries of Agriculture have tended toward populist and short-term positions on rice sector reforms. This is due to the fact that many have come into office on the back of “people-powered” agendas that have promised much to the population. Moreover, the coalitions that have together in support of their entry into government have been fragile, held together by visions of immediate reward due to regime changes.

It has become quite clear that the reforms will take much more time to implement, if ever. To begin with, there is no urgency felt in the Government on the need for the reforms. Moreover, the simple need for time and logistics will demand at least a few months for implementation. Furthermore, there is visible resistance to the reforms from those who stand to lose from it: (a) the representatives of the few farmers who do benefit from NFA procurement, (b) the NFA Employees Association who fear the possibility of privatization under the reforms, and (c) those grains businessmen who have developed their enterprises around the fact that the NFA is a monopoly. Indeed, it is true that the interests represented by these groups are far more focused than the interests of all consumers and taxpayers who pay for the costs of the rice price distortions. However in the context of public debate and with

the issues only appreciated through the selective lens of the media, these issues become political and prone to short-sighted assessment.

### 2.5. *The Pressures of 2004*

The Year 2004 is an election year for the Presidency and other national posts in the government of the Philippines. Elections take place in mid-May 2004, and as early as mid 2003 the parties and individual candidates began their campaigns. The parties and candidates, some of whom are currently in office, are already very wary of taking policy positions that may reduce support for them in the 2004 elections. Therefore, the legislation to replace the rice import QR with tariffs may as well await 2005 and beyond. This expectation also applies to the legislation required to enable the restructuring of the NFA.

Another source of pressure is the expiration, on 31 December 2004, of the exemption of the Philippines from the tariffication of rice QRs as agreed upon under the GATT-WTO. The Philippines may – beginning as soon as possible, negotiate with the world community to extend the exemption, but at some concession yet unknown, but expected to be substantial. Also the Philippines committed to the ASEAN that rice will be covered under the ASEAN preferential trading scheme by 1 January 2005. This is eagerly awaited by the rice exporters Viet Nam and Thailand – who have been leading the ASEAN’s pressure on the Philippines to tariffy rice QRs.

### 2.6. *The Institutions of Rice Sector Governance in the Philippines*

Over the last two decades, while there has been not much growth and change in Philippine agriculture, there have been many and frequent changes in the institutional structures of governance, as well as in the officials of government responsible for the sector’s governance. To what extent can such frequent changes in the agricultural bureaucracy and bureaucrats explain the poor performance of the sector?

The Philippine Government is made up of the co-equal and independent branches: the Executive, Legislative and Judiciary. The President is the Chief Executive. The President’s Cabinet is made up of Secretaries who head key executive departments. Directly supporting the President is the Office of the President, made up of the Executive Secretary and the Presidential Management Staff (PMS). The Executive Secretary serves as the President’s Chief Executive Officer – and is thus termed the “little President” in everyday operations.

By law, the three key agencies of the Philippine government that are responsible for rural and agricultural development are the Departments of: (a) Agriculture (DA), (b) Environment and Natural Resources (DENR), and (c) Agrarian Reform (DAR). Prior to the early 1980s, the DA was also responsible for matters related to agrarian reform and environment and natural resources as the large, unified Department of Agriculture and Natural Resources (DANR). The DA, DENR and DAR are each headed by a Department Secretary who is a member of the President’s Cabinet. Note that prior to 1972, the roles and functions now split among the three Departments were in only one: the Department of Agriculture and Natural Resources (DANR).

Within each major Department, the *Office of the Secretary* includes the Undersecretaries and Assistant Secretaries. These senior officials are *alter egos* of the Secretary and serve to extend the Secretary’s authority into specific areas and assignments. In general, there are

three Undersecretaries and three Assistant Secretaries in each Department. The rest of the Departmental organization is made up of the Bureaus, Regional and other local offices, and Attached Agencies and Corporations. The Bureaus are core units of the Departments and are generally tasked to undertake or provide specialist and technical functions and services. As of 2001, the DA is composed of 53 offices, units, regional offices, bureaus, attached agencies and corporations.

### 2.7. *Frequent Changes in Rice Sector Bureaucrats*

Over the past two decades, the DA has been subjected to several episodes of reorganization and devolution: 1983 – 1984 under Secretaries Tanco and Escudero, 1986 – 1987 under Secretaries Mitra and Dominguez, 1992 – 1994 under Secretaries Bacani and Sebastian, and 1998 – 2001 under Secretaries Angara, Panganiban and Montemayor.

*Political Appointments* Virtually all senior-level officials of the Departments of the Philippine Government, from the level of Assistant Director and upwards to the Secretary, are political appointees and are appointed directly by the President of the Philippines (Assistant Directors are at the 5<sup>th</sup> level of the Philippine bureaucracy, with Cabinet Secretaries occupying the first level below the President). For example, at the DA about 180 posts are to be filled by Presidential appointment. Thus when Presidents change, the appointees to the top levels of government also change. Since there have been four changes of Presidents since the departure of Ferdinand Marcos in 1986, there have been at least four sets of changes of all political appointees.

There are ongoing efforts to create a permanent civil service through the “*Career Executive Service Officer (CESO)*” system. However the process of institutionalizing the CESO system has been slow due to its nature as a system of accreditation and qualification. In order to be recognized as a CESO and thereby protected from capricious removal from office, individual civil servants have to gain the qualities required for appointment to a “permanent” or tenured post through examination and experience. However, despite the existence of the CESO system, appointing authorities have chosen to override the system or ignore its controls.

*Five Presidents in 35 Years* Over the last 35 years the Philippines has been led by a succession of five Presidents. Mr. Ferdinand Marcos held on to the office for 20 of the 35 years. Presidents Corazon Aquino and Fidel Ramos served six years each. Since Marcos and under the Philippine constitution of 1987, Mr. Ramos has been the only President to serve out his full term of office – six years. President Estrada’s service was foreshortened, while President Macapagal-Arroyo may possibly serve for up to nine years. President Macapagal-Arroyo is currently serving the unexpired period of service of President Estrada, and she is eligible to stand for election and possibly win a full term of office from 2004 – 2010.

*12 Agriculture Secretaries in 31 Years* Twelve men have served as Secretary of Agriculture since 1971. Since the EDSA revolution of 1986, the average period in service of the agriculture secretary has been about 22 months (See Table 3).

**Table 3**  
**Department of Agriculture Leadership, 1971 – 2003**

<b>From – To</b>	<b>Secretary of Agriculture</b>	<b>Months of Service</b>
January 1971 - June 1984	Arturo M. Tanco*	162
July 1984 – February 1986	Salvador H. Escudero	20
March 1986 – February 1987	Ramon V. Mitra	12
March 1987 – December 1989	Carlos G. Dominguez	34
January 1990 - June 1992	Senen C. Bacani	30
July 1992 – February 1996	Roberto S. Sebastian	44
March 1996 – June 1998	Salvador H. Escudero	25
July 1998 - April 1999	William D. Dar**	9
May 1999 - December 2000	Edgardo J. Angara	19
January 6 – February 15, 2001	Domingo F. Panganiban	1
February 16 – November 30, 2002)	Leonardo Q. Montemayor	22
December 1 2002 - ?	Luis Lorenzo Jr.	?

\* Including Environment, Natural Resources and Agrarian Reform.

\*\*Acting Secretary

However, there is great variability in the length of service among the Agriculture Secretaries. Secretary Arturo Tanco served for 162 months, while Secretary Domingo Panganiban served for barely a month. With regard to the two men who served as Agriculture Secretary prior to 1986, Mr. Arturo Tanco was Secretary from 1971 to 1984 – a total of 162 months. Moreover, both Mr. Tanco and Dr. Escudero were no strangers to the Agriculture Department. Mr. Tanco was Assistant Secretary for several years prior to being appointed Secretary. Dr. Escudero had been Director of the Bureau of Animal Industry (BAI) for several years before being promoted to the Agriculture portfolio in 1984.

Thus prior to 1986 the top leadership of the DA was quite stable, with the Secretary and his team being in place for at least 5 ½ years. In contrast, the periods of service of the Agriculture Secretaries from the “EDSA Revolution” of February 1986 up to the present have been quite short. Since 1986 nine men have been appointed in quick succession to the post, each serving an average of only about 20 months. The longest period was 44 months - that of Secretary Sebastian in mid-1992 to early 1996. The shortest was that of Secretary Panganiban – barely a month in December 2000 – January 2001 just before the “*EDSA Revolution, Part 2*” that brought Gloria Macapagal-Arroyo to the Presidency.

It should be noted that since 1986, *none* of the Agriculture Secretaries have been able to serve their full terms as provided by law – six years. With the exception of the transition from Mr. Senen Bacani to Mr. Roberto Sebastian after the elections in 1992, all these Secretaries came into office, and rather soon after left, during a state of political turmoil.

### 2.8. *Changing Leaders, Changing Styles, Changing Programs*

With each changing of the guard at the Departments came changes in sectoral and Departmental goals, objectives, strategies, timetables, programs, projects and activities. Such changes were unavoidable, first because there were new people in top positions in each of the departments, and new people at the very least meant changes in leadership styles and work

arrangements. The changes instituted immediately after the Marcos regime in 1986 were truly substantial. In the first place there was a new openness and a return to Democratic institutions, a clear differentiation between the very strong Presidency (or in some views – dictatorship) of President Marcos, and that of Ms. Aquino which was much more consultative and balanced by a re-empowered Legislature and Judiciary. The Aquino government came into power in 1986 with very broad, very ambitious ideas on reforms, initiatives and programs. Most of these ideas still had to be translated into implementable form. Furthermore, many of President Aquino’s appointees to the Cabinet were also new to government service.

The combination of new initiatives and people new to government service meant that some time was necessary to “learn the job”. This necessitated a very steep learning curve over a short period – and not a few birthing pains and mistakes. The task of learning the job is also complicated by the need for visibility and impact as soon as possible after taking office. This pressure results in two major initial pre-occupation upon entry: (a) the need to erase the programs of the previous appointee, and (b) the need to announce programs labeled as one’s own – no matter if the difference is only the label.

A clear example of the need for immediate impact and visibility is the series of re-invented programs for rice production and food security announced and implemented by successive administrations since 1972 (See Table 4).

**Table 4**  
**Chronology of Rice Production and Food Security Programs, 1972 - 2003**

<b>From – To</b>	<b>Program Name/ Title</b>	<b>Secretaries of Agriculture</b>	<b>Years in Effect</b>
1972 – 1986	<i>Masagana 99</i> (M99)	Arturo R. Tanco/ Salvador H. Escudero III	15.0
1987 – 1989	<b>Rice Productivity Enhancement Program</b> (RPEP)	Carlos G. Dominguez	2.5
1990 – 1992	<b>Rice Action Program</b> (RAP)	Senen C. Bacani	2.5
1993 – 1995	<b>Key Production Areas</b> (for rice and other priority commodities)	Roberto S. Sebastian	3.0
1996 – 1998	<b>Gintong Ani Programs</b> (for rice, corn, livestock, fisheries, high-value crops and marginal areas)	Salvador H. Escudero III	2.5
1998 – 2000	<b>President Erap’s MakaMASA Programs</b> (for rice, corn, livestock, fisheries, coconut, sugar, tobacco and high-value crops)	William D. Dar*/ Edgardo J. Angara/ Domingo F. Panganiban	2.5
2001- 2002	<b>GMA CARES</b> (for credit, “rolling stores”, rice, corn, irrigation, livestock, fisheries, coconut, sugar, tobacco and high-value crops)	Leonardo Q. Montemayor	1.5
2003	<b>GMA CARES</b> , with an emphasis on hybrid rice	Luis Lorenzo, Jr	1.0

The landmark program *Masagana 99* (*Productive 99*) implemented during the tenure of President Marcos and Agriculture Secretaries Tanco and Escudero is credited for bringing the

country from the brink of starvation in the early 1970s to self-sufficiency and some exports by 1979. The M99 program ran for 15 years and at least 14 “phases”, with refinements made with each phase. The initial phases were wracked with design errors and inefficiencies. Given that the country was under Martial Law, the implementers of M99 were allowed room to learn from their mistakes and improve the program with each succeeding cycle.

All the rice and food security programs since 1986 have been short-lived, at least in name. In 1986 the key features of the *Masagana 99* program were abandoned in favor of a much more market-oriented approach based less on irrigation infrastructure and directed credit support and more on seed and fertilizer distribution and farm procurement. The program was named the *Rice Productivity Enhancement Program* (RPEP), and lasted for two and a half years – through the administration of Secretary Carlos Dominguez.

Since 1989, the RPEP has been revived and relabeled at least five times through the administrations of at least five replacement Secretaries of Agriculture. The replacement of Secretary Roberto Sebastian in 1996 can be directly traced to the performance of the rice sector, where his “*key production areas*” approach was perceived to be not delivering desired results, as manifested in a jump in rice prices during 1995 – the so-called “1995 rice crisis”. Analysis has determined that the abrupt rise and fall of rice prices in 1995 were fundamentally due to the effects of the rice procurement, import and inventory policy and not to production support. The National Food Authority (NFA), attached to the DA and chaired by the Secretary of Agriculture, maintains the monopoly on rice imports. The policy to limit NFA inventories and imports led to the spike in domestic rice prices in 1995.

Finally, the designs of the rice production and food security programs in the post-1986 period differed only in labeling but not in substance. Each focused on priority production areas – usually irrigated areas. Each was highlighted by programs for access to and subsidies for seeds and fertilizers. Each was in the end dependent on the NFA for procurement support. Given the frequent changes in leadership, there were however many changes in timing, implementation calendars, and learning and re-learning of the management and administration of the programs.

With each new Secretary there usually followed a period of restructuring and re-organization. These were all explained as part of a process of “*streamlining the bloated bureaucracy*”. Offices were moved around, abolished, created or re-created in the process. However, because legislation is required to make any substantial changes permanent, many of these actions usually ended up as uncompleted initiatives. Successive administrations of course had different ideas about how institutions should be structured. One of the actions that could be implemented under the President’s executive authority is the “attachment” of agencies to the supervision of ministries. An example of the successive changes in attachment is the case of the National Food Authority, which since the 1970s has been shifted in attachment back and forth from the DA to the Office of the President

### **Part 3: The Politization and Securitization of Food Security in the Philippines**

By any measure, the management of the agriculture and rural sector – of any country - for sustainable growth is complex and difficult. In the Philippines, the task of sector management has become even more onerous due to the intensely political atmosphere that has come to envelop the bureaucracy. The politization of food security has been driven by

two interacting forces: first, the instability of the bureaucracy over the last two decades, and second, the increasing call to “securitize” the issue of food security.

### *3.1. Politization of Food Security Stemming from Instability in Governance*

Part 2 of this paper already provided some details of the very brief stints – averaging only about 22 months - of agriculture sector leaderships in the Philippines since the mid-1980s. As Presidents came and went, and as Cabinet Secretaries were frequently replaced, the premium on political connections as currency for bureaucratic survival grew in value. Therefore it is no surprise that particularly in the last two decades, most of the men and women appointed as Secretaries and senior officials of the Departments of Agriculture, Agrarian Reform and Environment and Natural Resources partake more of the qualities of politicians rather than sector experts. Politicians are rewarded for political support, and Cabinet seats and other top jobs in bureaucracy have become more as rewards to be savored for tasks already accomplished, rather than tasks that require to be performed for future benefit not to oneself – but for the sector and population at large.

The political nature of cabinet and other senior-level posts in government has emphasized the need for visibility and impact as soon as possible after taking office. This pressure results in two major initial preoccupations upon entry into office: (a) the demolition of previous programs, and (b) the announcement, as soon as possible after taking office, of “new and better” programs carrying one’s own identity and label – no matter if the difference is only the label. Thus Cabinet members often find themselves rushed to announce half-baked goals, agendas and programs of government even before they have had an opportunity to thoroughly review the challenges they need to face and the options available to them.

Each of the Administrations since 1986 have had so much to do, so little time, and not much experience on how to get the job done. This combination, in a context with a hungry political opposition anxious to capitalize on weakness and errors, has helped foster an atmosphere where cabinet members are replaced at the first mistake – however unavoidable, whether in perception or in actuality. A culture of “cabinet revamps” and replacements of one official or the other has emerged, where one of the first reactions to a perceived inadequacy in leadership, capacity or political skill is the replacement of the erring or inadequate cabinet member. In turn, such an atmosphere has emphasized political expediency and a focus on short-term gains, often at the expense of sustainable, long-term effectiveness.

### *3.2. The Securitization of Food Security in the Philippines*

Grains sector issues are very politically sensitive in the Philippines. The political sensitivity of rice however stems from two related bundles of factors:

- *first*, the fact that changes in staple food prices significantly affect the welfare of both farmers and consumers, albeit in opposite directions, and that popular notions of national pride are at least partly based on the achievement of national self-sufficiency in the production of rice; and
- *second*, grains sector issues and food security have been “securitized” – that is, cloaked in an aura of security that imbues the issue with qualities associated with the survival of human individuals, communities or the state, and thereby requires action or at least defense from threat.

Recent work on human security has found application in the “Copenhagen School” and its emphasis on “securitization/ de-securitization” in relation to the survival for a designated “referent object” – the individual, community or state<sup>6</sup>. The Copenhagen School sees security in five general categories - political, economic, environmental, societal and military. An issue is securitized (de-securitized) when the issue crosses one, some or all of these dimensions, emerges to pose (or not pose) an existential threat to a designated referent object, and is declared to be (or not to be) a security threat. Thus securitization “*is the move that takes politics beyond the established rules of the game and frames the issue either as a special kind of politics or as above politics*”; it “*can thus be seen as a more extreme version of politicization*.”<sup>7</sup> De-securitization refers to the reverse process, involving the “*shifting of issues out of emergency mode and into the normal bargaining processes of the political sphere*.”<sup>8</sup>

As in other grains-producing nations, the grains sector in the Philippines comprises a very large number of stakeholders, not only on the supply side, but also on the multi-layered demand side, as well as on the processing and distribution chains for various related products in between. The interests of these stakeholders diverge as well as change, depending on changing economic conditions and opportunities. However, to a degree more intensive than in many other countries, decision-making in modern Philippine society is heavily influenced by an unfettered press, a largely undisciplined and interventionist legislature, and a citizenry that often exercises its rights to freely speak, assemble and act. These features of openness and participatory action make media and mass action a very important tool as well as participant in the decision making process. In turn, the decision-making hierarchy is particularly sensitive to media, since media helps shape the political implications of policy decisions.

The management of the grains sector is therefore a very complex challenge. All in all, the combination of a free press and an open society dictate that policy reform initiatives and processes must be very carefully managed and executed – with deliberate consideration of any adverse political consequences – particularly to the ruling political administration.

It is in the context described above that the securitization of food has emerged and intensified. In the early 1970s, then President Ferdinand Marcos declared his national priorities to be “rice and roads” in his drive to “Make this nation great again!” Each and every administration since Marcos has raised the specter of hunger and threats to food security as their battle cry in seeking more and more budget resources for the agricultural and rural sector ministries. In the mid-1980s, the administration of President Fidel Ramos sought national consensus on accession of the Philippines to the General Agreement on Tariffs and Trade (GATT) and the formation of the WTO. In either advocating for or against accession, stakeholders agreed on only one outcome – that public resources directed to the agriculture sector be multiplied. The securitization of food thus became a mechanism for resource mobilization.

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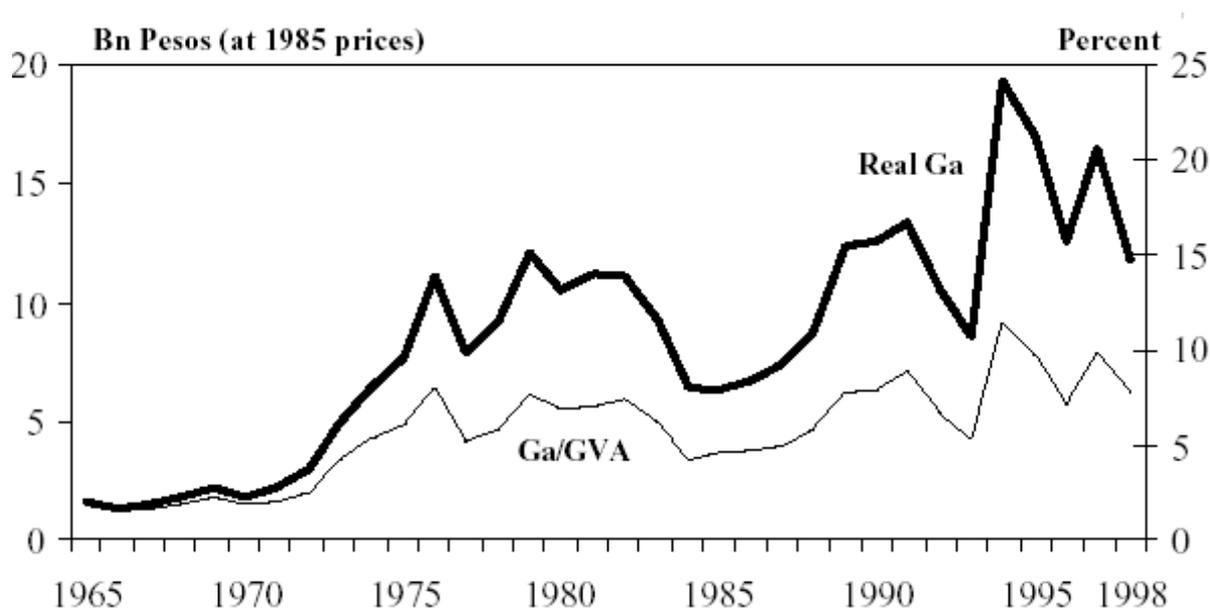
<sup>6</sup> Barry Buzan, Ole Waever and Jaap de Wilde, *Security: A New Framework for Analysis*, Boulder, CO: Lynne Rienner, 1998; Ole Waever, “Securitization and Desecuritization,” in Ronnie Lipschutz (ed.), *On Security*, New York: University Press, 1995.

<sup>7</sup> Buzan et al, p. 23.

<sup>8</sup> Buzan et al, p. 4.

Indeed, there was much success in resource mobilization for agriculture as a result of politicization and securitization of food. Between the early 1970s to the late 1970s, agriculture and rural budgets rose, in real terms, from only about Pesos 2 billion to over Pesos 12.5 billion. By 1995, in response to the popular call for “safety nets” as a consequence of accession to the GATT-WTO, agriculture and rural sector spending had climbed close to Pesos 20 billion (See Figure 4).

**Figure 4**  
**Agriculture and Rural Sector Expenditures, Philippines, 1965-1998**



\*Ga = Expenditures; GVA = gross value-added in agriculture

Unfortunately, the rapid growth in sector spending was not followed by similarly rapid rates of growth in agricultural production nor productivity. Analysis of the allocation of sector spending indicates that while total amounts grew, there was a marked shift from productivity-enhancing expenditures to rice price subsidies and compensation payments for landowners affected by land reform<sup>9</sup>.

#### **Part 4: The Outlook for Grains Sector Reforms in the Philippines**

It may be remarked that the agriculture, rural development and natural resources management sectors of the Philippine economy and government has been *in transition* since 1986. This is true particularly in reference to the very frequent changes in sector leadership and governance that have been made in the Departments of Agriculture, Agrarian Reform and Environment and Natural Resources since 1986. Since 1986 all Secretaries of the DA, DAR and DENR have, with only a single exception, been unable to serve their full six-year terms as provided by law. Yet prior to 1986 the Ministers/ Secretaries of Agriculture and Agrarian Reform

<sup>9</sup> V. Bruce J. Tolentino, “Discontinuous Leadership and Agricultural Stagnation in the Philippines,” presented at the 2001 Convention of the Philippine Agricultural Economics and Development Association, Manila, October 2001.

served for at least 13 and up to 20 years - in the process learning from both mistakes and victories.

#### *4.1. Philippine Food Security Policy and Strategy in Flux*

At the very least, the frequent changes have caused the programs and projects in each department to be halted then re-started with each episode of replacement of the Secretary and other senior officials. There have been at least six periods of transition between outgoing and incoming Secretaries of Agriculture since 1986. These transition periods have each lasted, nominally, at least a few months. Yet the task of agriculture sector management must go with the seasons. Crops cannot be hurried through their growth cycles. Yet the sector grows all the more complex and long-term in nature with rapid population growth, increased food requirements, intensified domestic resource scarcity and global openness.

In actuality, given that the rural and agricultural sector organizations comprise a very complex organization and the task of governance for agricultural growth is by itself a complex undertaking, the period of administrative transition is merely a sub-period of the overall learning period required to achieve a level of understanding and expertise sufficient for effective sector governance.

At the same time that the political and controversial nature of the rice sector policy reforms is recognized, it cannot be denied that the decision cannot be avoided, and that the feasible policy direction is ultimately toward pragmatic liberalization of rice trade. Since such liberalization is inevitable even given the substantial potentials of improved productivity as yet unexploited, it is best that the Government accept this reality and begin, as early as possible, to build coalitions in support of the reforms.

*The Fate of the GSDP* As designed by the Philippine Government and the ADB, the Grains Sector Development Program included a policy advocacy component. This signaled clear recognition of the politically controversial nature of the reforms programmed under the GSDP. With the effectivity of the GSDP loans, grains sector reforms were aggressively and intensively advocated to the full extent of the resources provided under the technical assistance component of the GSDP. As a result, and over a relatively short period, grains sector issues, facts and information relevant to decision-making were “put on the table” for policy dialogue and decision. It can be fairly said that at this juncture, there are no significant policy discussions on grains sector issues in the country that take place without some input – directly or indirectly – that has been provided under the GSDP.

Yet by the end of 2003, it had become clear that progress in grains sector reforms in the Philippines will not be achieved as speedily nor intensively expected by all parties. Much yet needs to be done and accomplished. That the policy reforms have not progressed as expected can be attributed to the combined effect of the three factors. First, the outlook and strategy on grains sector reforms at the Department of Agriculture has changed, and keep changing, as political and populist pressures wax and wane. Second, the time and resources required for the advocacy and completion of the envisioned reforms in the face of the sheer size and diversity of the stakeholders, has been underestimated – it is crucial that advocacy is intensive and continuing. Third, the resistance to the reforms mounted by selected stakeholder groups – notably those farmer-leaders and grains entrepreneurs who have directly received benefits from NFA’s operations, and the NFA Employees Association – have been intense.

Given these factors, it was appropriate that late in 2003 the GSDP loans were cancelled by mutual agreement between the Government of the Philippines and the ADB. It had become obvious to both parties that at this stage, moving the grains sector reforms forward is much less a challenge of policy analysis, as it is one of political management. The fact that “rice is a political commodity” must be fully accepted and its operational implications recognized and factored into any strategy of reforms. Therefore the operational goal of the political administration concerned with the positive contributions of the grains sector toward sustainable development is the building and deployment of political coalitions in support of the key grains sector reforms. However, such political management is not feasible in an election year such as 2004. Any action on the grains sector reforms will need to await 2005 and beyond.

Furthermore, the international literature offers a “stylized fact” on the success or failure of policy reforms involving food or agricultural subsidies.<sup>10</sup> *In general, reforms that reduce food subsidies are successful in the context of fiscal crises.*

In a fiscal crisis, it becomes painfully obvious that the government can no longer afford to continue providing subsidies. Such is not the case at this juncture in the Philippines, since it is still possible for the current Government to shift to future administrations and generations the fiscal burden of the food price subsidies channeled through the NFA. These subsidies are so channeled by providing the NFA with sovereign guarantees and authority to borrow from the commercial banks for its operations and even debt service, despite the very precarious state of the NFA’s finances. Such borrowing enables the government to avoid having to appropriate, from its very limited revenues, funds to support the subsidies. However, as a result, the NFA has come to accumulate outstanding obligations to the commercial banks that consequently require growing debt service flows. This, in turn, increases the government’s overall burden of contingent liabilities. Clearly, this pattern cannot continue indefinitely.

Therefore the Government should act on the reforms, and do so on a continuing basis. The Governments development partners may also take proactive action to facilitate such completion, cooperatively determining the *operational indicators* of reforms. Thus loan programs such as the GSDP indeed become collaborative efforts where the Government takes steps to resolve national development issues with technical and financing assistance provided by its development partners. Given credible action, definitive progress mutually acceptable to the Government and its partners will be achieved toward a more viable grains sector and further financing for Government is released.

#### 4.2. *Fostering Stability in Sector Governance*

It is crucial that some stability and long-term vision is institutionalized into sector management. Quite clearly the level of the President and perhaps even cabinet secretaries will remain political and thus subject to political tides. At the very least, however, a professional,

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<sup>10</sup> The international literature on reforms of food subsidies includes, among others, Richard Adams Jr., *The Politics of Economic Policy Reform in Developing Countries*, Policy Research Working Paper 2443, World Bank, 2000; Alain de Janvry *et. al.*, “*The Political Feasibility of Adjustment in Ecuador and Venezuela*,” OECD, 1994; Gerald Meier (ed.), *Politics and Policymaking in Developing Countries*, ICS Press, 1991; J. Nelson (ed.) *Economic Crisis and Policy Choice: The Politics of Adjustment in the Third World*, Princeton University Press, 1990.

long-term technical core group of managers, administrators and technical experts must be installed in each of the departments. Even these key posts must not become spoils to be distributed as rewards in the aftermath of political contests.

A beginning point is to have a majority of Undersecretaries, Assistant Secretaries and agency heads not subject to political appointment. This can be achieved quickly by Presidential Order that may later be confirmed by legislation. Another measure to induce more stability in the service is to accelerate the conferment of Career Executive Service Officer status on qualified officials. This is easily accomplished as part of the management powers of the President and the Civil Service Commission. Another easily-accomplished step is to have all senior officials be subject to fixed terms of office – say at least three or four years, with the possibility of renewal (perhaps limited) given some minimum acceptable level of performance.

The experience of the last two decades indicates that any period of service beyond two years is already a major achievement. A minimum of one year is required to thoroughly “learn the job”. Thus the appointees can then focus the rest of their terms on accomplishing results for the sustainable benefit.

## **Conclusion**

Poor growth in agriculture, weak rural development, fragile food security, worsening poverty and hunger. Add to these domestic challenges the imperative of managing the country’s unavoidable participation in international relations and trade. The relatively poor performance of the Philippines in sector management over the last two decades are at least partly traceable to discontinuous, disjointed attention to the management of the agriculture sector – highlighted by domestic politicking, as well as excessively politicized due to a process of securitization that has taken place .

What alternatives are left? First, the de-securitization of food should be initiated, in order to moderate the political aspects and strengthen the economic aspects of the policy dialogue on food supplies and food security. Moderation of the politics over food will help shift the issue away from a contest between parties over resources to a more tractable issue of bureaucratic management. More fundamentally, the basics of stability and competence in sector governance have to be promoted and sustained into the long term, given the recognition that attention to the long-term tasks must begin soonest. Unless strong measures are immediately initiated and sustained to stabilize sector leadership on a definitive and sustainable growth path cognizant of the realities of limited domestic resources, increasing domestic demands, and globalization, the agriculture and rural sector will continue to be mired in stagnation and worse, poverty and hunger for all Filipinos will continue to deepen.

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