



REPUBLIC OF THE PHILIPPINES

NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

Region VI Office (Western Visayas) Fort San Pedro Road, Iloilo City 5000

Tel. Nos.: (033) 3351070 | 3376840 | 3369787 | 3362075 | 3362392 Fax: Local 805

Web Address: <http://nro6.neda.gov.ph> | Email address: nro6@neda.gov.ph

January 22, 2019

ENGR. REMELYN R. RECOTER, MNSA, CESO III

Regional Executive Director

Department of Agriculture Regional Field Office VI

Parola, Iloilo City

Dear **RED Recoter**:

This is with regards to the Diversified Farm Income and Market Development Project (DFIMDP) for which our office conducted an Impact Evaluation Study (IES) funded thru NEDA's Monitoring and Evaluation Fund. The IES on the DFIMDP was completed last December 13, 2017 and a copy of the report was provided to your office for your review and consideration.

NEDA currently has a partnership agreement with the United Nations Development Programme on "Using Strategic M&E to Accelerate Implementation of PDP 2017-2022", which shall create an online evaluation portal as depository of evaluation reports for reference and access by the general public of completed evaluation studies under the M&E Fund.

As such, we would like to request for information on DA's use of the findings on the DFIMDP-IES such as management responses to the recommendations particularly actions taken/to be taken and corresponding timelines.

Considering the time constraint given by our NEDA-MES on this task, we would like to visit your office on January 24, 2019 at 2:00 PM to discuss in detail your office's responses on this matter.

Attached is a brief on the Policy Recommendations for DA of the DFIMDP-IES, including the highlights of the study, for your review.

Ms. Ma. Isabel B. Blancia or Mr. Roanni L. Magdaug of our PDIPBD will follow thru this request from your office. They may be contacted at our herein listed telephone trunklines at local 201 or 202.

Thank you very much for your cooperation in this undertaking.

Sincerely,


RO-ANN A. BACAL, CESO III
Regional Director

./Enclosed as stated.

POLICY RECOMMENDATIONS FOR THE DEPARTMENT OF AGRICULTURE

(Based on the Impact Evaluation Study of the Diversified Farm Income and Market Development Project)

Highlights of the Impact Evaluation on the DFIMDP

I. Background on IE on the DFIMDP

1. Conceptualized from the Agriculture and Fisheries Modernization (AFMA) Act of 1997 to:
 - a. Transform the DA into a service and market oriented agency, and-
 - b. Arrest declining competitiveness of the agri-fishery sector
2. DFIMDP in Region VI was one of four study areas (Region 6, 7, 10 and CAR) implemented from October 1, 2004 to June 30, 2009
3. Funded by the World Bank with US\$60.0M ODA loan and GOP counterpart of US\$9.71M for total program cost of US\$69.71M
4. Based on the appraisal on the WB Implementation Completion and Results Report dated June 28, 2010
 - a. Objective of the DFIMDP: Assist the Government of the Philippines to strengthen the capacity of the Department of Agriculture (DA) to provide market oriented services to increase agricultural competitiveness and rural incomes
5. WB Overall Key Performance Indicators on the DFIMDP:
 - a. Better client satisfaction with DA's delivery of market information, development services and market-related investments
 - b. Increase in the proportion of budgetary resources allocated to DA's core functions dealing with: a) market information and development services; b) safety and quality assurance regulatory systems; and c) market-linked technology development and dissemination.
6. IE Study baseline based on World Bank Appraisal of the DFIMDP on June 2009 on the five (5) components of the DFIMDP summarized in the table below:

Component	World Bank Key Performance Indicator	World Bank Appraisal
1. <u>Support for Market Development Services</u> - To strengthen the capacity of the Agriculture Marketing Assistance Service (AMAS) of the DA to provide more effective market promotion, trade fairs, etc., in conjunction with the private sector, and establish an Agriculture and Fisheries Market Information System (AFMIS)	Operationalization of the AFMIS	Partially Achieved - AFMIS Operations Manual has been completed and approved
2. <u>Market Development Investments</u> - To improve resource allocation criteria, in partnership with LGUs and the private sector, initially in Regions 6, 7, 10 and CAR	Standardize and upgrade procedures (through an Operations Manual) by which market-	Achieved - All regional offices of the DA have been provided copies of the Operations Manual, and Regional Field Units (RFUs) participating in the DFIMD project have institutionalized their

Component	World Bank Key Performance Indicator	World Bank Appraisal
	related investments are undertaken by the DA	Regional Advisory Boards and Regional Technical Secretariats. The procurement procedures embodied in the Operations Manual have also been accepted
3. <u>Strengthening Safety and Quality Assurance System for Market Development</u> - To improve the implementation capacity of the DA's regulatory services, particularly to meet international standards through support for the DA's six regulatory agencies.	Establishment of a user-friendly web-based system providing full disclosure of regulatory procedures, charges, forms etc	Achieved - An on-line system was launched in September 2008 which can be accessed at the DA's Web site: www.da.gov.ph through the "Export Help Desk". The system provides information on the requirements, process and the ability to down-load forms needed to obtain clearances
	Increase by some 20% the number of accredited private sector operations	Achieved - There has been considerable progress in the pace of "accreditation" as well as a clarification of procedures, especially in regard to seed and plant production
	Full cost charge-out rates applied for regulatory services	Achieved - A review undertaken by DA regulatory agencies during 2008 concluded that: "At this time in the Philippines, many exporters are small and could not compete if full-cost charge back was applied". This finding, however, was very likely conditioned by Executive Order No. 554 issued in 2006, which eliminated fees and charges imposed on export clearances, inspections, permits, certificates and other documentation requirements
4. <u>Market-linked Technology Development and Dissemination</u> - To improve the DA's R&D and training outreach through the strengthening of the Bureau of Agricultural Research (BAR) and Bureau of Post-Harvest Research and Extension (BPRE), using a Competitive Grants, and the DA's Agricultural Training Institute (ATI)	Implementation of a Market-Oriented Competitive Research Grants Program	Achieved - This was effectively implemented and the "competitive" approach to funding research has been adopted for all types of research. Targets were exceeded in most years and the system has operated well
5. <u>Enhancing Budget Resource Allocation and Planning</u> - To support the government-wide initiative to improve public expenditure management, especially through more strategic allocation of the DA's scarce budgetary resources giving more emphasis to the funding of the DA's core functions relating to market development	Strengthen the core functions of the DA supporting market development services	Not Achieved - Overall, the budget allocation for "market oriented activities" was to have increased from 32% of the budget in 2004, to an indicative level of 47% in 2009. Over the first 3 years of the project, the DA did attempt to maintain a trajectory which would have accomplished the indicative target for the project. However, in the last two years of the project, there was a back-sliding on the commitment to achieving the 47% target for the project

II. Objectives of the IES on the DFIMDP

1. The objective of the IES is to: conduct an impact evaluation study of the DFIMDP sub-projects implemented in Aklan, Antique, Capiz and Iloilo.
2. The IES aims to examine how DFIMDP projects:
 - a) Affected rural household income
 - b) Improved the marketing of agriculture and fisheries products through various market-oriented activities
 - c) Supported market development and competitiveness of farmers and fisherfolks, and
 - d) Capacitated DA-RFU VI in the delivery of market-oriented and productivity-enhancing services
3. Focused on impact of sub-projects under Component 2 or the Market Development Investments component
4. A total of P32,393,454 or 30.3% out of a total of P106.98 million of Component 2 financing in Region VI sub-projects, the highest utilization among the pilot areas.
5. Total of 34 sub-projects in the Region VI

Province	No. of Sub-Projects
Aklan	1
Antique	2
Capiz	11
Guimaras	None
Iloilo	10
Negros Occidental*	10
Total	34

*Not included in the IE Study due to creation of Negros Island Region (NIR) during the duration of the study

6. The expected outputs of the impact evaluation are:
 - a) To produce an impact evaluation report
 - b) To generate baseline data from primary and/or secondary sources
 - c) To make a comparison of the "before/after" and "with/without" conditions of the project in the focus areas
 - d) To survey and undertake analyses of the impact on DFIMDP components
 - e) To conduct focus group discussions with project beneficiaries, LGU and private sector partners, and DA regional and field offices
 - f) To provide capability building and transfer of impact evaluation technology to NEDA VI staff

III. Impact Evaluation Study Results

1. Summary of Study Results:

- a. The All-Asian Centre for Enterprise Development (ASCEND), Inc. was selected by NEDA-VI to conduct the 10-month long study
- b. Based on the agreed work and financial plan in the Inception Report, completion of the project by ASCEND was expected on September 19, 2017
- c. IE analysis compared two specific areas:
 - Impact on Beneficiaries vs. Non-Beneficiaries per component, based on survey of market investment areas; and
 - A comparison of before and after situations based on secondary data from WB Project Completion Report, income data from PSA, KII and FGDs in the DFIMDP project areas
- d. The IES established an improved income in the DFIMDP project areas, however, it cannot ascertain if this is attributed exclusively to the DFIMDP
- e. The IES was unable to attribute if the improvement in marketing of agri-fishery products, improvement in market development and competitiveness of agri-fishery farmers/producers, and improvement of DA services to become more market-oriented is due to the DFIMDP
- f. The final report on the study was accepted on December 13, 2017. Below is the summary of the key deliverables on the study

Deliverables	Date Delivered	Remarks
Inception Report	Jan. 24, 2017	Inception Report accepted on Feb. 9, 2017
Quarterly Progress Reports	1Q – Feb. 2, 2017	1Q Progress Report accepted on Feb. 9, 2017
	2Q – Mar. 30, 2017	2Q Progress Report accepted on Apr. 4, 2017
	3Q – Jul. 4, 2017	3Q Progress Report accepted on Jul. 6, 2017
	4Q – Sept. 19, 2017	4Q Progress Report accepted on Dec. 13, 2017
Draft Final Report	Sept. 1, 2017	Draft Final Report accepted on Sept. 6, 2017
Final Report	Sept. 19, 2017	Final Report for accepted December 13, 2017
IES Capacity Building	Oct. 10 & 11, 2017	Conducted training for 25 technical staff

2. Detailed Results of the Study Per Component

a. Beneficiaries vs. Non-Beneficiaries

Component 1: Support for Market Development Services. DA was able to achieve the objective of this component since they were able to operationalize the Agriculture and Fisheries Market Information System (AFMIS). However, only one respondent mentioned AFMIS as one of the sources of market information. Unfortunately, the design of AFMIS was not achieved due to two factors: a) farmers had easier access to spot market trading practices at trade centers, and b) farmers were unfamiliar with the technology. According to the LGUs, the farmers who used the AFMIS accessed it with the assistance of their staff. Consequently, it was the LGU staff who developed the skill on the use of the web-based system.

Component 2: Market Development Investments. According to the 2010 project completion report, the objective of this component was achieved. Compared to the non-beneficiaries of the IES survey, more beneficiaries stated that they were involved in trainings and seminars, and benefited from farming inputs, equipment and machineries. However, there were more non-beneficiaries than beneficiaries who stated that they benefited from rural infrastructures. In addition, the impact of the irrigation canals on the farmer's income was more evident as compared to the road infrastructures built under this component.

Component 3: Strengthening Safety and Quality Assurance Systems for Market Development. According to the Implementation Completion Report published by World Bank, this component was able to revise some regulatory procedures of DA. However, this component was unable to reach its full potential due to the released executive order removing charges in the accreditation process of agriculture products for export. In addition, due to lack of awareness of the regulations, the quality assurance processes implemented were deemed as restrictions rather than tools for better trade and market prices. The survey data also revealed that neither beneficiaries nor non-beneficiaries benefited from the established quality assurance process.

Component 4: Market-linked Technology Development and Dissemination. Farmers were satisfied with how they were trained on crop management through the Farmers Field School (FFS). They also commended the FFS on how it helped them understand and improve some of their marketing procedures.

Component 5: Enhancing Budget Resource Allocation and Planning. Survey data shows that beneficiaries have less cash income compared to the non-beneficiaries. Furthermore, there are significantly more non-beneficiaries who own businesses compared to beneficiaries who usually work in family farms.

b. Before and after

Comparison of Household income from 2003 through 2015: Family Income and Expenditure Survey (FIES). Looking at the income classes from 2003 to 2015 from FIES, there was a decreasing trend in the number of families belonging to the two lowest income classes (under Php40,000.00 and Php40,000.00 to Php59,999.00) but an increasing trend in the number of families belonging to the two highest income classes (Php100,000.00 to 249,999.00 and Php250,000.00 and over) from 2003 through 2015. The study, found that income trends for beneficiaries in target areas is higher than non-beneficiaries.

3. Impact Evaluation Rating and Recommendation

Component	Impact	Recommendations
1. Support for Market Development Services	Very Low – The Agriculture Fisheries and Market Information System (AFMIS) is rarely or not utilized by farmers since it was implemented in 2005. Market information is sourced by farmers from traders, market/bagsakan, middlemen and rice mills	AFMIS as a web-based platform can be implemented more effectively today than it is in 2005 with android based apps and on-line platforms. There is also the increasing tech-savvy mind set of farmers that makes re-launching of the platform more likely to succeed.

Component	Impact	Recommendations
	Other impacts – Capacitated MAO and LGU staff on using web-based information system for tracking local market prices	
2. Market Development Investments	<p>High – Projects under DFIMDP with high impacts to communities are access roads such as farm to market roads and footpaths, followed by irrigation canals, and trading posts. However, in terms of attribution, irrigation canals and small impounding systems can be attributed to DFIMDP.</p> <p>Other impacts – Non-beneficiaries in DFIMDP project areas responded to have benefitted from farm-to-market road projects. Also, the project areas and people's organization in these areas subsequently became beneficiaries of other DA and DAR farm-to-market road projects, as well as livelihood projects from DA, DAR and other agencies.</p>	<p>Farm-to-market roads benefits both direct and indirect beneficiaries of projects.</p> <p>However, project proposals of DFIMDP projects did not include economic and cost-benefit analysis, which should be included in all new farm-to-market road projects</p>
3. Strengthening Safety and Quality Assurance System for Market Development	<p>Low – Quality assurance through good agricultural practice standard not adopted by farmers, despite trainings to farmers and farmers organization.</p> <p>Except for rare cases, cooperatives, such as Capiz MPC, engaged in export i.e. cut flowers/foilage, have adopted 100% quality assurance standards. Beneficiaries and non-beneficiaries largely did not benefit from any quality assurance process available.</p> <p>Other impacts – Farmers in project areas are able to continually access certified seeds for palay and corn, lowering their input costs, as compared to non-beneficiaries, as part of various support projects by DA, DAR, LGUs and other agencies.</p>	<p>Information education and dissemination campaigns with regards to GAP should be done for farmers.</p> <p>Increase access to certified seeds through certified seed farms and distributors in the region.</p> <p>Use on online and android platforms for disseminating and for application to qualify on GAP standards which is now possible with the latest technology</p>
4. Market-linked Technology Development and Dissemination	<p>Medium – Impact on farmers was mainly thru trainings from the Agriculture Training Institute to farmers and municipal extension workers, improving their knowledge and skills.</p> <p>However, the bulk of training provided for farmers are for rice production. Results of Competitive Research Grants from Bureau of Agriculture Research (BAR)</p>	<p>DA's BAR and BPRE should institutionalize a way to download results of research to farmers or thru ATI.</p> <p>Encourage more technical assistance trainings from farm input manufacturers i.e. certified seed suppliers, fertilizers, farm machineries, and farmer counterparts to assess market needs and facilitate forward contracts.</p>

Component	Impact	Recommendations
	<p>and Bureau of Post Harvest Research and Extension (BPRE) was not downloaded or transferred to farmers, extension workers or SUCs.</p> <p>Other impacts – Farmer Field School trainings by ATI for rice production have the most impact on farmers, particularly women farmers increasing their knowledge and skills on rice production. However, the survey found no significant impact of the trainings on increasing on rice production which was offset or limited due to additional costs on lab tests (soil, etc.), costs of certified seeds, lack of farm mechanization, and prevalence/reversion to traditional rice planting in Region 6.</p>	
<p>5. Enhancing Budget Resource Allocation and Planning</p>	<p>Low – Expanding allocation for market oriented services of DA was not felt at the level of beneficiaries or non-beneficiaries in the project areas.</p> <p>Except for distribution hauling trucks, banana peeling machines and flat-bed dryers, FMR roads, and small irrigation to specific beneficiaries under the DFIMDP, only trainings and distribution of farm inputs were implemented as part of expansion of market-oriented activities in the project areas and in the municipalities where projects were located. It was also not determined if succeeding infrastructure projects in the areas were funded by DA, i.e. roads and irrigations, which were implemented after</p> <p>Other impacts – Beneficiaries and non-beneficiaries in the project areas were able to avail or have regular access to DA assistance programs i.e. free seeds, crop insurance, financial assistance and fertilizers, except for farm equipment which only beneficiaries received.</p>	<p>Increase budget allocation by DA on infrastructure projects i.e. farm to market roads, SSI, and farm mechanization equipment to farmers organization and cooperatives</p> <p>Promote and increase coverage of crop insurance to farmers and fisherfolk Increase budget allocation on market-oriented activities to the target 47% of DA annual budget</p>

IV. Policy Recommendations for DA-VI

1) Sustained interventions on improving productivity and market-assistance to farmers have a major impact on increasing income and competitiveness.

- a) Beneficiaries under the various DFIMDP projects in the region benefitted immensely from the various DFIMDP interventions, especially in the project areas. KIs and FGDs with beneficiaries, cooperatives and MAO/Agriculture technicians that market intervention projects such as hauling trucks, and livelihood equipment such as banana chippers and flatbed dryers have boosted income of beneficiaries within 1-5 years, while infrastructure projects such as farm-to-market roads and small community irrigation systems have the most impact in improving rice production, marketing of goods and improving movement of people.

Productivity and market assistance interventions in terms of equipment, facilities, and non-road infrastructure needs to be sustained and continued as DA ceased providing services in many of the project areas upon the termination of the DFIMDP. The deterioration of trucks and equipment, irrigation canals and maintenance of the early sections of farm-to-market roads which is the bulk of market intervention project did not consider the sustainability of project benefits in the planning and conceptualization of projects.

Except for concrete farm-to-market roads with extensions to complete links to/from interior/far-flung barangays to national roads, and a unique foot-path project, long-term sustainability is lacking in the planning of 34 market interventions projects under the DFIMDP in the region. Only trainings/seminars to beneficiaries and non-beneficiaries in the project areas were continued as the study found frequent access to trainings provided either by MAO/agricultural technicians, OPA, DA-VI and the Agricultural Training Institute (ATI) after the DFIMDP was terminated in 2009.

- b) On marketing information, the AFMIS should be revived/revisited or replaced by a more interactive system that would allow farmers, buyers, and consumers access to information on farm commodity prices. The AFMIS system was not sustained nor promoted, thus this online system found very few users and was not used extensively by farmers in marketing and sale of palay and other farm produce.
- c) Identifying areas for DA-assisted projects can also use the Registry System for Basic Sectors in Agriculture (RSBSA) to identify potential farmers in priority communities or areas. The DFIMDP required that market intervention projects be sourced from municipalities, cooperatives and NGOs, thus limiting potential projects and beneficiaries, resulting to very low utilization of funds under this component. It is suggested that a two-pronged approach in project area and beneficiary identification could be done, combining DFIMDP approach and use of the RSBSA by clustering concentrations of beneficiaries for its programs and projects.

Another criterion that the DA can consider for the clustering approach in project sites is to consider data on volume of production, crop suitability, and geographical distance from other LGUs producing similar products to ensure equitable distribution and effectiveness of interventions.

- d) The DFIMDP experience showed that local government units with pro-active MAO/Agricultural Technicians, farmers organizations and cooperatives have been

successful in tapping government resources to fund projects. Thus, a competitive model can be considered to reward active and competitive LGUs access to funds for DA programs and projects.

2) Baseline data generation on government projects must be institutionalized.

- a) The study showed a dearth of information on baseline data of the project. There was very little data kept on the situation of identified project areas. The M&E function of the planning departments of DA, as well as, other government agencies should be strengthened to include gathering and storing data that depicts the situation before project intervention to improve evaluation of intended and unintended impacts of projects.
- b) Baseline data information should be shared by DA with other government agencies and LGUs where the projects are located. This would ensure multiple sources of data for planning, monitoring and evaluation. There must be a conscious effort for DA to lead other agencies (DAR, NIA, FIDA, BFAR, DENR, SRA, etc.), the SUCs, and LGUs thru PAOs/CAOs/MAOs in adopting a more convergent approach in deciding interventions for the agriculture and fisheries sector.

3) Infrastructure projects in rural areas have major impact in the long-term.

- a) The study has shown that infrastructure projects, particularly farm-to-market roads, have positive long-term impact on farmers and their communities. The study found that among the projects implemented under the DFIMDP, only farm-to-market roads and foot paths still remains and are used in the project barangays as found during KIIs and FGDs.

In the survey, however, attribution of the DFIMDP impact to the income of households on infrastructure projects is insignificant at 1.8% (5% to be considered as significant) as the length of these roads do not exceed more than 1km. KIIs and FGDs, however, show that FMRs under DFIMDP initiated other succeeding FMR projects resulting to links to and provincial national roads with lengths of 8-10 kms. Farm-to-market road networks in existing project sites were also found to have significant improvement with concrete roads completed within the immediate barangay center or sitios. Finally, the survey also showed significant improvement in travel time to/from the poblacion and town market averaging 30 minutes to 1 hour and highly accessible to motorcycles and tricycles. Prior to these, accessibility was very limited by public transport comprising of single morning trips by 4x4 jeeps and twice during "tabo" or market days, to these barangays.

4) Agricultural extension services influence the success of farmers in terms of productivity, technical knowledge, and market access.

- a) The study has highlighted the major positive impacts of trainings and other extension services by the DA, provided thru the Agricultural Training Institute (ATI) and in terms of production, as well as, market access among farmers. However, there is an inherent limitation in the provision of extension services, especially those coursed thru municipal LGUs and SUCs, which have other equally important functions other than capacity building. KII and FGDs found that these limitations include: high turn-over of agricultural technicians at the municipal level due to low salary and contractual status of employment, low budget allocation for

extension services by LGUs, and SUCs use of pilot and model farms for students taking up agriculture courses.

The IE survey showed that 97% of beneficiaries and 95% of non-beneficiaries have attended trainings on marketing, enterprise development, knowledge management, etc, which were mostly conducted from 2010 to 2017. KIs and FGDs showed that trainings by ATI, particularly its farmer field school, was attributed to the success in palay production of several respondents, including interest from farmers who did not attend. The farmer field school graduates, including 4 women, have increased their knowledge of palay farming and they share their farm practices to neighbors and co-members in farmers associations.

- b) It is proposed that DA provide funds for extension services of municipal LGUs using as a selection criterion the LGU performance in the Seal of Good Local Governance of DILG and participation in the Cities and Municipalities Competitiveness Survey of the National Competitiveness Council. Access to the DA extension support fund can be similar to the Performance Challenge Fund of the DILG. The rationale on these proposal is to encourage competition among LGUs, award and recognize competitive LGUs, and due to limited funds by DA for extension services.

5) GAD strategy on agricultural projects and interventions has to be institutionalized.

- a) The DFIMDP project areas was found to have an increasing number of women participating and leading households engaged in agricultural production. It was also found that extension services have benefitted many women in the project areas and some of the training activities have empowered women to take leadership roles in farmers associations and cooperatives. As such, it is recommended that DA should ensure mainstreaming of Gender and Development in its programs and projects.

The study showed an increasing number of women as heads of farm households, as respondents in the survey found more than 40% to be female, and that 95% and 91% of beneficiaries and non-beneficiaries respectively, have declared themselves as farmers and/or heads of farm households. Actionable areas in GAD can be done in extension services is to increase participation of women in trainings and seminars, and on farm mechanization by providing training and access to funds to women.

x-x-x NOTHING FOLLOWS x-x-x