

Philippines Partnership for Sustainable Agriculture

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WORLD
ECONOMIC
FORUM



Philippines



PPSA
Philippines Partnership for Sustainable Agriculture



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Agriculture plays a vital role in the Philippines economy, contributing approximately an eighth of the national GDP. With almost 11 million people engaged in the industry's workforce – more than a quarter of the population – agriculture in the Philippines has huge potential to provide social and economic growth for communities and the country as a whole.

The Philippines remains a significant player in the global market as an exporter of coconut and fish, and a producer of other crops such as rice, corn, banana and sugarcane. However, the sector is also particularly vulnerable to natural calamities, and suffers from low productivity, high production costs and lack of investment in infrastructure and value chains.

Key strategic focuses for the year ahead

Focus Area 1

Efficient implementation of crop value chain projects and scaling up of successful projects, in alignment with national programs and government priorities.

Focus Area 2

Creation and management of partnerships to engage more companies and Philippine-based stakeholders.

Focus Area 3

Regularization of the Philippines Partnership for Sustainable Agriculture (PPSA) secretariat operations and systems, including addressing strategic targets and thematic areas of cooperation between Working Groups.

Philippines statistics

GDP (USD\$): 314 million	Official GDP growth rate: 5.6%	Mobile penetration: 119 million
Agricultural contribution to GDP: 10%	Land area: 30 million hectares	Land area devoted to agriculture: 47%
Population: 107 million	Population living below poverty line: 21%	Population living in rural areas: 56 million
Average age of farmers: 60 years old	Agriculture sector employment share in the labor force: 22%	Women in agriculture: 24%

The Philippines Partnership for Sustainable Agriculture (PPSA) was formally launched in 2015 by the Philippines' Department of Agriculture and Grow Asia. Grow Asia was established by the World Economic Forum, in collaboration with the ASEAN Secretariat, to convene, facilitate, and help scale action-focused partnerships aligned with national agriculture agendas.

PPSA serves as a multi-stakeholder platform to engage smallholder farmers and market players towards socio-economic growth and competitive advantage. In 2017, Grow Asia collaborated with the Philippine Business for Social Progress (PBSP), a business-led social development organization committed to poverty reduction, to establish the PPSA Secretariat as an in-country coordinating body.

Five commodity-based Working Groups organized around coffee, corn, coconut, vegetables, and fisheries are currently in place and are developing ways to transform their sectors beyond individual value chain projects. In addition, partners are also collaborating around sectoral initiatives on the cross cutting themes of agricultural finance and knowledge sharing. Grow Asia will continue to provide overall strategic direction and support to PPSA locally and regionally.

“ The collaboration between Grow Asia and PBSP will enable us to co-develop and scale initiatives which address key issues in agriculture by creating multi-stakeholder, locally-driven value chains focused on increasing business opportunities in underserved markets. Most importantly, the initiatives will enable the inclusion of marginalized smallholder farmers and promote a more sustainable source of income, which will eventually contribute to improved quality of life. ”



Reynaldo Antonio D. Laguna
Executive Director,
Philippine Business for
Social Progress (PBSP)

“ The vision of PPSA is to serve as a national partnership platform that will coordinate public and private initiatives, resources and stakeholders towards the transformation of Philippine agriculture. We deliver this important role through Working Groups that have gone beyond individual value chain projects, and have now partnered with the government and other industry sectors to reach greater scale and impact. ”



Benjie Yap
Chairman and Chief Executive
Officer, Unilever Philippines



PPSA Governance and Structure

Co-Chairs

- Department of Agriculture
- Unilever Philippines

Core Committee

- Co-Chairs
- Working Group Leads
- Grow Asia
- Philippine Business for Social Progress

Secretariat

- Grow Asia
- Philippine Business for Social Progress

Secretariat-level Activities



**Connecting
Smallholders
to Market**



**Knowledge
Exchange:
The Practitioners'
Workshop**

Working Groups



Coconut



Coffee



Corn



Fisheries



Vegetables



**Agricultural
Finance**



**Learning
Alliance**

Secretariat-level Activities



Connecting Smallholders to Market

Activities

Grow Asia and PPSA helped formulate the collaboration between AgriCOOPh, the first agricultural cooperative federation in the Philippines, and INAVET Nutrition Technologies in order to form a technology partnership between them. On February 15, 2019, the AgriCOOPh Board of Directors approved and signed the technology partnership with INAVET Nutrition Technologies, which will lead to a marketing distribution agreement for INAVET's Quantum Growth between the two parties.



62,203 farmers
and **40,015** fisherfolk

reached as a result of the technology partnership between AgriCOOPh and INAVET.



Knowledge Exchange: The Practitioners' Workshop

The PPSA Secretariat hosted its first annual Practitioners' Workshop on 1 August 2018 in Manila. The event brought together more than 120 partners from government, private sector, NGOs, farmer organizations and academe to share the obstacles and successes they have encountered in co-developing solutions to lift smallholder productivity and livelihoods.

The agenda was designed to be collaborative and encourage relationship building, allowing partners across the PPSA Working Groups to collaborate and facilitate improved knowledge sharing. Conversations during the full-day event created opportunities to identify where action is needed.

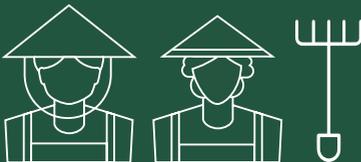


Coconut

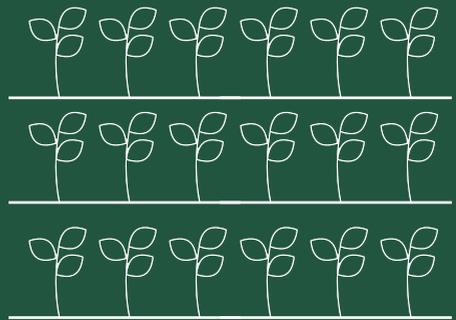
The Philippines is one of the largest producers of coconut in the world, second to Indonesia. In 2017, 3.6 million hectares of land were planted with coconut that produced 14 million metric tons with a value of USD\$ 2.3 billion. Despite this production, coconut farmers remain the poorest of the poor in the agriculture sector. Low farm productivity, infestation of pests and climate change continue to plague the coconut sector. The Coco Levy Fund, which was conceived to help the coconut farmers, has long been delayed for release.

Activities

- Companies and organizations in the Coconut Working Group are working on projects aimed at improving coconut productivity and increasing economic returns for farmers.
- Friends of Hope is leading a program in partnership with domestic processors and international brands to reinvigorate the coconut water value chain. This includes sourcing from smallholders and reinvesting in farming communities to improve the productivity, profitability, and sustainability of coconut farming in the Philippines.



9,461
farmers trained.



14,462
seedlings distributed.





Coffee

The supply of coffee in the Philippines cannot keep up with high local demand. Filipinos consume 100,000 metric tons of coffee a year but the volume of production is only at 17,000 metric tons, despite the efforts of the government in planting more coffee trees under its National Greening Program. Increasing coffee importation and almost no export suggest that the Philippines is far from achieving its previous position as one of the top coffee producers in the world.

Activities

The Coffee Working Group has aligned itself with the Technical Working Group, implementing the Philippine Coffee Industry Roadmap 2017–2022. The Roadmap was finalized in 2017 by the Technical Working Group composed of government agencies and private sector representatives including Nestlé Philippines, and was approved by the President of the Philippines in May of the same year. Guided by the Roadmap, the Coffee Working Group is tasked to ensure and monitor the development of the coffee industry and the attainment of the following goals:

- Increasing the average yield of green coffee beans from 0.3 metric ton/ hectare to 1 metric ton/hectare by 2022, and production by 5% per annum
- Increasing total planting area from 140,522 hectares to 213,788 hectares by 2022
- Improving farmers’ standard of living from poverty level by 15% per annum through diversified sustainable agribusiness farming systems
- Increasing employment in the coffee industry by 3% by 2022

In addition, Nestlé Philippines and GIZ are launching Project Coffee+ from 2018-2020 to increase the yield of coffee farmers to one metric ton per hectare, thereby increasing incomes and improving the economic viability of their farming systems. The initial focus is on training farmers in Bukidnon and Sultan Kudarat in agronomic practices such as grafting, pruning, rejuvenation organic and inorganic fertilization, as well as entrepreneurial skills.

Project Coffee+ builds on Project Coffee which was started in 2013 as a pilot project that benefited 150 farmers in Tagbina, Surigao del Sur.



 **140%** increase in farmer household net profit.

 **52%** increase in volumes sold.

39% increase in inputs application. 

68% of farmers regularly rehabilitating their trees. 

 **1,900** farmers reached.

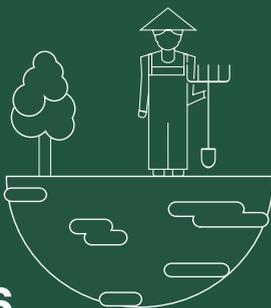


Corn

The Philippines' vulnerability to the effects of climate change continue to challenge the corn industry. In 2018, corn production posted a decrease of 7.77 million metric tons from 7.92 million metric tons in 2017 due to the strong typhoons that hit the corn-producing areas of northern Luzon in the latter part of the year. The corn industry is also burdened with high prices which affect the livestock and poultry industry since 60% of yield are being used for feeds.

Activities

- The Corn Working Group has identified specific issues in the corn value chain, including smallholders' lack of access to farm credit and production technologies, the lack of modern post-harvest facilities, processing plants and high transportation costs. The Working Group is mapping the operations of the private sector and NGO partners to develop value chain projects and models for replication.
- A local Corn Working Group was also established in south-central Mindanao, and is currently being led by Biotech Farms, Inc. The group is working on a Farmers Development Program that aims to reach 10,000 smallholder farmers by 2020 and increase farmers' yield to at least 4.8 metric tons per hectare.



2,846
farmers reached.



11 farmer organizations
engaged with marketing agreements.



Fisheries

In 2018, the Philippines posted an estimated 4.35 million metric tons of fish, making the country one of the top producers in Asia. Among the sub-sectors of fisheries, aquaculture contributed a 52.95% share in the total fisheries output. This performance will continue to increase because of the strong potential of aquaculture for expansion, given the land resources that the Philippines has. One challenge for the aquaculture industry is the promotion of the use of feed conversion ratio (FCR) or the amount of feed it takes to grow a kilogram of fish which could lessen both the cost and environment impact of feeds.

Activities

- Supporting knowledge exchange: In 2018, the PPSA partnered with the Bureau of Fish and Aquatic Resources-Central Luzon to run the Fisheries Investment Forum. Major fish and feeds companies such as Feedmix Specialist II, the lead of the Fisheries Working Group, and Tateh Aquafeeds shared best practices on fish production and FCR.
- Feedmix Specialist II is leading a nursery project in Quezon Province with Tambuyog Development Center and BFAR in partnership with two people's organizations operating in the area. Supported by ICCO Cooperation – through funding from Grow Asia and the Inclusive Business Action Network (iBAN) – the nursery project will be an example of how inclusive business practices can help engage players from the bottom of the pyramid. Here, Feedmix Specialist II will make the people's organization a supplier of fingerlings.



22 fisherfolk cooperatives and Community Fish Landing Centers (CFLC)

in Quezon Province and Central Luzon reached, with an aggregated membership of **1,460 fish farmers.**



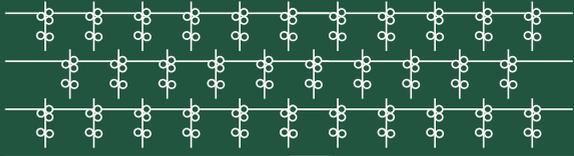
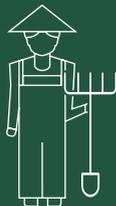
Vegetables

Filipinos consume only one-third of the fruit and vegetable intake recommended by the World Health Organization (WHO). High prices due to low yield, post-harvest losses, logistical costs and calamities may have an effect to the low per capita consumption posted only at 40 kilos.

While vegetable consumption is low, the potential of the vegetable industry in the Philippines is expanding. Vegetable production is increasing annually by 2% and the growth rate of area dedicated for vegetable farming is 1.7%. Exportation of vegetable products posted a 9.9% share to the total exports of the country in 2018.

Activities

- The Vegetables Working Group has identified priority areas of collaboration around increasing the per capita consumption of vegetables in the country through information and education campaigns, as well as developing more efficient distribution channels. Members are also interested in knowledge management around digital solutions and building up shared databases of farmers by area and types of vegetables grown.
- Under the leadership of East-West Seed, the Working Group is also aligning itself with the Philippine Seed Industry Association's mission of providing high-quality seeds and relevant technologies to farmers, to raise their capacities and develop Philippine agriculture.
- The Vegetables Working Group is actively working on plant trials to solve the issues of supply and quality. Companies are looking for specific requirements for their vegetables supply while East-West Seed is being tapped to modify seeds based on these requirements.



60 farmers reached
and involved in the initial plant trial.





Agri-Finance

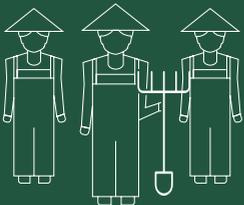
The passage of the Agri-Agra Reform Credit Act or Agri-Agra Law in 2009 was expected to impact the rural economy. The law mandates banks to set aside 25% of their loan portfolios for agricultural and agrarian reform financing. However, the expectations have yet to be realized because of the low compliance of banks due to the perceived risks in investing in the agriculture sector. Banks often opt to pay non-compliance penalties instead, and this hinders farmers from creating a good credit portfolio aside from the lacking necessary documents required by the banks.

Activities

- The Inclusive Agricultural Value Chain Consortium (IAVCC) was formed as a follow-up to the AgriFinancing Summit 2016, bringing together agricultural finance and value chain stakeholders to collaborate and co-create ways of investing and supporting rural enterprise development.
- To encourage compliance with the Agri-Agra Law, the Consortium researched and published successful value chain financing models. Future research on the agenda includes a guidebook/toolkit on value chain finance, which will contain practical guidelines, policies, and templates for replication and scaling.
- At the same time, the IAVCC is working with PPSA Working Groups to promote a national value chain development program on coconut, corn, rice and onion. This would involve creating an ecosystem of commercial actors, farmer capacity building providers, financial institutions, government and similar support agencies.



18 farmer organizations.



600 farmers.





Learning Alliance

The Grow Asia Learning Alliance (GALA) was established to promote a more systematic approach to knowledge sharing. Piloted in PPSA, GALA aims to link existing members to leading research institutes and think tanks in the region to create a collaborative, multi-sectoral ecosystem in the Philippines. The goal is to develop action research on agriculture and sustainable development that is market-driven, evidence-based and contributes toward lifting smallholder livelihoods at scale.

Activities

GALA conducted the Private Sector Engagement Training on January 2019 where research institutions shared their experience and best practices in establishing commercial relationship with businesses. The participants also gained new tools to speak the language of business through a workshop on Human-Centered Design (HCD).



Working Group Members

Coconut

- Friends of Hope
- PAKISAMA
- Philippine Coconut Authority
- Unilever

Coffee

- Bote Central
- Bureau of Plant Industry (BPI) - High Value Crops Development Program
- De La Salle University
- Department of Agriculture - Agricultural Credit Policy Council
- Department of Agriculture - Office of High Value Crops and Rural Credit
- Department of Agriculture - Philippine Council for Agriculture and Fisheries
- Department of Trade and Industry
- Department of Trade and Industry - Cordillera Administrative Region
- Department of Science and Technology
- Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
- Foodlink Advocacy Cooperative
- Macnut Philippines
- Nestlé Philippines
- Philippine Coffee Alliance
- University of Asia and the Pacific

Corn

- Biotech Farms, Inc.
- East-West Seed
- Japan International Co-operation Agency
- Leads Agri
- PAKISAMA
- Ploughshares Inc.
- Sinochem
- Sustansiya
- Syngenta
- YARA Fertilizers Phils., Inc.
- Zamboanga Grains Corp.

Fisheries

- Bureau of Fisheries and Aquatic Resources
- Feedmix Specialist Inc.
- Foodlink Advocacy Co-operative
- ICCO Cooperation
- KCCDMFI
- Tambuyog Development Center
- WWF – Philippines
- Visayas State University (VSU)

Vegetables

- Ahon sa Hirap, Inc.
- East-West Seed
- Food and Agriculture Organization of the United Nations
- Foodlink Advocacy Co-operative
- Inavet Nutrition Technologies
- Jollibee Group Foundation
- Nutriasia
- PAKISAMA
- Sinochem
- Sustansiya
- WWF – Philippines

Agri-Finance

- Agricultural Guarantee Fund Program
- Banko Sentral ng Pilipinas
- Bank of the Philippine Islands
- BDO Unibank
- Department of Agriculture - Agricultural Credit Policy Council
- Department of Trade and Industry - Board of Investments
- Development Bank of the Philippines
- Jollibee Group Foundation
- Land Bank of the Philippines
- Mynt
- Nestle Philippines
- Peace and Equity Foundation
- Unilever
- WWF – Philippines

Learning Alliance

- Ateneo De Cagayan (ADCU)
- De La Salle University (DLSU)
- Institute for Social Entrepreneurship in Asia (ISEA)
- Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA)
- Philippine Rural Reconstruction Movement (PRRM)
- Rice Watch and Action Network (R1)
- Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA)
- University of the Philippines – Center for Integrative and Development Studies (UP CIDS) EMIT:C4C Program
- University of Philippines, Los Baños (UPLB)

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Contact

Joyce Racoma-Gomez

Coordinator, PPSA

joyce@ppsa-ph.org

Pranav Sethaputra

Manager, Partnerships, Grow Asia

pranav@growasia.org