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Policy Brief

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A Closer Look on the Magna Carta of Small Farmers in the Philippines

Background of this Policy Brief:

In a review of policies related to vegetable-agroforestry (VAf) systems, scientists at the World Agroforestry Centre (ICRAF-Philippines) found that farmers are differentially benefiting from national policies – large holders tend to benefit more than smallholders because large holders have more access to policy information and can leverage the associated cost of policy implementation. They found that the benefits of the Magna Carta of Small Farmers have not been fully optimized by smallholders.



'It is the declared policy of the State to give highest priority to the development of agriculture, such that, equitable distribution of benefits and opportunities is realized through the empowerment of small farmers.' This is the beginning statement of Republic Act (RA) 7607, otherwise known as the Magna Carta of Small Farmers in the Philippines.

The Magna Carta of Small Farmers is on its 17th year since adoption on June 4, 1992, but the results are either unknown or ambivalent. This brief, is not a comprehensive assessment on the performance of the Magna Carta, but rather, it is an attempt to closely examine its provisions viz a viz the consistency of subsequent policies that aimed to support achieve its objectives. This brief suggests that, after 17 years, there is ample scope to re-affirm the commitment of the Magna Carta if smallholders are expected to contribute significantly to economic development.

Who are the small farmers?

Small farmers comprised a significant segment of the Filipino farming population, and are most vulnerable to rapidly changing, social, political and environmental conditions. The Magna Carta of Small Farmers broadly defines small farmers as 'natural farmers dependent on small-scale subsistence farming as their primary source of income and whole sale, barter or exchange of agricultural products that do not exceed a gross value of one hundred eighty thousand pesos (P180,000) per annum based on 1992 constant prices.' This means that a small farmer is earning a monthly farming income of P15,000 or below. This is a very high income calculation, as compared to the 2006 poverty threshold that was P75,287.85 a year or P6,273.99 a month, such that about 26.9 % or 4.6 million Filipino people were living below poverty line at that year. Additionally, the Philippine Agrarian Law defines small farmers as those 'cultivating in not more than 5 hectares of land.' Similarly, the Land Bank of the Philippines (LBP) defines small farmers as 'actual tillers of lands not over 5 hectares.' Based on this landholding parameter, small farmers constitute to 4.8 million in 2003, which is 91% of the total number of farmers.

Generally, small farmers live in densely populated upland areas, with poor or declining natural resources. These areas are characterized by steep slopes, degraded soils, extreme weather changes, coupled with limited economic opportunities, which lead to deforestation, soil erosion, water shortage, declining farm productivity, food scarcity and increased poverty levels. In 2006, the farming sector had the highest poverty incidence at 44% next to fisherfolks, and is concentrated in the Autonomous Region of Muslim Mindanao (ARMM), western and northern Mindanao.

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Republic Act 7607 provides the Magna Carta of Small Farmers, declaring that smallholders are to be regarded as equal partners in development, and therefore should be wholly supported in their economic endeavors.

The Magna Carta of Small Farmers: What's in it for smallholders?

The government recognizes the importance of improving the lives of small farmers. Thus, the Magna Carta targets this important sector and assures to provide them with the following support:

Organization of farmers

The government shall assist small farmers in establishing self-help organizations (e.g. cooperatives, associations). As organized farmers, they will be able to purchase farm inputs at lower cost and obtain fair prices for their products. They will be represented in government agencies (e.g. Philippine Crop Insurance Corporation, National Irrigation Administration).

Empowerment of small farmers

The government recognizes their rights to chart their own political and socio-economic developments. Correspondingly, small farmers have obligations to initiate endeavors that will contribute to agricultural development.

the government to implement irrigation pump distribution programs.

Small farmers shall be encouraged to form irrigators' associations to gain access to irrigation services, and thereon assume the operation and maintenance of irrigation systems and the responsibility of collecting fees from individual members, remitting an amount to NIA. The Department of Environment and Natural Resources (DENR) will conserve and restore watersheds to ensure water for irrigation systems, while DA will implement environment-friendly farming practices.

Farmers' Rights	Farmers' Obligations
1. Support to price program	1. Establish farmers' organizations
2. Ensure market	2. Adopt recommended farm practices and inputs
3. Be covered with social security	3. Comply the terms and conditions in availing assistance
4. Avail credit system at minimal interest rates and minimum collateral requirements	4. Adopt recommended production and marketing strategies
5. Avail farm inputs and services	5. Provide reasonable prices and quality products
6. Be heard and represented in the government	6. Share labor and material resources to community-based activities
7. Be updated on market prices and demands, policies and farming practices	7. Meet local demand requirements to avert shortage that may necessitate importation
8. Benefit from natural resources	8. Participate in conservation, protection and development of national patrimony
9. Assume certain processing and marketing functions of government agencies	9. Pay all fees, license fees and taxes
10. Pursue appropriate education and skills development	10. Contribute to government insurance and social security programs
11. Avail technical assistance from government agencies	11. Undertake self-help community development projects

Infrastructure and farm inputs

The government shall provide infrastructure support, access to farm inputs and services to small farmers. They will be assisted to gain access and own facilities necessary for pre-and-post harvest facilities (PPHF). Linkages will be established with NGOs and concerned government agencies to provide:

- Transportation to ensure market accessibility and minimize product wastage
- Communications to facilitate access to vital information
- PPHF and services for lease to every barangay
- PPHF for lease to farmers' organizations (FOs)
- Market to assure markets for farmers' produce
- Use of good seeds and planting materials
- Use of fertilizers and pesticides

Farm machinery and equipment

The government shall acquire and distribute to FOs farm equipment and machinery to increase their productive capabilities. The Department of Agriculture (DA) shall develop schemes in sharing, pooling, leasing or acquiring draft animals, equipment or machinery needed by small farmers. The funding requirement of this undertaking shall be included in DA's annual budget.

Water management and irrigation facilities

The government shall develop, manage and conserve water resources. The Department of Public Works and Highways (DPWH) and National Irrigation Administration (NIA) will establish small water impounding projects. Small farmers will be trained on this. Small irrigation systems will also be prioritized. Inefficient and underutilized irrigation systems will be rehabilitated, improved and maintained. The Bureau of Soils and Water Management (BSWM) will prepare parcellary maps, identifying agricultural lands that can be reached by irrigation systems. This will enable

Agricultural credit

The government shall establish an efficient rural credit delivery system, with minimum collateral requirements, accessibility, reasonable repayment terms, quick loan documentation and processing procedure. The Agricultural Credit Policy Council (ACPC) shall subsidize the education and training of small farmers on credit awareness, loan acquisition and repayment. ACPC shall also expand its loan guarantee coverage to cover not only rice and corn but also other crops, livestock, poultry, fishery and agroforestry. ACPC will subsidize costs of information dissemination, monitoring, training and registration. FOs may serve as conduits of rural and development banks for effective agricultural credit delivery. All agricultural lending programs of the government will be consolidated under the administration of LBP. The loanable agricultural funds shall be utilized for direct lending to small farmers for their production, processing, post-harvest and marketing requirements.

Wage, incentives and price support

The government shall provide these incentives and reward systems:

1. Financial and technical assistance
2. Representation in appropriate government agencies
3. Investment and financing programs
4. Preferential tariff terms on imported farm inputs and spare parts, farm machinery and equipment
5. Incentives and recognitions to farmers adopting efficient farm technologies
6. Widen the scope of existing crop and livestock insurance program
7. Study tours, both local and overseas
8. Certification of farm skills
9. SSS farmers' insurance coverage
10. Prohibition of importation on agricultural products that are produced locally in sufficient quantity

The government shall also provide technical and skills training for small farmers to engage in income-generating activities to supplement farm income. DA shall establish a price support system, especially rice and corn. The government shall endeavor to set farm gate prices that respond to the changing economic conditions. Contract and seasonal farm workers are entitled to minimum wages. Procurement of agricultural produce, especially rice and corn, shall be done directly from small farmers or FOs. These shall be provided through appropriate policies, research, technology and training, and adequate financial production, marketing and other support services.

Research and extension services

The government shall conduct strategic research and extension undertakings to address the specific needs of small farmers.

PCARRD shall lead in strengthening the existing R&D system in coordination with Bureau of Agricultural Research (BAR) and others. Adaptation trials shall be verified through demonstration farms on farmers' fields. The application of indigenous technology and materials, resource conservation, farm productivity other similar considerations shall be emphasized. BSWM shall conduct studies to determine the best land use, most profitable cropping mix and the fertilizer needed for such areas and crops, and the suitable soil management practices. The Agricultural Technologists of DA shall serve as the link between R&D institutions and farmers. They shall disseminate tested local-specific technologies to farmers. The Department of Trade and Industry (DTI) and DA shall jointly devise a program that will increase the linkage between agriculture and industries.

The Demise of the Magna Carta of Small Farmers

Since 1992, the agriculture sector has been undergoing change. The Magna Carta is referenced by various agricultural policies, but many of these are either too general or partial to the needs of small farmers, and are thus, inconsistent to the mission of the Magna Carta of Small Farmers. This led to a process of 'selective' development, where large farmers are preferentially benefiting more than what small farmers should. Some of the binding constraints of the Magna Carta of Small Farmers are discussed below:

Inconsistency of subsequent policies

While the Magna Carta was valued for its intention to empower small farmers, the policies that followed have been surprisingly partial to their needs and interests, leading some unintended negative effects. Chap 8 section 23 clearly stipulates that 'importation shall not be allowed on agricultural products that are produced locally in sufficient quantity.' However, the government implemented the Agricultural Tarification Act (RA 8178) in 1996, and opened the local market to foreign goods and services reducing or eliminating tariffs and trade barriers. For instance, the rice industry was the only commodity that succeeded to maintain import restrictions under the Magna Carta, while all other agricultural products were tariffed. However, succeeding regional trade policies, such as the Association of Southeast Asian Nations (ASEAN) Free Trade Area, and the ASEAN Free-Trade Area-Common Effective Preferential Tariff (AFTA-CEPT), eventually removed rice import restrictions in 2003, and opened the local market to other rice-exporting countries in the region, like Thailand and Vietnam. The effect was lesser prices for locally-produced rice, resulting in lower income for small farmers in the rice-value chain.

Small farmers are inadequately or poorly consulted on agricultural policies

Chap 8 section 23 of the Magna Carta states that 'importation policies shall be reviewed periodically by the government in consultation with farmer organizations.' However, small farmers are rarely consulted by the government in passing international agreements on agricultural trade. Many policies and programs have actually been poorly disseminated at the local level. The Magna Carta of Small Farmers is therefore, unsurprisingly unpopular even among local government personnel, and small farmers are much more unaware about it.

Funding constraints

While the Magna Carta identified specific agencies that would provide the support system enumerated, implementation of many agricultural policies and programs suffered from funding

constraints. This leads to, among others, lack of adequate investment in agricultural infrastructure and capacity-building in remote areas. For instance, the Magna Carta assures that through the ACPC Program, small farmers will be provided loans and credits, and protected from loss of agricultural assets due to calamities and other hazards; however, because of limited allocation from the national treasury, the program only focused on large farmers who have the capacity to comply with credit and insurance requirements and procedures.

Large farmers are benefiting more, than small farmers

Since agriculture policies are not exclusively targeted to small farmers, large farmers tend to benefit more from national policies, than smallholders, due to their access to policy information and resources to leverage the associated costs of implementation. With policy incentives that are skewed towards large farmers, the potential of small farmers is underutilized, and thus, are lagging behind the industry.

Poor policy communication

There is a huge gap between policy development and its delivery to direct resource users, who are primarily small farmers. Just as national policies are often passed without the benefit of proper and transparent consultation, these are also poorly disseminated at the local level for policy-makers to enforce, and much more poorly extended to small farmers.





Re-affirming commitments and reforming the Magna Carta

The main goal of the Magna Carta is to foster sustainable livelihoods among small farmers through improvements in both farm productivity and natural resource management. In re-affirming this commitment, we can start by creating an enabling environment that pave the way towards achieving this goal (Figure 1).

- Making FOs the basis for implementing NRM-based livelihoods to improve collective action in production and marketing;
- Facilitating decision-making process in diverse production and marketing systems; and
- Capacity-building for FOs to solve technical issues, enable collective action and conflict management.

Figure 1- The process of empowering small farmers



Enhancing access and rights – This requires improvement in the delivery of agriculture extension, to reach out small farmers in remote areas, and conduct massive information and dissemination of their rights and obligations. This includes efforts to:

- Recognize small farmer's rights and access to land, natural resources and farm assets;
- Enable meaningful participation of small farmers in policy- and decision-making processes at different levels;
- Ensure that important policies and appropriate technologies and information are diffused to small farmers;
- Engage small farmers in appropriate types and levels of agri-business ventures, and link them to markets; and
- Develop mechanisms to pay and/or reward for environmental services provided.

Developing the capacity of small farmers to analyze opportunities viz a viz limitations, and chart their development goals. Once household sufficiency is achieved, small farmers are more likely to expand their interests and scale-out participation at the community level and thereon. Efforts include:

- Capacity building to innovate and integrate technology and management options in current farming systems;
- Combining science and indigenous knowledge systems on farming options; and
- Investments in agricultural infrastructure, and other important amenities (e.g. schools, market infrastructure).

Strengthening their voice – Small farmers should be appropriately supported in their efforts to organize into self-help organizations, to strengthen their voice and representation at various levels. Efforts under this include:

- Creating public awareness on the potential contribution of smallholders to national economic growth;
- Connecting consumers and food producers (farmers) by bringing urban residents to rural areas to experience and be educated about farming life; and
- Enhancing the potential of small farmers by building awareness about their roles as environmental stewards, food producers, and as partners in national development, and acquire consensus to support and sustain these roles.

A Call for action!!!

The Magna Carta of Small Farmers is a laudable policy with a profound goal of empowering small farmers in such a way, that their potentials are harnessed, to contribute to national economic development. However, after almost two decades, the Magna Carta of Small Farmers has not been fully optimized by the very sector it seeks to support. There is thus, a need to re-affirm this commitment by:

- Conducting a comprehensive assessment on the overall performance of the Magna Carta for Small Farmers;
- Reviewing existing policies and make necessary adjustments, ensuring that these policies are consistent to the goals of the Magna Carta;
- Developing sector-specific policies, particularly targeting small farmers;
- Fostering adequate policy response at the local level, so that the needs of small farmers are appropriately addressed in a timely manner; and
- Raising awareness, and educating small farmers on their rights and obligations as provided for, in the Magna Carta.

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