

### **CONCEPT NOTE**

#### **High-Level Policy Forum on Rural Transformation in the Philippines: *Pathways, Policies, and Prospects***

**8-9 September 2022 | Luxent Hotel, Quezon City, Philippines and Zoom (Hybrid)**

### **Background and Rationale**

#### ***Rural Transformation in the Philippines<sup>1</sup>***

Structural and rural transformation have been a common pathway toward rural development and poverty reduction in developing Asia. Many newly industrialized and emerging economies today such as Japan, the Republic of Korea, Taiwan, China, and Vietnam have shown economic success from their historical patterns of rural and structural transformation (Briones and Felipe, 2011; IFAD 2016). Evidence suggested that countries with a higher level of structural transformation are generally more “rurally transformed” and experience a faster rate of poverty reduction in the rural sector (IFAD, 2016). According to Timmer and Akkus (2008), rural transformation is embedded within a wider process of structural transformation. Structural transformation involves the interrelated processes of the declining relative share of agriculture in the overall economy, the movement towards an economy based on industry and services, and rapid transitory demographic growth where rural people move to urban cities (IFAD, 2016). On the other hand, rural transformation is described as a comprehensive process of societal change in the rural sector where economies diversify and reduce their reliance on agriculture, acquire and trade goods and services outside the rural villages, migrate to towns and cities, and become more culturally like urban societies (Berdegue et al., 2014). Huang (2018, p. 37) described the general stages of a typical rural transformation in developing Asia as follows: (1) primary on staple food production (mainly cereal); (2) agricultural diversification (labor-intensive + high-value products); (3) rising non-farm employment, that is, (i) farming + part-time non-farm employment, (ii) increasing specialization in farming or non-farm employment, and (i) agricultural mechanization and more off-farm employment; and (4) integrated urban-rural and sustainable development.

In the Philippines, structural transformation has also been recognized as a critical pathway toward a more progressive rural economy (Cororaton and Corong, 2009). Structural change and urbanization have played a key role in sustained national economic growth this decade. There has been an increasing contribution of the non-agricultural sector to the economy, with the services and industry sectors accounting for 61% and 30% of the national gross domestic product (GDP) respectively as of 2018. The share of non-agricultural employment in the total employment of the country has also constantly increased albeit at a slow pace. In 2018, the services sector employed 57% of the total labor force in the Philippines. Rural-to-urban migration continues to expand too as evidenced by the increasing proportion of the population residing in urban areas, recorded at 51.2% in 2015 from 45.3% in 2010.

However, the strong economic growth of the country seemed to be biased against rural economic growth. Despite being one of the most vibrant economies in Asia, the country's development characteristics suggest an incomplete and non-inclusive structural transformation or in other words, a structural change without rural transformation. The transformation has mostly happened in the urban landscape, particularly in the services rather than in the more productive manufacturing sector, with the agriculture and rural sectors significantly lagging in the development process. Official data on agricultural labor productivity and poverty reflects the non-translation of such kind of transformation into the desired inclusive growth and significant rural poverty reduction in the country. This sluggish rural transformation is holding back the structural transformation and economic development in the Philippines. While the rising income and growth in highly urbanized cities of the country are propelling the national economy, without the transformation in the agriculture and rural economy, a full structural transformation and inclusive economic growth would be difficult, if not impossible, to achieve.

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<sup>1</sup> Excerpts from the policy paper “*Rural Transformation in the Philippines: A Development Agenda*” by K.P. Quilloy and M.A. Sombilla (*unpublished*), prepared under the Philippine component of the IFAD-funded project “Rural Regional Transformation: Pathways, Policy Sequencing, and Development Outcomes in China, the Philippines, and Vietnam (RRT).”

## **Network of Policy Advisors and Analysts in the ASEAN Region (NePAAA)<sup>2</sup>**

To achieve a desired transformation, there is a need for evidence-based policies and programs that would support rural development and poverty eradication in the Philippines. For instance, adjustments on the country's agriculture by providing greater opportunities for smallholder farmers to be integrated in modern agri-food markets would require the crafting of policies and programs. This entails a rigorous process and requires collective actions and inputs from experts, key players, and stakeholders of the agriculture sector.

The International Fund for Agricultural Development (IFAD) together with the International Food Policy Research Institute (IFPRI) and the Southeast Asian Regional Center for Graduate Study and Research in Agriculture (SEARCA) have recently launched the Network of Policy Advisors and Analysts in the ASEAN Region (NePAAA) as a unique platform that will bring together policy experts and key stakeholders of the agricultural sector to promote greater collaboration among ASEAN Member States (AMS). The Network is expected to provide evidence-based policy options and recommendations to the ASEAN Ministers on Agriculture and Forestry (AMAF) and other regional stakeholders, with a focus on the smallholders participating in the transformation of agri-food systems.

As an initial step to the process of organizing a technical working group that could assist specific thematic areas of concern for policy development, a discussion among NePAAA members will be undertaken. This is an opportunity for NePAAA to operationalize its approach to supporting the Philippines in its pursuit of pathways for implementing a rural development program.

### **Forum Objectives**

This High-Level Policy Forum (HLPF), co-organized by SEARCA, IFAD, and IFPRI generally aims to provide a venue for a multi-stakeholder discussion on the state of rural transformation in the Philippines and how the country compares with its neighboring Asia-Pacific countries in terms of pathways, policies, and prospects.

Specifically, the HLPF aims to:

1. Disseminate the results and policy recommendations of the IFAD-funded project on rural regional transformation, particularly the Philippine component, to policymakers and key stakeholders;
2. Solicit policy recommendations and concrete plans of action on how to support rural transformation in the Philippines;
3. Benchmark rural transformation in the Philippines with other Asia-Pacific countries to identify the challenges, gaps, and opportunities toward achieving faster and more inclusive rural transformation and poverty eradication in the country; and
4. Discuss the organization of a Technical Working Group on Agriculture and Rural Development under the NePAAA.

### **Expected Outputs**

- Detailed documentation (proceedings) of the forum will be prepared and shared with key stakeholders and institutions involved in the development of policies and programs to support rural transformation in the Philippines and other AMS.
- Action plan for the creation of a Technical Working Group on Agriculture and Rural Development under the NePAAA platform.

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<sup>2</sup> One of the expected outcomes of the IFAD-funded project "Agricultural Transformation and Market Integration in the ASEAN Region: Responding to Food Security and Inclusiveness Concerns" or ATMI-ASEAN.

## Target Participants / Resource Persons

The HLPF will be attended by officials from relevant government agencies, representatives from development and research organizations and think tanks, civil society and farmers organizations, the academe, and the private sector.

## Tentative Agenda

<p>Moderator:  <b>Mr. Yolando C. Arban</b>  <i>Acting Country Programme Officer and Senior Adviser, IFAD - Philippines</i></p>		
DAY 1		
8:00 – 8:30 AM	Registration	
8:30 – 9:15	<b>Opening Session</b>  Welcome Remarks (5 mins)  Opening Message (5 mins)  Keynote Message (20 mins)  About the Forum (10 mins)  Group Photo (5 mins)	<b>Dr. Glenn B. Gregorio</b> <i>Director, SEARCA</i>  <b>Dr. Francisco Javier Pichon</b> <i>Head, Mekong Hub  Asia and the Pacific Division, IFAD</i>  <b>Dr. Rosemarie G. Edillon</b> <i>Undersecretary  Policy and Planning Group  National Economic and Development Authority</i>  <b>Ms. Bernice Anne D. De Torres</b> <i>Program Specialist  Research and Thought Leadership Department (RTLTD)  SEARCA</i>
9:15 – 10:00	<b>SESSION 1.</b> Typology of Regional Rural Transformation in the Philippines and the Effects of Institutions, Policies, and Investment (IPI) on Rural Transformation (30 mins)  Discussant (15 mins)	<b>Ms. Karen P. Quilloy</b> <i>Assistant Professor  University of the Philippines Los Baños (UPLB)  and Project Leader, RRT, SEARCA</i>  <b>Dr. Agham C. Cuevas</b> <i>Professor and Dean  College of Economics and Management, UPLB</i>
10:00 – 10:15	Open Forum / Q& A (15 mins)	
10:15 – 10:30	Break (15 mins)	
10:30 – 11:30	<b>SESSION 2.</b> Breakouts  Breakout Session (60 mins)	<b>Breakout Room 1 (Institutions)</b> Facilitator: <b>Dr. Gerlie T. Tatlonghari</b> , SEARCA Rapporteur: Ms. Rochella B. Lapitan  <b>Breakout Room 2 (Policies)</b> Facilitator: <b>Dr. Mamata Pradhan</b> , IFPRI Rapporteur: Ms. Danellie Joy O. Medina  <b>Breakout Room 3 (Investments)</b> Facilitator: <b>Mr. Yolando C. Arban</b> , IFAD Rapporteur: Ms. Donna Bae N. Malayang
11:30 – 1:00 PM	<b>Lunch Break</b>	
1:00 – 2:00	<b>SESSION 3.</b> Plenary	<b>Mr. Yolando C. Arban</b>

	Presentation of Outputs (45 mins)	
	Open Forum / Q&A (15 mins)	
2:00 – 2:45	<b>SESSION 4.</b> ASEAN Rural Development and Poverty Eradication (RDPE) (30 mins)	<b>Ms. Marlene D. Ramirez</b> <i>Secretary-General</i> Asian Partnership for the Development of Human Resources in Rural Areas (AsiaDHRRA)
	Discussant (15 mins)	<b>Dr. Roehlano M. Briones</b> <i>Senior Research Fellow</i> Philippine Institute for Development Studies (PIDS)
2:45 – 3:00	Open Forum / Q& A (15 mins)	
3:00 – 3:15	Break (15 mins)	
3:15 – 3:45	<b>SESSION 5.</b> Rural Transformation in the Asia-Pacific Region – Evidence and Experiences in Selected Countries (15 mins)	<b>Mr. Abdelkarim Sma</b> <i>Lead Regional Economist</i> Asia and the Pacific Division, IFAD
	Discussant (15 mins)	<b>Dr. Devesh Roy</b> <i>Senior Research Fellow</i> IFPRI
3:45 – 4:00	Open Forum / Q& A (15 mins)	
4:00 – 4:15	Announcements/Reminders	
<b>DAY 2</b>		
8:30 – 9:00	Registration	
9:00 – 9:15	Recap of Day 1	
9:15 – 10:30	<b>SESSION 6.</b> Network of Policy Advisors and Analysts in the ASEAN Region (NePAAA)  Background, Activities, and Plans (15 mins)  <b>Roundtable Discussion:</b> Establishment of a Technical Working Group on Agriculture and Rural Development in the Philippines (60 mins)	<b>Ms. Aniq Fadhillah</b> <i>Policy Facilitator</i> , ATMI-ASEAN IFPRI  Facilitators: <b>Dr. Mamata Pradhan</b> <i>Research Coordinator</i> IFPRI and <b>Ms. Aniq Fadhillah</b>
10:30 – 10:45	Break (15 mins)	
10:45 – 11:45	<b>Roundtable Discussion:</b> Establishment of a Technical Working Group on Agriculture and Rural Development in the Philippines – <i>con't.</i> (60 mins)	Facilitators: <b>Dr. Mamata Pradhan</b> and <b>Ms. Aniq Fadhillah</b>
11:45 – 12:00	<b>Closing Session</b>  Synthesis & Way Forward (10 mins)  Closing Message (5 mins)	<b>Dr. Shahidur Rashid</b> <i>Director-South Asia</i> International Food Policy Research Institute (IFPRI)  <b>Dr. Reehana Raza</b> Regional Director Asia and the Pacific Division, IFAD