Vegetable agroforestry in the Philippines

The policy environment and incentives for small landowners

The vegetable-agroforestry system (VAF) is a viable farming entity that integrates vegetables in a tree-based system or vice versa. It offers multiple benefits, including provision of micro-nutrients to the diet of rural communities and enhancement of on-farm biodiversity and environmental sustainability. However, its viability is constrained by various factors, including farmers’ inability to invest in the system, inadequate institutional structures to facilitate information flow, and lack of market incentives. Smallholders, who account for more than 90 percent of farmers and fisher folk, are financially constrained to invest in VAF system compared with large landholders. Thus policy incentives are needed to stimulate smallholder investments in VAF systems.

Incentives should go beyond merely providing technical information. They are most effective as a combination of direct and indirect measures. To determine the extent to which incentives exist for smallholders to invest in VAF, an intensive review of key national policies related to tree growing and vegetable production was undertaken (Tables 1 and 2). Local policies and perspectives of farmers and policymakers are also taken account in the discussion below.

Policy incentives and disincentives

For the tree sector, direct incentives were common from 1970s to 1980s, but these gradually shifted to more indirect ones such as comprehensive land tenure and resource use rights within forest areas. However, disincentives remained because of the investments required to develop large forest areas; the high transaction costs involved in harvesting and transporting logs or timber; and the uncertainty in future timber prices.

For the vegetable sector, policy incentives are largely framed within changing international trade regimes. While this has opened up international markets, smallholder producers are constrained by the high cost involved in meeting international standards. The challenge remains in removing policy and economic barriers not only at the level of local producers but through the entire value chain.

In general, the policy environment of tree growing and vegetable production is supportive of VAF but is insufficient in stimulating smallholder investments. Many policies have good intentions but are poorly implemented. The benefits of national-level policies do not easily trickle down to smallholders. Large landowners tend to benefit more from these policies because they have more access to policy information and can leverage the associated costs of policy implementation.

While incentives for smallholders exist, disincentives persist, limiting the potential of smallholder investment in VAF. There are also gaps in policy implementation in terms of communication and funding. Many national-level policies are either not communicated or poorly disseminated locally. Smallholders also suffer from structural and funding constraints.

Finally, another issue is the weakness of national policies in addressing local specificities. National-level policies provide a general framework and enabling environment but are not able to fully address the complex, unique, and diverse conditions of smallholders.

Looking ahead

It is recognized that some issues are better resolved through national-level policies, while others can be effectively addressed locally. For the vegetable sector, issues on price regulation and control, commodity protection, value-chain expenses, non-tariff barriers, and global trade require national policy interventions. For the tree sector, issues on restrictive policies, transaction costs, land tenure and resource rights, and domestic and international market incentives should also be addressed through national-
level policies. If addressed effectively, these will benefit not only smallholders but large landowners as well.

At the local level, promoting smallholder investments in VAF requires decisive policy actions in terms of improving the effectiveness of the extension system, with emphasis on improved technology provision and support for market linkages and infrastructure. We recommend that local government units (LGUs) be more proactive in developing incentive policies that complement or offset the weakness of national policies in delivering wider benefits to small farmers. LGUs have a better understanding of local contexts, hence policy interventions can be more realistic, and the policy performance can be closely monitored by local leaders. Nonetheless, policy linkages between national and local levels need to be established, and policymakers need to mobilize adequate responses at both levels.

More information