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# Public-Private Dialogue Helps Steer Agribusiness Reforms in the Philippines

## PROJECT AT A GLANCE

**COUNTRY/REGION** THE PHILIPPINES/EAST ASIA PACIFIC

**PRODUCT** INDUSTRY-SPECIFIC INVESTMENT CLIMATE/  
AGRIBUSINESS

**THEME** PUBLIC-PRIVATE DIALOGUE

A public-private dialogue in partnership is informing discussions and stakeholder consultations on agribusiness-related trade logistics and transport systems in the Philippines. The system reforms aim to help small farmers and agribusinesses gain better access to trade markets. Trade logistics reforms are expected to generate \$12 million in private sector savings, while reforms to help make shipping more competitive are expected to generate \$9 million in investments by 2018.

## CONTEXT

Agribusiness is a critical sector of the Philippine economy. It employs almost 35 percent of the national workforce, a total of over 11.5 million people, but contributes to a mere 18 percent of the gross domestic product (GDP). Similarly, the overall agribusiness value chain employs nearly half of the workforce but accounts for 35 percent of

## RESULTS AND IMPACTS

- Organized a high-level working group that discusses and proposes policies on agribusiness competitiveness.
- Identified three focus areas for policy reform: agricultural finance, international trade facilitation, and shipping and logistics.
- Completed an analysis of the domestic shipping sector that identified key pro-competition regulatory reform opportunities.
- Completed an analysis of trade facilitation issues, resulting in focused risk management in quarantine and inspections of import and export of agricultural products.

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GDP. While the sector is critical to livelihoods and poverty alleviation, low productivity and lack of competition persist, confronted by the twin challenges of:

- Increasing internal demand due to a growing population and related food safety issues.
- Unrealized export potential of agribusiness products.

Growth has declined from 4.9 percent in 2007 to *negative* 0.5 percent in 2010, while employment levels have remained relatively steady. The Philippines' share and value of exports is among the lowest of the Association of Southeast Asian Nations countries. The sector's importance, overshadowed by its underperformance, indicates considerable potential for its increased contribution towards inclusive economic growth, rural development, and poverty reduction.

## OUR ROLE

A dynamic and efficient agribusiness sector will be an important driver of growth for farm and rural nonfarm sectors in the Philippines considering that agribusiness contributes to 35 percent of the GDP (and rising) and two-thirds of national employment. Investment climate teams of the World Bank Group have been supporting the Philippine government to streamline trade and enhance transportation and logistics services by:

- Working with the Department of Agriculture in developing a more efficient and risk-based agri-trade system focusing on interventions both at and past the border.
- Working with the Department of Transportation and Communications in simplifying the permit process and promoting pro-competition regulations in domestic shipping.
- Working with the National Competitiveness Council (NCC) in convening dialogues and stakeholder consultations to inform policy solution design and advocacy in support of the trade and logistics reforms.



*"Building up the competitiveness position of a country takes time, and one can expect progress to move at a modest pace at the outset. On the other hand, it is possible to make relatively quick improvements...especially if there is consensus on which items to focus on, and if the proper resources are put to bear on the problem."*

GUILLERMO LUZ  
Private Sector Co-Chair  
National Competitiveness Council

Through the NCC, the World Bank Group continues to use public-private dialogue as a cross-cutting tool for stakeholder engagement and discussions of policy and regulatory reforms. The NCC is a public-private body that convenes public and private sector consultations around issues related to the country's competitiveness. The Bank Group supported the formation of an agri-trade logistics working group, designed to focus on key reform areas in agriculture and trade.

## CONTACT

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