

■ PROGRAM ON ESCAPING THE MIDDLE-INCOME TRAP:
CHAINS FOR CHANGE

How do Local Governments in the Philippines Lead Inclusive and Competitive Agriculture Value Chains?

Jane Lynn D. Capacio

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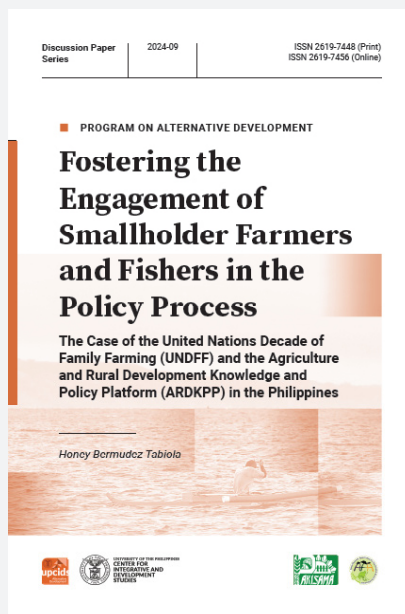
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HOW DO LOCAL GOVERNMENTS IN THE PHILIPPINES LEAD INCLUSIVE AND COMPETITIVE AGRICULTURE VALUE CHAINS?

Jane Lynn D. Capacio

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Escaping the Middle-Income Trap: Chains-for-Change Program

UP Center for Integrative and Development Studies

HIGHLIGHTS

- This study used qualitative literature review to understand if and how LGUs can lead agriculture development and serve as lead firms in inclusive and efficient value chains. It also sought to show the usefulness of a qualitative literature review as a methodology, since it can provide depth and breadth in answering research questions.
- The study showed that LGUs, especially when they are proactive like the Municipal LGUs of Alabat in Quezon and Piddig in Ilocos Norte, can provide a bundle of social investments to small producers and other players in value chains. The LGU of Guimaras merges agriculture and services through promoting agriculture-tourism. Meanwhile, the City of San Jose in Nueva Ecija actively provides services to farmers' cooperatives, contributing to the Farmer Entrepreneurship Program of the Jollibee Group Foundation (JGF).
- An important component of this bundle of social investments from LGUs is agriculture extension services. The Department of Agriculture should review its banner programs in partnership with crop and industry experts, and agree on strategic communication to stakeholders, particularly to LGUs who enact extension services.
- There is also a need to strengthen the capacity of extension workers or add to the pool of agents so that they can help a diverse set of farmers. Within a locality, farmer-experts should be tapped and incentivized to increase the capacity of fellow farmers and even of extension workers.
- Recommendations for future studies include the following topics: how do LGUs differ from civil society organizations or CSOs in serving agriculture lead-firm functions? Do cross-sector partnerships make value chains more inclusive?

BACKGROUND: INCLUSIVE AND COMPETITIVE AGRICULTURE VALUE CHAINS

The Program on Escaping the Middle-Income Trap: Chains-for-Change (EMIT C4C) of the University of the Philippines Center for Integrative and Development Studies (UP CIDS) has been doing action research on inclusive and competitive agriculture and fisheries value chains. This is a long-term research agenda, since sustained agriculture development is a known pathway out of poverty for most small producers and small fisherfolks. It is thus a means for the Philippines to escape the (lower) middle-income trap. In the various research that EMIT C4C has undertaken, we considered the governance of value chains or the relationships among buyers, sellers, service providers, and regulatory institutions that influence the activities that bring the agricultural product from the farms to the consumers (USAID Marketlinks n.d.). EMIT C4C investigated the roles of lead firms (cf. Gereffi, Humphrey, and Sturgeon 2005), the ones that set the parameters of the value chain, and how they create conditions of inclusion of small producers and small fisherfolks while at the same time making the whole value chain competitive. In EMIT C4C's papers (including the "Going Against the Grain" and "Going Against the Tide" series), we have undertaken case studies of different types of value chains. The summary of those findings is discussed in this short background.

In the action research and case studies on Farmer Entrepreneurship Program (FEP) of Jollibee Group Foundation (JGF) and the Transformational Business Partnership (TBP) of Unifrutti Philippines, we studied firm- or company-led value chains where the company did not only serve as an institutional buyer but has also provided a bundle of services (e.g., capacity building of farmers and their organizations, access to financing, access to logistics) to enable the producers to meet the requirements of the buyers—in this case, Jollibee Foods Corporation (JFC) and Unifrutti. There is a bundle of needs because the challenges in smallholder agriculture are numerous and interrelated; thus, needed interventions must also be met in an integrated manner. The companies, which serve as lead firms, organized key units in their company to fill the numerous institutional voids that have traditionally barred smallholder producers from supplying their products at the right quantity, quality, and timing. Jollibee Group Foundation, for instance, looked for partners within and outside of JFC to bridge the smallholders to its supply chain. JGF also built the capacity of farmers' organizations so that they can access financing,

manage production and deliveries, and address various concerns of farmer members (Capacio 2021).

EMIT C4C also found out that the companies did not just fill these functions. They also had implicit roles like increasing and aligning motivation and building cross-sector partnerships in value chains (Balaoing-Pelkmans 2020). Over time, the small producers who are part of the FEP and TBP value chains were motivated to acquire new skills and invest in their farms. The other partners of FEP and TBP, whether they are inside the value chain (primary stakeholders in the language of Porter 1980) or outside of it (secondary stakeholders), were motivated to remain in the program when they saw that the income and quality of life of farmers have improved. Moreover, being a partner also provided them benefits like increased income and enhanced reputation for their own organization. Firms like Unifrutti Philippines and Jollibee Foods Corporation are akin to a gravitational force that pulled value chains towards inclusion and competitiveness.

EMIT C4C also studied the value chains led by farmers' and fishers' groups, particularly in the action research and case study on the Kapunungan sa Gagmayn'g Mangingisda sa Concepcion (KGMC) and, to some extent, the Don Bosco Multipurpose Cooperative in the action research on Global Organic Wellness Corporation (GlowCorp). In the KGMC study, we found out that the inclusion, competitiveness, and resilience of their value chains is inspired by KGMC's own motivation and collective efforts to fill the institutional voids themselves (Abrina et al. 2022). While "wicked problems" still abound in the fisherfolk communities along Sibuguey Bay, KGMC, which also established a coalition of fisher groups (COMFAS), worked to untangle these challenges. This inspired value chain partners to work with KGMC and COMFAS, like it motivated buyers from different parts of the country to purchase from KGMC. It likewise inspired KGMC and COMFAS fisherfolk members to improve their skills and take on new roles in their organizations. Some of their youth fishers have become skilled at consolidating, grading, and marketing their high-value fish products, while several of their women members have become adept at processing dried fish and managing their savings clubs. Like JFC-JGF and Unifrutti Philippines, KGMC is like a magnet that: a) attracted buyers to engage in commercial contracts and b) pulled partners to address technical, financial, managerial, and other kinds of challenges to make the value chains inclusive.

EMIT C4C's action research also studied value chains that are led by intermediaries or actors who serve the role of middlemen. However, unlike traditional trader lenders or spot buyers, these (inclusive) middlemen are motivated to increase the income of smallholder farmers and small fishers. GlowCorp (Tacubanza et al. 2023) and Midellen Magna Trade (Abrina 2020) are driving the inclusion, competitiveness, and resilience of value chains by helping suppliers meet the quantity, quality, and timing requirements of demanding downstream suppliers like restaurants and supermarkets. GlowCorp and Midellen look for buyers, make available critical information to small producers and small fishers (sometimes even confidential details like their own cost and revenue), consolidate supply, and if needed, look for or provide financing. Their transparency, along with their valuable roles, contributes to the increased revenue and income of small producers and small fishers. It also inspired other stakeholders to contribute to the value chains in terms of technical assistance, loans, or equity to the business.

To an extent, EMIT C4C has also looked at value chains that are “led” by partners outside of the chain. They are not primary players (c.f. Porter 1980), but they support the less advantaged players (usually the suppliers and the MSMEs), thereby increasing their bargaining power and leveling the playing field. EMIT C4C's discussions on GlowCorp and KGMC mentioned the support provided by the Peace and Equity Foundation (PEF), a nonprofit organization that provides technical and financial assistance to social enterprises. PEF performs roles such as providing and simplifying information for suppliers and building their entrepreneurial capabilities, giving access to credit, and, where needed, giving basic services like access to potable water and solar electricity.

EMIT C4C likewise studied the roles of local government units (LGUs) in its discussion of the FEP's partnership with the City of San Jose in Nueva Ecija (Capacio 2021) and the Municipality of Alabat in Quezon (Capacio, De Dios, and van Tulder 2021). The LGU of San Jose City ensured that the city government provides both agriculture extension and cooperative development services. LGU staff who provide focused and granular assistance are fielded in FEP barangays. The LGUs also earmarked funds yearly to support farmers under the FEP. In Alabat, Quezon, the municipal LGU also subsidized the cost of land preparation, which is the highest among all production costs. This enabled the farmer cooperative to supply to JFC even if they had no access to formal financing. The reduced cost allowed farmers to plant and wait for the payment from JFC through the cooperative. The LGU also made available agriculture extension services and various processing facilities. The discussions on the

local government partners of the FEP showed that when lead firms (e.g., Jollibee Foods Corporation) are inclusive, they provide opportunities for small producers to join competitive supply chains. Thus, other actors in the value chain, including local governments, are incentivized to use their mandate and resources to contribute to making the value chain work.

EMIT C4C has often wondered what could be the mechanisms for inclusion, competitiveness, and resilience of value chains if LGUs themselves serve the functions of a “lead firm” or the lead organization. In our policy blogs on Piddig, Ilocos Norte, it was the LGU, a nonmarket player, that orchestrated the value chains of rice and other crops. With its skilled and resourceful local executive, the municipal LGU organized the farmers into a cooperative and encouraged them to plant a single variety of rice to create scale. The LGU also worked with the *zanjeras* (irrigation associations) to gain support for a holistic agricultural plan. The mayor then asked for support from national agencies for their plan, which included infrastructure development, production, financing, logistics, and delivery of basic services. The LGU enticed the delivery of public and private resources to fill in the institutional voids. Eventually, with a good implementation record and community support, the limited LGU resources generated positive effects on farmers’ income.

In this discussion paper, EMIT C4C studies if and how LGUs serve as lead organizations in value chains. If and when they do, the study further asks if they contribute to making the value chain inclusive. Despite the initial lessons, more can be gleaned if the LGUs’ roles in agriculture value chains are further studied. After all, many LGU executives have been documented to harness the spirit of the Local Government Code (Republic Act No. 7160) and have implemented the Code despite numerous challenges.

The next part of this paper discusses the research questions and the conceptual framework of the Going Against the Grain and Going Against the Tide action research series. Two conceptual frameworks are tackled. The first illustrates how actors in value chains transition to become competitive and inclusive; the second framework focuses on LGUs serving as lead firms. Part three discusses the methodology for this study—qualitative literature review—which is a departure from our usual methodology of undertaking action research that produces a case study. Part four covers the findings while part five discusses the key takeaways and possible ways forward.

RESEARCH QUESTIONS AND CONCEPTUAL FRAMEWORK OF INCLUSIVE AND COMPETITIVE VALUE CHAINS

This study aims to answer the following questions:

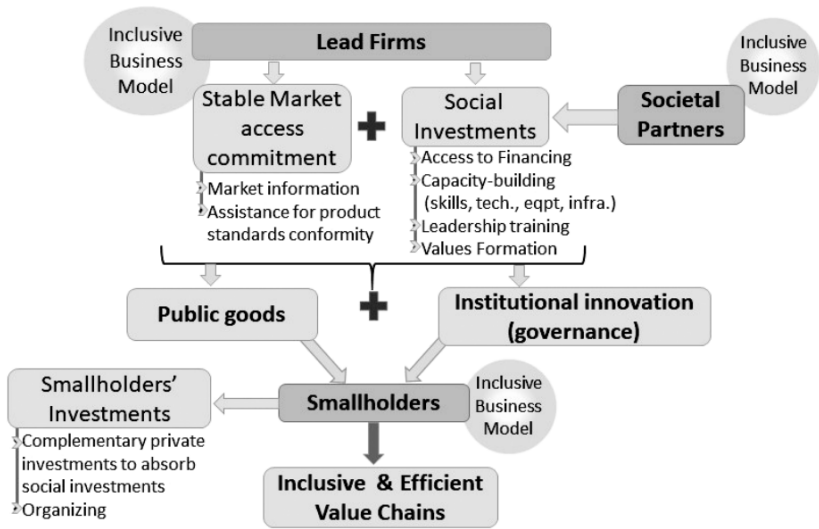
- What are the roles of LGUs in agricultural development?
- What are the challenges that LGUs encounter in undertaking agriculture development?
- What are the types of projects in which LGUs engage in with multistakeholder partners?

From the review of literature, initial ideas on how LGUs lead inclusive and competitive agricultural value chains will be discussed. The findings from the literature will be interspersed with the lessons from prior case studies if these would be relevant.

In the “Going Against the Grain” and “Going Against the Tide” series, we learned that players in competitive and inclusive value chains decide to directly address institutional voids or gaps created by the absence of intermediaries that allow producers/sellers and buyers to do business (Khanna and Palepu 2015). They realized that, in order to engage in a market transaction, players in value chains, particularly the lead firm, need to provide information, infrastructure, logistics, farmers’ organizing, contract enforcement, and other public and private goods. Markets in the Philippines do not smoothly function; if transactions are to be consummated regularly and inclusively, institutional voids need to be filled, on top of which is the provision of “social investments” to small producers and small fisherfolks (Capacio et al. 2020; Capacio, De Dios, and Van Tulder 2018).

The mindset of these players is not the typical trickle-down growth where efficiency is prioritized over equity and inclusiveness on the premise that profit could be shared later (Pelkmans-Balaoing 2019). Rather, these players have both efficiency and inclusion in their mindset; they are able to complement the market activities with developmental efforts, thereby creating social investments for small producers and fisherfolks.

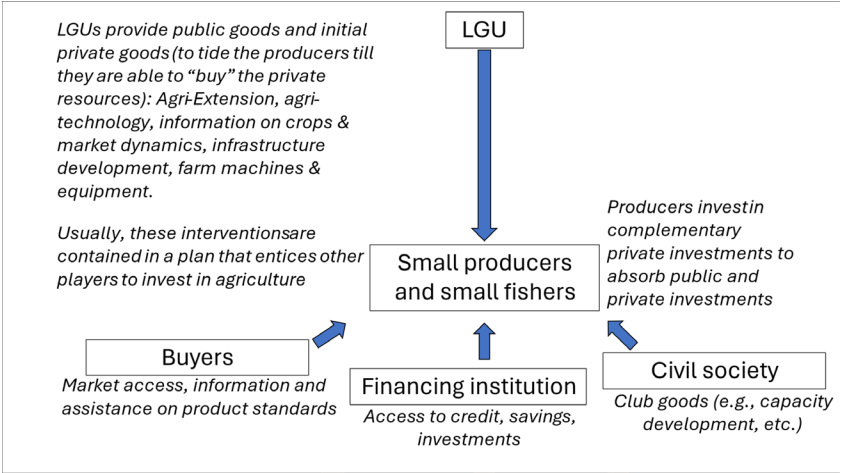
When companies like JFC and Unifrutti serve as the lead firms of inclusive and competitive value chains, they become effective change agents “because of their capacity to commit stable market access and their ability to invest in sizeable resources” (Pelkmans-Balaoing 2019, 12). This, in turn, encourages other players or their partners to contribute their own investments, creating a pool of social and physical capital for small farmers and fisherfolks. Figure 1 demonstrates that small producers themselves transition towards competitiveness and inclusion when they invest in themselves, their organizations, and their farms.



■ Figure 1. Transition towards Competitiveness and Inclusion
Source: Pelkmans-Balaoing (2019)

Local governments serve as lead firms when they harness public goods to proactively enable farmers and fisherfolks to be part of competitive value chains; they function as the main driver of their inclusion. In Piddig, Ilocos Norte and in Alabat, Quezon, the LGUs use their own resources and look for other means to make available agriculture technology, agriculture extension services, information on market dynamics, capacity-building, farm machines and equipment, logistics, and infrastructure. The LGU of Alabat also provides private goods like the free use of machines for land preparation to enable

farmers to lessen their production costs; thus, they are able to wait for their payment from their buyers. This meant not having to borrow money for production, which would incur interest rates and transaction costs. These LGU interventions enable small producers to organize to meet the scale, quality, and timing needs of various buyers. In this way, producers have good chances of success to meet market demands and compete based on price. This is similar to the model of neighboring countries like Thailand which supports the producers so they can compete locally and globally. Figure 2 shows the conceptual framework of how LGUs and other stakeholders could possibly support small producers.



■ Figure 2. LGU-led inclusive and competitive agriculture value chains.

Resilience is Also Important

The COVID-19 pandemic underscored the importance of being able to know and manage risks when they hit. Supply chains were disrupted leading to severe loss of income for most market players (small producers, small fishers, buyers, farmers’ organizations, financiers, and middlemen). COVID-19 and the growing instances of climate- and weather-related disruptions in value chains emphasized the need for different players to work together to make the value chain not just competitive and inclusive but also resilient. The emphasis on resilience is more explicit in the discussion paper on GlowCorp (Tacubanza et al. 2023).

METHODOLOGY: QUALITATIVE LITERATURE REVIEW

Instead of using a case study approach, which was the main methodology of EMIT C4C for its agriculture value chains action research projects, this study reviewed the scholarly and grey literature on local government and agriculture to answer the research questions. This qualitative literature review takes off from a systematic literature review that uses repeatable methods in finding, selecting, and synthesizing all available evidence to answer clearly formulated research questions. What differentiates it from a systematic literature review are two things. First, this qualitative literature review covers not just the scientific literature but also the grey literature; many of the available publications are not in the databases of listed journals, but in websites like Google Scholar and in the repositories of relevant agencies. Second, this qualitative literature review does not include publications that mainly utilized quantitative analysis, because descriptive and explanatory details on drivers of inclusion and competitiveness are usually not clearly described in quantitative types of publications.

The following were the steps that were undertaken:

1. Key insights on the understanding of the roles of local governments in the academic literature were culled. The focus of the search was limited to small producers or smallholder farmers,¹ which does not include small fishers.
2. The first search focused on the Scopus database as the principal search system due to its multidisciplinary nature and its retrieval qualities. The search was limited to the following subject areas: social sciences, agricultural sciences, environmental sciences, business management and accounting, and economics. Since the devolution happened in 1991, the search period was between 1992 and 2024. Keyword combinations that were used are:

¹ "Smallholder farmers" and "small producers" are used interchangeably in this study.

- local AND government AND agriculture AND development AND Philippines
 - local AND government AND agriculture AND “value chains” AND Philippines
 - devolution AND agriculture AND development AND Philippines
 - decentralization AND agriculture AND development AND Philippines
 - local AND government AND agriculture AND Philippines AND impact
- 3.** The titles of articles were scanned. When in doubt, the abstracts were also read. The author only selected publications about the Philippines that discussed the roles of local governments in agriculture development or agriculture value chains and the impacts of their interventions. Also included were those that discuss their roles and/or their partners. Very specific areas (e.g., forestry) or those that focus on other aspects (e.g., LGUs addressing the spread of rabies) than agriculture were not included.
- 4.** The impacts of the devolution on agriculture development and practices of LGUs are mainly available through the “grey literature” or the “the diverse and heterogeneous body of material available outside, and not subject to, traditional academic peer-review processes” (Adams, Smart, and Sigismund Huff 2017, 433). Including grey literature broadened our research scope to more relevant studies, thus providing a more complete view of available evidence. The same keyword combinations as those in the academic literature were applied on Google Scholar.²

² Count refers to the first three pages of Google Scholar (excluding HTML files). One material could be counted more than once when it appears in several keyword combinations. The search was stopped at the end of the second page of Google Scholar when it came to the keyword combination “decentralization AND agriculture AND development AND Philippines,” since latter articles veer away from agriculture.

Table 1 shows the results of the search and review of scholarly and grey literature. There were 179 hits from both Scopus and Google Scholar. Out of these, those that were available for download and screened by reading the abstract or browsing the articles total 40 articles. Those that were relevant, reviewed in full, and used in this paper total 15 articles.

While this methodology is useful in systematically reviewing what has been written on local government, local governance, and agriculture—and could serve as a platform for succeeding research—it is limited by the very low number of downloads on Scopus. For example, of the 33 hits from the combination of the following keywords “local AND government AND agriculture AND development AND Philippines,” only five (5) articles can be downloaded, and only two (2) qualified for a full-text review. Future research that would employ systematic literature review could “remedy” this deficiency by snowballing from the references of the literature and being more targeted in the search (e.g., looking into specific databases like that of the Philippine Institute for Development Studies). Succeeding research could also complement this methodology by adding case studies as illustrative examples of the findings.

TABLE 1. RESULTS OF THE LITERATURE SEARCH

KEYWORD SEARCH COMBINATION	TOTAL
Hits in Scopus	51
Available for download and screened for relevance	12
Reviewed (full text)	3
Hits in Google Scholar	128
Available for download and screened for relevance	28
Reviewed (full text)	12

FINDINGS

This section discusses the answers to the research questions based on the scan of the scientific and grey literature.

How do Local Government Units Lead Agricultural Development?

Most of the studies that were reviewed highlighted the agriculture extension (AE) work that LGUs do (Declaro-Ruedas 2019; Saz 2007; Laurio and Malto 2023). Through AE techniques like training sessions and visits, and more recent approaches like farmers' field schools and the showcasing of high-performing producers, agriculture extension workers become familiar with the productivity and marketing needs of producers. Hence, AE is not just the downloading of information to small farmers or the enabling of technology adoption; it is also a feedback mechanism to improve the familiarity of local government officials about farm situations. Studies noted that the private sector, particularly companies that sell inputs, also conduct agriculture extension. However, LGU extension work is not associated with commercial products, so it is deemed to provide more viable options (Hualda 2015).

Aside from agriculture extension, most LGUs also make available other forms of assistance to small producers like helping them organize into groups, particularly cooperatives, to be able to have scale and access government support services (Sacramento 2020). LGUs also conduct onsite research, provide counterpart funds to projects and programs from the national government and donor agencies, and build connections with national agencies and other stakeholders to meet the various needs of producers (Yecla, Legaspi, and Relingo 2024). This is similar to the efforts of the mayors of Piddig, Ilocos Norte and Alabat, Quezon. LGUs, in partnership with national government agencies, also provide rural infrastructure like inter-barangay irrigation systems, local distribution channels, farm-to-market roads, as well as postharvest and treatment facilities. Some LGUs can also develop or deploy technology to prevent and control plant and animal pests and diseases. In most of these efforts, LGUs partner with other actors to be able to bring critical public goods to their areas. They also use their own funds to be able to provide counterpart resources to donor and private funding.

Depending on their familiarity with the needs of small farmers and their specific goals for their locality, local governments can be very proactive in developing agriculture-tourism. In the Province of Guimaras, a study noted the different efforts of the local government in increasing the productivity of mango farmers, improving ways to process mangoes into sellable items to tourists, and developing means to invite and keep local and foreign visitors (Sacramento 2020). In some cases, LGUs also use their power to create agriculture-related ordinances, particularly in the areas of fisheries development, promotion of organic agriculture, and banning of hazardous pesticides and chemicals.

Several studies that were reviewed were prescriptive in nature. These are mostly gap analyses that compare the provisions of the 1991 Local Government Code and agriculture policies, on the one hand, and the policies, programs, and projects of local governments on the other hand (Reyes 2016). A few studies also looked at the capacities of LGUs and their devolution transition plans considering the Mandanas-Garcia ruling and Executive Order No. 138 (s. 2021) that will eventually increase the budget of LGUs (Fernandez 2023; Juco et al. 2023). The studies noted that this increase in resources should be accompanied by improved capacity to spend the funds responsively, effectively, and accountably. Atienza and Go (2023, 11) wrote, “The increase in the base of shares of the annual national income or taxes that will go to the LGUs is an assurance that all LGUs can suddenly perform the devolved functions expected of them by the Code as well as other laws.” They note that LGUs can reimagine their roles given the mandates that were previously unfunded.

LGUs also have developmental, planning, regulatory, and taxation powers that they can utilize for agriculture development (Laurio and Malto 2023; Hualda 2015; Reyes 2016; Villanueva et al. 2019; Busch and Amarjargal 2020). Regarding their developmental roles, the studies recommended that LGUs to be proactive in undertaking development and spatial planning with all the sectors in their locality, including the players in agriculture value chains. This participatory approach should inform agriculture policies, programs, and projects, and would increase their responsiveness to small farmers. In terms of their regulatory powers, local governments can keep agricultural lands intact by keeping their classification as agricultural or not reclassifying them into other forms if land use remains agricultural. LGUs can also conduct

consultations and town hall meetings about the possible uses of idle public lands to make these productive. Moreover, local governments can also use their taxation powers and provide incentives to promote agriculture and fisheries. For instance, LGUs can connect value chain players by incentivizing micro, small, and medium enterprises to buy from small producers.

It became clear that the review of relevant literature enriched the prior works of EMIT C4C in showing various ways by which local governments have proactively led agriculture development in their localities. This review also opened possibilities on how LGUs can pursue other mandates and improve their capacity to be able to use the expected funds from the Mandanas-Garcia ruling. LGUs can pool public resources to provide public goods to small farmers. They can also provide holistic support to specific crops or the whole sector when it pursues goals like agri-tourism.

What Challenges do Local Governments Usually Encounter in Undertaking Agriculture Development?

The studies noted the limited funding of LGUs, or the unfunded mandates of the 1991 Local Government Code; however, this issue might already be addressed had there been fresh infusion of funds ensuing from the Mandanas-Garcia ruling. Beyond funding, many LGUs are also dependent on the national government, particularly on the Department of Agriculture, for their agriculture programs. While LGUs can be more proactive in developing and implementing their own initiatives, they simply implement the national banner commodity programs funded and administered by the Department of Agriculture. National programs come with funding for implementation and incentives for involved staff. LGU extension workers tend to focus on these programs even if “the net result was that many LGU staff acted like they were still under the national government in terms of programs” (Saz 2007, 77).

A number of the studies that were reviewed discussed the weak agriculture extension efforts of many LGUs. Many of the techniques (e.g., training sessions and visits, setting up of model plots) do not reach most of the farmers. In several surveys conducted in different localities, small producers did not avail of extension programs because there was little information dissemination about these, although those who availed were largely satisfied with the

programs. This is unfortunate, given that satisfactory extension services could have been needed and appreciated by other farmers.

Most extension workers are usually single crop/animal orientation, and thus not well-equipped in promoting extension and advisory services on other crops (Acosta et al. 2016). There are limited capacity development efforts to retrain them. There are also no experts on complex agri-technology competencies like agriculture biotechnology, soil science, value chain analysis, and farm management (Reyes 2016). A study observed that extension workers do very little analysis to see where they could be most effective given opportunities and limitations (Saz 2007). For their part, extension workers lament receiving low salaries and benefits, which demotivate them at work (Declaro-Ruedas 2019; Acosta et al. 2016). There are also limited prospects for career promotion among devolved personnel. Some of them have low motivation because agriculture is not a priority of their local executives. They also note that they have too many farmer clients per extension worker.

A more serious challenge concerns the conflicting messages of LGUs regarding priorities. On the one hand, they would promote organic agriculture, but on the other hand, they also promote the use of hybrid and BT crops (Declaro-Ruedas 2019; Saz 2007). LGUs and national governments can also have conflicting priorities. These can be very confusing to small producers and fisherfolks (Saz 2007).

The studies raised serious doubts about the absorptive capacity of LGUs to develop and implement programs and projects when the Mandanas-Garcia ruling is implemented. For instance, many LGUs do not have technical skills and preparation to undertake rural infrastructure and help manage agriculture-related risks.

What are the Types of Projects that Local Governments Engage in with Multistakeholder Partners?

Only one (1) of the 15 studies that were reviewed discussed multistakeholder partnerships in agriculture which involve LGUs. Landicho et al. (2022) noted that three local governments are part of the establishment of rainwater harvesting facilities, which also involved two state universities and farming communities. The multistakeholder partners undertook participatory project

planning and implementation, as well as capacity building. All these resulted in the development and use of the facilities by the farming communities. Their project harnessed the core competencies of each partner institution.

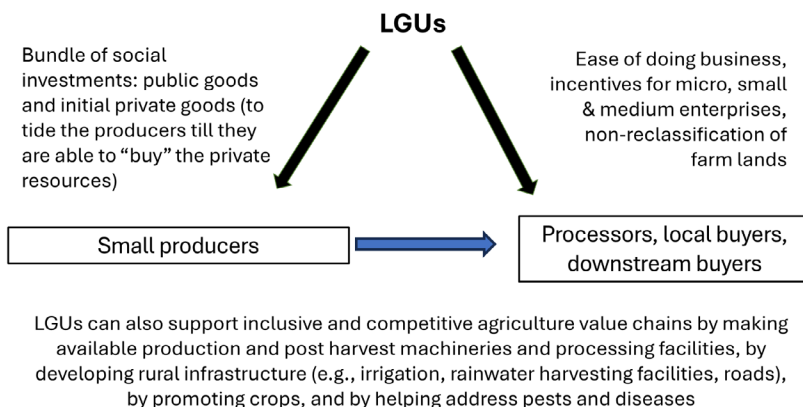
The limited number of studies might be an indication of a gap in practice and in literature. Do local governments proactively join multistakeholder partnerships in agriculture? What are the results of partnerships?

How do LGUs Lead Inclusive and Competitive Agricultural Value Chains?

LGUs are in a unique position to provide a bundle of public goods to small producers, which increases the latter's bargaining power vis-à-vis other players in value chains. In helping them with a bundle of goods and services so they can have scale and meet the quality and timing needs of buyers, LGUs give them leverage that they otherwise would not have. Small producers who benefit from proactive LGUs obtain viable options among the various buyers that offer to buy their products. When this happens, smallholders and their organizations have a chance to compete and earn well in non-inclusive value chains or purely market-driven transactions. In effect, proactive local governments become the “investors” of farmers' groups.

LGUs can also serve as lead firms of inclusive and competitive value chains by inviting other players to serve as partners. If local governments have various partners including institutional buyers and civil society organizations, the load of each partner can be significantly reduced, and scale can be more easily reached. LGUs can entice partners when they have agriculture plans and programs that could serve as starting point.

The anticipated funds coming from the Mandanas-Garcia ruling and their own resourcefulness could enable LGUs to promote agriculture programs that do not conflict with their own priorities. This is something that they could not do if they are only dependent on the funds from the banner programs of the DA. Local governments can also make available public goods to the whole value chain by providing infrastructure that can be used by various players, and by promoting agriculture-related policies that fit the shared goals of the players (for example, non-reclassification of agricultural land, use of idle lands for farm purposes, or promotion of Good Agriculture Practices). Figure 3 shows how LGUs can serve as lead firms of inclusive and competitive value chains.



■ Figure 3. How LGUs can serve as lead firms of inclusive and competitive value chains.

This study has clearly enhanced the analysis of EMIT C4C’s “Going Against the Grain” and “Going Against the Tide” series by showing the other efforts of LGUs in inclusive and agriculture value chains beyond their direct assistance to small farmers and fisherfolks. They do so by providing an enabling and inclusive policy environment on agriculture, and by giving incentives to downstream players on top of their well-known mandate like providing rural infrastructure.

KEY TAKEAWAYS AND RECOMMENDATIONS

This study used qualitative literature review to understand if and how LGUs can lead agriculture development and serve as lead firms in inclusive and efficient value chains. By reviewing not just scientific qualitative articles but also grey literature, this paper has explored other means by which LGUs have served lead firm roles. The study showed that LGUs can provide a bundle of social investments to small producers and to other players in value chains. This bundle is bigger for more proactive LGUs like the Municipal LGUs of Alabat in Quezon and Piddig in Ilocos Norte. The efforts of the LGU of Guimaras to promote agriculture-tourism also show proactiveness in merging agriculture and services. One of the ways that the City of San Jose in Nueva Ecija is proactive in the Farmer Entrepreneurship Program of JGF is through providing cooperative services to farmers cooperatives. This is in addition to providing agriculture extension services and dedicating funds for the FEP.

The LGU of San Jose City helps farmers' groups meet their documentary requirements, and builds the capacity of cooperative on leadership, governance, and management. Other local governments can be inspired by the findings of this paper on how other LGUs have done it.

An important component of this bundle of social investments from LGUs is agriculture extension services. Several of the studies that were reviewed for this study noted the need to improve information dissemination, consistency of message, and breadth of expertise of extension workers. These recommendations must be taken seriously. LGUs can utilize extension services to seek feedback from farmers and fisherfolks on how they can improve the delivery of services. The inconsistency of messages among government agencies, or even within a big bureaucracy like the Department of Agriculture (DA), is disconcerting because these can confuse small farmers and fishers who have limited means to obtain reliable information to make informed decisions. Agriculture development is a serious concern, given the number of people relying on agriculture, most of whom are poor. Having conflicting messages for the same stakeholders limits agriculture growth and reduces the legitimacy of LGU extension workers. The Department of Agriculture should review its banner programs in partnership with crop and industry experts. While there is a roadmap for every crop and commodity in the Philippines, there are no general roadmaps that address the diversity of crops being planted in the country. The discussion on organic agriculture versus GMOs should include more experts and practitioners to weigh available information and implications. The Department of Agriculture should agree on its strategic communication to stakeholders, particularly to LGUs who pass on the lessons and messages through extension services.

The findings that underscore the limitations of extension workers in terms of crop specialization is equally disturbing. There is a need to beef up the capacity of extension workers or add to the pool of agents so that they can help a diverse set of farmers. Within a locality, farmer-experts should be tapped and incentivized to increase the capacity of fellow farmers and extension workers.

The studies that were reviewed also provided prescriptions on how LGUs can become more active in agriculture development based on a review of the gap between their programs and services vis-à-vis their mandates, and vis-à-vis the

expected resources from the Mandanas-Garcia ruling. Several studies made a gap analysis between the programs of LGUs and the capacity of personnel to absorb more programs when the Mandanas-Garcia ruling is enforced. These studies (Fernandez 2023; Juco et al. 2023) should be taken seriously. LGUs that are not yet ready with their plans and personnel should consult farmers, fishers, irrigation associations, cooperatives, private sector, civil society, and other agriculture players to come up with holistic plans, which are similar to the efforts of the mayor of Piddig. It is also important for LGUs to partner with other stakeholders to meet gaps. Some of the voids in agriculture value chains are best met by the private sector, by the farmers themselves, or by civil society partners.

The findings of this discussion paper bring about new research questions that are worth exploring. For instance, how do LGUs differ from civil society organizations or CSOs in serving agriculture lead-firm functions? If those discussed here are the roles of LGUs in inclusive and competitive value chains (as affirmed by EMIT C4C's prior studies on the municipal government of Alabat and Piddig), do they then differ from CSOs like the Peace and Equity Foundation that also support small producers with a bundle of social investments? Are there other differences, aside from the obvious ones in resources, where LGUs can go as far as providing infrastructure like roads and irrigation facilities, and use their authority to institute a favorable and enabling policy environment? This could be an interesting area of research. Perhaps also interesting is the idea of multisectoral partnerships—and not just individual groups—serving the role of lead firm in a value chain. Do cross-sector partnerships make value chains more inclusive as presupposed? Practices on these, if there are any, could be reviewed as case studies, alongside the conduct of a qualitative literature review.

Finally, this study showed the usefulness of a qualitative literature review as a methodology, since it can provide both depth and breadth in answering explorative and descriptive research questions. Unfortunately, this methodology is hindered by limitations in accessing papers from the Scopus database. This limitation can be met through snowballing of references, targeting specific databases, and using other methodologies like the conduct of case studies. Award-giving bodies, like the Galing Pook Awards and the Department of the Interior and Local Government (DILG) Seal of Good Governance, are encouraged to make available materials on LGUs—even those

that did not bag the award and those from early years—that could be studied and from which inspiration can be drawn.

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