

# Government Scandals Amidst the Food Crisis: **Wasting millions while millions of Pinoys waste away in hunger**



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**I**N ANY developing country, an agriculture-led development is the best strategy against poverty and hunger.

Improving domestic agricultural production while implementing an efficient agrarian reform program will decrease the people's vulnerability to hunger, particularly in the Philippines where the majority of those stalked by hunger are those who are, ironically, in the agricultural (rural) areas.

Sadly, there are very few incentives to increase agricultural production efficiency and to keep food prices low. In fact, the very government agencies mandated to resolve food production problems are facing the public's ire due to corruption and mismanagement.

The Department of Agriculture (DA) recently landed in the headlines with the arrest of former DA undersecretary Jocelyn "Jocjoc" Bolante in the United States. Bolante flew to the United States amidst accusations that he played a major role in the P700 million corruption scandal that rocked the fertilizer program of the DA.

Also, the National Food Authority (NFA), an attached agency of the DA tasked to stabilize food prices, particularly rice, faced Congressional inquiry due to continued financial losses.

## How do poor Filipinos survive the hunger crisis?

Viewed at the aggregate level, the issue of hunger in the country is not



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a small matter.

Reports from the Social Weather Stations (SWS) show that 16.7 percent of Filipinos are experiencing hunger. Numerically this means that about 14.5 million out of the projected 2005 population of 85.3 million<sup>1</sup> are not eating adequately or have passed at least one day within a three-month period without anything to eat at all.

Low income and the unabated rise in commodity prices heighten the vulnerability to hunger. And to be able to survive, poor families have to let go of other necessities to put food on the table.

One way to determine just how the poor are coping with hunger is to study their spending pattern. A TNT world panel survey showed that while there has been an over-all increase in spending in the country by an average of 10 percent, those families belonging to the lowest income bracket (or earning P7500 a month or less) experienced a drop in spending by 9.9 percent.

**TABLE 1: Subsistence Incidence, by Family, by Region (in percent)**

REGION	YEAR	
	1997*	2000*
<b>Philippines</b>	<b>13.6</b>	<b>13.1</b>
National Capital Region (NCR)	0.6	0.7
Cordillera Administrative Region (CAR)	19.4	14.2
Region I - Ilocos	13.7	11.5
Region II - Cagayan Valley	11.1	9.3
Region III - Central Luzon	4.0	4.0
Region IV - Southern Tagalog	8.9	8.1
Region V - Bicol	26.6	27.8
Region VI - Western Visayas	17.2	18.4
Region VII - Central Visayas	16.9	17.0
Region VIII - Eastern Visayas	24.3	19.8
Region IX - Zamboanga Peninsula	14.9	20.4
Region X - Northern Mindanao	18.0	15.0
Region XI - Western Mindanao	16.4	14.6
Region XII - SOCSARGEN	27.2	25.5
Region XIII - CARAGA	27.3	23.4
Autonomous Region in Muslim Mindanao (ARMM)	22.3	27.2

Source: National Statistical Coordination Board.

\*Based on regional menu using provincial prices

To make ends meet, poor families are skimping on food, according to the survey. Worse, among the items that they forego is mineral water which is not a luxury but a necessity in areas with no access to potable water.

Hunger in the Philippines clearly has a rural face. Subsistence incidence continues to rise among the rural areas particularly in Mindanao. Thus it comes as no surprise that these are also the areas with high rates of malnutrition.

What statistics have neglected to show though is the extent of the gender division of food insecurity. Women and men differ in terms of role and the capacity to absorb the benefits of development; therefore, they have differing levels of access to food and capacity to avoid hunger. The fact that 70 percent of those living below US\$1 per day are women suggests that there are more women who are vulnerable to hunger.

## The scandals

Amidst the aggravating hunger crisis in the country, corruption hounds the very government agencies tasked to put food in every Filipino table. The arrest of former DA undersecretary Jocjoc Bolante in the US, accused of spearheading the fertilizer scandal, is just one of the controversies hounding the Arroyo administration's record in solving the food crisis.

Reports from the Commission on Audit (COA) showed that Bolante approved the anomalous allotment and transfer of funds to buy fertilizer that were found to be overpriced by 682 percent. Some transactions were even found to be "imaginary", with no actual delivery taking place.

Moreover, the list of recipients does not match those that were earlier approved by the Department of Budget and Management (DBM). In fact, some of the organizations that received funds amounting to P150.6 million are either not registered with the Securities and Exchange Commission (SEC) or have no valid addresses. Some of these cooperatives are identified with legislators who are close to the President, speculations that some of the funds may have been channelled to Pres. Arroyo's campaign expenses for the May 2004 presidential elections.<sup>2</sup>

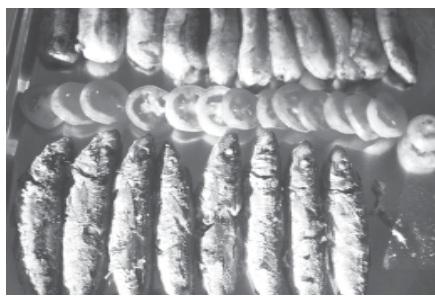
## Keeping prices low

The main agency responsible for controlling rice and corn prices, the staple food of every Filipino household and the main produce of the majority of small farmers, is the National Food Authority (NFA).



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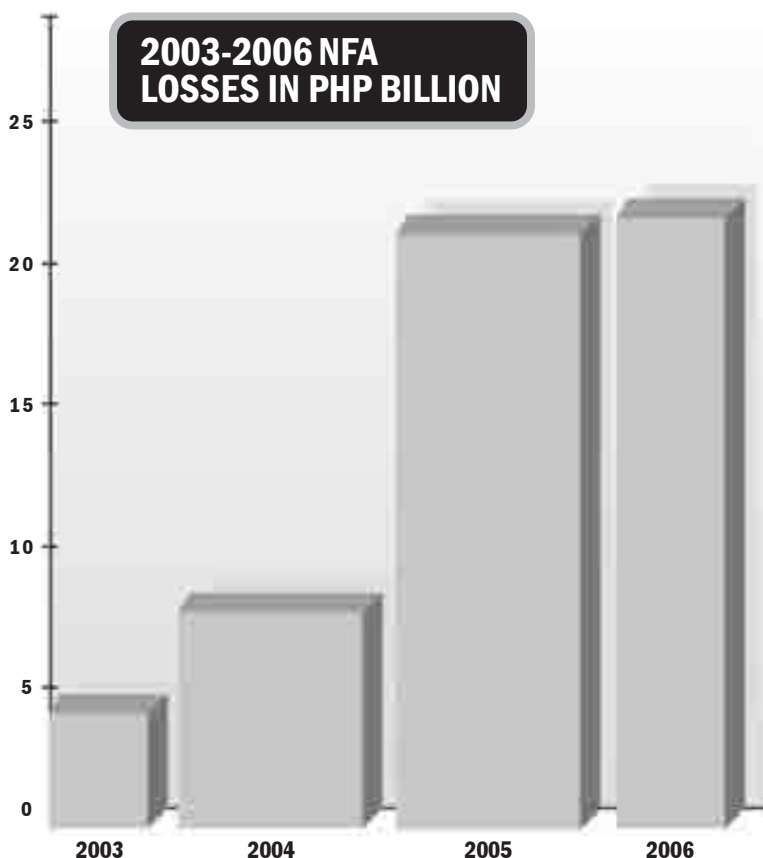


But the NFA is also besieged with controversies. On top of the agency's failure to stabilize prices, it is reported to be incurring massive losses. NFA officials blame the depreciation of the peso, its own price ceilings, and high importation costs as culprits behind the losses.

But Sen. Manny Villar, Senate finance committee chairperson, points to mismanagement as a bigger reason behind the losses incurred.<sup>3</sup>

In fact, the 1994 COA report indicated that NFA actually profited from cheap rice imports. The document revealed that NFA imported rice from Thailand to ease projected shortfall in local production in July to September of 1993. But there was no real shortage in the first place. Two years later, when rice prices were high, the rice imported from Thailand was sold in the market. Obviously, NFA earned huge profits because it bought the rice at P4.86 per kilo but sold it to the public at P9.50 per kilo.<sup>4</sup>

### 2003-2006 NFA LOSSES IN PHP BILLION



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Over the years, different government agencies and policy-makers have been suggesting ways to solve the inefficiency within the NFA, ranging from the privatization of its functions to the closing down of the agency altogether.

Small farmers and consumer organizations have argued against privatizing the NFA out of fear that it may lose its distribution mandate under private management. On the other hand, closing down the NFA would leave producers at the hands of exploitative private traders and expose consumers to volatile prices.

## The agrarian question

It is not only the NFA that is in hot waters due to apparent management boo-boos. Former Department of Agrarian Reform (DAR) Secretary and now Senator Miriam Defensor Santiago, during the 2006 national budget hearing, accused her former agency of spending too much on personnel expenses. According to Defensor, for every peso spent by DAR in land distribution, 50 centavos go to administrative expenses. She described DAR as an 'employment agency' and called for its abolition.<sup>5</sup>

Though Defensor's petition to abolish DAR is very impractical, considering that there are still agrarian lands left for distribution, at a certain point, the criticism against DAR is called for. Small farmers' organizations have repeatedly chided the slow pace in which the agency has been distributing agricultural lands and implementing post-distribution and support programs.

As of 2006, DAR has distributed a total of 3.5 million hectares of agricultural land, with 720,000 hectares left for distribution until 2008. But of the lands already distributed, only half have been titled to individual beneficiaries. The rest are still under collective land ownership awards or CLOAs. This works against farmer beneficiaries who still need security of tenure in the form of individual title. This situation also presents difficulties for Land Bank of the Philippines (LBP) officials and personnel who cannot collect amortization from the beneficiaries until the individual title is given.<sup>6</sup>

## Conclusion

Given the lackluster performance of the agriculture sector, compounded by scandals involving misuse of funds as well as the poor implementation of the land reform program, the food security of the Filipinos will continue to be precarious. Unless the Arroyo government starts to seriously



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pursue its obligation of fulfilling the food rights of every Filipino, more and more Pinoys will be forced to forego decent meals.

#### FOOTNOTES:

- <sup>1</sup> NSO projected population for the year 2005
- <sup>2</sup> Tubeza, P. (2006), 'Damning COA report out, PDI 9 April 2006, p. A2., PDI 8 April 2006 A1, PDI 7 April A2.
- <sup>3</sup> Today 19 Jan 2006, p. 4
- <sup>4</sup> Corotan, G (1995), 'The NFA tailor made for corruption', Manila Times 8-11 September.
- <sup>5</sup> Tubeza, P. (2006), 'Senators want DAR abolished', PDI 16 February.
- <sup>6</sup> Rivera, B. (2006), 'Half of CARP lands have no individual titles', PDI 14 February

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