

**1999**

**ANALYSIS OF THE REGIONAL AGRI-INDUSTRIAL CENTERS (RAICS) AND  
AGRI-INDUSTRIAL DEVELOPMENT AREAS (AIDA) AS APPROACH TO AGRI-  
INDUSTRIALIZATION: FOCUS ON THE CALABARZON AREA**

By Marideth R. Bravo

February 1999

**Abstract:**

The study analyzed industrial dispersal as a policy on agri-industrialization. It reevaluated the Regional Agri-industrial Centers (RAICs) in the CALABARZON as approaches to agri-industrialization. It also identified the linkages between agriculture and industry as well as the critical spatial/location factors for agri-industrial sites. Furthermore, the study identified factors to consider and made recommendations on how the RAIC and the AIDA can be effectively implemented so as to contribute to the attainment of agri-industrialization in the country.

Industrial dispersal had been achieved through the identification and establishment of the 21 RAICs that are geographically dispersed throughout the country. The RAICs, though, are not distinct from the other industrial centers.

There are only 7 operational RAICs (of the 21 identified RAICs) after 10 years of program implementation. The slow paced development of the RAICs can partially be attributed to the lack of an integrated off-site infrastructure support. Furthermore, there is no entity that effectively oversees the implementation of the RAICs. Because of delays in implementation, RAICs do not generate substantive contribution to employment, income and investment. Consequently, the RAICs failed to serve as basis for settlement planning. There is no specialization and hierarchy of industries among the RAICs. The mix of industries in the RAICs consists of non-agricultural-based light and medium industries that may not be compatible with the promotion of agri-business industries.

The selection criteria for the RAICs remain to be valid in the sense that these are ideal factors to consider in facilitating the dispersal of industries. However, infrastructure development (telecommunication, power, water, roads and bridges) has to be undertaken before an area is declared as a RAIC.

The input-output analysis indicates that the food manufacturing industry promotes extensive forward and backward linkages between agriculture and industry. These are firms, though, that utilize imported agricultural products as raw materials for manufacturing. Among the food manufacturing firms operating in the CALABARZON, linkages are seen in terms of the utilization of agricultural products, and there exist some production arrangements beneficial to the farmers and the farmers' organizations. While these firms are not able to generate as much employment because of the relatively low capitalization, they were able to absorb some workers from the rural households.

An analysis of the linkages between agricultural producers (farmers) and agri-based manufacturing firms among AIDA projects in the CALABARZON confirmed the linkage in terms of employment of household members in manufacturing. On the other hand, the types

of crops grown by the farmers do not promote production and/or contracting arrangements between them and the agri-based manufacturing firms.

A comparative analysis of three AIDA projects in the CALABARZON point to the relative success of a private sector-led AIDA anchored on the family farm school. Despite its limited reach and number of beneficiaries, this AIDA model provided a more sustainable mechanism considering strong value formation and the partnership of students, parents, and tutors of the school in enhancing adoption of technological changes in agricultural production systems. Full implementation of the other project components (Rural Development Center and agri-processing) could eventually lead to the realization of the ultimate goals and objectives of AIDA.

Factors to consider to successfully implement the RAICs and AIDA as approaches to agri-industrialization include the following: formulation of policies that will effectively treat agri-industrial centers as distinct and separate from EPZs, SEZs, and IEs; the identification of the appropriate mix of industries in each of the RAICs depending on among others, the availability of raw materials, markets and support facilities within the designated areas; the utilization of AIDA as a building block for the transfer of technology needed to be able to produce the required volume of raw materials that will sustain the agri-based industries found in the RAICs; and the development of a workable institutional mechanism designed to achieve a more efficient planning and implementation of the RAICs and AIDA projects.

Current policies are directed towards the regional dispersal of industrial centers. The study calls for the formulation of separate policies concerning agri-industrial centers vis-à-vis non-agricultural industrial centers.

Modifications to the existing private sector-led AIDA can be pilot-tested in strategic locations in the CALABARZON to see if the models can be replicated at the regional level. These models are the community-based agri-processing and the agri-processing model through the private sector. Support activities for the modified AIDA include: linking of AIDA with key production areas; study on possible contracting arrangements; expansion of the role of the Rural Development Center; definition of the roles of farmers' cooperative; provision of technical assistance to farmers; and provision of infrastructure support to AIDA. It is also necessary that a well-established institution like the *Pampamilyang Paaralang Agrikultura, Inc. (PPAI)* be responsible for the pilot-testing of the implementation of the Rural Development Center.