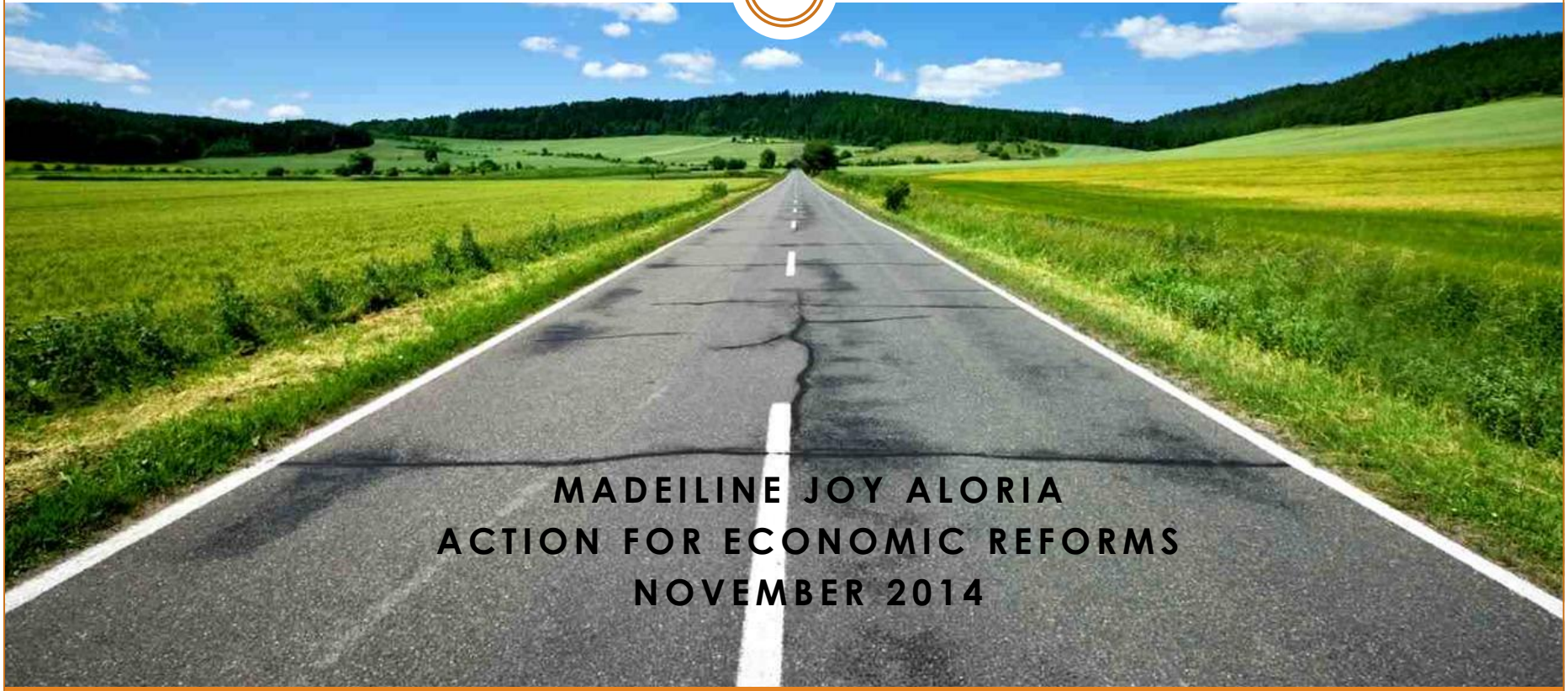


# **NATIONAL ADVOCACY PLAN: COMPETITION REFORMS ON RICE AND BUS TRANSPORT**



**MADEILINE JOY ALORIA  
ACTION FOR ECONOMIC REFORMS  
NOVEMBER 2014**

# BACKGROUND AND PROBLEM IDENTIFICATION



- The Philippine Institute for Development Studies (PIDS) accomplished Diagnostic Country reports on the rice and public bus sectors.
- From these papers, the main problems were identified:
  - Rice Sector: Trade monopoly of the National Food Authority and the quantitative restriction
  - Bus Transport: Traffic congestion and economic losses due to cut-throat competition of bus operators and perverse incentives,

# POLICY FORMULATION



- Menu of policy options which will present each option based on technical merit and political feasibility.
- For the bus sectors, a lot of specific policy options came up from the NRG meetings such as scheduling of buses, single lane, rationalization of price, and fixing the wage system, but the overall direction is reforming the regulatory framework or consolidating the bus transport.

# POLICY DIRECTION: RICE SECTOR



- The National Food Authority (NFA) is the main barrier to competition, arising from its trade monopoly of the foreign supply of rice.
- Similarly, from the perspective of net welfare, removal of import quota will tremendously benefit consumers.



# POLICY DIRECTION: RICE SECTOR



- Nevertheless, if removal of import quota were to occur, compensation for rice producers and support for staple crop competitiveness are absolutely necessary.
- For the import monopoly is found in the NFA charter, the key reform will necessitate charter amendment, which in turn will entail legislation.
- Necessarily, the policy paper must address the legal and legislative questions and nuances.

# POLICY DIRECTION: RICE SECTOR



- A direction to explore is a strategy to promote competitive rice market beyond 2017 after the abolition of the quantitative restriction.

# POLICY DIRECTION: BUS TRANSPORT



- The problem in highly urbanized Metro Manila is the surfeit of buses, translating into waste or inefficiency and contributing to traffic and productivity losses.
- The oversupply of buses, coupled with the difficulty of monitoring drivers' performance, has created a boundary system, instead of a wage system, resulting in perverse incentives to drivers (bad driving habits to meet the daily boundary).



# POLICY DIRECTION: BUS TRANSPORT



- The direction of reform is to reform the regulatory framework of this sector, taking into consideration the institutional weaknesses of the Land Transportation Franchising and Regulatory Board (LTFRB).
- In the same vein, the thrust is towards rationalizing and consolidating the bus transport sector alongside adopting a wage system.





# RECOGNIZE THE CONSTRAINTS.



- Time constraint: The current administration's term will end in less than two years. Passing a bill at this time, for example, will be a great challenge given the short of span of time to hurdle the legislative process.
- Political constraints: The current administration has a policy of rice self-sufficiency, which can be used as justification to preserve the NFA's status quo. Said another way, it will not be easy to convince the administration to redirect policy in its last two years.

# POLITICAL CONSTRAINTS



- With respect to bus transport, the regulatory body that is the Land Transportation Franchising and Regulatory Board (LTFRB) is perceived to be weak, as seen in its failure to decisively address the many problems that hound passenger transport. The presence of entrenched interests makes the pursuit of reforms difficult.
- The political atmosphere at present is unkind to reforms—focus on preparations for 2016 elections, thus the predilection for horse-trading and transactional politics and populism.

# RESOURCE CONSTRAINT



- Resource constraint: The budget for the advocacy component of the program is insufficient to develop a full-blown campaign.

# WHAT CAN BE REALISTICALLY DONE?



- We cannot realistically expect policy change through legislation in the next two years for the competition reform program in relation to rice and bus transport. .
- But we can prepare the ground for policy reform. We can create the favorable conditions to pave the way for the institutionalization of such reforms in the next administration.
- Specifically, we can **help shape public opinion, broaden ownership of the reforms through dialogue and coalition-building, and consolidate the core of reformers by providing technical and political support.**

# ELEMENTS OF THE STRATEGY: BUS TRANSPORT



- Stakeholders Mapping
- Initial list of stakeholders to map for the bus sector:
  - Transport groups and operators
  - Representatives from other means of transportation
  - Government/ Regulators
    - MMDA, LTFRB, LTO, etc
  - Non-transport entities
    - Students
    - Employees
    - Ordinary commuters



Activists stage a rally in front of the Coastal Road integrated bus terminal yesterday. Commuters and bus operators from Batangas and Cavite have been complaining about the lack of an efficient system at the terminal since it was opened Aug. 6. EDD GUMBAN

Activists stage a rally in front of the Coastal Road integrated bus terminal yesterday. Commuters and bus operators from Batangas and Cavite have been complaining about the lack of an efficient system at the terminal since it was opened Aug. 6. EDD GUMBAN

# ELEMENTS OF THE STRATEGY: RICE TRANSPORT



- Stakeholders Mapping
- Initial list of stakeholders to map for the rice sector:
  - National Food Authority and National Food Authority Employees Association
  - Applicants for retail, wholesale, mill, warehouse, etc.
  - Licensed retailers, wholesalers, millers, other players, and their dependents (workers)
  - Organized farm or rice groups
  - Relevant government agencies such as Department of Agriculture
  - International Rice Research Institute, Philippine Rice Research Institute
  - Lending institutions
  - Pro-farmers group and agriculture-related civil society organizations

# ELEMENTS OF THE STRATEGY



- Identifying champions in the Executive, Congress, private sector and civil society

Example:

- Proponents of anti-trust bills in the Philippines
  - Partners in the government sector: Department of Trade and Investment (DTI), NEDA, etc
  - Identified journalists who wrote articles in favor of removal of QR or in reducing buses in the Metro
- 
- Specific activities will include:
    - Brainstorming and Research (scanning profiles to know about their general stance on the issues)
    - Meetings with legislators and officials in the concerned executive agencies
    - Letter of invitation to column writing (to those applicable)



# ELEMENTS OF THE STRATEGY



- Coalition or networks building with identified stakeholders
- Specific activities will include:
  - ✦ Specific activities will include:
  - ✦ Brainstorming and Research
  - ✦ Dissemination of research findings and policy proposals through newspapers and online media
  - ✦ Forum and dialogues, meetings

# ELEMENTS OF THE STRATEGY



- Communication planning
- Information Dissemination of initial research outputs
  - ✦ Disseminating policy briefs by PIDS.
  - ✦ Press releases
- Specific activities will include:
  - ✦ Brainstorming and Research
  - ✦ Dissemination of research findings and policy proposals through newspapers and online media
  - ✦ Forum and dialogues, meetings
  - ✦ Writing articles or columns and also reaching media outlets
- Traditional and online media may both be tapped. PIDS and AER have established relationship with newspaper entities like BusinessWorld and Rappler.

# ACTIVITIES FOR THE SHORT TERM



- The main activities will include:
  - Dissemination of research findings and policy proposals through newspapers and online media.
  - Start of research on stakeholder and media mapping
  - Briefing sessions for legislators and officials in the concerned executive agencies.
  - Forums or dialogues with all stakeholders.