

## **POLICIES/FINANCING**

The paper discussed briefly Philippine Government policies on aquaculture. It emphasized the value of conservation to promote ecological stability of our natural resources. Mentioned were the steps the government has done to conserve local stock of prawn spawners, particularly the issuance and implementation of Fishery Administrative Order 143 which provides for the total ban on the export of all live stages of the tiger prawn.

Existing policies on aquaculture do not need much change in the immediate future. National policies are translated into specific laws which are transformed by the Ministry of Natural Resources into rules and regulations, and further translated into operating procedures by the Bureau of Fisheries and Aquatic Resources, the Fishery Industry Development Council, and the Philippine Fishery Development Authority. In order to fulfill policy goals, an evaluation of the institution and people involved in carrying out a policy should be made. Thus, it is a must to assess an institution's capability in policy study, formulation and implementation to understand why policies succeed or fail.

The Ministry of Natural Resources (MNR) uses the ecosystem management approach which seeks a balance between immediate gains and long-range benefits in the exploitation of the country's natural resources. A key MNR policy is the promotion of ecological stability through conservation. The approach equates the soundness and viability of a technology with its effectiveness in satisfying needs. This has been operative in the program thrusts of the Ministry. These thrusts subscribe to the following considerations: (1) that deliberate care should accompany the imposition of human techniques in natural systems; and (2) that human intervention in nature's processes cannot be avoided, but the risks from such intervention can be minimized.

A case in point is the mangrove dilemma. A policy allowed the conversion of mangrove swamps, the most productive branch of the marine ecosystem, into commercial fishponds to accelerate food production through aquaculture. Although its immediate effect is increased fish production, this conversion has drastically reduced the total area of mangrove swamps which may eventually lead to the collapse of nearshore fisheries and the decline of total fish harvest. Recognizing this problem, the Ministry, through P.D. 950, required every fishpond lessee to replant or reforest at least a 20-m strip from the riverbank.

Several presidential directives have pushed for the acceleration of aquacul-

ture development. Through the MNR, the Aquaculture Industry Development Program was formulated to chart the general policy directions, targets and strategies for the industry. Legislations were passed to ban export of all live stages of tiger prawn, reduce tariff duty on imported prawn feeds and aquaculture equipment, authorize additional incentives for agricultural and fisheries activities through the Agricultural Investments Incentives Act (PD 1159), and improve the country's foreign exchange position through export expansion of processed fish and fishery/aquatic products.

The area on credit and financing was also discussed, including loan exposure and incentives and subsidies for the prawn industry from the government.

The Development Bank of the Philippines (DBP), the Central Bank (CB) and the Philippine National Bank (PNB) are some of the major credit institutions with regular lending programs for aquaculture projects aside from being involved in the Biyayang Dagat Supervised Credit Program. Foreign funding institutions like the Asian Development Bank (ADB) and the International Finance Corporation (IFC) have also provided credit programs for various aquaculture projects.

The DBP, under its regular program and the DBP-IBRD Credit Lines, has so far released P413.4 million, the Central Bank P242 million, and the PNB P92 million. Fishpond construction and development have received the highest share of financing in terms of loan exposures by type of aquaculture project while there are no long-term lending programs specific to prawn farming.

Among the minor credit institutions or programs are the Land Bank, the Agricultural Credit Administration (ACA), the Biyayang Dagat and the Kilusang Kabuhayan at Kaunlaran (National Livelihood Program). The last two have lending schemes that aim to upgrade the economic status of small fishermen and fish-farmers.

In the workshop session, it was suggested that all existing policies be thoroughly reviewed to determine if there is need for additional policies. The workshop affirmed the fact that at, present, policies are more regulatory than developmental to the prawn industry

Various policy issues were recommended, including the total ban on the exportation of all five stages of the genus *Penaeus*, feed development for other penaeids, reduction of the tariff duties for the importation of rotenone as well as the use of locally available substitutes for this material.

On financing and incentives for the prawn industry, the workshop asked the government bodies to coordinate with the private sector and banking representatives in formulating a packaged financial scheme which will involve the following vital components of the industry: (a) production, (2) processing, (3) marketing, (4) manpower development, and (5) support for research.

It was recommended that the government develop a package of short-term loans for the prawn industry which is similar to the existing crop loans in agriculture.