

ARC Strategy--Paving the Way from Agrarian Reform to Poverty Reduction (Assessing the Impact of the ARC Strategy on Poverty Using Census, National Housing Surveys, and ARC Data)

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A previous study done by APPC (2002) used a multi-market simulation model to examine strategies to spur agricultural development in order to cope with globalization. It was also the first attempt to pinpoint the ARCs from among the sample barangays covered in the FIES 1997. For one, the study showed that “membership” in the ARCs is a potentially effective approach for targeting the poor. Another finding is that the strategies being employed in the ARC Development Program are effective tools for the agricultural sector to cope with globalization. These strategies are irrigation development, marketing support, etc. These should be accompanied by R&D breakthroughs and effective extension services. However, the study could not categorically evaluate the effectiveness of the ARC strategy. Since the data merged only the ARC data with survey data, the representativeness of the ARC “sample” comes to question. Thus, the need to use broader and more recent data to validate this finding. Moreover, the previous study did not employ the recommended “double difference” method in evaluation.

The present study primarily intends to assess the impact of the ARC strategy. This is done by comparing the welfare level of program beneficiaries in terms of proxy indicators of poverty before and a decade after program intervention to estimate possible gains from the program. Ultimately, results of the study can inform program strategies and provide underpinnings of more precise policy recommendations to alleviate poverty in the ARCs, and even in the agricultural sector.

The study differs from past studies on agrarian reform on two grounds. First, it uses first-of-a-kind data that links the 2000 ARC Level of Development Assessment (ALDA) to both 1990 and 2000 Census of Population and Housing (CPH) and the 1991 Census of Agriculture and Fisheries (CAF). The CPH contains important information on barangay (village) characteristics and ownership of household amenities² while the CAF was used to inform farming characteristics. The resulting data form a panel of observations with barangays as units. The barangays are tagged as either an ARC barangay or not. Information on housing and other household characteristics are aggregated to the

barangay level. The data is complemented by community characteristics found in the CPH and farming characteristics found in the CAF. The compiled data corresponds to pre- and post- , ARC and non-ARC with one exception, the farming characteristics of ARCs at post-test are based on the ALDA. For the non-ARCs, information was approximated using national averages of farm productivity based on data from BAS. Second, the study uses an econometric approach to program evaluation that has never been used before in studies that relate to the agrarian reform program. From the resulting panel, a pseudo-control group was constituted analytically using this method. This informed the analysis on how agrarian reform communities have developed through time and in comparison to the pseudo-control communities.

The paper is organized as follows: Section I is the introduction, Section II gives an overview of the ARC Strategy of the Comprehensive Agrarian Reform Program. Section III discusses available methods in estimating possible gains from the ARC strategy and introduces the technique that was used in this study and also describes the data. Section IV discusses the framework used in analyzing possible gains from the ARC strategy. It presents the indicators used in evaluating the welfare level of both participants and non-participants in the ARC strategy. Section V presents estimation results and Section VI concludes.

(For the full paper, please contact publications@appc-ph.com)