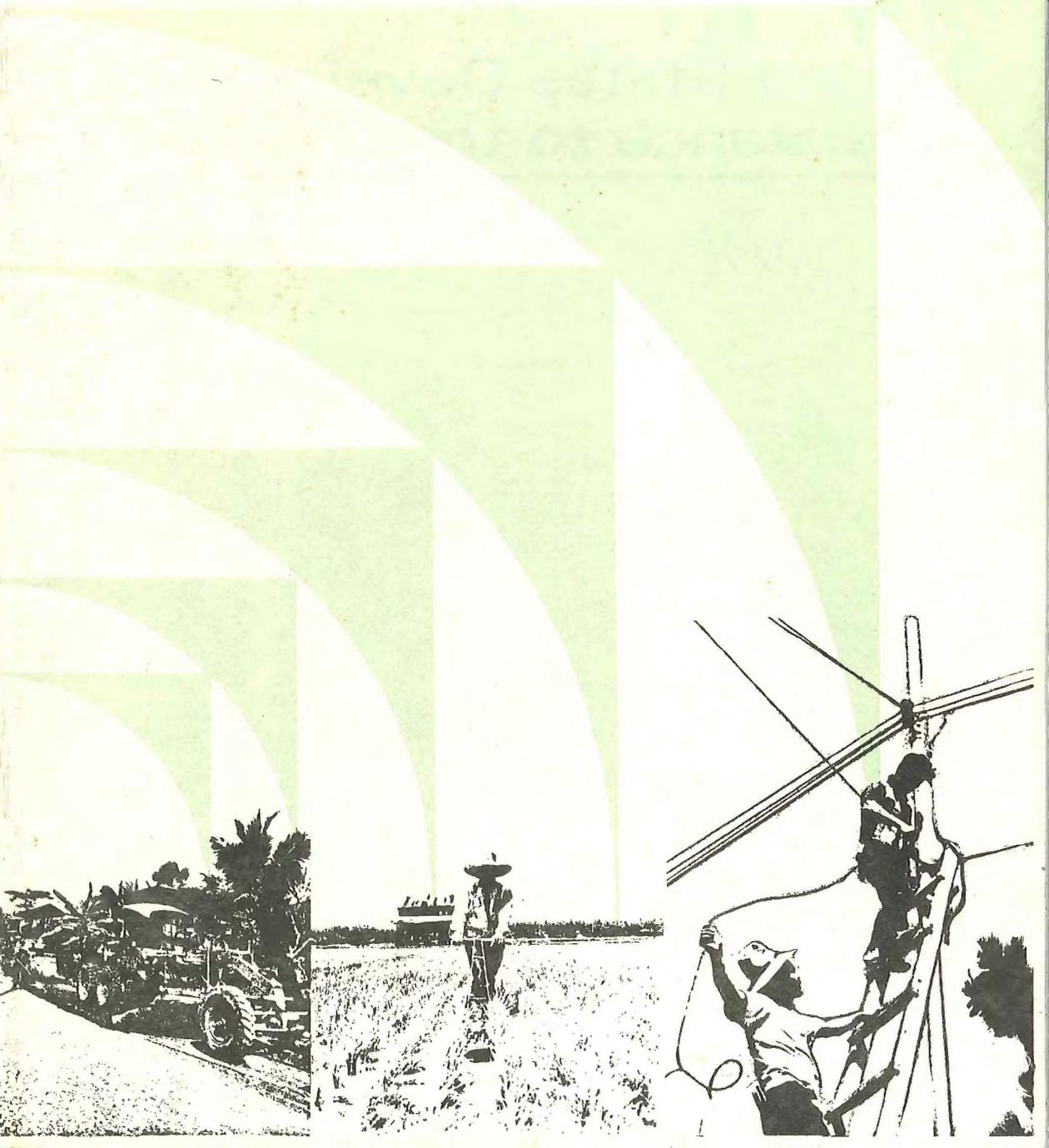
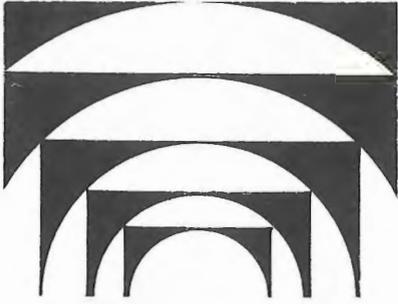


United States Development Assistance to the Philippines





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The Congressional Mandate

In December, 1973 the Congress of the United States designated the target of American development assistance programs to be the "poor majority" in the developing countries. Under this "mandate", U.S. AID Missions were directed to collaborate with the governments of the developing countries in designing and implementing programs which directly assist the poor, by providing adequate nutrition, necessary health services, and a practical education.

This recognition of the urgent need to help the "poor" reflects growing concern in the United States over the widening gap between the "rich" and the "poor" among and within nations, resulting from the erratic distribution of natural resources and uneven sharing in the benefits of modern technological progress.

In focusing U.S. aid on the "poor majority", the Congress has both simplified and complicated the task of U.S. AID Missions. Their task is made simpler by virtue of having been given a clear overall target at which to aim, more complicated because the target will be difficult to reach. The "poor" generally live in the remote rural sections of countries, beyond the mainstream of commercial activity. Even when physically close at hand, in urban slum areas, economic and social barriers prevent their participation in normal commerce and they do not get an equitable share of the country's economic wealth.

History of U. S. AID to the Philippines

In the Philippines, these recent modifications to the overall U.S. aid posture coalesce with changes that have been taking place within the Philippine aid program itself. Indeed, the history of U.S. aid to the Philippines has been varied as the program has evolved to meet changing developmental requirements.

U.S. aid to the Philippines had its inception during the postwar period of the 1940's, just after the country had become an independent republic. Funds provided during this period were used mainly to compensate Filipino citizens for damage to their homes and property caused by the war. A sizeable sum was also devoted to the reconstruction of roads, bridges, public buildings and basic infrastructure.

The second stage of U.S. development assistance began under the Quirino-Foster foreign aid agreement that was signed in 1952. During this second stage, which lasted through to the end of the 1960's, aid was geared to institution building, such as the establishment of national agencies, and to training the administrative and technical personnel needed to carry out the duties of the expanding governmental and educational apparatus.

At the onset of the 1970's, U.S. development assistance shifted toward its present approach: aiding the rural poor so that they might benefit directly from the services of the national institutions and agencies that had been created to spread the latest information and technology available, to expand output, and enrich the lives of the people.

This approach has been facilitated in part by the fact that in recent years basic infrastructure areas, such as power generation and highway and port construction, have been receiving increasing financial aid from other aid donors, such as the Asian Development Bank and the International Bank for Reconstruction and Development. Presently, these two international institutions account for the major share of concessional aid to the Philippines. This has permitted U.S. resources to be used for activities that impact directly on the rural "poor."

This new U.S. approach was also facilitated by the establishment in 1971 of a Consultative Group for the Philippines which performs a key role in providing a forum for the Philippine Government to discuss development problems and progress with aid donors. The U.S. is a founding member and continues to be an active supporter of the Consultative Group.

Current Development Problems

The current development problems of the Philippines can be stated in fairly concrete terms. They involve mainly the pressures a rapidly growing population is placing upon limited available resources and the need to restructure a traditional and dualistic society to hasten its adjustment to technological and social change. As in other developing countries, these basic problems have been manifested in low agricultural yields, widespread malnutrition and extensive under-employment. The various projects presently being assisted by the United States, through technical assistance grants, concessional loans, and PL 480 imports are focussed on these problems as they impact on the majority of the population living in rural areas. AID-assisted projects include agricultural research, the construction of irrigation facilities, rural electrifi-

cation, family planning, nutrition, farm-to-market roads, community water systems development, land reform and an integrated area development program for the Bicol River Basin. The U.S. is also providing support to the Government's Provincial Development Assistance Project, which is designed to help local governments acquire the training and skills needed for improved project planning, budgeting and tax administration.

In 1946, when the Philippines regained its independence, the population was approximately 20 million. By 1976, it had grown to about 43 million. At current growth rates, the population will exceed 80 million by the year 2000. This means that, in the next 25 years, the Philippines must feed an average of more than 1.5 million additional people each year.

The probable near doubling of the population over the next 25 years may seem like a distant problem, but it is one for which a solution cannot be postponed. Estimates of the amount of arable land not presently under cultivation vary, but it is clear that the potential for expanding current agricultural hectarage is limited. The problem of providing better nutrition to the growing population will have to be solved through substantial increases in agricultural productivity even as the rate of population increase is being reduced.

In addition to coping with the problem of feeding a growing population, of which nearly two-thirds live in rural areas, there are a number of other compelling reasons for supporting accelerated rural development efforts.

- *Rural areas have considerably higher infant mortality and considerably lower literacy rates than urban areas.*

- *Outside of Manila, health services and hospital beds are extremely scarce.*
- *Only about one-half of rural dwellings have an adequate water supply.*
- *Only ten per cent of rural homes have electricity.*
- *Rural areas need about three times the road length per capita as Manila, for transportation and commerce.*
- *Family incomes in rural areas are only slightly more than one-third those of Manila and roughly 55 per cent of those in urban areas outside of Manila.*
- *Nutrition is well below recommended allowances, although the urban poor suffer even greater deficiencies.*
- *The educational system is falling short by 12,000 classrooms a year.*
- *There are approximately 4.3 million out of school youth and many are only partially literate.*

The U. S. Development Assistance Program

Currently, U.S. AID responses to GOP's Four-Year Development Plan are embodied in separate but integrated projects.

THE INTEGRATED AGRICULTURAL PRODUCTION AND MARKETING PROJECT

The goal of this project is national self-sufficiency in key food commodities produced by small farmers and expanded domestic and foreign markets for agricultural commodities. The purpose of the project is to increase small farmer and small rural agro-entrepreneur productivity and income. This assistance in agriculture looks beyond rice and corn production to the problems of processing, storage and marketing these crops, and to developing alternatives to rice and corn production to the advantage of poor farmers where land is not particularly suited to production of either of these staples. The focus of A.I.D.'s agriculture assistance program is on the pressing problems of the small farmers. This project thus forms the principal link in a fully integrated program. It will channel the results of research in agriculture and aquaculture to the small farmers and will also feed back problems to the research institutions for solutions. It will also strengthen farmers' organization by making available to them trained production and marketing managers, and by working through them to assist members in total farm planning and marketing.

NUTRITION

This program aims at directly assisting high risk groups particularly susceptible to malnutrition. The program has been successful in identifying severely and moderately malnourished children. Working largely through U.S. voluntary agencies it reaches about 600,000 pre-school children and mothers, and about one million schoolage children. The program using U.S. food commodities has been able to achieve its major goals of reaching the poor and improving their nutrition within

the limits of resource availabilities. The program focuses upon low income families in the rural areas through the barangays.

POPULATION/FAMILY PLANNING

Keystone of this program is the national Family Planning Outreach Project, designed to extend the family planning services from the regional level to every barangay in the country. The project brings the program to the people rather than they coming to the program. Instead of couples desiring or seeking family planning advice and visiting fixed points in order to receive assistance, the project seeks out these couples and gives them information and contraceptive support. The project insures a continuous supply of pills and condoms for free distribution in the country.

HEALTH

The principal focus of the program currently being developed in this sector is towards planning for extending key preventive health measures to the poor, and addresses problems and alternative solutions to health problems of this target group with special attention on infants, children, and pregnant and lactating mothers. The project integrates health services, sanitation, and nutrition with the new family planning outreach, and places major emphasis on the development of safe water supplies in the rural barangays.

SAFE WATER

Collaborating closely with the GOP, this program again focuses on the small rural communities where sources of pure water are available but beyond the means of these poor communities to develop without

external assistance. This project is designed therefore to develop safe, dependable water supplies which are within the means of these rural communities to operate and maintain.

EDUCATION

To respond to the needs of out-of-school youth, whose number is increasing yearly, and to contribute to solving the perennial classroom shortage, this program focuses on the rural community and integrates with the goals of Rural Development, Health, Nutrition, Population, and Human Resources Development.

With the construction of more Bayanihan school buildings, these community schools would be furnished learning materials that would impart lessons of nutrition, health, population, and nationhood. Community health and food intervention programs also would be conducted from these schools.

INTEGRATED AREA DEVELOPMENT

An initial project under the concept of integrated area development is the Bicol River Basin Development Program. The Basin is an area of some 300,000 hectares with about a million people. It is an agricultural area of lower than average income families and is one of seven basin areas pinpointed by the Philippine Government for intensive, integrated development. Assistance includes technical support for the establishment of the institutional structure needed to plan and administer the development program and for systems engineering and data collection. A.I.D. has funded a power transmission and distribution system for this area, and is financing the farm-to-market road construction and a pilot irrigation project.

Following the Libmanan-Cabusao and the Bula area loan projects, a third project loan will focus on the Rinconada District of the River Basin. This project includes some 80,000 hectares encompassing three lakes: Bato, Buki, and Ba-ao. These lakes have been the principal factors in the Basin's flooding problems; likewise, it is the potential source of water for dry season irrigation.

On the whole, the project will benefit 270,000 people. Crop yields, which now are among the very lowest in the country, are expected to approach or reach national targets. Rice yields now averaging 0.3 metric tons per hectare are projected to reach 4.5 metric tons when flood control, irrigation and farm support systems are in place and functioning.

LOCAL DEVELOPMENT ASSISTANCE

This program is designed to develop and increase the capability of 28 provinces in the Philippines to plan, program, and complement infrastructure projects aimed at improving the lot of rural people. The Provincial Development Assistance Project in the overall, aims to develop the management skills of each provincial development staff in:

- (a) capital budgeting;
- (b) planning;
- (c) social and economic analysis;
- (d) road network organization;
- (e) personnel administration; and
- (f) development administration.

RURAL ELECTRIFICATION

Rural electrification, which has been given top priority among the Government's current development programs, is also a priority area for U.S. AID assistance. This priority has been accorded the program based on the immediate and tangible benefits which it will provide to numerous rural dwellers. It is also a strategic project in the sense that it will pave the way for expanded industrial and agricultural development and increased productivity in the rural areas. This will, in turn, lead to substantial improvement in the standard of living in rural areas as incomes accrue to workers employed by the newly-established industries. Greater employment opportunities in rural areas will, of course, help slow the exodus of rural unemployed to the cities, a movement which over the past several decades has been the major contributing factor in the creation of urban slum areas. To date \$81.4 million has been provided in loans and grants.

AGRICULTURAL RESEARCH

Over the past few years, AID has assisted Philippine agriculturalists and educators in the planning and establishment of the Philippine Council for Agricultural Research (PCAR). The Council will provide financial support and otherwise strengthen the network of agricultural research stations and colleges throughout the island. To contribute to this work, AID has loaned \$5 million in support of these efforts. Early targets for PCAR action will be the application of research findings in rice and corn production—two crops which engage 70 per cent of the farming population and account for 45 per cent of total agricultural production. The basic strategy underlying U.S. assistance is to help the Government sustain and improve the well-being of the rural population, while programs to limit population growth are

being implemented. The table below summarizes in dollar terms the U.S. aid resources contributed in support of this assistance strategy over the past several U.S. fiscal years.

**UNITED STATES DEVELOPMENT ASSISTANCE
TO THE PHILIPPINES
FISCAL YEARS 1974, 1975 AND 1976
(In Million Dollars)**

A. <u>Rural Development</u>	<u>FY74</u>	<u>FY75</u>	<u>FY76</u>
<u>Grants</u>	<u>\$ 3.2</u>	<u>\$ 3.8</u>	<u>\$ 3.0</u>
Local Development	1.1	1.3	1.1
Agricultural Services	0.5	—	—
Bicol River Basin Development	0.4	0.6	0.2
Agrarian Reform	0.6	0.5	0.5
Small Farmer Income & Production	—	0.5	0.5
Small Scale Irrigation	—	—	0.2
Rural Electrification	0.6	0.6	0.3
Aquaculture Production	—	0.3	0.2
<u>Loans</u>	<u>\$21.6</u>	<u>\$45.0</u>	<u>\$37.0</u>
Rural Electrification	18.0	20.0	20.0
Rural Roads	—	15.0	—
Small Scale Irrigation	—	6.5	—
Libmanan Integrated Irrigation	—	3.5	—
Agricultural Research	—	—	5.0
Bicol Secondary & Feeder Roads	—	—	10.0
Third Consulting Services	—	—	2.0
PL 480 Title I (Food Aid)	3.6	—	—
TOTAL—RURAL DEVELOPMENT	<u>\$24.8</u>	<u>\$48.8</u>	<u>\$40.0</u>

B. Family Planning/Nutrition/Health

<u>Grants</u>	<u>\$18.2</u>	<u>\$15.9</u>	<u>\$26.1</u>
Population Planning	6.2	5.0	4.8
Nutrition	0.4	0.5	0.3
Local Water Development	0.5	—	—
PL 480 Title II (Food Grants)	11.1	10.4	21.0
<u>Loans</u>	<u>\$15.0</u>	<u>—</u>	<u>\$10.0</u>
Provincial Water Systems	15.0	—	10.0
TOTAL — FAMILY PLANNING NUTRITION/HEALTH	<u>\$33.2</u>	<u>\$15.9</u>	<u>\$36.1</u>
C. <u>Other Grants</u>	<u>\$ 0.7</u>	<u>\$ 0.4</u>	<u>\$ 1.1</u>
GRAND TOTAL	<u>\$58.7</u>	<u>\$65.1</u>	<u>\$77.2</u>

Compared to requirements, U.S. development assistance is relatively modest. But combined with the aid of other donors, and taking into account the Philippine Government's own rural development programs, the resources are considerable and should be sufficient to have a significant impact on the economic welfare of the rural poor, the primary goal of the U.S. assistance program.





