

I. PROJECT IDENTIFICATION

PD-AAC-838-A1

1. PROJECT TITLE
 Agricultural Diversification and Trade - Philippines . 2

APPENDIX ATTACHED
 YES NO

2. PROJECT NO. (NO. 1972)

3. RECIPIENT (agency)
 COUNTRY Philippines
 REGIONAL INTERREGIONAL

4. LIFE OF PROJECT
 BEGINS FY 76
 ENDS FY 77

5. SUBMISSION
 ORIGINAL _____ DATE _____
 REV. NO. _____ DATE _____
 CONTR. AREA NO. _____

II. FUNDING (USD) AND MAN MONTHS (M) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATES \$ (1:1) (M. DATED)		
		(M) \$	(M) MM	(M) \$	(M) MM			(M) \$	(M) MM	(M) U.S. GRANT LOAN	(M) DOLLAR AMOUNT	(M) DOLLAR
PRIOR YEAR ACTUAL FY	-	-	-	-	-	-	-	-	-	-	-	-
OPRN FY 76	76.8	32.0	14.0				44.8	76.8	14.0			
DECIDE												
BUDGET 71 FY	-	-	-									
BUDGET 72 FY	-	-	-									
BUDGET 73 FY	-	-	-									
ALL SUBQ. FY	-	-	-									
GRAND TOTAL	76.8	32.0	14.0				44.8	76.8	14.0			

26p.

6. IN-KIND CONTRIBUTIONS

III. ORIGINATING OFFICE CLEARANCE

DRAFTER	TITLE	DATE
CLEARANCE OFFICER	TITLE	DATE

IV. PROJECT AUTHORIZATION

CONDITIONS OF APPROVAL

V. CLEARANCES

DUR/OFF.	SIGNATURE	DATE	DUR/OFF.	SIGNATURE	DATE

7. APPROVAL AND/OR OFFICE DIRECTORS
 SIGNATURE _____ DATE _____

8. APPROVAL AND/OR FIELD (BY NO. 1972)
 SIGNATURE _____ DATE _____

ADMINISTRATOR AGENCY FOR INTERNATIONAL DEVELOPMENT

03/25/71

PROJECT PAPER

Title: Agricultural Diversification
and
Trade - Philippines
(Utilization Phase)

Date: March 25, 1976
TA/AGR/ESP
Washington, D.C.

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PROJECT PAPER

**TITLE: Agricultural Diversification and Trade - Philippines
(Utilization Phase)**

I. INTRODUCTION

A. Recommendation

It is recommended that the project be approved for financing in the amount of \$76,800.00 as an activity under the "Expanded Program of Economic Analysis for Agricultural and Rural Sector Planning." Activities financed by TAB are to be initiated on or about July 1, 1976 and terminated on June 30, 1977.

B. Project Summary

This project will provide general technical services and related costs of one full-time USDA/ERS economist for 12 months and 2.0 MM of short-term consultants in the Philippines to assist the Bureau of Agricultural Economics of the Philippines Ministry of Agriculture (BAEcon) and the University of the Philippines at Los Banos (UPLB) in the refinement, maintenance, use and expansion of national and regional agricultural sector linear programming models in analyzing policy and investment alternatives related to agricultural production, marketing and foreign trade in the Philippines, with emphasis on Small Farmer Development. This assistance will permit operationalizing and internalizing of the sector analytical models and procedures developed in a previous research project funded in part by TAB from early 1972 to June 30, 1976.

Funding of this project will provide opportunity for the responsible Philippines agencies to re-integrate key members of their senior professional

staff (now training abroad) into modeling processes and related analytical activities, and to demonstrate relevance and responsiveness of the models and related analyses to needs of decision-makers.

II. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

In March, 1972, RAC approved a research project titled "Agricultural Diversification and Trade (Philippines)" for a funding period of three years to March 31, 1975. Subsequently, in December, 1974, RAC approved a 15 month extension of that project to June 30, 1976.

The project was one of three approved for funding to assemble and analyze data and provide information for policy-makers on agricultural production and marketing alternatives at farm, regional, national and international levels as changes in production techniques, supply response and prices force new patterns of crops and livestock production. The project was expected to yield information on broad relationships and analytical procedures and methodologies useful to any LDC faced with changes in production technology.

Implementation of the "Agricultural Diversification and Trade (Philippines) project (known as "Project ADAM")" began in the first quarter of 1972 through a cooperative arrangement between the Philippines Department of Agriculture Bureau of Agricultural Economics (BAEcon), University of the Philippines College of Agriculture at Los Banos (UPLB) and USDA Economic Research Service (ERS).

In addition to TAB funding, the project has received substantial

financial support from USAID/Manila for training, some short-term consultants and in-country support of US technicians, as well as from the Philippines National Science Development Board (NSDB) for local personnel salary assistance and support costs, and personnel and facility inputs from BAEcon and UPLB.

By the end of June, 1976, inputs into Project ADAM will have been as follows:

	U.S. \$000's or Equivalent
TA/AGR	486.3
USAID/Manila	79.1
BAEcon/NSDB/UPLB	<u>340.0</u>
TOTAL	905.4

The specific purposes of Project ADAM were as follows:

1. To develop the economic data and analysis needed to identify realistic agricultural production and market opportunities and alternatives at the farm, regional, and national levels;

2. To obtain an integrated picture of agriculture within which various policy goals can be analyzed. These can be broadly stated as:

- a. Achieve self-sufficiency in agricultural products at least in regard to staple commodities such as rice and corn,

- b. Increase national income, raise income of rural people and increase employment in agriculture, and

- c. Improve foreign exchange position by reducing agricultural imports and increasing agricultural exports;

3. To develop in the Philippines the capacity for continuous analysis and re-evaluation of these opportunities and alternatives as production and market conditions change.

In general, Project ADAM activities progressed according to plan but somewhat more slowly than originally programmed. A 15 month extension was approved by RAC and funded to June 30, 1976 for completion of the research phases of the Project.

Highlights of research accomplishments are:

1. Bibliography of research in agriculture in the Philippines and review of literature. Analysis of Green Revolution progress on Philippine farms using data from 1969-70 sample survey.

2. Operational national linear programming model developed which includes national aggregates of demand for products, supplies of land and other resources, and output coefficients for about 95% of all agricultural activities.

3. Income and price elasticities calculated for all major commodities at national level.

4. Regional data summarized for hectareage, yields, production and livestock numbers.

5. Considerable progress on regional demand and supply coefficients completed.

6. "Matrix Generator" developed for the models based on Haverly Mathematical Programming System Format. The "Generator" receives data in raw tabular form and converts it into the proper matrix format for

the optimizing routine. This device and the model both are able to accept data for additional commodities, related processing activities, or additional regions.

7. A "report writer" has been developed and is being used. This device summarizes the results of model runs into easily interpreted tables. It is constructed so as to be able to report results as the model is expanded.

8. By June 30, 1976, it is expected that a prototype of a version of the model reflecting regional disaggregation, including a few major crops and livestock activities, will be completed and tested.

9. A final technical report summarizing the results of the regional level analysis based on the model runs will be completed by June 30, 1976.

B. Project Justification

By June 30, 1976 Project ADAM will have accomplished its major research purposes, i.e., 1) generate and assemble a data base and analysis needed to identify realistic agricultural production and market opportunities and alternatives, 2) national linear programming model developed that provides an integrated picture of agriculture within which various policy goals can be analyzed, and 3) training has been undertaken or is underway, both on-the-job and academic at UPLB and externally, and a substantial junior support staff (20 persons) in research and data tabulation has

experience in various aspects of the model and related systems.

Given the successes of the research project over the past four years, an extremely important operationalizing and internalizing activity remains to be accomplished. Twelve months of assistance is required to accomplish the following:

1. Re-integration of Philippine Professional Staff

Formal training of several senior BAEcon staff on Project ADAM is in progress. They will be returning during 1976/77 with valuable training in economics and modeling. However, they will have had little experience with the ADAM model.

At the present time, there is only one senior staff member actually working with Project ADAM who has more than a few months experience with the model. Another senior staff member, who recently completed his academic training and may be expected to take over a major part of the responsibility for the project, has not had an opportunity to become familiar with the structure and operation of the model. He is expected to need about a year of experience on the project to fully equip him to carry out his assigned role.

Two other senior staff members have had extensive experience in the development and operation of the model, but are currently enrolled in graduate training programs in the U.S. One of these will return permanently to the Philippines in the fall of 1976 and may be expected to immediately assume an active role

in continuing the project. The second, who is expected to become the program leader, will return temporarily in the summer of 1976, but will not return permanently until the middle or end of 1977.

A fifth senior staff member is a contract employee and his future availability is uncertain. In addition, in line with the proposed staffing plan, there is a need to recruit and train two or three other senior Philippine staff.

In addition to senior staff, a number of trained junior staff will be required for effective continuation of the project. Fortunately, there is an adequate number of experienced and competent junior staff members who should be available for continued employment on the project. This group includes several people who are completing master's level training, and who, with modest additional on-the-job training, might fill some of the vacancies at the senior level.

Although a major problem in the past has been non-competitive salary levels for Project ADAM and BAEcon employees, the Government of the Philippines (GOP) recognizes the necessity for maintaining private sector comparability for this staff and recently has taken steps to meet the problem. In the short run, staffing can be maintained since trained staff returning to BAEcon are required to serve double the period of their training. During 1976/77 USAID and the ERS staff will be working with BAEcon and the GOP to find a continuing solution to this problem.

2. Operationalizing, Up-dating and Demonstration Effect

Experience with the national model in 1975/76 showed that it was useful for policy analysis. Economists from other countries recognize it as one of the best analytical approaches for evaluation of public agricultural policy. Additionally, by July 1, 1976, the regional model will be partially developed and nearly ready for use in formulating the next five-year agricultural development plan. However, there will be no experience in its use.

Support of the utilization phase of ADAM during 1976/77 will permit refinement of the regional model so that it can realistically reflect the total Philippine agricultural sector divided into production regions, and incorporate other analytical capabilities into ADAM so that the project could handle a wider range of policy and planning issues. A specific example is an econometric model that uses supply response work done by UPLB and demand work already completed.

If U.S. technical support were not made available during 1976/77, further development and use of the models probably would be delayed or even halted for an extended period. Furthermore, the modeling process has not been in operation long enough for the ADAM staff to have worked out procedures for periodically updating the data in the national and regional models, periodically verifying the model structure, and systematically analyzing the results.

This latter element is important for demonstrating

to decision-makers the richness of the model in providing insights for improved decision-making of both a short-term and longer-term nature in connection with development policy alternatives.

ERS assistance during 1976/77 in use, maintenance and expansion of the national and regional models will provide the opportunity to improve the responsiveness of ADAM to policy-makers questions, and in so doing create an increased demand by decision-makers for the analytical output of the activity thereby strengthening the ability of BAEcon to assure obtaining sufficient support from the GOP for continuing ADAM as an ongoing institutionalized activity.

C. Project Description

This project will provide General Technical Services for assisting BAEcon and UPLB in refinement, up-dating, maintenance, use and expansion of the national and regional linear programming models of the agricultural sector of the Philippines developed under Project ADAM, described above.

Under Project ADAM, a national mathematical programming model was constructed for specific use on public farm policy analysis. It now is operational and is available for use and application to Philippine problems and situations at the macro level. The ADAM model examines national aggregates such as national demand for products, national supplies of land and other resources. Expansions of the national model have been completed so as to account for about 95 percent of all agricultural activities.

A prototype regional version of the model has been tested. However, these activities do not provide answers on the issue of interdependence of supply and demand balances among regions. In terms of regional development, it is necessary to disaggregate the national model into major production regions; i.e., to fully develop the regional-level prototype models so that they can be used for both short- and long-range planning consistent with the national development framework. Project ADAM has identified seven homogeneous production regions for which seven regional-level models are being developed.

1. Project Goal

The goal of the project is to internalize a responsive and effective system based on the models developed by Project ADAM for the continuous analysis and re-evaluation of realistic agricultural production and market opportunities at the farm, regional, national and international levels, including the evaluation of development policies and policy proposals impacting upon such opportunities.

2. Project Purposes

Specific purposes of the project are:

- a. To continue improvement, refinement and development of systematic procedures for updating of the national model and to use it for operational analyses.
- b. To fully develop the regional version of the model to include rural-based industries and specific regional demand functions.
- c. To integrate the econometric work on supply response

with the demand analysis previously done; providing a separate approach from the programming model, i.e., using an econometric type of model which can serve as a check of the programming model. This also will be more useful than the programming model for short-run predictions.

d. To develop some analyses which look into the impact of weather variability.

e. To institutionalize the analytical capability of BAEcon including on-the-job training of staff and establishing operational procedures.

f. To incorporate other analytical activities into the modeling activities of BAEcon so as to enable it to handle a wider range of policy and planning issues.

g. Develop a more complete regional data base for all commodities.

In application of the model to provide insights for making development policy and investment choices, special emphasis will be given to income distribution impacts, particularly with regard to small farmers and agricultural workers. In this connection, activities will include an analysis of effects of diversification and technology change on the role and productivity of the family agricultural labor force which consists largely of women and children.

The project will have no negative impacts on the environment. As improved policies are implemented for accelerating adoption of production increasing technologies, expanded use of fertilizers and other farm chemical

can be expected. However, usage levels for the foreseeable future will not be sufficient to significantly affect the environment.

III. IMPLEMENTATION PLAN

A. National Model Level

By the beginning of July, 1976, the analysis looking forward to 1982 (the end of the next five year plan) is expected to have been completed and written up in both a technical and popular manner. This analysis essentially looks at the likely supply-demand balance under four different assumptions:

1. Conservative estimates for growth rates in product demand and the input supplies needed for production;

2. Optimistic demand growth rates and conservative growth rates for production inputs;

3. Optimistic demand and optimistic growth rates for production inputs and changes in technology;

4. Optimistic demand and input supply.

For each of these situations, the model results will provide indications of the level of production for all major commodities, e.g. palay, corn, sugar, livestock products, coconut oil, as well as projections of commodity prices, imports, exports, input levels, production costs and farm income.

Plans are to make a systematic review of all technical coefficients used in the model by January 1, 1977. From this review process, procedures will be developed and documented for the continued updating of the model.

Other areas to be explored are to develop the means by which rural based industries (mainly small scale) and fisheries can be incorporated in-

to the model. This will require developing input/output coefficients for production, marketing and distribution costs for the output, and estimates of product demand both domestic and foreign.

In addition, the model will be much more useful if feedback effects from the other economic sectors can be incorporated into it. The means to link up the national agricultural model with other economy wide models such as Bachue developed by the ILO and the Purdue Development Model need to be explored.

Finally, as a check against the programming approach, the work on the demand side using econometric methods, and the supply response studies already completed, needs to be incorporated. These additions are particularly suited to answer short-run questions such as, "what will production be next year?"

B. Regional Model Level

By July 1, 1976, the regional prototype model, including matrix generator and report writer, is expected to be operational and tested for the four major crops and two livestock activities.

The full regional model capable of analyzing all regions should be operational by January 1, 1977. In addition, it is contemplated that this also could be aggregated into partial models which would look at one region in particular versus the Manila market and the rest of the country. These partial models would be most useful in assessing regional development programs such as the Bicol and Cagayan Valley projects.

As soon as the regional model is completed, analysis looking forward

to 1982 will be initiated to parallel the work done on the national level. This should be completed and reported by February, 1977.

In order to meet the schedule, coefficients for all commodities in each region need to be developed by September 1, 1976. This requires a limited survey on costs of production to update available information. This survey is expected to be undertaken in March or April, 1976, by BAEcon. This would be a purposive survey geared to classes of land and technologies that already have been identified.

An additional target is to include fisheries activities by June 30, 1977.

C. Personnel Needs

Personnel requirements include one full-time economist from ERS for the 12 month period from July 1, 1976 through June 30, 1977, and 2.0 MM of short-term consultants, including an expert on sector L.P. models, and a policy analyst with a background of experience in econometrics and model building at the sector level.

On the Philippine side, six full-time senior research associates, six research assistants, and twelve junior and support level staff are planned.

It is planned to send two more senior staff abroad during the 1976/77 period to begin Ph.D. level training.

The continuity of project management and leadership is shown on the timeline on page 16. The ERS economist's departure would be closely followed by the return of the BAEcon Project Leader. During the interim, another senior staff member who initiated training in the summer of 1976 would

IV. BUDGET PLAN AND FINANCING SCHEDULE

Project ADAM is being jointly financed by USAID/Manila, TAB, the Philippine National Science Development Board (NSDB) and BAEcon/UPLB.

From July 1, 1976 through June 30, 1977, USAID/Manila is expected to provide approximately \$58,500 of assistance to the project for training, consultants and in-country support. TAB will provide \$76,800 for the same 12 month period.

The NSDB and BAEcon/UPLB will be providing funds of approximately \$85,000 to finance local staff, facilities and computer time during the July 1, 1976/June 30, 1977 period. A portion of these funds will be used to support local training of technicians, in addition to participating with USAID in long-term academic training in the U.S. of senior professional staff.

\$33,000 from USAID/Manila funding will be used to complete the Ph.D. training for one senior BAEcon staff member who is to return to Manila as the Project Leader, and also to initiate formal Ph.D. training abroad on a phased basis for two additional senior staff members. \$15,000 will fund two consultants for the project (one in sector programming and one in econometrics), and \$10,000 will finance in-country support of the USDA advisor to the project.

TAB funding will provide support for a full-time USDA Agricultural Economic advisor to 1) improve model utilization and 2) train local staff in application of the analytical models to provide information on policy oriented problems. TAB support will terminate on June 30, 1977. It is expected that USAID/Manila will continue to support formal training and consultant assistance as needed, beyond June 30, 1977. NSDB and BAEcon/UPLB are expected to

USAID/Manila will continue to support formal training and consultant assistance as needed, beyond June 30, 1977. NSDB and BAEcon/UPLB are expected to continue to fund the ongoing activities of Project ADAM beyond June 30, 1977. It is estimated that approximately \$100,000 equivalent per year will be required from these Philippine sources for maintenance and operation of the models after June 30, 1977.

Table A summarizes funding by source and purpose for the Interim Quarter (7/1/76-9/30/76) and for the first nine months of FY 1977. Tables B and C show the breakdown of costs financed by TAB funds.

Project Planning

TABLE A - FUNDING SOURCES & PERIODS

(\$000's or equivalent)

1. Philippines Sources (estimated)

	8/1/76 6/30/	TOTAL
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A. NSDB	73.0	73.0
B. BAECON/UPLB	12.0	12.0
Sub-Total	85.0	85.0

2. AID

	Interim Quarter	FY 1977	TOTAL
	1 July 1976 30 Sept. 1976	1 Oct. 1976 30 Sept. 1977	7/1/76 - 6/30/77

A. USAID/Manila (Approximate)

Training	6.6	26.4	33
Consultants		15.5	15.5
In-country support Housing, etc. (Peso trust funds)	3	7	10
Sub-Total (USAID/Manila)	9.6	48.9	58.5

B. TAB - (USDA/ERS/PASA)

	11.4	65.4	76.8
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Sub-Total (AID)

	21.0	114.3	135.3
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3. Project Total

	21.0	199.3	220.3
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TABLE B - BUDGET PLAN JULY 1, 1976 TO 9/30/76

PARTICIPATING AGENCY SERVICE AGREEMENT WITH: U. S. DEPARTMENT OF AGRICULTURE PHILIPPINES BUDGET PLAN FOR 7/1/76-9/30/76	APPROX	311,300	PASA CONTRA NO.	AG/PAB-533-13-71

POSITION	CLASS GRADE	FC GRADE	RATE	MAN-DAYS	SALARY	DIFFERENTIAL	TOTAL	PERSONNEL BENEFITS	INT'L TRAVEL	TRANSPORTATION OF THINGS	TOTAL
agr. Economist D. Kunkel		11/01	26,726	66	6,784	673	7,462	583	0	16	2,061

- 1/ Storage.
- 2/ Haverly System maintenance contract.

2/24/76

	SUB TOTAL	<u>8,061</u>
21 Domestic Travel		0
23 Rent, Comm., Util.		0
24 Print & Repro.		0
26 Supp & Mat		0
31 Equipment		0
25 Other		2/1,050
Overhead	25	<u>2,237</u>
	GRAND TOTAL	<u>11,300</u>

TABLE C - BUDGET PLAN OCTOBER 1, 1976 TO JUNE 30, 1977

PARTICIPATING AGENCY SERVICE AGREEMENT WITH: U. S. DEPARTMENT OF AGRICULTURE PHILIPPINES BUDGET PLAN FOR 10/1/76-6/30/77	AMOUNT	PASA CONTROL NO.
	565,566	AC/TAB-533-13-71

POSITION	CLASS GRADE	FC GRADE	RATE	MAN-DAYS	SALARY	DIFFERENTIAL	TOTAL ^{1/}	PERSONNEL BENEFITS	INT'L. TRAVEL	TRANSPORTATION OF THINGS ^{4/}	TOTAL
Agricultural Economist											
D. Kunkel		11/01	26,726	35	3,775	359	4,135	324	-	262	4,721
		11/02	27,490	159	16,811	1,581	19,332	1,517	0	0	20,849
Agricultural Economist											
W. Faught											
G. Rodriguez	15/09		37,800	14	2,835	0	2,543	218	2,668	2/	5,429
		0/D	0	0	0	0	0	0	2,000	3/	2,000

1/ Includes a 5% projected pay increase.

2/ Round trip---DC/Manila/DC; per diem and misc.

3/ Round trip---LaFayette/Manila/LaFayette; per diem and misc.

4/ Storage.

5/ \$8,910 is for 321 hrs. of annual leave and 353 hrs. sick leave accumulate; \$1,050 is for Haverly System Maintenance Contract. \$10,000 is Data Processing supplies and \$3,000 is for conduct of seminar to be reserved for Mission use and on which NO OVERHEAD IS CHARGED.

	SUB TOTAL	32,999
21 Domestic Travel		C
23 Rent, Comm., Util.		C
24 Print & Repro.		C
26 Supp. & Mat.		C
31 Equipment		
25 Other		1,310
Overhead	25	0,477
	GRAND TOTAL	5,386

REVISED-2/27/76

April 20, 1976

ACTION MEMORANDUM

TO: AA/TA, Mr. Curtis Farrar

FROM: TA/AGR, Leon F. Hesser *LH*

Problem: The service of one technical expert to the Government of the Philippines is due to expire on June 30, 1976. It is necessary to extend these services for one year to complete the utilization phase of the Agricultural Diversification and Trade - Philippines project.

Discussion: This project was initiated in 1972 and is scheduled to terminate on June 30, 1976. The project was designed to: develop economic data and analytical capability; obtain an integrated perspective of the agricultural sector; and develop a capacity within the GOP for continuous analysis. To June 1976 the project has cost \$905,400 and has been funded by TAB (54%), GOP (38%), and USAID/Manila (9%). USAID/Manila has requested that the project be extended for one year to permit operationalizing and internalizing the sector analytical models and procedures that have been developed. The proposed one-year utilization phase will cost \$221,000 in total. TAB proposes to fund one full-time technical expert and two-staff months of short-term consultant services at a cost of approximately \$77,000. These services will be provided through a MSA with USDA/ERS.

The one-year extension was presented as an activity paper to the Agricultural and Rural Sector Planning Committee on April 16 and it recommended approval for the activity within the Expanded Program of Economic Analysis project. I concur with the Committee's recommendation.

Recommendation: That you approve the funding of this activity for the period July 1, 1976, to June 30, 1977.

Approve *CS Farrar* Date 4/25/76
Disapprove _____ Date _____

Attachment: Project Paper dated 3/25/76
Planning Committee Minutes of 4/16/76

TA/PRM John Gunning *JG*

AGRICULTURAL AND RURAL SECTOR PLANNING COMMITTEE

MINUTES OF A MEETING

APRIL 16, 1976

Attendees: TA/AGR, L. Hesser
AFR/DS, W. Leake
LA/DR, R. Misheloff
NE/TECH, R. Olson
PPC/PDA, D. McClelland
TA/AGR/ESP, W. Merrill
TA/AGR/ESP, E. Witt

1. A brief summary of the Expanded Program was given to Leake and Misheloff - two newly appointed committee members.
2. The Annual Report of the Expanded Program has been distributed and outlines the annual work plan. AA/TA has requested that the ARSP Committee members review it within their respective bureaus and give their comments to Hesser.
3. The Methodology for Assessing Rural Development Projects proposal was reviewed April 9 by the Committee. AFR and LA Bureaus were not ~~present~~ copies of the proposal will be sent to the Missions in Costa Rica, Ghana, and Jordan for comment. Once these responses are received, the proposal will be reviewed by the Committee.
4. The Agricultural Diversification and Trade - Philippines activity was presented to the Committee for review. Merrill summarized the activity - it has been supported by USAID/Manila and GOP since 1972. USAID/Manila requested that a fifth year be funded by TAB under the Expanded Program. It was felt appropriate to present the activity to the Committee for review. Leake asked if TAB wanted to support since the project seemed to him to be country-specific. Olson indicated that many activities carried out under the Expanded Program will be country-specific. Merrill stated that TAB does support the activity and considers it part of an overall program in Asia.

Hesser asked if the past work has developed the capabilities of GOP to carry out its own analysis. Merrill stated that a trained cadre has been developed and MinAg has used the information developed. Misheloff queried if the level of effort proposed for the activity will be sufficient. Merrill indicated that the activity will maintain the momentum developed by the project. This will allow the new RDC in Manila to determine future program direction.

McClelland asked if there was an example of a policy shift taken by GOP as a result of the more-local view has been developed. Merrill indicated that the model has been operational during this past year and policy suggestions

resulted from work with rice/price ratios. McClelland asked to what extent there is a need for a Filipino Ph.D. to administer the activity. Merrill said it would be advantageous to have a person with a Ph.D., but having a Ph.D. trained person but retention will be more difficult.

A discussion regarding the level of sophistication of policy analysis appropriate for LDCs. This activity is appropriate for the Philippines. There has been an emphasis in the past upon macro-analysis and it is likely that more micro-analysis for agricultural projects will be performed in the future.

The Committee recommended that the activity be approved.

5. AA/TA requested that a status report of the Expanded Program be given the the R&D Committee.