PD-AAP-534-B1 4920126 (2)

27p

I. PROJECT IDENTIFICATION

1. PROJECT TITLE

Agricultural Development and Rural Industry

APPENDIX ATTACHED ☐ YES ☒ NO

2. PROJECT NO. (A.I.D. 1955.2)
492-51-190-126

3. RECIPIENT (specify)
☒ COUNTRY Philippines
☐ REGION ☐ INTERREGIONAL

4. LIFE OF PROJECT
BEGINS FY 1966
ENDS FY 1978

5. SUBMISSION
☐ ORIGINAL
☒ REV. NO. 3 5/9/72 DATE
CONTR./PASA NO.

II. FUNDING ($000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL $	C. PERSONNEL (1) $	C. PERSONNEL (2) MM	D. PARTICIPANTS (1) $	D. PARTICIPANTS (2) MM	E. COMMODITIES $	F. OTHER COSTS $	G. PASA/CONTR. (1) $	G. PASA/CONTR. (2) MM	H. LOCAL EXCHANGE CURRENCY RATE: 1 US = (U.S. OWNED) Million pesos (1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT	(2) COOP COUNTRY (B) BUDGET
1. PRIOR TERM ACTUAL FY	4301	1171	357	548	548	2074	28	480	101	1172	21.4	18.2
2. OPRN FY	(906)	(304)	(108)	(166)	(166)	(283)	(3)	(150)	(5)	(23.3)	(5.0)	(18.2)
3. BUDGET FY 73	1000	250	84	150	100	200	"	400	120	60.0	4.0	41.1
4. BUDGET FY 74	1410	240	80	250	200	320	"	600	180	60.0	4.0	45.0
5. BUDGET FY 75	1200	225	60	150	150	235	"	590	178	60.0	4.0	50.0
6. BUDGET FY 76	1000	250	60	125	125	100	"	525	150	60.0	4.0	60.0
7. ALL SUBSQ. FY 77	800	250	60	100	100	100	"	350	100	60.0	4.0	65.0
8. GRAND TOTAL	9711	2386	701	1323	1223	3029	28	2945	829	417.2	41.4	279.3

8. OTHER DONOR CONTRIBUTION

(A) NAME OF DONOR	(B) TYPE OF GOODS/SERVICES	(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTED BY Allen C. Hankins Kenneth F. Smith & Staff Allen C. Hankins, AD/AD	TITLE Paul M. Groves Asst. Program Officer		DATE May 9, 1972
2. CLEARANCE OFFICE Grover S. Robinson, OC	TITLE Christopher H. Russell Acting Director		DATE May 9, 1972

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

BUR/OFF.	SIGNATURE	DATE	BUR/OFF.	SIGNATURE	DATE

3. APPROVAL AA's OR OFFICE DIRECTORS

SIGNATURE	DATE

TITLE

4. APPROVAL A/AID (See M.O. 1055.1 VI.C)

SIGNATURE	DATE

ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

SUMMARY STATEMENT

This project is designed to assist in the preparation and implementation of agriculture plans to boost the productivity and income of the small farmer at the provincial level and on a selective basis to assist in dealing with key agricultural problems at the national level.

RATIONALE

Agriculture is the largest economic activity in the Philippines. Its condition not only determines the welfare of the people in the rural areas, but also exerts a major influence on the national economic welfare. The government and the national economy depend upon the production and distribution of agricultural products as a major source of income. Increases in agricultural production will be a primary means of raising the standards of living of the Filipino.

Programs for strengthening the agricultural sector, therefore, are of utmost importance, whether conducted by national or provincial agencies.

Continued industrial development in the Philippines, to a large extent is dependent upon the expansion of the consumer market. Since the bulk of the population (70%) is dependent upon the agricultural sector for their livelihood, the development of industry is linked directly to agricultural development. The subsistence farmer, by definition is essentially a non-consumer of the products of industry and this condition must change for industry to grow.

In addition to agriculture, this project will contribute significantly to the development and growth of small rural industry on a geographically dispersed basis. The necessity for rural industrial development is indicated by the rate of entrants into the rural labor force of 300,000 per year compounding the problem of the current estimated 500,000 unemployed and 2 million underemployed rural laborers. In addition, most one-crop farmers can be classified as unemployed for almost one third of the year. The solution appears to rest in a comprehensive program designed to tap the potentials created by rural electrification and significant private sector involvement.

Agriculture in the Philippines has been characterized by extensive land and labor use, low yields per hectare, and low income per capita. Improved agricultural development, therefore, implies greater production and productivity.

Increases in agricultural production have been made in the past but they have just about kept pace with the population's growth, and productivity has remained low compared to the potential. The key development problem is in adapting the existing technology to the small farmer so that he will come closer to that potential.

The U.S. Government has been involved, to a greater or lesser extent, in the modernization of Philippine agriculture since the turn of the century. For many years, the primary contribution was in the development of agricultural education institutions which continue to provide skilled manpower for the agricultural sector.

In the decade of the fifties, the U.S. Government assisted in the development of agricultural support institutions and in the strengthening of government services. Two of the major institutions assisted were the Cooperative System (FaCoMas) and the Rural Banking System. During the early sixties, the Mission assisted in the development of the national land reform program and in the second half of the decade, concentrated on the development and implementation of a national rice self-sufficiency program.

Philippine agriculture has now entered a period of major transition requiring an examination of the existing field support system and a restructuring of the system to make it more effective in meeting the needs of the small farmer. The transition referred to has two major facets -- the emergence through land reform efforts, of increasing numbers of small farmers working under leasehold contracts, and in the shift from extensive to intensive agriculture. By the late 1960s substantially all of the nation's economic land had been brought under a degree of cultivation. Thus the most significant way to increase production is to increase yields per unit of land.

Given that a healthy small farmer enterprise economy is desired, a viable small farmer credit system is the sine qua non to move agricultural production and productivity from the subsistence to the commercial level of operation. Because of the vagaries of the climate, agriculture has always been a high risk enterprise. If borrowed capital is invested in agricultural production efforts, the risks become too great for the small farmer to face alone. Thus a crop insurance scheme is necessary to help maintain the viability of the farmer/credit system.

Small farmers, even with produce on their hands, are still not effective business ventures. They must have marketing outlets that will permit them to sell their produce and recover their costs of production; repay their loans, and realize a profit. The most effective, and indeed, almost the only way that we know, for large groups of small farmers in the same type of crop production in the same geographic area, to attain any degree of effective marketing leverage, is for them to organize

into cooperative associations. At the same time, cooperative membership strengthens the individual's creditability, since the probability of his loan being repaid is enhanced thereby.

Thus, these three activities: - credit, crop insurance and cooperatives are closely interrelated aspects of a small farmer support system.

Continuing research is another prerequisite to a modernized agricultural system; research which the small farmer relies upon to keep abreast of current practices and problems. In this vein, it is significant to observe that IR-5 and IR-8 -- the "miracle" rice varieties which ushered in the green revolution only a few years ago, -- have almost vanished from the agricultural scene, having been succeeded by varieties currently in the IRRI "20" series. And even here, there are still problems. For example, a further round of intensive research was generated in order to address the problem of the recent resurgence of Tungro virus.

The essence of a system is that it will only function to the limits of its weakest component. Therefore, the mission has to concern itself with the totality of activities involved, rather than concentrating on some to the exclusion of others, although the emphasis will vary.

The Impact of Land Reform

The institutions developed in previous decades were established to service the agricultural structure existing during the era. Both cash crops and food crop agriculture were given support. The "cash crop" enterprises continue to thrive reasonably well under current institutional support and will not be discussed here. The food crop enterprises on the other hand, are facing a crisis situation.

The support institutions were established to service a share tenancy system in which landlords availed of the services and the farmers received a subsistence return for their labors. When the land reform bill was written (1963) new support institutions were established to meet the needs of the small farmers. These institutions, however, were not clearly related to the land reform program and soon developed into inefficient support systems for status quo agriculture and not as tools for agrarian reform.

During the rice self-sufficiency program all efforts were directed toward increasing production within the existing agricultural framework.

In 1970, the Mission agreed to assist the GOP in developing and carrying out a pilot program in Nueva Ecija province to determine whether land reform activities could be accelerated and agricultural productivity simultaneously increased under existing laws and structures. The tentative conclusions gathered from this ongoing project are that (a) the key to accelerating land reform activities is reliable support systems; and (b) the existing support systems are inefficient in meeting the needs of land reform farmers. Unless these services are drastically altered, it is unlikely that increased agricultural production will be attained or that the small farmer will be better off.

As a result, new support structures are being designed and tested in the pilot area (Nueva Ecija).

The details of the program which has been developed are contained in the papers "Agricultural Credit and Cooperative Development Program for Nueva Ecija" and "Nueva Ecija Area Agricultural Program". The former document contains a series of basic concepts which will radically alter the existing situation. Among these concepts are:

1. Separation of credit and marketing functions.

2. Separation of credit and extension functions authority and responsibility.

3. Strengthening of farmer organizations.

4. Credit and marketing institutions moved from the municipal to the multi-municipal level to realize economies of scale, to escape local politics, and to optimize the use of scarce managerial skills.

5. Clear functional linkages between farmers organized at the barrio level and the area credit and marketing units.

Camarines Sur Development

In Camarines Sur, another area with great development potential, other programs are being formulated, with an emphasis on the existing structures which have been developed locally. Particularly noteworthy is the "compact farm" scheme. The compact farm is a contiguous area of about 50 hectares, with about 20 farmer members agreeing to organize into a Farmers' Association, hold and bind themselves jointly and severally liable for all loans that they obtain, work together under the supervision of a Project Manager supported by farm technicians, and market all their surplus produce through their cooperative.

This reduces the risk of any individual farmer; enables a bank to extend credit at lower cost with greater certainty of repayment, facilitates the delivery of services to the farmers, and simplifies the marketing of their produce.

The success of small farmers in this kind of arrangement to date, is stimulating land reform movements which in turn is generating further demands on the governmental structure. AID will assist in developing and expanding the compact farming scheme within the province, and gearing up the support systems necessary to service the farmer.

Priority Province Development

To date the two geographic areas described above have been selected as pilot programs to test approaches in intensive development. Over the course of this project, it is anticipated that two or three additional such areas will be identified.

The GOP is under great pressure to meet the needs of the emerging leaseholder farmers throughout the country. As new approaches are developed in the pilot areas, pressures immediately arise to broaden the programs for wider coverage. To assure that broad implementation of agricultural development at the provincial level, we are stressing initial implementation in selected provinces where activity progress can be closely monitored. The targeted provinces are those scheduled to participate in the Mission-supported provincial development project.

Rural Industry

A new major activity is one to encourage development and expansion of rural small scale industry, particularly in areas where electrification will be provided under the loan-funded rural electrification program. Increased employment opportunity is a high GOP priority, which complements USAID's development activities. Industrial

growth in the rural areas will do much to offset the off-farm unemployment, on farm underemployment, and help stem the rural migration to the major cities.

Under this project activity, a contract team will advise the USAID on the current situation and constraints to development, survey the market potentials, examine possibilities for an AID dollar loan to capitalize rural enterprises, and explore the availability of peso loan funding, including PL 480, Title I.

GOP Views

Significantly, the national agencies are now concentrating on increasing their inputs into specific provinces. Foremost of these is the National Food and Agriculture Council (NFAC) which has established priority provinces for each major food crop. A major thrust in priority province development efforts will be the meshing of NFAC programs into provincial plans. NFAC has recently designed and published a "Model Provincial Agricultural Development Program" which reflects the trend toward decentralizing national activities and endorses greater initiative and coordination in joint programming and planning at the provincial level. This approach is strongly endorsed by the incumbent Secretary of Agriculture.

Relationship to Other Donors

USAID programs have been and will continue to be coordinated with the United Nations Development Program (UNDP). The UN has a strong interest and involvement in the agricultural sector of the Philippines, primarily through many small "projects of opportunity" (often of short duration).

The USAID program on the other hand, is concentrating on selective problems related to the furthering of the goal of provincial development.

During calendar year 1972, the World Bank will complete a sector analysis of agriculture. The study team has maintained a close liaison with the USAID and it is believed that our program proposal is consistent with their study. Preliminary indications are that our approach of an integrated program to target on the small farmer, is endorsed by them.

In summary, past USAID programs have been directed towards fulfilling national production goals. The new emphasis is to focus on the small farmer as the end recipient.

The elements are well known -- credit, technical knowledge, roads, etc. as outlined in the purpose statement. The difference is that instead of working on isolated factors to increase production, an integrated systems package approach is being tailored where we concern ourselves with the total delivery system to the farmer and identify and deal with constraints as they arise - at both Provincial and National levels.

PROVINCIAL ACTIVITIES

Nueva Ecija Land Reform- The GOP has an operational integrated project to accelerate land tenure change in this Central Luzon province. The USAID is participating in the project, and testing a variety of approaches to strengthen the supporting structures of extension, credit and marketing to enable farmers of the province to increase productivity and income.

Camarines Sur Development - A comprehensive proposal is being prepared built around the systematic development of a major river basin in the province. The approach centers on a "compact farming" scheme, and integrated supporting agricultural services with strong private sector involvement.

Province Advisory Assistance - In selected provinces, assistance will be provided in support of the NEC/USAID Provincial Development activities, by assisting local agricultural staffs in planning and taking action to increase small farmer production, primarily in rice, feedgrains and livestock. Experience gained from the two specialized efforts above will be applied in the selected provinces as appropriate.

NATIONAL ACTIVITIES

Programs are underway, or in preparation, for technical assistance and research at the national level, on the following principal activities:

Credit - To develop an effective small farmer credit system by evaluating the current systems; providing recommendations for specific improvements, and field testing and monitoring new approaches, in lending and collecting. PL480 funds are being utilized extensively in this effort.

Crop Insurance - In support of the credit program, to develop an Agricultural Insuamance program that protects cash investments in crop and livestock production against disaster losses.

Cooperatives - In support of the GOP cooperative program, the Mission is assisting in developing comprehensive training programs for managerial and operating personnel, and coop members.

Data Collection - Continue efforts to upgrade the capability of the Bureau of Agricultural Economics to collect, analyze and disseminate agricultural data required for policy formulation and long and short range planning.

Inland Fisheries Research - To improve the technology for fresh and brackishwater fishpond culture, and create channels for moving research findings to farmers, through extension workers.

Agricultural Research Systems - To assist the GOP to develop a coordinated program of agricultural research supporting diversified production, increased profitability, reduced risks and more intensive land and water use.

Rural Industry - To encourage development and expansion of rural small scale industry, particularly in areas where electrification is present.

A symbiotic relationship exists between all the national and provincial level activities of this project. The activities at the national level are targeted on policy problems that are key constraints to increased productivity. It is felt that these selected items must be addressed nationally, to make any lasting impression at the provincial level.

A. THE PROJECT GOAL

1. Goal Statements

This project supports the Mission's Provincial Development goal of making a measurable improvement in rural life within selected provinces, through increased farmer income and employment; and assists the national government improve those key support services to the agriculture sector to bring this about.

2. Measurement of Goal Achievement

a) The median income growth rate of farmers reached by the project.

b) The productive employment rate of rural labor force in areas reached by the project.

3. Assumptions of Goal Achievement

a) The Filipino small farm family will respond positively to opportunities for expanding income if the risk is not too great.

b) Price and production risks can be at acceptable levels for farmers and credit agencies.

c) Increasing returns to the farmers will be compatible with price stability for the urban consumer.

d) Successful elements of the agricultural system, from production through marketing, can be extended throughout the country.

B. THE PROJECT PURPOSE

1. Statement of Purpose

To develop modern agricultural technology and supporting systems and effectively extend them to benefit the small farmers of the Philippines.

2. Conditions Expected at the End of the Project (1977)

A total agricultural system established within the specific project areas, that is responsive to the needs of independent small farmers, as well as the large scale commercial producers.

Provincial level agriculture plans will be the focal point for integrating and coordinating inputs from the national government, from provincial and local sources and from AID into a systematic plan which will include:

a) Greater use of improved techniques which will increase productivity and with a more efficient marketing system to assure the small farmer an improved income from that increased productivity.

b) Government policies which provide positive reinforcements for supporting systems, incentives for small farmers to produce, minimize risks, and a mechanism for making continued adjustments of policy as a need arises. This will include a favorable policy on water management and development, and grain industries, including price support.

c) Packages of technology developed, which are economically feasible for the small farmer and ongoing research linkages to provide protection against new diseases and insects and make adjustments to changing economic conditions.

d) Free and easy access by the farmer to agricultural technology and agricultural extension services.

e) Development of small farmer capability (know-how) and organizations to effectively utilize available resources.

f) Availability of credit to the small farmer, on a timely basis, in adequate amounts for production and marketing and on reasonable terms.

g) Partially implemented data system for agricultural planning and policy making.

h) A marketing system that permits the farmer to dispose of his harvest profitably.

i) A systematic action plan to provide a network of feeder and farm to market roads.

3. Basic Assumptions

a) That an improved system requires more positive complementary action at the local level in both the public and private sectors.

b) Central government will continue to follow a policy of decentralization.

c) That provincial governments will build feeder and farm to market roads in the project areas, in accordance with the provincial development planning program.

d) That rural bankers will be willing to finance small farmer production loans with minimal government subsidies.

e) The number of newly independent farmers resulting from the land reform program will continue to increase.

f) The number of newly independent farmers resulting from the land reform program will generate a continuing demand for an improved agricultural "system" to serve the small farmer.

g) The provinces will complement national extension staffs and provide appropriate incentives for job performance.

h) The elasticity of demand is such that the increased productivity will result in an improved net income.

C. OUTPUTS

1. Project Outputs and Output Indicators are shown below:

Outputs	Magnitude of Outputs
a. 1) A government supported supervised credit program to serve small farmers for production and marketing primarily channeled through private rural banks.	At least 75% of the Rural Banks participating in a supervised credit program (approximately 400) serving 65% of the independent small farmers in their area of coverage.
2) Agricultural Credit System survey of policies and programs to identify constraints to small farmer borrowing.	A report with recommendations for specific improvements to be made to the existing agricultural credit system, in order to enhance small farmer borrowing.
3) A training program for rural bank credit technicians, farm management technicians and small farmers, which highlights the use of credit, the methodology for preparation of a farm plan and budget and ability to secure, repay loans while accumulating added investments and savings.	A training course outline. All rural bank credit technicians trained. All farm management technicians trained. Farmer training classes regularly held for all borrowing farmers in area.
b. Tested packages of technology responsive to the needs of the small farmer, including costs and benefits of raising different crops under various conditions.	Two fisheries research centers built, equipped, staffed and operating in support of fresh and brackishwater fish production. A system of field trials on farmers fields operating in each selected province focusing on existing and potential enterprises. Appropriate reports by research consultants.

Outputs	Magnitude of Outputs
c. Agricultural extension service trained and operating in project areas	One farm management technician assisting not more than 100 farmers under supervised credit in the project area.
d. The construction of feeder and farm to market roads. (See Provincial Development PROP)	Eighty percent of families within 5 km. of all-weather feeder road.
e. Marketing systems linkages and outlets including cooperatives.	Cooperative training course. Economically viable coops and farmers' associations devised and tested to service small farmers on supervised credit in the project area.
f. Government policies supportive of small farmer productivity.	Legislation prepared, introduced, and hopefully enacted on: grain industries and crop insurance.
g. A national system that has reliable provincial based statistics on agricultural data.	Monthly statistical report on food grains, by province (RAFCON)
h. Rural industry promotional study. (See Rural Electrification PROP and Nutrition PROP).	Consolidated Report FY 1973.

D. INPUTS

Kinds of Inputs	Magnitude FY73	74	75	Date Scheduled for Delivery
US		($000)		
Resource Technicians				
Direct Hire	250	240	225	It is planned that the current DH staff of 10 will be reduced to 5 by the end of FY74 and that technical assistance will be provided through contract.
Contract/PASA	350	500	500	
Short Term Contract Specialists/Consultants	50	100	90	

Kinds of Inputs	Magnitude FY73	74	75	Date Scheduled for Delivery
Commodities - Office Equipment: Vehicles, Specialized Demonstration Equipment	200	320	235	All commodity inputs will be requested on a normal delivery schedule for the item procured.
Participants	150	250	150	
PL480 proceeds to finance credit program				

(Illustrative estimates of financial inputs to the individual elements of the project are shown in the Course of Action Section)

Cooperating Country

PL480 Title I generations have been estimated at $21 million annually over the next three years and it has been tentatively agreed that approximately 50 percent of these generations $10 million) will be utilized in the agricultural sector, primarily for supervised credit and key development area support.

Task forces on cooperatives, and credit, short term consultants, and advisory services from the University of the Philippines College of Agriculture (UPCA) staff and the Associated Colleges of Agriculture of the Philippines.

Extension services of the Agricultural Productivity Commission (APC), Bureau of Plant Industry (BPI), and Bureau of Animal Industry (BAI) with special project support funds, as required.

E. COURSE OF ACTION

a. Implementation Plan

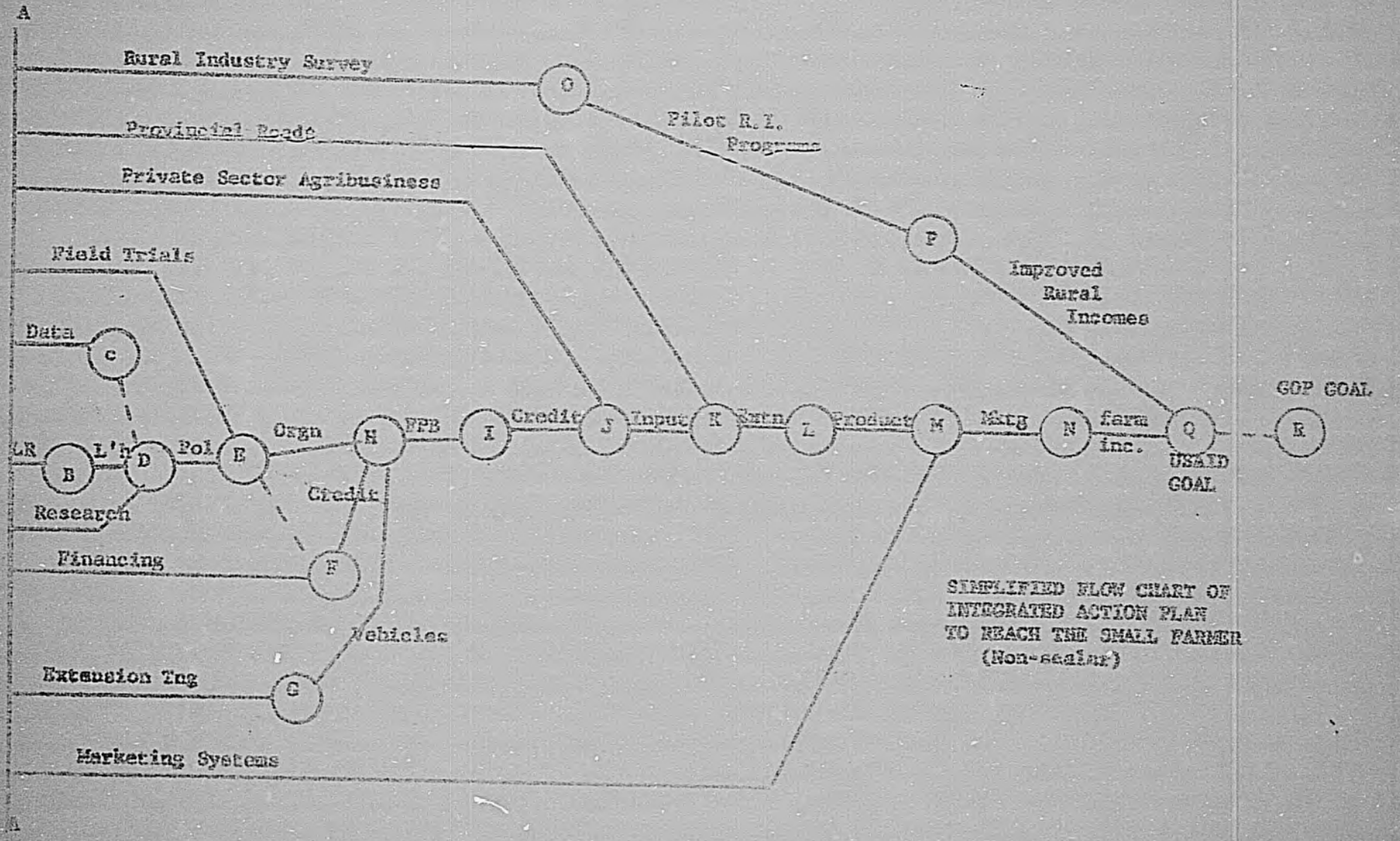
The following network illustrates how the process of development is carried out in a provincial situation, including the integration of the supporting elements, such as research, to attain the project goal. The key aspects of the project are as follows:

Activity	Description
A - B	GOP Land Reform Program, which generates "customers"
A - C	Effective data collection systems to provide the basis for GOP Policy making and planning in the Agricultural Sector
A - D	Continuing research to identify new opportunities for production, crop diversification, etc.
A - E	Field trials to provide data on productivity in local areas, and demonstrate the potential for greater productivity, with economic benefits to small farmers
A - F	Financing schemes to support credit programs
A - G	Development of skills for extension workers - farm management technicians, credit technicians, etc.
A - J	Improvement or establishment, as required, of private sector agribusiness, distribution systems for inputs - fertilizers, herbicides, pesticides, etc., and retail outlets for small farm machinery, equipment and other supplies
A - K	Building and improvement of feeder, and farm to market roads, targeting in priority production areas, as developed through the Provincial Development Assistance Plans

Activity	Description
A - M	Development of approaches to integrate marketing systems for specific locales, and repayment of production loans.
A - O	Survey of rural industrial potential.
B - D	Conversion of tenant farmers to leasehold status.
C - D	Dummy
D - E	GOP Policies developed to provide incentives and reduce risks to the small farmer in terms of price support, crop insurance, import policies, input subsidies, credit and coops.
E - F	Dummy
E - H	Experimental programs to organize farmers into reachable units by Farm Management Technicians.
F - H	Development and implementation of supervised credit programs.
G - H	Improved mobility of Farm Management Technicians through vehicle support program.
H - I	Farm Plan and Budget preparation by Farm Management Technicians for independent small farmers.
I - J	Timely release of credit to farmers.
J - K	Procurement of inputs by farmers.
K - L	Continuing technical extension assistance to small farmer groups.
L - M	Increased in farm productivity.
M - N	Improved marketing systems operational.
N - Q	Larger incomes for small farmers.
O - P	Establishment of pilot rural industry programs.

Activity	Description
P - Q	Improved incomes of rural dwellers.
Q - R	Dummy
EVENT	
Q	USAID GOAL, GOP SUB-GOAL: Improved welfare of small farmers and rural dwellers.
R	GOP GOAL: Increased production of agricultural sector.

8. Implementation Plan



SIMPLIFIED FLOW CHART OF
INTEGRATED ACTION PLAN
TO REACH THE SMALL FARMER
(Non-scalar)

b. Narrative

As stated in the summary on page 2, this project is designed to assist in 1) selected problem areas that affect agricultural policy at the national level such as credit, cooperative development, adaptive research, data collection and inland fisheries and 2) implementing agricultural and rural industry programs at the local (provincial) level that will respond to the needs of rural farming families.

A brief statement on the course of action under identifiable activities and an illustrative table of proposed funding is provided below.

1. Selected Local Development

a. Nueva Ecija

During FY73 assistance efforts will be concentrated on : (a) converting farmers from oral to registered leaseholder status, (b) consolidating several farmers cooperatives into one and separating the credit function from cooperative management. (Supervised credit will be provided by the rural banking system). (c) increasing the training of agricultural technicians through a selected research extension program cooperatively supported by IRRI. (d) developing a reporting system which will provide reliable data required to evaluate the program.

USAID assistance will include one direct-hire technician to counterpart the GOP project director and one contract technician to assist in credit and cooperative development. Participant training will focus on land tenure, supervised credit and cooperative management. Commodity assistance primarily will include vehicles, and training aids.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH	30	30	35	35	
PASA/Contract	40	40	40	40	
Part	10	15	10	5	15
Comm	20	20	15	5	20

b. Camarines Sur

A comprehensive area development plan of the Bicol River basin will be prepared during FY 73. This area has about 100,000 hectares of land which can be developed through irrigation. The intent is to develop a multisector development plan involving irrigation, feeder roads and other infrastructure type inputs designed to develop the full potential of the area which will qualify for funding under Consultative Group sponsorship.

One direct hire technician will be assigned to coordinate the GOP national and local support and to work with US contract consultants and GOP technicians in the formulation of the plan. Participant training and minimal commodity assistance related to specific agricultural needs in connection with the development of the plan will be provided.

The infrastructure facets of the development plan will be proposed for loan funding.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH	25	30	35	35	
PASA	40	40	40	40	
Part	10	15	10	5	15
Comm	10	5	5	5	10

c. Priority Provinces

USAID agricultural advisors will be assigned to administer and assist the Provincial Development staffs in the development and implementation of agricultural plans and projects and to develop better systems to support field extension staffs.

The approach in the selected provinces will be comprehensive. Credit, production, processing, and marketing will be addressed as an integrated package aimed at servicing farmer groups at the barrio level.

The strategy to reach the small farmer will be to:

1. Identify him as an independent (leaseholder) farmer.

2. Demonstrate, through field trials, that technology and good management practices can increase his productivity dramatically.

3. Encourage him to join with other farmers through Farmers' Associations where the advantages of wholesale procurement of inputs (fertilizer, persticides, etc.) can be realized.

4. Provide him with supervised production credit through the rural banking system.

5. Provide him with technical advice through extension services of the Farm Management technician.

6. Enable him to sell his produce more profitably and repay his loan through the marketing facilities of the Farmers' Associations.

7. Concurrently, critical farm-to-market road network will be improved through the assistance of the Provincial Development project.

US direct-hire advisors will maintain liaison with the national offices and coordinate these activities at the provincial level and personally provide technical backstopping on agricultural aspects, both field crop and livestock, of the development programs in the selected provinces.

Participant training will be primarily for field crops and livestock. Commodity assistance will include primarily vehicle support, training aids and demonstration equipment.

Inputs (FY)	73	74	75	76	77
US					
Pers					
DH	122	70	115	115	140
PASA/Contract	40	60	60	40	40
Part	20	30	10	10	-
Comm	40	45	50	20	-

2. Credit, Crop Insurance and Cooperatives

Credit is considered critical to the success of the land reform efforts and especially to the small farmer, who is experiencing difficulty borrowing as an individual.

The GOP is placing increased emphasis on agriculture credit, through an expanded rural bank supervised credit program and is proposing legislation for a national crop insurance program.

The USAID is assisting in this overall effort by providing contract consultants in: Agricultural credit with emphasis on management systems development; cooperative development with emphasis on training programs; and devising a workable crop insurance program. The University of Wisconsin is being utilized to appraise the training component of the cooperative program.

Input	(FY)	73	74	75	76	77
US						
Pers						
DH Cont		130	135	115	105	105
Part		25	40	20	40	10
Comm		10	15	10	10	5

3. Inland Fisheries

Beginning in FY73, the inland fisheries project will be included in this project. Construction of the two research stations will be completed during FY73 and controlled research activities will be conducted. The Auburn University contract team has been working with both GOP and private groups during the construction of the stations.

By FY74 it is planned that an additional contract technician, will be assigned to work on extension activities designed to make the information developed more readily available to inland fisheries operators.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH					
PASA/Contract	100	130	100	50	
Part	50	50	50	25	
Comm	25	40	20	10	

GOP - The GOP through the National Science Development Board (NSDB) has committed P1.75 million for the construction of the stations and operations over a three year period. Operational funds for future years will be provided by the GOP through the budgets of the Philippine Fisheries Commission and the University of the Philippines which are participating in these activities.

4. Agricultural Research Systems

A study of agricultural research needs and suggested priorities was completed in FY 1972 by the GOP with USAID consultant assistance. The Secretary of Agriculture is intent upon developing a viable research program that has appropriate managerial controls and is properly funded. The USAID will provide advisory assistance to help plan and implement the research system. Participant training will be directed towards research administration and selected research technology. Commodities will be primarily demonstrational scientific equipment.

Currently an AID/W TAB financed USDA team in cooperation with the GOP Bureau of Agricultural Economics (BARCON) is studying ways and means of diversifying agricultural production, to reduce the over-dependence on traditional crops such as rice, and sugar. This study will identify products which can be profitably produced and marketed. The USAID is providing local support to this team.

In FY73, the USAID intends to contract with the International Rice Research Institute to provide applied research through field trials to demonstrate the potential production increases in rice and other field crops. These demonstrations will be given primarily in the priority provinces.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH					
PASA/Contract	40	100	130	140	100
Part	25	40	30	25	40
Comm	30	60	60	20	30

GOP - PL480 counterpart will be used to finance the local costs of these field trials and demonstrations.

5. Data Collection

Efforts will be continued to improve the gathering and processing of agricultural statistics. The USAID input will consist of appropriate short-term consultants, participants for specialized training in the US and commodity support including vehicles and technical equipment for gathering and processing data.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH					
PASA/Contract	20	30	20	20	20
Part	10	25	15	15	10
Comm	40	50	25	10	5

6. Rural Industry

In FY73, it is proposed to contract for one generalist to study the current situation in small industry development and to recommend ways and means of increasing the development of small business activity. The GOP is fostering small industry development through the Institute of Small Scale Industries, Institute of Export Development and the Development Bank of the Philippines. Private efforts are fostered through the Philippine Bureau of Social Progress, an organization of large private industries in the Philippines, and through the First National City Bank which has established an office for the promotion and financing of small industries. Primary emphasis will be given to the promotion of small industries at the provincial level and in those provinces participating in the provincial development program and the rural electrification program. Since this is a newly proposed activity, personnel, training and commodity requirements will evolve from the initial study and recommendations.

Input

(FY)	73	74	75	76	77
US					
Pers					
DH					
PASA/Contract	30	65	85	90	
Part	25	35	35	35	35
Comm	25	100	50	50	50

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