



EXPERIENCE, INCORPORATED

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SEMI-ANNUAL REPORT

SMALL FARMER SYSTEMS II

USAID PROJECT NO. 492-0334

JULY 31, 1984

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LIST OF ACRONYMS

AO	FSDC Area Office
BPI	Bureau of Plant Industry
CIP	Community Irrigation Program
CO	FSDC Central Office
FAO	Food and Agricultural Organization
FIO	Farmer Institutional Officer
FSDC	Farm Systems Development Corporation
FSR&D	Farm Systems Research & Development
GOP	Government of the Philippines
IO	FSDC Institutional Officer
IPC	Integrated Pest Control
IRRI	International Rice Research Institute
ISA	Integrated Service Association
KAISA	Katipunan ng mga ISA
LEDD	Lowland Enterprise Development Division

MAP **Marketing Assistance Program**

NDDC **National Dendro Development Corporation**

NEDA **National Economic Development Authority**

PCARRD **Philippine Council for Agriculture Resource Research
and Development**

PIP **Pump Irrigation Project**

RLC **Rural Life Center**

SALT **Slanted Agriculture Land Technology**

SFS II **Small Farmer System II Project**

SWIP **Small Water Impounding Project**

TREE **Tree Resources for Energy and Enterprise**

UEDD **FSDC Upland Enterprise Development Division**

UNDP **United Nations Development Program**

UPLB **University of the Philippines Los Banos**

USAID **United States Agency for International Development**

REPORT OF THE PROJECT ADMINISTRATOR
JOSEPH T. PIETRUS

We are pleased to submit this semi-annual report for the period ending July 31, 1984 pursuant to Section 10.4 of the contract for technical services between Farm System Development Corporation and Experience, Incorporated.

This section of the report provides a general review of project activities during the first six months of its implementation. Its purpose is to highlight accomplishments vis-a-vis the objectives stated in the project proposal and contract and to discuss existing/potential problems which will affect successful completion of the project. Subsequent sections of the report, written by the individual Advisors, examine their specific activities.

The Project Administrator's report has been developed on the basis of participation in pre-contract discussions with FSDC, an extensive field visit in March, and constant communication with the field consultants through weekly and monthly reports and telephone/telex communications.

Project Objectives

The general objectives under SFS II are "To provide technical guidance for farming systems design and implementation and to assist FSDC in improving and strengthening the on-going rural enterprise development program" (Contract Appendix A). These objectives were spelled out more specifically by Administrator Teodoro C. Rey, Jr. during an April 6, 1984 meeting with Messrs. Joseph T. Pietrus (Project Administrator) and George Voth (Chief of Party) and key FSDC Managers. Mr. Rey stated four specific objectives for the project, i.e.:

1. Resolution of operating and profit problems at selected KAISA enterprises.
2. Progress toward the development of a marketing system to include:
 - A marketing information system which will allow ISA members to make better cropping decisions.
 - A sales system which will allow ISA members to market their products in a more profitable manner than the current system allows.
3. Crop diversification among farmers in selected ISA's with the potential to expand these products to additional FSDC ISA's.
4. Train a cadre of FSDC staff with increased capabilities in:
 - Identifying a viable KAISA enterprise.
 - Agricultural product marketing.
 - Farm systems research and development.

Rural Enterprise/Marketing Advisors

The work of the Rural Enterprise/Marketing Advisors has progressed well. FSDC requested that they focus their immediate attention on resolution of problems at the KAISA enterprises.

The Advisors have visited all KAISA enterprises. They have identified and/or looked into problems of rice sourcing, feed ingredient sourcing, accounting, marketing and sales, credit, and operations. Specific recommendations have been made toward the resolution and appropriate Central Office monitoring of these problems. The development of training materials, which was a verifiable result stated in the project proposal was shifted to the second six month period of the contract. Accomplishment of the marketing system objectives was begun and will be a continuing effort of the marketing specialist.

Farm Systems Advisors

The work of the Farm Systems Advisors has encountered difficulty. This has resulted from the difference in understanding between Experience, Incorporated and FSDC on the Farm Systems Advisors' methodology in attaining their objectives. Generally speaking Experience, Incorporated's understanding of the methodology to be used is one of applied research and development using easily adopted technology and farmer participation. FSDC's understanding appears to be introduction of "shelf technology" by the Advisors. A more complete outline of the differences between the two approaches can be found in Mr. Amerling's report (page 36 through page 38).

Experience, Incorporated recruited Advisors who are highly trained in the FSR&D approach. Their recommendations for using this methodology have received minimal attention and approval. This is a source of frustration to the Advisors and, most likely, FSDC. It must be resolved quickly or the farming system aspect of the project will not attain the envisioned objectives.

Resolution should be either:

- A firm decision by FSDC that it will procure improved farming techniques and crop diversification by introducing new methods/crops recommended by FSDC; or
- FSDC acceptance and implementation of the FSR&D approach using applied on-farm research and development activities involving the farmers themselves to help find and implement improved farming techniques and crop diversification.

It should be recognized that Experience, Incorporated's proposal objectives were written and the Farming System Advisors selected with the second approach in mind. If FSDC now chooses another approach to farming system development, the contract objectives should be formally revised.

Training

The training objectives of the program will be a principal focus of work during the second six month period of the consultancy. Development of training programs and materials actually began in July. A concern in attaining the training objectives is the general lack of effective communications between the Advisors and Central Office staff. Qualified counterparts generally have not been (and may not be) available. Advisor activities and reports generally go unacknowledged. An FSR&D capability can be developed only when the FSR&D concept is accepted.

Administration

Budget Due to the GOP monetary situation, FSDC is operating under severe financial constraints. FSDC management has worked hard to avoid financial problems related to the Advisors and has generally succeeded. It is obvious however, that the project's peso cash flow, under NEDA peso release practices, will be insufficient to meet first year peso needs. It is also likely that the amount of pesos available for second year housing, education and travel expenses will prove inadequate because of rising peso prices. This will be alleviated but not solved by planned transfer of education expenses to the dollar budget. FSDC, Experience, Incorporated and USAID will have to resolve this situation before it creates problems.

Visa(s) As of the submission of this report the Advisors and their dependents still do not have appropriate visas. This has caused some personal problems, lost work time and concern and frustration on the part of the Advisors. It is a problem which should never have arisen and should be resolved.

FSDC/USAID Support

I wish to acknowledge the support and assistance provided by USAID to the Project Administrator and the Chief of Party on administrative matters. They have been of great assistance in resolving questions and problems encountered with regard to the Advisor's automobiles, use of diplomatic facilities, the project budget, payments and other matters.

I also wish to acknowledge FSDC's assistance in facilitating Experience, Incorporated's voucher payments and speedy approval of Mr. Voth's request for emergency leave.

Continued FSDC/USAID assistance in administrative matters will allow us to concentrate our efforts on our consultancy.

On-Site Activities of the Project Administrator

<u>Date</u>	<u>Activity</u>
March 15, 1984	Travel Minneapolis to Manila
March 16, 1984	Arrive Manila
March 19-21, 1984	Orientation at FSDC and USAID
March 23, 1984	Orientation at FSDC
March 27, 1984	Travel to Calauan, Laguna and visit KAISA rice mill and associated ISA
March 30, 1984	Administrative meeting at FSDC
April 2, 1984	Travel to Sta. Barbara, Pangasinan and visit to Area I Office, KAISA feed mill and associated ISA
April 3-4, 1984	Visits to Benguet Trading KAISA and associated ISA
April 5-6, 1984	Administrative and orientation meetings at FSDC
April 9, 1984	Administrative meeting at USAID
April 10, 1984	Travel Manila to Minneapolis. Arrive Minneapolis

REPORT OF THE CHIEF OF PARTY
AND RURAL ENTERPRISE SPECIALIST
GEORGE VOTH

A. Administrative Report

Organization

During the initial period, emphasis was placed on developing work plans which were later modified to meet current demands of the project. Orientation sessions were conducted by FSDC staff members to familiarize the Advisors with the overall objectives and operating policies of FSDC.

During this reporting period, the project administration was passed from Mr. Atienza to Mr. Manuel Gaspay on April 26, 1984, as per Office Order 84-13, issued by Mr. Rey. Upon the departure of Mr. Gaspay, Mr. James Cabanatan assumed the project administration duties on August 20, 1984. The Advisors met with Mr. Cabanatan to review the status of the consultancy. He encouraged increased communication with counterparts and also with him as Project Director to insure project progress to meet the objectives on a timely basis.

Housing

Mr. Venido Atienza, Project Director, assisted in securing housing for the Advisors. Housing was secured in a relatively short time. During the period, Mr. Dehm made written notification to relocate housing due to the inconvenient location and an uncontrollable pest problem. The plan is to be relocated by November 1, 1984.

Peso Budget

Peso budget problems were identified and discussed in numerous meetings with the Project Director. The peso devaluation has had a detrimental impact on most budgeted allowances. It was agreed, however, to delay the time consuming process of amending the budget since shifting of line items is possible as provided in the contract. It is obvious, however, that the total budget will limit the transfer of line items and is only a temporary solution. An amendment to the budget is necessary prior to the second year since NEDA policies do not permit exceeding the first year funding. Following is the expenditure analysis:

<u>ITEMS</u>	<u>REVISED</u> <u>BUDGET</u>	<u>7/31/84</u> <u>EXPENDITURES</u>	<u>BALANCE</u>
Housing & Utilities	P1,051,240	P 478,151	P 573,089
Local Travel & Per Diem	184,510	68,063	116,447
Educational Allowance for Dependents	127,000		127,000
Temporary Living Quarters Allowance	31,250	31,250	-
Miscellaneous	<u>14,000</u>	<u>4,832</u>	<u>9,168</u>
Totals	P1,408,000	582,296	825,704

A budgetary constraint undoubtedly will develop due to the peso devaluation. The original budget was based on a foreign exchange rate of 11:1, as compared to the present rate of 18:1, official rate. The inflationary factor is expected to affect most of the line items in the budget. Increased costs must be anticipated well in advance to avoid financial problems.

Problems Encountered by the Advisors

Visas and visa extensions. Due to the lack of appropriate visas, the Advisors have been exposed to numerous problems that have required significant time and effort to solve including:..

1. Delays and problems clearing customs for both surface freight and airfreight.
2. Custom clearance problems with automobiles.
3. Children's school registration.
4. Exit from the country.
5. Travel within country especially to Mindanao.

The lack of appropriate visas has contributed to a sense of uncertainty among the Advisors regarding FSDC's commitment to the Advisors and their families.

Accountability of Peso Funds. The unwillingness of the FSDC management staff to loosen control of the peso fund has required much Advisor time in developing proof for payment of numerous expenses including children's educational expenses and utility expenses.

Lack of Adequate Communications between FSDC Management Staff and the Advisors. Over the past six month period, numerous trip reports, memoranda, and proposals have been prepared by the Advisors for FSDC management staff review. These written materials often are unacknowledged or unrecognized by the management staff.

A plan for the Advisors and FSDC staff to meet twice monthly dissolved by the second scheduled meeting when FSDC management staff could not set aside time to meet with the Advisors. On numerous occasions, the Advisors have been told to prepare for meetings, have prepared materials for presentation and waited hours past the appointed time to be called to the meeting. On one occasion, the Advisors waited two and one-half days before they were informed that there was no longer time for their presentations. On other occasions when Advisors have volunteered to provide short presentations, as in the case of a 17 minute program on Farm Systems Development, they have been informed that their programs were too long.

Arrivals, Departures and Project Staffing

Arrivals: George Voth, January 29, 1984
 Bruce Dehm and Marci Dehm, March 16, 1984
 William A. Hand, March 16, 1984
 Joseph Pietrus, March 16, 1984
 Carl Amerling and Virginia Amerling and daughter, April 2, 1984
 Carolyn Hand and two daughters, June 15, 1984

Departures: Joseph Pietrus, April 16, 1984

Project Staffing:

	<u>1/31</u>	<u>2/29</u>	<u>3/31</u>	<u>4/30</u>	<u>5/31</u>	<u>6/30</u>	<u>7/31</u>
Proj. Adm.			1				
Consultants	1	1	3	4	4	4	4
Dependents	—	—	<u>1</u>	<u>3</u>	<u>3</u>	<u>6</u>	<u>6</u>
Total in field	1	1	5	7	7	10	10

B. Consultancy Report

During the initial stages of this consultancy, numerous meetings were held with the FSDC Project Director and USAID representatives. Work plans were prepared and approved with some minor modifications. Mr. Rey and Mr. Atienza emphasized the need to focus on rice mills and feed mills to improve management techniques and identify problems in mill operations which are contributing to operating losses. Trip reports were prepared at the conclusion of each enterprise visit together with recommendations for improved operations.

Although most of the travel during this reporting period was for the purpose of assessing enterprise operations, attention was also directed toward expansion of crops and new enterprises. In compliance with the FSDC objectives and the national focus on increased production of soybeans and corn, consideration is given to the processing and marketing potential of the KAISA enterprises. It is recommended that feasibility studies be prepared for small scale corn processing and expeller-type soybean processing. Such processing capabilities located near production areas will assist in market development and encourage farmers to move into production of other crops. Comprehensive studies will reflect the feasibility of these ventures.

Emphasis is now being placed on training program design and the development of a credit program. FSDC management regards training of KAISA personnel most essential and has identified it as a priority.

The work of the Rural Enterprise and Marketing Advisors overlap a great deal. To avoid reporting duplication, other aspects of the Rural Enterprise Advisor's activities are covered in the Marketing Advisor's report.

Specific Activities of the Rural Enterprise Advisor

TRAVEL

<u>Date</u>	<u>Activity</u>
January 24, 1984	Departed Wichita via Minneapolis for Manila
January 26, 1984	Arrived Manila
February 10, 1984	Moved to Condominium
February 20, 1984	Laguna Rice Mill
February 21-23, 1984	Evaluation Workshop at Area II Office, Bulacan
February 29- March 3, 1984	Pangasinan Feed Mill, Benguet Trading Corp., Area I Office
March 9, 1984	Laguna Rice Mill
March 27, 1984	Laguna Rice Mill
May 3-4, 1984	Laguna Rice Mill
May 8-10, 1984	Nueva Ecija Rice Mill, NFA Offices
May 15-25, 1984	Davao Sur Feed Mill, S. Cotobato Rice Mill
June 21-23, 1984	Cebu City, KAISA Office, NFA, Cor Mill, Central Bank
June 26-28, 1984	Misamis Occidental Rice Mill
July 17-21, 1984	Iloilo, Capiz-Antique Rice

REPORTS

Trip Reports

<u>Date Issued</u>	<u>Subject</u>
March 6, 1984	Rice Mill Enterprise, Calauan, Laguna
May 9, 1984	KAISA Rice Mill Enterprise, Sta. Rosa, Nueva Ecija, Bagong Silang, ISA
May 28, 1984	KAISA Rice Mill, Calauan, Laguna, Follow-up Inspection
May 29, 1984	Davao Sur Area Office: Feedmill at Digos, S. Cotobato, Rice Mill at Tantangan, S. Cotobato
July 10, 1984	Cebu City KAISA Office, National Food Authority, Consolacion Milling Co., Central Bank Regional Office
July 10, 1984	Misamis Occidental Rice Mill Bonifacio, M.O.
July 26, 1984	Iloilo Area IV Office, Capiz Rice Mill, Antique Rice Mill

Monthly Reports

March 16, 1984

February 1984 Report

April 16, 1984

March 1984 Report

May 30, 1984

April 1984 Report

June 6, 1984

May 1984 Report

July 9, 1984

June 1984 Report

August 9, 1984

July 1984 Report

Other Reports

Date Issued

Subject

April 30, 1984

Production Loan Proposal

May 29, 1984

Reaction Paper -- Revised
Production Loan Schemes

June 24, 1984

Examination of Financing Methods
for Production Loans

REPORT OF THE MARKETING ADVISOR

WILLIAM A. HAND

ACTIVITIES

The Marketing Advisor arrived in the Philippines March 16, 1984. The primary focus of the first five months of activity has been the evaluation and analysis of KAISA enterprise activities primarily focusing on their procurement and marketing problems.

Visits to the KAISA enterprises and developing supporting trip reports have accounted for a major portion of the period's activities. Between the Rural Enterprise Advisor and the Marketing Advisor, all six rice mills designated for visit were visited together with three feedmills, two trading projects and two livestock projects. Reports concerning operation, profitability, procurement and marketing activities were generated for each of the enterprises visited.

A special report addressing the problem of palay procurement was developed. An additional report outlined training needs of KAISA management personnel.

Twenty-six days were spent travelling and visiting the various KAISA enterprises and ISA organizations. Seven trip reports were prepared. Contributions were made to several reports concerning rice production loans, the long term viability of the KAISA enterprises, and appropriate accounting systems for KAISA enterprises. A report was prepared for presentation to a meeting of area managers detailing the Consultant's findings regarding the KAISA enterprises.

FINDINGS

For most of the rice mills visited, the primary problem is inability to capture a significant share of the palay produced within the mills' draw area. The highly competitive environment among which most of the KAISA mills are located has made the procurement of palay a most difficult undertaking.

In effort to help KAISA enterprises with this problem, the Enterprise/Marketing Advisors assisted the KAISA Development Department with the design of a program to provide production loans to ISA farmers. The program would channel funds from the Small Farmer Systems II appropriation to small ISA farmers. A report was drafted suggesting an approach to the palay procurement problem. A methodology was set forward based on research and a program to build the necessary linkages between the farmer and his ISA and ISA's and the KAISA.

For the feedmills, the Advisors determined the major problem to be a lack of primary feed ingredients such as soybean meal, corn grain and fishmeal. At the urging of the Advisors, a number of the mills have reformulated various rations to limit ingredients normally in short supply. The Advisors have assisted with sourcing ingredients from other KAISA mills and suppliers.

In support of KAISA marketing enterprise efforts, the Marketing Advisor has attended sessions of the Marketing Assistance Program (MAP). Visits to the trading enterprises were made to draw attention to the build up of accounts receivable. Efforts are being made to assist trading KAISAs with market development efforts in Manila.

Since the Marketing Advisor's arrival, there has been an expansion in the marketing activities of a number of rice mills, feedmills and marketing enterprises. Rice millers have been urged to seek markets beyond the local market area. Three mills are now marketing milled rice in Manila through the FSDC offices and other government agencies. Bi-weekly deliveries of vegetables from the Benquet KAISA are now standard.

The problem of excess levels of accounts receivable, early recognized by the Advisors, has been picked up by the KAISA Development staff and has now become a major focus of attention.

PROBLEMS

A problem hindering improved performance of the Marketing Advisor is the lack of a designated individual or group with whom to interact for improved marketing performance of the KAISA enterprises. The marketing development activities of the KAISA Development group are fragmented among four enterprise groups. The lack of a well-structured market development group within the KAISA group has made it difficult for the Advisor to efficiently provide guidance and advice for improving FSDC/KAISA/ISA marketing capabilities.

A problem that may become serious as the project progresses is the lack of understanding of the role the Enterprise/ Marketing Advisors under the terms of the FSDC/Experience, Incorporated contract. From material that has been prepared by the FSDC management, it is evident that the Advisors are viewed as implementors of new programs and sole developers of new markets for KAISA produced products, both for the export market and domestic market. This contrasts with the stated role of the Advisor within the Appendix A of the contract wherein they are called upon

"to provide guidance and technical assistance in identification, project study preparation, management and evaluation

of KAISA enterprises. They will assist in the development and design of marketing programs suited to these enterprises and will monitor the progress of selected KAISA's and make recommendations for improving design and implementation procedures."

The following is a listing of specifics of the Marketing Advisor's activities during the period of March 15 to August 15, 1984.

Specific Activities of the Marketing Advisor

TRAVEL

<u>Date</u>	<u>Activity</u>
March 15, 1984	Travel Minneapolis to Manila
March 16, 1984	Arrival Manila
March 20, 1984	Travel to Los Banos, Laguna and visits to UPLB Department of Agriculture Economics, IRRI and PCARRD
March 27, 1984	Travel to Calauan, Laguna and visit the KAISA Rice Mill and associated ISA
April 2, 1984	Travel to Sta. Barbara, Pangasinan and visit to the Area I Office and the KAISA Feed Mill and associated ISAs
April 3, 1984	Travel to Benguet and visits to various vegetable producing ISAs

April 4, 1984	Visits to the Benguet Trading KAISA and various associated ISAs
May 3, 1984	Travel to Calauan, Laguna and visit the KAISA Rice Mill
May 4, 1984	At Calauan, Laguna KAISA Rice Mill and visit to IRRI
May 8, 1984	Travel to Cabanatuan, Nueva Ecija and visit the KAISA Rice Mill
May 9, 1984	Visit the Nueva Ecija KAISA Rice Mill
May 10, 1984	Visit ISAs associated with the Nueva Ecija KAISA Rice Mill
May 15, 1984	Travel to Davao and visit Area V Office
May 16, 1984	Travel to Digos, Davao Sur and visit KAISA Feedmill
May 17, 1984	Visit Davao Sur ISAs and Area V Offices
May 20, 1984	Travel to La Trinidad, Benguet and visit KAISA Trading Enterprise
May 21, 1984	Visit Benguet KAISA Trading Enterprise
May 22, 1984	Visit Benguet KAISA Trading Enterprise

May 23, 1984	Visit Benguet KAISA Trading Enterprise and Baguio marketing activities
June 20, 1984	Travel to Los Banos and visit IRRI
June 25, 1984	Travel to Ilagan, Isabela
June 26, 1984	Visit the Isabela KAISA Rice Mill
June 27, 1984	Travel to Kiangan, Ifugao and visit the KAISA Trading Enterprise
June 28, 1984	Visit the Ifugao KAISA Trading Enterprise
July 30, 1984	Travel to Ilagan, Isabela
July 31, 1984	Visit the Isabela KAISA Rice Mill
August 1, 1984	Visit the Isabela KAISA Rice Mill

REPORTS

Trip Reports

Date Issued

Subject

April 11, 1984	Visit to the Area I Office, Pangasinan KAISA Feedmill and Benguet KAISA Trading Operation
May 23, 1984	Visit to the Benguet KAISA Trading Operation
May 28, 1984	Visit to the Laguna KAISA Feedmill
June 4, 1984	Visit to the Davao Sur KAISA Office
July 10, 1984	Initial Visit to the Isabela KAISA Rice Mill
July 19, 1984	Visit to the Ifugao KAISA Trading Operation
August 15, 1984	Return visit to the Isabela KAISA Rice Mill

Monthly Reports

May 30, 1984	April Report
June 6, 1984	May Report
July 10, 1984	June Report
August 9, 1984	July Report

Other Reports

Date Issued

Subject

April 30, 1984

An Initial Approach to Increased
Palay Throughput at FSDC/KAISA
Milling Enterprises (Draft)

July 9, 1984

Ideas Concerning Major Training
Needs of KAISA Personnel

July 17, 1984

Consultants' Findings Regarding the
KAISA Enterprises

REPORT OF THE UPLAND FARMING SYSTEMS ADVISOR

BRUCE A. DEHM

Under Experience, Incorporated contract number 1622, the consulting services of an Upland Farming Systems Advisor were contracted to perform duties as specified in Appendix A. This report will consider accomplishments performed with respect to stipulated requirements and discuss issues that promote and impede the attainment of these technical and advisory services.

The consulting services requested in the Experience, Incorporated/FSDC contract fall under three general categories:

1. Design and development of farming systems approaches
2. Field level implementation of farming systems
3. Institutionalization of farming systems approaches within FSDC.

Portions of all three requests have been initiated by the Advisor with some moderate success, especially with respect to numbers one and two. However, FSDC's interest and effort to institutionalize a farming systems approach at the Central Office and at Area Offices has yet to materialize.

As his first step in determining "appropriate farming systems" technologies, the Advisor spent considerable time during April and May orienting himself to the latest upland small farm technology developments in the Philippines. A week long trip to Davao del Sur and North Cotabato with visits to two FSDC TREE (Tree Resources for Energy and Enterprise) projects and to the Mindanao Rural Life Center (RLC) provided important information on ipil-ipil (*Leucaena leucocephala*) production and state-of-the-art technology in the use of ipil-ipil for improving upland

cropping systems. Much of the data gathered during the RLC visit has become the basis for recommended technologies at the proposed Farming Systems Research and Extension pilot projects in Area I and Area V.

Other orientation activities included visits to IRRI, USAID, UPLB and PCARRD to gather current information pertaining to farming systems activities in the Philippines and other technical data on newly developed agricultural technologies. The Advisor also attended a three day Ipil-ipil Yield Modeling Workshop presented by Hodam & Associates in Quezon City, Metro Manila. The National Dendro Development Corporation (NDDC) contracted Hodam researchers to determine tree growth models to be used by agencies such as FSDC. Much of the data used for the models were gathered from FSDC tree farms and the Advisor gained further insight into the problems associated with ipil-ipil production under local conditions.

FSDC organized a three day orientation trip to Pangasinan, Benguet and Ilocos Sur following the arrival of the Advisor early in April. Visits were made to several lowland and upland ISA's as well as to three KAISA enterprises. In addition to the orientation process, the Advisor was requested to review and comment on operations at the Ilocos Sur KAISA Livestock Project. A report containing observations and recommendations was submitted to appropriate personnel at the KAISA, Area and Central Office level, with reply received several weeks later. No follow-up activities have been conducted with the livestock project personnel.

The Advisor has been unable to "analyze and interpret farm level data for determining appropriate farming systems" technologies (Appendix A, p. 4, Sec. 1.A) since such data is non-existent. To remedy this situation, the Advisor has included farmer record keeping programs as part of the on-farm research and development projects proposed in the field level implementation activities. Once sufficient data has been gathered to

measure land, labor, capital, and management requirements for new or modified technologies, analysis can be made to determine potential costs and benefits to farmer clientele.

Assistance "in the development of strategies for ISA level implementation of appropriate farming system" technologies has been provided at two ISA locations. However, this work is more conveniently categorized under "Field Level Implementation of Farming Systems" (Appendix A, p. 4, Sec. 2) because strategy development is an integral part of the design and implementation of technology verification and testing projects.

The Advisor has initiated activities with respect to field level implementation of farming system technology verification and testing at Towak, Matanao, Davao del Sur and Parasipis, Tuba, Benguet. At Towak he assisted six Area V office personnel in conducting a Sondeo or informal agricultural survey during July 2-4. Twenty-six farmers were interviewed to determine the present farming practices, the major physical, biological, social and economic constraints in the area and strategies for improving the farming system productivity.

The result of this activity was a twenty-two page Sondeo Report and Proposal for On-Farm Research paper that details the physical description of the project area, the social and economic characteristics, the livestock and cropping system characteristics, constraints to improved agricultural productivity and recommendations for improving the Towak farming system. The report also outlines an on-farm research proposal for technology testing and verification, with final approval awaiting requested modifications. It is anticipated that actual farm trials can begin by mid-September of this year.

The second field level implementation activity coordinated by the Advisor was completed August 11, 1984. It consisted of a Sondeo survey at the Parasipis ISA in Benguet. Two Benguet KAISA staff, one Area I Office and one Central Office personnel conducted thirteen farmer interviews over a two day period. The Sondeo Report and Project Proposal is being completed and contains information similar to the Towak report. The technology testing and implementation strategy will require on-farm research to begin by the end of this September.

The Advisor regards section 3 (Appendix A, p. 5) as the weakest area of accomplishment. Seven reports have been submitted on the systems technology development methodology, but no formal response has ever been received from the FSDC supervising personnel. Numerous articles and books containing information of recent farming system developments have been circulated within the Upland Development Division at the Central Office and likewise the response has been low. The situation is disquieting especially since enthusiasm and response to the same concepts at the Area and KAISA level has been quite high. Institutionalization of such concepts and procedures with the FSDC organization should flow from the Central Office for the maximum potential to be realized. This is not happening, and is hampering the activity.

The Advisor feels that in general progress in assisting FSDC in farming systems design, development, implementation and institutionalization has been slow. Two problems are evident. The first is a lack of communication between FSDC and the Advisor and lack of communication between FSDC's upper and lower management. The second major problem is FSDC's seeming lack of commitment to the objectives outlined in Appendix A with respect to the Farming Systems Specialists.

The lack of communication is a persistent problem. Upper management neglected to coordinate with the Upland Enterprise Development Division (UEDD) regarding the Advisor's arrival and purpose. When the Advisor met with the UEDD staff on his own initiative, the following list of requested consultancy services was submitted by FSDC:

1. Design/develop efficient yield prediction models for selected ipil-ipil plantations;
2. Recommend alternative fuelwood species for selected project sites with stunted ipil-ipil;
3. Design and recommend efficient agroforestry systems;
4. Recommend solutions to problems encountered in program implementation, e.g., stunted growth of ipil-ipil.

With the possible exception of number 3, the requests require the consulting services of a forestry expert rather than those of a Farming Systems Advisor. These requested activities exemplify the lack of communication between the various management levels at the Central Office.

Specific Activities of the Upland Farming Systems Advisor

TRAVEL

<u>Date</u>	<u>Activity</u>
March 15, 1984	Travel Minneapolis to Manila
March 16, 1984	Arrive Manila
March 20, 1984	Travel to Los Banos, Laguna and visits to UPLB, IRRI, and PCARRD
March 27, 1984	Travel to Calauan, Laguna and visit KAISA Rice Mill and associated ISAs
April 2-4, 1984	Visits to Area I, Pangasinan, Benguet, and Ilocos Sur
May 7-11, 1984	Travel to Davao del Sur and N. Cotobato
June 18-21, 1984	Travel to Area I and Benguet
June 26-July 5, 1984	Travel to Davao del Sur
August 6-11, 1984	Travel to Benguet

REPORTS

Trip Reports

Date Issued

Subject

April 14, 1984 Trip Report to Area I, Pangasinan,
Benguet, and Ilocos Sur

May 21, 1984 Trip Report to Area V, Davao del
Sur and N. Cotobato

June 30, 1984 Trip Report to Area I, Benguet

July 15, 1984 Trip Report to Area V, Davao del Sur

August 21, 1984 Trip Report to Benguet

Monthly Reports

May 30, 1984 April Report

June 6, 1984 May Report

July 10, 1984 June Report

August 9, 1984 July Report

Other Reports

Date Issued

Subject

May 3, 1984	Tentative Work Plan for the Upland Farming Systems Specialist at Area Offices
June 1, 1984	Project Proposal and Concept Paper for Upland Farming Systems and Development Projects
June 8, 1984	Work Program for the Upland Farming Systems Specialist
June 15, 1984	Implementation of Upland Research and Development Project in Area V
July 25, 1984	Sondeo Report and Proposal for On-Farm Research for Towak, Davao del Sur
August 3, 1984	Cover letter to James Cabanatan with Towak Report
August 20, 1984	Sondeo Report and Project Proposal for Parasipis, Benguet

PRESENTATIONS

May 28, 1984

Slide presentation to Central Office Upland Development Division on Characteristics of successful and unsuccessful TREE projects. Also introduced concept of Slanted Agriculture Land Technology (SALT)

June 27, 1984

Sondeo Team meeting at Area V Office. An introduction to FSR&D concepts including characteristics of small farmers, characteristics of traditional and new agricultural technologies, definition of a farming system, need for on-farm research and on-farm research methodology

July 2-5, 1984

Moderated Sondeo team members in discussions concerning the Towak farming system and recommendations for project proposal

August 7, 1984

Sondeo team meeting in Benguet with introduction lecture on FSR&D concepts and methodology

August 8-10, 1984

Moderated Sondeo team in discussions concerning the Parasipis farming system and subsequent recommendations

August 14, 1984

Presentation of FSR&D concepts and methodology to several Central Office personnel. Presentation of Towak Sondeo results and proposed on-farm research.

REPORT OF THE LOWLAND FARMING SYSTEMS ADVISOR

CARL B. AMERLING

Two work programs for the Lowland Farming Systems Specialist have been prepared. The first was a joint effort of the Advisor and the manager of the Lowland Enterprise Development Division. The second, drafted at the end of July by the Advisor alone, responded to a request by Administrator Rey for a revised work program.

As this report is being prepared in mid-August, progress accomplished is based on the original work program.

The Advisor has been provided limited field orientation; therefore has limited exposure to existing FSDC ongoing programs. Only two Area Offices have been visited. All but one of the ISAs visited have been located in Pangasinan.

Approximately ten ISAs have been observed including one small water impounding project (SWIP), one communal irrigation project (CIP) and eight pump irrigation projects (PIP). Farmers were interviewed in all ISA's. In addition to field observations, the Advisor has reviewed all major publications and manuals and familiarized himself with systems of operations at the CO, AO, KAISA, and ISA level. Meetings and discussions with ISA members, farmer institutional officers (FIO), IOs, KAISA general managers, AO and CO division and department managers also greatly contributed to the Consultant's understanding of FSDC operations.

The Advisor assisted the LEDD staff in preparing a scheme to evaluate the Farm Family Approach. Because this activity was outside the scope of work defined in the contract, the Advisor purposely limited his input.

The Advisor's primary activity during the reporting period concerned the preparation and implementation of a farming systems research and development project. In April, a paper outlining the Advisor's approach to FSR&D was presented to relevant CO staff. A formal proposal for initiating on-farm technology verification trails was accomplished in May. Copies were given to all key CO staff and all Area managers. Approval was given to begin the project in Pangasinan although FSDC said more detail was necessary before they would consider final approval and submit a request for funding from USAID-SFS II. Approval was demonstrated by approving travel for the purpose of conducting a Sondeo in Pangasinan (the pilot area) and also by the inclusion of the FS project in the agenda of an Area Managers' workshop in May, where it was announced the project would be piloted in Pangasinan.

Two trips were taken to begin start-up activities of the project. The first trip was to introduce the Advisor to the area, to identify field personnel (IOs) and to identify three pilot ISAs. The Advisor also began training CO, AO, and KAISA staff in the Sondeo methodology. In a follow-up trip, the Sondeo was conducted in the three selected ISAs. ISA members were informed about the project and consulted about implementation procedures. Potential cooperators were identified, soil samples were taken, sources of good seed were identified, and a new variety of tomato seed distributed to ISA members who had earlier expressed an interest in a rainy season variety. The Sondeo identified the major problems as perceived by farmers which on-farm trials could immediately address.

Following these activities the on-farm trials proposal was rewritten in response to comments from CO and to better reflect field conditions. Much more detail could now be incorporated into the proposal. Meetings with USAID personnel encouraged project support. A brief version of the proposal was requested by USAID to consider the proposal funding. This was prepared by the Advisor in June and presented to FSDC to assist them in

their request for funds from SFS II. The Advisor recently responded to requests for additional details on implementation procedures by preparing more detailed guidelines on each step of the methodology.

Although funding has not been approved, fertilizer and insect control trials (demonstrations) were initiated in July and August with 11 cooperators from the three selected ISAs. The UNDP/FAO is financing seven cooperators while the Advisor is personally financing four cooperators.

Another major activity in the Advisor's first work program involved assisting and initiating linkages with various agencies for possible technical support. A successful tie up was made with the FAO/RPI Integrated Pest Control (IPC) Project. The Advisor prepared a proposal and coordinated a one week training course (July 17-20) which was given to approximately eighteen farmers, FIOs, IOs, and AO staff. Taught by FAO trained IPC specialist, the course provided practical information and procedures for practicing IPC for rice and upland crops. IPC demos were established at the end of the training in three Pangasinan ISAs. FAO/BPI staff will help the IOs oversee the demos in their respective ISAs. Also, they would like to provide training and initiate IPC programs in other ISAs throughout the country. The relationship is beneficial to all parties. FAO wishes to establish IPC sites and support them technically and financially, including training. FSDC and SFS II can pick up a portion of the training costs for their ISA members, provide training facilities, and provide organized groups of farmers (ISAs). The farmers benefit from increased yields, reduced costs, and better health due to more proper and judicious use of pesticides.

Additional linkages have been initiated with the International Rice Research Institute (IRRI), most particularly with the Cropping Systems Research group. IRRI invited the Advisor and his counterpart to a start-up Cropping Systems Research workshop, May 7-10, in Guimba, Nueva Ecija. This is the newest research site and the first that is predominately irrigated. The source of water is deep well pumps and the size of systems is similar to FSDC's ISAs. Thus the workshop was very relevant to FSDC's farming systems program. IRRI staff has also offered to provide some technical assistance in implementing on-farm trials. They have been generous in providing resource and training materials and have accepted the Advisor's counterpart into a two month Farming Systems Training course offered in October. Dr. Pandey, IRRI's soybean breeder, has also offered to provide seed for any FSDC trials.

The Advisor was asked to prepare comments for two feasibility studies. The Advisor evaluated a prefeasibility study for a tomato project to be financed by the Danish government in terms of procedures used, data presented, and data omitted. A request for working capital to finance a swine project submitted by Area I was also evaluated.

A number of problems have developed since the beginning of the project. The foremost problem has been the low degree of commitment and cooperation given to the project's FSR&D objectives by FSDC. This has been demonstrated in a number of ways including:

1. Unapproved requests for local travel, especially during April and May. Travel requested was to orient the Advisor to the programs, operations, and problem areas.
2. Lack of a full-time counterpart who has the time and commitment to develop lowland farming systems programs.

A conceptual problem exists between the farming systems approach favored FSDC and the FSR&D approach for which the Advisor was recruited. The difference in approach concerns objectives and concepts of farming systems development, design and implementation. This has led to different interpretations of the Advisor's scope of work as stated in the contract. These differences are summarized as follows:

Farming Systems Development Objectives

FSDC

FSR&D

- | | |
|--|--|
| 1. Introduce crops that address the new national agricultural thrusts. | 1. Introduce easily adopted technology which will improve the productivity and income of ISA farmers. |
| 2. Introduce crops that complement KAISA enterprises. | 2. Introduce improved technology which addresses the immediate problems as perceived by the ISA members and the FS team. |
| 3. Improve the income and productivity of the ISA members. | |

Concept of Farming Systems Design and Implementation

FSDC

FSR&D

1. Gather primary and secondary data about an area or ISA.
 2. Search for a "profit maximizing" solution based on crop budgets and maximum technology levels recommended by UPLB.
 3. Demonstrate the package at the Area Office farm or on the fields of ISA members.
1. Gather and analyze primary and secondary data at farm level.
 2. Consult with farmers for their input on their major problems and what they want.
 3. Based on available research and steps one and two, design farm trials to test solutions to perceived problems. Use the results to design improved farming systems which may include changes in the cultural management practices of their existing system and/or changes in their cropping pattern.
 4. With the participation of the farmers, test the new technologies, verify and modify them to suit local conditions.

The Advisor's approach was adopted from the Request for Proposal, Proposal, and Appendix A of the Contract. It reflects the farming systems research and development approach currently applied in agricultural development projects. In comparison to the alternative approach it is considered lower risk because it:

- o tests technology in the local situation before broad implementation rather than using technology developed elsewhere;
- o is generally less capital intensive;
- o gains farmer acceptance through their participation in technology program design and testing rather than top-down direction using shelf technology;
- o introduces changes at a pace which allows practical implementation rather than major multiple changes at one time.

Specific Activities of the Lowland Farming System Advisor

TRAVEL

<u>Date</u>	<u>Activity</u>
April 30, 1984	Area II, Francis ISA, Calumpit, Bulacan
May 7-8, 1984	IRRI Cropping System Workshop, Guimba, Nueva Ecija
May 30-June 1, 1984	Orientation trip to Area I Office and ISAs in Central Pangasinan
June 18-22, 1984	Area I Office to select target ISAs and local area support services
July 16-20, 1984	Area I - Integrated Pest Control Training
August 3, 1984	Area I - check on IPC trials and start up problems

REPORTS

Trip Reports

Date Issued

Subject

May 18, 1984

IRRI Cropping System Workshop

June 10, 1984

Orientation to Area I and ISAs in
Central Pangasinan

July 2, 1984

Selected Target ISAs and Local Area
Support Services, Area I

July 30, 1984

Integrated Pest Control Training

August 13, 1984

Investigation on IPC Trials and
Start-up Problems

Monthly Reports

May 30, 1984

April Report

June 6, 1984

May Report

July 10, 1984

June Report

August 9, 1984

July Report

Other Reports

<u>Date Issued</u>	<u>Subject</u>
April 27, 1984	Farming Systems Research and Development Approach Paper
May 3, 1984	Revised Work Plan
May 22, 1984	Evaluation of Prefeasibility Study on A Tomato Processing Plant and Production Project
May 25, 1984	In-House Proposal for On-Farm Technology Verification Trials
June 6, 1984	Comments on Request for Work Capital for Batac Demo Farm
June 15, 1984	Proposal for On-Farm Trials for Submission to USAID
July 2, 1984	Proposal for Funding FAO/BPI Integrated Pest Control Training
July 10, 1984	Second Proposal for Funding IPC Training
July 30, 1984	Revised Work Plan

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