

PE-000-519



**EXPERIENCE, INCORPORATED**

2000 DAIN TOWER • MINNEAPOLIS, MINNESOTA 55402 U.S.A.

SEMI-ANNUAL REPORT-II  
AUGUST 1; 1984 TO JANUARY 31, 1985

SMALL FARMER SYSTEMS II  
USAID PROJECT NO. 492-0334

MAY 24, 1985

## TABLE OF CONTENTS

	<b>Page</b>
List of Acronyms	ii
Report of The Project Administrator	1
Chief of Party Report	5
Report of the Rural Enterprise Advisor	10
Report of The Marketing Advisor	13
Report of The Upland Farming Systems Advisor	19
Report of The Lowland Farming System Advisor	23

## LIST OF ACRONYMS

AO	Area Office
BCOD	Bureau of Cooperative Development
BPI	Bureau of Plant Industry
CIP	Community Irrigation Program
CO	Central Office
FAO	Food and Agricultural Organization
FIO/ID	Farmer Institutional Officer
FSDC	Farm Systems Development Corporation
FSR&D	Farming Systems Research and Development
GOP	Government of the Philippines
HYV	High Yield Varieties
IO	Institutional Offices
IPC	Integrated Pest Control
IRRI	International Rice Research Institute
ISA	Integrated Services Association
KAISA	Kalipunan ni mga ISA
LEDD	Lowland Enterprise Development Division
NDDC	National Dendro Development Corporation
NEDA	National Economic Development Authority
PCARRD	Philippine Council for Agriculture Resource Research and Development
PERT	Project Evaluation and Review Technique
PIP	Pump Irrigation Project
RLC	Rural Life Center
SALT	Slanted Agriculture Land Technology
SFS II	Small Farmer Systems 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-II for the period ending January 31, 1985 pursuant to Section 10.4 of the contract for technical services between Farm Systems Development Corporation (FSDC) 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 examine the specific activities of the individual Advisors.

The Project Administrator's report has been developed on the basis of participation in extensive discussions with the Chief of Party during his visits to the United States in August and December 1984, communication with the field consultants through weekly and monthly reports, and telephone/telex communications.

### A. 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 ongoing 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), George Voth (Chief of Party), and key FSDC executives. Mr. Rey stated four specific objectives for the project, i.e.:

11

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 ISAs with the potential to expand these products to additional FSDC ISAs.
4. Train a cadre of FSDC staff with increased capabilities in:
  - Identifying a viable KAISA enterprise
  - Agricultural product marketing
  - Farm systems research and development

#### B. Rural Enterprise/Marketing Advisors

The work of the Rural Enterprise/Marketing Advisors has continued to progress; however, the focus has been changed. The country's current economic crisis has negatively affected the financial position of FSDC. In an effort to remain viable, FSDC has tended to abandon a number of long-term development programs in favor of shorter term projects with rapid pay-back periods. For example, market development activities between the ISA, KAISA, and FSDC organization have been curtailed in favor of linkages between FSDC units and private firms. FSDC also is attempting to eliminate unprofitable KAISA enterprises and pro-

grams. A substantial effort is underway to determine the viability of existing enterprises. It is anticipated that a number of these projects may be liquidated and/or abandoned.

As a result of these factors, FSDC has changed the focus of the Enterprise/Marketing Advisors' work from resolution of problems at the KAISA enterprises, to one of concentration on training and development of a viability analysis framework for the KAISA enterprises.

The overall impact of this reorientation and redirection on marketing activities has been substantial. It has meant deviating from the marketing thrust set forth in the contract to activities associated with enterprise management and viability analysis. This may change to some extent by the Advisors' involvement in developing the private sector linkage program. However, the accomplishment of SFS II marketing consultancy objectives is a source of concern at this time. Work related to SFS II new project identification is still on hold as additional monies are not available to fund new enterprises at this time.

### C. Farming Systems Advisors

As discussed in the Lowland Farming Systems Advisor's report, the Farming Systems Advisors' work during this period can be divided into two phases. The first phase--through October/November--saw a continuation of the difficulties encountered in the first six months of project implementation. As mentioned in our first report, these difficulties resulted from a difference in understanding between Experience, Incorporated and FSDC on the methodology to be used in attaining SFS II farming systems objectives. This situation was brought to a head in October when FSDC suggested that perhaps the farming systems consultancy should be deleted from the contract and the Advisors returned to the United States. As a result of subsequent meetings with the Administrator, the Farming Systems Advisors and the Chief of

Party, specific objectives and programs were developed for the Farming Systems Advisors for the next three months. Upon completion of that period, the situation will be again reviewed. Consequently, the second phase of this reporting period saw the Farming Systems Advisors developing and/or implementing specific proposals/programs.

#### D. Peso Cash Flow

Due to peso cash flow problems, the Advisors' travel was severely restricted during this reporting period. As a result, the Enterprise Advisors were unable to continue their assistance to KAISA enterprises in resolving operating and profit problems.

The peso shortfall has also caused some personal problems. Mr. Hand's electricity was cut off for a short period when his bill was not paid on time. There is also a concern as to whether or not adequate pesos will be available for payments associated with housing contract renewals and International School tuition.

#### E. Communications

From our viewpoint, the lack of adequate communication with FSDC management continued during this period and was detrimental to our work. Reports, memorandums, and proposals prepared for FSDC review received little or no response in many instances. This situation was of particular concern in the Farming Systems consultancy. We expect the situation will improve with the recent directions and organizational changes relating to their work. The Enterprise Advisors have less of a problem in this regard as an effective working relationship has been established with the KAISA Department.

CHIEF OF PARTY REPORT

GEORGE VOTH

A. Organization

During the reporting period, work plan modifications were made to coincide with the FSDC's immediate objectives. Implementation of work plans proceeded with the exception of the Upland Farming System Specialist, whose project proposal was submitted but not approved during the period under review. The Lowland Farming Systems Specialist was allowed to initiate project work without formal approval of his work plan in order to take advantage of the planting season.

The FSDC Central Office was restructured effective January 21, 1985. The new organizational structure prompted the following adjustments in Advisor-FSDC working relationships.

1. The Lowland Farming Systems Specialist was assigned to work with the Director, Program Management Department, Mr. Reynaldo Asprer.
2. The Upland Farming Systems Specialist was assigned to work with the Director, Tree Farm Development and Production Department, Mr. James Cabanatan.
3. The Marketing Specialist and Rural Enterprise Specialist were directed to continue project activity with the KAISA Development Department Director, Ms. Sylvia Engracia.
4. Administrative functions of the consultancy will continue with Mr. Venido Atienza and Ms. Gwendolyn Torres.

## B. Peso Budget

Considerable time has been required to resolve or alleviate peso budget problems, i.e., lack of peso cash flow, inflation. The delay in receiving timely NEDA fund releases has had a negative impact on the project to the extent that travel to project sites has been restricted. Alternate proposals suggested by FSDC to resolve the budget problems are:

1. Continue the technical consultancy until pesos are depleted at which time the contract would terminate.
2. Reduce the number of Advisors to conform to free pesos for the remaining Advisors.
3. Obtain additional grant funds to supplement the budget.

It is anticipated that budgetary constraints will become more of a problem during the second year, continuing to reflect the peso devaluation. The original budget was prepared using the foreign exchange rate of 11:1. As of January 31, 1985, the official exchange rate was 18.4:1, reflecting a 67 percent devaluation.

While the consultants have made a concerted effort to adjust accordingly, many uncontrollable inflationary factors will make it impossible to remain within the budget limits and complete the project objectives. FSDC and the Chief of Party have projected expenditures to the end of the contract period which reflect a deficiency of P300,000.

The following peso disbursement report reflects the status of the peso fund as of January 31, 1985 as recorded by FSDC.

Items	Total Budget	Disbursements	Commitments	Total	Budget Balance
-----pesos-----					
Housing and Utilities	988,240	485,407	45,000 <u>a/</u>	530,407	457,833
Local Travel and Per Diem	184,510	73,870	2,419	76,288	108,222
Educational Allowance for Dependents	127,000	78,434	24,203 <u>b/</u>	102,637	24,363
Temporary Living Quarters Allowance	31,250	31,250	--	31,250	--
Miscellaneous Expense	14,000	9,184	340	9,524	4,476
One-Month Security Deposit for Consultants' Housing	63,000	24,625	10,000 <u>c/</u>	34,625	28,375
<b>TOTAL</b>	<b>1,408,000</b>	<b>702,770</b>	<b>81,962</b>	<b>784,731</b>	<b>623,269</b>

a/ Bruce Dehm (for the period March 1-October 31, 1985)  
P5625 x 8 months = P45,000

b/ Third quarter bus charges due February 4, 1985 P 3,363  
Fourth quarter tuition and bus charges due April 15, 1985 P20,840

c/ Carl Amerling - due March 7, 1985 P10,000

NOTE: Rounded to nearest peso  
7975A

### C. Problems Encountered by the Advisors

#### Visas

The non-issuance of 47(a)2 resident visas continues to be a source of frustration and anxiety to the consultants. Preparation of letters and representations with officials also consumes an inordinate amount of the Chief of Party's time.

Frequent meetings were held and various documents submitted by FSDC to expedite the issuance of the visas for the consultants and their dependents. An endorsement was obtained from

the Ministry of Justice authorizing the exemption of visa fees as provided in the FSDC/Experience, Incorporated contract. Issuance of visas was anticipated upon receipt of this document by the Commission on Immigration, however, that did not happen. Mr. Voth did obtain a 47(a)2 visa through his travel agency when he returned to the United States on emergency leave.

### Counterparts

Neither Farming Systems Specialist has had an effective continuing relationship with an assigned counterpart. It is imperative that this situation be changed if the Advisors are to accomplish their respective project objectives and institutionalize within FSDC the skills to carry on farming systems project work when the consultancy is completed.

The Enterprise Consultants have been working closely with Central Office KAISA Department staff. While the close working relationship may allow attainment of project objectives related to skills institutionalization, specifically assigned counterparts would be more effective, especially if the market development training objective is to be achieved.

### Communication

The lack of communication between FSDC management and the Farming Systems Advisors continues to be a problem. Work plans had not been accepted and little guidance was provided to assist in developing acceptable work plans. Reports drew little or no comment. At the same time, FSDC was also becoming frustrated with the lack of progress in the farming systems aspect of the consultancy. In early October, it was suggested that perhaps the farming systems consultancy should be deleted from the contract and the Advisors returned to the United States. In October/November, Administrator Rey met with each Advisor on an in-

dividual basis. At these meetings, objectives and work plans for the remainder of the reporting period were developed. It was believed these decisions resulted in a better understanding of FSDC's goals for the Advisors.

Departures, Arrivals and Project Staffing

Emergency Leave

George Voth - August 1 to August 22, 1984

George Voth - December 15, 1984 to January 16, 1985

Project Staffing

	<u>8/31</u>	<u>9/30</u>	<u>10/31</u>	<u>11/30</u>	<u>12/31</u>	<u>1/31/85</u>
Consultants	4	4	4	4	3	4
Dependents	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Total in Field	10	10	10	10	9	10

REPORT OF THE RURAL ENTERPRISE ADVISOR

GEORGE VOTH

The objectives of the Rural Enterprise consultancy are to provide technical and advisory services in new project/enterprise identification and project management. FSDC directed that the major thrust of the Advisor's activities in the first six months of the project were to assist existing KAISAs resolve operating and profitability problems. It was envisioned that this would be a continuing effort. However, during this reporting period, it was impossible to make follow-up trips to the targeted KAISA enterprises due to travel restrictions caused by peso cash flow problems. Periodic examinations of financial and assessment reports were made to keep informed of operating results. It was evident from these reports that palay procurement continued to be a problem for all rice mills and accounts receivable were growing out of control at all enterprises. Working capital problems soon followed, due to excessive accounts receivable and operating losses. It is apparent the ISAs have not fully supported the KAISA enterprises as originally perceived.

Recognizing the need for improved management techniques, the KAISA Department has focused attention on a comprehensive training program. The Advisor provided assistance to training personnel in assembling material and developing guidelines for a training program which will encompass all levels of KAISA enterprise management, including the Board of Directors. This program will also apply to feed mill operations since they too are experiencing difficulty in maintaining profitable results. Also in the area of training, the Advisor prepared for and participated as a resource person in the Feedmiller's Symposium in Davao City. The Advisor's topic area was financial management.

FSDC requested assistance in securing approval from the Bureau of Cooperative Development (BCOD) for sales tax exemption for all KAISA enterprises. The Advisor reviewed the situation and met with Ms. Nelia Gonzales, Assistant Secretary, Ministry of Agriculture, and Acting Director, BCOD, to review PD 175 and LOI 1399. Shortly following, the legal counsels of FSDC and BCOD prepared a Memorandum of Understanding which legally provides for all qualified FSDC/KAISAs to be registered associations and eligible for tax exemption. It is estimated that the positive economic impact could annually exceed P300,000.

Given FSDC's interest in production loans for ISA members, the Advisor continued to meet with the Cooperative Finance Group of the Central Bank concerning an umbrella financing arrangement. These meetings have been exploratory, seeking ways in which FSDC might avail of these financing services provided they fit the objectives of FSDC management.

The Advisor provided assistance in developing a Linkage Development Office concept paper describing procedures and guidelines in identifying and facilitating a linkage with the private sector. Realized objectives will be mutually beneficial for the ISA/KAISA system and the private sector groups. The Advisor participated in several meetings with a private sector group with which the concept will be developed.

The Advisor worked closely with the Marketing Advisor in developing the KAISA viability analysis framework.

On both emergency leave trips to the United States, the Advisor met with the Project Administrator at Experience, Incorporated's Minneapolis headquarters to discuss the project's progress. Also on these trips, contacts were made with various agribusiness organizations to secure training materials and check on specific technical questions.

Specific Activities of the Rural Enterprise Advisor

<u>Date</u>	<u>TRAVEL Activity</u>
November 6-11, 1984	Resource speaker at the First Annual KAISA Feedmillers Symposium, Davao City

REPORTS

Monthly Reports

<u>Date Submitted</u>	
September 13, 1984	August Report
October 12, 1984	September Report
November 15, 1984	October Report
December 14, 1985	November Report
January 14, 1985	December Report
February 15, 1984	January Report

Other Reports and Memoranda

<u>Date Issued</u>	<u>Subject</u>
August 28, 1984	Project review with James Cabanatan
September, 1984	Case studies for management training
September 17, 1984	Memo to Administrator regarding transfer of education allowance to dollar side of budget
September 26, 1984	Paper describing meeting with Ms. Nelia Gonzales regarding KAISA Tax Exemption
September 28, 1984	Memo in support of Carl Amerling and Bruce Dehm work plans
October 8, 1984	Transmittal memo to accompany Semi-Annual Report
October 24, 1984	Budget projections for contract period
October 30, 1984	KAISA Enterprise follow-up scheme
January 30, 1985	Vacation sick leave summary
Through-out Period	Letters and memos for visa follow-up

## REPORT OF THE MARKETING ADVISOR

WILLIAM A. HAND

The focus of the Marketing Advisor's activities during the second six month period of the contract was the development of a marketing presentation for a Feedmillers' Symposium and the development of a viability analysis framework for KAISA enterprises. Additional activities included the linking of a KAISA vegetable trading enterprise with brokers dealing with domestic and overseas markets, work with the Lowland Farming Systems Advisor to develop a rice seed production and marketing program proposal, and participation in developing the private sector linkage development concept.

The Advisor's activities were guided by the objectives presented in Appendix A of the FSDC/Experience, Incorporated contract, namely to provide guidance and technical assistance with:

1. Project and enterprise identification
2. Project and enterprise management
3. Design and development of appropriate schemes for improving FSDC/KAISA/ISA marketing capabilities
4. Design and development of appropriate marketing programs for KAISA/ISA enterprises
5. Development of schemes for identifying, assessing, and prioritizing local and export markets
6. Identification of marketing ventures/enterprises and related activities based on local/export demand and opportunities
7. Identifying and establishing marketing linkages between KAISA/ISA production areas and established local/export markets

The Advisor sought to remain aware of the ongoing programs and requirements of the FSDC staff, particularly the KAISA development group. As a result, the Advisor continued to balance activities to conform to both contract objectives and desires of the KAISA group and FSDC management. Training and enterprise viability are now the major activities of the KAISA group, often overshadowing market development activities.

The Feedmillers' Symposium presentation on marketing involved considerable time for preparation. The presentation was developed in-house from a variety of sources. Four topics were addressed during the presentation including: the marketing of animal feeds in the Philippines, the need for marketing research to support feedmiller marketing activities, the concept and development of a feed pricing program, and how to develop a marketing program. The presentation consisted of more than 60 overhead slides. Together with written handouts and three hours of discussion, the participants were well exposed to the basic principles of feed marketing.

The Advisor also addressed the viability of various KAISA enterprises. The concept of enterprise viability evolved from earlier field visits by both Enterprise Advisors. It was concluded from these visits that many of the original enterprise feasibility studies did not adequately examine all aspects of operation of the various enterprises. A number of matters were not properly developed, particularly:

- Mill processing capabilities
- Mill storage capabilities
- Availability of free palay stocks within the mill's normal procurement area
- Availability of markets at sufficient price levels to cover all costs involved in production and marketing.

The Advisor constructed a framework for viability analysis focusing on marketing margins and milling costs. For the rice mills, the margin is the adjusted difference between the per unit cost of the palay and the per unit return from the sale of the rice and by-products. Within this margin, all costs, both fixed and variable, must be covered for profitable operation of the enterprise. Breakeven analysis, which is also part of the viability program, provides an indication of the level of operation required for profitability. A paper was drafted and submitted to the KAISA group outlining this approach to the viability question. The Advisor worked closely with the KAISA development group, providing guidance and direction in the undertaking of viability analyses of a number of the KAISA enterprises.

Recently, FSDC management has focused on developing linkages between FSDC organizations and the private sector. Administrator Rey has indicated that a major strength of the FSDC organization lies in providing the land and labor for production of crops sought by many of the nation's food and fiber processors. The Marketing Advisor was requested to assist with the development of the concept and program and attended a number of meetings concerning the program.

The Marketing and the Lowland Farming Systems Advisor developed a proposal for the production and marketing of certified palay seed. The program was designed to improve the quality of ISA produced palay and provide additional palay for milling by the KAISA rice mills.

The major problem facing the Advisor continues to be the lack of a marketing counterpart and clearly defined marketing emphasis within FSDC and the KAISA Development Department. The activities outlined in Appendix A of the FSDC/Experience, Incorporated contract assume a counterpart and an existing FSDC

marketing program or thrust. Without a counterpart and the marketing structure, the market development activities will continue to be limited. Hopefully, this problem will be resolved with the reestablishment of a marketing interest within the KAISA Development Department.

During the period, the Advisor's activities relating to the contract objectives were also limited by budget restraints that severely restricted travel. Travel was restricted to only six days during the six month period. No follow-up visits were allowed to the six rice mills, two feed mills, and two trading centers earlier designated for particular attention.

## Specific Activities of the Marketing Advisor

<u>Date</u>	<u>TRAVEL Activity</u>
August 1, 1984	Return travel from the Isabela KAISA rice mill
November 7-11, 1984	At Area V office to participate as a Resource Speakers at the First Annual Feedmillers' Symposium, Davao City

### REPORTS

#### Trip Reports

<u>Date Issued</u>	<u>Subject</u>
August 15, 1984	KAISA rice milling enterprise, Ilagan

#### Monthly Reports

September 13, 1984	August Report
October 12, 1984	September Report
November 15, 1984	October Report
December 14, 1984	November Report
January 14, 1985	December Report
February 15, 1985	January Report

#### Other Reports, Memorandum and Presentations

August 22, 1984	Proposed agenda and subject matter, Feedmillers' Symposium
August 31, 1984	Training programs: concepts and backgrounds
October 9, 1984	Taiwan market training program
October 16, 1984	KAISA Enterprise follow-up scheme
October 17, 1984	Concept proposal Certified Rice Seed Production
October 24, 1984	Revised Advisor's budget projections
November 8, 1984	Marketing presentation, Feedmillers' Symposium
December 18, 1984	Revised Marketing Advisor's work plan
January 31, 1985	Methodology for viability analysis

## REPORT OF THE UPLAND FARMING SYSTEMS ADVISOR

BRUCE A. DEHM

Activities of the Upland Farming Systems Advisor are considered in light of the guidelines specified in Appendix A of the FSDC/Experience, Incorporated contract. The consulting services outlined therein 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.

Most of the Advisor's activities during the August 1984 through January 1985 period have been concentrated in the design and development of a farming systems approach (category 1). Given the constraints associated with the dry season in rainfed upland areas, field level implementation of farming systems (category 2) has been restricted. Institutionalization of a farming systems approach within FSDC (category 3) has likewise been constrained due to a number of factors to be discussed below.

At the end of the first six-month period, the Advisor had completed two Sondeo surveys of prospective upland project sites. These surveys, together with proposals for site specific farming system development activities, were submitted to FSDC management personnel for review in August and September 1984. The continuing lack of communication between FSDC management staff and the Advisor on these proposals, and on the concept of farming systems development methodology in general, resulted in delay of project implementation, and misinterpretation of proposed methodologies. A meeting between the Advisor and FSDC's Administrator on October 31 served to resolve many of the outstanding issues.

Work efforts prior to October 31 concentrated on developing general concepts and strategies for appropriate farming systems approaches to upland development. The "Towak Sondeo Report and Proposal for On-Farm Research," and the "Parasipis Sondeo Report and Project Proposal for On-Farm Technology Development and Extension" served as groundwork for a more unified concept of upland development presented in the "Agroforestry Concept Paper." This concept paper presented a general methodology for identifying and integrating appropriate agroforestry technology into existing upland farming systems.

During the October 31 meeting, it was determined that the concepts and strategies in both the Agroforestry and Towak papers were generally sound and compatible with FSDC goals. However, in-depth economic and financial analyses needed to be prepared before final decisions could be made relating to the upland farming systems program. It was also decided that the Parasipis project site, although situated in the mountains of Benguet, was outside the scope of the Advisor's assignment since an irrigation system was in place. The Advisor was directed to concentrate on rainfed upland areas only. Consequently, all planned activities at the Parasipis site were abandoned, negating more than 45 person days of work by the Advisor and other FSDC personnel.

Work efforts following the October 31 meeting have concentrated on analyzing farm level data and developing specific strategies for ISA level implementation of upland agroforestry farming systems. Ideas and strategies presented in the "Agroforestry Concept Paper" were quantified using the farm level data collected during the Towak Sondeo activity. Economic and financial analyses of the site-specific agroforestry project were prepared to estimate the benefits and costs associated with the proposed technology for the farmer, FSDC, and for society. Computer spreadsheet models were assembled to assist in the sensitivity analysis and will provide a framework for project evaluation at other sites.

A final report combined the concepts and strategies of the Agroforestry Concept Paper, and the Towak Sondeo Report and Proposal with the economic and financial evaluations. It was submitted as a complete proposal for an integrated farming systems approach to upland development. The Project Proposal for the Upland Agroforestry Development Program presented all the previously developed ideas for upland farming systems approaches and used the proposed Towak project as an example of how these approaches can be conceptualized, evaluated, and implemented.

Institutionalization of the farming systems approach has not materialized to date. The concepts and methodologies presented to FSDC Central Office management have not drawn attention. Formal or written responses to project proposals and concept papers have not been received from Central Office personnel. In one incident, the Advisor was admonished for not producing acceptable work, when in fact, the officer had not read proposals submitted six weeks earlier which addressed many of the criticisms. As was stated in the first six month report, if farming systems approaches are to be institutionalized, enthusiasm and interest for the methodologies must originate at the upper levels of FSDC management.

The Advisor believes his responsibilities lie in assisting FSDC resolve problems associated with its goal of establishing a viable farming systems methodology within the organization. Given the lack of communication and active commitment by FSDC to the stated goal, the Advisor has been put in the position of preparing and presenting "his" proposals on "his" projects. The result being that instead of assisting FSDC in meeting goals stated in the project papers, the Advisor is concerned that his presence is seen as encumbering rather than facilitating FSDC's work.

Specific Activities of the Upland Farming Systems Advisor

<u>Date</u>	<u>TRAVEL Activity</u>
August 6-10, 1984	Sondeo Survey, Parasipis, Benguet
September 7, 1984	Agritech Expo, Philcite Center, Manila
January 29, 1985	Field trip to Tree Species Trials, Pampanga

REPORTS

Trip Reports

<u>Date Issued</u>	<u>Subject</u>
August 21, 1984	August 6-11 Benguet Trip Report
January 31, 1985	Field trip report to Hodam Tree Species Trials at Florida Blanca, Pampanga

Monthly Reports

September 13, 1984	August Report
October 12, 1984	September Report
November 15, 1985	October Report
December 14, 1984	November Report
January 14, 1985	December Report
February 15, 1985	January Report

Other Reports

August 24, 1984	Parasipis Sondeo report and project proposal for On-Farm Technology Development and Extension
September 28, 1984	Agroforestry concept paper
September 28, 1984	Revised work plan of the Upland Farming Systems Advisor
December 28, 1984	Towak Agroforestry Development Project: Economic and Financial Analysis
January 25, 1985	Project proposal on the Upland Agroforestry Development Program

REPORT OF THE LOWLAND FARMING SYSTEMS ADVISOR

CARL B. AMERLING

To present a better perspective of the Advisor's activities over the past six months, the reporting period is divided into two parts. The first period extends from August 1 to November 21. The second period encompasses the remainder of the reporting period. On November 21, a meeting was held with Administrator Rey in which important decisions were made and directions concretely stated regarding the work of the Advisor. Up until this meeting, the Advisor's pursuit of the objectives of his contract were constrained by factors which will be discussed below.

Period I: August 1 to November 21, 1984

Problems arising in the first four months of the project concerning the final acceptance of the Advisor's plan of work and FSR&D project proposal, which are inexorably linked, persisted during this period. Although verbal approval was given by middle management staff who were overseeing the day-to-day activities of the Advisor, and who assisted in the preparation of later plans of work, approval from upper management remained forthcoming.

In all, five work plans were written in the first six months (April-September) of the project. All attempted to address the priorities and methodologies of FSDC, as well as the scope of work as written in the SFS II project document. PERT networks of the Advisor's work plans and farming systems project were prepared and submitted as per request (September 25). In anticipation of eventual work plan and project approval, work continued on preparing additional materials for use during project implementation, compiling training materials, and revising budget and activity timetables.

A presentation was given to FSDC management on the Advisor's approach to farming systems development and its relationship to his work plan. After the presentation, discussions ensued which attempted to arrive at an understanding on the type of farming systems projects appropriate for the SFS II project. Another work plan was written in response to these discussions.

Technical support was provided to the Integrated Pest Control (IPC) trials which started in late July in three Pangasinan ISAs. The trials were initiated immediately following the IPC training course given to FSDC/KAISA staff and ISA members by the BPI/FAO IPC training specialists. The Advisor also arranged financial assistance from FAO in the form of additional travel allowances for IOs and chemicals for the IPC trials. Guidelines were prepared for implementing a fertilizer trial with one additional farmer-cooperator from one of the ISAs participating in the IPC trials. Two trips were made to the area (early August and mid-September) to check on implementation and monitoring aspects of the trials. However, requests to return to Pangasinan after the second visit were disapproved as the Central Office (CO) had requested Area Managers to develop a list of lowland ISA problems which could be addressed by the Advisor. The CO did not want the consultant to return to Pangasinan before all responses had been received. It was envisioned that the Advisor's work plan could incorporate these problems in addition to implementing farming systems projects. One monthly report was received by the Advisor in late September, while the trial plots were still in their vegetative stage. No other reports were received and requests to the Area Office were unanswered.

Other activities during this period involved the preparation of a concept proposal of a KAISA/ISA certified palay seed production project with the Marketing Advisor. This proposal came about in response to the Advisor's observation of poor quality seed being used in many ISAs, a review of FSDC's organized seed production program, and a meeting the Marketing Advisor had with FSDC management.

The Advisor worked on establishing additional linkages with other institutions which could potentially support FSDC projects. CARE Philippines and Philippine Business for Social Progress were identified as possible sources of funding for income-generating projects at the ISA or KAISA level and in the case of CARE, additional disaster grants for ISAs damaged by recent typhoons.

The Advisor met with Shell Chemical Co. (Philippines). They provided FSDC with two varieties of processing tomatoes recommended for trial planting by Dr. Villareal of the Institute of Plant Breeding in preparation for the tomato processing project recently approved for funding by the Danish government. Shell Chemical has also expressed an interest in financing the seed, fertilizer, and chemical input requirements of the growers when full production commences in the 1985-86 dry season.

During this period, the Advisor also facilitated the acceptance of R. Ragus (LEDD) into a two-month FSR&D training course being offered at the International Rice Research Institute in Los Banos. However, FSDC management decided the cost was unreasonably high and that the course was not geared towards FSDC's program.

Towards the end of this period, the Advisor prepared proposals for yellow corn, soybeans, mungbean, white bean, and processing tomatoes in response to a request from FSDC management. Benefit-cost and sensitivity analyses accompanied each proposal.

## Period II - November 21 to January 31

In a meeting with Administrator Rey on November 21, the Advisor was informed that his work plan was approved but that the farming systems project should be initially piloted in only one or two ISAs rather than six (and expanded to nine by the 1985 wet season) as stated in the work plan. The Advisor also understood he was to select the area. Given the timing of this meeting, the Advisor decided Area III (Bicol) and Area V (Eastern Mindanao) were the most likely candidates from a climatological perspective.

A trip was made to Area III to investigate potentially suitable ISAs for the pilot farming systems and also respond to an earlier request for the Farming Systems and Marketing Advisor to assist in investigating the feasibility of sweet potato production for animal feed. A potential marketing tie-up with a West German feed company through the Trevino Sugar plantation was identified as well as sources of HYV sweet potato planting materials and efficient low-cost sweet potato chippers.

A planned trip to Area V (December 12) was cancelled at the last minute due to a lack of travel funds. The Advisor was also informed at this time that the pilot farming systems project should be targeted in Area II (lower Central Luzon and Southern Tagalog regions). Seven ISAs were briefly inspected in Pampanga and three in Quezon Province. By the first week in January, Area II staff confirmed the Advisor's selection of Sampaloc I ISA, Sariaya, Quezon as the pilot ISA.

In order to meet FSDC management requirements for an acceptable proposal, a formal survey was designed and implemented. Soil samples were taken, existing farming systems identified, and potential improved cropping systems were analyzed. Farmers'

perceived problems and potential solutions were prioritized, on-farm trials were planned (for early February planting), and the plan was presented to the ISA Board, KAISA staff and Area Office for approval.

For dry season trials to occur, planting had to be accomplished in the first two weeks of February. Given the compressed schedule of implementation activities for the project, and the lack of staff available to work with the Advisor, a formal proposal and benefit cost analysis could not be completed before planting the trials. Trials on sweet potato, mungbean, peanut, tomato, and adzuki bean were planted February 11-14. The proposal was completed February 22.

## Specific Activities of the Lowland Farming Systems Advisor

<u>Date</u>	<u>TRAVEL Activity</u>
August 3, 1984	Travel to Area I, Pangasinan
August 6, 1984	Travel to Los Banos, IRRI, PCARRD
September 9, 1984	Travel to Pampanga, Zambales, and Pangasinan
October 2, 1984	Travel to Maginao, Bulacan
October 17, 1984	Travel to IRRI, UPLB
October 24, 1984	Travel to Institute of Plant Breeding, UPLB, IRRI, GEMCOR
November 27, 1984	Travel to Area III, Camarines Sur
December 14, 1984	Travel to Pampanga
December 19, 1984	Travel to Quezon Province
January 9, 1985	Travel to Quezon Province
January 16, 1985	Travel to Quezon Province
January 3, 1985	Travel to Quezon Province

## REPORTS

### Trip Reports

<u>Date Issued</u>	<u>Subject</u>
August 7, 1984	Trip report to Area I, Pangasinan
September 18, 1984	Trip report to Pampanga, Zambales, and Pangasinan
December 5, 1984	Trip report to Area III, Camarines Sur
January 23, 1985	Trip Report to Sariaya, Quezon, Sampaloc I ISA

## Monthly Reports

September 13, 1984  
October 12, 1984  
November 15, 1984  
December 14, 1984  
January 14, 1985  
February 15, 1985

August Report  
September Report  
October Report  
November Report  
December Report  
January Report

## Other Reports

August 8, 1984

1. Sondeo Methology
2. Guidelines for Fertilizer Trials in Pangansinan

August 10, 1984

Design Recordkeeping System for Farmer-Cooperators

August 29, 1984

Work program for Lowland Farming Systems Advisor

September 3, 1984

Work program for Lowland Farming Systems Advisor (revised)

September 25, 1984

PERT Network for Work Program

October 4, 1984

Certified seed production concept proposal

November 21, 1984

Research and development proposals for corn, soybeans, mungbean, white beans, and tomatoes

January 11, 1985

Agro-economic survey form

January 14, 1985

Instructions on conducting interview

January 30, 1985

Criteria for selecting farmer-cooperators conducting farm systems trials design for February trials, Sampaloc ISA

7975A