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EVALUATION AND RESEARCH FINDINGS  
RELEVANT TO  
LIVELIHOOD DEVELOPMENT FUND  
RURAL ENTERPRISE/RURAL ENERGY DEVELOPMENT PROGRAM

Asia Bureau Resource Center  
ASIA/DP/E  
October 21, 1981

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Executive Summaries and Major findings of:

The Socio-Economic Context of Fuelwood Use in Small Rural Communities,  
AID Evaluation Special Study No. 1, August 1980.

Main, Feasibility Study of Dendro-Thermal Power Generation on the  
Island of Panay, Philippines, (AID), June 1980.

Mandel, David H. et.al., The Philippines: Rural Electrification Project,  
AID Project Impact Evaluation Report No. 15, December 1980.

Development Alternatives, Inc. (under contract to AID), An Evaluation  
of the Program Performance of the International Program Division  
of the National Rural Electric Cooperative Association (NRECA),  
January 28, 1977.

Philippines Small Scale Irrigation, AID Project Impact Evaluation  
Report No. 4, May 1980.

Comptroller General Report to the Congress, AID Must Consider Social  
Factors in Establishing Cooperatives in Developing Countries,  
July 16, 1980.

Pursell, Arthur H., AID, Institutional Development in the Philippines:  
A General Review, October 1971.

Gamble, Alton F., Agricultural Cooperative Development International,  
Progress Report and Proposal: An Accelerated Cooperatives Development  
Program for Nueva Ecija, December, 1975.

## MAJOR EVALUATION AND RESEARCH FINDINGS

1. The Socio-Economic Context of Fuelwood Use in Small Rural Communities, AID Evaluation Special Study, August 1980.
  - . Success of cooperative action is based on:
    - . existence of a "community" (many people in developing countries live in atomized and highly stratified situations where community identity is diminished);
    - . needs of community met by project;
    - . community members involved in the planning and implementation;
    - . effective nursery, training and extension services as integral components;
    - . creation of incentives for maintaining the relatively long-term participation required for such programs.
  
2. Main, Feasibility Study of Dendro-Thermal Power Generation on the Island of Panay, Philippines, (AID) June 1980.
  - . Operating costs of raising and burning wood for electric generation are more economical than oil-fired diesel generation;
  - . The major cost associated with plantation establishment is for roads. Roads should be considered part of a long-range regional development plan.
  
3. Mandel, David H. et al., The Philippines: Rural Electrification Project, AID Project Impact Evaluation No. 15, December 1980.
  - . Membership influence over coops has been minimal - lack of popular participation has resulted in apathy toward cooperatives;
  - . Pressure to expand coverage rapidly and socialized pricing of electricity are threatening the financial viability of many coops; financial viability may be improved by the following factors:
    - . switch from costly local sources of power (e.g. diesel generator) to more reliable and efficient power from a central grid (e.g. Leyte-Samar) or to cheaper forms of locally generated power (e.g. dendro-thermal);
    - . establishment of a larger industry in a cooperative service area;
    - . improve collection efficiency, specifically by raising collection rates to the NEA target of 90%.
  
4. Development Alternatives, Inc. (under contract to AID), An Evaluation of the Program Performance of the International Program Division of the National Rural Electric Cooperative Association (NRECA), January 28, 1977  
Shortcomings/Problems of Cooperatives
  - . Cooperatives have limited impact on membership and vice-versa. "Findings indicate that electric coops studied serve principally, if not exclusively, simply as a means of distributing electricity and have little meaning to their members other than being offer the supplier of energy."

- Cooperatives have failed to act as forum for rural poor to "generate a sense of accomplishment and self-determination at the local level." This failure is based in part, on the following factors:

rural electric coops are very large;  
management remains out of the hands of local/rural leadership.

#### Strengths/Benefits of Cooperatives

- Cooperatives have been successful in initiating rural electrification programs;
  - Cooperatives have been well received and supported by national authorities;
  - Rural electric cooperatives are legal entities which control procedures and management and which are able to receive funds and pay back loans at reasonable interest rates over the life of purchased equipment; Thus, "from the viewpoint of the host country government, most of the benefits derived from using cooperatives to electrify the countryside have to do largely with legal questions and with relative debt burden."
5. Philippines Small Scale Irrigation, AID Project Impact Evaluation Report, May 1980.
- "Increased gross incomes from double cropping and high-yielding varieties of rice have been substantially offset by increasing costs of production, debt burdens from capital investments, and persistent technological and water management problems." Thus, although gross farmer income has been improved, net income has not, and the system cannot be sustained in present form.
  - Recommendation - any future support to the Farm System Development Corporation should concentrate on technical assistance to improve and develop productive capacity of farms in existing system rather than continuing geographic expansion of what is a fragile undertaking.
6. Comptroller General Report to the Congress, AID must Consider Social Factors in Establishing Cooperatives in Development Countries, July 16, 1980
- Philippines irrigation cooperatives (AID assisted) have been successful in building a network of strong local-level organization. Farm yields have increased because of these groups and because of the successful irrigation efforts. This success has been based on the following factors:
    - irrigation provides strong focus for coop activity--farmers recognize benefits;
    - association receives intensive support from field workers;
    - training of association members is stressed;
    - program model is adapted to local needs;
    - decentralized management facilitates bring decision-making closer to village level;
    - organizational mechanisms exist which allow farmers' participation in the decisions affecting their development.

- Despite success of Philippines irrigation cooperatives, progress is not assured because of unfavorable economic conditions (e.g. rising gasoline cost required by irrigation equipment).
  - The marketing cooperative system has been less successful than the irrigation-coops. The rapid expansion of the Philippines marketing cooperative system has generated several problems:
    - "limited government resources to provide needed assistance to an expanded system, in particular, to village-level organizations";
    - slow development of marketing and credit services of regional cooperative institutions due to lack of capital and management expertise.
7. Pursell, Arthur H, AID. Institutional Development In the Philippines: A General Review, October 1971.
- Agricultural credit and farmer coops have, since their inception, suffered from defective organizational patterns, weak management and inadequate capital funding;
  - "Farm cooperatives should be reorganized and on a much larger per unit pattern in most or all cases. Agriculture credit programs, limping along on the ACA-farmer cooperative pattern, should be converted to conventional finance institutions."
8. Gamble, Allan F., Agricultural Cooperative Development International, Progress Report and Proposal: An Accelerated Cooperative Development Program for Nueva Ecija, December 1975.
- History of coops in Philippines include:
    - some success at local level;
    - general failure of national cooperative efforts;
    - failures reflect past political system's failure to create an effective government and an equitable society rather than defects in cooperative institutions or other unsuitability to the Philippines.
  - Despite existence of few viable coops, there are countless dedicated coops personnel and members whose efforts have been frustrated by conditions and actions beyond their control.
  - U.S. shares some responsibility for past coop failures:
    - U.S. assisted expansion was much too rapid;
    - insufficient emphasis on training and indoctrination of farmers;
    - some commodities furnished were inappropriate.