

FY 1988 CDSS ACTION PLAN  
USAID/PHILIPPINES

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## I. INTRODUCTORY OVERVIEW

### A. Strategic Goals

President Aquino's economic promise to the nation centers on new productive jobs, a better deal for the small agricultural cultivators, and the prospect of new economic opportunity for the sixty percent of the Philippine population who live below the official poverty line. She has promised an agriculturally led economic development program in which jobs and the broadest participation of the rural and urban poor are paramount.

The 1986-1990 CDSS established a central strategic goal for the USAID program: increased rural productivity. Raising rural productivity remains the central strategic goal of the program and it services the central goal of President Aquino's economic development program.

Our CDSS defines rural productivity broadly. Our goal is to increase the output per unit of input in agriculture and in labor-intensive light industries tied to the rural economy. Behind that dry formulation, the goal of increasing rural productivity means undertaking those investments and policy initiatives which bring more income to rural people, income deriving from rural labor, from rural capital, from rural land, and through changes in the technology of rural production. More jobs, higher incomes, and a more efficient use of resources in the rural economy - these are the objectives of the Mission's 1985-1990 CDSS.

It is worth reviewing how we arrived at this central strategic goal in the closing years of the Marcos era and why it remains valid today in the first years of the Aquino administration. Sectoral analysis of the Philippine economy indicated that agriculture alone accounted for almost a quarter of GDP and fully one-half of all exports from the Philippines. On the human side of the equation, more than 60 percent of the population continues to live in

rural areas, and virtually all of these rural households earn their family livelihood through farming or through rural industrial and service jobs closely linked to the agricultural economy. Fully 80 percent of all Filipinos living below the official poverty line reside in rural areas, and most of these men and women and children have seen their incomes fall sharply over the past several years. Philippine Government data, developed with assistance from the U.S. Bureau of Census, points to a 25 percent decline in real rural incomes over the martial law period. At a time when most rural families in Southeast and East Asia were experiencing the fastest growth in family incomes ever recorded, Filipino rural families experienced a wrenching decline in their welfare and in their sense of economic opportunity for themselves and for their children.

Our analysis for the 1986-1990 CDSS demonstrated persuasively that "growth in rural productivity is constrained by government economic policies and institutional arrangements which distort the allocation and use of resources at both the macro and micro level." Our analysis has now become the received wisdom of the economic planners in the new Philippine Government. The principal strategy and resource planning documents of the National Economic Development Authority recognize the pernicious impacts of past policies and institutional arrangements on resource allocations, particularly in the rural sector. What has changed is that whereas the economic agencies of the GOP were impediments to correcting these problems, they have become allies.

The change in government in February 1986 brought new perspectives into the GOP economic technocracy, but the objective situation in the rural areas is still much as it was. Some commendable market-oriented policy initiatives from the Agriculture Department have begun to have impacts, and

the first stages of broader macroeconomic liberalization are just beginning to work their way into the rural economy. This means that the prospects for success in realizing our central strategic goal have improved since the CDSS was written in the late Marcos era. A candid insider assessment of what has changed and what has not is offered by a document recently released by the Philippine Institute for Development Studies. The paper, dated February 1987, and titled "Economic Recovery and Long Run Growth, A Review of the First Eleven Months of the Aquino Government" was prepared by economists and policy analysts who framed the initial economic Agenda of President Aquino's new government.

The judgment of this independent assessment is that the Aquino Government has established admirable goals and a coherent reform package to achieve them but that performance has been mixed. It points out, for example, that the agricultural sector has benefitted from the decontrol of commodity prices but is still disadvantaged by (in the authors' view) an overvalued peso and inadequate public investment in agricultural support services.

It is therefore the Mission's judgement that the strategic goal of increasing rural productivity remains valid. However, at this mid-point in the life of the CDSS we are reformulating the strategic goal as it appears to agriculture, rural development and the private sector and formulating a related strategic goal for population, health, nutrition and education. In the case of the former, the reformulated strategic goal is to increase rural productivity and profitability. The addition of profitability to the goal statement is in recognition that increased output is without value unless it is marketable, i.e. income producing, and market linkages are an important part of our programs in agriculture, rural construction and rural enterprise. With respect to population, health, nutrition and education, we take well the

thesis advanced by the "ANE Background Paper on Poverty in Asia" that investments in these sectors, i.e. in human capital, contribute to reducing risks which threaten the survival of poor families and contributes to raising the returns to their labor. Our unifying strategic goal for these sectors is to improve the productivity of human resources over the long term.

B. Progress

As recalled above, the CDSS described rural growth as being constrained by "economic policies and institutional arrangements which distort the allocation and use of resources at both the macro and micro level." Progress toward the Mission's intermediate objectives in accomplishing the strategic goal was decidedly mixed. Substantial progress was made on economic policies that affected macro level concerns. This was particularly true in the area of policy reform formulation. (Also see the FY 1988 CDSS Supplement, Part IV). Actual implementation of the reforms was less notable. There were significant accomplishments in deregulating the agricultural sector and in privatization. At the same time, the evaluations of the Local Resources Management Project and the Small and Medium Enterprise Development Project demonstrated that there has been very little progress towards improving institutional arrangements, particularly those dealing with resource utilization at the micro level.

In population, not only was there lack of progress but distinct signs of retrogression appeared. Population policy has become unfocussed creating discontinuities in commitment, management and tactics. The picture was brighter in Health, Education and Nutrition. Several new activities, e.g. oral rehydration therapy and expanded child feeding in Negros, were initiated demonstrating the commitment of the Aquino Administration, particularly the leadership of the Department of Health, to improving basic services in the rural areas.

C. FY 1988-89 New Starts

The Mission is currently planning two new starts in FY 1988, Financial Management Improvement (429-0403) and Integrated Maternal Child Health for Child Survival (492-0405). There is a good possibility, however, that the former may actually be ready for obligation in late FY 1987. Financial Management Improvement is a pilot effort to provide technical assistance and commodities to the GOP to embark on a nation-wide program to design and computerize new financial management and accounting systems for the GOP. The government envisions that the design of the pilot financial system will take approximately two years and that the installation, testing and implementation of the system will take an additional three years to complete. The project will have a life of project funding between \$5 million and \$7 million from the Section 106 account with an initial obligation of \$750 thousand.

The Mission's Child Survival program is described in the FY 1988 COSS Supplement. The centerpiece of the program will be the Integrated Maternal Child Health for Child Survival Project which will build on the initial success of modest immunization and ORT initiatives funded under the Primary Health Care Financing Project (492-0371). The new project will integrate these technologies with those related to infant feeding, nutrition, education, child spacing and, possibly, acute respiratory infection. The project will be driven by a focused program of social marketing to build support for an ICH approach to child survival. This recognizes the importance of the health and potential of the pregnant mother to later child survival. A.I.D. inputs to implement the project will include technical assistance, training, mass media/advertising, commodities and R&D costs. We are projecting a life of project cost of \$20 million from the Health account funding an initial obligation of \$2 million in FY 1988.

Should the GOP arrive at a policy consensus to proceed with a government sponsored family planning program we expect to design a new population project in FY 1988.

Also, we anticipate that some portion of the FY 1988 ESF allocation will be devoted to budget support but this is subject to further negotiations with Washington agencies and the GOP.

The only currently planned new start for FY 1989 is the PVO Co-financing III Project. While basically a continuation from Co-Financing I and II, PVO Co-Financing III includes new dimensions to reflect host country and Mission strategies in the light of evolving priorities and concerns. For example, the inclusion of cooperatives akin to PVOs (initially approved in the amendment to Co-Financing II) will be followed through in terms of their possibilities for wider participation. The project will put increasing emphasis on utilization of PVOs as intermediate institutions assisting a variety of local groups to implement subproject activities and on income-generating projects. Muslim PVOs, ethnic and cultural minorities is a new area of emphasis being added to the project.

## II. PERFORMANCE AND PLANS

### A. General Economy

In accordance with the FY 1986-1990 CDSS strategy to encourage GOP macroeconomic policy reform while supporting important development activities, Mission efforts in FY 1987 consisted of providing to the GOP further financial flexibility and policy reform implementation assistance, albeit through a more collaborative and flexible style.

The Mission provided financial flexibility to the GOP through ESF funded program assistance and amended the Rural Productivity Support Program (RPSP) to allow the remaining balance to be used as peso counterpart for selected foreign-assisted projects in calendar year 1986. The Mission also amended the Development Support Program (DSP) to supply the regular GOP counterpart resources for the selected foreign-assisted projects from April 1, 1986 through March 31, 1987. The GOP has completed peso disbursements for RPSP, DSP and the FY 1986 Budget Support Program (BSP). We undertook direct and/or sector specific policy dialogue and policy reform efforts through the P.L. 480 Title I Program and the Rural Financial Services Project for agriculture, and through PD&S and PRE Bureau funding for privatization.

We are providing new budget support to the GOP in FY 1987, also in the priority sectors of agriculture, education and health, through a \$150 million ESF funded Budget Support Program (BSP) II and pesos from food commodity assistance amounting to \$70 million. The new budget support assistance is also tied more directly to progress in policy reform implementation in three areas: reducing government involvement and intervention, providing a supportive macroeconomic framework and furthering progress in agricultural policy reform implementation. The more formal conditionality of these budget support assistance pertains to GOP identified policy reform implementation actions in the three areas and complements our informal/sector specific project funded efforts.

For FY 1988, we expect to continue to provide budget support to the GOP, although at significantly lower levels and, where appropriate, with conditionality on policy reform implementation in areas to which the GOP is committed but where obstacles, political or otherwise, remain. While the GOP is not likely to experience significant relief from its fiscal and debt

burdens in the near term, we expect progress in controlling the deficit and continued policy implementation and economic management actions essential to private sector led growth and development. We also plan to continue and further emphasize the informal but collaborative approach to policy change, including supporting analyses and improving analytical capacity, in key policy areas, especially where unresolved issues remain.

#### B. Agriculture

Since submission of the FY1987 CDSS the major goal of agricultural assistance has expanded from increasing productivity to increasing farmer productivity and profitability. This goal is a top priority of the new leadership in the recently restructured GOP Department of Agriculture (DA) and the Philippine Medium Term Development Plan. To achieve this goal, the Mission's agricultural strategy focusses on three key intermediate objectives: (1) decreased regulation of and increased competition in agricultural commodity rural financial markets; (2) the development of new technologies and dissemination strategies; and (3) the strengthening of public and private information delivery and marketing systems.

1. Decreased regulation of and increased competition in agricultural commodity and rural financial markets: Significant progress has been made in implementing general policy reforms related to this objective and in formulating and refining others. There is now a strong commitment by the GOP leadership to increasing the role of the private sector in national development. Accomplishments include the abolition of government mandated monopolies in wheat, fertilizer, coconut, sugar and meat and removal of export taxes on agricultural products (except for logs). The GOP has also committed itself to formulate a program to stabilize basic grain supplies and prices and it has taken steps to deregulate rural credit systems.

There is general agreement between USAID and the GOP policy leadership on major policies and needed strategies for increasing growth in the agricultural sector. The challenge during FY 1988 is to continue and accelerate efforts to translate these broad policies into effective action programs which impact on a significant number of rural people. The primary focus will be on improving services to farmers and reducing government operations, regulations, and entities which prevent the private sector from operating effectively.

Work will continue on divesting the government of operations which should properly be handled by the private sector. These efforts should be facilitated by Executive Order 116 (signed by President Aquino in January 1987) which places some of the government entities targeted for divestment under the authority of the Secretary of Agriculture. Recommendations for divesting functions of the National Food Authority (NFA) were spelled out in an AID-financed study by Arthur Young and accepted in March 1987 by the Secretary of Agriculture. We will continue to work with the DA on packaging NFA assets which are proposed for sale. Implementation of an NFA divestiture plan in FY 1987-88 will be an indicator of progress toward this major objective.

Similarly, work is underway to divest or transfer the functions of the Farming Systems Development Corporation (FSDC) with AID-financed technical assistance provided by Experience, Incorporated. The Mission also expects to support further progress in agricultural policy reform implementation in the following areas:

- Dialogue with GOP and the private sector on such outstanding issues as: grains industry structure, tariff structure, import liberalization, commodity programs and international competitiveness.

- Continued dialogue and analysis on the role of the GOP and donors in the development of the fertilizer sector.

- Dialogue on reducing government intervention in rural financial markets and on formulating policies which support enhanced rural savings mobilization and informal financing.

The GOP's continuing efforts to implement self-help measures in the PL-480 Title I Agreements of FY 1985 and FY 1986 include many of the policy areas discussed above. We will continue to use PL-480, Title I and Title II monetization programs to support policy dialogue and reform aimed at deregulation and privatization in the agricultural sector.

Technology Development and Dissemination: The primary target groups under our programs are farmers in upland or rainfed areas. New technologies and dissemination strategies are needed since it is considerably more difficult to assist these areas than lowland or irrigated areas in which one crop is dominant and the agroeconomic environment is more stable.

We will continue to expand and build on the progress made in reaching rainfed farmers under the ongoing Rainfed Resources Development Project (RRD) and the Farming Systems Development Project - Eastern Visayas. The initial focus has been on developing methodologies for identifying and addressing the problems of farmers with limited resources. Progress has been made in (1) developing profitable and sustainable agricultural systems, (2) involving farmers in planning, implementing, and evaluating innovations and (3) increasing the rigor of data collection and analysis.

The basic technologies/systems for rainfed agriculture developed as of December 1986 include: (1) introduction of high yielding varieties of upland rice with very limited chemical inputs and/or techniques for improved fallow periods thereby reducing the needs for chemical inputs; (2) planting

root crops under coconuts such as taro and sweet potato; (3) planting high value crops under coconuts, such as black pepper, coffee, cacao; (4) for rainfed bunded rice, adding a second or, in some cases, a third crop (including legumes that enhance soil fertility); and (5) contour ditches with napier grass and contour hedgerows with nitrogen-fixing tree species, together with annual/perennial cash crops.

New efforts to assist low-income corn farmers will be supported under the new Accelerated Agricultural Production Project (AAP). To initiate this effort, a design team, including CIMMYT (International Center for Improvement of Maize and Corn), is working with the Department of Agriculture and a regional university in Mindanao to design a research and outreach program which will address both production and marketing aspects. Program implementation issues will probably include: marketing problems, limited availability of planting materials, the need to match biological characteristics of planting materials to unique conditions in the region. Implementation of this program for corn farmers will be an indicator of progress in FY 1988.

We will continue to work with the Department of Natural Resources (DNR) on enhancing and preserving natural resources where our focus will be the expansion of successful approaches in agroforestation and community forestry developed in the initial phases of the RRD Project. The strategy is to use contracts with PVO's or commercial groups to (1) reforest selected areas and (2) develop farming systems which provide or protect ground cover, improve soil fertility, and upgrade forest areas. In project areas, attention is also given to community and local government involvement. A related activity is developing and disseminating new tree species to reduce dependency on a few types of trees (such as ipil ipil).

Geographically, the effort to disseminate new farming approaches will be moving from a general concentration in the Eastern Visayas and Bicol to include Panay (under RRD) and Mindanao (AAP). The agroforestation sites will be located in several regions. Progress in expanding program coverage in some areas will probably continue to be hampered by security conditions.

Information delivery and marketing systems: Strengthening delivery systems (national and local) will continue to receive high priority by the GOP and USAID. Most GOP agencies are moving to decentralize operations, at least down to the Regional level. We will also encourage more involvement of regional agricultural colleges in development programs. Efforts to increase the managerial effectiveness of the DA at all levels are being undertaken with support from the AAP Project. In addition to using traditional government extension channels, the GOP is also encouraging expanded involvement of the private sector in disseminating technology and marketing information. Regional and provincial level Agricultural and Fisheries Councils have been established to improve linkages among farmers, government, and business. These councils are usually chaired by a private sector representative with a DA staff member serving as vice-chair. PVO's will also play an expanded role in program implementation (e.g., in the agroforestation activities under RRD).

USAID will continue to support policy and program research related to removing barriers to increased private sector involvement. Under the AAP Project, private sector groups will, for example, be studying ways of using private cooperatives to improve the production and marketing of cash crops. The Mission is also using PD&S funds to assess the feasibility of establishing a cooperative financing program using PL-480, Section 108 resources. While there is considerable ongoing discussion by the GOP of a major land reform

effort, USAID is not projecting a significant involvement at this time. If such a program were added to the portfolio, additional staff expertise would be required.

We will continue to concentrate in FY 1988 on the urgent need of the Aquino Government to increase the effectiveness and impact of its efforts to accelerate agricultural growth. This is primarily a short-term orientation, but we will also continue to seize opportunities for addressing some longer term factors affecting agricultural growth. We will thus continue to be concerned with upgrading the quality of education and training and improving the relevance and professional quality of agricultural research. We would hope to preserve and expand the gains made in education through our past investments in regional agricultural colleges and universities. These investments in human capital and improved technology generation are vital to the longer term development of the agricultural sector.

C. Rural Development

1. Rural Infrastructure

The rural development strategic goal will focus on increased farm and off-farm productivity and profitability with the view of encouraging higher rural incomes. The FY 1987 CDSS identifies inadequate rural infrastructure and unresponsive, inefficient Local Government Units (LGU) as major constraints to increasing rural productivity. Therefore, the Mission has as intermediate objectives the construction and maintenance of rural infrastructure facilities and the building of local capacities within rural LGUs to plan and manage growth and development.

a. Construction and Maintenance of Rural Infrastructure

For the past few years, the USAID support for rural infrastructure has primarily been carried out through the Economic Support

Fund Program. The program constructed small scale infrastructure facilities on a nationwide basis. Approximately one-half of the resources were provided to Region 3, the area most impacted by the U.S. military facilities. The program provides some 3,878 new facilities that consist of 2,316 schools, 1,161 roads, 32 public markets, and 369 miscellaneous facilities comprising such things as slaughterhouses, drainage and flood control works, and medical facilities. The Mission intends to continue its small scale infrastructure program by amending the Regional Development Fund Project. With this amendment scheduled for April 1987, more than 100 new projects of the type mentioned above will be identified, developed and implementation initiated by local and other government units.

The Mission will also continue to work with the National Irrigation Administration (NIA) to improve irrigation services for farmers. The objective of the irrigation component of the AAP Project is to increase the adequacy and reliability of water delivery at the farm level by improving the operation and maintenance (O&M) of irrigation systems. The project is designed to break the cycle of poor O&M, degradation of irrigation facilities and underpayment of irrigation fees. This will be done in selected areas (in three Regions) by building a core of sustainable, stable irrigation systems which will enable the NIA to generate adequate income to support Irrigator Associations on a continuing basis. The NIA program will cover about 60,000 hectares in large national systems and about 77,000 hectares in smaller communal systems. Specifically, the project will focus on strengthening the capacity of irrigation associations to manage water delivery at the local level, improving the support service NIA provides to water users, selectively repairing irrigation structures, and enabling NIA and user groups to develop the mechanisms for financing those services through self-sustaining O&M programs.

However, studies financed by the Mission have shown that larger scale infrastructure facilities are needed to promote rural economic growth particularly with respect to linking rural producers to urban and foreign markets.

To this end, the emphasis in this rural infrastructure expansion will directly fall within four of the five sectors identified as priorities in the GOP's medium-term development plan. The four infrastructure sub-sectors the Mission will embrace are:

1) Transportation: more specifically rural transportation which will link major source production centers to the urban market place while at the same time develop institutional mechanism within local government units (LGUs) to operate and maintain their road systems. The major impact to the rural beneficiary will be increased income, renewed access to the economic mainstream and sustained inputs supporting subproject induced by increased agricultural and rural enterprise activity.

2) Rural Electrification: will provide access to dependable and affordable electric power which is a basic requisite for rural development. The major thrust of the Rural Electrification efforts will assist the rural electric cooperatives to improve their electric distribution networks in a manner planned to maximize economic growth while reducing system losses and strengthening management skills. Rural electrification not unlike the transportation link embraces the same outputs of increased productivity while supplying the rudiments of Basic Human needs, i.e. through extending support services, such as medical clinics, educational services and providing extended employment through cottage industries.

3) Telecommunications: will provide an outreach system of networking which will bring small scale independent telephone companies into

the major grid-link of international communications. The interisland connections are envisioned as a first step in providing small unincorporated towns and villages access to the news and market centers of Cebu, Manila and other economic centers of the private sectors.

4) Municipal Harbors and Ports: play an important role in the inter-modal link between small outlying island production centers to the intermediate market centers. Most of the islands rely on their municipal ports to provide the staging area for export of their produce as well as storage of the basic imported commodities to sustain their small island communities. While in great disrepair, recent studies have shown that reconstruction of many of the municipal ports would increase the flow-through of goods increasing municipal livelihood, and at the same time provide immediate jobs and create revenue for the municipality sufficient to maintain a viable enterprise. These projects are seen as another stepping stone in providing small businesses and rural production more direct access to the major marketing systems.

Within the four previously defined sub-sectors, priority will be given in the early years to expanding and upgrading the rural physical facilities covering major and secondary roads, municipal ports and rural electrification. In addition, further feasibility studies will be undertaken to better define possible USAID assistance in water resources with emphasis on flood control, drainage and river control.

This new emphasis will more closely integrate USAID efforts with the Philippine Medium-Term Development Plan, utilize existing feasibility analysis and detailed designs, and employ a streamlined administrative and payment structure with the objective of significantly improving the implementation of rural infrastructure activities so that more immediate impact can be achieved.

The Mission is now developing a Rural Infrastructure Project which will have as components subprojects in these four subsectors. Project obligation is scheduled for August 1987.

## 2. LGU Development

One of the primary USAID objectives in rural development is to increase the effectiveness of local governments in planning and implementing economic development programs. As part of the Aquino Government's efforts to restore political democracy, increased attention is being given to the strengthening of local governments. The 1986 Constitution declares local autonomy to be a basic policy and calls for local governments to be able to generate their own sources of revenue and to receive a just share of national taxes (and have it automatically distributed). The actual implementation of these constitutional provisions will depend on legislation to be enacted by the new Congress.

Through the Local Resource Management Project (LRM), USAID's assistance has been focused on improving local planning and on using local PVO's to increase the income and well-being of targeted poverty groups in selected areas. The 1987 external evaluation of the LRM Project concluded that over its four-year existence, the Project has made slow but significant progress in re-orienting and strengthening local level development planning.

Provincial and municipal governments have been effective in planning and implementing projects to address the needs of poor groups with LRM funding, but few have used the LRM approach for non-LRM funded activities. Valuable lessons were learned from the PVO's about organizing and involving poor groups in planning and implementing community action projects.

The evaluation concluded that the LRM Project is relevant to the current priorities of the new Government and USAID, but changes in economic

conditions require changes in the project design. For example, LRM has been targeted on the poorest of the poor and has been reaching very limited numbers of beneficiaries. However, since 60-70% of the rural population are now considered poor, the LRM Project needs to shift from a laboratory orientation of testing planning approaches to a concern for replicating workable local development methodologies and effecting programs which directly impact on widespread rural poverty.

The evaluation also recommended that the complex organizational structure of the project be simplified and that much of the management be decentralized to the the field. Among locally controlled tax sources, only the real property tax has the potential to significantly increase local government income. Therefore, the evaluation recommended that the project concentrate on increasing revenue from this source and give top priority to tax mapping activities. Little progress has been made on tax improvements under LRM because the coordinating unit (Department of Finance) has not provided needed support and leadership. Decentralization of project activities should speed up progress in this area.

The Mission and the senior NEDA leadership have accepted the general recommendations of the evaluation for improving the future impact of LRM and will be cooperating to implement the changes with the greatest potential for expanding project impact.

After the August 1987 local elections, we anticipate that the LRM Project will be under increased pressure from new Provincial Governors and City Mayors to provide technical assistance and training on planning and implementing development and financial improvement programs. Building up the capacity of LRM to provide such assistance will also be a high priority in 1987-88.

The Upland Access Component (of the RRD Project) was designed to "test the feasibility of addressing upland access constraints by strengthening provincial capabilities to assist rural barangays plan and undertake the construction and maintenance of upland minor roads, trails and foot bridges using labor-based technology." However, with three projects under construction, some major problems have arisen and USAID is discussing a redesign of the project with the Department of Local Government (DLG). These problems include (1) a young, inexperienced project staff at DLG, (2) activities are spread too thinly (trying to include nine provinces), and (3) the labor-based technology is new to local participants. USAID proposes to refocus the project in fewer provinces so the limited resources can have a greater impact. We propose to focus on three labor-based areas where DLG has a comparative advantage: (1) provincial roads, (2) rehabilitation and maintenance, and (3) community involvement. This focus builds on DLG's renewed commitment to create a permanent labor-based unit.

#### D. Private Sector

The Mission's activities with respect to the private sector are directed primarily toward achieving greater productivity and profitability in non-farm enterprises. We fundamentally agree with the principle, articulated in the ANE Background Paper on Poverty in Asia, that AID's development strategy in Eighties should include "the active promotion of private sector expansion and competitive markets with an emphasis on the rapid growth of small and medium sized private sector firms which can stimulate off-farm employment, and the establishment of basic market institutions." The Mission has three intermediate objectives: increased private investment in labor-intensive light industry and agribusiness, reduced government

involvement in private sector activities and mobilization of long-term financial resources for investment.

1. Increased investment in labor-intensive light industry and agribusiness: The Small and Medium Enterprise Development (SMED) Project (432-0359) has heretofore focused on the provision of non-financial services to labor-intensive rural industries, using primarily trade and industry associations as conduits for such services. Wood furniture manufacture and handicrafts have been the target industries. Forty subprojects have been implemented since the beginning of the project, including establishment of small business institutes in each of the five targetted regions, trade information centers, training activities, marketing activities such as trade fairs, and technical assistance in product design. However, virtually no new initiatives have been undertaken over the last year because the focus during this period has been on planning and performing an evaluation of the project and the ensuing dialogue with the GOP and the private sector, represented primarily by the Philippine Chamber of Commerce and Industry, on redesigning the project. The evaluation was strongly critical of project implementation, finding that the large number of disparate, very small subprojects represented a diffusion of resources with little discernable impact. The evaluation recommended (a) concentrating on a more limited number of well-defined activities with clear linkages to project objectives, (b) eliminating the micro-enterprise component, which requires a separate approach and has different objectives, (c) including regions of the Philippines that have a greater probability of success based on their capacity to utilize the resources provided, (d) increasing the number of targetted industries, and (e) reducing the funding level of the project. Progress in this area will be measured by successful redesign the SMED project in accordance with the

evaluation recommendations in FY 1987 and full scale implementation underway in FY 1988.

A component of the proposed Financial Resources Mobilization Project will be the development of a private sector company, its primary objective to provide financial and managerial services to "turn-around" existing troubled businesses in the Philippines. While its initial emphasis will be on existing businesses to respond to current opportunities that support the GOP's on-going privatization process, new investment opportunities in the targeted sub-sectors will also be pursued as they present themselves. This company will mobilize domestic and foreign term capital for equity investment in selected small scale and in medium scale enterprises, with particular emphasis given to agribusiness investment opportunities, from farming through processing to export. The feasibility study for the company will be completed over the next two months. If feasible, the Mission will provide seed capital to the company on a subordinated debt or quasi-equity basis. The preferred sources of initial capital infusions would be under PL-480, Section 108 provisions; however, Development Assistance resources may be required. Launching of the corporation in FY 1988 will be a benchmark for progress.

2. Reduced government involvement in private sector activities

The Mission has been working closely with the GOP in helping the GOP develop strategies for privatization and in launching their privatization program. With PRE Bureau assistance, the Mission obtained the services of the First Boston Corporation to make recommendations on an overall approach to privatization for the GOP. Further, in response to a request from the Department of Agriculture and with the PRE Assistance, the Mission obtained the services of Arthur Young through the Center for Privatization to develop a strategy for the divestiture of peripheral non-grain operations of the

National Food Authority. And again with support from the PRE Bureau through the Center for Privatization, the Mission provided financial support for and consulting participation in a privatization conference in which both President Aquino and the AA/PRE were key speakers. This conference served as the platform for the GOP to kick off its Privatization Program.

Accomplishments over the past year resulting from policy dialogue involving the GOP, World Bank and USAID have included: (1) the issuance of a presidential proclamation creating a cabinet level Committee on Privatization to approve the sale of government held assets and an Asset Privatization Trust (APT) to serve as the asset disposal unit; (2) the financial restructuring of selected government financial institutions and the transfer of a major portion of their non-performing asset portfolio to the APT; and (3) the recommendation to the Office of the President by the Presidential Commission for Government Reorganization that 125 out of a total of 296 state-owned corporation be privatized.

Under the planned Financial Resources Mobilization project (492-0377), scheduled for an FY 1987 start, the Mission expects to support the privatization of the acquired assets of government financial institutions and state-owned corporations. Technical assistance would be provided in the form of investment banking, legal, accounting, specialized engineering and other services, to perform valuation, finance packaging, identification of potential purchasers, and marketing of the assets.

The private "turn-around" company would support privatization efforts by acquiring companies for sale by the government, restructuring them, and then reselling them to interested investors at a profit. The turn-around company would also provide investment services such as appraisal and valuation to prospective private purchasers of these companies.

3. Mobilization of long-term financial resources for investment.

The Mission has been engaging in extensive discussions with key private sector business and financial leaders and government policymakers on ways of improving the environment necessary to mobilize private, term financial resources for investment into productive private enterprises.

a. A long term solution to the problem of mobilizing long term financial resources for investment in productive enterprises lies in increasing the effectiveness of the capital markets. The Mission's dialogue with government and the private sector has been aided by a study conducted for the Mission by a contracted capital market specialist that focused on the Philippine securities markets and the legal, regulatory and administrative environment in which they are functioning. Our ensuing discussions with key business and government figures about the study recommendations have led the development of the new Financial Resources Mobilization project. The project would provide technical assistance and ancillary inputs to foster a developmental role for the Securities and Exchange Commission (SEC), increase the efficiency of the securities exchanges and government bodies such as the SEC, and introduce changes in both the tax system and the regulatory environment to increase the supply of securities, i.e., encourage firms to list on the exchanges.

b. As discussed above, the Mission has also been working with key GOP and private sector figures to develop a private firm that would specialize in taking over or investing in financially distressed enterprises, financially and managerially restructuring them and then selling them at a profit. Hence, this entity would seek to interest local and foreign investors. Creation of such a "turn-around" company is a major element for the planned Financial

Resources Mobilization project (492-0377). The technical assistance required to establish the entity will be provided through DA financing. Seed capital will be provided through PL-480, Section 108 financing.

E. Population

Over the long term gains in economic productivity are meaningful only if the result is increased per capita income. Increased fertility results in an erosion of productivity gains as well as substantially increasing the difficulties in improving the quality of human resources through education and health services.

The current population of 57.0 million is estimated to be increasing at the rate of about 2.75 percent per year, and this presents serious developmental implications: the 1983 per capita GNP will probably not be regained until 1997; to stay even with population growth, food production must increase 40% by the year 2000; schools must absorb 300,000 additional children each year; the economy must create jobs for around 750,000 workers each year. The most serious short term implication is the need for job creation to reduce unemployment (11%) and underemployment (34%) which total around 45% of the labor force. Regardless of any future success in reducing fertility, this challenge will remain serious until at least the year 2020, because a larger, next generation of mothers and workers has already been born. Half of all Filipinos are age 17 or younger. If all births occurred among mothers aged 20 to 34 and all mothers had four or fewer children, it is estimated that both infant and maternal mortality would fall by about eleven percent.

The GOP has had a comprehensive population program for 17 years, but since 1978 program progress has plateaued. Institutionally the program has been plagued by discontinuities in commitment, management, targets and tactics. These discontinuities have been attributed to the lack of consensus

regarding the magnitude of the population problem and strategies for addressing it. Greater consensus among the development planners, the implementing institutions, the politicians and the Church is highly desirable. Greater consensus among implementing institutions (POPCOM, DOH and NGOs) and development planners is essential.

The goal of our population program is to reduce the population growth rate by increasing the prevalence of voluntary use of safe, legal methods of contraception. The objective of our population project is to increase contraceptive availability, utilization and effectiveness of use. An evaluation of the project, conducted early last year, found that concrete achievements of the population program - roughly 50% of expectations as evidenced by an estimated annual increase of roughly 1% in the prevalence of program methods and slight but steady declines in the total fertility rate - have been almost completely offset for the past 10 years by unfavorable changes in the age structure, and declines in both age at marriage and breastfeeding. In addition, desired family size has remained high at 4.0 children, so if demand were fully met and each couple had only the number of children desired, under the most optimistic assumptions, the population growth rate would fall only to around 2.1%.

Since progress has been hampered by eroding commitment and faltering implementation, the Mission's intermediate objectives are to: (1) promote a policy dialogue leading to national consensus on the need for a strong population program; (2) improve GOP inter-agency collaboration and program organization and implementation; and (3) explore alternative mechanisms for supporting private sector services. Achievement of these intermediate objectives will be necessary to effectively pursue program activities which will increase the pace of progress. To move beyond the current plateau,

program activities should be more focused on: delayed marriage and first birth; spacing of subsequent births, especially the second; and reducing desired family size.

During its first year in office, the Aquino Administration has not clarified its position on population policies and programs. In summary, the program has been drifting while the GOP comes to grips with decisions regarding where the GOP's Commission on Population (POPCOM) will be placed and what its role will be. President Aquino recently signed Executive Order No. 123 which changed the Department of Social Services and Development to the Department of Social Welfare and Development (DSWD) with POPCOM attached. DSWD Secretary Pardo De Tavera has advised AID that she wishes to move the POPCOM program from a contraceptive to a welfare orientation with new initiatives in livelihood programs, female education, child survival and fertility awareness. These proposed changes have generated considerable debate within the GOP and among various NGOs. The Secretaries of Health and NEDA reportedly oppose these changes and are arguing for a stronger population program. Although a key development issue, population policy formulation arouses political and religious sensitivities which often complicate resolution and introduce equivocality. While this debate continues, the Mission is careful to avoid confrontation, but we are consistently expressing our interest in maintaining an assistance effort aimed at offering safe, legal, voluntary contraceptive choices to interested beneficiaries. Although Secretary Pardo de Tavera's proposed directions for POPCOM are clear, these changes have not been endorsed by the POPCOM Board. The Department of Health and NGOs are interested in continuing traditional family planning programs; however, the GOP position concerning external support for these efforts is unclear. In essence, over the last year uncertainty concerning whether and to

what extent the GOP wishes to continue to try and lower the population growth rate through family planning, including motivational programs and contraceptive services, has increased and resolution has proven to be incremental, slow and somewhat unpredictable.

During the balance of FY 1987 our strategy will have three basic thrusts: First, our dialogue with the National Economic and Development Authority (NEDA) will be aimed at building a consensus that (a) reducing population growth is part of the solution to the country's economic problems, and (b) the current population program is unlikely to achieve GOP stated objectives in the Medium Term Development Plan for 1987 to 1992. Second, we will strive to improve GOP inter-agency collaboration, program organization and implementation. Specifically, as soon as operational level appointments within the Department of Health are announced, we will investigate the potential for a more active role by the Department of Health in promoting, advising and involving its field units in family planning efforts. A primary thrust of this strategy will be emphasis on proper birth spacing as a key factor in child-and-maternal-survival. Third, we will aggressively explore alternative mechanisms for supporting expansion of private sector family planning activities.

PP III will be our project vehicle for pursuing the above strategies through FY 1987 and perhaps beyond. During the balance of FY 1987, we will: initiate a needs assessment to identify 1988-92 population/family planning assistance requirements of interested GOP and private/NGO organizations and propose new FY 1988 assistance plans.

#### F. Health and Nutrition

A major intermediate objective of improving the human capital base is to improve the delivery of health and nutrition services which impact directly

on improving the lives of the rural poor. Activities in health include encouraging needed health policy reforms, demonstrating viability of private sector financing schemes, improving cost-effectiveness of current services implementing better epidemiological planning and surveillance and improving rural water and sanitation.

To date, progress in the health sector has been slow, as evidenced by the Primary Health Care Financing, PHCF Project (492-0371) evaluation which indicated that a reorganization was necessary to redirect and accelerate implementation. Because of the February 1986 revolution, these recommendations could not be implemented until the new GOP health authorities were in place and reassessed the project. As a result, early FY 1987 was devoted to intensive reprogramming and reorganization of the project incorporating the evaluation recommendations. This reorganization places all project management responsibilities under the Department of Health (DOH) while restructuring the financing schemes component to provide DOH a direct role in the selection and design of schemes for testing. The revised project has added a new immunization component and an enlarged communication/public health promotion activity, both aimed at moving the service delivery element of the project toward child survival objectives. This large scale social marketing for awareness building, along with the support for cold chain commodities and other immunization program inputs, will contribute to achievement of 70% full immunization coverage of the under one population by the end of 1988, and 90% by 1990.

Outputs of the policy studies component of the PHCF project during FY 1987 included: a Barangay Health Worker/Midwife study showing the critical training and supervision of these frontline health workers; a comprehensive assessment of vaccine production facilities and needs (Alabang Lab Study); and

a study of the nation's 28 medical schools with controversial recommendations for future changes in the quality and quantity of these schools. Each of these studies, as well as two completed prior to 1987, have important policy implications for the cost-effective delivery of health services. Studies planned for 1988 and beyond will include operations of city health departments (previously outside DOH control); hospital and health services management and operations; medical manpower development needs; and impact studies of high priority public health programs.

While only two small financing schemes were initiated prior to FY 1987, during 1987 and 1988 at least four major financing schemes will be designed and pilot tested. One of these, a large HMO feasibility study for labor unions in Metro Manila, is now underway.

Our emphasis in the area of rural water and sanitation has shifted from construction to improving the capabilities at the local level to manage, operate, and maintain rural water supply systems. This entails not only assistance to the local water association, but also the strengthening of units at the national level to improve their capability to provide guidance, support, and training to the local water associations.

During the implementation of the Barangay Water Project efforts were made to train the staffs of the local water associations. An evaluation of the project has shown that in spite of this input, the staffs of the local water associations were not effectively managing or operating their facilities. The Mission has designed and begun to implement a new project, Rural Water Supply and Sanitation which focuses on the training of trainers at the national level, and in assisting these trainers in their development and the strengthening of the local water associations. We believe that the staff of trainers developed under the project will be able to continue their

assistance to local governmental units and water associations, providing assistance to new associations and to continue oversight and support of functioning associations. With this continuing assistance from the central government to the local governmental units and water associations, we expect that the local water associations will be capable of effectively managing their operations.

Over 800 rural water supply systems have been constructed under the AID funded Barangay Water Projects. Barangay Water Project No. 2 has been extended until December 31, 1987 to enable ongoing construction to be completed. AID will continue to support the construction of rural water systems under the new Rural Water Supply and Sanitation Project, but only where local water associations are first formed and participate actively in initiating and planning their water systems. Our target is to construct 130 new water systems during the next three years in conjunction with efforts to strengthen and improve management and operation of local water associations.

In order to assist the GOP in improving nutrition among poor mothers and children, the Mission has relied extensively on CARE and Catholic Relief Services (CRS), as PL-480, Title II sponsors, working closely with various GOP agencies.

Our support to CARE and CRS programs was substantially expanded and enhanced during FY 1987. By FY 1988 these programs will be reaching over 3.2 million persons from the country's most at-risk groups. The major new and expanded components of this program will bring the distribution and administrative capabilities of cooperating sponsors to full capacity in FY 1988. These programs also involve major increases in local support costs which exceed budgetary allocations to the GOP's participating Departments.

In FY 1987 CRS began increasing its recipient levels and converting its targeted Maternal and Child Health Program to a full-scale Child Survival

Program which will eventually involve fourteen separate interventions. The implementation of these interventions will begin in FY 1988 with a recipient level of 660,000 persons including 80,000 in Negros Occidental. CRS' Day Care program is also being expanded and is projected to reach a level of 470,000 infants and preschoolers including 40,000 in Negros. These programs will provide about 300 calories per day to recipients.

CARE's expanded nationwide program will reach its 1.85 million target level of recipients in FY 1988 including 1.4 million primary school children and 450,000 infants and mothers participating in the day care program. The school feeding program provides 250 calories daily for primary school children.

A special, geographically focussed two-year emergency supplemental feeding program also sponsored by CARE was launched in mid-FY 1987 to cope with serious malnutrition problems emanating from the severe economic depression in Negros. This program increases both the levels of recipients and rations for targetted beneficiaries and utilizes locally procured products mixed with Title II Commodities to increase and sustain nutrition levels. Recipient levels are being increase from 56,641 under the former CARE program in Negros to 230,000 recipients including 90,000 recipients absorbed from the UNICEF program in April, 1987. The program's nutritional target is to provide 350 calories for infants, 500 calories for pre-school children and 700 calories for primary school children which constitutes about one third of the recommended allowance (RDA) for these groups. The strategy for achieving these nutrition levels includes: 1) adding high calorie commodities such as edible oil to rations, and 2) double-feeding by providing a second wet or dry take-home ration for severely malnourished participants.

#### G. Education

Education is not a priority sector for the 1985-1990 CDSS. This is

primarily due to the long absence of AID from the education sector in the Philippines, lack of staff resources and the large and long-term presence of the World Bank which is on its second education sector loan and planning for a third. Although there has been for some time a recognition that the Philippine educational system was not as good as it once was, recent studies have shown that the system is in serious decline. Under the Training and Development Issues (TDI) Project, the Mission, along with the Asia Foundation and the Ford Foundation, financed a major evaluation study of the GOP's Bilingual Education Program. This program had been cited by critics as the cause of declining achievement scores of Filipino students. The study documented that the real causes of declining achievement scores were incompetent teachers, poorly managed schools and lack of textbooks and other instructional materials. In the study, on tests administered to Grade 4, Grade 6 and high school seniors, the average score was less the 50 percent for all core subjects. Proficiency tests were administered to 558 teachers of the same grades. The average scores in each subject area was less than 50 percent. Grade 6 teachers scored higher than Grade 4 but high school teachers were no more proficient than Grade 6 teachers. The study showed that even the best schools were seriously deficient in many areas.

Recognizing that there are numerous constraints to how helpful it can be, the Mission has undertaken several limited initiatives to deal with the quality crisis affecting the Philippine education system. The Mission began a new Participant Training Project dedicated to upgrading junior faculty serving in public and private universities, primarily those outside Metro-Manila. The Mission also extended a grant to the Asian Institute of Management to ensure that it could continue to provide quality graduate training. At the request of the Mission, TDY personnel from the S&T Bureau recently performed an

overview study of the education sector. This study together with other special studies of the education sector sponsored by USAID and the World Bank will be used to explore future program options. Given present staff strength, however, the Mission is limited in its ability to assume effective management of a significant increase in education sector activities. We expect that any new initiatives to be undertaken will be of a type not demanding significantly greater Mission management time than the present portfolio.

#### H. Public Administration

Under the Development Initiatives (DI) component of the Training and Development Initiatives Project the public sector is being assisted in improving policy analysis through research and the provision of technical and management services. Individuals and institutions have been commissioned to conduct specific research guided by a Steering Committee composed of senior-level multi-agency government officials so that research outputs feed directly into levels of government responsible for policy formulation, development plans and policy reviews. Two major long-term studies have been completed and have already elicited active policy corrective actions. In one, the Bilingual Education Study, researchers sought to determine whether or not the bilingual education policy (BEP) of the Philippines is the main element to explain the variation in the academic achievement of students. The study revealed factors quite apart from BEP as causes for the decline in achievement and deterioration in the quality of education. Relevant findings have already been incorporated into a GOP Revised Policy on Bilingual Education. A second study on the National Internal Revenue Code during the period 1983-85, covered four modules: Extent of income tax evasion in the Philippines; behavioral patterns of taxpayers in complying with their tax obligations; structural analysis of the income tax law to determine loopholes and tax shelters; and

efficiency of the administrative machinery in tax enforcement. A number of proposed reforms grew out of the study including structural reforms, the use of standard deduction ratios, ceilings on some forms of deduction, the establishment of presumptive income tax levels for self-employed taxpayers, and a higher withholding tax rate on secondary employment income. Much of TDI training is in the field of policy analyses designed to upgrade the cadre of analysts who work in the GOP's development oriented agencies.

Other assistance directed at public administration includes a separate activity to upgrade the country's statistical base. Under a USAID-funded Family Income and Expenditures Survey (FIES), technical assistance from the U.S. Bureau of the Census (BuCen) to the National Census and Statistics Office (NCSO) for the 1985 household income and expenditures survey is generating provincial level income and expenditures data and new CPI weights. In record processing time, NCSO has just published the final national tables. We expect the regional tables to be published shortly. BuCen has also set up computer programs and document bases for future use. The Mission is sponsoring a BuCen assessment of NCSO's capacity to handle the 1990 Population Census and other related surveys.

A new addition to public administration support will be directed at the Department of Budget and Management. Public sector spending continues to accelerate and the government's financial resources are continually strained. The public is increasingly concerned not only about how their money is allocated but also on the accountability of government officials. The problem revolves around deficiencies in the existing budgeting, accounting, auditing and management information systems which must be rectified. The present antiquated systems cannot cope with the large volume of data that must be processed, nor efficiently generate reliable and relevant information needed

by the GOP to make timely management and operating decisions. Thus, the GOP has sought the USAID's assistance in improving its present financial management and reporting systems including professional technical resources and other related support.

### III. SPECIAL CONCERNS

#### A. Accounting for ESF Non-Project Assistance

Title II of the Foreign Assistance Related Programs Appropriations Act, 1987 requires accounting for both the dollars and the pesos of our ESF non-project cash transfers. The Mission has entered into negotiations with the GOP to accomplish this. The GOP has agreed in principle to deposit the dollar cash transfers from us in a GOP owned special account from which dollar payments will be made against its debt servicing requirements to U.S. banks. However, with the recent agreement reached on rescheduling the commercial bank debt of the Philippines the payments would be very slow and the GOP would prefer to close out the account within a brief period of time. The GOP has now asked that we include payments on the debt service to both the World Bank and AD3.

As the dollar transfers are effected the GOP will also be required to simultaneously deposit an equivalent amount of local currency in another special account from which budget support transfers will be made. This account will also be owned by the GOP but withdrawals from this account will each need the specific pre-approval of the Mission based on a statement of projected expenditures from the general fund for agreed budget categories by quarter.

The basic monitoring documents for both special accounts will be quarterly reports submitted by the GOP to the Mission showing the actual uses

of the funds. The Mission will then perform sample testing of payment transactions for the dollar special account and reconcile the local currency special account withdrawals against the Mission's withdrawal pre-approvals.

#### B. Special Efforts

A key element of the GOP's counter-insurgency effort is rural construction in NPA (New People's Army) affected area. In most of these areas the security risks are too great for civilian contractors to operate. Therefore, the burden of constructing and maintaining rural roads, bridges and other infrastructure falls upon the Engineering Battalions of the Armed Forces of the Philippines (AFP). Mismanagement of the defense establishment under the Marcos administration left these battalions woefully short of the earth moving equipment necessary to carry out these tasks. To assist the GOP in this aspect of its counter-insurgency program, the Mission proposes to transfer \$15 million in ESF to the DOD under the authority of Section 614(a)(1) of the FAA. DOD will procure the needed equipment under its procedures. The equipment will be consigned to the GOP Department of Public Works and Highways (DPWH) which will have permanent title to the equipment. DPWH will, however, lease the equipment to the AFP for purposes of carrying out rural infrastructure construction and maintenance. The lease agreement will prohibit any military use of the equipment. At the same time, the Mission and the Joint U.S. Military Assistance Group (JUSMAG) will reach agreement wherein JUSMAG will assume the burden of monitoring the use of the equipment.

At the request of the GOP, the Mission is undertaking a special project to assist the Commission on Elections (COMELEC), which is responsible for the electoral system. The project aims to strengthen COMELEC's capability to promote an efficient electoral system which will ensure the credibility of the electoral process and will help create a stable political environment

conducive to economic development. Specifically, it will enable COMELEC to create a computerized voters' database for the entire country which shall be used primarily for electoral processes. In addition, the project will develop an improved system for updating, revising and purging the voters' file, and to establish a system for access to the database for analysis, inquiry, dissemination to political parties, government entities and other interested parties.

Creation of this voters' data file shall enable COMELEC to:

1. depict the actual current voting population of the country;
2. update for additions (new registrants), revisions (change of status, domicile, etc.) and deletions (deaths, migration);
3. produce lists for analysis, dissemination to political parties and for use by the Commission during elections;
4. tabulate electoral results; and
5. deliver services to the COMELEC's various clientele.

The project will be financed with GOP owned local currency proceeds from other Mission programs.

C. Housing Guaranty Lending

Housing is a major problem in the Philippines and a priority concern of the Aquino Administration. The World Bank is now developing a sizeable structural adjustment loan for the housing sector, tied to policy reforms rationalizing the GOP's institutional structure and promoting greater private sector participation in the provision of low-income shelter. With the December 1986 signing of Executive Order No. 90, key GOP policy reform has begun growing. The Mission has been approved for participation in the Worldwide Private Sector Housing Guaranty Project and authorized to seek proposals from interested private institutions for up to \$5 million. Based on

initial expressions of interest from banks and private developers, the Mission arranged for the RHJDO representative to brief interested parties on the details of the project in early April 1987. An information factsheet and guidelines for proposals have been distributed to potential participants. We expect to receive several proposals that will qualify for guaranty financing in the coming months. The Mission has no plans for a traditional HG program at present.

D. Pipeline and Mortgage Analysis

At the close of FY 1986 the DA pipeline was \$145.198 million and the mortgage was \$58.809 million. At that time there were total active obligations of \$231.756 million of which nearly \$38.0 million was obligated in the last month of the fiscal year.

Expenditure rates have generally been increasing. During the first quarter of FY 1986 expenditures increased by 22% compared to the last quarter of FY 1985. The second quarter of FY 1986 showed a continuing upward trend by 50% over the previous quarter. During the third quarter of FY 1986 expenditures decreased by 38%. This decrease is attributed to the slowing down of loan disbursements by the GOP in anticipation of the loan to grant (L/G) conversion which took place on August 30, 1986. In addition to the temporary decrease in expenditure rates, two other factors contributed to the size of the pipeline: (1) in the case of incrementally funded projects, new FY 1986 funds were added at the same time that the Project Agreement Amendments for the conversion were signed and, (2) large new projects were signed-up in September thereby further building the pipeline. The sharp 70% increase in expenditures during the last quarter of FY 1986 was mostly due to processing and making disbursements which had been held pending the L/G conversion. During the first quarter of FY 1987 expenditures increased again

by 13% compared to the last quarter of 1986 but were reduced to a negative figure during the second quarter due to over-accruals at the end of the preceding quarter.

There are, in addition, several general constraints on implementation which have been hindering project implementation causing erratic pipeline and expenditures trends.

1. When President Aquino took office, she ordered a complete review of all government departments and agencies with the objective of reorganizing them and streamlining operations. The review was carried out by the Presidential Commission on Government Reorganization (PCGG) which recommended some degree of reorganization for each department. Most of these reorganization plans have been with the President's office for six months but very few have been acted upon. Nevertheless, details of the reorganizations have become known in the various departments. That is, there are many officials who know they will be fired, reduced in rank, transferred to other duties or promoted once the reorganization takes place. This creates severe morale problems and a reluctance to act on difficult or controversial issues. In some cases, officials have left in anticipation of the reorganization. In other cases, agencies have attempted to cope through interim arrangements. Both situations have led to constant reshuffling of project management personnel.

2. Because government revenue collections have not matched projections, the GOP has delayed releases of Advice of Allotment (AA) and Cash Disbursement Ceilings (CDC) resulting in little counterpart funds or peso releases being made available to the implementing agencies.

3. Finally, the scheduling of elections in May and August is affecting disbursements for the second and third quarters of FY 1987 and will also slow down disbursement rates for the fourth quarter. GOP regulations forbid certain types of contracting, procurement, and fund releases within 45 days of an election. Consequently, projected expenditures will again fall short of targets.

In FY 1987, the DA OYS was reduced again from an already vastly reduced FY 1986 level. Consequently, two proposed new starts, of a planned four, were cut from the portfolio. Also, the funding level programmed for incrementally funded projects was reduced. In FY 1986 we were able to cope with these reductions by supplementing the OYS with reobligations or deobligated funds. We plan to continue to monitor implementation of ongoing projects very closely so that we can deobligate funds from slow-moving projects and reobligate these funds to faster-moving ongoing or new projects.

Other resources, such as PL 480 Titles I, Section 416, or Title II Section 206 are limited in their use to cover reduced DA levels. To date these resources have been used for support to the GOP and tied to the GOP meeting policy conditions thereby limiting the opportunities to directly support the DA portfolio.



| Project No. & Title                      | As of 03/31/07 |          | Planned Remainder FY 07 (3rd/4th Qtr) |          | Proposed FY 08 |         | Proposed FY 09 |        |
|--|----------------|----------|---------------------------------------|----------|----------------|---------|----------------|--------|
|  | Auth.          | Planned  | Orig.                                 | Expnd.   | Orig.          | Expnd.  | Orig.          | Expnd. |
| <b>GRANT &amp; LOAN</b>                  |                |          |                                       |          |                |         |                |        |
| 0209 Bicol Integ. Area Dev. III (Inc.)   | 3,501          | 3,501    | 3,501                                 | 572      | 0              | 577     | 0              |        |
| Grant                                    | (1,043)        | (1,043)  | (1,043)                               | (570)    | (0)            | (570)   | (0)            |        |
| Loan                                     | (1,650)        | (1,650)  | (1,650)                               | (2)      | (0)            | (2)     | (0)            |        |
| 0294 Non Conventional Energy Development | 7,150          | 7,150    | 7,150                                 | 1,243    | 0              | 1,241   | 0              |        |
| Grant                                    | (3,290)        | (3,290)  | (3,290)                               | (1,242)  | (0)            | (1,242) | (0)            |        |
| Loan                                     | (3,862)        | (3,862)  | (3,862)                               | (1)      | (0)            | (1)     | (0)            |        |
| 0333 Barangay Water II                   | 16,637         | 16,637   | 16,637                                | 2,172    | 0              | 2,172   | 0              |        |
| Grant                                    | (12,113)       | (12,113) | (12,113)                              | (2,172)  | (0)            | (2,172) | (0)            |        |
| Loan                                     | (4,524)        | (4,524)  | (4,524)                               | (0)      | (0)            | (0)     | (0)            |        |
| 0334 Small Farmer Systems II             | 5,050          | 5,420    | 5,420                                 | 1,470    | 430            | 1,470   | 430            |        |
| Grant                                    | (2,014)        | (2,304)  | (2,304)                               | (1,470)  | (410)          | (1,470) | (410)          |        |
| Loan                                     | (3,036)        | (3,036)  | (3,036)                               | (0)      | (0)            | (0)     | (0)            |        |
| 0340 Training and Development Issues     | 4,500          | 4,500    | 4,500                                 | 3,367    | 0              | 490     | 2,077          |        |
| Grant                                    | (4,002)        | (4,002)  | (4,002)                               | (3,367)  | (0)            | (490)   | (2,077)        |        |
| Loan                                     | (418)          | (418)    | (418)                                 | (0)      | (0)            | (0)     | (0)            |        |
| 0341 Popul. Planning III                 | 53,037         | 35,130   | 35,130                                | 7,533    | 17,099         | 2,651   | 4,302          |        |
| Grant                                    | (29,035)       | (24,202) | (24,202)                              | (7,000)  | (5,633)        | (2,651) | (4,409)        |        |
| Loan                                     | (23,202)       | (10,936) | (10,936)                              | (473)    | (12,266)       | (0)     | (473)          |        |
| 0356 Farming Systems Development I, II   | 4,671          | 6,621    | 4,671                                 | 1,030    | 1,000          | 709     | 2,121          |        |
| Grant                                    | (1,003)        | (5,003)  | (13,003)                              | (1,000)  | (1,000)        | (709)   | (2,121)        |        |
| Loan                                     | (010)          | (010)    | (010)                                 | (0)      | (0)            | (0)     | (0)            |        |
| 0360 Local Res. Mgmt.                    | 14,470         | 13,900   | 13,900                                | 11,301   | 670            | (713)   | 11,594         |        |
| Grant                                    | (11,006)       | (13,006) | (13,006)                              | (11,301) | (0)            | (713)   | (11,594)       |        |
| Loan                                     | (1,104)        | (014)    | (014)                                 | (0)      | (570)          | (0)     | (0)            |        |

| Project No. & Title                      | As of 03/31/07 |          | Planned Remainder FY 07 (3rd/4th Qtr) |          | Proposed FY 08 |         | Proposed FY 09 |        |
|--|----------------|----------|---------------------------------------|----------|----------------|---------|----------------|--------|
|  | Auth.          | Planned  | Orig.                                 | Expnd.   | Orig.          | Expnd.  | Orig.          | Expnd. |
| 0209 Bicol Integ. Area Dev. III (Inc.)   | 3,501          | 3,501    | 3,501                                 | 572      | 0              | 577     | 0              |        |
| Grant                                    | (1,043)        | (1,043)  | (1,043)                               | (570)    | (0)            | (570)   | (0)            |        |
| Loan                                     | (1,650)        | (1,650)  | (1,650)                               | (2)      | (0)            | (2)     | (0)            |        |
| 0294 Non Conventional Energy Development | 7,150          | 7,150    | 7,150                                 | 1,243    | 0              | 1,241   | 0              |        |
| Grant                                    | (3,290)        | (3,290)  | (3,290)                               | (1,242)  | (0)            | (1,242) | (0)            |        |
| Loan                                     | (3,862)        | (3,862)  | (3,862)                               | (1)      | (0)            | (1)     | (0)            |        |
| 0333 Barangay Water II                   | 16,637         | 16,637   | 16,637                                | 2,172    | 0              | 2,172   | 0              |        |
| Grant                                    | (12,113)       | (12,113) | (12,113)                              | (2,172)  | (0)            | (2,172) | (0)            |        |
| Loan                                     | (4,524)        | (4,524)  | (4,524)                               | (0)      | (0)            | (0)     | (0)            |        |
| 0334 Small Farmer Systems II             | 5,050          | 5,420    | 5,420                                 | 1,470    | 430            | 1,470   | 430            |        |
| Grant                                    | (2,014)        | (2,304)  | (2,304)                               | (1,470)  | (410)          | (1,470) | (410)          |        |
| Loan                                     | (3,036)        | (3,036)  | (3,036)                               | (0)      | (0)            | (0)     | (0)            |        |
| 0340 Training and Development Issues     | 4,500          | 4,500    | 4,500                                 | 3,367    | 0              | 490     | 2,077          |        |
| Grant                                    | (4,002)        | (4,002)  | (4,002)                               | (3,367)  | (0)            | (490)   | (2,077)        |        |
| Loan                                     | (418)          | (418)    | (418)                                 | (0)      | (0)            | (0)     | (0)            |        |
| 0341 Popul. Planning III                 | 53,037         | 35,130   | 35,130                                | 7,533    | 17,099         | 2,651   | 4,302          |        |
| Grant                                    | (29,035)       | (24,202) | (24,202)                              | (7,000)  | (5,633)        | (2,651) | (4,409)        |        |
| Loan                                     | (23,202)       | (10,936) | (10,936)                              | (473)    | (12,266)       | (0)     | (473)          |        |
| 0356 Farming Systems Development I, II   | 4,671          | 6,621    | 4,671                                 | 1,030    | 1,000          | 709     | 2,121          |        |
| Grant                                    | (1,003)        | (5,003)  | (13,003)                              | (1,000)  | (1,000)        | (709)   | (2,121)        |        |
| Loan                                     | (010)          | (010)    | (010)                                 | (0)      | (0)            | (0)     | (0)            |        |
| 0360 Local Res. Mgmt.                    | 14,470         | 13,900   | 13,900                                | 11,301   | 670            | (713)   | 11,594         |        |
| Grant                                    | (11,006)       | (13,006) | (13,006)                              | (11,301) | (0)            | (713)   | (11,594)       |        |
| Loan                                     | (1,104)        | (014)    | (014)                                 | (0)      | (570)          | (0)     | (0)            |        |

| Project No. & Title                            | As of 03/31/07                   |                                  | Planned Responder FY 07 (3rd/4th Qtr) |                             | Proposed FY 08                |                            | Proposed FY 09          |                             |
|--|----------------------------------|----------------------------------|---------------------------------------|-----------------------------|-------------------------------|----------------------------|-------------------------|-----------------------------|
|  | Auth.                            | Planned (Amt)                    | Expnd.                                | Pipeline (Amt)              | Expnd.                        | Pipeline (Amt)             | Expnd.                  | Pipeline (Amt)              |
| 0349 Small & Medium Enterprise Dev. Grant Loan | 15,000<br>(14,010)<br>(102)      | 15,000<br>(14,010)<br>(102)      | 0<br>(0)<br>(0)                       | 14,693<br>(14,503)<br>(0)   | 470<br>(470)<br>(0)           | 14,115<br>(14,115)<br>(0)  | 1,250<br>(1,250)<br>(0) | 17,066<br>(17,865)<br>(0)   |
| 0366 Reinfed Res. Dev. Grant Loan              | 24,252<br>(24,000)<br>(252)      | 23,252<br>(23,000)<br>(252)      | 1,000<br>(1,000)<br>(0)               | 19,620<br>(19,000)<br>(20)  | 1,000<br>(1,000)<br>(0)       | 17,000<br>(17,000)<br>(0)  | 1,000<br>(1,000)<br>(0) | 13,121<br>(13,121)<br>(0)   |
| 0371 Primary Health Care Financing Grant Loan  | 17,500<br>(16,466)<br>(1,034)    | 17,500<br>(16,466)<br>(1,034)    | 547<br>(547)<br>(0)                   | 14,136<br>(14,006)<br>(50)  | 547<br>(547)<br>(0)           | 0,500<br>(0,500)<br>(0)    | 2,650<br>(2,650)<br>(0) | 6,400<br>(6,400)<br>(0)     |
| TOTAL (G & L) Grant Loan                       | 166,510<br>(176,130)<br>(40,360) | 140,619<br>(121,095)<br>(27,574) | 22,446<br>(9,610)<br>(12,036)         | 68,155<br>(77,371)<br>(506) | 21,446<br>(0,610)<br>(12,036) | 16,934<br>(16,061)<br>(73) | 1,547<br>(1,547)<br>(0) | 61,903<br>(61,510)<br>(473) |
| 0304 Rural Serv. Centers                       | 2,790                            | 2,790                            | 0                                     | 2,767                       | 0                             | 23                         | 0                       | 0                           |
| 0322 Presid. 14th. Dev.                        | 1,700                            | 1,665                            | 0                                     | 1,665                       | 0                             | 0                          | 0                       | 0                           |
| 0345 PWD Co Financing I                        | 7,000                            | 6,134                            | 0                                     | 5,101                       | 0                             | 1,031                      | 0                       | 0                           |
| Subtotal (Terminated Grants)                   | 11,497                           | 10,509                           | 0                                     | 9,535                       | 0                             | 71                         | 0                       | 0                           |

TERMINATED

| Project No. & Title          | Auth.  | Planned (Amt) | Expnd. | Pipeline (Amt) | Expnd. | Pipeline (Amt) | Expnd. | Pipeline (Amt) |
|------------------------------|--------|---------------|--------|----------------|--------|----------------|--------|----------------|
| 0304 Rural Serv. Centers     | 2,790  | 2,790         | 0      | 2,767          | 0      | 23             | 0      | 0              |
| 0322 Presid. 14th. Dev.      | 1,700  | 1,665         | 0      | 1,665          | 0      | 0              | 0      | 0              |
| 0345 PWD Co Financing I      | 7,000  | 6,134         | 0      | 5,101          | 0      | 1,031          | 0      | 0              |
| Subtotal (Terminated Grants) | 11,497 | 10,509        | 0      | 9,535          | 0      | 71             | 0      | 0              |





MONTHLY OBLIGATION SCHEDULE - FY 1987

| Month  | Project                                      | (000)   |            |                     |
|--------|--|---------|------------|---------------------|
|        |  | Amount  | Cum. Total | PCT/Cum. PCT to OY8 |
| April  | 0367 PYO Co-Financing II                     | 144     |            |                     |
| April  | 0395 Enterprise in Community Dev.            | 1,250   |            |                     |
| April  | 0397 Participant Training                    | 1,000   |            |                     |
|        | SUBTOTAL                                     | 2,394   | 2,394      | 0.91/ 0.91          |
| May    | 0343 Project Design                          | 3,000   |            |                     |
| May    | 0356 Farming Systems Dev. - E.V.             | 1,000   |            |                     |
| May    | 0367 PYO Co-Financing II                     | 2,856   |            |                     |
| May    | 0385 Accelerated Ag Production               | 1,975   |            |                     |
| May    | 0401 Rural Water Supply                      | 3,775   |            |                     |
| May    | 0407 Budget Support Program                  | 150,000 |            |                     |
|        | SUBTOTAL                                     | 162,606 | 165,000    | 62.02/62.33         |
| June   | 0374 Regional Development Fund               | 47,000  | 212,000    | 17.93/60.86         |
| July   | 0377 Financial Resources Mobilization        | 250     |            |                     |
| July   | 0403 Financial Management Improv.            | 750     |            |                     |
|        | SUBTOTAL                                     | 1,000   | 213,000    | 0.38/61.24          |
| August | 0420 Rural Infrastructure                    | 34,190  | 247,190    | 13.04/64.28         |
|        | TO BE DETERMINED - NAEP Civic Action Program | 15,000  | 262,190    | 5.72/60.00          |

MONTHLY OBLIGATION SCHEDULE - FY 1988

| Month    | Project                               | (000)  |            |                     |
|----------|---------------------------------------|--------|------------|---------------------|
|          |                                       | Amount | Sum. Total | POT/Sum. POT to OYB |
| February | 0381 Tech Transfer for Energy Manag.  | 100    |            |                     |
| February | 0371 Primary Health Care Financing    | 547    |            |                     |
| February | 0367 PVO Co-Financing II              | 500    |            |                     |
|          | SUBTOTAL                              | 1,147  | 1,147      | 8.62/ 8.52          |
| March    | 0395 Enterprise in Community Dev.     | 1,000  |            |                     |
| March    | 0367 PVO Co-Financing II              | 750    |            |                     |
|          | SUBTOTAL                              | 1,750  | 2,897      | 13.45 22.66         |
| April    | 0367 PVO Co-Financing II              | 750    | 3,647      | 5.77 28.05          |
| May      | 0356 Farming Systems Dev. - E.V.      | 1,000  |            |                     |
| May      | 0367 PVO Co-Financing II              | 1,000  |            |                     |
|          | SUBTOTAL                              | 2,000  | 5,647      | 15.38 43.44         |
| June     | 0385 Accelerated Ag Production        | 1,125  |            |                     |
| June     | 0377 Financial Resources Mobilization | 1,478  |            |                     |
| June     | 0403 Financial Management Improvement | 750    |            |                     |
|          | SUBTOTAL                              | 3,353  | 9,000      | 25.79 69.230        |
| July     | 0386 Population Sector Support        | 2,000  |            |                     |
| July     | 0406 Child Survival                   | 2,000  |            |                     |
|          | SUBTOTAL                              | 4,000  | 13,000     | 30.77/100.00        |

MONTHLY OBLIGATION SCHEDULE - FY 1989

| Month | Project                           | (000)  |            |                     |
|-------|-----------------------------------|--------|------------|---------------------|
|       |                                   | Amount | Cum. Total | POT/Cum. POT to OYE |
| March | 0395 Enterprise in Community Dev. | 1,000  |            |                     |
| March | 0419 PYO Co-Financing III         | 250    |            |                     |
|       | SUBTOTAL                          | 1,250  | 1,250      | 9.62/ 9.62          |
| May   | 0385 Accelerated Ag Production    | 2,000  |            |                     |
| May   | 0419 PYO Co-Financing III         | 1,000  |            |                     |
| May   | 0377 Financial Resources Mobiliz. | 1,000  |            |                     |
|       | SUBTOTAL                          | 4,000  | 5,250      | 30.77/40.38         |
| June  | 0403 Financial Management Improv. | 1,000  |            |                     |
| June  | 0396 Population Sector Support    | 2,000  |            |                     |
| June  | 0406 Child Survival               | 3,000  |            |                     |
| June  | 0419 PYO Co-Financing III         | 1,000  |            |                     |
|       | SUBTOTAL                          | 7,000  | 12,250     | 53.85/64.23         |
| July  | 0419 PYO Co-Financing III         | 750    | 13,000     | 5.77/100.00         |

E. Gray Amendment

USAID continues to make a concerted effort to support the Gray Amendment. The Early Alert system has been fully implemented and is included in every PID and PID-like document/cable. In addition, effective with receipt of AID/W guidance cable, all PPs, including those approved in the field, contain the Mission Director's Gray Amendment Certification.

In FY 1986 USAID established a policy that to the extent possible whenever a Procurement Services Agent (PSA) is used all U.S. commodity procurement actions will be awarded to Gray Amendment qualifying PSA. In FY 1986 \$34,168 in commodity procurement value was channelled to those firms. So far in FY 1987, \$11,000 has been channelled to Gray Amendment qualifying firms and we will continue to follow this trend.

With regard to contracting for services, USAID reviews each project evaluation, design and redesign requirement for possibilities of involving Gray Amendment qualifying firms. In FY 1986, \$3,294,052 was channeled to such firms using project and PD&S resources. This includes two large multi-year contracts. In FY 1987 we plan to channel an additional \$500,000 for project support, evaluations and redesigns. With respect to these numbers, we note that although our OYB is high in dollar amount, the much larger ESF component has been devoted exclusively to local costs either for rural infrastructure or subject support. Only a \$15 million OYB in DA was provided in FY 1986 and a \$13 million OYB was provided in FY 1987. Only two of the new projects funded from the \$15 million in FY 1986 contained U.S. technical assistance component and we intend to use an 8.a firm for one of these (Rural Water and Sanitation Project).

#### IV. Mission Evaluation Plan (FY 1988-89)

The strategy used in the FY 88/89 Evaluation Plan is a reiteration of the evaluation strategies used in previous years, wherein evaluation is viewed primarily as a tool for improved project management. In addition, the approach used responds to specific monitoring needs of projects scheduled for evaluation and the activities' implementation stage. Thus, because several of the projects are of the rolling-design type and few are currently ready for completion, the basic evaluative methodology used is process-oriented, geared towards assessing effectiveness of the implementation structures and improving these where found ineffective.

##### A. Impact of Evaluation as Management Tool

The five most recently completed evaluations reflect the Mission Evaluation Strategy. Between the 3rd quarter of FY 86 and the 2nd Quarter of FY 87, the following projects were evaluated:

1. Training and Development Issues - (492-0340)
2. Small and Medium Enterprise Development - (492-0359)
3. Non Conventional Energy - (492-0294)
4. PVO Co-Fi II - (492-0367)
5. Local Resources Management (492-0358)

In the case of the Training and Development Issues Project (TDI), the evaluation identified structural problems affecting implementation and recommended ways to improve management efficiency. As a result, there was a significant increase in number of subprojects and activities funded through TDI project after the evaluation. In addition, both the implementing agency and the Mission are stressing efforts to orient the Development Issues component to be more responsive to long term policy-making needs of the GOP.

The Small and Medium Enterprise Development (SMED) project evaluation, highly critical of the design and implementation process, led to several recommendations which are expected to improve progress. It found that the large number of disparate, very small subprojects represented a diffusion of resources with little discernible impact. Consequently, the evaluation recommended further streamlining of project activities and funding. Redesign efforts will be initiated as a direct result of the evaluation. Also, there will be major deobligation of funds.

The Nonconventional Energy (Noncon) project evaluation took a different tack. Although the project was due for completion in December 31, 1986, the evaluation did not focus primarily on the Noncon's impact. Rather, the evaluation was forward-looking, seeking ways to further enhance the contributions of the project beyond PACD. To do so, the evaluation focused on identifying necessary data to help private-sector investment in nonconventional energy technologies. In addition, it recommended an extension of the project, during which steps can be taken to assist the GOP and the Philippine private sector to better prepare for the project phase-out.

The PVO Co-Financing II project evaluation was intended, in part, as background for the Mission's request to supplement the project's funds with an additional \$6 million for the remaining two years of the project. While still early in implementation, the evaluation determined that its progress is excellent, showing that growth in PVO capabilities is partly a result of USAID funding support and, in part, of USAID's efforts to train and assist PVOs in planning and managing projects. Other recommendations were factored in the design of the proposed PVO Co-Financing III project.

Finally, Local Resources Management project (LRM) evaluation arrived at conclusions and recommendations to improve implementation and redesign the

project to meet significant changes in national conditions. It determined the need to emphasize decentralization of project management, while at the same time simplifying organizational and management responsibilities and procedures. More specific impact of the external evaluation on project implementation are discussed elsewhere in the action plan.

B. FY 1987 Projects Evaluated VS. Plan

Four projects were scheduled for evaluation in FY 87. These are listed in Table A, as well as the status of each evaluation. Of the four, only Local Resources Management was evaluated, and there is little likelihood that the rest will be within the remainder of FY 87. The reasons for postponement are explained in Table A.

FY 1987 Projects Evaluated vs. Plan

| <u>Project Title &amp; Number</u>                  | <u>Evaluation Status</u>  |
|--|---|
| 1. Local Resources Management<br>492-0358          | Completed 2nd Q FY 87   |
| 2. Rainfed Resources Development<br>492-0366       | Scheduled for 3rd Q FY 87<br>Postponed. Redesign effort using<br>available information was conducted<br>instead.                                      |
| 3. Primary Health Care - ORT Component<br>492-0371 | Scheduled for 1st Q FY 87<br>Postponed. Implementation progress<br>delayed, owing to which there is<br>little to evaluate                             |
| 4. Primary Health Care-Financing<br>492-0371       | Scheduled for 3rd Q FY 87<br>Will be postponed. Final impact<br>evaluation will be conducted<br>instead towards the end of project<br>implementation. |

C. FY 1988-89 Evaluation Schedule

Table B lists evaluations scheduled in FY 88 and FY 89. Eight projects are scheduled for evaluation in FY 88 and four in FY 89. With exception of projects nearing completion or which have recently been completed, the bulk are process-type evaluations geared towards assessing implementation effectiveness or to help the Mission redesign the projects.

B. List of Planned Evaluations  
 FY 1989  
 COUNTRY/OFFICE USAID/MANILA

| Project List<br>(Project No.<br>Title)       | Last Eval.<br>Comp.<br>(Mo/Yr) | FY 1988        |                      | FY 1989        |                      | Reasons/Issues   | Funding<br>Source<br>(\$000) | USAID<br>Person<br>Days | Collateral<br>AID<br>Assistance |
|--|--------------------------------|----------------|----------------------|----------------|----------------------|--|------------------------------|-------------------------|---------------------------------|
|  |                                | Start<br>(Qtr) | 10<br>AID/W<br>(Qtr) | Start<br>(Qtr) | 10<br>AID/W<br>(Qtr) |  |                              |                         |                                 |
| ARDN<br>Rural Financial Services<br>492-0394 | None                           | 2nd            | 3rd                  |                |                      | PACD: 12/31/90<br>To assess effectiveness of<br>progress implementation  | Proj.                        | To be determined        |                                 |
| Rainfed Resources Development<br>497-0366    | None                           | 2nd            | 3rd                  |                |                      | PACD: 9/30/89<br>PACD will be extended to 9/30/91<br>Evaluation will focus on<br>Agriculture Component. Will be<br>process evaluation to assess<br>effectiveness of redesigned<br>implementation structure | Proj.                        | To be determined        |                                 |
| A) Agriculture Component                     | None                           | 2nd            | 3rd                  |                |                      | Evaluate the Natural Resources<br>Component, assess the<br>effectiveness of the redesigned<br>implementation structure   |                              |                         |                                 |
| B) Natural Resources Comp.                   | None                           | 3rd            | 4th                  |                |                      | Evaluation will focus on<br>Upland Access Component. Will be<br>a process evaluation to assess<br>effectiveness of redesigned<br>implementation structure  |                              |                         |                                 |
| C) Upland Access Component                   | None                           | 1st            | 2nd                  |                |                      |  |                              |                         |                                 |

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 Mission Evaluation Officer (102)  
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 Asst. Mission Evaluation Officer (102)

| Project List<br>(Project No.<br>Title)                | Last Eval.<br>Comp.<br>(Mo/Yr) | FY 1988<br>Start<br>(Qtr) | FY 1989<br>Start<br>(Qtr) | FY 1990<br>Start<br>(Qtr) | Reasons/Issues   | Funding<br>Source<br>(\$000) | USAID<br>Person<br>Days | Collateral<br>AID<br>Assistance |
|---|--------------------------------|---------------------------|---------------------------|---------------------------|--|------------------------------|-------------------------|---------------------------------|
| <b>ARDN Cont'd</b>                                    |                                |                           |                           |                           |  |                              |                         |                                 |
| Accelerated Ag. Production<br>492-0385                | None                           | 3rd                       | 4th                       |                           | PACD: 12/31/89<br>Process evaluation will focus<br>on progress:<br>1. Technical direction;<br>2. Coordination structure;<br>3. Program level issues.   | Proj.                        | To be determined        |                                 |
| Small and Medium Enterprise<br>Development - 492-0359 | 7/86                           | 4th                       | 1st<br>FY 90              |                           | PACD: 12/31/89<br>Impact evaluation  | Proj.                        | To be determined        |                                 |
| <b>EHHR</b>   |                                |                           |                           |                           |  |                              |                         |                                 |
| Training and Development Issues<br>492-0340           | 6/86                           | 3rd                       | 4th                       |                           | PACD: 12/31/88<br>Final impact evaluation will<br>assess effectiveness of project<br>as tool for identifying development<br>policies and for initiating policy<br>dialogue. Evaluation most likely<br>to be postponed as a result of<br>PACD extension | Proj.                        | To be determined        | 1<br>51<br>1                    |
| Management Training<br>492-0405                       | None                           | 3rd                       | 4th                       |                           | PACD: 9/30/89<br>In-house assessment:<br>1. will review effectiveness<br>of selection process;<br>2. academic achievements of<br>recipients;<br>3. impact on beneficiary<br>institution  | Proj.                        | To be determined        |                                 |

| Project List<br>(Project No.<br>Title)                         | Last Eval.<br>Comp.<br>(Mo/Yr) | FY 1988        |                      | FY 1989        |                      | Reasons/Issues   | Funding<br>Source<br>(\$000) | USAID<br>Person<br>Days | Collateral<br>AID<br>Assistance |
|--|--------------------------------|----------------|----------------------|----------------|----------------------|--|------------------------------|-------------------------|---------------------------------|
|  |                                | Start<br>(Qtr) | To<br>AID/W<br>(Qtr) | Start<br>(Qtr) | To<br>AID/W<br>(Qtr) |  |                              |                         |                                 |
| IE<br>Primary Health Care-Financing<br>492-0371                | 1/86                           | 1st            | 2nd                  | 4th            | 1st<br>FY 90         | PACD: 12/31/89<br>Impact evaluation  | Proj.                        | To be determined        |                                 |
| Primary Health Care Financing<br>(ORT Component)<br>492-0371   | None                           | 1st            | 2nd                  |                |                      | PACD: 12/31/89<br>To assess progress of<br>project implementation  | Proj.                        | To be determined        |                                 |
| SD<br>Technology Transfer for<br>Energy Management<br>492-0381 | None                           | 4th            | 1st<br>FY 89         |                |                      | PACD: 6/30/90<br>To assess impact of technology<br>demonstration   | Proj.<br>\$30                | To be determined        |                                 |
| OTHERS<br>ESF Program<br>492-0365; 0374; 0343; 0361            |                                | 4th            | 1st<br>FY 89         |                |                      | PACD: Various<br>To assess effectiveness of<br>potential redesign and<br>reprogram efforts brought on<br>by change of GOP administration | Proj.                        | To be determined        |                                 |
| PVO-Co-Fit<br>492-0345   |                                | 1st            | 2nd                  |                |                      | PACD: 9/30/86<br>To assess impact of project   |                              | To be determined        |                                 |