



PHILIPPINES DECENTRALIZATION AND POPULAR PARTICIPATION:
AN IMPACT EVALUATION
OF THE
LOCAL RESOURCE MANAGEMENT PROJECT
[LRM-#492-0358]

JULY 1990

FINAL REPORT

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IN COLLABORATION WITH:

LEVERAGE INTERNATIONAL, INC.

MANILA, PHILIPPINES

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AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input checked="" type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number <u>4</u>	DOCUMENT CODE <u>3</u>
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2. COUNTRY/ENTITY Philippines	3. PROJECT NUMBER <u>492-0358</u>
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4. BUREAU/OFFICE Asia and Near East <input type="checkbox"/> 04	5. PROJECT TITLE (maximum 40 characters) <input type="checkbox"/> Local Resource Management
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6. PROJECT ASSISTANCE COMPLETION DATE (FACD) MM DD YY <u>08</u> <u>31</u> <u>91</u>	7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4) A. Initial FY <u>82</u> B. Quarter <u>4</u> C. Final FY <u>85</u>
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AD Appropriated Total		1,085	1,085	365	14,105	14,470
(Grant)	()	(1,085)	(1,085)	(285)	(12,801)	(13,086)
(Loan)	()	()	()	(80)	(1,304)	(1,384)
Other U.S.	1.					
	2.					
Host Country		718	718		10,599	10,599
Other Donor(s)						
TOTALS		1,803	1,803	365	24,704	25,069

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ARDN	260	240	240	13,086	814			13,086	1,384
(2)									
(3)									
(4)									
TOTALS				13,086	814			13,086	1,384

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each) <u>220</u> <u>250</u>	11. SECONDARY PURPOSE CODE
12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each) A. Code B. Amount	

PROJECT PURPOSE (maximum 480 characters).

To improve the capability of local organizations to plan and implement activities that address the needs of the rural poor.

14. SCHEDULED EVALUATIONS Interim MM YY <u>01</u> <u>89</u> Final MM YY <u>01</u> <u>90</u>	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input checked="" type="checkbox"/> Local <input type="checkbox"/> Other (Specify)
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

The LRM Phase II Supplement will build on Phase I activities, moving from identification to replication of successful approaches to local development in Regions V, VI and VIII and two additional regions. Phase II will support an integrated planning/implementation approach based on rural need identification, provide inputs as program assistance packages, include more funds for community funds and subprojects, and support the delegation of responsibility to the NEDA Regional Offices and provincial and municipal governments for implementation. Phase II reprograms \$2,592 million of AID funding.

17. APPROVED BY	Signature <i>Frederick W. Schieck</i> Title Director	Date Signed MM DD YY 	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
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ABSTRACT

LOCAL RESOURCE MANAGEMENT

The central question posed by this impact evaluation, conducted one year before the project's planned termination in August 1991, was the "demonstrable contribution of the project in solving the problems of rural poverty and providing choices for the poor to help themselves," and its contribution to decentralization and the development of local government. The project was experimental, and was designed as a learning process. It was a product of the New Directions and the 1983 CDSS. In Phase I [1982-1987], it differentiated poverty by province, town, and village, and occupational group. An external evaluation in 1987, based on a revised CDSS following the revolution, refocused the beneficiaries on the general rural population, arguing that all were poor. The project, managed by NEDA, used national and then provincial PVOs to train, help organize, and monitor village groups, and sensitize local governments to beneficiary needs. Two project funds were established: one for grants to local government for beneficiary-related impact projects [mostly small infrastructure], and another for lending to village groups for income generating activities.

This evaluation, through site visits and documentation review, was focused on Phase I areas, for Phase II activities were too recent for impact. The project was slow of implementation for three reasons: [1] internal issues of management; [2] the disruptions permeating Philippine society from 1983 until 1988; and [3] the sequential process of working with target groups through analyses, training, organization, registration, lending, and monitoring, and in the case of infrastructure, construction. Although some provinces short circuited the beneficiary analysis and choice, the evaluation found that generally the poor were being reached, but in far less numbers than planned. The PVOs, a vital link in the process, each brought their own village-level organizational philosophy and training to the project, thus vitiating the Phase I experimental nature of alleviating poverty through occupational focus.

There were administrative deficiencies at a variety of levels, but important attributes of the project were: the direct link to the beneficiaries, the role of indigenous PVOs, the initial focus on poverty on the basis of functional occupation, the training and reorientation process of government toward the poor, and the legacy of community self-help. Foreign donors and local governments are replicating the process and providing additional funds for expansion related to the project's original concept. This was an innovative project at its inception in its direct support and capacity-building of local governments, its poverty focus, and its major PVO component. Now, due to internal political changes, these elements have become Philippine policy, giving added piquancy to the termination of the effort. Some effort to salvage the processes is recommended.

EXECUTIVE SUMMARY

The central question posed by this impact evaluation, conducted one year before the project's planned termination in August 1991, was the "demonstrable contribution of the project in solving the problems of rural poverty and providing choices for the poor to help themselves," and its contribution to decentralization and the development of local government. The project was experimental, and was designed as a learning process. It was explicitly a product of the New Directions and the 1983 CDSS. In Phase I [1982-1987], it differentiated poverty by province, town, and village, and occupational group. An external evaluation in 1987, based on a revised CDSS following the Philippine revolution, refocused the beneficiaries on the general rural population, arguing that all were poor. The project, managed by NEDA, used national and then provincial PVOs to train, help organize, and monitor village groups, and sensitize local governments to beneficiary needs. Two project funds were established: one, the Sub-Project Fund [SPF] for grants to local government for beneficiary-related impact projects [mostly small infrastructure], and another--the Community Project Fund [CPF]--for lending to village groups for income generating activities.

This evaluation, through site visits and documentation review, was focused on Phase I areas, for the expanded Phase II activities were too recent for impact, although they were germane for institutionalization of the process of beneficiary orientation.

Beneficiary Impact: Although there has been positive impact on the intended beneficiaries, it has been less than originally anticipated. The principle beneficiaries have been members of community associations, who have incomes well below the poverty standard in the Philippines. Their community groups, organized with the help of diverse PVOs, are organized around their primary occupations, artisanal fisherman, landless agricultural workers, and tenant, upland farmers. About two-thirds of all members are women, however. The two project funds have variously benefitted the beneficiaries. The Sub-Project Fund [SPF] mostly [71.6 percent] was used for infrastructure, primarily roads and water systems. Although it was originally anticipated that the beneficiaries would help in the selection and design, most were initiated at the provincial level. Some sub-projects were of questionable benefit to the purported beneficiaries; others had a generalized, but unmeasurable, positive impact. There were few employment or technology benefits resulting from this category.

The Community Project Fund [CPF] was used both for individual sub-lending from the group to individuals, and for group enterprises, such as a broom-making factory or deep sea fishing. Although it is too early to draw definitive conclusions, the credit model seems to have made the most impact on individual beneficiaries, some of whom have done well. The organizations are, however, economically fragile because of weather and some management issues, including low repayments of loans. Some have been sustained, however, for four years.

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The Role of PVOs: Implementation of the project has been a tripartite relationship between the beneficiaries, the PVOs, and local government. The PVOs, both national and local, have a demonstrated capacity to work with the rural poor, using their own organizational methodologies. They were important in the training process, and their effectiveness seems to have varied. The CPF approach was necessary to the organizational efforts with the beneficiaries, but the PVOs, although quite sophisticated in some aspects of monitoring, needed improved skills and understanding of the credit process. There is evidence of the institutionalization of the beneficiary roles at the municipal levels.

Institutionalization and Decentralization: The project process was intended to devolve both authority and responsibility, and to match them with the increased capacity of local institutions to identify and administer development interventions appropriate to local needs and conditions. This approach posited that the successful identification of local interventions could only be guaranteed by the involvement of target beneficiaries throughout the process. Whereas earlier USAID efforts had concentrated on institution-building or infrastructural development, the LRM was seen as breaking relatively new ground with its emphasis on poverty alleviation, livelihood activities, provision for popular participation by the targeted poor and the involvement of PVOs in assisting to mobilize the poor for self-help efforts. All of these elements pointed to the need for a local government focus as close as possible to the rice roots of community organization. The choice of the provincial level as primary focus rested on a compromise between the growth of regional institutional power and the paucity of institutional resources at the municipal level. Recognizing the increased capacity and institutional complexity at the regional level and the weakness of those municipal actors who were in the best position to recognize and respond to the needs of the rural poor, the choice of the province for emphasis was also seen as a means of intermediating between those levels. There is considerable variation in knowledge of and involvement in the project on the part of municipal actors. Provincial involvement in all aspects of the LRM is substantial and has been increased under the Phase II redesign. Not only is the province responsible for organizing and overseeing municipal programs, but it now plays a role in determining its own technical assistance and research needs. Provincial institutions are primary in all of the formative steps in the LRM process.

Management: Project management was located in an office in NEDA, which had responsibility for budgeting, contracting, evaluating subprojects, and providing intellectual guidance, coordination, lateral communications among the regions. Provincial governments were responsible for sub-project proposals and implementation. The project management broke down at the local government level with consequent slow release of funds and slow implementation of sub-projects. These events were greatly exacerbated by the political upheavals during most of the life of the project. The choice of NEDA as project manager had implications for its capacity to influence local governments, over which it had no supervisory role.

Sustainability, Replicability, and Phase Out: Political events in the Philippines have pushed the essential components of this innovative but

flawed project to policy center. Decentralization is now constitutionally mandated. The focus of government is on the poor. PVOs are central to government policies. Sustainability of project concepts [not the project or its elements] has become policy. Sustainability is, separately, a matter of relationships and processes, institutions, and benefits in manners not always integrated. The foci on the poor, the PVOs, and decentralization are sustainable, but the effectiveness of the relationships and the delivery of benefits depends on continuous training and financial flexibility. Project elements are currently being replicated by local governments and foreign donors, but dangers exist wherein the now vibrant political process may become paramount in the motivation.

The project has developed processes that deserve continuation. These include the poverty-centered focus, use of PVOs, the training process, reorientation of government toward concern for the poor, and the legacy of community self-help. The evaluation notes that although the USAID strategy has changed, as has its beneficiary analysis, the concepts behind this project are now more accepted and more germane to Philippine policies than when it was conceived. The evaluation suggests that USAID find a means to ensure that they continue, perhaps through a "cooperative agreement" with a PVO.

Lessons Learned: These include the following:

- * PVOs, because of different organizational approaches, should be so differentiated and carefully selected for the tasks needed.
- * The capacity to re-borrow may be an important incentive to repay loans.
- * Assumptions about interdepartmental coordination in project implementation should be questioned.
- * PVO financing may be an effective counterpoise when the public sector is too fiscally rigid.
- * Long lead times are required for projects involving local organizing.
- * The reasons for people forming community groups may be different from those sustaining them.
- * Rural credit systems need much more attention at all levels.
- * Refresher training for projects involving new skills and relationships is required given normal attrition and personnel turnover.
- * Reporting, monitoring, evaluation, and other management information systems should be addressed early in project formulation.
- * At the first sign of implementation problems, management reviews should be conducted.
- * Structural links between participating institutions should be carefully considered in project design.
- * Capability building must be a continuous endeavor.

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ACRONYMS

A/A	Advice of Allotment - Authorization from the Department of Budget and Management to incur obligation within specified subproject appropriation
AID	(United States) Agency for International Development
AIP	Annual Investment Plan
ANLIP	Annual National LRM Implementation Program
ARAP	Annual Regional Assistance Program
APP	Annual Program Plan
CPF	Community Projects Fund
DOF	Department of Finance
DOF-BLGF	Department of Finance, Bureau of Local Government Finance
DBM	Department of Budget and Management
DPWH	Department of Public works
DOH	Department of Health
DSWD	Department of Social Work
GOP	Government of the Philippines
LRM	Local Resource Management Project
MDC	Municipal Development Council
MDF	Municipal Development Fund, LRM funding mechanism developed primarily for the funding of donor projects at local government levels.
MPDC	Municipal Planning and Development Coordinator
MPDO	Municipal Planning and Development Office
NEDA	National Economic and Development Authority
PIL	Project Implementation Letter
PPDC	Provincial Planning and Development Coordinator

d

PPDO Provincial Planning and Development Office
PROAG Project Agreement
PTFA Provincial Trust Fund Account
PVO Private Voluntary Organization
RDC Regional Development Council
RPMO/NRO Regional Project Management Office/NEDA Regional Office
SP Sangguniang Panlalawigan -- Representative assembly at the provincial level of local government
SPF Special (Sub)Project Fund
U.S.A.I.D. United States Agency for International Development

CHAPTER 1. BACKGROUND

A. PROJECT BACKGROUND AND GOALS

The Local Resource Management Project was a product of the "New Directions," the reconsideration of the nature of United States foreign assistance in the 1970s. With the change in its emphasis to the rural poor as beneficiaries of the foreign aid process, a Country Development Strategy Statement [CDSS] was mandated describing the poor, analyzing the causes of poverty, and expounding the mission proposals to alleviate the issues. It was on this basis that new projects were to be proposed.

After seeing their initial attempt at a CDSS rejected in AID/Washington because it lacked analytical depth and focused only on the fact of poverty and not its complex causes, USAID/Manila began an extensive poverty analysis drawing upon the resources of the Philippine academic community. This was the analytical core of the 1982 CDSS written in 1980. The following year, the CDSS for 1983 redefined the bases for poverty analysis, concentrating on the occupational units and the geographic locations of poverty, and the strategies the poor used to subsist. This differentiated analysis [as opposed to the earlier one that considered poverty as undifferentiated; i.e., related solely to income on a nationwide basis] was accepted, and one specific outgrowth of that iterative process of redefinition was the LRM project, which used that analysis as its rationale.¹

This extensive study of poverty, both on a regional level and in occupational terms, prompted USAID and NEDA to focus assistance in this project on upland farmers, artisanal fisherman, and rural landless laborers in seven provinces in the Visayas [Region VI, Antique and Capiz; Region VIII, Eastern Samar, Leyte, and Southern Leyte], and the Bicol [Region V, Albay

¹. The process is detailed in David C. Korten and George Carner, "Reorienting Bureaucracies to Serve People: Two Experiences from the Philippines." Canadian Journal of Development Studies. Vol. V, No. 1, 1984.

and Catanduanes]. This complex project, one of the largest ever managed by NEDA centrally and one that involved intense consultations with a wide spectrum of concerned individuals and institutions, was originally conceived as three interrelated and mutually supportive tracks. Track one was designed to strengthen the planning, institutional capability and management capacity of local government to be responsive to the needs of and provide services to the poor through beneficiary participation. Track two purported to strengthen the autonomy of local government through increasing its local fiscal base by improving local financial management and revenue generation through, among other approaches, improved taxation systems. Track three was predicated on a merger of PVO and local government interests in support of the poor, and the beneficiaries' participation in the planning process.

The project was considered innovative in three of its aspects: the planning targets; its focus on beneficiary participation, and its design as a learning process. It included two important subproject funds: [1] the Special Project Fund [SPF] managed by local government for grant infrastructure projects chosen in a participatory manner to help the beneficiaries. It was to be, in NEDA terms, "the tangible translation of the LRM participatory planning process to be conducted by local governments"; and [2] a Community Project Fund [CPF], managed by the PVO community, with local, barangay citizens' groups formulating income-generating projects funded through local loans from which a revolving fund would be formed. Again, in NEDA terms, it was "a support to community organizing efforts and a 'seed' fund to develop and strengthen the viability of beneficiary groups organized by the PVOs." This fund, significantly, was to be "revolving" at the provincial, not the barangay, level.

The project was approved to begin on August 31, 1982 and was to continue for seven years. Originally budgeted at \$6 million [of which \$4.5 million was loan], the project was amended on September 18, 1984 to add \$6.9 million for the Real Property Tax Administration component [Track Two], and later amended again on May 2, 1985 to increase total funding to \$14.47 million [of which \$10.79 million was loan]. On August 30, 1986, another amendment converted all unexpended funds to grant as an aftermath of the EDSA revolution. A further amendment in 1989 deobligated some \$336,000 from this project, and \$1,000,000 from the Real Property Tax Administration project. The Philippine government contribution was to equal USAID's.

There have been three internal reviews or informal evalua-

tions in the form of PVO conferences, as well as other meetings, such as periodic reviews and planning and assessment conferences. But the major effort to consider progress was an external evaluation conducted February 9-March 13, 1987,² following a planning conference on this subject in late 1986. The evaluation focused on process issues in the light of the markedly transformed governmental and administrative forces in the Philippines, and recommended a variety of changes because the team felt the project was overly complex.

The result was a Project Paper Supplement in 1988 that differed significantly from the earlier paper [see Appendix E for a list of major changes]. It expanded both the geographic scope of the project to include additional provinces, but more importantly it redefined the target groups, arguing [in accordance with the new 1987 CDSS], that the deprivations of the Marcos period had spread poverty so broadly and pervasively that all projects were in fact directed toward the poor, since they were said to number some 70 percent of the total population.³ The life of the project was extended to nine years until August 31, 1991, stress was placed on impact on the redefined beneficiaries, not the experimental and learning process of the early project, and the two separate tracks [excluding the real property tax component] were integrated.

B. THE CHANGING POLITICAL AND SOCIO-ECONOMIC SETTING

The Philippines may be unique among East Asian societies. Although struggling with a relatively long history of centralized administration, it is a culture that had centralism thrust on it by its colonial masters. In contrast to the other societies in the region, the Philippines did not develop an indigenous centralized authority together with its supporting bureaucracy for its total area. Authority was fragmented if intense under the

². It had originally been scheduled for February 1986, but the EDSA revolution intervened. See 1987 CDSS, p. C-11.

³. The 1987 CDSS noted [p. vi] that in rural areas over 80 percent of the population was below the poverty line, and [p. 47] that geographic differences were meaningless and that "practically everyone is poor."

early sultanates.

This distinction does not make the centripetal forces of authority any the less strong. In over four centuries of centralized colonial rule from Manila, the elites who emerged from that process on independence and who continue today have solidified their economic power, entrenched their social positions, and generally manipulated the political processes to serve their ends. The patron-client relationships that subjugated and yet served the peasantry in the past have been replaced by political patronage related to the ballot box. Hierarchical, centralized authority has been intensified by the pervasive religious structure, the one mirroring the other. As an USAID consultant recently noted:

The culture of Philippine bureaucracy has for decades been dominated by a pervasive ethic of centralism. And the political system, which has been characterized by a web of constituency patronage, kinship relations, and the so-called family dynasties, may be considered as paternalistic and authoritarian. Furthermore, at both the national and local levels, may be found well-entrenched economic and political elites. It has been shown for instance, that for almost each of the 72 provinces in the Philippines, one or two families can be identified as exercising virtually uncontested political and economic control. The perception is that the national wealth is controlled by a few families.⁴

Yet the need for decentralization, pluralism, and participation is apparent here in the Philippines as it is virtually worldwide even in the more extreme centrally planned economies and autocratic states. Its advocacy has had a long and vigorous, if ineffectual, history from Philippine independence, rhetoric generally substituting for reality. The Marcos era demonstrates the case. Decentralization of authority was often touted, and even the NEDA was broadened to provide regional planning authorities and offices. But power remained personalized, and authority centralized. Even many of the rural development strategies were little more than publicity, essentially demonstrations of centralized largess, not popular participation. Even following the return of local elected government in 1980 after martial law,

⁴. Sylvia H. Guerrero and Alex B. Brillantes, Jr. The Local Development Assistance Program: A Social Soundness Analysis. Submitted to USAID/Philippines, December 1989.

"Concentration of political power made the concentration of economic power inevitable...Furthermore, centralization of power...also increased the dependency of local officials on the central government for resources and decision making." ⁵ Bureaucratic regulations had, in effect, encouraged periphery dependency on the center. As special cities, with their more extensive tax bases, were legally created by population expansion, they were administratively removed from the provinces and placed under Manila's authority, thus further pauperizing the provinces and increasing their Manila dependency and economic subservience. Essentially, the political and economic rewards and the corruption and aggrandizement of certain of the elites required a manageable system, one that was centralized in Manila, and reported directly to Malacanang.

The EDSA revolution of 1986 that swept President Aquino into power provided the impetus to a new, intensified, and far more serious effort at decentralization than had ever taken place in the Philippines. Based on presidential pledges for reform, the new Constitution mandated decentralization and autonomy of various areas, and a number of governmental decrees have begun the process of providing greater fiscal authority to the provinces. The movement for decentralization, devolution of authority, and greater power to the periphery is presently underway. A variety of complex bills are pending in the Congress on fiscal and administrative reforms, some of which have already been accomplished, although the most sweeping are yet to be enacted and will be subject to intense debate. This issue has further been complicated by voting to set up autonomous regions in two minority areas.

There continue to be strong forces against decentralization, however. Centralized bureaucratic entities are reluctant to see their staffs and budgets diminished by transfer to local governments, their authority truncated, their opportunities for patronage and power severely tempered. Now, the national government controls 87 percent of all government-provided goods for the average region, and the center spends 90 percent of all public resources, extracting more from the periphery than it returns.⁶

⁵. 1987 CDSS, p. iii. Confidential, since declassified.

⁶. USAID Local Development Assistance Project PAAD. Draft, June 1990.

The Congress itself, once again assuming leadership roles after a decade and a half of subservience or irrelevance under Marcos, is not anxious to destroy its control over regional affairs and funding. Some charge, in efforts to continue centralized power, that local governments are more corrupt [and more incompetent] than the center, but others might contend that even local corruption has the perhaps considerable attribute of recirculating resources within the local community, a not unimportant economic asset. The very political culture offers formidable, although not overwhelming, obstacles to effective decentralization.

The Local Resource Management Project was one mutual effort by USAID and NEDA to assist in the process of local development through increasing local bureaucratic capabilities, enhancing responsiveness to locally expressed needs, increasing the tax base of local government units, and ensuring greater involvement of local poor peoples in improving their well-being. The task set was ambitious and worthy. At the time, it was prescient--in advance of what has since become articulated Philippine government policies. Its tenets have been accepted. It is now in conformity with the Philippine Mid-Term Development Plan [1986-92] and other critical policy and planning documents.

This project was by no means a singular effort by USAID to improve provincial lives, administrative efficacy, and authority. The history of USAID in the Philippines is in large part the history of such efforts. Local responsiveness and understanding of local needs were, for example, a part of the 1965 SPREAD [Systematic Programming for Rural Economic Assistance Development] in two pilot provinces. The Provincial Development Assistance Project [PDAP, 1968-80, 28 provinces and 10 cities], from which this project is in part descended, focused on improving provincial administrative capacity and generalized well-being in the area through establishing greater provincial capacity through a new provincial development office, development performance budgeting, formulation of annual plans, and socio-economic analyses [although not through targeted and differentiated beneficiary groups]. Sectoral, administrative, and training programs all have been focused on alleviating the poverty of the rural areas, and improving local responsiveness to these issues.

It has been a canon of AID philosophy, reflecting the donor culture, that local authority is critical in defining and coping with local problems. It is one with which the evaluation team is sympathetic. This feeling is evidently shared by a large segment of the Philippine population, who have in effect voted for such concepts. Thus USAID and many leaders in the Philippine execu-

tive branch have in effect a confluence of policy and developmental interests at a broad, conceptual level. It has also become apparent to both donor and recipient, and to many at the local government level, that simply designating and designing projects directed toward the poor is not sufficient to achieve continuing progress, and has had generally disappointing results.

Donor general foreign assistance predilections, reflected in the redefined Philippines strategy statement of 1987, concentrated on the issue of job creation and private sector leadership in improving the plight of the poor. That philosophical change⁷ coincided with the overall worsening of the Philippines economy, so that USAID concluded that if some 70 percent of the population were deemed poor, a targeted strategy and assistance package to sub-groups in specific locales was unnecessary. The 1987 CDSS commented that "The previous CDSS basically adopted the traditional project approach to economic assistance. It assumed a stable political and economic environment as well as macro-economic policies which would support the AID-assisted, region-based rural development activities." This, it continued, is no longer true, and even the macro-economic assumptions of the previous CDSS were not valid when written.⁸ Even if that criticism were deemed valid, this project inherently could not have been considered "traditional;" indeed, its very experimental nature for both donor and recipient governments became part of its implementation problems and resulting delays. If the 1983 approach presented bureaucratic and macro-economic questions, this new, unsegmented approach to beneficiary analysis raised important issues of impact and project effectiveness.

The issue was further complicated, as U.S. efforts to assist in the Philippine economic recovery and base negotiations mandated large expenditures of funds expeditiously and in performance-based programs. Focused, but necessarily smaller, assistance to segments of the extremely poor seemed bureaucratically indefensible given staffing constraints.

There are several additional and important elements, back-

⁷. See, for example, Mark F. McGuire and Vernon W. Ruttan, "Lost Directions: U.S. Foreign Assistance Policy Since New Directions." Economic Development Center, University of Minnesota, August 1989.

⁸. 1987 CDSS, p. 43.

drops to this evaluation, that affect the stage on which this drama is played. The first is that this project was conceived at a time when political pressures on the Philippine leadership at any, including the municipal, level were muted. Thus, project experimentation that called for choosing particular municipalities, groups, and barangays at the expense of others through some explicitly derived, but seemingly arcane to the public, methodology raised few problems. Today, however, each elected official is under pressure to deliver services and tangible evidence of support more widely in a vibrant, if sometimes seemingly chaotic, political scene. If one municipality or barangay benefits, others want to know why they were excluded.

Second, efforts to improve the socio-economic status of the poor, however defined, through targeted assistance is exceedingly difficult given the hierarchical nature of Philippine society, and the sources of power in the state. No single project can do more than ameliorate, probably in some temporary manner, the plight of a selected group of the poor. Massive macro, as well as micro-efforts and policy reforms are required. Thus individual projects defined as assisting the poor may be necessary, but unlikely to be sufficient over time.

Definitions of the poor are exceedingly complex in any society, and relative--as opposed to absolute--poverty is culturally defined. Methodological issues make them especially difficult in the Philippines.⁹ Official NEDA statistics placed poverty at 59 percent of families in 1985. USAID estimates showed poverty incidence at 49.5 percent in 1988,¹⁰ sig-

⁹. See IBRD, Aspects of Poverty in the Philippines: A Review and Assessment. December 1, 1980. The report distinguishes between absolute poverty, which is the basis for that report, and relative poverty. At that time, the poverty incidence for the country was 45 percent, and rural poverty 47.5 percent. Agricultural wages between 1957 and 1974 had dropped in all areas by 1/3 to 1/2. The poorest areas were the Visayas, Bicol, and northern Mindinao. Other researchers had estimated poverty in 25 to 80 percent of the population.

¹⁰. NEDA Statistics: Medium - Term Philippine Development Plan: 1987 - 1992.

USAID Statistics: Local Development Assistance Project, PAAD draft, June 1990.

nificantly lower than earlier estimates.

If the Philippine planning is constrained by reality, USAID is similarly hindered. Its history is largely one of attempting to strengthen the center [and its local bureaucratic elements] so that it could better deliver services to the periphery; now it is attempting to reverse this pattern. Ironically, because of administrative efficiency, it must program at the center [except through direct PVO projects] to affect the periphery. It is also constrained by its increased funding coupled with restricted staffing, and has been so for many years. It is "the leanest [USAID] in the world in terms of dollars managed per USDH employee, and it intends to remain so."¹¹ It is under increasing pressure to "wholesale" assistance, for it does not have sufficient staff. This forces much assistance into centralized program modes or into large projects composed of sub-units to centralized public or private organizations.

Within this changed and constantly effervescing complex milieu, USAID attempted to assist the poor through local and responsive institutions. If direct [in contrast to indirect, i.e., policy and private sector programs] poverty alleviation is no longer a priority of the USAID, certainly decentralization [along with policy dialogue and private sector programming] is one of the troika of major themes of the new [March 1990] Philippines Assistance Strategy Statement. This evaluation helps document one innovative effort to reach the poor through a decentralized mode that was predicated on a major involvement of the indigenous private and voluntary organizations.

C. EVALUATION SCOPE, OBJECTIVES, AND METHODOLOGY

This evaluation was designed with the central issue as: what is "the demonstrable contribution of the LRM in solving the problems of rural poverty and providing choices for the poor to help themselves." [see Appendix E, Methodology, and Appendix A,

¹¹. FY1990 Action Plan. USAID/Philippines. May 26, 1989, p. 55.

Scope of Work]. The evaluation was specifically considered to be different from a "process" evaluation [such as the earlier external one, and as such did not focus on USAID management]--those designed to analyze the complex bureaucratic and administrative relationships within the project, although the guidance noted that process issues could not be avoided in this evaluation. The clear implication, one never explicitly so stated, was that this was to be an impact evaluation, since impact on the beneficiaries was its primary focus. The term "beneficiaries" as used here applies to the targeted groups provided assistance--the poor as variously defined--and not to intermediaries, such as officials trained or PVOs supported. They are the subject of efforts to institutionalize capacity. The scope of work also defined other issues as decentralization, local government links to the private and voluntary community, and future issues, including those connected with phase out of project support on August 31, 1991. Conceptually, in Phase I the project focused on the learning process; in Phase II on impact, yet this evaluation was charged with analyzing Phase I in terms of impact.

Since there was generally a long gestation period in developing relationships and subprojects, the expanded provinces included in 1988 could not be considered as ones where impact had begun, let alone could be measured. In such provinces, mechanisms for identification of appropriate municipalities and their barangays had begun or been completed, some community groups organized and registered [so that they could legally borrow], and a variety of sub-projects identified, if not started. Thus the institutionalization of procedures and relationships and their effects on local governments and decentralization could be evaluated, if not the impact on beneficiaries. This evaluation therefore concentrated on the original and more mature provinces where impact projects had been completed or were in process, and where some primary data through field trips or secondary sources could be available to the team. Certain mature provinces could not be visited because of tenuous security.¹²

The project is relevant to Philippine and U.S. development strategies. We have considered them and the project in terms of

¹². Security affects subproject development, since "20 percent of the country is inaccessible to government workers who are trying to deliver social services. A larger percentage is marginally accessible." FY 1990 Action Plan. USAID, May 26, 1989, p. 36.

the socio-economic milieu. Now this report will focus first on the impact on the intended beneficiaries, and then consider the roles and function of the PVOs as intermediaries and as organizers, trainers, and providers of technical assistance. It will then discuss the institutionalization of the decentralization process, and management issues, including the early technical assistance. It will then consider the critical issues of replicability and sustainability. This will be followed by sections on recommendations [for this project] and then, more generically, on lessons learned. Each analytical chapter or section contains explicit findings and conclusions.

CHAPTER 2. PROJECT ANALYSIS: ISSUES, FINDING, AND CONCLUSIONS

A. THE IMPACT ON BENEFICIARIES

The primary problem to be addressed by this evaluation is the measurable impact of the project on the ultimate beneficiaries--the rural poor as variously defined. To solve this problem, we need first to identify the recipients of impact for both Phase I and Phase II. Then, we will examine the project's two funding vehicles for reaching them: the Provincial Subproject Fund (SPF) and the Community Project Fund (CPF). The effects of the subprojects financed by these funds are the impacts we will discuss.

The Beneficiaries

Projected Beneficiaries

The original Project Paper [Phase I] described the intended primary beneficiaries of this project as upland landless and coconut farmers; artisanal fishermen; and landless agricultural workers. Provinces were to prepare socio-economic profiles for the area, to be supplemented by more detailed studies of municipalities and barangays chosen for project participation. In the six participating provinces, the paper estimated these groups to include 90,000 families.

The Project Paper Supplement [Phase II] amended this definition of direct beneficiaries to include 172,000 members of gen-

eralized poor households in the targeted 14 provinces and 49 municipalities. Although the original definition limited project assistance to specific occupational groups, each with its specialized survival strategies and with its internal dynamic [thus with a specific focus for assistance], the supplement expanded project coverage to include any household in poor areas, as the underlying rationale was, essentially, that everyone was poor.

Actual Beneficiaries

Statistics on actual beneficiaries are varied and methodologically confusing. CPF beneficiaries, necessarily small in numbers, can be carefully delineated; SPF beneficiaries seem often calculated by totalling barangay populations. According to NEDA statistics, approximately 38,300 people have directly benefited from project interventions: 3,303 of these from CPF projects initiated during Phase I and the remainder from SPF subprojects that were completed as of April 1990. On the other hand, the evaluation team's calculations, using NEDA statistics, show at least 101,256 beneficiaries from SPF projects. Most of these have benefited from road and water supply projects [See Appendix G, Table 14]. Furthermore, NEDA Region V [the Bicol--Albay and Catanduanes] claim about 100,000 beneficiaries from SPF subprojects. These totals do not include ongoing SPF projects and CPF projects that will be implemented under Phase II.

The discrepancy between the projected number of beneficiaries in both the project paper and its supplement, and the actual number is indicative of unusually high expectations as well as inadequate project implementation. The project requires identification of beneficiary groups, training, and community organizing before any subprojects can be implemented. We have observed, by studying Phase II activities, that this process often takes two to three years even when, as has not been the case here, project implementors are working expeditiously. Therefore, under the best of circumstances no real impact on beneficiaries could be expected until about the fourth year of the project. Furthermore, as we discuss elsewhere, this project has been implemented during disruptive times in the Philippines. The effect has been to slow down the processing time for subproject financing which has delayed implementation for longer than would have been otherwise expected. Finally [as discussed in Sections IIC and IID], unnecessary delays and poor management have hampered project progress. Consequently, the numbers of beneficiaries receiving impact is less than originally anticipated.

Beneficiary Occupations

For Phase I provinces, the primary occupations of beneficiary groups are artisanal fishermen, rural landless workers, and tenant farmers. This is consistent with the targets established in the original project paper. Furthermore, as a general rule community associations formed from these beneficiaries originally have included only members who have the same primary occupation. In many of the community associations that we visited, however, as well as reportedly in many others, the group members were the wives of the workers rather than the workers themselves. This is because the men spent their time earning the family income. In several groups this was an advantage, since the women were clearly entrepreneurs who had previously lacked the resources to form their own businesses. This pattern of women's participation is not unusual in the Philippines, where women control household funds and much of petty trade. In a sense, this project is a women-in-development activity, as perhaps two-thirds of the membership of these groups are female.

If the sole criterion for identifying target groups is through occupation regardless of income, then it is likely that the poverty focus will be lost, and project objectives vitiated. Sometimes, wealthier members of beneficiary communities, who have the same occupation as the targeted poor, are included in community organizations. In other countries they have often manipulated similar local groups for their own purposes. For Phase II, the definition of beneficiaries has changed to include the rural poor generally rather than poor members of occupational groups. In the expansion province of Iloilo, however, the government is still using carefully focused poverty and occupational guidelines to define beneficiaries. The project there is still generally targeted at the three primary occupational groups in Phase II since these are the occupations of the poorest people in that province.

Income of Beneficiaries

Another method of determining whether the proper beneficiaries have been targeted is through their monthly household income. In general, in the barangays that we have observed the average monthly household income of community association members ranged from P300 to P1000, with the majority being on the lower end of the scale. [There was one flagrant exception in Panay where the average holding was 1.7 hectares of irrigated land]. This is under the threshold of poverty as defined by the Government of the Philippines. Evidence through household surveys of malnutrition in infants and youngsters in some barangays corrobora-

rated this finding. In addition, the groups we visited were often isolated and, therefore, cut off from many resources. For example, the barangay of Lat-asan in Capiz was one hour by boat from the nearest market, the priest visited only every third Sunday, the midwife monthly, and a doctor "irregularly." [See Appendix H, Case Study 1]. Other groups were in barangays off barely passable dirt tracks.

Finding: Disruptions external to the project have slowed project implementation for up to two years, and internal management problems have contributed to delays.

Conclusion: Fewer beneficiaries have been reached than originally estimated.

Finding: By broadening the definition of beneficiaries in Phase II to include the poor rather than specific occupational groups, community organizers have simplified their tasks, but with unclear implications for equity. It is also unclear whether a mix of occupational groups will lead to greater or less group solidarity, and thus sustainability.

Conclusion: Abandoning occupational groups as the criteria for inclusion in community associations may be acceptable as long as the poverty standard is upheld, but the implications for the future are uncertain. Evidence from other countries indicates that if it is abandoned, the less poor will benefit disproportionately.

Finding: Beneficiaries generally had monthly household incomes ranging from P300 to P1000.

Conclusion: The project in Phase I was correctly targeted and is assisting the rural poor. It is too early to draw conclusions from Phase II.

Finding: Elaborate poverty identification studies were prepared for all participating provinces.

Finding: In some cases, these poverty studies were used to identify beneficiaries. In others, beneficiary identification was a political exercise done after they were selected.

Conclusion: In general, and in part because of the poverty studies, the project was correctly targeted on the rural poor.

Subproject Fund Projects [SPF]

The original USAID Project Paper [p.4] called for the establishment of a source of development project funding on which provincial staffs could draw to support provincial-level sub-projects. Examples of the types of sub-projects which LRM planned to support are:

minor public works of a labor intensive character;

small-scale agro-industrial activities that have a low capital input;

community self-help activities that require some technical assistance and seed money.

As experience was gained, USAID and NEDA anticipated that the provinces would move toward employment and income-generating projects. Some of the project designers saw this component as a chance to test pilot interventions aimed at supporting target groups. They also intended it [Project Paper, p. 35], in a vague manner unspecified in the documentation, as a means for involving the private sector in local development [this did occur in road construction contracting--see below]. The Project Paper also indicated that associations or representatives of poverty groups should interact in the development of ideas for SPF projects.

The Project Paper Supplement for Phase II [p.10] changed the specification for subprojects to "beneficiary-identified service-infrastructure and public social service activities," abandoning the ideas of supporting experimental interventions and moving toward income-generating projects, and concentrating on impact. In fact, it stated that beneficiary-initiated livelihood subprojects should be financed under the CPF. One problem with non-infrastructure projects was the lack of government flexibility in the accounting and auditing system.

Tables 3 and 4 [Appendix G] provide summary information regarding the SPF projects financed during Phase I of the pro-

ject.¹³ In general, these projects fall within the intended guidelines established at the project's inception. To date, some P47,883,378 has been allocated to SPF projects, of which P18,603,136 had been spent as of May 15, 1990, according to NEDA accounts. Rural infrastructure projects--including roads, water supply systems, and community centers--account for 71.6 percent of the projected expenditures and 68.8 percent of the actual expenditures. To date, only 44 percent of all projects have been completed. Funds totalling P10,587,651 for approved SPF projects were still in the pipeline as of May 1990.¹⁴

Table 4 [Appendix G] presents information on cost per beneficiary by project category. According to these figures, rural infrastructure and fishing projects have been the most cost effective. This information should be interpreted with a great deal of caution, however. Only SPF projects where data was available for both projected project expenditure and beneficiaries reached has been included. In addition, the projects are very dissimilar in design. By their nature, infrastructure projects could be interpreted to reach all members of a community, thus giving them a higher number of beneficiaries than other types of projects. These benefits can be measured but only at considerable expense and then generally inadequately, in the aggregate. The team could not define their real impact on the community.

Road Projects

Road projects, which received the greatest share of funding, include the construction of small feeder roads and the repair of existing roads in LRM Barangays and municipalities. To date, nearly half of the planned roads have been completed. As the mission had hoped, the local private sector became involved in the development process as local contractors for road construction.

¹³. Tables 1 and 2 give the raw data used for compiling statistics in this section.

¹⁴. Inconsistencies in data between these figures and figures presented in the section on decentralization are due to the use of different data bases for their compilation. Both data bases were provided by NEDA.

The primary contribution of this aspect of the project has been to provide beneficiaries access local markets and resources, thus increasing the economic potential of community associations and individual beneficiaries alike. In some cases, beneficiaries were involved in their construction and maintenance, providing at least temporary employment opportunities and perhaps some modest technology transfers. Since most of the road projects have only recently been completed or are still ongoing, it is too early for us to comment on their sustainability. In many cases the roads upon completion reverted to local authorities [in several cases in Albay to the province, in others to the municipality]. We can anticipate the same degree of maintenance and upkeep for them as for other roads at a similar administrative level. In Albay, an LRM upgraded road was later paved at the behest [according to the signboard] of the local Congressman.

Water Supply Projects

Provinces also used a large portion of SPF funds for financing water supply projects. These include Level Two [community faucets] water systems, and in the case of Capiz, ferro-cement rainwater catchment systems. There is no question that this type of project meets urgent health needs of target groups. In several cases, beneficiaries were also involved in the construction of water supply facilities and, thus, may have learned about new technologies. A good example of such, albeit modest, technology transfer is the Alimsog Level II Water System Project in Albay, where beneficiaries repaired existing storage tanks and independently installed additional faucets after being instructed by government workers. As with the road component of SPF projects, it is too early to comment on their sustainability due to recent completion of many of the projects. In two communities visited in Albay, systems were operating after four years with locally elected leaders in charge of maintenance. Any contribution to improved health will not be measurable for years, if at all.

During the field visit to Capiz, team members encountered a problem with the ferro-cement rainwater catchment systems that is repeated in other types of projects in other provinces. The team learned that this project was selected by the provincial governor without prior consultation with community associations, individual beneficiaries, or even with municipal officials. Other donor funds were used to construct tanks in non-project municipalities. The lack of local involvement is evident in the standardization of the tanks [10,000 liters, without regard to supply or need]. The team is aware of the political pressures prompting the governor to these actions, yet we feel that it was a violation of the

spirit of the project. Although NEDA at the regional and national levels at first objected, they later approved on the basis of the provincial need to learn to plan. In contrast, in Albay the Provincial Planning Office assured the team that all SPF projects had been discussed with beneficiaries.

Agricultural Production and Fishing Projects

The agricultural production and fishing SPF projects fall under the original Project Paper category of community self-help activities. Many of these projects were designed as experimental interventions, intended to introduce beneficiaries to new technologies in the area of their primary occupations. For example, the Tunga and Matalom Multi-cropping subprojects in Leyte were intended to demonstrate to local farmers the advantages of multi-cropping between coconut trees, as well as other techniques. Other projects involved group enterprises such as the Punta Maria Hook and Line Fishing Project in Eastern Samar, which provided boats and other fishing equipment to a group of 26 fishermen.

These projects have made less clear contributions to beneficiary welfare than the infrastructure projects. Although in many cases they started off very strong, they fell apart after a few years. This disintegration may be attributed in the case of the Tunga and Matalom projects to the organization of beneficiary groups only after the project had been designed and financed. In the case of the Punta Maria fishing project, the project was too complicated for a group venture. The group was also provided with little technical support from the line departments. These experiences seem to be typical of SPF projects in these categories. The team found little evidence of line agency support, although such support is said to have been helpful in Catanduanes.

Multi-Purpose and Training Centers

These types of SPF project clearly do not fall under the categories of activities originally intended for financing for the SPF fund. Furthermore, their contribution to the welfare of the project beneficiaries is not as obvious as with the other types of projects. The evaluation team visited the site of the new LRM Provincial Training Center in Capiz. The center, which has been under construction since January 1990, is actually a complex of buildings that seem on a grander scale than the other public facilities in the province. It is located on the same grounds as the governor's guest house. Although municipal officials seemed pleased to have a center, they acknowledged that

it would be more costly for training participants to go there than for the trainers to go to them, which is currently the case. It seems also likely that fewer people from the barangays will be trained. The provincial government also submitted the proposal for the center without consulting the municipalities or community associations. In a sense, this is a form of centralization at the provincial level.

In Bingawon, Iloilo, the team was told that all six barangays planning projects chose a multi-purpose center. This cannot help but raise questions of the spontaneity of the requests. The team has not been able to examine the proposals for other centers, but can say that their contribution to economic welfare is probably far less than other kinds of SPF projects.

Other Projects

SPF projects in this category include a dam for river control in Catanduanes, a low cost housing project in Capiz, and several small agricultural processing enterprises, including nipa shingles production/marketing and lasa (a local fibre) processing, and a spillway in Albay, which the team visited. Most of these activities are just getting started, and cannot be evaluated, although natural disasters and slowness in construction of a needed warehouse hurt the lasa project. In Albay and Catanduanes, field support for the local offices for the LRM project were provided with SPF funds. Although these monitoring expenses were approved by NEDA, the team feels these were essentially administrative expenses and should not have been included in the SPF category, which was designed for other purposes.

Finding: 47.9 percent of the SPF funds have been spent on road projects that provide economic benefits coming from increased market access and decreased reliance on middle men.

Conclusion: There is potential for income-generating impact from the SPF-financed subprojects, although it cannot now be quantified.

Finding: 17.5 percent of the SPF funds have been spent on water supply projects which provide social benefits from improved health.

Conclusion: There are potential health benefits generated by the LRM project, even though in some cases the beneficiaries were not involved in their choice. To

the extent that improved health increases the work potential among beneficiaries, there may also be economic impact.

Finding: Most of the SPF projects have only recently been completed or are still ongoing.

Conclusion: It is too early to judge the sustainability of SPF projects.

Finding: Many of the SPF projects have been planned at the provincial level, including two for administrative support.

Finding: Provincial planners have not sought the opinion of local community groups or municipalities during decision-making for SPF projects. It is not clear that they knew they were supposed to seek beneficiary input.

Conclusion: Beneficiaries, even some municipalities, have had minimal say in the development of SPF-funded projects, which was contrary to project design, and the usefulness of the learning process.

Finding: Even when planned at the provincial level, SPF projects have sometimes delivered needed services to the rural poor.

Conclusion: SPF projects have sometimes aimed at poverty alleviation, but the more they tend to be unilaterally determined at the provincial level, the less likely this seems to be the case.

Finding: When SPF funds have been used for income-generating activities, the results have been disappointing.

Conclusion: If there is minimal involvement of beneficiaries early in the planning process, then the best use of SPF funds is for small-scale infrastructure activities.

Finding: SPF projects create only temporary employment.

Conclusion: This type of project does not generate any

sustained new employment benefits.

Finding: Using beneficiary labor in implementing SPF projects has resulted in some modest technology transfers.

Conclusion: Some SPF projects are appropriate vehicles for lower-level technology transfer.

Community Project Fund Projects [CPF]

Phase I

The original Project Paper [p. 37] called for the financing of small local activities with costs of up to P120,000. These activities were to result from local organizations worked, managed, and implemented by the beneficiaries. The project paper anticipated that funding would initially be for small-scale infrastructure, moving toward income and employment generating activities.

In reality, the CPF projects from the very beginning started out as income-generating activities [See Appendix G, Tables 5 through 10]. Furthermore, the average amount of financing for project is P51,499, well within the P120,000 originally discussed. The team should note, however, that some of these projects actually provide funding for many smaller activities within the community association. Others have large fund disbursements, such [among others] as the broom-making project for Catanduanes, which received funds totaling P316,350.

It should be noted that Santo Domingo municipality, Albay, which the team visited, received no CPF funding for subprojects, although other municipalities in that province did. It is the understanding of the team that IIRR, the PVO for Albay, funded those subprojects from its own and German resources.

Appropriateness of CPF Project Selection for Target Groups

The team found that CPF projects, in general, improve the methods of pursuing existing activities of community association members. The most typical example is the activities of tenant rice farmers. Often, these associations used CPF funds as a revolving fund for buying farm inputs. Fishermen also availed of

CPF funds to up-grade their equipment and purchase new boats.

Finding: CPF funds were used to fund activities that augmented the primary occupation of beneficiaries.

Conclusion: The CPF funds were used in ways that were responsive to the needs of the rural poor.

Income Generation

Many activities funded by the CPF have resulted in increased income for beneficiaries. The extent of this effect is hard to measure given the available information. The evaluation team observed, however, indicators of increased incomes at first hand in several instances [See Case Study 2, Appendix H]. Tenant rice farmers who set up farmer cooperatives reported increased yields and average monthly in-comes that climbed from P400 before the project to P1,000 after it. One community association, which has been running a CPF-type sari-sari store since 1986 [funded first by the municipality to test the group's capacity], reported regular profits that are used for capital buildup of the group's resources and for distribution to group members. Another in Albay [based on the LRM model but funded by IIRR], borrowed P34,000 in three installments, and has paid off all but P7,000 and all its members [all women] have agreed to reinvest their profits in the enterprise. As Dr. Porio sites in her report, other evidence of increase income is the fact that group memberships have been increasing in many areas. This is probably the surest indicator that there is something concrete, [such as increased income] to be gained from being in the association.

There are several reasons why in a few cases groups have not increased their income. First, all of the project areas are prone to natural disasters, in particular typhoons and droughts. In some cases, crops were destroyed by draughts; in others, fishing equipment was lost to typhoons. The problem of natural disasters is ubiquitous. Second, in a relatively few areas, money was misused, taken by unscrupulous group leaders, or inappropriately lent to outsiders for apparent social reasons.

Finding: Community associations often report increased incomes from CPF-funded projects.

Conclusion: The CPF fund has frequently increased the incomes of targeted poverty groups.

Types of Projects Funded

The CPF-funded projects that we have observed followed one of two models. The first is the credit cooperative. Community associations loan money to individual members for their own projects, such as hog fattening, sari-sari stores, or the purchase of farm inputs [See Case Study 3, Appendix H]. The members are then responsible for paying their loans back to the group. The other model is the group enterprise. Here all group members participate in the same activity [See Case Study 4, Appendix H]. Joint ownership of a fishing boat and fishing equipment is the best example. Group members are jointly responsible for repayment of the loan.

In her report on LRM subprojects, Dr. Porio has cited several examples of group enterprises that have been unsuccessful. Usually the reason is that no one feels responsible for the loan except the association officers. Members are reluctant, therefore, to give their time and resources for equipment maintenance. In other cases, group members felt group-owned equipment was for their personal use, thus undermining group activities. The broom making project on Catanduanes is another example of a group enterprise that had difficulties, although its problems were due to delays in disbursement of funds.

On the other hand, small loans to individuals spread the risk. They also give greater opportunities to individual entrepreneurs. The disadvantage of this system is the difficulty that community groups have in identifying entrepreneurs and prohibiting individuals who may use the funds for non-productive purposes from taking loans, a generic problem in small-scale rural credit.

Finding: Two models of community organizations exist for the use of CPF funds: group enterprise and individual loans.

Conclusion: Although we do not yet have enough information to draw decisive conclusions, it appears that individual loans are the more efficient business system, perhaps because they rely less on group cohesion.

Beneficiary Participation in CPF Subproject Planning

Although it was obvious that beneficiaries were gaining

income from the CPF-funded subprojects, it was less clear how they participated in planning the projects. In pilot provinces, the team often saw identical projects being implemented by all of the community organizations. For example, in the three pilot municipalities in Capiz, every barangay with farmers had a hog fattening project, a sari-sari store, and a rice production project. When, however, the team questioned community association members, PVO field workers, and municipal officials about this, they all claimed that the beneficiaries had selected their own projects. What the team may have observed is a "menu-selection" process, where beneficiaries are presented by the PVO organizers with a list of projects suited for the resource base available to them, and then select the projects which they find most interesting. This may be an acceptable practice insofar as the organizers are sensitive to local needs, and the menu can be appropriately adjusted.

Finding: Beneficiaries were not always the originators of CPF project ideas, as defined in the original plan.

Conclusion: In cases where a broad, appropriate "menu" of projects was presented to beneficiaries for their discussion and selection, the involvement process was working satisfactorily.

Sustainability of CPF Subprojects

Sustainability is a good measure of the impact that subprojects have had on beneficiaries. Most CPF-funded projects were not financed until mid-1986, however, for reasons discussed elsewhere. Thus it is still early to draw conclusive evidence about sustainability. The evaluation team observed that all of the community associations it visited were still active and all still had funds, although in some cases membership fluctuated both up and down. Some of these groups were formed as early as 1986. Funds within the groups had been through several rounds of lending.

The team observed an example of a successful association in Sigma, Capiz, in the barangay of Mianay. The group has been in existence since 1985. It ran a sari-sari store that had been in operation for four years. It currently has assets of P27,000. The carabaos purchased in 1988 with a CPF loan are alive and breeding, although some piglets died from lack of inoculations by the line agency. Members borrowing for purchases of inputs for

rice farming are also current on their repayments and are reporting higher yields. This group's experiences are representative of community associations that have been successful. They are indicative of economic activities which are sustainable over time.

In Albay, the team visited several CPF projects [the technical assistance came from LRM, the project costs from German sources] that were still active after five years, the "interest groups" had been merged into Barangay cooperatives, and those into municipal cooperatives.

The team also observed community associations where subprojects funded by the group have failed. Several reasons can account for this. For example, in the case of another sari-sari store, under what may have been social pressures the store provided too much credit to selected individuals, thus eating up inventory and capital. According to the report of Dr. Porio, this is a common cause of subproject failure, particularly in areas prone to natural disasters which can decimate a family's livelihood and among people so poor that they are not able to meet their subsistence needs. Another reason cited for failures is poor group management without open communications regarding management of group funds.

Finding: In many cases, CPF subprojects have not been in existence long enough for the team to pass judgement their sustainability. In groups that have received funding for at least four years, however, most projects are still ongoing.

Conclusion: Most CPF subprojects seem sustainable. When and where they fail it seems because of poor management within the group and pressing subsistence needs among group members or relatives. The degree to which sustainability is dependent on continuing technical assistance from PVOs is unknown.

Employment Generation

There have been few jobs generated from CPF subproject activities, an incidental objective. Some of the examples the team found were: a few clerks in sari-sari stores, workers in basket-weaving projects, and temporary workers for small infrastructure projects. In general, however, CPF subprojects tended rather to reduce the underemployment of beneficiaries. They also

provided inputs which increased the efficiency of existing labor.

Finding: CPF subprojects tend to create few new jobs.

Conclusion: Employment creation is not a realistic goal for this type of project.

Repayment Rates

There are two types of repayment rates that are of interest to us in this project. The first is the rate of repayment of community associations to the PVO lenders. The second is the rate of repayment of individuals who borrow from the community associations.

Although we have no systematic data for individual repayment rates to the community associations, we do have information on the repayment rates of community associations to the PVOs [See Table 11, Appendix G]. According to the general credit guidelines for PVOs put out by NEDA, all loans must be repaid to the PVO within 3 years of the borrowing date. Therefore, any outstanding amount of principle still owed after the three years has expired is overdue. With this criterion as a measure, for loans made in 1985 and 1986, only 20.0 percent of principal has been repaid, leaving 80.0 percent as still outstanding. In Albay, IIRR reported repayment rates of 14 percent, but noted that the repayment of Masagana 99 [agricultural] loans to government by more affluent farmers was the same as the LRM loans. Now, after cooperatives have been formed, they say rates are 60-85 percent.

Although on the surface this rate seems indicative of major project mismanagement and failure, the team does not think it should be interpreted in that way for several reasons. First, some groups have been making regular interest payments even though they have not paid back much principle. Second, many of the groups which had been making regular payments on time have been seriously effected by recent typhoons and draught. Third, even though some groups have the funds for repayment, they have no incentive. One group withheld repayments to buy palay. The team observed in Capiz that any community association that pays back its loan is not able to take out another loan. The funds are instead loaned to newly formed groups. The team understands the motivation for this approach, which is one of regional equity, but it is destructive both of repayments and sustainability. Since groups will lose access to the funds once they are repaid, there is no incentive for repayment. Based on the information available, the team is not able to determine whether or not this

is a general rule throughout pilot provinces. The fault here may have been in project design.

Finding: Most community associations are still operational and still have funds.

Finding: Rates of repayment to principle are low on loans that have been outstanding for 4 to 5 years.

Finding: In some cases community organizations are not eligible for repeat borrowing.

Conclusion: The existing system may not give enough incentive for loan repayment, and may be destructive of barangay organizational sustainability.

Empowerment

A final area of impact which applies to SPF and CPF projects is political empowerment [See Case Studies 5 and 6]. Although it is not an impact that can be measured empirically, it does have great socio-economic implications for beneficiaries who experience it. By joining together as a group, the rural poor have a much stronger voice than they do as individuals. An excellent example of this is the fishermen's association in Lat-asan barangay in Capiz. The 100 families were about to be forced out of their homes by the new owner of the land on which they lived. Their community organizer was able to help them fight legally to stay in their homes. They won the battle. Other examples of benefits which accrued to beneficiaries working together exist. In Antique, a newly formed group was able to obtain a government contract for bangus frys, giving them economic and political power in their community. In another case, one group protested subproject directly to NEDA in Manila, which forwarded the complaint to the province. After demonstrations, the people prevailed. Also, community groups have more influence with politicians at the provincial and local levels, and it was part of the design to link the beneficiaries with the decision-making and planning processes of local governments. The project was fortunate that the political climate changed to encourage such empowerment.

Finding: Community associations have appropriately been used for activities not related to economics.

Conclusion: Empowerment of beneficiaries is an important impact of the LRM project.

CPF Projects: Phase II

The project paper supplement calls for the CPF to fund beneficiary-initiated livelihood subprojects that are financially and economically viable.

To date, few CPF subprojects have been funded under Phase II. Most of the PVOs in expansion provinces, however, have developed indicative lists of projects that they will fund. The types of projects which they have developed are given in Table 10, Appendix G.

On the surface, most of these projects seem to fall within the definition in the Project Paper Supplement. When the team examined the records more closely, however, it found that the proposals for the projects for Iloilo and Masbate have some of the same potential problems that occurred in projects implemented in Phase I. Most notable is the continued use of group enterprises. A barangay in Iloilo has developed a group fishing project that is almost identical to a project which failed in Eastern Samar three years ago. No safeguards have been built in to try to avoid problems of misappropriation of funds and equipment, or even for the settlement of disputes. Also, in Iloilo, the evaluation team saw a plan for a seaweed plantation group enterprise which was highly technical, another problem with group enterprise projects in Phase I. It is evident that there is little cross-learning from earlier problems, either among the PVOs or the regional project managers.

As in Phase I, we see evidence of the "menu selection" method of project design where the PVO presents a list of appropriate projects and the community group selects one for implementation. In some cases, it was hard to tell exactly how much involvement the beneficiary groups had in the project idea selection.

Finding: Some of the same mistakes in project development in Phase I are being repeated during Phase II.

Conclusion: There is no effective mechanism for communicating lessons learned from one PVO to another, and project managers are not playing that critical role.

B. COMMUNITY ORGANIZATION AND THE ROLE OF PRIVATE AND VOLUNTARY ORGANIZATIONS

The Changing PVO Role in the Philippines

The Philippines has long had a tradition of local self and mutual-help associations. No other country in Asia, however, has witnessed the proliferation of the PVO community at various levels as has this nation. There are said to be over 20,000 PVOs in the country, of which some 200 are "developmental," i.e., engaged in work beyond relief and education.

The expansion of the PVO community probably has its roots in a variety of factors, both positive and negative. The traditional mutual aid groups at the village level, and the strong influence of the American civic and PVO models have probably been factors or models, as have more negative influences: the increasing politization of the bureaucracy, and the general inability through rigidity or indifference of the public sector effectively to deliver adequate services to the public, especially in rural or more remote regions. The Philippine PVO is thus in part a counterpoise to governmental inefficiency or incapacity.

With the formation of the Aquino government in 1986, the PVOs took on a new saliency. The new Constitution encourages participation on non-governmental community-based and sectoral or functional groupings. They are included as part of the Medium-Term Development Plan [1986-1992], and they play a vital role in regional councils of government, where they will provide a force for "transparency," openness and honesty in governmental decisions. The policy of the administration was to focus on poverty alleviation, a theme compatible with PVO interests.

As the government has come to rely more on such groups, which because of flexibility of operations and pay scales could attract talented individuals, the availability of government and in some cases foreign support and assistance has nurtured their growth. The most striking change has been the growth of regional or provincial PVOs, the roles of which in this project are vital and are likely to continue long beyond the project's termination.

The PVOs in the Local Resource Management Project

This project was conceived as a tripartite partnership among the local governments, the PVOs--first at a national and then at a local level, and the beneficiaries. The PVO component was a strong element of the American experience, and is specifically

included in the Foreign Assistance Act. The PVOs had major advantages over local governments. They were flexible, had the capacity to work at lower levels, employed a philosophy of bottom-up planning, were interested in non-political local organizational work, and had a tendency to keep equity concerns paramount. In 1982, when this project was approved, the Philippines government was not yet organizationally prepared to work with apolitical private groups except as encouraged by foreign donors, both public and private. At that time, the project was leading the society.

Following the initial period of training covered by the Development Academy of the Philippines [see Section IID, Project Management for a discussion of their involvement], training and technical assistance were initially contracted to four national PVOs, each of which brought its own operating philosophy to the tasks of training beneficiaries and sensitizing governments at all levels to the needs.

These were: the Philippines Business for Social Progress [PBSP], which contracted to work in Antique, Capiz, Southern Leyte, and Eastern Samar; the International Institute for Rural Reconstruction [IIRR] in Albay; the Ilaw International for Caten-duanes; and the University of the Philippines, Los Banos, Development Foundation for Leyte. Since that time, NEDA declined to renew the contracts of two of these PVOs [PBSP and IIRR] for various reasons not directly related to this evaluation.

A total of 15 organizations were contracted at various points in the project at a total contract cost of P 29,062,995. This cost represents technical assistance for community organizing and training of local governments. A total of 192 community associations were organized with a total membership of 7,706 direct beneficiaries, although it must be noted that not all members of any community group were direct recipients of CPF loans. This means a direct cost of about P 3,800 per beneficiary spent over an average period of 4 years. This per capita estimate would be lower if costs associated with training the local government staff [the intermediaries] were included; that is, within the same overall costs more were trained.

In Phase II, community organization, technical assistance and training for expansion provinces included technical resource groups, e.g. consulting firms, as well as PVOs. This shift was to expand the technical assistance component from purely organizing community organizations to include training of the local governments.

The evaluation team noted differences in training approaches and the development or organizational capacities of the contracted PVOs and consulting firms. Without further evidence it is impossible at this point to make judgments as to their effectiveness, because the time of actual operations was relatively short, and each approached the organizational mode differently.

Although the Development Academy of the Philippines was to train 5,000 people at all the local government levels in Phase I of the project, in Phase II the contractors were to train an additional 15,000 at all levels including the beneficiary groups.

The team observed that in a number of instances local governments have started organizing target beneficiary groups on their own efforts. They have hired community organizers out of their own budgets for expansion work. This was true in the municipalities of Panay and Dumarao [Capiz]. In addition, these municipalities including Sigma have also established funds similar to the Community Project Fund from their municipal development budgets. Yearly allocations are being made to fund training and identified livelihood activities of the expansion barangays not covered by the project. In addition, Albay will fund P.1.2 million in projects in 1991 from its own funds.

In all of the municipalities visited in Capiz, Iloilo, and Albay, the municipalities were adopting the PVO bottom-up approach to programming. The Barangay Development Councils and the Municipal Development Councils, where the poverty groups are represented, have been reactivated as a result of the LRM Project.

In general, although the effectiveness of the individual PVOs seemed to vary, the general impression is one of effective training and organizational activities. The issue of credit, treated separately in Appendix J, is a special case where PVO capacities were not equal to the need, and where project managers did not pay sufficient attention to the problems.

Since the national PVOs were not expected to remain indefinitely at the community level, the local operation of training and management of credit funds were to be passed on to a local group [either a PVO or a federation of the target beneficiaries organized for this purpose]. The active participation of local PVOs in Phase II illustrates that the project has in part achieved this objective because consulting firms are also included in that process.

The PVOs that filled the gap vacated by PBSP were the provincial development foundations organized and assisted by PBSP in Phase I. These are: the Capiz Development Foundation, Antique Development Foundation, and Eastern Samar Development Foundation. The shift from the national PVOs also marked the entry of local PVOs as contractors: the Kahublagaan Sang Panimalay [KSP] in Iloilo, VICTO in Negros Occidental, Rural Systems Development Foundation and the UNEP-Bicol Small Business Institute in Albay and the Antique Federation of Credit Unions in Antique.

The evaluation team, however, notes the newness and inexperience of local PVOs in undertaking the tasks in this phase-out strategy. PVOs staffed with government employees directly or indirectly associated with the LRM project are starting to emerge. These types of PVOs, even when established with altruistic motives to ensure the continuity of the LRM Process in the municipalities, may not be institutionally sustainable given their youth, lack of financial resource bases, and inexperience in community organization and management of credit funds.

Finding: PVO direct costs in assisting the poverty groups and enhancing the capabilities of the local governments is approximately P3,800 per beneficiary over an average period of 4 years.

Finding: Local or provincial-based PVOs with demonstrated capabilities could be harnessed by a national PVO to participate actively in national development programs.

Finding: Barangays and municipal development councils were reactivated and have been "sensitized" to the needs of the poor.

Finding: The municipalities realize the need to tap/allocate CPF type funds to assist effectively poor communities.

Conclusion: PVOs could play a central role in implementing national development programs at the local level and could affect positive working relationships with provincial and municipal governments.

Conclusion: Selected Philippine national PVOs have the capacity to develop local or provincial PVOs to participate in development programs.

Strategies of Community Organization

Specific poverty groups identified as LRM beneficiaries consisted of marginal upland farmers, sustenance fishermen, and landless workers. The PVO community organization efforts focused on these groups, but each had a separate organizational approach to group formation and training [See Appendix I]. The PBSP targeted core poverty groups, the IIRR believed in assisting interest groups, and the Ilaw worked through the community.

Generally, each of the PVOs went through the following process in community organizing: orientation on the LRM Project among the project actors; coalition building through further orientation, training and workshops; data gathering, validation and analysis of the target beneficiaries; group formation and leadership selection; and project implementation and monitoring. During the process, a series of training, workshops and meetings were conducted.

A review of the training courses showed heavy emphasis on organizational dynamics and project management. Training on small business and credit management were not given as much emphasis as required, considering that the community project fund was for livelihood activities.

We have very meager evidence in this project of the extent of involvement of organized groups with projects in the communities was largely due to the approach made by the PVO. Some believe that groups organized involving the community and the family are more active in social projects and have performed advocacy roles with the local government, while "loan induced" groups tend to focus organizational efforts on managing the credit funds and/or their economic activities. Others might disagree, but the short duration of these groups and the lack of an experimental model and an information system supporting it all indicate we just cannot tell from this project alone.

The different approaches used, however, did not negate the overall relative success of the PVOs in organizing the poverty groups and making them participate in the local planning and development process. It is too early to judge their sustainability.

Observations and data on Region VI revealed the following:

Poverty groups organized in isolation of the community could

derail future activities that would require the involvement of the whole community, but that might undercut poverty alleviation strategies;

The poor do not want to be called "poorest of the poor," and are generally skeptical of programs directly focused on them;

Building institutional capability among the poor takes time and requires major organizational efforts and training;

To address directly the needs of the poor, structural causes of why they are poor, also have to be addressed at the same time.

Finding: Local government, more specifically the municipalities have recognized the need for organizing the poor to enable them to participate in the local planning and development process.

Finding: Through the LRM process and PVO interventions, Barangay and Municipal Development Councils were activated.

Finding: Top down planning of development programs by national line agencies undermined LRM efforts to reorient rural planning and development efforts towards poverty group-focused planning and participatory development.

Conclusion: Poverty groups can be organized based on a common need other than economic, and such organized and empowered group could actually get the attention of local government officials and other line agencies for delivery of basic services, but their relative success compared to other organizational methods is uncertain.

Conclusion: The sustainability of some of the beneficiary groups organized under the LRM intervention are hinged on the performance of their livelihood projects and the availability of credit funds.

Conclusion: Efforts that seek to organize poverty groups should include programs that help them meet their economic requirements.

Conclusion: Community organization efforts should

install follow-up and monitoring activities after the project has phased out to learn from the process and to gauge sustainability.

The PVO-Local Government Linkage

There have been three types of links between the PVOs and local governments: directly with the NEDA regional offices, indirectly with the provincial and municipal governments including the barangay development councils as clients, and with the national line agencies as a technical resource.

Based on field observations made in Capiz, Iloilo, and Albay, the PVOs have to a certain degree made the provincial and municipal level government officials subscribe to the participatory planning approach involving poverty groups.

In the area of planning, the LRM has established lines of communications and operation between the community organizations and the local government units. As a result of the project, Municipal and Barangay Development Councils have been reactivated with community organizations represented on the councils. In provinces such as Capiz, Antique, Southern Leyte and Catanduanes, the beneficiaries are also represented in the Provincial Development Council. This provides avenues for the poverty groups to participate in and influence the local planning process on an institutionalized basis.

Although the majority of the provincial and municipal governments in the LRM project sites have "bought in" to the LRM process, the national line agencies have been virtually ignored in planning although they are included in the provincial and municipal councils. Programs are implemented by these line agencies based on priorities and directives from their national offices with little or no consideration of the priorities and resource base of the poverty groups in the area and the local development plan.

Although line agencies functioned as technical resources to projects, they were not major actors in project design nor in the implementation process. The LRM by virtue of default in project design has failed to recognize the role of the national line agencies in the people-centered planning process, and have not made an impact on the national line agencies.

In a period of scarce resource allocation, some municipal governments have demonstrated their commitment to the LRM process by allocating municipal resources to expand the project in other

barangays. Since the municipal resources are limited, the amounts allocated are quite minimal compared to the demand. This is, however, viewed as a positive step towards getting the local governments to allocate resources specifically to the needs of the poor. This is further demonstrated by municipal governments hiring their own community organizers in Panay and Dumarao.

The PVOs and the Community Project Fund

The late 70's and early 80's marked a significant change in the traditional roles of the PVOs. The dismal economic growth during that period and the increasing inability of existing government structures and financial institutions to respond to the needs of the rural poor in coping with their poverty, provided the PVOs no alternative but to implement programs to improve the incomes of their beneficiaries. With this new role, the PVOs became "community bankers" in the process, whether they were institutionally capable or not.

The new role that they had to perform over and above their regular programs was reinforced by donor agencies such as USAID, which provided funds to PVOs for income generating programs. The LRM Community Project Fund (CPF) is an example.

As of June 15, 1990, P 21,728,297 CPF funds has been programmed for allocation and a total of P 11,560,165 had been released to 192 community organizations with a total membership of 7,706, although only about half have been involved in the CPF.

Although the CPF is bound to provide the most tangible impact of the LRM Project, the evaluation team observed that very little attention was given by the project managers in the administration of the CPF as a loan fund in support of the livelihood activities of the beneficiaries.

The evaluation team observed the following deficiencies:

Criteria set for borrowers: the standards set for borrowers made all the members of the beneficiary groups eligible for loans. Even though generalized criteria were established, they were not able to screen out beneficiaries who were not capable of managing their proposed livelihood activities and those who were credit risks. One of the manifestation of this weakness is the low average repayment rate of 35% as in Capiz.

Project selection: in the study of the feasibility of the

projects identified by the beneficiaries, their capability to manage the project was overlooked. Some projects were technically complicated and/or relatively costly, i.e., group-owned enterprises such as trawl fishing, seaweed production, and seed production.

Approval process: regardless of the amount being borrowed, the length of time involved before release of funds from the PVOs takes no less than a month to process [in one PVO the application would take at least 45 days to process]. It takes time for the application to move from the barangay to the municipal and the PVO levels.

Training of beneficiaries: many of the beneficiaries are engaging for the first time in the projects they have selected. Training in small business management is therefore required. However, training concentrated on project feasibility study preparation and organizational work, with less attention to business needs.

Interest rates: although the project paper states that the USAID Intermediate Credit Policy will be used as a guideline in setting interest rates for borrowers, some PVOs were lending at interest rates [12 - 15 percent], which are below market rates. Since interest rates were to be established by the PVO based on the USAID-approved manual, NEDA believes USAID was aware of any outstanding issues. Interest rates has been the bone of contention in the LRM PVO conferences where there was a general feeling that giving market interest rates to the poor contravenes the project intention of helping the poor.

Sustainability of the CPF: as interest rates were below market rates, and did not provide spread for possible losses, the community project fund has been decapitalized since 1987, when the CPF really began to function.

Phase out mechanism for the CPF: the PVOs have been contracted to manage the CPF. Their contracts, however, are soon to expire and some have contracts that have already done so. The mechanism for the turnover of the funds to a local PVO, a federation, or the provincial government has not generally been established [although Cataduanes does have a system, the regulations for which the team saw, and other provinces the team did not visit are also said to have such plans]. As an example, the Capiz Development Foundation contract expired in April of 1990. They are still holding

the funds as the mechanism for transferring the funds to the Provincial Federation of the Community Organizations have not been authorized.

Municipal development funds: although some municipal governments have allocated funds for CPF type activities, mechanisms for implementation are patterned on the existing CPF guidelines, and thus are bound to have the same weaknesses.

The PVOs, in spite of the above weaknesses, could be effective vehicles for channelling credit funds to the poor. However, as this is a relatively new role for them, project management should provide them enough training and guidance through establishing linkage with national line agencies and PVOs which have developed a good track record in managing income generating programs.

Finding: Loan administration of the CPF varied among the PVOs contracted. Some established the CPF as community revolving fund where the community groups borrowed from the PVO for re-lending purposes to its members; some lent to specific group activities. Both approaches showed low repayment rates.

Finding: Interest rates to the beneficiaries generally did not follow the USAID Intermediate Policy Guidelines.

Finding: Community Project Fund has been decapitalized over the project period.

Finding: Project feasibility studies made overlooked the management capability of the beneficiaries to manage their proposed livelihood projects.

Finding: There is no mechanism for municipal government to monitor CPF funds and projects of beneficiaries, although they are encouraged to do so.

Finding: Guidelines on repayment were not related to the type of economic activities funded.

Finding: The team found one phase out mechanism [Cataduanes] for PVOs contracted to manage the CPF and transfer responsibility to a Federation or local PVO, although others are said to be in place in provinces not visited.

Finding: Municipal development funds for livelihood have no mechanisms and guidelines in place.

Conclusion: Through the PVO-local government linkage, mechanisms in institutionalizing the LRM Process at the municipal levels are starting to be in place i.e. municipalities hiring local organizers; appropriations being made from municipal development fund for CPF type activities.

Conclusion: The poor have to be organized in getting them into the mainstream of local planning and development process.

Conclusion: The LRM failed to recognize the role of national line agencies in rural planning and development efforts towards poverty groups thus lost an opportunity to affect on a macro-level national government planning process.

Conclusion: Empowerment of poverty groups to decide their own destinies and get basic services from the government could be the project's most important contribution.

Conclusion: It has increasingly become evident that the most important and tangible intervention in the LRM Process is the availability of the Community Project Fund.

Conclusion: Generally, the PVOs lacked sufficient institutional capacity in administering the Community Project Fund and lacked technical and management capability for income generating programs.

C. DECENTRALIZATION & PARTICIPATION: THE PROSPECTS FOR INSTITUTIONALIZATION

Earlier reference has been made to the fact that decentralization is a relatively recent theme in the Philippines and that it has been more honored in speech than in practice. There are more than one operational referent for the concept. The notion

of decentralization embodied in the design of LRM entails the devolution of power, authority and responsibility for the identification, planning and implementation of local development activities by institutional actors at barangay, municipal, provincial and regional levels. Over time the Project has also shown a clear bias in favor of devolution to increasingly lower institutional levels as capacity and experience are enhanced. This model of decentralization needs to be differentiated from the more common bureaucratic policy and practice of "deconcentration" whereby the devolution of responsibility for the planning and implementation of development activities to sub-national institutions is matched by only limited latitude to influence the determination of target locations and populations or the content of those development activities.

The LRM process is intended to devolve both authority and responsibility and to match that devolution with the increased capacity of localized actors and institutions to identify and effectuate development interventions that are appropriate to local needs and conditions. The LRM approach further posits that the successful identification of local interventions can only be guaranteed by the involvement of target beneficiaries throughout the process. The demonstrated success of this approach is intended to result in its widespread emulation and extension to activities derived from other funding sources. The access of local government units to funding sources that are both appropriate and sufficient for this type of replication and expansion, however, remains one of the most serious constraints. It is this characteristic of the policy and political environment that dictates that LRM develop and perfect models which will combine the desired benefits of decentralization--in particular, bottom-up planning and popular participation--with the fiscal dictates of top-down approaches imposed by centralized sources of funding.

For purposes of this evaluation it has been necessary to assess the nature and extent of institutional decentralization at the national, regional, provincial, municipal and barangay levels and how the flow of recent Philippine political history has changed--and continues to change--that configuration over the life of the project. At each of these levels there is need for examination of the roles of multiple institutional actors and determination of the extent and effect of their involvement in LRM. It has been necessary to identify and document complex interactions at each of those operational levels among the following phenomena:

More or less routine development functions that have been devolved to specific institutional actors (both political and administrative) at each level [it is important to note that this situation has been, and continues, evolving over the life of the Project];

Those LRM roles and functions that have been assigned at each level and the extent to which they conform, conflict or expand upon the routine roles and functions above; and

As the LRM winds down in specific locations, the extent to which targets, objectives and procedures are integrated into routine policies, programs and activities. [It may be equally or even more important to note the reasons for the failure or neglect of such integration if it helps us to identify constraints which must be overcome.]

To the extent that LRM has fostered a process of decentralized development that is based on popular participation, the various steps in that process which have required investigation can be identified as:

Policy formulation and review that forms the basis for the establishment of procedures for initiating and continuing the decentralization process at each successive level of local governance, both internal and external to LRM;

The identification of appropriate target locations and groups to participate in pilot or expansion activities in accordance with the specific dictates of the program or activity being considered (in this case, the poverty focus of LRM);

Expansion and enhancement of involvement in the identification of complex interactions among underutilized resources and problems encountered in enhancing such utilization, the resolution of which might form the basis for local development interventions;

Inventory, tabulation and prioritization of local development problems and prospects that, taken collectively, represents a statement of local development strategy and, only secondarily, constitutes a list of discrete project interventions in search of funding;

Review, modification and consolidation of the resulting strategies and project designs at successive levels to guarantee technical and financial feasibility both in implementation and in projected impact and benefits; [In this instance the differences between SPF and CPF activities may be significant or may have changed substantially between Phases I and II of the Project]

Establishment of administrative, technical and financial implementation procedures, timetables and task assignments and methods for tracking adherence and identifying problems and constraints; and

Assignment of specific responsibilities for reporting, trouble-shooting, monitoring and evaluation of implementation performance and impact, as well as the maintenance and continuation of inputs and benefits following completion.

The various stages of this process in this project can be segmented to include the following basis for discussion: Program Preparation and Institutional Structuring; Funding Allocations, Design and Project Planning; Program and Project Implementation; and Monitoring, Evaluation and Maintenance.

Program Preparation and Institutional Structuring

In the initial design and preparation for operational activities under the LRM USAID and the GOP were faced with operational decisions on the nature and extent of decentralizations to be embodied in the Project which are related to the issues of: [1] the appropriate local government level to be made the operational focus of the project; and [2] the project management structure and institution or institutions to be assigned management responsibility.

Choice of Strategic Focus on Local Government Level

USAID views the LRM as a continuation of efforts that it initiated in the 1960's and has continued in a succession of projects which have fostered institutions and procedures for local government development efforts. Over the course of this involvement USAID has gained considerable experience and knowledge of the organizational structure and capacity of local government at regional, provincial and municipal levels. The Evalua-

tion Team observed, in particular, during field visits in Region VI that a number of respondents at regional, provincial and municipal levels pointed to their prior experience with a range of USAID projects -- e.g. SPREAD, PDAP, RPTA and Rainfed Resources Development Project -- as a source of considerable experience and training which has assisted them in the implementation of LRM.

Whereas most of the earlier USAID efforts had concentrated on institution-building or infrastructural development, the LRM was seen as breaking relatively new ground with its emphasis on poverty alleviation, livelihood activities, provision for popular participation by the targeted poor and the involvement of PVO's in assisting to mobilize the poor for self-help efforts. All of these elements pointed to the need for a local government focus as close to the rice roots of community organization as possible. The decision not to place operational emphasis on the municipality was based on the judgement that the development staff at that level was not yet sufficiently complete or experienced to assume primary responsibility for LRM. However, the designers did acknowledge that it was at this level where intimate knowledge of local conditions and needs would be expected to be found. Reference was also made to the need to develop capacities at this level under the Project and to leave open the possibility that later phases of the Project would assign increased responsibility to municipal actors.

The original Project Paper is unequivocal in its selection of the provincial level as the focus of LRM attention, but, quite accurately, points to the administrative burden of attempting to manage the provision of such assistance directly. Although the initial round of first phase target provinces was limited to three, it was to be followed within months by an additional four provinces and continue to build to a total of fifteen provinces under the pilot. Even these numbers compare favorably with the total seventy-two provinces which would be included if the effort were to become nation-wide. It was, no doubt, this same calculus that resulted in actions in the 1970's that brought about the creation of development regions, the establishment of regional line agency field organizations, the introduction of Regional Development Councils and the establishment of NEDA Regional Offices as full-time technical staff to the recently developed councils.

To some extent, then, the choice of the provincial level as primary focus rested on a compromise between the growth of regional institutional power and the paucity of institutional resour-

ces at the municipal level. Recognizing the increased capacity and institutional complexity at the regional level and the weakness of those municipal actors who are in the best position to recognize and respond to the needs of the rural poor, the choice of the province for emphasis is also seen as a means of intermediating between those levels. It is the province that can mobilize and articulate the needs of the municipalities' poor that can, in turn, be met by the resources that are increasingly coming under the planning control of the Regional Development Council. However, that is not to say that the province did not possess advantages on its own merits. Experience with USAID projects cited above--i.e. SPREAD, PDAP¹⁵, etc.--as well as other donor and GOP efforts had strengthened Provincial Development Councils [PDC] and Provincial Development Staff [PDS]--later reorganized and strengthened to become the Provincial Planning and Development Office [PPDO]. Both PDAP and Rainfed Resources Development Project had provided experience in the drafting of provincial development strategies and annual investment plans that were to become part of the LRM process [to be described below]. In addition, the provinces [because of the above factors] could use the LRM project more effectively, were a vertical link between the regions and municipalities, a horizontal link to the line agencies and can influence their budgets, and were more convenient for LRM management to work with.

In a pilot activity that has come to encompass five Regions, fifteen provinces, fifty municipalities and an undocumented number of barangay [probably 2-5 per municipality], it is not surprising that considerable variation in the relative role of actors at each level might be observed. Contributing to this diversity is the added dimension of time of entry into the Project. Although the entry of regions points to a difference between Phases I and II of the Project and the substantial redesign that was undertaken in between, provinces may have entered in either Group I or II of Phase I or in Phase II and municipalities might either be part of activities in "new" Phase II provinces or expansion municipalities in mature provinces. The resulting permutations and combinations have been impossible to match with the Team's

¹⁵. It should be noted that PDAP refers to both an umbrella project of the GOP and a set of USAID projects which were designed and implemented to assist the GOP in furthering the goals of local government capacity building which were the primary focus of the umbrella project. Detailed information on USAID predecessors and their linkage with LRM may be found in Appendix C of the Original (1982) Project Paper.

limited field time [see Appendix E on the Evaluation Methodology], but the following impressionistic observations seem to be supported by the limited data.

Finding: Project coverage has been essentially consistent with the targets set for Phase II -- i.e. the target of 5 regions was matched, the target of 14 provinces was exceeded by one and implementation to date has been on target with 50 municipalities.

Finding: Where the Municipal Planning and Development Office is reasonably well staffed and the Mayor takes an active interest in LRM, there is considerable involvement [both formally and informally] and support for Project activities in spite of the relative inadequacy of formal mechanisms for such involvement.

Field visits to five municipalities in the Province of Capiz pointed to considerable variation in knowledge of and involvement in the Project on the part of municipal actors. Mayors and Municipal Planning and Development Coordinators in all five locations were well aware of the presence of LRM activities, their nature and barangay locations, but expressed considerably different opinions on their responsibilities for monitoring or more active involvement.

The most activist stance was taken by a dynamic mayor and his very capable Municipal Planning and Development Coordinator. Their understanding and commitment to the LRM approach were evidenced by the appointment of three municipal organizers and the expansion of LRM livelihood activities to four barangay with a combination of funds drawn from the 20 percent Internal Revenue Allotment and matching funds which they had attracted from the national Department of Trade and Industry. There is also a healthy relationship developing here between the local government and the PVO that has just completed its technical assistance contract with LRM as indicated by the training received by the three municipal organizers and discussion of opportunities for further collaboration beyond LRM. The withdrawal of the PVO has also generated an active discussion of the disposition of the CPF within the municipality as well as an appropriate model for similar funds being committed by the municipality. The same level of involvement was seen in Sigma.

At the other extreme is a mayor who expressed neither interest in nor a sense of responsibility for LRM activities in his jurisdiction. Formal PVO reports were not directed to him and he showed little interest in pursuing the matter. At the same time,

it was observed that his Municipal Planning and Development Coordinator was not only relatively new, but also had no staff and a budget which left regular payment of his own salary in doubt. An unpaid community organizer who had, over the past three years, assisted in coordinating LRM activities in the Municipality had recently left to join the staff of the Department of the Environment and Natural Resources. There seemed little prospect that she would be replaced. This municipality also suffered from a three-year deficit that may have undercut institutional interest in the project.

Somewhere between these two extremes is the case of a woman mayor who was both interested and moderately well informed about LRM activities in her jurisdiction. Discussion with the Evaluation Team was also attended by the Municipal Planning and Development Coordinator and a woman described as a municipal organizer who worked on a more-or-less volunteer basis. In this instance, the lack of specific and detailed information on such LRM activities as the reasons for low repayment rates on CPF loans was accounted for by the absence of formal provisions for reporting by the PVO to the municipal government. The Mayor noted that the absence of such information precluded the possibility that she or her staff might assist in encouraging lower default rates.

Finding: The mix of training strategies for municipal level actors between LRM Phases I & II makes it difficult to determine to what extent training is a viable approach to upgrading capability at this level.

The Phase I approach to the development of local government capacity was based on a strategy that called for technical assistance [including training and research] to be conducted by local resource institutions under Tracks I and II of LRM. The contractors included the Development Academy of the Philippines [DAP] and the Local Government Center, University of the Philippines. It is unclear how much of that training was directed at municipal level personnel, although emphasis was on the provinces. Another problem was that training conducted early in the project cycle would have been attended by personnel who were subsequently affected by personnel shifts due to normal attrition as well as the more extraordinary political events of the recent past. It is unlikely that large numbers of these trained municipal and provincial personnel would still be in place now.

In Phase II it has been noted that PVOs are assuming responsibility for joint training of municipal government staff as part of their organizing activities within the community. This type

of interaction ought to create a situation where target group members and municipal government officials are more sensitive to each other needs and perceptions, but it may not take the place of the more formal skills training that was intended under the old Track I.

Conclusion: There appears to be sufficient evidence to conclude that the capacity of municipal government to play a more active and constructive role in the design and management of LRM at that level is dependent upon the availability of sufficient and adequately trained staff [in turn, dependent upon adequate financial resources] and access to information on project activity progress.

Provincial involvement in all aspects of the LRM is substantial and has been increased under the Phase II redesign. Not only is the province responsible for organizing and overseeing municipal programs, but it now plays a role in determining its own technical assistance and research needs. Provincial institutions [e.g. the office of the Governor, the Sangguniang Panlalawigan, the Provincial Development Council, the Provincial Planning and Development Office] are the primary actors in all of the formative steps in the LRM process. The development of provincial strategies, the conduct and analysis of the poverty studies and subsequent surveys that determine municipal, barangay and target group foci are all dependent upon provincial initiation and direction.

Finding: In the three provinces visited there were significant differences in the level of internalization and commitment to the goals, objectives and approaches of the LRM. Ilo-ilo and Albay were committed to the spirit of the LRM process; Capiz was less rigorous in following the rules.

Recognizing the paucity of resources which are available to local government to design and implement local initiatives, it is not surprising that an active governor or mayor would view the LRM simply as a much needed source of funding for his locally determined agenda. The successful application of the LRM approach, however, is dependent upon a full understanding of and careful adherence to the principles and procedures which have been established. Among the elements that would seem essential are the focus on a limited number of municipal and barangay locations and poverty groups that are determined on the basis of the Provincial Strategy and Poverty Study and further refined by

means of additional surveys.

The Evaluation Team visit to a mature and a new province in one region determined that the mature province's entry into the project had been accompanied by none of the standard procedures for determining target locations or groups. No strategy was formulated and no poverty study was conducted, but three target municipalities were targeted on the basis of political considerations and two expansion municipalities have been recently designated on the same grounds. Discussions with provincial project participants also indicate that there was considerable resentment, during Phase I, of external resource institutions that were "imposed upon the province." It was further noted that the scheduling of such external assistance activities as training were generally more disruptive than helpful. The result is that LRM concepts remain at a fairly philosophical and visceral level, while difficulty has been experienced in translating them into practice.

This impression is further underscored by the case, in the same province, of the activist, dynamic mayor cited above. Team sub-groups visited three barangay within his municipality and came to the mixed conclusion that activities in all three should be judged successful, innovative, etc., but that there was considerable variance in the appropriateness of the targeted population groups. Although one barangay was the site of assistance to isolated, subsistence-level fisherman, another was the home of rice farmer project participants with average land-holdings of 1.7 Ha of irrigated rice land. [More detailed discussions of several of these case studies may be found in Appendix H.] Later discussions with the Mayor indicated that he and his staff were unfamiliar with the targeting procedures developed by LRM and were continuing to use methods more appropriate for infrastructure development in relatively isolated areas. It should be emphasized here that the Team finds no fault with the Mayor, but rather views this as a case of missed opportunity where an active and enthusiastic proponent of LRM was not provided with sufficient support to maximize project impact.

In the case of the expansion province visited, planning and targeting of locations and groups was proceeding by the book. Although the LRM was just getting off the ground and there were few concrete outputs to be assessed, considerable progress was noted. Furthermore, this progress and enthusiasm has penetrated to the municipal level where it was clearly evident in two sample municipalities which were visited by the Team.

Conclusion: Enforcement of and adherence to the principles and procedures of the LRM approach are essential to the conduct of the pilot activity at both provincial and municipal levels and any deviation seriously undercuts the ability to draw the desired conclusions on relative success or failure of the approaches employed.

Assignment of Management Responsibility

Programs of assistance to multiple local government units in most countries face the immediate contradiction of deciding upon an appropriate central government agency to place in charge of the activity. It must also be recognized that the choice of a particular agency has implications for subsequent operational choices and options on the delivery of that assistance. It was noted in the previous section that the choice of the province as the focus of LRM activities was matched by concern for the span of control problems that would be created by any attempt to manage the LRM at that level. This issue was resolved when NEDA and its network of regional offices were designated to play a prominent role in managing and coordinating the assistance, which was to be directed to the provincial level of local government.

The LRM design has been careful to emphasize that the selection of NEDA and its regional offices as the central actors in the management of the Project should be viewed as an attempt to mobilize support for efforts to develop additional capacity at the provincial level. But it is also important to note here that neither NEDA nor any other potential national level institution has any direct line of authority over either the local government agencies involved in the project or the national line agencies that are expected to provide technical input and support at various levels. The limitation of NEDA's organic role to one of coordination and the fact that NEDA's primary planning responsibilities preclude it from playing a major implementation role places limits on its effectiveness in managing LRM. It can withhold endorsement of subprojects, and contractor's payments if work was not adequately performed, but generally the political process has a tendency to outweigh adherence to strict project guidelines. However, the inherent need for the Project to coordinate the actions of a complex network of national and sub-national institutional actors and the commitment not to create new project structures or institutions makes NEDA a reasonable choice for the assignment of the management role. As the operational demands of the Project have increased, there has been a corresponding need to shift the burden of management responsi-

bility to the regional level.

Finding: There has been an increasing delegation of authority and responsibility from NEDA/Manila and the National Project Management Office to NEDA regional offices and the Regional Project Management Office.

This decentralization of management has resulted both from efforts under the Phase II redesign and from the 1987 External Evaluation, which recommended structural and procedural simplification as well as increased decentralization and emphasis on impact on the alleviation of rural poverty. In this instance, many of the management decisions and actions previously performed by NEDA/Manila have been delegated, in some cases, directly to the provincial level, but with the provision that review, approval and, sometimes, execution is reserved to the Regional Project Management Office. Such is the case, for example, with research and technical assistance.

Under Phase II, the provinces were assigned the responsibility and right to determine their own needs and have a major voice in the selection, even if actual contracting was performed by the Regional Project Management Office. In at least one case, this process resulted in the assignment of an initially limited contract to a provincial-based PVO, but the contract was later amended to provide full technical assistance services once NEDA became convinced of the PVO's capabilities. The shift from national to local PVO's as contractors for technical assistance, research, etc. is widespread under Phase II in both mature and expansion provinces, although national consulting firms account for three of the five expansion provinces. There is also evidence of some acceleration in the implementation of the project, but whether or how these phenomena are related is not yet evident. Improved knowledge of local conditions may speed up design and implementation procedures, but relative inexperience may lead to weakness in identifying and resolving more technical difficulties. Of major concern is when, how, and to what effect the Regional Project Management Office might intervene if it identified the actions of either provincial officials or local LRM contractors as deviating from or prejudicial to the interests of the Project. The team has been told of some cases, and modest changes made, yet we also note that there is no evidence of major action being taken [such as cutting off or threatening to cut off a province from the project] by the National Project Management Office in the case of deviation from design and targeting procedures of major proportions cited above.

Conclusion: It is premature to determine whether the shift in project management responsibility to the provincial and regional level will result in decisions more appropriate to local conditions or an increased reluctance to interfere in "local affairs."

Funding Allocations, Design and Project Planning

It is not uncommon for complex pilot projects that attempt to introduce new systems and procedures for the provision of funding, planning, and project design to become identified as "planning projects" during the early stages of their implementation. In the case of LRM, this inception period may have lasted longer than is normal for projects of this type. The reasons for this extended adolescence are to be found in a variety of internal and external factors, some of which have previously been discussed. Among the external factors are the long period of political turmoil surrounding the Aquino assassination and the EDSA revolution, the series of elections which were held in 1984, 1985 and 1987 and other sources of personnel turnover at the local level. More directly related to the project were the extended period of project redesign and delays in the allocation and flow of funds which resulted in serious dislocations in scheduled planning cycles and even greater delays in implementation. Reoccurring natural disasters, from typhoons to droughts to volcanic eruptions all affected progress. There is a need to examine these factors more closely and attempt to determine the relative influence of these factors as compared with the operation of internal project procedures and project management as a source of delay.

During Phase I of the Sub-Project [SPF], interventions were planned for four calendar years [CY] covering the period CY 1983-1986 and CPF activities were planned over a period that was basically equivalent, the major difference between these two funding mechanisms being that the SPF was provided in the form of more-or-less regular annual allocations, while the CPF was a one time provision of seed money for a loan fund to be administered, initially, by the PVO. [The CPF funding mechanism is discussed in detail in the sections on impact and PVO's above and will not be dealt with in detail here. The other differences between CPF and SPF are discussed passim]. To the extent that targeting and other start-up activities [i.e. training of local government staff, the contracting of PVO's and resource organizations, community organization and training by PVO's, preparation of provincial strategies and poverty analyses, etc.] required substantial lead time, this set the first year's planning activities

substantially behind schedule from the outset.

The normal GOP budgeting procedures call for requests for budgetary allocations to be submitted in March for the following year's budget and follow a two-stage planning and project design process intended to minimize risk in a high risk environment. The first stage calls for the preparation of very rough lists of project proposals with global estimates of budgetary requirements, which must be submitted in March for inclusion in the annual congressional--National Assembly during Martial Law--allocations. The result of this process is the issuance of an Advice of Allotment [AA] by the Department of Budget and Management. Upon notification of the issuance of the Advice of Allotment, the Department of Finance/Municipal Development Fund requests the subsequent issuance of a Funding Warrant [earlier referred to as a Cash Disbursement Ceiling or CDC] that indicates that the funds are available for further action. Although issuance of the Advice of Allotment is a fairly straight forward consequence of funds having been allocated by Congress, their issuance for LRM has always occurred well into or beyond the CY for which the allocations were intended, e.g. CY 1984 on 12/31/84, CY 1985 on 8/19/85, CY 1986 on 5/28/87 and CY 1988 on 6/30/88.¹⁶

Less straight forward is the process of issuing the CDC or Funding Warrant, for the simple reason that this document testifies to the availability of funds to be dispersed. Here the LRM record for lag between the issuance of Advice of Allotment and CDC or Funding Warrant stretches from nine months to more than three years. In two out of four years, when the CDC or Funding Warrant was issued, it was also for an amount less than the total authorized allocation.

Finding: The most serious dislocations and delays in the planning process have been caused by difficulties and delays in the issuance of the various funding allocation documents.

Only when this budgetary allocation process has been com-

¹⁶. This and the following material are drawn from Tables 5 and 6 in Benjamin V. Carino, A Review of the LRM Subproject Financing System, October 1989 and several sub-project lists prepared by NEDA-LRM/NPMO that have formed the basis for the Record of LRM Sub-Project Planning & Implementation found in Appendix G.

pleted and funding levels have been determined with some degree of certainty do the project planners proceed to the preparation of detailed plans, feasibility studies, and budgets. This also results in the lengthening of the process and the possibility of major adjustments in project strategy and design at a late stage in the design and planning process. Project management staff at national and regional levels point to the possibility of repetitive iterations of design, review, correction and resubmission as a source of delay here. The variation among provinces may be seen in the project design experience of CY 1984 when two provinces successfully completed requirements for the release of funds within less than one month, while two other provinces required more than two years. The experience of subsequent years, however, indicates that these problems were largely overcome with experience. Yet, the improved efficiency in project preparation does not seem consistent with the high incidence of project cancellation, suspension, and reprogramming of funds. NEDA believes that reprogramming or cancellation of projects were necessary because of delayed release of funds to the provinces, resulting in reprioritizing of beneficiary needs and revised cost estimates.

Finding: In spite of the two-stage planning and project design process a relatively high percentage of SPF projects were canceled, reprogrammed, etc.

Conclusion: The disjointed planning process that separates the process of allocating project budgets from the detailed design of those projects results in inaccuracy in initial assessments, cancellation and reprogramming.

The fact that most routine budget allocations are channeled through the sectoral line agencies guarantees that project design will have been reviewed with respect to technical qualifications by a competent authority. Although the 1982 Project Paper calls for participation in and review of plans and project designs by LRM technical staff, line agencies and resource institutions, the relatively high levels of canceled and reprogrammed projects makes it unlikely that such inputs were effectively provided. There is some evidence to indicate that delays in the approval of project proposals resulted from a bureaucratic process of formal review that resulted in several iterations of criticism, proposal refinement, and resubmission, followed by another review with similar results. The problem of sectoral agency participation may result from the lack of incentives provided by LRM to attract the attention of sectoral personnel who are otherwise busy with

their own projects and routine activities. The Project Paper suggested that one method of providing such incentives was to assign responsibility for the design and implementation of some projects to participating sectoral agencies.

Finding: The absence or weakness of sectoral agency participation in the design and review of sub-project proposals contributes to the incidence of cancellation, reprogramming, etc.

Conclusion: The relative absence or weakness of sectoral line agency participation in the LRM planning process contributed to the weakness of technical project proposals and has contributed to the high incidence of project cancellation and reprogramming of SPF funds.

Program and Project Implementation

The fact that 52 of the 86 sub-projects [See Table 14, Appendix G] being implemented under the LRM in the five CY's from 1982 to 1988 remain incomplete has been a cause of considerable concern.¹⁷ This is particularly true in view of the pending issue of funding for CY 1989 sub-projects, which has not yet been arranged. The Evaluation Team has concluded that the delays in implementation are less serious than was initially apparent. Of the 13 sub-projects initiated in CY 1983, only 2 remain incomplete as of the latest reports [and, NEDA informs us, these have been reprogrammed as CPF], but implementation activities were extended over a period from five to forty-eight months--the two incomplete sub-projects have been under implementation for five years. A number of these long-lived sub-projects have passed through several identities as activities were canceled or suspended and the funds shifted to a new or previously under-funded activity. Little of this realignment and reprogramming of funds is well documented, but it is apparent that the relaxation of normal time constraints on the use of funds has resulted in a highly fluid situation. The sudden access to development funds by normally under-funded provinces and municipalities may have resulted in the temptation deliberately to inflate budget estimates in order to gain a windfall that might be later utilized, but this would necessarily involve increased counterpart funds,

¹⁷. Inconsistency in data found in this section and the section on the impact on beneficiaries resulted from the use of different data bases, both of which were provided by NEDA.

and greater work.

Finding: Project designers and managers may have taken advantage of the relaxation of restrictions on the timely use of funds to develop multi-year projects or guarantee a balance of reprogrammable monies for other purposes as a hedge against the chronic shortage of development funds.

As in the case of project design cited above, successive years have seen the LRM implementation record improve considerably. Of the 52 incomplete sub-projects, 22 are from CY's 1986 and 1988 and the funds have not yet been released to the implementors. Determination of the status of the remaining 30 and the extent to which implementation may be impeded by unusual difficulties is impossible to determine from available information. There have been reports of delays in procurement, but the team has had no opportunity to verify or confirm them.

Conclusion: Delays in project implementation are less serious than was originally indicated, but there remain differences among provinces which require further investigation.

Reporting, Monitoring, Evaluation and Documentation

There is no shortage of correspondence, reports and other documents in LRM. There is, however, an almost total absence of system design in the reporting, monitoring, documenting, etc. that occurs. There is an abundance of idiosyncratic data and a critical shortage of systematic information. Considering that the LRM design placed considerable emphasis on the learning process approach and included specific requirements for the generation of process documentation, it is surprising that so little was done to provide for the project's information needs.

One of the original designers of the project speculates that the concepts of process documentation were not well understood by the project managers and that there was little possibility that they would develop the capacity in the absence of the research institution that had been intended to provide that methodology.

NEDA reports that the concept of process documentation was subjected to a series of working-group deliberations by NEDA and USAID. Both agreed that the tediousness and volume of information required did not contribute to decision-making. At a later phase, USAID made it clear that it no longer supported the "proc-

ess" approach, and thus it was eliminated.

Finding: The role of the Asian Institute of Management [AIM] in arranging for process documentation and arranging the series of workshops which the Project Paper called for as the means to extract the lessons of the experiment was not pursued.

In the absence of the establishment of the process documentation system, a more conventional approach to the provision of a Management Information System was pursued. In this case, a local consulting firm was contracted to design and install a system suitable for LRM needs at the NEDA project office. The system Project Information System [PIS] produced by SGV and presented in December 1986 attempted to provide for the process documentation needs of the project, while, at the same time, satisfying the more conventional information requirements of the involved GOP agencies. The result was a complex system of thirty-seven types of periodic reports that was presented to a workshop of LRM provincial participants. The system was judged to be overly complex and the decision was made to delay implementation until the redesign of LRM Phase II was complete and any changes in information needs would be apparent.

Finding: Provincial and regional actors have been allowed to experiment with both the reporting forms [assuming they covered the required information] and the frequency with which they are filed. These were later reduced by a decision of the National Technical Conference.

Conclusion: The result of continuing experimentation with reporting forms and frequency has been the confusion of non-systematic reports and data which we have cited above. It is impossible to monitor progress, identify problems and assess the performance of project actors at all levels.

More recently, the system has been redesigned and simplified by NEDA and a field test is being conducted during the second quarter of this year in one region [See Table 15, Appendix G]. The revised system consists of sixteen periodic reports and the establishment and maintenance of four additional data bases by NEDA at both the regional and national levels. With about one year left to complete Phase II, it is unclear how the system will be used, if at all. The lack of time has caused NEDA to drop plans to computerize the system. This suggests that the data

bases will not be developed and that the most important source of information on the performance and success of the pilot will be lost.

Until 1988, the LRM has operated at a relatively leisurely pace; secure in the belief that there were no sanctions for failure to meet deadlines. More recently, and with the change in the rules of the game that will be introduced with respect to final year funding for SPF activities, this will no longer be the case. At the same time it will be more important for NEDA nationally and regionally to obtain timely information on project implementation and be well positioned to act in the case of slow progress or other signs of trouble.

Conclusion: The existing system of information based on non-uniform reports and reporting schedules is inadequate to the needs of timely monitoring which will be imposed by the new SPF funding system.

D. PROJECT MANAGEMENT

The LRM project aimed to develop the local government's capability to address the needs of its less advantaged constituents. The project also was to install the process of identifying new and more responsible approaches to local development that can be replicated and sustained over time and across different localities.

From its objectives, the project can be viewed as having two parts [although three tracks at first]:

The **learning process** aimed at accomplishing the first objective of developing the local government's capability to address the needs of its less advantaged groups. The management of this aspect of the LRM was the responsibility of NEDA and the strategy used was to contract out the delivery of technical assistance and research to private contractors. In Phase I, this would be the Development Academy of the Philippines for Track I and PBSP, IIRR, ICC and UPCB for Track III. No problem was encountered as far as contracting was concerned.

Subprojects. Subprojects were the medium for attaining the second objective of identifying new and more responsive approaches to development. The feasibility study for these projects was seen as the concrete output of the capability building of the local governments; after passing the project Management Office's evaluation, it would then trigger the release of funds to the provincial treasury.

The LRM Project was viewed as requiring a central project management office and for this purpose NEDA was designated as the office in charge of LRM administration and implementation. The ultimate project actors of LRM are the local government units and the poverty group beneficiaries. The organizational link of NEDA to the local government units was the Regional Development Councils, because NEDA as a staff agency in the Executive Branch of the government did not have a direct link to the LGUs.

At the level of NEDA, the management concerns are focused on:

Planning process to arrive at the annual regional indicative plan.

The consolidation and submission of provincial and financial plans to facilitate the project required for funding.

Management of support networks for delivery of technical assistance training and research.

Monitoring and evaluation of overall LRM performance and management of systems development and replication.

At the other end, the local government's responsibility was to demonstrate their capability to address the needs of disadvantaged groups by preparing a poverty analysis to address the issues of poverty, identify projects conforming to these strategies, prepare feasibility studies, implement the project, and institutionalize their planning approaches. The local governments, to be able to carry out the above responsibilities, would be provided technical assistance by a contracted resource institution, such as the Development Academy of the Philippines.

There is no special organizational niche at local government levels for the LRM, nor was one intended, as the concept was to

build the capacity of the provinces holistically. The management structure designed by NEDA for its administration was characterized by several interagency committees, at the central, regional and provincial levels. Formation of interagency committees is characteristic of NEDA operations, since it is essentially a coordinating planning body. Interagency committees generally are not very effective, however, because of the diffused responsibility of the committee members. In the Philippines, with the proliferation of interagency committees in the various levels of government, interagency committees suffer also from lack of permanence of officials attending the committee meetings. Interagency committees were abolished in Phase II as artificial, and defeating the objective of institutionalizing the LRM process.

Finding: NEDA performed effectively their functions of consolidating the annual regional indicative ceilings and submission of provincial work and financial plans to facilitate the project request for budgetary allocation to the Municipal Development Fund, and the facilitation and arrangement of financing of local resources institutions or contractors.

Finding: The problems in the implementation of LRM started to become apparent when releases of funds from the Municipal Development Fund to the province were not happening at the planned pace, delaying performance payments from USAID.

Funds allocated in 1984, 1985, 1986 and 1989 were availed of only in 1988-1989. [See Table 13, Appendix G]. The backlog cleared only in 1990. The slow trickle of submission of subprojects for financing was blamed in many reports on the excessive requirements for feasibility studies. It is the team's opinion that the slow pace of implementation can be traced to the following:

The lack of control mechanism by the Project Office over the provincial government, making the former a helpless bystander waiting for projects to come in.

The inefficiency of interagency committees in evaluating the proposed subprojects.

The distractions posed by the political events from 1983 to 1987 must have made it difficult for the local governments to focus on their responsibilities to the project.

The high turnover of personnel on the provincial development staff, the replacement of all governors and mayors in 1986, and the election of new officials in 1987 must have almost totally erased any capability built under the project.

Changes in policies from the Department of Budget and Management slowed the process.

The DOF-COA-DBM Circular No. 4-86 providing for the adoption of the funding warrant system in lieu of cash disbursement ceiling [CDC] withheld. Some balances from 1984 and 1985 CDCs had to be covered by funding warrants, which took considerable time to be issued. Budget Circular No. 401 dated February 8, 1987 converting the USAID loan to the Philippine Government into a grant, requiring that USAID must first make a deposit to the Bureau of Treasury before any funding warrant was issued. An undisbursed balance in CY1986 of P1,950,000 could not be released as a consequence. Finally, the Municipal Development Fund budget for 1990 intended for advancing the budget for subprojects was cut. This had locked in the \$800,000 remaining allocation in Phase II for subproject financing. The government had already contributed the required counterpart funds, however.

Finding: The other major problem in LRM happened a subproject implementation. As of May 1990, out of 86 subprojects, only 39 are completed, 27 are on-going, and 22 are in the pipeline for implementation.¹⁸

Finding: The second problem is implementation occurred at the level of subproject implementation. This is partly related to the delayed release of funds to the provincial treasury caused by the changing administrative requirements cited above. For example, in 1984, there was a balance in the CDC allotment of P743,730, of which P80,396 was released only in 1988 and P663,334 was still unreleased as of August 1989 and cleared only in 1990. The reasons cited for these were presented in the previous section.

Field reports also cite delays due to the deposit of the

¹⁸. Using information from Tables 1 through 4. This information is not consistent with information in Table 14 and in the section on decentralization due to the use of a different data base.

money by the provincial government for interest income purposes.

Conclusion: The slow implementation of subprojects can ultimately be blamed on management. In our opinion, management of LRM was weakened by the following:

Weak management arrangement between NEDA and local governments. Lack of direct control by NEDA over local governments allowed political events to distract the actors from implementing the project.

Clearcut connection between management and the operation units, a basic tenet of administration. In the case of LRM, the key operating actors are the local governments, whose operational links are with the Department of Local Government, while the management agency was NEDA, whose links with the LGUs is indirect, i.e., only through the Regional Development Councils. The weak management link has adversely affected implementation of LRM since NEDA did not have supervisory control over the Local governments and was literally helpless in pushing them to comply with their obligation to the project.

The systems and procedures developed were for programming and budgeting for provincial government projects, for Availment of Cash Advance for consultancy contractors, for Funds Release Mechanism from USAID to PVO, for funding research and training. The systems and procedures merely lists the steps to be followed for each activity components of LRM. There is no documentary evidence that this actiavity chart was translated into an effective flowchart with an indicative period to complete a cycle of activity, as well as the individual steps composing the total cycle of activity. Systems and procedures that merely list the steps to be followed, without any monitoring of bottlenecks, obstacles that snag the flow of activity are not effective.

The systems and procedures and the listing of roles of the participants in the LRM implementation did not indicate the supervisory control that can be exercised by the NEDA Project Office. Thus, there are cases where funds transferred to the provincial government remained in deposit for interest earnings. The lack of control system over field implementation is the more critical weakness in the management system, since the delays in completing the planning process and the implementation of the project happened in the field.

project happened in the field.

Conclusion: The system and procedures developed were deficient.

Among the NEDA Project Office functions listed in the Manual of Operations are those on implementation, planning, including adjustments and redesign, identification of policy issues, monitoring and evaluation of overall LRM performance.

The Manual of Operations also states that management shall be responsible for Systems Evaluation, which shall deal mainly with organization and administrative issues and is basically a review of project implementation dynamics. The review shall be focused on issues that brings into question the design and implementation arrangements of the project.

Findings: There is little evidence of any meaningful synthesizing of reports by the Project Office. There is no evidence of a redesigned systems and procedures except after the redesign of the project for Phase II.

Conclusion: It can be posited that the NEDA's reaction to the information flowing in was shaped by its history as a coordinating, planning body and that it was not realistic to expect NEDA staff to acquire a different personality within the span of LRM, especially since the Project Office suffered from serious turnover of top management officials.

E. MODEL DEVELOPMENT, SUSTAINABILITY, REPLICABILITY, AND PHASE OUT

The original Project Paper noted [p.20]:

Replicability and sustainability of LRM will depend upon demonstrating to funding sources that the targeted, participatory approaches to planning and investment at the local level are less costly

and more effective in achieving development objectives than the current non-targeted, largely non-participatory approaches.

In fact, the issue is more complex. Some of the participatory concepts originally proposed were not followed, and sustainability and replicability in this project are not only related to cost and effectiveness, they are, as we have seen, intimately connected with a changed political environment that has encouraged participatory approaches, and that influences their continuance. In addition, there is also no necessary correlation between cost and effectiveness.

It is perhaps more useful for our analytical purposes to consider sustainability in different terms. Sustainability issues in this project may be analyzed under three general categories:

Sustaining the newly established processes, procedures, and relationships concerning participation and beneficiary involvement in planning among and between the principal actors--in this case, NEDA [central and regional], the local governments at various levels, the private and voluntary agencies, and the beneficiaries;

Sustaining the new or vitalized institutions, such as community groups; local governments and their enhanced sensitivities and capacities toward beneficiary involvement; and new, local PVOs; and

Sustaining the benefits to the beneficiaries.

Sustaining any one of the above is not logically dependent on the others, since a procedure may stop or an institution die after the benefits have been firmly established, or an institution flourish that delivers no benefits. In this project, however, all are intimately related.

Sustaining Relationships and Procedures

This project is on the crest of a wave of official activity that is supportive of the new relations it fostered. The alliance between government and PVOs is now policy [see National

Emergency Memorandum Order No. 19, May 4, 1990]. Poverty alleviation is also national policy, as is governmental responsiveness to local needs. Decentralization is constitutionally mandated, and procedures to implement it are under debate. Thus, events external to the project are pushing its concepts forward. These factors will likely sustain these broad new procedures and relationships concerning beneficiaries in some form for some time.

More important, however, is the quality of these relationships. Recurrent training of both local government and beneficiaries and flexible funds are required to ensure that the relationships continue to be both responsive and productive. It is evident in some areas that the participatory elements of the project have neither been adhered to at high political levels nor enforced by project managers. In individual municipalities, as noted above, and in some provinces [illustrated, for example, by the construction of a training center in Capiz], local governments will provide training from their own budgetary resources. The quality of such training, its responsiveness to local needs, the level of the trainees, and the scope and duration of training are all at this stage matters of speculation. Official funds provided are likely to lack flexibility, however. As long as national government policy supports the PVO and poverty approaches, and while expenditures of official monies will be subject to severe legislative and bureaucratic [The Commission on Audit, among others] restrictions, the government-PVO connection is likely to hold, although it should be noted that under any such participatory system a certain amount of pro-PVO rhetoric [as contrasted to reality] would not be unusual. The local PVOs need governmental funds. Thus the policy to employ development-oriented PVOs is not only an inherent good, it is ironically the bureaucratic counterpoise to bureaucratic fiscal constipation and fear of anomalies.

Conclusion: The close connection between the government and the PVO communities is likely to be maintained, for there is a symbiotic relationship between the two. To ensure an effective relationship, a continued regimen of training and retraining is required.

Sustaining Institutions

This section will explore two important institutions: the community groups themselves [as distinguished from the Community Project Fund] and the local PVOs, both pivotal actors in this scene. We cannot deal here with the issue of the sustained and expanded capacities of municipal or barangay governments. Those

institutions will continue, although their continuing capacity is a separate issue, subject to the vagaries of politics, among other factors. Important, indeed critical, questions are, however, indirectly raised by this project and its initial choice of, and then changed, beneficiaries. These questions are impossible to resolve here, but highlighting them, even briefly, may illuminate some of the problems this and other projects face in sustaining and replicating their work. Without requisite data, any attempt at a definitive pronouncement at this stage would be treated with derision.

By identifying occupational groups within specific geographic foci as targeted beneficiaries, the assumption seems to have been that economic need [poverty] plus occupational contextuality [upland farmers, artisanal fisherman, etc.] within limited geographic confines [the barangay within certain provinces] were closely connected, and thus were the most appropriate criteria for the formation of self-help groups and alleviating the dire conditions under which they live. This evaluation team has no evidence to question that assumption. If it is accepted, however, then important questions should be asked about the change in Phase II to undifferentiated beneficiaries. This evaluation can only highlight the issue, because there has been too little time in this project to even hazard answers based on data. All that now may be said, which was known in advance, is that the project demonstrates effectively that people will band together to improve their lot, however the beneficiaries are defined, if provided organizational knowledge and economic means [loans].

The different issue now for Phase One [1982-1987] community organizations is: are the factors [organizational training, the potential of modest loans, etc.] that led to formation of the groups sufficient to keep them together and effectively functioning? The answer to this is less clear. Economic betterment is a powerful motivating force, but people may band together under clan or family auspices, for purposes sponsored by religious groups, in the face of crises affecting the community, for political purposes, or for the general well-being, among other reasons. The economic incentives in this project were clearly sufficient to bring them together, but may not necessarily keep them so when the inaugurating opportunities are past.

This project seemed to assume that those community organizations with a limited [three year] lending capacity, if economically healthy [i.e., when loans were repaid] would strengthen the barangay, thus providing social cohesion and "empowering" the

downtrodden in other ways as well. This assumption may be true [it is still too early to tell] if all goes smoothly in economic terms. But it assumes, of course, that the economic incentives that led to group formation will be transferred to other positive attributes. They were in the initial stage in some cases, and indeed may continue to be so. But it is also highly likely that the repayment of loans is strongly influenced by the perceived future opportunities to re-borrow.

But the evidence in from direct field work plus secondary sources is that these community organizations are demonstrably economically fragile, virtually so inherently, and because of natural problems and project design issues. As the IBRD noted: "Recurrence and severity of natural disasters is also an important element in rural poverty."¹⁹ Natural disasters continue to plague repayment of loans. Rather than just delaying loan repayments, it might be argued that the natural disasters were partial reasons in the first place for the poverty that the project tried to alleviate. They will inevitably continue. The team has also seen that pressures from the social system may force community groups to loan funds inappropriately, thus undercutting their longevity. [This may be more true in undifferentiated groups, although there is no evidence either way at this stage.] The group knowledge of some outside economic forces is also quite limited, making their direct participation in the market in non-traditional ways more problematic. Technical knowledge is sometimes lacking and not available in a timely manner from the relevant line agencies. Group cohesion and "face" in the case of non-repayment or slow repayment of loans seems less strong than in some other societies. So economic fragility may lead to organizational fragility, thus threatening the sustainability of the project at the local level. Perhaps even more important is unintentional undercutting of these community organizations by the policy, in force in some areas at least, of building up the fund for re-lending to a province-wide group, not a barangay one. This undercuts the immediate incentive for loan repayments, for loans become a short-term activity that will soon end. From the PVO perspective, the project is more equitable if the fund circulates among the barangays to different groups. But in this case, provincial equity undercuts organizational sustainability.

Are there better or more effective means for organizing such groups? The team cannot answer that question, nor make sugges-

¹⁹. IBRD, op. cit., p. 83.

tions of alternatives, but wishes nevertheless to note its saliency. The argument may be made that in spite of the duration of the project, organization and then funding at the beneficiary level was severely delayed and thus [for reasons discussed in sections II C and D] little was done almost until Phase II began. One should also note that formation of a single-purpose community group will not necessarily be effectively used for other specialized purposes, even though that may have been the project designer's intention. The Farm System Development Corporation, which sponsored small-scale irrigation groups, found that they were not used for other purposes.²⁰

How does a change in general beneficiary focus to include all on the basis that most everyone is poor affect sustainability or replicability? The evidence is not yet in from the Philippines because it is a Phase II [1987-1989] phenomenon, but if the design posits survival strategies based on employment, then a movement away from that focus for individual groups may not work effectively. The team notes that the development literature is replete with examples of local self-help groups that included the local elites [landlords, the more affluent from the community, etc.] soon taking over these groups for their own purposes or for continuation of the old social order. On the other hand, segmented assistance at the barangay level could split whatever solidarity the barangay had. We do not know the answer to this issue.

The team believes that local governments need two types of resources to sustain their responsiveness to the needs of the poor, assuming the continuation of a pluralistic or democratic electoral process. These are: continuous training or retaining of selected and key officials through a PVO or similar process in participatory management, collaborative approaches to potential beneficiaries, responsiveness, small business and credit operations, etc; and funds available for these purposes that should come in the immediate future [because of the bureaucratic rigidities of the Philippine fiscal process] through non-governmental groups. Although Philippine government contributions are important, they need at this stage to be offset by other funding to provide rapid and flexible responses to local needs. Should this project terminate and funds not be forthcoming for appropriate beneficiary credit activities from other sources, the likelihood of sustainability of these institutional sensitivities and respo-

²⁰. See A.I.D. Impact Evaluation, Philippines Small Scale Irrigation, 1980.

nsiveness will be severely circumscribed. There is a program of the Department of Trade & Industries to do just this; it provides funds to PVOs for re-lending at the local level. The team was unable to determine the effectiveness of this effort.

There has been a spurt in the formation of local [provincial] PVOs in response to government policies and local needs and fiscal opportunities. The Philippines is noted for its plethora of PVOs, both developmental and social welfare oriented. They have generally been formed without their own sources of support, and are thus dependent on government, foreign assistance, or local business or philanthropy. The formation of provincial groups is, the team feels, welcome in principle. But for those organizations to be sustained and for them to perform effectively, there needs a continuous training process built into access to funds. USAID, through its PVO Co-financing Project, could provide training to such groups beyond the extensive and [we understand] effective efforts currently underway. This proliferation of PVOs is not without its dangers [see below].

Conclusion: Community groups are inherently fragile economically. Their economic functions may not be transferable to other activities. The change in beneficiary focus from functional groups to the undifferentiated poor may undercut both equity and sustainability. Continuous training of local government and flexibility of funding are important to continuity of the beneficiary focus. Local PVOs are important, but are dependent on outside funding sources for sustainability.

Sustaining Benefits

This small project cannot alleviate poverty even among its beneficiaries, nor in itself sustain the limited benefits it provided. Nor is it necessarily the sole means to sustain similar financial benefits to the beneficiaries. Local private or public credit systems might theoretically do the same, since those helped are those who are potentially productive but presently assetless. It is unlikely, however, that in the foreseeable future other institutions will be formed to take the project's place. In other countries, public financial institutions mandated with this task have been notoriously inefficient. For the private sector, the rewards are generally too limited. It is thus expensive and bureaucratically tedious for financial institutions to play this role at the barangay level for those who currently are economically marginal. The cost of money might

well be exorbitant. Financial institutions would normally not assist in group organizational activities in any case. An end to these community and financial activities for the groups assisted at project close might well be appropriate in a rising economy based on equitable growth; it is more questionable in an economy where local growth is fragile where and when it exists, and where it is inequitably distributed. Other PVOs [as noted above] will step into the gap [partly on the LRM model], and political pressures may force governments at various levels to become more active in this regard.

Conclusion: Sustaining the benefits to the poor is important, and needs are unlikely to be met by any single project. Public and private financial institutions may prove reluctant to fill this organizational and financial gap. The project provided a useful [if incomplete and flawed] model.

Replicability and Expansion

The issue of replicability is not abstract; it is bound by time, funds, and personnel. This project is by its nature labor intensive, high in overhead, and relatively slow in achieving effects--impact at the beneficiary level. This is not necessarily inappropriate for this type of project. The team would argue that this is inherent in such work, and that the potential impact [including institutional and attitudinal changes] could warrant both the costs and the time. This project was initially designed as a learning process, and as such, replicability plays a more important role than in the normal project. This is not to justify the slowness of implementation, which--in spite of external political factors--was unconscionable. But to change the basis on which to judge it [from process and learning to impact] creates major evaluation issues.

There is evidence that the project is having a spread and replicable effect internally and externally. The Dutch seem to have used it as a model [in terms of beneficiary organization] in developing their own projects in Antique. The UNDP is modeling a program on its activities. Governors in Iloilo and perhaps elsewhere as well have added additional municipalities to their projected three barangays. Municipalities have allocated additional funds to the project. Albay will fund SDF projects from their own budget beginning in 1991. The project, according to NEDA, was an important element in making PVO activities an accepted component of many line agencies under the May 4, 1990

memorandum cited above. The present government explicitly has advocated work with PVO groups. According to reports, the President held up LRM as a model in a cabinet meeting. Even if an individual community-based sub-project may have problems of sustainability, the process is clearly spreading and is now well accepted.

The times and the Philippine political process are in support of this approach to assisting the poor. Such efforts allow the local political leadership to demonstrate concern for the people at a time when such support is broadly demanded. This political wave, which is likely to intensify to crescendo proportions before the 1992 elections, is an illustration of this spread effect.

Is the project a model? Certainly not of management. Even the participatory process, as we have seen, has only been partly ingested, and procedures are flawed. Not as much has been learned as might have been the case, in spite of the plethora of reports. Yet the times call for such an approach, and inherent in elements of project design there exists the potential of that approach as a model [if not the project], and it is so touted among many elements of Philippine society. Modelhood, like sainthood, is difficult to achieve. It is, rather, more of an intellectual framework that has not been sufficiently tested.

But if the times are with the concept, so potential abuses are more multiple. If political liberties have encouraged poverty-based and PVO approaches to development, the inevitable diverse political forces may use the process for their own ends, thus undercutting both the concept and the PVO approach. Already in some areas civil servants have formed PVOs to take advantage of government funding. The recent Countrywide Development Fund [through the Department of Trade & Industry] provides P1,000,000 to each congressman for re-lending by PVOs, as a form of political patronage. The team cautions against any too rapid expansion of this concept by government, or any local or international donor, without the necessary training and technical assistance by indigenous PVOs. It could vitiate the effects of the concept and the laborious organizational work that is required for effective group action at the local level. This is a necessarily slow and methodical approach. A rapid expansion of the a similar idea and/or funding for the concept with its political overtones will almost inevitably lead to it becoming a political element in general, and most immediately and specifically in the 1992 campaign.

Conclusion: The project is not a model, because some of the essential criteria of the learning process of beneficiary involvement in planning was not done, and management was not up to the needs. Yet many of the project elements are being replicated by government, and some by outside donors. The danger may come from the overly rapid expansion of the process and its use for political purposes, which would undercut the projects goals.

The Issue of Phase Out

The issue of phase out, as discussed here, is a USAID concern. That does not mean that the Philippine government is neither involved nor have a critical role. Indeed, it may be argued that since the President has regarded LRM as a "model," a reasonable assumption is that even if the project should close, the Project Office disband, and NEDA no longer centrally involved in LRM-type activities, these activities will become the responsibility of the regional offices and local governments, and would continue. Whether a central Philippine management office is required to ensure continuing interest in this approach is unclear. As a general rule, bureaucratization of the process is the last resort, but if necessary, thought should be given whether the Department of Local Government might be an appropriate venue for monitoring and evaluation of an LRM-type process. Funding for the LRM approach should essentially be a Philippine responsibility, but sources of support could be sought from a variety of donors attuned to the issue of poverty alleviation.

The primary issue, if there is one about phase out, is: what has been useful, needed, and important about this project and its elements to the Philippines, and thus to USAID? Without answers to that question, any recommendations must be suspect. Since the development of the project followed neither the strict conceptual framework of the early designers, nor was time sufficient through external political and internal management delays, what the team is evaluating is thus as distant from an experimental laboratory approach to reaching the poor as is possible.

The team believes, however, that there are important processes and procedures that are promising that are worthy of future consideration by both donors and recipients. These are:

- * The attempted direct link to the beneficiaries.
- * The process of PVO/local government relationships in reaching the barangay.
- * The organizational efforts at the barangay level.
- * The experiment with functional occupational groups as an organizing framework.
- * The process of modest loan-funded re-lending to organizers through some sort of community-managed fund.
- * The development of local PVOs, and the enhancement of their capacity.
- * An effective training process for local governments and participants in the program.
- * Reorientation of government at all levels toward beneficiary interests.
- * The legacy of community self-help beyond the project itself.

This project is planned to terminate on August 31, 1991, after nine years of operations. At that time, all goods and services must have been delivered, and funding will cease. What happens at that time to the ongoing activities and the concept itself? It is evident from the above discussion that in most cases procedures for phase out have not been made for elements such as the Community Project Fund account. Under any circumstances, these need immediate attention. But this evaluation, focusing on impact, will comment on more direct beneficiary issues.

This project has in USAID a reputation as "slow-moving" [because of internal problems] and generally unrelated to the new strategies. Both characterizations are simplistic.

There have no doubt been major delays in the project. They have been both internal [and indeed some perhaps inherent in a project designed as a learning process], and external. The political turmoil associated with the end of the Marcos era and the beginning of the Aquino period, together with elections at various levels, slowed project implementation for three years. The project design, calling for sequential development of PVO

capacity, organization, and then registration of local groups, and sub-project development worked against rapid project action. The evaluation and redirection of the project also slowed progress for some 18 months, as did an internal dispute about some project expenditures. Over four years were lost in operations. Although Phase II downplayed the learning process and concentrated on impact, and thus speeded the process of implementation, in Phase I that learning process was slow. There were management problems that this evaluation considers significant, but whether another institution would have managed better is unknown. Nevertheless, the project implementors were only partly responsible for much of the delay.

The evaluation team considers that its responsibility is to suggest to USAID those elements of the project that in its opinion are worthy of continuation in some manner, even though it recognizes that the likelihood of doing so is marginal. It is not here proposing the elements of a project redesign.

In the team's view, the Mission has several theoretical options for the future. The team recognizes that some are bureaucratically untenable. They include:

- [a] Phase out as planned in August 1991 after nine years, and go on to different style assistance programs for the Philippines.
- [b] Continue the project through phase out for one additional year with no additional funding [but with internal, major administrative reforms], recognizing that this would require AID/W approval.
- [c] Continue a revised project beyond ten years, with the major required revised or supplemental documentation and AID/W approval. The team understands that this is not feasible.
- [d] Formulate a new, revised approach to poverty with similar goals and purposes after phase out, directly managed by the Mission.
- [e] Develop such a new approach to be managed by some private and voluntary organization.

The LRM project was originally conceived as a phased ten-year effort,²¹ even if it was approved for only seven years. The team recognizes the almost inevitable force to phase the project out as now scheduled in August 1991. Yet it believes that in spite of limited numbers of beneficiaries and management problems, the approach to poverty alleviation and group dynamics [the team was told it was unique in its time in A.I.D.] warrants continued experimentation. Since implementation began late, adherence to that earlier concept of a ten-year program would give the testing process a better chance to demonstrate its capacities. To phase out of the project in August 1991, as is anticipated and, we understand, is almost certain, and plan no other related activity encapsulating those elements that are worthy of continuation under some auspices would truncate this innovative effort too early, even though such closure is part of the FY1990 Action Plan in which [p. 31] indicators of progress include "at least four slow-moving projects or major components thereof are completed or terminated."

There is, without question, a major pipeline issue in a fiscally minor project. Given AID strictures, which prevent any project from implementation for over ten years without a major commitment of staff time for redocumentation, and problems of staffing constraints, such a move would seem inappropriate. The continuation of what is essentially an experiment, however, up to the statutory limit of August 31, 1992 [option b above] could be both justified and responsible. The team recommends that the Mission reconsider this alternative within current budgetary allotments but with major changes in management.

The evaluation team believes that the mission should also consider option [e], the formation of a new activity whenever termination of the present LRM effort takes place. It recommends the Mission consider a beneficiary-oriented effort that is relatively small in size but pointedly focused on targeted beneficiaries.

The team also recognizes that mission responsibilities preclude major staff commitment to design or monitoring of what in the Mission's opinion might be a relatively small project. Therefore, the team recommends that the mission consider means by which project preparation and routine monitoring might be transferred to an already registered private and voluntary organiza-

²¹. LRM Project Paper, 1982; p 2 and p.8.

Pinas Assistance Strategy Statement. PVO involvement would not increase USAID staffing. Such an option, involving redesign and perhaps different Philippine counterparts, would serve the needs to the people, the government, and the United States.

CHAPTER 3. RECOMMENDATIONS

Subproject and Beneficiary Impact

1. In identifying target beneficiaries, there are dangers for the project to move away from using occupational groups for community organizing, as called for in the original project paper. It is important, however, for the poverty standard to be upheld.
2. For SPF projects, the best use of funds at the provincial-level seems to be for infrastructure projects. Large live lihood projects tried in some provinces did not have a good track record. Therefore, when the SPF fund is reactivated, it should be used for subprojects such as roads and water supply systems.
3. Both types of subprojects need more support from line agencies to increase their technical viability.
4. Beneficiaries should have a greater role in planning projects for SPF subprojects.
5. More emphasis should be placed on empowerment during community group formation.
6. Community associations should have greater support from PVOs and the municipality for a longer period of time to avoid problems associated with mismanagement by group leaders and inappropriate use of funds by indigent members.
7. There should be greater incentive for loan repayments, such as a guaranteed right to borrow funds repeatedly.
8. There should be a greater exchange of information between Phase I and II community associations. In this way, Phase

II groups can avoid the mistakes made by others during Phase I.

9. Further research should be done on the differences between community associations that have undertaken group enterprises and those that have worked as credit unions for their members. The future model for community association activities should be based on the findings of this research.
10. Project managers at the national and regional levels should play a more coordinative role, and should also prevent inappropriate use of project funds for projects that have not involved the beneficiaries in the early planning stages related to project choice.

Community Organization and the Role of the PVOs

1. Decentralization program efforts by the government or any donor agency with the objective of focusing assistance on poverty groups should explore possibilities of tapping PVOs in organizing the poor and affecting the PVO relationships with local government.
2. A wealth of community organizing experience has been generated by the project. An attempt should be made to synthesize these experiences and approaches as a reference for local governments and donor agencies attempting to implement similar efforts.
3. To the extent possible, additional training and technical skills should be provided local PVOs and federations in administering any activities of rural organization and credit to address the weaknesses found in the initial implementation of the PVOs. The USAID PVO Co-Financing program could provide needed help.
4. To the extent possible, programs with CPF-type funds should explore possibilities of leveraging available program funds with funds from formal financial institutions to increase program funding as well as encouraging these institutions to participate in similar activities addressed to the poor.

Decentralization and Participation

1. Efforts to increase the participation of municipal level institutions in LRM would be enhanced by greater attention

to the flow of information at this level and the assignment of specific monitoring responsibilities for CPF and SPF activities being implemented there.

2. In those municipalities which have fairly well developed staff there would be much to benefit from increasing their involvement in the planning and implementation of those activities targeted for their areas.
3. Failure to comply with the standards and procedures adopted by LRM to achieve its distinctive development goals and objectives should be made grounds for the discontinuance of project assistance at either provincial or municipal level in spite of political considerations.
4. Care should be taken to confirm that the increased delegation of responsibility to the NEDA Project Office does not result in the relaxation of standards and that NEDA continue to monitor these developments.
5. The two-stage planning process needs to be revised to allow for greater continuity and higher levels of precision in budget estimates at the earliest stage of the process.
6. Appropriate incentives should be established to guarantee the participation of sectoral line agencies in planning, project design and review processes as well as in actual implementation for both CPF and SPF activities.
7. A thorough review of outstanding [incomplete] projects should be conducted, to be accompanied by a review of the relative performance of each province with respect to timeliness in the completion of project implementation and accuracy in the plotting of project funds. This information should be made a key factor in the determination of allocation levels for subsequent funding.
8. At this late date, it is inappropriate to expend time and energy in the testing of another elaborate Project Information System for which there will be inadequate time for full implementation. Efforts should concentrate on the collection of systematic information on sub-project and CPF implementation activities and the performance of indicators that can be utilized as the basis for further allocations and as the basis for assessment of the overall success of LRM.

Project Management

1. The support to any resource institution should be given to an agency with the mandate to undertake capability building of local government.

Phase Out

1. Various processes experimented with under this project are important to the Philippines, in line with both donor and recipient policies, and should not be discarded because of the results of a single project. A different approach should be sought to capture those positive processes.

CHAPTER 4. LESSONS LEARNED

1. PVOs do not necessarily share a common development philosophy or approach simply because of their PVO status. They must be carefully chosen to tie intended results to capacities and operating styles.
2. The capacity to re-borrow funds may be an important incentive to repay outstanding loans in rural credit projects.
3. Exceedingly careful selection of village level PVO organizers is required for enterprise projects.
4. Assumptions about inter-departmental coordination in project implementation should be questioned.
5. PVOs may be an effective programming instrument when rigidity of public sector financing or administration precludes effective action.

6. Organizational lead time for projects involving local level participation are likely to be long, and indeed may have to be long to produce effective results.
7. Functionally undifferentiated approaches to programming with poverty groups should be carefully assessed at the very earliest planning stages.
8. The reasons for the formation of community organizations may be different from the reasons for their continuity, thus affecting issues of sustainability.
9. In rural credit programs, non-economic social and cultural factors should be assessed to ensure that the economic incentives of the program will not be used in other than appropriate manners.
10. Much more attention needs to be given to the actual operation of credit systems at the local level, and training for credit activities is an important component of micro-enterprise and small-credit projects.
11. Projects that place primary emphasis on the introduction of new approaches and skills among a wide range of institutional actors must address the question of maintaining continuity in the face of normal levels of staff attrition [promotion, retirement, transfer, etc.] by providing for retraining and refresher training.
12. Design of reporting, monitoring and evaluation systems and procedures as well as other management information system requirements should be addressed either before project implementation begins or very early in the implementation phase. This is particularly important for experimental or pilot projects which are dependent upon feedback for purposes of redesign and fine tuning.
13. Management reviews should be undertaken at the first sign of problems of implementation.
14. Structural linkages of participating institutions should be given consideration in the choice of key actors.
15. That capability building cannot be a one-shot effort considering the turnover of personnel.

APPENDIX A

EVALUATION SCOPE OF WORK

SCOPE OF WORK
LRM EXTERNAL EVALUATION

I. Background

The Local Resource Management (LRM) project began in 1982 with the purpose of:

- o identifying and testing replicable, targeted, and participatory systems and approaches for provincial planning, local finance and beneficiary participation;
- o encouraging the involvement of local government, the private sector and poverty groups in the development process;
- o supporting, through a long-term institutional development effort, the self-help efforts of specific poverty groups.

As the project matured, it was supposed to develop "working partnerships among provincial and municipal governments, the private sector, and poverty groups such that the group members are assisted in organizing their efforts, defining their own needs, establishing priorities, and launching initiatives to obtain additional resources to supplement those resources available to them locally" (Project Paper, p. 1). The project underwent its first external evaluation in February, 1987. The results guided a major redesign of the project based on three themes: simplify project systems and procedures, decentralize project management and generate tangible impact. The project was extended for two years until 1991 and expanded from seven to fifteen provinces. Seven years into implementation, LRM should be viewed as a mature project entering into its final stage of implementation.

Although the political economy has changed radically since the early 1980's when the project was designed, the Philippines continues to be a country in urgent need of a rural-led economic recovery. In accordance with local choices, key to this recovery is appropriate local institutional arrangements which deliver decentralized goods and services to increase the productivity, income and well-being of the rural poor. The GOP has espoused a "pro-poor" approach which targets 18 million poor Filipinos--the bottom 30 percent or the landless agricultural workers, upland rice and corn farmers, subsistence fishermen--for whom the success of the recent market-led economic recovery has had little or no effect. At the same time, the Philippine Constitution mandates general autonomy for local governments. While a more universal type of local autonomy has languished in the hands of congressional action, there is a sense in which the devolution of political powers to the provinces can no longer be stopped.

It should be apparent that these combined forces--the need for rural recovery, the mandate for decentralization and the GOP emphasis on a pro-poor approach--have unlocked an exciting potential for LRM. Everything now seems to be on the side of LRM: Provinces are the centerpiece of LRM as are the poor--providing them resources and marketable skills. Decentralization is also at the heart of the LRM concept. Given its emphasis on "bottom-up, people-centered development", what, then, has been the demonstrable contribution of LRM to solving the problems of rural poverty and providing choices for the poor to help themselves? That question becomes the central focus of this external evaluation.

II. Objective

The purpose of this evaluation is to obtain an analytical report and presentation which thoroughly assesses and documents the extent to which LRM strengthens, in support of decentralization, the capabilities of local government units (provincial and municipal) to plan and implement local development activities, and the extent to which this effort has resulted in the improved well-being of poverty groups. The evaluation will be done within the context of the project's administrative systems and management policies to the extent they affect the achievement of different interventions.

III. Scope of Work

A. General. ANE Bureau Procedural Guidelines for Evaluation and A.I.D. Evaluation Guidelines for Project Assistance set forth the general guidelines for conducting this evaluation. The contractor will use these guidelines together with the guidance offered by the LRM Project Committee, the staff of the NEDA Project Management Office, and Mr. Charles Rheingans and Ms. Jane Nandy of ORAD. It must be emphasized that the purpose of the evaluation is not to measure and document LRM performance against all of the initial design assumptions and to recommend corrective actions to ensure all design objectives are realized. While the effects of a process project are more elusive and harder to evaluate, this is not a process evaluation. A focus on impact, however, cannot exclude process. Nevertheless, this is an evaluation that is concerned about the measurable effects of institutional development and the LRM processes on the ultimate beneficiaries of the project--the rural poor. It will also look into how these effects emerged given the NEDA and USAID policy environments, and the premises (e.g. resources, systems, etc.) which condition how implementing structures operate. It will describe whether the project's administrative and management systems affected the overall generation of impact. How has the project measurably improved their productivity, income and well being? Consistent with project objectives, the evaluation will measure a) the extent to which the project has successfully supported and advanced the Aquino administration's policies of decentralization, rural economic recovery and poverty alleviation; and b) how overcoming constraints in these major policy areas contributes to more efficient, equitable growth.

B. Specific Tasks. The requested report will include but not be limited to the following specifications:

1. Decentralization. The Project Paper suggests that (p. /) "the critical missing element in the GOP's decentralization program which this project seeks to add, is the active involvement of local governments, the private sector and poverty group members themselves. Local governments must engage the creative efforts and resources of people and the market place by assuming the role of development catalyst." This will require that "local governments develop a greater understanding of existing resources and resource management capabilities within local communities and how they are used and learn to assist these communities in strengthening their capacities to help themselves." As such, the LRM concept recognizes that decentralization is important to effectively deliver government programs which are targetted to the poor.

a. Reorientation of Provinces.

(1) Document how and the extent to which the LRM process has enabled provinces to explicitly define interventions for target groups outside of LRM resources. What has been the long-term, institutional contribution of the provincial poverty analysis to working more effectively on problems affecting the rural poor? Document how the poverty analysis has been applied using non-LRM resources. As a long-term commitment to experimentation and applied research, what do LRM provinces do differently now than when the project started? This question will be particularly germane in the original provinces where LRM is phasing out. What has changed and how? What will LRM leave in place and what are the achieved or expected development results of this reorientation? Is there a better planning capacity, a more technically competent staff, a better sense of identity or legitimacy as an LRM participant province?

(2) Decentralization will be sustained in the long run only if it efficiently uses resources and equitably distributes the benefits. Document how and the extent to which the LRM process contributes to the long-term sustainability of decentralization. In the original LRM provinces and as information is available, assess changes in the distributional effects of local expenditures following the introduction of LRM. To what extent has the LRM process institutionalized a poverty-oriented pattern to planning and implementing resource allocations.

(3) How should the LRM strategy be tied into the Provincial Development Plan? Document how the Provincial Development Plan has directly influenced or changed LRM as well as non-LRM local development activities.

b. "People-centered planning".

(1) Drawing on well-supported conclusions, document the extent to which LRM has institutionalized the vision of a "people-centered" planning and budgeting framework. When donor support for LRM is withdrawn in 1991, what planning framework will be left in place? What lessons can be distilled from the LRM experience that people-centered planning is more effective than more top-down conventional planning frameworks?

(2) As the national counterpart for LRM, NEDA is also in charge of the national development planning process. What, if any, effect has LRM had in reorienting this planning process? The NEDA regional planning process starts with proposals from municipalities. The proposals are then reviewed and consolidated at the provincial level into a Provincial Development Investment Program (PDIP) which is then sent to the Regional Development Council for consolidating into the Regional Development Investment Plan. Traditionally, the role of LGUs have been that of list makers and they have had little or no impact on the outcome (i.e., budgets) of planning for national development projects in their area. Using data as available, identify and document how this planning process reflects a more people-centered, bottom-up orientation as a result of LRM: Has NEDA issued clear directives to foster more effective LGU participation in the planning process?

c. Subproject system. The contractor will use the recently-completed "Review of the LRM Subproject Financing System" by Dr. Carino as a major data base for this section.

(1) Up to now, USAID has "purchased" process outputs for subproject funding: poverty group strategies, annual program plans and subproject proposals. Yet, subprojects are one of only two areas of tangible project impact (the other being the Community Projects Fund or CPF). Subproject funds reinforce the re-orientation process by enabling provincial governments to implement their plans. This evaluation will concern itself with the efficiency and effectiveness (distributional effects) of how subproject activities have benefited targeted poverty groups. Describe the extent to which the selection of subprojects improved as provinces matured as LRM participants. Document: a) the relationship of subprojects to poverty analysis and strategy formulation; b) the cost per beneficiary; c) "whether" or "extent to which" subprojects are designed to better take into account local conditions; d) "whether" or "extent to which" subprojects generate more beneficiary group participation; and d) the impact of subprojects, if any, on poverty alleviation; e) are provincial subprojects responsive to the needs of the poor? In what ways?; f) have there been increases in real income among the beneficiaries as a result of sub-projects?; g) determine whether LRM "planning cycles" are effective poverty alleviation and local development strategy.

(2) The project paper argues that "the replicability and sustainability of LRM will depend ultimately upon demonstrating...that the targeted, participatory approaches to planning and investment at the local level are less costly and more effective in achieving development objectives than the current non-targeted, largely non-participatory approaches" (p.20). Document whether and how subprojects have advanced this argument. Assess a) the longer-term impact of recurrent subproject costs, b) the maintenance of infrastructure subprojects and c) the longer-term sustainability of livelihood subprojects.

2. The PVO approach. The contractor should draw on the recently-completed study by Dr. Emma Porio for this section. While "Track I," provincial planning, was conceived to be the central LRM component, the 1987 external evaluation concluded that the "Track III" PVO approach (beneficiary

participation) was the most successful LRM component. According to the Project Paper (p. 13), "the main purpose of this component will be to test the feasibility of integrating bottom-up planning approaches with provincial and regional planning and budgeting systems. Successful approaches can then be incorporated into municipal and provincial subproject planning and implementation systems."

The contractor shall also examine the critical role of PVOs in local development, particularly those which were established out of LRM experiences. Do local PVOs possess the required capabilities to sustain the LRM initiatives? Do PVOs provide cost effective delivery mechanisms for technical assistance at the local levels?

a. The PVO - Local Government Unit (LGU) linkage.

(1) Development literature has long established the flexibility of using PVOs in grassroots beneficiary-participation and poverty-alleviation strategies. PVOs have also been established as effective vehicles in the Philippines for on-lending credit funds. Identify and discuss, LRM's contributions in this area. The PVO - LGU (provincial and municipal) linkage is key to this question: Drawing on well-supported conclusions, document: a) how well the use of PVOs facilitated testing alternatives approaches and integrating the results of that testing in LGU planning and implementation of development activities; b) the extent to which this integration occurred, including the possible effect of using nationally-based PVOs; c) how it strengthened the LGU role in local development, improved the quality of local development projects and increased the responsiveness of LGUs to local development needs; and d) how specific PVO approaches were integrated into provincial subproject planning and implementation.

(2) Define how the PVO approach has influenced a) a new or improved provincial impact delivery system and b) other regional/provincial/line agency activities. In the original seven provinces, draw conclusions on the success of LRM, including its determinants, in creating and sustaining PVO/LGU linkages. Draw lessons regarding implementation in this area which may need greater attention for longer-term sustainability and impact.

(3) Describe a) the role of PVOs in strengthening the Provincial and Municipal Development Councils and b) extent to which these councils perform more effectively as a result. Can this strengthening role be replicated and what lessons can be drawn for supporting local autonomy?

b. The Community Project Fund (CPF). The CPF (the second and final area of tangible project impact) is a grant fund which supports the organizing efforts of the PVOs. PVOs initially administer the fund from which loans are made to beneficiary groups. When the PVO phases out, the fund is turned over to a local PVO or foundation in agreement with the concerned province.

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(1) Identify and document the extent to which the CPF effort has a) resulted in beneficiary-initiated activities which improve the well-being of rural people, b) supported the current GOP thrusts on rural economic recovery, decentralization and a "pro-poor" approach and c) fostered a partnership whereby LGUs define the agenda, provide the direction and resources and the PVOs define the methodologies and practical tools for intervention. Document lessons learned from the overall CPF experience and make recommendations, as appropriate, for its continuing role and replication as it may apply to other GOP local development initiatives: a) are PVOs effective vehicles for channeling credit funds?; b) were funds loaned at prevailing commercial rates?; c) is the CPF an effective mechanism for human capital formation?; d) what factors contributed to or detracted from the CPF "success" (however defined)?; e) how was the provincial poverty strategy used to guide CPF decisions?; f) have the CPF projects increased the real income of poverty groups? How much? g) are CPF projects responsive to the needs of poverty groups? Why?; h) are CPF projects being implemented by beneficiary groups viable? sustainable?; i) are CPF projects cost-effective? How much per beneficiary?.

(2) Assess how local LRM actors (provincial and sub-provincial) view prospects for sustaining CPF progress and momentum in the post-LRM period. How do the locally-created beneficiary groups view their role and support post LRM? The main issue in group formation is that the group has to recognize not only the need and the benefits to be obtained from forming a group, but in maintaining it as well. Do more mature beneficiary groups a) have more of a say in their own destiny, b) avail more of government services, and c) become involved in more facets of local development? Where nationally-based PVO assistance has already phased out, how self-reliant are local beneficiary groups?

(3) Identify and document the extent to which provincial governments have utilized their own resources to implement CPF-type activities. If this is not happening, why? How have provincial governments abstracted from/absorbed the various community organizing approaches into their own service delivery systems?

3. LRM present and future. LRM Phase II began in 1988 with the purpose of improving the capability of local organizations to plan and implement activities that address the needs of the rural poor. Phase II will "focus on the replication of tested local development approaches that emphasize poverty group-focused planning whereby the rural poor actively participate in the local governments' planning processes" (PP Supplement p. 6). At the same time, seven years into project implementation, LRM has entered into its final stage of implementation: USAID's support to the project will end in August, 1991. The contractor will need to consolidate findings and recognize that the next generation of support for the LRM concept, as appropriate, will come from the GOP. Will NEDA consider continuing LRM as a regular GOP activity/program?

a. Replication of tested local development approaches.

(1) Identify and describe in detail, according to the technical assistance contracts that have been signed for Phase II implementation, what tested local development approaches LRM is replicating. What "Phase I" provinces accomplished over a lengthy five-year gestation period from 1982-87, Phase II provinces will have to accomplish in, for the most part, less than, eighteen months. How has LRM Phase I set the stage for this significant implementation shift?

(2) At the provincial level, first-level poverty analysis using secondary data is supposed to be conducted to prioritize the groups for target assistance. To what extent is this happening? To what extent is: a) a more simplified analysis of the poverty situation providing a basis for the provincial strategy formulation and b) there evidence that beneficiary participation and municipal program planning is being integrated with the provincial strategy formulation and investment programming process?

b. LRM phase out.

(1) Describe in well-documented detail what features of project implementation are explicitly aimed at enhancing the post-completion sustainability and replicability of LRM objectives. How have provinces been prepared to eventually graduate from LRM assistance? How do provinces view the post-LRM support role of the NEDA Regional Offices? Using this analysis as background, suggest a set of institutional and impact indicators for measuring what foundation the project can hope to leave in place by August, 1991. Include well-defined milestones for tracking implementation progress and project performance against these indicators.

c. The future.

(1) This significant but admittedly complex section will critically examine whether the LRM model, as the contractor chooses to define it, can be viewed as a broader resource to help the GOP achieve some of its decentralization and rural economic recovery goals. Looking toward the future, it should distill from and synthesize information from all preceding sections. Document lessons learned from the LRM experience that contribute to broad policy recommendations dealing with short- or long-term poverty and decentralization issues. In its bottom-up, people-centered planning focus, what have we learned about poverty implications and local development strategies for decentralization? What is the longer-term contribution of the CPF and subprojects (the two mechanisms of tangible project impact) to future local development strategies in the Philippines? Successful beneficiary group development should have a major role to play in both sustaining local development as well as reducing costs to government, which is less well equipped to play such a role permanently. Present as much conclusive evidence as possible/appropriate to show whether LRM is an effective model to deal with poverty dynamics in the Philippines.

IV. Briefing and Reports.

A. Briefing. In addition to informal discussions with USAID and NEDA contacts during the contract period, the contractor will brief the LRM Project Committee at the mid-point of the evaluation on efforts and findings to date to seek any mid-way changes in the evaluation approach or methodology. The contractor will be responsible for holding or conducting an exit debriefing at USAID and NEDA, summarizing the relevant findings and conclusions of the evaluation.

B. Reports. Within one week of the start of the evaluation, the Evaluation team will submit the evaluation framework for approval by NEDA-PMO and USAID. In addition the contractor will submit the following reports:

1) Draft report: This will be submitted not later than 20 calendar days after the start of the study and will be circulated for comments among concerned GOP and USAID officials.

2) Final report: Four copies of the final report will be submitted to USAID not later than five calendar days upon receipt of comments from the draft report. Copies will be distributed to the appropriate GOP and USAID officials and will form part of the permanent project records.

The above reports will follow guidelines found in Chapter 12 of, Handbook 3 and the AID Evaluation Handbook. The final report will not exceed 50 typed, single-spaced pages, excluding any appendices, and will follow the following outline:

- o table of contents
- o executive summary .
- o project identification data sheet
- o body of the report
- o appendices

The executive summary states the development objectives of LRM, purpose of the evaluation; study methodology; findings, conclusions and recommendations; and lessons learned about the design and implementation of this kind of development effort. The body of the report will include a discussion of:

- o the project background and goals (brief summary);
- o the purpose and key questions of the evaluation;
- o the project's changing economic, political and social context;
- o study and analytical methodology;
- o evidence and findings in response to Section III;
- o conclusions;
- o actionable recommendations based on the conclusions;
- o lessons learned of broader application to USAID/Manila and GOP programs.

The contractor is also responsible for preparing the Project Evaluation Summary (PES). Appendices should include a copy of the evaluation scope of work, the project logical framework (Phases I and II), a list of documents consulted and individuals/agencies contacted, the study methodology and relevant technical topics as appropriate.

V. Technical Direction.

A. The LRM Project Officer, or her designee, and the LRM Project Committee will provide the necessary technical direction for this contract. The contractor will be responsible for providing all administrative requirements of the evaluation and will submit all required outputs in accordance with the schedule described in Section VI below.

VI. Contracting schedule.

<u>Events</u>	<u>Dates</u>
Issuance of PIO/T	March 19, 1990
commence informal solicitation (or CBD?)	March 26, 1990
submission of bids to USAID	April 16, 1990
selection of contractor	April 19, 1990
signing of contract	April 23, 1990
submission of evaluation framework	April 24, 1990
mid-way debriefing	May 18, 1990
submission of draft evaluation report	May 21, 1990
submission of final evaluation report	May 28, 1990
exit debriefing	May 31, 1990

VII. Team composition. The evaluation will be carried out by a team of five experts consisting of two (2) U.S. and three (3) Filipino experts. The Institutional Development Specialist will function as the team leader.

A. Team Leader/Institutional Development Specialist.

(1) The primary responsibility of the team leader will be to coordinate and manage the evaluation and provide technical expertise in the area of institutional development and management. The team leader will have primary responsibility for ensuring the direction, timely preparation and submission of the evaluation framework and the draft and final reports. The team leader will participate fully in the evaluation and will provide key inputs on the institutional development issues being assessed.

(2) The team leader/institutional development specialist is a senior consultant position and the incumbent must have a Ph.D. or equivalent experience in a field of study related to institutional development, including a minimum of eight years experience in project management and analytical work in a developing country setting. The incumbent ideally will have had previous team leader experience, previous experience in the Philippines and knowledge of USAID's procedures and project evaluation.

B. Decentralization Specialist.

(1) The decentralization specialist will be responsible to the team leader and will focus primarily on examining the local government capacity building objectives of LRM. The incumbent will identify and analyze the LRM decentralization processes and practices for planning and implementation.

(2) The decentralization specialist will have formal training at least a Bachelor's degree in public administration or political/social sciences. The incumbent should have broad "hands on" (as opposed to theoretical) knowledge of decentralization in a developing country setting. The specialist should have a minimum of four years' experience working in the field, preferably including work in the Philippines. Experience in performing evaluations is also necessary.

C. Rural Development Specialist.

(1) The rural development specialist will be responsible to the team leader and will focus on documenting how LRM has improved the welfare of the rural poor. The incumbent will have primary responsibility for assessing the sustainable and replicable effect of the CPF and subprojects (the two areas of tangible project impact) on improving rural economic growth and incomes.

(2) The rural development specialist will have formal training at least a Bachelor's degree in agriculture, development economics or other social science field. The specialist will have a minimum of four years experience working in the field, preferably including work in the Philippines. Experience in performing evaluations is also required.

D. Planning Specialist.

(1) The planning specialist will be responsible to the team leader and will focus primarily on identifying and documenting the success of LRM in institutionalizing a bottom-up, people-centered planning process. Working closely with the decentralization specialist, the planning specialist will be responsible for documenting the effect of the poverty analysis as a basis for planning and strategy-based project identification at the provincial and sub-provincial levels.

(2) The planning specialist will have formal training at least a Bachelor's degree in regional planning, rural development or public administration. The specialist will have a minimum of four years experience working in the field, preferably including work in the Philippines and in performing evaluations.

E. PVO Specialist.

(1) The PVO specialist will be responsible to the team leader and will be primarily concerned with the PVO related aspects of LRM. The incumbent will identify and document the successful institutionalization and replication of tested PVO local development approaches. Apart from traditional PVO community organization and poverty alleviation, the specialist will identify the unique contributions of LRM in this area.

(2) The PVO specialist will have formal training at least a Bachelors' degree in development administration or a related social science field. The specialist will have a minimum of four years' experience working with PVOs in the field, preferably including work in the Philippines and in performing evaluations.

VIII. Funding

Project grant funds of \$99,066 will be used for this evaluation activity chargeable against the evaluation/audit element of the project. (Please refer to Attachment B for the breakdown of budget estimate).

WP8937R

APPENDIX B

PROJECT-LOGICAL FRAMEWORKS: PHASES I AND II

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<u>Goal (multi-phase program)</u>	<u>Measures of Goal Achievement</u>		<u>Purpose to Goal Assumptions</u>
<p>To replicate and institutionalize within the CDSS regions innovative approaches to local development which promote greater self-reliance, productive employment, and real incomes among disadvantaged residents in rural areas.</p>	<ol style="list-style-type: none"> 1. Provincial governments are increasingly determining and independently acting upon local priorities as measured by: <ol style="list-style-type: none"> a) A stream of locally initiated projects that support and promote self-help development among defined target groups; b) The exercise of greater discretion by provincial governments over the use of nationally allocated budgetary resources (e.g. BIR allotment) for local development activities; c) Increasing local government contributions to development activities, including creating a healthy economic environment for private sector involvement in this process; and d) Increasing mobilization of community resources. 2. Provincial and regional plans and project designs reflect a targeted focus evolving from LRM and these concepts are influencing planning guidance to other regions. 3. Local resource institutions incorporating LRM lessons including a targeted focus in their curricula 	<p>Review of provincial and municipal project portfolios and the evaluation of their impact on intended beneficiaries.</p> <p>Review of local development expenditures and guidelines.</p> <p>Review of local government contributions to local development.</p> <p>Review of community contribution to self-help development activities.</p> <p>Review of plans, project designs, and planning guidance.</p> <p>Review of curricula and training programs.</p>	<ol style="list-style-type: none"> 1. GOP will make necessary adjustments in existing systems and procedures to incorporate LRM lessons. 2. Provinces and RDC's will sustain commitment to targeted development. 3. The MOB will honor its commitment to devolve authority to regions for allocating development resources. 4. The GOP will continue its policies and activities aimed at putting into effect regional development planning, budgeting, and line agency operations. 5. The GOP's regionalization drive will allow for increased provincial and municipal participation in development programming decisions and not result simply in centralization at the regional level.

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p><u>Project Purpose (Phase I)</u></p> <p>To identify replicable, targeted approaches to local development in six provinces which can be extended and institutionalized throughout the CDSS regions in subsequent phases.</p>	<p><u>End of Project Status:</u></p> <p>LRM developed systems and approaches prove worth replicating on expanded scale based on evidence that:</p> <ol style="list-style-type: none">1. Track 1 provincial strategy approach is:<ol style="list-style-type: none">a) resulting in identification of subprojects which show clear potential for responding to target group needs;b) appropriate to PDS needs/capacities and fits within the existing regional planning and budget systems;c) encouraging private sector participation in local development;d) reshaping thinking of PDS toward helping specific target groups help themselves.2. Track 2 financial monitoring systems prove a) suitable to provincial/municipal needs, b) appropriate to provincial/municipal financial staff capabilities, and c) useful in identifying actions leading to increased local revenues.3. Track 3 activities prove that closer cooperation between local PVO's, other private sector organizations or representatives, and municipal governments can lead to greater beneficiary participation in local development activities.	<p>Review of RDC approved subproject proposals which have been or are being implemented.</p> <p>Assessment of how useful provincial and NEDA project staffs find systems and approaches that have been developed during Phase I. Also, project reports, evaluations.</p> <p>Same as 1b).</p> <p>Same as 1b).</p>	

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS				
	<p>4. Lessons have been sufficiently documented and management support mechanisms are adequately developed to permit replication of selected approaches and systems, as measured by:</p> <p>a) Training modules incorporating LRM concepts and methods developed and in use; and</p> <p>b) Provinces, NEDA, and local resource institutions working effectively as a support network for LRM expansion.</p>	<p>Project reports and evaluations.</p> <p>Project reports and evaluations.</p>					
<u>Project Outputs</u>	<u>Magnitude of Outputs:</u>	LRM project records and evaluations of responsiveness of strategies to local needs.	<u>Output to Purpose Assumptions:</u>				
1. Targeted strategy approaches developed and tested.	<p>Approved initial provincial strategies: (cumulative)</p> <table border="1"> <tr> <td data-bbox="618 1093 661 1118">FY</td> <td data-bbox="711 1093 755 1152">83 3</td> <td data-bbox="805 1093 849 1152">84 6</td> <td data-bbox="899 1093 943 1152">85 6</td> </tr> </table>	FY	83 3	84 6	85 6	Project records and evaluation of degree of fit between sub-projects, plans, and strategies.	Capacity to implement subprojects will evolve in response to the particular technical needs of the more innovative projects under LRM--and those capacities can be developed through the existing functionally defined programs of GOP, including
FY	83 3	84 6	85 6				
2. Enhanced provincial (PDS) capacities to develop and to obtain funding for sub-projects in support of approved strategies.	<p>a) Approved annual program plans.</p> <p>b) Approved subproject proposals developed by PDS.</p>						

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
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USAID-supported Rainfed - Resources Development and Rural Enterprise Development.

c) Evidence of better provincial technical, social, economic, and environmental feasibility studies submitted to RDC in support of subproject proposals.

Review of progress in preparing better subproject feasibility studies.

d) Key provincial staff oriented and trained in basic LRM approaches: (cumulative)

Project records.

FY	$\frac{83}{24}$	$\frac{84}{40}$	$\frac{85}{40}$
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3. Approaches for encouraging private sector involvement in local development developed and tested.

a) Inventories of private sector firms and organizations, their capacities and interests prepared and tested by provincial governments as means to help define the role of private sector in subproject implementation.

Project records and evaluations.

b) Incentives for stimulating greater private sector participation in local development identified and tested.

Project records and evaluations.

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Provincial monitoring and evaluation systems developed and in use.</p>	<p>a) LRM subprojects are regularly monitored/evaluated.</p> <p>b) Subproject evaluations serve as a basis for implementation adjustments and lessons are incorporated into design of new subprojects.</p>	<p>Project records.</p> <p>Review of subproject implementation reports and evaluation of changes in subproject designs over time.</p>	
<p>Budget systems researched and approaches recommended to increase provincial discretion over budget allocations for local development.</p>	<p>Sets of research findings and recommendations.</p>		
<p>Improved provincial and municipal systems, procedures, and capacities in local financial administration.</p>	<p>a) Multi-year forecasts of revenues/expenditures; monthly monitoring system on revenues/expenditures; financial trend monitoring system as a basis for recommendations on improved financial management systems, policies, and practices.</p> <p>b) Key provincial and municipal staff oriented and trained in forecasting and monitoring of revenues/expenditures.</p> <p>c) More revenues are generated as a percent of "collectibles," and savings are achieved through more cost-effective administration of public enterprises and services at provincial/municipal level.</p>	<p>Provincial and municipal financial reports.</p> <p>LRM project evaluation.</p> <p>Evaluation of training.</p> <p>Review of revenue performance.</p>	<p>More accurate diagnosis of financial strengths and weaknesses will result in effective action.</p>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATOR	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS				
<p>7. Approaches tested for linking private sector activities in beneficiary organization to provincial and municipal development activities related to a selected target group.</p>	<p>Actual activities to be determined by PVO's, other private sector organizations or representatives, and local governments based on needs and potentials of target group selected by province.</p>	<p>PVO reports and LRM evaluation of experience.</p>					
<p><u>Project Inputs</u></p>	<p><u>Implementation Target (Type and Quantity):</u></p>						
<p>1. Technical Assistance</p>	<table border="1"> <thead> <tr> <th data-bbox="701 760 794 784">P/M</th> <th data-bbox="934 760 1028 784">(\$000)</th> </tr> </thead> <tbody> <tr> <td data-bbox="701 789 794 813">770</td> <td data-bbox="934 789 1028 813">2,730</td> </tr> </tbody> </table>	P/M	(\$000)	770	2,730	<p>Signed agreements and contracts.</p>	<p>Policies and procedures for implementing LRM will be established and put into effect in a timely manner.</p>
P/M	(\$000)						
770	2,730						
<p>2. Training</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 854 794 878">250</td> <td data-bbox="963 854 1017 878">140</td> </tr> </tbody> </table>	250	140	<p>Project records.</p>			
250	140						
<p>3. Commodities</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 919 794 943">-</td> <td data-bbox="963 919 1017 943">200</td> </tr> </tbody> </table>	-	200				
-	200						
<p>4. Research</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 984 794 1008">-</td> <td data-bbox="963 984 1017 1008">320</td> </tr> </tbody> </table>	-	320				
-	320						
<p>5. Performance Payments</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 1049 794 1073">-</td> <td data-bbox="934 1049 1017 1073">2,125</td> </tr> </tbody> </table>	-	2,125				
-	2,125						
<p>6. Evaluations</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 1114 794 1138">-</td> <td data-bbox="978 1114 1017 1138">35</td> </tr> </tbody> </table>	-	35				
-	35						
<p>7. Community Projects</p>	<table border="1"> <tbody> <tr> <td data-bbox="701 1179 794 1203">-</td> <td data-bbox="963 1179 1017 1203">450</td> </tr> </tbody> </table>	-	450				
-	450						

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NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																														
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>To promote greater self-reliance, productive employment and real income among the rural poor.</p>	<p>Measures of Goal Achievement: (A-2)</p> <ol style="list-style-type: none"> Improvements in the socio-economic status of target beneficiaries as evidenced by their increase in income and participation in local developmental activities. Local governments are increasingly determining and acting upon local priorities as measured by: <ol style="list-style-type: none"> A stream of locally initiated projects/activities identified and implemented that promote self-help development among beneficiary groups. Increased mobilization of community resources. Increased involvement of the private sector in financing of local development activities. 	<p>(A-3)</p> <p>Inclusion and review of approaches on beneficiary participation to local development.</p> <p>Review of provincial, municipal and barangay/community development plans and the evaluation of their impact. (development, income, etc.) on intended beneficiaries.</p> <p>Review of project reports and evaluation of findings on/beneficiary networks.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <p>GOR will pursue its policy and activities aimed at delegating and devolving authority and development functions and act to subnational levels.</p>																														
<p>Project Purpose: (B-1)</p> <p>To improve the capability of local organizations to plan and implement activities that address the needs of the rural poor.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <p>Refined LRM systems and procedures replicated/institutionalized:</p> <ol style="list-style-type: none"> Adoption by LGUs of the LRM planning process resulting in targeted strategy and subproject development. Program sectors food release integrated into regional planning and budgeting system. Dissemination of project experiences. <p>Establishment of support mechanisms at provincial, municipal and barangay levels to sustain/replicate LRM systems, including:</p> <ol style="list-style-type: none"> Networks for effective collaborative work on projects. Networks supporting wider application of LRM approaches. 	<p>(B-3)</p> <p>Review of BDC and/or PDC/PPC approved subproject proposals, provincial development strategies/plans. Assessment of systems and approaches developed and installed at various implementation levels.</p> <p>Project reports and evaluations.</p> <p>Review of source books and proceedings of completed symposia/conferences on technology transfer/policy reform.</p> <p>Project records and evaluation reports.</p>	<p>Assumptions for achieving purpose: (B-4)</p> <ol style="list-style-type: none"> GOR will make necessary adjustments in their system and procedures to incorporate LRM lessons and work towards decentralized project operations. BDCs, provinces, and municipalities will remain their committed to the LRM concepts and philosophies. GOR decentralization policies will support and pursue its strengthening of development coordinating and planning bodies at the subnational levels. 																														
<p>Project Outputs: (C-1)</p> <ol style="list-style-type: none"> Improved socio-economic status of poor beneficiaries. Refined systems and procedures to local development. Enhanced capacities of LGUs and private institutions to operationalize participatory LRM planning process. Monitoring and evaluation system developed and in use at various implementation levels. Livelihood and other projects. 	<p>Magnitude of outputs: (C-2)</p> <p>Approximately 122,700 individuals or 21,000 households in 14 provinces, 5 regions and 49 municipalities:</p> <ul style="list-style-type: none"> LRM planning process fitting into regional and provincial planning and budgeting system. Key staffs of LGUs (provincial and municipal) and local private organizations oriented and trained on basic LRM approaches - 10,000 people. LRM project activities e.g., sub-projects, T.A., research, training, etc. are regularly monitored and evaluated. 	<p>(C-3)</p> <p>Review of project reports and impact evaluation.</p> <p>Review of "source books" and guidelines on the operationalization of the LRM planning process.</p> <p>Project records and evaluation of degree of fit between subprojects, plans and strategies developed by LGUs.</p> <p>Project reports.</p>	<p>Assumptions for achieving outputs: (C-4)</p> <p>Continuing diagnosis of the strengths and weaknesses and use of LRM approaches to local development will help improve the replication and institutionalization probabilities.</p> <p>Capacity to implement local development activities with the capability to access resources from line agencies and other financing donors.</p> <p>Revised systems and operating procedures necessary for the implementation of LRM Phase II will be established and put effect in a timely manner.</p>																														
<p>Project Inputs: (D-1)</p> <table border="1" data-bbox="196 1128 546 1347"> <thead> <tr> <th></th> <th>All (1980)</th> <th>GOR</th> </tr> </thead> <tbody> <tr> <td>Tech. Assistance</td> <td>650</td> <td>900</td> </tr> <tr> <td>Admin. Financing</td> <td>300</td> <td></td> </tr> <tr> <td>Cap</td> <td>1,117</td> <td></td> </tr> <tr> <td>Research</td> <td>270</td> <td></td> </tr> <tr> <td>Training</td> <td>313</td> <td></td> </tr> <tr> <td>Evaluation/Audit</td> <td>100</td> <td></td> </tr> <tr> <td>Commodities</td> <td>300</td> <td></td> </tr> <tr> <td>Proj. Operations</td> <td>0</td> <td>1,310</td> </tr> <tr> <td>Contingencies</td> <td>7,311</td> <td>7,311</td> </tr> </tbody> </table>		All (1980)	GOR	Tech. Assistance	650	900	Admin. Financing	300		Cap	1,117		Research	270		Training	313		Evaluation/Audit	100		Commodities	300		Proj. Operations	0	1,310	Contingencies	7,311	7,311	<p>Implementation Target (Type and Quantity) (D-2)</p>	<p>(D-3)</p> <p>Signed Agreements and Contracts.</p> <p>Financial Reports.</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>GOR continues to provide counterpart funds and staff.</p>
	All (1980)	GOR																															
Tech. Assistance	650	900																															
Admin. Financing	300																																
Cap	1,117																																
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APPENDIX C

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APPENDIX D

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APPENDIX E

EVALUATION METHODOLOGY

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EVALUATION METHODOLOGY

The Local Resource Management Project [LRM, #492-0358] presents the evaluator with a daunting task. It was prescient, anticipating a national movement toward increased local autonomy and authority at a time when, for all its rhetoric, the government was highly centralized. Originally approved in 1982, the project was evaluated in 1987 and redesigned in 1988. In this process various elements were expanded or eliminated, geographic foci were altered, beneficiaries redefined, and the project reintegrated. It thus represents a shifting object of study in a political and national milieu which also underwent traumatic changes. The revised project is now due to end in August 1991.

The scope-of-work for this project is both extensive and highly detailed. It calls for an impact evaluation--an examination of the effects of the project on its intended beneficiaries. It is also concerned with effective decentralization, the replicability of the process of local resource management, and its sustainability. Although this evaluation team is charged with concentrating on impact, process issues could not be avoided, as the instructions to the team indicated.

The project evaluation is further complicated by the participation, also redefined in 1988, of the NEDA centrally and its regional offices, together with local government at the provincial, municipal, and barangay levels. Critical to the evaluation and the effect of the project is the involvement by selected Philippine voluntary organizations [PVOs], to which prominence has been shifted in the revised project. These organizations are variously national and regional.

Fundamental to this evaluation is the changed milieu in the Philippines toward local autonomy and authority as a result of the EDSA revolution of 1986. Constitutional provisions and government reorganization have positively affected the atmosphere in which this project operated. This change in the political economy, although meeting resistance from various vested political and economic interests, has provided an added fillip and saliency to the project's objectives.

The team also notes the long history of USAID efforts to strengthen local administration, a process that it has supported for some thirty years through various project formats. This project in part draws on that experience [including such earlier projects such as PDAP], and the team has examined this project in the light of such past support.

This impact evaluation is severely restricted by time constraints, which limit possible sampling procedures, site visits, and consultations. Although there is voluminous documentation on selected aspects of the project, it is scattered and often not accessible given the time available for its recovery, and some of it still awaiting analysis. Primary research by outside consultants on beneficiary impact was only partly complete as this team began its work. Although this is an impact evaluation, the team cannot personally conduct any measurement of such impact, although field work has provided insight into individual barangays and subprojects, and allowed us to assess the degree to which some of the efforts assisted the poor. It also allowed us validation of some of the conclusions of others.

Although the scope-of-work was comprehensive in those elements of the project it covered and provided a useful guide to the team, it did not include the second element from the original 1982 project, real property tax administration, that had become a separate entity. The team believes that this was an proper omission, as its integration into the project from the outset was intellectually appropriate but administratively unwieldy and confusing in some quarters. The issue of training [including technical assistance and certain types of research], however, had been omitted from the team's instructions. The team concluded that the inclusion of this element was critical to the evaluation, and thus incorporated it throughout the report. The team could usefully have employed the services of a locally available consultant on credit systems. This element of the project has never before been assessed, and the team quickly came to the conclusion in its field work that such a person would have been an important addition to the effort. An appendix on this subject explores many of the issues related to this subject.

The scope-of-work notes the "central focus of this external evaluation" [page C-2] as the question, "What, then, has been the demonstrable contribution of LRM to solving the problems of rural poverty and providing choices for the poor to help themselves?" That document continues that this evaluation is to access and document thoroughly "the extent to which LRM strengthens, in support of decentralization, the capabilities of local government units (provincial and municipal) to plan and implement local development activities, and the extent to which this effort has resulted in the improved well-being of poverty groups." It is "concerned about the measurable effects of institutional development and the LRM processes on the ultimate beneficiaries of the project--the rural poor." It mandates concentration on decentralization issues [including reorientation of provinces, people-centered planning, and subproject systems]; the PVO approach [including links to local government and the Community Project Fund]; and future issues.

Conceptually, the team considered that there were three essential components to this evaluation. They were:

* The socio-economic impact on the beneficiaries, however defined.

* The institutionalization [thus sustainability and replicability] of the newly developed local capacity, including those of government and voluntary and civic groups, to manage increased resources and improved responsiveness to local needs.

* The lessons from this complex set of processes for other continuing or new decentralization efforts.

The institutionalization of capacity in local government was strengthened through the inclusion of large scale training and technical assistance efforts [some 15,000 individuals, according to project documentation] at the regional, provincial, municipal, and barangay levels. The socio-economic improvement in beneficiary lives [some 172,200 people in 20,000 families over four years, according to the Project Paper Supplement] was to be provided through two streams of assistance:

[1] the Special Project Fund, managed by the NEDA and provincial governments, a grant account essentially used for local infrastructure; and

[2] the Community Project Fund, managed by national Philippine voluntary organizations, which in turn established or helped local groups to which it loaned funds for income-generating projects.

Within this conceptual framework and, given the importance of the operational organizations, the team believed the report should concentrate on the following issues, each of which was to become a discrete element of the report. These were:

1. The socio-economic impact of the subprojects on the lives of the intended beneficiaries.

2. The roles, functions, and efficacy of the PVOs in their mobilization of barangay peoples; the delivery of training and technical assistance at all levels; and monitoring of sub-projects.

3. The institutionalization of the decentralization process and the concept of responsiveness to local needs.

4. Management issues related to central and local governments, and USAID as they related to impact and

institutionalization of project benefits, as well as management of the early, non-PVO, technical assistance.

5. Sustainability and replicability questions considered broadly.

6. Lessons learned from this project that might be applied to other local mobilization or decentralization efforts within the Philippines, more generally to projects in that country, and generically to donor-supported efforts.

7. A separate discussion of credit issues, included as an appendix to the report.

8. Questions associated with the planned phase out of the project on August 31, 1991.

Significantly and necessarily, the project documents exclude consideration of internal Philippine political issues. Yet decentralization increased local resources and responsiveness to local needs, as well as affected the distribution of power both at the center and the periphery, and in the public and private sectors. Any single project, however successful, cannot change the political system, but rather may give the actors different roles and weights, creating both support or resistance to these efforts. The project, thus, is part of a prolonged process and should be viewed as such rather than solely as a discrete and self-contained effort.

After consultations, the evaluation team determined that if impact were to be assessed, then the primary focus in field work had to be on the provinces included in the original project design [1982-1987], where projects had been in operation or approved for some years, rather than the newly approved provinces dating from 1988, where socio-economic impact on purported beneficiaries could not be measured. In the provinces included since 1988, however, the team believed that the efficacy of the process--if not the product--could be considered.

It must be noted, however, that Phase I of the project did not focus on "impact" as an objective; it was concerned with the learning process. Phase II did focus on impact. Even though Phase I was devoted to the learning and experimentation process, the experiment only partly took place, for the PVOs chosen each had a somewhat different approach to organizing the rural poor, and thus the original concept of approaching poverty from an occupational vantagepoint was only partly possible. Yet the evaluation team had to concentrate on Phase I areas to study impact. Thus, the usual goal-purpose-output-input approach was only marginally relevant.

Two field trips were taken. The first, as a unit, was to Iloilo, a newly included province, and Capiz, a province from the original project. After returning to Manila, the team planned to split, both groups going to older sites, one to Albay, the other to Catanduanes, but weather prevented visiting Catanduanes.

In the time available, and after a delay because of a typhoon that restricted travel, the team visited two of the seven provinces from Phase I of the project [Albay, and Capiz, as well as one additional province from Phase II [Iloilo]. It surveyed some eight municipalities, and personally visited some two dozen barangays, in which a wide range of subprojects were discussed and, where possible, viewed. In addition, the team met with the two NEDA regional offices charged with the oversight of the project.

In addition to the restraints provided by time and resources, there are conceptual problems especially inherent in this evaluation. They result from changes in the environment and in project redesign.

The profound changes in the Philippine economy and political system over eight years, and the increased emphasis on local government and autonomy, limit the evaluators from statistically measuring the efficacy of the project results as a whole related to the issue of decentralization, and then assigning causality to the project itself. This, of course, is inherent in a complex project of this sort, but the degree to which this is an issue is more acute here because of the changed political milieu. The team, in cases in which field work was done at the municipal and barangay level, could indeed assign causality to the project.

The project redesign redefines essential elements of the project, and most importantly the beneficiaries. They have shifted from a carefully defined subset of the general poor--fishermen, upland farmers, landless laborers--to the general population, the majority [some 70 percent, according to some sources] of whom are poor. It is not the purpose of this evaluation to determine the intellectual justification of this shift, which reflects general USAID planning documents, but rather to note that it conforms with the changed political realities of the Philippines and that it creates evaluation issues for this team. A list of some differences is appended to this appendix.

This evaluation does not focus on USAID administration and its role in the project over time, except insofar as it deals with USAID's conceptual shifts, which were important and did affect both the speed of implementation and focus of the project. A different type of evaluation might well have dealt with the donor as well as the recipient, and the evaluation team notes Philippine concerns in this regard, especially as NEDA has felt that administrative actions by USAID contributed to the slowdown

of project implementation. Since the Scope of Work was jointly arrived at, these concerns should have been reflected in it. Detailed discussion of these issues is not normally a part of impact evaluations, and the team has included management issues only insofar as they affected impact.

The team wishes to thank local and central officials for their time and support, but especially the people in the barangays, who came in from the fields in the midst of the busy transplanting season to answer our questions.

Project Redesign Differences

[From the Revised Project Paper]

Goal

- 1982: "To replicate and institutionalize...innovative approaches to local development which promote greater self-reliance, productive employment, and real incomes among disadvantaged residents in rural areas."
- 1988: "To promote greater self-reliance, productive employment and real income among the rural poor."

Purpose

- 1982: "To identify replicable targeted approaches to local development in six provinces which can be extended and institutionalized [sic]...in subsequent plans."
- 1988: "To improve the capability of local organizations to plan and implement activities that address the needs of the rural poor."

Project Outputs

- 1982:
1. Targeted strategy approaches developed/tested;
 2. Enhanced provincial capacity to develop and to obtain funding for subprojects in support of approved strategies.
 3. Approach for encouraging private sector involvement in local development developed and tested.
 4. Provincial monitoring and evaluation systems developed and in use.
 5. Approaches tested for linking private sector activities and beneficiary organizations to provincial and municipal development activities related to selected target groups.
- 1988:
1. Improved socio-economic status of poor beneficiaries.
 2. Refined systems and procedures to local development.
 3. Enhanced capacities of LGUs and private institutions to operationalize participatory LRM planning process.
 4. Monitoring and evaluation system developed and in use at various implementation levels.
 5. Livelihood and other projects.

In sum, a major shift from learning to impact, and from the poor targeted by occupation to the generalized rural poor.

APPENDIX F

A.I.D. EVALUATION SUMMARY FORMS

A.I.D. EVALUATION SUMMARY - PART I

1. BEFORE FILLING OUT THIS FORM, READ THE ATTACHED INSTRUCTIONS.
 2. USE LETTER QUALITY TYPE, NOT "DOT MATRIX" TYPE.

IDENTIFICATION DATA

A. Reporting A.I.D. Unit: Mission or AID/W Office (ES# _____)	B. Was Evaluation Scheduled in Current FY Annual Evaluation Plan? Yes <input type="checkbox"/> Slipped <input type="checkbox"/> Ad Hoc <input type="checkbox"/> Evaluation Plan Submission Date: FY ____ Q ____	C. Evaluation Timing Interim <input type="checkbox"/> Final <input type="checkbox"/> Ex Post <input type="checkbox"/> Other <input type="checkbox"/>
---	--	---

D. Activity or Activities Evaluated (List the following information for project(s) or program(s) evaluated; if not applicable, list title and date of the evaluation report.)

Project No.	Project /Program Title	First PROAG or Equivalent (FY)	Most Recent PACD (Mo/Yr)	Planned LOP Cost (000)	Amount Obligated to Date (000)

ACTIONS

E. Action Decisions Approved By Mission or AID/W Office Director

Action(s) Required	Name of Officer Responsible for Action	Date Action to be Completed

(Attach extra sheet if necessary)

APPROVALS

F. Date Of Mission Or AID/W Office Review Of Evaluation: _____ (Month) _____ (Day) _____ (Year)

G. Approvals of Evaluation Summary And Action Decisions:

	Project/Program Officer	Representative of Borrower/Grantee	Evaluation Officer	Mission or AID/W Office Director
Name (Typed)				
Signature				
Date				

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A.I.D. EVALUATION SUMMARY - PART II

SUMMARY

J. Summary of Evaluation Findings, Conclusions and Recommendations (Try not to exceed the three (3) pages provided)
Address the following items:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Purpose of evaluation and methodology used • Purpose of activity(ies) evaluated • Findings and conclusions (relate to questions) | <ul style="list-style-type: none"> • Principal recommendations • Lessons learned |
|--|--|

Mission or Office:	Date This Summary Prepared:	Title And Date Of Full Evaluation Report:
--------------------	-----------------------------	---

The central question posed by this impact evaluation, conducted one year before the project's planned termination in August 1991, was the "demonstrable contribution of the project in solving the problems of rural poverty and providing choices for the poor to help themselves," and its contribution to decentralization and the development of local government. The project was experimental, and was designed as a learning process. It was explicitly a product of the New Directions and the 1983 CDSS. In Phase I (1982-1987), it differentiated poverty by province, town, and village, and occupational group. An external evaluation in 1987, based on a revised CDSS following the Philippine revolution, refocused the beneficiaries on the general rural population, arguing that all were poor. The project, managed by NEDA, used national and then provincial PVDs to train, help organize, and monitor village groups, and sensitize local governments to beneficiary needs. Two project funds were established: one, the Sub-Project Fund (SPF) for grants to local government for beneficiary-related impact projects (mostly small infrastructure), and another--the Community Project Fund (CPF)--for lending to village groups for income generating activities.

This evaluation, through site and visits and documentation review, was focused on Phase I areas, for the expanded Phase II activities were too recent for impact, although they were germane for institutionalization of the process of beneficiary orientation.

Beneficiary Impact: Although there has been positive impact on the intended beneficiaries, it has been less than originally anticipated. The principle beneficiaries have been members of community associations, who have incomes well below the poverty standard in the Philippines. Their community groups, organized with the help of diverse PVDs, are organized around their primary occupations, artisanal fisherman, landless agricultural workers, and tenant, upland farmers. About two-thirds of all members are women, however. The two projects funds have variously benefitted the beneficiaries. The Sub-project Fund (SPF) mostly (71.6 percent) was used for infrastructure, primarily roads and water systems. Although it was originally anticipated that the beneficiaries would help in the selection and design, most were initiated at the provincial level. Some sub-projects were of questionable benefit to the purported beneficiaries; others had a generalized, but unmeasurable, positive impact. There were few employment or technology benefits from this category.

The Community Project Fund (CPF) was used both for individual sub-lending from the group to individuals, and for group enterprises, such as a broom-making factory or deep sea fishing. Although it is too early to draw definitive conclusions, the credit model seems to have made the most impact on individual beneficiaries, some of whom have done well. The organizations are, however, economically fragile because of weather and some management issues, including low repayments of loans. Some have been sustained, however, for four years.

SUMMARY (Continued)

The Role of PVDs: Implementation of the project has been a tripartite relationship between the beneficiaries, the PVDs, and local government. Those PVDs, both national and local, have a demonstrated capacity to work with the rural poor, using their own organizational methodologies. They were important in the training process, and their effectiveness seems to have varied. The CPF approach was necessary to the organizational efforts with the beneficiaries, but the PVDs, although quite sophisticated in some aspects of monitoring, needed improved skills and understanding of the credit process. There is evidence of the institutionalization of the beneficiary roles at the municipal levels.

Institutionalization and Decentralization: The project process was intended to devolve both authority and responsibility, and to match them with the increased capacity of local institutions to identify and administer development interventions appropriate to local needs and conditions. This approach posited that the successful identification of local interventions could only be guaranteed by the involvement of target beneficiaries throughout the process. Whereas earlier USAID efforts had concentrated on institution-building or infrastructural development, the LRM was seen as breaking relatively new ground with its emphasis on poverty alleviation, livelihood activities, provision for popular participation by the targeted poor and the involvement of PVDs in assisting to mobilize the poor for self-help efforts. All of these elements pointed to the need for a local government focus as close as possible to the rice roots of community organization. The choice of the provincial level as primary focus rested on a compromise between the growth of regional institutional power and the paucity of institutional resources at the municipal level. Recognizing the increased capacity and institutional complexity at the regional level and the weakness of those municipal actors who were in the best position to recognize and respond to the needs of the rural poor, the choice of the province for emphasis was also seen as a means of intermediating between those levels. There is considerable variation in knowledge of and involvement in the project on the part of municipal actors. Provincial involvement in all aspects of the LRM is substantial and has been increased under the Phase II redesign. Not only is the province responsible for organizing and overseeing municipal programs, but it now plays a role in determining its own technical assistance and research needs. Provincial institutions are primary in all of the formative steps in the LRM process.

Management: Project management was located in an office in NEDA, which had responsibility for budgeting, contracting, evaluating subprojects, and providing intellectual guidance, coordination, lateral communications among the regions. Provincial governments were responsible for sub-project proposals and implementation. The project management broke down at the local government level with consequent slow release of funds and slow implementation of sub-projects. These events were greatly exacerbated by the political upheavals during most of the life of the project. The choice of NEDA as project manager had implications for its capacity to influence local governments, over which it had no supervisory role.

Sustainability, Replicability, and Phase Out: Political events in the Philippines have pushed the essential components of this innovative but flawed project to policy center. Decentralization is now constitutionally mandated. The focus of government is on the poor. PVDs are central to government policies. Sustainability of project concepts (not the project or its elements) has become policy. Sustainability is, separately, a matter of relationships and processes, institutions, and benefits in manners not always integrated. The foci on the poor, the PVDs, and decentralization are sustainable, but the effectiveness of the relationships and the delivery of benefits depends on continuous training and financial flexibility. Project elements are currently being replicated by local governments and foreign donors, but dangers exist wherein the now vibrant political process may become paramount in the motivation.

The project has developed processes that deserve continuation. These include the poverty-centered focus use of PVOs, the training process, reorientation of government toward concern for the poor, and the legacy of community self-help. The evaluation notes that although the USAID strategy has changed, as has its beneficiary analysis, the concepts behind this project are now more accepted and more germane to Philippine policies than when it was conceived. The evaluation suggests that USAID find a means to ensure that they continue, perhaps through a "cooperative agreement" with a PVO.

Lessons Learned: These include the following:

- * PVOs, because of different organizational approaches, should be so differentiated and carefully selected for the tasks needed.
- * The capacity to re-borrow may be an important incentive to repay loans.
- * Assumptions about interdepartmental coordination in project implementation should be questioned.
- * PVO financing may be an effective counterpoise when the public sector is too fiscally rigid.
- * Long lead times are required for projects involving local organizing.
- * The reasons for people forming community groups may be different from those sustaining them.
- * Rural credit systems need much more attention at all levels.
- * Refresher training for projects involving new skills and relationships is required given normal attrition and personnel turnover.
- * Reporting, monitoring, evaluation, and other management information systems should be addressed early in project formulation.
- * At the first sign of implementation problems, management reviews should be carefully considered in project design.
- * Capability building must be a continuous endeavor.

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ATTACHMENTS

K. Attachments (List attachments submitted with this Evaluation Summary; always attach copy of full evaluation report, even if one was submitted earlier; attach studies, surveys, etc., from "on-going" evaluation, if relevant to the evaluation report.)

COMMENTS

L. Comments By Mission, AID/W Office and Borrower/Grantee On Full Report

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**INSTRUCTIONS FOR COMPLETING AND SUBMITTING
"A.I.D. EVALUATION SUMMARY"**

This form has two parts. Part I contains information to support future A.I.D. management action, and to process the evaluation into A.I.D.'s automated "memory". Part II is a self-contained summary of key elements of the full evaluation report; it can be distributed separately to interested A.I.D. staff.

WHAT WILL THIS FORM BE USED FOR?

- Record of the decisions reached by responsible officials, so that the principals involved in the activity or activities evaluated are clear about their subsequent responsibilities, and so that headquarters are aware of anticipated actions by the reporting unit.
- Notification that an evaluation has been completed, either as planned in the current Annual Evaluation Plan or for *ad hoc* reasons.
- Summary of findings at the time of the evaluation, for use in answering queries and for directing interested readers to the full evaluation report.
- Suggestions about lessons learned for use in planning and reviewing other activities of a similar nature. This form as well as the full evaluation report are processed by PPC/CDIE into A.I.D.'s automated "memory" for later access by planners and managers.

WHEN SHOULD THE FORM BE COMPLETED AND SUBMITTED? After the Mission or A.I.D./W office review of the evaluation, and after the full report has been put into a final draft (i.e., all pertinent comments included). The A.I.D. officer responsible for the evaluation should complete this form. Part of this task may be assigned to others (e.g., the evaluation team can be required to complete the Abstract and the Summary of Findings, Conclusions, and Recommendations). The individual designated as the Mission or A.I.D./W evaluation officer is responsible for ensuring that the form is completed and submitted in a timely fashion.

WHERE SHOULD THE FORM BE SENT? A copy of the form and attachment(s) should be sent to each of the following three places in A.I.D./Washington:

- The respective Bureau Evaluation Office
- PPC/CDIE/DI/Acquisitions, Room 209 SA-18 (Note: If word processor was used to type form, please attach floppy disk, labelled to indicate whether WANG PC, WANG OIS or other disk format.)
- SER/MO/CPM, Room B930 NS (please attach A.I.D. Form 5-18 or a 2-way memo and request duplication and standard distribution of 10 copies).

HOW TO ORDER ADDITIONAL COPIES OF THIS FORM: Copies of this form can be obtained by sending a "Supplies/Equipment/Services Requisition" (A.I.D. 5-7) to SER/MO/RM, Room 1264 SA-14 in A.I.D./Washington. Indicate the title and number of this form ("A.I.D. Evaluation Summary", A.I.D. 1330-5) and the quantity needed.

PART I (Facesheet and Page 2)

A. REPORTING A.I.D. UNIT: Identify the Mission or A.I.D./W office that initiated the evaluation (e.g., U.S.A.I.D./Senegal, S&T/H). Missions and offices which maintain a serial numbering system for their evaluation reports can use the next line for that purpose (e.g., ES# 87/5).

B. WAS EVALUATION SCHEDULED IN CURRENT FY ANNUAL EVALUATION PLAN? If this form is being submitted close to the date indicated in the current FY Annual Evaluation Plan (or if the final draft of the full evaluation report was submitted close to that date), check "yes". If it is being submitted late or as carried over from a previous year's plan, check "slipped". In either case, indicate on the next line the FY and Quarter in which the evaluation was initially planned. If it is not included in this year's or last year's plan, check "ad hoc".

C. EVALUATION TIMING: If this is an evaluation of a single project or program, check the box most applicable to the timing of the evaluation relative to the anticipated life of the project or program. If this is the last evaluation expected to inform a decision about a subsequently phased or follow-on project, check "final", *even though the project may have a year or more to run before its PACD*. If this is an evaluation of more than a single project or program, check "other".

D. ACTIVITY OR ACTIVITIES EVALUATED: For an evaluation covering more than four projects or programs, only list the title and date of the full evaluation report.

E. ACTION DECISIONS APPROVED BY MISSION OR A.I.D./W OFFICE DIRECTOR: What is the Mission or office going to do based on the findings, conclusions, and recommendations of the evaluation; when are they going to do it; and who will be responsible for the actions required? List *in order of priority or importance* the key actions or decisions to be taken, unresolved issues and any items requiring further study. Identify as appropriate A.I.D. actions, borrower/grantee actions, and actions requiring joint efforts. Indicate any actions that are preliminary pending further discussion or negotiation with the borrower/grantee.

F. DATE OF MISSION OR A.I.D./W OFFICE REVIEW OF EVALUATION: Date when the internal Mission or office review was held or completed.

G. APPROVALS OF EVALUATION SUMMARY AND ACTIONS DECISIONS: As appropriate, the ranking representative of the borrower/grantee can sign beside the A.I.D. Project or Program Officer.

H. EVALUATION ABSTRACT: This one-paragraph abstract will be used by PPC/CDIE to enter information about the evaluation into A.I.D.'s automated "memory". It should invite potentially interested readers to the longer summary in Part II and perhaps ultimately to the full evaluation report. It should inform the reader about the following:

- If the evaluated activity or activities have characteristics related to the reader's interests.
- The key findings, conclusions, and lessons.
- An idea of the research methods used and the nature/quality of the data supporting findings.

Previous abstracts have often been deficient in one of two ways:

- Too much information on project design, implementation problems, and current project status discourages readers before they can determine if there are important findings of interest to them.
- A "remote" tone or style prevents readers from getting a real flavor of the activity or activities evaluated; progress or lack of progress; and major reasons as analyzed by the evaluation.

In sequential sentences, the abstract should convey:

- The programming reason behind the evaluation, and its timing (e.g., mid-term, final);
- The purpose and basic characteristics of the activities evaluated;
- A summary statement of the overall achievements or lack thereof to date;
- A picture of the status of the activities as disclosed in the full evaluation report;
- An idea of the research method and types of data sources used by the evaluators;
- The most important findings and conclusions; and key lessons learned.

Avoid the passive tense and vague adjectives. Where appropriate, use hard numbers. (An example of an abstract follows; "bullets" may be used to highlight key points).

EXAMPLE OF AN ABSTRACT

The project aims to help the Government of Zaire (GOZ) establish a self-sustaining primary health care (PHC) system in 50 rural health zones (RHZ). The project is being implemented by the Church of Christ in Zaire and the GOZ's PHC Office. This mid-term evaluation (8/81-4/84) was conducted by a GOZ-USAID/Z team on the basis of a review of project documents (including a 4/84 project activity report), visits to nine RHZ's, and interviews with project personnel. The purpose was to clarify some uncertainties about the initial design and set future priorities for activities. The major findings and conclusions are:

- This well-managed and coordinated project should attain most objectives by its 1986 end.
- Progress has been good in establishing RHZ's, converting dispensaries into health centers, installing latrines (over double the target), and training medical zone chiefs, nurses, and auxiliary health workers. Long-term training has lagged however, and family planning and well construction targets have proven unviable.
- The initial assumption that doctors and nurses can organize and train village health committees seems invalid.
- User fees at health centers are insufficient to cover service costs. A.I.D.'s PRICOR project is currently studying self-financing procedures.
- Because of the project's strategic importance in Zaire's health development, it is strongly recommended to extend it 4-5 years and increase RHZ and health center targets, stressing pharmaceutical/medical supplies development and regional Training for Trainers Centers for nurses, supervisors, and village health workers.

The evaluators noted the following "lessons":

- The training of local leaders should begin as soon as the Project Identification Document is agreed upon.
- An annual national health conference spurs policy dialogue and development of donor sub-projects.
- The project's institution-building nature rather than directly service nature has helped prepare thousands of Zairois to work with others in large health systems.

I. EVALUATION COSTS: Costs of the evaluation are presented in two ways. The first are the cost of the work of the evaluation team per se. If Mission or office staff serve as members of the team, indicate the number of person-days in the third column. The second are the indirect estimated costs incurred by involvement of other Mission/Office and borrower/grantee staff in the broader evaluation process, including time for preparations, logistical support, and reviews.

PART II (Pages 3-6)

J. SUMMARY OF EVALUATION FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS: The following reflects a consensus among A.I.D.'s Bureaus on common elements to be included in a summary of any evaluation. The summary should not exceed the three pages provided. It should be self-contained and avoid "in-house" jargon. Spell out acronyms when first used. Avoid unnecessarily complicated explanations of the activity or activities evaluated, or of the evaluation methodology; the interested reader can find this information in the full evaluation report. Get all the critical facts and findings into the summary since a large proportion of readers will go no further. Cover the following elements, preferably in the order given:

1. Purpose of the activity or activities evaluated. What constraints or opportunities does the loan and/or grant activity address; what is it trying to do about the constraints? Specify the problem, then specify the solution and its relationship, if any, to overall Mission or office strategy. State logframe purpose and goal, if applicable.

2. Purpose of the evaluation and methodology used. Why was the evaluation undertaken? Briefly describe the types and sources of evidence used to assess effectiveness and impact.

3. Findings and conclusion. Discuss major findings and interpretations related to the questions in the Scope of Work. Note any major assumptions about the activity that proved invalid, including policy related factors. Cite progress since any previous evaluation.

4. Principal recommendations for this activity and its offspring (in the Mission country or in the office program). Specify the pertinent conclusions for A.I.D. in design and management of the activity, and for approval/disapproval and fundamental changes in any follow-on activities. *Note any recommendations from a previous evaluation that are still valid but were not acted upon.*

5. Lessons learned (for other activities and for A.I.D. generally). This is an opportunity to give A.I.D. colleagues advice about planning and implementation strategies, i.e., how to tackle a similar development problem, key design factors, factors pertinent to management and to evaluation itself. There may be no clear lessons. Don't stretch the findings by presenting vague generalizations in an effort to suggest broadly applicable lessons. If items 3-4 above are succinctly covered, the reader can derive pertinent lessons. On the other hand, don't hold back clear lessons even when these may seem trite or naive. Address:

-- Project Design Implications. Findings/conclusions about this activity that bear on the design or management of other similar activities and their assumptions.

-- Broad action implications. Elements which suggest action beyond the activity evaluated, and which need to be considered in designing similar activities in other contexts (e.g., policy requirements, factors in the country that were particularly constraining or supportive).

NOTE: The above outline is identical to the outline recommended for the Executive Summary of the full evaluation report. At the discretion of the Mission or Office, the latter can be copied.

K. ATTACHMENTS: Always attach a copy of the full evaluation report. A.I.D. assumes that the bibliography of the full report will include all items considered relevant to the evaluation by the Mission or Office. NOTE: if the Mission or Office has prepared documents that (1) comment in detail on the full report or (2) go into greater detail on matters requiring future A.I.D. action, these can be attached to the A.I.D. Evaluation Summary form or submitted separately via memoranda or cables.

L. COMMENTS BY MISSION, AID/W AND BORROWER/GRANTEE: This section summarizes the comments of the Mission, AID/W Office, and the borrower/grantee on the full evaluation report. It should enable the reader to understand their respective views about the usefulness and quality of the evaluation, and why any recommendations may have been rejected. It can cover the following:

- To what extent does the evaluation meet the demands of the scope of work? Does the evaluation provide answers to the questions posed? Does it surface unforeseen issues of potential interest or concern to the Mission or Office?
- Did the evaluators spend sufficient time in the field to fully understand the activity, its impacts, and the problems encountered in managing the activity?
- Did any of the evaluators show particular biases which staff believe affected the findings? Avoid ad hominem discussions but cite objective evidence such as data overlooked, gaps in interviews, statements suggesting a lack of objectivity, weaknesses in data underlying principle conclusions and recommendations.
- Did the evaluation employ innovative methods which would be applicable and useful in evaluating other projects known to the Mission or Office? Note the development of proxy measures of impact or benefit; efforts to construct baseline data; techniques that were particularly effective in isolating the effects of the activity from other concurrent factors.
- Do the findings and lessons learned that are cited in the report generally concur with the conclusions reached by A.I.D. staff and well-informed host country officials? Do lower priority findings in the evaluation warrant greater emphasis?

APPENDIX G

Project Data and Statistics

Table 1.
SUMMARY OF SUBPROJECTS PROGRESS REPORT
LOCAL RESOURCE MANAGEMENT PROJECT
as of 15 May 1990

CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
C Y 1 9 8 3								
REGION V								
ALBAY								
o San Andres-F. Surtida- San Antonio Road Project	Sto. Domingo > > >					4,200 resi- dents		
o Salvacion Rural Water Works System	Sto. Domingo > >	2,466,000.00 [1]	2,466,000.00	0.00	Mar 22, '84	1,830 resi- dents	completed	
REGION VI								
ANTIQUE								
o Sabang West/Guija Water Supply System	Bugason	372,965.00	- ₱	- ₱	₱ June '85	23 households	on-going	reprogrammed from Guija Pukol
o Sabang West (Gill Net) Project	Bugason	179,500.00	- ₱	- ₱	₱ June '85	21 households	on-going	
o Tibiao Bangus Fry Catching Project	Tibiao	166,120.00	- ₱	- ₱	₱ Feb '84	275 fry catchers		stopped operations in 1987

*No disbursement report submitted as of April 1990.
 [1]No breakdown of project cost/disbursement as per completion report

No. of Subprojects = 5

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Lupa-an Potable Water Supply	Lupa-an	162,000.00	162,000.00	0.00	Apr 01, '84	97 households	completed	P 899.90 undisbursed amount to be used for maintenance
o Lupa-an, Lupa-an Road Project	Lupa-an	774,000.00	768,246.84	5,753.16	Dec 10, '84	911 house- holds	completed	P 1,253.16 undis- bursed amount to be used for maintenance
o Igdalaquit Villa- font Cabladan Road Project	Sibalon	1,219,000.00	1,164,319.50	52,680.50	Sept '84	355 house- holds	completed	savings of P38,450.00 to be used for main- tenance
REGION VIII								
SOUTHERN LEYTE								
o Coconut-Based Cropping Pattern	Tomas Oppus/ Padre Burgos	525,763.00	491,274.45	34,488.55	Jan '84	112 farmers	completed	
o Abaca-Based Cropping Pattern	Tomas Oppus/ Padre Burgos	513,928.00	397,045.71	116,882.29	Apr '84	86 farmers	completed	
o Ramblox-Based Cropping Pattern	Padre Burgos	310,528.00	263,219.26	47,308.74	May '84	48 farmers	completed	
o Carabao Dispersal Project	Tomas Oppus	239,876.00	227,833.75	12,042.25	Feb 14, '84	70 farmers	completed	

No. of Subprojects = 7

1/25

CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o San Juan-Laca Road Project	Padre Burgos	757,296.00	724,071.91	33,224.09	Feb '84	-	completed	
C Y 1 9 8 4								

REGION V								

ALBAY								
o Salvacion-Bubatan Road Improvement Project	Sto. Domingo	1,201,741.00	1,201,741.00	0.00	Oct '86	2,730 resi- dents	completed	
o Alinsog Level II Water System	Sto. Domingo	58,000.00 [2]	-	-	Feb '86		completed	no official completion report submitted
o Pili-Iraya Level II Water System	Sto. Domingo	397,427.00	-	-		96 households	pipeline	implemmentation pending submission of P23,845.00 L C
CATANDUANES								

- Integrated Abaca Rehab Diversification Project								
o Abaca Rehab & Intensi- fication Project	Caranoran	246,000.00	222,910.98	23,089.02	Nov '85	138 residents	completed	

[2]Subproject financed by the province

No. of Subprojects = 5

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Iyao-Obi Brgy. Road Upgrading	Caranoran	177,200.00	87,371.16	91,828.84	Mar '86	151 house- holds	completed	
o Bulalacao-Hitona Level II Water System	Caranoran	645,000.00	539,764.94	105,235.06	Mar '86	145 house- holds	completed	
REGION VI								
ANTIQUE								
o Iaparayan Potable Water Supply	Sibalon	52,725.00	49,566.39	3,158.61	Oct 15 '86	78 house- holds	completed	savings of 178.61 to be used for mainte- nance of subproject
o Pandan Bangus Fry Catching	Pandan	267,820.00	-	-	-	472 house- holds	-	stopped operations in 1987
o Bugasong Bangus Fry Catching	Bugasong	239,591.00	70,856.00	168,735.00	-	153 fry gatherers	-	Savings of 168,735.00 reprogrammed to Sa- bang West Water Supply (stopped operations in 1987)
o Malabar Alegre Road Upgrading	Tibiao	405,670.85	101,092.03 [3]	304,578.82	Sept 04, '89	462 residents	on-going	funds reprogrammed from Tibiao Dogfish Catching and Liver

*No disbursement report submitted as of April 1990

[3] Figures based on Project Progress Report for the month of November 1989

No. of Subprojects = 6

1991

CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Manilaobo Pangalagaan Tono-an Road	Bugasonq	3,286,717.00 [4]	-	-	Sept 04, '89	880 house- holds	on-going	
o ERJ-AUDF-LRM Live- lihood	Sibalon	317,220.90	173,533.42 [5]	143,687.48	Sept 23, '88	55 house- holds	on-going	funds reprogrammed from Sibalon Post Harvest
CAPIZ								
o Ferrocement Rainwater Catchment Project	(111 brgys. in the LRM mun. Ivisan, Manbe- sao & Sigua)	1,160,498.00	1,063,405.80 [6]	97,092.20	Feb 22, '88	2,220 fami- lies	on-going	85 units completed 2 units on-going 24 for implementation
REGION VIII								
SD. LEYTE								
o Triana Fishing Subproject	Padre Burgos	489,264.55	479,824.20	9,440.35	Sept 07, '88	-	completed	one for the subpro- jects for 1984 in lien of Rizal Cabas- can Road Subproject
EASTERN SAMAR								
o Malivaliw Fishing Subproject	Salcedo	420,110.00	293,764.00	126,346.00	Jan '86	-	completed	
o Punta Maria Hook and Line Fishing	Borongon	432,723.00	414,971.50	18,651.50	Nov 15, '85	-	completed	

& No disbursement report as of April 1990

[4]Based on region's report as of 30 March 1990

[5]Figures based on Subproject Progress Report as of Oct. 31, 1989

[6]Figures based on Subproject Progress Report as of June 30, 1989

No. of Subprojects = 6

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Appropriate Rice Production Technology	Salcedo	445,211.00	253,818.00	191,393.00	Nov '86	-	completed	
LEYTE								
o Fish Vending and Processing Sub- project	Natalon	43,065.00	20,535.19 [7]	22,529.81	Mar '87	-	completed	no official comple- tion report submitted
o Natalon Multi-Cropping Subproject	Natalon	126,090.20	71,866.34 [8]	54,223.86	Mar '87	-	completed	no official comple- tion report submitted
o Hog Fattening Subproject	Natalon	131,569.20	76,610.65 [9]	54,958.55	Mar '87	-	completed	no official comple- tion report submitted
o Tunga Multi-Cropping Subproject	Tunga	500,829.00	287,757.94	213,071.06	July 26 '86	-	completed	no official comple- tion report submitted
CY 1985								
REGION V								
ALBAY								
o Babatan-Alinsog Road Section	Sto. Domingo	2,814,300.00 [10]	2,814,279.78	20.22	Dec '88	1561 house- holds	on-going	temporarily sus- pended

[7] Figures based on bi-annual report as of May 31, 1988

[8] Figures based on bi-annual report as of May 31, 1988

[9] Figures based on bi-annual report as of May 31, 1988

[10] Project cost and expenditures based on Bicol LRM Subproject Allocation as of
as of 30 March 1990

No. of Subprojects = 6

CT/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
CATANDUANES								
o Batag East Nauwi-Panique- Baraagay Road	Caranoran	160,000.00 [10]	155,049.97	4,950.03	-	-	completed	no completion report submitted
- Hillyland Farming System Project	Caranoran							
o Project Nursery and Seedfarm Main- tenance		175,000.00 [10]	55,567.95	119,432.05	Oct '88	-	on-going	turn-over to bene- ficiaries pending mayor's approval
o Lasa and Fiber Processing Cen- ter Cun-Warehouse	Caranoran	590,000.00 [10]	524,019.36	65,980.64	Apr 1, '89	-	on-going	implementation delay caused by lack of labor materials; 95.19% completed
o Lasa/Fiber Brying Area	Caranoran	60,000.00 [10]	57,598.00	2,402.00	Sept 9, '89	-	completed	

88Based on Subproject Statement of Financial Expenditures as
21 February 1990

[10]Project cost and expenditures based on Bicol LRN Subproject Allocation as of
as of 30 March 1990

848Info based on Analysis of Provincial Subproject Fund by component as of
30 March 1990

No. of Subprojects = 4

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Expansion of Hitona Level II Water System to Ivaloasinan	Caranoran	275,000.00 [10]	42,178.07	232,821.93	June '89	89 house- holds	on-going	152 completed; con- tract suspended because of abandon- ment of project
o Jct. Nat'l Road- Hitona Road Project	Caranoran	93,000.00	62,356.49	30,643.51	Feb 24, '89	168 house- holds	completed	not yet turned over to beneficiaries
o Hitona River Control	Caranoran	300,000.00	292,980.10	7,019.90	May 9, 89	127 house- holds	completed	no official comple- tion report submitted - with crack/defect
o Barangay Cluster Multi-Purpose Service Center	Caranoran	290,000.00	254,021.05	35,978.95	Sept 25, '89	616 house- holds	completed	
o Salvacio-Iyao School of Fisheries Level II Water System	Caranoran	525,000.00	106,203.57	418,796.43	-	148 house- holds	on-going	47.63% completed
REGION VI								
CAPIZ								
o Low-cost Housing Project	provincewide	3,186,600.00	9,457.00	3,177,143.00	Jan '90	288 house- holds	on-going	

[10] Project cost and expenditures based on Dicol LRM Subproject Allocation
as of 30 March 1990

No. of Subprojects = 6

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
REGION VIII								
SOUTHERN LEYTE								
o Rizal Canansi-Carnaga Road Improvement Project	Tomas Oppus	1,907,827.00 [11]	-	-	Aug 1, '89	-	on-going	
o LRN Training Center Renovation	Padre Burgos	336,093.71	-	-	Aug 7, '89	-	on-going	
EASTERN SAMAR								
o Tacla-on/Sta. Cruz Rice Prod'n	Salcedo	219,117.00 (GOP)	219,117.00	0.00	Aug 24, '89	-	completed	no completion report submitted to date
o Can-abong Rice & Legume Prod'n Technology Subproject	Borongan	105,044.00 (GOP)	-	-	Apr 10, '89	-	on-going	
o Jaguaya Payaw Fishing Subproject	Salcedo	127,966.00 (GOP)	127,966.00	0.00	Aug 24, '89	-	completed	no completion report submitted to date
o Calingatagan Rice Prod'n Technology Subproject	Borongan	103,104.00 (GOP)	-	-	April 10, '89	-	on-going	

o No disbursement submitted as of April 1990
 [11] Includes P374,800 (GOP) charged to CY 1986 project cost

No. of Subprojects = 6

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Malbog Fishing Subproject	Salcedo	128,272.00 (60P)	128,272.00	0.00	Aug 24, '89	-	completed	no official completion report submitted
o Happy Land Village Fishing	Salcedo	162,420.00 (60P)	152,898.40	9,521.60	Apr 10, '89	-	on-going	
o Alog Payaw Fishing Subproject	Salcedo	125,686.00 (60P)	125,686.00	0.00	Aug 24, '89	-	completed	no official completion report submitted
o Wipa Shingle Prod'n Marketing Subproject		94,380.00 (60P)	-	-	Apr 10, '89	-	on-going	
o Local Trading & Marketing Subproject		100,000.00 (60P)	100,000.00	0.00	May 31, '89	-	completed	no official completion report submitted
o Bugas Hook & Line & Gill Net Fishing	Borongan	116,882.00 (60P)	116,882.00	0.00	Jan '89	-	completed	- do -
o Maybacong Multi-Cropping Technology	Borongan	143,745.00	-	-	Jan '89	-	on-going	
o Barangays 2 & 3 Longline Fishing Subproject	Borongan	119,202.00	-	-	May 23, '89	-	on-going	
o Palara-Libuton Rice Production	Borongan	103,104.00	-	-	Jan '89	-	on-going	

o No disbursement report submitted as of April 1990

No. of Subprojects = 9

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CT/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
LEYTE								
o Nalaeon Water Supply System	Nalaeon	2,312,032.00	-	-	Oct 10 '89	-	on-going	
C Y 1 9 8 6								
REGION V								
ALBAY								
o Bical-Banao Road Section	Sto. Domingo	500,000.00	499,931.63	548.97	July 17, '89	1561 house-holds	completed	
CATANDUANES								
o Rizal Spillway Construction	Baras	160,000.00 [10]	153,123.60	6,876.40	-	-	completed	no completion report submitted
o Benticayan Multi-Purpose Center	Caranoran	300,000.00 [10]	-	300,000.00	-	426 house-holds	pipeline	
o Rizal Drgy. Road Rehab	Caranoran	70,000.00 [10]	63,565.25	6,434.75	-	194 house-holds	pipeline	
REGION VI								
ANTIQUE								
o Maria Water Supply	Lana-an	183,000.00	-	183,000.00	-	194 house-holds	pipeline	

*No disbursement report submitted as April 1990

[10]Project cost and expenditures based on Bicol LRN Subproject Allocation as of 30 March 1990

No. of Subprojects = 6

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CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
CAPIZ								
o Ferracement Rainwater Catchment Project (expansion)	Dunarao/Pan-ay	616,470.00	6,170.50	610,299.50	Jan '90	-	on-going	
1988								

REGION V								

ALBAY								
o Bayandong-San Andres Fernando Road Network	Sto. Domingo	1,940,000.00 [10]	-	1,140,000.00	-	1685 house- holds	pipeline	implemation pen- ding submission of P340,000.00 L C
o Pili-Iraya Level II Water System	Sto. Domingo	397,427.00	-	397,427.00	-	-	pipeline	
CATANDUANES								
o Cataban-Balangonan Brgy. Road Upgrading	Pandan	650,000.00	-	650,000.00	-	215 rural households	pipeline	
o Cataban Multi-purpose Service Center	Pandan	250,000.00	-	250,000.00	-	254 house- holds	pipeline	
o Tabugoc Multi-purpose Service Center	Pandan	250,000.00	-	250,000.00	-	429 house- holds	pipeline	

[10] Project cost and expenditures based on Bicol LRM Subproject Allocation
as of 30 March 1990

No. of Subprojects = 5

CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
o Maculal Level II Water System	Baras	233,889.00	-	233,889.00	-	-	pipeline	no completion report submitted to date
o Agban-Hali-hali Barangay Road Rehabilitation	Baras	265,000.00	-	265,000.00	-	-	pipeline	
o Paraiso Level II Water System	San Miguel	280,000.00	-	280,000.00	-	153 house-holds	pipeline	
o Progreso Level II Water System	San Miguel	300,000.00	-	300,000.00	-	117 house-holds	pipeline	
o Pagsangahan Multi-purpose Service Center	San Miguel	250,000.00	-	250,000.00	-	418 house-holds	pipeline	
o Jct. Nat'l Road Sta. Cruz -Lunabao-Panuto Brgy. Road	Caranoran	650,000.00	-	650,000.00	-	-	pipeline	in lieu of Catanban Palangonan Road Improvement Project
o Datag East Multi-Purpose Service Center	Caranoran	250,000.00	-	250,000.00	-	2,785 residents	pipeline	
o Datag East Level II Water System	Caranoran	840,000.00	-	840,000.00	-	664 res./115 households	pipeline	

§No disbursement report as of April 1990

[10]Project cost and expenditures based on Bicol LRN Subproject Allocation as of 30 March 1990

No. of Subprojects = 9

CY/REGION/PROVINCE/ SUBPROJECT	LOCATION	PROJECT COST	ACTUAL EXPENDITURES	BALANCE	DATE STARTED	NO. OF BENEFICIARIES	STATUS	REMARKS
REGION VI								
ANTIQUE								
o Lindero-Darasanan Road	Tobias Fornier	1,828,750.00	-	1,828,750.00	-	-	pipeline	
CAPIZ								
o LKH Training Center	Romas City	1,890,147.00	370,793.25	1,519,353.75	Jan '90	-	on-going	
REGION VIII								
LEYTE								
o Tunga Livelihood Resource Center	Tunga	465,677.50 (GOP)	-	-	Jan 16 '90	-	on-going	
o Pasacay Irrigation System	Matalon	647,200.00 (GOP)	-	-	Jan 15 '90	-	on-going	
EASTERN SAMAR								
o Barangay Antipolo-Vaso Road Improvement	Llorente	912,383.00	-	912,383.00	-	-	pipeline	
SOUTHERN LEYTE								
o Coconut Processing	San Juan/ St. Bernard	522,838.00	-	522,838.00	-	-	do -	
o Diversified Fishing	San Juan	484,006.00	-	484,006.00	-	-	do -	
o St. Bernard Public Enterprise	St. Bernard	239,366.00	-	239,366.00	-	-	do -	
No. of Subprojects =	8	TOTAL SUBPROJECT COST =		P	47,883,376.91			
TOTAL SUBPROJECTS =	8							

*No disbursement report submitted as of April 1990

Table 2.

ANNEX 3

COMMUNITY PROJECTS FUND STATUS REPORT
As of March 1990
(Per Organization)

Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
Region VIII							
a Southern Leyte							
1) Buenavista, Padre Burgos					40,763	137	No data on repayments per project
Land Redemption	16	July 8, 1986	26,600				
Farm Development	4	July 8, 1986	3,900				
Carabao Breeding	2	July 8, 1986	10,400				
2) Sta. Sofia, Padre Burgos					123,785	131,315	- do -
Fish Peddling	33	Aug. 20, 1986	71,500				
Fish Processing	2	Aug. 20, 1986	15,000				
Farm Development	12	May 4, 1987	20,100				
Motor Bike	15	Apr. 21, 1987	148,500				
3) Tangkaan	39	July 5, 1987			20,243	33,835	- do -
Romblon Craft			8,000				
Farm Development			21,078				
Chain Saw			25,000				

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
4) Sta. Rosario, Padre Burgos					8,888	30,422	
Land Redemption	3	Apr. 24, 1987	8,000				Fully operational
Farm Development	20	May 18, 1987	31,310				Fully operational
5) San Juan, Padre Burgos					20,414	20,406	
Land Redemption	8	Apr. 29, 1987	19,000				Fully operational
Farm Development	4	Apr. 29, 1987	6,820				Fully operational
Fish Peddling	3		15,000				
6) Poblacion, Padre Burgos					4,625	42,635	
Land Redemption	13	Apr. 21, 1987	31,270				Fully operational
Livelihood Project	13	Apr. 4, 1987	15,990				Fully operational
7) Bunga, Padre Burgos							
Land Redemption	8	Apr. 24, 1987	24,000		7,737	16,263	Fully operational
8) Cantutang, Padre Burgos							
Land Redemption	14	Apr. 24, 1987	28,500		7,213	21,287	Fully operational
9) Greengold, Padre Burgos							
Land Redemption	12	Apr. 23, 1987	30,300		9,262	21,038	Fully operational

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
10) Dinugubian, Padre Burgos							
Land Redeption	2	Apr. 23, 1987	8,000		4,039	3,961	Fully operational
11) Brgy. San Antonio, Tomas Oppus							
Consumer Store	31	Oct. 19, 1989	24,000			24,000	
Credit/Carlañg Production	31	Oct. 30, 1989	30,000			30,000	
12) Tinago Integrated Services Assn., Tomas Oppus							
Consumer Store	38	Oct. 19, 1989	24,000			24,000	
13) Maanyag Farmers Assn. Inc., Tomas Oppus							
Consumer Store	38	Oct. 19, 1989	31,000			31,000	
14) Punong Sunrise Assn. Inc., Tomas Oppus							
Consumer Store	29	Oct. 30, 1989	29,000			29,000	
15) Pundok sa Mag-uuma sa San Roque, Tomas Oppus							
Consumer Store	31	Oct. 30, 1989	23,000			23,000	

Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
16) Camansi Farmers Assn. Inc., Tomas Oppus Consumer Store	70	Nov. 15, 1989	30,000			30,000	
17) Gawayan, Tomas Oppus Consumer Store	32	Nov. 11, 1989	30,000			30,000	
18) Pundok Panaghi-usa sa Brgy. Anahawan, Tomas Oppus Consumer Store	25	Nov. 16, 1989	30,000			30,000	
19) Kapunungin sa mga Mag-uuma sa Brgy. San Miguel, Tomas Oppus Consumer Store	32	Nov. 17, 1989	25,000			25,000	
20) Nagkahiusang Mag-uuma sa Catascan Inc., Tomas Oppus Credit Cooperative	22	Nov. 17, 1989	40,000			40,000	
21) Carnaga Livelihood Improvement, Inc. Tomas Oppus Credit Cooperative	65	Nov. 29, 1989	60,000			60,000	
22) Consumer Store, Maslog, Tomas Oppus	40		30,000			30,000	

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
23) Biasong Unity for Livelihood Improvement Inc., Tomas Oppus Consumer Store	30	Nov. 29, 1989	38,000			38,000	
24) Rizal Farmers Assn. Inc., Tomas Oppus Consumer Store	42	Nov. 29, 1989	38,000			38,000	
25) Consumer Store, Hinagtikan, Tomas Oppus	32		24,000			24,000	
26) San Isidro, St. Bernard Consumer Store and Credit Coop.	52	Dec. 8, 1989	50,000			50,000	
27) Parian, St. Bernard Farm Mechanization	45	Dec. 8, 1989	66,000			66,000	
28) Bolod-bolod, St. Bernard Farm Mechanization and Credit Coop.	100	Dec. 8, 1989	90,000			90,000	
29) Mahayahay, St. Bernard Farm Mechanization and Credit Coop.	36	Dec. 8, 1989	50,000			50,000	
30) Ma. Socorro, St. Bernard Consumer/ Credit Cooperative	39		50,000			50,000	

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
31) Somoje, San Juan Consumer/ Credit Cooperative	36	Nov. 29, 1989	60,000			60,000	
32) Pong-oy, San Juan Credit Cooperative	61	Oct. 1989	67,500			67,500	
33) Sua, San Juan Consumer Store	23		23,500			23,500	
34) Tiaba, San Juan Consumer/ Credit Cooperative	34		46,000			46,000	
Sub-total S. Leyte	<u>1,237</u>		<u>1,577,268</u>		<u>246,969</u>	<u>1,330,299</u>	

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
o Eastern Samar							
1) Divinubo Upliftment Program, Borongan	16	May 1987	100,000		12,467	87,533	Affected by typhoon
2) Camada Rattan Buy and Sell	21	June 1987	39,938		25,218	14,720	Additional loan of P21,304 released on Jul. 11, 1988 (ESADEF)
3) Locso-on Consumers Coop.	9	June 1987	56,887		11,725	45,162	Additional loan of P29,235 released on Jul. 11, 1988 (ESADEF)
4) Rice Vegetables and Piggery Project, Brgy. Tanoso, Borongan	21	May 1987	23,673		5,630	18,043	
5) Vegetables and Legume Production Project, Brgy. Burak, Salcedo	8	April 1987	42,545			42,545	Additional loan of P2,500 (ESADEF); Foreclosed
6) Gill Net, Fish Coral and Fish Vending Project, Brgy. Matarinao, Salcedo	19	April 1987	84,677		84,677	0	Affected by typhoon
7) Copra and Charcoal Making Project Brgy. Bagtong, Salcedo	23	July 1987	66,002		23,035	42,967	
8) Vegetables Production Project Brgy. Caridad, Salcedo	13	July 1987	27,552			27,552	Affected by typhoon

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
9) Bricks and Pottery Making Project Brgy. Tagbacan, Salcedo	27	August 1987	92,843		3,141	89,702	Affected by typhoon
10) Farmers' Association, Brgy. Casilion, Salcedo	18	May 1987	38,688			38,688	Affected by typhoon
11) Small Farmers Livelihood Project Piggery, Brgy. Bua-Bua, Salcedo	20	June 1987	44,830		9,158	35,672	Affected by typhoon
12) Libuton-Palara, Borongan Rice Production	16	Nov. 1988	3,800		739	3,061	Released by ESADEF
13) Samahang Pagpapaunlad ng Bato, Borongan	43	Sept. 1988	63,620		8,547	55,073	Additional loan of P59,620 released by ESADEF on Mar. 22, '89
14) Maypangdan Anak Pawis Association, Borongan Consumer Cooperative	20	Sept. 1988	4,000		4,000	0	On-going w/ additional financial assist. from High Accts. receivable
15) Farmers Assn. of Calingatnan Firewood Gathering, Buy & Sell	20	July 1988	3,600		1,200	2,400	Released by ESADEF; Not operational due to logging ban
16) Sulat Small Farmers Association Sto. Tomas Chap. Sulat Fertilizer, Carabao Loan, Rice Production	64	Oct. 10, 1988	69,749	1,900	16,902	52,847	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
17) San Isidro Farmers, Assn. San Isidro, Sulat							
Fish Shelter and Gill Net Fishing	28	67,024		10,785	3,934	63,090	On-going
18) Sulat Fishermen Assn.-Sto. Nino Chap.							
Fish Shelter and Gill Net Fishing	16	32,310		2,158	728	31,002	ESABEF preclosed ass
19) Sulat Small Farmers Org.- Sto. Nino Chap.							
Rice Production	12	42,020		1,247	1,109	40,911	On-going
20) Hugpo Han Nagkakaurusa Nga Mangingisda Han Llorente							
Deep Sea Fishing w/ Fish Shelter	20	100,000		23,830	5,496	94,504	Temporarily suspended
21) Llorente Brgy. Farmers Assn.- Tabok Chap.							
Livestock Slaughter and Selling and Swine Raising	9	61,660		42,454	1,567	60,093	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
22) Llorente Brgy. Farmers Assn.- Soong Chap. Palay/Rice Trading/ Consumers Coop.	20	Jul. 26, 1989	91,136	51,799	2,949	88,187	Consumer store on-going
23) Hugpo Han Nagkakaurusa Nga Mangingisda Han Llorente, Minaanod Deep Sea Fishing w/ Fish Shelter	20	Jul. 26, 1989	67,024	23,830	5,496	61,528	
24) Llorente Brgy. Farmers Assn. San Roque Chap. Sari-sari Store w/ Rice Trading	20	Jul. 26, 1989	52,832	19,472	1,343	51,489	On-going
25) LBFA-Canliwag Chapter Livestock and Swine Raising	20	Jul. 26, 1989	77,150	40,112	46,772	30,378	Members not active
26) LBFA-Piliw Chapter Lobster Catching/Trading	20	Dec. 1989	60,000	0	0	60,000	To start end-December
27) Nagkakaurusa Para Han Kauswagan Ha Bagtong, Llorente Copra Buying and Selling	21	May 1987	66,002	0	23,035	42,967	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
28) Samahang Mangingisda ng Matarinao							
Fish Vending, Fish Corral & Gill Net	23	April 1987	84,677	0		84,677	Fish vending on-going
Sub-total Eastern Samar	577		1,564,239		298,868	1,265,371	
o Leyte							
1) Tunga United Entrepreneurs, Inc. (19 projects)	642		489,046			489,046	
2) Matalon United Entrepreneurs, Inc. (12 projects)	293		329,060			329,060	
3) San Miguel Ilaw ng Buhay Assn.	546		285,000			285,000	
Sub-total Leyte	1,481		1,103,106			1,103,106	
Sub-total Region VIII	3,295		4,244,613		545,837	3,698,776	

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
Region V							
o Catanduanes							
1) Broom-Making Project Brgy. Hitona	129	July 1987	316,350	0	0	316,350	Fully operational Interest repayment of P8,967.35 not reflect
2) Lasa Production Project Brgy. Bulalacao	139	July 1987	206,013	37,163	0	206,013	137,161.25 of CPF loan representing cash damaged by typhoon was written off.
3) Abaca Production Caramoran			0	440,475	0	0	
4) Abaca Production Baras	96	Mar. 1990	422,400	77,600	0	422,400	TPC is P500,000
5) Abaca Production Pandan	70	Mar. 1990	160,480	339,520	0	160,480	TPC is P500,000
6) Abaca Production San Miguel	124	Mar. 1990	359,600	140,400	0	359,600	TPC is P500,000
Sub-total Region V	558		1,464,843	1,035,158	0	1,464,843	

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
Region VI							
o Antique							
1) Palabadan ^a Fishing Project Brgy. Botbot, Pandan	30	Jan. 1986	60,711	2,896	20,789	39,922	Fully Operational
2) Pre and Post Harvest Facilities Project Brgy. San Andres, Pandan	45	March 1986	65,900		34,380	31,520	- do -
3) Deep Sea "Balsa" Fishing Project Brgy. Matinez, Tibiao	34	Oct. 1986	54,120		5,247	48,873	- do -
4) Comaunal Integrated Upland Farming Project Brgy. Alegre, Tibiao	28	Oct. 1986	35,257			35,257	Fully Operational
5) Pre and Post Harvest Facilities Project, Brgy. Sta. Ana, Tibiao	16	April 1987	59,682			59,682	- do -
6) Palabadan Fishing Project Brgy. Idiagan, Pandan	22	Oct. 1987	27,693	1,377	2,843	24,850	This was in lieu of the Meat Vending and Processing Project
7) Rice Trading Project Brgy. S. Francisco, Tibiao	22	Sept. 1988	25,570		4,034	21,536	Construction stage
8) Deep Sea Fishing Project Brgy. Guija, Bugasong	37	Nov. 1988	60,000	3,821		60,000	

Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
9) Sabang West Bangus Fry Concession, Bugasong	110	June 1985	403,326			403,326	Former Subproject
10) Sabang West Gill Net Fishing Bugasong	33	June 1985	179,500			179,500	- do -
11) Zaragosa Pre & Post Harvest Facilities, Bugasong	23	Oct. 1988	59,490		12,430	47,060	On-going
12) Tono-an Agricultural Trading Bugasong	23	June 1989	28,000			28,000	On-going
13) La Paz Beach Seine Project Tibiao	38	Feb. 1989	57,402			57,402	On-going
14) Calawgan Gill Net Fishing Tibiao	27	Feb. 1989	52,660		920	51,740	On-going
15) Dumrog Agricultural Trading Pandan	15	Feb. 1989	59,787		9,921	49,866	On-going
16) Dionela Gill Net Fishing, Pandan	41	Feb. 1989	53,250		1,711	51,539	On-going
17) Patria-Duyong Pre & Post Harvest Facilities, Bugasong	17	June 1989	54,700			54,700	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
18) Tingib Beach Seine Project Pandan	15	June 1989	59,789			59,789	On-going
19) Pre and Post Harvest Facilities and Agricultural Trading Brgy. Igtugas, Tobias Fornier	31	Sept. 1989	84,000			84,000	On-going
20) Pre and Post Harvest Facilities and Agricultural Trading, Brgy. Nagsubuan, Tobias Fornier	28	Sept. 1989	84,000			84,000	On-going
21) Agricultural Trading Brgy. Atabay, Tobias Fornier	31	Sept. 1989	84,000			84,000	On-going
22) Cattle Fattening Brgy. Opsan, Tobias Fornier	27	Sept. 1989	82,850			82,850	On-going
23) Agricultural Trading Brgy. Igdanlog, Tobias Fornier	35	Sept. 1989	60,400			60,400	On-going
24) Agricultural Trading Brgy. Cato-ogan, Tobias Fornier	31	Sept. 1989	81,300			81,300	On-going
25) Agricultural Trading Brgy. Cadajug, Laua-an	25	Sept. 1989	50,000			50,000	On-going
26) Bitana and Agricultural Trading, Brgy. Cabariwan, Laua-an	24	Sept. 1989	77,000			77,000	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
27) Cattle Fattening Brgy. Canituan, Laua-an	25	Sept. 1989	82,850			82,850	On-going
28) Cattle Fattening Brgy. Maria, Laua-an	25	Sept. 1989	82,850			82,850	On-going
29) Agricultural Trading Brgy. Poblacion, Laua-an	25	Sept. 1989	40,000			40,000	On-going
30) Agricultural Trading Brgy. Oloc, Laua-an	24	Sept. 1989	42,700			42,700	On-going
	<u>907</u>		<u>2,248,787</u>		<u>92,275</u>	<u>2,156,512</u>	
Sub-total Antique							
o Capiz							
1) Rice Production Project Brgy. Maralag, Mambusao	20	April 1988	72,000			72,000	On-going
2) Hog Fattening Project Brgy. Maralag, Mambusao	6	April 1988	9,523	2,046		9,523	On-going
3) Hog Fattening Project Brgy. Balit, Mambusao	4	April 1988	12,000	500		12,000	On-going
4) Rice Production Project Brgy. Balit, Mambusao	36	April 1988	67,788	12,788		67,788	On-going

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
5) Seed Production Project Brgy. Balit, Mambusao	35	April 1988	2,735	-		2,735	On-going
6) Rice Production Project Brgy. Matinabus, Sigma	20	April 1988	56,000	547		56,000	On-going
7) Rice Production Project Brgy. Mangoso, Sigma	17	April 1988	16,200	306		16,200	On-going
8) Livelihood Project Brgy. Malocloc Sur, Ivisan	35	May 1985	19,223	223		19,223	On-going
9) Rice Production Project Brgy. Mianay, Sigma	17	June 1985	22,000	2,000		22,000	On-going
10) Credit and Marketing Association Trysical, Brgy. Bato-Bato	9	Sept. 1988	12,000	700		12,000	On-going
11) Livelihood Project Brgy. Mangoso		Aug. 1988	26,500	163		26,500	On-going
12) Carabao Loan Assn. Brgy. Mangoso	5	Aug. 1988	52,500	2,716		52,500	On-going
13) Carabao Loan Assn. Brgy. Mianay	5	Aug. 1988	28,000	779		28,000	95% implemented

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Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
14) Livelihood Project Brgy. Mianay	5	Sept. 1988	9,600	0		9,600	On-going
15) Rice Production Brgy. Malocloc	10	June 1988	7,490	284		7,490	On-going
16) Hog Fattening Brgy. Matinabus	20	Sept. 1988	12,000	500		12,000	88% implemented
17) Carabao Loan Assn. Brgy. Matinabus	5	Aug. 1988	30,800	2,925		30,800	Fully implemented
18) Rice Production Brgy. Bato-Bato	30	Dec. 1988	16,000	0		16,000	On-going
19) Micro-Business Brgy. Malocloc	24	May 1988	20,145	0		20,145	On-going
20) Marketing of Farm Inputs Brgy. Malocloc	94	Dec. 1988	50,000	8,000		50,000	On-going
21) Marketing of Farm Inputs Brgy. Basiao	39	Dec. 1988	37,000	200		37,000	On-going
22) Livelihood Project Brgy. Basiao	20	May 1988	29,400	0		29,400	On-going

Name and Location of Project	# of Beneficiaries	Date Started	Total Fund Disbursed	Unexpended Balance	Repayments to Principal	Outstanding Balance	Remarks
23) Livelihood Project Brgy. Basiao	20	May 1988	9,200			9,200	On-going
Sub-total Capiz	476		618,104	34,677	0	618,104	
Sub-total Region VI	1,383		2,866,891	34,677	92,275	2,774,626	
TOTAL	5,236		8,576,347	1,069,835	638,112	7,938,235	7938235

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Table 3. SPF Projects: Summary Data for Projected and Actual Expenditure

Category	Projected Expenditure -Pesos-	Percent of Total	Actual Expenditure -Pesos-	Percent of Total	Actual Expenditures as Percent of Projected Expenditure
(1)	(2)	(3)=(2)/total of project expenditure	(4)	(5)/(4)/total of actual expenditure	(6)=(4)/(2)
Infrastructure Projects					
Road	19,947,885	41.7	8,909,541	47.9	44.3
Water Supply	10,044,433	21.0	3,260,296	17.5	32.5
Multi-Purpose and Training Centers	4,281,919	8.9	624,814	3.4	14.6
Sub-total	34,274,237	71.6	12,794,651	68.8	37.3
Fishing	3,502,628	7.3	1,930,755	10.4	55.1
Agro- Processing	1,267,218	2.6	581,617	3.1	45.9
Agricultural Production	4,536,108	9.5	2,567,019	13.8	56.7
Other ¹ .	4,303,187	9.0	729,094	3.9	16.9
Total----->	47,883,378	100.0	18,603,136	100.0	

1. Includes low cost housing, dam construction, trading, and livelihood.

Source: Table 1. From NEDA, Summary of Subprojects Progress Report, LRM Project, May 15, 1990.
Discrepancies between this table and Table 14 are due to the use of different data bases. Both data bases were provided by NEDA.

Table 4. SPF Projects : Status Report and Cost Per Beneficiary by Project Category

Category	STATUS				Cost Per Beneficiary ¹ .
	Completed	Ongoing	Pipeline		
	(1)	(2)	(3)	(4)	
Infrastructure projects					-Pesos-
Road	20	9	4	7	255
Water Supply	18	5	6	7	286
Multi-Purpose and Training Centers	9	1	3	5	-
Sub-total	47	15	13	19	-
Fishing	15	10	4	1	154
Agro-Processing	4	1	2	1	
Agricultural Production	16	10	6	-	677
Others ² .	6	3	2	1	1,740
Total	88	39	27	22	

1. Using only projects for which data on projected expenditures and number of beneficiaries both exist. Households have been converted to beneficiaries assuming 6 members per household.

2. Includes low cost housing, dam construction, trading, and livelihood.

Source : Table 1: NEDA, Summary of Subproject Progress Reports, LRM Project, May 15, 1990. Discrepancies between this table and Table 14 are due to the use of different data bases.

Table 5. CPF Projects During Phase I : Leyte

Category	Number	Funds Disbursed	Percent of Total Funds Disbursed
Tunga United Entrepreneurs	19	489,046	44.3
Matalom United Entrepreneurs Inc.	12	329,060	29.8
San Miguel Ilaw ng Buhay Ass'n.	NA	285,000	25.9
Total	31	1,103,106	100.0

Source : Table 2: NEDA, Community Projects Funds Status Report, March, 1990.

Table 6. CPF Projects During Phase I : Catanduanes

Category	Number	Funds Disbursed	Percent of Total Funds Disbursed
Abaca Production	3	942,480	64.3
Lasa Production	1	206,013	14.1
Broom-Making	1	316,350	21.6
Total----->	5	1,464,843	100.0

Source : Table 2:NEDA, Community Project Fund Status Report, March 1990.

Table 7. CPF PROJECTS DURING PHASE I : ANTIQUE

Category	Number	Funds Disbursed -Pesos-	Percent of Total Funds Disbursed
Fishing and Related Activities	7	487,934	21.7
Pre and Post Harvest Facilities	6	407,772	18.1
Integrated Farming	1	35,257	1.6
Agricultural Trading	10	548,757	24.4
Bangus Fry Concession	1	403,326	17.9
Beach Seine	2	117,191	5.2
Cattle Fattening	3	248,550	11.1
Total---->	30	2,248,787	100.0

Source : Table 2:NEDA, Community Project Fund Status Report, March 1990.

Table 8. CPF Projects During Phase I : Capiz

Category	Number	Funds Disbursed -Pesos-	Percent of Funds disbursed
Rice Production	7	257,478	41.7
Hog Fattening	3	33,523	5.4
Seed Production	1	2,735	.4
Livelihood	6	114,068	18.5
Credit and Marketing	3	99,000	16.0
Carabao Loan	3	111,300	18.0
Total----->	23	618,104	100.0

**Source : Table 2:NEDA, Community Project Fund Status Report,
March 1990.**

Table 9. CPF Projects During Phase I : Southern Leyte

Category	Number	Funds Disbursed -Pesos-	Percent of Total Funds Disbursed
Land Redemption	8	175,670	11.1
Integrated Farming	5	83,208	5.3
Fishing and Related Activities	3	101,500	6.5
Livelihood	4	197,400	12.5
Consumer Stores	14	399,500	25.3
Cooperatives	9	609,500	38.6
Carabao Breeding	1	10,400	.7
Total----->	44	1,577,268	100.0

Source : Table 2: NEDA, Community Project Fund Status Report, March 1990

Table 10. CPF Projects During Phase I : Eastern Samar

Category	Number	Funds Disbursed -Pesos-	Percent of Total Funds Disbursed
Agricultural Production	10	431,667	27.6
Buy-Sell	5	222,372	14.1
Consumer Cooperative	3	152,023	9.7
Fishing and Related Activities	6	435,712	27.9
Small-Scale Industries	2	158,845	10.2
Other	2	163,620	10.5
Total----->	28	1,564,239	100.0

**Source : Table 2:NEDA, Community Project Fund Status Report,
March 1990.**

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Table 11. Loan Disbursed, Repayments to Principle, and
 Repayment Rate: CPF Loans Made in 1985
 and 1986 to Community Associations

Category	Barangay	Loan Disbursed	Repayment to Principle	Amortization of Percent of Loan Disbursed
(1)	(2)	(3) -Pesos-	(4) -Pesos-	(5)=(4)/(3)
Integrated Farming	Buenavista, Padre Burgos, Southern Leyte	40,900	40,763	100.0
Integrated Farming	Sta. Sofia, Padre Burgos, Southern Leyte	255,100	123,785	48.5
Fishing	Pandan, Antique	60,711	20,789	31.5
Pre and Post Harvest Facilities	San Andres, Pandan, Antique	65,900	34,380	52.5
Fishing	Hartinez, Tibiao Antique	54,120	5,247	9.7
Bangus Fry Concession	Sabang West Bugasang Antique	403,326	0	0
Fishing	Sabang West, Bugasang Antique	179,500	0	0
Livelihood	Malocloc Sur, Ivisan, Capiz	19,223	223	1.2
Rice Production	Mianay, Sigma Capiz	22,000	2,000	9.1
Total----->		1,136,037	227,187	20.0

Source: Table 2 : NEDA, Community Project Fund Status Report, March 1990.

Table 12. Indicative Lists of Projects of CPF
Funding During LRM Phase II

Category of Sub-Project	P R O V I N C E S		
	Occidental Mindoro	Masbate	Ilo-Ilo
Fishing and Related Activities	6	6	3
Cooperatives	-	-	6
Infrastructure	6	-	-
Agricultural Production		4	2
Livestock Raising	-	4	2
Seaweed Plantation	3	-	1
Small-Scale Industries	6	-	-
Others 1.	6	-	-
Total----->	27	14	14

1. Includes seed production, cold storage, and farm inputs

Source : Masbate- Project Proposals : Municipalities of Balud, Monical, and Cawayan. Prepared by the Provincial Development Staff of Masbate, 1990.

Ilo-Ilo- Indicative Listing of CPF Projects. Prepared by Kahublagnan Sang Panimalay, 1990.

Occidental Mindoro. Provided by FEED during a meeting on 6-5-90.

Table 13. AAs and CDCs/FWs Released by DBM to BLGF/HDF for Subproject Component under the LRM Project

Advice of Allotment		C D C / Funding Warrant		Unreleased CDC/FW
No. and Date	Amount	No. and Date	Amount	Amount
CY 1984				
A2-433-84-4-12 dated 12/31/84	P8,500,000.00	CDC #116222 dtd. 09/25/85 Unexpended Balance (\$) TW # B-05776812 dtd. 08/17/88	P8,500,000.00 (743,730.00) 80,396.00	P 663,334.00
CY 1985				
A2-188-85-3-09 dated 08/19/85	15,000,000.00	CDC # 116254 dtd. 09/26/85 Unexpended Balance (\$) TW # B-05776812 dtd. 08/17/88	15,000,000.00 (15,000,000.00)	0.00
CY 1986				
1-0085-86-4-001 dated 05/28/87	3,000,000.00	TW # B-05778344 dtd. 04/05/89 TW # B-05781782 dtd. 06/22/89	555,167.00 494,833.00	1,950,000.00
CY 1988				
E3-0096-002 dated 06/30/88	10,000,000.00	TW # B-05781782 dtd. 06/22/89	10,000,000.00	0.00
Total----->	P 36,500,000.00		P 3,886,666.00	P 2,613,334.00

(*) Undisbursed amount before the implementation of the New Disbursement System per DOF, DBM & COA Joint Circular 4-06A dated January 2, 1988 for issuance of Funding Warrant.

Source : DOF-HDF Report, August 1989.

Table 14.

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. BENEFIC	DATE A/A	DATE CDC/FW	ROST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	MOS A/A - CDC/FW	CDC/FW -RELEASE	MOS RLS -BEGIN	MOS. IMPLMNT
CY 1983															
REGION V															
ALBAY	SAN ANDRES ROAD	2,466,500.00	2,466,500.00	.00	4200	N/A	N/A	N/A	N/A	3/24/84	8/31/84	N/A	N/A	N/A	5.3
	SALVACION VTR SYS	(COMBINED)	(COMBINED)	(COMBINED)	1830	N/A	N/A	N/A	N/A	3/24/84	8/31/84	N/A	N/A	N/A	5.3
ALBAY TOTALS	2	2,466,500.00	2,466,500.00	.00	6030				REMAIN INCMPLT		0	AVRG			5.3
REGION VI															
ANTIQUE	SABANG VTR SUPPLY	372,965.00			138	N/A	N/A	N/A	N/A	6/ 1/85		N/A	N/A	N/A	60.3
	SABANG GILL NET	179,500.00			126	N/A	N/A	N/A	N/A	6/ 1/85		N/A	N/A	N/A	60.3
	TIBIAD BANGUS FRY	166,120.00			275	N/A	N/A	N/A	N/A	2/ 1/84	12/31/87	N/A	N/A	N/A	47.6
	LUPA-AN VTR SUPPLY	162,000.00	161,100.10	899.90	582	N/A	N/A	N/A	N/A	4/ 1/84	7/27/84	N/A	N/A	N/A	3.9
	LALIA-AN ROAD	774,000.00	768,246.84	5,753.16	5466	N/A	N/A	N/A	N/A	12/10/84	4/30/86	N/A	N/A	N/A	16.9
	IODALAGUIT ROAD	1,219,000.00	1,166,319.50	52,680.50	2130	N/A	N/A	N/A	N/A	9/ 1/84	5/31/87	N/A	N/A	N/A	33.4
ANTIQUE TOT.	6	2,873,585.00	2,095,666.44	59,333.56	8717				REMAIN INCMPLT		2	AVRG			37.1
REGION VIII															
S. LEYTE	COCONUT CROP PTRM	525,763.00	491,274.45	34,488.55	672	N/A	N/A	N/A	N/A	1/ 1/84	11/30/86	N/A	N/A	N/A	35.5
	ABACA CROP PTRM	513,928.00	397,045.71	116,882.29	516	N/A	N/A	N/A	N/A	4/ 1/84	11/24/86	N/A	N/A	N/A	32.2
	ROBLM CROP PTRM	310,528.00	263,219.26	47,308.74	288	N/A	N/A	N/A	N/A	5/ 1/84	12/26/86	N/A	N/A	N/A	32.3
	CARABAO DSPRSL	239,876.00	227,833.75	12,042.25	420	N/A	N/A	N/A	N/A	2/14/84	7/ 7/85	N/A	N/A	N/A	17.0
	SAN JUAN ROAD	757,296.00	724,071.91	33,224.09	N/A	N/A	N/A	N/A	N/A	2/ 1/84	6/30/84	N/A	N/A	N/A	5.0
S LEYTE TOT	5	2,347,391.00	2,103,445.08	243,945.92	1896				REMAIN INCMPLT		0	AVRG			24.4
TOT ALL PROV	13	7,687,476.00	6,665,611.52	303,279.48	16643						2	AVRG			27.3

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. ENFC	DATE A/A	DATE CDC/FW	ROST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	MOS. A/A CDC/FW	CDC/FW -RELEAS	MS RLS -BGIN	MOS. DPLIN
CY1984															
REGION V															
ALBAY	SALVACION ROAD	1,201,741.00	1,201,741.00	.00	250	12/30/84	9/25/85	6/17/86	6/22/86	10/1/86	3/15/87	9.0	9.0	3.4	5.5
	ALIASOG WTR SYS (By PROVINCE)	58,000.00			N/A					2/1/86	3/31/86				1.9
	PILI-IRAYA WTR SYS	397,427.00			576	12/30/84	9/25/85	6/17/86	6/22/86	IMPLINT		9.0	9.0	47.4	N/A
ALBAY TOTAL (NOT PROVINCE)	2	1,599,168.00	1,201,741.00	.00	3306				REMAIN INCPILT		1	AVRG		25.4	3.7
CATANDUAN															
	ARACA BEHNS	246,000.00	222,910.98	23,089.02	828	12/30/84	9/25/85	10/10/85	10/23/85	11/30/85	3/30/87	9.0	.9	1.3	16.2
	IYAO-CBI ROAD	179,200.00	87,371.16	91,828.84	906	12/30/84	9/25/85	10/10/85	10/23/85	3/1/86	10/31/86	9.0	.9	4.3	8.1
	BULALACAO WTR SYS	645,000.00	539,764.94	105,235.06	870	12/30/84	9/25/85	10/10/85	10/23/85	12/31/85	3/30/87	9.0	.9	2.3	15.1
CATAN TOTAL	3	1,070,200.00	850,047.08	220,152.92	2604				REMAIN INCPILT		0	AVRG		2.6	13.1
REGION VI															
ANTIQUE	IPARAYAN WTR SPLY	52,725.00	49,566.39	3,158.61	468	12/30/84	9/25/85	6/17/86	6/22/86	10/15/86	5/31/87	9.0	9.0	3.8	7.6
	PANDAN BANGS FRY	267,820.00			2832	12/30/84	9/25/85	6/17/86	6/22/86	N/A	CEASD '87	9.0	9.0	N/A	N/A
	BUGASONG BNGS FRY	239,591.00	70,856.00	168,735.00	918	12/30/84	9/25/85	6/17/86	6/22/86	N/A		9.0	9.0	N/A	N/A
	MALABOR ROAD	405,670.85	101,092.03	304,578.82	462	12/30/84	9/25/85	10/28/87	11/1/87	9/1/89		9.0	25.7	22.3	8.4
	MALACBO ROAD (Prov. REPORT)	3,268,717.00			5280	12/30/84	9/25/85	10/28/87	11/1/87	9/1/89		9.0	25.7	22.3	8.4
	EBJ-AUDF LVLTIDOD	317,220.90	173,533.42	143,687.48	330	12/30/84	9/25/85	10/28/87	11/1/87	9/23/88		9.0	25.7	10.8	20.0
ANTIQUE TOT (NOT PROVINCE)	5	1,283,027.75	395,047.84	620,159.91	10290				REMAIN INCPILT		4	AVRG		14.8	11.1
CAPIZ															
	FERRINT RQWTR CTCH	1,160,498.00	1,063,405.80	97,092.20	13200	12/30/84	9/25/85	10/10/85	10/23/85	2/22/88		9.0	.9	28.4	27.1

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. BNFC	DATE A/A	DATE CDC/FW	ROST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	MOS. A/A CDC/FW	CDC/FW -RELEAS	MS RLS -BGIN	MOS. IMPLR
REGION VIII															
S. LEYTE	TRIAMA FSHNG	489,264.55	479,824.20	9,440.35	N/A	12/30/84	9/25/85	10/28/87	11/ 4/87	9/ 7/88	1/24/89	9.0	25.7	10.3	4.6
E. SAMAR	MALIWALIV FSHNG	420,110.00	293,764.00	126,346.00	N/A	12/30/84	9/25/85	10/12/85	10/23/85	1/ 1/86	6/30/86	9.0	.9	2.3	6.0
	PUNTA MARIA FSHNG	432,723.00	414,071.50	18,651.50	N/A	12/30/84	9/25/85	10/12/85	10/23/85	11/15/85	3/30/86	9.0	.9	.8	4.5
	APPPR RICE TECH	445,211.00	253,818.00	191,393.00	N/A	12/30/84	9/25/85	10/12/85	10/23/85	11/ 1/86	3/31/87	9.0	.9	12.5	5.0
E SAMAR TOT	3	1,298,044.00	961,653.50	336,390.50	N/A				REMAIN INCMPLT		0	AVRG		5.2	5.2
LEYTE	FSH VNONG/PROCESS	43,065.00	20,535.19	22,529.81	N/A	12/30/84	9/25/85	10/12/85	12/23/85	11/ 1/86	5/31/88	9.0	3.0	10.4	19.2
	NATALOA MULTI-CROP	126,090.20	71,866.34	54,223.86	N/A	12/30/84	9/25/85	10/12/85	12/23/85	3/ 1/87	5/31/88	9.0	3.0	14.4	15.2
	HOG FATTENING	131,569.20	76,610.65	54,958.55	N/A	12/30/84	9/25/85	10/12/85	12/23/85	3/ 1/87	5/31/88	9.0	3.0	14.4	15.2
	TUNGA MULTI-CROP	500,829.00	287,757.94	213,071.06	N/A	12/30/84	9/25/85	10/12/85	12/23/85	7/26/86	5/31/88	9.0	3.0	7.2	22.5
LEYTE TOTAL	4	801,553.40	456,770.12	344,783.28	N/A				REMAIN INCMPLT		0	AVRG		11.6	18.1
TOT ALL PROV	19	7,701,755.70	5,408,489.54	1,628,019.16	29400						6	9.4	8.7	8.5	6.7

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. EMFIC	DATE A/A	DATE CDC/FV	ROST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	NOS. A/A CDC/FV	CDC/FV -RELEAS	HS RLS -BGIN	NOS. IMPLN
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CY 1985 NOTE: CDC ISSUED 9/26/85 AND WITHDRAWN, REPLCED BY FV)

REGION V

ALBAY	BUHATAN ROAD	2,814,300.00	2,814,279.78	20.22	9366	8/19/85	8/17/88	1/12/88	10/14/88	12/ 1/88	3/30/90 SUSPENDED	36.5	1.9	1.6	16.1
CATANDUAN	DATAG EAST ROAD	160,000.00	155,049.97	4,950.03	N/A	8/19/85	8/17/88	1/12/88	10/14/88	N/A		36.5	1.9	N/A	N/A
	NURSERY/SEED FARM	175,000.00	55,567.95	119,432.05	N/A	8/19/85	8/17/88	1/12/88	10/14/88	10/30/88		36.5	1.9	.5	18.7
	LASA FIBER PROCESS	590,000.00	524,019.36	65,980.64	N/A	8/19/85	8/17/88	1/12/88	10/14/88	4/ 1/89		36.5	1.9	5.6	13.6
	LASA FIBER DRYING	60,000.00	57,598.00	2,402.00	N/A	8/19/85	8/17/88	1/12/88	10/14/88	8/29/89	10/ 8/89	36.5	1.9	10.6	1.3
	HITONA II VTR SYS	275,000.00	42,178.07	232,821.93	534	8/19/85	8/17/88	1/12/88	10/14/88	6/ 1/89		36.5	1.9	7.7	11.6
	JCT HITONA ROAD	93,000.00	62,356.49	30,643.51	1008	8/19/85	8/17/88	1/12/88	10/14/88	2/24/89	7/ 7/89	36.5	1.9	4.4	4.4
	HITONA RIVER CNTRL	300,000.00	292,980.10	7,019.90	762	8/19/85	8/17/88	1/12/88	10/14/88	5/ 9/89	7/ 7/89	36.5	1.9	6.9	2.0
	MLTI-PPPS SRV CNTR	290,000.00	254,021.05	35,978.95	3696	8/19/85	8/17/88	1/12/88	10/14/88	9/25/89	11/21/89	36.5	1.9	11.5	1.9
	SILVACIO II VTR SYS	525,000.00	106,203.57	418,796.43	888	8/19/85	8/17/88	1/12/88	10/14/88	N/A		36.5	1.9	N/A	N/A
CATAN TOTAL	9	2,468,000.00	1,549,974.56	918,025.44	6888				REMAIN INCMPLT		5	AVRG		6.8	7.7

REGION VI

ANTIQUE (THERE ARE NO RECORDS OF PROJECTS FOR ANTIQUE FOR CY 1985. YET, REQUEST FOR RELEASE OF FUNDS WAS MADE ON 6/20/89 AND THERE IS EVIDENCE OF FUNDS HAVING BEEN RELEASED ON 7/26/89.)

CAPIZ	PROV-WIDE HOUSING	3,186,000.00	9,457.00	3,176,543.00	1728	8/19/85	8/17/88	6/20/89	7/26/89	1/ 1/90		36.5	11.4	5.3	4.5
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REGION VIII

S. LEYTE	RIZAL ROAD IMPRY	1,907,827.00			N/A	8/19/85	8/17/88	NO RECORD OF ROST	8/ 1/89			36.5	N/A	N/A	9.6
	LRM TRAIN CNTR	336,093.71			N/A	8/19/85	8/17/88	NO RECORD OF ROST	8/ 7/89			36.5	N/A	N/A	9.4

S LEYTE TOTS	2	2,243,920.71			N/A			REMAIN INCMPLT			2	AVRG	N/A	N/A	9.5
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CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. EMFIC	DATE A/A	DATE CDC/FW	POST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	NOS. A/A CDC/FW	CDC/FW -RELEAS	MS RLS -BGM	NOS. IMPLN
E SAMAR	TACLA-ON RICE PROD	219,117.00	219,117.00	.00	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	8/24/89	4/30/90	36.5	3.0	9.4	8.3
	CAW-ABNG RICE PROD	105,044.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	4/10/89		36.5	3.0	4.9	13.3
	JAGHAYA FSHNG	127,966.00	127,966.00	.00	N/A	8/19/85	8/17/85	11/ 4/88	11/15/88	8/24/89	4/30/90	36.5	3.0	9.4	8.3
	CALINGATNGAN RICE	103,104.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	4/10/89		36.5	3.0	4.9	13.3
	MALBOS FISHING	128,272.00	128,272.00	.00	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	8/24/89	4/30/90	36.5	3.0	9.4	8.3
	HAPPY LND FSHNG	162,420.00	152,898.40	9,521.60	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	4/10/89		36.5	3.0	4.9	13.3
	ALOG PAYAW FSHNG	125,686.00	125,686.00	.00	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	8/24/89	4/30/90	36.5	3.0	9.4	8.3
	MIPA SHINGLE PROD	94,380.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	4/10/89		36.5	3.0	4.9	13.3
	TRADE MKTING	100,000.00	100,000.00	.00	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	5/31/89	4/30/90	36.5	3.0	6.6	11.1
	BUGAS HOOK FSHNG	116,882.00	116,882.00	.00	N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	1/ 1/89	4/30/90	36.5	3.0	1.6	16.1
	MAYBACONG MULTI-CRP	143,745.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	1/ 1/89		36.5	3.0	1.6	16.6
	LONGLINE FSHNG	119,202.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	5/23/89		36.5	3.0	6.3	11.9
	PALARA RICE PROD	103,104.00			N/A	8/19/85	8/17/88	11/ 4/88	11/15/88	1/ 1/89		36.5	3.0	1.6	16.6
E SAMAR TOT	13	1,648,922.00	970,821.40	9,521.60	N/A					REMAIN INCMPLT	7	AVRG		5.7	12.2
LEYTE	NATALDA WTR SUPPLY	2,312,032.00			N/A	8/19/85	8/17/88	4/ 1/89	5/ 5/89	10/10/89		36.5	8.7	5.3	7.2
TOT ALL PROV	27	14,673,174.71	5,344,532.74	4,104,110.26	17982					REMAIN INCMPLT	17	AVRG	2.6	4.5	8.6

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. BENFIC	DATE A/A	DATE CDC/FW	POST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	MOS. A/A CDC/FW	CDC/FW -RELEAS	MS RLS -BGIN	MOS. INPLN	
CY 1986																
REGION V																
ALBAY	BICAL-BANAO ROAD	500,000.00	499,451.03	548.97	9366	5/28/87	4/ 5/89	1/12/88	5/ 5/89	7/17/89	10/15/89	22.6	1.0	2.4	3.8	
CATANDUAN	RIZAL SPILLWAY	160,000.00	153,123.60	6,876.40	N/A	5/28/87	4/ 5/89	1/12/88	5/ 5/89	N/A	N/A	22.6	3.0	N/A	N/A	
	MLTI-PRPS CNTR	300,000.00	.00	300,000.00	2556	5/28/87	4/ 5/89	FUNDS REMAIN IN THE PIPELINE				22.6				
	RIZAL ROAD REHAB	70,000.00	63,565.25	6,434.75	1164	5/28/87	4/ 5/89	FUNDS REMAIN IN THE PIPELINE				22.6				
CATM TOTAL	3	530,000.00	216,688.85	313,311.15	3720			REMAIN INCPILT				3	AVRS	N/A	N/A	
REGION VI																
ANTIQUE	MARIA WTR SUPPLY	183,000.00	.00	183,000.00	1164	5/28/87	4/ 5/89	FUNDS REMAIN IN THE PIPELINE				22.6				
CAPIZ	RAINWTR CTCHMT	616,470.00	6,179.50	610,290.50	N/A	5/28/87	4/ 5/89	6/20/89	7/26/89	1/ 1/90		22.6	3.7	5.3	4.5	
REGION VIII																
S LEYTE) ALTHOUGH THERE IS EVIDENCE THAT REQUESTS WERE															
) MADE FOR EACH OF THESE AND THAT RELEASES WERE															
E SAMAR) MADE, THERE ARE NO RECORDS OF SUB-PROJECTS															
) IN CPYD/MEDA LISTS															
LEYTE)															
TOT ALL PROV	6	1,829,470.00	722,319.38	1,107,150.62	14250			REMAIN INCPILT				6	AVRS	1.9	3.9	3.7

CY/REGION PROV.	PROJECT	TOTAL COST	EXPND TO DATE	BALANCE	NO. ENFTC	DATE A/A	DATE CDC/PV	POST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	NOS. A/A CDC/PV	CDC/PV -RELEAS	MS RLS -BSIN	NOS. DPLR
CY 1988															
REGION V															
ALBAY	BAYANDONG ROAD	1,040,000.00	.00	1,040,000.00	10110	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	PILI-IRAYA II VTR	397,427.00	.00	397,427.00	N/A	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
ALBAY TOTS	2	1,437,427.00	.00	1,437,427.00	10110				REMAIN INCPFLT		2	AVRG		N/A	N/A
CATAHALAN	CATAYBAN RD UPEPD	650,000.00	.00	650,000.00	1290	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	CATAYBAN SRYC CNTR	250,000.00	.00	250,000.00	1524	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	TABUOC SRYC CNTR	250,000.00	.00	250,000.00	2574	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	MACUTAL II VTR SYS	253,889.00	.00	253,889.00	N/A	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	AGBAN RD REHAB	265,000.00	.00	265,000.00	N/A	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	PARASO II VTR SYS	280,000.00	.00	280,000.00	798	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	PROGRESO II VTR SYS	300,000.00	.00	300,000.00	702	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	PAGSANGHAN SRY CNTR	250,000.00	.00	250,000.00	2508	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	STA CRUZ ROAD	650,000.00	.00	650,000.00	N/A	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	DATAG E. SRY CNTR	250,000.00	.00	250,000.00	2785	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
	DATAG E II VTR SYS	840,000.00	.00	840,000.00	690	6/30/88	6/22/89	5/11/89	8/ 2/89	FUNDS IN PIPELINE		11.9	1.4	N/A	N/A
CATANI TOTAL	11	4,218,889.00	.00	4,218,889.00	12871				REMAIN INCPFLT		11	AVRG		N/A	N/A
REGION VI															
ANTIQUE	LINDERO ROAD	1,828,750.00	.00	1,828,750.00	N/A	6/30/88	6/22/89	N/A	N/A	FUNDS IN PIPELINE		11.9	N/A	N/A	N/A
CAPIZ	LRI TRAINING CNTR	1,890,147.00	370,795.25	1,519,353.75	N/A	6/30/88	6/22/89	7/ 7/89	8/11/89	1/ 1/90		11.9	1.7	4.8	4.5

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CY/REGION PROV.	PROJECT	TOTAL COST	EXPHD TO DATE	BALANCE	NO. EMFIC	DATE A/A	DATE CDC/FW	RQST FUNDS	RELEASE FUNDS	DATE START	DATE COMPLETE	NOS. A/A CDC/FW	CDC/FW -RELEASES	MS RLS -BGEN	NOS. DUPLO	
REGION VIII																
S LEYTE	COCONUT PROCESS	522,838.00	.00	522,838.00	N/A	6/30/88	6/22/89	7/31/89	8/11/89	FUNDS IN PIPELINE		11.9	1.7	N/A	N/A	
	DIVERSIF FISHING	484,006.00	.00	484,006.00	N/A	6/30/88	6/22/89	7/31/89	8/11/89	FUNDS IN PIPELINE		11.9	1.7	N/A	N/A	
	ST BERNARD PUB ENT	239,366.00	.00	239,366.00	N/A	6/30/88	6/22/89	7/31/89	8/11/89	FUNDS IN PIPELINE		11.9	1.7	N/A	N/A	
S LEYTE TOT	3	1,246,210.00	.00	1,246,210.00	N/A					REMAIN INCPILT		3	AVRG	N/A	N/A	
E SAMAR	ANTIPOLLO RD IMPRV	912,383.00	.00	912,383.00	N/A	6/30/88	6/22/89	N/A	N/A	FUNDS IN PIPELINE		11.9	N/A	N/A	N/A	
LEYTE	TUNGA RESRC CNTR	465,677.50			N/A	6/30/88	6/22/89	4/30/89	5/ 5/89	1/16/90		11.9	-1.6	8.5	4.0	
	PASACAY IRRIGATION	647,200.00			N/A	6/30/88	6/22/89	4/30/89	5/ 5/89	1/15/90		11.9	-1.6	8.5	4.0	
LEYTE TOT	2	1,112,877.50	.00	.00	N/A					REMAIN INCPILT		2	AVRG	8.5	4.0	
TOT ALL PROV	21	12,646,683.50	370,793.25	11,163,012.75	22981					REMAIN INCPILT		21	AVRG	1.1	7.3	3.1

TOTAL ALL
YEARS/PROV

85 44,538,559.91 18,511,746.43 16,305,572.27 101256
 (TWO PROJECTS WHICH WERE CLEARLY MARKED AS BEING FUNDED BY GOP
 OR PROVINCIAL SOURCES HAVE NOT BEEN INCLUDED IN THESE TOTALS.)

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Table 15.
LRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Bases for Preparation
A. Project Planning and Administration					
1. Annual Work Program	annual	two months before implementation year (November)	PPMO	RPMD	Research/training agenda
			RPMD	NPMD	Project thrusts and milestones
			NPMD	Office of PED/DPED	Previous year's Work Plans and Progress Reports
2. Research Agenda	annual	two months before implementation year (November)	RPMD	NPMD	Project thrusts and milestones
			NPMD	Office of PED/DPED	Previous year's research agenda
3. Training Agenda	annual	two months before implementation year (November)	RPMD	NPMD	Project thrusts and milestones.
			NPMD	Office of PED/DPED	Previous year's training agenda
4. Subproject Work and			PPMO	RPMD	Consultations with

LRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Bases for Preparation
Financial Plan				USAID NPMD (cc)	beneficiary groups Provincial Development Strategies
5. Progress Report and Revised Work Plan	quarterly	15 days after the end of each quarter	PPDD, PVD RPMO NPMD	RPMO NPMD Office of PED/DPED	Annual Work Plan Previous quarter's reports
6. Field Visit Report	as need arises	one week after each field visit	RPMO NPMD	NPMD Office of PED/DPED	Discussions with concerned Project actors
7. Research and Training Progress Report	quarterly	15 days after the end of each quarter	RPMO NPMD	NPMD Office of PED/DPED	Research / training agenda Contracts with resource persons / institutions
8. Subproject Progress Report and Revised Work Plan	quarterly	15 days after the end of each quarter	FPED	RPMO	Subproject Work and Financial Plan

LRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Bases for Preparation
9. CPF Progress Report	quarterly	15 days after the end of each quarter	PVO / CPF Administrator	RPMO NPMO	Beneficiary groups' records Audit reports Field visits Field Visit Reports
10. PVO Assessment Report	depends of the length of the term of the PVO	one month after the middle of the contract duration of the PVO and one month after expiration of contract	RPMO	NPMO PVO (cc)	Field Visit Reports PVO Progress Reports CPF Progress Reports Terminal Reports
11. PVO Financial Status Report	updated whenever the PVO submits requests for cash advance and liquidation, and whenever USAID furnishes the PMOs copies of the processed voucher		RPMO	NPMO	Quarter requests for cash advance / liquidation USAID processed vouchers
12. Quarterly Requests for Cash Advance	every three months	one month before the three-month period	PVO	RPMO NPMO (cc)	TA contracts Cost projections

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LRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Bases for Preparation
				USAID	Previous cash advances
13. Quarterly Expenditure / Disbursement Report	quarterly	30 days after each CA request (the PVO may start liquidation after the 2nd CA)	PVO	RPMO NPMO (cc)	TA contracts Cost projections
				USAID	Previous cash advances
14. Research and Training Fund Status Report	monthly	10 days after the end of each month	RPMO	NPMO USAID	Research/training agenda Research/training contracts Financial Resources Divisions of NROs
15. Subproject Fund Status Report	quarterly	30 days after each CA request (the PVO may start liquidation after the 2nd CA)	PPDO		Beneficiary groups Subproject Work and Financial Plans
16. CPF Status Report	quarterly	for PVOs : 30 days after each CA	PVO / CPF Administrator	RPMO NPMO	

IRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Bases for Preparation
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request (the PVO may start liquidation after the 2nd CA)

for Administrator other than PVOs :

quarterly

USAID (for PVOs)

B. Data Bases

1. Technical Assistance	updated quarterly and submitted as need arises	RPMO	NPMD (for consolidation)	PVO Terminal Reports and Assessment Reports
- accomplishments		NPMD	Office of PED /DPED	CPF Status Reports
- fund utilization				Field Visit Reports
				PVO Financial Reports
				Beneficiary Groups
2. Community Organizing and CPF	updated quarterly and submitted as need arises	RPMO	NPMD (for consolidation)	PVO Terminal Reports
- community organizations		NPMD	Office of PED /DPED	PVO Assessment Reports
- fund utilization				CPF Status Reports

LRM Project Information System Reporting Plan

Title of Report	Frequency	Deadline for Submission	Prepared by	Submitted to	Cases for Preparation
3. Research / Training	updated upon completion of each research / training activity and submitted whenever need arises	RPMO	NPMO	NPMO (for consolidation)	Field Visit Reports PVG Financial Status Reports, Contracts and final reports of researches / trainings
4. Subproject Financing	updated quarterly and submitted as need arises	RPMO	NPMO	NPMO (for consolidation)	Subproject Progress and Fund Status Reports

APPENDIX H

CASE STUDIES

APPENDIX H
CASES STUDIES

Case Study 1: Poverty group focus

Lat-asan

The barangay of Lat-san is positioned precariously on a small spit of land between the sea and a channel. One hundred tenant families live here. Deep-sea and sustenance fishing, when weather permits, are their main sources of income. The average Lat-asan household survives on a monthly income of P300.

Besides being poor, the community depends on the outside world for all of their needs other than fish, including fresh drinking water in the dry season. The nearest market is one hour away by boat; the commercial fare is P14 for a round trip. All rice, vegetables, and other consumer goods must be bought there. Children must go to school, by boat, in a neighboring barangay on the main land. The priest visits the island once a month; the mid-wife every third Wednesday; and the doctor occasionally.

In 1984, a typhoon struck the island unexpectedly, leaving hundreds of Lat-asan villagers dead in its wake. The community has had no electricity since then. The storm also destroyed all of the motorized boats owned by residents.

In 1988, a community volunteer from Capiz Development Foundation organized a community association for Lat-asan. Members received training in team building and financial management skills. Recently, the group received a P40,000 CPF loan. The Group used the funds to make loans to 12 individual members, each of whom used his share to buy a new, motorized boat and fishing equipment. Each loan recipient hopes to increase his income and repay the loan within three years. Other group members will then be eligible to take out loans. In this way, the villagers hope to increase average monthly household incomes in their community to P400.

The Lat-asan community association gained another benefit from being organized. Earlier this year, a new owner took possession of their island. He wished to dispose the residents of Lat-asan and began court procedures to accomplish this. He planned to use the land on which they have built their homes for prawn cultivation. The association members, with the help of their community organizer and the attorney for Capiz Development Foundation, fought back. They won the legal battle to stay on the land that they lived on for generations. Had they not been organized, there is virtually no chance that they could have won out against the powerful landlord.

Case Study 2: Income generation impact

"MARIA"

Maria, a widow, is a member of the community organization in the barangay of Balit. In 1987 she borrowed P400 in order to purchase a piglet. She fattened it and sold it 10 months later for P1,500. After repaying her loan, she borrowed again for another piglet that she eventually resold for another P1,500. After paying back her second loan, she borrowed P2,000 to finance the opening of a sari-sari (variety) store. The store is successful and she already repaid P1,000 of her outstanding loan.

"Maria" used the profits from small businesses to send her son to college. This was important to her since she had only completed 5th grade. She said that her son would not have had the opportunity to further his education if not for the LRM project in her community.

Case Study 3: Community Association as a Credit Union

MIANAY

Philippine Business for Social Progress (PBSP) organized a community association in Mianay in 1986. It started with 32 members, all tenant farmers and their wives. The primary occupation of the group members is rainfed rice production. All members received training in team building, formulation of bylaws, bookkeeping, and project management.

When the group was well-established, they received loans from PBSP, the CPF, and from the municipality of Sigma. These funds were relent, in turn, to individual members. Five members each borrowed P5,000 for the purchase of a female carabao in 1988. The animals are used for tilling farm land, rental to other farmers, and breeding. Three of the carabao have produced calves, so far. At the end of each cropping period the borrower pays back principal of P600 and interest on the outstanding balance at 15 percent per annum. To date, the borrowers are current on their repayments.

Other members have taken loans for purchasing fertilizer and chemicals for rice production. Each member can borrow up to P1,500 per hectare. As with the carabao, repayments are due after the cropping season is over. If there is a calamity -- such as a typhoon or drought -- that wipes out the season's crops, the members pay back interest only. If the crops are good, they pay back principal as well. All the outstanding loans for farm inputs are current.

Other loans have been made to members for sari-sari stores, buy-sell operations, and other micro enterprises. Recipients of these loans, as with the other types of loans, are chosen by a screening committee, selected by the group's general membership.

The group currently has 45 members; 41 of them are women. The group's president is a good manager who can always account for all of the funds entrusted to her. The openness of her management has contributed to the group's success.

Case Study 4: Group Enterprise

DIVINUBO

The twenty-one sustenance fishermen who made up the Divinubo Association for the Upliftment of the Poor initiated a fishing enterprise. The technique employed by this group involves the use of the payaos a large raft made of bamboo poles tied together with nylon cord, which is towed out to sea and sunk. After several weeks, it accumulates algae that attract little fish that in turn attract big fish. The payao is good for catching tuna and other large fish. This fishing technique requires constant guarding of the payao to prevent non-group members from catching the large fish that it attracts.

The Divinubo association used a CPF loan to buy the materials for constructing several payaos; pumpboats for towing, guarding, and fishing; and fishing equipment. Group members agreed to take turns guarding the payaos and fishing. Wives of the members also were involved as middlemen for selling the catch. Also, the group allocated funds for communal vegetable gardens for off-season employment for the fishermen.

Although the group is still functioning and has made several repayments on their loan, members have encountered many problems. Two pumpboats and a payao were destroyed in typhoons. Also, non-group members have been fishing in the area of the group's remaining payao. Moreover, the wives did not have time or contacts for marketing the catch. Group members proved reluctant to give up established contacts with the traditional middlemen, also. Finally, the fishermen were not interested in gardening, so the communal gardens were only a limited success.

Source: Emma Porto, GO and NGO Partnership with the Rural Poor: The LRM Approach to Rural Development, December 1990, pp.36-37.

Case Study 5: Empowerment

PANDAN

Associations of bangus-fry catchers, organized by PBSP, joined together to form the Kilusang Bayan sa Pangangisda ng Pandan (KPBB). This municipal-based organization represents 356 members. With the support of the municipal and provincial governments, it was able to secure for its members the concession rights for catching bangus fry. The price paid was well below that paid by former concession holders. To maximize its profits, the organization, with the support of barangay groups, was able to pass a municipal-wide regulation to make bangus-fry smuggling an illegal activity. This case is an excellent example of how beneficiary groups can apply political pressure to gain control of a resource base.

Source: Emma Porio, GO and NGO Partnership with the Poor: The LRM Approach to Rural Development, December 1989, pp. 59-60

Case 6: Empowerment

ALBAY

In Albay, one community group recognized their united power in the face of perceived injustice. While a SPF project was being constructed in their barangay, the villagers noted that the quality of the workmanship was shoddy, that someone on the construction team was selling gasoline assigned to the subproject, and that villagers were not being hired to work on the project as they understood they would be.

The villagers banded together, and protested directly to the Project Office in NEDA, Manila. Their protest was directed by NEDA to the provincial office, where the provincial officials planned to negotiate with the villagers. When they arrived in the barangay for talks, they found placards and posters protesting the situation. After discussions, the issues were resolved, and from then on regulations were in force to assure that 50 percent of construction labor [unskilled] would come from the barangay concerned, while the skilled labor could be brought in from outside. The provincial officials were clearly impressed with the organizational capacity of the barangay inhabitants, who had clearly felt themselves empowered by the need for action, and the model of group cohesion.

APPENDIX I

OVERVIEW OF PHILIPPINE PVO STRATEGIES

Jovita Culaton Viray

OVERVIEW OF PHILIPPINE PVO COMMUNITY ORGANIZING STRATEGIES IN THE LRM PROJECT

I. INTRODUCTION

In LRM Phase I, four national PVOs were contracted: The Philippine Business for Social Progress (PBSP), Ilaw International Center (IIC), International Institute for Rural Reconstruction (IIRR), and the University of the Philippines at Los Banos Development Foundation (UPLBDF).

Each of the above PVOs brought in their own philosophy and community organizing approach. This paper shows the approaches made by the Philippine Business for Social Progress and the Ilaw International Center based on the reports submitted to NEDA LRM Office.

The objective of this exercise is to identify the similarities and differences between the two approaches but no attempt will be made as to the effectiveness of each PVO in their community organizing and training efforts.

II. THE PHILIPPINE BUSINESS FOR SOCIAL PROGRESS APPROACH

Two major strategies were used by PBSP in operationalizing the LRM Project concept:

- o Strategy I. Organization Building Approaches Towards Empowerment of the Poor
- o Strategy II. Capability Building Approaches Towards a Poverty Focused Municipal Development Planning and Implementation

PBSP focused beneficiary organizing efforts on marginal upland farmers, sustenance fishermen, landless workers and tenant farmers. PBSP covered Antique, Southern Leyte, Capiz, and Eastern Samar in LRM Phase I.

STRATEGY I.

PBSP's approach to community organizing constituted two interrelated frameworks 1) Community Organizing and 2) Organizational Building

COMMUNITY ORGANIZING

Framework for the community organizing consisted of four organizational tasks which were done simultaneously with organizational building:

o **Situation Analysis**

Major feature of this task is to deepen and widen the understanding and perception of the beneficiaries on their poverty situation, factors that bind them together and events going on around them.

o **Community Mobilization**

This task starts when the intended beneficiaries participate in the Situation Analysis. It involves activities such as problem identification, and prioritization of goals and projects.

o **Resource Mobilization**

This task starts when the organized groups have decided to venture into community problem solving process. It involves activities related to assembling the internal and external resources necessary to generate and sustain group action.

o **Leader Identification and Group Formation**

This framework is defined in three levels of organizational growth stages:

Level I. **Leadership Orientation and Organizational Formation**

Critical activities during this stage are:

- a) Community and household visits
- b) conduct of community assemblies
- c) conduct of participatory research activities for situation analysis: community profile, poverty profile, resource inventory and analysis
- d) identification of potential leaders
- e) conduct of barangay based team building training programs for identified potential leaders
- f) conduct of group meetings to follow through implementation of the core groups initial plans

Level II. **Organization Consolidation and Capability Building**

At this stage of development, the organized groups focus on organizational and project concerns, systems and procedures developed as well as enhancing their capabilities in organizational and project management. Following critical activities are done:

- a) Firming up and consolidation of organizational and project management systems and procedures.

- b) Sustaining group action in planning, implementation, monitoring and evaluation of short-term and long range social and economic projects, including organizational management concerns.
- c) Formal training programs are conducted with emphasis on:
 - o Organizational Management
 - Basic and Advanced Leadership and Organizational Management Skills Training
 - Training Programs for Community Organizers and volunteers
 - Relationship Building Training
 - Commitment Building Training
 - o Project Management
 - Basic Agribusiness Projects Management Training
 - Preparation of Simple Project Proposals
 - Simple Bookkeeping and Records Keeping
 - Technical Skills Training Programs
- d) Conduct of organizational assessment sessions to determine organizational growth
- e) Linkage Building for resource mobilization

Level III. Organizational Institutionalization/
Expansion

At this level, the organization's project systems and procedures attain a level of refinement and capabilities of the barefoot technicians are upgraded.

STRATEGY II.

PBSP worked with municipal level government structure that could influence decisions in allocating resources of poverty groups. Reaching the poor through the Municipal Development Councils (MDC) was their logical choice. PBSP expanded its work agenda to include mobilizing the MDCs at various steps in the LRM planning cycle: poverty study, poverty strategy formulation, and project identification, development and monitoring. Framework for organization building for the MDCs were as follows:

- organizational formation
- organizational consolidation
- organizational expansion

Each of these framework had key skill areas that need to be developed:

- Institution building/organizational management and resource mobilization

This key area sought to develop the capabilities of the MDC members in managing their respective MDCs as functioning organizations and in generating resources that could support its internal and program operations. Activities included conduct of baseline studies highlighting local poverty situation, team building, planning and assessment sessions, and operationalizing defined systems and procedures

- Municipal development strategy formulation/implementation

Activities to develop the capacities of the MDCs to formulate and implement poverty-focused municipal development strategies included: training sessions on strategy formulation to define mission/goal and objectives. Municipal development strategies and programs were formulated in the context of the local poverty situation.

- Program management

Emphasis was given to program packaging, systems and procedures and resource mobilization.

- Advocacy

This key skill area attempted to transform the MDCs into local government development organizations whose efforts are focused on continuously attending to municipal-wide concerns. The above activities contributed to making the MDCs advocate aspirations of the poverty groups.

III. THE INTERNATIONAL ILAW CENTER APPROACH

The IIC brought in to the LRM Project its Ilaw ng Buhay Approach which views the community and the local government as a whole. The approach involved a phased process of generating collaborating activities between the community and the local government in planning and implementing projects based on identified problems and resources. Inherent to their approach are the complementing strategies of training and organization.

Training is seen to provide the educational foundation and stimulus for undertaking activities. It is premised that full understanding of issues that affect the community and acquisition of basic skills precede action from the people. Organizing processes build the collective and cooperative capacities of the community and local government to pursue courses of action based on agreed goals. Organization also serves as a vehicle for groups to continually assess and learn from experiences.

Ilaw focused on organizing the community rather than a specific poverty group. They covered the province of Catanduanes in Phase I of the LRM Project.

THE ILAW NG BUHAY PROCESS

The process has three distinct phases: 1) Social Preparation Phase 2) Pre-Consolidation Phase 3) Consolidation Phase

SOCIAL PREPARATION PHASE

This phase lays the groundwork for linking the community efforts to developmental activities initiated by local governments on technical agencies operating in the area. It seeks to prime-up collaborative efforts between the government and organized communities. Both local institutions and community are encouraged to implement a single social development plan. In a span of 12 months, the following activities are done:

o Orientation of Provincial Officials

This seeks to orient the members of the Provincial Development Council to the Ilaw ng Buhay approach and consult them on crucial issues.

o Community Self-Survey

A survey, based on secondary data is done to come up with a development profile of the municipality. This is done in coordination with the municipal staff and technical agencies.

o Formulation of Municipal Social Development Plan

Based on survey findings, all sectors including civic groups and barangay representatives are encouraged to draft a single development plan and that the services in all sectors shall converge to the most deprived segment of the population.

o Intensive Training for Project Implementors and Volunteers

This activity aims to convert the development plan into action using training as the primary tool to prime up the implementation process. Training activities include

- training of Barangay Development Volunteers
- organization and training of Family Heads and Mothers
- training of volunteer development trainers who are recruited from the ranks of teachers, businessmen, civic leaders
- training of Chapter Officers of the organized family heads and mothers

- o Provision of Priming-Up Funds - funds are provided for the community for chapter-identified projects in cases where local resources are quite scarce. This is to build up local confidence and lay groundwork for gradual refinement of skills required in the next phase. Training to insure effective utilization and management of funds is conducted.
- o Monitoring and Evaluation

Each training activity comes out with an action plan which is monitored and the performance evaluated periodically.

The neighborhood made up of (20) family heads and mothers are organized into Chapters. Each chapter member elect their officers. All chapter presidents constitute the Ilaw Executive Committees at each barangay. The Chairman represents the private sector in the Barangay Development Councils. A municipal Ilaw association is formed and the chairman also represents the private sector in the Municipal Development Council.

PRE-CONSOLIDATION PHASE

During this phase, IIC directs the attention in further strengthening the capability of the local development councils to manage the process. Simultaneously, it trains the organizations towards effecting meaningful relationship with government.

Major activities for this phase are as follows:

- a) Review of the Social Preparation Phase. This is undertaken jointly by the local government and the community organizations at each implementation level. This is to identify non-functional units or chapters, problems encountered in the service delivery, and the need for particular skills on both the local government and community organization. An output of this activity is the retraining of volunteer trainers and other local implementors.
- b) Revision of the Social Development Plan - with IIC guiding the local government and the community organization, the Social Development Plan will be revised with the aim of improving management and use of the Municipal Data Bank, greater use of Ilaw Network for the delivery of services, local funding for community activities and projects, identification of income generating projects to sustain the development process and the need for linkages with provincial and other entities to facilitate prompt response to community initiatives.

- c) Turn-over Responsibilities - this activity results in the formal phase-out of the IIC area tea. It is highlighted by the adoption of roles and acceptance of responsibilities by both the Municipal Development Council and the Community Organization.

CONSOLIDATION PHASE

At this phase, IIC's role is relegated to monitoring the process as implemented and managed by the Municipal Development Council and the Municipal Ilaw Association.

During this phase, motivational training is mostly undertaken by the local trainers. Livelihood project is given emphasis during this phase. The ability to generate income on the part of the community organization is a vital factor which can master consolidation work.

IV. FINDINGS

SIMILARITIES

- o Prior to organizational work, both PVOs made a survey to establish the profile of the community
- o The Municipal Development Councils were viewed as key actors in implementing programs for the poor. It was therefore imperative that the MDCs should be brought in to the process of organizing the poor and that the MDCs should develop also their own capacities in planning and implementing programs for the poor.
- o It was recognized by both agencies that a cadre of community volunteers to continue PVO efforts in organizing and providing technical assistance have to be developed.
- o Intensive training on project implementation was also undertaken by both agencies.
- o Barangay and Municipal Development Councils were reactivated and where in such councils, the community groups were represented.
- o Both PVOs considered the income generating projects of the beneficiaries as a primary activity in consolidating community organizing efforts

DIFFERENCES

- o The basic difference between the two agencies was the focus of community organization. PBSP focused on specific poverty groups within a given barangay while Ilaw organized the whole community.
- o PBSP combined two approaches - organizing poverty groups for empowerment and for economic self-sufficiency while Ilaw focused its organizational approach on strengthening the local community structures.

ISSUES

As no attempt will be made to gauge the effectiveness of each of the PVO approach, the following issues will just be raised:

- o Poverty focused programs which attempt to involve the whole community may tend to dissipate benefits for the intended beneficiaries and there are dangers that the "elite" in the community may take-over in the long run.
- o However, to sustain poverty organized groups, they should not be organized in isolation of the community.
- o The role of PVOs in community organizing efforts is vital. However, their involvement with the project is only within the time frame of their contract with the project. A two year fast track organizing effort would not be enough to leave in the communities a self-propelling community organization. While phase-out mechanisms are in place, community organizing experience has shown that there is a need for a sustained re-training and monitoring activities. Would the local governments or local PVOs have the capacity and the resources to continue these activities?
- o As Income Generating Projects (IGPs) have been found to be necessary in consolidating the organizational efforts, the sustainability of these community organizations are therefore largely hinged on the success of the IGPs.

The evaluation team has identified that the management of the income generating projects have been found to be the weakest component in the community organizing efforts of the PVOs.

IIC's SOCIAL DEVELOPMENT - COMMUNITY DEVELOPMENT
 FRAMEWORK AND PROCESS MATRIX

Phase I : Social Preparation

Training	Field Operations	Training	Field Operations
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Inputs

1. Orientation of Municipal officials; Mayors, Sangguniang Barangay (SB) members, and Technical/Line Agency (TA) Heads	Mobilizations of local government personnel Rapid micro-situation analysis Social investigation in most depressed barangay and interview with reference families for validation	2. Orientation of Mayor and local staff on survey findings and poverty groups (e.g., sustenance fishermen, landless farmers, agricultural workers, etc)	Determination of training and logistical requirements for the Social Development Seminar/Workshop (SDS)
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Outputs

1. Commitment of local government to participate in preliminary Survey/rapid micro-situation analysis of municipality	Initial problem- oriented municipal socio-economic profile	2. Final problem- oriented socio-economic profile	Organized working committee for the SDS SDS Training design
Adoption of the INBA approach by the SB and Municipal Development Council (MDC)	Ranking barangays according to status of poverty groups Identification of most depressed barangays for purposes of demonstration and training		

Training	Field Operations	Training	Field Operations
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Inputs

3. Social Development Seminar; Sectoral Planning	Reviwe and formal adoption of action plan by SB and MDC	4. Orientation of barangay officals	Deployment of extention workers
	Organization of Family Development Task Forces by MDC for operations planning	Training of Development trainors	Zoning of barangays into Chapters and Units
	Selection of extension workers for delivery of services to the poor		Data-gathering on barangay socio-economic situation for purposes of the Family Ilaw Training (FIT)
	Selection/recruitment of teachers as Volunteer Development Trainors (DT)		Scheduling of FIT Team-building for local trainors

Outputs

3. One-year integrated Social Development Action Plan (SDAP)	Integration of SDAP to Municipal Development Plan	4. Trained indigenou volunteers	Coordination among extension workers
	Selection of depressed barangays	Adoption of the INBA approach and program by the Barangay Development Council (BDC)	Barangay baseline profile and actual problems/experiences as basis for trainin
Organization of Task Forces			Schedule of FIT classes

Training	Field Operations	Training	Field Operations
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Inputs

5. Family Ilaw Training	Implementation of family plans and projects	6. Chapter Officers' training	Categorization of beneficiaries
Orientation of School Teachers	Chapter meetings	Unit leaders' training	Installation of monitoring system for chapter implementation
Orientation of extension workers	Monitoring/supervision of family activities by unit leaders and chapter officials		Finalization and implementation of chapter plans and projects
	Integration of Ilaw principles and messages in classroom lectures, PTA meetings, convocations, etc.		Organization of Municipal INBA
			Formation of linkage between the local government and the INBA network

Outputs

5. Formation of neighborhood chapters and units	Simplified sectoral plans/projects for family implementation	6. Identified problems	Established barangay data bank
Election of chapter officers and unit leaders		Chapter plans	Categorized beneficiaries
Family plans			Chapter projects
			representation of INBA to the BDC and MDC

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Training	Field Operations	Training	Field Operations
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Inputs

7.
Training of INBA
officers

Formulation and
Implementation of
INBA support plan

Local government use
of INBA network

Regular chapter and
INBA meetings

Regular INBA monitoring
of community
projects/activities

Outputs

7.
INBA support plan

Monitoring reports at
community level

Phase II & III : Pre-Consolidation and Consolidation

Training	Field Operations	Training	Field Operations
<u>Inputs</u>			
8. Chapter Officers Livelihood Training	Formulation of live- lihood credit system; availment; utilization and collection	9. Livelihood training for beneficiaries	Validation of indivi- dual livelihood project plan and budget
Training of Project Manager	Identification of credit beneficiaries		Approval of project proposals and contract signing
	Establishment of mechanism for capital build-up and utiliza- tion of chapter funds		Release of capital seed fund
	Conduct of feasibility studies		Project implementa- tion, monitoring and evaluation
	Project proposal preparation and review		Credit supervision and collection
	Establishment of contracts by credit recipients INBA and IIC		Recycling of funds
<u>Outputs</u>			
8. Livelihood Action Plan	Livelihood projects	9. Project plans and budget	Livelihood Project contracts
Service delivery skills	Credit recipients Credit utilization scheme	Skills in project implementation	Use of capital seed fund and supervised credit
			Project reports
			Chapter social funds

Training	Field Operations	Training	Field Operations
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Inputs

10. Assessment and Re-planning Workshops: Chapter, barangay and municipal levels	Revision of action plans and strategies	11. Evaluation of program and turn-over of responsibilities to INBA and MDC	Formulation and operationalization of guidelines based on initial experience
Re-training of project implementors	Establishment of municipal data bank Implementation of revised/updated plans at all levels Regular monitoring and evaluation at all program levels		

Outputs

10. Identified strengths and weaknesses	Revised/updated action plan	11. Institutionalized INBA program approach	Management of program by INBA and MDC Utilization of INBA network specially by technical line agencies Funding of activities by local government Phase-out of IIC project team
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Philippine Business for Social Progress (PBSP)

Organizational Building Framework for Poverty Groups

STAGES OF ORGANIZATIONAL GROWTH

	I	II	III
	LEADERSHIP ORIENTATION/ ORGANIZATIONAL FORMATION	ORGANIZATIONAL CONSOLIDATION CAPABILITY BUILDING	ORGANIZATIONAL INSTITUTIONALIZATION
Organizational Management	- Clear statement of goal	- Clear statement of goal/ objectives	- Clear statement of goals/ objectives
	- Set of functioning officers and leaders	- Organization with legal personality	- Organization with legal personality
	- Defined Structure	- short and long term organizational plans	- Functioning and skilled leaders
	- Operational organizational systems and procedures	- Functioning and skilled leaders	- Institutional linkage
	- Action plans	- Trained C.O. Volunteers	- Refined organitional systems and procedures based on experiences
Project Management	- On-going basic services projects	- On-going livelihood projects: Defined project implementing structure	- On-going livelihood projects: Defined project implementing structure
		- Operating policies and procedures	- Refined project systems and procedures
		- Trained barefoot technicians:	- Trained barefoot technicians:
		- Utilization of appropriate technologies	- Utilization of appropriate technologies
		- Representation in the MDC structure	- Representation in the MDC structure
Advocacy Role			- Advocates policy changes to Municipal Developaent Council/Sangguniang Bayan

APPENDIX J

ENHANCING THE VIABILITY OF LRM CREDIT FACILITIES

ENHANCING THE VIABILITY OF LRM CREDIT FACILITIES

BY

John M. Dukesbury
&
Jovita Culaton Viray

Inherent in the decision to mobilize PVOs to assist in the dispersal and management of funds under the CPF was the implication that those funds would be provided in the form of credit. One of the central precepts of the PVO approach to enterprise development is that assistance not be viewed by the recipient as a "give away". More importantly, efforts to develop a wide range of micro enterprise activities in developing countries throughout the world have concluded that the absence of appropriate institutions for the provision of credit is a major obstacle to that development. The particular characteristics of credit markets in the Philippines underscore this weakness and point to the need for LRM to help fill the credit void, but also point out some of the difficulties encountered in attempting to do so.

PVO Involvement in Philippine Credit

The Philippines financial system has two large sub-markets, i.e., the formal and informal markets. It is the latter in which we are primarily interested. Informal financial markets are generally considered to include the cooperatives and credit unions, PVOs that have developed some specialized credit programs, and, finally, the completely unregulated financial sub-sector of money lenders, suppliers of raw materials and marketing services on credit, etc. Various studies have shown that these unregulated intermediaries have remained large and active, especially in the last few years of difficulty for the formal financial system. Among the more serious difficulties encountered have been a series of bank failures with rural banks among the hardest hit, and the overall economic crisis of the mid-1980s, which has racked the Philippine economy. The result has been that these unregulated actors serve as the main sources of non-institutional funds for small farmers and micro-entrepreneurs who are usually drawn from the same poverty groups that have been targeted for assistance by LRM.

Philippine government recognition of the dependence of poverty groups on non-formal sources resulted in attempts to make credit available through such national livelihood programs as the KKK, Masagana 99, and Bivavana Dagat. These government programs.

however, ended in failure when the majority of borrowers failed to repay their loans. One of the major reasons for such poor repayment was the widespread perception on the part of the borrowers that the programs, which were administered by the government at subsidized interest rates, were intended as a dole and part of a political propaganda effort that placed little emphasis on repayment. With the collapse of these national programs, the poor were left with no other means to gain access to formal channels of institutional credit.

At the other extreme were the formal banking institutions that also offered credit to farmers and small enterprises, but that also required real estate collateral and an established track record with the lending bank. Even the presence of government-supported guarantee mechanisms, such as the Industrial Guarantee and Loan Fund [IGLF] did not really alleviate conditions because the participating banks would still require collateral equal to about 130 percent of the loan for which application was being made. The effect of these requirements was that the poor, having no real estate to mortgage and no track record with the banks, were totally excluded from the clientele of formal banking institutions.

The only guaranteed source of credit for the poor were the money lenders who charged interest rates that varied from 60 percent to 120 percent or higher per annum. This was the price that the poor had to pay in exchange for fast and efficient access to credit, but, in exchange, the informal money lenders required no collateral, no lengthy applications or waiting periods, no guarantors, and they were closer physically to their clients.

The entry of PVOs into the informal financial market in the later 1970s and early 1980s as a source of credit for the poor in the Philippines was not made as a deliberate choice. This significant shift in the role of the PVOs was born of the recognition of need and the demands of their beneficiaries for financial assistance in coping with their poverty. Once their shift from their more traditional forms of assistance was begun, certain PVOs came to be increasingly identified with the provision of credit to the poor.

One of the first Philippine PVOs to venture into this areas was the Philippine Business for Social Progress [PBSP]. From their early experience in the organizing of poor community groups in rural areas, focusing on building the capability of community institutions, PBSP began to address its attention to the economic needs of the target beneficiary groups, and ultimately expanded its activities to the provision of credit funds. The system developed by PBSP was based on the provision of credit to be administered by a community group and re-lent to individual members. The community group was expected to generate sufficient

funds from the capital and interest collected from members individual loan payments to pay back the seed loan to PBSP and to capitalize their own loan funds to continue lending to group members after the initial PBSP loan was retired. This system has important implications for the LRM because of PBSP's involvement as one of the original four PVOs involved in the project.

Another approach, fostered by the small PVO--the Manila Community Services, Inc.--concentrated on making credit available to the urban poor in the squatter areas of Manila by using a network of community volunteers as "money lenders" in the community.

Also influential was the Department of Trade and Industry's efforts in creating a program to assist the urban poor in the establishment of small businesses to increase income and generate employment. This program, which came to be known as the Micro Industries Development Program [MIDP], was highly experimental in nature and marked the first time that the Department attempted to work with the informal sector. Among the significant lessons about credit that were drawn from this experiment were the following:

- * Both the size and variety of the informal sector dictates that attempts to provide credit assistance should consider the type and size of the target enterprises and the capability of the borrowers. Enterprises were classified by sector, such as trade, manufacturing, service, or agriculture, and then further subdivided by level of capitalization and entrepreneurial experience of the owner into classes: pre-entrepreneurial, 1, 2, and 3.

The program targeted classes 1, 2, and 3 for assistance, while the pre-entrepreneurial class was judged to be hardly able to meet their basic needs and, as such, appropriate to be addressed by social welfare organizations.

- * New enterprises are more difficult to sustain than those that seek assistance for expansion, and the mortality rate was higher among the former than among entrepreneurs who borrowed for expansion purposes.
- * Group-owned enterprises required substantially greater organizational, technical, and management assistance than individually owned enterprises, and the absence of any of these inputs greatly increased the likelihood of failure in the former group.
- * Borrowers drawn from among the poorest of the poor with no other means of livelihood than a marginal micro-

enterprise tend to be more likely to use capital for household consumption, education, or health needs in case of emergency. Such capital diversion leads to loss of livelihood and loan default.

- * Loan interest rates are of less significance to the borrowers than timely access to needed credit.
- * Project feasibility studies for small loans are less important than the good name of the borrower and reputation for business acumen in the community. Informal means of credit investigation that mobilizes members to "sift" undesirable borrowers is most appropriate for small loans.
- * Loan processing and approval should be made as fast and simple as possible.
- * Lending agencies that lend to borrowers engaging in the business or livelihood activity for the first time should be prepared to absorb larger losses.
- * Loan collection must be conducted at the community level as a means of ensuring higher repayment rates and a reduction of transaction costs to the borrower by limiting the time and travel expenses entailed in making payments.

Two additional lessons learned from this experience shaped Philippine policy on attempting to deal directly with target groups and enterprises. Lack of intimate local knowledge, the relative inflexibility of government procedures, and the shortage of staff to reach effectively informal sector enterprises and monitor community developments led to the conclusion that it would be more effective to work with organizations already in the community. PVOs at that time, however, also lacked a broad understanding of the informal sector and micro-enterprises and had not yet developed the technical and management capabilities to implement an income generating program.

Based on this accumulated experience, the MIDP shifted its focus from direct assistance to micro-enterprises to providing training and technical assistance to PVOs. USAID also took steps to reinforce this role by including an micro-enterprise component in the Small and Medium Enterprise Program [SMED] budget. Since that time, the Department of Trade and Industry has institutionalized a program for working with PVOs in providing credit to the poor. With the support of the Asian Development Bank, it is currently implementing the Tulong sa Tao Program that provides loans to PVOs at 7 percent interest in order that they may, in turn, re-loan the money to their beneficiaries at rates no lower than 18 percent. A new program is also being designed that will

make use of a similar arrangement for the Department of Trade and Industry to deliver financial services to low income municipalities.

There is evidence that foreign donors are also joining this "movement." The USAID PVO-Co-financing Program has funded many USAID registered PVOs for this purpose and the Australian and Canadians are doing the same.

There is a growing pool of experience of Philippine PVOs designing and administering credit funds for the poor. There is no reason for LRM not to make full advantage of this experience, and every reason not to repeat whatever mistakes have been made and to avoid reinventing the wheel.

LRM Credit Experience and the CPF

It has been mentioned above that the dispersal and management of CPF funds in the form of credit is a natural outgrowth of PVO involvement. It was also noted that one of the original four PVO contractors was the same PBSP that had developed considerable experience in the establishment and management of group credit systems. But it also was noted in earlier sections of this report that the CPF has given rise to a variety of credit systems, of which none has established a uniformly good record for sustainability and satisfactory repayment rates.

The CPF credit systems are of two basic types with a number of variations on each having developed in different places and over time. The first basic type is the two-tier system, which has been described above as having been fostered by PBSP. Under this type, the PVO provides seed money for the establishment of a loan capital fund to be used and administered by a community group that it has helped to form, while the group makes loans to individual members for productive purposes. The second basic type is one where the PVO provides direct loans to either individual or group borrowers. One of the major sources of variation on these systems is the determination of whether the end user of the credit is an individual or group enterprise. Although some systems allow either type of borrower depending on the appropriateness of the concerned livelihood activity, there are others that dictate that only individual or group activities are eligible.

Among the few regulations governing this system are the stipulations that individual loans must be repaid within one year, while the group loan from the PVO must be amortized within three years. Although this distinction would appear to be a clear reference to the two-tier system, it has not been interpreted as such. There have been cases noted where direct loans to individuals have been made for a period of three years, even when the livelihood activity being supported was limited to the

provision of inputs for production of an agricultural crop with a three to six month growing season. These indicators point to little thought having been given to the determination of appropriate loan periods in accordance with need and production cycles, rather than simply extending all loans for the maximum period allowed. The inappropriateness of loan terms helps to reinforce the perception among borrowers that repayment need not be taken too seriously, and helps to explain the high levels of default that have been experienced.

In contrast to the overly generous terms for individual borrowers, the three-year limit on the amortization of loans from the PVO to the newly formed community group is not only deficient but has serious implications for achieving sustainability. There are many examples of loan funds that achieved initial success and sustained growth, but which were suddenly undercut by the premature withdrawal of their initial capitalization. A major concern in the establishment of viable credit systems is guaranteeing that capital formation is provided for in quantities that are sufficient to meet the growing demands of the loyal clientele. It should make no difference here that the clientele are also identified as members of the community group that is establishing the credit facility. The fact that amortization rates [as measured by the rate of repayment of loans from the community groups to the PVO] are extremely low should probably be viewed as a sign of health, in that the groups are resisting the decapitalization, which would dictate the end of their operation. However, the fact that their own loan recovery rates from members are almost as low indicates that amortization reflects lack of ability rather than prudence and good judgement.

This marks one of the major differences between schemes that set out to establish viable institutionalized credit systems against those that take as their objective the satisfaction of credit needs for a certain limited purpose at a particular point in time. This difference in strategy also has important implications for the development of borrower psychology and confidence. To the extent that the availability of credit is viewed by borrowers as a stable and permanent institution, the prospect of continued--or even increasing--access acts as an incentive to timely loan repayment. One of the major reasons government production credit schemes fail to recover a substantial percentage of their loans is that borrowers are well aware that the loans are granted as a one-time facility with no hope of repeat access.

Related to the problem of loan default and group capital formation is the question of determining appropriate interest rate levels for both individuals and groups. The general provisions governing the management of the CPF stipulate that interest rates are to be agreed upon, but under no circumstances are the rates to be lower than those required to cover expenses. This

fails to take into proper consideration the additional guidelines provided in an annex to the 1988 Project Paper Supplement, which includes provisions for the calculation of the opportunity cost of money, establishment of a reserve for bad debts, and capital accumulation. With interest rates that are presently being set as 12-18 percent per annum on declining balance and a formula for division of interest earnings between the PVO and community group, most of these costs would not be met even if repayment rates were not at their present levels of 15-30 percent of payments due. A major flaw in the present calculation of rates is related to the popular perception that the opportunity cost of money is related to the source of the initial loan capital as a grant from USAID. The popular logic follows that, if the seed capital was a grant, the cost of money is 0 percent and need not be taken into consideration in calculating interest rates. This logic also fails to explain why no provision has been made for writing off bad debts or capital accumulation. The fact that group members are allowed to dictate their own interest rates will almost always lead to short-sighted conceptions of self interest and low interest rates.

Concerning the CPF financial administration systems and bookkeeping, the evaluation team encountered considerable difficulty in attempting to establish a uniform picture of payment and default rates for both individuals and groups. Each of the involved PVOs has established its own procedures, forms, and systems from which it is difficult to extract information on the status of either individual loans or group accounts. This accounting is probably further complicated by the fact that some accounts are individual, while others are group enterprises or are treated as such for accounting purposes.

A Revised CPF Credit System?

Most provinces and municipalities have now reached the stage where phase out of external management and support for CPF credit facilities should be under way, if not completed. The numerous problems encountered in management and recovery of outstanding loans have made orderly phase out difficult, if not impossible. The question remains as to who inherits the remaining resources and problems.

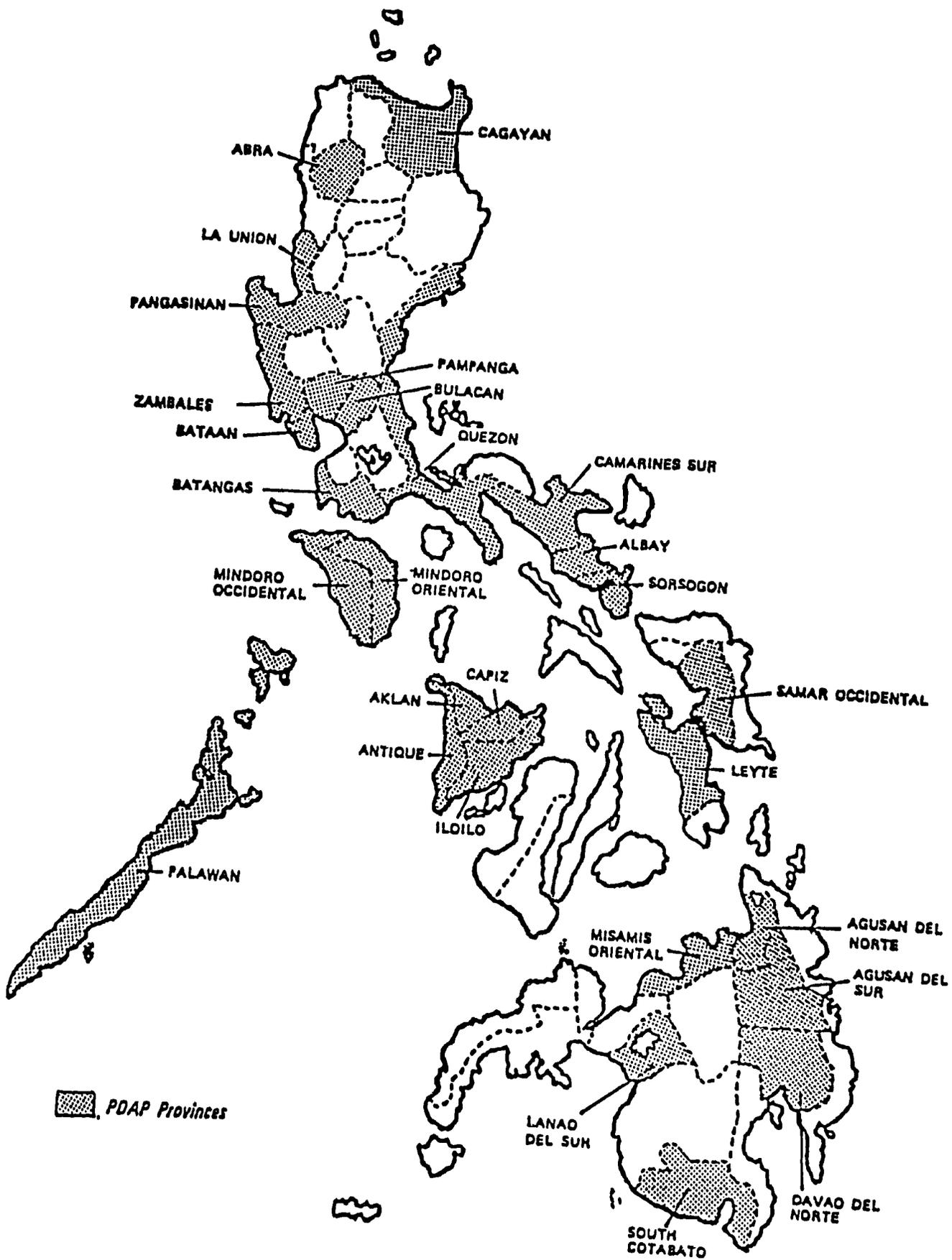
One approach, which views the disposition of remaining--primarily financial--resources as a community decision, would grant autonomy to each of the community groups and allow them to either wither or develop in accordance with their own capabilities. In this case, the majority of community groups would continue at their present rate of decline and disappear [as viable credit groups] within a relatively short time. Those few groups that would remain viable would probably be insufficient to form federations that would have any meaning at either municipal or provincial levels.

An alternative approach would be to have the remaining resources vested in an institution to be incorporated at the municipal level in each remaining LRM location. This institution would be under the supervision--but not direct control--of the concerned municipal government [the municipal development council is one possibility] for purposes of policy direction and review of operations. It would be further possible to form a council of these institutions at provincial and even regional level in order to share experiences, resources, and discuss common problems. One of the first priorities would be the establishment of common principles and operating procedures governing such matters as: loan terms, repayment periods, and other conditions; the determination of interest rates and assignment of interest payments to cover operations, system supervision, retirement of bad debt, and capital formation; amortization of initial loan capital and expansion of the system to new locations. This approach would constitute a revamping of the entire system with the development and adoption of standardized rules and procedures that would guarantee the sustainability of the system.

The key to resolving the problems of management and growth is the determination of interest rates. It is not unusual that borrowers would demand the lowest possible rates, even if it means that continued access to credit will not be guaranteed. The prevailing rates charges by many lenders and other sources in the informal financial sector need to be viewed as the appropriate yardstick for measuring savings. Attempts to compete with or emulate subsidized government programs will only end where those programs end--in default and collapse. Any system that can guarantee delivery of credit in required amounts, at competitive rates, and as speedily as money lenders will have a high probability of success, and, if properly managed, should be capable of sustained operation and growth.

APPENDIX K

MAPS



APPENDIX L

ABOUT THE AUTHORS

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John M. (Jack) Dukesbury

Mr. Dukesbury is a planning, management and evaluation specialist with almost twenty years experience in consulting, research and training. He has led and participated in numerous project design, implementation and evaluation teams in various countries in South and Southeast Asia. Much of his professional work has emphasized organizational development, decentralization, popular participation and multi-sectoral integration. He has also designed and implemented institutional approaches to the provision of rural credit and evaluated the viability of such approaches.

Linda M. McCabe

Linda McCabe has lived in the Philippines since 1985. She serves as Southeast Asia Representative for Nathan Associates. During her tenure in the Philippines, she has worked on several USAID/Manila projects concerning rural development. She has evaluated the Foster Parent Plan program to encourage the growth of micro-enterprises in rural areas. She also wrote the project paper for the Enterprise in Community Development project, which encourages Philippine private sector involvement in rural development activities. She has written several sourcebooks concerning the proper implementation procedures for local PVOs undertaking programs to encourage the development of beneficiary-oriented income generating projects.

David I. Steinberg

David I. Steinberg, Research Professor of Korea Studies at Georgetown University, is a specialist on Asia and economic development. He was formerly President of the Mansfield Center of Pacific Affairs, a member of the Senior Foreign Service in A.I.D., Department of State [where he was Director of Technical Resources for Asia and the Near East, and Director for Philippines, Thailand, and Burma Affairs], and a Representative of The Asia Foundation. He has led many evaluation and consultant teams in the region, where he has lived for over fifteen years. He has written extensively on Asia, most recently The Future of Burma: Crisis and Choice in Myanmar [University Press of America 1990], and The Republic of Korea. Economic Transformation and Social Change [Westview Press, 1989].

Florintina A. Tan

Ms. Tan is presently a Program Management Specialist contracted to supervise the implementation of the Fisheries Sector Program, a five-year assistance effort financed by the Asian Development Bank. As such, Ms. Tan assists that Project Management Office in ensuring program implementation in accordance with objective and accomplishment targets. Ms. Tan has been with various government agencies, including the Department of Local Government, and the Department of Environment and Natural resources. At the latter, she was involved in the planning of several major projects, as well as in the review of their implementation.

Jovita Culaton Viray

Mrs. Viray has had sixteen years hands-on experience in small and micro-enterprise development. She had been primarily responsible for the design and management of the Micro Industries Development Program of the Department of Trade and Industry, which channels resources to poverty groups by working with private and voluntary organizations. She has conducted training and provided institutional development and technical assistance to local and foreign-based PVOs and international organizations implementing income-generating programs. Mrs. Viray also has managed two Philippine-based international PVOs, which implemented programs for the poor in rural areas.