

**AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT**



# **ANNUAL BUDGET SUBMISSION**

## **FY 1977**

### **PHILIPPINES**

BEST AVAILABLE

**DEPARTMENT  
OF  
STATE**

JULY 1975



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## I. CERTIFICATION OF VALIDITY OF DAP

The Philippines DAP was submitted to AID/W at the end of December, 1974 and reviewed in Washington at a DAP review session in February, 1975. On the basis of the review, the DAP was revised in June, 1975 and will be transmitted to AID/W on or about June 30. The revision includes several new sections suggested at the review. The agriculture section has been expanded and now appears as Volume II of the DAP.

The Philippines DAP as revised remains a valid statement and explanation of the Philippine Government's development strategy and plans and of the US Government's strategy and plans for assisting the GOP in these matters. The needs, purposes, directions and expectations for the AID program in the Philippines and its anticipated resource levels and timing remain as stated in the original DAP and the revision to it and are reflected in this FY77 ABS.

## II. CENTRALLY FUNDED RESEARCH

The Philippines is faced by the entire spectrum of developmental problems and could benefit substantially by research at almost unlimited levels. While it has a highly competent research structure and capability in both the government and private sectors, that structure is limited in size and available resources. The Philippines must therefore rely to some extent on external assistance in research.

Considerable centrally financed research is already being carried out in the Philippines. Most of this is well focussed on agricultural production and related problems, e.g., that being addressed by IRRI, the Rodent Research Center and Agricultural Diversification and Markets (ADAM) Project. It is expected that this kind of research will be continued in the future at least at current levels. Given the scarcity of funds and the need to optimize research pay-off, additional centrally funded research in the Philippines should be provided in support of GOP/USAID projects. Such support could serve as an important means for involving the U.S. scientific community directly in AID's efforts to assist the poorest people of the Philippines.

Within the focussed range of joint GOP/USAID programs, the chief area in which particularly useful progress could be made with AID/W assistance is that of evaluation, i.e., measuring the impact of projects and programs in terms of delivering development benefits to the rural poor. The GOP and USAID are devoting considerable attention and resources

to evaluation and improved project planning and implementation. Particular attention has been given and is planned for such major projects as Rural Electrification, Small Scale Potable Water, and Small Scale Irrigation. Funding for these evaluation activities has been and is being provided from both GOP and USAID grant sources. Additional requirements are substantial. Central funding by AID could range in the order of \$500 thousand a year depending on specific proposals as they are presented.

Many technological, managerial and other related developmental problems are being studied/researched by the GOP independently and with other donor and international assistance. Specific needs and opportunities continue to surface. When these are related to joint GOP/USAID projects USAID attempts to obtain funds either as part of its bilateral program or through the East Asia Research Program. Research of this kind could be expanded and intensified if additional AID/W central funding were available.

**III. SUMMARY TABLES OF FUNDING REQUIREMENTS**  
**FY76 SUMMARY TABLE<sup>a/</sup>**  
**(\$000)**

Projects	FP&N	PP&H	E&HR	SDP	TOTAL
<b>ONGOING GRANTS</b>					
492-55-130-259 Small Farmer Income & Prod.	858				858
492-11-180-266 Aquaculture Production	248				248
492-55-199-260 Bicol River Basin Development	471				471
492-55-199-261 Agrarian Reform	570				570
492-11-220-248 Rural Electrification	600				600
492-69-560-252 Nutrition	350				350
492-11-995-256 Local Development	1,181				1,181
492-11-995-237 Gen. Participant Training	-		100		100
492-11-570-220 Population Planning	-	3,500 <sup>b/</sup>	-		3,500
492-56-521-263 Local Water Development	-	250	-		250
492-11-998-199 Special Dev. Activity Authority	-	-	-	100	100
<b>Sub-Total</b>	<b>4,278</b>	<b>3,750</b>	<b>100</b>	<b>100</b>	<b>8,228</b>
<b>LOANS</b>					
Rural Electrification IV	20,000				20,000
Local Water Development II	-	20,000			20,000
Bicol Roads	10,000	-			10,000
Agricultural Research	5,000	-			5,000
Feasibility Studies III	2,000				2,000
<b>Sub-Total</b>	<b>37,000</b>	<b>20,000</b>			<b>57,000</b>
<b>TOTAL</b>	<b>41,278</b>	<b>23,750</b>	<b>100</b>	<b>100</b>	<b>65,228</b>
PL 480 Title I					25,000
PL 480 Title II					10,883

<sup>a/</sup>Columns headed Selected Countries and Organizations, Supporting Assistance, and Development Assistance Subtotal have been omitted from this table; the first two because AID/Manila has no inputs in those areas, the latter because it is the same as the total column.

<sup>b/</sup>Excludes centrally funded contraceptives.

INTERIM QUARTER SUMMARY TABLE <sup>a/</sup>  
(\$000)

Projects	FP&N	PP&H	E&HR	SDP	TOTAL
<b>ONGOING GRANTS</b>					
492-55-130-259 Small Farmer Income & Prod	390				390
492-11-180-266 Aquaculture Production	-				-
492-55-199-260 Bicol River Basin Dev.	172				172
492-55-199-261 Agrarian Reform	165				165
492-11-220-248 Rural Electrification	23				23
492-69-560-252 Nutrition	124				124
492-11-995-256 Local Development	229				229
492-11-995-237 Gen. Participant Training	-	-	25		25
492-11-570-220 Population Planning	-	760 <sup>b/</sup>	-		760
492-56-521-263 Local Water Development	-	98	-		98
492-11-998-199 Special Dev. Activity Authority	-	-	-	25	25
Sub-Total	1,103	858	25	25	2,011
<b>LOANS</b>					
Bayanihan Schools	-	-	7,000	-	7,000
Sub-Total	-	-	7,000	-	7,000
Total	1,103	858	7,025	25	9,011

<sup>a/</sup> Columns headed Selected Countries and Organizations, Supporting Assistance, and Development Assistance Subtotal have been omitted from this table; the first two because USAID/Manila has no inputs in those areas, the latter because it is the same as the total column.

<sup>b/</sup> Excludes centrally funded contraceptives.

FY 77 SUMMARY TABLE <sup>a/</sup>

Projects	FP&N	PP&H	E&HR	SDP	TOTAL
<b>ONGOING GRANTS</b>					
492-55-130-259	Small Farmer Income & Prod.	1,094			1,094
492-11-180-266	Aquaculture Production	129			129
492-55-199-260	Bicol River Basin Dev.	868			868
492-55-199-261	Agrarian Reform	463			463
492-11-220-248	Rural Electrification	425			425
492-69-560-252	Nutrition	370			370
492-11-995-256	Local Development	1,191			1,191
492-11-995-237	Gen. Participant Training	-	-	100	100
492-11-570-220	Population Planning	-	3,600 <sup>b/</sup>	-	3,600
492-56-521-263	Local Water Development	-	300	-	300
492-11-998-199	Special Dev. Activity Authority	-	-	-	100
	<b>Sub-Total</b>	<b>4,540</b>	<b>3,900</b>	<b>100</b>	<b>100</b>
<b>LOANS</b>					
	Rural Electrification V	20,000			20,000
	Local Water Development III	-	20,000		20,000
	Small Scale Irrigation Systems II	10,000	-		10,000
	Fisheries College	7,000	-		7,000
	Bicol Integrated Area Development II	3,000	-		3,000
	<b>Sub-Total</b>	<b>40,000</b>	<b>20,000</b>		<b>60,000</b>
	<b>T O T A L</b>	<b>44,540</b>	<b>23,900</b>	<b>100</b>	<b>100</b>
	PL 480 Title I				26,000
	PL 480 Title II				10,757

<sup>a/</sup> Columns headed Selected Countries and Organizations, Supporting Assistance, and Development Assistance Subtotal have been omitted from this table; the first two because USAID/Manila has no inputs in those areas, the latter because it is the same as the total column.

<sup>b/</sup> Excludes centrally funded contraceptives.

#### IV. NEW PROJECTS

##### A. FY 1976 Projects

Appropriate documentation has been submitted for all new projects scheduled to begin during FY 76.

These projects include Rural Electrification IV (PRP submitted January 75); Local Water Development II (PRP submitted January 75); Bicol Roads (PRP submitted January 75); Agriculture Research (PP AID-DLC/P-2083 dated May 75); and Feasibility Studies III (PP submitted April 75).

##### B. Interim Quarter Projects

A supporting narrative justification for a loan to build Bayanihan Schools is contained in Annex A. We expect to forward the PRP for this project in September, 1975.

##### C. FY 1977 Projects

A PID for a loan to support the relocation of the University of the Philippines' Fisheries College was forwarded to AID/W in January 1975. PIDs for Rural Electrification V, Local Water Development III, Small Scale Irrigation II, and Bicol Integrated Area Development II are attached in Annex B.

## V. ONGOING GRANTS

PARs have been forwarded to Washington on the following projects at the times indicated. Progress narratives on these projects therefore have been omitted from this document.

Rural Electrification	Nov. 1974
Agrarian Reform	June 1975
Nutrition/Title II	June 1975
Local Development	May 1975
Local Water Development	June 1975
Population Planning	June 1975

Implementation progress narratives follow for the Aquaculture Production, Bicol River Basin Development, Small Farmer Income and Production, and General Participant Training projects. It should be noted that the Aquaculture Project is a follow-on to the Inland Fisheries project, and that a PAR on the latter project was submitted in January, 1975.

1. AQUACULTURE PRODUCTION PROJECT  
Progress Narrative

The Aquaculture Production Project which was begun in FY75 is a follow-on to the Inland Fisheries Project. Two aquaculture research stations were started under the latter project: the freshwater aquaculture center located at Central Luzon State University in Nueva Ecija province and the brackishwater aquaculture center located in Iloilo province. A three-man team from Auburn University is responsible for technical implementation of this project.

The purpose of this project is to create and institutionalize viable aquaculture research and extension services for increasing aquaculture fish production and simultaneously reducing production cost. Initial efforts were focused on milkfish (bangus), but later such species as carp and tilapia were included as improved practices were developed and tested. There are three major outputs of this project: 1) the Bureau of Fisheries providing adequate extension services to fish pond operators; 2) published research in freshwater fish culture in the areas of rice-fish culture production, mono and polyculture production, artificial spawning and hatchery for mass production of fry, identification of disease organisms and their control, and optimum pond construction techniques; and 3) published research in brackishwater fish culture and similar areas plus decreasing mortality rates for wild milkfish and establishment of production ranges for milkfish based on the three major foods (lumut, lab-lab, and plankton).

The project is well underway with research activities being conducted at both centers and extension activities implemented in the Bicol Region, Panay Island and the three provinces near the CLSU station. Research activities have been reported on bangus culture in brackish and freshwater ponds, carp polyculture and the propagation and culture of Asian catfish. Work has also been started on tilapia production. The pond and laboratory facilities have been well utilized at both centers. The progress at the freshwater station (the older of the two) has been particularly outstanding.

Soil acidity and/or minimal toxicity are a serious problem at the brackishwater station and are causing fish kills that are seriously affecting research results. This problem affects not only the station but commercial fish pond operators in many areas where mangrove swamps have been converted to fish ponds. To date, efforts to identify the problem precisely have been unsuccessful.

The freshwater station has been working with new rice varieties and techniques developed by IRRI that make the combination of rice-monosexed tilapia appear technically practical and economical as a means of increasing food production per hectare. The technique of placing a fertilizer and pesticide pellet near the root zone of the rice plant results in more efficient use of those inputs by the plant and reduced toxicity in the paddy water.

In an effort to upgrade training, the Bureau of Fisheries has asked

the Development Academy of the Philippines to direct their training programs, and recently the Auburn team participated in a special 4-week training course for Bureau personnel. The course was devoted mostly to extension methods and did not include technical material. Technical personnel have been trained with technical material however, and this training will be continued. One of the first activities that these newly trained extension workers will undertake is a benchmark survey of fish farming activities in their areas. This survey will provide valuable baseline information as well as being a learning experience for the workers to develop in-depth knowledge about their areas.

Of 12 participants sent to the U.S. for graduate training, 5 have returned and are making significant contributions to the research work at the two centers. Three of these returned participants are doing outstanding work and are in great demand for training and/or extension work. Three more participants are expected to return this summer.

## 2. BICOL RIVER BASIN DEVELOPMENT PROJECT Progress Narrative

The joint GOP/USAID Bicol River Basin Development project (termed Bicol project), covering the period FY74-79, is designed to assist the longer term GOP Bicol River Basin Development program (Bicol program). Because of different levels of objectives, there can be important distinctions made when assessing progress and problems.

The higher level, longer term GOP Bicol program objective to which USAID also ascribes is to measurably increase the per capita income of the population of the Bicol River Basin, especially the rural poor, and to accelerate the rural development process using the Integrated Area Development (IAD) approach. Corollary objectives include equitable income distribution, increased agricultural production and productivity, and increased employment opportunities for the one million River Basin residents (with annual median family income of \$300).

The goal of the joint GOP/USAID Bicol project is to pilot-test the integrated area development approach in a delimited geographic area -- in this case river watershed area. The IAD approach in the Bicol includes use of a comprehensive systems methodology in support of planning and management which integrates major physical infrastructure requirements (e.g. irrigation, flood control and transport) with social and economic requirements for rural development (e.g. land reform and development of farmer support systems, etc.). As a consequence, the project is a multi-discipline and multi-sectoral effort encompassing diverse sectors and

sub-sectors such as water resources, transportation, agribusiness, crops, livestock, fisheries, agricultural credit, agrarian reform, health, family planning and nutrition.

The explicit purpose of the joint GOP/USAID Bicol project is to create an organizational structure and institutional capability to plan, implement and evaluate an Integrated Area Development program within the Bicol River Basin, including establishment of a feasibility and data base to permit identification of activities which can be implemented through loan or grant financing from external donors and/or with Philippine Government resources. This purpose is the primary focus of our technical assistance efforts.

#### Progress Indicators and Problems

After two years of operation, the Bicol project has made acceptable progress towards establishing a decentralized institutional structure with the organizational capability to promote integrated area development. The Bicol River Basin Council is established as a legal entity and is functioning within the Basin although not without the growing pains expected of a new coordinating action organization in the local socio-political milieu. As anticipated by both GOP and USAID project designers, authority channels and functional relationships between national level agencies and the Council are under stress but are growing and evolving. It is now apparent that more technical assistance will be required than was originally foreseen if the program is to mature into a more complex, intermediate consolidation phase. With a moderately

increased level of inputs by the GOP and USAID over the next four years, the Bicol program is expected to achieve that plateau and be ready for a multi-year period of extensive capital inputs. (A revised PROP is proposed in FY76).

Specific progress indicators include:

The Bicol River Basin Council-Program Office (BRBC-PO) planning staff was created along with twelve operational interagency sectoral or commodity task groups. Professional feasibility studies which were the basis for preparing USAID Project Papers for the Libmanan/Cabusao IAD Loan project (\$3.5 million approved for FY75) and the proposed Rural Roads Loan project (\$10 million for FY76) are prime examples of their current planning capability.

A functional Special Fund Account System has been established which centralizes various national level and external fund sources through the BRBC. It also serves as a coordination mechanism and lever.

A functional Management Information System has been installed. A local management consultant firm is currently assisting the BRBC-PO improve its internal administration and is also improving the system of tracking the complex of sub-projects being planned, financed, and implemented.

An institutional Social Science Research Unit is currently conducting pertinent surveys and research. This activity has been and will continue to be essential in (1) obtaining credible data for feasibility

analysis, (2) measuring economic and social impact of each activity, and (3) evaluating progress towards achievement of the goal, purpose and annual targets. Fourteen studies have been completed.

A joint biennial evaluation was conducted in June 1975 by U.S. consultants and GOP members. The evaluation was essentially a review of the joint project and GOP program. It discussed the conceptual IAD approach, policies and operations, and made several generalized suggestions for improvement. A PAR will be submitted based upon this evaluation. The evaluation report should be finalized by late July 1975.

#### Relevant Indirect Indicators

Since the Bicol River Basin is an area of high growth potential but plagued with problems of high tenancy, low per capita income, recurrent flooding, and a deficient infrastructure, the Bicol project has been able to claim national attention and involvement. Regular line agency resources to the Bicol region have been increased. The IAD river basin model is being watched by national level policy makers and planners for applicability to other areas of the country.

#### Regional Planning

The GOP long-term Bicol program is an evolving product of the GOP policy to decentralize authority and responsibility for planning and implementation of rural development programs. The Bicol River Basin Program not only focuses on sub-region planning, but is involved in actual implementation and evaluation. As pointed out in the June 1975

evaluation report, the Bicol program and the planning process by the Regional Development Council and Region Office of the National Economic and Development Authority (NEDA) can be and are complementary. In fact, the Bicol program has and will be the major input to the regional planning process in Region V.

3. SMALL FARMER INCOME AND PRODUCTION PROJECT  
Progress Narrative

The project is designed to provide selective technical assistance to the National Food and Agriculture Council (NFAC) and the Farm Service Development Corporation (FSDC) in support of the Philippine Government's national rice and corn production programs. These programs are aimed at increasing production and incomes of the majority of the nation's small farmers. The project has three main elements; program management; technology development and transfer; and farmer support systems.

Program Management

Three sub-activities comprise this element:

- a. design and installation of a management information system (MIS) which will provide NFAC management with timely, reliable data and feedback from the field on logistical and implementing problems;
- b. improvement of the capability of the Bureau of Agricultural Economics (BAECON) to provide sound economic analysis to guide national policy decisions affecting the production programs; and
- c. development of a capability to use baseline and follow-up surveys of farmers as inputs to program evaluation.

A full time permanent MIS staff has been formed in NFAC and the Bureau of Agricultural Economics. The major task of training this staff both in-country and in the U.S. has begun. A series of short courses on

information systems concepts and designs has already been conducted. A further initiative will be to develop means to permit and encourage farmer participation in the reporting and planning processes of the national programs.

Consultants in agricultural marketing, economic modeling, statistical sampling methodology, and grain stocks analysis have been provided the Bureau of Agricultural Economics (BAECON) to aid in their economic analysis to facilitate operation of national policies in support of the national rice and corn production programs.

USAID has supported NFAC in processing a baseline farmer survey conducted by the Agricultural Credit and Cooperative Institute (ACCI) in 1973. A separate breakout of rice and corn farmers is being made from the 12,000 farmer sample. This survey will be repeated in 1976 so that progress of the Masagana programs can be monitored and evaluated.

A farm records system will also be established to generate much needed data on typical small scale farm operations. This system will be maintained on 100 or more farmers. Monthly visits will be made to these farms to collect detailed farm management data.

#### Technology Development and Transfer

The sub-activities included under this component are:

- a. applied research, training and information on rice and corn, and cropping systems built around these crops;

- b. on-farm research to subject new practices and farming systems to multi-disciplinary evaluation before adoption in national programs; and
- c. extension and training programs to speed up the transfer of technology to small-scale farmers.

An expanded program for rice is being implemented under contract with the International Rice Research Institute (IRRI). This involves more effective field trials for new HYVs, fertilizer levels and placement, and insecticide; distribution of production kits to farmers; and an expanded information and training effort. A companion program in corn will also be strengthened and expanded. Corn production technology is not as far advanced as rice but potential for increased yields are comparable. New HYV's presently being multiplied for seed plus improved cultural practices could result in a major breakthrough in national corn production during the next two to four years.

Agreement has been reached with NFAC to participate in a pilot activity involving water and soil management on up-land watersheds. This activity meets all criteria for a suitable action research project. Additional projects will involve rice and corn cropping systems with Integrated Agricultural Financing.

Support will also be given to national farmer leader training programs as one approach to the problem of lack of technicians.

Farmer Support System

With the approval of the USAID Small Scale Irrigation loan, farm support system technical assistance is being focussed specifically upon the small farmer beneficiaries of these irrigation projects. The urgent objective is to assure availability of inputs required to secure increased production and income. Irrigation development assistance will include securing adequate water sources; design of irrigation systems; procurement of appropriate engines and pumps; land preparation; arranging for local manufacture and delivery of required equipment; distribution system construction, operation and maintenance; user organization to operate the systems for optimum returns from irrigation investments; and effective system maintenance to assure continued returns.

In addition to efficiently designed and operated irrigation systems, small farmers require timely availability of modern inputs (HYV seeds, agricultural chemicals, credit and appropriate machinery) if they are to successfully adopt highly productive packages of practices and cropping systems. Technical assistance will be provided to help assure modern input availability to small scale irrigation system beneficiaries. This involves identification and removal of bottlenecks in the respective delivery systems and in some cases may involve redesign of the system to reduce costs or improve responsiveness to farmer needs. As constraints are identified in the marketing system for farm output, appropriate technical assistance will be provided to devise and pilot test improved systems.

Farmer support system consultancies in the past have focussed upon strengthening the non-collateral credit system, fertilizer delivery and assessment of seed production and delivery. Credit consultants have been provided to the Central Bank and NFAC in the areas of operations, policy, research and management. The consultants have focussed on improving rates of collection, savings, and private (rural) bank profitability; extending credit to farmers presently considered marginal credit risks; and developing programs to graduate farmers from supervised credit.

A contract with the TVA International Fertilizer Center provides consultancies to help assure continued economic incentives for fertilizer use. This involves policy issues such as subsidies, domestic production and long term strategies to assure future national supply and operation of the distribution system.

#### Summary

The Small Farmer Income and Production project answers the criteria for a model rural development project as outlined by the AID/W Working Group on the Rural Poor. It provides the TA support for the small farmer irrigation loan. It utilizes the systems approach in which components of the project are mutually reinforcing. The use of labor intensive technology is promoted and on-farm employment generated. The majority of the nation's small farmers are being or potentially may be reached; integration and coordination of both government agencies and private entities is being effected.

4. GENERAL PARTICIPANT TRAINING PROJECT  
Progress Narrative

This project is a continuation of the GOP/USAID program that provides for participant training in areas not directly related to an existing dollar-funded project but where training is required to support priority areas and/or overall national development requirements.

During FY 1975, participants were trained in fields designed to improve project planning, analysis, operations and management; information systems development and use; investment strategies; and tax administration. In FY 1974 training was provided in similar fields; in addition assistance was provided to the Philippine Association of Technical Assistance Participants (PATAP) for the purchase of books and other technical publications and journals for use by the returned (largely AID-financed) participants.

In all cases the assistance was provided after it had been determined that the training filled an important need or would directly contribute to the solution of a serious problem, and that the training was not readily available in the Philippines. Mid-level and senior officials from NEDA, the Civil Service Commission, the Office of the President, and the National Computer Center have received training under this project and have returned to responsible positions at administrative and policy levels.

For FY 76 and 77, the GOP has requested that this project provide financing for three to six long term participants and about 25 to 40 man-months of training for ten to fifteen short term participants. Given the nature of the program and the selected priority problems that it deals with, we believe that a program of this size is warranted.

## JUSTIFICATION FOR A PL 480 TITLE I PROGRAM

### Introduction

The Mission proposes a PL 480 Title I program for the Philippines at a level of \$25 million and \$26 million in FY 76 and FY 77, respectively. The rationale for the proposed PL 480 Title I assistance to the Philippines is based on the continuing need to support the Philippine development effort, particularly in view of anticipated exogenously determined pressures on the balance of payments during the next 2 years. PL 480 assistance is also required to provide non-inflationary means of assisting GOP projects in priority areas, especially in the rural development, population/family planning and nutrition sectors.

### Balance of Payments Support

The balance of payments performance of the Philippine economy continued to be favorable in 1974 despite the energy crisis and the adverse trade effects associated with it. The level of gross international reserves increased by \$290 million to about \$1,165 million at the end of 1974 reflecting an overall payments surplus of \$100 million and compensatory borrowings of the Central Bank of \$180 million. The Central Bank borrowings were in large part drawings on credit lines arranged by Central Bank in late 1973 and early 1974 with US, European, and Japanese banks in anticipation of payments problems expected to result from higher petroleum prices.

The trade deficit in 1974 reached a total of \$418 million with exports expanding by 44 percent to almost \$2,725 million and imports doubling at \$3,143 million. The export expansion was due solely to continuing price increases which averaged about 87 percent. All major exports experienced price increases, with sugar and coconut posting the most significant gains. The volume of exports, on the other hand, declined by an average of 24 percent with the most pronounced declines noted in coconut and wood products. Adverse local production conditions sharply curtailed copra output while recessionary trends in the US and Japan cut deeply into export demand for wood products. The doubling in imports was a combination of both price and volume increases which averaged 74 percent and 10 percent, respectively. Despite a decline in volume, imports of petroleum products rose from \$188 million to \$653 million as a result of a near quadrupling of petroleum prices.

The trade deficit in 1974 was more than offset by a combination of invisible earnings, transfer receipt, as well as non-monetary capital inflows. Much of capital inflows was contributed by private short-term borrowings (trade credits) and public long-term loans. External debt increased by over \$800 million in 1974 to a new total of \$3,141 million, 35 percent of which was in short- to medium-term maturities. Despite the sizeable increase in external debt, the debt servicing capability of the economy remained adequate.

Based on trade developments since the second half of 1974, balance of payments prospects of the Philippine economy for 1975 and

1976 are for a performance at best equal to 1974 and probably worse. Balance of payments projections made by the IBRD in late 1974 as well as more recent projections made by the IMF and the Central Bank indicate that an overall payments deficit in the order of \$100-\$400 million is likely to be incurred in 1975. While these different sets of projections differ in their respective forecasts of specific components of the balance of payments, the consensus appears to be that the overall deficit will be due mainly to a large trade deficit (up to \$900 million in the case of IMF projections) which in turn is the result of a sharp deterioration in the external terms of trade. On the basis of 1973 performance to date and discussions with GOP economic authorities, we presume that there will be some cutback in import volume and also assume that Philippine authorities will strive to hold down the growth in short- to medium-term commercial borrowings to levels consistent with present understanding of an adequate debt servicing capability.

The Mission anticipates that balance of payments performance in 1975 will continue within a manageable range but development import procurement will suffer. Adequate levels of quick disbursing commodity assistance, including PL 480 Title I assistance, will be needed to enable the economy to sustain the flow of imports needed for the targeted 6% - 7% GNP growth. The Mission projects that the trade deficit in the range of \$600-\$800 million will stem largely from sharp deterioration in the external terms of trade. Exports are projected to range from a probable \$2.6 billion to at best \$2.8 billion, showing a slight

increase of only 2 percent mainly due to growth in import volumes. The prices of major exports declined sharply during the first six months of 1975, and are not expected to recover significantly, if at all, during the second half of 1975 and 1976. The drop in prices already experienced for all the economy's major exports (except possibly wood products) is quite severe. Relative to 1974 prices, coconut prices are projected to decline further in 1975 by as much as 60 percent in the case of copra or 70 percent in the case of coconut oil. These price decreases will more than obviate a projected 80 percent and 50 percent rise in copra, and coconut oil shipments, respectively. Sugar prices are not now projected to recover from their recent declines and average prices for 1975 might be 25-50% lower than levels prevailing in the first quarter of 1975. Copper prices are expected to be down 33% from 1974 averages, more than offsetting the small increase in copper shipments projected for the year. Wood product prices are not expected to recover much from the low prices of 1974. All of these of course will be greatly influenced by the pace of US economic recovery. The Mission estimates imports in 1975 might increase to \$3.5 billion. We anticipate actual performance to be in the range of \$3.2-\$3.4 billion reflecting as noted some suppression of development import demand.

The trade deficit is projected to be partly offset by earnings from services and transfer receipts - a combined total of \$200 million. This should result in a current account deficit in the range of \$400-\$600 million. The gap is projected to be financed partly by net

short-term capital inflows (mostly trade credits) which the Mission estimates at about \$200 million, a level consistent with the larger total trade value and the economy's improved debt servicing capabilities. Net inflows of private direct investment and private and public commercial medium- and long-term borrowings are expected to provide about \$100 million. Draw-downs of project loan commitments from Consultative Group donors could amount to \$100 million given the acceleration in the implementation of infrastructure and other public projects. Any short falls would have to be covered by compensatory or accommodating financing. \$25 million of the required amount has been provided by the Japanese Government (\$20 million) and the West German Government (\$5 million) as commodity assistance. The Central Bank could cover the remaining gap of approximately \$275 million and even increase international reserves by drawing down revolving credit lines of \$650 million that were arranged in 1974. However, if the gains achieved during the last four years in improving the external debt maturity structure and servicing capacity are to be safeguarded, full recourse to this type of financing option must be strongly avoided. The Mission recommends that \$25 million of the foreign exchange gap be financed by use of an FY 76 PL 480 Title I program as outlined in the attached table. This will help ease the financial burden imposed on the Philippine economy by developments over which local authorities have no control.

Given the size of the projected current account deficit for 1975 and the measure through which it is to be financed, the Mission projects that the economy's external debt might increase by \$700-\$800 million in 1975 or about the same pace as in 1974. International reserves at the end of 1975 will be sufficient to cover less than 3 months of imports although the gross reserve figure of over \$1.5 billion will probably be maintained.

Balance of payments prospects for 1976 are highly uncertain at this time. Much will depend on the rate of recovery of the Philippines' major trading partners from their economic slowdown and also on the Philippines' own effort to diversify export markets and sources of imports. No dramatic changes in these areas are currently anticipated within 1975 to reverse the adverse trend in Philippine terms of trade. Balance of payments restraints in Philippine development will continue to be significant although some improvement over 1975 is hoped for. The Mission therefore recommends another \$25 million PL 480 Title I program in 1977 to help the Philippines achieve its growth cumstability objective.

#### Assistance for GOP-USAID Projects

In addition to providing support for the Philippine balance of payments during the next two years, PL 480 sales could provide non-inflationary means of financing part of the local currency costs of GOP-USAID activities in priority development areas, particularly those emphasized in the GOP Four Year Development Plan and the new AID

legislation: rural development, population/family planning and nutrition. The joint GOP-USAID program is focussed on these principal areas, reflecting a major GOP policy objective centered on improving conditions of life of the poorest third to half of the population, the largest portion of which are small farmers. The main projects of the joint GOP-USAID program are designed to increase rural incomes and living conditions through agricultural productivity efforts, agrarian reform, cooperative development, integrated area development, small scale irrigation development, applied agricultural research, the extension of electricity, and the improvement of development capabilities at the local level and of local infrastructure. These projects are also in compliance with the self-help provisions included in FY 74 agreement and projected for the FY 76 and FY 77 agreements. It is worth noting in this connection that the GOP self-help performance in 1974 was highly satisfactory. It is recommended that pesos generated under the PL 480 sales be jointly controlled by the USAID and GOP for allocation to GOP development efforts.

The GOP development performance in FY 75 was generally highly commendable especially when viewed against the backdrop of the energy crisis and the extraordinary pressures associated with it. The GOP development activities substantially expanded and a commensurate increase in resources needed to support them was achieved. Those resources have largely been generated through non-inflationary means such as an expanded tax effort (estimated at 12% of GNP in FY 75) and an

appropriate combination of non-inflationary domestic borrowing and foreign (including concessional) borrowing.

The GOP remains committed to maintaining the growth momentum achieved during the last 2 years and is therefore planning an expansion of its development program. Despite an anticipated increase in tax revenue, and because of high inflation rate which averaged about 30 percent in 1974, the GOP's budgetary deficit projected for FY 76 and possibly for FY 77 is in the order of \$714.2 million. Within the constraints imposed by its objective of stabilizing the price level, the GOP plans to finance this projected deficit through foreign borrowings, including loans from Consultative Group members, and domestic borrowing through non-inflationary means. Peso generations from foreign commodity assistance, including PL 480 Title I Sales, are an important component of this overall financial plan. If these resources are not forthcoming, some GOP retrenchment in high priority agricultural and related projects other than joint GOP-USAID projects is likely. Under these circumstances, PL 480 sales are needed not only to assume timely and full implementation of major GOP-USAID venture but also to maintaining the momentum and integrity of the entire GOP development effort.

Consistent with the US Congress' expressed concern with the need for improved nutrition, the proposed FY 76 agreement will present an excellent opportunity to assist the GOP in expanding the school-feeding program using its own (borrowed) resources and freeing US PL 480 Title II

inputs, for the more important - in terms of need and expected life-long benefit - pre-school feeding program.

The Mission believes that no adverse effects on Philippine farmers are expected to result from the PL 480 Title I programs proposed for FY 76 and FY 77. Other than corn, the other proposed commodities (cotton and tobacco) will not compete with locally produced commodities. Hardly any cotton is presently grown in the country and the tobacco which will be imported under the PL 480 program is complement rather than a substitute for locally grown tobacco. The soy fortified flour imports will be administered through channels which will not interfere with market forces determining cereal prices. The proposed amount of corn imports is only about 2% of total corn supply in the country and is likely, therefore, to have a negligible effect on local market prices. In any case, corn farmers are now benefiting from a price support program being effectively administered by the National Grains Authority. The current corn price to the farmer is an incentive price to stimulate increased production.

Philippines

PL 480 Title I Agreements and Shipments <sup>1/</sup>  
(\$ in millions; MT & Bales in thousands)

Commodity	FY 1975 Estimate			FY 1976 Request			Carryover To Interim Quarter
	Agreements (MT)	Shipments (MT)	Carryover to FY 1976 (MT)	Agreements (\$)	Shipments (\$)	Agreements (MT)	
Corn	-	-	-	8	4	38	4
Cotton (Bales)	-	-	-	8	3	10 <sup>2/</sup>	5
Tobacco	-	-	-	4	4	2 <sup>3/</sup>	-
Soy Fortified Flour	-	-	-	5	1	4	4

Commodity	Interim Quarter			FY 1977 Request			Carryover to FY 1978
	Agreements (\$)	Shipments (\$)	Carryover to FY 1977 (MT)	Agreements (\$)	Shipments (\$)	Agreements (MT)	
Corn	-	4	37	8	8	70	-
Cotton (Bales)	-	5	20	13	9	35	15
Tobacco	-	-	-	5	5	2	-
Soy Fortified Flour	-	2	8	-	2	8	-

<sup>1/</sup> Commodity prices suggested in AIDTO Circ A-253 and dollar and quantity amounts shown in this table have been rounded.

<sup>2/</sup> Shipment expected in second half of FY76.

<sup>3/</sup> Based on current price which at considerable variance from price suggested AIDTO Circ A-253.

## B. JUSTIFICATION FOR A PL480 TITLE II PROGRAM

As indicated in the Development Assistance Paper (DAP), average nutritional standards in the Philippines are among the lowest of any country in the world. The basic reasons for the serious Philippine nutritional situation are insufficient domestic food production and maldistribution of available foods. Average calories available per capita are about 2,000 and average intake is about 1,700. Average proteins available per capita are 50 grams and average intake is about 47 grams. The average or per capita intake data do not accurately reflect the consumption levels of the poorest third of the population. The daily per capita calorie and protein intake for these people is estimated to be 25 to 30 percent below standard.

The very poor nutritional status of the Philippine population is widely recognized as major social and economic development deterrent. The Philippine Government and private sectors have become increasingly aware of this critical malnutrition problem over the last 15 years. Since 1970, both the government and private sectors, with the cooperation of private, governmental, and international assistance organizations, have mobilized resources and organized efforts to combat the problem.

Three American Voluntary Agencies, Catholic Relief Services (CRS), Church World Service (CWS) and the Cooperative for American Relief Everywhere, Inc. (CARE) have played major roles in the development and execu-

tion of the national Philippine Food and Nutrition Program. CRS and CWS have pioneered in the pre-school targeted maternal and child health nutrition portion of this program which is now reaching seriously undernourished children regularly, while CARE and CRS have pioneered and played a major role in the targeted Philippine School Nutrition Program. Both of these efforts are integrated through the Philippine Government's Food and Nutrition Program of which they are coordinated substantial parts.

The FY 1977 PL480 Title II Program in the Philippines will be conducted entirely thru Catholic Relief Services, CARE and Church World Service. The Program will continue large scale support to the Philippine National Food and Nutrition Program, itself a priority activity of the Philippine Government and private sectors. In FY77 the Title II Program will also continue to reach some of the poorest Filipinos thru a limited Food for Work Program enabling 1.1 million unemployed and underemployed to engage in local development projects aimed mainly at increasing food production. Finally, the Title II Program will continue to service emergency feeding requirements stemming from disasters.

The Philippine Food and Nutrition Program employs Title II funds as the principle supplementary feeding intervention to prevent and correct serious malnutrition among 579,000 Filipino infants and preschoolers and 191,000 nursing and pregnant women and 1,794,500 undernourished elementary schoolchildren ages 5 thru 12. All three American voluntary

agencies use the same guidelines in targeting their Title II inputs to the undernourished. Previous evaluations have shown that efforts based on these guidelines have achieved nutritional correction for about 80% of the malnourished recipients.

The voluntary agencies are also implementing Food and Nutrition Program guidelines to encourage local home and school gardening to produce nutritious foods to augment and, hopefully, eventually replace Title II inputs.

PL480 Title II assistance is an integral part of the USAID Nutrition project which also provides support to the Philippine Food and Nutrition Program. Under the Philippine program, a Nutrition Center building is being constructed and is scheduled for completion in July 1975. The budget for the National Nutrition Council (NNC), the Philippine national nutrition coordinating agency, is being increased from P3.4 million in FY75 to P6.5 million in FY76. Most of the more than 20 government and private agencies conducting nutrition programs increased their efforts and budgets in 1975 and their plans for 1976. Significant progress has also been made in organizing Philippine communities at municipal and barangay levels to implement and monitor local nutrition activities. A national system of monitoring child growth and development has been organized and activated. Emphasis is now beginning to be placed on greater integration of nutrition and Green Revolution programs with family planning. These and many other recent developments have been facilitated by USAID project support of the GOP program.

It appears essential that USAID and VolAg support be maintained at least as high as recent levels if the planned goals of the Second Four-Year Philippine Food and Nutrition Program (FY76 to FY79) are to be successfully achieved. The Title II activity represents a continuing effort built on several years of successful experience in employing American voluntary agencies and their unique motivations and people-to-people approaches to play a major role in addressing malnutrition problems in the Philippines. Successes in earlier years augur well for substantial further progress in improving Philippine nutritional status in FY 1977.

The Philippine Government and its private sectors continue to increase their contributions to improving Philippine nutrition and to supporting the US Voluntary Agency Title II Program.

PL 480 TITLE II REQUIREMENT IN FY 1977

I. Sponsor's Name ( CRS/Philippines )

A. Maternal and Child Health ..... Total Recipients 750,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>550,000</u>	<u>CSB</u>	<u>26400</u>	<u>2977.9</u>
	<u>RO</u>	<u>26400</u>	<u>2481.6</u>
<u>200,000</u>	<u>CSB</u>	<u>4800</u>	<u>541.4</u>
	<u>RO</u>	<u>4800</u>	<u>451.2</u>
<u>Total MCH</u>		<u>62400</u>	<u>6452.1</u>

B. School Feeding ..... Total Recipients 94,500

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>94,500</u>	<u>SFFlour (Blend K)</u>	<u>3,780</u>	<u>418.8</u>
<u>Total School Feeding</u>		<u>3,780</u>	<u>418.8</u>

C. Other Child Feeding ..... Total Recipients 20,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>20,000</u>	<u>Milk</u>	<u>960</u>	<u>336</u>
	<u>CSB</u>	<u>480</u>	<u>54.1</u>
	<u>RO</u>	<u>480</u>	<u>45.1</u>
<u>Total Other Child Feeding</u>		<u>1,920</u>	<u>435.2</u>

D. Food for Work ..... Total Recipients 4,800,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>4,800,000</u>	<u>B</u>	<u>4800.0</u>	<u>388.8</u>
<u>Total FFW</u>		<u>4800.0</u>	<u>388.8</u>

E. Other (Specify)..... None ..... Total Recipients \_\_\_\_\_

II. Sponsor's Name ( CWS/Philippines )

A. Maternal and Child Health ..... Total Recipients 18,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>18,000</u>	<u>CSB</u>	<u>864</u>	<u>97.4</u>
	<u>RO</u>	<u>864</u>	<u>81.2</u>
<u>Total MCH</u>		<u>1728.0</u>	<u>178.6</u>

B. School Feeding .....<sup>None</sup> Total Recipients \_\_\_\_\_

C. Other Child Feeding .....<sup>None</sup> Total Recipients \_\_\_\_\_

D. Food for Work ..... Total Recipients 90,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>45,000</u>	<u>B</u>	<u>45.0</u>	<u>3.6</u>
<u>45,000</u>	<u>RO</u>	<u>45.0</u>	<u>4.2</u>
<u>Total FFW</u>		<u>90.0</u>	<u>7.8</u>

E. Other (Specify) .....<sup>None</sup> Total Recipients \_\_\_\_\_

III. Sponsor's Name ( CARE/Philippines )

A. Maternal and Child Health .....<sup>None</sup> Total Recipients \_\_\_\_\_

B. School Feeding ..... Total Recipients 1,700,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>1,700,000</u>	<u>SFF</u>	<u>25500</u>	<u>2825.4</u>
<u>Total School Feeding</u>		<u>25500</u>	<u>2825.4</u>

C. Other Child Feeding .....<sup>None</sup> Total Recipients \_\_\_\_\_

D. Food for Work ..... Total Recipients 625,000

<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Pounds (000)</u>	<u>Dollars (000)</u>
<u>625,000</u>	<u>B</u>	<u>625.0</u>	<u>50.6</u>
<u>Total FFW</u>		<u>625.0</u>	<u>50.6</u>

E. Other (Specify) ..... None ..... Total Recipients \_\_\_\_\_

C. COMMENTS ON VOLAG FY 1977 PROGRAM PLANS

The following are brief USAID/P remarks on the three US voluntary agency FY 1977 Philippine Program Plans presented in Annex C.

A. CRS/Philippines FY 1977 Program:

CRS/P carries major responsibilities for the supplemental feeding intervention to the Maternal Child Health segment of the Philippine Food and Nutrition Program thru a projected 3000 local centers throughout the Philippines, 1700 of which are active as of June 1975. This activity is known as the Targeted Maternal Child Health Program and has operated most effectively the past few years. CRS/P also uses Title II soy-fortified wheat flour to support the Philippine School Nutrition Program, mainly thru providing nutritionally-designed nutribuns to Greater Manila slum-area grammar schools. CRS has recently been able to maintain its outreach to large numbers of undernourished students by obtaining local inputs to offset decreases in Title II inputs to this activity.

CRS/P also operates a small, though highly effective, Food for Work Program to reach about 1.1 million unemployed and underemployed families in depressed areas of the Philippines. This program services large numbers of the distressed in Mindanao and helps provide emergency assistance to thousands of refugees there.

CRS/P also directly supports the Philippine Food and Nutrition Program by stimulating numerous local food production projects to generate additional local foods as substitutes for Title II inputs for under-

nourished children. USAID/P attaches particular importance to this and other VolAg FFW Programs in the Philippines. We concur with the CRS/P Other Child Feeding activity which complements its TMCH Program by providing a portion of the resources required to service malnourished children and women in institutions including malwards and pediatric hospital ward.

USAID has reviewed the CRS/P plan for FY77, and we find their programs and activities to be necessary inputs into the Philippines Food and Nutrition Program. We note that their plans call for a phased reduction of dependence on U.S. donated foods with locally produced foods replacing most U.S. foods by the end of this decade, and we believe this estimate to be accurate. Until that time, however, we believe continued Title II support is essential.

B. CARE/Philippines FY 1977 Program:

USAID/P concurs with the CARE/P FY 77 Program Plan which follows our earlier, five-year Food and Nutrition Program Plans. CARE/P is currently expanding its American staff in the Philippines to give new and strengthened program direction to its development assistance efforts here. Special emphasis will be placed on increasing its support to the Philippine Food and Nutrition Program and to the development problems of the poor majority.

CARE/P is translating its new initiatives here into such actions as helping the Philippine Government expand its Philippine School Nutrition Program to reach an eventual target of 6,000,000 undernourished recipients.

CARE and the Philippine Department of Education and Culture expect to achieve this despite earlier scheduled Title II input reductions, by soliciting other external assistance resources as well as developing and marshalling additional domestic resources. CARE also plans to utilize the effective, elementary school network which reaches nearly every Philippine barrio, to target undernourished pre-schoolers, and kindergarten enrollees.

Finally, as part of its expanding efforts on behalf of the Philippine poor, CARE is increasing and expanding its development and rehabilitation projects in Muslim Mindanao and in the urban squatter areas of Manila, Cebu, Bacolod and Davao. CARE hopes to use a small amount of Food for Work commodities to augment these pursuits and USAID/P believes that this Title II assistance can catalyze CARE's highly desirable work in these areas of special suffering and need.

We have reviewed CARE's planned program, and believe that it meets all requirements for inclusion in the Title II program. CARE has been forced to curtail its program in the past due to reductions in Title II commodities provided by A.I.D. We believe that further reductions are unwarranted and could in fact jeopardize achievement of CARE's present goals and force further curtailment of the desperately-needed School Nutrition Program.

C. CWS/Philippines FY 1977 Program:

Though small in relative size to the CRS and CARE Programs in the Philippines, the CWS Program is of excellent quality. Like the CRS and

CARE Programs, it follows in the track of the five-year USAID Food and Nutrition Program plans. Earlier problems of National Council of Churches of the Philippines (NCCP) possible reluctance to participate in Title II Programs, have been resolved and the NCCP Board has decided to participate in Food for Peace Programs through FY 1978 subject to commodity availabilities. Since this CWS/P program focuses on Targeted Maternal and Child Health assistance and secondly on Community Self-Help Work projects, and we believe that it can make significant impact on these critical areas, we approve of the program and recommend that it be supported.

VII. SUMMARY TABLE  
A.I.D. FINANCIAL SUPPORT FOR PRIVATE VOLUNTARY AGENCIES  
(\$000)

Country : Philippines

Ongoing Grants : N o n e

NEW GRANTS:	<u>FY 1976</u>	<u>IQ</u>	<u>FY 1977</u>
1. Rabbit and Swine Distribution Project	\$ 55.4		
2. Family Planning and Nutrition Program of the Diocese of Malolos for the Province of Bulacan	43.6		
3. Sariling Sikap Project Proposal for Rural Development Assistance	135.9		
4. Comprehensive Preschool Feeding and Nutrition Education Program, Mindanao	75.0		
5. Jolo Apprenticeship Program	20.1		
6. Lanao del Sur Agricultural Training Center	137.9		
7. Food Production/Nutrition Model Program	130.0		
8. Food and Nutrition		100*	300*
9. Population Planning and Health			150*
10. Education and Human Resources			100*
Subtotal of which cooperatives (non-add)	( <u>\$265.9</u> )	_____	( <u>\$250.0</u> )
T O T A L	<u>\$597.9</u>	<u>\$100.0</u>	<u>\$550.0</u>

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\* Current indicators suggest that FY 77 levels will be approximately the same as those for FY 76. To date, VolAgs have not submitted proposals for IQ or FY 77 funding. However, such proposals are expected to be forthcoming over the next year.

**ANNEX A**

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## SUPPORTING NARRATIVE FOR BAYANIHAN SCHOOLS PROJECT

### A. The Problem and Proposed Response

In late 1974 the GOP conducted a review of educational facilities in the Philippines including an analyses of the requirement for construction, repair or rehabilitation of school buildings. The review resulted in an announcement in January 1975 that there is at present a total national deficiency of more than 48,000 classrooms. This deficiency has been caused by rapid population growth (especially in rural areas), by damage to existing facilities from typhoons and floods over the past several years, the vulnerability of school structures often put up by PTA's at minimal cost and limited durability, and extensive deterioration from old age, dry rot, and termite infestation of the large multi-roomed school buildings located in most poblacions.

To partially overcome this problem, the GOP has announced a P250 million program for school reconstruction. Of this amount, about P10 million will be used to repair and rehabilitate damaged elementary schools, about P40 million will be used for the transportation and erection of almost 4,000 Marcos-type prefab units (provided under Japanese war reparations), and the remainder will be used to construct some 12,000 permanent type classrooms. In addition to this program, the GOP has proposed that AID provide a Development Loan of approximately \$6.5 million to cover the construction costs of about 1,000 additional RP-US Bayanihan Schools.

The RP-US Bayanihan School is a typhoon resistant reinforced concrete classroom school which provides not only excellent classroom facilities but also can serve as typhoon or storm shelter or a community center. Since early 1971, when USAID first began building these schools, the program has become one of high priority with the Philippine Government. This is especially true after the disastrous typhoons and floods of 1972 during which about 30,000 classrooms were either destroyed or damaged but not one of the 513 RP-US Bayanihan Schools then in existence was damaged. An additional 1,550 RP-US Bayanihan Schools were constructed after that disaster, and all of them survived the 1974 typhoons and floods. It should be noted that the RP-US Bayanihan School building program has received outstanding support and acclaim from Filipinos, particularly in rural areas.

To obtain the maximum effectiveness of operations, insure quality control, and enhance GOP and community participation in the program, a special reimbursement techniques was devised. This technique provides that AID funds would be used to reimburse the

GOP up to three quarters of a previously agreed upon cost of building materials for the construction of a school. Reimbursement was made only when the building had been completed and found to be in accordance with plans and specifications. All costs other than material (such as labor, supervision, administration, etc.) represented GOP investment in this school.

The project proposed for financing by this loan would be the construction of an additional 1,000 RP-US Bayanihan Schools using the reimbursement technique discussed above. A secondary objective will be the institutionalization of a clearly defined and agreed upon system for monitoring and inspecting all aspects of the construction process to insure a high standard of quality in construction. We believe this is necessary and desirable in view of the fact that less than adequate construction has at least partially contributed to the current deterioration of classrooms. Each school provides well-lighted, airy, pleasant classroom space for about 130 children and the teachers. Other beneficiaries of the project will be the other residents of the area who use the school as an adult education center, as a special community center, or as a typhoon or storm shelter.

#### B. Financial Requirements

1. The estimated total project cost is \$13,000,000.
2. Amount of AID assistance:
  - a) Loan 6,500,000
3. Amount of Host Country Input 6,500,000 (equivalent)

#### C. Development of the Project

Given USAID experience in previous RP-US Bayanihan School building programs, we are quite confident that this project can move forward with virtually no delay. Locations for the construction of the 1,000 schools from the list of 16,000 needed schools are yet to be identified, but no delays are anticipated once tentative approval to move forward with the project is received. USAID is preparing a draft PRP, and we believe that it can be finalized and forwarded to AID/W by September 1975. A PP should be ready for submission by December, 1975. We do not anticipate the need for any additional assistance in the preparation of these documents at this time.

D. Issues

There are no issues of a policy or programmatic nature.

**ANNEX B**

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PROJECT IDENTIFICATION DOCUMENT (PID)  
PHILIPPINES - RURAL ELECTRIFICATION V

A. Summary of the Problem to be addressed and the Proposed Response.

This Mission has not received the "Project Assistance Handbook", setting forth guidance and PID format to be used on continuing projects (see Summary AIDTO Circular A-241), but it is assumed that only abbreviated PID's are required on well established on-going programs.

The Rural Electrification program has been fully described in the previous three approved loan papers (AID-DLC/P-1003, P-2053 and P-2061) and PRP approved February 1975 for the FY 1976 program. These papers are available with EA/CCD and, therefore, project description, progress, goals and purposes will not be repeated here.

What is important to be kept in mind is that the rural electrification program is one of the Government of the Philippines (GOP) highest priorities of development. Specifically this project assists the GOP in its overall objective of promoting development in the rural areas through the promotion of improved agricultural output and small scale commercial/ industrial development in the rural areas, thereby supporting both the achievement of food self-sufficiency for the Philippines and increased income and employment opportunities for the agricultural and non-agricultural segments of the rural Philippines through electrification. This particular electrification program is being AID supported, not as a pilot or demonstration project, but as a major endeavor to establish nationwide rural electrification patterned after the United States R.E.A. program. The Mission views this proposed loan as the final AID contribution towards meeting the program target of establishment of at least one cooperative in each province and expects the GOP to look to the World Bank (IBRD), the Asian Development Bank or other international donors for financing of the financial requirements of an expanding nationwide rural electrification program.

B. Financial Requirements and Plans.

1. The estimated total project cost is \$36,500,000.

2. Amount of AID assistance:

a. Loan	-	\$20,000,000
b. Grant (evaluation)	-	<u>500,000</u>
Total new AID Obligation	-	\$20,500,000

3. Amount of Host Country Input - \$16,000,000 (equivalent)

C. Development of the Project.

1. How will the Project be developed?

The project will be developed along the lines described in previous loan papers. However, before preparation of this final rural electrification project paper, the financial and socio-economic evaluation study given in Rural Electrification IV-PP will be updated to provide a comprehensive overview of the total program.

2. What is the proposed time frame for project development?

The Mission expects to submit the PRP for Philippines - Rural Electrification V in August 1976 and the PP in the 2nd Quarter FY 77.

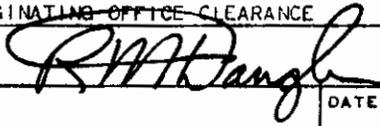
3. Best estimate of AID resources necessary to prepare the PRP and PP.

Consulting and/or AID/W TDY services will be required for preparation of the PRP/PP. The services are estimated as follows:

- |                       |         |
|-----------------------|---------|
| a) Financial Analysis | 6 weeks |
| b) Social Scientist   | 6 weeks |
| c) Economist          | 3 weeks |

D. Issues of a Policy or Programmatic Nature.

None.

AGENCY FOR INTERNATIONAL DEVELOPMENT				1. TRANSACTION CODE (X) APPROPRIATE BOX)		PID							
PROJECT IDENTIFICATION DOCUMENT FACESHEET				<input checked="" type="checkbox"/> ORIGINAL <input type="checkbox"/> CHANGE <input type="checkbox"/> ADD <input type="checkbox"/> DELETE		DOCUMENT CODE 1							
TO BE COMPLETED BY ORIGINATING OFFICE													
2. COUNTRY/REGIONAL ENTITY/GRANTEE Republic of the Philippines (GOP)				3. DOCUMENT REVISION NUMBER									
4. PROJECT NUMBER 492-0263		5. BUREAU		6. PROPOSED NEXT DOCUMENT									
		A. SYMBOL EA	B. CODE 2	A. <input checked="" type="checkbox"/> PRP <input type="checkbox"/> PP		B. DATE    MO.   YR.   9   7   6							
7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)				8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION									
[ Local Water Development III. ]				A. INITIAL FY [ 7   7 ]		B. FINAL FY [ 7   9 ]							
7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)				9. ESTIMATED COST (LIFE OF PROJECT)									
[ ]				(\$000 OR EQUIVALENT, \$1 = ₱7.00)									
				PROGRAM FINANCING		AMOUNT							
				A. AID APPROPRIATED		20,600							
				B. OTHER U.S.									
				C. HOST GOVERNMENT		20,000							
				D. OTHER DONOR(S)									
				TOTAL		40,600							
10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)						11. OTHER U.S. (\$000)							
A. APPRO- PRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS				
			D. GRANT	E. LOAN	F. GRANT	G. LOAN							
PH			300	20,000	600	20,000							
TOTAL			300	20,000	600	20,000	TOTAL						
12. PROJECT GOAL (STAY WITHIN BRACKETS)													
[ The goal of this program is to improve the health and welfare of the people in the targeted areas and contribute to their economic development with particular reference to the lower 40% income group. ]													
13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)													
[ #1. Continue in the institutional development of LWUA and local water districts. #2. Assist construction/improvements of selected small waterworks system under a high impact program. ]													
14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)													
None													
15. ORIGINATING OFFICE CLEARANCE						16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION							
SIGNATURE													
Richard M. Dangler													
TITLE			DATE SIGNED										
Asst. Director for Capital Development			MO.   DAY   YR.   6   2   0   7   5			MO.   DAY   YR. 							

PROJECT IDENTIFICATION DOCUMENT (PID)

PHILIPPINES - PROVINCIAL WATER III

A. Summary of the Problem to be addressed and the Proposed Response.

1. This is a continuing program, first described in the Capital Assistance Paper, Philippines-Provincial Water (AID-DLC/P-2020) and later in the Project Review Paper (PRP) for Provincial Water II (approved by AID/W February 1975).

The goal of this program is to improve the health and welfare of the people in the targeted areas and contribute to their economic development with particular reference to the lower 40% income group by improving the quality and quantity of potable water available for their use. This goal should be reached through continued institutional development of the Local Water Utility Administration (LWUA) and local water districts and assisting in construction/improvement of selected waterworks systems. A complete description of project goals, purposes, a logical framework and a narrative of the program is given in the two documents mentioned in the paragraph above.

The initial project was aimed at assisting LWUA (see AID-DLC/P-2020 for background on the establishment of this organization) improve/construct major water supply systems in up to five large provincial towns, including the institutional development of local water districts so that they would be capable of operating and maintaining the system once they are completed. This program was expanded under the second proposed development loan to include an additional component described in the PRP as the "High Impact Program." This new component was added in an effort to be more responsive to the AID mandate of reaching more of the poor majority and at the same time supporting LWUA's objective of assisting more water districts and affecting more people in a shorter period of time. The major system improvements included in the first loan, while urgently needed, do require large capital expenditures spread out over an extended period of time; whereas, the "high impact program" is aimed at the smaller less viable systems -- and therefore, possibly reaching more of the poor -- by financing low cost capital improvements and/or initiating management corrections that would result in marked and immediate improvements to the system at minimal cost.

Presently, a U.S. engineering consultant is assisting LWUA in long range planning by developing selection criteria, applying the selection criteria to 100 towns and then conducting pre-feasibility studies on 20 of these towns. These first studies, together with continued development of other pre-feasibility studies, will form the

basis for the project development proposed in this PID. The high impact program is expected to arouse awareness on the part of local officials and inhabitants to the benefits that an improved self-supporting water supply system can give to the health and socio-economic development of a community.

2. Proposed project. The project outputs, kinds and amounts of technical and physical resources required are similar to those stated in the Provincial Water II PRP except the magnitude of the outputs and inputs will not be determined until after the consultant has completed the initial pre-feasibility study of the first twenty towns. The actual number of water districts to be assisted by this project will be determined only after completion of the studies, but because of the large number of towns needing financial and technical assistance, the program level is dependent primarily upon availability of funds. The funds proposed should be disbursed over a two year period.

The impact of improved water supply on health and nutrition is still unknown. This fact is confirmed by a recent review of the scientific literature by AID and the IBRD. More information is needed about the magnitude of benefits that may be expected from increments in quantity of water supply and what additional conditions, beyond improved water supply, are needed before anyone can quantify the expected nutrition and health benefits. As part of this project, LWUA will continue to carry out their on-going evaluation study on this subject. The results of such a study would be valuable not only to LWUA but also to AID, therefore, a grant component of \$600,000 is included to provide foreign exchange for technical services in support of evaluation and institutional development.

3. All major assumptions and a description of the beneficiaries are discussed in AID-DLC/P-2020 and the Provincial Water II PRP in detail and are applicable to this continuing project.

#### B. Financial Requirements and Plans.

1. The estimated total project cost is \$40,600,000.

2. Amount of AID assistance:

a. Loan	- \$20,000,000
b. Grant (evaluation)	- <u>600,000</u>

Total new AID Obligation - \$20,600,000

3. Amount of Host Country Input - \$20,000,000 (equivalent)

C. Development of the Project.

1. How will the Project be developed?

The project will be developed following completion of the pre-feasibility studies currently being undertaken by a U.S. engineering consultant. Following receipt of these pre-feasibility studies USAID, together with LWUA, will develop a program in continuation of the "high impact program" concept discussed in the Provincial Water II PRP. The Mission will be guided by analytical results from the evaluation study in planning and implementing this project.

2. What is the proposed time frame for project development?

The Mission expects to submit the PRP for Philippines - Provincial Water III in September 1976 and the PP in the first quarter FY 1977.

3. Best estimate of AID resources necessary to prepare the PRP and PP.

None.

D. Issues of a Policy or Programmatic Nature.

No broad issues have been identified which require AID/W consideration during PID review. This is an on-going program which was reviewed in February 1975.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT IDENTIFICATION DOCUMENT FACESHEET**  
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (TX APPROPRIATE BOX)  
 ORIGINAL     CHANGE  
 ADD     DELETE

PID  
 DOCUMENT CODE  
 1

2. COUNTRY/REGIONAL ENTITY/GRAANTEE  
 Republic of the Philippines (GOP)

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER  
 492-0274

5. BUREAU  
 A. SYMBOL EA    B. CODE 2

6. PROPOSED NEXT DOCUMENT  
 A.  PRP     PP    B. DATE MO. | 8 | YR. | 7 | 6 |

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)  
 Small Scale Irrigation II

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION  
 A. INITIAL FY 77    B. FINAL FY 80

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

9. ESTIMATED COST (LIFE OF PROJECT)  
 (\$000 OR EQUIVALENT, \$1 = P7.00)

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		10,000
B. OTHER U.S.		
C. HOST GOVERNMENT		15,000
D. OTHER DONOR(S)		
TOTAL		25,000

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPROPRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
FN				10,000		10,000			
TOTAL				10,000		10,000	TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)  
 Increase rice and corn production to reach and maintain self-sufficiency in food grains.

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)  
 #1. Increase small farmer income.  
 #2. Improve employment opportunities.  
 #3. Develop and train small farmer organizations capable of operating and maintaining a self-owned irrigation system.

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)  
 None

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE  
 Richard M. Dangler *Richard M. Dangler*

TITLE  
 Asst. Director for Capital Development

DATE SIGNED  
 MO. | 6 | DAY | 20 | YR. | 75 |

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
 MO. | | DAY | | YR. | |

AID 1330-2 (5-75)

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PROJECT IDENTIFICATION DOCUMENT (PID)  
PHILIPPINES-SMALL SCALE IRRIGATION II

A. Summary of the Problem to be addressed and the Proposed Response

1. This is a continuing program. It is proposed that development loans be made available in FY 1977, 78 and 79 to continue AID's assistance to the GOP program designed to develop small scale irrigation systems in selected areas throughout the Philippines. Details of the problem and our proposed response are contained in a Project Paper, "Philippines - Small Scale Irrigation (AID-DLC/P-2094)" approved by the Development Loan Committee in June, 1975.

The goal of this project is to increase rice and corn production to reach and maintain self-sufficiency. The purpose of the project is to increase the income of small farmers, to at least double employment opportunities in project areas, and to increase agricultural production through the efficient utilization of water resources from small scale irrigation systems built, owned, operated, and managed by Irrigation Service Associations. Specifically, the project will greatly increase yield per hectare with the introduction of the irrigation and related farm support production packages.

The project will directly benefit all farmers in the project areas whose need for adequate, controlled irrigation water is greatest. These small farmers constitute the segment of the rural population who have suffered the greatest disadvantages and the least benefits of economic development in the Philippines. They have been hampered by low productivity, low incomes, and underutilization of available production-increasing inputs because of limited institutional credit. In general, they are exploited by landowners and manipulated by middlemen because they are not organized. This small scale irrigation project is part of a larger, more-encompassing GOP program (supported in various ways by AID) to focus attention on these disadvantaged people.

The larger GOP program is designed to attack the weaknesses in the economic and social system that resulted in the relative neglect of these small poor farmers. It re-emphasized the agrarian reform program which has resulted and will continue to result in the transfer of land to these farmers. The GOP's Masagana 99 program is another part of the total program and aims to provide to the small farmer a package of inputs and services for increased production. The GOP is also emphasizing primary education by building new schools in rural areas, thus attempting to break the hold that ignorance might have on future generations. The rural electrification program will bring electricity to the countryside to provide power for various uses including driving the water pumps for this irrigation project. The Provincial Development Assistance Project (PDAP) is designed to increase the ability of the provincial governments

to adequately and promptly respond to the needs of these small farmers. It is significant to note that AID is assisting the GOP in all these important efforts.

This continuing support of the small scale irrigation program is an integral part of the overall program of assistance to small farmers in that it provides an essential input to increased rice production income - adequate, controlled irrigation water. Almost as important as the provision of water is the manner in which it is provided -- through organizations that serve and are controlled by the water users, e.g. Irrigator's Service Associations which will build, own, operate, and manage the irrigation systems. Each Association will be made up of twenty to forty small rice farmers, organized by their common need for the irrigation water, but organized also to deal with other organizations (such as the local electrical cooperative, which will provide the electric power for the water pumps). Such organization by the farmers should give them valuable experience in working as a group and thus reduce the influence the middleman now has on them as individuals. As a matter of fact, the GOP envisions regional and national irrigator's organizations during follow-on phases of this program. Thus this project will result in a small farmer more able to increase his productivity and better equipped to deal with others in relation to production and marketing. Further, we believe that this project will be reproduced throughout the Philippines once other farmers see how these small scale irrigation systems and the Associations can contribute to improvement of their way of life.

We propose to support this GOP project by providing loan funding over the next several fiscal years to finance the foreign exchange costs of commodities and technical assistance and the Peso costs of certain portions of the credit provision aspects of the program.

2. Proposed project. The project outputs, kinds and amount of technical and physical resources required are stated in AID-DLC/P-2094. The magnitude of the outputs and inputs are directly proportional and the disbursements should be evenly drawn down over a three year period.

3. All major assumptions, alternatives and beneficiaries are discussed in the AID-DLC/P-2094 in detail and are applicable to this continuing project.

#### B. Financial Requirements and Plans

1. The estimated total project cost is \$25,000,000.

2. Amount of AID assistance:

a. Loan	<u>\$10,000,000</u>
---------	---------------------

Total new AID Obligation	\$10,000,000
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3. Amount of Host Country Input \$15,000,000 (equivalent)

C. Development of the Project

1. How will the Project be developed?

The project development and a description of the evaluation plan (analysis) is described in AID/DLC/P-2094. The evaluation analysis of the first project will form the basis for justifying additional inputs to this continuing project.

2. What is the proposed time frame for project development?

The Mission expects to submit the PRP for Philippines - Small Scale Irrigation II in August 1976 and the PP in the first quarter FY 1977.

3. No AID resources nor consultant service will be needed for preparation of either the PRP or the PP.

D. Issues of a Policy or Programmatic Nature

No broad issues have been identified which require AID/W consideration during this PID review. This is an on-going project which appears to fully meet the AID mandate. This assumption will be supported by facts gained during implementation of the first project and will be reported in the PRP.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
**PROJECT IDENTIFICATION DOCUMENT FACESHEET**  
 TO BE COMPLETED BY ORIGINATING OFFICE

1. TRANSACTION CODE (CHECK APPROPRIATE BOX)  
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PID  
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 1

2. COUNTRY/REGIONAL ENTITY/GRANTEE  
 Republic of the Philippines

3. DOCUMENT REVISION NUMBER

4. PROJECT NUMBER  
 492-0275

5. BUREAU  
 A. SYMBOL EA    B. CODE 2

6. PROPOSED NEXT DOCUMENT  
 A.  PRP     PP    B. DATE MO. | 8 | YR. | 7 | 6 |

7A. PROJECT TITLE - SHORT (STAY WITHIN BRACKETS)  
 Bicol Integrated Area Development II

8. ESTIMATED FY OF AUTHORIZATION/OBLIGATION  
 A. INITIAL FY  7 | 7 | B. FINAL FY  7 | 9 |

7B. PROJECT TITLE - LONG (STAY WITHIN BRACKETS)

9. ESTIMATED COST (LIFE OF PROJECT)  
 (\$000 OR EQUIVALENT, \$1 = P7.00)

PROGRAM FINANCING		AMOUNT
A. AID APPROPRIATED		3,000
B. OTHER U.S.		
C. HOST GOVERNMENT		2,000
D. OTHER DONOR(S)		
TOTAL		5,000

10. ESTIMATED COSTS/AID APPROPRIATED FUNDS (\$000)							11. OTHER U.S. (\$000)		
A. APPRO- PRIATION (ALPHA CODE)	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE	FIRST YEAR		ALL YEARS		A. PROGRAM TYPE	B. FIRST YEAR	C. ALL YEARS
			D. GRANT	E. LOAN	F. GRANT	G. LOAN			
FN				3,000		3,000			
TOTAL				3,000		3,000	TOTAL		

12. PROJECT GOAL (STAY WITHIN BRACKETS)  
 Increased income, equitably distributed; increased employment opportunities; and improved perceived quality of life by the general population of the Bicol River Basin and, specifically, the population within selected projects.

13. PROJECT PURPOSE(S) (STAY WITHIN BRACKETS)  
 Establish a viable Integrated Area Development organization structure with the management capability to plan and implement Integrated Area Development projects in the Bicol River Basin to include applicable flood control, land reform, land consolidation, irrigation and drainage, intensified agricultural production and farm level organization components.

14. PLANNING RESOURCE REQUIREMENTS (STAFF/FUNDS)  
 None

15. ORIGINATING OFFICE CLEARANCE

SIGNATURE  
 Richard M. Dangler 

TITLE  
 Asst. Director for Capital Development

DATE SIGNED  
 MO. | 6 | DAY | 23 | YR. | 75 |

16. DATE RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION  
 MO. | | DAY | | YR. | |

PROJECT IDENTIFICATION DOCUMENT (PID)  
BICOL INTEGRATED AREA DEVELOPMENT

A. Summary of the Problem to be addressed and the Proposed Response.

1. This is a continuing program, first approved for development loan funding in FY 75 for the Libmanan/Cabusao Integrated Area Development Project.

The rural development strategy of the Government of the Philippines (GOP) has traditionally been the sectoral and project approach with priorities determined at the national level. The on-going GOP Bicol River Basin Development Program (BRBDP), assisted by the USAID Bicol River Basin Development Project is an initial effort to decentralize and integrate the planning process, to develop competent technical and management capability at the Regional and Sub-regional level (River Basin in this area), and to adequately coordinate implementation with true local level participation in the development process (villagers, local leaders, private business, local organizations and institutions, and representatives of GOP line agencies assigned locally). The fundamental precept is that concentrated development resources can successfully be applied (external resources but also those available locally but currently moving out of the region) to delimited geographic areas of (1) high priority socio-economic need, and (2) high, immediate growth potential. The problem and challenge is to carry out an accelerated rural development effort that makes a measurable difference in increased income and improved perceived quality of life of the rural poor (median Bicol Basin family income of \$300). This incremental addition of USAID inputs to an integrated and decentralized planning and implementation program is proposed to further test and institutionalize this innovative approach.

The Bicol River Basin Project has stimulated greater interest in regional level integrated area development (IAD). Regional Development Councils have been organized in the eleven regions of the country. The Mindoro Island (Integrated) Area Development program financed by the World Bank (\$25 million) is another variation.

The Provincial Development Assistance Program supported by USAID is also a decentralized action program but focuses on the provincial level. It is designed to strengthen the institutional base supporting rural development in selected provinces (particularly road construction and improved local government). The IAD and PDAP approaches covered in the current DAP are complementary. By definition and design, all GOP development efforts in the Bicol River Basin (from area coverage rural electrification to land reform and accelerated local agribusiness and industrial investments, etc.) will be taken into account in the integrated planning and implementation process.

2. Proposed project. Several areas within the Bicol River Basin have been identified for development as part of the BRBDP. Also, a U.S. consulting engineering firm is conducting a "Comprehensive Water Resource Development Study" for the region using AID feasibility loan funds, and, it will not be possible to develop a complete and accurate cost estimate until the study is completed. However, based upon recently experienced development costs, project outputs, kinds and amounts of technical and physical resources required as stated in the "Philippines - Libmanan/Cabusao Integrated Area Development Project" paper approved by the Development Loan Committee June, 1975, the initial production component averages \$2000 per hectare. This cost does not include any extraordinary development needs, such as flood control, unusual surface and subsurface drainage, water diversions, etc., which may be recommended as an outcome of the U.S. consultant's study.

One or more recommendations could develop separate, but supportive to the IAD, projects with a cost of \$10 to \$15 million dollars. It may prove desirable to undertake one or more of the general water resource projects prior to the proposed IAD, but it is premature to make that decision now. If such an opportunity or need does arise, it will be discussed more fully in the PRP. In the meantime this project is proposed as a simple IAD of 2500 hectares.

The life of a joint GOP/USAID Integrated Area Development Project is estimated to run for a minimum of five years. USAID loan inputs would normally be made during the first two years with matching GOP inputs made over the five years or longer duration of the joint project.

3. All major assumptions and beneficiaries are discussed in the "Philippines - Libmanan/Cabusao Integrated Area Development Project" paper approved June 1975 and are applicable to this project. Copies of the project paper are available from EA/CCD.

#### B. Financial Requirements and Plans

1. Based on experience to date, the cost of developing road and water resources infrastructure, farmer's organizations and the initial production components of an IAD project is at least \$2,000 (₱14,000) per hectare for agricultural land in the project area. The proposed project area is 2,500 hectares.

The anticipated AID share of the direct costs of the project is 60% with GOP direct costs sharing at 40%. However, indirect costs, such as participating GOP agency, admin costs, salaries, etc., would increase total host country share considerably higher than 40%.

The estimated total project cost is \$5,000,000.

## 2. Amount of AID assistance:

a. Loan	\$3,000,000
b. Grant	_____

Total new AID Obligation	\$3,000,000
--------------------------	-------------

3. Amount of Host Country Input \$2,000,000 (equivalent)

C. Development of the Project

## 1. How will the Project be developed?

USAID is currently supporting, under a feasibility loan, an 18-month Comprehensive Water Resources Study in the Bicol River Basin (TAMS/TransAsia contract). The study output is expected to spin off discrete water resource project proposals on which final feasibility assessments can be made -- prior to June 1976. The comprehensive study will undertake new analysis, conduct training of local staff. They will generate additional data and also draw on the growing base of existing data (several component studies and consultants recently funded by USAID and the GOP under the Bicol Project, i.e., geological surveys, flood simulation modeling (AIT), surface water and water balance studies, soil surveys, mapping, etc.).

Employing the IAD approach, water resources sub-project components would be the loan project backbone. Such elements as flood control structures and the irrigation and drainage system would have to be well underway before activities can be expanded. The latter, in turn, would be required to capitalize on the water resources infrastructure investment.

## 2. What is the proposed time frame for project development?

A PRP is proposed for submission prior to August 1976 and the PP in the first quarter FY 77.

## 3. Best estimate of AID resources necessary to prepare the PRP and PP.

An on-farm water advisor (PASA) and an economist/planner (contract) will be funded under the Bicol Project for 24 months beginning early FY 76. Together with expertise expected to continue to be available within the USAID Philippines Mission over the next 24 months, and the expertise within the GOP Bicol River Basin Council-Program Office and supporting line agencies, adequate planning and analysis capability should be available to prepare the project for aid loan financing.

D. Issues of a Policy or Programmatic Nature

1. It is assumed that by FY 77, the GOP policy of supporting Integrated Area Development Programs will have been articulated, strengthened and the application expanded. It is further assumed that adequate GOP resources will be allocated to counterpart loan funding proposed by USAID.

2. It is assumed that the Libmanan/Cabusao IAD project will have demonstrated the feasibility and application of the IAD approach and that acceptable progress will have been made toward achievement of project purpose and goal by FY 77.

**ANNEX C**

PROGRAM PLAN

FISCAL YEAR 1977

I. ELEMENTS OF OPERATION

A. IDENTIFICATION

1. a. Catholic Relief Services-USCC

b. Philippines

c. 1 June 1975

d. Counterparts:

- NASSA (National Secretariat of Social Action) -  
The officially mandated social action arm of the  
Catholic Bishops' Conference of the Philippines,  
2655 F. B. Harrison, Pasay City.

- Department of Social Welfare  
San Rafael, Manila

- Department of Education  
Bureau of Public Schools, Manila

2. The following persons are employed in the program:

- Program Director Full Time	Mr. Gus Hall 2655 F. B. Harrison Pasay City	U. S. Citizen
- Child Welfare Specialist Full Time	Miss Agnes M. O'Casey 2655 F. B. Harrison Pasay City	" "
- Program Assistant Full Time	Mr. Joseph Strolin 2655 F. B. Harrison Pasay City	" "
- Program Assistant Full Time	Mr. Joseph S. Curtin 2655 F. B. Harrison Pasay City	" "
- Program Assistant Full Time	Mr. John K. Cassidy 2655 F. B. Harrison Pasay City	" "

- Thirty Filipino citizens employed at the CRS headquarters in Pasay City to administer the program.
- Five Filipino citizens employed as end-use checkers and program promoters who travel throughout the country in an organized plan of program control.
- Three hundred full time diocesan nutritionists assigned to promote and supervise the TMCH program and implement its educational component.

**B. AGENCY AGREEMENTS**

1. Catholic Relief Services-USCC has a written agreement with the Philippine Government relating to Title II food distribution.
2. Catholic Relief Services-USCC, operates under a blanket agreement negotiated between the United States and Philippine Government known as Note No. 3001 dated October 18, 1956 and a separate agreement with the Department of Foreign Affairs of the Philippine Government dated January 23 and January 25, 1957 which details the implementation.
3. The Catholic Relief Services-USCC agreement with the Philippine Government provides the following:
  - a. Tax and duty free entry of Title II food commodities and other relief supplies.
  - b. Payment by the Philippine Government of inland transportation costs for movement of supplies from the end of ship's tackle to end-users.
  - c. Police protection for the commodities as a guarantee against theft, pilferage, neglect, mishandling or illicit use.
  - d. Permission to identify the supplies through normal communications media as donations from the American people.
  - e. Permission to import all necessary program material and equipment under the same conditions as the supplies themselves.
  - f. Admission of non-Filipino personnel for the administration of the program.

**C. AREA-SCOPE-CONDITIONS OF OPERATIONS**

1. The program is nationwide.
2. The National Secretariat of Social Action (NASSA) - has been mandated as the official social action organization of the Catholic Church of the Philippines by the Catholic Bishops

Conference of the Philippines. The secretariat has its national headquarters in Manila and is responsible for helping bishops structure local Social Action offices in all the dioceses, prelatures and vicariates throughout the country. Where this structure exists, Title II commodities are channeled through the diocesan Social Action Director. In cases where the local Social Action department is not yet fully formed and operating, CRS deals directly with local interested groups and/or organizations. CRS also works with other church and government agencies such as the Department of Social Welfare, the Department of Health and provincial governments. The implementation of the Nutribun Program-Targeted School Feeding under the Philippine School Nutrition Program - largely in the Greater Manila area is done in direct coordination with the participating municipal Boards of Education under the Department of Education and Culture, Bureau of Public Schools.

3. The government departments that have an active participation in the program are fully cooperative. Funds for inland handling of the commodities are budgeted through the Department of Social Welfare and no problems have been encountered in obtaining annual budget approval. The Department of Social Welfare negotiates a contract with a local forwarder for the receipt, storage and distribution of the food commodities. This contract has the concurrence of the participating Voluntary Agencies.

Recently, the Government has taken additional steps to increase the priority given to the Nutrition Program. President Marcos signed Presidential Decree No. 491 in June 1974 creating a National Nutrition Council (NNC).

The NNC has the following functions and powers:

- a. To formulate an integrated national program on nutrition.
- b. To supervise, coordinate and evaluate the implementation of the integrated Philippine Nutrition Program to be implemented by all agencies and instrumentalities of both the government and the private sector concerned with improving the nutrition of the people.
- c. To coordinate and integrate policies and programs of all agencies and instrumentalities of the government charged with the prosecution of existing laws, policies, rules and regulations concerning nutrition.
- d. To coordinate the release of public funds for nutrition purposes in accordance with approved projects and programs.
- e. To coordinate all request for loans and grants by government agencies involved in the nutrition program.

- f. To call on any department, bureau, office, agency or other instrumentality of the government for assistance in the form of personnel, facilities and resources as the need arises.

Section 2 of the Presidential Decree says "The Government of the Philippines hereby declares that nutrition is now a priority of the government to be implemented by all branches of the government in an integrated fashion."

Recognizing a continuing need to marshal greater public, private and international resources for a coordinated attack on severe malnutrition problems, the Philippines' First Lady founded the Nutrition Center of the Philippines in July 1974. This Center is to help insure the mobilization of all sectors of the country and to solicit interest from abroad to support its humanitarian efforts of relieving hunger and preventing retarded physical and mental development and malnutrition in the Philippines with major focus on infants and pre-schoolers. In its research and planning role, the center will continually examine, in depth, all nutrition activities, public and private, to determine how improvements can be made and how new interventions or innovations can be introduced in furtherance of improved national nutritional health.

4. Active participation in the NNC described above serves as a clearing house for exchange of information, thus, avoiding duplication and inequities among the programs of the participating agencies.

The Council of Voluntary Agencies meets bi-monthly to discuss programs and exchange information. These meetings are also attended by representatives from USAID and the Department of Social Welfare as well as private and government organizations when deemed necessary. There is also a constant dialogue between Catholic Relief Services and the Director of the World Food Program for coordination and avoidance of possible duplication.

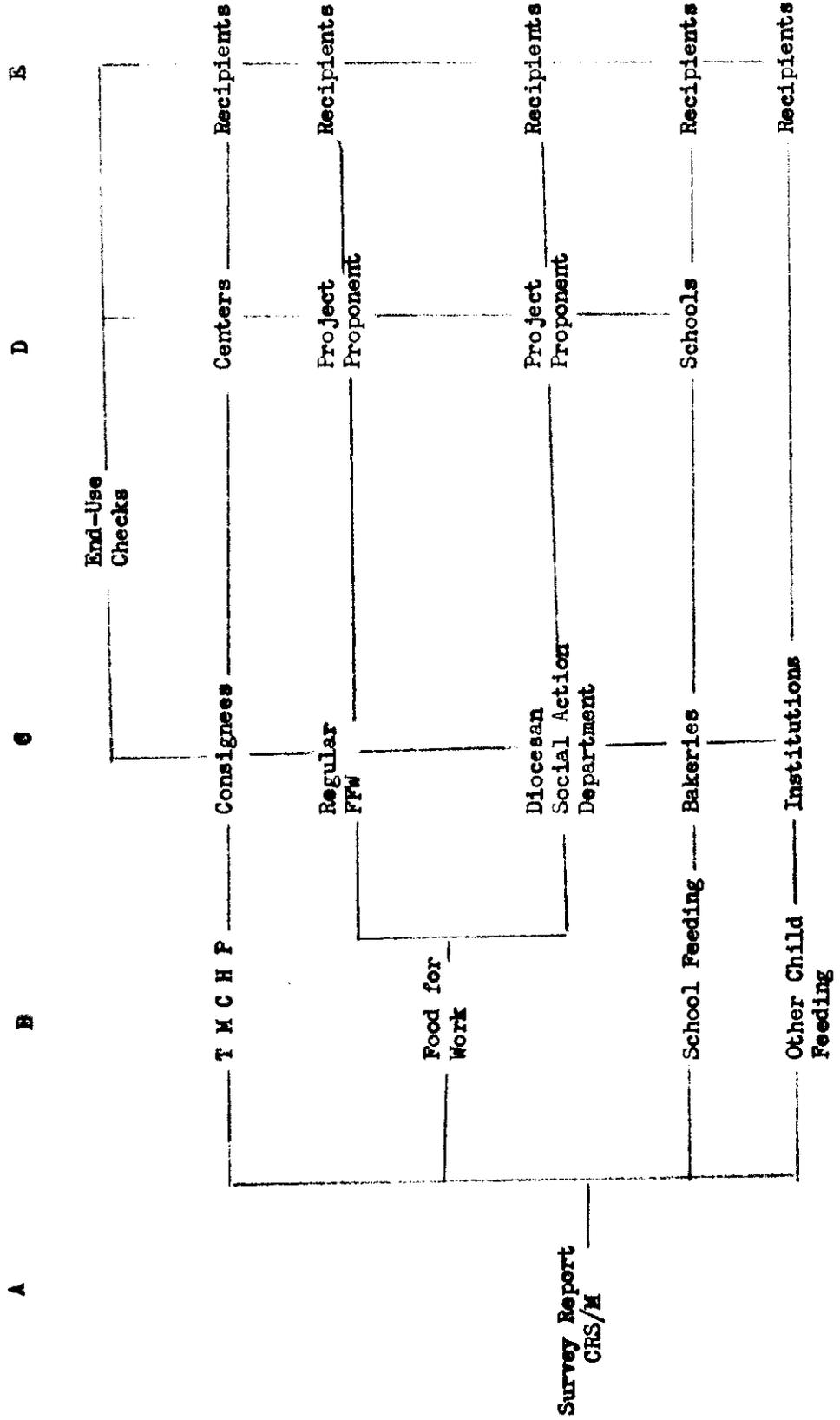
D. CONTROL AND RECEIPTING - RECORDS, PROCEDURES AND AUDITS

1. Figure 1 on the following page shows the flow of PL 480 commodities. CRS control systems are operative on five levels, designated respectively in the diagram as A, B, C, D, & E.

On level A which represents CRS Manila shipping section, the following controls and audit procedures are in effect:

- |                            |   |  |
|----------------------------|---|--|
| a. Ex-Ship's Tackle Report | ) | Provide basic information as to all losses and condition.      |
| Ex-Pier Survey Report      | ) | of arrival before commodity is stored in warehouse for further |
| Ex-Ligher Survey Report    | ) | movement inland.   |

Figure 1. FLOW CHART OF PL480 COMMODITIES



- b. Handling Contract: Negotiated between the Department of Social Welfare each fiscal year with a qualified forwarder. The contract provides for the forwarder to handle the commodities from ex-ship's tackle to the ultimate recipient.
- c. Bills of Lading are sent in advance to freight forwarder, survey company and the Department of Social Welfare.
- d. A file is established on each vessel, containing all cargo details, survey reports, etc.
- e. A Master Commodity Control Book contains a record of each commodity by vessel, its packing list number, time of arrival, beginning balance and allocations made.
- f. A card file by packing list number indicates commodities allocated to programs by vessel and by commodity, date shipped by freight forwarder and shipping instruction number.
- g. A consolidated commodity record book keeps balance daily by commodity.
- h. A daily record of all shipments by the freight forwarder is maintained by a CRS warehouseman.
- i. A numerical file is maintained of all shipping instructions which authorize the forwarder to transport specified commodities.
- j/ Bi-monthly stock reports are submitted by the freight forwarder.

Level B is the Program Level. Each of the four programs maintains the following records in the CRS/Manila office.

- a. Commodity control records books show the commodities allocated to the program by vessel by commodity and show allocations to consignees and running balances.
- b. The TMCHP program maintains files on each consignee containing signed agreement forms which certify that the consignee is responsible for handling and distribution according to prescribed guidelines, the number of recipients, monthly reports to CRS, and correspondence,
- c. The School Feeding Program maintains files on each bakery containing the baking contract, schools served, stock and production reports.

- d. The TMCHP and School Feeding Programs maintain a card file on each consignee or bakery showing number of recipients, date and amount of commodities shipped and number of the shipping instruction.
- e. Files of shipping instructions in numerical order.
- f. Empty container control cards provide information on total remittances made by each consignee.

Level C represents Consignees, Diocesan Social Action Departments and Bakeries. As part of an agreement form signed with CRS they are required to maintain the following records:

- a. A Stock Register showing receipts, distribution and balances.
- b. Files containing shipping instructions, bills of lading, financial records, etc.
- c. Bakeries are required to make weekly production reports and monthly stock reports to the CRS/Manila office.

Level D represents the TMCHP nutrition centers, Food for Work Project Proponents, and Schools. Through signed agreements they are required to maintain the following:

- a. Receipt and distribution records.
- b. Individual growth charts (TMCHP and School Feeding only)
- c. A stock register and file of Shipping Instructions (Food for Work only).
- d. Monthly progress reports (Food for Work only).
- e. Monthly distribution reports made to CRS/Manila indicating amount of food distributed and balances at end of month.

Level E represents the ultimate recipient. All records are maintained for at least three years after the close of the program year to which they pertain.

End use check reports are being continually executed at levels C, D and E on a regular, planned basis. In addition, periodic audits are conducted on the entire program.

#### E. PORT FACILITIES - PRACTICES

1. At the present time, the port of Manila is the only port used to discharge commodities for the CRS program. Adequate port facilities are provided.

2. All agreements with the host government permitting duty-free entry of commodities are in effect and present no problem.
3. CRS has an independent survey made on board vessel by a recognized survey company for each shipment of Title II PL 480 commodities.
4. Port charges present no problem since CRS-USCC commodities are exempt from any and all port or other charges.

F. STORAGE FACILITIES

1. Our present freight forwarder has quonset type storage facilities. One warehouse, with a capacity of up to three hundred thousand bags of PL 480 commodities is reserved exclusively for CRS programs. Consignees generally have sturdy brick or cement structures, a few have wooden storage areas.
2. These facilities have proved to be secure and adequate under the most severe weather condition.
3. Under the contract agreement the distributing agency retains control of, and is held accountable for, all commodities from the time of arrival to the time of delivery and distribution to the ultimate recipient.

G. INLAND TRANSPORTATION

1. Commodities are transported overland by truck and by the Philippine National Railroad. For interisland shipments, the forwarder contracts local shipping lines.
2. Heavy rains during certain months of the year occasionally cause delays in inland transportation, especially in more remote areas. However, the government is presently undertaking an ambitious road construction program and as a result the situation is gradually improving.

H. PROCESSING - REPROCESSING - PACKAGING

Not applicable at this time for Fiscal Year 1977.

I. FINANCING

1. Inland transportation costs from the end of the ocean vessels tackle to the ultimate consignee are paid by the Philippine government. Monies for this purpose are budgeted through the Department of Social Welfare (DSW). The DSW negotiates a contract with a forwarder to cover the overland and interisland shipping costs which are paid upon verification by Catholic Relief Services. The contract also covers survey fees, warehousing, repackaging of damaged commodities and any other incidental expenses that may be incurred.

Salaries, per diems, and travel expenses for end-use checkers and program promoters are provided from the DEW budget.

2. Catholic Relief Services-USCC provides money for administrative costs which include salaries for the American and Filipino headquarters staff in Manila and related office and travel expenses.
3. The Targeted Maternal Child Health Program (TMCHP) has an Unassociated Charge and the School Feeding Program has an Associated Charge. Monies from these sources are used to cover expenses related to program control and the nutrition programs including supervision and salaries of field nutritionists and materials and supplies used in the nutrition education component. Expenses incurred in the operation of the feeding and distribution at the local level are also paid from the Unassociated Charges.
4. A system of empty container sales and control has been implemented and the money from this source is expended according to pertinent US regulations.

Separate books are maintained covering the receipt and disbursement of money received from Associated Charges and the sale of empty containers with all records subject to audit and maintained in the CRS/Manila office.

#### J. ACCEPTABILITY OF AVAILABLE FOODS

1. Available foodstuffs are acceptable to all recipients in the different program categories.
  - a. CSB is usually mixed with vegetables as soup or in one-dish meals. It can be prepared as a nutritious beverage.
  - b. Rolled Oats is often served as a porridge with milk. It is also mixed with soups and vegetables. It is baked into cookies or made into native delicacies.
2. Rates of use and the number of distributions for each food commodity and recipient category are estimated upon consultation with the Food and Nutrition Research Center of the National Science Development Board, from reference data of the National Economic Council and the CRS Program Administration. These estimates are referred to and compared with the annual estimated requirements of the other U.S. Voluntary Agencies and are also coordinated with the PIP and PROP projections of USAID/Philippines.

- a. The desired rates are as follows:

(N.B. All rates are in pounds per month except Food for Work. The latter is calculated as 5 lbs. per 8 hour workday.)

	<u>BW</u>	<u>RO</u>	<u>CSB</u>	<u>S.F.</u> <u>Flour</u>	<u>NFDM</u>
1. Mothers/Pre-School Age Children	-	4.0	4.0	-	-
2. School Feeding	-	-	-	5.0	-
3. Other Child Feeding	-	2.0	2.0	-	4.0
4. Food for Work	5.0	-	-	-	-

Category 1 - There will be 12 distributions during the 12 months of operation.

Category 2 - There will be 200 distributions during the school year of 10 months of operation.

Category 3 - There will be 365 distributions over the 12 month period of operation.

Category 4 - The figures here are the food assistance per 8 hour workday to be received by the volunteer worker in self-help activities during the year. We estimate an average of 4,000 participants working 20 days a month for 12 months.

K. PROGRAM PUBLICITY

CRS-USCC representatives and consignees are made aware of the source of foods, program requirements, responsibilities, and the preparation of Title II commodities through (1) CRS guidelines, (2) the distribution of recipe booklets, (3) growth charts, (4) mothers classes for the targeted groups, (5) a quarterly CRS publication, the "CRS/NASSA Nutrines"; and (6) brochures and other publications on CRS programs in the Philippines. Related news releases, prepared by USAID, are occasionally published by the local news media.

L. ESTIMATE OF PROGRAM DURATION

1. Targeted Maternal and Child Health Program

The TMCHP has been accepted by Philippine Government agencies as the most comprehensive and successful method of attacking malnutrition among pre-schoolers on a massive scale.

One indication of the seriousness of the Philippine Government in this endeavor is the commitment on the part of the Department of Social Welfare to purchase locally one half of the caloric daily ration in order to stretch limited supplies of PL 480 foods within their expanding Day Care Service Program.

Recognizing that real solutions to the problem of malnutrition can only be achieved through expanded food production and increased availability of indigenous agricultural products, CRS and its counterpart, NASSA, have placed increased emphasis on local foods and local food production through the TMCH Program. A gradual phase-out of PL 480 commodities was to have begun on a pilot basis in one diocese during FY '76. It is hoped that by 1980 the U.S. donated foods can be substantially replaced by local products.

## 2. Targeted School Feeding Program.

Replacement of PL 480 commodities by locally produced banana and/or coconut flour remains an objective in the TSFP. It is planned that a percentage of the Department of Education/local government input for FY '77 will involve local flour.

The area primarily served by the CRS School Feeding Program in the heavily urbanized Greater Manila region. While the Philippine Government, assisted by various agencies, has made strides toward developing the agricultural potential of the country's rural schools - thus tapping a ready source of counterpart food input - this has not been possible in urban Manila. Lack of space for agricultural purposes and the increasing congestion in schools which must operate three and even four sessions a day prohibit this type of program.

Working closely with the Department of Education and Culture and the school boards of Greater Manila, CRS has begun a programmed phasing out of PL 480 commodities based on a schedule of increasing inputs from local sources. The table in Appendix II depicts this cost sharing, which began at 10% during FY '76 and is projected at 47% for FY '77. This represents an input - either in kind or in cash - of ₱6,375,000 (US\$910,714) for the fiscal year 1977. The planned phase in of Philippine Government support calls for the complete replacement of PL 480 commodities by FY 1979.

## 3. Food for Work Program

Concentrating on small scale, barrio level, self-help type activities, the food for work program has achieved recognition by the Philippine Government as an extremely useful tool for furthering development projects. "Food for Work" has become part of the Philippine vocabulary and has enabled the government to stretch their development funds by utilizing Food for Work as payment to unskilled workers on labor intensive projects.

CRS and its counterpart, NASSA, foresee a continuing and increasing role for the Food for Work Program in the scheme of national development over the next four years. In addition to the economic and social impact of food for work projects at the local level (i.e. improving local infrastructure), the Program is viewed as a major development tool for increasing food production.

II. PLANS OF OPERATION FOR SPECIFIC TYPES OF PROJECTS

See appendices for Plans of Operation for specific type of projects.

- Appendix I - Targeted Maternal and Child Health Program (TMCHP)
- Appendix II - Targeted School Feeding Program (TSFP)
- Appendix III - Volunteer Work Program (VWP)
- Appendix IV - Other Child Feeding Program (OCFP)

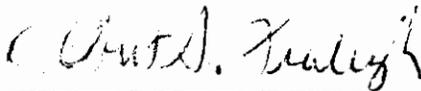
III. CONTRIBUTIONS TO THE PROGRAM

The anticipated cash contributions to the program are as follows:

<u>Amount</u>	<u>Source</u>	<u>Purpose</u>
US\$ 179,000	Catholic Relief Services	Administrative costs
US\$1,500,000	Philippine Government	Budgeted through the Department of Social Welfare to cover inland transportation costs.
US\$ 13,500	Philippine Government	Administrative costs
US\$ 910,714	Philippine Government	School Feeding Program
US\$1,542,850	Philippine Government	Purchase of local foods for TMCHP
US\$ 91,200	-	Anticipated income from Associated and Unassociated Charges

In addition to the above contributions which are channelled directly through CRS/Manila, the National Secretariat of Social Action and its diocesan social action counterparts provide the necessary supervision, cover costs for certain personnel, and share other program related expenses.

  
\_\_\_\_\_  
Agnes M. O'Casey  
Acting Program Director  
Catholic Relief Services-USCC

  
\_\_\_\_\_  
Food for Peace Officer  
USAID/Manila

TARGETED MATERNAL & CHILD HEALTH PROGRAM (TMCHP)A. OBJECTIVE

Nutrition surveys of the Philippines give conclusive evidence of widespread malnutrition. Of the 7 million pre-school children (6 months to 6 years), it is estimated that 350,000 are severely malnourished and 1.5 million moderately malnourished. It is widely recognized that malnutrition in pre-school children is basically responsible for a high rate of morbidity/mortality and may also irreversibly retard the mental and physical development of the child.

The Targeted Maternal & Child Health Program enrolls moderately and severely malnourished pre-school children and their pregnant and lactating mothers. PL 480 commodities and nutrition education are provided for the recipients throughout the year.

During Fiscal Year 1976 Catholic Relief Services-USCC, Philippine Program is expanding the Targeted Maternal and Child Health Program to an enrollment of 660,000 recipients. Expansion of the program remain linked to the availability of PL 480 foods during the year.

The program is initiated and coordinated at the diocesan level which usually conforms to provincial boundaries. CRS, through NASSA, recruits and trains nutritionists who are employed by Social Action Departments in the dioceses. The Social Action departments endorse all program proposals to the Manila offices of CRS and NASSA. By channelling PL 480 foods through the Social Action departments, CRS is assisting in the development of a counterpart agency which eventually will assume responsibility for the entire program.

Catholic Relief Services and its counterpart, NASSA, recognize that the heavy reliance upon imported U.S. Food Commodities in the fight against malnutrition cannot be expected to provide long-range, permanent "solutions." We have, therefore, begun to develop a program designed to motivate local Social Action Centers, parishes, communities and families to engage in a food production effort geared to produce foods nutritionally equivalent to PL 480 donated foods.

The point of entry into the community for this effort will be the on-going TMCH Program. By incorporating food production extension agents and animal husbandry extension personnel into the operational framework of the TMCHP, a shift in program emphasis - from nutrition education to nutrition food production education - will be effected.

During FY '77, CRS/NASSA envisions a continuing two-fold approach toward increasing local agricultural output and decreasing TMCHP reliance on PL 480 commodities. Pilot project involving three dioceses will be implemented to ascertain the feasibility of utilizing a Social Action Team - composed of a nutritionist, an animal husbandry extension agent and a food production specialist - within the framework of TMCHP

resources, educational potential, and targeted participants. The goal of the pilot project will be to incorporate food production as a major criteria for the TMCH program and, at the same time, to develop community farming expertise and resources which will allow for sufficient community food production to implement an autonomous nutrition program.

Concurrently, CRS/NASSA will continue to encourage and assist all Social Action Centers to conduct local resource surveys aimed at identifying aspects of community food production potential in each area and at targeting TMCHP families for participation in various food production efforts.

Depending upon the results of the initial pilot projects and the diocesan surveys, it may be possible to forecast a nationwide 20% substitution of locally produced foods for PL 480 commodities during FY '78.

B. OPERATION

Recipients are selected through a weight survey. Individual weights are then compared with standard weights for the age group using a chart developed by USAID/Manila. Only severely and moderately malnourished pre-school children, ages 6 to 72 months, and pregnant and lactating mothers are eligible for the program.

By FY '77 there will be three hundred nutritionists in dioceses throughout the country. They are attached to Social Action Departments where they coordinate the nutrition program for that diocese. Their primary role is to initiate the program with local volunteers. They move from barrio to barrio, spending at least a week in each where they conduct weight surveys, give classes and demonstrations to mothers, and train the volunteer workers in the operation of a center.

The Department of Health has fielded 46 nutritionists who conduct a similar program, training extension workers of the Department of Agriculture and midwives. Likewise, many Provincial Governors have hired nutritionists who work with those of the dioceses in implementing TMCH Programs. The target for these GOP programs during FY '77 is approximately 170,000 participants.

The Department of Social Welfare will continue to expand their Day Care Service Program (DSW-DCS) to an estimated 200,000 recipients who will receive 4 lbs. of PL 480 commodities plus an equal amount of food purchased locally by the DSW. This program is designed to reach moderately and severely malnourished children three to six years of age with supplemental feeding and nutrition education through the extensive network of DSW social workers throughout the nation.

The character of the program varies at the local level depending upon human and material resources available. PL 480 commodities are distributed to recipients at a rate of 8 pounds per month. The ration's composition is such that it provides a supplement which meets the caloric and protein deficiency in the recipient's diet. The programmed monthly allocation for each recipient is 4 pounds of CSB and 4 pounds of Rolled Oats. The foods are distributed either as a dry ration to be prepared for the child in the home or, where facilities permit, as a cooked ration to be eaten at the center. At each distribution of foods, mothers are given simple lessons in the preparation of nutritious foods, both PL 480 and local, and in the importance of nutrition to the child's health. They are also encouraged to develop home gardens and assume more self-sufficiency in their family's nutritional needs.

Children are weighed at regular intervals and their weights recorded on a growth chart. This opportunity is used by the nutritionist or nutrition aide for individual consultation with the mothers - using the child's weight gain to reinforce the mother's acceptance of the value of sound nutrition.

Children reaching the appropriate weight level for their age group are phased out of the program. Children reaching schoolage are phased out at the start of the school year.

In their advisory capacity, the nutritionists visit each center in the diocese at regular intervals. They work with consignees and volunteers in a continuous effort to educate mothers about the value of nutrition to the health of their children.

#### C. EDUCATION

Of overriding concern is the education of parents about the importance of sound nutrition to the health of their families. The vehicle for this educational approach is donated PL 480 Title II commodities, heavily reinforced with educational materials specifically to teach mothers the value of nutrition.

CRS and NASSA Manila are developing and distributing materials which graphically portray the causes and effects of malnutrition and methods for treating it that are within the capability of low income families. Emphasis is placed on the use of local foods and the development of home gardens and other agricultural projects.

Education of the mothers is undertaken by the diocesan nutritionists and by the nutritionists of the other cooperating agencies. A wide range of teaching aids have been developed for the program and a quarterly newsletter "Nutrinews" is sent to the consignees and volunteers for this purpose. Technical training in the operation of a center and in methods of instruction are also provided by the nutritionists.

D. PARTICIPATION

750,000 recipients are programmed by the end of FY '77. Approximate breakdown is 187,000 pregnant and lactating mothers and 563,000 children.

E. RATION

<u>TMCHP</u>	<u>DSW - DCS</u>
4 lbs. - Corn-Soya Blend (CSB)	2 lbs. - Corn Soya Blend
<u>4 lbs.</u> - Rolled Oats	<u>2 lbs.</u> - Rolled Oats
8 lbs. per recipient per month	4 lbs. per recipient per month

F. ANNUAL REQUIREMENT

32,000,000 lbs. CSB  
32,000,000 lbs. Rolled Oats

G/ CONTROL

Receipting procedure, control and supervision of distribution are contained in Section D.

H. SOURCE OF FUNDS

Funds required for control of the Nutrition Program, for educational materials, and for the nutritionists working in the different dioceses throughout the country are received primarily from an Associated Charge in the School Feeding Program and an Unassociated Charge in the Maternal and Child Health Program.

In some cases, local Bishops and Provincial Governors have hired nutritionists to implement the Targeted Maternal and Child Health Program and are supporting them from their own resources. The Associated Charge has been mentioned under the program plan for the School Feeding Program in Appendix II. The Unassociated Charge is paid by the recipients at a maximum rate of P0.30 (\$0.043) per month, of which approximately P0.085 is returned to CRS and the remaining P0.215 (if collected at the centers) used for expenses connected with the local operation of the program and for recipients unable to pay the charge.

TARGETED SCHOOL FEEDING PROGRAMA. OBJECTIVE

The primary objective of the School Feeding Program is to help eliminate serious undernourishment in primary grade (1-4) school children in private non-profit parochial and public schools by supplementing their daily caloric and protein requirements.

By helping to instill in teachers and students a sense of the importance of good nutrition, the program is also intended to encourage school districts, local and national governments to take steps which would remedy the serious state of malnutrition (see Figure 1) which exists in the elementary schools, especially those in the urban slum areas.

Recognizing the need for expanding the Philippine Government support and commitment for the School Feeding Program, CRS, the Department of Education and Culture, and local governments in the Greater Manila Area have developed a plan for phasing in GOP resources to replace PL 480 commodities. Figure 2 (attached) show the scheduled increase of Philippine Government support - and the attendant decrease in donated commodity support - from 1975 to 1979.

CRS strongly believes that host government input as indicated in Figure 2, coupled with the continuing nutritional deficiencies and acute needs, more than justified U.S. Government PL 480 support through FY '78.

B. OPERATION

The program provides a daily supplement to elementary school children in the form of a Nutribun. The Nutribun, weighing 170 grams, contains 500 calories, 19.4 grams of protein and other nutrients needed by growing children. To qualify for the program, children are screened by weighing to determine their nutritional status. Only those suffering severe and moderate undernourishment are eligible to participate. Subsequent weighing is done as a follow-up evaluation.

In the Greater Manila Area, baking is done by three commercial bakeries which are closely supervised to insure the quality of the buns.

The nutribuns are sold to the children at ₱0.15 (\$0.0214) per piece. ₱0.11 (\$0.0157) represents the baking cost and ₱0.01 (\$0.0014) is collected by CRS as an Associated Charge. The balance of ₱0.03 (\$0.0043) is used by the school to pay for the nutribuns of indigent children and for the provision of varied fillings and cover program costs within the schools.

C. EDUCATIONAL INPUTS

All participating schools are provided posters, Nutritional Growth Charts and forms needed for the Program. Children are taught how to weigh themselves and identify in which nutritional zones they belong. The Health Section of the school is assigned to do the evaluation of the weight records of the children but teachers actively participate in the weighing and charting of the children and in the distribution of the daily nutribuns.

D. PARTICIPATION

Breakdown of Estimated Participation

a) Children in public elementary schools.....	151,640
b) Children in parochial schools .....	5,860

E. RATION

5.0 lbs. Soy Fortified (Blend K) Flour per person per month (for nutribuns weighing ~~300~~ calories). *15,750 lbs*

F. ANNUAL REQUIREMENT

For 94,500 recipients, the total annual food requirement are estimated as follows:

*using 300 calorie requirement = 153,572*

Soy Fortified (Blend K) Flour ..... 3,780,000 lbs.

(If Non-Fat Dry Milk is available in FY'77 from FY '76 stocks, Bread Flour could be used in place of SF Flour.)

G. CONTROL

CRS fieldmen visit the schools to see that the program is properly implemented and the bakeries to audit the use of PL 480 commodities. They check to see that all qualified recipients receive the nutribuns regardless of ability to pay the \$0.15 charge and also check on the use of funds, generated by the Program. Receiving procedures, control and supervision of distribution are contained in Section D.

APPENDIX II, FIGURE I

The age-specific food intake data reinforces the view that infants, pre-school children, elementary school children, and pregnant and lactating mothers are at greatest.

AGE - SPECIFIC FOOD INTAKE ADEQUACY, PHILIPPINES

1959 - 1969

	<u>CALORIES</u>		<u>PROTEIN</u>	
	<u>Ave. Intake (Cal.)</u>	<u>% of RDA</u>	<u>Ave. Intake (grams)</u>	<u>% of RDA</u>
Children 1-3 yrs	829	64	27.3	105
4-6	1,103	69	30.3	94
7-9	1,301	68	39.0	93
10-12	1,439	63	42.2	94
Boys 13-15	1,547	55	49.0	80
16-20	1,695	61	49.6	76
Girls 13-15	1,547	67	35.0	58
16-20	1,352	64	45.2	75
Man	1,742	73	53.3	85
Woman	1,602	89	44.8	81
Pregnancy	1,464	64	43.7	67
Lactation	1,339	46	41.7	56

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Source:

What is the Protein Gap? Carmen Ll. Intengan, Philippine Journal of Nutrition XIV. January-March 1972.

More recent studies show an alarming drop in per capita calories and protein intake attributed to recent inflationary food cost spiral.

APPENDIX II P.L.G. II - Projected Phase In of Philippine Government Support

	1975	1976	1977	1978	1979	1980
Est. Enrollment GMA - Primary Level	: 256,496	: 279,580	: 304,742	: 332,168	: 362,168	: 394,648
CRS Supported Recipients	: 175,000	: 157,500	: 94,500	: 57,000	: -	: -
GOP Supported Recipients	: -	: 17,500	: 85,000	: 147,000	: -	: -
% of Support:						
CRS	: 100%	: 90%	: 53%	: 20%	: -	: -
GOP	: -	: 10%	: 47%	: 80%	: 100%	: 100%
Total Recipients	: 175,000	: 175,000	: 179,500	: 184,500	: 190,000	: -
FL 480 Requirements (in lbs)	: 8,750,000	: 7,875,500	: 4,725,000	: 1,850,000	: -	: -
Value of FL 480 Commodity (@ P1.50 per lb)	: P12,125,000	: P11,813,250	: P7,087,500	: P2,775,000	: -	: -
GOP Support (in lbs)	: -	: 875,000	: 4,250,000	: 7,350,000	: 9,500,000	: -
Value of GOP Support	: -	: P 1,312,500	: P6,375,000	: P11,025,000	: P14,250,000	: -

NOTE: 1. Commodity Requirements are computed at 5 lbs/student/month for 10 months  
 2. Value of Commodity is computed at P1.50 per lb.

\*Greater Manila Area: Pasay City, Manila, Quezon City, Caloocan City.

VOLUNTARY WORK PROGRAM (FOOD FOR WORK)A. OBJECTIVE

The Food for Work Program is seen as an incentive for volunteers to come together and participate in small scale community development projects which affect the workers directly. Some larger scale infrastructure projects are also supported whereby all or part of the workers wages are in the form of food support.

This program has proven invaluable in supplementing the income of recipient families and in providing employment for indigent family heads. Of equal significance is the manner in which it has promoted community consciousness, participation, cooperation and solidarity while stimulating initiative and creativity directed toward community development. Hence, the Food for Work Program has the potential to function as a powerful catalyst for other developmental endeavors, especially those related to agriculture/food production/nutrition. The objectives of this program are as follows:

- a) To provide incentives for people to work for the realization of self-help projects geared towards community development;
- b) To enhance the promotion of human and social values/attitudes necessary for development, such as work orientation, community consciousness, and participation, cooperation, community organization, social initiative and creativity.
- c) To provide food supplement to those voluntarily engaged in community projects, especially those belonging to the lower income brackets.

B. OPERATION

Continued development in the relationship between CRS and its counterpart, NASSA, regarding the implementation of Food for Work Programs is envisioned during FY '77. NASSA, through its diocesan social action structure, has assumed responsibility for carrying out the Program, while CRS functions as a legal channel for resources (PL 480 commodities and locally purchased grains), lending administrative and technical support as necessary. Under this arrangement, PL 480 foodstuffs (principally Bulgur Wheat) are pre-shipped to the diocesan Social Action Departments where local Food for Work Committees approve applications and release food commodities on a scheduled basis. Monthly, CRS, through NASSA, receives summary data concerning the approved projects and authorizes replacement commodities to be sent to the various Social Action Departments.

In addition to the Food for Work Program implemented nationwide using PL 480 foods, CRS/NASSA will operate a Food for Work Program in Central Luzon, Cebu, Samar and the Resettlement Areas outside of the Greater Manila Area utilizing grains procured locally under the Disaster Recovery Program Agreement 73-009.

C. EDUCATION

Recipe booklets for the use of PL 480 commodities are distributed to the field. In addition, nutritionists of the Targeted Maternal and Child Health Program stationed in areas where Food for Work is implemented offer cooking demonstrations of the PL 480 commodities to members of the community.

D. PARTICIPATION

4,000 daily workers are programmed for FY 75 working 20 days a month for 12 months. Figuring family size at an average of 5 members, the program directly benefits 20,000 people each month.

E. RATION

5 lbs. of Bulgur Wheat per manday.

F. ANNUAL REQUIREMENTS

4,800,000 lbs. Bulgur Wheat

G. IMPROVEMENT DURING FY 76

Responsibility for selecting projects in the field and allocating the food requirements has been decentralized to the diocesan level resulting in the development of a local counterpart agency and in a program responsive to the needs of the local area. We foresee the program operating nationwide in approximately 30 dioceses using an average 400,000 lbs. of PL 480 commodities a month.

H. CONTROL

Every month the diocese will submit copies of the approved food for work applications, a summary report on the various food for work related projects and an inventory report. Guidelines pertaining to the operation of the program will be monitored by onsite visits.

Receipt, procedure, control and supervision of distribution of commodities are contained in detail in Section D.

OTHER CHILD FEEDING PROGRAM (OCFP)A. OBJECTIVE

Welfare institutions, even in the so-called developed countries, are often notorious for the poor quality of care afforded inmates. Due to budgetary restraints and the lower priority assigned, the conditions in these institutions in less developed countries such as the Philippines tend to be extremely poor.

The OCFP is designed to assist children in malwards, nurseries, and orphanages where conditions of nutritional insufficiency exist.

B. PLAN OF OPERATION

The program is supervised by capable medical officials, religious and lay organizations who insure that the intake of each beneficiary is in accordance with the approved rates per person per month.

C. PARTICIPATION

20,000 beneficiaries are programmed for Fiscal Year 1977.

D. RATION

Milk .....	4 lbs. per person per month
CSB .....	2 lbs. per person per month
Rolled Oats .....	<u>2 lbs. per person per month</u>
Total .....	8 lbs. per person per month

E. ANNUAL REQUIREMENT

Milk .....	960,000 lbs.
CSB .....	480,000 lbs.
Rolled Oats .....	<u>480,000 lbs.</u>
Total .....	1,920,000 lbs.

F. CONTROL

Receipting procedure, control and supervision of distribution of commodities are contained in Section D.

STATEMENT RELATING TO THE INCLUSION OF OTHER CHILD FEEDING IN  
THE CRS PROGRAM PLAN FOR FY 77

It will be noted that in this Program Plan for FY 77, two tenths of the total commodity requirement is requested for other child feeding.

Catholic Relief Services-USCC as a recognized voluntary agency operates as a cooperating sponsor with the American Government in the use of PL 480 commodities. This working relationship is based on mutual respect for each other's goals and philosophies. Our priorities, as spelled out in the program plan, bear witness to the harmony of this relationship. The two tenths of our FY 77 program level requested for Other Child Feeding suggests, however, that universal guidelines may not always be applicable to every situation. We feel strongly that cooperating sponsors in the field can and should determine cases where programs, which no longer fall within the guidelines, are still valid. This type of flexibility also seems essential if USAID takes seriously the aim of "giving reality to the A.I.D. policy of giving U.S. voluntary agencies greater responsibility and initiative in developing humanitarian assistance programs overseas." (Department of State AIDTO Circular A.)

We believe that this use of PL 480 commodities falls within the stated humanitarian goals of CRS-USCC and USAID and that the integrity of both organizations will be enhanced by their ability to respond to the human needs apparent at the local level.

STATEMENT ON HOW THE PROGRAM IS STRUCTURED TO CREATE INSTITUTIONS

While the CRS Philippine Program is provided a budget by the Department of Social Welfare for inland handling and transportation of PL 480 Title II commodities, the CRS counterpart is the Catholic Church in the Philippines. The Catholic Bishops Conference of the Philippines has an active secretariat (National Secretariat of Social Action) which is mandated to implement humanitarian and development programs in all the dioceses of the Philippines.

With the help of a grant from USAID, NASSA has successfully implemented the Disaster Recovery thru Food for Work Program in Central Luzon from FY '73 through FY '76. Since FY 74 CRS has also gradually transferred responsibility for implementing the TMCHP to NASSA rather than dealing directly with individual dioceses. The Nutrition Program Administrator is, today, a NASSA employee. CRS retains responsibility for logistics and supports NASSA with technical assistance while NASSA coordinates the program as sponsored by individual diocesan Social Action Departments.

CRS feels that one of the ways to insure the continuation of nutrition programs well past the time that PL 480 goods are no longer available is to intelligently transfer operational responsibility for these programs to indigenous organizations in order that they might be strengthened and encouraged to continue the work using local resources.

STATISTICAL SUPPLEMENT  
FOR  
VOLUNTARY AGENCIES AND INTERGOVERNMENTAL ORGANIZATIONS  
FOR 1977 TITLE II PROGRAMS

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Please provide the following information:

I. Maternal/Child Health

- A. Number of mothers participating - 187,000
- B. Number of children participating (age 5 and under) - 563,000
- C. Number of children served prepared foods for consumption in health clinics and nutritional education centers - 3,000
- D. Number of persons served bulk or prepared commodities for home consumption through distribution centers - 747,000

II. School Feeding

Number of participants in:

A. Primary Schools

- 1. Public 173,640
- 2. Private 5,860

B. Secondary Schools

- 1. Public 0
- 2. Private 0

C. Boarding Schools

- 1. Primary Age
  - a. Public 0
  - b. Private 0
- 2. Secondary Age
  - a. Public 0
  - b. Private 0

III. Other Child Feeding (Preschool and School Age)

List the outlets by type (nursery schools, day-care centers, orphanages, summer camps, etc.) and cite the number of participants in each:

Nurseries	:	2,000
Orphanages	:	16,000
M alwards	:	2,000

IV. Family Planning

Estimated the number of participants receiving Title II food who are engaged in Family Planning programs carried out by the cooperating sponsors (See M.O. 1572.3):

Approximately 55% of the TMCHP or 412,500

Note: Family planning is carried on by the individual dioceses, usually as part of a wider-scope family life component to the TMCH Program.

CARE-PHILIPPINES

PROGRAM PLAN FY-1977

CARE (The Cooperative for American Relief Everywhere) and the Philippine Government (through its Department of Education and Culture, and under the guidance of its NNC) propose following this Plan in continuing to improve the nutrition program conducted in the public schools.

A. IDENTIFICATION

1. Cooperating Sponsor: CARE

(Mailing Address)

P. O. Box 1810  
Makati Commercial Center 3117  
Rizal, Philippines

(Office Location)

SMS Building  
Buendia Avenue  
Makati, Rizal

2. Country : Philippines

3. Date of Submission : June 1975

4. Philippine Counterparts: Department of Education & Culture  
Arroceros Street  
Manila

National Food & Agriculture Council  
Department of Agriculture  
Office of the Secretary  
Quezon City

National Nutrition Council  
Population Center  
South Superhighway  
Makati, Rizal

5. American citizens in charge of program:

a. Director - Robert F. Linder

b. All programs administered by CARE are supervised by the Director who is supported by the following American Staff:

- i. Assistant Director - Self-Help Coordinator
- ii. Assistant Director - Nutrition Program Coordinator
- iii. Field Representative - Logistics Coordinator

6. CARE Staff Functions

In addition to its above-mentioned executive staff, which plays a key role in office, port, and field supervision of the program, CARE has a full-time staff of Filipino nationals engaged in program monitoring, program auditing, program supervision, etc., normally consisting of:

- One - Assistant Administrator
- Four - Field Officers
- Two - Field Auditors
- One - Auditor
- Four - Secretaries
- Three - Assistant Program Coordinators
- Two - Clerks
- One - Warehouseman
- Four - Drivers/Messengers, and
- One - Janitor

Also, the following CARE personnel are presently seconded to the counterpart agency:

- One - Junior Clerk
- One - Driver

7. CARE's counterpart agency is headed by the Director of Medical and Dental Health of the Bureau of Public Schools who in turn is also the Coordinator for this Feeding Program. Her staff includes:

- One - Health Services Supervisor
- One - Medical Nutritionist
- Four - Clerk Typists
- One - Home Management Technician
- One - Food Services Worker
- One - Finance Officer

It should be noted that the Coordinator as well as her assistant make regular field visitations for the purpose of observing and supervising the program. A well defined administrative structure is being institutionalized: It starts with the National Coordinator; goes on to the Provincial level Superintendents of Education and the Home Economics Supervisors; further on to the municipal supervisors; then the principals of schools and finally to teachers in charge of feeding activities.

8. Staff Deployment

- a. It is estimated that 90% of the time of the CARE staff will be devoted to matters relative to this program.
- b. The Department of Education & Culture staff mentioned above will spend 100% of its time on this program.
- c. In addition to the DEC staff listed, in the provinces important participation and coordination and control will be provided by: Regional Directors of Education; Regional Medical and Dental Supervisors; Provincial Nutrition Councils; Division and City Superintendents of Schools; Division H.E. Supervisors; Division Health Supervisors; Division Medical and Dental Supervisors; District Supervisors; Principals; Head Teachers; Teachers and P.T.A. members.
- d. There will be daily contact for purposes of closely coordinated joint supervision between the DEC Coordinator and the CARE assistant director assigned to this program.
- e. Daily formal and informal coordination will occur between the Department of Education and Culture staff and the CARE staff on an "as needed" basis.
- f. Once a month there will be a meeting of all Field Staff for purposes of exchange of ideas, coordination and integration of effort, with a view to improving the program.

9. NATIONAL NUTRITION COUNCIL

In what is generally viewed as a highly positive step towards pursuing national nutrition goals, coordination of nutrition

programs in the Philippines has recently been assigned to a newly created "National Nutrition Council" (NNC). Members of NNC include Cabinet Members and other key personalities. The personal patronage of President Marcos' wife provides NNC with some influence and because of her personal involvement Nutrition has been elevated to a national priority. The School Food & Nutrition Program is a major component of the Philippine Food & Nutrition Program which is the nation's multi-faceted and integrated program to combat malnutrition.

B. AREA-SCOPE-CONDITION OF OPERATIONS

1. This program is consistent with the broad nutritional program as outlined in USAID non-capital Project Paper No. 492-69-560-252 submitted May, 1972. However, the original project targets have been severely set back by unexpected reductions in commodities available under PL 480 Title II for FY 74 and FY 75. The CARE-BPS School Nutrition Program was prepared to increase the beneficiary level from 1.25 M to 1.5 M school children in the course of FY 74 program year, in pace with the original recipient targets. Instead, the program was prematurely forced back to a PL 480 commodities approved level of 750,000 beneficiaries. This means that PL 480 commodities are being provided through CARE as supplementary food for less than 20% of the number of children who are identified to be malnourished and readily reachable by this program.

Faced with this unexpected reduction in donated commodities, the G.O.P. responded with commitments to make up the losses required to sustain the program at approximately this FY 74 level with commodities obtained from a number of alternate sources. However, as was expressed in the Program Plan submitted for FY 74, it was unrealistic to anticipate the fulfillment of that goal since it would be difficult in the available time to marshal the necessary resources and implement possible alternatives. This has proven the case as 466 schools and approximately 330,922 beneficiaries had to be summarily excluded from the program during the FY 75 program year. Nevertheless, the effort was made and the sustaining of approximately 900,000 active beneficiaries during the period (175,000 over the FY 75 approved PL 480 beneficiary support level) can be cited as evidence of the Host Government's interest, intent and efforts to overcome this dilemma and maintain the program at as high a level as possible, given available resources. Action taken in facing up to the reductions in PL 480 donations included the following:

- a) As the only likely means for immediate replacement of the reduced donated commodities, request was reportedly made for such to be made available under PL 480 Title I. This has not been acted upon by Washington during the program year.
- b) Production of BANCO, a locally developed banana-coconut flour was contracted for by the GOP Department of Agriculture, for use in the school feeding program. Unfortunately, shortages and rising costs of the component commodities has delayed the private contractor in total fulfillment of his commitment.
- c) National and local efforts in production of nutritionally suitable garden crops were notably stepped up through stimulation and, when necessary, assistance to school and community backyard gardens. The intent of these efforts is to provide the children's daily food deficit formerly supplied by the Nutribun. A pilot study using a mini-nutribun and school garden produce being conducted in 11 schools in Iloilo has been so successful as to cause the Government to draw up a program plan of its own for FY 76. (This is given as attachment "A" to this paper.)
- d) Flour designated for emergency assistance commodities were directed through the school feeding program in stricken areas, where schools were to be dropped from the program due to the regular program commodity cut-backs.
- e) The School Hot Lunch Program, wholly dependent upon utilization of locally provided foods, has been expanded as a Barrio, Municipal, Provincial and National Partnership effort with CARE support. Commitment has been made at the National level for continued expansion during FY '76.
- f) Focus has been placed on reaching the more vulnerable and responsive younger aged children by elimination

of the 5th and 6th grade as beneficiaries. Also, a pre-school component has been successfully introduced to reach kindergarten and younger aged rural barrio children. The Department of Education's program projection places increasing emphasis on pre-school groups.

2. While these stop-gap measures are notable as an expression of national and local support for the school feeding program (and desire for its continuation) the process of assured replacement foods is slow and undependable as a steady input at this time. It will clearly require time to accomplish the transition from reliance on US PL 480 commodities without serious disruption of the program. In the meanwhile, further severe cutbacks in the number of participating schools is likely to do permanent damage to the operational infrastructure for applied nutrition programming through the schools. Each time a school is eliminated from this program, so also are several teachers who are actively involved and oriented to support of applied nutrition.

The Department of Education and Culture is pursuing a long range plan for developing comprehensive nutrition programs that will, resources permitting, rehabilitate or substantially improve approximately six million malnourished and underweight children over the 5 year period through 1980. CARE is presently embarking on a program which expects to utilize various other government resources (i.e., wheat from Canada, Australia), to be programmed through CARE's school feeding program, in order to assist the Department of Education and Culture reach its goal of six million children by 1980. This program is a multi-faceted effort pursuing inter-linking activities concerned with nutrition including food production, health and environmental improvements, nutrition, education, family planning, and supplementary feeding are being pursued:

a) Targeted Nutrition Feeding

Formally CARE followed the guiding concept expressed in the USAID PROP that each child should obtain 500

calories daily. Accordingly, 4 oz. of Blend-K (Soy-fortified Wheat Flour) was provided each child baked into a Nutribun. However, in response to the expectations of USAID, expressed in the letter from the FFPO dated 27 May 1975, this size of Nutribun was reduced. From August 1, 1975, CARE will be providing Blend-K at the ration of 2-1/2 oz. per child per day, and commencing January 1, 1976, it is planned that the bun will be reduced to 200 calories, and that an additional 100 calories will be made available from locally provided food stuff--from home, school gardens, and local purchase. Studies of the Iloilo Experimental Project show that positive nutritional results from feeding a nutritional supplement of 300 calories per day for approximately 160 school days (including locally provided food stuffs) are similar to those obtained from feeding a 500-calory nutribun for approximately 120 school days. This will mean that the child will receive approximately 300 calories plus 10 gms. of protein per day. In addition each Nutribun will provide:

2.4 gm Calcium  
1.2 mg Thiamine  
.6 mg Riboflavin  
9.6 mg Niacin  
7.8 mg Iron  
2400 I.U. Vitamin A (Palmitate)

- b) A Permanent School Feeding Program that makes available selected supplemental foods at minimal or no cost to school and pre-school children, particularly those recommended on the basis of evidence that they do not have sustained access to proper nutritional intakes. This program provides the delivery infrastructure for foods of various natures purchased or donated from local sources not suited to utilization in the targeted program. Weight-age controls are encouraged where feasible to monitor effects, but are not as yet a requirement.

It is planned that feeding will be conducted for 150 days per school year. By means of distributing this smaller bun, meeting the planned number of children per year becomes more realistic. It will still remain a goal of CARE to have the Nutribun supplemented by local school yard produce so that the food the child receives will have the positive nutritive effects of at least equal to those delivered to the children by the larger Nutribun which had approximately 500 calories plus 18 gms protein. It is not expected that the goal shall be reached for a year or two however in all schools, and for those city schools without any school yard the goal is not realizable.

The long-term plan is to feed children as follows:

FY	SCHOOL* BENEFICIARIES	POUNDS	PRE-** SCHOOLERS	POUNDS	TOTAL BENEFICIARIES	TOTAL POUNDS
'76	1,250,000	37.5M	100,000	3M	1,350,000	40.5M <i>30.7M</i>
'77	1,500,000	45 M	200,000	6M	1,700,000	51 M <i>25.5</i>
'78	1,500,000	45 M	400,000	12M	1,900,000	57 M
'79	1,500,000	45 M	800,000	24M	2,300,000	69 M
'80	1,500,000	45 M	1,000,000	30M	2,500,000	75 M

(M = 1,000,000)

\*Reason for increased planned outreach in number of beneficiaries is due to reduced size of Nutribun and increased Philippine inputs to the program.

\*\*The pre-schoolers mentioned here fall into two broad categories: (a) those children (usually aged 5, 6, or 7 years) who attend kindergarten, and (b) those (usually aged 3-7 years) who attend school as an organized group to consume a Nutribun daily under supervision. In both categories, all the usual guidelines for eligibility are followed, and the same children are fed each day.

CARE attaches enormous importance to the counteracting of malnutrition in pre-school children, and views this utilization of the DEC's national infrastructure as a giant step forward. As time passes and the teachers become more and more aware of the true importance of Nutrition, it is hoped they will become leaders in Nutrition Education and in local nutrition projects.

- c) CARE has commenced a Seed Bank Project which will provide valuable assistance with school food production schemes. In this Project, elementary school children will receive instruction and practical experience in the collection and storage of seeds.

About 3,000 children in each of 10 vocational schools participated in the program in FY '75. Each year, it is planned that 10 vocational schools be added to the program. Each vocational school trains about 300 children in each of 10 satellite schools each year. The project results in a greater availability of seeds for nutritious crops each (especially at the school level). It also has a great potential for reducing dependence on outside sources for seeds.

In addition to providing guidance, planning, and initial stocks of seeds, CARE also provides crop production equipment as needed (e.g., irrigation pumps and accessories, pipes, trowels, crop sprayers, wheelbarrows, plastic bags and insect/rodent proof storage containers).

- d) CARE is planning to engage the services of one or more nutritionists to provide professional guidance and improved nutritional policies.

Apart from the foregoing paragraphs, no changes from the principles, policies, practices, and procedures contained in CARE/Philippines last submitted Program Plan are contemplated for FY '77.

In accordance with AID Manual Orders 4.I.2.b those sections of a previous Program Plan may be included here by reference. Hence, reference is made to Page 8 and to all those pages which follow including Attachments of CARE/Philippines Program Plan for FY '76. The contents of those pages are to be considered part of this Plan except (a) wherein one or two instances the new (300 calorie) Nutribun formula should be read in place of the old (500 calorie) formula and (b) for the Distribution and Consumption Schedule. The new formula follows:

300 Calorie Nutribun\*

- |     |                    |         |       |
|-----|--------------------|---------|-------|
| (i) | Blend K            | Bakers% | 100   |
|     | Water              |         | 60    |
|     | Yeast (Active Dry) |         | 2     |
|     | Sugar              |         | 15    |
|     | Salt               |         | 1-1/2 |
|     | Oil                |         | 2     |
- (ii) Mix for about 25 minutes  
Bench rest for about 20 minutes  
Scale buns to 125 gms each, and round  
Final proof of about 50 minutes  
Bake for about 20 minutes at 335°F.
- (iii) The baked bun is to average 105 gms in weight  
For accounting purposes the average yield is  
320 per 50 lb bag of Blend-K (max. 325, min.  
315).
- (iv) When Banco Flour is added at the rate of  
Baker's 5% then the yield is increased by  
2-1/2% per bag.

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Upon adoption of the 200-calorie Nutribun, it is expected that from January 1, 1976, a 200-calorie bun, plus a 100-calorie food supplement, will be employed for the Program, as mentioned in Paragraph 2 a).

The new Distribution and Consumption Schedule for FY '77 is as follows:

MONTH	NUMBER OF FEEDING DAYS	PREDICTED THOUSAND POUNDS CONSUMPTION*	IDEAL DELIVERY TO SCHOOLS (000) POUNDS
Oct	20	5312.5	13281.25
Nov	20	5312.5	Ø
Dec	10	2656.25	7968.75
Jan	10	2656.25	Ø
Feb	10	2656.25	Ø
Mar	10	2656.25	Ø
Apr	Ø	Ø	Ø
May	Ø	Ø	18593.75
Jun	10	2656.25	Ø
Jul	20	5312.5	Ø
Aug	20	5312.5	Ø
Sep	20	5312.5	Ø
TOTALS	150	398437.5	398437.5

\*Any changes in pounds of flour provided per month resulting in the adaptation of the 200-calorie Nutribun from January 1, 1976 will be reflected in CARE's FY '77 AER.



ROBERT F. LINDER  
Director



ALBERT FRALEIGH  
Food for Peace Officer

ANNUAL PROGRAM PLAN  
FISCAL YEAR 1977

I. ELEMENTS OF OPERATION

A. Identification

1. Name of Agency CHURCH WORLD SERVICE
2. Country PHILIPPINES
3. Date Submitted June 2, 1975
4. Name and address of donee agency counterpart in Foreign Country:

DIVISION OF SELF-DEVELOPMENT  
NATIONAL COUNCIL OF CHURCHES  
IN THE PHILIPPINES  
879 E. delos Santos Avenue  
Quezon City

5. American Citizen Representative BYRON W. CLARK

Fr. Roman B. Tipples, Jr., in his position as Director of the Division of Self-Development, is responsible for the administration and program implementation of all PL480 Title II program activities. The American Citizen Representative acts as a consultant to the Director and is responsible for assuring the proper end-use of PL480 commodities. Working with Fr. Tipples and the American Citizen Representative are Miss Ruth Fontamillas, TMCH Program Coordinator; Mr. Carlos Ocampo, FFW Program Coordinator; a Shipping and warehousing staff of two; a Commodity Control Officer; one Commodity End-Use Inspector; eight Nutrition Extension Workers; and a Secretariat.

B. Agency Agreement

1. Church World Service does not have a written agreement with the Government of the Philippines relating to Title II food distribution or with any recipient agency.
2. Church World Service, Philippines, operates under a "blanket" agreement negotiated between the U.S. government and the Philippine government. Under the terms of the U. S. Embassy's Note No. 1071 dated April 29, 1954, and the Philippine Department of Foreign Affairs' Note No. 3001 dated October 18, 1956, an agreement was reached between the governments of the Republic of the Philippines and the United States of America which provides:
3. (a) that commodities, supplies, and equipment may enter the Philippines duty and tax-free ("such supplies may include goods . . . such as basic necessities of food, clothing, and medicines, and other relief and rehabilitation supplies and

PREVIOUS PAGE BLANK

equipment in support of projects, of health, sanitation, education and recreation, agriculture and promotion of self-help industries . . .").

C. Area - Scope - Condition of Operations

1. In order to maximize the potential of a limited amount of personnel and material resources, DSD's PL480-assisted nutrition and food for work programs are limited to the provinces of Rizal, Zambales, Isabel, Negros Oriental, Negros Occidental, Marinduque, Cotabato (North), Davao del Norte, Camarines Norte and the cities of Davao, Iloilo, Greater Manila, Cebu, Bacolod and Dumaguete. The Only exceptions to this general policy are instances of acute human need that arise during times of disaster.
2. During 1976, the DSD program will be limited to two categories of recipients; Maternal-Child Health Centers and Self-Help economic and community development projects. In addition, DSD contributes relief assistance in natural disaster and emergency situations. As much as possible, though, these relief goods are distributed in order to encourage and facilitate self-help rehabilitation work. This is done in cooperation with other voluntary agencies, in conjunction with USAID assistance, and under the general coordination of the Department of Social Welfare of the Government of the Philippines.
3. States in the existing agreement between the U. S. government and the Philippine government are the following provisions:
  - a. that the cost of transporting "supplies and equipment (including port of handling, storage, and similar charges, as well as transportation) within the Philippines to the ultimate beneficiary will be borne by the Government of the Philippines."
  - b. the agreement provides for participation by recipients in self-help activities, and for contribution from the Government of the Philippines in cash or by materials to these activities.
  - c. the agreement also provides for freedom of action that permits DSD and the CWS Representative to carry out their supervisory responsibilities.
  - d. experience has shown that the Philippine government will cooperate in the confiscation of Title II food appearing in unauthorized channels.
  - e. the above agreement also states that the supplies furnished by the voluntary agencies shall be considered supplementary

to rations to which individuals would otherwise have been entitled.

- f. recipients are not required to pay for Title II foods.
  - g. agency and U. S. personnel are permitted to inspect storage facilities and record files at any time.
  - h. adequate provisions are made to permit appropriate program publicity as the source of the food used in the program.
4. Church World Service and DSD personnel in the Philippines continue to participate as active members of the local Council of Voluntary Agencies. Such regular consultation and cooperation greatly reduces the possibility for duplication of distribution, or other inequities in the distribution rates, among the various program categories.

D. Control and Receipting - Records - Procedures and Audits

1. Commodities and other supplies are consigned to the Department of Social Welfare for Church World Service in Manila, and are then released to C. W. S. upon their arrival. Cargo surveys are made by an authorized firm, H.H. Bayne Adjustment Co., aboard the incoming vessel, on the broker's lighters or on the pier before the supplies are moved to the brokerage firm's warehouse. Transport Contractors, Inc. of Manila is the brokerage firm under contract with the Department of Social Welfare for the current fiscal year.

Supplies are released from the warehouse upon recognition by the warehouseman of the authorized signature of the CWS Representative to the Philippines. Delivery Orders are issued to all distributors. These delivery orders are numbered, dated, and explained in full detail; including the type, markings, size and quantity of commodity being allocated. Upon delivery, all discrepancies (shortage, loss or damage) from the delivery orders are reported on the same delivery order or on attached statement.

DSD has developed an internal auditing procedure which includes periodic visits to all centers receiving food for peace commodities and continuous scrutinization of all record keeping and commodity end-use by our Receiving Agencies. This program of self-audit enables us to determine whether our commodities are being properly used in light of program goals and in accordance with U. S. regulations and to take corrective action when necessary. All pertinent control and accounting records relative to all PL480 commodities received by Church World Service are filed at the CWS office and are available for examination and audit.

2. Losses involving Title II foods are carefully noted and reported, and every effort is made to obtain reimbursement.
  - a. In cases of losses en-route to the Foreign Country, provisional claims are filed by Church World Service, Philippines, and final claims are filed and followed through by CWS, New York.
  - b. Losses during unloading and Customs clearance are carefully surveyed by the H. H. Bayne Adjustment Co., and claims for such losses are filed against the lighter or other appropriate contractors.
  - c. Losses occurring in transportation, or in the broker's warehouses, are carefully recorded and claims are filed against the responsible party. A Delivery Order carefully stating whether or not the foods have been received in good condition and in the quantity ordered is signed by each Receiving Agency and returned to our office. If losses, damages or shortages are noted, claims are filed against the responsible party through the broker. Claim payments made to C.W.S. of \$25 or less will be retained and will be used in the supervision and control of our feeding program. Amounts collected in excess of the above (\$25) will be remitted to the office of the local AID controller's together with full information concerning the paid claims.

E. Port Facilities - Practices

1. Efforts by the host government to strengthen the Bureau of Customs has helped us to clear our cargo with reasonable ease and efficiency. Cargoes continue to be unloaded directly onto lighters and are taken promptly to our broker's bonded warehouse where they are held pending Customs clearance.
2. The host government permits our agent H. H. Bayne Adjustment Co., to "survey" cargoes upon arrival.

F. Storage Facilities

1. - 2. Storage facilities are provided by Transport Contractors, Inc., who through competitive bidding won the annual contract with the Department of Social Welfare. Transcon's warehouses have satisfactorily protected CWS commodities from flood waters and high winds. Generally speaking, with the exception of a couple serious mistakes, Transcon's warehousing and shipping departments have acted conscientiously in getting our commodities distributed to DSD consignees.
3. DSD retains control of commodities until consumed by program recipients.

G. Inland Transportation

1. In Luzon, inland transportation is by truck. Shipments to other islands are handled by a variety of inter-island shipping companies.
2. Inland transportation presents a variety of problems, many of which can be minimized but most of which we have to learn to live with. Land transportation is badly delayed for three or four months every year during the rainy seasons. Inter-island shipping is handicapped by inadequate port facilities in the Manila area, as well as by the lack of sufficient inter-island cargo vessels. Transcon's effort to establish regional warehouses all over the country and particularly in Cebu has been of help in overcoming some of these frustrations.

H. Processing - Reprocessing - Repacking

It is not our plan to reprocess or repack any Title II commodities during FY1977.

I. Financing

1. The Philippine government continues to appropriate ₱2,700,000 to defray the annual cost of inland transportation and other costs relative to the handling of commodities by the voluntary agencies in the Philippines. This appropriation covers the cost of storage, overland and inter-island transportation up to the end-user's destination. In addition to the cash appropriation, other services are also rendered.
2. It is estimated that Church World Service will ship into the Philippines during FY1977 such non-PL480 commodities as vegetable seeds, clothing and blankets, foodstuffs, medicines, hospital supplies, and agricultural equipment with a total value in excess of \$500,000. These materials are distributed both to Receiving Agencies which also receive PL-480 commodities and to those who do not qualify for PL480 programs. In addition, to this, CWS contributes \$20,000 a year for administrative costs and also provides the salary and living maintenance for its resident Representative.

Although significant local contributions to the program are recognized, because these donations take the form of volunteer labor, supplemental home-grown foodstuffs, equipment and office materials, and professional expertise it is difficult to state a dollar equivalent value, DSD is pleased that in MCH and FFW programs have been increasingly supported by local contributions to the point that now even some of the national administrative expenses are covered by the local institutions which receive the commodities.

Other expenses not assumed by the government or local church groups are borne by DSD. Funds for this purpose are provided by DSD headquarters in the Philippines. In the case of shipping and handling costs paid by institutions on islands other than Luzon, these institutions are reimbursed by DSD from the reimbursement funds of the Department of Social Welfare upon presentation of proper statements and receipts for the Budget Bureau of the Philippine government.

3. It is requested that cloth commodity containers be sold. Their sale price is variable depending upon local market conditions. Each distributing group sends the proceeds from such sales to the office of DSD. This fund becomes a part of the administrative budget and is used to pay the salaries and per diems of DSD's staff or field nutritionists.
4. This Annual Program Plan is submitted depending on the availability of administrative and program funds and the result of the RP-US Agreement.

J. Acceptability of Available Foods - Computation of Food Requirements

1. This is not applicable in our program.
2. The foods that were received during the past fiscal year (bulgur, bulgur soy-fort, corn soy blend and rolled oats) were acceptable to the great majority of our recipients. Recipes for the use of these commodities have been developed and are constantly distributed to each of our feeding centers. DSD's staff of nutritionists regularly experiment with new ways of preparing these commodities so that they can be more attractively integrated into local food resources by the recipients.

3. a. Ration Plan for FY1977 Effective July 1, 1976  
(No. of lbs. per person per month)

	Rolled Oats/Bulgur Soy-Fort	Corn Soy Blend
Targeted Maternal and Child Health	4	4

- b. PL480 Title II commodities greatly assist in providing a balanced diet for eligible recipients and, in fact, may be their only reliable source of food.

K. Program Publicity

1. All Receiving Agencies receive publicity and instructional materials developed by this office for their guidance. These materials clearly set forth the basic goals and operating principles of DSD targeted nutrition programs.

2. This office now has a Director of Promotion and Interpretation. It is the Director's responsibility to publicise the goals of our organization and the source of contributed materials and to encourage Filipino self-development and the tapping of local resources.
3. Regular letters, posters, program guidelines, and other informative materials are sent to all institutions to assist in publicity.

L. Program Duration

DSD has made a strong effort to structure its programs and offer its assistance in ways that will help program recipients and their supporting institution to become more self-sufficient and able to rely on locally available foodstuffs. Our program emphasis is now on instructing mothers on ways to improve the nutritional and environmental conditions which influence their family's health and welfare. Food commodities and technical assistance are viewed as significant and essential resources for the fulfilling of this goal. Programs are constantly changing as the specific needs of a particular people change and as improved approaches and procedures become available. Nonetheless, while serious attention will continue to be given to the problems of mal-nutrition, over-population, and personal health for years to come, DSD anticipates a reduction in the need for PL480 Title II food commodities as a means of solving these problems. Since our program directives are very much oriented toward education, self-help, local initiative, and the increased production and utilization of local resources, DSD will phase out its use of PL480 commodities by the end of FY1978.

II. PLANS OF OPERATION FOR SPECIFIC TYPES OF PROJECTS

Priority I: Maternal-Child Health (Mothers and Children), Phase II, Targeted

Maternal-Child Health Centers serve expectant and nursing women and children aged six months to five years. Special attention is given to the satisfactory establishment of a 21-session lecture/demonstration/discussion series at each of the TMCH Centers to assure that the mothers of recipient children receive helpful and relevant instruction in food marketing, food preparation, nutrition, personal hygiene, environmental sanitation, child care, local food production, and family planning. DSD has a staff of eleven field personnel who advise DSD consignees of ways of making lectures, demonstrations, commodity distributions, and responsible parenthood effective instruments of achieving improved family life. These field consultants work closely with consignees, recipients, churchmen, educators, and government officials in promoting an integrated program of Maternal-Child Health. Every one of the TMCH Centers places a heavy emphasis on family planning and is in constant contact with a

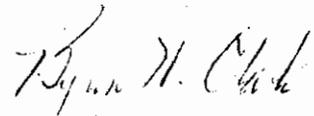
Local family planning clinic. Food supplements in the form of bulgur wheat, rolled roats, and corn soy blend are rationed to the mothers following every lecture and during the succeeding months thereafter until the child has regained nutritional normalcy. These food commodities are programmed to be supplementary rather than substitutive in nature. Every opportunity to encourage the integration of local foodstuffs is pursued. Because the MCH program is targeted, children are weighed monthly. This assures an effective distribution of commodities and is now one way of determining whether the child has a serious illness and whether he is actually eating the food that is being given to him. By the end of FY1976, it is expected that the program will reach 16,000 pre-school aged children and 2,000 pregnant or lactating women. By the end of FY1977, it is projected that this program will reach 18,000 recipients.

Priority II: Economic and Community Development Self-Help Work Projects

Title II food commodities are made available to local church, school, civic, and government groups who are capable of and willing to develop and supervise self-help work projects which are oriented toward increased agricultural productivity and/or demonstrate evidence of strengthening local initiative.

First priority is placed on gardening, farm-to-market road and bridge construction, and more reliable sources and channels of water for irrigation purposes. Participating local consignees are encouraged to stimulate and take advantage of as such assistance from local government and civic organizations as possible in order to provide a wider base of local support and technical expertise that eventually will lead a community to self-sufficiency.

DSD has been successful in replacing the traditional dole-out method of distributing emergency and disaster relief supplies with a series of rehabilitation and public self-help work projects.



BYRON W. CLARK

CWS Representative to the Philippines



BERT FRALEIGH

Regional Food For Peace Officer

Church World Service  
Philippines

I. Food Requirements

	<u>FY1976</u>	<u>FY1977</u>
Bulgur Wheat	60,000 lbs.	45,000 lbs.
Rolled Oats/SIF. Bulgur	1,020,000 lbs.	909,000 lbs.
Corn Soy Milk/Blend	<u>960,000 lbs.</u>	<u>864,000 lbs.</u>
	<u>2,040,000 lbs.</u>	<u>1,818,000 lbs.</u>

II. Number of Recipients

Targeted Maternal Child Health	20,000	18,000
Economic Development Workers & Dependents	<u>2,000</u>	<u>1,500</u>
	<u>22,000</u>	<u>19,500</u>

FY1977 STATISTICAL SUPPLEMENT  
FOR  
VOLUNTARY AGENCIES AND INTERGOVERNMENTAL ORGANIZATION

I. Maternal Child Health-Targeted

- A. Number of mothers participating - 1,500
- B. Number of children participating (age 5 and under) - 16,500
- C. Number of persons served prepared food through clinics and nutrition centers - 2,000
- D. Number of persons served bulk commodities for home consumption through distribution centers - 18,000