

PN - AAM - 355

ASIA/PD

Office Memorandum • UNITED STATES GOVERNMENT

TO : See Distribution
THRU : Mr. Dennis P. Barrett, Acting Director
FROM : C. Stuart Callison, Program Economist, USAID/Philippines
SUBJECT: USAID Assistance to the Philippines, 1951-1979

Attached are some tables, charts and a brief discussion of USAID development assistance to the Philippines since 1951, making some historical comparisons of the level of aid by decade and in relation to total Philippine Government expenditures and total foreign development assistance to the Philippines.

You may find the data useful in placing the role of the USAID effort in proper perspective.

Atts: a/s

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20 AUG 1979

USAID ASSISTANCE TO THE PHILIPPINES, 1951-1979

United States economic assistance to the Philippines under the AID program consists primarily of grant funds for technical assistance, development loans and PL 480 Title I and Title II programs. In the early fifties, the Philippines received only technical assistance (grants) and PL 480 commodities from the U.S. In 1957, USAID provided dollar loans for the first time in support of the Philippine government's agricultural, industrial and rural development programs. Some \$52 million worth of loans were given by USAID from 1957-1960 and another \$9.8 million in 1968 and 1969. However, it was only beginning with 1972 that development loans became a significant and integral part of USAID assistance effort in the country. In addition, USAID also provided disaster relief and assistance to the Philippines from 1971-1974 following the destructive typhoons and floods that struck the country in the early seventies.

In nominal terms, total U.S. economic aid to the Philippines has averaged \$72.6 million a year during the 1970's, more than twice the average annual rate of the 1950's and more than three times that of the 1960's.

Using the nominal values in making historical comparisons can be misleading, however, particularly after a decade marked by high rates of inflation. The real cost of this assistance to the American taxpayer, stated in constant 1975 dollar terms (using the U.S. Consumer Price Index), fell from \$60.6 million per year in the 1950's to an annual \$35.8 million in the 1960's, and has risen back to an average of \$73.1 million in the 1970's. The latter figure represents a doubling of the total U.S. assistance level over the previous decade, but only 21% more than the real level of the 1950's.

The real value of this assistance to the Philippine economy can more appropriately be determined by using the Philippine dollar import price index. Since this index has risen at a faster rate in recent years than the U.S. CPI, the real average annual value to the Philippine economy of total U.S. assistance in constant 1975 dollars, fell from \$105.8 million in the 1950's to \$59.5 million in the 1960's, and then rose again to \$91.2 million during the 1970's. The latter average is only half again as much as the previous decade, and it is actually 14% less than the average of the 1950's.

The composition of the total U.S. assistance level also changed significantly during the 1970's. The loan component of the total has risen from 16.5% in the 1950's and only 4.6% in the 1960's to 41.6% in the 1970's (and to an even 50.0% from 1974 to 1979). The grant component fell from 46.0% in the 1950's to 21.0% in 1960's and only 15.7% in the 1970's.

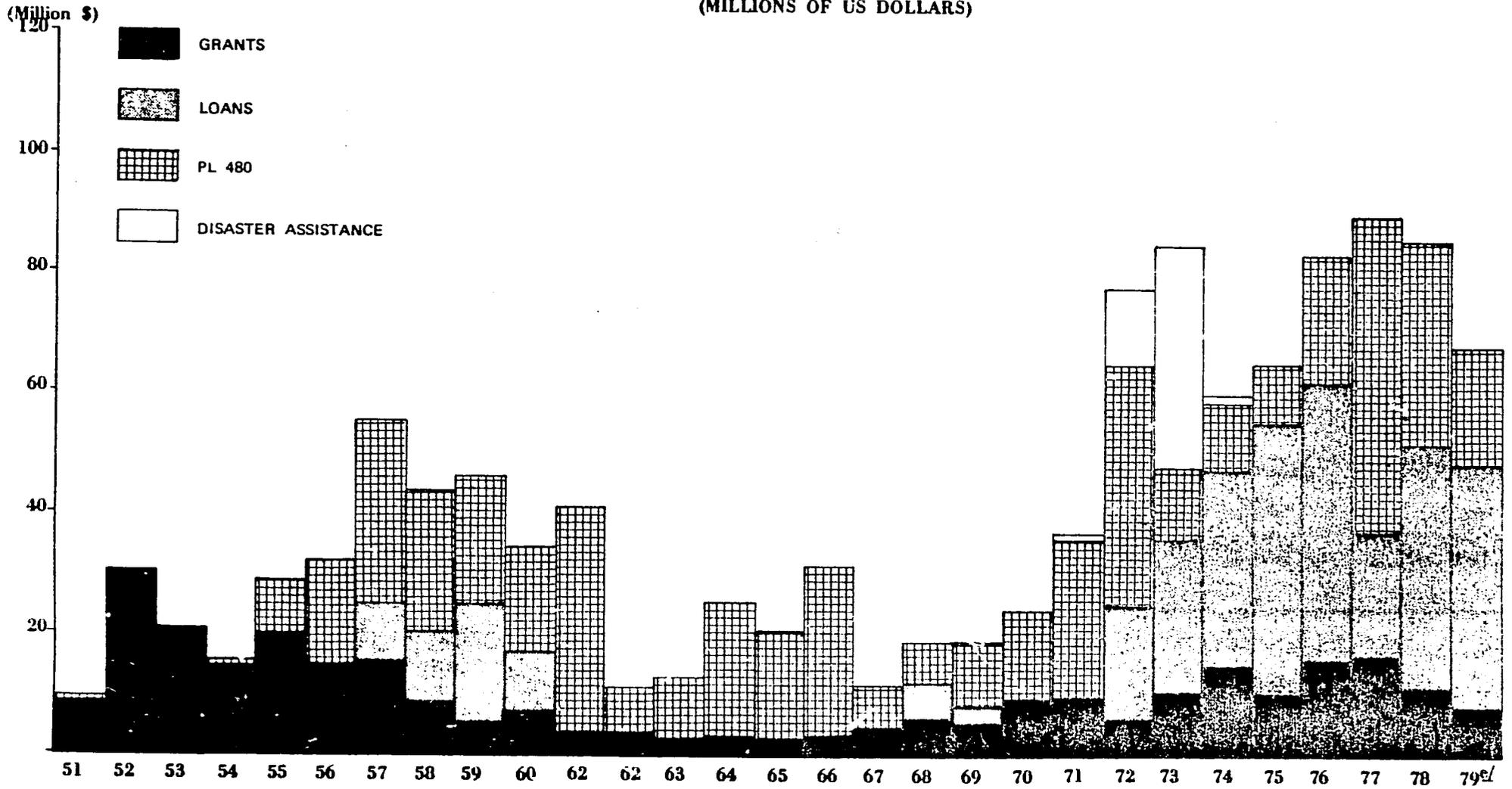
In terms of its relative share to Government of the Philippines outlays, USAID assistance accounted for 3.1 per cent of total GOP expenditures in the 1970s compared with 3.5 per cent in the previous decade. The average annual contribution of U.S. economic aid to total GOP expenditures, in fact, dropped to only 2.4 per cent from 1976-1979. Similarly, the average annual share of USAID assistance to GOP outlays for development decline from 21 per cent in the 1960s to a mere 13 per cent in the 1970s.

A total of \$2.4 billion in foreign development assistance was received by the Philippines between 1972 and 1977. Of this amount United States economic aid accounted for only \$0.46 billion, approximately 19 per cent of the total. The World Bank and the Asian Development Bank contributed 40 per cent and 22 per cent, respectively, while Japan accounted for 14 per cent. The balance of 5 per cent was contributed by other countries, including Australia and Canada, and the UN agencies.

USAID ASSISTANCE TO THE PHILIPPINES, 1951-1979

NOMINAL VALUES

(MILLIONS OF US DOLLARS)

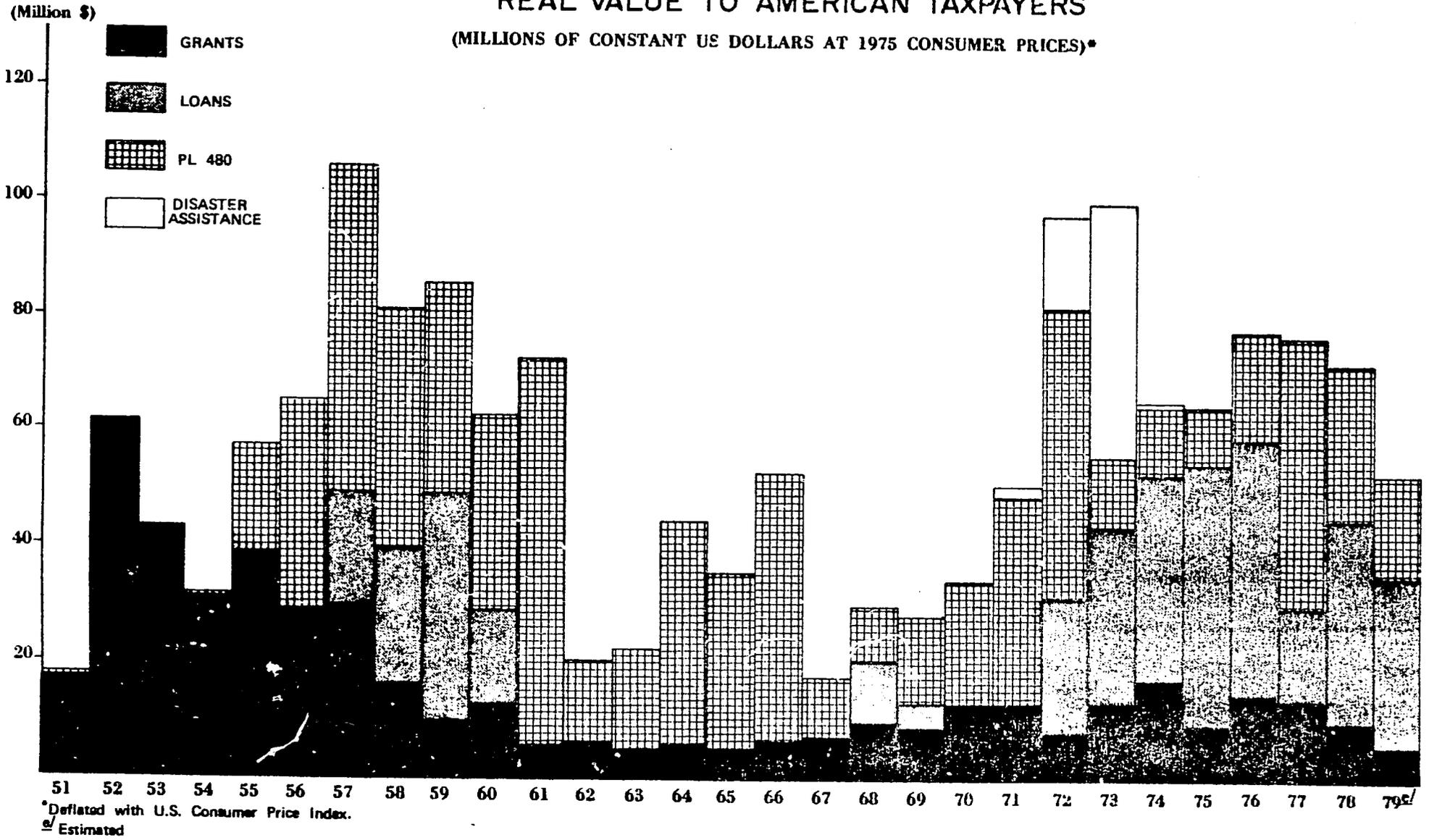


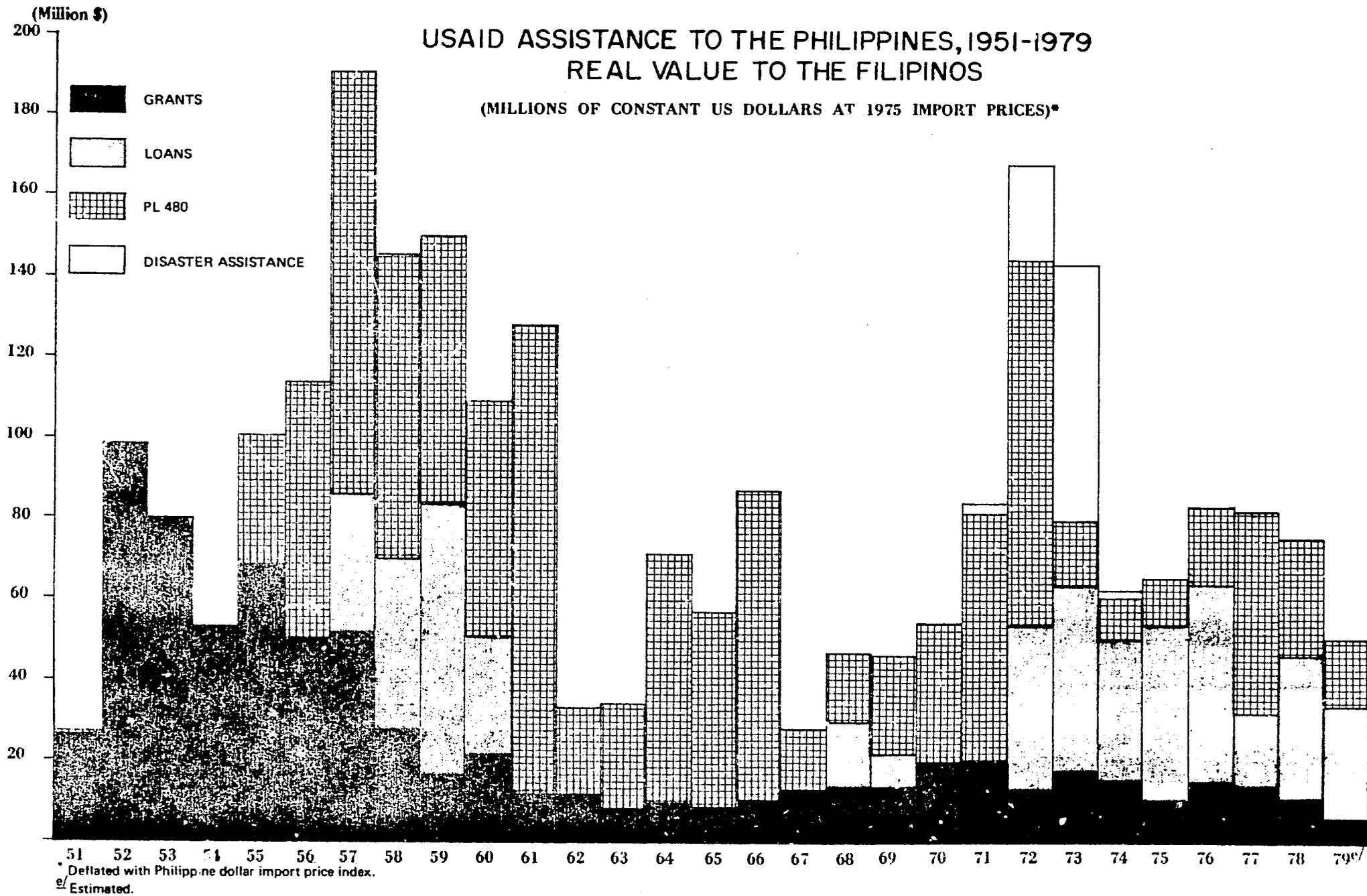
^{e/} Estimated

USAID ASSISTANCE TO THE PHILIPPINES, 1951-1979

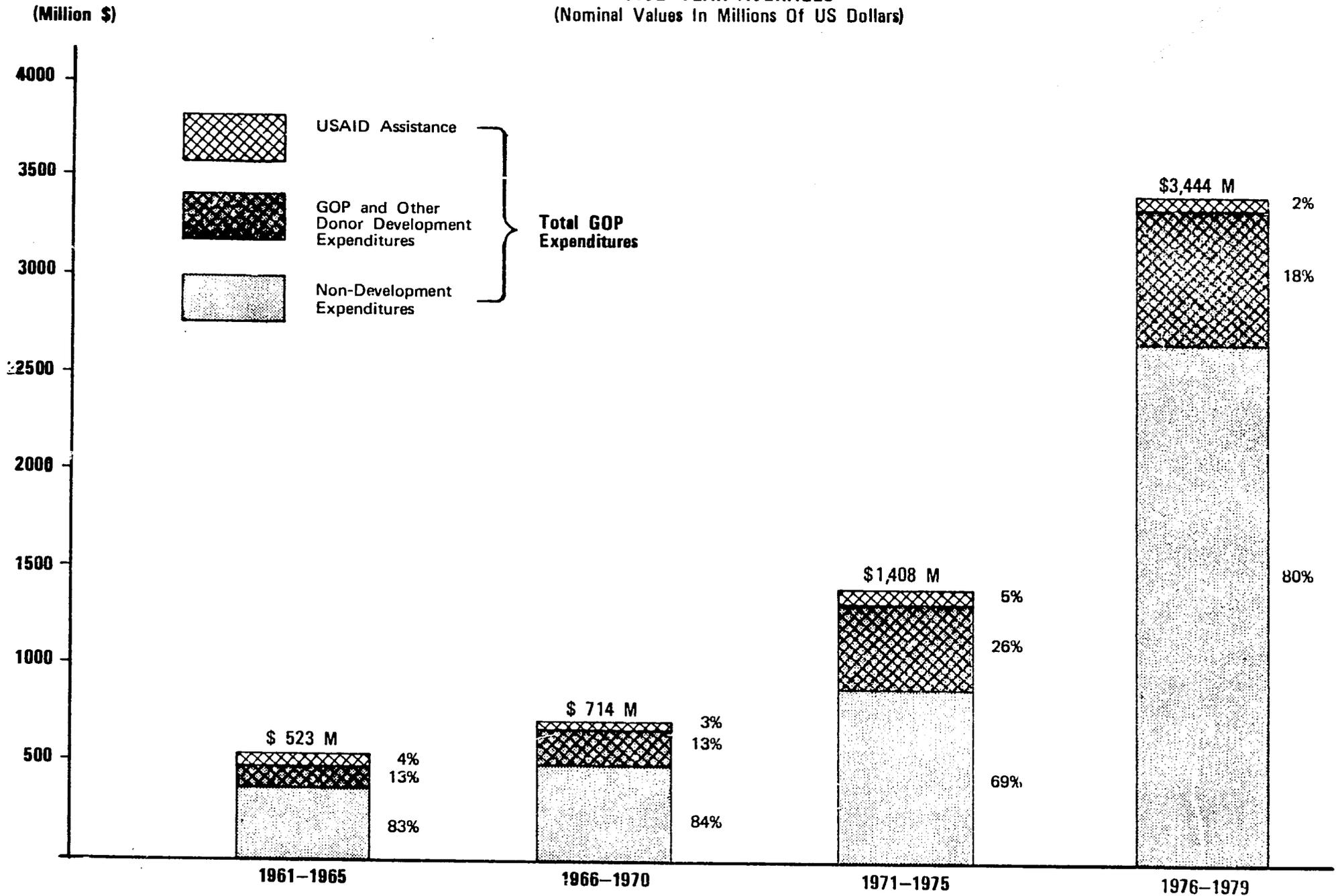
REAL VALUE TO AMERICAN TAXPAYERS

(MILLIONS OF CONSTANT US DOLLARS AT 1975 CONSUMER PRICES)*

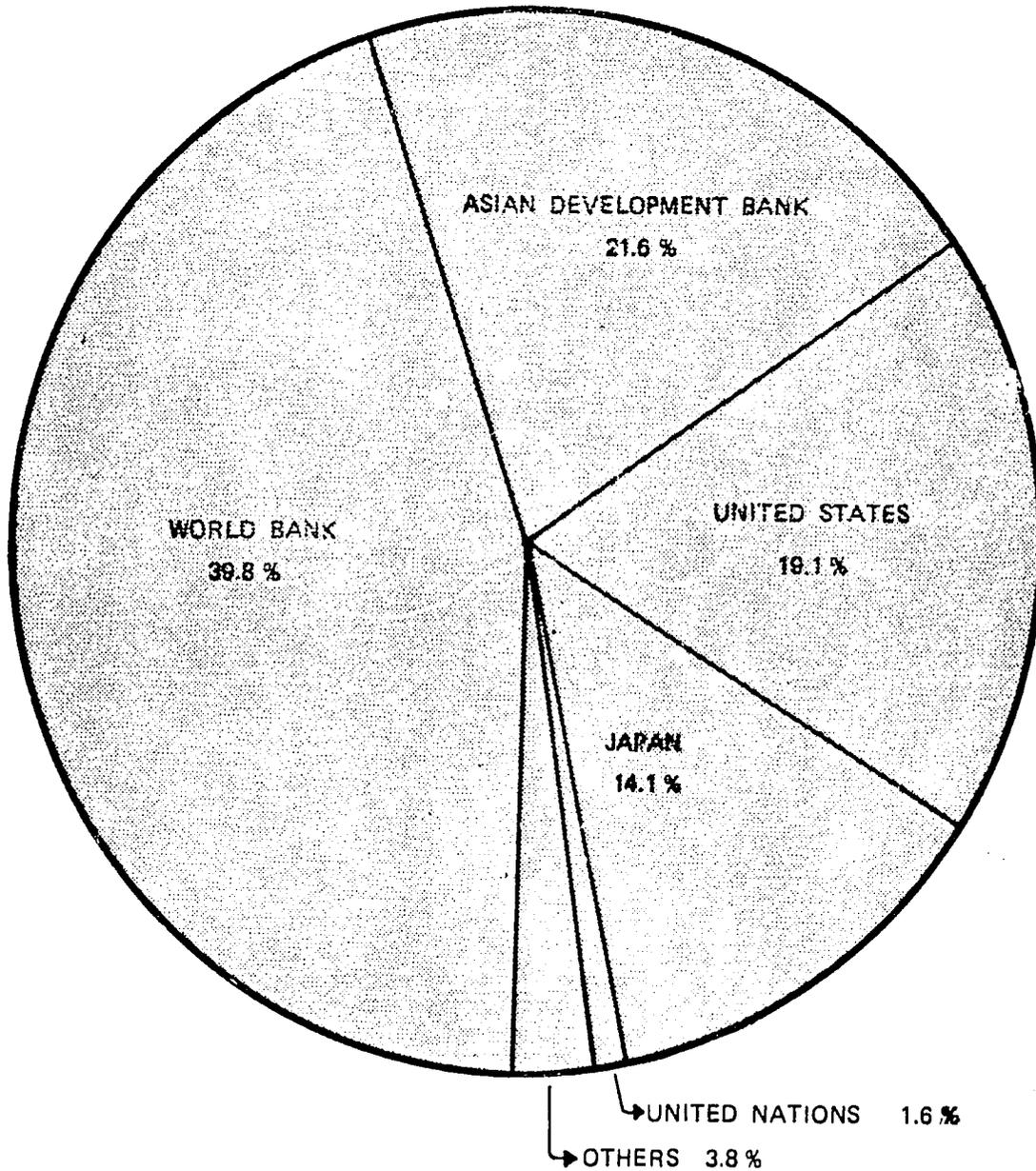




**TOTAL USAID ASSISTANCE TO THE PHILIPPINES
RELATIVE TO PHILIPPINE GOVERNMENT EXPENDITURES
FIVE-YEAR AVERAGES**
(Nominal Values In Millions Of US Dollars)



OFFICIAL DEVELOPMENT ASSISTANCE (ODA) TO THE
PHILIPPINE GOVERNMENT, BY ORIGIN
1972 - 1977



TOTAL ODA FROM 1972 - 1977 - - - - \$2,419.8 MILLION

SUMMARY TABLE
ANNUAL AVERAGE USAID ASSISTANCE TO THE
PHILIPPINES, 1951-1979
(in million dollars)

	<u>Grants</u>	<u>Loans</u>	<u>PL 480</u>	<u>Disaster Assistance</u>	<u>Total</u>
A. Nominal Values					
1951-1955	18.88	--	1.89	--	20.77
1956-1960	10.18	10.43	21.76	--	42.37
1961-1965	3.25	--	18.85	--	22.10
1966-1970	5.76	1.96	13.15	--	20.87
1971-1975	10.32	24.72	19.54	10.26	64.84
1976-1979	12.78	37.00	32.48	--	82.26
B. Real Value to American Taxpayers^{1/}					
1951-1955	38.11	--	3.80	--	41.91
1956-1960	19.39	18.77	41.02	--	79.18
1961-1965	5.72	--	33.19	--	38.91
1966-1970	8.85	3.08	20.67	--	32.60
1971-1975	11.97	27.28	24.03	12.35	75.63
1976-1979	10.99	31.44	27.48	--	69.91
C. Real Value to Filipinos^{2/}					
1951-1955	63.82	--	6.69	--	70.51
1956-1960	34.28	34.21	72.49	--	140.98
1961-1965	9.65	--	56.13	--	65.78
1966-1970	14.40	4.83	33.98	--	53.21
1971-1975	15.88	33.30	37.46	18.85	105.49
1976-1979	11.61	32.82	28.85	--	73.28

^{1/} Deflated by US consumer price index. Value is in millions of constant US dollars at 1975 consumer prices.

^{2/} Deflated by Philippine dollar import price index. Value is in millions of constant US dollars at 1975 import prices.

Sources of basic data: USAID Assistance to RP - USAID files
US Consumer Price Index - International
Financial Statistics, IMF
Phil. Import Price Index - Central Bank

USAID ASSISTANCE TO THE PHILIPPINES, 1951-79
Nominal Values
(In million \$)

<u>FY</u>	<u>Grants</u>	<u>Loans</u>	<u>PL 480</u>	<u>Disaster Assistance</u>	<u>Total</u>
1951	8.13	--	0.10	---	8.23
1952	30.40	--	--	--	30.40
1953	21.23	--	--	--	21.23
1954	15.27	--	0.10	--	15.37
1955	19.35	--	9.25	--	28.60
1956	14.55	--	17.98	--	32.53
1957	15.75	10.00	29.73	--	55.48
1958	8.52	12.59	22.62	--	43.73
1959	5.09	20.46	20.52	--	46.07
1960	7.01	9.10	17.96	--	34.08
1961	3.64	--	37.33	--	40.97
1962	3.75	--	7.60	--	11.35
1963	2.71	--	9.80	--	12.51
1964	3.20	--	22.10	--	25.30
1965	2.97	--	17.40	--	20.37
1966	3.66	--	27.96	--	31.62
1967	4.57	---	6.10	--	10.67
1968	5.96	6.70	6.31	--	18.97
1969	5.59	3.10	10.30	--	18.99
1970	9.00	--	15.10	--	24.10
1971	9.20	--	26.20	1.50	36.90
1972	6.30	19.40	40.00	12.30	78.00
1973	11.00	26.20	10.30	37.30	84.80
1974	15.60	33.00	10.80	0.20	59.60
1975	9.50	45.00	10.40	--	64.90
1976	16.00	47.00	21.00	--	84.00
1977	16.50	20.20	53.80	--	90.50
1978	11.00	42.20	32.80	--	86.00
1979 ^{e/}	7.60	38.60	22.31	--	68.51

^{e/} Estimated

Source of data: USAID Assistance to RP - USAID files

OD/PE:AQV:pi:07/20/79

USAID Assistance to the Philippines, 1951-79
 Real Value to the Filipinos
 (millions of constant US dollars at 1975 import prices)

<u>FY</u>	<u>Philippine Import Price Index (1975=100)</u>	<u>Grants</u>	<u>Loans</u>	<u>PL 480</u>	<u>Disaster Assistance</u>	<u>Total</u>
1951	31.3	25.97	---	0.32	---	26.29
1952	30.9	98.38	---	---	---	98.38
1953	29.5	71.97	---	---	---	71.97
1954	28.2	54.15	---	0.35	---	54.50
1955	28.2	68.62	---	32.80	---	101.42
1956	28.6	50.87	---	62.87	---	113.74
1957	29.5	53.39	33.90	100.78	---	188.07
1958	30.1	28.31	41.83	75.15	---	145.28
1959	30.8	16.53	66.43	66.62	---	149.58
1960	31.5	22.29	28.89	57.01	---	108.19
1961	31.9	11.41	---	117.02	---	128.43
1962	32.5	11.54	---	23.38	---	34.92
1963	34.7	7.81	---	28.24	---	36.05
1964	35.0	9.14	---	63.14	---	72.29
1965	35.6	8.34	---	48.88	---	57.22
1966	36.2	10.11	---	77.24	---	87.35
1967	37.0	12.35	---	16.49	---	28.84
1968	40.3	14.79	16.62	15.66	---	47.07
1969	41.1	13.60	7.54	25.06	---	46.20
1970	42.6	21.13	---	35.45	---	56.57
1971	43.5	21.15	---	60.23	3.45	84.83
1972	45.5	13.85	42.64	87.91	27.03	171.43
1973	58.7	18.74	44.63	17.55	63.54	144.46
1974	96.4	16.18	34.23	11.20	0.21	61.83
1975	100.0	9.50	45.00	10.40	---	64.90
1976	98.9	16.18	47.52	21.23	---	84.93
1977	109.8	15.02	18.40	49.00	---	82.42
1978	113.8	9.67	37.08	28.82	---	75.57
1979 ^{e/}	136.6	5.56	28.26	16.33	---	50.15

^{e/} estimated

Sources of data: USAID Assistance to RP -- USAID files
 Phil. Import Price Index -- Central Bank

OD/PE:AQV:pi:07/20/70

USAID Assistance to the Philippines, 1951-79
 Real Value to American Taxpayers
 (millions of constant US dollars at 1975 consumer prices)

<u>FY</u>	<u>US Consumer Price Index (1975=100)</u>	<u>Grants</u>	<u>Loans</u>	<u>PL 480</u>	<u>Disaster Assistance</u>	<u>Total</u>
1951	48.3	16.83	—	0.21	—	17.04
1952	49.4	61.54	—	—	—	61.54
1953	49.7	42.72	—	—	—	42.72
1954	49.9	30.60	—	0.20	—	30.80
1955	49.8	38.86	—	18.57	—	57.43
1956	50.5	28.81	—	35.60	—	64.42
1957	52.3	30.11	19.12	56.85	—	106.08
1958	53.7	15.87	23.44	42.12	—	81.43
1959	54.2	9.39	34.75	37.86	—	85.00
1960	55.0	12.76	16.54	32.65	—	61.96
1961	55.6	6.55	—	67.14	—	73.69
1962	56.2	6.67	—	13.52	—	20.20
1963	56.9	4.76	—	17.22	—	21.99
1964	57.6	5.56	—	38.37	—	43.92
1965	58.6	5.07	—	29.69	—	34.76
1966	60.4	6.06	—	46.29	—	52.35
1967	62.0	7.37	—	9.84	—	17.21
1968	62.6	9.52	10.70	10.08	—	30.30
1969	66.3	8.43	4.68	15.54	—	28.64
1970	69.9	12.88	—	21.60	—	34.48
1971	74.2	12.40	—	35.31	2.02	49.73
1972	79.2	7.95	24.49	50.51	15.53	98.48
1973	84.8	12.97	30.90	12.15	43.99	100.00
1974	91.7	17.01	35.99	11.78	0.22	64.99
1975	100.0	9.50	45.00	10.40	—	64.90
1976	107.7	14.86	43.64	19.50	—	77.99
1977	117.0	14.10	17.26	45.98	—	77.35
1978	121.2	9.08	34.82	27.06	—	70.96
1979 ^{e/}	128.4	5.92	30.06	17.38	—	53.36

^{e/} estimated

Sources of data: USAID Assistance to RP — USAID files
 US Consumer Price Index - International Financial
 Statistics, IMF

OD/PE:AQV:pi:07/20/79

TOTAL USAID ASSISTANCE TO THE PHILIPPINES
Relative to Philippine Government Expenditures
5- and 10-Year Annual Averages

	<u>Total USAID Assistance</u>	<u>GOP Total Expenditures</u>	<u>GOP Expenditures for Development</u>
A. Nominal Value (Million \$)			
1961-1965	22.10	523.4	90.6
1966-1970	20.87	714.0	113.4
1971-1975	64.84	1,407.6	433.4
1976-1979	82.26	3,444.0	691.2
1961-1970	21.49	618.7	102.0
1971-1979	72.58	2,312.7	548.0
B. Per Cent of USAID Assistance (%)			
1961-1965		4.2	24.4
1966-1970		2.9	18.4
1971-1975		4.6	15.0
1976-1979		2.4	11.9
1961-1970		3.5	21.1
1971-1979		3.1	13.2

Sources of Data: GOP Expenditures (1960-1974) - NEDA Statistical Yearbook, 1975
 GOP Expenditures (1975-1979) - Budget Document for Different
 Years (reporting prior year expenditures)
 USAID Assistance - USAID Files

TOTAL USAID ASSISTANCE AS PERCENTAGE OF EXPENDITURES
(in per cent)

<u>FY</u>	<u>GOP Total Expenditures</u>	<u>GOP Expenditures for Development</u>
1960	5.8	31.9
1961	5.9	23.8
1962	3.0	19.2
1963	2.6	17.4
1964	4.8	32.9
1965	3.8	27.9
1966	5.5	59.7
1967	1.6	11.0
1968	2.5	15.2
1969	2.0	11.0
1970	3.6	20.0
1971	5.4	35.8
1972	9.3	43.1
1973	7.2	26.6
1974	2.9	7.2
1975	2.8	8.8
1976	3.0	19.6
1977	2.8	35.2
1978	2.4	11.5
1979	1.6	5.2

Sources of Data: GOP Expenditures (1960-1974) - NEDA Statistical Yearbook, 1975
 GOP Expenditures (1975-1979) - Budget Document for Different Years (reporting prior year expenditures)

TOTAL USAID ASSISTANCE TO THE PHILIPPINES
Relative to Philippine Government Expenditures
(Nominal Values in million \$)^{1/}

<u>FY</u>	<u>Total USAID Assistance</u>	<u>GOP Total Expenditures^{2/}</u>	<u>GOP Expenditures for Development^{3/}</u>
1960	34.08	592	107
1961	40.97	699	172
1962	11.35	384	59
1963	12.51	474	72
1964	25.30	529	77
1965	20.37	531	73
1966	31.62	571	53
1967	10.67	649	97
1968	18.97	755	125
1969	18.99	926	172
1970	24.10	669	120
1971	36.90	688	103
1972	78.00	834	181
1973	84.80	1,175	319
1974	59.60	2,066	829
1975	64.90	2,275	735
1976	64.00	2,777	429
1977	90.50	3,245	257
1978 ^{4/}	86.00	3,582	749
1979 ^{4/}	68.51	4,172	1,330

1/ Converted with annual average exchange rate reported in International Financial Statistics, IMF.

2/ Since 1975, GOP reports its budget in terms of Calendar Year (CY) while previous years were reported on a Fiscal Year (FY) basis. CY's were adjusted to FY's using the formula $\frac{CY_1 + CY_2}{2} = FY_2$

3/ Capital Outlays of the GOP including expenditures on corporate equity and infrastructure

4/ Proposed budget.

Sources of Data: GOP Expenditures (1960-1974) - NEDA Statistical Yearbook 1975.

GOP Expenditures (1975-1979) - Budget Document for Different Years (reporting prior year expenditures)

USAID Assistance - USAID files

OFFICIAL DEVELOPMENT ASSISTANCE (GRANTS AND LOANS)
TO THE PHILIPPINE GOVERNMENT, BY ORIGIN
1972 - 1977

<u>Year</u>	Donor:	<u>United States^{1/}</u>	<u>Japan</u>	<u>World Bank^{2/}</u>	<u>Asian Development Bank</u>	<u>United Nations^{3/}</u>	<u>Others</u>	<u>Total</u>
<u>Millions of U.S. Dollars</u>								
1972		78.0	59.7	22.0	43.5	4.2	1.9	209.3
1973		84.8	63.4	98.4	53.7	4.1	2.8	307.2
1974		59.6	59.6	205.0	82.2	4.5	25.0	435.9
1975		64.9	63.4	114.0	80.8	10.2	14.0	347.3
1976		84.0	34.3	205.5	64.2	5.9	9.0	402.9
1977		90.5	60.1	317.5	199.0	10.6	39.5 ^{4/}	717.2
TOTAL:		461.8	340.5	962.4	523.4	39.5	92.2	2419.8
<u>Percentage of Total</u>								
1972		37.3	28.5	10.5	20.8	2.0	0.9	100.0
1973		27.6	20.6	32.0	17.5	1.3	0.9	100.0
1974		13.7	13.7	47.0	18.9	0.1	4.6	100.0
1975		18.7	18.3	32.8	23.3	2.9	3.0	100.0
1976		20.8	8.5	51.0	15.9	1.5	2.3	100.0
1977		12.6	8.4	44.3	27.7	1.5	5.5	100.0
TOTAL		19.1	14.1	39.8	21.6	1.6	3.8	100.0

^{1/} refers only to USAID assistance and PL 480 commodities

^{2/} includes loans from IDA of \$12.7M and \$9.5M in 1973 and 1974, respectively

^{3/} UNDP and other UN agencies

^{4/} includes loans from Kuwait (\$12M) and OPEC (\$8M)

Sources: NEDA, USAID

OD/PE:CSCallison:AQVillanueva:pf - 07/30/79

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

3 August 1979

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, ASIA

FROM: ASIA/PTB, David I. Steinberg *DS*
SUBJECT: Delegation of Authority to USAID/Philippines to
Approve Project Amendment

Problem: Your approval is requested to delegate to USAID/Philippines the authority to extend the Food and Nutrition Project (492-252) by one year, at an added cost of \$270,000.

Discussion: The Food and Nutrition Project, which is scheduled to expire this year, was to have been followed by the Food and Nutrition Outreach Project, originally scheduled for obligation in FY 1979. The Project Review Committee has reviewed the Project Paper and has suggested that further consideration of the project be delayed until FY 1980. These two projects are the only major activities we have in the Philippines in the area of nutrition, aside from Title II school and maternal and child feeding programs. In order not to interrupt project assistance in this area, we have suggested to the Mission that the existing Food and Nutrition project be extended for a year. The Mission has indicated that \$270,000 would be required to do this.

Because the extension would represent a continuation of assistance without change in objectives or project structure, because cost estimates will be based on actual expenditures incurred to date under the project, the project has been implemented without any unusual problems, and because the sum in question is \$270,000, well below the \$5,000,000 delegation now granted to Missions for new projects, I believe the Mission is competent to prepare, review and approve the project extension without the assistance of AID/W.

Recommendation: That you approve delegating to USAID/Philippines the authority to extend the Food and Nutrition Project (492-252) by one year, at an added cost of \$270,000.

APPROVE: 
DISAPPROVE: _____
DATE: 8/6/79

If you so approve, that you initial the telegram attached at Tab A.

ASIA/PTB/P:RWNachtrieb:baa:8/3/79

UNCLASSIFIED

ASIA/PTB/P:RUNACHTRIEB:BAA
08/03/79: EXT. 28526
AA/ASIA:JHSULLIVAN

ASIA/DP:ARROAN {DRAFT}
ASIA/PTB:DISTEINBERG {DRAFT}
DAA/ASIA:FWSCHIECK

ASIA/PD:MMPEHL {PHONE}
GC/ASIA:HEMORRIS {SUBS}

IMMEDIATE MANILA

AIDAC

E.O. 11652: N/A

TAGS:

SUBJECT: PENDING ACTIONS

REFS: A) MANILA 14760, B) STATE 174669, C) MANILA 14855

1. WE ARE PREPARED TO ALLOT DOLS 270,000 FOR PROJECT 492-252 UPON APPROVAL OF AMENDED PROJECT FOR 1 YEAR EXTENSION AND AFTER CN HAS BEEN PREPARED, SUBMITTED AND CLEARED WAITING PERIOD. MISSION HEREBY DELEGATED AUTHORITY TO APPROVE PROJECT AMENDMENT. WOULD APPRECIATE ADVICE WHEN APPROVAL GRANTED AND CABLING OF DRAFT TEXT OF CN.

2. DOLS 530,000 EARMARKED FROM 79 OYB FOR PROJECT 492-320 HAS BEEN REPROGRAMED.

3. SEPTEL WILL FOLLOW ASRR RE DOLS 70,000 PD&S FUNDS REQUESTED REF A PARA 2. YY

JHS
RWN
FWS

UNCLASSIFIED