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Ramon Aboitiz Foundation, Inc.

A PVO Serving the Philippines Mid Section

The Ramon Aboitiz Foundation, Inc. (RAFI), is a non-profit organization actively working to improve the socio-economic conditions of marginal urban and rural communities in the Philippines. In 1966, Don Ramon Aboitiz organized a Foundation to which he endowed shares of personal stocks, and until 1982 RAFI existed solely "out of the pocket" of Don Ramon. USAID first funded the Ramon Aboitiz Foundation's Projects in 1984, and has since funded 11 of the Foundation's programs. RAFI began as a very small organization, and grew into one of the most successful PVO's in the Philippines, operating projects from Davao, Mindanao to Baguio, Luzon. RAFI is currently involved with more than 80 projects which include financial assistance to small businesses, agricultural development, health-care distribution, education, and assistance for the advancement of other PVO's.

THE PROBLEM

Leonardo Chiu (Nards), RAFI's Director for Program Development and Evaluation, says, "It has been noted that the Philippines remains underdeveloped today (despite the present government's efforts to improve social and economic conditions) largely due to structural weaknesses in the patterns of development, errors in economic policy management, and abuse of power by previous regimes." These factors combined to lead the Philippines into the worst economic and financial crises in its postwar history. The most severely affected groups include the upland and lowland farmers, agricultural wage workers, artisanal/marginal fisherfolks, and the urban poor. Nards says, "Their contribution to development processes has been limited due to the lack of productive assets or control over natural resources and other assets, and minimal access to basic economic and social services."

VISION

Roberto E. Aboitiz, the President of RAFI, says, "The Vision of RAFI is the development of depressed communities toward self-reliance by enabling them to own and manage both resources and services, and by extending assistance to development agencies as interim guides in the implementation processes. The Ramon Aboitiz Foundation exists for the establishment of self-reliant communities whose social, economic, cultural and political values are sensitive and responsive to the upliftment and well-being of the Filipino."

MISSION

Marianne C. Aboitiz, RAF's Executive Vice President, says, "RAFI's Mission is

comprised of two components. The first is to promote research into the different causes and effects of socio-economic development problems and other related areas that give rise to marginal communities. The second is for RAFI to undertake, both by itself and working with other NGO's, various studies and development projects which promote the improvement of living conditions in disadvantaged sectors of the community and the enhancement of the Filipino's cultural heritage."

STRATEGY

The 80 projects that RAFI operates all fall within 7 strategic programs, 4 of which are developmental have received funding from USAID. These programs are as follows:

1. THE COMMUNITY-BASED DEVELOPMENT PROGRAM

The Community-Based Development Program stimulates communities to become actively aware of their problems, and encourages participation in solving them. Projects in this program deal with the establishment of cash-yielding and food-yielding group activities, appropriate learning and usage of locally available skills and tools, and functional literacy. There are 3 project types.

a. The Agri-based Development Project addresses rural poverty by extending financial and technical assistance to agro-fishery production and non-traditional income generating activities.

b. The Appropriate Technology Project provides the community with means to acquire and apply technical expertise suitable to its social and economic realities.

c. The Cooperative Societies Project considers the community's need for institutional and financial assistance through support for production, marketing, service, and credit cooperatives.

2. THE SMALL BUSINESS AND SOCIAL DEVELOPMENT ASSISTANCE PROGRAM

Luis Misa (Chito), the Director of Operations says, "The Small Business and Social Development Assistance Program is basically a loan program that aims at increasing and developing the livelihood opportunities of target communities through 2 project types:

a. Institutional re-lending projects offer funding assistance through a

proponent institution which re-lends it to individual beneficiaries.

b. Individual lending projects offer loan assistance directly to individuals to develop income-generating livelihood projects."

3. PRODUCTIVITY UPGRADING FOR THE GROWTH OF THE AGRICULTURAL SECTOR

The Productivity Upgrading for the Growth of the Agricultural Sector Program is a community development effort aimed at increasing agricultural productions and income levels of participating farmer-organizations. "The program works by extending credit assistance and upgrading farm management techniques," Nards says. "It also works to organize and strengthen community-based organizations to make them capable of managing cooperative initiatives amongst themselves." The projects under this program are of 4 types:

a. Field Crops Production: an intensive production program for essential food commodities, and for support cash crops.

b. Animal Dispersal: a short-term livestock dispersal program to supplement family food needs.

c. Support Services: the continuous upgrading of technical and management capabilities of beneficiary-organizations and the provision of facilities (such as ricemills, demonstration farms, etc.) to enhance the farmers' trading and marketing of products and supplies.

d. Institutional Support Assistance: conducted to strengthen organizational capabilities of the communities.

4. THE RESOURCE EFFICIENCY APPROACH TO COMMUNITY HEALTH PROGRAM

Nards says, "The Resource Efficiency Approach to Community Health educates marginalized communities in identifying health-related problems, managing their responses, mobilizing their resources, and gaining functional linkages with external partner agencies." The activities of this program are meant to be self-sustaining and service-oriented in the field of primary health care. Chitō says, "The program emphasizes the accessibility of individuals and families to essential health care, through their initiative and full participation, and at a cost that the community can sustain."

USAID

The Ramon Aboitiz Foundation has developed and maintained an appreciable partnership with the United States Agency for International Development. To date, RAFI has received 11 sizeable grants from USAID, 2 of which are ongoing while the other 9 are concluded. One of the projects currently being implemented is the Area Development Program, which, similar to the previously concluded Development Assistance Program for Non-Government Organizations (NGO's), works to capacitate other NGO's to implement developmental programs. The other ongoing project is funded under USAID's Enterprise in Community Development Program, with a sister organization of RAFI. Concluded programs that received USAID funding include a Water Resource Center Program, an Integrated Farms Development and Productivity Program, a Typhoon Ruping relief program, and a number of workshops and seminars organized by RAFI but financed by USAID for the capacitation of other NGO's.

THE GLAMACO FARMER'S FEDERATION

The GLAMACO (an acronym for the different farming communities involved) Farmer's Federation is an organization comprised of 5 farmer's groups in Cebu, Visayas. Generoso Oyangoren is 60 years old and has been a member of the Board of GLAMACO since its organization in the early 1980's. Generoso, who is currently Chairman of the GLAMACO board, says, "At first we were only a 3-barangay (village) organization. We formed a group in order to try to solve our farming and transportation problems by working together, but no economic growth occurred. We were not well-organized, and our group could not implement any changes." In 1986, RAFI began to work with GLAMACO under the Integrated Farms Development and Productivity Program. Generoso says, "RAFI provided training on farming techniques, financial management, and area marketing. Loans were made available to us, and soon our organization grew to encompass 12 barangays and 5 different farmers associations."

THE USAID-FUNDED INTEGRATED FARMS DEVELOPMENT AND PRODUCTIVITY PROGRAM

Nards says, "The Integrated Farms Development and Productivity Program is a USAID-funded community development effort that upgrades farms management techniques and increases agricultural production and income within farmer-

beneficiary organizations." The program implements RAFI's Community-Based Development project, Small Business and Social Development Assistance project, the following 3 components of the Productivity Upgrading for the Growth of the Agricultural Sector Program, are:

- *Field Crops Production
- *Livestock Production
- *Support Services

PROGRAM OBJECTIVES

Nards says, "The Program utilizes a socio-economic advancement strategy in rural areas of Cebu and Bohol by making use of existing agricultural productivity initiatives of beneficiary-groups and further capacitating them through the delivery of financial, technical and institutional assistance as follows:

- Financial assistance in the form of production loans extended to farmers;
- Technical assistance by improving and harnessing entrepreneurial capabilities of farmer-beneficiary organizations through trainings and actual demonstrations;
- Institutional assistance in the form of marketing assistance, trading and distribution of farm produce, and strengthening organizational management capabilities through the consolidation of existing organizations and the formation of new ones.

GLAMACO AND THE INTEGRATED FARMS DEVELOPMENT AND PRODUCTIVITY PROGRAM

Under the Integrated Farms Development and Productivity Program, GLAMACO received its first USAID assistance; the organization received a subgrant from RAFI for the purchase of a delivery truck. Generoso says, "The truck provided the means of delivery of our agricultural products to marketing points, and also facilitated the transport of agricultural inputs (i.e., fertilizers) to our farms." Chito says, "The truck not only served the needs of the Federation members, but also of those communities along the service routes. The routes covered 10 areas under the Integrated Farms Development Program, and directly served 891 farmer beneficiaries with rice, corn, vegetables, and coconut products."

RESULTS

When USAID funding for the Integrated Farms Development and Productivity Program closed out in September of 1988, the total amount of capital loaned to farmer beneficiaries amounted to approximately \$275,000, which directly benefitted 14,226 farmers and their families. Vegetable farmers learned how to inter-crop their harvests to conserve soil fertility and prevent the occurrence of infestations. Livestock production committees are now capable of administering injectible drugs to livestock and prescribing first aid medicines in emergency cases. Crops production registered yield increases at 38% for rice, 328% for vegetables, and 121.41% for corn. Nards says, "After three years, the Program had made considerable impact on the socio-economic and cultural life of the target beneficiaries and their communities."

THE USAID-FUNDED DEVELOPMENT ASSISTANCE PROGRAM

Nards, says, "The Development Assistance Program is a USAID-funded project that responds to the needs of the many small, diverse groups in the Visayan area and Northern Mindanao by helping them to access outside sources of assistance that will improve the health and livelihood of their communities." RAFI provides the necessary channels, legitimation, and administrative services for grants, and assists beneficiary groups with project design, implementation and evaluation. Nards says, "The purpose of the program is to increase the socio-economic status of marginalized peoples in the areas mentioned, through the design of sub-projects that will be implemented by local NGO's to increase both agricultural productivity and income from micro-enterprises." GLAMACO received its second grant from RAFI under the Development Assistance Program.

THE EVOLUTION OF NGO'S

"RAFI sees the evolution of NGO's as being comprised of 4 levels," says Nards. "At the first level, RAFI acts as an organizer, helping the group to organize themselves, set goals, and become cohesive. At the second level, RAFI acts as a resource center for financial and technical assistance, on a grant basis. At the third level, RAFI acts as a loan institution, giving loans to NGO's that enable them to grow while learning responsibility and self-management. Finally, when an organization reaches the fourth level, it has become a self-sustaining, self-empowered organization capable of exerting influence in its community and with local govern-

ment, and capable of sourcing its own financial assistance for expansion."

THE ROLE OF RAFI

RAFI implements the Development Assistance Program as an intermediary institution. For the term of USAID funding, RAFI was responsible for managing the program and was financially accountable to USAID. RAFI's responsibilities included:

- *Soliciting proposals from existing local NGO's;

- *Assisting them in refining their proposals and developing viable project plans;

- *Assisting them in becoming formally organized entities, accountable for the use of funds;

- *Providing financial and technical assistance as required to ensure effective management, implementation, monitoring and evaluation of each sub-project;

- *Monitoring and evaluation subgrantee performance throughout the project period.

THE ROLE OF THE SUBGRANTEE

The selected local NGO's are responsible for implementing, managing, monitoring and evaluating their respective sub-projects. They are financially accountable to RAFI, and subject to audit by RAFI or USAID at any time. Chito says, "it is important to note that most of the NGO's encompassed by this program, represent an occupational group (i.e., fisherfolk), or are umbrella organizations which reach out to the micro-businesses of marginalized communities. They are not large organizations affiliated with a university or a business corporation."

SELECTION OF NGO'S

Local NGO's are chosen by RAFI according to the following criteria:

- a. ability to implement and manage effective development activities within the target areas;

- b. capability to manage, organize and account for funds;

c. willingness to work within the guidelines regarding managing, monitoring, reporting and auditing required by RAFI and USAID;

d. ability to provide cash or in kind contributions of at least 25% of the total sub-project cost;

e. willingness to conform to USAID credit policy;

f. capacity to develop a proposal which (a) is financially feasible, (b) will yield measurable results within the project period, (c) has potential for expansion, (d) addresses a prime concern or need of the beneficiaries, (e) is in line with program priorities, and (f) has reasonable operating costs and cost/benefit ratio.

GLAMACO AND THE DEVELOPMENT ASSISTANCE PROGRAM

The GLAMACO Farmer's Federation received its second USAID-funded grant from RAFI in 1988 for the construction of a corn mill under the Development Assistance Program. Generoso says, "The immediate benefit of the corn mill was the expense saved in transporting the produce to commercial corn mills. Further savings came from the cheaper milling fees. We were able to make higher profits from the corn due to its more stable form (after processing), which lessened the loss of produce due to spoilage while in transit." The profits incurred by the corn mill operations were distributed as follows:

20% – serves as management fee for the Langub Farmer's Association which operates the mill;

30% – for patronage refund

25% – for education fund

25% – for other development projects of GLAMACO.

Chito says, "The corn mill project has been successfully operating since its construction in 1988, and has been of great benefit to the local communities."

DEVELOPMENT ASSISTANCE PROGRAM SUCCESS

Under the Development Assistance Program, RAFI assisted 17 PVO's and operated 19 development projects. The program reached 100 communities and 23,699 beneficiaries, 9,415 of whom benefitted from loans.

THE AREA DEVELOPMENT PROGRAM

The Area Development Program began operations in 1989 and is very similar to the Development Assistance Program. These two Programs assist, both financially and technically, local indigenous NGO's whose primary concern is the socio-economic development of particular geographical regions within the Philippines. Nards says, "The Area Development Program incorporates lessons learned from the Development Assistance Program, thus it is relevant to note the changes in policy and implementation." The Development Assistance Program gives assistance to regions 6, 7, and 8 (particularly Negros Oriental, Bohol and Siquijor), while the Area Development assists regions 7 and 10 (The Central Visayas, Northern Mindanao, and Camiguin). GLAMACO, being within region 7, was able to again avail of USAID assistance under RAFI's Area Development Program.

PROGRAM GOALS

Chito says, "The Area Development Program utilizes institution-building sub-grants, income generating activities, technical and monitoring assistance that were incorporated under the Development Assistance Program, but also includes sub-project financing for Community organizing activities, cooperatives, and primary health care intervention." Nards says, "Whereas the Development Assistance Program focused primarily on income generating activities, the Area Development Program devotes more developmental effort to social concerns."

SELECTION OF NGO'S

Nards says "The selection process for NGO's also evolved under the Area Development Program." The criteria were modified as follows:

- a. Must be a registered non-stock, non-profit organization whose main purpose is the development of poverty sectors;
- b. Activities must be neither politically partisan nor religious in nature;
- c. None of the Trustees/Directors may receive financial remunerations or its equivalents;
- d. Must have full-time Executive Directors;
- e. Must show records/minutes of board meetings during the 24 months immediately preceding the submission of project proposals;

- f. Must show externally audits financial statements for the past 2 years;
- g. Must provide at least 25% of the total cost of the proposed project as counterpart (in cash or in kind).

COURSE CORRECTION

When comparing the selection requirements of the Development Assistance Program and the Area Development Program, fundamental changes are evident. Nards says, "RAFI's selection criteria changed from being loosely defined to being extremely concise. Particularly, the financial criteria for acceptable NGO's was re-structured, and more stringent methods of evaluation of administrative capabilities were incorporated." Nards says, "Like many other PVO's that form linkages with NGO's, RAFI experience some difficulties in giving assistance to organizations that later turned out not to be administratively sound or capable of proper administration of funds. As a result of these problems, RAFI reconsidered its selection criteria and came up with more explicit requirements."

GLIMACO AND THE AREA DEVELOPMENT PROGRAM

Under the Area Development Program, GLAMACO again received loan assistance from USAID as a sub-grantee of RAFI, in order to form a marketing co-operative. Nards says, "The project provided a support facility for the pre-harvest and post-harvest activities of the farmer-members by establishing a center that sells all of the basic necessities and farm inputs that they need. Likewise, it buys the produce of the farmer members at a competitive price," Generoso says, "Basic necessities and farm inputs are sold by the co-op at prices 5% lower than prevailing market prices. The marketing co-operative buys all the produce of the farmers directly from the farm, and works with the GLAMACO trucking project and the GLAMACO corn mill to make marketing services as efficient as possible."

AREA DEVELOPMENT PROGRAM SUCCESS

The GLAMACO Federation now has 388 farmer-members, and is a self-sustaining, self-empowered organization that has greatly increased the productivity and prosperity of its members. To date, the Area Development Program assists 13 NGO's and operates 13 development projects in 54 communities. The program reaches 4,677 beneficiaries, 2,694 of whom benefit from loans.

ADVICE

"Although the GLAMACO project was successful," says Nards, "It was not without problems. One of the most important lessons that we learned from the GLAMACO experience, is that while it is necessary to respond to the immediate needs of beneficiaries for material goods to sustain their interest in the program, it is equally necessary to achieve a unified understanding of the program among these beneficiaries. Prior to the delivery of services, a PVO must generate firm and mutual commitments from the beneficiaries. By this strategy, the opportunist or selfish tendencies of some in the group can be prevented from becoming destructive. Similarly, it is only with full understanding of the program that a participative attitude can be fostered among the beneficiaries."

WORDS OF WISDOM: "WE HOPE!"

"One of the problems that RAFI has encountered," says Nards, "is the unauthorized spending of funds. This occurs due to many reasons: either sub-grantees do not understand where they may or may not spend funds, or some member of a subgrantee organization is dishonest, or occasionally even our own temporary staff-members have taken advantage of their position to take money from the communities. This is a problem that is very difficult to solve, because one can never see into another man's heart." To try to minimize the problem, RAFI gives intensive trainings and carefully monitors the accounting of sub-grantees, to minimize accidental fund misappropriation. As far as the dishonesty of organizations or staff members, RAFI has adopted a more stringent selection process which is followed-up with value orientation seminars, "Hopefully," says Nards, "the strategy will prove successful."

KEYS TO SUCCESS

"We feel that RAFI's success can be attributed to 2 main strategies," says Nards. "First, our Foundation always plans for the long-term. It is important to see the immediate needs of the community, but the remedy of these problems must be an integral part of the long-term development of that village into a productive and self-sustaining and self-empowered community. Second, we always look for the creative solution to a problem. In one circumstance there was a village where the residents had to travel 2 hours to reach the nearest water source. Rather than drilling or piping, RAFI constructed a bridge which reduced the trip to only 15

minutes, and benefitted the community in many other ways. RAFI always looks at every aspect of a problem, and finds the most creative and beneficial solution."

SUCCESS

RAFI's success can be measured in many ways. When considering the Foundation's impact in term of geographical reach, we see an organization that implements programs from Bagulo, Luzon to Cotabato, Mindanao, and reaches even tiny forgotten islands li'e Camiguin. Speaking strictly in numbers, the Ramon Aboltiz Foundation operates more than 80 projects which utilize the resources of government, other PVO's local NGO's, and manpower within communities. RAFI's programs have raised the levels of health care, income, education, and productivity of depressed areas. RAFI is a PVO that has proved itself to be a strong force in the development of the Philippines, and an organization truly dedicated to improving the quality of life of marginalized people most In need of assistance.

Note: We have expressed all of the money in this paper in U.S. Dollars so that readers outside of the Philippines will be able to understand the amounts used as well as readers inside the Philippines.