

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
PROJECT ASSISTANCE COMPLETION
REPORT

ACCELERATED AGRICULTURAL
PRODUCTION PROJECT
(AAPP)

[AID PROJECT # 492-0385]

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THE AGRIBUSINESS DEVELOPMENT DILEMMA

The Farmer is the only businessman
who buys everything at retail
sells everything at wholesale
and pays the freight both ways.

John F. Kennedy

ACCELERATED AGRICULTURAL PRODUCTION PROJECT

I. DESCRIPTION OF THE PROJECT

A. Background

Philippine agriculture can be succinctly characterized as extensive land use, intensive labor use, low yields per hectare, and low income per capita. There are approximately two million farms in the Philippines, most of which are small -- i.e. less than five hectares -- having been systematically decimated through the dual incursions of large families and atomistic inheritance practices.

While a number of large plantations and land holdings still exist, a series of populist land reform programs -- expressed in political action slogans such as "Land to the Tiller" -- spasmodically enforced by various administrations, have tended to break them up.¹ Although resistance by well-entrenched landed interests and a lack of government funding has usually rendered implementation of agrarian reform² programs lethargic and largely ineffective, nevertheless, the constant air of uncertainty has acted as a brake on productivity.³

B. Introduction

With the agriculture sector generating 40 percent of the Gross Domestic Product (GDP) and employing 70 percent of the nation's work force, after the 1986 "Peoples Power" Revolution, the need for exceptional attention and innovation in the agricultural sector was seen as crucial to national economic recovery. In response to the perceived need, the new Aquino Administration devised an economic recovery program featuring agriculture as the lead sector. As part of this program, USAID -- in cooperation with the Department of Agriculture (DA) and the National Irrigation

¹In 1988, after wrangling for more than two years with the newly created Congress, the Aquino Administration introduced yet another ten year "Comprehensive Agrarian Reform Program" (CARP) as the "centerpiece" of its development program.

²The term "Agrarian Reform" is envisaged as a much broader concept than "Land Reform" -- i.e. the transfer of land from owners to share croppers and/or tenant farmers -- and to encompass provision of essential support inputs and services to the new emancipated land owners.

³There is also growing concern that small holdings are inherently less economically viable than large ones. [Note: Management Association of the Philippines Position Paper on the Comprehensive Agrarian Reform Program for Maximum Economic Development Benefits, 28 December 1990.] Thus, redistribution of land is not a panacea for getting agriculture moving.

Administration (NIA) -- formulated the Accelerated Agricultural Production Project (AAPP).

C. Project Purpose and Description

1. Purpose

As stated in the Project Grant Agreement (PROAG), and subsequently modified in the USAID Quarterly Project Status Reports (QPSRs) the purpose of the Accelerated Agricultural Production Project is to

increase the profitability and productivity of agricultural production by

- (1) Improving Governmental and private support services for farmers
- (2) Identifying and supporting means of creating more efficient markets for agricultural inputs and products; and
- (3) Improving the basis of agricultural policy & program formulation and implementation.

The AAPP Project Agreement (PROAG) was signed on 30 August 1986 for a five year life-of-project, providing for a \$20 million financial grant in Development Assistance (DA) funds, with the Government of the Philippines (GOP) contributing \$6.3 million in counterpart funding. These amounts were subsequently adjusted and ultimately increased to \$30 million and \$9.275 million, respectively, but with no change in project duration. The Project Assistance Completion Date (PACD) was established, and retained, as 31 December 1991.

Although cast as a "Project", AAPP was much more sweeping in scope -- characteristic of a "Sector Program" with three major components:

1. Improving Agricultural Services to Farmers
2. Market Development, and
3. Economic Analysis, Program Development, and Statistical Functions

During AAPP's first two years, nine distinct "sub-projects" slowly emerged within the Department of Agriculture:

1. Marketing & Information Services (MARIS) -- December 1987
2. Agricultural Statistics (AGSTAT) -- December 1987
3. Research and Outreach (ROS) -- February 1988
4. Privatization (PRIVA) -- August 1988
5. Fertilizer Development (FERTILIZER) -- August 1988
6. Economic & Policy Analysis (EPA) -- September 1988
7. Grains Stabilization (GRAINS) -- September 1988
8. Planning & Program Development (PPD) -- September 1988

and

9. Crop Diversification -- September 1988 through the assistance of Non-Governmental Organizations/State Colleges and Universities (NGOs/SCUs) -- which was a cross-cutting effort applicable to a number of other subprojects

In addition, from the outset, AAPP supported a separate Irrigation sub-project initiated by the National Irrigation Administration.

Two other sub-projects were subsequently approved in 1989 -- Market Development (MARKET DEV); and Improved Management Services (IMS).

D. Implementation Plan

To implement AAPP, a Project Management Office (PMO) was established outside of the regular Department of Agriculture (DA) structure, with a series of Project Implementation Units (PIUs) for sub-project design and implementation within the DA. This arrangement was necessitated by prevailing conditions at the time the project was formulated. Initially, with the new government's assumption of power, the existing Ministerial structure was reorganized from a Ministry of Agriculture & Fisheries (MAF) into a Department of Agriculture (DA).

Some changes in responsibilities, functions and focus also occurred in the Department's portfolio. Furthermore, with the revolutionary transition from martial law, for approximately two years numerous contractual employees were terminated, and many career civil servants who had served under the previous regime were formally sequestered (or informally ostracized) as untrustworthy "Marcos Loyalists" while affiliates of the new regime were appointed in their stead. In addition, numerous early retirements also occurred, or were encouraged. During the period that the wholesale dismissal or suspension of civil servants was challenged and processed through the courts, many individuals who remained in government service continued to be uncertain about their responsibilities, and a series of rapid turnovers at the political appointee leadership level in the DA also led to further shifts in program direction.

Under AAPP, the PMO was staffed exclusively by new contractual employees and the operational procedures were designed in large part to assist the Department of Agriculture and to meet USAID project management requirements. This setup offered several advantages, as it:

- Enabled the PMO to provide essential support services to the DA vital to project implementation during a period of flux
- Enabled the PMO to play a facilitative role in the development phase of the project, and to effectively organize and utilize DA personnel, administrative services and facilities to support AAPP operations
- Provided the PMO with the flexibility to adopt streamlined administrative procedures, as well as higher takehome salary levels than regular DA personnel -- which helped to attract and retain highly qualified personnel

- Facilitated substantial USAID interaction with AAPP in terms of financial and administrative matters

While responsive to USAID requirements, the PMO was still organizationally responsible to the Department of Agriculture's (DA) Undersecretary for Policy & Planning. In addition, the AAPP PMO in turn contracted a number of long-term consultants to supplement the activities of various PIU's, and also provided funding grants to several external private institutions, and non-governmental organizations.

In addition, a separate arrangement was made with the Institutional Development Division (IDD) of the National Irrigation Administration (NIA) to address the institutional development needs of NIA and the target farmer beneficiaries in both National and Communal irrigation systems. The subproject was targetted on provinces in regions 5, 6 and 10. In addition, the subproject supplemented the World Bank's Irrigation Operations Support Project (IOSP) in other regions of the country for institutional development and training. A long term advisor was assigned to NIA under the AAPP project, and for administrative purposes, the NIA AAPP subproject worked with USAID directly, rather than through the DA PMO.

AAPP essentially had three separate components addressing different thrusts:

1. Improving Agriculture Services to Farmers
2. Market Development, and
3. Economic Analysis, Program Development & Statistics

with subprojects within the Department of Agriculture as follows:

1. Improving Agricultural Services to Farmers
 - 1.1 Research & Outreach Subproject (ROS) under the Bureau of Agricultural Research (BAR)
 - 1.2 Improved Management Services (IMS) under the Support Services Group of the Office of the Secretary (OSEC)

2. Market Development

- 2.1 Privatization (PRIVA) under the Office of the Secretary (OSEC)
- 2.2 Grains Stabilization (GRAINS) under the National Food Authority (NFA) and the Planning & Monitoring Service (PMS) of the Office of the Secretary (OSEC)
- 2.3 Fertilizer Development (FERTILIZER) under the Fertilizer & Pesticide Authority (FPA)
- 2.4 Marketing Information Services (MARIS) under the Bureau of Agricultural Statistics (BAS)
- 2.5 Market Development (MARKET DEV) under the Agribusiness Group of the Office of the Secretary (OSEC)
- 2.6 Non-Governmental Organization/State Colleges and Universities (NGOs/SCUs)

3. Economic Analysis, Program Development, & Statistical Functions

- 3.1 Economic & Policy Analysis (EPA) under the Planning & Monitoring Service (PMS) of the Office of the Secretary (OSEC)
- 3.2 Planning and Program Development (PDD) under the Planning & Monitoring Service (PMS) of the Office of the Secretary (OSEC)
- 3.3 Agricultural Statistics (AGSTAT) under the Bureau of Agricultural Statistics (BAS)

II. CURRENT STATUS

A. Physical

The performance period for the AAPP was from 30 August 1986 to 31 December 1991. AAPP was essentially a funding mechanism for a variety of subprojects in three component areas, rather than a project per se. Details of the subproject achievements have been reported in separate documents prepared by the PIUs, and compiled by the PMO. Therefore in this report, only the broad outlines of significant AAPP accomplishments are provided in terms of the three component areas, followed by a synopsis of each individual subproject's highlights.

1. Improving Agricultural Services to Farmers

To strengthen the institutional capabilities of both the Department of Agriculture (DA) and National Irrigation Administration (NIA) to support and service farmers needs throughout the nation, AAPP provided training and workshop activities for over thirty-seven thousand DA and NIA personnel during the life of the project. In addition, AAPP provided short and long-term consultant assistance (approximately 150 specialists) in a wide variety of technical disciplines to supplement on-going DA operational farmer support activities.

AAPP also provided DA with technical and financial assistance to undertake the privatization of several parastatal institutions in the agriculture sector.

Devolution of program management responsibility and decentralization to the Regions and Provinces has been a long term objective of the Aquino Administration. With the recent passage of the Local Government Code -- to become effective in January 1992 these concepts will become an operational reality for the GOP. Devolution and decentralization holds particular significance for the Department of Agriculture (DA) as it must shift its emphasis from national to regional planning, marketing and production strategies. From the outset, AAPP spearheaded this focus within the DA by emphasizing a community-based participatory approach to planning, research and implementation; market driven production objectives; and the need to address local constraints with an action-oriented, consultative, decision-making approach.

Additionally under AAPP auspices, over a hundred new irrigators associations have been formed and developed in three pilot regions, and hundreds of existing ones strengthened nationwide with on-site training and support; while some limited financial support has been provided for infrastructure repair and maintenance.

Market information service needs for farmers have also been examined, developed and pilot tested in four provinces, as precursors to national replication.

Support was provided to DA's efforts in decentralized "bottoms up" planning, as well as implementation of research and extension outreach activities in all thirteen regions, as well as the development of a wide variety of materials and information in local dialects to be disseminated to extension workers and farmers. As a result, in most cases, DA regional offices are now able to implement their activities as planned.

To strengthen the DA's internal administrative capability, AAPP has provided technical assistance and funding support to upgrade the internal management systems of the Department, particular in the areas of financial, records management and personnel administration. The impact of these efforts should ultimately be reflected in improved support to the Department's clientele.

2. Market Development

Technical and financial support has been provided by AAPP to strengthen governmental agribusiness activities by contracting Agribusiness Specialists to establish and coordinate agribusiness activities in all regions.

AAPP also played a leading role in fostering closer relations between farmer-producer groups, and regional state universities & colleges, private agribusiness sector entities and non-government organizations -- to improve the production, development, distribution and marketing of agricultural commodities. As one example, the University of Southern Mindanao (USM) has conducted numerous on-farm research and field trials to support local farmers in integrated multicrop farming systems approaches. As another example, feasibility studies and a market study were undertaken by the Foundation for Educational Evolution and Development, Inc. (FEED) for a wide variety of products in different areas during 1990, and five project studies were developed for financing, three of which have been funded and are currently underway.

3. Economic Analysis, Program Development & Statistical Functions

AAPP boosted the capacity of the DA to undertake quick response short- and long-term policy analyses of agriculture-related issues by providing long term technical assistance to formulate various supply-demand models and prepare a number of commodity situation reports. Several

legislative actions were initiated as a result of DA lobbying based on policy research studies funded by the AAPP, and the DA now plays a lead role in governmental agriculture policy formulation in inter-agency meetings, policy dialogues with the private sector on agricultural issues, and in regional policy consultations.

As part of the groundwork for policy analysis, a mini-library has been organized, and a database been established in the Department's Policy Analysis Division (PAD); and a system for its maintenance is in process.

A manual on the DA planning system was also developed, and a continuous in-house training program in economic and policy analysis has been developed and is being conducted to upgrade the knowledge and skills of DA personnel.

Field survey and analytical capabilities of the Bureau of Agricultural Statistics have also been strengthened through training of personnel, and provision of equipment.

B. Financial

The AAPP Project was incrementally funded with an initial grant of \$13.8 million, which was subsequently increased to \$30 million.

\$29.845 million of this amount was earmarked for use by the participating organizations as follows:

<u>ORGANIZATION</u>	<u>FUNDING</u>
Department of Agriculture (DA)	\$17.366 million
Non-Governmental Organizations (NGOs)	\$ 3.688 million
National Irrigation Administration (NIA)	\$ 8.821 million

As of the end of November, 1991 -- i.e. with one month remaining before the Project Assistance Completion Date (PACD) -- the status of AAPP funding (in millions of US\$) was as follows:

<u>ORGN</u>	<u>OBLIG</u>	<u>EARMK</u>	<u>COMMIT</u>	<u>UNEAR</u>	<u>DISBD</u>	<u>ACCRUED</u>
DA	\$21.171	\$21.024	\$20.788	\$0.236	\$16.490	\$4.298
[DA		\$17.336	\$17.100	\$0.236	\$13.277	\$3.823]
[NGOs		\$ 3.688	\$ 3.688	\$0.000	\$ 3,213	\$0.475]
NIA	\$ 8.829	\$ 8.821	\$ 8.782	\$0.039	\$ 8.557	\$0.225

SUB-TOTAL	\$30.000	\$29.845	\$29.570	\$0.275	\$25.047	\$4.523

III. SUMMARY OF CONTRIBUTIONS

The AAPP Project Agreement (PROAG) was signed on 30 August 1986 providing an initial grant of \$13.8 million to finance foreign exchange and local currency costs of goods and services required for the Project. The PROAG explicitly stated that

A.I.D.'s contribution to the Project will be provided in increments . . . [and that] subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.¹

The Philippine Government (GOP) initially agreed to provide the equivalent of \$6.3 million "in-kind" as its counterpart, which was subsequently increased to \$10 million. In addition, resources of not less than the equivalent of \$725 thousand were expected to be provided by other participating non-governmental organizations (NGOs), including state colleges and universities.

AID's grant contributions during the life of the project were as follows:

<u>Date</u>	<u>Action</u>	<u>Amount</u>	<u>Cum Total</u>
30 Aug 86	PROAG	\$13,816,766	\$13,816,766
7 Aug 87	Amendment # 1	\$ 1,975,000	\$15,791,766
15 Sep 88	Amendment # 2	-\$ 2,273,000	\$13,518,766
7 Apr 89	Amendment # 3	\$ 3,500,000	\$17,018,766 ²
23 Apr 90	Amendment # 4	\$ 5,681,000	\$22,699,766 ³
24 Sep 90	Amendment # 5	\$ 7,300,000	\$29,999,766 ⁴

Since the GOP and NGO contributions were "in-kind", no accounting has been made for these contributions. However, it is asserted by all knowledgeable officials that such contributions were "substantial".

¹PROAG, AAPP Project # AID 4921-0385, Sections 2.2 and 3.1, 30 August 1986.

²In Amendment # 3, total project costs for the five year period were estimated to be \$30.415 million, of which AID planned to provide \$22.7 million through incremental funding.

³In Amendment # 4, the GOP "in-kind" counterpart contribution was raised from \$6.9 million to \$7.7 million.

⁴In Amendment # 5, the GOP "in-kind" counterpart contribution was raised to \$10 million.

IV. PROJECT ACCOMPLISHMENTS

A. Planned & Actual

No single summary arrangement can do justice to the many accomplishments of the AAPP over the broad area, while compilations of individual reports merely provide "laundry lists" which induce MEGO.¹ Of necessity, the foregoing summary by component level glosses over some significant objectives and achievements of the various subprojects. Consequently, a few of the individual subproject highlights are presented separately on the following pages, and a further summary -- highlighting significant impact accomplishments is provided at the end of this section. [As indicated earlier, further details of each individual subproject's achievements have been reported in quarterly reports, and are being summarized in separate documents prepared by the PIUs and compiled by the PMO.]

Research & Outreach (ROS)

The objective of this subproject was to supplement the on-going efforts of DA's Bureau of Agricultural Research (BAR) to:

1. Improve research efficiency
2. Increase farmer participation in research programs
3. Establish effective extension-research linkages
4. Establish active interaction between on-station and on-farm research
5. Develop a sustainable research system

AAPP-ROS focussed on five aspects:

1. Accelerating the penetration, verification, utilization and dissemination to farmers of technologies already available
2. Supporting DA's efforts to decentralize planning & implementation of extension-research programs
3. Improve the linkage between technology development, dissemination & application
4. Supporting the re-orientation of technology development to promote a client-oriented -- rather than researcher-oriented process

¹I.e. -- "My Eyes Glaze Over" from examining them.

5. Strengthen the capabilities of the DA's regional research and extension staff.

AAPP-ROS developed the National Agricultural Research & Extension Agenda in 1987, piloted a Corn-based research and outreach program in 1988, and implemented Regional Research and Outreach Programs (RROPs) in 1989. Building on this foundation, by the end of the project, AAPP-ROS had successfully shifted the focus of the DA's agricultural research from a "researcher-oriented" to a "client-oriented" process. Some highlights of ROS are:

- * Conducted applied on-farm research and extension (R&E) activities, nationwide
- * Engaged thousands of farmers in research, extension and training activities
- * Established a Research Utilization Program (RUP) documenting R&E activities, preparing publications and teaching aids
- * Established Regional Research & Outreach programs in all 13 regions of the country, with various activities directed towards
 - Implementing Barangay Pilot Production Programs
 - Seeds and seedling distribution
 - Strengthening of farmers organizations
 - On-Farm research responsive to local needs and initiatives
- * Developed a training "road show" to support decentralized planning and implementation of Research & Extension programs in the Department, and provided training to hundreds of field personnel in all regions throughout the nation
- * Corn-based research and outreach program in five regions (2, 7, 10, 11 & 12)

To supplement these research and extension outreach efforts, several institutional grants were awarded to various State Colleges and Universities. Notable among these were grants to the University of the Philippines at Los Banos Foundation, Inc. (UPLBFI) and Benguet State University (BSU), and in particular the University of Southern Mindanao (USM) for conducting on-farm and on-station research trials, and implementation of a Corn Research Outreach Project in the Southern Philippines.

A Crop Diversification Project was also initiated in Region 11.

A few random statistics:-

- * 314 barangay sites identified
- * 309 sites established and maintained
- * 3,000 hectares planed
- * 3,600 farmer cooperators involved
- * 271 Demonstration-farm trials established & maintained
- * 107 Exploratory trials established & maintained

all of which exceeded the subproject's original quantitative expectations.

Grain Stabilization (GRAINS)

Stabilization of basic food and feed grain prices is a critical developmental problem. The grain commodities contribute directly and indirectly to major food costs, and thus relate to wage rates, industrialization and economic and political stability. Rice and corn in the Philippines account for the major sources of farm activity, farm income and basic food for the population, and feed for livestock. Widely varying farmgate and retail prices of these basic grains leads to low input use by farmers, and discontent among consumers which in extreme situations can be expressed in a very vociferous manner -- such as crop despoilation and destruction, shifting to other crops, public demonstrations and "rice riots".

The GOP has been involved in grain price stabilization for decades -- with mixed success. Unclear GOP policies towards price levels and the means of supporting them have caused tremendous uncertainty in the grains sub-sector.

GRAINS -- An early activity of the AAPP -- provided resources to the National Food Authority to study and define an appropriate strategic role for grain stabilization within the context of the agricultural economy and the economic policy of the new Aquino administration.

Market Information Systems (MARIS)

The objective of AAPP-MARIS is to collect and analyze agricultural market data, and package and disseminate the information to meet the farmers perceived needs. The major thrusts of MARIS are to

- * Establish & maintain a data bank of pricing and other information regarding key commodities traded locally
- * Establish a sustainable system to collect and disseminate data responsive to local farmers and traders perceived needs
- * Broadcast price reports by local radio stations
- * Print and timely distribution of market price bulletins
- * Construct bulletin boards in strategic places, to display prices and other critical time sensitive market information -- maintained by community farmer leaders organizations
- * Establish Market Information Centers (MICs) to increase farmers awareness of and access to marketing information during peak trading hours
- * Conduct on-going participatory research and training -- with extension agents and farmers leaders -- to identify needs and problems, and provide a venue for continuous exchange of ideas between farmers and pertinent Government & private institutions

To this end, the Bureau's existing national price monitoring system was sustained in 61 provinces; but four provinces were selected by MARIS (in different regions of the country) to make the system more "farmer-oriented" and pilot test these, and other, concepts.

AAPP-MARIS activities have been complemented with a "buy-in" arrangement under Agricultural Marketing Improvement Strategies (AMIS) -- another AID-centrally funded project. AMIS is providing technical assistance to BAS to strengthen its agricultural marketing information system, and has been particularly useful in providing a comparative international -- particularly an Asian regional -- perspective to the BAS AMIS Team through joint workshops

with the Association of Food Marketing Agencies in Asia and the Pacific (AFMA) and Indonesia's BULOG.

A very favorable response has been noted by the farmers involved, as they are now in a stronger bargaining position when marketing their products. Some have even gone to the extent of seeking information on markets outside of their local area.

Based on the lessons learned in the AAPP-MARIS experiences, the Market Information Service activity is now ready for replication and expansion to other regions and provinces when additional resources become available.

Market Development

The objective of this subproject was to identify, develop and expand domestic and foreign markets for Philippine agricultural commodities. Originally Market Development was tagged as a "Crop Diversification" (CD) Subproject -- to break the DA's preoccupation with rice, corn, coconuts and sugar. However the "CD" nomenclature fostered some misunderstandings because traditional CD usage was associated with multicropping production under a farming systems concept. Consistent with AAPP's market-led thrust, the subproject strategy was therefore adopted as its new title.

AAPP stimulated the concept of creating, developing and institutionalizing the Agribusiness Group within the Department of Agriculture. Agribusiness Sections were designated in each of the 13 DA Regional Offices and individuals assigned an additional duty. In several pilot regions, AAPP Consultants were hired to guide and supplement the DA staff. Eventually it is expected that these Sections will be permanently staffed by regular trained DA personnel to provide the main support for governmental activity in stimulating agribusiness in their region, as well as forming the core for inter- and intra-regional economic Zonal development.

The Private sector however, is the most efficient vehicle for agribusiness development. The Market Development subproject therefore focussed on expanding and strengthening the participation of the private sector in the Department's agribusiness planning and economic development strategies.

A prime objective of the Market Development subproject was exports. Some accomplishment highlights² are:

- * Formosa (Queen) Pineapple -- The subproject's regional consultant in the Bicol effected the linkup and development of a cooperative in Camarines Norte, with a Filipino exporter to export pineapples to Europe. The Coop is now facing "second generation" development problems -- it can no longer cope with the demand.
- * Loofah -- Farmers are supplying raw material requirements of loofah processors and exporters
- * Watermelon -- The Marketing Assistance Service (MAS) arranged for a buyer/trader to export watermelon from Iloilo to Hong Kong. Another buyer, and the Iloilo watermelon producers have also concluded negotiations for future watermelon exports in 1992
- * Cut Flowers -- MAS organized the cut-flower growers in the country into a federation. Philippine cut-flowers are now being exported to Hong Kong and Japan. Cut-flower growers in Negros have also negotiated marketing contracts with several Japanese buyers.
- * Prawns -- An export market is rapidly developing -- primarily to Japan.

The subproject also organized and conducted numerous inter-agency conferences, established several working groups, conducted a series of market scans and market assessment reports, and prepared and implemented several commodity marketing plans.

In addition to its original plan, the subproject embraced several other major activities. It organized, coordinated and/or participated in 24 trade fairs and exhibitions, and assisted various farmers groups to establish linkages with private sector trading organizations; and provided training and/or sponsored selected agribusiness personnel to various related training seminars and programs.

²Unfortunately, specifics as to dollar/peso volume and quantities were unavailable at the PMO at this time.

Livelihood Enhancement for Agricultural Development (LEAD)

This private sector grant to a DA program -- Foundation for Educational Evolution and Development (FEED) -- as facilitator to support feasibility study preparation and packaging of ten (10) agro-fishery based livelihood projects by NGOs. The packaging of these projects involved establishing financial linkages, and facilitation of management assistance from other organizations. Five projects were submitted to the Land Bank of the Philippines (LBP) for funding, and three are currently being implemented:-

1. Garlic production & marketing (Batanes)
 2. Integrated palay production & marketing (Bukidnon)
- and
3. Rice production cluster (Bulacan)

Fertilizer

This subproject focussed its attention on generating policies and programs favoring economical and optimal (i.e. appropriate) fertilizer use. To this end,

- * A study of the Philippine fertilizer sector was completed
- * Fertilizer guidelines were developed and issued to strengthen and enforce fertilizer quality control standards
- * Protective tariffs were reduced from 20% to 5%
- * A farm-level survey of fertilizer use on rice and corn was conducted
- * A number of publications -- fertilizer statistical handbooks, reports and manuals -- were prepared and distributed to users, and a library operationalized, to strengthen the fertilizer data monitoring system
- * Provides fertilizer trade information -- i.e. fertilizer supply, sales and prices by region, discharge ports, funding sources and country of origin imports, and country of destination for exports -- for policy and strategic planning

A number of activities have been instituted to insure continuity in the DA after the subproject terminates. Briefings/training was provided for various Regional and Provincial coordinators. Complementing the DA program of helping farmer-entrepreneurs, the Privatization Office also developed marketing strategies for its GOCCs/NPAs for which biddings or sale negotiations have failed.

Planning & Program Development (PPD)

At the start of AAPP in 1986, the Department of Agriculture's (DA) system for planning the delivery of agricultural support services was a "top-down" directive approach. PPD's charter therefore was to institute the capability of the DA's Central Office Planning & Monitoring Service (PMS) and the DA's regional and provincial planning staffs to develop and implement a "bottoms-up" participative approach. Under this new approach, planning is orchestrated by the PMS. At the start of the planning cycle, the PMS issues planning guidelines consistent with national goals and priorities. All plans, however, originate from provincial and regional offices, bureaus, and attached agencies. Operating units hold regular consultative planning workshops with the private sector -- from the municipal to the national level. Finally, the PMS consolidates the various plans and issues an annual Department-wide plan. This plan is the basis for the Department's annual budget request.

Perhaps the most significant testimony to PPD's performance is that the "bottom's-up" system is now installed and functioning reasonably effectively. Key activities accomplished were:

- * Development and documentation of a Comprehensive Planning System
- * Institutionalization of regular recurrent workshops to synchronize planning and budgeting activities
- * Formulation and publication of 13 regional agricultural development plans (RADPs) for 1992 - 1995 which outline the strategies needed at the regional level to attain the goals set in the National Agricultural Development Plan (NADP).
- * Streamlining DA's Program Monitoring and Evaluation (M&E) System

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- * Establishment of a DA-wide project clearing house to systematize the process of project development and evaluation.
- * Training DA Planning Staff in the PMS and the 13 regions.
- * Supplementing the regular PMS complement with 12 personnel.
- * Acquiring computers and office equipment

Economic Policy Analysis (EPA)

As outlined earlier in the tripartite component area summary, AAPP has concentrated on building the Department of Agriculture's (DA) technical capacity to undertake policy-related studies impacting on the agricultural sector. Accomplishments to date have been achieved largely by augmenting the twelve (12) regular DA Planning & Monitoring Service's (PMS) Policy Analysis Division staff with approximately thirty (30) consultants from various organizations, plus numerous short term consultants.

Work under this subproject is also being supplemented by the Research and Training Program on Agricultural Policy (RTPAP) -- funded as a direct USAID grant under AAPP. This program is being undertaken jointly by the Department of Agriculture and the Center of Economics and Management (CEM) of the University of the Philippines at Los Banos (UPLB). Approximately sixteen (16) RTPAP-funded personnel are working at the PMS. The Agricultural Policy Analysis Project (APAP) -- is another complementary "buy-in" activity to EPA.

All these policy analysis activities have three major thrusts;

1. Conduct policy studies of interest to the Department of Agriculture
2. Train the DA's Planning & Monitoring Service (PMS) staff, and
3. Build DA's capacity to operate, maintain and sustain an effective agricultural policy analysis and advocacy program for the long run

Almost 200 quick-response policy studies were conducted by subproject consultants. Several of the major policy studies conducted by joint teams of Filipino and expatriate consultants were:

- * Policy Reforms to Liberalize the Sugar Sector
- * Roles of Private and Public Sectors in the Rice and Corn Seed Industry
- * Rice Pricing Policy
- * The Corn and Livestock Industry
- * Optimal Sequencing of Trade and Financial Liberalization

Additional, numerous memos and papers have been prepared on a wide variety of policy issues -- such as fertilizer subsidies, irrigation investment, setting of price bands for the NFA, alleged bias of the Value Added Tax (VAT), seeds, proposed policy changes in the coconut industry, and various macroeconomic issues.

Several workshops were sponsored by the subproject:

- * Economic Adjustment and Agriculture -- by the Harvard Institute for International Development
- * Use of the Policy Analysis Matrix and Multi-Market Models in Agricultural Policy Analysis -- by the Food Research Institute (FRI) of Stanford University
- * Manual Development (and training) of a Long Run model of the Rice and Corn Sector -- by IFPRI**?

Several models -- to forecast production for palay, as well as prices for any agricultural commodity -- were developed and on-the-job training (OJT) provided to DA staff; and OJT training in supply and demand projections for agricultural commodities.

Agricultural Statistics (AGSTAT)

The AGSTAT thrust of the AAPP project was to strengthen the capability of the newly reorganized Bureau of Agricultural Statistics (BAS) to effectively perform its functions of operating and maintaining the Philippine Agricultural Statistical System. As the principal agency of the GOP for agricultural statistics, the BAS is mandated to

service the statistical requirements of a wide variety of clients -- from the Department of Agriculture to the private agricultural, business and academic sectors, as well as the general public -- including the international community of policy makers, researchers, and traders.

AGSTAT assistance to direct line BAS operations was complemented by a USAID grant to the Philippine Statistical Association, and included the following:

- * Education -- Through a fellowship program, AGSTAT has enabled BAS to acquire 24 new Master of Statistics graduates -- five times as many as existed in the entire Bureau at the outset of the program. A similar number are in the educational pipeline and should come on board in 1992.
- * Training -- Over 70 percent of BAS technical staff have been provided short term courses on various specialized topics on statistics.
- * Transportation -- 500 motorcycles have been provided to BAS field personnel to enhance their mobility in conducting field surveys
- * Data Processing -- Plans for decentralizing surveys and other statistical data processing at the provinces and regions have been completed. Computers have been ordered and will soon be installed in 70 BAS provincial offices. Some advanced training has been conducted to familiarize BAS personnel with the new computer processing environment

Improved Management Services (IMS)

IMS was added to the AAPP portfolio of subprojects as a consequence of the problems which were highlighted in the project's midterm evaluation. Inherent defects in the Department of Agriculture's internal management systems -- particularly for providing financial and administrative support services to the operating units in a timely manner -- were pinpointed as a major constraint to effective project implementation.

Under IMS, a series of "Organizational Development" (OD) Seminars were held. Originally, DA top management was assembled with private sector guests and consultants to discuss Department management. This provided an opportunity to discuss freely the strengths and weaknesses of the system. The "flow of information" was pinpointed early in the series as a major weakness. Finally, a series of OD

seminars involving the installation of the Department "Vision and Mission" was offered to the Regions. Every REgion took advantage of the offer, and this series did much to improve understanding, and eventually -- with the work done by AAPP-ROS -- became the chief vehicle for reformulation of the decentralized Departmental approach.

In the three years of operation, IMS has undertaken a wide range of tasks in several critical support areas:

Financial Management

- * Developed and conducted seminars on basic Government Accounting & Procedures for all regional, provincial, bureau and special projects accountants, bookkeepers, Provincial Agricultural Officers, Administrative Officers and Regional Finance Officers
- * Developed financial accounting software for provincial and regional use
- * Distributed computerhardware and peripherals to 53 provinces
- * Provided basic computer training for DA financial personnel, preparatory to computerizing the accounting system
- * Conducted pilot testing in Region 7
- * Began system installation and user training in Regions and provinces of Luzon

Records Management

- * Developed and conducted Seminar-Workshops in Records Management for DA Central and Field Office personnel
- * Developed records management policy guidelines for the DA
- * Assisted in DA records inventory and disposition
- * Surveyed records management requirements
- * Identified computer hardware requirements for future DA records management purposes

Human Resource Information System

- * Surveyed DA personnel qualifications, allocation and utilization
- * Developed computer software for Human Resource Information System
- * Established a monthly "Management Update" program for DA middle managers

Equipment & Supply Management

- * Planned and developed the site for the DA motorpool and machine shop
- * Conducted studies of supply management practices -- for possible computerization
- * Initiated software development for an inventory system of supplies & equipment

Building & Space Management

- * Studied building and office space requirements for DA's central offices
- * Prepared office space layout and preparation for computer hardware installation in DA's main building.

Unlike most of the other subprojects which were implemented by regular DA line personnel with AAPP consultant assistance, in its initial stages the IMS was essentially perceived as an external management consultant-driven series of critiques and solutions to remedy existing internal DA problems and processes. However, resistance to change is an endemic condition of human nature. Criticism -- even constructive criticism intended to make things better for all concerned -- is rarely welcomed; while the prospect of doing things differently and having to learn new procedures is destabilizing to those involved.

AAPP-IMS consultants also experienced this resistance in dealing with DA personnel. After several false starts attempting to inject new concepts and procedures in the established arteries of the DA bureaucracy, a significant breakthrough was eventually achieved when a different strategy of reassignment, co-location and integration of regular DA personnel with the IMS consultant team was adopted. Institutionalization of the results enumerated above are evidence of IMS success -- to the extent that DA personnel "bought in" to both the substance of the changes, and the approach for implementing them.

Irrigation

This subproject addressed the institutional development needs of both the PIU parent organization -- the National Irrigation Administration -- and the target farmer beneficiaries in both National and Communal irrigation systems. The subproject was targetted on provinces in regions 5, 6 and 10. In addition, the subproject supplemented the World Bank's Irrigation Operations Support Project (IOSP) in other regions of the country for institutional development and training. Significantly, prior to AAPP & IOSP, only approximately 275 training sessions -- with about 45 farmers per session -- had been conducted for farmers organizations. During the subproject, this was increased ten-fold.

Farmers in approximately 265,000 hectares of the National Systems were organized into new Irrigators Associations (IAs) under the subproject, and the functioning of another 55,000 hectares in existing IAs was strengthened through practical applied research, technical assistance, and training provided for officers and members of IAs; as well as for selected NIA staff. Some financial assistance was also provided for minor repairs to irrigation systems. The subproject achieved an almost perfect percentage level of accomplishment on its various targets.

<u>ACTIVITY</u>	<u>TARGET</u>	<u>ACTUAL</u>	<u>PERCENTAGE ACCOMPLISHED</u>
I. <u>COMMUNAL INSTITUTIONAL DEVELOPMENT</u>			
A. <u>IA Organization</u>			
No. of IAs	108	113	105%
Area (000s Hectares)	65	65	100%
B. <u>IA Strengthening</u>			
No. of IAs	685	705	103%
Area (000s Hectares)	149	148	99%
C. <u>IA Training</u>			
No. of Batches (000s)	1.7	1.5	90%
000s of Participants	61	56	92%
D. <u>NIA Staff Training</u>			
No. of Batches (000s)	1.2	1.2	98%
000s of Participants	27	26	97%
E. <u>Program Management</u>			
000s of Supervisions	8.8	8.6	98%
II. <u>MINOR REPAIR WORKS</u>			
No. of Programs	550	550	100%
Area (000s Hectares)	115	95	82%

As a direct consequence of the AAPP subproject, the farmers were sufficiently trained in 15 Pilot National Irrigation Systems for the systems to be turned over to the farmers as self-supporting Communal IA's. This pilot experience provided the impetus to the World Bank to extend IOSP through 1992, and served as the springboard for a new \$45 million World Bank loan -- IOSP-II -- to be implemented in 1993.

B. Summary Impact

The impact of AAPP cannot be expressed in terms of a few numbers -- the scope of the project was too vast and the indicators too numerous to reduce in this manner.⁴ Although I have tried to find a few simple "gems" that would capture the essence of AAPP, the more I looked, the more I uncovered other facets -- and additional depths -- to this multidimensional project.

A recap of some highlights recasting the project's major thrusts into two themes -- Institution Building and Farmer Support -- is perhaps the best way to suggest the impact to the casual observer or otherwise uninvolved reader.

A. INSTITUTION BUILDING:

1. The AAPP provided the ability for the Department of Agriculture to reshape its vision and mission, and move forward at a critical juncture in the Philippine's history.

2. Through the Press Relations Office, AAPP provided crucial advocacy assistance to the Secretary and other senior Department officials to give visibility, and coherence to the Department. Over 200 speeches were prepared for the DA leadership, major contributions to President Aquino's "State of the Nation" address, and innumerable articles, press releases, weekly columns, radio releases and regular broadcasts were developed. More importantly the process was institutionalized.

3. Through the Policy & Planning Office, and the Bureau of Agricultural Statistics -- the technical capability of the Department to do economic analysis, policy studies, and surveys was immeasurably strengthened.

⁴One interesting approach for quantifying impact was the survey of Irrigators Associations conducted by NIA's IDD.

4. Heretofore, the researcher and the extension agent lived in different worlds. AAPP-ROS launch a drive to invigorate extension and bring research, and planning to the farms. That research approach, as well as "bottoms up" planning is now the modus operandi in the Department.

5. With AAPP's assistance, the Department turned around its whole planning and operational approach from that of a "Top Down" Central Bureaucracy to one of a Field Orientation -- a forerunner of change that will be initiated throughout the Philippine Government structure in 1992.

6. Through extensive commodity support, AAPP provided the administrative underpinnings for DA to function effectively -- with state-of-the-art tele-communications, computerized work processing, and field mobility capability.

7. AAPP's efforts resulted in a new dialogue and the beginnings of a partnerships between the Department of Agriculture and the Private Sector -- which historically have been at odds with each other.

8. The success of AAPP-supported pilot activities in irrigation have provided the impetus for follow-on World Bank funding to continue to replicate these efforts.

FARMER SUPPORT:

1. AAPP has trained hundreds of thousands of farmers, thousands of DA & NIA officials, organized hundreds of farmers into effective productive communities, and begun the process of linking them to the private sector business community for future marketing arrangements.

2. AAPP has redirected DA attention from assigning production targets and monitoring harvests to helping the farmer sell what he produces, and produce what he can sell -- profitably. The AAPP process focused on a Farming Systems Framework -- emphasizing decentralized community based, resource management, market-led, multidisciplinary, participative approach in partnership with other organizations -- is again a radical departure from traditional approaches of Agriculture Departments to agribusiness development. The focus is now on the farmer and not the bureaucracy.

3. Research which ends up on bookshelves -- without dissemination and application -- is not very useful. Application is the most important reason for research. As indicated above, the extension of research findings on farmers fields is the most important aspect of research. AAPP-ROS has begun this process. Furthermore, the technical content of the research is now being translated and disseminated into feature articles, news and radio releases.

C. Assessment

Although ill-suited to the "blueprint" project paradigm at the outset -- being more akin to the developmental "learning-process" model -- AAPP's charter was not simply to provide a sector slush fund to do more of what the Department had historically done; although in some quarters it was viewed in this light. AAPP's mandate was to do things differently -- with a decentralized "bottoms-up", private sector-oriented, applied research, participatory, market-driven approach. With activities impacting upon almost every concern of the Department of Agriculture, and certainly all the major interests of the agricultural sector, whether intended or not, in effect AAPP became a shadow department.

This *makabagong paraan*⁵ and these new ideals for agricultural development were serious business to AID & AAPP. AAPP's concepts were articulated in innumerable position papers, and its subproject objectives, strategies and workplans outlined and honed on logical frameworks, bar charts and PERT/CPM charts in seminar-workshops. Moreover, because the AAPP Project Management Office (PMO) was entirely staffed by contractors/consultants and outside of regular DA channels,⁶ AAPP could only operate through personal persuasion and the power of the "golden rule"⁷ while constantly constrained by -- and whip-sawed between -- USAID and the DA in terms of adequacy of technical documentation and to do what the Department perceived as desirable, and USAID requirements for justifying utilization of the available funding.

A perusal of the Project Paper (PP) reveals that from the outset (i.e. in 1986) the scope of AAPP -- to say the least -- was "Very Ambitious". In context, those were turbulent times for the Philippines and the Department of Agriculture, and ambitious measures were called for. Through AAPP, USAID proposed to shore up the establishment and turn the agricultural system around -- but with a mere \$13 to \$30 million dollars! When one reads beyond the three component topic headings, and the titles of the various subprojects (which can all be simply stated and condensed on a single page) and spends some time examining even the summary of highlights outlined on the preceding pages, the real scope of AAPP and the extent to which it succeeded in attaining its various objectives is no longer "ambitious" -- it is "Truly Remarkable". When one becomes aware of the

⁵New methodology

⁶Although subject to guidance and direction from the Assistant Secretary for Policy & Planning

⁷Which \$13 to \$30 million of "promised" leverage appeared to offer

problems encountered,⁸ and particularly the difficulties with funding flows during the first two years (i.e. 40% of the project's life), AAPP achievements are "Simply Mind-Boggling".

⁸Highlighted in a subsequent section -- Review of Project Evaluations

V. FINAL, & POST-PROJECT RESPONSIBILITIES

USAID activities after the PACD -- 31 December 1991 involve the following:

1. Reports Review and acceptance of final evaluations by the subprojects and summary by the AAPP PMO
2. Disbursement of Project Funds
 - a. Approval and processing of final payments to the GOP, DA, NIA and AAPP PMO for consultants services.
 - b. Approval and processing of final payments to NGOs, State Colleges and Universities for services.
 - c. Approval and processing of final payments to US and local suppliers for goods and services.
3. Deobligation of Excess Funds After all suppliers and other consultants have submitted their final vouchers approximately \$** is expected to be available for deobligation.
4. Property Accountability All non-expendable property procured under the AAPP project for use by the PMO, PIUs and their consultants must be accounted for and inventoried by the PMO, and responsibility transferred to the GOP (DA & NIA) for appropriate disposition. It is the PMO's responsibility to secure all such items until physically relinquished; and to physically effect the transfer/relocation of any such items requested by the GOP to appropriately designated officials. USAID must be informed in writing of the inventory, condition, status and location of these items by the AAPP PMO, and subsequently by DA & NIA recipients for future end-use audit purposes.
5. Project Monitoring Responsibilities Once the AAPP has submitted its final evaluation and progress report, USAID has no continuing responsibility for monitoring AAPP project activities *per se*. However, another USAID activity which addresses many similar concerns -- Agribusiness Systems Assistance Program (492-0445) -- is anticipated to start in 1992. ONRAD should therefore continue to monitor these aspects informally until that program is implemented. This report should then be provided to that program's General Contractor at project start-up. In the meantime, pertinent issues raised in this report, and lessons learned should be brought to the attention of appropriate AID and GOP officials.

VI. REVIEW OF PROJECT EVALUATION FINDINGS

Internally, USAID/Manila held regular quarterly project reviews -- documented in Quarterly Project Status Reports.

In addition, from time to time, by its very nature, numerous consultants prepared position papers and recommendations regarding both the substance and the process of the project.

A formal "mid-term" process evaluation¹ of the project was conducted and submitted in October 1989 -- at approximately the 60% stage of the life-of-project.

Finally, a two and a half day live-in evaluation seminar-workshop on the project was conducted at Tagaytag by the AAPP PMO with USAID, together with representatives of all the PIUs, and a number of consultants at the end of November 1991² -- during the project's penultimate month. In preparation for this seminar, the PMO and each of the PIUs -- as well as several of the grantee/consultant organizations -- prepared and presented preliminary management assessments, summaries of their subproject accomplishments, and discussed lessons learned for continuation of the programs, projects and activities. This workshop gave the participants the opportunity to reflect and reexamine their sub-projects, and formed the basis for preparing their final end-of-project evaluation reports -- due the following month -- by the PACD, 31 December 1991.

While I did not have the benefit of reviewing the PIU's final reports (still undergoing review and revision), I was able to attend and participate in the Tagaytag seminar, and elicit some reactions to a questionnaire. The following week, I also conducted follow-up interviews with several individuals.

Highlights of the findings and observations from the foregoing are as follows:

Program Objectives

The "Accelerated Agricultural Production Project" was almost entirely a misnomer. It was a Program rather than a Project; it was more "institution-building & marketing" than production oriented; and it was substantially delayed --

¹Hanratty, Martin E. et. al. Accelerated Agricultural Production Project Evaluation (Project No., 492-0385), C. Virata & Associates, Submitted to U.S. Agency for International Development, Manila, Philippines under Contract No. 492-0385-C-00-9133-00, October 1989.

²Which for USAID participants resulted in another unobserved Thanksgiving "Holiday" period

rather than accelerated -- during its first two years. Nevertheless, AAPP did accelerate during its second half-life, and has essentially, and significantly attained all its objectives stated in its Project Purpose:

To increase the profitability and productivity of agricultural production by:

1. improving governmental and private support services for farmers;
2. identifying and supporting means of creating more efficient markets for agricultural inputs and products; and
3. improving the basis of agricultural policy & program formulation and implementation.

AAPP was a "learning-process" program rather than a "blueprint" project. This was initially cause for concern, because despite a well written Project Paper which enumerated problems facing the GOP in the agricultural sector, and the need to resolve them, the project's "Outputs" were quite vague,³ to wit:

1. Farmer Organizations Managing Irrigation Systems -- Approx. 18 National Systems, & 380 Communal Systems
2. Farm Production -- To determine during implementation
3. Strategic Planning Studies -- One each for Research, Fertilizer, Private Agr. Finance; Three for Privatization. Continuous for: Grain Price Stabilization, Crop Diversification
4. A Market News Services (sic) -- One Government System and Private Pilot Program; Rice and Corn Production Yield Surveys: - Stock surveys, Price Series/Market Info, Annual Statistical Handbook; Commodity Situation Reports; Assessments of Technology, Policy Assessments, Assessment of Consumption & Nutrition (Demand)

Indeed, almost up to the last minute of signing the Project Agreement -- which was apparently accomplished concurrently with the Project Paper on 30 August 1986 -- AID was trying to clarify with the then Ministry of Agriculture & Fisheries⁴ what it wanted to do with USAID assistance, as

³Project Design Summary Logical Framework, August 1986

⁴With the aura of a predominantly engineering-oriented organization, the National Irrigation Administration got its logframes, workplans and supporting documentation through the process very rapidly -- despite the fact that what was being proposed was organizing farmers rather than irrigation engineering -- and was generally left alone by USAID and the PMO to do its thing.

there simply was no blueprint to implement. Over a year later, this issue was still largely unresolved. AID provided some technical assistance⁵ for the skeletal PMO and newly formed PIU's in a series of workshops and on-the-job consultancy to help design appropriate subprojects, develop log frames and outline workplans and implementation schedules to meet AID's requirements -- necessary conditions precedent to funds release. It was almost another year however before a coherent strategy was formulated and most of the subprojects were sufficiently well articulated to be approved for funding.

This experience highlighted the philosophical developmental debate over (and in favor of) "blueprint" rather than "learning-process" projects. On the other hand, after mulling around for almost two years -- with the original project purpose vision still in view -- a series of well designed and targetted sub-projects did emerge. And as the record shows, AAPP has succeeded in spearheading the emergence of a new paradigm for agricultural development, and has traveled a considerable way in demonstrating its effectivity, and institutionalizing it, on a wide variety of fronts.

In retrospect -- from a "blueprinters" point of view -- it would have been preferable if AAPP could have started with its sub-project designs fully formed two years earlier. That is what the Project Design (PD) stage is for. However, the reality is that PP preparation time is too short, the plan is primarily generated by short-term consultants, and is usually paid scant attention by host country officials. Thus the real project gestation period only begins in earnest once the project is funded and people are available to focus on implementation. Without the AAPP, and the \$13 to \$30 million incentive that it offered the GOP, the likelihood is that there never would have been sufficient time or attention devoted to AAPP's espoused objectives to formulate these subprojects. With the lessons learned in this experience -- and using AAPP as a base rather than a precedent -- follow-on programs and projects such as ASAP should not be so slow getting started; and the participants should know not only what they want to do, but also how they plan to do it.

While I am a firm believer in having projects well-defined, from what I have observed of AID's shift to a Program Purpose-level performance mode, with "incentive payments" for performance -- this performance-led approach effectively bridges the gap between "getting started" and "knowing what to do". In fact, upon reflection, even in infrastructure development projects -- from whence the

⁵I was one of the consultants

"blueprint" mode is derived -- architect/engineering work is funded for a considerable period of time, and in considerable detail before the final blueprint emerges for implementers to begin construction activities.

Impediments to Implementation

Funds Flow Apart from the difficulty in formulating subprojects, a concurrent constraint to implementation was the constricted funding flow due to several factors:

- a. Funds Shortages During the period under review, the GOP experienced budgetary and appropriation delays, major funding shortfalls and cutbacks. Despite the Agriculture Sector's high priority in the Aquino Administration agenda, the DA was not exempted from the general curtailment of expenditures, and AAPP counterpart was not always available, and never when expected. A major crisis erupted in training when the GOP was unable to provide the funds for air transportation for participants to and from the U.S. and AID was unwilling to accommodate them.⁶
- b. Funding Procedures GOP disbursement procedures are exceedingly slow and cumbersome, and Funding Warrants from the GOP Treasury were processed at a very slow pace. Thus, the Program's implementers never had any assurance of funding continuity from the GOP.
- c. Record Keeping In addition, the financial records in the PMO were often at odds with those of the Treasury, the Department of Agriculture and USAID.
- d. Slow Liquidations of Advances Subsequent slow liquidations of funding advances from the Provinces and Central Offices for various program components further constrained the amount of available funding for new and on-going activities.

Consequently, despite some forward funding, and the promise of additional money in the AID pipeline to reimburse

⁶Actually, this turned out to be a "windfall" for the project. After the crisis passed, the money for US training was redirected to in-country training, and considerably more individuals were trained in the Philippines than would otherwise have been the case.

expenditures, initial disbursement rates were extremely slow and some planned program activities were cancelled for both real and apparent lack of readily available funds.

Despite the fact that AID increased its obligations from \$13 million to \$30 million during the period with one cutback in September 1988 which was subsequently restored in April 1989 and eventually provided more than it had originally anticipated, from the GOP viewpoint there were always funding constraints, and there was never any assurance of funding continuity during the life of the project.

Some internal improvements were made in the Department of Agriculture's funding procedures -- instigated by AAPP's IMS subproject. However, GOP funding procedures and accounting practices remain a major bottleneck to project implementation -- for any project, not just AAPP. The pragmatic solution has been to "work around the problem" by direct donor payments. This is an "institution building" aspect which is long overdue, but as long as the GOP does not request AID assistance in this area, if AID wishes to continue providing development project assistance to the Philippines, there is little option but to continue the current practice.

Because funding is always a constraint in project implementation, and "pipeline management" is an obsession with AID which will not disappear, incremental funding practices are likely to continue. It is recommended, however, that an intermediate remedial step be considered to ameliorate fluctuations in the account by establishing a "revolving fund" line of credit for GOP Project Administration use.

Commodities The other major impediment was the requirement to procure commodities -- particularly the majority of the computer equipment required by the project -- in the US, coupled with the slow shipment, and delays in customs clearances. Indeed, at this late date, equipment is still being processed through customs when -- ideally -- it should long ago have been installed and utilized on-the-job. Thus, a lot of planned and desirable project implementation activity was curtailed for lack of the proverbial "nail".

This requirement for US procurement, and the ensuing difficulties are not unique to the AAPP. However, they continue to surface in different projects without apparent resolution. Procurement sourcing is an AID issue. Expeditious customs clearance requires joint AID/GOP follow-up action.

Computers are readily available in the Philippines, along with technical support. Given the fact that US brand

name computers and peripherals are very limited, and apparently no longer (if they ever did) meet 50% US source and origin requirements, it would be appropriate for the Mission to seek a blanket waiver for future procurements. [Computer Software should not be included in this request for waiver as it is an entirely different situation.]

Change in Project Environment

AAPP focussed much of its effort on the field level -- even its institution building thrusts with the DA Central Office were directed towards turning around the mode of doing business from a "Top Down" to a "Bottoms-up" approach.

With the recent passage of the Local Government Code to be implemented in January 1992, innumerable changes will be effected in the way the DA will do business in the future. However, AAPP did not build an institution that was demolished at the end of the project. While some of the management improvements designed and implemented by the IMS subproject will be negated by this new development in national decentralization, through AAPP's strategic reformulation of the Project Purpose, it already had a decentralization "vision" and has been effectively building a Department of Agriculture for the future. While many unforeseen difficulties will still undoubtedly occur during the future, AAPP has laid the groundwork to facilitate the transition.

As indicated above, each of the sub-projects is preparing an end-of-project evaluation, which the PMO will package as well as add its own comments. No further evaluation of the AAPP is planned.

VII. LESSONS LEARNED/RECOMMENDATIONS

1. Project Design

Although the Blueprint vs Learning Process debate was not resolved by this project, AAPP clearly demonstrated that worthwhile projects can eventually emerge from a Learning Process program design.

2. Program/Project Complementarity

The AAPP had a number of different subprojects and activities which are indeed bewildering to assimilate *in toto*. During the latter stages of the project, this complexity was recognized and increasing emphasis was placed on establishing linkages between sub-project activities. A preliminary lesson is that although such complementarity requires additional effort, the payoff comes from synergistic effects of sharper focus, and more efficient utilization of resources.

3. Continuity

To attain effective implementation and sustainability consultants should work on-the-job with regular line operating personnel over an extended period of time -- not simply study the situation, make recommendations and move on. Technology is transferred both ways.

4. Funding

As indicated earlier, it is recommended that for subsequent projects a "revolving fund" credit-line for GOP Project Administration use be designed and tested.

5. Computer Procurement

It is recommended that the Mission seek a blanket waiver for future procurements of computers and peripheral equipment. [Procurement of computer software should not be included in this request for waiver.]

6. Project Startup

For one reason or another -- sometimes both -- projects always take longer to get going than anyone ever anticipates.

Lesson Learned: "Murphy" was an optimist! Allow a lot more time for project startup.

7. Project Closeout

While at the outset and during implementation, a five year project appears to be immortal -- eventually the PACD does come. Despite periodic admonitions from AID to prepare to meet that eventuality, because of start-up difficulties, funding and equipment delays, most subprojects are not prepared to go out of business on 31 December 1991. [In any event, life will go on in the Department after the project, even if another project does not follow.]

In this instance, a difficult problem is posed for the PMO. While the Terminal Disbursement Date is another nine months away, there are a host of other administrative and logistical (as well financial) management closeout details to attend to after the PIUs turn in their final reports. Furthermore, since the PMO is composed of purely contractual personnel there are no regular DA line personnel to assume these responsibilities. This situation still needs resolution.

Lesson Learned/Recommendation: Start curtailing the project sooner -- i.e. up to two quarters before the PACD. [This may resolve the administrative issues, however it is at the expense of the technical aspects of the project. Coupled with the usual delays in project start-up, it would appear reasonable to authorize up to seven years for a project with an effective operational life span of five years.] Again, as with Recommendation # 3, this would be less of a problem if regular DA line personnel were integrated in the PMO staff in similar projects in the future.

8. Project Impact

Despite the fact that literally volumes of progress reports were prepared, and many special studies made during the life of the project, the reporting formats generated by the project permitted *ad hoc* "laundry listings" of activities and "random statistics" on accomplishments. Consequently, although numerous nuggets exist in the form of scattered anecdotal accounts, despite the volume of data available, it is extremely frustrating at this stage not to be able to present a succinct quantitative synthesis of the project's impact on most subprojects and the components.

Lesson Learned: The indicators for Project Evaluation Impact should be clearly identified at the outset of the project, and systematically incorporated and tracked in the project's periodic Management Information System.