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DEVELOPMENT INFORMATION CENTER**

**AGRICULTURAL POLICY RESEARCH PROGRAM**

(Grant No. AID-492-0367-G-SS-5091-00)

**FINAL REPORT**

U. P. LOS BAÑOS  
COLLEGE, LAGUNA  
MARCH, 1989

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## COORDINATING COMMITTEE

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# EXECUTIVE SUMMARY

## *General Purpose*

The Agricultural Policy Research Program (APRP) was a project implemented through a grant by the United States Agency for International Development (USAID) to the Agricultural Development Council (ADC) which was later known as Winrock in view of the merger of ADC, IADS and Winrock into one organization. The main objective of the APRP was to build the institutional capability of the Departments of Economics and Agricultural Economics of the College of Economics and Management (CEM) and the Center for Policy and Development Studies (CPDS) in agricultural policy research. This objective was attained through the awarding of research fellowships to UPLB senior staff members and a number of research grants to graduate students/ junior staff members of CEM and CPDS. In support of this research undertakings, the Grant also provided for the purchase of selected equipment and the requisition of library materials, books and journals in agricultural policy studies and related fields.

Researches conducted under the Program concerned policy issues under the following priority areas:

- a) Data management
- b) Rural poverty and income distribution
- c) Macroeconomics of agriculture
- d) Rural credit and finance
- e) Agribusiness policy
- f) Methodology for agricultural policy research

## *Program Management*

The Program was managed by a Coordinating Committee (CC) the final membership of which, after several changes, was composed of:

- a) CPDS Executive Director, Coordinator
- b) CEM Dean, Chairman
- c) Winrock Associate, Member
- d) APRP Account Manager, Member

The responsibility of the CC was to provide the general directions for the APRP. Thus, the CC served both as a policy/decision making and management body of the Program.

## *Program Components*

### 1. Research Component

The core activity of the APRP was the awarding of research fellowships and grants to senior UPLB staff and to graduate students/junior staff, respectively. This was facilitated by the creation of two *ad hoc* committees (one for the fellowships and the other for the grants) which were responsible for selecting deserving candidates after their research proposals have been evaluated by competent reviewers. A total of seven fellowships and seven grants were awarded by the Program.

## 2. Public Affairs Unit

In order to address short-term policy issues which eventually would have long-term impacts, a Public Affairs Unit (PAU) was created. Headed by the Program Coordinator, the PAU was assigned the task of convincing scholars and academicians to analyze important and controversial issues. Further, this unit was responsible for disseminating information derived from the Program's researches and other activities through publications and workshops/seminars. The main accomplishment of this unit was the organization of the Agricultural Policy Strategy Team (APST) in response to the need to immediately formulate the policy agenda for the agricultural sector in view of the ascendance to power of the Aquino administration. The output of the APST is the "Agenda for Action for the Philippine Rural Sector" from which the short-term policy recommendations served as the basis of the short-run recovery program of the Aquino government for the agricultural sector.

## 3. Regional University Network

A Regional University Network (RUN) was initiated to provide a forum wherein policy issues of national and regional significance may be discussed, prioritized and studied. It also aimed to foster a closer working relationship among regional research, training and extension centers in the Philippines. Dr. Tirsò B. Paris, Jr., CEM Dean served as the RUN Project Coordinator while Dr. Agnes C. Rola, CPDS Researcher, acted as Deputy Coordinator.

The networking activity of the RUN culminated in the holding of a seminar-workshop attended by state college and university (SCU) representatives in April 1987 which established the groundwork for this network.

## 4. Short-term Training Program

The short-term training program of APRP enabled cooperators to attend international seminars and conferences as well as training programs to expose them to the latest analytical and theoretical developments in their respective fields.

## 5. Workshops and Seminars

Several workshops were sponsored by the Program during the period 1986-1987. These essentially focused on specific policy issues which required immediate attention as well as on other Program-related matters such as the research agenda of the Program and the research final reports.

## 6. Publications

From the inception of the Program up to September 1988, seven working papers, one monograph and five books have been published wholly or jointly sponsored by APRP.

Still being prepared is the proceedings book which will cover the papers presented in the workshop on "Policy Considerations for Structural Changes and Development in Philippine Agriculture" which was held in March 1988. Several of the final reports of the fellows are being prepared to be published into monographs by the first half of 1989. Funds for this undertaking will be provided by the remaining sum from Winrock's counterpart funding for the APRP.

## 7. Training

As part of its extension activity, APRP sponsored a number of training programs and consultations. Specifically, these were on:

- a) Cooperative education and training
- b) Use of microcomputers in the social sciences and policy research
- c) Regional consultations in relation to the APST's "Agenda for Action for the Philippine Rural Sector"

## 8. Consultancy

In order to augment the pool of expertise within CEM and CPDS in addressing policy areas both foreign and local consultants were hired by the Program.

## 9. Commodities

To facilitate the attainment of the Program objective as well as to provide support to its research/training activities, a number of commodities were purchased under the APRP. These included two vehicles, seven microcomputers, a photocopying machine, books/journals and six air conditioners. It should be noted that a small portion of the APRP funds was allotted also for the renovation of the CPDS office and CEM library.

## *Program Evaluation*

In spite of the initial problems encountered by the APRP with respect to: (a) the interfacing of CEM and CPDS, (b) establishing the relationship of APRP with other UPLB units, and (c) defining the relationship of APRP with the Department of Agriculture, these were resolved immediately in order not to create a negative effect on the performance of the Program.

For the period March 29 to April 2, 1988, an evaluation team composed of Dr. Jose Encarnacion (Dean, School of Economics, University of the Philippines, Diliman), Dr. John Cool (Winrock International Bangkok), Dr. Keijiro Otsuka (IRRI Economist and professor at the Metropolitan Tokyo University) and Dr. Alain de Janvry (Chairman, Department of Agricultural and Resource Economics, University of California, Berkeley) spent time to assess the performance of the APRP. The team, headed by Dr. de Janvry, made the following conclusions:

(1) The project was quite effective at institution building in the sense of assisting a group of young scholars at UPLB (CEM and CPDS), establish a research network in agricultural policy analysis and enhance the quality of its teaching in public policy. Through salary complementation, the project also allowed UPLB to significantly increase its retention rate of high quality professionals in a context of sharply deteriorated real academic salaries.

(2) The researches undertaken by the faculty and graduate students address problems of central significance for Philippine agricultural policy and in general are of reasonable academic quality. A definite effort is, however, still left to be done, before the APRP budget is exhausted, to homogenize the quality of the research projects and to clearly extract useful policy implications from each.

(3) The Winrock International associate played a key role in assisting project management, providing academic expertise, and mediating access to flexible funds in complement to the USAID budget.

These positive achievements still leave two problems that will need attention. The first is to insure sustainability in the policy analysis effort that was initiated under APRP, and this at the levels of both government and the universities. The second is that the non-competitive nature of academic salaries remains unsolved and will need the definition of imaginative mechanisms to provide faculties with access to complementary research funds while preserving their academic roles and integrity.

In view of both the results achieved by APRP and the existence of these continuing problems, the Evaluation Team made the following three recommendations:

(1) The proposed AAPP-DA-USAID project should seek balance between three functions: use the UPLB teaching capacity to train a critical mass of short-run policy analysis within the Department of Agriculture (DA); provide the DA with the capacity to contract specific policy research projects with UPLB and with the other member institutions in the agricultural policy network established by APRP; and channel resources directly to UPLB (CEM and CPDS) to allow the continuation of more long run and academic policy research projects contracted out by DA.

(2) Due to the current inexistence of an appropriate contracting institution able to handle the management and supervision of this tripartite program, Winrock International could be asked once again to serve as the mediating institution.

(3) In the long run, UPLB must devise a formula to manage independently its own teaching and research programs in the field of agricultural policy. This will require a greater commitment of UPLB resources to CEM and CPDS for agricultural policy research. It will also require organizing an independent Filipino receiving and granting institution, such as a privatized Philippine Institute of Development Studies, able to assume the functions effectively performed to this point by Winrock International.

# FINAL REPORT OF THE USAID GRANT TO WINROCK INTERNATIONAL

(Grant No. AID 492-0367-G-SS-5091-00)

## AGRICULTURAL POLICY RESEARCH PROGRAM

### 1. *Historical Background of the Grant*

Prior to the launching of the Agricultural Policy Research Program (APRP) in October of 1985, there was already an existing group at UPLB, i.e., the Agricultural Policy Working Group (APWG), which was actively involved in sponsoring agricultural policy seminars and researches. The APWG was composed of academicians and practitioners from U.P. at Los Baños (UPLB) and other academic institutions who banded together to address the critical issue of policy reforms in the Philippine agricultural sector. Although the APWG members were individually undertaking their specific research interests, there was no mechanism to link their efforts. Moreover, their effectivity was greatly constrained by the lack of logistical support.

The presence of this critical mass of researchers facilitated the task of the former ADC Associate, Dr. Gerald Nelson, in collaboration with key individuals at UPLB, of finding support for the group.

Fortunately, it was during this same period when the next batch of Economic Support Fund (ESF)<sup>\*</sup> money was to be released by the U.S. government using USAID as a conduit. The U.S. government through USAID was looking for other worthwhile projects to support in the country and the proposal of the group came in the right moment of their activities.

It must also be mentioned that this was also the time when the relationship of the Marcos regime with the U.S. government reached a sour point. The U.S. government perceived that the assistance it gave was not properly spent by the Marcos administration that it felt necessary to divert some of the amount to activities which would directly benefit the Filipinos.

Given this background, the proposal of the group was immediately approved as a Private Volunteer Organization (PVO) project of USAID with ADC (later known as Winrock in view of the merger of ADC, IAS, and Winrock into one organization). From talks with previous USAID personnel, it was learned that it took only a month to process the papers since the paper work was merely a formality as prior approval of the proposal was already secured from senior officials of the mission. The speed by which the proposal was approved had its positive and negative aspects. On the positive side, it boosted the morale of the APWG members because the grant assured them support to and continuity of their activities. On the negative side, the proposal was not given considerable thought by the proponent and the grantor that future administrative problems would arise as a result of the haste in which the proposal was approved; and that during that period, an Associate who could have given leadership to the program was not appointed yet because of reorganizational problems in the Winrock headquarters.

### 2. *Objectives of the Grant*

The main objective of the APRP was to build the institutional capability of the Departments of Economics and Agricultural Economics of the College of Economics and Management (CEM - previously it was known as CDEM, i.e., College of Development Economics and Management) and the Center for Policy

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<sup>\*</sup> This fund is an aid by the American government to the government of the Philippines for the use of the U.S. bases in the country. It is given on an installment basis.

and Development Studies (CPDS) (both are units of the U.P. at Los Baños) in agricultural policy research. Primarily, this objective was to be attained through the awarding of three research fellowships to any senior staff members (defined as those individuals who hold an Assistant Professor appointment and above) of the two institutions and a number of research grants to MA/MS and Ph.D. dissertation students and junior staff members of both units. In support of their research undertakings, the Grant also provided for the purchase of selected equipment which the University was unable to buy due to budgetary deficits, and the acquisition of library materials, books and journals in agricultural policy studies and related fields.

The goal could be described as modest because of the general feeling then that much of the work of these awardees would hardly make a dent on the policy-making process in the country given the political economy of policy-making during the Marcos regime. However, it was deemed that the money would not go to waste because it would fulfill the nobler objective of building the institutional capability of UPLB.

In order to make the awards, the first task that was to be undertaken was to identify the priority areas for policy research. After fulfilling a number of the USAID requirements for the release of the fund to the Program, APRP began a series of activities that led to the identification of these areas. First, a written survey was conducted among 80 of the top social scientists in the country asking, among other things, which they thought were the priority areas for research in agriculture. Second, a two-stage workshop was held to further discuss the priority areas identified by the survey respondents. The first was confined to Filipino social scientists while the second was opened to foreign social scientists and donor agencies. The third step (which was simultaneously accomplished during the planning of the workshops) was the creation of the Selection Committees that would make the research awards for the fellows and grantees. For this last task, a representative group of individuals from the private and public sectors, and from the academic and non-academic institutions were named.

The six priority areas identified by the respondents and validated in the two workshops were as follows (not in the area of priority):

- Data management
- Rural poverty and income distribution
- Macroeconomics of agriculture
- Rural credit and finance
- Agribusiness policy (economies scale issues)
- Methodology for agricultural policy research

### *3. Organization of the Program*

In order for the APRP to get going, there was a need to appoint a Coordinator who would take the initiative for the Program. Because the Program was a joint-undertaking between CEM and CPDS, it became necessary that the members of the APRP Coordinating Committee (CC) (which served as the management body of the Program) came from the two units. Originally, there were two representatives each from the Departments of Economics and Agricultural Economics and CPDS, with the Program Coordinator chairing the body. The membership underwent several changes. First was the appointment of Dean and Associate Dean of CEM as members of the committee. The arrival of the Winrock Associate also meant an additional member for the Committee. Finally, the general reorganization of the Committee saw the reduction of the membership from eight to four (only the Dean of CEM, CPDS Executive Director, Program Coordinator and Winrock Associate were retained), and with the Dean of CEM replacing the Program Coordinator as chairman of the body. Later on, the CPDS Executive Director became the Program Coordinator, and an Account Manager and a representative from the UPLB Social Sciences were added.

The responsibility of the CC was to provide the general direction for the program. Thus, the CC served both as a policy/decision making and management body of the Program.

As the core activity of APRP was the awarding of fellowships and grants, there was a need to form a Committee that would be responsible for selecting the awardees. Two committees were formed: one for the fellowships and the other for the grants. Members of these Committees were chosen on the basis of their outstanding performance in their respective fields and their representatives (i.e., coming from different sectors). These criteria were important to prevent criticism that the Committee members were biased towards certain institutions or individuals. Aside from the Selection Committee, a list of paper reviewers were made. At least, two reviewers were assigned to read a proposal taking into consideration whether or not the proposal merit funding by the program, and if to be resubmitted, the necessary revisions must be undertaken by the proponent.

#### *Public Affairs Unit (PAU)*

Although not provided for by the original grant agreement the CC decided to form a "quick-response unit" called the Public Affairs Unit (PAU). While the fellowships and grants were meant to address policy issues with medium and long term implications, PAU was created to address short-term policy issues which eventually would have impact on long-term policies. Headed by the Program Coordinator, the unit was assigned the task of convening scholars and academicians to analyze important and controversial issues of the day, and/or for the purpose of publishing an APRP stand on these issues. Moreover, PAU was also made responsible for disseminating the research works and results of the Program's collaborators, and other activities of APRP through publications and workshops/seminars.

#### *4. Accomplishments*

##### *4.1 Research*

Instead of awarding three fellowships and a number of grants, APRP's Committee decided to lower the research stipend to accommodate more fellows and grantees. The Selection Committees for Research Fellowships and Grants awarded seven fellowships and seven grants (refer to Annex 1). Moreover, one award was given for project development in the area of resource policy and another for consultancy cum research undertaking in the field of rural sociology.

##### *4.2 Public Affairs Unit*

The main accomplishment of this unit was the organization of the Agricultural Policy Strategy Team (APST)<sup>1</sup> in response to the need to immediately formulate the policy agenda for the agricultural sector in view of the ascendance to power of the Aquino administration. APST came out with a 600-page report entitled "Agenda for Action for the Philippine Rural Sector" within three months (from April to June 1986). Among other things, the report contained recommendations for policy reforms in the areas, among others, of grains and food sector, livestock, agricultural exports, rural credit, rural poverty programs, agricultural inputs and services, research and extension. The section on short-term policy recommendations served as the basis of the short-run recovery program of the then Ministry of Agriculture and Food (MAF) which in turn was endorsed by President Aquino and adopted by the Cabinet.

As part of the information dissemination activity of the program, the APST report was printed in cooperation with the then Ministry of Agriculture and Food. This was then distributed to various government agencies, academic institutions and private agencies. Because of the high demand for copies of the report and

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<sup>1</sup>A similar group, composed mainly of academicians from the U.P. School of Economics in Diliman, was formed to address the critical need for policy reform in the non-agricultural sector.

in preparation for the regional consultations, regarding the work's recommendations, the report was reprinted. In addition, the 600-page report was summarized by Dr. Bruce Tolentino, in consultation with Dr. Cristina C. David, for the benefit of individuals who do not have the time to go over the report. Together with the main report, the summary was distributed to some of the participants of the regional and national consultations.

From 14 October to 3 December 1986, the APST conducted regional consultations. These consultations aimed to solicit comments and recommendations from sectoral representatives from the regions. In turn, the feedback generated served as a basis for the revision of the APST report. (See Annex 2 for the list of regions consulted.)

In its continuing effort to serve the DA, the Program assigned two APST members to help in the implementation of the policies contained in the report.

Dr. Bruce Tolentino<sup>2</sup> actively participated in agricultural credit studies and in the formulation of policies pertaining to the sector while Dr. Liborio Cabanilla initially served as the Coordinator of the APST follow-up (regional consultations). Later he acted as a livestock-feedstuff consultant of the DA and assisted in the establishment of the proposed Policy Analysis Division in MAF. The latter was proposed by the APST to enable the Ministry to systematically address the day-to-day and short-term policy questions that confronted it. To assist Dr. Cabanilla in the conceptualization of PAD, the Program also hired Dr. Rex Daly, a consultant who had long experience in this activity having conceptualized the old Policy Analysis Staff of the previous Ministry.

#### *4.3 Regional University Network*

The APRP was created primarily to promote policy research capability in UPLB. It was recognized, however, that a strong linkage with regional research, training and extension centers was indispensable if the regional policy needs were to be properly addressed by the Program. A Regional University Network (RUN) was initiated under the APRP to provide a forum wherein policy issues of national and regional significance would be discussed, prioritized and studied. It also aimed to foster a closer working relationship among regional research, training and extension centers in the Philippines. Its initial work was to lay the organizational background for RUN with substantive agenda to be developed later by the new organization.

Dr. Tirso B. Paris, Jr., CEM Dean, served as the RUN Project Coordinator while Dr. Agnes C. Rola, CPDS Researcher, acted as Deputy Coordinator. To get feedback and assess their willingness to participate in a regional university network, RUN initially discussed with state colleges and universities (SCUs) at the regional level, their ideas on the APST's policy recommendations in the areas of research and extension. In line with this, Dr. Paris visited selected major regional universities conducting preliminary discussions with the heads of these SCUs. This networking activity culminated in the holding of a seminar-workshop attended by SCU representatives last April 1987. In this meeting, the idea of having a network was discussed and formulated during the gathering (See Annex 3 for the list of universities visited).

#### *4.4 APRP Short-term Training Program*

Another component of the APRP was a short-term training program which enabled APRP cooperators to attend international seminars, conferences and training programs to expose them to the latest analytical and theoretical developments in their respective fields.

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<sup>2</sup>Dr. Tolentino now serves as the Executive Director of the Agricultural Credit Policy Council of the Department of Agriculture, a unit directly under the Office of the Secretary of Agriculture.

One was awarded a grant to complete his dissertation research for a doctoral degree in Land Resource Economics at the Institute for Environmental Studies, University of Wisconsin. The Program also sponsored the travel of a CEM staff member who presented a paper at the International Economics Association conference in India and attended a study program in China.

Four were awarded travel grants: one to the Netherlands to undergo a six-month training on social organization; the second to Canada to attend a workshop on natural resource policy; the third, to attend a food policy analysis workshop at the University of Minnesota, U.S.A.; and the fourth to attend annual meeting of the American Agricultural Economics Associations in East Lansing Michigan, and visit Stanford University to discuss microcomputer training curriculum and software acquisitions.

#### 4.5 Workshops and Seminars

Several workshops were sponsored by the Program for the years 1986-1987. These were:

1986

■ January 10 - This was conducted to identify the research agenda of the Program which eventually served as the research topics of the applicants to the fellowship and grant slots.

Six priority areas were identified, namely:

- Database improvement
- Rural poverty and income distribution
- Effects of macroeconomic policies on agriculture
- Economies of scale in agriculture and agribusiness policy
- Rural finance and credit
- Methodologies for agricultural policy research

Thirty-three well-known social scientists, and representatives from the public and private sector participated in this workshop. The Program sponsored the workshop in collaboration with CPDS and the Departments of Agricultural Economics and Economics, CDEM.

■ February 21-22 - This was a follow-up workshop to the January 10 meeting. Unlike the previous one, however, foreign social scientists were invited to this gathering. The purpose of the workshop was to further validate and discuss the topics identified as the research agenda of the program in the previous meeting.

■ February 25 - CPDS in collaboration with APRP, Winrock International, USAID and Philippine Institute for Development Studies (PIDS) sponsored a workshop on the "Livestock-Feedstuff Sector of the Philippine Economy." This gathering was an offshoot of a preliminary seminar held on the same topic in June 1985. Seven papers were presented in the workshop which was attended by 24 participants.

■ December 9 - This seminar was conducted to present the latest policy recommendations on agricultural credit and finance by Dr. Tolentino, a fellow of APRP and Senior Consultant, Rural Bank Review and Rationalization Committee-Technical Working Group, Central Bank of the Philippines. More than 40 participants coming from the academe, public and private sectors and rural bankers attended the seminar.

■ December 17-18 - The meeting was sponsored by the Program for the benefit of applicants to the fellowships and grants who were advised by the Selection Committee to revise their proposals. Experts on the particular fields covered by their proposals were invited to solicit comments for incorporation in the revised work.

1987

■ January 14 - APST National Consultation. This meeting capped a series of regional consultations conducted all over the country during the quarter October 1986-December 1986. The national meeting was held to solicit comments and promote understanding regarding the policy recommendations presented in the "Agenda for Action" prepared by APST.

■ March 20 - Seminar on Agrarian Reform. The main purpose of this workshop is to discuss the agrarian reform issues in sugar, coconut, corn, and banana areas of the Philippines.

■ April 3 - Workshop on Regional University Network. The main purpose of this workshop is to lay the groundwork for establishing a network of selected regional universities by discussing the objectives of the network, nature of linkages and the role of each of the participating universities.

■ August 25-26 - Seminar on Agribusiness Plantations. This seminar was conducted to present an overview of modern plantations which have their own unique and distinct characteristics and at the same time to provide a concrete suggestion of an agrarian reform design for the agribusiness plantations with the end in view of attaining both efficiency and equity within a viable institutional framework.

■ September 25-26 - Seminar on APRP supported researches. The main objective of this workshop is for the research fellows and grantees to present the preliminary findings of their research and to solicit comments/suggestions for revisions from the interested participants.

1988

■ March 29-30 - Workshop on Policy Considerations for Structural Changes and Development in Philippine Agriculture. The workshop was the culminating activity of the APRP. It featured the final results of the policy researches conducted by APRP fellows and grantees. It was envisioned that the researchers would provide insight on what needs to be changed, added, played-up or excluded in existing Philippine agricultural policies. The workshop also served the purpose of evaluating the Program in terms of its contributions and possible areas for improvement.

#### *4.6 Publications*

Another component of APRP was the publication program. From the inception of the program up to September 1988, there were seven working papers, one monograph and five books published wholly or jointly sponsored by the program (refer to Annex 4 for the complete publication list).

Before the end of this year, the proceedings book for the workshop on Policy Considerations for Structural Changes and Development in Philippine Agriculture last March 1988 is expected to be published. A number of the final reports of the fellows would also be published into monographs early next year.

Funds for this undertaking would be provided by the remaining sum from Winrock's counterpart funding for the project.

#### *4.7 Training*

As part of its extension activity, APRP sponsored a number of training programs and consultations. In collaboration with UPLB's Agricultural Cooperatives and Credit Institute, the Program conducted the "National Planning Workshop on Cooperative Education and Training." This training was attended by 16 participants.

A pilot training program on the use of microcomputer in the social sciences and policy research was also funded by the program. The first stage of the training was intended to upgrade the capability of the junior faculty and staff of CPDS and CEM in the use of microcomputers and to familiarize them with selected

programs which they could use in their research undertakings. The second phase was targetted to the personnel of the Department of Agriculture and the Department of Environment and Natural Resources. The same training package was offered having the same objectives as the previous one.

#### 4.8 Consultancy

For those areas where the fellows and collaborators of the Program felt that they were inadequately prepared, consultants, both foreign and local, were hired by the Program. The following consultants who were hired and their institutional affiliation were as follows:

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|---------------------|---|
| Dr. Peter Timmer    | - Harvard Business School<br>Boston, Massachusetts  |
| Dr. Carl Pray       | - Associate Professor<br>Rutgers<br>The State University of New Jersey<br>Cook College, Dept. of Agricultural Economics and Marketing |
| Dr. John Power      | - Department of Economics<br>University of Hawaii   |
| Dr. Robert Evenson  | - Department of Economics<br>Economic Growth Center<br>Yale University  |
| Dr. Keiji Otsuka    | - Department of Economics<br>International Rice Research Institute<br>Los Banos, Laguna   |
| Dr. Yujiro Hayami   | - Professor<br>School of International Politics, Economics and Business<br>Oyama, Gakuin University<br>Tokyo                          |
| Dr. Gelia Castillo  | - Professor<br>Department of Agricultural Education and Rural Studies<br>U.P. at Los Baños  |
| Dr. Bruce Tolentino | - Director<br>Agricultural Credit Policy Council<br>Central Bank of the Philippines   |
| Dr. Alain de Janvry | - Chairman<br>Department of Agricultural and Resource Economics<br>University of California   |
| Dr. Rex Daly        | - UPLB and Winrock Fellow<br>Consultant to Department of Agriculture<br>Diliman, Quezon city  |

#### 4.9 Commodities

A number of commodities indispensable in conducting policy analysis was purchased by the Program. Their breakdown are as follows:

Vehicles: Two cars were purchased by the program, one was assigned to CPDS and the other to CEM.

Microcomputers: Seven computers were bought and distributed as follows:

- 2 - CPDS
- 4 - CEM
- 1 - Benguet State University

Library books and equipment: One xerox machine was purchased and based at CEM. Several books, journals were also acquired (Please see Annex 5) aside from those donated by the Winrock Associate, Dr. Anthony M. Tang.

Airconditioners: Six air conditioners were purchased for the CEM library.

#### 5. Overall Comments on the APRP

There were a number of problems that were experienced by the Program and these were:

##### 5.1 Organizational

First was the problem of interfacing with the different units of CEM and between CEM and CPDS. The Departments of Agricultural Economics and Economics are only two of the units of CEM out of a total of at least six units. The other units felt left out of the action.

Also, there was the problem of interfacing with CEM and CPDS. As most of the administrative support staff were based at CPDS, a number of CEM's collaborators feel that some of the administrative personnel of CEM should be used. This however presented difficulties in terms of administrative supervision because the two units' building were located in different places.

More important than the above was the issue of who should take leadership of the Program. Should it come from CEM or CPDS? Since both units were recipients of the grant, each of them had a valid claim on the leadership of APRP.

The second organizational problem was the relationship between APRP and the other UPLB units particularly that of the Office of the Chancellor. One would recall that the grant was approved at a time when UPLB was searching for a new Chancellor as the previous one resigned from the post. As the grant involved a significant amount of money, it would have been desirable if the new Chancellor was involved in the signing of the documents. However, this would mean delaying the program for a considerable amount of time.

Moreover, since the APRP had gained tremendous visibility both inside and outside the campus, former UPLB units which were then not interested with the Program began to notice it. Demands that they should be involved in the Program, as policy work should be a concern of the different units of UPLB, emerged. The Program tried to solve this problem by having a series of university consultations and workshops.

Thirdly, the question about the relationship between UPLB and Winrock arose. A previous member of the Coordinating Committee believed that UPLB was the recipient of the grant and Winrock only served as a conduit of the fund (although the document clearly indicated that Winrock was the grantee). Actually, the fundamental issue here was the control of the fund: if UPLB was the recipient then the CC could decide the manner by which the fund should be reallocated; and if it was Winrock, the CC had to content with the issues raised by the Winrock Associate. The issue fortunately was resolved when it was made clear that while the recipient of the grant was Winrock its main beneficiary was UPLB.

Corollary to this problem was the role of the Winrock Associate. As the UPLB staff were used to the role that the ADC Associate used to play, they were expecting that the Winrock Associate would perform the same functions. The merger however meant additional tasks to the Associate which were: as a professor of graduate students, manager of the Program, and an adviser of the Winrock fellows in the Philippines. This was unfortunately not made clear to the members of the CC.

### *5.2 Administrative*

Because of the haste by which the proposal was conceptualized, not enough thought was given to the details of the Program like personnel requirements, administrative expenses, number of consultants, etc. Its open-ended nature made it difficult for the grantor's auditor to determine which expenditures were valid and which were not. This was not helped by the fact that APRP's needs varied because of the highly flexible nature of its activities. For example, a short-term policy issue which the program was trying to address may need additional staff, travel, consultants, etc. This situation required a lot of understanding from both the grantor and the grantee, particularly the grantor's financial comptroller.

The second administrative problem was the circuitous way by which liquidation and cash advances had to be done. APRP sent monthly financial reports to Winrock headquarters which in turn reformulated it for submission to the Manila mission. If, there were questions however, the Program Coordinator was usually the one held to explain it to the mission as communicating with headquarters took time and effort. The same route, but in a reverse fashion, happened with the cash advance. It was released to Winrock before headquarters sent it to the field office.

The reorganization of Winrock did not help either. The liquidations were delayed for a few months because of these changes.

Lastly, the Program did not foresee the tremendous monitoring and accounting problems that it had to face. There were actually 16 awardees and four units liquidating their expenditures. The need to build a separate unit within the Program to handle these finances was unfortunately not anticipated.

### *5.3 Relationship with DA*

APST made the impression that the DA would receive continual support from the Program. However, APRP collaborators were hesitant to do what they did in the APST because of a number of research commitments (which they temporarily set aside during the APST), teaching responsibilities, family considerations (it took at least three hours to travel to and from Los Baños to the DA's office in Quezon City), and the unattractive rates that DA could afford to pay them. A different kind of talent was needed to assist the DA and such a talent seemed to be scarce. The Program realized its limitations and thus it tried to persuade the UPLB Chancellor to take the initiative in this undertaking. The APRP believed that a technical assistance between UPLB and the DA should be signed, and that only the University possesses the required resources to respond to DA's request.

## *6. Program Evaluation*

In order to assess the performance of the Program, an evaluation team composed of Dr. Jose Encarnacion (Dean, School of Economics, University of the Philippines, Diliman), Dr. John Cool (Winrock International, Bangkok), Dr. Keijiro Otsuka (IRRI economist and professor at the Metropolitan Tokyo University) and Dr. Alain de Janvry (Chairman, Department of Agricultural and Resource Economics, University of California, Berkeley) was created. A full report of Evaluation Team, headed by Dr. de Janvry) is presented in ANNEX 6.

**LIST OF FELLOWS/GRANTEES**

FELLOWS	RESEARCH TOPIC	DATE OF AWARD	INSTITUTION	POSITION
1. Cielito Habito	Fiscal Policies in Philippine Agriculture	16 Jan. 1987	CEM, UPLB	Asst. Prof.
2. Camilo Opeña	Export Promotional Aspect of Agriculture: An Analysis and Evaluation of Comparative Advantage	16 Dec. 1986	CEM, UPLB	Asst. Prof.
3. Agnes Quisumbing/ Lourdes Adriano	Tenurial Arrangements and Agricultural Heterogeneity: Implications for Agrarian Reform	01 Mar. 1987	CEM, UPLB	Asst. Prof.
4. Cipriano Consolacion/ Herminia Francisco	Rural Poverty in Ethno-Community: An Analysis	01 Mar. 1987	BSU	Director, Regional Training Center for Development, Highland Socio-economic Research Institute
5. Arsenio Balisacan	Getting Leverage with Fertilizer: Policy, Use and the Anatomy of the Market	01 Mar. 1987	CEM, UPLB	Asst. Professor
6. Agnes Rola	Assessing the Benefits and Risks of Pesticide Use in Philippine Agriculture	01 Mar. 1987	CPDS, UPLB	Researcher
7. Severino Vergara	A Multiple Discriminant Analysis of Rural Bank Performance	01 Jan. 1987	ACCI, UPLB	Researcher

GRANTEES	RESEARCH TOPIC	DATE OF AWARD	INSTITUTION	POSITION
1. Piedad Geron	Philippine Informal Rural Credit Market: Efficiency and Equity Issues	01 Mar. 1987	UP School of Economics, Diliman	Ph.D. Candidate
2. Jose Yorobe, Jr.	Policy Alternatives in the Livestock-feed Sector: A Regional Programming Model	16 Dec. 1986	Dept. of Ag. Econ., CEM, UPLB	Ph.D. Candidate
3. Dina Umali	The Philippine Rice Marketing System and the Rice Price Stabilization Program	01 April 1987	Stanford Univ. California	Ph.D. Candidate
4. Belita Vega	Biotechnology and International Agricultural Development: The Philippine Case	01 Mar. 1987	University of Wisconsin, Madison, USA VISCA	Ph.D. Candidate Instructor
5. Basilio Dabuet	Environmental Factors and Rural Poverty: An Analysis of Samar Provinces	01 Mar. 1987	Dept. of Community Development, UPLB VISCA	Ph.D. Candidate Instructor
6. Pedro Armenia	The Performance of Rural Financial Markets (RFM's) in Eastern Visayas as Influenced by the Credit Delivery System and the Interlinkages of Credit with Other Rural Markets	01 Mar. 1987	VISCA	Instructor
7. Alicia Ilaga	Agricultural Land Taxation and Land Reform in the Philippines	01 Mar. 1987	CEM, UPLB	M.S. Candidate in Ag. Econ.

**LIST OF REGIONS CONSULTED BY APST**

1. San Fernando, La Union
2. Tuguegarao
3. San Fernando, Pampanga
4. Legaspi City
5. Iloilo city
6. Cebu City
7. Tacloban City
8. Zamboanga City
9. Cagayan de Oro City
10. Davao City
11. Cotabato City
12. Batangas City

**LIST OF UNIVERSITIES VISITED RE: RUN**

1. Central Mindanao University
2. University of Southern Mindanao
3. Mariano Marcos State University
4. Central Luzon State University
5. Benguet State University
6. Camarines Sur State Agricultural College
7. Visayas State College of Agriculture
8. University of the Philippines at the Visayas
9. Isabela State University
10. Cagayan State University

**LIST OF PUBLICATIONS**

1. Policy Issues on the Philippine Rice Economy and Agricultural Trade
2. Policy Issues on Nutrition and Welfare
3. Journal of Agricultural Economics and Development,  
Vol. xv, Nos. 1-2
4. Agenda for Action for the Philippine Rural Sector:  
Preliminary Version, June 1986
5. Agenda for Action for the Philippine Rural Sector:  
A Summary, October 1986
6. Monograph No. 1 - In Search of a Land Reform Design  
for the Philippines, June 1987
7. Working Paper series:
  - No. 88-01 Agribusiness and Agrarian Reform: A View  
from the Banana and Pineapple Plantation
  - No. 88-02 Tenurial Arrangements and Agricultural  
Heterogeneity: Implications for Agrarian Reform
  - No. 88-03 Assessing the Benefits and Risks of Pesticide  
Use in Philippine Agriculture
  - No. 88-04 Towards an Improved Agricultural Taxation  
System in the Philippines
  - No. 88-05 Nature and Consequences of Fertilizer Policies
  - No. 88-06 The Household is Where Food and Population Meet

### *LIST OF BOOKS PURCHASED*

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 \_\_\_\_\_ . 1977. *Selected Writings on Future Markets: Basic research in Commodity Markets. (Book II)*.  
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 \_\_\_\_\_ . 1984. *Selected Writing on FutureMarkets: Research Directions in Commodity Markets, 1970-1980 (Book IV)*.  
 \_\_\_\_\_ . 1985. *Selected Writings on FutureMarkets: Explorations in Financial Futures Markets (Book V)*.
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35. VARIAN, H. R. *Microeconomic Analysis*, 2nd ed. New York: W. W. Norton and Company.

*From the World Bank*

36. CHAMBERS, R. *Rural Poverty Unperceived: Problems and Remedies*. WP-0400.
37. EMMERSON, D. K. 1980. *Rethinking Artisanal Fisheries Development: Western Concepts, Asian Experiences*, Washington, D. C. The World Bank (World Bank Staff Working Paper No. 423).
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**COLLEGE OF NATURAL RESOURCES  
AGRICULTURAL EXPERIMENT STATION  
GIANNINI FOUNDATION OF AGRICULTURAL ECONOMICS  
DEPARTMENT OF AGRICULTURAL AND RESOURCE ECONOMICS  
UNIVERSITY OF CALIFORNIA**

**207 GIANNINI HALL  
BERKELEY, CALIFORNIA 94720**

May 11, 1988

Dr. Frederik W. Schieck  
Director USAID Mission to the Philippines  
Ramon Magsaysay Center  
1680 Roxas Boulevard  
Manila, PHILIPPINES

Dear Dr. Schieck:

Please find enclosed the evaluation report of the Agricultural Policy Research Program (APRP) at the University of the Philippines at Los Baños (UPLB). This report was prepared in fulfillment of the final evaluation requirements set forth in Section 4.1 of USAID grant No. 492-0367-G-SS-5091-00.

The evaluation team was composed of Dean Jose Encarnacion (School of Economics, University of the Philippines at Diliman), Dr. John Cool (Winrock International, Bangkok), Dr. Keijiro Otsuka (IRRI economist and professor at the Metropolitan Tokyo University), and myself as team leader. The Team conducted its assignment between March 29 and April 2, 1988, on the occasion of a workshop held at IRRI where all the APRP fellows and grantees presented their preliminary research results.

As you will see from the report, our main conclusions are that:

(1) The project was quite effective at institution building in the sense of assisting a group of young scholars at UPLB (CEM and CPDS) establish a research network in agricultural policy analysis and enhance the quality of its teaching in public policy. Through salary complementation, the project also allowed UPLB to significantly increase its retention rate of high quality professionals in a context of sharply deteriorated real academic salaries.

(2) The research undertaken by faculty and graduate students addresses problems of central significance for Philippine agricultural policy and is in general of reasonable academic quality. A definite effort is, however, still left to be done, before the APRP budget is exhausted, to homogenize the quality of the research projects and to clearly extract useful policy implications from each.

(3) The Winrock International associate played a key role in assisting project management, providing academic expertise, and mediating access to flexible funds in complement to the USAID budget.

These positive achievements still leave two problems that will need attention. The first is to insure sustainability in the policy analysis effort that was initiated under APRP, and this at the levels of both government and the universities. The second is that the non-competitive nature of academic salaries remains unsolved and will need the definition of imaginative mechanisms to provide faculties with access to complementary research funds while preserving their academic roles and integrity.

In view of both the results achieved by APRP and the existence of these continuing problems, the Evaluation Team made the following three recommendations:

(1) The proposed AAPP-DA-USAID project should seek balance between three functions: use the UPLB teaching capacity to train critical mass of short run policy analysis within the Department of Agriculture (DA); provide the DA with the capacity to contract specific policy research projects with UPLB and with the other member institutions in the agricultural policy network established by APRP; and channel resources directly to UPLB (CEM and CPDS) to allow the continuation of more long run and academic policy research projects than the ones contracted out by DA.

(2) Due to the current inexistence of an appropriate contracting institution able to handle the management and supervision of this tripartite program, Winrock International could be asked once again to serve as the mediating institution.

(3) In the long run, UPLB must devise a formula to manage independently its own teaching and research programs in the field of agricultural policy. This will require a greater commitment of UPLB resources to CEM and CPDS for agricultural policy research. It will also require organizing an independent Filipino receiving and granting institution, such as a privatized Philippine Institute for Development Studies, able to assume the functions effectively performed to this point by Winrock International.

I hope that this report will prove useful to the implementation of your programs in the Philippines and am available if any clarifications to the report are necessary.

Sincerely yours,

ALAIN DE JANVRY  
Chairman ARE

# **FINAL EVALUATION OF USAID GRANT TO WINROCK INTERNATIONAL (AID Grant No. 492-0367-G-SS-5091-00) AGRICULTURAL POLICY RESEARCH PROGRAM**

**PHILIPPINES 1985 1988**

The Agricultural Policy Research Program (APRP) at the University of the Philippines at Los Baños was initiated in October 1985. Support was provided through a USAID Grant to Winrock International which will end in June, 1988. Under the terms of the grant, this final evaluation is required to assess achievements and to suggest future avenues to sustain efforts in agricultural policy analysis.

The Review Team assembled to undertake this evaluation was composed of Alain de Janvry (team leader, Chairman of the Department of Agricultural and Resource Economics, University of California at Berkeley), Jose Encarnacion (Dean of the Faculty of Economics, UP Diliman), John Cool (Program Head, Winrock International, Kasetsart University, Bangkok), and Keijiro Otsuka (Economist, International Rice Research Institute). The Team attended a two day workshop on "Policy Considerations for Structural Changes and Development in Philippine Agriculture" which reviewed the research results of the fellows and grantees of APRP. The review team also conducted a series of interviews with the principal participants and users of the research between March 29 and April 2, 1988. Specifically, the review team attempted to:

- a) Evaluate the research, institution building, and public service components of the program;
- b) Assess the effectiveness in the organization and management of the grant, including the role of Winrock International in program management and in providing professional expertise; and
- c) Make suggestions for the sustainability of the program's achievements and the organization of future agricultural policy research efforts in the Philippines.

## **I. OVERVIEW OF APRP: Objectives, Organization, and Components**

Good policy analysis is a precondition for successful agricultural development and agricultural development must be a key component of successful economic development in the Philippines. It is also clear that massive changes have occurred in the macroeconomy and in the social goals pursued by the government since 1986, requiring a wholesale overhaul of agricultural policy to fit the new situation. It is in this context that APRP assumes its full significance and that the results and expertise it has helped create need to be assessed.

Social scientists at UPLB had organized an active but informal Agricultural Policy Working Group (APWG) before the initiation of the APRP. This group, which also included professionals from outside UPLB, had coordinated a number of research programs, organized workshops, published books, and thus gained recognition in the Philippines as a key source of economic analysis on agricultural policy. The effectiveness of this group was however limited by lack of resources to support research initiatives and the logistics of its activities. It, however, provided the basis on which the APRP program was to be organized.

The then A/D/C associate at UPLB, Dr. Gerald Nelson, was instrumental in approaching USAID with a proposal to support the activities of the group. A grant to A/D/C was requested, rapidly approved in June 1985, and the program started in October 1985. The remarkable speed with which the grant was approved however left to be defined many of the modalities as to how the resources would be used. Reorganization of

A/D/C into Winrock International and departure of Dr. Nelson resulted in a discontinuity in the critical role of the A/D/C Associate as advisor and project manager. The new Winrock Associate arrived to begin residence at UPLB only in July 1986. In the opinion of this review team, the grant program was, in spite of these problems, highly successful in establishing its own operating rules in the process of implementation and in fulfilling its objectives. This was due in no small measure to the creative abilities, managerial talents, and extraordinary professional dedication of the two successive project coordinators (Drs. Fermin Adriano and Jerome Sison) and of the Winrock Associate (Dr. Anthony Tang).

### 1.1 Objectives of the Program

The main objective of the APRP was to build institutional capability, primarily at UPLB, in the field of agricultural policy research. Secondly, it was to generate a set of research results that could be internalized by the agricultural policy making process and thus serve Philippine agricultural development while enhancing the public service component of UPLB's program. This was to be done by assisting the faculty and students of the Departments of Agricultural Economics and Economics in the College of Economics and Management (CEM) and the research staff of the Center for Policy and Development Studies (CPDS) to reinforce their research activities in policy analysis, to increase their links with the Department of Agriculture (DA) and the policy making process, and to improve through research the quality of teaching in public policy at UPLB. Additionally, the salary complementation received from research grants was to help UPLB retain high quality and expensively educated young faculty members with high opportunity costs (in either the private sector or abroad) in a situation of sharply deteriorating academic salaries in real terms.

Program mechanisms consisted of competitive research fellowships to senior staff members and research awards to MA/MS and Ph.D. dissertation students and junior staff members. Research budgets also provided general support to CPDS and CEM, helped to improve physical facilities at UPLB, and provided material support to facilitate research.

### 1.2 Organization of the Program

The project was co-managed by a Program Coordinator and the Winrock Associate assisted by an Account Manager and advised a Coordinating Committee (CC). After several modifications, the CC was composed of five members:

- The Dean of CEM
- The Account Manager of APRP
- The Winrock Associate
- The Program Coordinator (serving as committee chairman) and
- A representative from the social sciences at UPLB

The responsibility of the CC was both in policy making for the program and in advising the Coordinator on program management. The Winrock Associate, as Winrock's "Program Leader," played a particularly crucial role in working with the Program Coordinator to implement the project within the terms of agreement established by the USAID grant. Winrock was instrumental in providing flexibility to the program through a contribution of limited unrestricted funds from its own core funding. This combination of funding sources proved to be highly effective as it permitted the program to adjust to unanticipated needs and opportunities.

Significant efforts were made to design the program in such a way that research would be both relevant to the making of Philippine agricultural policy and scientifically sound. Rules were also established to assure fairness and objectivity in the access to research funds and to deal with the highly sensitive question of salary complementation for a selected subset of faculty and staff at CEM and CPDS within UPLB and at other participating institutions. In general, the Review Team has been favorably impressed by the degree to which this was achieved.

In order to establish priority research areas, a written survey was conducted among 80 of the top Filipino social scientists asking them to identify suggested priorities. This was followed by a two-stage workshop process to further discuss the priorities identified. The first was conducted among national social scientists and the second open to foreign experts and donor agencies. This resulted in a list of six broadly defined areas that included: rural poverty and income distribution; effects of macroeconomic policies on the agricultural sector; economies of scale in agriculture and agribusiness policy; rural finance and agricultural credit, the development of methodologies for agricultural policy research; and improvement of a database.

The last two topics were somewhat spurious and the list excluded such important areas as the economics of natural resource conservation and the analysis of labor markets. It is our belief, however, that the decision to try to confine research to a few selected areas was correct as there are clear economies of scale in research. Continuation of the research program may require that, in the future, even more specific choices of research areas be made in order not to disperse the effort. It may also require stimulating specific scholars to submit proposals (on a competitive basis) in the priority areas identified by the Selection Committee.

Once research priorities had been established and the research competition broadly advertised at UPLB and in a number of other universities, two selection committees were appointed to award the research fellowships and grants, respectively. The committees were composed of respected academics, public administrators, and industry representatives coming from a wide variety of institutions, principally external to UPLB. Proposals received were, in addition, reviewed by two referees who submitted both evaluations and recommendations for improvement of the proposals. A significant effort was made to stimulate the submission of research proposals not only from a variety of units within UPLB, beyond CEM and CPDS, but also from other universities. This was done for the purpose of establishing the basis for a nation-wide research network in agricultural policy. Since the issue of salary complementation through research grant is highly sensitive and can, if badly handled, be perceived as favoritism, we feel that the organization and performance of the selection committees was outstanding and that the members of these committees should be commended for their professional objectivity and fairness.

## II. THE RESEARCH COMPONENT

### 2.1 Grantees and Topics Covered

As previously explained, research priorities in the APRP program were carefully established. Research projects funded fall into four broad areas: (1) land reform and agricultural taxation; (2) trade and agribusiness policy; (3) rural credit and finance; and (4) rural welfare issues. We judge that these topics are a good representation of the research priorities set out by the Coordinating Committee and that they do correspond to the key current priorities for agricultural policy analysis.

While slightly more than 50 percent of the program participants were UPLB staff members and graduate students (seven out of twelve papers presented at the workshop and nine out of sixteen fellowships and grants awarded), 48 applications came from sixteen other institutions. The selection of grant recipients was however not biased in favor of UPLB since about 50 percent of the applicants that were not selected are also from UPLB.

### 2.2 Quality of Research and Policy Significance

The Review Team considers that about half of the research papers satisfy expected scholarly standards but that nearly all remain incomplete and will require further revisions before publication. Undoubtedly, the comments received by the authors in the March workshop will be of considerable assistance for that purpose.

We add, as an Appendix to this document, the list of papers presented and comments on each paper provided by the Review Team to authors to help in this process of revision.

In general, the data collection, particularly when done at the village level, has been well-conducted and the descriptive parts of the analysis are good. Most papers, however, exhibit excessively detailed descriptive tables which obscure understanding of the major findings.

A common problem with the research which was noted by the Review Team is the insufficiently explicit formulation of major hypotheses to guide the research. This tends to result in a lack of appropriate focus on key issues or, at least, to leave the reader uncertain that the research is indeed addressing a central policy question. We feel that it is important that, as papers are being revised, the central purpose of the analysis and the working hypotheses that guide the analysis be more clearly spelled out.

A more serious problem from a policy perspective is that researchers are too often unduly concerned with fact finding and not sufficiently centered on policy analysis. Researchers must realize that fact finding, while absolutely necessary in a first phase of the research, is not sufficient for policy formation since it does not directly provide useful information for the appropriate choice of policy alternatives. What is needed is to follow descriptive analysis with simulation or optimization analysis based on the estimation or the specification of behavioral relations. Yet, a majority of the papers did not attempt such an analysis. Evaluation of the efficiency and equity consequences of the policy measures analyzed, and of the trade-offs that exist between them, is another important element of policy research. It is however regrettable that this type of analysis was only undertaken in a few of the papers presented.

The twelve papers presented at the workshop, which were all the outcome of research sponsored by APRP, indeed vary considerably as regards to their direct usefulness for possible policy actions. We discuss them here briefly one by one to provide a general evaluation of the quality and policy usefulness of APRP research.

These comments are to be seen against the background of the workshop design. The papers presented were meant to be abstracts of the larger studies of the research fellows and grantees, some of which will be substantial monographs to be completed after the June 30, 1988 grant completion date. Those approved by the Publications Panel are to be published individually with Winrock funds. Revised workshop papers are to be published as proceedings. As a result of the workshop, contributors have been directed to include an executive summary in clear, concise language and to explicitly indicate the policy implications of their research.

The Quisumbing-Adriano paper argues for a low ceiling in the size of a farm that may be owned by an individual and provides good empirical evidence in support of this proposition. Habito would replace indirect with direct taxes -- a progressive land tax in particular -- and recommends greater public expenditures in the agricultural sector to correct the present underinvestment. Balisacan's analysis points to the removal of remaining price and import controls on fertilizers as a step toward greater efficiency. These three papers thus all have evident policy relevance as policy makers can in principle simply make decisions that follow the recommendations offered by these papers.

At the other extreme, it is not clear what policy makers are to make of several of the studies. Ilaga uses "feelings of power" associated with land ownership and "sentiment toward land ownership" as explanatory variables for a hypothetical decision to sell one's farm in response to higher land taxes, but does not make explicit how a policy maker is to use this information. Yorobe's regional programming model of the livestock-feed subsector, which is static, cannot be very useful for purposes of planning as that process is essentially dynamic in nature. Vergara's paper on rural bank performance does not present any results to speak of. And the paper by the Bello team makes no attempt at drawing policy implications as it was, instead, designed to focus on project development.

In between these two extremes, the remaining papers have different potentials for policy interest. Umali argues carefully that, instead of price intervention in the rice market, policy moves that promote greater competition in the marketing chain may be a superior policy. Geron's paper on informal rural credit markets finds an efficiency rationale for these markets and suggests that borrowers' cooperatives could help reduce "excessive" profits accruing to rural lenders. The Armenia paper, with a topic similar to that of Geron's, is less clear about its policy implications. In the Rola paper, there is a recommendation for more government regulation of pesticide use, but no figures are given about the costs and benefits of such a program. Lastly, the descriptive paper by Consolacion and Francisco on ethnic communities in the Cordillera contains interesting information on ritual practices and traditional behavioral patterns but is at best only a distant start towards policy analysis.

It seems likely that the variance in the policy significance of the research papers is largely the result of different degrees of experience or access to quality supervision among the authors. It may also be due to the fact that several research projects are still in progress and that work on the policy implications of the research is yet to come. It should also be recalled that, because research grants have a student training function, they were awarded to young professionals taking their first steps in the field of agricultural policy research. Before research results are published, however, it will be important for the APRP leaders to make sure that the policy implications of each project are explicitly spelled out. Only if this is systematically done will the APRP program qualify as successful policy research.

### 2.3 Recommendations for Improvement of Future Research

As pointed out above, the research results are in general satisfactory but can nevertheless stand further improvements which should be achieved before the program is over. A few suggestions toward that end are as follows:

(i) Submission of papers for publication in professional journals is the standard mechanism by which serious reviews, by usually anonymous referees, are obtained. If the APRP papers are to be published in house, an anonymous referee system should be used to emulate the review process in professional journals.

(ii) The Coordination Committee may want to set aside a small fund for fees to call in expert consultants to guide selected papers that, in its judgement, need particular assistance.

(iii) The UPLB agricultural policy group, complemented by the external agricultural policy network that the APRP has helped establish (including the relevant IRRI economists) should hold an open door weekly agricultural policy seminar on the UPLB campus with implacable regularity. It is only by the presentation of papers *in extenso* in these seminars that exhaustive and constructive comments can be received by the authors. We feel that UPLB would greatly benefit by establishing the tradition of such a seminar.

## III. INSTITUTION BUILDING COMPONENT

UPLB benefited from a large scale program of institutional building and staff development in the social sciences in the 1950's and 1960's with assistance from the Rockefeller and Ford foundations and USAID. This was complemented by a World Bank loan providing additional training and fellowship opportunities between 1977 and 1982. With a well developed faculty at hand, the next phase in institution building, to which APRP was to contribute, consisted in orienting the faculty toward conducting relevant policy research for the Philippines, in enhancing the quality of their teaching in the field of agricultural policy, and in increasing the retention rate of faculty at UPLB. It is our judgement that APRP has been highly effective in fulfilling these three purposes.

The priorities established by the research committee, the workshops where research results were submitted to collegial scrutiny, the guidance provided by the Advisory Committee and the Winrock Associate, and the resources made available to support research have all helped focus research on key policy issues. The program has also assisted young researchers develop interactions with the policy process, get exposure to the field in collecting primary data, and communicate their results to a broad public. Through this, the public service mandate of the social sciences at UPLB has definitely been fulfilled and reinforced.

It should be noted that the study prepared by the Agricultural Policy and Strategy Team; AGENDA FOR ACTION FOR THE PHILIPPINE RURAL SECTOR, widely known as the "*Green Book*" has played an important role in shaping the thinking of the Department of Agriculture and the Aquino Government since it first appeared in 1986. The team realizes that a final revised version of the report was not completed following extensive review at national and regional levels, however the impact of the study was significant and timely. The current Secretary of Agriculture has commented favorably upon its findings and recommendations.

Linkages to the Department of Agriculture have, as a consequence of the "*Green Book*", been greatly improved. The evaluation team was impressed that the Secretary of Agriculture, in his keynote address to the Agricultural Policy Seminar-Workshop which constituted a central part of this evaluation, made it evident that he regarded the policy group at UPLB as a source of ideas and insights and that, even though the process of policy making was essentially a political activity, his door was always open to new ideas from the community of policy analysts which has been established at UPLB.

The team believes that a solid foundation has been laid. It also notes that much more can be done if the momentum of the last three years is maintained. There is recognition among researchers of the need to more aggressively package and market the results of their research so that it can reach the user community in the private sector as well as in the government. Small, focused presentations to selected audiences of decision-makers; single issue papers and publications; collaborative research design and working groups - all these should be considered as important opportunities in the next phase of policy development at UPLB.

An unanticipated fall out from grant funded activities has been the proliferation of *newspaper articles* written by CPDS and CEM faculty on various policy issues of current significance. These were favourably commented upon by the Secretary of Agriculture who welcomed the broader airing of these issues to an informed public.

An important element in the process of increasing institutional capacity is improved performance in the *classroom*. This is difficult for an evaluation team to assess in a short period of time. It is clear that the links between research and teaching are well established at UPLB and it may be presumed that those faculty members who have been involved in studies supported by the grant have enriched their classroom performance as a result. Given the greatly increased demand for competent professionals capable of addressing agricultural policy issues in the generation ahead, this relationship should not be forgotten in future planning of public policy programs of research support and graduate education at CEM and CPDS.

Among the important accomplishments of the grant, the review team considers that the demonstrated ability of the small research awards program to attract younger professionals and to stimulate them to undertake policy studies was notable. It was also impressed by the many expressions from university administrators and senior faculty which indicate that the program supported under the grant have made it possible for them to retain the services of well-trained professionals who might otherwise have left UPLB. It is not the incentives of honoraria alone but the fact that the policy program at CEM and CPDS made these institutions more attractive intellectually.

While the retention rate of trained faculty in economics at UPLB was notably low before APRP, it has been increased to about 75 percent during the lifetime of the project. There are several top young economists currently at UPLB who would no longer be there but for the assistance and stimulation which APRP has provided. This is a remarkable achievement, but it is one that must not hide the fact that the long run problem

of faculty retention, in a context of a continuing crisis of academic remuneration, remains basically unresolved. A long term solution internal to UPLB urgently needs to be devised. In the mean time, continued salary complementation through external grants and research contracts may need to be insured. This will require a more systematic and sustained effort aimed at increasing and diversifying the pool of research monies to which CPDS and CEM have access. If the gains made under this grant are to be effectively institutionalized, the problem of ongoing support for policy research should command a priority at UPLB.

#### IV. PROCEDURAL ASPECTS OF THE GRANT

This grant was made to the Agricultural Development Council (A/D/C), a registered private voluntary organization (PVO) under Section 501 (c) (3) of the Internal Revenue Code. For more than two decades the A/D/C had had a presence on the campus of the University of the Philippines at Los Baños and it was the last A/D/C Associate who negotiated this grant. The established and accepted role of the Associate was to serve as a professional colleague within the Faculty of Agricultural Economics. The Associate typically had modest amounts of flexible funding for the support of small research activities and could recommend a small number of outstanding candidates for fellowship support under A/D/C's Asian Fellowship Program.

On July 1, 1985 the A/D/C was merged with two other Rockefeller related organizations to create the Winrock International Institute for Agricultural Development, also a registered PVO. By the time that funds from the grant were in place and recruitment of a new Associate was completed, the organization had changed and the nature of the responsibilities to be undertaken were different from those of a visiting professor. The requirements of grant management demanded a high proportion of the Associate's time.

This resulted in some perceptual dissonance. UPLB staff in both CEM and CPDS were not initially aware of the significance of these changes. As grant manager, the Winrock professional was required to insure that the terms and conditions of the grant were adhered to. Grant funding was not as flexible as had been hoped. There were, as a consequence, some unfulfilled expectations. Misunderstandings and tensions arose which had to be overcome.

It had been the expectation of some at UPLB that the entire focus of the APRP grant would be on activities at Los Baños. The broader mandate of the grant to increase capacity to undertake policy research in agriculture throughout the nation, somewhat unrealistic in view of the manpower and funding constraints, required a reorientation in UPLB thinking.

It is a tribute to the grant managers that they were able, through experience, to use funds provided by Winrock International to meet those urgent needs which could not be met from USAID grant funds. The creative reallocation of funding, approved by USAID to conform with the requirements of the grant, highlights, in the view of the Review Team, the importance of having a co-financing grant implementing agency and the need for diverse funding sources to insure flexibility of response to program opportunities.

Management of the grant required that an appropriate pattern of incentives be established to retain the service of experienced professionals to guide policy research while not creating tensions among colleagues working in other programs. The rules of the University of the Philippines system impose severe limits upon the amount of 'topping up' which can be done for researchers. Winrock International, as the intermediary grant implementing agency, was faced with the need to insure adequate incentives to attract younger scholars into policy research while not unduly distorting the accepted norms of the Philippine university community. It is the view of the Review Team that APRP was effective in maintaining a balance. Care must be exercised in future to prevent distortions in the patterns of incentives and rewards which could lead to tensions between colleagues, particularly when salary complementation is given to university administrators since this is not done on a competitive basis as is the case with research grants.

## V. SUSTAINABILITY OF POLICY RESEARCH IN AGRICULTURE AT UPLB

The Review Team notes that the grant has made it possible for UPLB, with support from both USAID and Winrock International, to make significant progress in policy research during the past three years. Much remains to be accomplished if the gains made under the grant are to be consolidated and institutionalized. It is understood that proposals for future support for policy research at UPLB have been submitted to the Chancellor, to the Ford Foundation, and to the USAID Mission to the Philippines through the Department of Agriculture. CEM-CPDS leaders appear to be confident that support for specific research activities relevant to the needs of DA will be forthcoming through the Accelerated Agricultural Production Project (AAPP). These USAID funds will be earmarked for UPLB through CEM-CPDS, although the mechanisms are yet to be established.

This support for contract type policy research in response to the needs of DA is important. It does not, however, assure the broader support required to continue the process of professional development and capacity building which has been a central aspect of activities sustained under USAID's grant to Winrock. Nor does contracted research from a government agency insure that CEM and CPDS will find the funding and flexibility which will permit a continuing process of independent agenda setting which is central to quality policy research centers in academic institutions.

The Review Team believes that there are three distinct levels at which further capacity building is required to stabilize a productive policy research program. Within the DA there is a recognized requirement for an in-house research and analysis capacity to undertake short-term studies and to provide rapid response to urgent needs of the Secretary and his senior staff. UPLB has a fundamental role to play in helping DA develop this in-house capacity. Second, there is need for a flexible contracting mechanism which permits the DA and other users to obtain the services of the best available policy analysts to focus effort on medium-run, targeted research. These studies may, typically, be of six to twelve months duration and would result in clear policy recommendations which lay out the benefits and consequences of selecting alternative program and policy courses of action. Thirdly, there is a continuing need to institutionalize support within UPLB for the conduct of long-term policy studies of major agricultural, natural resource and rural development issues. Such studies, organized by CEM-CPDS, should engage the broader pool of talent available within the UPLB community. Continuing support to agricultural policy research by USAID through the AAPP should not be permitted to result in CPDS becoming only a research consulting organization. Faculty members at UPLB should be free to set some elements of their own research agenda in any ongoing capacity building program.

The Review Team notes the critical role played by A/D/C and by Winrock International in serving as the facilitating and implementing agency. Winrock has provided the catalytic element in mediating access to USAID resources and in drawing different groups with common interests together to address important problems. While ultimately both CEM and CPDS should be in a position to coordinate all elements of the policy studies process, the Review Team finds widespread acknowledgement of the continuing need for a Winrock presence until this is achieved.

The Team wishes to indicate that the presence of the Winrock Associate and Visiting Professor, Dr. Anthony Tang, has been a major factor in the achievements of the APRP objectives. The difficulties faced by the Winrock Associate, resulting (as noted previously) from the changed nature of the responsibilities which he was required to assume for grant management, were nonetheless overcome and his experience and quiet professional presence afforded guidance and served as a stabilizing element which was essential to the successful outcome of the grant.

There is a widely shared perception that the future of public policy research and education at UPLB depends upon the support provided by the University administration. If the commitment to public policy studies is to be sustained, additional UPLB resources will be required. For fourteen years CPDS has been

largely dependent upon external funding from USAID and the American foundations. While this has been understandable and beneficial, it is not the optimal long-term solution. A decision should be sought at higher levels regarding the importance of public policy studies and the future need for competent younger professionals to undertake such studies. Creative financing arrangements, including the possibility of a special purpose endowment, may be considered.

In the longer run, institutionalization of the APRP effort may require the creation of a Philippine private institution that has more flexibility in handling research funds than does a government agency or a public university within the UP system. In principle, continued reliance on the mediation of a foreign PVO such as Winrock International should not be essential. It must, however, be recognised that the UP system is constrained by a general government regulation which limits the honorarium that a faculty member can receive from research to 100 percent of his or her salary. This salary can, at present, be as low as \$300 per month for a full professor. Most UPLB faculty members in agricultural economics and economics are only assistant professors with salaries well below that figure. Research appointments at CPDS are on a salary scale that is even lower than that of the teaching faculty. In order to survive, these scholars often take on short-term consulting assignments. This kind of work generally does not address research problems which may become professionally important in the medium or long-term. It often does not have academic publication potential. The quality of teaching at UP requires, by contrast, that faculty does medium and long-term research in their own fields of teaching, with the goals of creating new knowledge, and with the motivation to publish in top domestic and international professional journals.

The Review Team is advised that a long-term solution would be to establish a high quality private institution, say a privatized Philippine Institute for Development Studies (p/PIDS), which can hire academics on a half-time basis at rates that would permit them to stay in the UP half-time. By being private, it would have the flexibility to hire and fire researchers on the basis of productivity and quality of performance. A carefully planned research program could be made attractive enough for government departments and agencies to support with their discretionary funds, while leaving room for the new p/PIDS-type institution to pursue funding to do research which it considers important but not of current interest to government departments. A p/PIDS could also seek endowment support in the international community. Without such an independent p/PIDS, it seems very likely that the better scholars, especially the younger ones with greater national and international mobility, will be lost to UP and that, in the specific field of agricultural policy analysis, the holding operation of APRP may continue to be successful only so long as external support is sustained.

However, until long-term institutional arrangements are in place, the Review Team believes that it is important to recognize that there is a substantial and continuing benefit in having an intermediary co-financing PVO to serve as a mediating organization to provide small amounts of flexible funding and high quality professional support.

## APPENDIX: EVALUATION OF WORKSHOP PAPERS

### 1. Tenurial Arrangements and Agricultural Heterogeneity: Implications for Agrarian Reform by Agnes Quisumbing and Lourdes Adriano

This is an ambitious, comprehensive, and extremely important study. Indeed the authors made a number of interesting and important findings. However, it seems to us that the authors cover so many broad topics in a single paper and often made very important statements without fully explaining the evidence and economic reasoning behind them. Examples include the significance of scale economies in production of commercial crops, the socially negative impacts of the agrarian reform program implemented for rice and corn areas, and the advantage of a progressive land tax scheme proposed by the authors.

In order to make the analysis directly bear upon the policy debate on agrarian reform, a clearer focus on certain key issues would be desirable.

### 2. Fiscal Policies in Philippine Agriculture by Cielito Habito

The paper is well-written and provides useful information but is largely descriptive. Given the availability of a CGE model, it is desirable to evaluate the possible consequences of various policy alternatives, including a progressive land tax, on key economic variables such as income and prices.

### 3. Agricultural Land Taxation and Land Reform in the Philippines by Alicia Ilaga

This paper could potentially provide useful policy implications for the feasibility of a progressive land tax scheme. Analysis, however, is somewhat incomplete. There appears to be excessive divergence of estimated factor shares among different tenurial arrangements. The theoretical basis for the logic analysis is not quite clear, and the appropriateness of the way in which data were collected seems doubtful. Reorganization of the analysis may be called for, based on a careful reconsideration of the collected data.

### 4. Getting Leverage with Fertilizer: Policy Use and the Anatomy of the Market by Arsenio Balisacan

This is an excellent paper in terms of appropriateness of the methodology and significance of findings, although reexamination of the estimated results seems to be necessary. In addition, a more clear-cut descriptive analysis of the causes of cyclical change in the welfare effects of fertilizer policy is desirable in order to enhance the significance of the study.

### 5. Assessing the Benefits and Risks of Pesticide Use in Philippine Agriculture by Agnes Rola

The topic is extremely important and at the same time quite difficult to analyze. We appreciate the author's effort to advance our understanding of the pesticide use issue. We recommend that the basic issue of whether pesticide use positively affects production should be more carefully examined. Also we would like to suggest that the author consider the environmental problems arising from accumulation of pesticide residue, in addition to the issues of farmers' hazards arising from their exposure to pesticides and consumers' hazards due to the pesticide residue in food, in order to help formulate a socially optimal policy.

6. Policy Alternatives in the Livestock-Feed Sector: A Regional Programming Model by Jose Yorobe, Jr.

It seems to us that the author has made considerable progress in the estimation of a programming model. However, the policy implications are still not clear. It will be particularly important to draw policy implications so as to facilitate a dialogue with policy planners, considering the highly complex nature of the mathematical model adopted in this study.

7. Rice Marketing and Prices Under Government Price Stabilization by Dina Umali

This is an excellent piece of work. In particular, the finding that the marketing margin between farm and wholesale prices has increased over time is quite interesting. It is desirable, however, to identify the major reasons for this phenomenon in a more rigorous and convincing manner.

8. A Multiple Discriminant Analysis of Rural Bank Performance by Severino Vergara

It is unfortunate that the presented paper is simply a summary of findings and conclusions without a clear explanation of the purpose, method, and estimation results of the study. It seems to us that a reestimation is required, given the unsatisfactory results of the MDA method and the somewhat arbitrary procedure of classifying banks into groups.

9. The Performance of Rural Financial Markets in Eastern Visayas by Pedro Armenia

The author seems to have collected a highly valuable data set, judging from a number of interesting findings shown in the descriptive and statistical tables. The rich data set, however, is not fully exploited. In particular, it is desirable to estimate certain behavioral functions by choice of different forms of contract, in order to identify the sources of efficiency and inefficiency in the informal rural credit market. We expect that much more useful policy information can be derived through such analyses in this study.

10. Philippine Informal Rural Credit Market: Efficiency and Equity Issues by Piedad Geron

We are convinced that the quality of this research is quite high and can potentially provide useful information for policy formation. It is also noteworthy that the conceptual as well as analytical framework of the paper is quite cogent.

Yet we have the impression that the statistical analysis is too simplistic considering the complexity of informal credit markets. Considerations of collateral, risk, the impact of agrarian reform, etc. should be more explicitly incorporated into the analysis to enrich the value and the policy implications of the analysis.

11. Rural Poverty in an Ethno-Community: An Analysis by C.C. Consolacion and H.A. Francisco

The major purposes of the paper are to measure the extent of poverty in the Cordillera, identify its causes, and make policy recommendations for its alleviation. The study, however, is not successful. The analysis suffers from the adoption of arbitrary poverty lines. The causes of poverty are not well analyzed given the collected statistical data, and as a result, the policy recommendations are quite ad hoc.

We recommend that analysis should be reoriented toward identifying the functional causes of "low" income, rather than focusing exclusively on poverty, which made the statistical analysis unduly difficult.

12. Study of Alternative Models of Upland Farming for the Negros Sugar workers by Emmanuel D. Bello

This study is incomplete in many ways. The author simply enumerates a number of socio-economic problems of farmers without providing any statistical evidence. The feasibility of the proposed agroforestry system is unclear.

Since the profitability analysis, which estimated the benefit-cost ratios of new farming systems, is not explained, fuller explanation of analytical results is required.