

Hon. RUDOLFO A. BERNARDEZ
Representative, Lone District of Abra

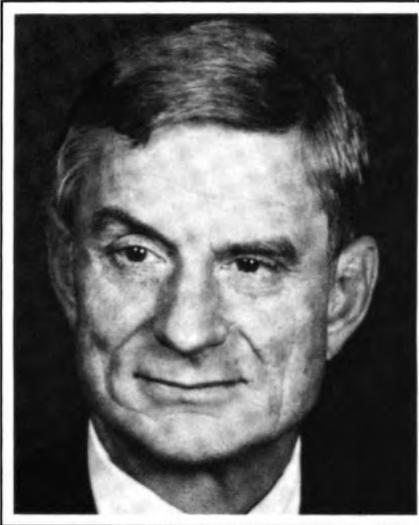
USAID IN THE PHILIPPINES

YEARS OF COOPERATION

110
111
112
113
114

TABLE OF CONTENTS

I	INTRODUCTION	1
II	AN OVERVIEW OF USAID IN THE PHILIPPINES	2
III	A PHOTO HISTORY OF U.S. ECONOMIC ASSISTANCE TO THE RP	10
IV	CURRENT USAID ACTIVITIES	16
V	CONCLUSION: USAID'S IMPACT	24



American economic assistance to the Philippines has a history which extends back to the earliest days of the Republic. From the first years of independence, economic assistance has been one of the three pillars of the Philippine-American economic relationship, along with trade and investment.

During the past three years alone, our two governments have jointly programmed almost a billion dollars in American economic assistance. These funds will pay for the kinds of basic rural infrastructure and services which must be the foundation of sustainable and equitable growth. Together we will build new farm-to-market roads, extend rural electric power into remote barangays, install safe piped water supplies in hundreds of villages, and immunize tens of thousands of children against infectious diseases.

American economic assistance builds upon the programs and the goals which President Aquino has articulated so clearly in her first two years in office. We are partners in supporting the President's goal to make private enterprise the engine of Philippine recovery and to restore market forces in an economy ravaged by two decades of mismanagement.

It is a pleasure to dedicate this brief and colorful history of the American assistance program. I do so in great confidence that more than forty years of economic partnership have laid a firm foundation for future growth and prosperity in the Republic of the Philippines.

Sincerely,

A handwritten signature in cursive script that reads "Nicholas Platt". The signature is written in dark ink and is positioned above the printed name.

NICHOLAS PLATT
Ambassador

REPUBLIC OF THE PHILIPPINES

Provincial and regional map

Geographic Distribution of Infrastructure Activities (Completed and In Process) (\$ Millions)

REGION 1

Schools	- 158 - \$ 2.4
Roads	- 128 - \$ 1.4
Markets	- 3 - \$ 2.4
Others	- 50 - \$ 1.5
Total	- 339 - \$ 7.7

REGION 2

Schools	- 160 - \$ 1.9
Roads	- 80 - \$ 0.9
Markets	- 1 - \$ 1.5
Others	- 43 - \$ 0.1
Total	- 284 - \$ 4.4

REGION 3

Schools	- 332 - \$ 11.4
Roads	- 93 - \$ 15.7
Markets	- 23 - \$ 16.0
Others	- 24 - \$ 11.2
Total	- 472 - \$ 54.3

REGION 5

Schools	- 164 - \$ 1.7
Roads	- 68 - \$ 0.7
Markets	- 1 - \$ 1.4
Others	- 17 - \$ 0.2
Total	- 250 - \$ 4.0

REGION 7

Schools	- 180 - \$ 2.2
Roads	- 52 - \$ 0.4
Markets	- 1 - \$ 1.2
Others	- 3 - \$ 0.0
Total	- 236 - \$ 3.8

NCR

Schools	- 98 - \$ 1.2
Roads	- 119 - \$ 2.0
Total	- 217 - \$ 3.2

REGION 8

Schools	- 304 - \$ 3.9
Roads	- 123 - \$ 0.8
Others	- 36 - 0.0
Total	- 463 - \$ 4.7

REGION 4

Schools	- 266 - \$ 3.1
Roads	- 142 - \$ 1.4
Others	- 3 - \$ 0.0
Total	- 411 - \$ 4.5

REGION 10

Schools	- 160 - \$ 2.1
Roads	- 87 - \$ 0.9
Others	- 20 - \$ 0.4
Total	- 267 - \$ 3.4

REGION 6

Schools	- 247 - \$ 2.9
Roads	- 81 - \$ 0.8
Markets	- 1 - \$ 1.0
Others	- 136 - \$ 0.7
Total	- 465 - \$ 5.4

REGION 9

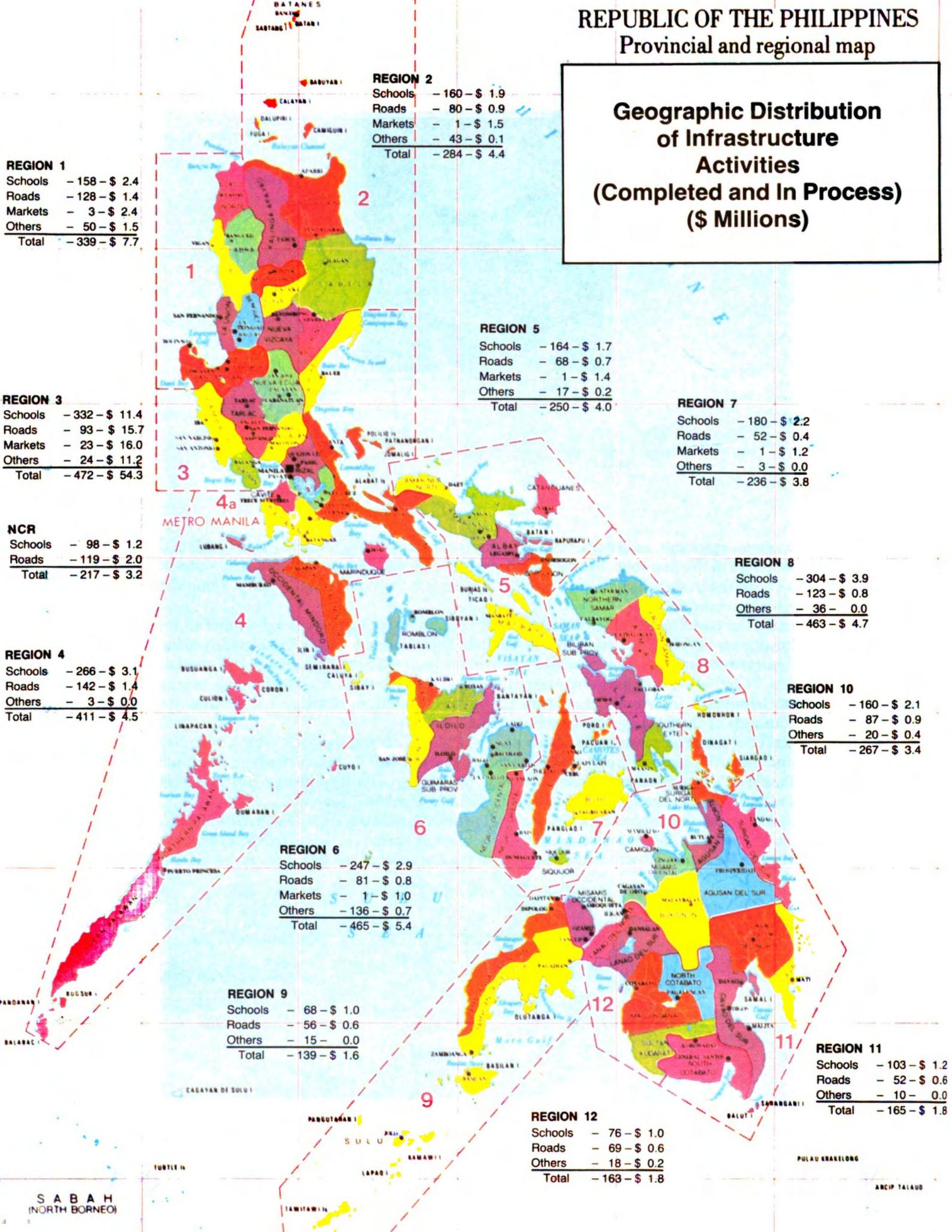
Schools	- 68 - \$ 1.0
Roads	- 56 - \$ 0.6
Others	- 15 - 0.0
Total	- 139 - \$ 1.6

REGION 12

Schools	- 76 - \$ 1.0
Roads	- 69 - \$ 0.6
Others	- 18 - \$ 0.2
Total	- 163 - \$ 1.8

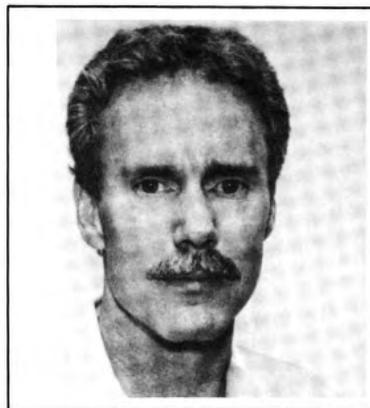
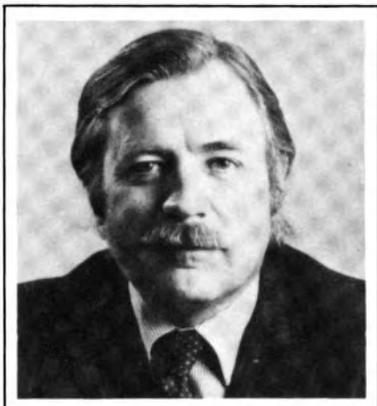
REGION 11

Schools	- 103 - \$ 1.2
Roads	- 52 - \$ 0.6
Others	- 10 - 0.0
Total	- 165 - \$ 1.8



SABAH (NORTH BORNEO)

ANCIP TALAUD



The Agency for International Development has provided more than three billion dollars in assistance to the Philippines over the past quarter century. Looking back to our predecessor American aid programs which have operated here since the Second World War, there is a great sense of shared pride in the Fil-Am achievements which have marked more than forty years of economic cooperation.

Americans and Filipinos have worked together using U.S. resources to build some of the most exemplary development institutions in Asia. Our joint efforts in building the Agricultural Campus at UP Los Baños, for example, has set a benchmark for the entire ASEAN region. Our joint program for rural electrification in the Philippines was later emulated in Pakistan, Thailand, Bangladesh and in several Latin American countries. The Philippine program was the model upon which others built and from which they learned.

The challenges of fostering economic recovery and of improving the lives and livelihood of the poor majority of Filipinos are massive. USAID joins with the World Bank and the ADB as well as with the major bilateral donors in seeking new ways to combine our resources and our technical skills with Philippine resources and technical skills to meet these challenges. In the early years of President Aquino's Administration, the USAID program provided some \$600 million in grant assistance to directly support the national budget. No donor has ever provided so much grant assistance here, and none has ever provided so much direct budget support. As we move beyond the fiscal crisis of the first two years, USAID and the departments of the Government of the Philippines are working together to design and implement projects and programs in the key areas of rural infrastructure (roads, ports, telecommunications and electrification), agriculture, public health, education and family planning.

We are also seeking new ways to harness the vigor of the Philippine private sector as a primary agent of economic recovery. We share with President Aquino an appreciation that sustainable economic growth depends upon a dominant role for the private sector and the assurance that market forces, not government fiat, establish the signals which drive investment. The USAID program over the coming decade will seek to reinforce policies of economic liberalization, promote private sector investment, and expand the core of basic public infrastructure in the rural areas of the Philippines.

A handwritten signature in cursive script that reads "Frederick W. Schieck".

Frederick W. Schieck
Director 1984-88

A handwritten signature in cursive script that reads "Malcolm Butler".

Malcolm Butler
Director 1988-



I. INTRODUCTION

The story of U.S. economic assistance to the Philippines is part of the larger story of American efforts to promote international security and prosperity in the post World War II era. When the United States emerged as the greatest economic and military power at the close of the war, Americans found themselves with new global responsibilities. They addressed these responsibilities with a series of foreign policy measures such as the "Marshall Plan" which were founded on the belief that world peace, economic prosperity and national independence required international cooperation. Consequently, at the same time the U.S. built a network of mutual security pacts, it also took the lead in assisting economic reconstruction and development. President Truman's "Point Four" program in 1949 began a tradition of American economic assistance programs in the developing world, which continues today. Since its creation in 1961, USAID has provided more than \$140 billion to developing countries. This assistance has helped a number of nations achieve high levels of economic growth and development. Some countries that were once recipients of U.S. economic assistance have instituted their own foreign assistance programs.

In addition to its bilateral economic assistance

programs, the United States played a central role in founding and supporting multilateral development institutions such as the United Nations, the World Bank and the Asian Development Bank. The U.S. also has led the way toward a more open and competitive international economy by consistently negotiating for the reduction of barriers to international trade. Believing that trade is a major contributor to economic development, the U.S. has implemented a program of specialized preferences for imports from less developed economies. As a result, the U.S. is the largest market for manufactured exports from the entire Third World.

Economic development remains an urgent priority for many nations, and the steadfast U.S. commitment to world economic development produces tangible benefits. The rate of economic growth of many developing countries has been consistently higher than that of the developed countries during most of the last two decades. International trade and investment flows also have expanded greatly. National and personal income levels have risen in most regions of the world, enabling people to live longer, healthier and fuller lives.

II. AN OVERVIEW OF USAID IN THE PHILIPPINES



New approaches to forest conservation and regeneration are critical to upland farming in the Philippines. At agro-forestry sites like this one in Iloilo, USAID is helping upland farmers increase productivity and income through farming techniques that use reforestation to improve soil and water conservation.

The development activities of the USAID mission in the Philippines are financed by United States government funds. They are planned and monitored jointly by American and Philippine government officials. The USAID program is, therefore, a bilateral effort. It supports the Philippine government's development goals and policies and responds to the nation's changing development needs and priorities.

Since 1946 the United States has provided the Republic of the Philippines about \$3.3 billion in economic assistance, including over half a billion dollars in food aid. This assistance has accomplished practical goals, such as helping to develop the country's infrastructure, providing training and technical assistance, increasing agricultural productivity, and improving health and nutrition. These efforts, sometimes small in scale, are not always visible to the public. Nevertheless, USAID activities have had a dramatic impact on specific communities and institutions throughout the Philippines and, more broadly, on key elements of the government's economic development

program.

However, the level of U.S. economic assistance is relatively small in comparison with the overall development needs of the Philippines, the size of the Philippine economy or even Philippine government expenditures. The hope that all foreign aid combined can solve the country's economic problems is unrealistic. The factors that most affect a nation's development are the vitality of the private sector, the government's economic and development policies, the international economic environment, and social and cultural factors. USAID can be and is helpful, but its role is to assist Philippine economic programs.

The process of economic development is extremely complex and not always easily understood. Socioeconomic development takes many years. There is no set formula. Conditions vary not just from country to country, but also from one area to another within a country, and from one period to another. And there are no short cuts. Learning what works is a process that requires time, experimentation and innovation.



Rural development has been the main thrust of U.S. economic assistance to the Philippines, a move aimed at helping keep opportunities apace with the growing population in the countryside where about 60 percent of the Philippine population lives and where 80 percent of Filipinos living below the poverty line resides.

Why does the U.S. provide economic assistance?

The U.S. has given more economic assistance to developing countries than any other nation in history. Sometimes this aid is purely humanitarian in nature, such as aid for disaster relief and emergency food programs. Sometimes economic assistance is provided because of special historical or security relationships. But most often economic assistance is just one element of U.S. relations with developing countries—relations that also include mutually beneficial trade and investment flows and educational and cultural exchanges.

USAID programs are financed by the American taxpayer. Many Americans feel the United States has a responsibility to help developing countries

achieve better lives for their people. Providing economic assistance helps the U.S. build closer relations with developing countries. The U.S. benefits economically because economies that are developing and growing are better trade and investment partners.

The motives for U.S. economic assistance to the Philippines are thus a mix of elements: a desire to improve the livelihood of Filipinos, a means of assisting in the nation's development, and a demonstration of U.S. interest in maintaining a close, cooperative relationship.



Finance Secretary Vicente Jayme and U.S. Ambassador Nicholas Platt shake hands after signing a \$20-million commodity grant agreement which provides the Philippines up to 50,000 metric tons of rice to help offset the effects of recent drought. Proceeds from the Philippine government's sale of the rice will be used to finance agricultural and rural health programs.

How is U.S. economic assistance programmed?

U.S. economic assistance to the Philippines, totaling over \$1.3 billion since 1980, consists of three separate but complementary programs. Development Assistance (DA) provides grants to support programs in agricultural and rural development, health and nutrition, family planning, education, human resource development and private enterprise development. Economic Support Funds (ESF) are provided for economic development purposes in countries where the U.S. has special security interests. The Food for Peace program, sometimes referred to as PL 480 (PL for Public Law), provides food aid to the Philippine government through concessional sales (Title I) and by donation (Title II and Section 206). Title II food is channeled through private voluntary organizations such as CARE and the Catholic Relief Service for direct feeding and emergency relief programs. Under Section 206 of Title II, food donations are sold to generate funds for government programs that seek to alleviate the underlying causes of food shortages and to ensure the effectiveness of food distribution to the neediest population groups. Food donations have also been provided under special legislation known

as Section 416 as budget support to the Philippine government as a means of offsetting economic disruptions caused by reductions in the U.S. sugar quota.

The actual level of resources channeled to the Philippines from 1980 to the present through these various programs is reflected in the table below. These levels depend on budget availabilities and prevailing economic and political conditions. In 1986, ESF resources were increased in support of the new Aquino Administration. That same year USAID also converted undisbursed loan funds to grants and worked with the Government of the Philippines to reprogram resources, prioritizing needs such as budget support.

Since 1987, U.S. assistance to the Philippines has been provided on a grant basis with one exception. PL 480 Title I food commodities can only be provided on loan basis. The loan terms, however, are highly concessional. For example, the 1988 Title I agreement provides a five-year grace period during which time payments of only two percent interest are required. After five years, principal payments begin at three percent interest and these are stretched over twenty-six years.

	FY 1980	1981	1982	1983	1984	1985	1986	1987	1988
	(\$ million)								
Dev. Asst.	39.66	38.52	39.40	36.80	30.18	32.25	15.16	12.00	40.00
PL 480									
Title I	—	—	—	—	—	40.00	32.30	—	30.00
Title II	20.02	24.04	12.58	10.68	16.96	11.54	8.22	10.60	10.63
Title II/206	—	—	—	—	—	—	—	43.50	20.00
Section 416	—	—	—	—	—	—	—	53.80	—
ESF	20.00	30.00	50.00	50.00	50.00	140.00	219.62	234.19	174.00
TOTAL*	79.68	92.56	101.98	97.48	97.14	223.79	275.30	354.09	274.63

*Not including disaster relief and American Schools and Hospitals Abroad (ASHA) programs.

The U.S. supports the growth and development of the Philippine economy with Export-Import Bank financing for imports from the U.S., Overseas Private Investment Corporation insurance for American investments, and reduced tariffs for selected Philippine exports to the U.S. under the Generalized System of Preferences (GSP). The U.S. also assists Philippine development through its sizeable contributions to multilateral development institutions such as the World Bank and the Asian Development Bank, and to the many United Nations agencies active in the Philippines.

Foreign assistance can help in the task of economic development, but it alone cannot bridge the gap between a developing and a developed economy. These resources are important when they serve as a catalyst for development efforts and when they are focused in specific sectors on specific projects which deal with particular development problems.

Who receives U.S. economic assistance?

Establishing national economic development priorities and managing development programs are the responsibilities of the Philippine government. Administering the U.S. economic assistance that supports some of the government's programs is the responsibility of the USAID mission in the Philippines. Priorities for the use of Development Assistance, ESF, and food aid are agreed upon by the USAID mission and the National Economic Development Authority (NEDA), and then implemented by the appropriate agencies of the national government and by provincial and local governments. Budget support programs are

developed with the Department of Finance.

The Philippine government is not the only channel through which U.S. economic assistance is distributed. USAID also provides grants to leading non-government organizations (NGOs) and Private Voluntary Organizations (PVOs) such as the Philippine Business for Social Progress (PBSP). International organizations like the U.N. World Food Programme, CARE and Catholic Relief Services also receive funding or donations of food. Since 1980 USAID has provided about \$20 million in grants to PVOs in the Philippines to co-finance projects to improve farming techniques, generate on- and off-farm income, and improve health and nutrition in rural areas.

Additionally, an innovative program begun in late 1986 provides co-financing of community development projects undertaken by businesses and civic organizations. Finally, funds to construct and equip educational and medical facilities are disbursed directly to private institutions under the "American Schools and Hospitals Abroad" (ASHA) program.

Through these different programs, USAID supports development efforts in every region of the Philippines. Over the years, certain regions such as Bicol and the Eastern Visayas have received special attention because of the magnitude of their needs. Every region has benefited directly from USAID's Development Assistance, ESF and Food for Peace programs.

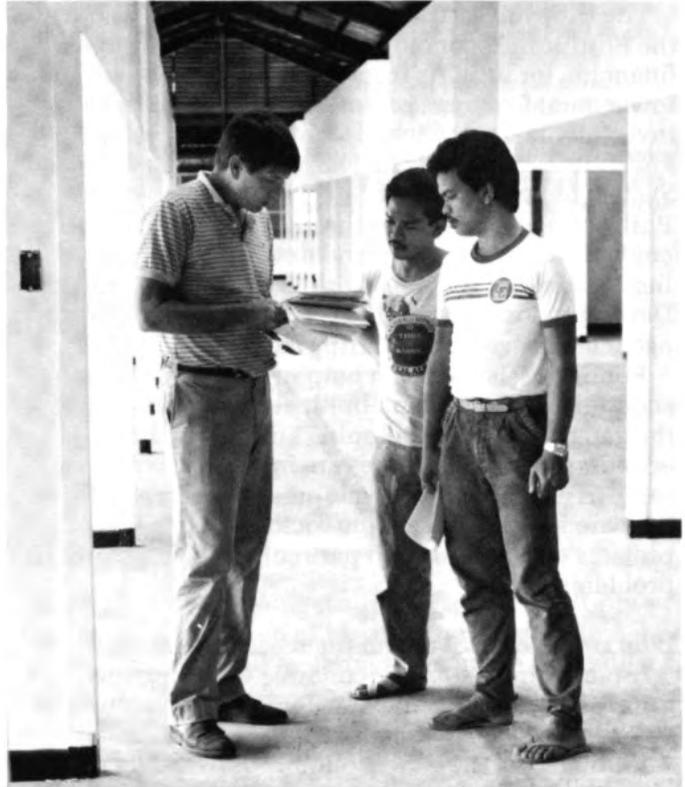
USAID responds even to unprogrammed needs. For the hundreds of families victimized by the April, 1988 fire in Pandacan, Manila, U.S. Ambassador Nicholas Platt turned over to the Catholic Church's civic group Caritas a USAID check for P.5 million.



Why do AID programs have conditions?

Perhaps the most common question about Philippine-American economic cooperation is: "Why can't you just give the money? Why does the American side always insist upon conditions and upon a formal project plan?"

The answer is so simple that it is easy for all sides to overlook. Governments of free sovereign nations raise funds with the consent of their citizens to be spent as their citizens deem. The concept of public accountability is as old as democracy itself. Athenian citizens demanded to know that their city taxes were all spent on the waterworks and drainage programs of their government. The Filipino taxpayer expects the government to be accountable for his or her contribution to the public weal. In the like manner, the American citizen is assured that public funds, raised from public taxes, are publicly accountable. Budgets must be approved by the elected representatives in the Philippine Congress. Public funds are appropriated for specific purposes and are accountable to those purposes. When the U.S. government provides funds to the Department of Public Works and Highways of the Philippine government, for example, it must do so in a manner which assures accountability. Most commonly this means assistance in the form of a mutually agreed project which formally defines the responsibilities of both parties. The DPWH undertakes to build

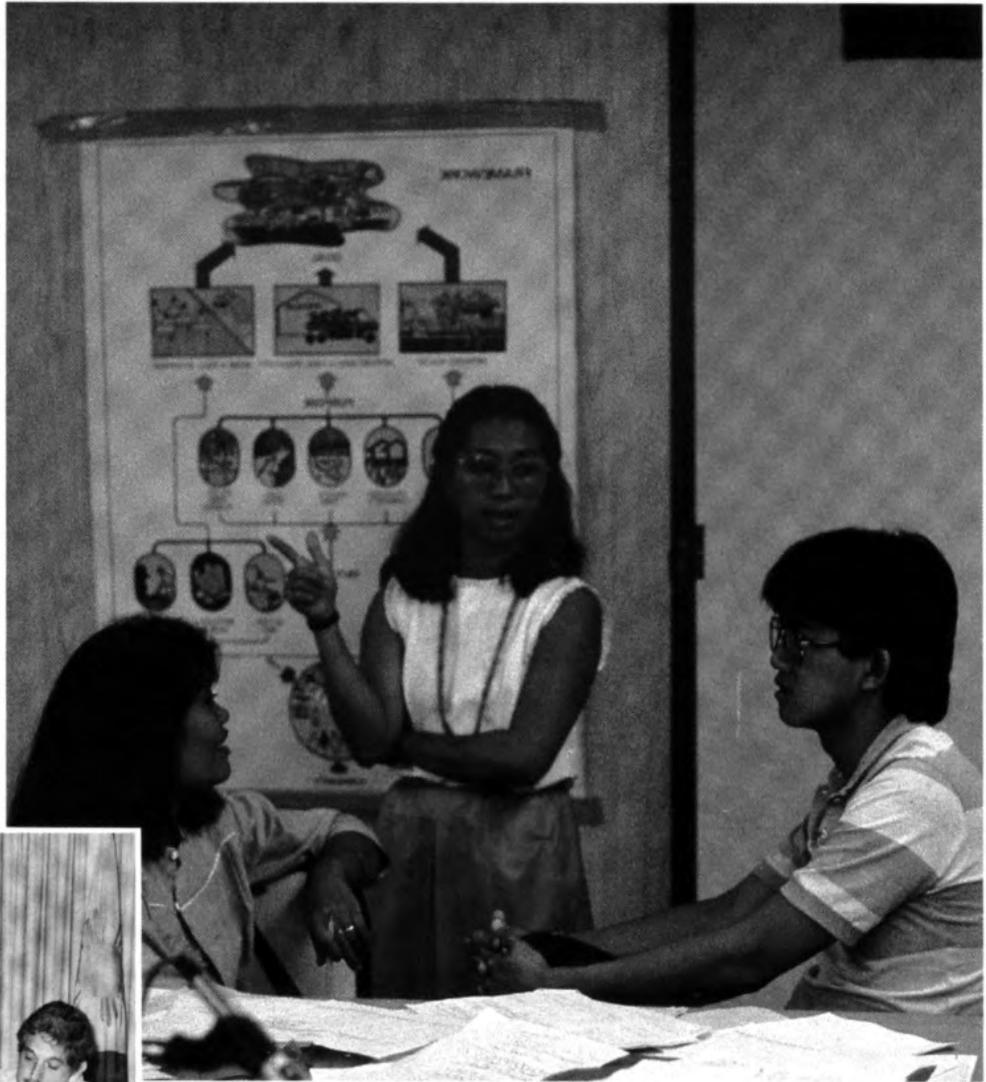


Progress of ongoing activities are monitored through regular discussions between USAID officials and their Philippine counterparts.



They also make frequent visits to project sites, discussing day-to-day problems with members of the local community.

USAID regularly conducts seminars to encourage the participation of private voluntary organizations (PVOs), yielding significant results: since its inception in 1980, USAID's PVO Co-Financing Program has provided grants to 28 Philippine PVOs and 40 international PVOs.



USAID awards a U.S.-Filipino joint venture team a grant to help upland farmers, municipal fishermen and reforestation workers implement a land use system that is environmentally sound and economically profitable.

specific roads to specific standards and to follow specific procedures to assure fair prices are paid for goods and services. The U.S. government undertakes to meet the costs of the project on a specific schedule provided the DPWH adheres to the agreement. Each side has a legal claim upon the other so that both American citizens and Filipino citizens are assured of public accountability in the use of public funds.

There are some who see in the concept of an American AID project an intrinsic imbalance—an echo of the famous “unequal treaties” between Europeans and the Chinese centuries ago. The facts, however, are quite different. AID projects are contracts freely entered into by free agents of free and sovereign governments. They are the product of mutual negotiation and careful scrutiny by the

officials of both governments. Their terms, conditions and texts are public documents in the public domain.

Both sides regularly decide not to enter into assistance agreements which are not mutually agreeable. At times the government of the Philippines seeks financing for an activity which the U.S. government prefers not to finance. At times the U.S. government suggests a project which the Philippine government either does not want or seeks to finance from other sources. The project ideas which survive in the process of continual negotiation and discussion are those which embody the essence of a successful contract: good faith and mutual advantage.



President Corazon C. Aquino speaks before the September 18, 1986 joint session of the U.S. Congress, an occasion which symbolized a special tribute to her new administration and demonstrated both the American government's deep regard for her leadership and the special ties that bind the U.S. and the Philippines.

How does the USAID program work?

The administration of an economic assistance program involves a complex process of accommodating the priorities and policies of both the donor and the recipient countries, respecting their budgetary and legal restrictions, deciding how limited funds can best be used, and ensuring that development projects receiving assistance achieve their intended effect. Furthermore, it is not unusual for development projects to have multiple donors. Local, national and international sources of support frequently are brought together for one development activity.

To decide on the amount and types of aid to be requested, the USAID mission in Manila consults extensively with Philippine government departments and the private sector. The mission then formulates a plan that proposes the types and levels of aid the mission will provide. This plan is reviewed by the AID head office in Washington, D.C., and is incorporated into the President's annual foreign assistance bill submitted to the U.S. Congress.

Congress has the authority to change the amount or mix of assistance to a particular country. In recent years Congress used its authority to change the



composition and level of economic assistance to the Philippines. In 1984 and 1985 Congress changed the requested ESF allocations by increasing the amount of economic assistance and decreasing the amount of military assistance. In 1986, to show support for the new Aquino government, the U.S. Congress approved a \$100-million supplemental appropriation for the Philippines. Again in 1987, Congress increased assistance, this time by \$150 million, and in 1988, Congress pledged an additional \$50 million for the Philippines' agrarian reform program.

Once the foreign assistance bill is passed by

Congress, the USAID mission and the appropriate Philippine government officials negotiate the agreements required to release USAID funds. The members of the USAID mission work closely with their Filipino counterparts at all stages of the implementation of USAID-funded projects. Teams monitor progress and visit project sites regularly to assure that they are being implemented as planned. Projects are evaluated upon completion, often by outside experts, to determine if the concept, design and implementation achieved the desired results. And, finally, all finances are closely monitored and audited.

III. A PHOTO HISTORY OF U.S. ECONOMIC ASSISTANCE TO THE RP

In the 1950s, Manila became one of the most modern ports in East Asia. The development of Philippine ports and harbors included the construction of Pier 5 (below), the lengthening of Pier 9 and the widening of Pier 13 in Manila.





To boost agricultural production, the construction of complex gravity irrigation works enabled greater farm activity over longer periods of time and increased the land area that can be cultivated. The irrigation works in Jalaur, Iloilo is typical of this effort.



During the early years of U.S. assistance, affected areas of malaria-carrying mosquitoes were sprayed and vehicles were provided to the Department of Health outreach programs as part of USAID's campaign against killer diseases such as malaria and tuberculosis.



Road building has been an important U.S. assistance program. This heavy equipment was provided in the early 1970s to pave roads in Bulacan.



The problem of sufficient and safe water supplies confronted thousands of Philippine barrios. High priority was given to small water development projects, such as this one in the Barrio of Tabid on the outskirts of Ozamis City, Mindanao, which was constructed by local citizens who received U.S. grant support.

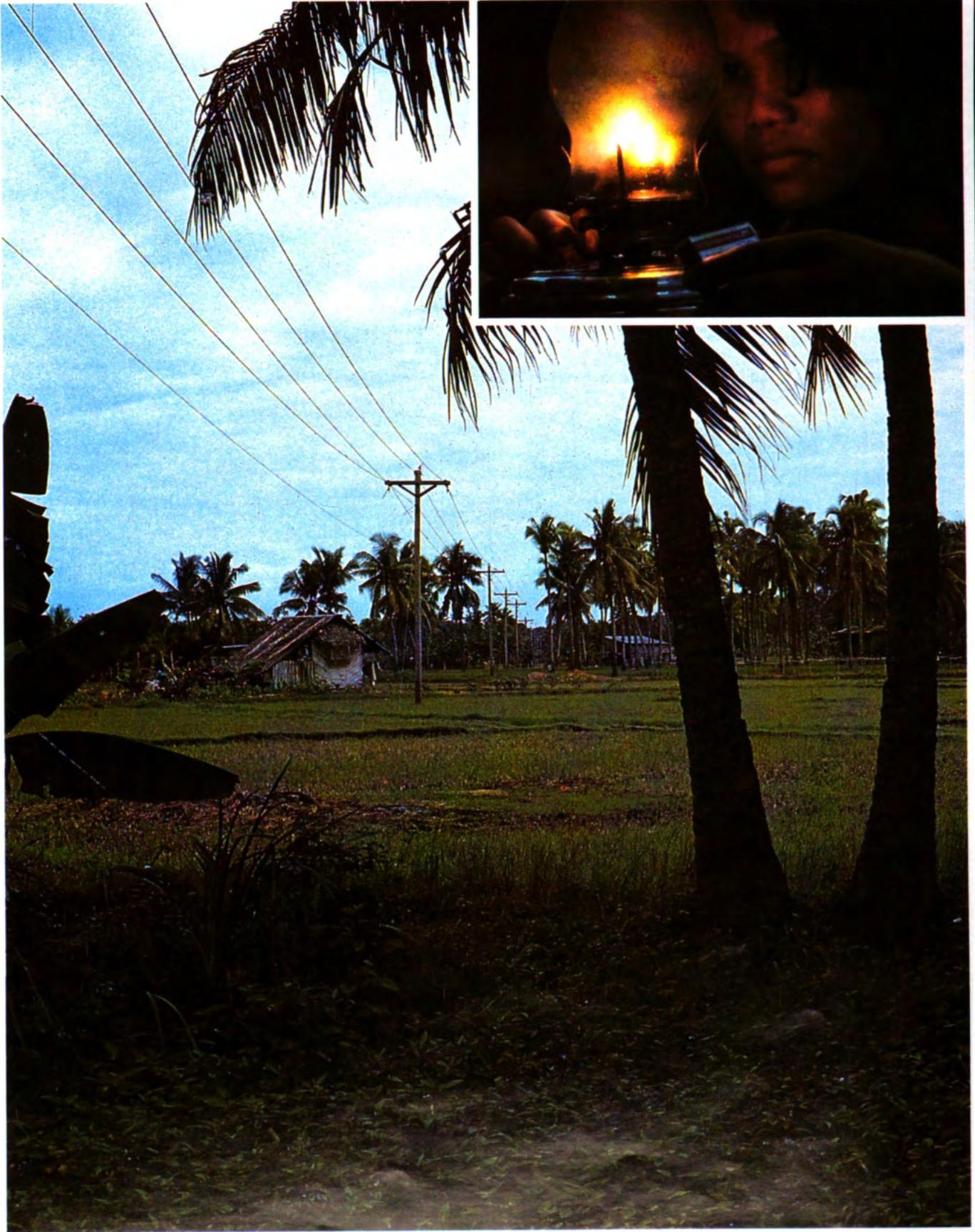


Aid to the public education system resulted in improved academic programs, efficient administration, and modern physical facilities, such as Melchor Hall and Palma Hall at the University of the Philippines at Diliman in Quezon City.



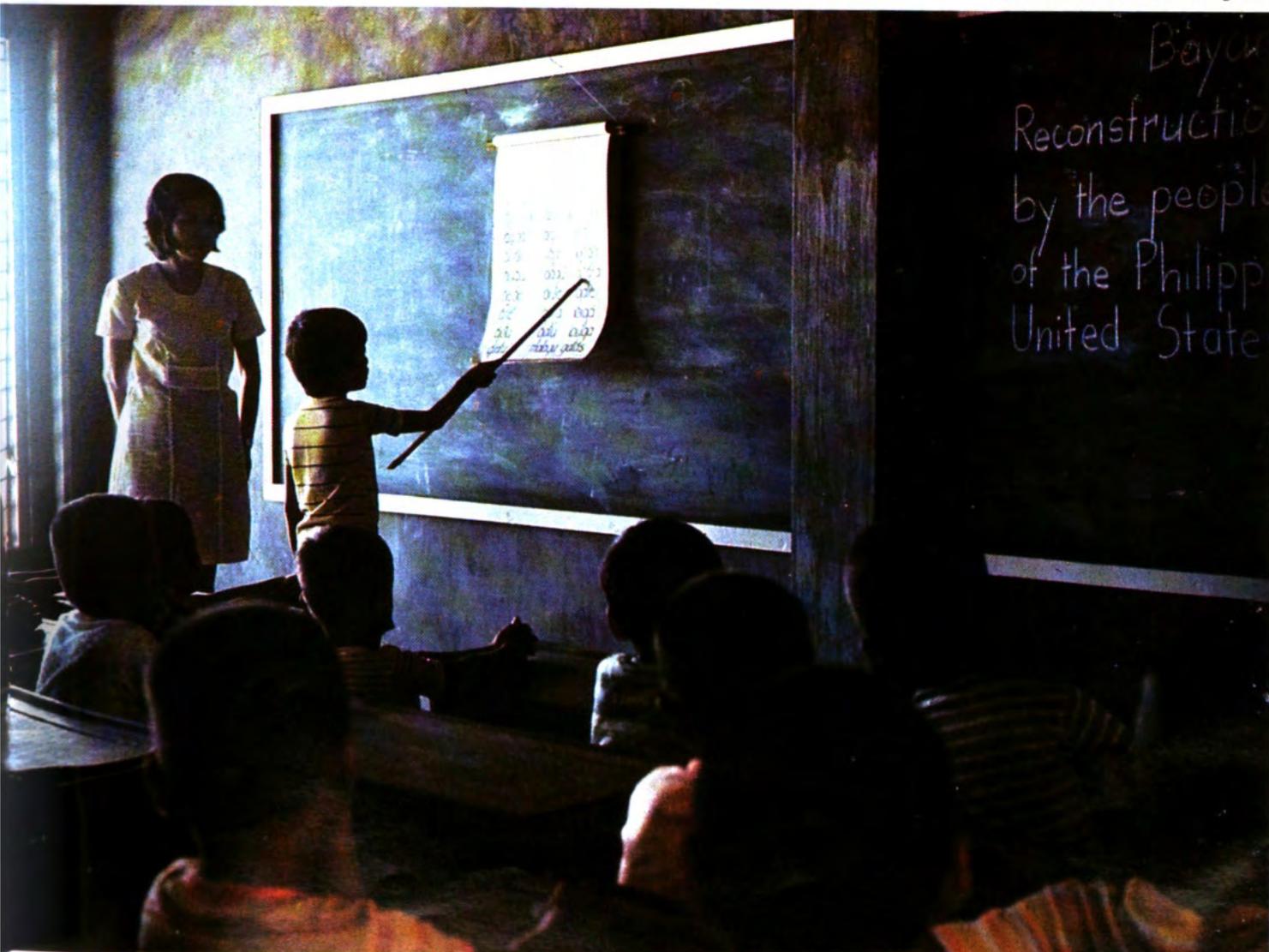
USAID donations of powdered milk for Batanes province typhoon victims in 1968 were distributed through the Catholic Relief Services.

In the 1970s, through the rural electrification program, electric meters and power lines became familiar features in many barrios, bringing power to more than 2.5 million Filipino households.





From 1971 to 1974, more than 2,000 three-room typhoon-resistant school buildings were constructed under the RP-U.S. Bayanihan School Reconstruction Program.



IV. CURRENT USAID ACTIVITIES

The previous pages illustrate both the long-standing commitment of the United States to the development process in the Philippines and the range of U.S. assistance over the years as it responded to national needs. Today USAID continues to work closely with the Philippine government and private sector to help meet the country's development challenges.

Focusing on rural development

Current USAID activities continue to focus on rural development because the majority of poor Filipinos live in rural areas and depend on agriculture for their living. In 1988, about 34 million, or 58 percent, of all Filipinos live in rural areas. The agricultural sector employs 47 percent of the Philippine work force, but agricultural workers receive only 29 percent of the country's income, resulting in a significantly lower standard of living for Filipinos in rural areas. Infant mortality and child malnutrition are much more prevalent in rural regions than in urban areas. Safe drinking water and adequate sanitation facilities are lacking in many areas, as are medical care and supplies. At the same

time, deficiencies in rural transportation and communications, power generation and education deny many rural Filipinos the educational and employment opportunities available in the cities.

Reaching and assisting the Filipino farmer in a systematic and sustained way is perhaps the greatest challenge facing USAID and every other organization concerned with development. There are more than 10 million Filipinos employed in agriculture, and their needs—which range from security of tenure to improved infrastructure, to access to credit, to training and technology—are great and interrelated.

To help meet the varied needs of Philippine farmers USAID provides Development Assistance in the following areas:

● ***Constructing or upgrading rural road, irrigation and water systems.*** In the 1980s large investments in the expansion and improvement of the rural road network shifted from the DA to the ESF program. The last DA-funded rural road project, which ended in 1984, produced about 746 kilometers of roads and 6,850 linear meters of

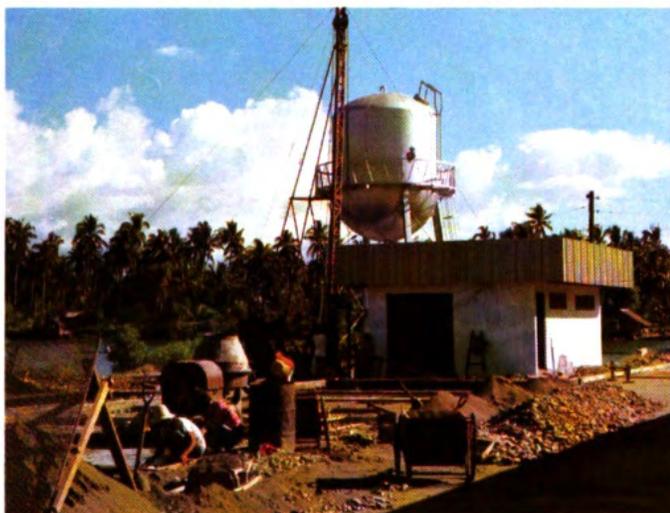
Rural roads and bridges are being constructed to improve farmer access to markets and supplies.



bridges. DA resources are now being used for an innovative program of road-building activities that uses labor-based technology and community management approaches to reach remote upland communities where critical needs exist for minor roads, trails and footbridges. Continuing assistance for irrigation systems improvement has evolved from a regional to a national focus. The last in a series of Bicol-specific projects covered 9,900 hectares of new and 1,100 hectares of rehabilitated irrigated land. Efforts are also continuing to improve access to potable water through a new rural water supply and sanitation project.

● **Improving agricultural research, training and extension.** USAID supports the activities of numerous agricultural development institutions including the International Rice Research Institute

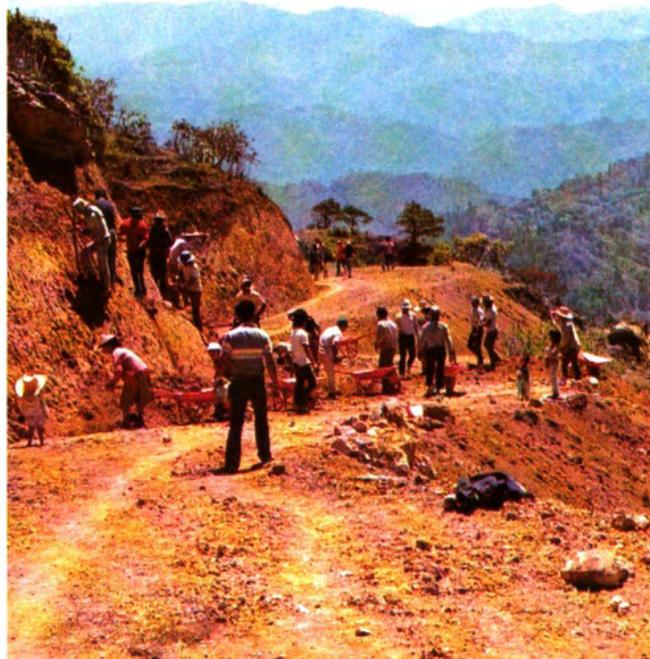
Water systems (including storage facilities, pumps, distribution lines and public faucets) are being constructed to bring potable water to more rural areas through the Barangay Water Project.



Agricultural research and outreach programs in paddy rice production technology has shifted attention to the needs of farmers in rainfed areas whose diverse mix of crops and livestock requires new farming systems to achieve expanded production.

(IRRI), the International Institute for Rural Reconstruction (IIRR), the Philippine Council for Agricultural and Resource Research and Development (PCARRD), the University of the Philippines at Los Baños (UPLB), and eight regional agricultural colleges. Today USAID-funded research is generating innovative farming techniques designed to improve the productivity and incomes of farmers in upland rainfed (non-irrigated) areas of the country.

● **Creating on- and off-farm income generating activities.** USAID supports the efforts of Philippine government agencies, trade and industry associations and private voluntary organizations to identify on- and off-farm income generating activities and to train farmers and rural laborers so they can diversify their sources of income.



Successful road-building programs have been accomplished through innovative labor-intensive technology leading to a greater degree of local self-sufficiency.

● **Strengthening government agricultural development capabilities.** By providing technical assistance and participant training, USAID has enhanced the administrative and technical capabilities of national, regional and provincial level government institutions concerned with agriculture.

● **Encouraging agricultural reform.** Through ongoing policy dialogue with the Philippine government, USAID has encouraged the national government to adopt policies, including macro-economic ones, designed to improve agricultural productivity and increase rural incomes.

Health and Nutrition

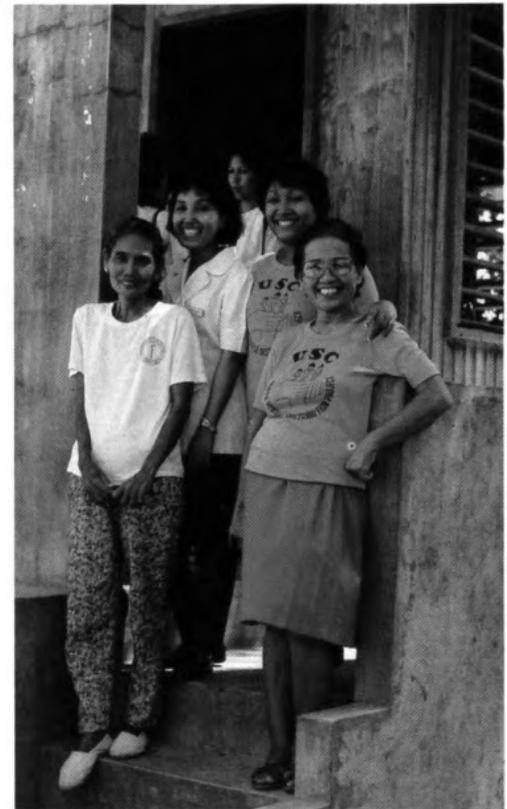
Despite some important gains during the 1970s, many regions of the Philippines still suffer from inadequate health care and dietary deficiencies. These are problems afflicting those who are the least able to fend for themselves—infants and children.

U.S. support of the Philippine Government's efforts to improve health care began in 1952 with U.S. funding of national malaria control and eradication programs. In the 1960s the focus of USAID's activities shifted to nutrition and later included support for innovative primary health care programs in the Bicol region and on Panay Island.

Today USAID is providing technical assistance, training and financial resources to help develop an economical primary health care (PHC) system nationwide. USAID also is supporting the

government's efforts to promote child survival programs, including immunization and Oral Rehydration Therapy (ORT), a simple and low-cost way of combatting infant mortality.

USAID has long provided food assistance to the Philippines, particularly for infants, school children and mothers, through the Food for Peace (PL 480 Title II) program. High-protein supplemental foods, such as corn soya milk, nonfat dried milk, bulgur wheat, and flour are distributed through two U.S. voluntary agencies, CARE and CRS. In recent years, a large share of the more than \$15 million in annual food aid has gone to help feed the malnourished children of Negros Oriental, but significant USAID-supported feeding programs exist throughout the Philippine archipelago.



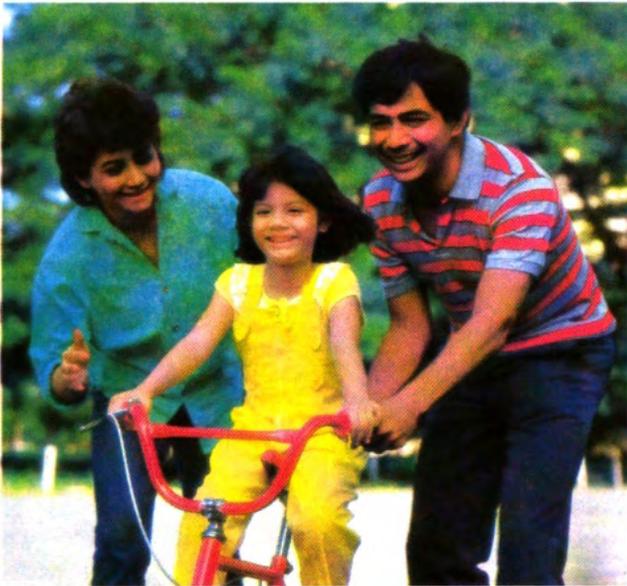
Barangay Health Workers in Cebu bring health services and information to isolated barrios, such as an expanded immunization program and oral rehydration to combat dehydration from diarrhea, a leading cause of infant mortality.

Infant growth monitoring, as in this weighing station in Davao, is an important element in preventive care. USAID supports extension of primary health care and preventive care to reduce infant mortality and illness.

This family planning clinic in Legaspi City offers information on the benefits of reduced family size.

Public education for family planning is an important aspect of USAID-PopCom outreach.

Responsible Parenthood



**Magplano ng pamilya
Sa inyo ang ginhawa
Sa anak ang biyaya.**



Philippine Obstetrical and Gynecological Society, Inc.

Family Planning

The Philippines has one of the fastest growing populations in Southeast Asia. A growing population places great demands on farmers to increase food production, on industry to create new jobs and on the government to provide more social services such as schools and medical care. One objective of family planning is to slow the population growth rate by giving Filipinos the information and resources necessary to allow them to choose the family size they desire.

USAID has supported family planning in the Philippines since 1967, beginning with assistance to non-governmental organizations engaged in family planning. Today USAID assists the Commission on



In a multifaceted program for child survival, USAID works with the Philippine government to meet the health and nutritional needs of Filipino children.

Population (PopCom), the Department of Health and organizations such as the Philippine Chapter of the International Planned Parenthood Association in their efforts to offer couples a wide range of culturally acceptable, medically tested, and voluntary means of achieving their desired family size. Abortion, which is illegal in the Philippines, is not encouraged or financed by USAID. USAID provides contraceptives to the government program, funds the training and activities of rural family planning outreach workers, and supports the promotion of information and education on family planning such as the Population Center Foundation's campaign against teenage pregnancy.

Employment Generation

The Philippine labor force is growing at a rate of more than 3.5 percent annually, requiring over 750,000 new jobs every year. USAID is working with the government and the private sector to promote the creation and expansion of labor-intensive, small and medium-sized enterprises (SME) outside the Metro Manila area.

Through its Small and Medium Enterprise Development project, USAID is helping to strengthen trade and industry associations in labor-intensive industries, such as handicrafts, wood furniture manufacturing, food processing and metal working. Funds are also provided for marketing services including trade fairs and for technical assistance in production technology and product design. USAID also supports the employment-generating projects of PVOs. One example is a grant to Project In-Hand in Negros that helped start a Christmas parol (lantern) manufacturing project that employs more than 1500 people. Finally, the USAID joined with the World Bank in a co-financing scheme to improve the health of the rural banking system through policy reform and credit facilities. To further expand credit coverage to SME's engaged in export-oriented activities and for those with operations outside Metro Manila, the USAID also developed an innovative loan guarantee program with several private banks including the Far East

Bank and Trust Company, the Metropolitan Bank, and the Philippine Commercial International Bank.

Education and Training

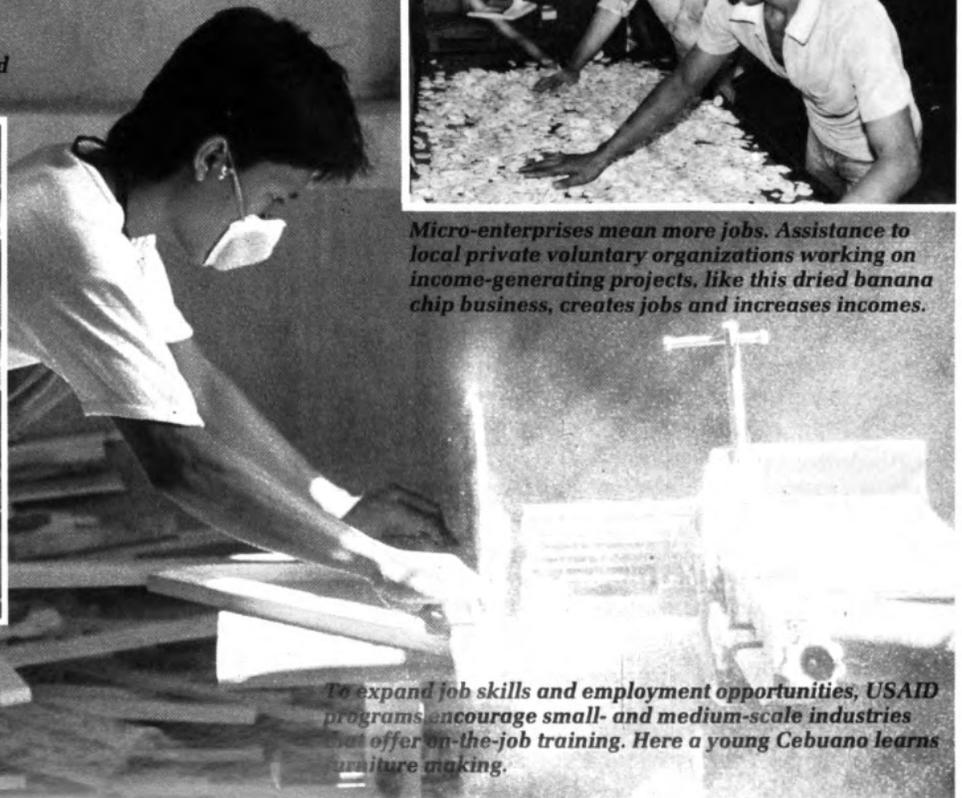
Education is at the heart of all human development and U.S. support for education in the Philippines has been a major element in American-Filipino relations since 1904, when the first group of 100 Filipinos went to study in the U.S. as government-funded "pensionados."

Today under the ESF program USAID helps build elementary and secondary schools and provide equipment needed to educate Filipino students. Under the American Schools and Hospitals Abroad Program (ASHA) 11 universities have received over \$14 million in funding to finance the construction of new facilities and the purchase of equipment. Training opportunities at U.S. and Philippine institutions are also being provided for officials of the Philippine government and other institutions to expand their capacity to analyze, plan and execute development related activities. The most recent education undertaking is a five-year, \$5-million Faculty Development Program begun in 1987. This program will finance the advanced training of several hundred young faculty members from both private and public institutions at universities in the Philippines and the U.S.

This classroom building at the Ateneo de Davao is one of eleven library, classroom or laboratory buildings constructed by private colleges and universities in the Philippines with funds from the American Schools and Hospitals Abroad (ASHA) program.



Micro-enterprises mean more jobs. Assistance to local private voluntary organizations working on income-generating projects, like this dried banana chip business, creates jobs and increases incomes.

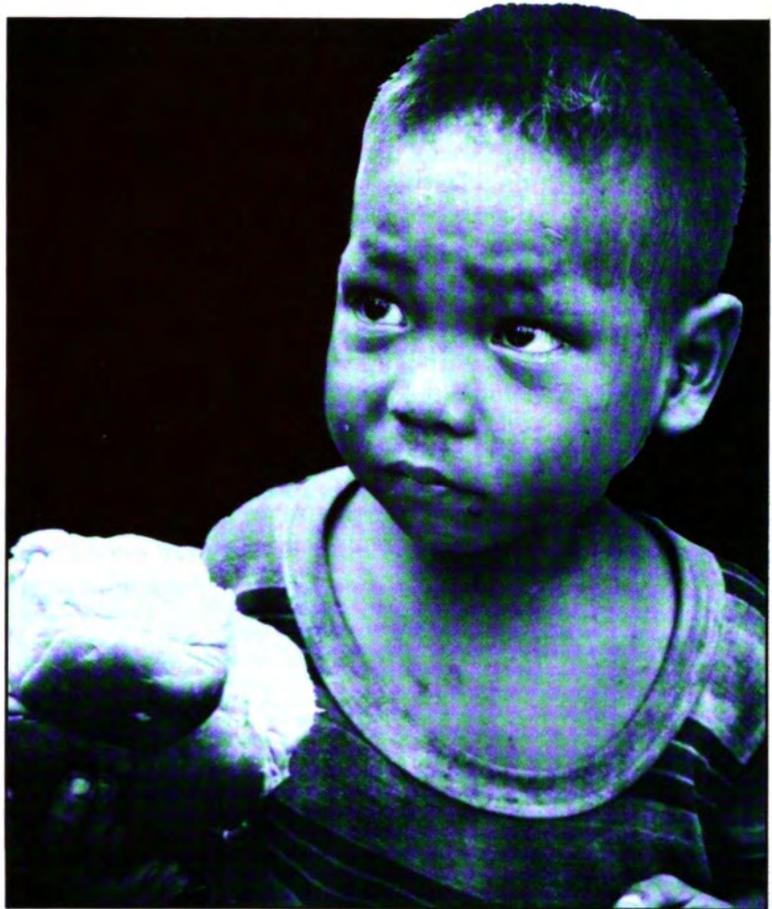


To expand job skills and employment opportunities, USAID programs encourage small- and medium-scale industries that offer on-the-job training. Here a young Cebuano learns furniture making.

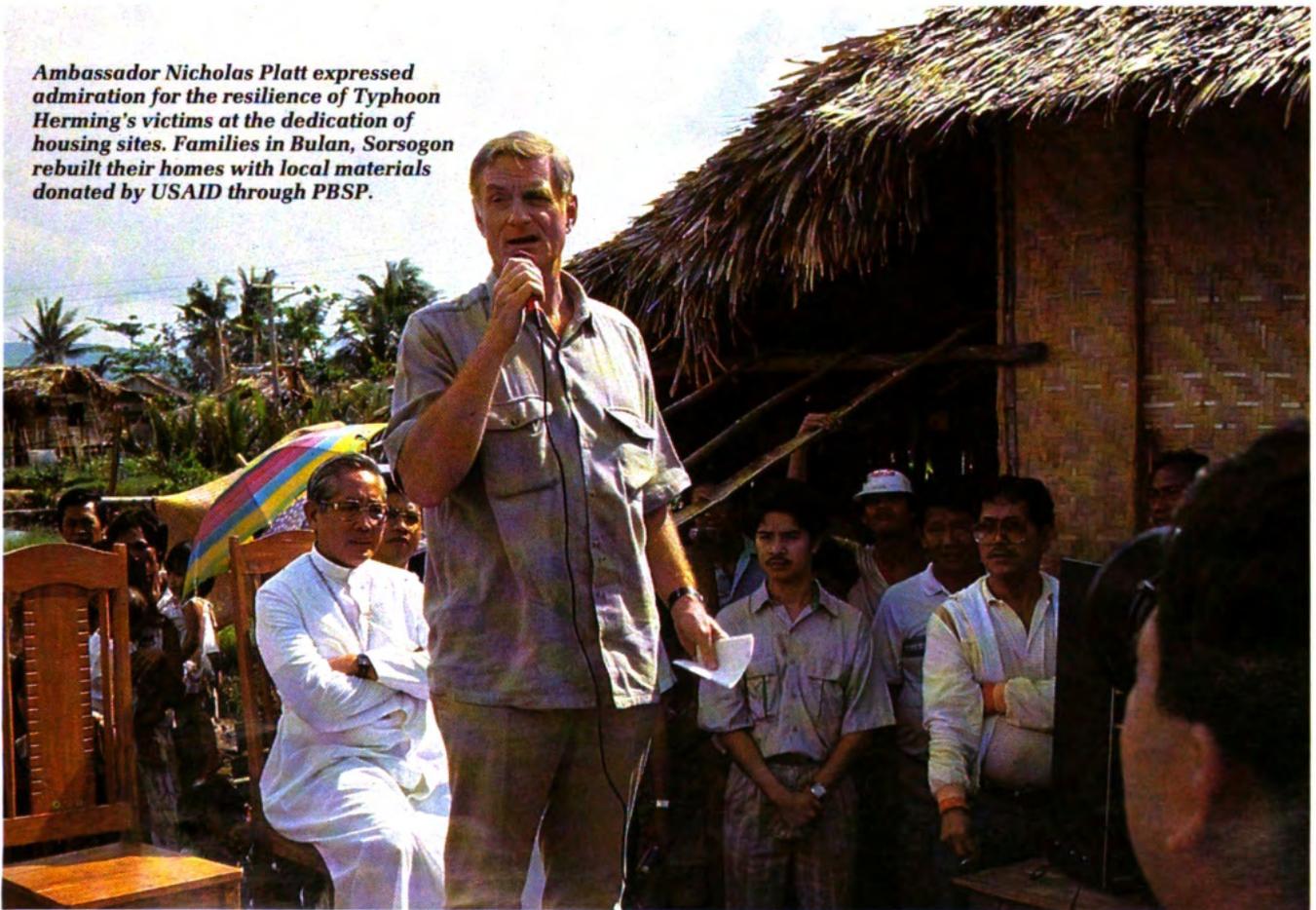
Disaster Relief

Natural disasters such as typhoons, floods and volcanic eruptions frequently strike the Philippines with brutally destructive force. Quick action and close cooperation by Philippine and international relief agencies are often a matter of life and death. Over the last 25 years USAID has established a long track record of working closely with the Philippine government in times of hardship to provide disaster relief when and where it is needed most.

When typhoons Herming and Sisang hit southern Luzon in 1987 causing widespread destruction, the USAID's response was immediate. The U.S. worked with the Government of the Philippines to ensure the timely and effective distribution of U.S.-donated relief goods. Emergency feeding programs were set up and the U.S. military contributed additional airlifts of clothing and medicines. A program for emergency housing repair and immediate income-generating activities was funded through the Philippine Business for Social Progress (PBSP) to meet the most urgent needs in the hardest-hit areas of Marinduque, Sorsogon, Albay and Camarines Sur Provinces. The total value of this relief assistance exceeded \$1,323,000.



Ambassador Nicholas Platt expressed admiration for the resilience of Typhoon Herming's victims at the dedication of housing sites. Families in Bulan, Sorsogon rebuilt their homes with local materials donated by USAID through PBSP.



The Economic Support Fund (ESF) – A Complementary Development Resource

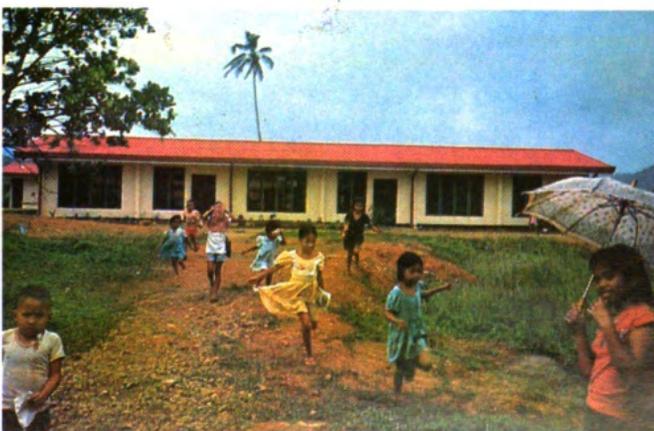
The United States Government has a number of complementary financial and food resources to support economic and social development. In the Philippines, traditional Development Assistance and food aid activities are supplemented by ESF which is provided to countries where the United States has a historical association or special foreign policy and security concerns. Thailand and Pakistan are other Asian countries which receive ESF assistance. ESF carries with it special advantages which permit accelerated disbursement and freedom from a mandatory financial contribution by the Government of the Philippines. These features make ESF especially effective in financing urgently needed small-scale rural infrastructure. In the early years priority was given to meeting needs in

population centers around the military facilities at Clark Air and Subic Naval Bases. As the reach of ESF assistance expanded nationwide, hundreds of farm-to-market roads, markets, rural clinics and hospitals spread throughout the provinces. Now, one in every 20 villages in the nation has an ESF-financed primary schoolhouse as further tangible evidence of the way in which ESF translates the special relationship between our nations into meaningful development for the Filipino people.

In addition to the ESF-funded schools, roads, bridges, markets, slaughterhouses, drainage/flood control facilities, solid waste disposal facilities and other needed public infrastructure, ESF also provides the Philippine government with financial resources to either help meet its foreign exchange needs or to support selected budget requirements.



The public market in Capas, Tarlac is one of 30 constructed in the Philippines with ESF assistance. These new structures, along with management assistance, are replacing outmoded facilities with more efficient, competitive market systems.



ESF assistance to basic education in the Philippines has resulted in the construction of 2,316 schoolbuildings, including 33 large vocational and secondary schools. This three-room elementary school is typical of the facilities that are expanding access to education in rural areas.

ECONOMIC SUPPORT FUND PROGRAM
(As of September 30, 1987)

I. Project Assistance

1.	Project Design —funds the operation of the ESF Secretariat under the Office of the President which is charged with the identification, development and implementation of ESF-funded projects.	\$12.000 M
2.	Elementary Schools Construction —involved the construction of 884 typhoon-resistant three-room school units and 13 larger units (10 to 18 rooms).	18.000
3.	Municipal Development Fund —provides assistance to 23 cities and municipalities in the base-impact areas of Regions I and III in carrying out locally identified infrastructure projects.	36.000
4.	Clark Access and Feeder Roads Project —involves the construction of a limited road network for the reverted base land north of Clark Air Base.	4.500
5.	Rural Energy Development Project —provides assistance in the development of economically viable and environmentally sound production and use of indigenous renewable energy resources.	3.000
6.	Regional Development Fund —provides support to high-priority provincial infrastructure projects in both the base-impact areas and other selected areas in the country.	116.925
7.	Markets Projects —finances the construction of five public markets in Legaspi City, Urdaneta, Kabankalan, Dumaguete City and Tuguegarao.	9.200
8.	Rural Infrastructure Fund —provides funds for larger-scale infrastructure including provincial roads, ports and navigational aids.	51.190
	Subtotal	\$250.815 M

II. Program Assistance

1.	Rural Productivity Support Program —provided GOP with foreign exchange assistance and budget support for selected USAID, ADB and IBRD rural development projects for 1985 and part of 1986.	\$47.500 M
2.	Development Support Program —provided GOP with foreign exchange assistance and budget support for selected USAID, ADB and IBRD rural development projects for the remainder of 1986 and into 1987.	45.000
3.	Budget Support Program —provided support to selected budget categories in the GOP 1986 budget, especially the agriculture, health and education sectors.	300.000
4.	Budget Support Program II —provided support to selected budget categories in the GOP 1987 budget, especially the education and health sectors.	150.000
	Subtotal	\$542.500 M
	GRAND TOTAL	\$793.315 M

V. CONCLUSION: USAID's IMPACT

Economic development, as measured by increased Gross National Product (GNP) or per capita income, is not a sufficient goal for any nation. The real objective of economic development is the improvement of the lives of people.

A commitment to helping to improve the lives of the Filipino people is at the heart of the USAID activities described in the previous pages. Increased agricultural productivity adds to GNP, but it also holds the promise of larger personal incomes and better living standards for the majority of Filipino farmers. New roads improve commerce, but they also give people in isolated barrios unprecedented access to markets, schools, health clinics and churches. Likewise, the benefits of electrification are not limited to industry, but also include individuals who for the first time are able to enjoy electric lighting and other modern conveniences at the flick of a switch.

Economic assistance provided to the Philippines through USAID has touched the lives of millions of

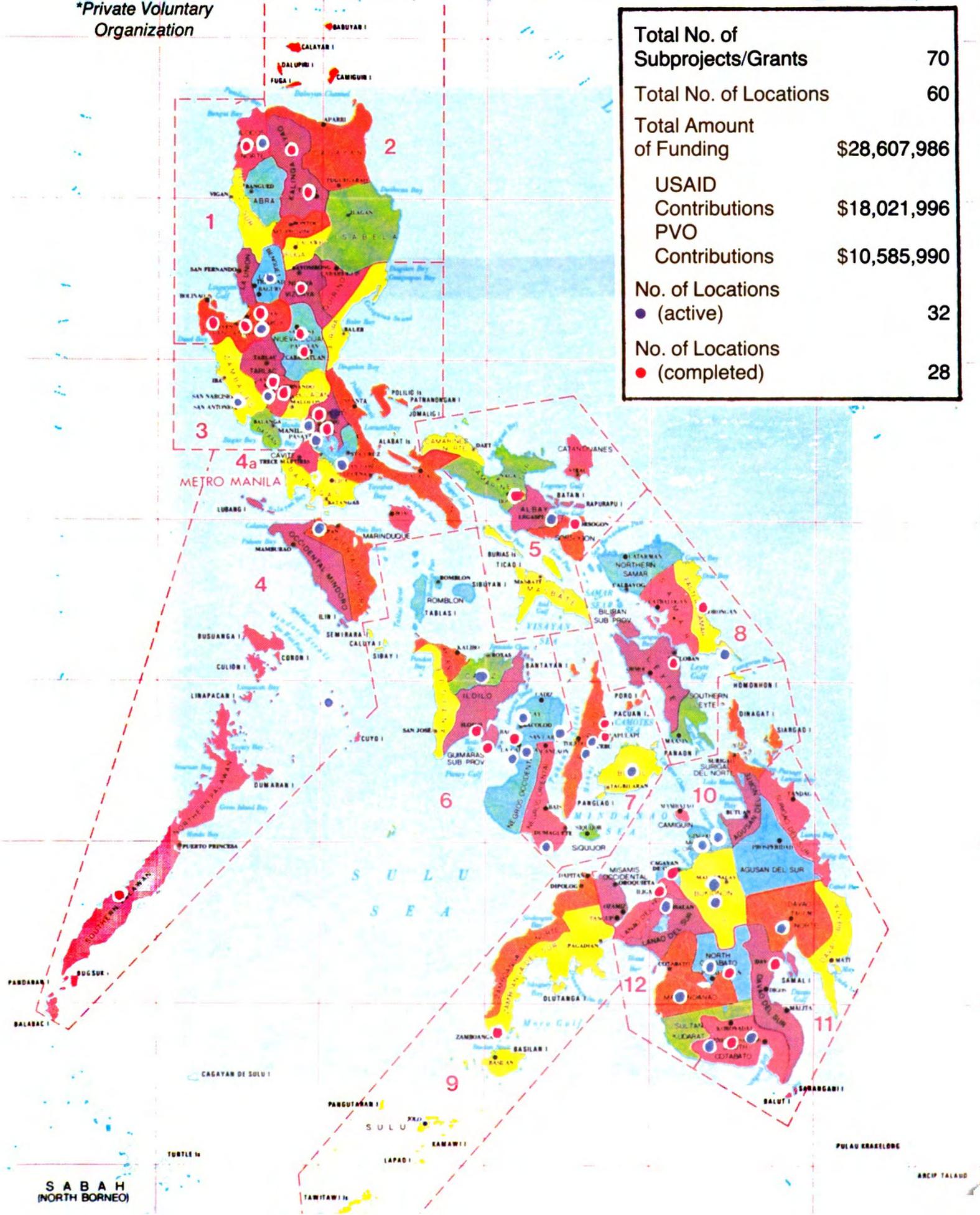
Filipinos. The impact of USAID is easiest to see in times of crisis, when U.S. disaster relief provides food and medicine to thousands of needy people. But the contribution of USAID to Philippine development is much greater than this. Using USAID funds, schools, markets, roads and water systems have been constructed in places where they might not have otherwise existed. Tens of thousands of farmers have been exposed to new farming techniques and technologies that were developed with USAID assistance. Public administration on the national and provincial levels has benefited from the improved skills of hundreds of officials who have received USAID-funded training. Hundreds of thousands of parents have received health care, nutritional and family planning information and services through USAID-supported programs. And, finally, many of their children are healthier today because of primary health care and school feeding programs supported by USAID.



CURRENT PVO* CO-FINANCING PROJECTS

*Private Voluntary Organization

Total No. of Subprojects/Grants	70
Total No. of Locations	60
Total Amount of Funding	\$28,607,986
USAID Contributions	\$18,021,996
PVO Contributions	\$10,585,990
No. of Locations (active)	32
No. of Locations (completed)	28



SABAH (NORTH BORNEO)

ARIP TALAUD