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EVALUATION REPORT  
THE RURAL SERVICE CENTER PROJECT  
AND THE FEASIBILITY OF ITS LINKAGE  
WITH THE LOCAL RESOURCE MANAGEMENT PROJECT

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## EXECUTIVE SUMMARY

### I. ASSESSMENT OF THE RURAL SERVICE CENTER PROJECT

1. The RSC project is now in its seventh year of operation. Its coverage currently includes twenty-seven participating cities nation-wide; project activities have also been initiated in seven market towns and municipalities in four provinces.

2. Based on experience to date, it is clear that the project does possess significant potential for addressing developmental needs of the most disadvantaged segments of Philippine society through local government units (LGUs) adopting a people's participation approach.

a) Figures on subprojects implemented present partial evidence of the effectiveness of RSC training and technical assistance in building up development capacities of City Planning and Development Staffs. (pages 3 to 4)

b) Evaluation of subprojects has also produced some evidence of positive impact on the economic well-being of individual beneficiaries as well as on the development of group-consciousness in beneficiary associations. The evaluation has also shown that the relative extent to which the two types of impact are generated in particular situations is greatly influenced by the nature of the subproject undertaken, i.e., whether it is of the individually-implemented (dispersal-type) or of the group-implemented variety. (pages 4 to 5 of the Integrated Report, drawn from the Roco Report attached as Annex 1)

c) Where the situation is favorable (in terms of concerned officials' receptiveness as well as of the state of the LGU's financial statistical system), the Financial Management System that has been developed also demonstrates strong potential for enabling LGUs to take early anticipatory action in response to emerging financial difficulties. (pages 13 to 15)

d) Current work on four participating cities provide encouraging signs in terms of mobilizing private sector support for RSC-type activities of LGUs. (pages 15 to 17)

In view of all of the foregoing, extension of the project for another three years is herein recommended. The first year of the three-year extension period is to be devoted

to a full-scale evaluation of project experience as of the end of June 1985, the need for which is explained in the paragraph following; the last two years of the extension period will involve replication of refined processes and procedures. (page 21)

3. While the project appears to be making significant headway in terms of achieving its basic objective of poverty redressal, there also exist ample evidence of departures from processes and procedures prescribed under the project. The development of such processes and procedures is central to the project; if found feasible, they are intended for nationwide replication. Such divergences between the theory and the practice of RSC therefore should be subjected to closer scrutiny, essentially to determine whether modifications in the processes and procedures are called for and/or improvements in implementation need to be effected.

Two recommendations emanate from the foregoing observation (pages 9 to 11 and 21 to 22):

a) A full-scale evaluation of the project be undertaken, covering all participating cities (i) to determine the extent and the causes of departure from prescribed processes and procedures; and (ii) to effect the necessary modification in project design and/or implementation. Thereafter, the project should be ready for nationwide replication.

b) A program (as distinguished from subproject) monitoring and evaluation system should be developed, installed and made operational in the soonest possible time. Such would enable the early detection and scrutiny of and the subsequent adoption of appropriate corrective action on departures from prescribed processes and procedures. This reiterates the proposal first put forward in the Tenzer Evaluation Report in 1980.

4. In view of present severe constraints confronting the National Government Budget which may be expected to be operative for the next few years, and in the interest of greater and more meaningful local government autonomy, the current work on financial management should begin to be expanded in the areas of increased local revenue generation and of more efficient budget allocation (page 15). Relatedly, after completion of the on-going work on private sector involvement, careful evaluation should be undertaken to ensure that, in the subsequent replication effort, such approaches

that are taken in individual participating cities are suited to their particular situations. (page 17)

5. With the training that has thus far been provided, together with their own preparatory activities, the MLG Offices in the four pilot regions (Regions III, V, VI, and XI) are now deemed ready for the devolution of RSC Management. This is expected to take effect on 1 February 1985. The devolution process is currently expected to cover all regions by the middle of 1986. (Pages 17 to 18)

Given the significant advantages of regional devolution of RSC Management which is expected to produce improvements in both the quality and the pace of decision-making, it is recommended that adjustments be made in the schedule of regional training to make possible the more substantive recommendation that the devolution process be completed by the end of 1985. (pages 18 to 19)

6. With the impending nationwide replication of the RSC approach, the regular unit of the MLG Central Office that will be expected to manage the RSC as a mainstream program of the Ministry should now begin to be more actively involved in the operations of RSC. Among the units of the Ministry, the Bureau of Local Government Development (BLGD), given its mandate as well as its current programs, appears to be the most logical choice. Concerned officials and staff of the BLGD and of other pertinent units in the MLG Central Office are currently scheduled for inclusion in Phase II of the regional training program.

In addition, it is recommended that the BLGD be actively involved in the conduct of the full-scale evaluation of the RSC project earlier recommended. It is further recommended that management of the RSC (or what is referred to as Level One thereof) be turned over to the BLGD by January 1985, or shortly thereafter. (pages 19 to 20)

## II. ASSESSMENT OF THE FEASIBILITY OF LINKAGE BETWEEN THE RSC AND THE LOCAL RESOURCE MANAGEMENT (LRM) PROJECT

1. Given the similarities as well as the differences between the RSC and the LRM projects, coupled with the fact that both projects are at this time learning projects, meaningful linkage between the two would be desirable. The meaningful exchange of ideas and sharing of experiences between the two projects would enhance the chances that the approaches that are eventually evolved for nationwide replication would be

truly effective in achieving the basic objective. (pages 25 to 28)

2. Because of certain recent developments, such linkage is not only desirable but indeed necessary: a) Under the Local Government Code, component cities will be placed under the supervision of provinces by 1985; and (b) the RSC has begun to venture into municipalities, giving rise to the possibility of overlap with the LRM project at least in the three regions currently covered by the latter (Regions V, VI and VIII). (pages 28 to 29)

3. Given the need for and the desirability of linkage between the two projects, three alternative forms of institutional linkage at the national level and one at the regional and local levels were explored. At the national level, the arrangement that was considered by the Evaluation Team as adequate for achieving the purpose of linkage and at the same time having the best chances of acceptance by the institutions involved (i.e. MLG and NEDA) was one where the LRM Program (not project) would serve as a funding conduit for USAID funds for, among others, RSC, with the LRM Program Management having powers of review over RSC annual programs and of periodic monitoring of RSC performance. The lead implementing agencies of the projects under the LRM Program, however, would continue to retain primary responsibility over and control of their respective projects. (pages 29 to 31)

At the regional and local levels, the linkage arrangement proposed involved creation in relevant regions of a Technical Sub-Committee for Local Government Development Planning and Management under the Executive Committee of the Regional Development Council for the region. The regional project managers of both projects would serve as co-chairmen, and the heads of the Planning and Development Staffs of the concerned LGU's would participate as members. (pages 31 to 33)

4. Unfortunately, however, while agreement exists on the need for and the desirability of linkage between the RSC and the LRM projects, it has not been possible at this time to arrive at a consensus on the specific form of institutional linkage. Accordingly, piecemeal recommendations are herein proposed to minimize confusion that would tend to result in the absence of the linkage as well as to make possible the attainment of some economy in the use of project resources. These recommendations are: (a) limit RSC expansion into municipalities and market towns in regions other than those currently covered by the LRM project (i.e. Regions V, VI and

VIII); and (b) within the regions covered by the LRM project, coordination of activities of the two projects where such coordination is feasible, e.g. training in project development, development and installation of financial management systems and related efforts at increasing local revenue generation and enhancing budget allocation efficiency, and the development and installation of subproject monitoring systems. (pages 33 to 34)

I. ASSESSMENT OF THE RURAL SERVICE CENTER PROJECT

A. OVERVIEW

The Rural Service Center Project is now in its seventh year of operation. From the ten secondary cities that entered the program in 1978, program coverage has expanded to the current total of twenty-seven participating cities; under the current Phase II of the Project, coverage has also begun to be extended to seven municipalities in four provinces.

To date, the Project, through its consultants, has produced numerous documents that set out guidelines and procedures covering the various performance areas under the Project. These have formed the basis for the subsequent series of orientation, training and technical assistance programs that have been carried out by the RSC consultants and staff by way of installing the planning systems within the participating local government units, principally the City Planning and Development Staffs.

CPDS

B. CPDS CAPACITIES FOR RSC IMPLEMENTATION

1. Appreciation of RSC Training and Technical Assistance

In general, assessment of CPDS capacities for implementing the RSC project produced the same findings as those of previous evaluation teams.

For the most part, the CDCs of participating cities interviewed expressed enthusiastic support for the RSC program, and appreciation for the additional perspectives and skills obtained under the various training and technical assistance programs. Based on their experience, however, continued training was deemed necessary in the areas of community organization and of project preparation, management and supervision.

2. Staffing Constraints and the Local Government Code

The constraints imposed by staff availabilities

relative to the demands imposed on the CPDS by other government programs (mainly economic but including others of a more general nature) continue to pose difficulties in terms of timely and fully effective implementation of the RSC program. In this regard, most of the CDCs interviewed expect significant relief from this problem upon implementation of the forthcoming reorganization called for under the Local Government Code. With the prospective elevation of the CPDS to an Office of the City Planning and Development (OCPD), the status and, it is hoped, also the influence of the CPDS will be enhanced; staff size will be expanded to over forty; and compensation scales will be raised, thus enhancing the staff's competitiveness in the recruitment of suitable candidates.

Based on the foregoing, the prospect does appear sanguine. To ensure that expected benefits are indeed realized, however, caution also needs to be exercised in implementation. One CDC, for instance, observed that, in the on-going reorganization of his office, most if not all of the staff that received RSC training are to be assigned to the Planning Division, which is of course good from the standpoint of strengthening the staff's planning capacity. Implementation of the RSC project, however, is to be the responsibility of the Special Projects Division.

### 3. The Issue of Community Organization

The organizational changes prescribed under the Local Government Code are clearly designed to beef up capacities of city governments for greater local autonomy. In other words, staff capacities in terms of size and competence are being built up to enable full and effective response not only to present demands but, more importantly, future demands which are expected to grow with increased autonomy.

In this light, it seems valid to consider whether the continuing expression of need for continued assistance in the area of community organization should be taken as an indication of need to reassess the whole RSC approach to community organization. Specifically, considering the increasing demands on the CPDS, and considering the inherent time- and labor-intensity of the community organization process, should the CPDS continue to undertake the actual task of organizing beneficiaries, or would it be more resource-effective for the field work to be delegated to competent local institutions, with the CPDS confining its role in this area to the contracting of services and the subsequent management thereof?

### 3. Sub-project Performance: Quantitative Evidence

Figures on sub-projects developed under the RSC project provide partial evidence of the effectiveness of training and technical assistance programs extended to participating cities. From sixteen sub-projects costing P1.2 million in 1978, the project had by the end of 1982 produced the establishment and operation of 246 projects with a total cost of a little under P25 million. Significantly, the period also saw a marked shift in sub-project orientation from the infrastructure to the income-generating category. In 1978, infrastructure accounted for fourteen of the sixteen sub-projects implemented, and 78 per cent of total project cost. In 1982, only two of the forty-six projects for the year were classified as infrastructure, accounting for 21 per cent of total project cost. Furthermore, these infrastructures were generally supportive of the income-generating objective. Over the five-year period (1978-82), infrastructure accounted for 68 of the 246 sub-projects implemented, representing 28 per cent of total project cost.

Based on limited evidence, sub-project performance to date also appears satisfactory. Of the 246 subprojects implemented during the 1978-1982 period, 212 (with a total cost of about P21.5 million) are still in operation, reflecting a survival rate of 85 percent. Further, a learning process appears to have taken place as the failure rate (projects that have ceased operation over total projects) has progressively declined from 33 percent of subprojects implemented in 1979 to 18 percent in 1980, then to 9 percent in 1981 and 7 percent in 1982.

The foregoing figures are of course not conclusive; the figures may simply indicate that the more recent subprojects have not had sufficient time to demonstrate viability. Further, in addition to the subprojects that failed, there were twelve subprojects (costing P1.7 million) that were authorized but never got off the ground. There are also seven subprojects (costing another P1.7 million) whose implementation has been reprogrammed for the future.

More importantly, the figures do not say anything about the process that took place in the identification and organization of project beneficiaries nor about the projects' impact on them. Evaluation of twenty-five subprojects was thus undertaken to obtain indications of the situation in this

regard.

### C. EVALUATION OF SUBPROJECTS: PERFORMANCE AND IMPACT

#### 1. Individual-member-implemented Subprojects versus Group-Implemented Subprojects

The most significant finding of the evaluation of subprojects concerns the differential performance and impact of subprojects that require individual member implementation (i.e. dispersal-type) and those that involve cooperative effort (i.e. group-implemented). Specifically, the evidence appears to show that:

(a) Individual-member-implemented projects tend to have better chances of success (i.e. of sustaining operations) than group-implemented activities.

(b) Individual-member-implemented projects tend to have the greatest impact on individual association members in terms of employment, income and consequently expenditures. In these cases, benefits are distributed to recipients more directly and more evenly. In contrast, group-implemented enterprises tend to have less direct and often limited economic impact on association members. Often, only those members who can be employed by the enterprise appear to receive substantial benefits, and among these, only the permanent employees (usually at the managerial level) receive regular benefits.

(c) On the other hand, a sense of confidence in the ability of the beneficiary association as a unit to promote the development of the community appears to have been generated more often in associations in which the enterprise is group-implemented, subject however to the success of the group's initial endeavor. (This is not to say, however, that a strong sense of solidarity pervades the association. Due to the above-cited finding that most members participate in the sub-projects only indirectly or on an irregular basis, it is reasonable to expect that most members do not share the feeling of solidarity present among those most benefitted.) In contrast, since the success of individually-implemented sub-projects depends primarily on individual initiative, the capacity to plan and work as a cohesive unit has not had a chance to develop. The role of the association as a medium through which development of the community can be effectively

pursued therefore tends to remain unrecognized.

## 2. A Choice Between Objectives?

Based on the foregoing, trade-offs appear to be involved. Individually-implemented subprojects appear to better serve the objective of improving the economic well-being of a larger number of beneficiaries. On the other hand, group-implemented subprojects tend to develop a stronger sense of community, a feeling of ability as a group to work towards collective progress.

But are trade-offs necessarily involved? Are the two objectives really mutually exclusive? We think not. As indicated in the section following, the viability even of group-implemented activities can be significantly enhanced through more thorough project preparation, more adequate community preparation, and more effective monitoring. With improved financial performance, associations can embark on other activities and thereby directly involve a growing number of members in association activities. For individually-implemented activities, on the other hand, some means can surely be evolved towards raising the group-consciousness of individual beneficiary-members.

In any event, the point that needs to be made here is that the issue is sufficiently important to warrant closer investigation. To the extent that both objectives can be achieved in individual beneficiary associations, they should both be pursued. The problem with having to make a choice between the two objectives is that it will probably not be difficult to make the choice in favor of improved economic well-being for a large number of beneficiaries; in the resulting loss of the community-consciousness objective, the RSC approach would lose a key distinguishing feature.

## 3. Factors Contributing to Subproject Success or Failure

In addition to the assessment of subproject impact, an attempt was also made to identify likely factors that contribute to subproject success or failure. The analysis produced six factors that are believed to exert significant influence on subproject success (i.e. sustainability). These are:

- a. Nature of subproject implemented
- b. Adequacy of community preparation prior to

Implementation

- c. Adequacy of project design
- d. Access to market
- e. Existence of prior skills among beneficiaries
- f. Adequacy of the CPDS monitoring system.

The nature of subproject implemented refers to the distinction between individual member-implemented subprojects and group-implemented subprojects. This has already been discussed, with the finding that individually-implemented projects tend to have better chances of success than group-implemented ones. This in turn is attributed to the fact that, in general, individually-implemented activities: (a) involve simple technologies and require of recipients minimal new skills; (b) depend principally on individual initiative; (c) are not affected by internal associational conflicts; and (d) have simple marketing requirements.

For simplicity, the five other factors identified as critical to subproject success or failure can be reduced to three: adequacy of prior community preparation, adequacy of project design (under which market access and existence of prior skills can be subsumed), and effectiveness of the CPDS monitoring system. These factors apply whether the subprojects are individually- or group-implemented.

a. Community Preparation

Under the RSC approach, one of the first steps that need to be taken in the introduction of developmental activities in the target communities is adequate community preparation. The preparation stage includes identification of formal and informal leaders who can provide effective guidance and support towards the achievement of development objectives; it requires a thorough assessment of needs of the beneficiaries to ensure that enterprises that are selected are those that would prove most beneficial; it involves adequate organizational preparation to enhance cohesiveness; it should also include sufficient training of association members in various aspects of enterprise management and operations. This preparatory stage requires the commitment of time, resources and trained manpower from the CPDS.

Most of the CDCs and CPDS members interviewed indicated that adequate community preparation was not undertaken in their areas. What often happens is that the from the barangay nears of the RSC activities

*See Annex 1 esp. P. 2*

inquire on procedures for participation. The CPDS subsequently helps in the formation of an association, after which officers are elected, with popularity the usual basis for choice. Activities are then proposed and agreed on, with little guidance from an assessment of needs; the more important consideration appears to be members' perceptions of capability for implementing a proposed activity.

Because of the brevity of the period devoted to community preparation, the associations often fail to develop organizational strength and cohesion. Allocation of responsibilities in planning and implementation as well as the subsequent distribution of benefits are frequently muddled. When a crisis occurs, members are inadequately prepared to respond as a cohesive whole; each one tends to go his own separate way; the eventual outcome is failure.

Constraints to the conduct of adequate community preparation have already been indicated earlier in this Report: inadequacy of community organization skills in many CPDS; competing claims on CPDS time; in some instances, lack of commitment on the part of CPDS members concerned. In light of the foregoing and considering the essential role that community organization plays in the RSC scheme, the recommendation put forward earlier for a reassessment of the whole RSC approach to community organization is herein reiterated.

#### b. Project Preparation/Design

The need for adequate project design/preparation is almost self-evident. A project for which due account has been taken of market, technical, economic, financial, social and operational considerations would naturally stand a considerably better chance of success than one where consideration of these aspects has been inadequate if not absent. Indeed, in view of the multitude of factors that normally impinge on a project, even projects for which preparation has been very thorough have been known to fail. If such could happen to well-prepared projects, the possibility of it happening to ill-prepared ones is clearly greater.

Examples of inadequate project preparation among the RSC subprojects evaluated are not wanting. In Naga, the decision to go into sugarcane production did not consider the already known problems of the sugar industry. The furniture manufacturing enterprise in Iloilo failed because of,

among others, insufficient knowledge of markets, as well as inadequacy compounded by misallocation of funds for operations. The garment-making project also in Nagaland suffered from over-production of low-quality goods which could not be disposed of.

Considering the critical importance of adequate project preparation to project success, the matter deserves more serious consideration in the scheme of RSC. One CDC has gone as far as to question the suitability of CPDS staff, considering their absolute as well as relative lack of practical business experience, to provide guidance in the preparation of principally income-generating projects. Relatedly, project preparation and management has been identified as one of the main areas where private sector involvement appears most promising.

#### c. Subproject Monitoring

Observations show that many problems affecting subproject implementation can be resolved if the CPDS monitors the activities on a regular and timely basis. Monitoring in this context refers not to mere collection and filing of tabulated information submitted by association officials but, much more than this, to the conduct of substantive problem-oriented assessment of subproject operations.

Of subprojects studied, many association members report irregular or inadequate monitoring by the CPDS. The problem again appears to be one of time availability on the part of the CPDS social action officers. The CPDS is thus unable to direct timely and appropriate response to problems that are beyond the capacity of beneficiary associations to solve. This tends to result in a progressive deterioration of the situation.

Situations such as this are clearly regrettable. In general, they represent instances where infusion of a little extra time and management resource could have prevented far more significant losses in terms not only of financial resources but, more importantly, of opportunities for the sustained upliftment of target beneficiaries.

Accordingly, it is hoped that the subproject performance monitoring system that has been developed and recently installed in about thirteen participating cities that have on-going subprojects will prove to be a more effective

mechanism for problem-oriented tracking of subproject operations.

#### D. PROGRAM MONITORING AND EVALUATION

All of the foregoing provide clear indications that the Project is not entirely going in the way it was conceived: this is supported by illustrations from earlier evaluations. Again, this by itself is not necessarily wrong. Departures from prescribed processes and the divergence of actual from expected incidence of project impact could rather be indicative of realities that were not adequately taken account of in the Project's design. Or they could be indicative of systemic deficiencies that the Project should in fact seek to correct. Either way, however, such instances of divergence between the theory and the practice of RSC should serve as flashpoints for project management that deserve more than casual attention. Particularly in a project that is still in the pilot stage, such divergences from Project design need to be noted and assessed at regular and fairly frequent intervals so that appropriate corrective action can be taken with relative dispatch, either through modifications in Project design or improvements in Project implementation.

What all these point to is the critical need, particularly in a project such as this, for a working system of program (as distinguished from subproject) monitoring and evaluation. As early as 1980, this was already highlighted in the Tenzer Evaluation Report. To date, however, four years, eleven cities and about a hundred sub-projects later, program monitoring & evaluation have not been formally incorporated into the Project Management System.

Whatever evaluation of the program that is carried out on a reasonably regular basis is undertaken through the bi-annual evaluation required under the Project Agreement as well as the periodic consultative conferences with the participating cities. These, however, do not suffice. The bi-annual evaluations are carried out over short periods of five to six weeks, which allow no more than a limited sampling of the cities and of the various aspects of the program; and the intervening period is too far apart. The consultative conferences, on the other hand, present only the perspective of the program implementors, and documentation has been very weak.

This is not to denigrate these activities. They provide valuable insights into the progress, the shortcomings and the problems of the program. Through periodic relative conferences, some of the member cities also stand to have derived useful lessons from the experience of one or the other cities, which have helped to improve their performance. In addition, however, there is need for systematic and continuing monitoring and evaluation, which provide timely and well-documented assessments of what works, where the program is faltering, the reasons therefor, and what appear to be reasonable alternative courses of action. On this basis, project management can take sound and timely decisions affecting program design and execution, and thereby enhance the smoother and more effective implementation of the project. This is essential in any project, and all the more so in a pilot project which, if found feasible, is intended for nation-wide replication.

Recognition of this need has not been mentioned by Tenzer in 1980. The need for it and the desire to do it have been expressed by the majority of the senior staff of the Project Management Office. What remains is a management decision to move ahead with it, and thereafter to design and implement the appropriate system. This could very well represent the principal direction of the project in the next year or so. Indeed, it is herein recommended that before any further area expansion of the RSC is attempted, such a monitoring and evaluation system be first developed, installed, and operationalized in a thorough assessment of the past experience to date.

In this regard, it would, for instance be useful to carry out some form of statistical analysis of project experience to date. Specifically, the analysis would be directed towards identifying critical determinants of effective achievement of Project objectives, both at the level of the cities and at the sub-project level. Identification of such determinants would provide a more systematic basis for assessing the relative state-of-readiness of individual cities for adopting the RSC approach, and accordingly, a relative prioritization of cities in terms of timing of entry into the RSC program. (If desired, the assessment could also serve as a basis for decisions to drop currently-participating cities from the program). Suitable approaches to the introduction of the RSC approach in each city could then be developed depending on its state-of-readiness. Clearly, in those cities which are advanced enough, direct introduction of RSC could be effected.

In others, however, time would clearly need to be provided, and possibly some forms of inducement and assistance, to bring the cities up to a state where the RSC approach becomes a feasible proposition. Through such a systematic classification of cities, considerable wastage in resources which are growing increasingly scarce, as well as much disillusionment, can be avoided. A similar type of analysis undertaken on sub-projects would provide the same type of benefits.

## E. BUDGETARY SUPPORT

### 1. Support Levels for FY 1982-84

Budgetary difficulties continue to hamper project operations. Perhaps in large part, particularly in more recent years, this may be attributed to the difficulties that the Philippine economy in general has been going through. In part, however, it may also be due to the reluctance of project management to apply stronger persuasion on the Budget Ministry for higher support levels. In part, the problem may also be related to the project's special project status. Finally, where extensions of USAID assistance to the project have involved, budgetary difficulties arose from delays in the completion of project documentation.

In 1982, due to the delayed signing of the Amendment to the Project Agreement that extended the PACD by two years beyond 30 June 1981, no provision was made for the Project under the General Appropriations Act (GAA). It was, however, able to obtain some allocation from the Foreign-Assisted Projects Support Funds (FAPS). The amount obtained for capital outlays, however, fell far short of requirements for reimbursement. So that in 1983, while the project succeeded in obtaining support under the GAA, the amount granted was sufficient only to cover much, though still not all, of the backlog in sub-project reimbursements. In 1984, again due to the delayed signing of Amendment No. 7 that extended the project for still another two years beyond 30 June 1983, the project again failed to obtain appropriations under the GAA. While it was able to obtain operating funds from FAPS, no amount was provided for capital outlays.

The net effect of the foregoing has been a virtual standstill in sub-project authorization since 1983. In that year, authority-to-proceed was granted to only one sub-project;

and in 1984 to date, none. Further, there remains outstanding to date reimbursements to participating cities in the amount of \$ million, some of which are for sub-projects implemented in 1980.

2. Possible Implications and the Need to Explore Funding Alternatives to Sustain Program Operations

The virtual standstill in sub-project authorization could have some far-reaching implications. For in the face of funding constraints, the processes of organizing target beneficiaries into associations and of subsequent sub-project identification and proposal preparation and submission continue. Due to the inadequacy in back-up funds in 1983 and its absence in 1984, however, project management has deemed it prudent to hold off on the issuance of authorities-to-proceed. Target beneficiaries are thus held in suspense.

The danger here lies in the fact that, where the program approach has been effective, the collective consciousness of communities has been raised. They have been made aware of the fact that, as a group, they represent a force that can effectively articulate their views to their government. And they have been made to believe that their government will be responsive to their legitimate demands. If their subproject proposals are thus left hanging much longer, the program that started out with the laudable prospect of awakening in communities a sense of control over their destinies could end up with pockets of disillusionment and effective forces for destabilization.

Needless to say, such an eventuality must be avoided. Some of the concerned CDC's have gone so far as to express willingness to suffer long delays in reimbursement just to effect immediate issuance of sub-project authorization. The apprehension is that, otherwise, city officials may no longer provide budgetary support for the program in succeeding years as the support provided this year remains unutilized in the absence of necessary project authorization. (As of this writing, Project Management has taken a decision to issue authorizations-to-proceed, with the explicit caveat that reimbursements will be made as and when funds become available for the purpose.)

Until the project becomes a mainstream program of the MLG and regular funds appropriated therefor, other alternatives will need to be explored, such as the possibility of tapping

the Economic Support Fund (ESF) for sub-project financing. The use of USAID grant funds for the purpose could also be explored. Provision to this effect had in fact been embodied in the Amended Project Paper for this project; it was, however, not carried in the Amendment to the Project Agreement. Where project extensions are envisioned, prior arrangements will also need to be made to prevent a repetition of the 1982 and 1984 experience, where the timing of the signing of Amendments effecting such extensions precluded GRP support to the project under the GAA.

#### F. THE FINANCIAL MANAGEMENT SYSTEM

Over the long haul, however, the idea is for local governments to finance increasing proportions of program requirements out of locally-generated resources. Thus, a key element of the Project involves the strengthening of local government capacities for financial management, including the generation and mobilization of additional resources for the support of RSC-type development activities. Towards this end, a financial management system (FMS) has been developed and tested, and is currently under installation in a number of local government units, including provinces and municipalities. Activities are also in progress towards mobilizing private sector support to RSC-type activities.

The FMS that had been developed was pilot-tested in 1982 in the cities of Bacolod, Calbayog, Naga and Olongapo. Introduction of the system has subsequently been initiated in ten local government units: three (3) provinces, three (3) municipalities and four (4) RSC cities. In these ten LGU's, orientation seminar-workshops have been conducted, and historical data-collection activities and subsequent forecasting are currently in progress; implementation of the monitoring system is expected to follow thereafter. Expansion of the FMS coverage to thirty additional local government units is programmed for 1985, in coordination with Track II of the Local Resource Management Project.

Follow-up and evaluation have been an acknowledged weakness in the entire process. This is clearly the case, as evidenced by the fact that introduction of the FMS in the ten local government units was initiated without benefit of any assessment of the prior experience in the four pilot cities.

As part of this evaluation of the RSC Project, discussions were held with concerned officials of two of the four pilot cities to obtain an idea of whether and the extent to which the FMS was being used, and if used, how well it was working. As it turns out, performance has been quite disparate. In Bacolod, the introduction of the FMS was deemed difficult in view of the fact that the system currently in place had been in use for a long time and city officials concerned were very comfortable with it. Accordingly, the only element of the FMS that is made use of is the revenue-expenditure profile, which is updated as official figures come out of the Treasurer's office, usually three-to-four months after the month in question. This is considered useful for reference purposes.

In Naga, a simple version of the system is very much in use for management purposes. A FMS team composed of representatives from the Budget Office, the City Treasurer's office and the CPDS produces monthly forecasts of revenues and expenditures for a given year at the start of the fiscal year in question. Actual figures are then entered on a monthly basis, with official figures for each month usually being made available by the Treasurer's Office by the middle of the following month. Comparative analysis is made of actual performance against forecasts and monthly reports transmitted to the City Mayor, the Sangguniang Panglungsod, the Treasurer, the Assessor, the Budget Officer and the PET. Where significant divergences occur, these are highlighted and appropriate recommendations formulated. Significantly, there has been evidence of the system's outputs being used as input to city decision-making affecting city finances.

Evaluation of the pilot experience would have provided valuable insights into appropriate timing and approaches to local government units towards introduction of the FMS, as well as the suitability of the design and the degree of detail of the prescribed forms. For the ten other LGU's where the system is currently under installation, the point is at this stage largely moot and academic. For the thirty additional LGU's programmed for 1985, however, this is not the case. Accordingly, it is herein recommended that, before such expansion proceeds, an in-depth evaluation be made of the experience of the four initial pilot cities as well as of the ten LGU's where the system is currently being introduced.

It is also recommended that the discussion sessions that have recently been initiated between the FMS consultant

on a regular basis so that the weakness of the staff in public financial analysis may be sufficiently overcome and in time to enable them to carry on institutionalization activities after the consultant's term shall have ended. (Such consultations should also be established and carried out on a frequent and regular basis between the other consultants and the rest of the counterpart staff to effect meaningful technology transfer to the local staff.)

As designed, the FMS would essentially provide a city government with an early warning system concerning its state of finances. If trends should point to a significant impending revenue shortfall, the city government is afforded time to either prevent the shortfall or, failing that, to identify areas for and decide on expenditure cutbacks, or both. By itself, this is a very useful tool for city management.

Clearly, however, this is inadequate. Considering the objective of according to Local Government Units greater autonomy in their operations, together with the financial realities confronting the National Government, it is clearly necessary to raise the capacities of LGUs for local revenue generation as well as to enhance their processes for efficient resource allocation. To date, nothing has been done in this regard.

#### G. PRIVATE SECTOR INVOLVEMENT

In the face of increasing constraints on government resources, parallel efforts are also being undertaken under the Project to harness private sector resources to support RSC-type activities. This aspect of the project is still very much in the preliminary stage, and is carried out principally by one local consultant whose terms of reference is not confined to private sector involvement but also covers the trust fund concept as well as the integration at the city-level of programs of national government agencies with RSC activities.

The consultant covers the four cities of Butuan, Ilorilo, La Carlota and Legaspi. As far as private sector involvement is concerned, the work involves:

- a) familiarization with any private sector (generally

civic clubs and similar organizations) activities that, like RSC, are directed at uplifting the disadvantaged segments of the city population;

b) familiarizing such private sector groupings with the RSC activities of the city government;

c) encouraging separate private groupings to approach their RSC-type activities in an organized and coordinated fashion so that unnecessary duplication and overlaps may be avoided and complementarity rather enhanced; and

d) generating interest in a link-up with the city government again to avoid unnecessary overlaps and enhance complementarity.

Initial findings show that, in all four cities, various private groups are involved in varying degrees in the execution of RSC-type activities. In addition, considerable disparity exists among the four in terms of coordination of RSC-type activities within the private sector and between the private sector and the city governments. In this regard, La Carlota is clearly ahead of the rest. A private development foundation has been set up by different sugar planters, and livelihood projects are actually already in operation for the benefit of the poorer segments of the population. Significantly, the people's participation approach is actively applied in the identification and the operation of projects. Linkages have also been established with the city government, and have been operationalized in a cattle breeding-cum-dispersal project.

In Legaspi, a civic organization has agreed to extend marketing assistance to an RSC sewing project; another group has offered to help in the management of and the provision of necessary skills training for another floundering RSC project. These two civic groups, together with three others, have already agreed in principle to organize themselves into a core organization through which their separate RSC-type of operations can be coordinated, possibly even integrated, not only with each other but also with similar activities of the city government.

In Iloilo, the interest of various civic groups in coordinating their various RSC-type activities has been generated, and the city government is currently providing active support to the establishment of a Civic Clubs Coordinating Council. In Butuan, there has been very little

contact between the city government and private organizations; RSC efforts are currently focused on generating interest in civic clubs to form themselves into a coordinating organization for RSC purposes.

It seems clear from the foregoing that possibilities definitely exist for establishing close working relationships with regard to RSC-type activities between the city governments and the private sector in their respective jurisdictions. The desire to forge closer ties generally exists on both sides, and this should be maintained through appropriate and sustained follow-up action. Most importantly, as noted by the Consultant in his Interim Report, such relationship can develop and grow only in a climate of mutual trust between the two parties. For both sides, this will require clear and consistent demonstration of integrity, effectiveness and an ability to rise above parochial concerns towards the common objective of serving their disadvantaged constituents.

Eventually, whatever approaches are evolved from the current work on the four cities shall be applied in the rest of the RSC cities, and possibly nationwide thereafter. Accordingly, it is important that even at this time RSC project staff and others who may be involved in eventual replication (i.e., Ministry central and regional staff) be brought in and actively work with the consultant in this undertaking. Thereafter, the experience in the four cities will need to be closely studied to ensure that in the subsequent efforts to promote private sector involvement in the rest of the participating cities, such approaches that are taken would be suited to the particular situations of the cities concerned.

#### H. MANAGEMENT DEVOLUTION TO THE REGIONS

##### 1. Preparatory Activities and the Timetable of Devolution

The Project is currently in the process of devolving management of the RSC to the regions. A three-cycle series of training programs is currently underway in four regions (III, V, VI and XI) to orient MLG personnel at the sub-national level to the concept, the approaches and the techniques of the RSC project, as well as to enhance their managerial skills. The first two cycles have been completed; the third is scheduled to

phases will cover the rest of the regions in quarters 2, 3, and 4; coverage of all regions is expected to be completed in the last quarter of 1986.

In the meantime, following the issuance of Circulars No. 83-2, 83-5 and 83-27 in January 1983, March 1983 and December 1983 respectively, the MLG offices in the four pilot regions have been undertaking their own preparations for the much-awaited devolution of RSC management. In Regions III, V and VI, the MLG regional offices have created separate and distinct specialized units to handle RSC and other special projects. The MLG Regional Office in Region XI has gone farther to provide a built-in mechanism to integrate RSC into the mainstream of MLG operations by streamlining the entire regional machinery. Specialist staff positions have been created at the Regional, Provincial and City Offices; and field workers have been reassigned from the Municipal and Barangay levels to the restructured Regional, Provincial and City Offices. Further, together with the other MLG Regional Offices in Mindanao, MLG Region XI has formulated plans for the conduct of a four-month "pre-service" training from March to June 1985 to prepare designated specialists to effectively respond to new job requirements. Concerned staff from the three other pilot regions have been invited to send participants to the program.

Given these, and the first two cycles of training that have been carried out under the project, the MLG pilot regional offices are deemed ready to assume such management responsibilities as may be passed on to them from the RSC Project Management Office. This is expected to take operational effect from 1 February 1985, with a draft circular delineating the functions of the MLG pilot regional offices in the management of the RSC projects ready for the Minister's signature. Devolution to the rest of the regions is expected to take effect as they complete Cycle II of the three-cycle training program, i.e. in the third quarter of 1985 for the next four regions and in the second quarter of 1986 for the last four regions.

## 2. Benefits Expected of Devolution

With regionalization, one basic weakness in the RSC organizational setup, i.e., the absence of personnel stationed in the field on a more or less permanent basis, is being corrected. Devolution of project management to the MLG regional offices should enhance increased contacts between

project management and the city government clientele as geographic distances are shortened and unit travel costs reduced. Given this, and the more intimate familiarity that regional offices possess over conditions confronting local government units in their respective areas of responsibility, significant improvements in both the pace and the quality of decision-making over project matters may be expected.

Given these advantages, it would clearly be in the interest of the project and, in the final analysis, of the project beneficiaries if the pace of management devolution were expedited. Accordingly, it is herein recommended that suitable adjustments be made in Phases II and III of the Regional Training Program to enable the devolution of RSC Management to take effect in all regions by the end of 1985.

### 3. The Project's Institutional Status and Its Place Within the MLG Central Office Organization

The regionalization initiative notwithstanding, the Project remains in the pilot stage, and this is as intended pending the full-scale evaluation earlier recommended. This would establish the suitability of processes developed and incorporate appropriate modifications/refinements before nationwide replication. The project has accordingly remained a special project which, together with other special projects of the MLG, falls under a unifying umbrella. This arrangement is expected to be maintained by the new Deputy Minister for Local Government Development. This time, however, a full-time Executive Director to head the umbrella will be appointed, who shall report directly to the Deputy Minister for Local Government Development.

Previous evaluations have noted a basic flaw in the institutional arrangement within the Ministry Central Office as above described. And that is the continuing absence of linkage between the RSC project management and the regular units of the Ministry Central Office. Accordingly, under Amendment No. 7 which extended the Project for two years beyond 30 June 1983, one of the Conditions Precedent was "a special implementation plan with suspense dates describing the process by which the RSC project will be absorbed within the mainstream operations of the Ministry of Local Government's bureau and regional offices during the next two years." Subsequently, however, the GRP and the USAID agreed to hold this condition in abeyance pending devolution of RSC management to the Ministry regional offices.

As earlier noted, such devolution is expected to take effect from 1 February 1985. Accordingly, it is now necessary that the unit at the MLG Central Office that will be expected to manage the RSC as a mainstream program is finally brought into the picture.

Among the units in the Ministry, the Bureau of Local Government Development appears to be the most logical choice. Under Section 6 of Executive Order No. 777, the BLGD has been tasked with the formulation of programs, the conduct of research, the provision of technical assistance and the administration of training programs to develop the capability of local governments for development management. Towards this end, a comprehensive program called Systems Operations for Local Institutional Development, or SOLID for short, was developed in 1983 and is currently under implementation through the MLG regional offices. The program, which is composed of four sub-systems, viz. Local Government Development Training, Consultancy and Technical Assistance, Local Government Development Assistance and Local Government Development Research, covers the areas of Development Planning, Organization and Management, Fiscal Management, Engineering and Infrastructure Development, and Local Economic Enterprise Development.

The functional coverage and the activities of SOLID are clearly similar to those of the RSC project, and the RSC orientation towards the poorest sector of society as well as the emphasis placed on people's participation represent important additional dimensions that would immeasurably enrich the BLGD program.

According to the Project Director, Bureau-Level Officials and staff of the Ministry will be brought in at the second phase of RSC training for regional and sub-regional personnel. This would certainly represent an appropriate first step, though clearly only a first step, towards the eventual transfer of overall management of the project (or at least what is referred to as level one thereof) to the BLGD. This should be accompanied by meaningful measures to effect such transfer by the end of Phase II Training, i.e., January 1986 or shortly thereafter. Indeed, the plan called for as a Condition Precedent under Amendment No. 7 should now be drawn up, and made an integral part of whatever reorganization plan may be formulated for the RSC Project Management Office in response to the impending devolution of management to the regional offices.

## I. CONCLUSIONS AND RECOMMENDATIONS

The basic conclusion of this evaluation is that the RSC is not at this time quite ready for nation-wide replication, and therefore can not as yet be integrated as a mainstream program of the Ministry of Local Government. Some of the processes and procedures that have been developed need to be reviewed and subsequently refined, modified, or altogether discarded. Other systems and process are still currently in the stage of development. This notwithstanding, however, it is clear at this time that the RSC approach does possess significant potential for effectively addressing developmental needs of the most disadvantaged segments of society through orientation and capacity-building of local government units, specifically city governments.

In light of the foregoing, the following are recommended:

1. The RSC Project should be extended for another three years, from 01 July 1985 to 30 June 1988.
2. The first year of the extension should be devoted mainly to a full-scale evaluation of project experience as of the end of June 1985, and the subsequent modification, refinement or discarding as may be deemed appropriate of processes and procedures that will have been developed and pilot-tested by that time. To further enrich the evaluation and modification/refinement process, the LRM experience as of that date, should be taken into full account.

The principal outputs of the evaluation and refinement process are as follows:

- a. a workable system for program monitoring and evaluation, including documentation;
- b. processes and procedures that are ready for replication;
- c. identification of processes and procedures that should be altogether discarded;

- d. identification of supporting inputs necessary to enhance effectiveness of processes and procedures deemed ready for replication;
  - e. a workable system for assessing the state-of-readiness of individual local government units for adoption of the RSC approach;
  - f. a ranking of all secondary cities in terms of such state-of-readiness;
  - g. selection of cities for the next stage of replication, and correspondingly identification of currently participating cities that should be dropped from the program;
  - h. a typology of sub-projects in terms of relative potential effectiveness for achieving Project objectives.
3. Once developed, the program monitoring and evaluation system should immediately be put in place and made operational.
  4. To further speed up the regionalization process the training program for all regional offices should be adjusted to enable devolution of RSC management to take effect in all regions by the end of 1985.
  5. To enhance its capacity to take over management of the RSC project (at least level one), the BLGD should be actively involved in the evaluation and refinement process.
  6. During the evaluation and refinement period, expansion of the RSC beyond the current twenty-seven cities and seven municipalities should be held in abeyance.
  7. In view of increasing constraints on the National Government Budget, additional sources of funds for sub-project financing should be explored, such as the possibility of tapping

the Economic Support Fund or the use of USAID grant funds. At same time, however, efforts should begin to be undertaken towards building up the capacities of LGUs for increasing local revenue generation as well as for enhancing the efficiency of budget resource allocation.

8. In the last two years of the extension period, i.e., from July 1986 to June 1988:
  - a. introduce modified/refined processes and procedures into currently participating cities which are retained in the program.
  - b. expand to other cities, the phasing to depend principally on the relative state-of-readiness of specific cities for adoption of the RSC approach. In cities deemed unprepared for RSC, preparatory activities may be undertaken to bring up their relative state-of-readiness. Where politically feasible, currently participating cities deemed not ready for RSC should for the time being be dropped from the program.
  - c. testing of replicability of processes to other municipalities and market towns. To forestall the emergence of confusion at the level of municipalities, however, overlapping in area coverage with the Local Resource Management (LRM) Project should be avoided. Accordingly, RSC testing in municipalities should be undertaken in regions other than those covered by LRM (Regions V, VI, and VIII).

## II. ASSESSMENT OF THE FEASIBILITY OF LINKAGE BETWEEN THE RURAL SERVICE CENTER (RSC) PROJECT AND THE LOCAL RESOURCE MANAGEMENT (LRM) PROJECT

### A. INTRODUCTION

The RSC project has fundamental similarities with the LRM project in terms of both goals and approaches. Such similarities represent a virtually prima facie basis for establishing some form of linkage between the two projects. Indeed, largely on this basis, USAID/Washington has advised USAID/Manila that additional assistance to RSC can be considered only within the funding umbrella of the LRM Program (as distinguished from the LRM project).

Differences, however, do exist between the two projects, covering not only substantive but also institutional aspects. These need to be taken due account of in any consideration of establishing linkage between the two projects.

### B. THE LRM PROGRAM

Before going into the similarities and the differences between the RSC and the LRM projects, it would be useful to provide a brief overview of the total LRM Program. This will make clear the distinction between the LRM Program and the LRM Project and serve to set in perspective the linkage arrangements subsequently proposed.

The LRM Program is an umbrella organization that serves as a channel for USAID funds as well as coordinating mechanism for USAID-assisted Philippine Government projects which have, as their principal objective, the more effective mobilization and management of developmental resources at the local levels. At this point in time, there are two such projects under the LRM Program: The LRM Project which is managed by the National Economic and Development Authority (NEDA) and the Real Property Tax Administration Project managed by the Ministry of Finance (MOF).

At the national level, the LRM Program Organization is

headed by an inter-agency Executive Committee, chaired by the Minister for Economic Planning, with the Deputy Ministers of Budget, Finance, Local Government, Agrarian Reform, Natural Resources and of the Commission on Audit (COA) and a representative of USAID as members. The Executive Committee provides policy direction and coordination over the Program as a whole and its individual project components.

Day-to-day management of the Program is undertaken by a National Program Management Office, headed by the NEDA Deputy Director-General for Planning and Policy as Executive Director. The Program Management Office is assisted by an inter-agency Technical Advisory Committee composed of representatives from NEDA, MOF, OBM, MLG, MAR, the Bureau of Lands, the National Tax Research Center, COA and USAID.

Under the National Program Management Office are the Project Management Offices of the projects under the LRM Program: the LRM Central Project Office and the RPTA Central Project Office.

The LRM Project Management Organization at the national level is graphically illustrated in Figure 1.

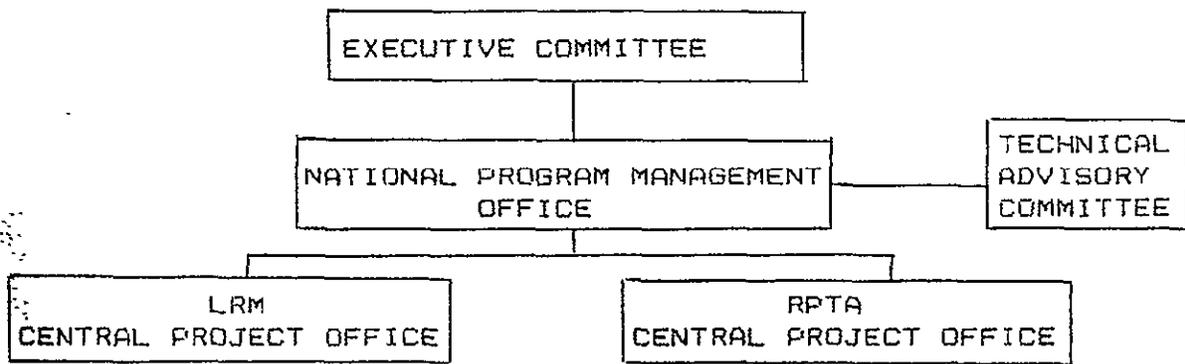


Figure 1. LRM PROGRAM ORGANIZATION CHART AT THE NATIONAL LEVEL

C. SIMILARITIES BETWEEN THE RSC AND THE LRM PROJECTS

In consonance with the U.S. Congressional mandate, the RSC and the LRM projects, and for that matter, all other USAID-assisted projects in the Philippines, are directed towards

upliftment of the so-called poorest-of-the-poor of Philippine Society. In the specific cases of the RSC and the LRM projects, this overall goal is translated into (a) a reorientation of the development perspective of Local Government Units such that the needs of the poorest segments of society are explicitly addressed in local development planning and implementation; and (b) a corresponding build-up in the development planning and management capacity of LGUs to enable them to operationalize such reorientation. In the pursuit of these objectives, both projects prescribe not only a top-down but, very importantly, also a planning-from-below approach through a people's participation process.

In addition, both projects (a) take due cognizance of the reality that LGUs can not for long largely depend on the National Government for financial support of their developmental undertakings; and (b) take the posture that indeed they (the LGUs) should not (perpetually depend on the National Government) as true local government autonomy can only be achieved if the LGUs are at some point in time able to cut themselves off from the budgetary apronstrings of the National Government. Accordingly, both projects also seek to strengthen the capacities of Local Government Units not only to manage their budgetary resources with increased effectiveness and efficiency but, even further, to mobilize other institutional resources within their respective jurisdictions (notably private sector resources but including also those of National Government agencies) towards the overall development effort.

Finally, when the RSC program to devolve project management to the regions finally takes effect (tentatively scheduled to start with four regions on 01 February 1985), the management of both projects will actively involve the regional offices of their respective lead implementing agencies. Significantly, two of the four regions in which regionalization of RSC project management will first take effect coincide with two of the three regions covered under the current phase of LRM, i.e. Regions V and VI.

#### D. DIFFERENCES BETWEEN THE RSC AND THE LRM PROJECTS

Substantive as well as institutional differences also exist between the two projects. In the main, these are as follow:

a) The RSC project has been directed mainly at secondary cities nationwide, currently numbering twenty-seven; under the current phase, however, expansion of the project to selected municipalities and market towns has been started. The LRM project, on the other hand, is primarily focused on provinces and, through the provinces, municipalities; under the current phase, the project covers eight provinces located in the CDSS regions (i.e. Regions V, VI and VIII). Both projects envision nationwide replication when processes and approaches currently being developed and/or tested have been deemed suitable for such replication.

b) The RSC project is aimed at improving the quality of life of target beneficiary households in poverty areas, specifically in depressed barangays. The LRM project, on the other hand, is directed at the upliftment of target beneficiary households within identified poverty groups, viz., upland farmers, artisanal fishermen and landless agricultural workers.

c) Under the RSC, concerned members (social action officers) of the CPDS are themselves expected to undertake the task of organizing beneficiaries into associations, and subsequently to guide them through the entire process of subproject identification, preparation, implementation and operation. Under LRM, on the other hand, the task of community organization is envisioned to be undertaken by private sector groups (principally private volunteer organizations), and approaches are being tested for linking such private sector activities in beneficiary organization to local government activities that are directed at the development of specific target poverty groups.

d) Institutionally, the RSC project is under the Ministry of Local Government (MLG) as lead implementing agency while the LRM Project is under the National Economic and Development Authority (NEDA).

#### E. THE NEED FOR AND THE DESIRABILITY OF LINKAGE

The first proposition that will be made here is that linkage between the RSC and the LRM is desirable. Such desirability stems from (a) the commonality of their goals and of certain other aspects of the projects; (b) the substantive as well as the institutional differences between the two projects; and (c) the fact that, at this point in time, both projects are

essentially learning projects.

Both projects are involved in the development and testing of approaches to beef up the capacities of Local Government Units to address the developmental needs of the disadvantaged segments of their population through processes that involve meaningful participation of beneficiaries. After the learning process is substantially over, such approaches as may be evolved are intended for nationwide replication by the Ministry of Local Government.

That differences exist between the two projects which have the same basic objective is clearly beneficial. The more the perspectives introduced and the larger the number of approaches tested, the greater are the chances that the approaches eventually evolved will be truly effective in achieving the basic objective.

Such enrichment, however, can only occur if an open exchange of ideas and a meaningful sharing of experiences take place with relative constancy between the two projects. And given institutional as well as personal realities, such exchanges can only be promoted through the establishment of some form of institutional linkage between the two projects.

The second proposition is that such linkage between the two projects is not only desirable but indeed necessary. The necessity stems essentially from (a) certain provisions of the Local Government Code that would place component cities under the supervision of provinces by 1983; and (b) the prospective overlap of the two projects in municipalities as RSC under the current phase has already started to venture into selected municipalities. The purpose of the linkage given the foregoing is to ensure that such approaches as may be prescribed by the RSC project for component cities and municipalities are at the very least consistent with those that may be prescribed by the LRM project for provinces (and through them municipalities). Such would not only minimize the need for if not altogether obviate future adjustments by lower level local government units to achieve, where necessary, consistency with higher level units; it would also facilitate eventual integration of plans, programs and budgets of all levels of local government when situations call for such integration. At the level of municipalities, linkage could prevent confusion that would tend to arise in the event that a particular municipality falls under the coverage of both the RSC and the LRM projects, and differing approaches or even simply formats are prescribed. (The emergence of such confusion

is not deemed unlikely considering that, even within RSC alone, such a problem has already been encountered. One participating city, confronted with two alternative sets of theoretical performance monitoring forms, has not activated its monitoring system pending clarification as to which set of forms should be used.)

The foregoing discussion of need for linkage is not to be interpreted to mean that, in all cases, standardization of approaches and processes should be sought. Clearly, there are instances where Local Government Units can and should be left free to adopt whichever approach and/or process may be deemed more suitable in specific situations. Such would be the case, for instance, in a choice between a poverty-area or a poverty-group approach to planning for the development of the poor within their jurisdictions. The same would be true of decisions about who should undertake the community organization function, i.e., whether the Planning and Development Staff should do it on its own or should sub-contract the activity to PUP. A further example would be the choice of approaches to obtaining private sector involvement in local development activities.

On the other hand, there are also instances where, as earlier intimated, a certain degree of standardization not only would be desirable but may even be necessary. Such would be the case in feasibility study preparation as well as in the subsequent monitoring of sub-projects. To a lesser extent, the same would also be true of approaches to improve financial management, increase revenue generation and enhance budget allocation efficiency. In cases of this nature, the linkage arrangement between the two projects should probably be one of integration, i.e., one group working on the same problem area for both projects. Such arrangement would not only ensure standardization; it would also be more cost-effective.

#### F. THE QUESTION OF FEASIBILITY

Given that linkage between the RSC and the LRM projects is not only desirable but indeed necessary, is it feasible? The feasibility of linkage will depend largely on the acceptability of the linkage arrangement to the institutions involved in the two projects.

##### 1. Linkage at the National Level

At the national level, three alternative link arrangements may be considered: (a) integration of the RSC and the LRM projects under a single lead implementing agency; (b) pure funding conduit arrangement whereby the LRM Program merely serves as a passive channel through which USAID funds flow into RSC; and (c) the LRM Program to serve as funding conduit of USAID funds for RSC, with powers of review over RSC annual operating programs and of periodic monitoring of RSC performance.

Integration of the RSC and the LRM projects under a single lead implementing agency refers to an arrangement whereby the RSC project which is under the MLG as lead implementing agency and the LRM project currently managed by the NEDA are both placed under either the MLG or the NEDA as lead implementing agency. Given the resulting unity of institutional command, such an arrangement would tend to maximize interaction. It is, however, that placing both projects under NEDA would not be acceptable to MLG which has primary responsibility for the development of Local Government Units. Neither would placing both projects under MLG be acceptable to NEDA which has primary responsibility for development planning which includes the development of effective planning approaches, systems and procedures for all levels of government.

Such integration at this time that both projects are still in the learning stage would also not be desirable as it would result in the loss of either of two significant perspectives: that of the MLG with its years of operational experience in dealing with local government units in the projects should be integrated under NEDA, or conversely, that of the NEDA with its wealth of planning experience should the projects be integrated under MLG. The appropriate time for such integration is when processes and procedures being developed under the two projects are ready for nationwide replication, at which time both projects should be absorbed as mainstream programs of the MLG.

At the other end of the spectrum, both projects could remain under the full responsibility and control of their respective lead implementing agencies, with the LRM Program serving merely as a passive channel through which USAID funds flow into RSC. This arrangement would in turn not be acceptable to LRM Program management, for acceptance of a conduit role over a particular project normally implies acceptance of a certain degree of responsibility over that project's performance. And such responsibility would be unacceptable without a corresponding degree of authority over project operations. Furthermore, such arrangement would not offer any real advantage over the status

quo in terms of establishing operational linkage between the RSC and the LRM projects.

The third alternative lies somewhere between the foregoing extremes and represents what seems to be a reasonable compromise. Under this arrangement, the MLG retains primary responsibility and control over the RSC project. The LRM Program, on the other hand, serves as a conduit for USAID funds for RSC, in which capacity however LRM Program Management is accorded the powers of review over the annual programs of RSC as well as of periodic monitoring of RSC performance. Releases of USAID funds for RSC would be subject to LRM Program endorsement, which in turn shall be based on the annual program review and on the periodic performance monitoring.

The foregoing alternative should prove acceptable to MLG which retains primary responsibility and control over RSC, and to LRM Program Management which is accorded sufficient authority corresponding to the additional responsibility that attends a financial conduit role over RSC. Furthermore, the annual program review and the periodic performance monitoring processes should serve as effective fora through which the operational linkage between the two projects can be effectively established.

## 2. Linkage at the Regional and Local Levels

By 1985, RSC, like the LRM project, will have devolved project management to the regions. As earlier indicated, two of the four regions in which regionalization of RSC will first take effect coincide with two of three regions covered under the current phase of the LRM project, i.e. Regions V and VI.

With regionalization, much of the operational decision-making concerning the two projects is delegated to the regional offices of their respective lead implementing agencies. Further, even in matters where decision-making is retained at the central project management level, the regional offices play an important role of either originating recommendations or otherwise providing vital inputs into the decision-making process. This is all as it should be, considering that the regional offices are much closer to and, by that token, have a more intimate familiarity with developments in participating Local Government Units who are the final implementors of the two projects.

Regionalization will also mean that, in the event of any problems that may arise from differing approaches and processes presented under the two projects, the regional offices of the

respective lead implementing agencies may be expected to take the initial brunt of requests if not demands for clarification and resolution.

Given the foregoing, it would clearly be in the interest of the regional offices of the lead implementing agencies to establish, and at a reasonably early stage, effective and operational linkage with each other. Thereby, they can work to resolve conflicts, in some cases even before they arise. If equal if not greater importance, the mutual exchange of ideas and experiences would also enhance their respective programs for the development of the poor in their regions, who are their common constituents.

Such linkage at the regional level should not be difficult to establish considering that the regional offices of MLS and of NEDA are both members of the Regional Development Councils (RDC) as well as of the Councils' Executive Committees. These institutions represent a readily-available medium through which coordination of the two projects can be effected. Further, they (the RDCs and their Executive Committees) offer the advantage of having in their membership the regional heads of other line agencies and ministries; through them, the attainment of the objective of building up the capabilities of Local Government Units to mobilize National Government funds available at the local levels can also be facilitated.

Operationally, the linkage could be established through the creation of a Technical Sub-committee for Local Government Development Planning and Management under the Executive Committee of the RDC. The main objectives of the sub-committee would be: (i) mutual enhancement of RSC and LRM concepts, approaches and processes towards poverty-oriented development planning and management; (ii) prevention or resolution of such conflicts/overlaps as may arise in the course of implementation of the two projects in specific Local Government Units; and (iii) standardization of approaches, processes and formats and consolidation of activities where such standardization and/or consolidation may be deemed feasible, necessary and/or desirable.

The sub-committee would be headed by the regional project managers of RSC and of LRM as co-chairmen. To facilitate attainment of the above objectives, its membership should include the heads of the Planning and Development Staffs of the Local Government Units covered by both projects in the region. Representatives of regional and other sub-national offices of other ministries and line agencies could be invited to

sub-committee meetings on a needs basis.

## CONCLUSION AND RECOMMENDATIONS

The basic conclusion of this assessment is that the establishment of linkage between the RSC and the LRM projects is not only desirable but indeed necessary. The specific linkage arrangements that seem most suitable are those whereby;

1. At the national level, the MLG retains primary responsibility and control over RSC. The LRM Program would serve as conduit for USAID funds for RSC, in which capacity LRM Program Management would be vested with powers of review over the annual programs of RSC as well as of periodic monitoring of RSC performance. Releases of USAID funds for RSC would be subject to LRM Program Management endorsement, which in turn would be based on the annual program review and on the periodic performance monitoring.

2. At the regional and local levels, a Regional Sub-committee for Local Government Development Planning and Management would be created under the Executive Committee of the Regional Development Council. Co-chaired by the Regional Project Managers of RSC and of LRM, its membership would be composed of the Development Coordinators of the Local Government units covered by the two projects in the concerned region. The principal objectives of the sub-committee would be as above enumerated. Establishment of the sub-committee(s) would start in the two regions (i.e. Regions V and VI) currently covered by both projects. Should the experience with this linkage arrangement in the first two regions prove favorable, replication could be effected in Region VIII as RSC regionalization program expands to that region.

Unfortunately, however, while all parties are in agreement about the need for and the desirability of linking the two projects, it has not been possible at this point in time to arrive at a consensus on the specific form that the linkage would take, particularly at the institutional level. This is truly unfortunate, as the loss of potential benefits of meaningful linkage between the projects accrue, in the final analysis, to the disadvantaged segments of Philippine society, who are the common constituents that both projects profess to serve. It is therefore hoped that the present situation is temporary.

In the meantime, piecemeal measures may be considered towards minimizing the possibility of confusion, as well as enhancing economy with which resources are used, such as:

a. Limiting RSC expansion into municipalities and market towns in regions other than those currently covered by the LRA project (i.e. Regions V, VI, and VIII); and

b. Within the regions covered by the LRA project, coordination of activities where such coordination is feasible, e.g. training in project development, development and installation of financial management systems and related efforts at increasing local government revenue generation and enhancing budget allocation efficiency, and the development and installation of subproject monitoring systems.

EVALUATION OF RURAL SERVICE CENTER SUBPROJECTS  
PERFORMANCE - 1981

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This report focuses on the impact of RSC subprojects on beneficiaries. Using data gathered during visits to five cities in Regions V and VI, in addition to those collected by AID contractor Lily Hidalgo, we will attempt to assess effects of RSC activities at the community level. Where possible, impact on household income, on the general well-being of beneficiaries, and on the association's capacity to organize for purposes of improving the members' economic status will be discussed. Before establishing any positive or negative impacts, however, a number of related questions need to be answered. First, there is need to determine whether subprojects included in the study are successful or not in terms of the enterprises achievement of objectives. Second, the study should identify likely factors contributing to subproject success or failure. Having answered these questions, we can proceed to assess subproject impact on beneficiaries.

A. THE QUESTION OF PERFORMANCE

Twenty-five subprojects located mainly in the cities of Regions V, VI, and VIII were studied for purposes of this assessment. These represent a wide variety of enterprises currently operational and non-operational. Their inclusion in our sample is primarily a function of when the cities joined the RSC project, since we wanted to assess subprojects that have had some impact on beneficiaries, i.e. subprojects of longer duration as opposed to those recently initiated. Second, choice is a function of availability of data,

that is, we are limited to subprojects recently visited by Ms. Lily Hagan, in addition to those assessed by this evaluator. However, since our concern is to understand factors contributory to performance rather than to obtain a representative sample, semi-purposive selection should not be viewed as a constraint to the evaluation.

### Findings

The major finding of this section is that PSC subprojects at the community level can succeed. Evidence gathered in 25 subproject sites show the existence of both operational and non-operational community enterprises, regardless of where these are or the kind of enterprise introduced. The degree of success, however, appears to be dependent on conditions in the site. Using information collected from subprojects currently operational and non-operational, we were able to identify a number of factors appearing to affect performance. From among the identified factors, six are believed to have critical impact on project success, i.e. on the capability of the beneficiary association to maintain subproject operations. These are as follows:

- a. Nature of subproject implemented,
- b. Access to market,
- c. Adequacy of project design,
- d. Existence of prior skills among beneficiaries,
- e. Adequacy of the City Planning and Development Staff monitoring system, and
- f. Adequacy of community preparation prior to project implementation.

### Mode of Activity

RA associations generally have two options when identifying subprojects to implement. They may either choose an enterprise which requires cooperative effort to implement or they may select an activity requiring individual member implementation. Looking at the list of subprojects included in our evaluation, we observe that there are roughly the same number of group or individually implemented activities. Manufacturing enterprises, such as, the hollow blocks, furniture, boat-making or garments subprojects, generally fall in the first category. Similarly included are the sugar plantation, poultry raising and deep sea fishing enterprises. The distinctive characteristic of this type is that in order to implement the subproject, a number of people need to expend cooperative labor on a common activity. In addition benefits derived from the enterprise are theoretically shared within the group.

Individually implemented activities include activities classified as dispersal activities (livestock or sewing machines), credit for ginger-raising, and the pedicab operation in Calbayog. This category's distinctive characteristic is that the RSC's input into the association goes direct to individual recipients. Thus, implementation is done by the individual more or less independent of the broader association.

Assessing performance of the twenty-five subprojects in the sample, we observed that most failures are found in group-implemented activities, while subprojects reported and observed to have outstanding performance are for the most part individually implemented. Of eleven subprojects reported and observed to be not only operational but also exhibiting strong chances of sustainability, eight are individually implemented. On the other hand, among

subprojects that are inoperational at the time of the evaluation, six out of eight are group-implemented.

A number of reasons appear to explain the relationship. First, individually-implemented activities are characterized by simpler technological requirements. Dispersal-type subprojects require of recipient minimal new skills in order for them to implement the task. For example raising livestock for fattening purposes or as work animals is not an alien skill. In the same vein, the ginger-raising enterprise in Iriga City infuses additional capital for expansion of existing ginger farms and not for the introduction of a new product. Thus, the subprojects are not only perceived to require simple technology, in fact, the needed technology is within the recipients repertoire of skills. Second, the phase of implementation is set by the individual and is generally not subject to forces outside of his control. Unlike group-run enterprises, individual recipients do not have to rely on the performance of other association members. His performance is not affected by successes or failures of other recipients. Third, the individual recipient is not affected by internal associational squabbles as much as those in group-run enterprises. The evaluator observes that when local barangay politics enter the picture, wherein conflicts between two or more parties over newly introduced resources arise, the association often collapses. Fourth, individually-run subprojects appear to have less marketing needs. In contrast to group-implemented activities, output of individual recipients are easily disposable. For instance, offsprings of carabaos are dispersed to other members, cash payments of sewing machine dispersal recipients are passed on to new recipients. In contrast, on account of the volume of output of manufacturing activities, a more systematic marketing approach is needed.

### Availability of Market

Availability of market appears to predispose above average performance although it does not assure success. Almost all subprojects currently generating income for the association and its members are observed to have access to market -- the greater their control of the market, the better for the enterprise. A classic case is the hollow blocks manufacturing project in Bacolod City. Through an arrangement facilitated by the CPDS at the onset of the project, the association is assured of selling the bulk of produce to the city engineer's office. This prevents or at least minimizes association's efforts to look for buyers, helping them to focus on the production aspect. The same is true regarding the handicrafts project in Legaspi City, wherein assured outlets for placemats produced by individual members allow them to concentrate on the quality and volume of production rather than worrying over the possibility of not selling their goods.

As with other variables studied, availability of market is not the only factor affecting operations. Many of the sampled subprojects have the means to sell their produce, however, other factors have intervened which led to failure.

### Adequacy of Project Design

In theory, feasibility of subprojects have to be established prior to any activity in order to assure efficient implementation. Questions on technical and financial viability, on marketability of products, on availability of skills or on the kinds of skills needed to make the enterprise viable have to be asked.

Responses of beneficiaries interviewed show strong evidence that where

questions on feasibility are considered during subproject preparation, the enterprise has better chances of success. The livestock dispersal projects in Regions IV, V and VIII, the deep-sea fishing enterprises in Calbayog City, and ginger-raising in Iriga are so designed to maximize use of existing resources, i.e., carabao dispersal recipients were selected according to who could make most use of the work animal; the fishermen's association are reported to be familiar with deep-sea fishing technology; and, expanded ginger production was introduced among ginger farmers.

Although we do not have sufficient information, there are indicators, however, that systematic planning and feasibility preparation was not done in many subprojects. Examples of this are the sugar plantation in Naga City and the furniture manufacturing enterprise in Iloilo. In the first case, decision to go into sugarcane production did not consider already known problems within the sugar industry. Had the CPDS bothered to check, it would have advised the association not to proceed with their proposal. In the second case, the furniture manufacturing enterprise failed because of insufficient knowledge of markets, inadequate funds for operations, and improper allocation of operational funds, among others. With better planning, some of these problems could have been avoided. A third example is the garment-making association in Naga City. Here beneficiaries claim that the subproject was initiated based on a hope and not the certainty that they could sell their products. As a consequence, the association suffered from over production of low quality goods which members could not sell. What appears to be happening is that activities proposed by associations to the CPDS are not scrutinized as thoroughly as possible.

### Existence of Prior Skills

Another factor increasing likelihood of success is recipient's familiarity with activities introduced. Practically all of the operational subprojects have implemented activities which are not foreign to the recipients and, therefore, do not require learning of untried skills. In some cases, the subproject inputs merely expanded the capacity of members to produce what they already were cultivating, e.g., ginger. In other areas, the inputs improved their system of production, such as, provisions of deepsea fishing gears or work-animals.

Although most of the successful projects had this characteristic, by itself, existence of prior skills does not assure success. There also are a few instances wherein inspite of prior familiarity with subproject activities, the enterprise ceased because of other reasons.

### Regularity of Monitoring

Observations show that many problems affecting subproject implementation can be resolved if the CPDS efficiently monitors the activities. We refer to adequate assessment of operations on a regular basis and not a simple collection of tabulated information submitted by association officials. Of subprojects studied, many association members report irregularity or inadequacy of monitoring.

What appears to happen is that on account of the CPDS's multipurpose role in the City Government and/or the quantity of subprojects initiated, social action officers in charge of each subproject have little time to conduct a more in-depth monitoring on a regular basis. As a consequence, in

associations experiencing serious problems no real solutions are forthcoming from the CPDS, leading to a worsening of the problem.

### Community Preparation

Theory requires that prior to initiation of developmental activities involving recipient participation, proposed beneficiaries along with other officials of the community must first be prepared for the planned activity. The preparation stage includes identification of formal and informal leaders who can facilitate or help implement the activity; it requires a thorough assessment of the needs of the beneficiaries so as to introduce enterprises considered to be most beneficial; it needs adequate organizational preparation to help the association become more cohesive; it should include sufficient training of association members in various aspects of the enterprise, e.g., planning and management, production, marketing, among others. This preparatory stage requires the commitment of time, resources, and trained manpower from the CPDS.

Raising the question among interviewed City Planning and Development Officers and their staff members, most responded that adequate community preparation was rarely done in their areas. What often happens is that a group from the barangay either hears of the RSC activities and decides to inquire on how to participate. Subsequently, the CPDS helps them form an association, and when one is formed members elect officers. Usually the most popular are elected into office. Finally, activities are proposed and agreed on with little guidance from an assessment of needs. The more important consideration appears to be whether association members perceive themselves capable of implementing the proposed activity.

Because of the brevity of period devoted to community or association preparation, the group often does not develop sufficient organizational strength and cohesion. As a consequence, participation in planning and implementation, and sharing of benefits and responsibilities are often muddled. In addition, there is danger that the activity initiated is inappropriate for the community. When a crisis occurs, the final outcome is failure. Members are inadequately prepared to respond to the problem as a cohesive whole, owing to which everyone goes his own way.

B. THE QUESTION OF IMPACT

The question of impact is investigated at two levels, impact on individual beneficiaries and impact on the association as a whole. At the individual household level, we looked into the effects of the subprojects on the beneficiaries' capacity to increase income and their access to employment generated by the project. Regarding the project's impact on the association as a whole, we asked whether the process initiated and the activities implemented developed ability within each association to plan and implement projects on their own, with support from the City Development Planning Staff. In addition, we asked whether group cohesiveness and a feeling of solidarity increased on account of the RSC activities in their community. In both cases, our discussions are qualitative, based primarily on interviews with association members and officers and City Development Coordinators. Little, if any, attempt is made to quantify results.

### Findings

Regarding impact on individual members, the primary finding is that all operational subprojects, and some non-operational ones, have had some impact on the capacity of beneficiaries to increase income and to have access to employment opportunities generated by RSC activities. However, the degree by which individuals benefitted is highly diverse, depending on the nature of the subproject introduced.

### Impact on the Individual Member

As noted in the preceding section, performance of subprojects or an association's capacity to implement sustainable activities is closely related to the type of activity introduced. Probably on account of this, subprojects which are observed to have greatest impact on individual association members are those having individually implemented activities. In these associations, benefits are distributed more evenly and more directly to recipients. Let us cite two cases which best exemplify this.

#### CASE 1. Ginger-Raising Subproject - San Nicolas, Iriga City

Ginger-raising in San Nicolas, Iriga City is one of the traditional cash crops of residents. Farmers, however, are prevented from increasing production because of lack of capital. Generally, an individual farmer can plant at most 3-7 cans of seedlings each cropping season. After forming their association in 1981, farmers were able to avail of loans of P2,000-5,000 per season, increasing the farm area planted to ginger. Of six farmers interviewed, reported annual income increases are significant, from an estimated P5,000 to a range of P10,000-20,000. The increment is attributed to ginger-raising alone.

Comparing expenditure patterns before the subproject and after, respondents report extreme satisfaction with current situation. One farmer was able to buy her own farm, another a farm animal. Most were able to buy household appliances which in the past were beyond their purchasing power. Still, another expressed gratitude for his ability at present to avoid obtaining loans everytime a family crisis occurs.

CASE 2. Carabao Chain Dispersal, Naga City

Carabao Chain dispersal was implemented in 1981 in eight rural barangays of Naga City. The concept is quite simple, wherein selected beneficiary communities receive 5-6 female carabaos. After an association is formed in each community, the association identifies from among the members who the initial recipients will be. Five or six members are selected to be the recipient of one head of livestock. Recipients care for the original stock, and when it bears a calf, it is turned over to the association for redispersal. From an initial 46, of which five died, 20 have currently been redispersed.

The impact of the subproject is closely related to the value of work animals among farmers. If a farmer does not have his own work animal, he usually hires another farmer who owns one to plow his farm. While the hired farmer works for him, additional expenses are incurred for wages and to feed the additional worker. In some cases, during the peak season, there is competition over few work animals, leading to delays in starting the cropping season. Problems regarding higher production expenses and the possibility of delayed start of the cropping season are minimized when a farmer has ready access to a work animal. Moreover, by possessing one, he can then hire out

his carabao and his labor to others less fortunate, thus, he is provided an additional income source.

In the two cases discussed, because the recipients directly received the RSC input, and because the approach allows for more widespread distribution of benefits, economic impact on the individual is greater.

The second approach, characterized by group implemented enterprises, has less direct and often limited impact on association members. Often only those members who can be employed by the enterprise appear to receive substantial benefits, and among these, only the permanent employees (usually at the managerial level) receive regular benefits. The hollow blocks manufacturing enterprise in Bacolod and Iloilo exemplifies this approach. In both subprojects we observed that permanent workers are in the minority, while the majority of workers are employed on rotation basis. In Bacolod, for instance, the People's Participation Project Association has 35 members. At any one time, the association's subproject can employ at most nine workers, of whom one takes charge of supervision and another of deliveries. The rest of the workers are hired for a specified period, after which a new batch takes over. Furthermore, according to officials interviewed, not all of the 35 members are able to participate either by working as a laborer in the enterprise or by sending one of their household members to work in the subproject. Members who are not represented in the workforce, can nevertheless participate in the marketing of hollow blocks. These are paid on commission basis.

In terms of economic impact, those most benefitted are regular employees, followed by members who are represented in the workforce. The main benefit is

employment. The least benefitted are members whose share in the profits comes primarily from dividends distributed annually. Usually, the amount is too small to matter.

### Impact on the Association

The initial desire to form and join associations invariably arises from proposed participant's desire to have access to financial resources. Most respondents believed that without an association, it would be impossible to receive needed funds to start any activity in their communities. Thus, it appears that the value of the association as a unit to promote development is often unclear, rather it is viewed initially as a conduit of hard-to-come-by resources.

After at least a year of subproject implementation, has this attitude change or is the association's function viewed differently? Moreover, has the activity developed group cohesion and capability to plan and implement communal subprojects?

In many of the individually implemented subprojects, perception of the association's functions has not changed significantly.

Although most respondents believe that without their association none of the benefits would have been received and that development at their level would not have occurred, nevertheless many do not appreciate the need for the association as a viable unit to plan and implement subprojects. This is probably explained by the nature of individual's participation or involvement in subprojects. In the case of individually implemented activities, their success depends primarily on the participant's industriousness. The role of the association in their individual performance is minimal.

Among group implemented enterprises, recognition of the important role the association plays in their development is subject to the degree of involvement in the enterprise. The greater one's participation is both in implementing some of the project's activities and in sharing in the profits, the stronger the recognition of the importance of the association. When one views this against the finding that few have primary regular involvement, while the majority of members participate indirectly, or irregularly, one can posit that most members do not share the feeling of solidarity present among those most benefitted.

Regarding the strengthening of beneficiary capability to plan and implement subproject activities, there is evidence that some associations have achieved it more than others. Cases such as the Maginoo Deep Sea Fishing project show the willingness and capability to risk profits in investments members believe will improve efficiency of operations.

Based on our observations, it appears that willingness and capability to plan and implement their own enterprises or to risk their own funds to improve operations occurs more often in associations in which the enterprise is implemented by a group, subject to the success of the group's initial endeavour. When the initial enterprise is not successful, members easily lose interest in the association. But if the initial experience succeeds, self-confidence of members is increased substantially, reinforcing their belief that as a group they can plan and implement similar enterprises.

Among associations having individually implemented activities, the capacity to plan and work as a cohesive unit appears not to be given a chance to develop. Thus, even lucrative subprojects (e.g., ginger-raising in Iriga) does not

generate a feeling of independence among members. When asked, whether they could on their own maintain operations at current improved levels without additional financial support from the RSC, most respondents felt that it is not yet time to be independent.

C. RECOMMENDATIONS

The approach this evaluation took is highly qualitative, attempting to understand factors affecting subproject performance and beneficiary impact. For this reason we did not try to arrive at statistically-based conclusions. Viewed as a whole, our findings lead to certain lessons for future RSC subprojects.

The report observes that subproject implementation suffers from weaknesses within the CPDSs. These weaknesses at times are recognized by the CPDSs themselves. There is evidence, for instance, that some of the City Development Coordinators are aware that staff members performance are impaired by insufficient skills, by the volume of competing tasks, or by inadequate financial support systems. The aggregate effect appears to be inadequate subproject designs, problems in monitoring, or weak community preparatory activities prior to subproject implementation.

In spite of all these, the evaluation also observed that many subprojects do succeed, although success appears more to be a function of the nature of subprojects introduced. In cases where subprojects require simple technology or where requisite skills are locally available, or where implementation is not overly dependent on cooperative activities, we observed likelihood that subprojects could be sustained. Moreover in these instances, more recipients appear to receive more significant benefits.

Assuming the RSC program is to be continued, our findings suggest a number of approaches to improve subproject implementation. Underlying this recommendation is that CPDSs should be realistic in assessing both their capabilities and those of beneficiary communities.

Given the current capabilities of CPDSs, we recommend that if the proposed beneficiary community has had no experience in implementing cooperative enterprises, it should not experiment with developmental activities requiring cooperative implementation. The strategy should be to introduce simple subprojects, wherein individually implemented activities are the mode. At the same time, group cooperation should be treated as a goal and not as a means to achieve subproject success. However, in the event that the recipient community insists on an enterprise requiring cooperative effort, it is incumbent upon the CPDSs to invest time and effort in preparing the beneficiary community to plan and conduct its own project. In the same manner, monitoring should be much more regular and profound, focusing not only on percentage accomplishments of proposed activities but especially the social interactions that affect organizational growth.

D. ADDITIONAL COMMENTS: LRM-RSC LINKAGE

As of this writing, a condition being considered to allow extension of the RSC Project is to link it with the Local Resources Management Project. Given the two project's backgrounds we expect some problems when and if these are merged. For although both projects have quite similar goals, objectives and strategies, there nevertheless are differences in several areas: For instance LRM is a NEDA project focused on Regions V, VI, and VIII. Its beneficiary participation component is to be implemented by Private Voluntary Organiza-

tions. RSC is an MLG project covering cities nationwide. At the community level, the city government itself is responsible for coordinating and supervising subprojects.

On account of the brevity of this evaluation, it will not discuss many of the factors we believe could affect linkage. Rather it limits itself to some of the concerns raised by City Development Officers assuming the projects are merged:

The primary concern of interviewed CDOs is based on their limited understanding of what the City Government's role would be in case of a merger. Their limited understanding, for instance, of the LRM plan to utilize private voluntary organizations to implement the beneficiary participation component of LRM reinforces their concern. One CDO states that "use of PVOs is good but that there are disadvantages. It would be a questionable approach if there is no transfer of technology from the PVO to the LGU staff. This will endanger longterm sustainability of subprojects. If the PVO, for example, is independent of the City Government, we can expect some adverse reactions from City Officials." He further recommended that the PVO should be supervised by the LGU, and suggested that the LGU should have a person assigned to the PVO as an apprentice.

Considering the variants of the LRM approaches, i.e., the PBSP, UPLB-CRMA, and the IIRR approaches, we observe that all designs recognize the importance of the LGU in the process. Their implementation plans, however, indicate differences. Very briefly and without discussing each of the approach, it appears that on paper some variants require greater degree of participation of

the Municipal Governments than in others. In one case, the PVO plans to work directly with the community beneficiary, the Municipal Government acting mainly as an observer of the process. In another, substantial training and actual involvement of the Municipal Government is required. In the short-run, each of these approaches have potentials for success. But what appears to bother the CDOs interviewed is that if the role of the City Government is unclear and inadequate to prepare them for their eventual takeover of subproject activities, the City Government would be the losers on two grounds. First, they might not be adequately prepared to continue with the project on account of lack of skills. Second, if the beneficiary participation component is implemented by external groups, subproject success will not necessarily reflect effectiveness of the LGU but that of the external group, in this case, the PVO. In a sense, therefore, the political leverage generated by a successful subproject, or by simply initiating development projects for the disadvantaged, may not redound to the LG officials. On the contrary, in the CDO's view the RSC approach assures it.

Lest our observations be misconstrued, we are not suggesting that in planning RSC or LRM subprojects the most important consideration is the Local Government official's perceptions of how the subprojects could affect their political future. Discussions in preceding sections show otherwise. What we recommend, however, is that it is also an important planning/design consideration, probably affecting long-term sustainability, especially since after the pilot and experimental activities, it is the LGU that is left to maintain the project.