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PHILIPPINE-AMERICAN RURAL DEVELOPMENT WORKSHOP  
UPCA College Campus, Los Baños, Laguna  
June 6-17, 1966

The Workshop, consisting of 15 Filipinos and 15 Americans, was held under the auspices of the National Economic Council and the US-AID Mission to the Philippines. Aimed at threshing out the specific problems related to increasing agricultural productivity and a more rapid development in the rural communities, and formulating practical solutions to some of the persistent problems, the Workshop has reached certain conclusions and recommendations.

It may be worthwhile at this time, particularly with a view to assisting in the development of training programs for increased rural productivity, to indicate some of the recommendations of the Workshop in connection with the problems of agricultural productivity, the development of institutions essential to growth, coordination of public and private agencies in rural development, and the financing of agricultural productivity. These recommendations have been reached after lengthy and careful deliberations on the various topics and technical papers presented during the 10-day sessions.

Promoting Agricultural Productivity

1. As one measure of making more national funds available for back-stopping agricultural productivity, and under the presently favorable climate for enriching the responsibility of local governments, the local governments should be called upon to assume a gradually increasing role and a greater share of the cost essential to primary education.

2. Transfer to local governments of more of the services directly related to agricultural productivity was strongly urged.  
In this connection, greater use of the Barrio Council to act as an agricultural supply medium and even as a first-step depot for marketing is recommended.
3. All possible encouragement should be given to private enterprise in the manufacture and distribution of agricultural supplies. More of their penetration into the educational or extension role should be fostered.
4. The rural bank and/or the local cooperative should embark on a wider supervised credit program. The buying service of the government could be built into those entities in order to minimize overhead and make more immediate payments possible.
5. A priority scale should be developed for better use of present resources in the rural communities, providing in such a scale for the proper role of irrigation systems, and roads, improved seeds and fertilizers, agricultural chemicals, insecticides, etc., by-product stimulation, and better utilization through processing units.

#### Developing Essential Institutions

6. The present situation in which the educational system tends to direct the educated barrio youths towards the urban centers and the present need for **redirecting** efforts towards greater productivity in the local communities

requires and in fact, demands enormous intensification of efforts to train existing barrio leadership potential as agents of change and to improve conditions in the rural areas. For this purpose, selected public and private agricultural colleges<sup>should</sup>/be requested to conduct intensive regional technical and social training sessions of at least two weeks duration for barrio leaders. In addition, measures to make barrio leadership more attractive and to generate further revenue through taxation merit immediate consideration by our policy makers.

7. Recognizing that technical competence alone is no guarantee of success for the government extension agent but that he must be skilled in social approach and organization and must be deeply involved in local activities, it is recommended that admission to government agencies acting as direct servers to agriculture be predicated on: a) psychological testing for social service aptitudes; and b) satisfactory completion of a year's training in a Rural Development Academy established by the government for all personnel to be employed by any government agency involved in rural development. As opportunity permits those already employed in these rural development agencies should be provided with in-service training in that Academy.

8. For the further development of cooperatives and farmers associations essential to the organization of individual efforts towards increased productivity, it is recommended that the training facilities of the Agricultural Credit and Cooperatives Institute (ACCI) at Los Baños be strengthened and given full financial support; the rural bankers and their staff should be encouraged to participate actively in the promotion and organization of these farmers associations or their cooperatives by helping support the ACCI and other private institutes engaged in comparable training programs.
9. Recognizing the value of private marketing and service organizations and their supply and educational role in the rural areas, it is recommended that these organizations be encouraged to help provide the means which may expand the rural credit systems and to work closely with the rural banks and credit unions in meeting the farmers' supply and credit needs.
10. That the further increase in the number of rural banks and their effectiveness in helping achieve a speedy rural development be assured by continuing and widening financial support, by the enrichment of the Institute of Rural Banking into a well-integrated educational center for rural bankers as well as for administrators or employees

of other banks, and by the automatic rediscounting of rural bank papers including those arising from supervised credit.

Coordination of Public and Private Agencies

11. Coordination at all levels of the government service as well as among private agencies and the farmers and farm groups would be enhanced by the establishment of a Rural Development Council consisting of representatives of various government agencies involved in agriculture for rural development of agro-business enterprises of social agencies closely linked with the rural people and of actual farmers who have demonstrated capacity for leadership. The establishment of this Council at the earliest possible time is strongly recommended.
12. In order to remedy the tendency of national agencies established for one purpose to expand their activities overlap, duplicate, or conflict with those of other agencies it is recommended that, in the case of the PACD, its functions, should it become a separate department of the national government, be limited to those of training and operational coordination of community development activities.
13. It is also recommended, in view of the scatteration of research and experimentation activities in government agencies and the susceptibility of their activities to

political influence that all basic research and experimentation in agriculture be turned over to the UP College of Agriculture and that these be properly supported by government funds.

14. In order to achieve the coordination and integration of the extension activities of the direct servers to agriculture, both private and public, particularly in the local government level, it is recommended that the former Bureau of Agricultural Extension, renamed as Agricultural Productivity Commission under the Land Reform Council, be restored to its former position under the jurisdiction of the Department of Agriculture and Natural Resources. This proposal will of course necessitate congressional action. In the event that a legislative action is not forthcoming, it might be desirable to explore the setting up of a private agency to act as depository of all technical data and information as well as the dispenser of such information for rural development. Such an agency may be established through grants from existing farmers organizations, e.g. sugar, coconuts, livestock, etc., and their federation or cooperatives organizations. It is possible that such an agency may operate through the establishment of a revolving fund set up from the contributions of both private and public organizations which would guarantee its permanence and sound performance.

15. In order to make more effective the adoption of modern farm production techniques by farmers the technical services of agricultural extension workers and other agencies providing direct services to agriculture should be integrated with the lending activities of rural banks and other credit institutions serving the rural areas. To do this, it is recommended that a continuing arrangement, either by presidential directive or a series of memoranda of agreements be made in which the provision of technical assistance and guidance to small farmers under supervised credit be included among the main functions or responsibilities of these different agencies serving agriculture.

The Emerging Role of Local Governments in Rural Development

16. In the planning and implementation of the development programs in each province which could be passed on to succeeding provincial administration, it is recommended that a qualified civil servant be appointed as executive officer in order to insure the continuity and the performance of the functions of that office.
17. A training program should be devised to elicit more local initiative, considering that all of the inputs and services cannot be provided by the national government. Such a training of local leaders should include rural youths who may be organized into work camps or working groups and given some local responsibility with the objective of motivating them toward public service in their own communities and raising their hopes for the future.

Financing Agricultural Productivity

18. The Rural Banks Act should be amended to leave to the discretion of the Monetary Board the number of rural banks that should be established in every municipality.
19. To remove the self-defeating effect of the law exempting rural banks with net assets not exceeding ₱1,000,000 (exclusive of government shares) from taxation, said law should be amended by adding a proviso that in case such net assets already exceeds ₱1,000,000, the tax

liability should be proportional to the increase.

20. To reduce the cost of the supervised credit program, the rural banks should utilize the services of selected government agencies serving agriculture at the local level. This may be accomplished by means of umbrella agreements in the national level developed between the Rural Bankers Association of the Philippines (or the Central Bank of the Philippines) and such government agencies as the Presidential Assistant on Community Development, Agricultural Productivity Commission, Bureau of Plant Industry, Bureau of Soils, Irrigation Service Unit, etc. that have operations at the local administrative level and by concurrently developing actual arrangements at the local level through individual arrangements between the rural banks and these agencies.
21. To enable rural banks to compete favorably with commercial banks and other banks in gathering deposits in the rural areas, the establishment of the proposed Philippine Deposit Insurance Corporation approved by Congress several years ago should be facilitated so that appropriate insurance coverage could be given to deposit liabilities of rural banks. This insurance coverage will increase the confidence of the public in rural banks since their deposits are thus protected.

22. Studies should be undertaken to enable the rural banking system to build up a permanent rediscounting fund (to be called "Rural Banks Bonds") through the issuance and sale of securities in the open market for such purpose. Said bonds should be eligible as part of legal reserves against deposit liabilities of rural banks and other banks to serve as a more or less "permanent base" for the fund.
23. The possibility of allowing revitalized FaCoMas to re-discount their eligible papers with rural banks and the Philippine National Bank should likewise be investigated to give proper financial and operational boost to their revitalization.
24. The taxing powers of the local government as well as the allocation of revenue funds among the national and local governments should be given careful study and evaluation in order to enable the local governments to support essential services and undertake infrastructure projects for rural development.