Joint Evaluation of GCP/PHI/042/NET

Sustainable Agrarian Reform Communities -
Technical Support to Agrarian Reform and Rural Development
(FAO/SARC-TSSARD)

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Philippines
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>ALDA</td>
<td>Assessment of Level of Development (Monitoring System)</td>
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<td>ARB</td>
<td>Agrarian Reform Beneficiary</td>
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<td>ARC</td>
<td>Agrarian Reform Community</td>
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<td>ARF</td>
<td>Agrarian Reform Fund</td>
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<tr>
<td>ARCDP</td>
<td>Agrarian Reform Communities Development Programs</td>
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<tr>
<td>ARSP</td>
<td>EU – Agrarian Reform Support Project</td>
</tr>
<tr>
<td>AusAID</td>
<td>Australian Government Overseas Aid Programme</td>
</tr>
<tr>
<td>BALA</td>
<td>Bureau of Agrarian Legal Assistance</td>
</tr>
<tr>
<td>BARIE</td>
<td>Bureau of Agrarian Reform Information and Education</td>
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<tr>
<td>Barangay</td>
<td>Lowest Level of Local Government Unit</td>
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<tr>
<td>BARBD</td>
<td>Bureau of Agrarian Reform Beneficiaries Development</td>
</tr>
<tr>
<td>BARSP</td>
<td>Belgian Agrarian Reform Support Project</td>
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<tr>
<td>CADC</td>
<td>Certificate of Ancestral Domain Claim</td>
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<tr>
<td>CARL</td>
<td>Comprehensive Agrarian Reform Law</td>
</tr>
<tr>
<td>CARP</td>
<td>Comprehensive Agrarian Reform Program</td>
</tr>
<tr>
<td>CIDA</td>
<td>Canadian International Development Agency</td>
</tr>
<tr>
<td>CLOA</td>
<td>Certificate of Land Ownership Award</td>
</tr>
<tr>
<td>CLT</td>
<td>Certificate of Land Transfer</td>
</tr>
<tr>
<td>CPAR</td>
<td>Congress of People’s for Agrarian Reform</td>
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<tr>
<td>CSC</td>
<td>Certificate of Stewardship Contract</td>
</tr>
<tr>
<td>CSD</td>
<td>Community Systems Development</td>
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<tr>
<td>DA</td>
<td>Department of Agriculture</td>
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<tr>
<td>DAR</td>
<td>Department of Agrarian Reform</td>
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<tr>
<td>DENR</td>
<td>Department of Environment and Natural Resources</td>
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<tr>
<td>DF</td>
<td>Development Facilitator</td>
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<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<tr>
<td>FATE-UPDEV</td>
<td>Farmers Approach in Training and Extension for Upland Development</td>
</tr>
<tr>
<td>FSD</td>
<td>Farming Systems Development</td>
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<tr>
<td>MARDEC</td>
<td>Highland Agriculture and Resource Research and Development Consortium</td>
</tr>
<tr>
<td>IAD</td>
<td>Integrated Area Development Programme</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<tr>
<td>IMAP</td>
<td>Investment Marketing Assistance Programme</td>
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<tr>
<td>ISAF</td>
<td>Integrated Social Forestry</td>
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<tr>
<td>JBID</td>
<td>Japan Bank for International Development</td>
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<tr>
<td>LBP</td>
<td>Land Bank of the Philippines</td>
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<tr>
<td>LDC</td>
<td>Local Development Council</td>
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<tr>
<td>LGC</td>
<td>Local Government Cadre</td>
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<tr>
<td>LGU</td>
<td>Local Government Unit</td>
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<tr>
<td>LRA</td>
<td>Land Registration Authority</td>
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<tr>
<td>NADC</td>
<td>National Agribusiness Development Center Foundation</td>
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<tr>
<td>NCIP</td>
<td>National Commission of Indigenous People</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>NOMCARRD</td>
<td>Northern Mindanao Consortium for Agricultural and Resource Research Development</td>
</tr>
<tr>
<td>OMA</td>
<td>Organizational Maturity Assessment</td>
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<tr>
<td>PARC</td>
<td>Presidential Agrarian Reform Council</td>
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<tr>
<td>PARO/MARO</td>
<td>Provincial/Municipal Agrarian Reform Officer</td>
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<tr>
<td>Php</td>
<td>Philippine Pesos</td>
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<tr>
<td>PIMAO</td>
<td>Provincial Investment and Marketing Assistance Officer</td>
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<tr>
<td>PRIDI</td>
<td>Policy Resource Institute for Development Initiatives</td>
</tr>
<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>PSRS</td>
<td>DAR Policy Strategic Research Service</td>
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<tr>
<td>RIMA O</td>
<td>Regional Investment and Marketing Assistance Officer</td>
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<tr>
<td>SALT</td>
<td>Sloping Agricultural Land Technology</td>
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<tr>
<td>SARDIC</td>
<td>Support to Asset Reform through the CARP and the Development of Indigenous Communities</td>
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<tr>
<td>SARC</td>
<td>Sustainable Agrarian Reform Communities</td>
</tr>
<tr>
<td>SIAD</td>
<td>Sustainable Investment Area Development Programme</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
</tr>
<tr>
<td>TSARRD</td>
<td>Technical Support to Agrarian Reform and Rural Development</td>
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<tr>
<td>UP</td>
<td>University of the Philippines</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UTF</td>
<td>Unilateral Trust Fund (FAO)</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<td>WTO</td>
<td>World Trade Organization</td>
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Executive Summary

i The mission found Project performance to have been above average. The overall objectives of the Project were highly relevant to the development of some of the poorest people in the Philippines (agrarian reform beneficiaries - ARBs). The main area of weakness was the inadequate emphasis given to institutionalisation of the capacity to continue FSD. Also:

a. The Project Document gave rather limited sense of direction and had a loose design, but this had largely been offset in implementation effects and impact;

b. Administration and management of the Project was responsible and efficient but the three parties to the Project, and in particular FAO as implementing agency, should have given greater attention to the management of the project cycle, including the timing of review and evaluation;

c. FSD had followed a pragmatic and relatively cost-effective and consultative approach to the production of valid local development plans. As a result some 500,000 rural poor in 755 barangays (lowest level of local government unit) have benefited from a planning process, and:

  • The applicability of FSD local planning has been widely demonstrated;
  • Consultation and democratic process has become more institutionalised at local level;
  • The full involvement of women has been a noticeable feature of the programme;
  • Even in the absence of donor funds for follow-up, plans had resulted in focusing of resources for development in greater coherence with needs;
  • There has been a clear income benefit.

ii The Project has explored alternative ways to promote local enterprise and raise employment and incomes. In addition to supplementary income earning activities such as livestock, these activities have concentrated on promoting small investments and locating the opportunity for new markets. The Project's experiences indicate that most can be achieved when there is not an over-reliance on cooperatives, when innovative links are made with small business as well as large, and the role of the trader is developed, rather than opposed. These alternatives need to be explored and more emphasis should be placed on implementing innovative approaches. This will require stronger links with business promotion capability outside the civil service.

iii Post FSD training has benefited some 10,000 participants, partly with funds from other projects (UNDP and World Bank). This has been mainly for income-earning activities in agriculture, but also non agricultural activities and organization management skills. The training provided an immediate follow-up to the planning, maintaining beneficiaries' confidence.

iv Policy work was not fully appropriate and could have been better placed in a capacity-building context.

v Recommendations are made for:

a. the remainder of the current project, including
  • accelerated training of DAR staff as facilitators;
  • a policy study and dialogue on alternatives to promote sustainable livelihoods through business development;
  • a national comparative review and seminar on the Project experience and other community level planning in the Philippines.

b. a future project of three to four years to:
  • extend the application of the planning process to new areas;
  • enhance the skills of participants and reinforce follow-up in areas covered by earlier activities;
  • firmly establish the capacity within DAR, especially at regional and provincial levels to continue this process; and
  • improve livelihoods of families covered by plans, by piloting effective means to develop local business, savings and credit and micro-enterprise.

c. a separate project to support development of national policies for rural development.

d. changes to further strengthen the rural community planning process, including ways of:
  • improving consultation and ownership of the process in the villages;
  • adopting a more area development approach with local government;
  • improving cost-effectiveness.

e. DAR strategy, including:
  • alignment of ARC and municipal development;
  • reduced reliance on cooperatives; and
  • improved coordination with Land Bank.
1. Introduction

1.1 Mission Purpose and Arrangements

1. The evaluation was intended “as the Project draws to a close, to provide recommendations to the Governments of the Netherlands and the Philippines and to FAO on further steps necessary to consolidate progress and ensure achievement of the objectives”. Further needs for external assistance were to be identified, bearing in mind that the Government of Australia has already begun to examine the possibilities for its eventual support to the programme”. Recommendations were to be made in the light of an examination of the Project’s:

- relevance (immediate and development objectives);
- adequacy of design;
- management of implementation;
- outcomes in terms of outputs and effects; and
- sustainable development impact.

Terms of Reference of the Mission are included as Annex 1.

2. The mission took place from 7-26 March, visiting the three island groups and holding discussions with the Project, the Department of Agrarian Reform (DAR) and other related organizations and individuals. The draft Summary of Findings and Recommendations was circulated in advance of a meeting, attended by concerned parties.

1.2 Appreciation

3. The mission wishes to express its appreciation to all those who assisted it during its work, in particular the DAR and Project staff at all levels. Appreciation is also expressed to AusAID (the Australian government’s overseas aid programme) for providing the services of Mr. John Wrigley who made a valuable contribution to the mission's work.

1.3 Preamble

4. The mission found that the approach introduced for consultative community level planning by the Project was a major step forward for the Philippines in addressing the needs of the rural poor. It has had an important and continuing impact at local level. It is thus within an overwhelmingly positive context that the evaluation’s critical remarks are aimed towards further improvements in performance.

5. The looseness of the original Project Document and the absence of targets and indicators made it impossible for the evaluation team to conduct a classical evaluation in assessing performance against original plans. Rather the evaluation team set out to assess the efficiency, effectiveness and impact of the Project in contributing to the sustainable development of the poorer sections of rural society in the Philippines, in particular, the agrarian reform beneficiaries.

6. The original Farming Systems Development approach was adjusted in the previous phase of the Project and has continued to undergo dynamic adjustment during the current Project towards a broadly based, consultative approach to planning at community level, which takes account of costs and benefits. In this context, it needs to be noted from the outset that FSD - Farming Systems Development does not adequately convey this. Better terms could be Rural Community Development Planning – RCDP or Community Systems Development - CSD.

7. It should also be clarified at the outset, in view of the FSD terminology, that the Project methodology was not intended and does not provide any training or extension at household level in farming systems analysis or farming systems development. The focus is on the community and the household within the community not the household as such. The mission feels that this was entirely appropriate.
2. Summary of Findings

<table>
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<tr>
<th>Table 1: Summary of Project Performance</th>
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<tbody>
<tr>
<td>(scores where 5 = Excellent/very high and 1 = very poor/negligible)</td>
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<tr>
<td>Project Relevance (appropriateness of objectives and overall approach)</td>
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<tr>
<td>Project Design</td>
</tr>
<tr>
<td>Project management and implementation</td>
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<tr>
<td>Project Outputs</td>
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<tr>
<td>Sustainable effects and impact</td>
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2.1 Relevance of the Project Objectives

8. There is no doubt that agrarian reform beneficiaries (ARBs) are among the poorest in the Philippines. The Project was thus targeted on the rural poor. Less than half the agrarian reform beneficiaries are in agrarian reform communities (ARCs). Those outside ARCs tend to be the poorest but until they can achieve ARC status are not beneficiaries of the Project. This needs to be addressed in future work - see recommendations.

9. Although participatory methods of community planning have been extensively piloted in the Philippines, these have not been widely institutionalised outside NGOs. The basic FSD approach was developed by previous phases of the Project and its expansion and institutionalisation in rural development planning was entirely valid.

10. The Project has thus been fully relevant to the needs of the Philippines excepting that, given the progress already made with the FSD approach at the time of Project start, more emphasis should have been placed on the Programme's institutionalisation for continuation by the Department of Agrarian Reform (DAR) both in the Project Document and in execution (although this may have run counter to the Project approach to execution apparently favoured by DAR at the time). Also although the mission regards policy work in agrarian reform and rural development as very important, it has reservations on the type of work funded under the rapid policy response which was largely political and not linked to capacity building.

2.2 Project Design as Specified in the Project Document

11. The Project Document was very imprecise and lacked clarity and a clear cause and effect set of relationships from inputs to outputs and objectives. There were few targets and no objective indicators specified.

12. The Project Document, thus provided little basis for implementation and annual work plans were agreed which reflected the development intentions, in consultation with the Project Steering Committee.

13. Responsibility for this inadequacy in Project design rests with FAO, the Government of the Philippines and the Government of the Netherlands who were all fully involved in formulation. Also, none of the parties, in particular FAO as executing agency, subsequently called for a comprehensive redesign of the Project to be undertaken, either formally or informally.

14. It must be emphasised however, that the weak design has not carried forward into limiting the Project's effects and impact, which are considerable.
2.3 Project Management and Administration

15. The Project benefited from being a follow-up to previous projects (1990-97)\(^1\) and a team being in place.

16. There seems to have been efficient implementation by all parties of the Project including the relatively complex number of small contracts and the operation of funds from four different sources Netherlands, Italy, UNDP and the Philippines (World Bank)\(^2\).

17. The Project was able to support a wider range of activities and continue its programme for an extended period, without increase in Netherlands resources. This was possible because the Project was able to utilise a greater proportion of the Netherlands Project budget for national and international staff as funds became available for implementation from complementary projects and the development of cost sharing.

18. The Project Steering Committee met annually and considered progress during the previous year and the plan for the coming year. The visits by FAO staff at the time of the Committee meetings provided valuable advice but the Committee itself could have been more proactive.

19. FAO provided comprehensive comments on documents and participated in the annual steering committee meeting as well as making other technical backstopping visits, some of which commented on the need for a revised strategy. However, FAO could better have managed the Project process. The need for a reformulation of the Project to be reflected in a document has already been referred to. This evaluation, also comes too late in the Project, to maximise its usefulness for adjustments to assure the sustainability of Project results and identification of needs for further follow-up.

20. Overall there could have been a greater sense of long-term vision in management but implementation was well focused on ensuring the main task of FSD planning was efficiently executed.

2.4 Project Areas of Work and Their Results

(This phase of the Project has been largely one of expansion and dynamic adaptation of the methods and approaches developed under the previous phases)

Areas of work covered under Immediate Objective 1 (also including under FSD-Follow-up some aspects of resource mobilisation -Immediate Objective 3): "To assist ARBs in at least 600ARCs in strengthening of their organizations, coalition building, improving technical skills and managerial capacities, enhancing income generating capacities, productivity and participation in decision making so as to fully benefit from the Project activities".

2.4.1 FSD training and planning in the ARCs (stages 1-5)

21. It should be noted at the outset, that the mission found the FSD work in the agrarian reform communities (ARCs) to be a very far reaching development for the introduction of community based-consultative planning in the Philippines on a relatively large scale. All comments which follow-should not be seen as detracting in any way from the basic validity of the methodology or the success in its application.

21.1. Process: In general, the mission found that for generation of a community development plans, the process was pragmatic and relatively cost-efficient in comparison with other approaches, such as PRA. The process is not intensively participatory for most members of the community but does assure representative consultation and information. Women have been fully involved. It is believed that as the capability to support the process at local level in the DAR increases there will be room for economies in the residential elements of the training and for involving a greater number of the local community in these stages of the development process (Stages 3 and 5)\(^3\). It should also be possible to give more attention to ensuring the full discussion of the draft plan with the community, better assuring a sense of ownership (this is the intention in support to the ADB programme). Subsequently the Plan needs not

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1 GCP/PHI/040/ITA Technical Support to Agrarian Reform and Rural Development Four phases 1990-97
2 GCP/PHI/043/ITA; UTF/PHI/044; PHI/96/025
3 See paragraph 86 for a description of the FSD planning process
only to be presented to all sections of the community, which occurs to varying degrees at present, but also summarised, in the local language and discussed item by item with concerned groups. The planning process could have given relatively more attention to family labour profiling and to environmental aspects and possibly less to farm budgeting.

21.2. **Validity of the resulting ARC plans:** In so far as the mission could determine plans reflected genuine community priorities and did not encourage markedly unrealistic expectations. Funds for follow-up have largely been available for infrastructure and agriculture. Although a knowledge of what funds might be available for undoubtedly influenced the result, this does not appear to have been the most important factor (although for example, health and education received relatively low priority in most plans). Plans were considerably better than those developed through the normal local government planning process, especially in the poorest areas, and there was a much greater sense of community ownership and commitment to the plan, although this latter could be further improved (see below).

21.3. **Sustainability and institutionalisation at community level:** There was a high degree of acceptance of the plans by the community and of the planning approach. The extent to which this will impact on future consultation and planning at local level was found to be variable. In almost all cases there is greater appreciation of the need for genuine discussion between the leadership and their constituents and some barangays (lowest unit of local government) have become more consultative and more comprehensive in the preparation of annual plans. It was however, noted that those ARCs which prepared plans 4-6 years ago do not feel a need to repeat the key elements of the process, which the mission would have thought useful. Similarly there was not always a carry through of FSD methods into planning and implementation for plan components such as development of irrigation. This further reinforces the need for increased attention to strengthening follow-up, see recommendations.

21.4. **Institutionalisation at municipal level:** There is a wide desire to extend the FSD approach to whole municipalities. An indicator of the value municipalities attach to FSD planning is their willingness to cost-share. This arises, in part, because it is believed to provide a lever to attract assistance but also because mayors and municipal government staff are involved in the process at ARC level and become convinced of its intrinsic value. One such municipal plan has now been prepared as a test case and was found by the mission to be a very genuine success, fully involving all sectors at the municipal level, integrating the various aspects of planning for the municipality and assuring a greater level of forward planning and consultation in all barangays of the municipality (22). It is providing a coherent basis for the municipality to mobilise both public and private resources. There were economies in the actual planning process, in that a greater number of barangays were involved in a single exercise. The mission believes that more work at the municipal level can provide a cost-effective route forward and increase institutionalisation of the approach, but emphasises that more test cases are needed prior to any extensive policy shift to concentrate work at this level (see Recommendations).

21.5. **Sustainable impact of the plans on the wellbeing of agrarian reform and other poor rural households:** The process has occurred in agrarian reform communities (ARCs). A criteria for an ARC (occasionally not adhered to) is that more than half the households should be agrarian reform beneficiaries (ARBs). The communities are universally poor for their geographical area and generally among the poorest. The benefits of the planning process accrue to the whole community:

- **focus of development resources:** Plans serve to focus available development support on poor communities from the international development projects and the local programmes. This focusing can help to quick start development. It also achieves a better match between requirements and what is available and leads to more effective use of resources on viable projects/activities. In so far as the evaluation team could determine, there has been a positive impact on the willingness of local communities to commit their own labour and small amounts of money to their projects, but the extent of this was not possible to gauge;

- **concentration of benefits within communities:** Improvements in road infrastructure benefit all in proportion to their participation in the economy, but the FSD process does not appear to have assured other benefits, such as those from extension or irrigation benefit all equally or concentrate on the poorest. To the extent that some in the community gradually emerge as mini-entrepreneurs
with management skills, access to resources and generators of employment, this is not entirely bad, but more effort is needed to ensure that schemes designed to benefit the poorest do in fact do so (irrigation for those without irrigation, supplementary income earning for the landless) and that the same people do not repetitively and, thus inefficiently, benefit from such things as extension training courses;

- **development of consultation and local democracy**: The FSD process has been especially valuable in this regard. In particular, it has contributed to the capacity of the local leadership to analyse their problems and make their case at municipal level and with local government officials. As noted above there has been an improvement in consultation at barangay level but this is an area requiring further improvement;

- **gender balance in work in the agrarian reform communities (ARCs)**: With a few exceptions, women seem to have been very fully involved in the process, partly through their organizations but normally in their own right as individuals. In fact the involvement of women and the insistence of the Project on this has been one of the strikingly positive aspects;

- **impact on incomes**: Income should by no means be regarded as the only indicator of welfare but it is an important one and has been given prominence by Government. All the available information indicates that agrarian reform communities (ARCs) which have undergone the FSD process have increased household incomes at a greater rate than those which have not. This holds true on average even for those ARCs where there was no development project (such as that of the WB) to provide follow-up support. The mission believes that while this is the case, Project statistics probably overstate the case for the community as a whole (as the same inner-circle at the barangay probably tend to provide income information as are enjoying the greatest benefits from the programme). Follow-up studies in more depth are required to substantiate more precisely the situation for both incomes and broader measures of welfare.

### 2.4.2 Post FSD Activities

22. **Cooperatives, Service Provision and Rural Business (Credit, Savings and Marketing)**: The multi-purpose cooperative is pivotal to the current Department of Agrarian Reform (DAR) and Land Bank approaches to ARB development. Both these institutions and other government departments such as the Departments of Agriculture (DA) and of the Environment and Natural Resources (DENR) promote multi-purpose cooperative development. The cooperative is intended to undertake the role of providing credit for seasonal inputs and longer term investment, savings, undertaking marketing and agri-business development and running consumer stores. It also has a service role, sometimes undertaking training activities. The Land Bank is the main source of finance available to most rural cooperatives and certainly to those in Agrarian Reform Areas.

23. The general picture for cooperative development and improving the institutional capacity of cooperatives is not encouraging. The process is very slow and there is a history of previous cooperative failure to overcome. Although there are some strong examples, cooperatives may be characterised as having weak management, partial membership, weak allegiance from their members and little capital. The way in which cooperatives are developed initially with grants and potentially non-viable loans, including those sponsored by the DAR (CAP-PBD) is believed to work against the mature attitude to credit of both the cooperative itself and its members (who repay loans to traders but often not the cooperative). This may in fact postpone the time at which a cooperative can qualify for finance on normal terms from the Land Bank.

24. **Credit and investment**: The majority of credit provided to ARBs is from the private traders, and this appears to be ignored in any strategies for ARB development. Traders are typically characterised as exploitative, particularly with regard to their credit activities but their positive role in providing much of the seasonal and short-term family credit and marketing is not considered. There appears to be competition between traders at local level:

24.1. Off-farm and agricultural enterprise investment activities need to receive emphasis as increasing output of staple crops is generally unlikely to increase farm family incomes above the poverty line (this
is because on the land holdings available, it is not possible to generate above poverty household incomes from staple crops such as maize and rice);

24.2. There are some useful examples of micro-savings and credit schemes but savings does not in general receive emphasis in the cooperatives. Greater initial emphasis on savings would help to generate capital and encourage credit performance. The project can usefully develop its role in promoting this;

24.3. The inter-play between Land Bank and the Department of Agrarian Reform (DAR) is insufficient. Both institutions are assessing cooperatives, and after the cooperative has entered the CAP-PBD programme, they are assessing the same cooperatives, apparently without comparing or sharing data. DAR has not aligned its criteria for cooperative credit-worthiness (business maturity with those of the Land Bank). Both institutions are involved with cooperative development and training. The Land Bank has an impressive range of credit facilities available for sufficiently developed cooperatives, but many DAR workers insufficiently understand this and the general principles of business practice;

24.4. Beginning in 1998, the Project has produced a brochure and held eight seminars for DAR and Land Bank staff and participants from the cooperatives, which concentrated on the practical design of projects with ARCs. This has succeeded in mobilising some resources for small projects. Finance was generally from the Land Bank and it remains to be seen if these projects prove viable.

25. Investment and Seller-Market Matching: The Project has placed some emphasis on the linking of ARB cooperatives with agri-business for the development of business opportunities, training DAR staff from each Province to assist in this and more recently on developing the capacity of DAR to assist cooperatives in preparing projects for loans from the Land Bank (market matching, investment promotion). There are several examples of some interest from both large and small companies but this remains an area where more progress can be made (95 contracts were reported by DAR as a whole in 2,000 but this includes some seasonal grain sales).

26. Potential for improvement in business development: The Project has not only worked with cooperatives but also with other groups, nevertheless the DAR and Land Bank preference for working largely through cooperatives as the partners for development of agri-business and as a channel for financial and marketing services to farmers has proved a barrier in searching for other potential routes to business development. It was also noted that the Local Government Units (both municipality and barangay) are legal entities with some capacity. They can also constitute a partner in joint ventures, etc. Also:

26.1. The Project has made links with both small and large enterprises. The mission believes that greater relative weight should be given to the potential of linking farmers, farmers’ groups and cooperatives to small and intermediate businesses in the local area for livelihood enterprise development (both on and off-farm). While large businesses can see both strategic business and public relations advantages in working with small farmers they generally have less flexibility and less advantage in working with small farmers, except in outgrower or lease back arrangements. In particular they are interested in high volume supply whether from the internal or international market at import parity prices;

26.2. Although the Project has been providing training to try and offset this, the DAR staff promoting business linkages are civil servants and have service and bureaucratic values, not business culture and motivation. They also have other duties. More work with non-civil service partners such as the business groupings supported by Government for this purpose could be useful (e.g. NADC Foundation);

26.3. Savings and the potential for micro-finance, including Grameen type micro-finance, have received inadequate attention;

26.4. The ideas of service continuously undermine the growth of a business culture and the application of business criteria in cooperatives.

27. Other Post FSD Activities: The post FSD activities in addition to the business development referred to above have emphasised training. Netherlands resources have been used for some of this training and also supported the management of the unilateral trust fund from the World Bank project and a sub-contract from
UNDP. A policy has been followed of seeking cost sharing with local agencies. In total 383 training activities have covered 12,000 participants. Small amounts of money have also been provided for 228 other training activities. The training is designed to follow-up on areas of need identified in the FSD plan and often includes some assistance in kind for demonstrations or the start of revolving funds of for example livestock. Most training was for crops and livestock but food processing, clothes making and courses to strengthen cooperatives and other organizations were also undertaken as well as gender training. The presence of the Project did help to assure that no ARC would prepare a plan which was left totally unfunded for some time, with consequent loss of confidence by beneficiaries.

28. Two upland development projects (Visayas and Mindanao) have been piloted through contracts with local institutions to bring about a unified approach. This has covered 10 post FSD ARCs with SALT, etc. and is generally regarded positively, particularly as regards the bringing together of a coalition of agencies.

2.4.3 Sustainable Institutionalisation of DAR Capacity for FSD

29. National level: The Project has not established an equivalent capacity to that in the Project in DAR at national level. Senior DAR staff have been exposed to FSD and are convinced of its value. FSD has also been official DAR policy since 1998 and the Project is a member of the Agrarian Reform Community Task Force with its Secretariat in the office of the under-Secretary Support Services. DAR's current mandate for agrarian reform law implementation comes to an end with the expiry of the law in 2008. However, the mission is convinced that central Government will need to maintain capability to coordinate and support application of FSD type approaches and thus a minimal central capacity could and should have been established. There has also been an important impact on DAR capacities with respect to:

- gender awareness which has been mainstreamed in the FSD. There have been a number of seminars, including staff training seminars at HQ. Gender awareness training is now being extended to DAR regional and Provincial offices with the assistance of the Project. Gender appears to have received less attention in the context of business development and rural finance;

- in monitoring there has been assistance to DAR in institutionalising the Assessment of the Level of Development of ARCs (ALDA) at provincial, regional and central levels. The previous phase of the Project also put in place the system for self assessment of organizational maturity which forms part of ALDA. ALDA, as now modified and applied by DAR appears to place an over-emphasis on cooperatives.

30. Regional, Provincial and Municipal Levels: DAR staff, especially those from the Provincial and Municipal levels, are fully involved in the ARC FSD process. Three training courses for 72 people (17 from NGOs) have been undertaken for FSD trainer/facilitators. The NGO staff are said to make some use of the approach in their own work but for a variety of reasons, including the necessity to pay them, they have not been used widely in FSD. The DAR staff were from the regions and mainly from the Provinces. Staff have been clearly designated in each Province for FSD and for business development and investment but frequently have several other duties. Also work in the Project mode has meant that individuals rather than units have been assigned functions. Some 25 staff were assessed by the Project to be now capable of running the whole FSD process. DAR staff, largely from the Provincial level, now support most of the FSD work. Provincial level three monthly review and planning meetings are starting to include review of progress on FSD. A basis for institutionalisation now exists but it is clear that much greater emphasis will need to be placed on this aspect of the Project's work if sustainable institutionalisation is to be achieved. Greater use of locally available DAR staff to oversee the whole process should also result in opportunities for reduced implementation costs.

31. Barriers to institutionalisation in DAR, include:

- an unclear mandate to go beyond land distribution and support to agrarian reform beneficiaries, towards a wider rural development role for the community as a whole, where the devolved staff of other Departments such as DA and DENR also have important roles and have been devolved to Local Government Units;
• project mode of operations for foreign cooperation (although one now supports the value of institutionalisation);
• large body of staff whose background is in land allocation and titling;
• institutional inertia making it difficult to adjust functional statements, job descriptions, etc.

Areas of Work Covered Under Immediate Objective 2: "To strengthen the capabilities of DAR, ARB organizations, national/regional/provincial alliances of farmers cooperatives and associations and LGUs in addressing policy, legal and legislative concerns and research issues arising from and in support of CARP implementation and the overall government programme on rural development and poverty alleviation".

2.4.4 Policy Work

32. A contract was let with an NGO (Policy Advisory Group PAG-PRIDI) including several academics to provide urgent responses to the former Secretary of Agrarian Reform. In addition the Project staff supervised contracts let under the Italian project for policy studies. Many of the same individual were involved with both these activities. The Secretary was very satisfied with the inputs received, and under the rapid response work policy was addressed and influenced three key areas of agrarian reform

• differentiated approach to land distribution for different crop and tenure systems (adopted 1999);
• integrated land distribution and programme beneficiary development (ongoing institutionalisation of the approach);
• modified pilot for WB proposal of negotiated land transfer (willing buyer-willing seller)

33. However, most of the rapid response work was for politics, rather than policy and substituted for capacity the Secretary would normally have established in his office or the DAR. The mission has reservations, on the use of international assistance for this purpose, especially as it was not linked to capacity building.

34. The series of contracts for policy papers (funded under the Italian project) were to some extent linked into the policy process, due to the close relationship between PAG-PRIDI and the Secretary. The work itself was of mixed standard. Several of the papers dealt primarily with implementation issues and several adopted advocated a position, without comprehensive analysis.

35. The legal work on behalf of both ARBs and the DAR referred to in the Project Document does not seem to have been a high priority. Two training courses were organized

Areas of Work Covered Under Immediate Objective 3 (in addition to those already covered under FSD-Follow-up above): "To strengthen the capacity of DAR, including its field offices, and ARB organizations in mobilising resources from local and foreign sources, including the generation of savings, accessing of funds from the government and private financing institutions, and in accessing resources from the international donor community".

2.4.5 Resource Mobilisation and Support to Other Projects

36. The Project assisted DAR in establishment of the Foreign-Assisted Projects Office (FAPSO) in 1998, providing assistance in definition of functions, etc. The effective working of FAPSO helped convince the national authorities of the relatively efficient absorptive capacity of DAR for international cooperation. This has contributed to an increase in the project pipeline and in approvals. During the current phase, the Project has probably had limited direct influence on the total availability of donor resources to DAR but has assisted DAR in making its inputs for the formulation of World Bank, ADB and other projects. Assistance has also been provided in formulating projects. While this should not be regarded as a central Project function, it has certainly contributed to the quality of the DAR input and the mainstreaming of FSD within those projects.

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4 National Economic Development Authority (NEDA), Department of Finance, Department of Budget and Management.
37. The Project has also been instrumental in the running of the Philippines (World Bank) UTF and UNDP sub-contract for small components of larger projects (World Bank, UNDP) to provide support for FSD and its follow-up. This has contributed to the project remaining on schedule.

38. An indicator of the success of FSD, but also a resource for it, has been the growing willingness of municipal governments to cost share implementation

2.5 Sustainable Impact

39. In summary the Project's sustainable impacts have been very encouraging in proving the FSD methodology on a wide scale and:

- Facilitating preparation of viable development plans, covering almost 500,000 rural poor;
- Inculcating a more, participatory, prioritised and cost-benefit planning culture in 755 barangays, on a scale formerly unknown in the Philippines;
- Contributing to the base of democracy, in particular the relationship between the barangays and the 301 municipalities;
- Increasing services, access to markets and business activity in a process, for which the plans were essential;
- Raising the capability of DAR, particularly at provincial and municipal levels to continue expanding and deepening the FSD process;
- Raising the overall analytical and planning capabilities of all those involved in the process.

40. Environment: The Project’s impact with relation to the environment has been largely limited to the work discussed above on upland development. The lack of explicit attention to environmental implications in the FSD planning needs to be corrected.

41. Gender: The Project has not only been successful in fully involving women in the FSD planning and follow-up but also in assisting the DAR in gender mainstreaming and has generally played an active role in work in the Philippines on gender and rural development.

3. Recommendations

3.1 Recommendations for the Remainder of the Current Project

42. The mission endorses the extension of the Project in time without increase in budget to the end of 2001 and:

42.1. The Project should move immediately to substantially accelerate the training of Department of Agrarian Reform (DAR) staff to be FSD trainer/facilitators. There must also be greater willingness to allow DAR staff to undertake the totality of training, with reduced involvement of the national project experts.

42.2. At the same time DAR is urged to put into effect plans to place more emphasis on support to services for development of agrarian reform beneficiaries (ARBs) and other rural poor in line with the realities of its present tasks. This requires the reassignment of staff, adjustment in job descriptions and training. A future project could usefully be of assistance in this process (retooling).

42.3. Using resources available from the Italian project:

42.3.1. a policy study and dialogue is recommended on the alternatives to promote sustainable livelihoods through business development, beyond staple crops for individual and group enterprise development, in particular, alternatives:
- which link ARBs individually and in small groups to business, including local business;

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5 GCP/PHI/043/ITA
• for promoting micro-enterprise, including the Grameen model;
• joint ventures, including joint ventures with local government (municipal and barangay); and
• rural financial services which do not rely entirely on cooperatives and arrangements for savings, loans, matching grants, equity investment, etc.

42.3.2. a national comparative review and seminar is recommended of FSD and other participatory community level planning in the Philippines, including:

• the extent to which methods are demonstrably proven;
• cost-benefits and potential to reduce costs;
• applicability to diverse situations;
• areas for cost-effective improvement in methodology.

3.2 Recommendation for a Future Project to Expand and Strengthen Rural Community Development Planning and Follow-up

43. The mission finds that the consolidation and strengthening of DAR capacity to support Rural Community Development Planning and Follow-up would be likely to yield substantial additional benefits to agrarian reform beneficiaries and other rural poor. Funding should be sought for a future project of 3-4 years to:

• extend the application of this planning process to new areas;
• continuously improve the rural community development planning and follow-up process and examine its applicability in diverse situations;
• enhance the skills of participants and reinforce the gains realised in areas covered by earlier activities;
• firmly establish the capacity within DAR, especially at regional and provincial levels to continue this process;
• pilot options for development of local business, savings credit and micro-enterprise.

44. A future project is thus recommended, which may reflect criteria to concentrate in poorer regions, and with its primary focus on:

44.1. Objective: Expanded application of Rural Community Development Planning for ARBs in ARCs and those in non-ARC barangays, through:

• provision of financial support to DAR (and possibly other agencies of Government and NGOs) to replicate the planning process elsewhere;
• training of a rapidly expanding number of DAR staff (and possibly other agencies of Government and NGOs) to support this process (such training will be basically on-the-job).

44.2. Objective: Continued and deepening application of community development planning principles and tools in the routine work of LGU and DAR staff at municipal and barangay levels, by:

• training, information materials and some financial support for provincial and municipal level DAR staff to monitor and facilitate local government mainstreaming of the planning principles in all their work, including further development and application of the plan (consultation/participation, prioritisation, cost-benefit, poverty focus, self-reliance, etc).

44.3. Objective: Sustainable institutionalisation within DAR of the capacity to support and develop the application of rural community development planning and follow-up to poor communities throughout the Philippines, by working with DAR:

• to establish within DAR, at the national level, - the minimum essential central functions required to support field activities after project completion. These may include monitoring and evaluation with links to policy and process improvement, coordination with major investment projects and relevant
line agencies and national NGOs and ensuring that the distribution of, and approach to participatory planning at barangay level is consistent with national rural development policy and *vice versa*;

- to establish at regional level the capacity and changes in responsibilities and procedures to manage the necessary development support for the region, utilising the staff available within the Provinces;

- to establish at provincial and municipal levels the staff capacity to support the process, largely through changes in job descriptions, allocation of resources and the provision of training and information materials as referred to above.

45. A second set of project activities with the **Objective: Improved livelihoods for ARBs and other poor families in areas covers by ARC and LGU development plans**, could include:

45.1. Piloting more effective means of:

- strengthening beneficiary organizations, including less formal groups for specific tasks and local government enterprises for the delivery of credit, savings and other services and for marketing local production;
- alternative service providers including measures to improve competition between traders and regulate abusive practice;
- micro-credit/business development;
- business development including various joint ventures and contractual arrangements (traders and other small local businesses, corporations, local government);

45.2. Funding supplier-market matching activities, along the lines applied by the NADC Foundation, by contracting entrepreneurial agencies outside DAR and the project, where the planning processes indicate particular market potentials exist;

45.3. Funding small-enterprise development studies and facilitating investment in viable projects by the Land Bank and other joint-venturers or lenders including local rural banks. Studies would be contracted to experienced consultants and success fees paid for facilitation, outside DAR and the project.

46. A further small project component should have the **Objective of Sustainable Policies and Practices for Rural Community Development Planning and Follow-up**. This component would provide resources for the contracting of independent assistance to identify major policy related constraints and to support a process of information assembly, analysis and stakeholder dialogue, designed to facilitate viable policy change (for example on the relation between the ARC concept and the local government units, the role of cooperatives in ARB development, or the incompatibility and duplication of the various ongoing approaches to assessing rural livelihoods and welfare).

3.3 **Recommendation for a Future Project to Support Development of National Policies for Agrarian Reform and Associated Rural Development**

47. Rural development and agrarian reform policy are of critical importance in the Philippines, not only to address acute rural poverty and economic growth, but also for the peace process. In addition to the two policy areas referred to above under recommendation 42.3, the mission has identified areas where policy change could be of importance for the viability of agrarian reform and associated rural development (such as - experience with market-driven tenure reform; decentralisation of functions; and the use of land taxation as a disincentive to under-utilisation of land, and large holdings) – See Annex 2 for examples of policy areas where further work could be useful. A separate project is thus recommended which would assist the Government of the Philippines to revise and strengthen its policies. Such a project should address the policy process, not only supporting studies, but the assembly of information, inputs on experience from elsewhere, awareness raising on issues, and considerable stakeholder dialogue. This project should be executed within a framework which supports the development of sustainable policy capacity both within DAR and through institutionalised links to other departments, academia, NGOs and other civil society representatives.
3.4 **Consideration by the Philippines Government of the best modality for the future handling of UTF activities currently under the present Project**

48. In view of the uncertainty of continuing project financing into the medium-term for CSD/FSD technical cooperation and the thrust of the project proposed above, the Philippines Government may wish to consider whether a parallel and closely linked modality should be established for the execution of the UTF type activities. This could consist of an umbrella UTF employing one national expert and an assistant, plus contracts as necessary, to continue this activity for as long as it is required to support investment projects. In other words, the UTF modality using national staff could be employed not only for the direct costs of implementing FSD and FSD follow-up for investment projects, but also for the management and any additional technical support not provided under the DAR budget.

3.5 **Recommendations for the further Strengthening of FSD planning**

49. In addition to the greater attention to be given to strengthening and deepening plan follow-up as discussed above, it is recommended that, for the approach to FSD planning:

49.1. Revised criteria be developed in prioritising areas for FSD work. The present criteria depend on the presence of an ARC which, in turn, depends on so-called "organizational maturity criteria", which revolve around the presence of functioning cooperatives. In addition to the poverty of the area and the number of agrarian reform beneficiaries, such criteria should include the potential for comprehensive follow-up to the plan, either through the presence of internationally funded projects or the commitment locally, for example, the full commitment of the local municipality.

49.2. More attention be given to assuring a fully inclusive consultative process, which should lead to a greater sense of ownership of the plan and involvement in its follow-up. In particular:

- full discussion, with technical staff involved, of the draft plan and of its individual components at the sub-barangay level and with various interest groups (women, youth, etc.) at the time of formulation (i.e. prior to the residential planning in Phase 5 – for Phases, see para. 86);
- more unpacking of plans into components and putting into the local language, summary and presentation to groups once it is drafted in Phase 5.

49.3. A more cost-efficient approach to FSD planning can now be applied including:

- Creating large groups of barangays and ARCs in one geographical area for planning. More attention to planning for whole municipalities, as well groupings of barangays will facilitate this;
- Grouping in this way will reduce the necessity for residential training and close association with municipalities and other Government Departments should make it possible to use more economical facilities than hotels if residential training is essential.

49.4. Grouping at the local level and greater attention to municipalities as a whole, will also have advantages for the value of the FSD process itself. It will facilitate a move away from residential training and mean that a common team of staff from DAR, local government, etc., would deal directly with all the barangays in a group. In particular, it is recommended that it be used to:

- involve more representatives from each barangay (at present an average of less than two normally take part in the intensive residential stages of the programme);
- facilitate plans to be more comprehensive, better drawing in and ensuring forward and backwards linkages with other departments and any NGOs serving the rural area thus, reflecting priorities in full, including those for household food security, nutrition, health and education;
- cover other rural poor and ARBs not in ARCs;
- assist in the process of building a stronger basis for local democracy, in that all leaders in an area who represent the barangays to the municipality will have been exposed to the process;
- fully involve the local political leaders, such as mayors, facilitating commitment to follow-up of the process and access to resources;
• in those cases where whole municipalities can be covered, assure a comprehensive plan for the municipality;
• draw in greater participation from devolved Provincial and Municipal Government, including the technical arms of government (agriculture, etc.) and those responsible for planning and investment allocation.

49.5. Other improvements for consideration in improving the cost-effectiveness of FSD include:

• more emphasis on opportunities as distinct from problems, especially business opportunities (planning should include preliminary feasibility study of potential enterprise opportunities);
• attention to seasonal labour budget constraints and opportunities, especially calls on the time of women and children and the demands on men to work as seasonal labourers;
• possibly less detailed emphasis on farm budgeting;
• ensure consideration of environmental considerations.

3.6 Recommendations for the Future Strategy of DAR

50. In addition to policy study and the major reorientation of approaches suggested above with respect to follow-up projects, it is recommended that DAR:

50.1. Align ARC and municipal development planning, thus avoiding the potential for conflict and inefficiencies in use of resources which could arise if Sustainable Agrarian Reform Districts were to cut across municipal and even, provincial boundaries;

50.2. Re-examine with Land Bank the extent of reliance on cooperatives with a view to working with a much wider range of partners and encouraging diverse forms of institutional and entrepreneurial development (small traders and businesses, Grameen approach, etc.);

50.3. Make further efforts to involve the Land Bank in the FSD planning process and work on business development and align DAR criteria for assessment of cooperatives with those of the Land Bank.

4. The Context of the Project

4.1 Agrarian Reform

51. In response to popular pressure, the Comprehensive Agrarian Reform Program (CARP) was launched following the end of the Marcos regime in 1988. The Aquino government promised to change agrarian relations in 10.3 million hectares – roughly one third of the nation’s territory – in 10 years, including compulsory acquisition of private agricultural lands, with compensation to the landowners.

52. At its inception, the CARP was already under pressure arising from high expectations and demands from NGOs and the organized peasantry on the one hand, and, on the other, from landowner-politicians or landowners allied with local government officials and national legislators who resisted the programme. To ease the pressure, the government designed a four-phased implementation beginning with transfer of government and public lands and rice and corn lands covered by the previous Marcos regime law. This already required significant external inputs in land transfer technology and preparing agrarian reform beneficiaries to become owners and managers of farms. There was an expectation from the public, that government would shoulder not only the cost of transferring land but also of developing these lands into viable economic enterprises. Foreign development agencies concentrated their cooperation on this rather than land transfer.

53. A broad coalition of NGOs and farmers’ organizations, the Congress of Peoples for Agrarian Reform (CPAR) which worked hard to influence the shaping of agrarian reform policy in 1987 eventually rejected the final formulation of CARP on the argument that it favoured private landowners. However, by the early 90’s, encouraged by the entry of international development agencies, members of the coalition gradually expressed support for the program. These NGOs entered into partnerships with the Department of Agrarian
Reform (DAR) and the Department of Environment and Natural Resources (DENR) for the uplands in community institution building and agrarian reform advocacy, promoting participatory approaches and methodologies.

54. SARCTSARRD (Netherlands funded; 1997-2000) was implemented at a time when the CARP, by the end of 1996, had already distributed 4.3 million hectares, roughly 53% of the revised scope of 8.2 million hectares. It was also the eve of CARP termination when the DAR was under twin pressures: one, the impossible task of completing land transfer by June 1998; and, two, to show proof that transferred lands and their new owners are viable economic units that could contribute to rural development and poverty reduction. Earlier, in 1995, the Ramos administration’s Social Reform Agenda identified agrarian reform as an instrument of poverty alleviation. It is to be noted that the revised scope of CARP constitutes 80% of total farm lands in the country and the estimated number of beneficiaries would constitute 38% of total farming households. Land redistribution in these areas was expected to spur higher productivity.

55. By early 1998, the government had recognised the implausibility of completing CARP by June of that year. In February, the Ramos government extending the CARP by another ten years (until 2008) with an additional budget of PhP 50 billion and an annual appropriation of PhP 3 billion (54% for land acquisition and distribution and 21% for programme beneficiary development). During the changeover of administration in June, the Estrada administration vowed to complete CARP by 2004. Resource allocations, however, were sharper statements than political declarations and in 1999, no money was allocated for land acquisition and distribution. This forced the DAR to squeeze its savings to move almost 100,000 hectares. In 2000, Congress slashed the DAR’s proposed budget of PhP 1.7 billion by 50%.

56. Budgetary issues have plagued the programme since its inception. The Aquino administration completed 20% of the program with 34% of the budget (PhP 17 B). The Ramos administration accomplished 40% of the total target with 54% of the budget; and the Estrada administration was left with 12% of the budget to complete the remaining 42% of program target. The budget issue, however, is not a matter of pro-rata allocation per unit of land transfer. While the early stages of the programme concentrated on transferring Government owned land, land for transfer now has to be acquired. There is thus now a gigantic transfer issue influencing future transfers. Findings of a study by the Institute of Agrarian Studies (UP-Los Banos, 1996) show that as early as 1995, 36% of agrarian reform beneficiaries (ARBs) had already violated duties and obligations to the programme ranging from failure to amortise, mortgaging of rights, sub-tenancy, sub-leasing or total abandonment of land. ARB amortisation performance is a serious concern to government because even on the assumption of full payments, the government still has to shoulder the financing gap between what former landlords are paid and the repayment requirement from beneficiaries.

57. NGOs pioneered participatory rural appraisals (PRA), tripartism in land tenure improvement (i.e. partnerships between NGOs, cooperatives, farmers organizations, etc. and the DAR and community-based resource management programmes). In the mid-90’s, they promoted integrated area development programmes (IADs), subsequently enhanced to become sustainable integrated area development programmes (SIADs). NGOs carved a niche in foreign-assisted projects particularly in partnership strategies and participatory modes of social preparation and community institution building.

58. Agrarian reform in the form of land transfer remains a politically divisive issue and is important to the present peace process. A large proportion of the rural population and their allies in civil society and politics

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6 Although the CARP originally targeted 10.3 million hectares, validation activities by the DAR beginning in 1992 surfaced areas of exclusions and exemptions. Initial validation recommended a drastic reduction to 7.2 million hectares. However, subsequent validation put the scope at 8.2 million hectares. Approved by the Presidential Agrarian Reform Council in 1996, the revision effectively took out 2.1 million hectares (20%) off the target. The same revision increased DAR’s jurisdiction from 37% in the original scope to 54% in the revised scope.

7 In 1998, the DAR estimated that the cost of program completion would amount to PhP 111 B and, therefore, RA 8532 underestimated the cost by 50 percent. The projected costs would cover acquisition and distribution of 3.4 million hectares (1.5 million under DAR and 1.9 million under the DENR) and development of 3.04 million beneficiaries in 5.2 million hectares (as of 2000). The DAR’s particular responsibility is the development of 2.79 million beneficiaries (1.7 recipients of land and 1.09 leaseholders) in 4.4 million hectares of CARP lands (3.0 million transferred lands and 1.4 million hectares converted to leasehold). This excludes the estimated PhP 89.5 billion in projected payments for maturing bonds (landowner compensation) by 2005-2015.

8 Landowners are given a 35%-40% down payment and the balance in bonds over a 10-year period earning interest based on 91-day treasury bill rates. Amortising ARBs, on the other hand, repay the government over a 30-year period at 4%-6% interest with an affordability clause that allows them to pay at lesser interest. There are indications that amortisation failure is growing.

9 Cooperatives, farmers associations, etc. and sometimes the lowest level of Government Unit, the barangay are referred to as People's Organizations (POs).
demand an acceleration. At the same time faced with inadequate resources for land acquisition, mounting evidence on the poor viability of many agrarian reform holdings, and land-owner resistance, there is growing discussion of alternatives to land purchase and distribution. There are also both external and internal pressures for DAR to concentrate on rural development for the rural poor including those who have not benefited from land distribution.

4.2 Agrarian Reform Communities (ARCs)

59. As of December 2,000 there were 1,308 agrarian reform communities covering 448,440 agrarian reform beneficiaries (ARBs). The Agrarian Reform Community (ARC) strategy was conceived during the Ramos administration in 1993 and was fully implemented in 1995. It was aimed at accelerating the development of agrarian reform beneficiaries (ARBs) by focusing support services. It was also tailored to the perceived interest of foreign donors in focusing support to specific geographic areas. An ARC consists of a cluster of contiguous barangays (lowest level of local government - there are currently an average of 3.4 barangays per ARC but the number is very variable). An ARC should have:

- a majority of agrarian reform beneficiary (ARB) households;
- the land transfer process largely completed;
- a minimum of 2,000 hectares (roughly 1,000 ARBs);
- a level of organizational maturity (interpreted as cooperatives had been established);
- at least one Development Facilitator (DF) of the DAR and an NGO partner (this latter has lapsed).

60. The ARC is to some extent an artificial construct, in that it groups barangays but does not cover the rural municipality. There is now an intention to include more ARBs within existing ARCs by increasing the number of barangays. There is a suggestion to move towards so-called Sustainable Agrarian Reform Districts which would cluster ARCs across municipal and provincial boundaries and could have the effect of further weakening the link to local government and the devolved government departments and also to the local government political authority (the municipal mayors and provincial governors).

61. As of June 1998, 1083 ARCs had been assisted by 15 foreign-assisted projects in the amount of PhP 14.2 billion.

4.3 Devolution (decentralisation) of Government

62. The Local Government Code (LGC) of 1992 establishes the transfer of powers of local government units (LGUs) and expansion of local governance parameters that allow civil society participation through the parastatal local development councils (LDCs). Exercise of local autonomy impacts on CARP in all areas of the country, which includes: 77 provinces; 65 cities; 1,542 municipalities; and 41,926 barangays. Local governments have assumed responsibility for many formerly-centralised functions in health services (Department of Health), social services (Department of Social Welfare and Development), agricultural extension (Department of Agriculture), community-based forest management (Department of Environment and Natural Resources), school building program (Department of Education, Culture and Sports) and locally-funded public works (Department of Public Works and Highways). This implies that in order to develop ARBs and ARB lands, the DAR which remains a centralised line agency, not only has to relate with national line agencies but, more importantly, engage the cooperation of local government.

4.4 Overseas Assistance for Agrarian Reform

63. Support for the development of Agrarian Reform Communities assisted by the DAR is summarised in Table 2 below. The loans (JBID; WB; ADB; IFAD) contributed mostly to infrastructure (roads and water).
### Table 2: Summary of Projects Assisting Development of Agrarian Reform Communities

<table>
<thead>
<tr>
<th>Source of Funds</th>
<th>Title</th>
<th>Number of ARCs to be covered</th>
<th>FSD used</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Start prior to 1997</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EU</td>
<td>Agrarian Reform Support Project (ARSP)</td>
<td>63</td>
<td>Partly</td>
</tr>
<tr>
<td>Belgium</td>
<td>Belgian Integrated Agrarian Reform Support Project (BARSP) - Phases 1 and 2</td>
<td>85</td>
<td>Partly</td>
</tr>
<tr>
<td>JBid - Japan</td>
<td>Agrarian Reform Infrastructure Support Project and TA</td>
<td>79</td>
<td>Partly</td>
</tr>
<tr>
<td></td>
<td><strong>Start 1997 onwards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>UNDP</td>
<td>Support to Asset Reform through the CARP and the Development of Indigenous Communities (SARDIC)</td>
<td>79</td>
<td>Yes</td>
</tr>
<tr>
<td>WB</td>
<td>Agrarian Reform Communities Development (WB:ARCDP)</td>
<td>100</td>
<td>Yes</td>
</tr>
<tr>
<td>IFAD</td>
<td>Western Mindanao Community Initiative Project</td>
<td>80</td>
<td>No</td>
</tr>
<tr>
<td>ADB</td>
<td>Support to Agrarian Reform Communities</td>
<td>200</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### 4.5 FAO-Philippines Government Cooperation in Agrarian Reform

64. Italy provided funding for the first three phases of the Technical Support to Agrarian Reform and Rural Development (TSSARD) GCP PHI/040/ITA Project from 1990 to 1997. During the first phase (1990-1993), TSSARD assisted the three most important line agencies in CARP implementation: the Departments of Agrarian Reform (DAR), Agriculture (DA), and Environment and Natural Resources (DENR); DAR as the lead agency in-charge of land transfer and beneficiary development; the DENR, in-charge of survey and land mapping; and the DA, in charge of agricultural extension. The project assisted all three agencies in participatory training approaches aimed at improving the capacities of implementers and beneficiaries. It also assisted the DAR and DENR to improve databases and information systems and assistance was provided to the CARP in mapping.

65. From 1995 onwards the project adapted the FAO Farming Systems Development Approach for community level planning and this formed the basis on which work was started in the present phase of the Project. Similarly work on agri-business linkages and matching markets and suppliers was initiated post 1995, during the previous Phase and short-term policy response was provided to the DAR Secretary.

66. Concurrently with the Netherlands funded project, Italy continued to fund GCP PHI/043/ITA ($745,000) which has provided support for policy work and for national experts in 1) policy; 2) development information; and 3) monitoring and evaluation.

### 5. Project Objectives and their Relevance

#### 5.1 Project Objectives

67. **The Development Objective** was stated as

- the annual household income of agrarian reform beneficiaries (ARBs) increased above the poverty line by the year 2000 in the planned 1,000 agrarian reform communities (ARCs), through the development of Sustainable Agrarian Reform Communities (SARCs). These ARBs will be transformed into self reliant and productive farmers, with strong organizations which are capable of demanding, negotiating and obtaining higher levels of support services from relevant public, financial, administrative and political institutions;

- the DAR transformed into an effective agrarian reform and development agency.
68. **Immediate Objectives** were stated as:

68.1. To assist ARBs in at least 600 ARCs in strengthening of their organizations, coalition building, improving technical skills and managerial capacities, enhancing income generating capacities, productivity and participation in decision making so as to fully benefit from the Project activities.

In addition objectives contained in the output statements, included (for 200 ARCs per year):

- Established, strengthened and expanded consultative and collaborative mechanism of coalition building at national, regional, provincial and municipal levels for joint project planning and implementation, monitoring and evaluation of ARB development activities;
- Developed, shared, adopted and replicated successful approaches to ARC development on the basis of applied FSD training-cum planning methodology and other tested methodologies and tools for resource mobilisation and market links;
- Monitoring and evaluation, especially of people's organizations strengthened;
- Gender sensitivity mainstreamed in development practice.

68.2. To strengthen the capabilities of DAR, ARB organizations, national/regional/provincial alliances of farmers cooperatives and associations and LGUs in addressing policy, legal and legislative concerns and research issues arising from and in support of CARP implementation and the overall government programme on rural development and poverty alleviation;

68.3. To strengthen the capacity of DAR, including its field offices, and ARB organizations in mobilising resources from local and foreign sources, including the generation of savings, accessing of funds from the government and private financing institutions, and in accessing resources from the international donor community.

69. **The Expected end of Project Situation** gave a somewhat clearer vision of Objectives:

69.1. Levels of income of ARBs will be improved on a sustainable basis through the application of farming systems development methodology, improved access to support services and markets and other project activities;

69.2. ARB organizations, within the ARCs (present and future), will be established, expanded, and strengthened through training and the ARBs' participation in the whole development process;

69.3. DAR staff, particularly at field level will be able to play a more effective role in assisting the development of ARCs;

69.4. The internal capability of DAR in policy, legal and advocacy shall have been strengthened;

69.5. More resources from local and foreign sources will be made available for the development of ARCs;

69.6. The systematic participation in the development of ARCs by ARB organizations, Local Government Units, NGOs, other Government Departments and the private sector developed and sustained.

5.2 **Relevance of the Project Objectives and Thrusts to Development Priorities**

70. **Poverty**: There is no doubt that agrarian reform beneficiaries are among the poorest in the Philippines. Of the 1.7 million ARB households, 70% are below the national poverty threshold. The Project was thus targeted on the rural poor. Less than half the Agrarian Reform Beneficiaries are in ARCs. Those outside ARCs tend to be the poorest but until they can achieve ARC status are not beneficiaries of the Project. This needs to be addressed in future work - see recommendations.
Table 3: Development Priority (Relevance) of the Project Immediate Objectives

<table>
<thead>
<tr>
<th>Objective/area of work</th>
<th>Conclusion on Priority and Relevance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community based planning (FSD):</td>
<td>Although participatory methods of community planning have been extensively piloted in the Philippines, these have not been widely institutionalised outside NGOs and some internationally assisted projects. The basic FSD approach was developed by previous phases of the Project and its expansion and institutionalisation in rural development planning was entirely valid.</td>
</tr>
<tr>
<td>Business development</td>
<td>This objective is believed to be highly relevant. It is only through the generation of employment and income additional to that from staple crops that ARBs can markedly improve incomes.</td>
</tr>
<tr>
<td>Post - FSD training for ARBs in income generating activities</td>
<td>Resources for this are available from a number of sources but inclusion of them within the Project did provide the opportunity to assure immediate follow-up. In fact, a rather limited amount of this work has been funded from the Netherlands budget as other donor funds have been channelled through the Project.</td>
</tr>
<tr>
<td>Strengthening ARB organizations (cooperatives)</td>
<td>The cooperatives are central to the development model being pursued. They have an urgent need for business training. However, the mission has doubts as to whether cooperatives always represent a viable option in the ARCs and concludes that over-emphasis was placed on this model.</td>
</tr>
<tr>
<td>Policy support - rapid response</td>
<td>Priority work is a priority, however, it may be a function of foreign assistance to strengthen political process but it is not a function to substitute for government in providing parliamentary responses, rebuttals to newspaper articles, etc (i.e. politics).</td>
</tr>
<tr>
<td>Institutionalisation of Capacity in DAR</td>
<td>Given the progress already made with the FSD approach at the time of Project start, more emphasis should have been placed on the Programme’s institutionalisation for continuation by the DAR both in the Project Document and in execution (although this may have run counter to the Project approach to execution apparently favoured by DAR at the time). This lack of emphasis on institutionalisation both in project mode of working and in the objectives had implications for the sustainable use of all Project outputs.</td>
</tr>
<tr>
<td>Mobilising increased donor funding</td>
<td>The previous phase of the Project had assisted DAR in organizing a donor meeting, but the mission has concluded that this objective was unlikely to be contributed to very substantially by the Project.</td>
</tr>
<tr>
<td>Strengthened monitoring and evaluation in DAR</td>
<td>This was an area of concern.</td>
</tr>
<tr>
<td>Gender mainstreaming</td>
<td>Remains a priority</td>
</tr>
</tbody>
</table>

6. Project Design

6.1.1 Project Document

71. The design as recorded in the project document is weak. In particular:

- the statements of objectives are unclear and complex;
- there are few targets and for those given the basis is unclear;
- there is no logical framework and no indicative work-plan;
- monitoring arrangements, including performance indicators, are vaguely and briefly described and largely deferred to the preparation of an operations manual during implementation;
- the logical connections between the planned activities and stated objectives are not always clear;
• there is no attention to methods of promoting sustainability, phase out strategy or the post-project situation.

6.1.2 Effects of Weak Design

72. The project has been extended once and reached the end of that extension without institutionalising FSD capacity and with no mechanism in place for this. DAR has only part of the capacity needed to continue working to increase the well-being of beneficiaries. This is not the fault of the skilled and diligent Project staff, but is more likely due to unrealistic and poorly focused design objectives, and the lack of scheduled provision for the progressive transfer of project functions to DAR staff. A second effect is that conventional evaluation is difficult or impossible without a coherent framework to measure performance against.

6.1.3 Implementation “Design” Response

73. Ideally, a revised design should have been prepared after about one year of project experience. This would have been a task for the mid-term review and the use of a summary logical framework or similar approach would have clarified thinking. In practice, the project prepared detailed annual work plans in close consultation with DAR and the annual Steering Committee meeting approved these plans. This had the advantage that the project was responsive to immediate DAR needs but may have contributed to a lack of focus on the longer-term goal of DAR capacity building.

74. The project appears to have substantially achieved the major immediate objectives, with respect to FSD without the assistance of good design.

7. Project Budget and Project Management

7.1 Budget and Expenditure

75. As can be seen from Table 4, in addition to the Netherlands budget the Project has managed an additional US$ 2 million from Italian and unilateral (World Bank) trust-funding and from UNDP. The availability of the additional funds for FSD and post-FSD activities enabled the Project to utilise a larger proportion of the Netherlands budget for staff than originally envisaged, extending the life of the Project to the end of 2001 (18 months) without, budget increase. In the mission’s view the budget has been very effectively managed.

76. Table 5 shows the distribution of staff resources and budget by purpose for GCP PHI/042/NET for the Project as a whole, as estimated by the Project staff. The overall concentration of resources is on FSD planning (43% of staff time and 39% of total resources). Various forms of post FSD training and follow-up account for a further 37% of total resources, while policy work accounts for 4% of the Netherlands budget and 12% overall (although it may be noted that as this is largely funded from the Italian Project budget. A substantial balance remains and two suggestions for particularly significant areas of work for early attention are made in the Recommendations - agri-business study and comparative studies and seminar on community level planning.
Table 4: Summary of Budget and Expenditures GCP/PHI/042/NET and Total Project

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional staff and consultants</td>
<td>1,571,109</td>
<td>293,585</td>
<td>1,864,694</td>
<td>80,000</td>
<td>178,510</td>
<td></td>
</tr>
<tr>
<td>General service staff</td>
<td>706,035</td>
<td>173,890</td>
<td>879,925</td>
<td>27,307</td>
<td>11,000</td>
<td>38,307</td>
</tr>
<tr>
<td>Contracts</td>
<td>298,892</td>
<td>298,892</td>
<td>1,114,540</td>
<td>30,000</td>
<td>141,540</td>
<td></td>
</tr>
<tr>
<td>Travel</td>
<td>537,812</td>
<td>124,235</td>
<td>662,047</td>
<td>8,000</td>
<td>8,000</td>
<td>15,527</td>
</tr>
<tr>
<td>Staff and contracts sub-total</td>
<td>3,113,848</td>
<td>591,710</td>
<td>3,705,558</td>
<td>264,884</td>
<td>109,000</td>
<td>373,884</td>
</tr>
<tr>
<td>Training</td>
<td>1,441,701</td>
<td>270,000</td>
<td>1,711,701</td>
<td>20,000</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>Supplies</td>
<td>143,247</td>
<td>50,000</td>
<td>193,247</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Equipment</td>
<td>159,412</td>
<td>5,000</td>
<td>164,412</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Support services</td>
<td>9,410</td>
<td></td>
<td>9,410</td>
<td>5,000</td>
<td>5,000</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>115,013</td>
<td>52,140</td>
<td>167,153</td>
<td>8,286</td>
<td>240,797</td>
<td>249,092</td>
</tr>
<tr>
<td>Support Costs</td>
<td>647,742</td>
<td>133,397</td>
<td>781,139</td>
<td>36,163</td>
<td>92,820</td>
<td>105,943</td>
</tr>
<tr>
<td>Total</td>
<td>5,620,373</td>
<td>1,102,247</td>
<td>6,732,620</td>
<td>314,842</td>
<td>430,617</td>
<td>744,459</td>
</tr>
</tbody>
</table>

Table 5: Summary of Project Estimates of the Distribution of Resources by Area of Work

<table>
<thead>
<tr>
<th>Area of Work</th>
<th>GCP/PHI/042/NET</th>
<th>Total Project</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% Expenditure</td>
<td>% Staff</td>
</tr>
<tr>
<td></td>
<td>including Staff</td>
<td>Resources</td>
</tr>
<tr>
<td>FSD Planning</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Post FSD Training etc. of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• technical</td>
<td>37%</td>
<td>57%</td>
</tr>
<tr>
<td>• People’s organizations (comparatives) and other ARB capacity building</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>• Agribusiness and investment</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>• Upland Development</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Policy Work</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Gender Mainstreaming</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Support to development of other projects (WB etc.)</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Monitoring and evaluation</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>
7.2 Project Management

7.2.1 Administrative Management

77. The Project benefited from being a follow-up to previous projects and a team being in place. There seems to have been efficient implementation by the Project management, including the relatively complex number of small contracts and the operation of funds from four different sources Netherlands, Italy, UNDP and the Philippines (World Bank). The Project was able to support a wider range of activities and continue its programme for an extended period, without increase in Netherlands resources.

78. FAO provided efficient services but this was tempered by the ongoing decentralization of project operations and the introduction of new computer systems, which caused delays in providing budget statements. The Project was largely able to offset this by the maintenance of shadow accounts. FAO could better have managed the Project process. The need for a reformulation of the Project to be reflected in a document has already been referred to. This evaluation, also comes too late in the Project, to maximise its usefulness for adjustments to assure the sustainability of Project results and identification of needs for further follow-up.

79. The Project Steering Committee met annually and considered progress during the previous year and the plan for the coming year. The visits by FAO staff at the time of the Committee meetings provided valuable advice but the Committee itself could have been more proactive and the Project could have facilitated this, if issues had been identified and the Committee used as a sounding board.

7.2.2 Technical management and backstopping

80. FAO provided comprehensive comments on documents and participated in the annual steering committee meeting as well as making other technical backstopping visits. The one area where there could have been improvement was in provision of support for the development of strategic vision, in that the Project has not sufficiently adjusted in line with needs and the validity of assumptions has not been adequately questioned. FAO did gain Steering Committee approval for a strategic review in 1999, but this was not substantively completed. In 1999, backstopping officers also called for more relative emphasis within the Project to be given to options for increasing farm incomes.

7.2.3 Monitoring and evaluation

81. The Project has maintained a fully functional monitoring and evaluation system. The FSD planning process generates baseline data describing economic and social conditions in an ARC and beneficiary households. DAR collects similar data subsequently and it is possible to describe changes in economic and social conditions over time. The project provides some data quality control for FSD ARCs and assesses changes in household economic and social conditions. The project does not monitor ARCs that have not been in the FSD process. Project monitoring includes some special studies, e.g. to check the effectiveness of farmer training.

82. Several assessments of the impact of the FSD process, as developed and applied by the project, have been completed. An external consultant prepared the main external impact assessment for the mid-term review of the WB-ARCDP project, using Project data. Project monitoring already contributes to measurement of progress in the major loan projects and close collaboration should continue. However, the social development indicators should receive more attention in collection and presentation of outcomes (current emphasis is on infrastructure and economic measures).

83. Each internationally assisted project appears to have developed their own monitoring and evaluation system and there is a need to coordinate these and to integrate them with the DAR revised system so that the degree of compatibility increases and comparisons of progress can be made between project approaches. In future, there is a need to ensure that Project monitoring activities are compatible (to extent possible) with any overall framework agreed for internationally assisted projects and with routine DAR monitoring. It is important to continue to monitor implementation of FSD plans and to study the results of any refinement of
the FSD process. It will also be necessary to ensure that monitoring adequately covers all Key Result Areas, including Basic Social Services, and to work to improve indicators where necessary.

84. It may be appropriate to reconsider the value and method of collecting household income data and to sharpen the monitoring focus by panel reconsideration of key questions such as: Who will use this information? What is the best form of presentation? How can we develop “lessons learned” or best practice examples from our data? A balanced monitoring programme may have less emphasis on data collection and will include studies to assess the impact of particular development interventions or to examine local issues affecting FSD implementation and results.

8. Project Outcomes: - Outputs and their Effects - Immediate Objective 1

Areas of work covered under Immediate Objective 1 (also including under FSD-Follow-up some aspects of resource mobilisation -Immediate Objective 3): "To assist ARBs in at least 600 ARCs in strengthening of their organizations, coalition building, improving technical skills and managerial capacities, enhancing income generating capacities, productivity and participation in decision making so as to fully benefit from the Project activities".

8.1 FSD-Planning

85. During previous phases the Project developed its basic approach to FSD planning. To qualify for FSD agrarian reform beneficiaries (ARBs) must fall in an ARC.

8.1.1 The FSD Process

86. FSD is carried out by a local FSD team which consists of a number of DAR staff including the municipal DAR officer and Provincial officers, the agricultural, civil engineering and planning officers from the municipality and several participants from each barangay, including the chairman, farmer leaders and leaders of farmers’ organizations, principally the cooperative. Women should make up about half the team. The FSD planning approach consists of five phases (Phase six is basically follow-up). It has normally been carried out for an entire Agrarian Reform Community (ARC). Each ARC is a number of adjacent barangays in one municipality. Phases 1-5 are summarised below:

<table>
<thead>
<tr>
<th>Table 6: The FSD Planning Process (over 2-3 months)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Preparation</strong></td>
</tr>
<tr>
<td><strong>Phase I</strong></td>
</tr>
<tr>
<td><strong>Phase II</strong></td>
</tr>
<tr>
<td><strong>Phase III</strong></td>
</tr>
<tr>
<td><strong>Phase IV</strong></td>
</tr>
<tr>
<td><strong>Phase V</strong></td>
</tr>
</tbody>
</table>
87. The Project has supported FSD planning with a fully developed set of manuals and training aids of good quality. These include a very comprehensive loose leaf trainers' manual which needs bringing up to date in places to fully reflect current practice. Other materials have been developed and are of high quality, but it may be noted that there is no material in local languages for use at local level.

88. The approach draws into a package:

- establishment of a strong local team;
- firm information on agriculture, households, household budgets and social infrastructure;
- a methodology for consultation;
- assessment of economic viability at farm level;
- examination of business opportunities;
- prioritisation of needs;
- integration of local government, farmers' representatives and technical inputs from devolved technical staff (agriculture, engineer).

8.1.2 Costs

89. Recent costs of FSD excluding project staff have been 159,090 Philippine Pesos per ARC or US$ 3,385. Average costs per FSD team member participating in residential training was Pesos 13,269 with an average of slightly less than 2 participants per barangay, plus municipal staff averaging 3-5 and DAR staff averaging 4-5 per FSD team per ARC. The residential portion including transport accounts for over 60% of the costs and provides the greatest scope for economies. The cost structure is summarised as follows:

<table>
<thead>
<tr>
<th>Table 7: Summary of Cost Structure for FSD Planning</th>
<th>Pesos</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Per Barangay</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fixed cost</td>
<td>55,000</td>
<td>1,170</td>
</tr>
<tr>
<td>Residential Training - 2 persons</td>
<td>17,500</td>
<td>370</td>
</tr>
<tr>
<td>Per ARC/municipality spread over the barangays</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential training (3 DAR and 5 municipal)</td>
<td>70,000</td>
<td>1,490</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>33,000</td>
<td>700</td>
</tr>
</tbody>
</table>

90. The mission believes that the simultaneous coverage of more barangays in a municipality provides the possibility to not only bring in agrarian reform beneficiaries lying outside the ARCs but to use personnel more efficiently and probably reduce the necessity for residential training at a more distant venue. It will also introduce the possibility to increase the number of persons from each barangay participating in the more intensive part of the process at present covered residentially.
91. **Outputs**: FSD application to-date is summarised in the table below:

<table>
<thead>
<tr>
<th>Table 8: Summary of Beneficiaries FSD February 2001</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Luzon</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Number of Agrarian Reform Beneficiaries (ARBs)</td>
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<tr>
<td>Number of Agrarian Reform Communities (ARCs)</td>
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<tr>
<td>Number of ARBs in ARCs</td>
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<tr>
<td>Number of barangays in ARCs</td>
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<tr>
<td>Coverage of FSD:</td>
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<tr>
<td>Number of FSD completed</td>
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<tr>
<td>of which :During current project</td>
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<tr>
<td>% of Agrarian Reform Beneficiaries (ARBs) covered</td>
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<tr>
<td>% of Agrarian Reform Communities (ARCs) covered</td>
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<tr>
<td>Approximate % rural barangays in country covered</td>
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<tr>
<td>Approximate % municipalities benefiting</td>
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</table>

92. In 2001, the DAR embarked on a rapid increase in the number of ARCs and began a process of adding barangays to ARCs. Thus not all barangays in the ARCs which have received FSD were necessarily covered. As can be seen from the table, 33% of the ARCs have thus had full or, in some cases partial, coverage of FSD. This had delivered plans benefiting 9% of agrarian reform beneficiaries (ARBs). Twenty-six percent of municipalities were exposed to and had their staff involved in application of the FSD methodology. The target of 600 ARCs given in the Project Document was not reached but it is not clear what the basis for that target was.

93. One plan for a whole municipality (Manolo Fortich, Bukidnon, Mindanao) has now been prepared as a test case covering all 22 barangays (urban and rural) of the municipality. The mayor played a strong leadership role and also ensured that not only agricultural but also social, education and health staff were fully involved. The FSD plan provided a unifying and systematic approach which drew together all the plans of the municipality including a land-use plan and a strategic plan. The mission regards municipal level planning as an option which should be pragmatically pursued in future (see para. 49.3).

94. **Quality of the Process**: Other approaches for village level planning have been piloted by NGOs, but these are of a PRA type without the economic dimension. Projects have also employed PRA based approaches to agro-ecological zone based planning on a wider scale, including the European Union Agrarian Reform Support Project (63 ARCs), the IFAD Western Mindanao Community Initiative Project (80 ARCs) and a Dutch project for a limited area in Mindanao. In these projects planning involving the community and local government is said to be a one month's consultation.

95. The FSD is the only approach to consultative planning with substantial consideration of economic aspects which has been applied in the Philippines on a large scale. The mission had no opportunity to compare the methodologies or results of other work with FSD. FSD appears to provide a more process-oriented approach and better integrate the economic dimension and local government. It is noted, however, that the World Bank now feels that the approach does not adequately assess the need for what is on offer from development programmes. The mission felt that there was room to question the comparative weight given in the FSD approach to farm budgeting and cash flow in comparison with family labour budgeting and with consideration of social development needs. There was also the possibility to place more emphasis on opportunities (particularly business opportunities) as distinct from problems and constraints. There was room to increase participation, especially at later stages of the process. It is now felt appropriate to make a comparative study of the Philippines experiences and discuss this in a national seminar (see recommendations). The mission has also made its own observations on possible improvements in the process in the recommendations.

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Effects: The benefits of FSD to some 500,000 rural poor in 755 barangays may be summarised as follows:

- increased relevance and focus of development investments and technical assistance from national and international sources, including that under the World Bank and Asian Development Bank Agrarian Reform Communities projects which are designed to provide development assistance (principally infrastructural) to 300 ARCs;
- increased efficiency of delivery in development projects, including those referred to above;
- a culture of improved planning and consultation at both barangay and municipal levels (although this needs to be reinforced - see findings);
- strengthening of local democracy, in particular the confidence and skills of the barangay leadership in representing constituents interests in the municipality;
- increased involvement of women in decision making for society;
- definite increase in incomes as a result of FSD follow-up, even in the absence of investment projects.

In this last regard it may be noted that real household income was found in two studies (including a WB study based on Project data for 55 ARCs) to have increased by 61% on average in 76% of the ARCs studied and had not improved in the others. Increases were found both in ARCs covered by development projects and those which were not. This greatly exceeded national agricultural income growth over the same period. The magnitude of this improvement is dubious as they are drawn from focus groups who have tended to be associated with the inner core for development of FSD and then which tended to benefit most from follow-up. The impact study also considered changes in organizational maturity, infrastructure and business development. The main explanations of increased household income appeared to be crop intensification and increased crop productivity plus the addition of livestock enterprises. Household income increases were generally lower in Mindanao ARCs than in the other island groups.

The bottom-line remains that FSD planning is a widely applied and proven methodology achieving very substantial results.

8.1.3 Gender Sensitivity and Mainstreaming in FSD

See also Institutionalisation of Gender Sensitivity and mainstreaming in DAR (paras. 133-134)

Outputs for FSD: Gender mainstreaming in the FSD process was initiated in 1998 with a series of dialogues at ARC level to identify the constraints. This was followed by:

- in September 1998 a three day national conference, on Gender Mainstreaming in Agrarian Reform and Rural Development, attended by 53 participants (16% NGOs; 19% cooperatives; 4% Local Government; 8% internationally funded development projects; 17% DAR Field Staff and the largest group, 36% - DAR Headquarters staff). The Conference listed a set of issues and courses of action;
- in 1998/99 inclusion of gender in the FSD Trainers' manual and in the training given. This does not place adequate emphasis on why gender disaggregated information and planning is important for the success of development as distinct from being the right thing to do. It also does not give adequate emphasis to analysis of the total household labour budget (including women and children) in comparison with the emphasis placed on the farm budget and household cash flow;
- in 1999, three follow-up fora for the main island groups attended by 92 participants on operationalisation of gender mainstreaming in agrarian reform. Seventy percent of participants were women, which could tend to reduce impact. However, in addition to general action plans for each island group, participants produced individual plans for the actions they would try and take themselves;
- in 2000, DAR staff in the three island groups were briefed on the need for gender balance in the use of allocations under the Philippines Government-World Bank unilateral trust fund.
100. **Outputs for Wider Mainstreaming**: The description of outputs above does not fully reflect the energy of the input into gender mainstreaming in rural development, with the national expert, having played a substantial role in many fora, including preparations for Beijing +5.

- In addition the Project supported a three day National Workshop in October 2,000 on Sustainable Gender Program in Agrarian Reform and Rural Development". This was attended by 60 participants (from a broad mix of concerned organizations with the exception of the Departments of Agriculture and of Environment and Natural Resources). This workshop specifically identified actions to be taken in different contexts to mainstream gender (ARCs; programmes/projects; Cooperatives; NGOs; Local Government). Many of the statements are very general and something of a wish list but it is a definite step towards concretisation of mainstreaming.

101. **Effects**: DAR reactivated a technical working group on gender in September 1999. In January 2,000 an Administrative Order was issued on "Guidelines Governing the Non-Gender biased Implementation of Agrarian Laws. Nevertheless, it is evident that there is considerable gap in understanding of the implications of gender mainstreaming between the leaders and the work on the ground. It is indicative that the DAR Gender Caucus on Strengthening Women's Involvement in Rural Development was attended by only one man.

### 8.2 Post FSD Activities

102. The post FSD activities to be supported by this project, in a particular ARC or municipality are determined by the outcome of the planning process in that ARC. The activities may include productivity enhancement (training courses and demonstration materials), facilitation of credit and investment programmes, market matching or agribusiness linking and support to build the capacity of cooperatives or other farmer organizations. In some cases the ARC plans will be linked to ADB, World Bank or other loans/projects that fund infrastructure and other substantial investments. In most cases the role of the SARC - TSARRD project is to facilitate or bring together beneficiaries and LGU staff, provincial agencies, Land Bank, universities, NGOs and the private sector to initiate implementation of plan activities. Funds to support SARC - TSARRD Post-FSD activities have been obtained from various sources, not only from the Netherlands project funding.

#### 8.2.1 Post-FSD Training for Income Generation

103. **Outputs**: The project has organized 324 training events covering crop and livestock production and food processing and garment making. Trainers are drawn from the relevant departments but the Project provides the organization. The training normally includes, not only a course, but seed money to take up the recommendations, either in the form of crop inputs or for use in a revolving fund (for example, composed of a few livestock). As can be seen from Table 9 Netherlands resources have been used to a greater extent than others for crops and other agricultural training and also for the work in uplands discussed below.

<table>
<thead>
<tr>
<th>Table: 9: Summary of Post-FSD Production Training – number of events</th>
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<tbody>
<tr>
<td><strong>Crop</strong></td>
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<tr>
<td>----------</td>
</tr>
<tr>
<td>WB - ARCDP</td>
</tr>
<tr>
<td>UNDP - SARDIC</td>
</tr>
<tr>
<td>GCP/PHI/042/NET</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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</tbody>
</table>

104. **Effects**: These events have covered approximately 10,000 individual beneficiaries in some 260 ARCs, with near-equal participation by men and women. This is a substantial activity, given project

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\[1\] 60 persons of which: DAR 40%; other Government Departments 18%; NGOs 11%; cooperatives 10%; education an academia 10% local government 4% and projects 5%
resources, but needs to be set against an adult ARB population of about 180,000 people in those ARCs. Clearly leaders participate in training but a large part of the ARB population does not. The project surveyed 958 individuals who had participated in training courses during 1998-9 and concluded that around 60 percent had subsequently adopted or engaged in practices or activities covered by training. Livestock activities in particular were said to have contributed to substantial increases in family incomes after training and the distribution of small numbers of animals. Anecdotal information from evaluation team enquiries suggests that beneficiaries do value training, that it has resulted in changes in the way families consider production and economic options and has led directly to increased income in some cases. It appeared that relatively few of the poorest members of these generally poor communities had participated in these training activities.

8.2.2 Development of Cooperatives and Other People’s Organizations

105. Outputs: DAR strategy for the development of ARCs centres around the development of multipurpose cooperatives as a basis for improving credit, marketing, retailing and business development. The project has provided training in cooperative management and leadership through 55 courses of which 53 were funded from GCP/PHI/042/NET. Aside from the explicit cooperative training, members of FSD teams report that they have been able to transfer skills acquired in the FSD process to improve their own and cooperative credit skills and ratings.

106. Effects: Only a small proportion of the ARBs in most ARCs are members of the cooperative – they cannot attend monthly meetings, do not trust the leadership, have not got initial capital or cannot afford capital build-up conditions and so on. Secondly, the amount of external assistance required to build cooperative capacity to the levels set for entitling Land Bank access, is large. This assistance may sometimes be counter-productive by encouraging members to view the cooperative as a service or welfare agency rather than one for self-reliant, commercially aware members who expect to have to repay debts before borrowing again. There is little attention to savings in the existing programme, except through the capital build up process and it is far from clear to members whether they will ever be able to access these “savings” in the future.

107. Despite this, there is evidence from monitoring of the WB ARCDP project that the capacity of about two-thirds of the peoples organizations (nearly all cooperatives) is increasing over time (OMA, 1997 av. 1.4, OMA 1999, 1.8). Translating DAR assessments of cooperative organizational maturity to Land Bank rating scales is difficult. However, it seems unlikely that many ARC cooperatives will become eligible to borrow from Land Bank on regular terms and expand their businesses, even with considerable training and other support. Moreover, around one-third of all cooperatives already have substantial overdue loans from Land Bank and cannot borrow fresh funds.

8.2.3 Matching Supply with Markets and Investment

108. Outputs: The Project has made a substantial contribution to the development of the Investment and Marketing Assistance Program (IMAP) of DAR. Some 740 farmer leaders were trained on 17 courses. About 82 regional and provincial staff (RIMAO and PIMAO) were trained in short courses on techniques of linking farmers and cooperatives to agribusiness enterprises. Unfortunately these staff usually retained their original DAR roles and became responsible for the IMAP program as an additional duty. The project also produced publications designed to promote farmer-market linkages and facilitated the signing of marketing contracts between agribusinesses and cooperatives and farmer groups. Agri-business training was included as part of the Phase V training in FSD.

<table>
<thead>
<tr>
<th>Table 10: Summary of Beneficiary Training in Marketing and Agri-business</th>
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</thead>
<tbody>
<tr>
<td><strong>Number of events</strong></td>
</tr>
<tr>
<td>One day fora bringing ARBs and Buyers together</td>
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<tr>
<td>Training for Farmer leaders and DAR staff in agri-business linkaging</td>
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</table>
109. **Effects:** Over the past four years contracts have been negotiated in 260 ARCs. The data describing these contracts are difficult to interpret and may overstate actual performance. They may also not be as a result of the Project. In 2000, 95 contracts were facilitated between 78 firms and 88 farmer organizations in 74 ARCs. These 95 contracts may potentially involve some 4,450 farmer beneficiaries but actual performance is unknown. Some of these contracts cover “normal” sales of corn or rice to the National Food Authority that may have occurred without the presence of a contract.

110. Despite the competent direct and indirect (through DAR) efforts of Project staff to facilitate supply-market matching, the evaluation team was not convinced that the process used was likely to prove an effective or efficient means of promoting sustainable improvements in market opportunities for beneficiaries. A similar assessment applies to the related activity of attracting larger processing investments (yet to eventuate) and linking these to ARC production. It is suggested that the limited success in these post-FSD activities is partly explained by:

- The preference of DAR and Land Bank to work through cooperatives, many of which do not have the capacity to manage aggregation of product and are unable to enforce members commitment to contracts;
- The service culture of DAR staff, who tend to lack entrepreneurial fervour and often have higher priority duties than market matching;
- A bias towards linkage with large agribusinesses, that may not have as much flexibility or ability to handle small supplies as do smaller and intermediate local processors/packagers and traders.

111. It is clear that improvement in market efficiency and prices, especially for newly introduced, higher value crops, would contribute substantially to poverty reduction. More innovative approaches to private sector association with ARBs are required which facilitate, promote and monitor the performance of business.

### 8.2.4 Credit and Investment Facilitation

112. **Outputs:** In many barangay consultations, lack of access to credit on affordable terms is reported to be a high priority development constraint. Most ARBs borrow from traders to cover seasonal crop inputs and have difficulty repaying at harvest. DAR has sought to address this problem by forming Multi-Purpose Cooperatives and building their capacity to levels at which they may borrow from one or other Land Bank window, and on-lend to members. In addition to the cooperative training referred to above, the Project has assisted this DAR strategy by conducting eight workshops of five days each with a total of 435 participants. These brought Land Bank officers together with cooperative officials and DAR investment and marketing staff to exchange information on lending conditions and proposal preparation. The Project has also published a guide to accessing credit and covers this in Phase V of the FSD training.

113. **Effects:** At the workshops 108 proposals were prepared, with an average loan requirement of Philippines Pesos 1.7 million (US$ 37,000). Almost all were for loans on concessional terms by the Land Bank, under formulas where a proportion of the loan is covered by DAR for cooperatives not yet considered fully credit worthy\(^{12}\). To date 34 have been approved.

114. It is doubtful whether the existing credit strategy (assisted by this project) will achieve the objective of greatly improving ARB access to seasonal or investment funds. Very few cooperatives based in ARCs have been able to borrow and repay credit. Several partially DAR funded, Land Bank-managed programmes were designed to give cooperatives not eligible for regular Land Bank lending, access to credit\(^{13}\). Although quantitative data were not available to the evaluation team, the volume of concessional lending appeared to be small relative to borrowing from traders and the repayment performance was patchy. We could not find a case (in our small sample) of a cooperative progressing from concessional to regular Land Bank borrowing and Land Bank staff observed that this was a major problem. Overdue loans lead to blacklisting and further Land Bank credit is not available until the cooperative achieves a higher rating for organizational maturity and the debt is rescheduled.

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\(^{12}\) CAP-PBD; DAR-TLRC; DAR-QUEDANCOR; DAR-LBP

\(^{13}\) Including CAP-PBD; DAR-TLRC; DAR-QUEDANCOR; DAR-LBP
115. The evaluation team encountered one example of Grameen-style lending (backed by the Aklan Cooperative Rural Bank) at Agbalogo ARC, Aklan. Most successful micro-finance models integrate savings with lending and initially place more emphasis on savings than credit. This approach was not evident in the cooperative credit programmes observed by this evaluation mission. Additionally, we did not see any credit activities targeted at smaller, informal, non-cooperative groups willing to offer joint guarantees as collateral for loans.

116. In this situation alternative solutions to beneficiary credit problems are required. Perhaps more attention to Grameen style micro-finance and mechanisms to fund small local businesses/traders, possibly in partnership with barangay councils, deserve attention. The role of a future project here might be to fund and monitor small pilot activities.

8.2.5 Upland Development

117. **Background:** The *Approach in Training and Extension for Upland Development* (FATE-UPDEV) was designed by the first Phase of the Project in 1991, as a response to the DENR’s concern for the provision of social equity for upland communities through participatory modes of productive and sustainable forestry practices. The model combines farmer-to-farmer (non-expert based) training with participatory upland development. The training programme involved three phases: 1) needs analysis, as the basis for the training module; 2) training, combining class work with actual farm activities; and, 3) post-training activities, including provision of start-up resources such as seeds or planting materials.

118. In the revised scope of the agrarian reform law, CARP, the DENR covers roughly 3.7 million hectares of uplands (18° of slope and above). By June 1998, after ten years of programme implementation, the Department of Environment and Natural Resources (DENR) was able to distribute 1.91 million hectares in various tenurial modes\(^\text{14}\), including integrated social forestry (ISF). ISF participants are issued (by the DENR) Certificates of Stewardship Contracts (CSCs), valid for a period of 25 years and renewable for another 25 years. Unlike CLOAs, CSCs do not entitle holders to become full owners of the land. It is envisioned, however, that the 50-year total period of stewardship would be enough to improve the quality of life of CSC holders and rehabilitate forests.

119. Although it was designed to primarily assist the DENR, FATE-UPDEV’s relevance is anchored on the need to break the bureaucratic barriers in upland interventions. There are cases where upland communities are defined as ARCs (e.g. resettlement areas, and therefore under the jurisdiction of the DAR) or cases where upland areas are already planted with fruit trees, rice or corn and, therefore, the municipal agriculturists are expected to provide extension services. Most DENR functions for CARP have now been devolved either to LGUs or transferred to the National Commission on Indigenous Peoples (NCIP). The issuance of CADCs\(^\text{15}\) became a function of the NCIP while the community based forest management and integrated social forestry functions were devolved to LGUs.

120. FATE-UPDEV activities were conducted from June 1991 until March 1992. The project was piloted in Iloilo where 11 training activities were conducted over a one year period. These activities involved 258 upland farmers in 38 municipalities and 66 barangays. Monitoring results showed positive impact in terms of mobilising local human resource skills and radiating upland farming techniques into a wider area. Actual income gains could not be measured due to the preponderance of long gestation crops (commercial trees) but reports showed expanded use of contour methods in tree farming, inter-cropping and supplementary income-earning activities. The increase of the tree population was also visible. Worthy of mention in this project was the activation of an indigenous form of cooperation called “dagyaw” - a traditional means of pooling labour resources in the community to help households in need. The “dagyaw” helped enhance the impact of post-training activities, specifically tree planting and contour farming.

121. **Outputs under the current Project:** The Project built on the previous experience but focused on facilitating institutional engagements and cooperation. The work was implemented under contract in two areas from October 1998 to December 2000. Only about US$ 340,000 in total (including staff time) has been

\(^\text{14}\) Tenurial modes ranging from Certificate of Ancestral Domain Claims (CADCs), Community Based Forest Management agreements (CBFMs) and Integrated Social Forestry (ISF)

\(^\text{15}\) CADCs = Certificate of Ancestral Domain Claims
122. In Luzon (1998), the project was implemented in the Cordillera highlands and was named Farmer Approach in Training and Extension – Cordillera Highland Agriculture Resource Management (FATE-CHARM). This was a joint activity of the Project and DAR with the Department of Agriculture (DA) led and ADB/IFAD-funded CHARM Project and the Highland Agriculture and Resource Research and Development Consortium (HARRDEC). The latter is an autonomous institution linked with the Department of Agriculture and State Colleges and Universities. The adaptation sought to combine the highland resource component of CHARM and the methodology developed under the previous Phase of the Project to strengthen upland and highland households covered by CHARM and DAR ARCs covered by FSD. In the Mindanao case, the Project facilitated the same linkages with the addition of the LGU (municipal and barangay) and the Northern Mindanao Consortium for Agricultural and Resource Research Development (NOMCARRD), an autonomous institution similar to HARRDEC.

123. The project covered 7 ARCs (3 in Luzon; 4 in Mindanao) and other upland communities. Project activities included training (in agroforestry technology and institutional development), technology demonstration, meetings of technical working groups and establishment of a reading centre. In Luzon, training covered project proposal development, bookkeeping and accounting, basketry, systems management, financial management, agro-forestry, mango production, coffee production, rattan and bamboo weaving as well as field exposures and soil testing. In Mindanao (1999), courses were included on agro-forestry technology and soil and water conservation; organizational assessment; integrated pest management (IPM); white potato production; sloping agricultural land technology (SALT); land care, conservation farming and other sustainable practices; as well as the establishment of a SALT demonstration farm. In total training covered 666 farmer leaders and personnel of collaborating agencies (314 from Luzon and 352 from Mindanao).

124. Effects: There is rather limited information on effects. The project could have been more effective if it infused FSD processes into the overall process instead of the three-phased training program. FSD could be a cross-cutting element. The bureaucracy-oriented institutional focus influenced the project management configuration, with state actors predominating (e.g. regional directors). Although local human resources actively participated in actual training activities, there was no corresponding focus on institutional development in the community or with local government.

### 8.3 Effects on Institutionalisation of FSD in the Department of Agrarian Reform (DAR)

125. This has received inadequate focus within the Project. As the Project functions outside the line structure of the DAR and has very qualified and motivated national staff, there has been a natural tendency to do the job, rather than support others to do it. Although this has led to immediate efficiency gains it has detracted from effectiveness and reduced the multiplier effect.

126. In 1998 the Secretary of Agrarian Reform formalised FSD as one of the standard procedures for ARC development. It also currently forms a requirement for development work under the World Bank and ADB Agrarian Reform Communities Development Programmes, which should cover about 300 ARCs. However, the main bureau responsible for agrarian reform beneficiary development - DAR-BARBD- does not fully accept the cost-effectiveness of FSD planning.

### 8.3.1 Institutionalisation at the Regional Provincial and Municipal levels of DAR

127. It is at this level that the Project has had the greatest effect and where the capacity to actually implement FSD must be institutionalised. FSD facilitators have been nominated at Regional and Provincial levels. Provincial and municipal staff of DAR (usually from the ARB development support section) have been very fully involved in FSD conduct on the ground. In fact it is they who organise most of the work outside the residential sessions. They also attend the residential FSD sessions and in the case of Provincial staff are likely to have been exposed to several cycles. Three training courses have been organized of five days each for 72 people who have participated in FSD development and gone through one or more of the full FSD cycles. Of these 17 were from NGOs and have become increasingly unavailable to assist the DAR as
they have to be paid. Of the remaining approximately 50 are available for FSD and about half of these are believed to be capable of supervising and supporting FSD in full with reasonable maintenance of quality.

128. Similarly Investment and Marketing Assistance Officers were designated. These attend the residential and day training events and specialist training has been provided for DAR staff, on business development and supply-market matching on 18 five day courses with 708 participants.

129. FSD facilitators and investment and marketing assistance officers generally have several other responsibilities. As operations for FSD have been in project mode, the most interested and capable staff tend to have been used. This has evident advantages, but as individuals, rather than units become charged with the task, it may also detract from institutional sustainability. DAR overall staff allocations do not give priority to FSD and most staff are still responsible for land distribution and titling rather than ARB support. There is also an over-concentration of staff at the Regional and Provincial as opposed to municipal (local) levels.

8.3.2 Institutionalisation in DAR at the Central Level

130. Institutionalisation at the central level was not a major objective of the Project and the mission shares the view that the main place for both operational and substantive capacity for FSD to be institutionalised is in the Provinces and Regions. However, responsibility for overall vision, coordination and management belongs at the centre and certain decisions, such as those on the deployment of staff can only be taken at the centre. The Project has not given adequate attention to this and while many senior DAR staff have been exposed to aspects of FSD, limited central capacity exists. The separate nature of the Project has led to a lack of dialogue which has prevented valuable inputs to the thinking on the FSD process and has also induced bureaucratic rivalries.

131. The Project has made contributions to overall capability in two areas, which are discussed below:

- monitoring systems;
- gender sensitivity and mainstreaming.

8.3.3 Monitoring

132. Mainly with work on organizational maturity developed during the previous Phase, the project assisted DAR to develop the main ALDA (Assessment of the Level of Development of Agrarian Reform Communities) monitoring system. This is used by DAR to assess the level of development in all ARCs annually. DAR has recently revised ALDA without Project assistance and has just prepared the first results in the form of an index of sustainable rural development for each ARC in the country. Results are also available for each of the six Key Result Areas in the index: Land Tenure Improvement, Organizational Maturity, Economic and Infrastructure Support Services, Farm Productivity and Income, Basic Social Services and Gender and Development.

8.3.4 Institutionalisation of Gender Sensitivity and Mainstreaming in DAR

133. Outputs: In addition to the work discussed above under “Gender Sensitivity and Mainstreaming in FSD” which also served to strengthen DAR, the Project Gender Specialist has participated in five field workshop organized by DAR for its staff. In 2,000 a training course was prepared for DAR ARB training officers. Also, DAR has contributed funds for two sets of activities:

- a gender caucus: on strengthening women's involvement in rural development for DAR staff for three days in 1999. This was attended by 18 members from DAR's technical working group on gender and 23 DAR regional focal points (only one male attended, indicating the extent to which this work remains outside the mainstream). This concluded in the formulation of a very specific set of actions (such as clarifying ordinances on inheritance and adjustments in information systems);
- A 10 day training course was held for BARBD headquarters staff in March 2001 and programmes have been agreed for funding by DAR for Provincial ARB training officers and ARB leaders.
Effects: As noted above, DAR re-established technical working group on gender in September 1999. The commitment of DAR, especially the Bureau for Agrarian Reform Beneficiaries Development (BARBD), is indicated by its willingness to pay for extensive training for its staff, beginning in 2001.

9. Project Outcomes: - Outputs and their Effects - Immediate Objective 2

Areas of Work Covered Under Immediate Objective 2: "To strengthen the capabilities of DAR, ARB organizations, national/regional/provincial alliances of farmers cooperatives and associations and LGUs in addressing policy, legal and legislative concerns and research issues arising from and in support of CARP implementation and the overall government programme on rural development and poverty alleviation"

9.1 Policy Work

The Netherlands funded Project has had three areas of work with respect to Policy:

- a capacity building workshop (co-sponsored with Netherlands funding);
- oversight and guidance to a national expert on policy and to a series of policy studies funded under the project GCP/PHI/043/ITA;
- so called quick reaction papers and verbal communications to support the Secretary of Agrarian Reform in the exercise of political functions.

This was in a context where two other projects were also working on agrarian reform policy (CIDA and UNDP). Beginning, 1998 a committee co-chaired by the Project and the Head Executive Assistant (HEA) to the Secretary Agrarian Reform coordinated. Work was backstopped from FAO-Regional Office for Asia and the Pacific-RAP. There was capacity to oversee the work in the Project itself, only for limited periods when a capable national expert was in place.

9.1.1 Capacity Building Workshop in Policy Analysis

The four day workshop, held in 1999 was for 16 policy staff and senior line staff from the Department of Agrarian Reform (DAR), the Department of agriculture (DA) and the Policy Resource Institute for Development Initiatives (PRIDI). The workshop addressed at a rather general level:

- food insecurity and poverty (concepts, causes, effects of macro-policy, the Philippines situation and experience);
- demand and supply analysis;
- Philippines agricultural sector simulation model;
- implications of WTO commitments and other macro-policies for agriculture.

9.1.2 Quick Reaction Papers

The Project supported a contract with the Policy Advisory Group of the Policy Research Institute for Development Initiatives –PAG-PRIDI- (a grouping of NGOs and academics) for quick reaction papers and verbal comments to the Office of the Secretary (OSEC) in DAR on a wide range of issues that needed the OSEC’s immediate response. Requests were issued by the Head Executive Assistant (HEA) – to the Secretary to PRIDI and the latter would allocate the staff work to retained consultants. Under this contract PRIDI provided notes to the Secretary, speeches, represented the Secretary in discussions, etc. This work also contributed cumulatively to policy decisions, in three areas:

- Differentiated approach to land distribution for different crop areas, tenure systems and sizes of holding. This was a move away from application of a standard formula, regardless of whether it was estate crop land or cereal farms. Following the introduction of this as DAR policy in 1999, PAG-PRIDI assisted in dialogues with NGOs, the media and other stakeholders;
- Integration of land distribution and Agrarian reform beneficiary development. Basically this introduced the concept that preparation for land reform should precede the distribution of land with education, the
formation of activist groups and cooperatives and possibly infrastructure investment;

- World Bank proposal for market led agrarian reform (willing buyer – willing seller). PAG-PRIDI obtained modifications in the original proposal which is now renamed “Community Managed Agrarian Reform”. This is to be piloted in a small area.

PAG-PRIDI, also contributed to the design of the ongoing national impact study of agrarian reform.

139. However, this more substantive work took up only 20-30% of the contract, the remainder can best be described as political response. There seems to be little doubt that this contributed to the ability of the then Secretary to carry out his work (deciding on administrative orders, responding to Senate questions, etc). It gave him an alternative view to that of the internal DAR capacity on political and immediate policy questions, including such questions as the reliance to be placed on cooperatives in the development strategy and policies for agrarian reform in banana and coconut lands.

9.1.3 Policy Studies

140. The rapid response work was closely integrated with the programme of studies carried out under Italian funding (GCP/PHI/043/ITA), in that the same people were involved. The Committee referred to above apparently agreed the schedule of studies to be produced. Nine studies were contracted through another NGO, the Project Development Institute with similar membership to PAG-PRIDI. In so far as the mission could judge these studies addressed priority issues for Agrarian Reform implementation. The studies are of variable quality and in general, although not in every case seek to support a particular position, rather than undertake a comprehensive analysis. In some of the studies the position is overtly political. This would be healthy if other studies had been commissioned arguing alternatives, but this was not the case.

141. Also, drawing on the results of FSD, the Project was able to compile a report on the needs identified by ARCs, throughout the Philippines. This provided a compilation of priority needs overall and by region of the country. It could be a useful source of information for policy and project formulation.

9.1.4 Effectiveness of the Policy Work

142. The lack of follow-up within the Project and the absence of indicators meant that there was limited information available to the mission on the use made of particular advice. There was a lack of post-study processes that would have led to dynamic interaction (dialogues) among stakeholders and, eventually, actual policy or bureaucratic reforms. This was partly because the contracts did not require the Project Development Institute or PAG-PRIDI to support policy development as a process. This having been said, there was a very close link to the then Secretary. In this context, it may be noted that a specific objective of the Italian funded project (GCP/PHI/043/ITA) was the strengthening of institutional capacity within DAR and this has not been addressed. A contrast, is the UNDP SARDIC project16 which worked directly with the DAR - Policy and Strategic Research Service (PSRS) and also produced a semi-annual publication17 to bring DAR commissioned studies into the public domain. However, this project is regarded as having been ineffective because it had no access to the Secretary and its work fed into no process.

143. While the mission is convinced of the importance of developing both policy capacity and policy itself for agrarian reform and rural development, it is felt that the lack of a coherent framework for the Project’s policy work reduced its potential for lasting effect. It is probable that policy work for rural development needs to involve stakeholders beyond DAR, including other Government Departments, civil society and parliamentarians. Both the Project’s agrarian reform studies and the rapid reaction papers were produced by, or in close association with, PRIDI. The closeness of the then Secretary to PRIDI and his reliance on them for supporting him in political dialogue put PRIDI’s work at the heart of the process. The mission believes that Secretaries should have a variety of views available to them in making decisions. For the rapid reaction work however, the question is not so much as to whether use was made of it but the but the extent to which it was a function of an international project to fund this type of work, which did not contribute substantially to capacity building in governance and was at the centre of the political system. It is

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16 UNDP-SARDIC: Support to Asset Reform through the Comprehensive Agrarian Reform Program and Development of Indigenous Communities
17 Agrarian Reform Policy Watch
significant that with the end of the contract and the appointment of another Secretary of Agrarian reform the PAG-PRIDI has ceased to exist and its former members admit that their views are not currently sought.

9.2 Strengthening DAR Capability in Legislation

During 1999, the Project provided two five day seminars for 77 lawyers and legal officers from the central office of DAR. The seminars concentrated on legal writing and case documentation. They were organized by the DAR Bureau of Agrarian Reform Information and Education (BARIE) and facilitated by the University of Philippines Law Center. The training consisted of presentations and case exercises. It was apparently well appreciated, but no information was available to the evaluation on its effectiveness.

10. Project Outcomes: - Outputs and their Effects - Immediate Objective 3

Areas of Work Covered Under Immediate Objective 3 (in addition to those already covered under FSD-Follow-up above): "To strengthen the capacity of DAR, including its field offices, and ARB organizations in mobilising resources from local and foreign sources, including the generation of savings, accessing of funds from the government and private financing institutions, and in accessing resources from the international donor community"

See Findings paragraphs 36-38

11. Sustainable Impact

See Findings paragraphs 39-41
Annex 1: Evaluation Mission Terms of Reference

PURPOSE OF THE EVALUATION

The evaluation is intended, as the project draws to a close, to provide recommendations to the Governments of the Netherlands and the Philippines and FAO on further steps necessary to consolidate progress and ensure achievement of objectives. Any further need for external assistance will be identified bearing in mind that the Government of Australia has already convened the process of supporting an extension for the Project.

SCOPE OF THE EVALUATION

In general, the Joint Evaluation Mission will:

a. Assess the effectiveness of the Project in realising its Immediate Objective(s) and the extent to which it has strengthened the technical and institutional capacity of the Host Government and other organizations concerned in contributing towards the long-term development objective.

b. Assess efficiency in the implementation and management of the Project, including support provided by the Government, Donor and FAO.

c. Identify major factors that have facilitated or impeded the progress of the Project in achieving the intended outputs and its effects (planned and unplanned) on direct beneficiaries and on the ultimate target groups(s).

d. Based on the foregoing, make specific recommendations for any follow-up measures, taking into account the sustainability of Project results.

In particular, the Joint Evaluation Mission will pay special attention to the following aspects:

- Examination of the continued relevance of the Project’s immediate and long-term development objectives to Government priorities, needs of the target groups(s), and environmental considerations.

- Adequacy of the Project design in the light of identified needs, local conditions, Project setting and critical constraints facing agrarian reform. Clarity in the definition of the Immediate Objectives, Outputs and the target group. Balance between the Immediate Objectives, time and resources, as well as among Outputs/Activities/Inputs. Adequacy of institutional set-up for Project implementation, and the validity of key assumptions.

- Extent to which the Project is integrated with other related projects and into the national development programme.

- Overall efficiency of Project management and implementation, including adequacy in the formulation of workplans for the various disciplines covered by the Project.

- Extent to which the Project has been supported by the Government, Donor and FAO during its implementation.

- Implementation progress, especially in producing target outputs (including their quality), and in involving each category of target beneficiaries in the Project activities.

- Achievements of results, including unplanned effects and results in terms of:
  - Strengthening the technical, operational and management capacity of the national institution.
  - Training of national staff and development of local capabilities.
- Use being made of outputs (effects).
- Prospective impact and sustainability of the Project on the final target group(s).
- Impact and usefulness of the policy recommendations made by the project.
- Utilisation and added value of the data, and appraisals and plans generated by the FSD teams.
- Impact of Project activities on the natural environment, if any.
- Mainstreaming of gender concerns.

- Factors which have promoted or impeded the effectiveness and efficiency of Project implementation, including availability of human resources and direct participation of the beneficiary group.

- Comparative appraisal of the direct contribution and cost-effectiveness of project activities to ARB productivity enhancement. In this connection, identify opportunities for simplifying or streamlining any of the project activities.

- Probable conditions at the end of Project vis-à-vis the Immediate Objectives, including prospects for sustaining results achieved.

- Review a scenario for continued project innovative approaches using DAR staff and internal resources in view of growing demand.

- Identification of any potential areas which require further technical support from external sources, including possible AusAID assistance.

- Any significant lesson learned that can be applied in similar programmes or projects including opportunities for replication of the FSD activities in other ARCs.

**COMPOSITION OF THE MISSION**

Following established procedures, precedents of the projects in 1992 and 1997, and discussions during the last Steering Committee Meeting, the Mission should be composed of representatives of the following:

- FAO - to nominated by FAO (Team Leader)
- The Royal Government of Netherlands - to be nominated through its Embassy in Manila.
- Philippine Government - to be nominated by DAR

The Mission members should have the following expertise:

- Team Leader - should have a wide expertise in agrarian reform and rural development, agricultural economics, agricultural project development and management, and project evaluation.

- Specialist in farm planning and management, agricultural production and marketing, and smallholder agriculture.

- Specialist in institution building, livelihood and enterprise development for small farmers organizations.

The Mission will liaise closely with the FAO Representative and the Representatives of the Netherlands Government, the Philippine Government, the relevant agencies of the government, FAO Project Staff and their counterpart staff.

Although the Mission should feel free to discuss with the authorities concerned anything relevant to its assignment, it is not authorised to make any commitment on behalf of FAO or the Netherlands Government.

Mission members should be independent and thus have no previous direct involvement with the project either with regard to its formulation, implementation or backstopping. They should preferably have experience in evaluation work.
REPORTING

All members of the mission are expected to contribute to report writing, in line with the following headings:

- Executive summary (maximum 2 pages)
- Introduction
- Major Findings and Recommendations
- Background to the Project
- Project Objectives and Their Relevance
- Project Design
- Summary of Project Implementation (including Budget and Expenditure)
- Programme Results including:
  - Outputs
  - Development Process
  - Project Effects and their Sustainability and Impact
  - Cost effectiveness
  - Lessons Learned
- Annexes as required, including Terms of Reference

To facilitate meaningful discussions with the representatives of the government, the donor and FAO in the country, the Mission's report will be completed in the country and discussed in draft with representatives of the Government, the donor, FAO and the Project, prior to finalisation.

The Report will include detailed recommendations for follow-up by the Philippine Government and national institutions. If further technical assistance is found to be appropriate, the Report will include detailed recommendations for this, including the major objectives, outputs and input requirements.

The Mission Leader is responsible for finalising the Report immediately after debriefing at FAO HQ. The FAO Mission Leader will also be responsible for submitting the Project Evaluation Questionnaire to FAO HQ during debriefing.

TIMETABLE AND ITINERARY OF THE EVALUATION MISSION

The Evaluation Mission will take place for approximately three weeks in February-March 2001 with one day briefing of the Representatives of the FAO and if possible, the Government of the Netherlands at FAO HQ in Rome. After travelling to the Philippines, the Representative of the Philippine Government will join the Mission. In Philippines the mission will:

Days 1 & 2: General briefing by various government authorities;
Days 3-12 Visits to selected Project sites including conduct of focus group interviews with ARBs where Project activities are being implemented
Days 13-18 Report writing and round-up discussions
Day 20 Mission departure
Day 22 Mission leader debriefing FAO- Rome
Annex 2: Examples of Some Areas for Policy Work in Agrarian Reform and Rural Development

The policy areas listed below are indicative of the types of issue a policy project might address. The evaluation mission was not focusing on rural and agrarian reform policy; however, the mission came across examples such as those introduced below, in addition to the two major issues addressed in paragraphs 42.3 of the Recommendations:

- alternatives to promote sustainable livelihoods through business development;
- potentials and strengths of FSD and other participatory community level planning approaches

1. **Potential for use of taxes and land fees in promoting efficient land use and employment generation:** Work could usefully explore in the Philippines national and local contexts, the potential to charge taxes (fees) payable in cash or land related to intensity of land use (and possibly to size of holdings). The feasibility would be examined of using fees as a disincentive to rent seeking and to under-utilisation of land for income and employment generation. The inverse being that such fees could provide an incentive for divestiture of lands not used productively and their availability for transfer to the landless, while fees could provide a source of Government revenue for rural development support and agrarian reform.

2. **Experience with World Bank piloted market sensitive approach to community based agrarian reform:** Work could monitor the experience and ensure the full discussion of results by government and civil society. It could also draw on comparisons with market assisted negotiated land transfer in other countries, including examination of the role of the state as facilitating agent.

3. **Public and private sector functions, Devolution to local Government and the role of the DAR in rural development:** Work could usefully explore in the medium term-horizon the functions to be performed by the state and those to be entirely in the private sector, together with the roles of public-private partnership and the conditions under which increased functions can be assumed by the private sector. The options for the role of central government agencies and further functions to be devolved could also be examined. Initial efforts by the Department of Agrarian Reform to promote convergence with the Department of Agriculture and the Department of Environment and Natural Resources for rural development have fallen short of expectations. On the other hand the experience of temporary FSD teams has demonstrated that convergence may be built from the bottom-up at local level, without immediately meeting bureaucratic constraints.

4. **Land Tenure, land as security and the potentials for investment and for joint ventures between the corporate sector and agrarian reform beneficiaries where beneficiaries equity input is land:** Land is provided to agrarian reform beneficiaries against a Land Bank mortgage. Significant issues remain concerning the rights of agrarian reform beneficiaries to re-mortgage their land and to provide land as a capital input in joint ventures. There also important issues concerning rights of withdrawal of farmers from joint ventures such as estates and how they could regain land or land equivalent in the event of individual withdrawals.

5. **Labour in public works as counterpart contribution, as a source of income tied to investment and as a means to increase the scope of public investment:** Rural development projects undertaking public works (feeder roads, irrigation, school facilities, etc) apply standard formulae for the local counterpart contribution, which is frequently satisfied through the provision of “voluntary self-help labour”. Issues surrounding this include the realistic extent to which greater opportunities for labour input by the local population can be linked to other objectives such as: safety nets for the poorest; the generation of savings for investment by individuals and groups in business development; and the increase in the overall scope of public works investment through increase of the voluntary labour component.

6. **Consolidating and Using poverty information from local areas for policy and other decision making:** Issues surround the data platform and convergence criteria for data which would facilitate input of local area rural data (ARC and non ARC) from various sources, including DAR to enrich the national poverty data base.