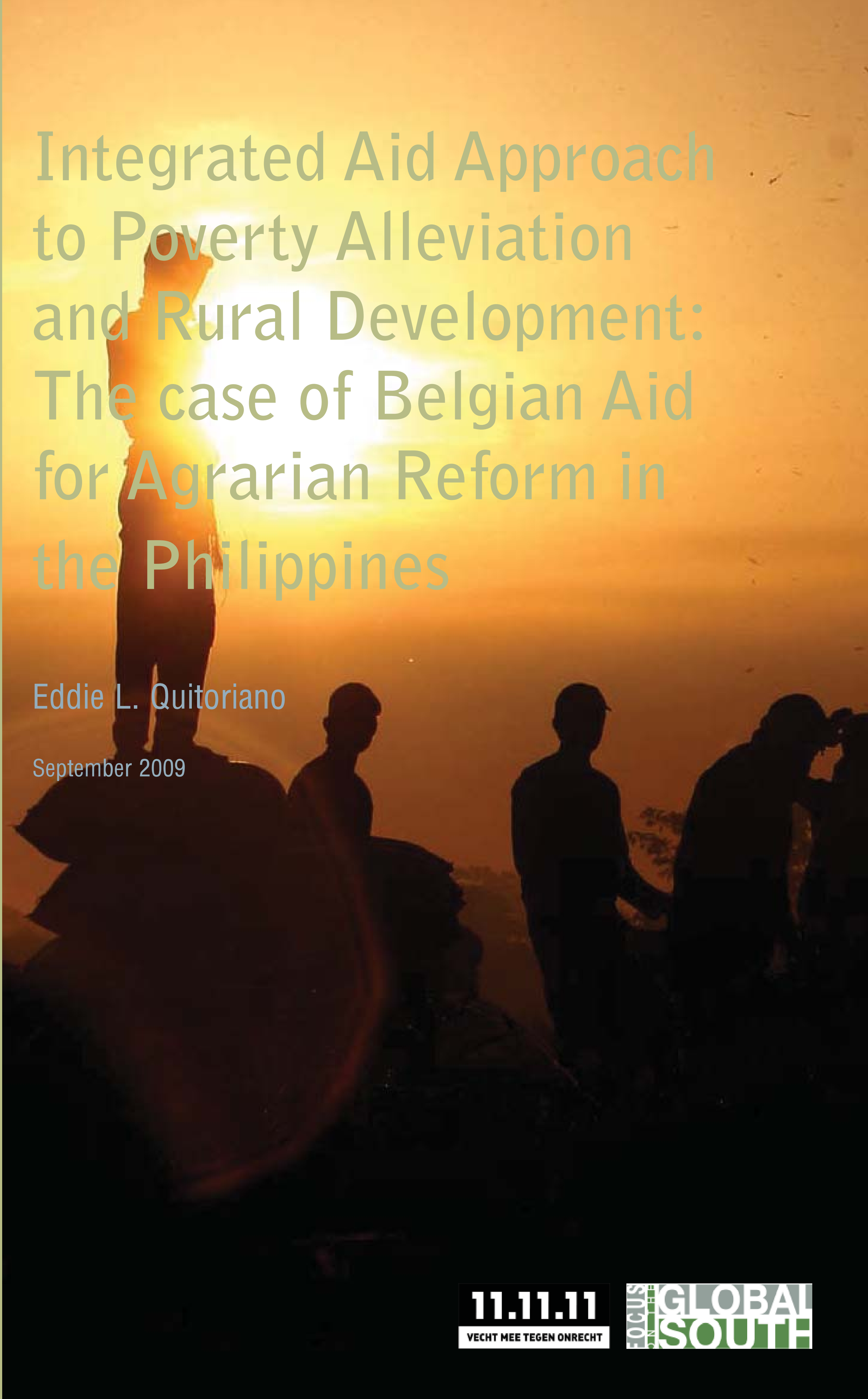
Overseas Aid and Rural Development



Integrated Aid Approach to Poverty Alleviation and Rural Development: The case of Belgian Aid for Agrarian Reform in the Philippines

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List of Acronyms

AGCD	Administration Génerale pour la Cooperation au Dévelopement--General Administration for Development Cooperation
AP	Agricultural Productivity
ARBs	Agrarian Reform Beneficiaries
ARCs	Agrarian Reform Communities
ASS	Agricultural Support Services
BARSP	Belgian Agrarian Reform Support Project
BFPA	Belgian Funds under Philippine Administration
BIARSP	Belgian Integrated Agrarian Reform Support Program
BTC	Belgian Technical Cooperation
CARP	Comprehensive Agrarian Reform Program
DAR	Department of Agrarian Reform
DARPO	DAR Provincial Office
DARRO	DAR Regional Office
DBM	Department of Budget and Management
DECS	Department of Education, Culture and Sports
DepEd	Department of Education
DGCD	Directorate General for Development Cooperation
DOH	Department of Health
DPWH	Department of Public Works and Highway
ESAD	Equitable and Sustainable Agriculture Development
EU	European Union
FDPA	Funds under Direct Program Administration
GNP	Gross National Product
GOB	Government of Belgian
GOP	Government of the Philippines
ICB	Institutional Capability Building
IFAD	International Fund for Agricultural Development
LDF	Local Development Funds
LGU	Local Government Unit
LTI	Land Tenure Improvement
M&E	Monitoring and Evaluation
NGO	Non-government Organization
NIA	National Irrigation Administration
NSCB	National Statistics Coordination Board
ODA	Official Development Assistance
PH	Primary Health
PhilDHRRA	Philippine Development of Human Resources in Rural Areas
PhP	Philippine Peso
PMO	Project Management Office
PO	People's Organization
PSC	Project Steering Committee
PSD	Productivity Systems Development
RIS	Rural Infrastructure Support
SIBS	Social Infrastructure Building Strengthening
TSCO	Technical Support Coordination Office
VTTSD	Vocational and Technical Training and Skills Development
WATSAN	Water and Sanitation

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Abstract

Belgian development aid in the Philippines is founded on the Belgian government's commitments to help alleviate poverty in developing countries. Two Belgian aid projects, the Belgian Agrarian Reform Support Program (BARSP), and the Belgian Integrated Agrarian Support Program (BIARSP) were conceived in the context of poverty reduction. These two projects were carried out at the time when the Philippine economy was veering towards market-based reforms. The bigger project component under BIARSP turned away from the politically contentious land redistribution component of the Philippine agrarian reform program. Instead, it opted for an integrated approach that included social welfare costs such as health, basic education and water and sanitation. It was hoped that with this package of social services plus agricultural support and capability building components, greater productivity and self-reliance would not be far behind. But while all this had the promise of good delivery, implementation was not easy. Delayed start-ups and erratic catch-up measures characterized project course. Problems inherent in a bilaterally managed project where partner agencies did not stand on a common ground surfaced, weighing heavily on everyday work and affecting the entire project design. Impact on the poverty situation of the covered regions, or even of just the beneficiary agrarian reform communities, remained unclear. This paper examines the dilemmas in integrated rural development projects where diverse stakeholder interests hinder the achievement of common goals. It also examines how the interest of the target beneficiaries could be partly undermined by the political dynamics of various sub-groups in a foreign aid-driven development initiative.

Introduction

The connection between agrarian reform and poverty alleviation is well-established. So the government of an underdeveloped economy that wants to make good its claim of changing the lives of the rural majority makes land redistribution a major economic reform policy. In the Philippines, successive attempts by state leaders to end rural poverty and insurgency have again and again made land reform an important policy declaration. That the country has remained poor and underdeveloped or that the majority of the rural population is still without adequate incomes or without lands must mean that the agrarian problem has survived all these preceding reforms.

Under the Corazon Aquino administration, the Comprehensive Agrarian Reform Program (CARP) was set in motion in 1988. Legislated by a generally pro-landlord Congress, CARP was met with vehement opposition by peasant organizations demanding a more thoroughgoing land reform and, upon implementation, by a strong landlord lobby seeking exemptions from the law. By 1992 or four years into CARP implementation, the Department of Agrarian Reform (DAR) was able to distribute only 16 percent of the targeted 3.8 million hectares, mostly lands covered under Presidential Decree 27 under the Marcos government, according to one study (Quitoriano 2000: viii). Against heavy criticism over this snail-paced implementation and amidst accusations of anomalies over land distribution, government passed RA 7905, on February 23, 1995, aimed at accelerating agrarian reform implementation.

Republic Act 7905 introduced the concept of an agrarian reform community (ARC), a focus area for agrarian reform implementation. Under this law an ARC becomes a recipient of an organized convergence of all government services under a three-party partnership composed of government, non-government organizations (NGOs), and farmer-beneficiary organizations, with the DAR as lead agency. ARC projects cornered a good amount of assistance from development financial institutions and foreign governments, one of which was the Government of Belgium (GOB). Through the Belgian Integrated Agrarian Support Program (BIARSP), the GOB channeled into the country the biggest grant ever given for agrarian reform. Aimed at reducing poverty, BIARSP supported an integrated rural development approach that heavily invested in the building of rural infrastructure and improving farmers' welfare through health, basic education and water and sanitation services. Accompanying this was a local capacity development that would create a technical resource pool and prepare the program for mainstreaming in government bureaucracy.

The Belgian government's involvement in CARP began in 1995 with the Belgian Agrarian Reform Support Project (BARSP), implemented from 1995 to 1997 with a total project cost of PHP 182 million. Of this, the GOB contributed PHP 140 million (BARSP Final Report 2000). This project focused on 11 ARCs in three provinces of Region 7 (Central Visayas) and combined interventions in land tenure improvement, social infrastructure building and strengthening, and productivity systems development.

The project came at a time when the whole Belgian official development assistance (ODA) system was beset by a crisis that induced a government commitment to reform, as elucidated in the Kleur Bekennen (Showing our Colors) statement of the Belgian Secretary of State for Development Cooperation in 1996 (Jennes and Schellens 1997). At the Rio Conference in 1992, the GOB committed to raising aid money to 0.7 percent of its GNP but later reneged on this. As of 1995, the aid utilization of ABOS (Belgian Agency for Development Cooperation) was only 75 percent of commitments due to understaffing and other spending capacity problems (Jennes and Schellens 1997). There was thus a need to overcome bad publicity by contracting a higher share of the aid budget to multilateral agencies and NGOs.

Bringing renewed commitment on ground had not been without problems, however. Early on towards project implementation, a satisfactory arrangement could not be easily reached. People on the Philippine government side, and at the DAR in particular, did not take well to the Belgian government's choosing an NGO to see to the implementation of the project. Many felt that the process had not been thoroughly fair and clear: While the BARSP was a product of a bilateral agreement between the GOP and the GOB, the latter executed a separate bilateral arrangement with a Philippine NGO, the Philippine Partnership for the Development of Human Resources in Rural Areas (PhilDHRRA), for the latter to manage the program (Quitoriano 2001). In effect, PhilDHRRA formed part of the GOB counterpart to the project and became the main NGO partner that would carry out implementation. This privilege was unprecedented in the history of development aid in the country. The pioneering approach thus became an object of critical attention especially from government counterparts.

Delays characterized almost every requisite step. While the Specific Agreement between the two countries was signed in March 1995, BARSP became fully operational only in January 1997. The BARSP Final Report prepared in 2000 cited several reasons for the derailed start-up, among which were: 1) delay in the selection of the national NGO as partner; 2) disagreements on the personnel to be detailed at the Project Management Office; 3) unrealistic time frames; 4) slow procedures for purchasing of goods and services; and 5) delayed delivery of the baseline survey results.

Selecting the NGO partner-manager was particularly long and tedious. Bidding alone took time, as bidders had to comply with both GOB and GOP procedures. PhilDHRRA, the NGO that was finally selected to manage the project, submitted a bid based on GOB procedures. The same bid had to undergo another set of procedures based on GOP requirements. There were also disagreements related to personnel and the time frames did not factor in real-time odds. There was no provision for preparatory activities, including in the selection of the NGO and personnel to be detailed, and there was not enough lead time for the social infrastructure building activities to reach a minimum level of preparedness prior to the actual commencement of productivity system development activities.

The slow procedures for purchasing of goods and services likewise caused further lags. Contracting for these purchases took long each time and even the delivery of the baseline survey results signed up to the Institute for Agrarian Studies, a research agency based at the University of the Philippines in Los Baños Laguna, took more than one year to be finished, thus delaying the formulation and conduct of Monitoring and Evaluation (M&E) activities.

Lastly, the BARSP had a short life beside what the whole project sought to accomplish. In fact, BARSP was never evaluated and PhilDHRRA, the NGO manager of the project, was eliminated from the succeeding program without the benefit of a formal evaluation. The evaluative assessment of the project was contained in the BARSP Final Report of 2000 that mainly described the project as satisfactory but shortlived with a late start-up. At its closure, BARSP spent only 37 percent of the GOB budget and overall, budget utilization across all components was low: 65 percent for land tenure improvement, 40 percent for social infrastructure building and strengthening and 19 percent for productivity systems development.

THE BIARSP: Integrated Approach to Rural Development and Poverty Alleviation

In 1998, Belgian aid for Philippine agrarian reform took a new tack. While BARSP primarily focused on the enhancement of agricultural productivity of agrarian reform beneficiaries, the incoming Belgian Integrated Agrarian Reform Support Program (BIARSP) adopted an integrated approach by adding social dimensions such as health, education and water and sanitation. Aimed at addressing rural poverty and agricultural stagnation, BIARSP was implemented in three phases. Phase I was from March 1998 to August 2000; Phase II from September 2000 to August 2003; and Phase III from September 2003 to August 2007. The third phase was specifically designed to mainstream the program in the relevant offices of the DAR and other partner institutions with the purpose of sustaining support services without external assistance.

BIARSP adopted the same ARC strategy implemented by the DAR since 1993 and focused on 76 selected ARCs in Region 7 (46 ARCs) and Region 9 (28 ARCs). It has four components, namely: Agricultural Productivity, Basic Education Services, Primary Health Care, Drinking Water Supply and Sanitation Services and Creation of a Technical Pool. These program components are coherent with Belgium's subscription to the European Union's commitment for the attainment of the Millennium Development Goals (MDGs) especially on poverty alleviation and rural development as reaffirmed in the 1999 Belgian Law on International Cooperation. The 1999 law outlines the Belgian government's priority sectors for support such as basic health care and reproductive health, education and training, agriculture and food safety, basic infrastructure, and conflict prevention and social consolidation. It was an offshoot of the reform process that began in 1995 a key part of which was the reorientation of Belgian bilateral aid to focus on 25 partner countries.

During the period, the Philippines ranked 30th of the top 50 countries supported by Belgian overseas development aid and 26th in terms of assistance coursed through the Directorate General for Development Cooperation, formerly known as the AGCD or Administration Génerale pour la Cooperation au Dévelopement (General Administration for Development Cooperation). Although the Philippines was at the time no longer considered a priority country, it continued to receive substantial Belgian aid especially for agrarian reform. In fact the BARSP/BIARSP was a rarity in Belgian international cooperation in that it was one of only two big programs for agrarian reform, the other being the South African land restitution program.

Belgian aid to various development sectors in the Philippines was most substantial between 2002 and 2006, averaging five million euro annually (see Table 1). Funding for BIARSP itself was very significant because it was the biggest grant ever given to the agrarian reform sector: PHP 1.4 billion for Phase I, PHP 558 million for Phase II and PHP 478 million for Phase III. The program also fitted into the strategic priorities for agriculture and food security of the then Belgian General Administration for Development Cooperation, namely: adaptation of aid to the national policies and programs of the recipient country, contribution to capacity building of the agricultural development actors, and improvement of smallholder access to production factors, extension services and markets.

While the Belgian government embarked on a reform policy for international cooperation since 1995, it practically abandoned a commitment made during the 1992 Rio Conference to allocate 0.7 percent of its GNP to development aid. The annual foreign aid allocation for 2003 to 2007 averaged € 1.4 billion or 0.49 percent of the GNP (see Table 2) and the allocation for agriculture itself was given low priority, averaging only 4.75 percent of the annual aid package. From 1997 to 2007, the period roughly covering the program life of BIARSP, aid for agriculture averaged 5.27 percent of total ODA budget with BIARSP getting approximately 4 percent of the annual allocation for the sector.

Table 1. Belgian ODA for the Philippines, 2002-2006, in EUR

	2003	2004	2005	2006	2007
Education, training	884,836	892,818	1,024,895	938,800	543,787
Health care	276,051	329,373	347,935	306,764	318,852
Reproductive health care					
Water and sanitation	613,774	555,544	620,066	576,215	419,422
Government and civil society	712,437	668,974	531,078	541,915	459,202
Social services	1,200,548	817,487	725,192	713,125	713,054
Transport and storage		6,296,791			
Communication					
Energy	8,604	16,919			
International development banks					
Informal banking sector, micro-credit	-12,501	-19,416		171,524	15,617
Companies	26,784	4,553			
Agriculture, forestry, fishing	474,758	578,227	515,131	476,415	498,667
Industry, trade, tourism	25,619	38,559	44,873	42,126	43,458
multi-sector environment					
multi-sector rural development	2,140,649	1,456,299	2,385,239	1,890,330	1,779,158
multi-sector other	206,295	185,218	184,708	185,219	7,432
Humanitarian aid (excluding food aid)		31,515	408,764	15,000	
Food aid					
General budget support					
Debt cancellations					
NGO - Sector not specified	603,921	450,644	363,976	385,080	485,123
Sector not specified	-1,876,949	-1,815,594	-1,766,997	-1,247,661	-2,357,567
TOTAL	5,284,827	10,487,909	5,384,861	4,994,852	2,926,205

Source: DGCD (http://www.dgcd.be/EN/statistics/index.html)

Table 2. Belgian ODA 2003-2007, in EUR					
	2003	**2004**	**2005**	**2006**	**2007**
TOTAL PER SECTOR	1,590,911,305	1,175,876,900	1,574,763,127	1,575,532,869	1,426,542,915
Education, training	91,964,147	100,867,722	97,424,593	123,318,050	143,230,729
Health care	51,148,374	52,014,205	69,600,504	75,799,058	88,219,986
Reproductive health care	19,815,491	36,832,204	30,856,339	35,577,303	41,791,303
Water and sanitation	22,408,221	20,739,529	30,898,354	43,892,174	37,275,038
Government and civil society	87,457,818	84,496,777	108,071,707	124,244,452	147,207,911
Social services	43,582,931	48,885,159	54,164,930	57,840,228	56,736,652
Transport and storage	5,589,147	20,304,012	24,796,327	19,122,791	18,593,428
Communication	5,367,880	7,175,504	2,379,834	2,096,150	1,302,083
Energy	3,135,474	2,663,186	4,046,137	2,169,835	3,097,568
International development banks	27,950,552	26,953,720	32,574,082	40,541,909	39,482,252
Informal banking sector, micro-credit	29,237,096	25,331,831	22,849,349	22,227,718	22,222,605
Companies	679,171	1,396,170	1,233,511	1,141,105	4,603,341
Agriculture, forestry, fishing	43,883,590	43,608,481	48,064,108	57,443,925	53,386,026
Industry	8,737,407	16,357,161	15,083,902	9,601,752	16,827,226
Trade and tourism	2,298,720	1,052,940	1,979,578	2,325,945	2,379,441
Multi-sector environment	17,804,956	16,718,692	15,851,437	17,233,465	21,536,927
Multi-sector rural development	17,286,668	20,843,592	19,708,892	20,526,896	24,814,821
Multi-sector other	126,640,937	174,961,982	226,587,874	244,797,573	254,962,108
Humanitarian aid (excluding food aid)	46,989,147	57,339,680	56,715,531	77,651,603	81,997,225
Food aid	34,001,912	32,022,960	36,977,862	30,138,555	27,854,760
General budget support	14,593,264	4,522,777	2,216,858	5,111,269	3,074,042
Debt cancellations	665,982,333	171,551,778	378,675,938	325,414,812	147,901,474
NGO	9,736,645	7,936,643	10,545,533	14,038,374	14,747,429
Social ODA costs of refugees in Belgium	70,324,546	33,495,366	46,799,168	58,039,894	62,412,162
Awareness raising in Belgium	21,797,815	21,737,327	22,533,881	23,494,896	27,532,412
Administrative costs	30,417,590	37,402,036	38,358,763	42,274,239	42,672,435
Sector not specified	92,079,473	108,665,467	175,768,135	99,468,896	40,681,533

Source: DGCD (http://www.dgcd.be/EN/statistics/index.html)

Phased Transitions and Paradigm Shifts

Originally set to last four years which was supposed to end March 2002, BIARSP actually lasted nine years. Interim negotiations resulted in the formulation of a new timetable that moved the end of Phase I to August 2000 and slated completion of Phase II to August 2003. A mid-term review in August 2002 resulted in the formulation of a Phase III. However, rather than introducing new scopes and components, Phase III focused on capacity development to ensure sustainability of support services without external assistance.

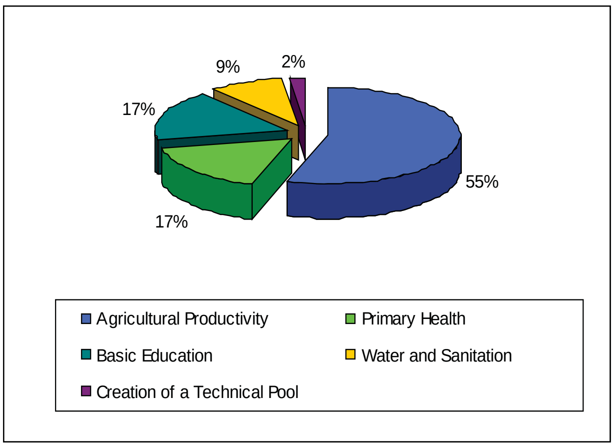
BIARSP Phase I

Phase I of the program immediately took off from BARSP in Region 7 (Central Visayas) and expanded to Region 9 (Zamboanga Peninsula and Basilan). An integrated approach to rural development characterized this phase with the introduction of three social dimensions: Primary Health (PH), Basic Education (BE) and Water and Sanitation (WATSAN). It also retained the three components of BARSP: Land Tenure Improvement (LTI), Productivity Systems Development (PSD) and Social Infrastructure Building and Strengthening (SIBS) and lumped them into the Agricultural Productivity (AP) component.

The agricultural productivity component focused on agricultural technology dissemination, technical training and pilot demonstrations. The primary health component sought to upgrade existing health care services by developing key subsystems and providing quality essential drugs and equipment, training of personnel and mobilizing community participation and support. The basic education component focused on the provision of technical and financial support to existing basic education services through the rehabilitation of existing school buildings and facilities, establishment of day-care centers, non-formal education of out-of-school youth, adults and disadvantaged groups and training programs for local government units (LGUs) and staff of the then Department of Education, Culture and Sports (DECS). The water and sanitation component, on the other hand, focused on the provision of drinking water and sanitation services.

BIARSP Phase I had a total budget of Belgian Francs (BEF) 192.5 million with the GOB providing BEF 174.3 million. The bulk of the GOB contribution (shown in Figure 1) was used for the agricultural productivity component (55 percent) and the rest spread to primary health (17 percent), basic education (17 percent), water and sanitation (9 percent) and creation of a technical pool (2 percent).

Figure 1. Distribution of GOB Funds for Phase I (in percent)



BIARSP Phase II

Phase II was a full-blown expansion with six components, which retained the three components and introduced Rural Infrastructure Support (RIS), Social Infrastructure Building and Strengthening (SIBS) and Savings and Credit. The agricultural productivity component introduced micro-enterprise development; the primary health introduced health insurance and consolidated four Integrated Local Health Districts in the provinces of Negros Oriental, Bohol, Zamboanga del Norte and Zamboanga Sibuguey; while the basic education component introduced new items such as literacy and livelihood training and training of teachers and school administrators. The infrastructure support provided physical infrastructure support such as roads, bridges, rehabilitation of existing irrigation facilities, spring development for water supply, construction of latrines and rehabilitation of health and education facilities.

The SIBS as a major component engaged and contracted NGOs for organizational capability building of people's organizations (POs) with emphasis on cooperative development and expansion, gender and development and capital build-up. It also treated LGUs as target for capability development. The Savings and Credit component adopted the Grameen Strategy in credit provision and savings generation as platform for preparing beneficiaries to access formal credit. Grameen targets women groups as borrowers and relies on group responsibility and peer pressure to ensure repayment and continued access to credit.

Phase II had a total budget of BEF 458.2 million of which the GOB provided BEF 356 million. The major budget items for this phase was for RIS (22.4 percent) and expatriate staff (19.6 percent) (see Table 3).

Table 3. Distribution of GOB Funds for Phase II

Budget Items (In BEF)	**Amount**	**In Percent (%)**
Productivity Systems Development (PSD)	25,000,000	7.02%
Social Infrastructure Building and Strengthening (SIBS)	25,000,000	7.02%
Land Tenure Improvement (LTI)	3,000,000	0.84%
Training	3,000,000	0.84%
Rural Infrastructure Services (RIS)	80,000,000	22.47%
(WATSAN)	20,000,000	5.62%
Education	15,000,000	4.21%
Health	50,000,000	14.04%
Review missions, Mid Term Review Mission	5,000,000	1.40%
Technical Backstopping and Short-term consultancies, local consultants	10,000,000	2.81%
Global Resources	50,000,000	14.04%
Expatriate Staff	70,000,000	19.66%
Indicative Total	356,000,000	100.00%

BIARSP Phase III

While Phase I and II focused on the welfare and capacity of beneficiaries, Phase III focused on institutional capacity building of the DAR and other partner agencies. It also reconsolidated the number of components into four new components: The Agricultural Support Services (ASS) component consolidated SIBS and rural infrastructure support and introduced Equitable and Sustainable Agriculture Development (ESAD) as a new sub-component. The basic education component in Phase II became a sub-component of

Education and Training in addition to the Vocational and Technical Training and Skills Development. The primary health component was retained as a major component and focused on re-gearing the focus back to BIARSP-assisted ARCs rather than a broad constituency. The Institutional Capability Building component was introduced and focused on developing the capacity of DAR personnel and improvement of DAR facilities and equipment.

This phase had a total budget of € 9.7 million of which the GOB provided € 7.5 million. The bulk of GOB funds were used for agricultural productivity (34.3 percent), capability building (23.9 percent) and maintenance of the Technical Support Coordinating Office (20.2 percent) (see Table 4).

Table 4. Distribution of GOB Funds for Phase III

Budget Items	In EURO (€)	PHP Equivalent	%
Agricultural productivity	2,597,000	164,008,341	34.30%
Education and training	724,800	45,773,294	9.57%
Primary health	906,006	57,216,997	11.97%
Institutional Capability Building	1,812,000	114,433,236	23.93%
Technical support coordinating office	1,532,000	96,750,396	20.23%
Total	7,571,806	478,182,264	100%

One important paradigm shift adopted during the BIARSP project implementation had to do with land tenure. During BARSP, the bilateral arrangement between the GOP and GOB made a strong message and connection between rural poverty and land. The bilateral agreement stated that BARSP "...will alleviate rural poverty by facilitating the transfer of land to farm laborers and tenants..." The project thus targeted 16,000 hectares for transfer to ARBs within 18 months from project commencement. The assumption here was that the main barrier to land transfer was in the conduct of surveys, such that the Project aimed to complete the land surveys within 12 months.

It is a technicist view, missing much of the political dimension of land issue and land redistribution. It is therefore an erroneous assumption. The land tenure problem was not mainly about technical and administrative land surveys. Ironically, it was this assumption that induced the GOB to provide 10 Geodimeter Total Stations in 1996 that turned out to be very useful for the purpose: A total of 4,759 hectares had been surveyed in and around the BARSP- and BIARSP-covered ARCs by 2000 of which 90 percent was done in 1997. But there were issues far more serious than survey problems, and these were generally political in nature. In fact, survey-related problems were found in only 25 percent of problematic landholdings.

How did BIARSP get away with this?

By then, land tenure improvement was no longer considered as important as farm development. A strong current from within the government bureaucracy, and also from multilateral development institutions, wanted to do away with politically contentious land transfer and was pushing for "farmer's welfare" instead, the idea being land ownership is not as crucial as the provision of agriculture support services for farmers.

Obviously, BIARSP was moving along this line. While land tenure improvement was targeted as a result area during BARSP and Phase I of BIARSP, the actual result showed little toward satisfactorily meeting this end. Phase II of the project thus no longer considered land tenure improvement as a distinct component although it was mentioned as a result area corresponding to agricultural productivity. As of December 2000, BIARSP Final Report stated that 4,366 hectares of land were considered "problematic'" but BIARSP II intervened mainly through capacity building. This included, besides training, a) human resource development or the equipping of individual CARP implementers with understanding, knowledge and skills; b) organizational development not only within the organization but also between different organizations, and c) institutional and legal framework development which involved developing and institutionalizing legal and regulatory changes to enable organizations, institutions and individuals to enhance their capabilities. What happened to the politically contentious land tenure improvement component?

The first major problem could be found at the DAR level itself. It committed a scope that was presumed to be politically non-contentious. In the bilateral agreement, as shown in Table 5, DAR offered 16,000 hectares as the CARP scope in the 11 ARCs that would be covered. After a series of validation, the CARP scope in the target areas was reduced to 8,680 hectares, but the revised final scope was 8,551 hectares or 53.4 percent of the original target. In all, 7,320 hectares had been deducted, a land area that would have made 2,440 families less poor than they were. But the land problem was not just about surveys. The problem was about the very issues afflicting private agricultural lands, mostly related to the landed elite's resistance to the land reform law – lack of documentation, original titles hidden by landowners, legal contestations and others. In short, problems that are political, not technical and administrative, in nature.

Table 5. Land Area after Series of Cleansing

Target Area		16,000	
Revised Final Scope		8,551	
Activity	**Reduced Area (in hectares)**	**Number of Hectares Deducted (in hectares)**	**% of the Original Scope**
1st Cleansing	13,380	2,620	83.62%
2nd Cleansing	9,534	3,846	60%
3rd Cleansing	8,680	854	54.25%
Total Reductions		7,320	

As of February 1998, 7,280 hectares had been distributed to farmer-beneficiaries, leaving a final balance of 1,271 hectares. By July 2000, or more than two years later, only 340 hectares had been added to the redistributed lands.

BIARSP Phase I absorbed the BARSP areas in Region 7 beginning 1998 until August 2000 and reiterated the same objective for land tenure improvements—that tenants and land-laborers be established in their own land as self-reliant and productive farmers. By the end of Phase I, the cumulative land transfer totaled 7,620 hectares or less than 50 percent of the original commitment in the bilateral agreement (see Table 6). Can the GOB be faulted for this? To help in the land transfer, GOB spent PHP 6.8 million (out of PHP 12.8 million) for the survey equipment and training; the Philippine government spent only 7.19 percent of its commitment or 0.77M out of the PHP 3.0 million for LTI (land tenure improvement) operating costs and PHP 7.7 million for land surveys. Like all other aid donors, the GOB specifically evaded funding of land transfer. It provided indirect support through the provision of survey equipment and training, but left in GOP's hands the responsibility of fulfilling the land transfer commitment.

From the dimension of financial commitments for land redistribution, the reciprocal relationship was apparently balanced. The GOB committed PHP 12.8 million and the GOP committed PHP 10.7 million in operating costs and survey costs. In actual behavior, however, the financial relationship was unbalanced. The GOB spent PHP 6.8 million while the GOP spent only PHP 0.7 million for a component that was its primary obligation in the bilateral agreement. The PHP 10 million saved by the GOP could have been used to seriously address land transfer problems. Instead, the GOP opted to rapidly deduct whatever was found problematic. This is evidenced by the drastic slowdown of land transfer processes after 1998. While the GOP was able to transfer 7,280 hectares from 1997 to February 1998, it was able to transfer only 340 hectares in the succeeding two years.

The situation was different in Region 9. At the time of BIARSP Phase I start-up in 1999, the land transfer process had been fully completed. Nevertheless, such land transfer did not establish any connection between land tenure and alleviation of rural poverty in the region.

Table 6. Actual Use of Phase I Funds for Land Transfer

Target Scope in the Bilateral Agreement	16,000	
GOB Commitment	12.8M	
GOP Commitment	10.8M	
	Actual	**Percent of Use**
Cumulative Land Transfer	7,620	47.62%
GOB Spending	6.8M	53.12%
GOP Spending	0.77M	7.19%

Capacity Building vis-a-vis Project Structure and Local Environment

Building local capacities so that program implementers may be able to continue delivering the promised goods without further help from external sources is one important claim of Belgian development assistance in the country. All foreign-assisted projects, not least of all BARSP and BIARSP, value sustainability as one hallmark of program success. For BARSP, the idea was to create a technical resource pool around the project management office to ensure sustainability of technical support services to the ARCs. For BIARSP, it meant the creation of a technical pool directed towards improving the capacity of the DAR bureaucracy through program mainstreaming.

During BARSP, a major difficulty was configuring the project management office. It consisted of a nine-person staff whose appointments were determined by three entities: the Project Manager and three other key staff designated by PhilDHRRA; three administrative staff hired through the DAR; and, the Belgian Financial Comptroller and Project Adviser taken into service by the Belgian Agency for Development Cooperation (BADC). The Belgian Project Adviser assumed office in August 1995 while the Project Manager assumed office only in May 1996. The Project became fully operational only in 1997.
The PMO composition was reflective of a unique management set-up of a bilateral aid project. The top management was accountable to PhilDHRRA, while the administrative staff were from the DAR. The manager's ability to command or influence DAR actions relied mainly on personal persuasion or on DAR people's autonomous fulfillment of their obligations based on approved plans. But even persuasion itself was a tough challenge given the resentment against the NGO management of a bilateral project. This lack of authority on the Manager's side over DAR personnel thus got in the way of effective coordination and hindered the provision of support from DAR, which had this primary task.

Internal and external constraints

During BIARSP Phase I program management was restored to the bilateral framework of the aid project. The GOB and GOP determined the managerial structure while expanding the policy making structure (, i.e. the Project Steering Committee or PSC), to accommodate new players at the national level. Initially, a single project officer managed the program implemented in two regions. Later, each region had its own project management officer.

Since BIARSP I signaled the introduction of the integrated approach —to include health and education in addition to economic-oriented components—the project officer had to collaborate with various line agencies like the Department of Health, Department of Education, Culture and Sports, Department of Public Works and Highway and the National Irrigation Administration. While the basic framework of the project management office remained, i.e. direct program administration, the accountability system reverted to the governmental structure.

During the short life of BIARSP I, four of the five intermediate result areas were geared towards improving the external environment and the beneficiaries (land tenure, basic education services, basic health services and water and sanitation). Investments in internal capacity building were carried through the objective of creating a pool of technical resource personnel. This took the form of accommodating specialists from the various line agencies into the project management office and providing training.

Overall program performance during this BIARSP I was constrained by the program design itself. It was originally conceived as a four-year program, later shortened to a one-year transition phase and then later reconfigured as a 2.5-year phase. This resulted in a series of modifications affecting the volume and availability of financial resources or constraining access to such. Planned projects could not be immediately implemented due to slow disbursements of funds.

These erratic starts affected staffing. In Region 7, the new project office started with five technical staff from an NGO (inherited from BARSP) whose contracts expired in May 1999. Their replacements were not immediately available. As well, the Belgian Engineer for Region 9 and the Belgian Health Specialist were not available during the whole project period. Later, the human resource population of both project management offices in Region 7 and Region 9 would significantly bloat even for such a short project life of Phase I.
In 1999, the staff component of the Region 7 project office consisted of 27 individuals (including 1 Belgian Chief Technical Adviser and 1 Belgian Public Health Specialist and 5 NGO staff from BARSP), while the staff component of Region 9 project office consisted of 28 personnel (including the Belgian Chief Technical Adviser and 3 Belgian experts for health, rural infrastructure and education). This rapid staff expansion, along with the coming of specialists from other line agencies, demanded a higher degree of command and control and creation of a value chain system— the sequencing of financial resources, availability of required specialists and high level of coordination with various other line agencies and staff—within the project management office. This was particularly difficult in Region 9 where turnover of locally hired support staff as well as supervisory staff was prevalent. One would either be promoted, moved elsewhere or resigned thus creating gaps or exit-entry stress in support and supervisory functions.

The regions' external conditions also posed obstacles to efficient and effective project implementation. In Region 7, the prerequisite LTI component could not be easily accomplished due to refusal of landlords and other agrarian reform actors to cooperate. The peasant organizations there were moreover suffering from organizational problems thus hindering immediate application of agricultural projects. In Region 9, the kidnapping of the Belgian Chief Technical Adviser (CTA) on 13 June 1999, immediately impacted on project management and operations. Earlier in the year, the Belgian Embassy had already imposed security guidelines for Belgians operating in Region 9 and prohibited Belgian personnel from visiting Basilan. With the kidnapping, the performance of Belgian advisers and experts were further constrained, especially after they and their families had to be evacuated. To accommodate their security needs, a satellite project office for Region 9 was set up in Dumaguete City. This made decision-making more difficult: Belgian thinking was located off-site and people based in the project area had to meet with the Belgians each time, thus increasing transaction costs.

On the Philippine side of the project management office, neither was everything neat. The loci of interventions were physically far apart—one in Basilan and one in the Zamboanga Peninsula. The Steering Committee decided to transfer the BIARSP project management office to Dipolog City. Again, this required movement of support and supervisory staff based in Zamboanga City.

Basilan was a particular cause of concern. While there was no desire to abandon the interventions in the province, the transfer of the project office from Zamboanga City to Dipolog City signaled further physical distance from the island. Moreover, the problem was more than the spatial barrier, but rather, how to do it. Neither the GOB nor the GOP appeared well-equipped enough to appreciate local conditions, how much more to address local problems.

Although the 1999 Belgian Law on International Cooperation specifically cited conflict prevention as one of the priority concerns, the same was not part of the BIARSP concerns. Basilan was an arena of conflict that became a focal interest in the security guidelines of the Belgian Embassy (and corresponding prohibition of Belgian travel to the island) and the overall political concerns in the aftermath of the kidnapping of the Belgian Chief Technical Adviser in June 1999, but the BIARSP was not there to address in any way the peace-and-order situation in the region.
The BIARSP did try, though, within these limits. The BIARSP I Final Report (2000, 14) specifically recommended specific attention and a separate approach for Basilan to partly address the security problems; a 2001 review mission in Basilan emphasized the need for restoring social trust and managing multi-stakeholder demands and interests. Consequently, the Belgian Technical Cooperation (BTC) suggested "low-intensity presence" and software investments over hardware investments for BIARSP II in Basilan.

Low-intensity presence meant the project management office exercising supervisory functions through the DAR where project implementation could be turned over to the DAR Provincial Office. This, in effect, suggested immediate mainstreaming of local implementation in government bureaucracy. Minimizing hardware investments in favor of software meant reduced spending on the building of hospitals, transport systems, infrastructure and more for training and capacity building, especially those focused on direct health services, adult education and capability building of civil society groups and the local government units.

But while the kidnapping increased GOB awareness of the implications of foreign aid in a conflict area like Basilan and thus made corresponding adjustments to the program deliverables, the basic assumption of the bilateral agreement remained the same. From the DAR perspective, the whole of Region 9 was LTI-free, which meant that the land issue was no longer considered a problem there. Besides, unlike the Specific Agreement for BARSP, the GOB no longer insisted on LTI as a basic requirement for aid delivery, as both the GOB and GOP assumed by then that access and control of land assets were not an issue. Indeed, there iwas no proof that the kidnapping had anything directly to do with land redistribution or CARP. But that the Belgian Chief Technical Adviser should be targeted can lead one to believe that it had something to do with BIARSP: a multi-million agrarian reform project designed for and uniformly applied among the majority Christian areas in the country is bound to be challenged in Moro-populated provinces like Basilan where local groups do not share dominant land development goals.

Overall, the effectiveness and efficiency of BIARSP Phase I was hampered by these internal and external constraints. It was a lesson-learning phase in transition characterized by slow disbursement of funds, imprecise targeting and formidable barriers imposed by slow land redistribution processes in Region 7 and security conditions in Region 9.

Refocus on "immediate visible impact"

During BIARSP II, project office staffing and activities in so-called "unsafe areas" were reduced and priority was given to "projects with an immediate visible impact." Belgian advisers could travel only upon approval of the Belgian Embassy and the Armed Forces of the Philippines with corresponding military protection.

Based on the Specific Agreement, BIARSP II commenced in September 2000 and ended in August 2003 with a budget of €12.79 million of which 8.82 million came from the GOB. The main objective of the program was self-reliant and sustainable rural development in ARCs. Five intermediate result areas were defined: one for land tenure and economic improvement, three for social dimensions (basic education, health, and water and sanitation) and another for developing local capacity (i.e. creation of a technical resource pool).

The nine-month delay in the provision of aid funds from Belgium resulted in the delay of activities and implementation of projects. Correspondingly, the staffing pattern at the project management office level was affected. At any one time, specialists for monitoring and evaluation, health or education would not be available such that their tasks had to be temporarily handled by others. The resignation of the Education Specialist from the (now) Department of Education for example would induce the project office to appoint the DAR Training Specialist as concurrent Education Specialist.

External results would also be likewise influenced by internal constraints at the project management office level. One of the problems affecting the social infrastructure building component was inadequate guidance to the farmers' cooperatives due to the multiple tasks of DAR personnel and insufficient logistical support for the Development Facilitators.

The project office could not fully implement an integrated program without control of the value chain system within the organizations. Besides, the program was spread over 74 ARCs in eight provinces and yet serving only five percent of the population in the provinces covered. Operations required travel over long distances, thus eating up big chunks of time that could have been better spent for collaboration and engagements with other stakeholders. Much of the delays in the rural infrastructure sub-projects were either due to lack of technical and financial capacity of local government units or differences in development priorities. These problems required focused attention on effective collaboration and capacity development.

Other specialized fields like health, education and water and sanitation similarly required effective collaboration with other concerned agencies especially since shifts in program priorities also imposed new demands on DAR personnel. The shift to Non-Formal Education diminished requirements for collaboration related to physical infrastructure (such as school buildings and facilities), as the focus shifted to practical education that agrarian reform beneficiaries could use for their livelihoods. This, again, was not a built-in capacity of DAR personnel.

Scaling up of economic activities was also found wanting in BIARSP Phase II. The Savings and Credit strategy was formulated and approved only one year after start-up. Hence, it was premature for the cooperatives to access capital from formal credit markets. Being weak, the cooperatives focused on internal activities such as developing managerial capabilities while production activities remained on the mono-cropping mode, thus failing to attract market players from the private sector.

Overall, program resources were dissipated over a large area. While support services had been provided, the required quality could not significantly transform the income-generating capacity of farmers. Similarly, the same dissipation exacted extra demands from DAR personnel without necessarily developing the agency's systemic ability to implement an integrated program.

DAR take-over of program management

The design of BIARSP Phase III was informed by the results of the Mid-Term Review of BIARSP Phase II in September 2002 where one of the recommendations was for the implementing units of the DAR to take over program management from the project management office (Brand and Arquiza 2007:16). This was in response to a finding that the project management office was a little oversized and tended to appropriate all the functions of an institution, an implementing agency, and a "state within a state" (Belgian Technical Cooperation, 2002: 71). Discussions between the Belgian Technical Cooperation (BTC) and the DAR also led to the agreement that BIARSP Phase III should focus on mainstreaming the BIARSP approach in the DAR regular structure. This agreement was formalized in the Financial and Technical File of February 2003 and the Specific Agreement of March 2003 which emphasized the shift from a dedicated project office-managed program to a DAR-managed program.

Under this new arrangement, the DAR would provide integrated rural development services and would have a bigger role in financial management and corresponding financial support services using foreign aid. In BARSP, the primary role of the DAR was the provision of the land tenure improvement component.

In BIARSP I and II, it was the provision of rural infrastructure services. Other integrated rural development services were to be provided by the project management offices.

Two defining elements of this paradigm shift consisted of the following: a) addition of the Institutional Capacity Building component aimed at ensuring effective and sustainable service delivery by relevant institutions; and, b) creation of the Technical Support and Coordination Office to provide proactive technical support for capacity building and enhancement of coordination, networking and innovative thinking. In essence, while the DAR would take over the managerial functions of the project offices, the latter's other functions would be absorbed by the Technical Support office. The costs of these additions comprised 44 percent of total program costs or PHP 211 million (€ 3.3 million) of the PHP 478 million (€ 7.5 million) provided by the GOB.

The BIARSP Phase III management design agreed upon in March 2003 coincided with the Department of Budget and Management circular of March 2003. Both shared a common language regarding rationalization and integration of existing project offices into the regular structure of the concerned government agency. However, BIARSP was an integrated rural development program that involved 12 national line agencies, 8 provincial government units and various municipal and barangays and NGO and peasant organization partners. Each of these actors had autonomous mandates and priorities, which often collided rather than worked with each other's. The BIARSP II Mid-Term Review itself recognized that not a single agency could assume the work of rural development hence the need for partnership and collaboration (BTC 2002, 70). However field-level cooperation had not been as easy. For instance, non-DAR fields like education and health remained unfamiliar to DAR field offices even though these were already implemented in Phase II.

On the ground, this implied heavier pressure on the regular structure and function of the DAR as against the dedicated work of the project management office. The downstream field units of the DAR, from regional, provincial to municipal field offices, would now act as implementing agencies of BIARSP in addition to their workloads. The DAR Regional Offices were also managing other foreign-assisted projects besides BIARSP. The added BIARSP work thus meant greater stress not only on the workloads of the regional offices but more so of the lower field units. In one municipality of Zamboanga del Norte alone, three foreign-assisted projects were handled by the DAR at one time, namely, the Solar Power Technology Support funded by the Spanish government; the Western Mindanao Community Initiatives Project funded by the International Fund for Agricultural Development (IFAD); and the BIARSP.

The immediate impact would be on the capacities of individual officers and staff and on the horizontal and vertical relationships of the various layers of the organization and individuals. As the Directors of DAR Regions 7 and 9 also became Regional Project Managers, their reportorial accountabilities expanded as they had to report not only to the DAR Central Office but also to the BIARSP Project Steering Committee. Similarly, the Assistant Regional Director, in addition to their rank, became the Training Specialist and Assistant Project Manager. Other officers and staff assumed specializations, for example, as public health coordinators or education specialists, if these were within their traditional areas of competence. Then around these additional ranks and functions were the related external activities that required them to attend coordination meetings. Exacerbating these layers of pressures were the protocols and bureaucratic procedures that they had to comply with. For instance, sub-projects processed at the peasant organization or NGO level had to be also approved by the local government units as requirement for integration into local development plans. In actual project bargaining, even Congressmen representing congressional districts in Region 7 and 9 asked to be consulted in the identification of rural infrastructure projects.

As a result, the DAR regular structures could not immediately assume the management of spill-over subprojects from BIARSP II and new sub-projects for BIARSP III (Brand and Arquiza 2007). Thus, while the official start-up of Phase III was September 2003, formal integration into DAR could occur only in January 2004. In the interim, the Technical Support office absorbed the additional workload even as its staffing structure was not designed for project management office function.

Financial Management: The Unrelinquished Domain

In May 1996, a Tanzanian ferry named Bukoba sank and 700 passengers died. The ferry was delivered by a Belgian shipbuilding company as part of tied Belgian loan to the Tanzanian government. The disaster was but an addition to old money scandals affecting Belgian international cooperation that induced reforms in Belgian aid policy, followed by urgent calls for better efficiency and transparency (Jennes and Schellens 1997).

Has the above anything to do with BIARSP?

Although it is difficult to establish a direct connection, the reform process apparently influenced Belgian attitude towards financial management of BIARSP. Financial control is a key element in management and command over resources is one of the defining elements of managerial authority. In the case of BARSP and BIARSP, this was a power base in the program that the GOB did not relinquish to the recipient country.

BARSP was implemented during the period of crisis and reforms in Belgian international cooperation. While the GOB recognized and pioneered the entrustment of BARSP management to an NGO in 1995, it retained full control of financial management. In fact, one factor influencing the delayed start-up of BARSP was the tedious financial procedures of the Belgian Agency for Development Cooperation.

In BIARSP Phase I and II, two project offices were set up in Region 7 and Region 9 to manage operations under the principle of joint management. At the top of the vertical layer of the managerial body was a Filipino manager designated by the GOP through the DAR. Occupying the same layer was a Belgian Adviser designated by the GOB (through the Belgian Agency for Development Cooperation and, later, by the Belgian Technical Cooperation).

In March 2003, the Philippine Department of Budget of Management issued Circular No. 485 to rationalize the functions of project management office and align projects in the regular structures, systems and functions of the concerned agency. However, while the circular provided a framework for integrative measures in favor of the GOP, the same could not be fully operationalized in the case of the BARP and BIARSP even as a formal relationship with the concerned agency had been established.

In BARSP, the GOB effectively controlled finances through the Belgian Financial Comptroller appointed by the Belgian Agency for Development Cooperation. The use of Belgian funds was governed by Belgian financial procedures. Since the GOB provided approximately 70 percent of project resources, effective control of the project was retained by the GOB and final financial decisions were made in Brussels.

During BIARSP Phase I and Phase II, a multi-tiered financial decision-making approach was implemented with the following guidelines:

1) Approval of expenses amounting to BEF 0-500,000 is within the singular authority of the Belgian Chief Technical Adviser;
2) Approval of expenses amounting to BEF 501,000-2 million is a joint authority of the Belgian Chief Technical Adviser and the Belgian Program Coordinator or the Geographical Adviser based at BTC in Brussels;
3) Expenses worth more than BEF 2 million need prior approval from BTC-Brussels following Belgian Technical Cooperation internal procedures;
4) The Filipino Program Manager is authorized to approve project expenses of up to BEF 100,000 that fall under activity planning previously approved by the Program Managers, the Chief Technical Adviser and the Belgian Program Coordinator.

This financial management system hurt the cultural frame of the project organization, leading to resentments against perceived lack of trust in Filipino program managers or the paradoxical "with power-without power" position of the manager. While the Filipino manager was on top of heap of the managerial structure, he was at the same time at the bottom of the heap in terms of financial decision-making.

Community projects were likewise affected by this financial management system. Project proposals by peasant organizations had to go through a multi-layered process beginning with the DAR Provincial Office, then the pre-approval of the DAR regional office, and final approval of the project management office. The final approval of the project office, however, was not based on the executive authority of the manager but on the financial guidelines. Thus the only way for peasant organizations to get faster results on requests was to propose projects that did not go beyond BEF 100,000.

BIARSP Phase II was also significantly affected by constraints in financial procedures. Although the program officially started in September 2000, the signing of the Specific Agreement took place only in December 2000 and the funds from the GOB side only arrived in June 2001, or nine months after the official start of the program. Many activities were delayed and many sub-projects spilled over after August 2003.

BIARSP Phase III was a distinct phase of the program in that it was specifically designed to ensure sustainability of support provision by mainstreaming the program in the regular DAR structure. This is a tail end that represents a full circle where the program was first entrusted to an NGO and then finally back to the governmental structure.

During this phase, a new financial management approach was implemented. Part of the Belgian grant was classified as Belgian Funds under Philippine Administration (BFPA). This formed part of the funds designated as Local Development Funds that included Philippine government funds for the program. All other Belgian funds were described as Funds under Direct Program Administration.

The fund under direct administration was deposited in a special Euro and Philippine Peso account with the Belgian Program Coordinator as signatory. It was disbursed according to Belgian rules and regulations and was used for investment costs, local and international consultants, project equipment, management and operational costs and costs incurred in Belgium by the Belgian Technical Committee related to BIARSP.

The local development fund scheme represented a transfer of authority and stronger Philippine ownership of the program. It was disbursed according to Philippine laws and regulations. Nevertheless, the GOB did not fully relinquish control of the funds. The Belgian fund under the Philippine administration component of the local development fund was deposited in a special Euro account with two signatories: the Director of the Foreign-Assisted Projects Office of the DAR and the Belgian Program Coordinator. While the funds were disbursed according to Philippine laws and regulations, the approving authority was jointly Belgian and Filipino. In addition, a separate control mechanism was put in place—bi-annual audit by the Technical Support office and the DAR and an annual audit by the BTC.

The constraining influence of this financial scheme was underestimated in the Phase III design. Firstly, the managerial costs incurred by the DAR Regional Offices were no longer covered by the BIARSP budget as, based on the agreement, the DAR would shoulder the operational budgets of field offices. The DAR field offices had to be extremely efficient to manage BIARSP in addition to regular tasks and management of other foreign-assisted projects. Secondly, the combined financial control functions of the GOB and GOP impacted on the requirements for project preparation, implementation and reporting. How fast and how much money might be released from Belgium to the Philippines depended on the quality of the proposals and the joint attitude of the GOB and GOP authorities. The GOB provided quarterly installments to BTC that, in turn, reacted to quarterly cash calls from various countries. On the Philippine end, the Project Steering Committee approved bi-annual batches of proposals that were prepared by the peasant organizations, processed by the municipal and provincial offices of the DAR and pre-approved by the DAR Regional Offices. Since the Steering Committee was a steering and policy making structure, staff work and quality control of project proposals were handled by the Technical Support office, which also functioned as the Steering Committee Secretariat . Thirdly, separate approvals had to be secured from the Municipal, Provincial and Regional Development Councils for the proposed projects to be included in local development plans.

The actual functioning of the Technical Support office as regards project approval became a source of tension in Phase III. While the Technical Support office was expected to provide technical backstopping in project preparation and implementation, its screening role was perceived as a decision-making authority. Technical Support office deferment of proposals thus produced antagonisms and gaps between it and DAR staff. One Regional Director claimed that Technical Support office's actual behavior was contrary to the aim of strengthening local institutions and empowering local partners.

BIARSP Phase III End Evaluation Mission offered the following explanations:

- DAR staff are not familiar with non-DAR fields like health and education and tended to design proposals related to physical infrastructure;
- The pre-approving function of the DAR regional office was vulnerable to low-quality proposals submitted from lower units;
- There was insufficient expertise at the municipal level and too little time for due diligence at the provincial level;
- Response from the local government unit level was always slow in coming while many ARCs did not have pre-existing development plans;
- DAR and BIARSP did not have a common planning approach: BIARSP and the Technical Support office used the Logical Framework Approach while the DAR used the Major Final Outputs Approach;
- The Technical Support office itself was not well-equipped technically and numerically to screen all proposals and provide backstopping; and
- There was lack of incentives for preparing quality proposals.

In previous phases, the End Evaluation Mission reported the project management office could mobilize budgets for acquiring technical expertise or top off existing remuneration. In Phase III, the DAR did not have additional operational budgets for the utilization of the local development fund. The end result: an accumulation of project proposals that could not be approved and funded and, conversely, an accumulation of funds that could not be utilized for lack of project proposals. During the first 6 months of Phase III alone, 572 project proposals were prepared and submitted, many of which were outside the scope of the project. Until the end of 2006, a total of 814 sub-projects were implemented mostly for social infrastructure building and strengthening and rural infrastructure.

Overall, the financial management constraints created a negative synergy with program management constraints. It took until 2004 for BIARSP III to be fully integrated into the DAR regular structure and when it did, the expenditures lagged behind planned budgets—only 20 percent of the planned budget for support infrastructure and services and only 50 percent of the planned budget for organization and management. During the period, the program spent € 772,960 for organization and management to deliver € 312,790 worth of infrastructure and support services to the beneficiaries or an indirect cost to direct cost ratio of € 2.5: € 1. This means that the program implementers spent € 2.5 for every € 1 of goods and services delivered to the beneficiaries.

Better cost-efficiency was observed in 2005–2006 when the program spent € 2.3 million for organization and management to deliver € 2.8 million worth of infrastructure and support services and where the indirect-direct cost ratio was reduced to less than 1:1. Nevertheless, the actual budget structure still skewed in favor of indirect costs and was therefore relatively expensive. Upon examination, it raises questions on the financial cost of mainstreaming as against maintaining autonomous or semi-autonomous project management offices. The high delivery cost could have been explained if the actual sub-projects could provide evidence of economic benefits. However, BIARSP III End Evaluation Mission did not find information showing this and the project proposal itself did not include estimation of economic benefits.

Poverty Alleviation and Belgian ODA

Is there a relationship between overseas development assistance and poverty reduction? While Belgian development assistance did not make big claims about land tenure improvement especially after BARSP, poverty alleviation remained a clear goal. But to measure the achievement of this goal at the macro economic level is difficult.

Firstly, the growth or decline of regional economies is influenced by various factors other than foreign aid. Secondly, BIARSP and its partner agencies invested in direct assistance in focused communities. At no point did BIARSP or its partner agencies deal with regional economic planning and policy other than the pursuit of agrarian reform for poverty alleviation and agricultural development in ARCs. Efforts at integrating ARC-level development plans into the municipal level development plans often failed either due to political obstacles or absence of clear municipal development plans.

Region 7 and Region 9 are regional economies in contrast. In Region 7, the agriculture, fishery and forestry sector declined from 12.7 percent of the regional economy in 2000 to 11.7 percent in 2005 (NSCB 2005). The region's economy is mainly driven by a growing service sector that represents 58.6 percent of the economy in 2005. In contrast, agriculture represents 51 percent of the regional economy in Region 9.

The industry sector remains significant in Region 7 although it declined from 33.7 percent in 2000 to 29.6 percent in 2005 (NSCB 2005). In contrast, industry was less than significant in Region 9 at 16.4 percent in 2000 and 15.2 percent in 2005 (NSCB 2005). These contrasting economic features could also be gleaned from land use patterns. In Region 9, the number of land for commercial, industrial and residential purposes doubled from 23 percent of land area in 1991 to 46 percent by 2002, while in Region 9, hardly anything changed in the land use pattern (Statistical Research and Training Center 2007).

Table 7. Poverty Incidence, 2000-2003

Region/Province	Annual Per Capita Poverty Threshold (in Pesos)			Poverty Incidence Among Families (%)					
				Estimates (%)		Coefficient of Variation			
2000 Revised	2003 Final	Inc/Dec (%)	2000 Revised	2003 Final	Inc/Dec (%)	2000 Revised	2003 Final		
Philippines	11,458	12,309	7.4	27.5	24.4	(3.10)	1.6	1.3	
Region VII	9,659	9,805	1.5	31.5	23.6	(8.00)	5.9	5.5	
Bohol	9,762	10,032	1.9	50.2	29.2	(20.90)	9.4	2.8	
Cebu	9,914	10,222	3.1	28.2	17.1	(9.00)	8.7	8.3	
Negros Oriental	9,987	9,017	0.4	29.7	37.1	7.40	4.7	9.2	
Siquijor	9,992	9,767	9.8	28.5	30.9	2.40	5.9	3.3	
Region IX	9,128	10,407	14.0	38.6	44	5.40	7.0	4.6	
Zambo. del Norte	9,417	10,871	15.4	40.7	64.6	17.50	2.0	6.5	
Zambo. del Sur	9,975	10,810	14.5	34.5	34.4	(0.50)	9.1	7.1	
Zambo. Sibugay	d	9,560		d	40.7			3.9	
Isabela City	e	10,429		e	24.7			45.1	
Basilan	9,509	10,987	15.5	31.5	33.6	1.90	2.1	5.6	

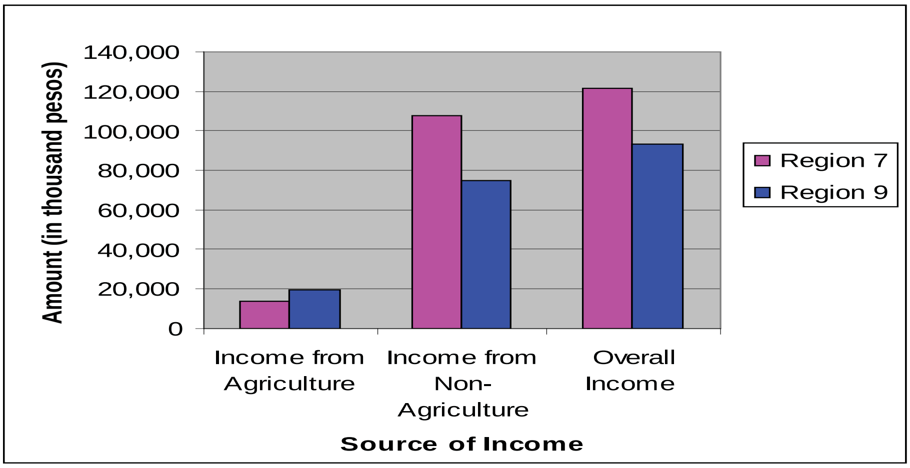
d: included in data for Zamboanga del Sur
e: included in data for Basilan
Source: National Statistical Coordination Board

But how were the economies of the two regions faring at the time that Belgian aid intervened? Macro-economic data indicate that agriculture had either stagnated or was in decline in both regions. In fact, agriculture had already been less than significant in Region 7 at the start of both BARSP and BIARSP and had continued to decline through the peak of BIARSP implementation. If the BIARSP had any impact on the rural situation of either region, it can be said that at best the target ARCs had provided a significant share in the agricultural outputs of Regions 7 and 9. But even such contributions were hardly tractable and could be swallowed by the decline or stagnation in agriculture in either region.

Certainly, whatever improvements occurred in the poverty situation of the target groups after BIARSP intervention might not have influenced changes in the poverty situation at the macro level. In Region 7, poverty incidence declined from 31.5 percent in 2000 to 23.6 percent in 2003 (see Table 7), but such positive development could not be attributed to agriculture due to the latter's insignificant and declining contribution to the regional economy. In fact, poverty incidence in Region 9 increased from 38.6 percent in 2000 to 44 percent in 2003, with the worst in the province of Zamboanga del Norte, at a critical level of 64.6 percent. Again, this could be attributed to the stagnation of the agriculture sector, which comprised more than half of the regional economy.

The income profile of families in Region 7 and Region 9 also shows that changes in poverty levels need not be attributed to agriculture and land. As of 2003, 88.8 percent of family incomes in Region 7 and 79.7 percent in Region 9 came from non-agricultural sources (see Figure 2).

Figure 2. Income Sources, Region 7 and Region 9 (2003)

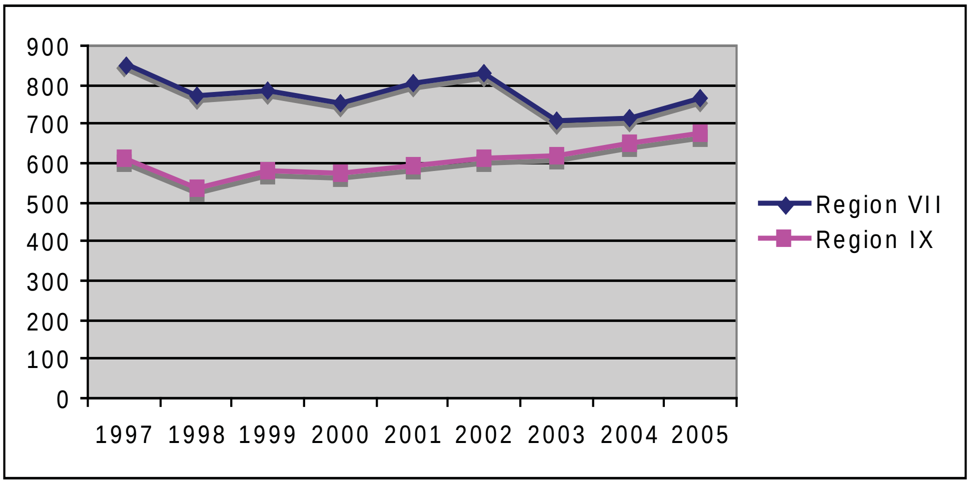


Source: NSO, Family Income and Expenditure Survey 2003.

Even employment patterns indicate that agriculture no longer generates employment at pace with population growth. In Region 7, agriculture employment declined from 855,000 persons in 1997 to 766,000 in 2005 (see Fig. 1). While employment data for Region 9 show an increasing pattern of agriculture employment from 615,000 persons in 1997 to 674,000 in 2005, the magnitude of growth indicates that in eight years, the agriculture sector had generated only 59,000 jobs or 7,376 jobs per year.

Therefore, the only arena around which BIARSP could have provided positive contribution to poverty alleviation was at the small-area level where longitudinal comparison can be made on the status of poverty of the target groups. An assessment of the impact of BIARSP reported by the Statistical Research and Training Center (SRTC) in 2007 reveals that the average incidence of poverty among all the 1,630 ARCs identified in 2006 was 29.8 percent. This level of poverty is even slightly higher than the 29.4 percent poverty incidence recorded among the 788 ARCs identified at the start of BIARSP in 1998. The same reports that the BIARSP-supported ARCs exhibited a worst-case poverty incidence scenario of 37.8 percent and a best-case scenario of 26.7 percent in 2006. It also shows that even the best-case scenario among rural communities could be higher than the national average.

Figure 3. Employed Persons in Agriculture 1997-2005, Region 7 and Region 9 (in '000)



Source: FAO Countrystats-Philippines, in: http://countrystat.bas.gov.ph/

BIARSP used a combination of different interventions and strategies to attain its objective of alleviating rural poverty and arresting agricultural stagnation in the target ARCs. True to its name, BIARSP appears to be the most comprehensive among foreign-assisted programs for agrarian reform. Its support for agriculture was rounded to include rural infrastructure, savings and credit, technology dissemination and training, micro enterprise development and demonstration of farming models. Representatives of implementing agencies would even contend that the improvement of roads led to the improvement of farm gate prices of agricultural commodities. This argument is however a little spurious—based on the imputed savings from the reduction of transport cost rather than real appreciation of farm gate prices. In reality, supply-demand factors influence values (indicated by the price) more than the existence of roads and bridges.

While the ARCs' poverty statistics suggest that overseas development assistance support influences poverty alleviation with respect to the longitudinal performance of the target groups, this has little to do with macro level poverty and the overall performance of the national and regional economies. In the case of BIARSP, the poverty alleviation influence is highly tractable because it is one of the few foreign-assisted programs that has maintained a long-term relationship with the target groups—12 years in Region 7 and about 8 years in Region 9.

Inter-ARC comparative data from 1998 to 2006 also indicate that BIARSP had positively contributed to poverty alleviation of the target ARCs by +1.24 percent or even better by +2.29 percent, if BIARSP ARCs are also supported by other foreign aid projects (SRTC 2007). It is also argued that BIARSP ARCs even performed better than other aid-supported ARCs such as the Philippine-Australia Technical Support for Agrarian Reform and Rural Development (+0.85 percent), the Agrarian Reform Support Program of the European Union (+1.30 percent) or other foreign-assisted ARCs (+1.13 percent). In 1998, ARCs not supported by BIARSP were reported as better off than BIARSP-supported ARCs. From 2002 onwards, income differentials between the two groups had been narrowed down, indicating the positive impact of BIARSP support (SRTC 2007).

Income generation is a key factor in poverty alleviation. The SRTC 2007 assessment indicates that ARCs generally exhibit low efficiency in income generation and resource utilization. This suggests that access to physical infrastructure (such as farm-to-market roads and bridges or post-harvest facilities) cannot be optimized without the presence of other support factors (such as capital, credit or market access). At certain times, the physical infrastructure does not seem to have significant effect on productivity and incomes. In 2005, ARCs with foreign assistance yielded higher farm productivity and incomes compared to ARCs without foreign support (SRTC 2007). But in 2006, the productivity and income differentials between the two groups were no longer significant (SRTC 2007).

Regional data on expenditure patterns in 2000–2005 also show some conflicting signals about poor people's spending pattern and popular assumptions about their idea of a better life. Spending patterns of the population are heavily skewed towards personal consumption (often perishable and semi-perishable consumer goods and gadgets, and less on farm technology). This means no significant reinvestments for productivity goals and long-term economic benefits. In Region 7, personal consumption accounted for almost 60 percent during the period while that of Region 9 accounted for almost 80 percent. Savings and capital formation were low and declining in both regions—from 32.8 percent to 20.1 percent in Region 7 and from 15.4 percent to 10.7 percent in Region 9. Similarly, fixed capital spending declined from 32.7 percent to 22.2 percent in Region 7 and from 15.7 percent to 11 percent in Region 9. We would need deeper critical examination of the empirical evidence in order to fully understand the meaning and implications of such economic behavior and development among land reform beneficiaries.

Concluding Remarks

Any agrarian reform support program that offers integrated services without taking stock of land tenure, taken in its political and not in technical-administrative context, as a critical factor in alleviating rural poverty is bound to fall short of its intended objectives. While a foreign aid program may provide some socio-economic opportunities, farmer-beneficiaries would not be able to gain optimum use of these opportunities if the land question is not fully resolved in their favor. The optimal value of services is further eroded by huge transaction costs in managing diverse interests of development agents, as shown in the maze of administrative pre-occupations of Belgian aid to Philippine agrarian reform. At the end of the day, the intended beneficiaries get less benefits than they are supposed to. In such a situation, rural poverty may reappear as a product of other variables, with foreign development assistance less able to play a significant role even in preventing the exacerbation of poverty among the target beneficiaries.

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Interviews

In Region 9

Engr. Julita Ragandan , BIARSP Regional Project Manager and DAR Regional Director at DAR-Regional Office No. 9, Zamboanga City, on October 11, 2007.

Engr. Agnes Y. Maata, former BIARSP Training Specialist/ Assistant Project Manager and DAR Assistant Regional Director for Operations (ARDO) at DAR-RO No. 9 Zamboanga City, Oct. 9, 2007.

Engr. Raymundo Bernardo, BIARSP Rural Infrastructure Support (RIS) Specialist and Zamboanga Sibugay Provincial Agrarian Reform Officer (PARO), at the IFAD-WMCIP PMO, Zambo City, Oct. 10, 2007.

Jena Salaug , Productivity Systems Development Specialist (BIARSP I & II and PSD Task Force Member (BIARSP III) and DAR Specialist Agrarian Reform Officer (SARPO), Zamboanga del Sur at IFAD-WMCIP PMO, Zambo City on Oct. 9,2007.

Maria Isabel Lopez, BIARSP Regional Agricultural Development Coordinator and Regional SIBS Coordinator; DAR SARPO, Support Services Division, at DAR-RO No. 9 , Zamboanga City on October 8,2007.

Engr. Arsenia Arabani, BIARSP RIS Coordinator and DAR SARPO, Support Services Division, at DAR-RO No. 9, Zamboanga City on October 8,2007.

In Region 7

Datu Yusop Mama, BIARSP Project Manager and DAR Regional Director at DAR Regional Office No. 7 on October 16, 2007.

Elisiem Castillo, BIARSP Assistant Project Manager and DAR Assistant Regional Director for Operations at DAR Regional Office No. 7 on Oct.16, 2007.

Ferdinand Yu, BIARSP Project Point Person/ Assistant to Lead Coordinator and DAR SARPO-Support Services Division at DAR Regional Office No. 7 on Oct. 15, 2007.

Aristotle Bunal, BIARSP RIS Coordinator and DAR Regional RIS Coordinator at DAR Regional Office No. 7 on October 15, 2007.

Randolph A. Olivis, BIARSP SIBS Coordinator and DAR Planning Officer III at DAR Regional Office No. 7 on October 15, 2007.

Bonifacio Javier, BIARSP PSD Coordinator and DAR SUARPO-SSD at DAR Regional Office No. 7 on October 15, 2007.

Dr. Antonio del Socorro, BIARSP Training Specialist and Education Specialist and DAR Chief Agrarian Reform Program Officer (CARPO) Support Services Division at DAR Regional Office No. 7 on October 15, 2007.

Edith Fernadez, BIARSP Public Health Regional Coordinator and DAR SARPO, SSD at DAR Regional Office No. 7 October 16, 2007.

Florentino Cabucos, BIARSP Provincial Lead Coordinator and DAR CARPO-BDCD (Chief, Beneficiaries Development), Cebu Provincial Office at DAR Cebu Provincial Office on October 15, 2007.

Overseas Aid and Agrarian Reform Working Papers Series

The Overseas Aid and Agrarian Reform Working Papers Series is a joint research initiative and publication of the Belgian Alliance of North-South Movements (11.11.11) and the Focus on the Global South-Philippines. Activist researchers from various non-governmental research institutions have come together to carry out this collective undertaking.

To date, three out of four poor people in the Philippines are rural poor. Land remains central to their autonomy and capacity to construct, sustain and defend their livelihoods, social inclusion and political empowerment. But to a large extent, land remains under the monopoly control of the landed classes in the country, while in many parts of the country poor peoples' access to land is seriously threatened by neoliberal policies. This is despite two decades of land redistribution, with relatively modest accomplishment, under the Comprehensive Agrarian Reform Program (CARP). The mainstream development policy community has taken a keen interest in land in recent years, developing land policies to guide their intervention in developing countries, including the Philippines. Internationally, while generally well-intentioned, not all of these land policies advance the interest of the rural poor. In fact, in other settings, these may harm the interest of the poor. Widespread privatization of land resources facilitates the monopoly control of landed and corporate interests in such settings. Local, national and transnational rural social movements, civil society networks and coalitions have taken the struggle for land onto global arenas of policy making. In the Philippines, CARP has been the focus of overseas development assistance around land since the mid-1980s. Huge amounts of money, both aid and loan, went to various projects directly and indirectly linked to agrarian reform. Except for occasional officially commissioned project evaluation studies, there has been no systematic and comprehensive critical examination of such development intervention in the Philippine countryside. This is perhaps one reason why the advocacy work of autonomous rural social movements in the Philippines around the issue of overseas development assistance and land reform has been quite unsystematic and ad hoc at best.

It is in the context of providing modest assistance to rural social movements and other civil society groups that are engaged in land reform campaign that this research has been undertaken and the working paper series launched. It aims to provide a one-stop resource to activists engaged in local and national campaigns for progressive land policy reforms. The research covers analysis of the policies of the following institutions and themes: (1) World Bank, (2) European Union; (3) International Fund for Agricultural Development (IFAD); (4) Belgian Development Aid; (6) Canadian International Development Assistance (CIDA), (7) Japanese aid, (8) Asian Development Bank (ADB), (9) a Mindanao-focused study covering various aid agencies, and (9) an overview analytical paper that covers the remainder of aid agencies (FAO, UNDP, AusAid, GTZ, USAID) and links the various findings to the broader issue of agrarian transformation and development in the Philippine countryside.

The research is coordinated, and the working paper series edited, by Jun Borras, Jennifer Franco, Mary Ann Manahan, and Eduardo C. Tadem.

Eddie Llauderes Quitoriano was born and raised in Mindanao, Southern Philippines. He took up sociology and philosophy undergraduate studies at the Xavier University in Cagayan de Oro City. During the Martial Law years, he joined the leftist underground movement and immersed himself in work with farmers and indigenous peoples. Since the late 1990s, he has done work on agrarian reform, food security, conflicts and institutional development for various international development agencies and Phllippine NGOs. He is a Chevening Senior Fellow on Conflict Resolution and currently manages RiskAsia Consulting.

11.11.11 is a coalition of the Flemish North-South Movements. It combines the efforts of 90 organizations and 375 committees of volunteers who work together to achieve one common goal: a fairer world without poverty. For more information, visit: http://www.11.be

Focus on the Global South is a non-governmental organization with country programs in Thailand, the Philippines and India. Focus was established in Bangkok in 1995 and is affiliated with the Chulalongkorn University Social Research Institute. Focus combines policy research, advocacy, activism, and grassroots capacity building in order to generate critical analysis and encourage debates on national and international