

Japan's Aid to Agrarian Reform in the Philippines

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Abstract

This paper examines Japan's development aid to agrarian reform implementation in the Philippines. Much of Japan's so-called aid package comes in loans officially intended to respond to the challenges of boosting incomes, agricultural productivity and capacity of agrarian reform beneficiaries. While Japanese aid projects tend to address some components of agrarian reform that could potentially help alleviate poverty, the over-emphasis on infrastructure tends to miss other important considerations and factors that influence policy and their outcomes. The findings of this study have implications for the trajectory of development aid vis-à-vis agrarian reform: overseas development assistance must be reformed to consider the highly complex and interlinked factors, many of which are social and political in nature, influencing agrarian reform implementation and its outcomes.

Introduction

Development aid, like official development assistance, has time and again come under critical scrutiny. As a major source of financing for development, governments from developing countries often see aid as crucial in enhancing initiatives aimed at improving education, health and other social services that aim to support poverty reduction initiatives. With limited government resources, foreign aid also appears instrumental in helping build infrastructure and develop technology in support of initiatives toward agricultural and rural development. Most critics of aid, however, argue that aid fails to generate the necessary public investments for development to meet its objectives, and often becomes a source of political patronage and corruption in the government. Despite the mixed outcomes of aid-assisted projects, overseas aid nonetheless remains influential in development initiatives of developing countries.

In the Philippines, Japanese aid provides the necessary resource-support in the implementation of various development initiatives, the Comprehensive Agrarian Reform Program (CARP) included. To date, development assistance from Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) partly supplements a limited government budget in the provision of various and different rural infrastructure facilities, support services and agricultural development programs directed toward agrarian reform beneficiaries. However, the impact of Japanese aid projects in CARP that are largely biased toward infrastructure and other technical components of agrarian reform remains highly contested. This suggests the need for a closer scrutiny of Japan aid-funded projects to determine their contribution in addressing rural poverty.

Japan as the biggest donor of foreign aid in the Philippines, is an interesting case in examining the outcomes of development aid, more specifically on agrarian reform. Despite massive resources from foreign aid, agrarian reform initiatives tend to fall short in improving the lives of the rural poor. Thus, this study intends to provide a better grasp and understanding of Japan's aid and its contributions to agrarian reform implementation in the Philippines over the last two decades (1998 onwards). Specifically, it seeks to arrive at a critical analysis of the implications and lessons on how aid influences agrarian reform implementation and its outcomes.

A. Japan's Interest to Support Development Initiatives in the Philippines

The direction of foreign aid is often dictated by donors' political and strategic considerations, much more than the economic needs and development policies of their recipients. While official donor policies reveal that grants and loans provided through aid are largely designed to support social and economic development – most of which are aimed at reducing poverty and advancing overseas economic cooperation -- closer scrutiny of development aid and donor policies governing them reveal that aid serves the interest of donors more than their recipients. Projects funded and implemented through aid reveal conditionalities, biases, requirements, and procedures that tend to undermine the ownership of recipient-country's development programs and projects. The pressures surrounding aid are such that aid could be viewed as another encroachment of donors over a country's development framework, strategy, policy and programs.

In 2005, the Japanese government announced a “development initiative” aimed at contributing to poverty reduction in developing countries. Anchored largely on a development framework that focuses on the achievement of economic growth among developing countries, this initiative is likewise designed to help stimulate the rural economy by supporting interventions geared toward achieving agricultural and rural development. Development assistance appears directed toward improving aid recipients' capacity in policy aspects, infrastructure, improvements and extension in production technologies, strengthening of local village organizations, processing and marketing of agricultural produce. These interventions are intended to promote agriculture and rural development through broad economic cooperation that hinges on market mechanisms and trade.

Japan's new policy for poverty reduction, however, appears to be partially blind to various realities in developing countries such as the Philippines. For example, it fails to take serious consideration of rural realities where vast tracts of lands remain in the hands of big and powerful landlords. It fails to take into account the fact that landlessness serves too big a constraint for the rural poor to explore and maximize options to raise their productivity and improve living conditions. Thus, interventions supported by foreign aid tend to discount existing social inequalities that could not be simply addressed by economic growth as propelled by market forces, mechanisms and arrangements. Class-blind development interventions in agrarian societies marked by high degrees of inequalities are likely to result in well-off classes and interest groups, not the poorest of the poor, benefiting from such initiatives.

The limitations of Japan's aid, particularly in helping resolve problems in the Philippine countryside could be explained by the nature and character of aid that is basically anchored on: a) mixed but “self-serving motives” (as will be explained later); b) loans over grants, and; c) dominance and over-emphasis of physical infrastructure over other factors that could address landlessness and rural poverty. The tendency of foreign aid-funded interventions in agrarian reform to focus less in areas with tenurial problems likewise poses constraints in effectively addressing rural inequalities that impede rural development. Moreover, it fails to see agrarian reform from a more political perspective where the promotion and fulfillment of rights to land is fundamental in spurring agricultural productivity among the landless and near-landless. As a whole, aid tends to fall short in supporting initiatives to address landlessness and in reducing poverty in the countryside.

1. Motives in Japan's Aid

Donors like Japan pursue a mix of aims but at the end of the day they usually revolve around self-interest. For example, halfway in the last century, Japan made grants totaling US\$ 1.9 billion to 13 Asian countries to compensate those countries for losses in the Second World War (Sogge 2002: 44-5). Foreign aid poured in massive investments in infrastructure projects in countries ravaged by the war, the Philippines included. Since the establishment of the Philippines-Japan Friendship Highway in 1968, Japan has been the Philippines' largest source of foreign aid. From 1969 to 1998 alone, total Japan aid to the Philippines reached US\$8.426 billion (Camacho and Cuevas, 2004). While heavy investments in

infrastructure development appears beneficial to the Philippines, these also paved the way for Japan to advance economic interests in the country. Various physical infrastructure such as roads, highways, ports and bridges make the conduct of business for Japanese companies, including those related to agribusiness, relatively more effective. With benefits derived from their own aid, it is no wonder that Japan continues as the lead donor in foreign assistance to the Philippines.

Japan's current interest to fund development initiatives remains basically anchored on its foreign policy and strategic concern to create an environment that could ensure sustained economic progress and political security for the Japanese public. This strategic direction is clearly reflected in the current Overseas Development Assistance Charter of Japan that states: "...the objectives of Japan's aid are to contribute to the peace and development of the international community, and thereby to help ensure Japan's own security and prosperity."

The absence of direct Japanese aid support for land acquisition and distribution in CARP tends to reflect the Japanese government's bias for a land reform program that supports land markets. Thus, while aid appears supportive of CARP, aid is allocated more in terms of agricultural and rural development projects that are in consonance with their own framework for development.

Aid's motives change over time. The socio-political and economic conditions both within and outside the donor country's environment could lead to shifts and changes in aid policies across time. In 1992, the Aid Charter of Japan advocated basic principles such as "the humanitarian viewpoint, interdependence in the international community, environmental conservation, adherence to peace (including avoiding the use of aid for military purposes), democratization and good governance and promoting the development of market economies." In 2003, however, the Aid Charter declared that the objectives of foreign aid are to contribute to peace and development of the international community, and thereby to help ensure Japan's own security and prosperity (Tadem 2007: 13-14).

Despite policy shifts in foreign aid, however, Japan's interest to provide development aid remains anchored on a desire to maintain its economic influence and geo-political significance in the Asian region and perhaps in other regions in the world. In August 2003, for example, the Japanese government revised its Official Development Assistance Charter and instituted changes aimed at addressing and responding to international and national political and economic developments that transpired since the end of the Cold War. The diverse impact and other concomitants of globalization, the September 2001 terror attacks and its ensuing political and economic implications, the adoption of Millennium Development Goals and the subsequent increase in development assistance from the United States, the European Union and other donors have presented new opportunities as well as challenges toward significant reforms in Japan's aid (Sunaga, 2004; Tadem, 2007).

The more compelling reasons for policy shifts, however, could be attributed as well to Japan's sluggish economic conditions and dire fiscal situation that have influenced the decline in Japanese public support for foreign aid. Generally, the Japanese public has raised criticisms on the transparency, efficiency and effectiveness of aid. Further, non-government organizations' evaluations of the past performance of Japan's aid argue that it has not only failed to reduce poverty gap but also caused adverse impacts on the environment and local people in developing countries (Sunaga 2004). With development aid under fire, the Japanese government had to take a closer scrutiny of their aid policy vis-à-vis their own national interest. Thus, aid policy changes and shifts are necessary responses to the mounting internal and external pressures that challenge development aid.

The self-serving motives of aid are likewise reflected in policy provisions of aid that have in most cases incorporated various conditionalities that appear less beneficial, if not disadvantageous to countries receiving aid. Hence, foreign assistance is more of a tied aid that surfaces the self-serving motives of donors more than a tool for altruism. For example, a 1999 estimate of the shares of contracts in aid (grants and loans) indicate that Japanese firms cornered 45 percent of these contracts while 20 percent went to contractors from OECD countries and the remaining 35 percent went to contractors from developing countries where aid projects were situated (Tadem 2007:17). Apart from the bias for

hiring contractors, other conditionalities tend to suggest the procurement of goods used in projects from among private companies of Japanese origin. These conditionalities tend to reflect a controversial direction of foreign assistance, which is to bring resources from aid back to where it came from.

Aid conditionalities bear significant implications and potential consequences on recipient countries' development efforts. They could undermine the recipient country's initiatives to enhance their own capabilities in implementing development projects. For example, institutions like JICA and JBIC recommend the employment of Japanese consultants in aid initiatives to help reinforce supervising and technical capabilities of government to manage and implement projects. While international development agencies claim to put premium on the recipient countries' development goals and programs in the provision of aid, conditionalities that embody the donor's framework on aid tend to suggest otherwise. In reality, aid tends to support recipient countries based on the potential congruence of their development policies and strategies with the donors' motives for aid provision.

The untying of aid has become a major concern in foreign aid, but donors tend to be compelled by their own business sector to turn a blind eye to the demands of recipients to relax conditionalities in aid provision. The demand of Japanese companies to make a stronger presence in aid projects appears too strong a pressure to be neglected by the Japanese government. Thus, while Japan's aid appears as the least-tied aid among donors, this does not mean that they have relaxed their policy dictates over countries receiving aid. The reverse could actually be true as the Japanese government needs to ensure that their business sector would remain supportive of aid initiatives in developing countries.

Tadem's study (2007: 27) has in fact illustrated that the untying of Japanese aid in the Philippines has worsened beginning in the year 2000 (see Table 1). A large portion of JBIC project loans (80 percent combined) remain totally and partially tied. In terms of the amount involved, these projects constitute close to three-fourths of the JBIC loans to our country from 2000 to 2004. Combining the number of projects and amount of loans in totally tied and partially tied aid, the realities in Japanese aid tend to illustrate that donors still exert tremendous influence and control in their assisted projects in our country.

Status	No. of projects	% share	Loan Amount (US\$million)	% Share
Totally tied	10	40.00	1,277.3	58.69
Partially untied	10	40.00	602.1	27.66
Totally untied	2	8.00	236.2	10.85
Incomplete info.	3	12.00	60.8	2.79
Total	25	100.00	2,176.4	100.00

Source of basic data: Japan Bank for International Cooperation

2. Loans as the major component of Japan's Aid

While foreign aid is perceived as an instrument to aid developing countries in improving their economies, the significant proportion of loans over grants provided to the Philippines seems to show otherwise. Based on records of the National Economic Development Authority (NEDA) the loan portion of aid commitments to the Philippines from 1986 to 2006 actually reached a level (more than US\$ 30 billion) that makes it more of a burden than an aid to Philippine government. These loans are a burden since loan repayments take a large chunk from the country's national budget.

Japanese aid amounting to more than US\$ 9 billion shows that the loan component takes the lion's share in its aid to the Philippines. The grant-loan ratio has been more in favor of loans over the last two decades (see Table 2) and would most likely continue to be so in the coming years.

Year	Total	Loans	Share (%)	Grants	Share (%)
1985	240.00	170.29	70.95	69.71	29.05
1986	437.96	357.58	81.65	80.37	18.35
1987	379.38	267.6	70.54	111.79	29.46
1988	534.72	403.62	75.48	131.1	24.52
1989	403.75	227.69	56.39	176.06	43.61
1990	647.45	494.31	76.35	153.14	23.65
1991	458.92	285.3	62.17	173.62	37.83
1992	1030.67	845.01	81.99	185.66	18.01
1993	758.39	512.96	67.64	245.42	32.36
1994	591.60	342.78	57.94	248.82	42.06
1995	416.13	180.62	43.40	235.51	56.60
1996	414.45	228.96	55.24	185.49	44.76
1997	318.98	161.51	50.63	157.47	49.37
1998	297.55	138.54	46.56	159.01	53.44
1999	412.98	238.68	57.79	174.30	42.21
2000	304.48	147.39	48.41	157.09	51.59
2001	298.22	146.77	49.22	151.45	50.78
2002	318.02	181.3	57.00	136.89	43.00
2003	528.78	367.53	69.50	161.25	30.50
2004	211.38	94.61	44.79	116.77	55.21
2005	3.85	----	----	3.85	100.00
2006	86.55	81.73	94.4	4.82	5.56
TOTAL	9,003.81	5,793.05	64.34	3,210.92	35.66

Source: Japan Ministry of Foreign Affairs

The results and findings of a poll conducted by Japan's Cabinet Office in 2003 may have influenced the shift of aid to favor loans over grants. The percentage of Japanese people having positive attitude toward aid dropped from 43.2 percent in 1990 to only 19.0 percent, while those who favored a reduction in aid significantly increased from 10.7 percent to 25.5 percent. This shows how unpopular aid has become in Japan (Sunaga, 2004: 4). Ultimately, tilting the aid in favor of loans shifts the heavy burden of aid from the Japanese public to the poor taxpayers in developing countries.

With limited resources and investments to propel economic development, the Philippine government appears keen on receiving aid even in the form of loans that increase its debt burden. While aid resources may be deemed as necessary in propelling development initiatives, they could likewise be deemed as inappropriate in the light of the Philippines' problematic fiscal position. With the current Philippine debt reaching serious proportions, the Philippine government must be more prudent in negotiating for aid with Japan, and perhaps even among other donors.

3. Dominance of Physical Infrastructure Assistance

A closer scrutiny of Japanese aid demonstrates that a large percentage of resources go to physical infrastructure. Based on a survey of select infrastructure projects from JBIC loans for years 2000 to 2004 alone, figures indicate that close to US\$ 2 billion have been invested by Japanese aid to the Philippines (see Table 3 for details). If we include the infrastructure components of other social and economic projects funded under Japanese aid, these figures could even be larger. While it may be argued that Japanese aid has in part been instrumental in infrastructure development in the country, it could be argued as well that Japan is able to secure its interests in the Philippines through the provision of "aid" loans and grants to the government. Japanese aid, through the provision and development of infrastructure, lays the ground for Japanese companies to effectively conduct business in the country. The problem, however, is that infrastructure development alone cannot mitigate or even reduce poverty in this country. Of course, proponents of the infrastructure-driven development hope that with better infrastructure, investments would come in, and with investments, employment will be generated, and poverty will be reduced. This may be so, but most likely to a limited extent. This is not to deny the importance of infrastructure in rural poverty alleviation. What is being questioned here is the belief that such an approach is a central strategy to combat poverty so that it deserves the lion's share in the taxpayers' money that go to overseas development assistance.

The over-emphasis of Japanese aid on physical infrastructure tends to support a framework that anchors socio-economic growth and sustained poverty reduction on infrastructure development. Infrastructure assistance is deemed as necessary in spurring massive private and public investments toward the improvement of the economy. Thus, foreign assistance tends to be directed more toward the construction of physical infrastructure projects related to transportation, communications, utilities such as power and energy, health, education and agriculture.

While this formula merits consideration, the underlying assumption is that all other factors that contribute to effective delivery of social services and other support for the poor are present and could be generated from the government and perhaps, the private sector. Unfortunately, this is not the case in the Philippines as some infrastructure projects tend to end up as "white elephants" that could not effectively benefit the poor in this country. There are cases when benefits from infrastructure projects tend to accrue more to the rich than to the poor sectors in Philippine society. Thus, while it would appear that Japanese aid has been primarily directed at making a significant dent in confronting poverty in developing countries, it can be seen that it also primarily serves their national interest. Issues related to regional and national security and trade form part of the bigger agenda behind Japanese aid. To date, aid and its impact on development especially among the rural poor remain a debatable issue.

TABLE 3: SELECT INFRASTRUCTURE SUPPORT FROM JBIC LOANS, 2000-2004				
Project Loan	Year	US\$ million	Main Portion Status	Consultancy Portion Status
Kamanava Area Flood Control and Drainage System	2000	18.8	Tied	Tied
Mindanao Container Terminal Project	2000	79.0	Tied	Tied
LRT Line 1 Capacity Expansion	2000	197.0	Tied	Tied
New Iloilo Airport Development	2000	130.0	Tied	Tied
2nd Magsaysay Bridge and Butuan City Bypass Road Project	2000	31.4	Tied	Tied
Subic Bay Port Dev. Project	2000	145.6	Tied	Tied

Source of basic data: Japan Bank for International Cooperation

TABLE 3: SELECT INFRASTRUCTURE SUPPORT FROM JBIC LOANS, 2000-2004

Project Loan	Year	US\$ million	Main Portion Status	Consultancy Portion Status
Subic-Clark-Tarlac Expressway	2001	388.0	Tied	Tied
Northern Luzon Wind Project	2002	46.9	Tied	Tied
Urgent Bridges Construction for Rural Development	2002	147.0	Tied	Tied
Improvement of Marine Disaster Response & Environment Protection	2002	74.8	Tied	Tied
Sustainable Environmental Management Proj (N. Palawan)	2001	18.8	Tied	Untied
The Laoag River Flood Control & Sabo Project	2001	58.4	Untied	Tied
Selected Airports(Trunkline) Development Project (Phase Ii)	2001	108.7	Untied	Tied
Metro Manila Interchange Construction Project(Phase V)	2001	51.4	Untied	Tied
Arterial Road Links Development Project(Phase V)	2001	76.8	Untied	Tied
Rural Road Network Development Project(Phase Iii)	2001	57.4	Untied	Tied
Bago River Irrigation System Rehabilitation & Improvement	2002	25.8	Untied	Tied
Iloilo Flood Control Project (Ii)	2002	54.3	Untied	Tied
New Communications, Navigation & Surveillance/Air Traffic Mgmt Systems Project	2002	176.4	Untied	Untied
Arterial Road Bypass Project (I) (Plaridel & Cabanatuan)	2004	59.8	Untied	Untied
Subic Bay Freeport Environmental Mgt Project (Phase I)	2003	8.40	Untied	No information
Central Mindanao Road Project	2003	31.5	Untied	No information
TOTAL (INCOMPLETE INFO)		1,986.2		

Source of basic data: Japan Bank for International Cooperation

B. Japan's Aid to Agrarian Reform in the Philippines

1. Brief Review of CARP over the last 20 years

Land acquisition and distribution outcomes under CARP

The debate on agrarian reform often centers on whether or not land redistribution and changes in agricultural production structure contributed to poverty alleviation. Here, agrarian reform must be conceived more as a program that seeks to alter the distribution of property rights and duties which define the rights of those who own or use agricultural lands, and to change or transform rural relations. As a centerpiece program of the Aquino government in 1986, the Comprehensive Agrarian Reform Program (CARP) was crafted as a social justice program that seeks to address century-old rural

inequalities in the Philippine countryside that lead to massive rural poverty. This was to be done by acquiring lands previously owned by few and powerful landlords and redistributing these to the millions of landless and near-landless rural poor. Further, land redistribution is to be accompanied by various support and social services to effect changes in the agricultural production structure. Hence, agrarian reform places the issue of agricultural development on political terrain and focuses debates about agricultural development on people and their relations with one another rather than on inputs per se. Against this backdrop, CARP and its outcomes must be viewed in terms of effectively transferring wealth and power from the landed to the landless and near-landless rural poor.

TABLE 4: LAND ACQUISITION AND DISTRIBUTION AS OF DECEMBER 2006
(IN HECTARES)

Agency	Scope	Accomplishment	% Accomplishment	Balance
DAR	5,576,951	3,826,221	69	1,750,730
DENR	3,837,999	3,056,186	80	781,813
Total DAR and DENR	9,414,950	6,882,407	(ave) 74.5	2,532,543

Source: Data taken and computed from PARC records (2006).

Close to two decades of CARP implementation, the government has yet to complete land acquisition and distribution. Yet, records reveal that a substantial portion of CARP target in land acquisition and distribution have been redistributed to millions of beneficiaries in the country. Overall, close to 70 percent of DAR's scope in land redistribution have been accomplished as of December 2006, while the DENR has accomplished about 80 percent of its scope (see Table 4). These combined figures indicate that close to three-fourths of CARP scope in land redistribution has been accomplished both by the DAR and DENR. Based on these figures, the CARP needs only to redistribute a little over 2.5 million hectares of land to its potential beneficiaries. This could be a difficult feat to achieve, however, given the pending end of CARP extension in 2008 and the continuing resistance of powerful landlords to the program. Unless CARP is reformed and extended, or more radical legislation is passed and approved in Congress, these lands could remain undistributed to millions of potential beneficiaries.

While official records may show that land acquisition and distribution outcomes in CARP are laudable, the actual accomplishment may likely be lower. Moreover, these figures remain controversial for a number of reasons:

First, official records do not indicate the original scope of CARP. Yet, the accomplishment of 9.41 million hectares pales in relation to what CARP originally intended to redistribute over the last 20 years, i.e., 10.3 million hectares of land to about four million peasants. Close to a million hectares of land appear to have been deducted from the original scope of CARP. Moreover, why and how such deductions were arrived at makes the whole set of land redistribution accomplishments all the more controversial.

Second, and perhaps related to the first is that targets were further reduced when private agricultural lands approved for conversion, exclusion and exemptions under CARP were deducted. This could mean that more lands could have been redistributed had it not been for approved conversions, exclusions and exemptions made by the DAR.

Third, most lands supposedly transferred to agrarian reform beneficiaries are likewise questionable in terms of real and actual land transfer and also in terms of beneficiaries benefiting in land redistribution processes. Many analysts' assessment of the redistributive nature of a land reform policy lies in the character and extent of inclusion of some farms and potential beneficiaries and exclusion of others (Borras, 2007: 198). Although inclusion-exclusion biases under CARP are issues that could be contested

under the law, the resolution of agrarian cases of such nature usually takes time and could more likely be disadvantageous to potential and actual beneficiaries.

While landlord resistance is often perceived as the major constraint in effectively redistributing lands, limited resource-support for land redistribution and legal loopholes in CARP tend to compound the problem. Despite the compensatory provisions in land acquisition and distribution modalities (e.g. compulsory acquisition and voluntary offer for sales) under CARP, vast tracts of lands remain in the hands of landlords. Big landowners continue to contest CARP and its implementation by utilizing legal avenues to block and frustrate effective land transfer and redistribution to potential beneficiaries. Most beneficiaries,, moreover, tend to be in a disadvantaged position when confronting legal obstacles in pursuing their claims and rights to land. Among others, they face obstacles that include the lack not only of knowledge of their rights but also of the resources to protect these rights, exorbitant costs of pursuing cases, ineffective legal representation, and delays in resolving agrarian-related cases.

The problem is further compounded by land acquisition and distribution schemes under the Direct Land Transfer/ Voluntary Payment Scheme and Stock Distribution Option that are usually initiated by landowners that defeat the redistributive character of CARP. Moreover, provisions utilizing agribusiness venture arrangements like leaseback, joint ventures and contract growing (some of which were even facilitated by officials from the DAR), pave the way for former landowners to maintain effective control over redistributed lands. With the use of market-friendly mechanisms recognizing and reinforcing the role of private capital in raising agricultural productivity, the DAR has in more ways than one pressed most beneficiaries in big landholdings to enter into joint ventures that tend to favor former landowners and big business.

Various problems associated with land redistribution illustrate the more crucial areas of intervention in relation to CARP implementation. Moreover, efforts in land redistribution and various cases in CARP demonstrate that despite reforms, the nexus of control over big landholdings remains in the hands of former landowners. These realities defeat the real purpose of agrarian reform in effecting net transfer of wealth and power from the landed to the landless rural poor.

Post-land distribution support services

Most support services and rural development initiatives under the CARP are channeled through select agrarian reform communities (ARCs). These are clusters of awarded lands and beneficiaries under a specific locality that are usually contiguous barangays. The bulk of post-land distribution accomplishments are often measured in terms of projects delivered to ARCs and the level of development achieved by their beneficiaries. The DAR often highlights cases of successful projects in these communities and showcases "model ARCs" to generate support for agrarian reform. While the ARC approach to post-land transfer and beneficiary development appears to have promising, if not positive impact in mobilizing foreign resources and broader and perhaps stronger societal support for state-propelled CARP implementation, the strategy has its own limitations.

First, the ARCs cover only a fraction (less than one-fourth) of redistributed lands and beneficiaries (Borras 2001: 31-2). This means that a lot more beneficiaries from non-ARCs could be in need of support and assistance, but they are automatically sidelined by the strategy largely adopted by the DAR in its development project implementation.

Second, the majority of ARCs have, in fact, not received any DAR assistance at all. There are 1,959 ARCs nationwide covering 995,114 beneficiaries, or only 32 percent of total CARP beneficiaries. Of these, only 1,078 ARCs (79 percent) are beneficiaries of ODA projects covering 655,437 beneficiaries (Borras, Manahan and Tadem 2008).

Third and last, some beneficiaries of support services and other assistance have pending land disputes. A case in point is the Community-Managed Agrarian Reform and Poverty Reduction Program (CMARPRP) that was implemented from 2003-2007 in the provinces of Quezon, Mindoro, Bataan, Zambales and

Davao. The key findings in the research demonstrate that claims of indigenous peoples in four of the five project sites were sidelined and what transpired in the process was a case of elite land-grabbing.

2. Overseas Development Assistance and CARP

So much is apparently at stake for the Philippine government if foreign aid committed by donors is withdrawn from the country. Resources generated and mobilized from aid constitute a significant amount in the country's development initiatives. Overseas development assistance must be viewed, however, not only in terms of supplementing limited government budget for development programs but more on its effects on the national budget. For example, the total foreign aid commitment for the Philippines from year 1986 to 2006 reached close to US\$ 38 billion, with close to 85 percent represented by loans and the remaining portion as grants (see Table 5). The loans accumulated through aid (in the years mentioned) are definitely alarming as they constituted close to 41 percent of the country's external debt as of June 2006. Moreover, interest rates and other fees that accrue to interest payments result in higher debt accumulation for the Philippine government. Loan repayments eat up a large chunk of our national budget and given the government's automatic appropriation for debt-servicing, the budget for much-needed social services and programs like agrarian reform may be tremendously sacrificed.

Japan's aid comprises the bulk of development aid poured into the country by various multilateral and bilateral donors from 1986 to 2006. Out of the total aid commitment to the Philippines, about 45 percent came from Japanese aid. From among the bilateral donors, Japan contributed almost 70 percent of total aid commitment. Perhaps, more than any other reason, the large contribution of Japan explains why the government appears bent on pushing for the approval of the Japan-Philippines Economic Partnership Agreement. Despite the fact that Japan's aid commitment reflects more loans than grants, the Philippine government remains blind to the tremendous strain that loans create on the national budget.

Resource allocation is another key issue in aid. How resources are utilized and where they go matter much in viewing the significance of aid to development initiatives in the country. Sectoral allocation of aid illustrates the glaring bias of donors for infrastructure support over other sectors. Figures reveal that infrastructure support remains the top priority for aid while giving less attention to those that matter equally in poverty reduction (see Table 6 for details). Infrastructure cornered a little over US\$8 billion representing 60 percent of total aid allocation for years 1994 to 2000 and more than US\$6.6 billion representing more than 65 percent as of December 2005. Combined average percentages in these figures result in 62.5 percent average share of infrastructure from the total aid allocation.

For agriculture, agrarian reform and natural resources, aid allocation reached more than US\$3.7 billion (from 1994 to 2000) and a little over US\$1.7 billion as of December 2005. On the average, these figures constitute only to about 22.5 percent of total aid allocation. Further, the disaggregated data reveal that agriculture and agrarian reform alone represents only close to 17.5 percent of the total allocation. Even the social reform and community development sector or human development sector accounted for a combined average of only 9.5 percent of the total allocation. These figures tend to reveal the strong bias in aid as allocations for reform and social programs that could help address poverty tend to be a lower priority for donors.

3. Japan's Aid in CARP

Grants and Loans from Japan

The Philippine government assumes a double burden in accessing aid from donors. First, the government is burdened by the repayment of huge loans amassed from foreign aid. Second, the government takes on the burden to mobilize a huge counterpart in most, if not all projects funded by aid. Filipino taxpayers

TABLE 6: DISAGGREGATED SECTORAL ALLOCATION OF AID COMMITMENTS

(As of December 2005 and 1994-2000)

Sector/Sub-sector	As of December 2005		1994-2000	
	US\$ m	% Share	US\$ m	% Share
Agriculture, Agrarian Reform, and Natural Resources	1,755.00	17.22	3,711.71	27.82
Agriculture and Agrarian Reform	1,314.00	12.9	2,935.05	22.00
Environment and Natural Resources	441.0	4.3	776.66	5.82
Industry, Trade and Tourism	770.1	7.55	612.65	4.43
Infrastructure	6,641.5	65.15	8,017.34	60.00
Communications	29.8	0.3	135.48	1.01
Energy, Power, and Electrification	409.3	4.0	1,919.81	14.39
Social Infrastructure	244.6	2.4	0.60	0.00
Transportation	5,103.3	50.1	3,530.70	26.46
Water Resources	854.5	8.4	1,634.49	12.25
Social Reform and Com. Dev. (Human Development)	1,005.7	9.85	1,316.32	9.86
Education and Manpower Dev.	394.0	3.9	51.27	4.13
Health, Population, and Nutrition	310.6	3.0	283.75	2.12
Social Welfare and Com. Dev.	201.1	2.0	20.53	0.15
General Social	100.0	1.0	460.77	3.45
Governance and Institutions Development	21.9	0.21	467.81	3.50
Others	-----	-----	528.89	3.95
TOTAL	10,194.1	100.0	13,341.04	100.00

Source of basic data: NEDA Annual ODA Portfolio Reviews

Note: "Others" include disaster mitigation and integrated area development.

end up paying for aid projects whether or not they benefited from these projects. From 1992 to 2006, the DAR generated aggregate aid amounting to more than PhP62 billion for a total of 57 projects (see Table 7). Of the total investment requirement for these projects, more than 66 percent were loans and close to 10 percent were grants. Taking a closer look at the figures, the counterpart of the Government of the Philippines (GOP) ran close to 24 percent of the total resources mobilized. This is more than double of the grants received from donors. Taking the loans (that the government needs to repay to donors) and the GOP counterpart together, more than 90 percent of project funding for CARP is actually shouldered by the Philippine government.

TABLE 7: Status of Resource Mobilization, DAR
(CY 1992 – December 2006)

Project/Type of Assistance	No. of Projects	Total Cost (PhP Million)			Total
		Loans	Grants	GOP Counterpart	
Completed	35	6,478.69	3,989.00	4,325.02	14,792.72
Ongoing	20	27,422.64	2,196.30	8,542.12	38,161.06
Capital Assistance (CA)	12	27,422.64	1,437.84	8,516.06	37,376.54
Technical Assistance (TA)	8	--	758.47	26.06	784.53
For Implementation	2	7,314.48	--	2,048.15	9,362.63
Sub-total	57	41,215.81	6,185.30	14,915.30	62,316.41
In the Pipeline	38	40,983.78	12,443.65	7,770.56	61,197.99

Source: DAR ODA Portfolio

Japanese aid reflects the same picture in the whole foreign aid provision for CARP. Among completed and ongoing projects in agrarian reform that were funded by aid, Japan has the largest share, accounting for more than 26 percent of the total aid allocated for DAR's development programs (DAR ODA, 2, 07: 11). For example, select Japanese aid to CARP projects indicates that close to 80 percent of total project cost came from JBIC in the form of loans (see Table 8). The GOP counterpart for these projects accounts for more than 20 percent of the total cost and leaves the grant portion with a minimal contribution.

TABLE 8: PROFILE OF SELECT JAPANESE AID PROJECTS, DAR
(AS OF DECEMBER 2006)

Project Title and Fund Source	Type of Assistance	Total Cost (PhP Million)			Total
		Loans	Grants	GOP counterpart	
JBIC ARISP II	CA/TA	5,663.00	--	1,077.00	6,740.00
JBIC MINSSAD	CA/TA	2,326.95	--	775.55	3,102.50
JICA In Country Training Course	TA		20.00		20.00
JBIC ARISP III (for implementation)	CA/TA	5,973.48		1,991.15	7,964.63
Total		13,963.43	20.00	3,843.70	17,827.13

Source: From Table 5: Profile of DAR Foreign-Assisted Projects As of December 2006 (DAR ODA Portfolio Review)

The Japanese Bias for Infrastructure

Japanese aid presents a clear bias for infrastructure as reflected in their completed projects in agrarian reform (as of December 2006). Figures in Table 9 illustrate that 11 agrarian reform support projects funded by Japan's aid fall largely under technical and infrastructure components of agrarian reform. On the whole, the package of assistance received from JBIC and JICA on completed projects reached more

than PhP3.7 billion. The Agrarian Reform Infrastructure Support Project (ARISP) I that is highly biased for infrastructure comprised 67 percent of the whole amount of all projects completed in 2006.

To date, there are 14 Japanese aid-funded projects in support of agrarian reform (see Table 10 for details). These projects include those which have been approved for implementation and categorized as "in the pipeline." Projects funded by Japan's aid and categorized as capital assistance and technical assistance receive bigger funding, and yet an examination of these projects could reveal that most of the components or subprojects are still infrastructure-related. Among those currently implemented and approved for implementation (including those in the pipeline), the ARISP (II and III) and Mindanao Sustainable Settlement Area Development Projects (MINSSAD) (I and II) received the bulk of Japanese aid allocations. The ARISP II and MINSSAD I that received a combined amount of PhP9.842 billion comprise more than 98 percent of the allocations for ongoing projects, while ARISP III and MINSSAD II that amount to more than PhP7.9 billion and PhP3.9 billion respectively, comprise more than 88 percent of those approved and in the pipeline.

TABLE 9: LIST OF COMPLETED JAPAN ODA PROJECTS IN AGRARIAN REFORM (AS DEC. 2006)		
Title of Project	Funding Agency	Project Cost (in PhP Million)
1. Feasibility Study on the Devt. Of Viable Agrarian Reform Communities in Southern Palawan	Govt. of Japan (JICA)	17.77
2. Integrated Jala-Jala Rural Devt. Project	Govt. of Japan (JICA)	510.50
3. DAR-JICA Study Tour	Govt. of Japan (JICA)	0.25
4. Feasibility Study for the Devt. Of ARCs in Marginal Areas	Govt. of Japan (JICA)	79.35
5. Mapping of CARP Areas	Govt. of Japan (JICA)	41.20
6. Database Support to CARP	Govt. of Japan (JICA)	158.00
7. Isabela Master Plan	Govt. of Japan (JICA)	20.00
8. Agrarian Reform Infrastructure Support Project I	JBIC	2,505.87
9. Rural Agricultural Credit Support Project	JBIC	109.62
10. Devt. Of Agrarian Reform Communities in Marginal Areas (DARCMA)	JICA	291.62
11. Replacement of GPS Equipment & Software Data Downloading	JICA	3.96
TOTAL ALLOTMENT		3,738.14

Source: DAR ODA Portfolio Review

While Japan's development aid provides the necessary resources to enhance the government's performance in CARP implementation, most of the projects, including those which received relatively smaller allocations, appear technical and infrastructure-related in nature. Land acquisition and distribution, which is a major component of agrarian reform, received very little attention. Resource allocation for project components on agriculture and environment development and institutional development pale in relation to infrastructure development projects that include, among others, farm-to-market roads, bridges, school buildings, irrigation facilities and some post-harvest facilities.

Although infrastructure development contributes in addressing production and productivity issues in agrarian reform, Japanese aid appears blind to the fact that the CARP is not just about raising land reform beneficiaries' incomes and productivity. The CARP is a socio-political issue that is primarily directed in effecting fundamental and radical changes in property regimes in the country. Toward this end, reforms must ensure primarily that policies lead to improved access to land and security of land rights for the rural poor. Thus, infrastructure projects must enhance more than weaken this aspect of the CARP.

Infrastructure development alone cannot solve landlessness and rural poverty in this country. Previous studies have shown, for example, that in some areas where infrastructure was constructed, land tenure reforms were not complete; hence the benefits of interventions tend to accrue more to the landlords and not to the beneficiaries. More than simply targeting production and productivity issues through infrastructure provision, Japanese aid must reform its own perspective and pay more attention to equally significant and crucial components of agrarian reform. These include ensuring and strengthening access and control of landless and small farmers over land and the subsequent development of beneficiary organizations as autonomous people's organizations that take an active role in democratization and development processes in the countryside.

Japanese Aid Focus on ARCs

Japanese aid often targets select ARCs organized by the DAR in CARP implementation in their projects. Despite the smaller number of beneficiaries in these areas (in comparison to non-ARCs) and the various criticisms raised against using ARCs as project focus, most major Japanese aid projects direct their intervention in these areas. (see listing of projects in Table 10). This is mainly because Japanese aid prefers to intervene in areas where land tenure problems have been resolved, such as those in the ARCs. Except for the controversial Community Managed Agrarian Reform and Poverty Reduction Program (CMARPRP), Japanese aid projects give very little attention and support to beneficiaries that are still in the land acquisition and distribution stage of CARP implementation. Among the ongoing projects, the ARISP II that largely covers post-land redistribution interventions has so far targeted the most number of ARCs.

The focus on ARCs among Japanese aid projects, and perhaps even among other donors, tends to reflect biases in development intervention that proceed more from a "needs" rather than a "rights" perspective. Projects are generally designed to meet the needs for economic growth and rural development more than promoting and fulfilling the rights of the landless to effective access to, control and security over land and its resources. Thus, the bias is more in terms of providing support to the rural poor in gaining access over other assets outside of land, while assuming that access to and security over land could be addressed by market mechanism. Although documents do not openly reveal the rationale for these biases, the phenomenon could perhaps be partly explained by the following reasons:

First, land redistribution problems tend to be too complex and their resolutions are often delayed by legal maneuverings from landlords. Thus most, if not all donors would not want their projects to be dragged into the long and tedious process of land conflict resolution. Even the CMARPRP case veered away from the complexities of land conflicts by adopting a more market-oriented approach in their project, hence short-changing and even excluding real beneficiaries in the whole land transfer processes. Moreover, the results of some of these land transfers remain contested despite the provision of infrastructure support in the project areas. Investments in infrastructure, as mentioned earlier, may have even accrued more to the landlords than to the agrarian reform beneficiaries. The perceived complexities and delays in resolving land distribution conflicts pose a disincentive for donors to spend resources on areas that could enhance the rural poor's rights and control over land and resources.

Second, and also related to the first point, is that donors appear far more concerned with the efficiency of support provision (measuring project performance vis-à-vis resource utilization and project time frame) more than their effective contribution in addressing the basic problem of landlessness among the rural poor. What tends to matter more is that resources are utilized for projects based on the timeframe specified in design and the underlying interests of donors. Most donors like Japan would rather spend resources on project items (like infrastructure) with a clear return on their investments more than their potential benefits to target sectors in recipient countries. Thus, despite the large number of land

reform beneficiaries that require support in confronting institutional and legal constraints that hinder effective exercise of their rights to land, the Japanese aid projects turn a blind eye to this reality and focus on interventions where Japanese business interests could be enhanced and promoted.

Third and last, the tendency to focus on ARCs and their subsequent development is in consonance with the basic framework of aid to address agricultural productivity more than land tenure improvement. Donors view infrastructure and support services as more instrumental in propelling economic growth that could help alleviate poverty in the countryside. While this may be true for some ARCs enjoying aid inflows, the impact of Japanese projects vis-à-vis rural poverty remains in question to this day.

C. Critical View of Implementation and Outcomes of Japan's Aid in CARP

1. Utilization of Japanese Aid in CARP

Projects funded under Japanese ODA appear to have been utilized in various components of agrarian reform. A closer examination of specific projects, however, indicates that non-infrastructure aspects received relatively less funding. For example, the ARISP and MINSSAD projects that have quite similar designs tend to focus mainly on the development and improvement of irrigation, post-harvest facilities such as warehouses and solar dryers, construction of farm-to-market roads, bridge rehabilitation, and construction of rural water systems. Apart from these, MINSSAD projects expanded infrastructure undertakings to include the rehabilitation and construction of classrooms, barangay health stations and multi-purpose centers. Overall, the infrastructure subprojects in Japanese aid constitute 50 to 60 percent of total funding for a specific project.

Other subprojects that could enhance the significance of Japanese aid in agrarian reform receive relatively minimal funding. This is best reflected in the case of MINSSAD project that incorporated agriculture and environment development subprojects to include the establishment of demonstration farms for sustainable agriculture, nursery development, and agro-forest development initiatives as additional source of permanent income for beneficiaries. Further, institutional development was incorporated in project design and was largely geared toward organizing cooperatives and irrigators' associations, and in building their capabilities in project management and strengthening technical capabilities of local government units. On the whole, however, only a little over 11 percent of fund allocation went to agriculture and environmental development and institutional development subprojects in MINSSAD. Institutional development activities that could strengthen beneficiaries' capacity to pursue and protect their rights to land and maximize options for more effective participation in rural democratization and development take less than 10 percent of the total budget for these projects. Infrastructure facilities comprise more than 65 percent of the budget, while administration and other contingency costs comprise close to 25 percent of the total budget. Administration costs would even include preparation of engineering projects and other procurements related to infrastructure. Thus the actual percentage that goes to infrastructure support could even be higher than what is reflected in project documents.

Another important issue that could be raised on Japan's aid is the portion that goes to consulting services. For ARISP I alone, disbursements to consultants from June 1996 to June 2002 that were covered by loans amounted to more than PhP57 million. For MINSSAD, budget allocation for consulting services amounts to more than PhP354 million or more than 10 percent of total project cost. As part of the provisions in development aid, most subprojects could not be implemented by recipient countries without the approval of both local and international consultants.

While local consultants are also hired by Japanese firms, the rates applied are significantly lower compared to foreign consultants. Moreover, housing privileges for expatriates working on the project form part of the cost. The hiring of foreign consultants bears consequences that could be detrimental in project design and implementation since aid projects often do not reflect the true development needs

of communities but the interests of foreign corporations and in some cases could lead to economic and physical displacement of communities (Tadem 2007; Padilla 2001).

2. Beneficiaries and participation in projects

It would be difficult to establish with certainty the direct and indirect beneficiaries of projects funded by Japanese aid since most projects have been largely directed toward beneficiaries coming from ARCs and settlement areas. The DAR claims that residents of neighboring communities also benefit from these projects; yet, they appear only as incidental targets in these development initiatives. Since the implementation of projects funded by Japan's aid, the number of beneficiaries among its biggest projects (ARISP [I and II] and MINSSAD I) totaled to 148,494 beneficiaries in 234 ARCs. Perhaps, if we consider other projects of Japan's aid, it would be safe to assume that their total beneficiaries could easily constitute more than 50 percent of beneficiaries in all foreign-assisted projects under agrarian reform.

Project beneficiaries' participation in projects is crucial in the success and sustainability of any development intervention. Yet, the foreign aid-assisted projects illustrate that organizing initiatives have often been project-driven. Hence, people's organizations often tend to become active only during project implementation. Moreover, women's participation tends to receive little attention in projects despite JICA's basic policy on gender that calls for the expansion of projects aimed at empowering women and the full-scale adoption of gender mainstreaming. Even in MINSSAD, women's participation could be viewed as incidental, as they are focused mainly on benefits derived by women beneficiaries from infrastructure related to health or in livelihood projects related to agriculture and environment development. The Japanese aid projects have yet to approach specific benefits related to policy and institutional support to promote gender equality and support to women's capacity-building.

TABLE 11: ARC SCOPE OF SELECT JAPANESE ODA PROJECTS
(AS OF DECEMBER 2006)

Project and Fund Source	Duration	Scope				
		Province	Municipality	ARC	Barangay	ARBs
Completed						
ARISP 1 -JBIC	1996-2002	64	72	75	318	40,634
RASCP - JBIC	1997-2001	64	72	75	318	40,434
DARCMA - JICA	2002-2003	2	2	2	15	2,777
Ongoing						
ARISP II - JBIC	2000-2004	61	142	149	623	105,839
MINSSAD - JBIC	2001-2006	6	16	8	51	13,666
CMARPRP - JSDF	2003-2005	9	10	11	17	665
Total		206	314	320	1,342	204,215

Source: DAR ODA Portfolio Review

The question of power redistribution could be analyzed by looking at how men and women beneficiaries have been given participation in the implementation of aid projects, such that efforts to promote agricultural development are based on more equitable social relations. The institutional arrangements on the ground illustrate that decisions related to projects and its implementation often come from consultants, officials from agencies like DAR and DPWH (Department of Public Works and Highways) and representatives from local government units in project sites. Even subprojects like those in MINSSAD are decided for approval largely based on the scrutiny and recommendations of local and

international project consultants. Project beneficiaries usually end up as mere recipients of project decisions from above. The limited participation of beneficiaries as stakeholders in these processes puts into question the larger issue of project ownership and indicates the necessary reforms in policy and its implementation. These reforms must be directed at effecting changes in existing power relations among different stakeholders both in CARP and in foreign aid projects.

3. Outputs and results of projects

Official documents from the DAR indicate more quantitative than qualitative results on Japanese aid projects in CARP. While numbers present an optimistic picture on project implementation, the limited discussion on qualitative results of projects tends to raise more questions on the real significance of aid in CARP and its avowed objectives of poverty alleviation and agricultural development. For example, DAR records on foreign-assisted projects in 2006 indicate that 2,795 infrastructure subprojects amounting to PhP 12.46 billion have been completed since 1996 under the various foreign-funded projects implemented among different ARCs in the country. More than half (53 percent) of these infrastructure subprojects in foreign-funded projects are farm-to-market roads that have been funded largely by Japanese aid. Impressive as it may appear, the larger question lies in whether or not such physical infrastructure projects truly benefit the rural poor.

Institution-building initiatives under foreign aid projects tend to show results more in terms of project implementation and less on politically related undertakings of beneficiaries that could assist in furthering and strengthening their rights over land. Despite subcontracting NGOs in these initiatives, activities were largely related to projects implemented under foreign aid. Overall, interventions in this regard have been largely confined to training land reform beneficiaries leaders on organizational development related to project management. Further, CARP-implementing agencies were likewise provided with various trainings, seminars and workshops. The larger question, however, is whether these initiatives have contributed to strengthening autonomous organizations of the landless rural poor that take active role in rural democratization and development processes; or whether they have resulted in strengthening patron-client relations between local government units and agencies on one hand, and among project-driven grassroots organizations on the other.

Results of agricultural productivity and rural enterprise development projects include the establishment of demonstration farms, training in farming systems development and income generating activities and capacity building for livelihood and market linkaging, skills enhancement for para-technicians and agri-extension workers, support for off-farm and other livelihood projects and the establishment of community-based projects and rural enterprises. Regardless of the number of beneficiaries in these projects, the key issue here is how these projects benefited beneficiaries both in ARCs and non-ARCs over time. Again, further studies could be conducted to help establish and ascertain the qualitative results of these projects.

Basic social services related to health and education were likewise provided in Japanese aid projects. These include, among others, the provision of instructional facilities and materials, improvement of school buildings and enhancement of instructional skills, assistance in the form of medical equipment, rehabilitation and upgrading of district hospitals and barangay health stations and the facilitation of training for health workers. These projects could in more ways than one assist health and education providers in project sites. The limited budget and effective reach of these types of projects, however, raise doubts on their effective impact among beneficiary households.

On improving land tenure, the overseas development assistance appears largely confined to the more technical aspects of land transfer such as those that could accelerate survey activities under CARP. These include the enhancement of DAR's capabilities in handling and processing data pertaining to land distribution and awarding process and the provision of improved land survey equipment and techniques. While this could enhance the technical capacity of DAR toward effective land transfer processes, this may not necessarily lead to benefits for beneficiaries. More complex problems as regards

TABLE 10: JAPAN ODA INITIATIVES FOR ARC DEVELOPMENT

(AS OF DEC. 2006)

Project Title	Funding Source	Regions Covered	ARCs Covered	Total Project Cost (in PhP Million)
ONGOING FAPs (Capital Assistance)				
1. Agrarian Reform Infrastructure Support Project (ARISP II)	JBIC	CAR,I,II,III,IV, V,VI,VII, VIII, IX,X,XI,& CARAGA	149	6,740.00
2. Mindanao Sustainable Settlement Area Development Project (MINSSAD)	JBIC	X,XI,XIII	8	3,102.50
3. Community Managed Agrarian Reform and Poverty Reduction Program (CMARPRP)	Japan Social Development	II,III,IV, VII, IX,X,XI	10	110.00
ONGOING FAPs (Technical Assistance)				
4. In-country Training Course on Improvement of Operation and Maintenance System and Technology for ARCs with ARB Participation	JICA			20.00
5. National Program Support to Agrarian Reform (NPSAR) (TA)	Japan-PHRD for TA			44.00
Total Allotment for Ongoing Projects				10,016.50
APPROVED FOR IMPLEMENTATION				
6. Agrarian Reform Infrastructure Support Program III (ARISP III)	JBIC			7,964.63
PIPELINE				
7. MINSSAD II	JBIC	S Cotabato Set. Area I, N Cotabato Res. Area I & II, Sultan Kudarat Res. Area I & II		3,958.00
8. Bridge Construction to Support Expanded ARCs	JICA	III,IV		295.00
9. Development of Agrarian Reform Communities in Marginal Areas II	JICA	CAR, II		275.82
10. Agrarian Reform Communities Devt. Project for Upper Agno River Basin	JICA	CAR		287.67
11. Emergency Assistance for the Rehabilitation of Access Road in Bagong Silang-Tagumpay ARC	Embassy of Japan	Real, Quezon		78.00
12. Development of Viable ARC in Southern Palawan	JICA	Puerto Princesa City, Southern Palawan		424.12
13. Study of Comprehensive & Integrated Delivery of Support Services to ARCs & ARC Clusters	JICA	Nationwide		220.00
14. Agricultural Tramline Project in Benguet	JICA	CAR		31.14
Total Allotment for Approved and Pipeline Projects				13,534.38

Source: DAR ODA Portfolio Review

land transfer and redistribution point to resistance of landowners against CARP, e.g., cases contesting DAR's coverage of their landholdings, and conflicts arising from the DAR's selection of beneficiaries in particular landholdings. We have to note further that some land redistribution-related rural conflicts have escalated into violence that claimed the lives of some beneficiaries. These problems cannot be easily addressed by providing technical expertise on land survey activities alone but more in terms of direct support in assisting potential and actual beneficiaries in confronting legal constraints that hinder their effective exercise of rights over land.

4. Benefits from and outcomes of projects

The benefits derived from development aid remains debatable to this day. Among scholars, policy makers and people from the grassroots, the question lies in how and why development aid benefits and who gets to benefit from it. Although DAR reports on outcomes from aid projects could easily establish the benefits derived by select beneficiaries from ARC project sites, it would be extremely difficult to ascertain what has and what has not changed in the lives of other direct and indirect project beneficiaries. This is because most studies have been relatively confined to limited sampling or were conducted usually on the last year of the project, immediately after or a few years after the end of project. Further, the appreciation of aid becomes more questionable as sustainability of these projects remains difficult to measure and establish. Quantitative evidence based on select indicators for success like access to capital, markets and extension services fall short in providing qualitative discussions on how far these benefits have accrued to the poor or how they have trickled down non-ARC members and contributed to overall poverty alleviation and how projects have made an impact in changing power relations, especially at the ground level.

Development aid often highlights the benefits derived or received by target beneficiaries from the donors or from the services and projects delivered based on the budget and timeframe stipulated in documents. As part of poverty reduction interventions, these benefits are often measured more in terms of changes in income among target beneficiaries as a result of the intervention. Hence, the project-income relationship is easily established by comparing previous income levels with incomes during or immediately after project implementation. While increases in income levels present the more positive impact of aid projects among beneficiaries, the problems in this kind of reporting are threefold: First, the results reflect only the conditions of select beneficiaries in ARCs and do not necessarily reflect the general situation of beneficiaries in the project. Second, the results are not clear as to why changes in incomes occurred – whether they were induced by aid projects under CARP or by other activities outside of CARP. Third and last, it is not clear whether such increases in income levels could accrue to beneficiaries over time.

The DAR highlights the benefits derived from physical infrastructure and mentions that in most ARCs, the benefits from farm-to-market roads are twofold: First, they enable beneficiaries to have access to services that were previously not readily available in the community (e.g. health, recreation, farm inputs, etc.) and second, they make possible the entry of businessmen and traders in the ARC, therefore assuming better access to markets for their farm produce. Moreover, there are claims that construction of physical infrastructure generates employment for local residents in the ARCs. While there is some truth to claims that construction of physical infrastructure such as roads or irrigation systems could induce increased services and provide alternative employment to the rural poor, it would be problematic to assume that such relationship is automatic or that benefits are sustained. Employment generation in infrastructure construction, for example, tends to be short-term only. Further, physical infrastructure does not solely determine people's access to services. Various factors like cost of services tend to influence the rural poor's effective access to services..

Conversely, physical infrastructure could actually provide better opportunities for businessmen and traders to depress prices of farmers' produce. While infrastructure such as roads tend to bring down costs in the transport of farmers' produce from the farms to town centers, this does not automatically mean that traders offer more competitive prices to farmers. There remains a higher probability for traders to

purchase products at lower prices as they gain better access to the farms of producers, thus defeating the whole purpose of raising incomes of small farmers. It would be difficult to assume that “access” to services resulting from the construction of roads immediately translates into effective benefits to the beneficiaries. Recall as well the earlier discussion about the clear positive impact of road construction on landlords and surplus-producing rich and capitalist farmers, as well as agribusiness corporations – in contrast to the poorest of the poor such as landless peasants and indigenous communities.

The nature of investments in irrigation tends to benefit various types of socio-economic groups in the countryside but may not automatically accrue to the rural poor over the long-run. For example, while there are indications that Japan’s aid in irrigation subprojects have benefited the beneficiaries in terms of increasing their income, it should be noted that irrigation infrastructure requires higher construction costs, and more often than not, project beneficiaries are required to provide a counterpart to offset the high cost of construction. Moreover, the regulation, management and maintenance of irrigation systems and projects may add up to other costs that would be shouldered by beneficiaries in the long run. These considerations must be noted in viewing the benefits derived by the rural poor from infrastructure projects.

A key issue is whether or not these projects simply become a temporary phenomenon in development initiatives at the local level. For example, the eventual damage brought about by the use of roads, bridges and irrigation systems may subsequently reverse the initial gains from these projects. Given the meager budget of local governments and the financial position of beneficiaries’ organizations, the maintenance of physical infrastructure could work against the beneficiaries in the long run. Unless of course the impact of physical infrastructure on agricultural productivity and incomes is so great that a substantial portion of farmers’ incomes could be easily allocated for maintenance and other costs, these projects could end up under-utilized if not totally unused by the rural poor. Moreover, sustainability plans that normally require resources among local government units are often prone to failure as diversion of budget among local government units is common in this country.

D. Review of Select Cases of Japan’s Aid Projects in CARP

1. The Agrarian Reform Infrastructure Support Project I (ARISP I)

The ARISP I illustrates Japan aid’s over-emphasis on physical infrastructure apparently to boost government’s integrated efforts in agrarian reform implementation. As one of the first three projects approved in 1995 by the Investment Coordination Committee of the Philippine government, total fund allocation for the project amounted to more than Php 2.5 billion, with a government-counterpart of close to Php 630 million. The project focused largely on the provision of irrigation facilities, farm-to-market roads and bridges, post-harvest facilities and institutional development to 76 ARCs across 33 provinces nationwide that covered more than 23,000 beneficiaries coming from beneficiary organizations and irrigators’ associations. Given the nature of these projects, the National Irrigation Administration and Department of Public Works and Highways became more instrumental in its implementation, while the DAR (in cooperation with the NIA) pursued largely institutional development among farmer’s cooperatives and irrigators’ associations.

The general objective of the project is to alleviate poverty, institute agrarian change and spur economic growth in ARCs nationwide. This is to be manifested by income increases and improvement in the living standards of farmers. With infrastructure development as the main project component, member-families in the ARCs were expected to attain an average annual income of Php60,000 at 1996 prices (DAR ARISP1 Project Fact Sheet). This means that average household income directly related to the agricultural activities would be at an average of Php5,000 per month. To pursue this, irrigation facilities are the core component of the project, with complementary warehouse and solar driers for post-

harvest activities, farm-to-market roads for mobility and institutional development for sustainability of operations of the facilities.

Institutional development initiatives remain tied to building the capabilities of beneficiaries in managing and sustaining operations of infrastructure components in the project. This was done by building on the capabilities of ARC-wide cooperatives and irrigators' associations in project sites. Related to these initiatives were efforts in; a) developing inter-agency and multi-sectoral development teams to improve the delivery of services; b) developing effective mechanisms that could ensure coordination in the provision of basic support services to the whole community, and; c) strengthening technical capabilities of local government units. To a large extent, these initiatives were project-driven and confined to the overall management of infrastructure projects in target communities.

Based on the preliminary results of the ARISP1 project, the DAR claims that monitoring reports showed a marked increase in the productivity and incomes of the beneficiaries. Further, the following outcomes have been identified in the project, based on data reports gathered from 50 of the 76 ARCs covered by the project:

TABLE 12: SUMMARY OF RESULTS IN ARISP I IMPLEMENTATION	
Key Result Area	Results
Infrastructure Development	125 percent increase in size of irrigated areas (from 6,418 has. to 14,441 has. including 8,033 has. of rainfed areas)
	113 percent improvement in cropping intensity (from 80 percent to 170 percent)
	97 percent increase in average yield during wet season (from 47 cavans/hectare to 84 cavans/hectare)
	for the post harvest facilities, an estimated 5-10% decrease in post harvest losses and improvement in the quality of rice were observed
	for the farm-to-market road, 48% or a 14-minute decrease in average travel time from the ARC to the market center and a 50% decrease in average transport cost from P11.50 to P5.75 per person were noted.
	On a per cavan basis, there was a 38% decrease in transport cost where transport charges went down from an average of P7.25 to P4.50 per cavan.
	Likewise, there was a 71% increase in the number of vehicles plying the ARCs from 21 to 36 vehicles.
Institutional Development	19% increase in membership from 7,662 to 9,151 members were registered
	36% increase in capital build-up generation from P13.04 million to P17.79 million
	21% increase in savings mobilization from P4.04 to P4.88 million
	partnerships were established with different institutions and volunteer-trainers were organized

TABLE 12: SUMMARY OF RESULTS IN ARISP I IMPLEMENTATION

Incomes	data from the same 50 ARCs show that in Luzon, the average annual income increased by 28.61% in 17 ARCs specifically from P60,878 to P78,293.
	In Visayas, average real income improved from P26,769 to P45,535 or a 77.58% increase for 5 ARCs
	For Mindanao, 9 ARCs posted an increase from P27,687 to P38,279 or a 38.26% increase.
	Overall using the 1996 prices, 31 ARCs enjoyed an increase in their real income from P45,741 to P61,715 or a 34.92% increase which is higher than the target set at the start of the project.

The project appears to have impressive results, more specifically in relation to infrastructure related to production. Irrigation infrastructure, farm-to-market roads and post-harvest facilities, for example, have in part benefited the beneficiaries in the ARCs where the survey was conducted. It is not clear though whether these benefits were democratized to include non-ARC members as envisioned by the project. For example, there is no mention on how non-ARC members and other farmers from nearby communities were able to enjoy the benefits from the construction, or perhaps the rehabilitation of irrigation systems in project sites.

The reported results in institutional development reflect the impact of projects in organizing farmers among target beneficiaries. Like many other project-driven organizing initiatives, there is a strong tendency for farmers to join organizations that are clear recipients of development projects from the government. Again, the key question lies in whether or not these organizations could remain active in non-project related undertakings like claim-making on agricultural services and support from agencies and local government units. This is perhaps the value of institutional development, i.e. capacitating and empowering beneficiary organizations and their members in actively pursuing claims that could expand and sustain benefits from different development processes.

Reports on changes in income levels showed the positive impact of infrastructure among the beneficiaries. But averages do not reflect the whole picture among beneficiaries. For example, the report did not show how non-farm incomes fared in the survey of farmers' incomes in project sites. Based on a report from JBIC, surveys conducted in the provinces of La Union, Iloilo and Compostela Valley revealed that non-farm incomes that come largely from incomes of children employed in urban centers or as overseas-contracted labor that make regular cash transfers constitute a relatively high proportion of average annual farm income. It exceeds half of average farm income in all three areas of ARISP ARCs and non-ARISP ARCs.

Incomes are not determined by infrastructure alone. Natural disasters and crop damage brought about by pests and diseases have a great bearing on the income of farmers. Moreover, problems of insufficient funds and high cost of farm inputs often drive small farmers to turn to unscrupulous traders and usurers that offer loans with usually high interest rates. Thus, significant portions in initial increases in income resulting from infrastructure development could only be negated by loan repayments of farmers to capital providers.

The ARISP I demonstrates and perhaps strengthens the contention that infrastructure development and project-oriented institutional development alone are not sufficient to raise and sustain productivity and income. The intervention failed to consider the tremendous influence of other factors such as access to capital, agricultural technology and inputs, market and other institutional support in meeting the project's objectives. The potential combined impact of these various factors that are further complicated by market dynamics and behavior that influence prices of farmers' produce could profoundly negate initial gains from infrastructure support in agrarian reform.

2. The Mindanao Sustainable Settlement Area Development

The Mindanao Sustainable Settlement Area Development (MINSSAD) is one of the foreign-assisted projects implemented by DAR. It is funded primarily by a loan from the Government of Japan through the Japan Bank for International Cooperation (JBIC) and in part by the Agrarian Reform Fund (ARF) of the Government of the Philippines. Primarily designed to help the 27,608 farmer-beneficiaries living in eight DAR-administered settlements in Southern, Northern and Eastern Mindanao, the project's total cost is P3.1 billion, 75 percent of which is a foreign aid loan from the Japan Bank for International Cooperation, while the remaining 25 percent is a counterpart fund from the DAR's agrarian reform fund. In the final analysis, all resources mobilized for this project are shouldered by the Filipino taxpayers.

The project covered eight settlement areas in the provinces of Davao del Norte (Sto. Tomas and Dujali), Davao Oriental (Cateel), Compostela Valley (Laak), Bukidnon (Maramag, Pangantucan, and Kalilangan), Agusan del Sur (Prosperidad, San Francisco, San Luis, Talacogon, Bunawan, and Veruela), and Surigao del Norte (Tubajon, San Jose, and Dinagat). Among the various subprojects within the project, infrastructure development takes the bulk of the budget, accounting for more than half of the total fund allocation. Other subprojects like agriculture and environment development and institutional development take only 11 percent of the total budget. This composition reflects the bias of Japanese aid projects in agrarian reform implementation (see Table 13 below).

Subproject/Project Item	Budget Allocation (in PhP million)
Infrastructure Development (INFRA)	1,684.214
Agriculture and Environment Development (AED)	224.000
Institutional Development (ID)	122.000
Equipment Support	81.000
Consulting Services	354.214
Project Management	305.000
Contingency	331.928
TOTAL	3,102.000

The project's purpose focused mainly on sustaining increases in household incomes and farm productivity. Project components include the construction/rehabilitation of rural infrastructure such as irrigation facilities, farm-to-market roads, post-harvest facilities, school buildings, multi-purpose buildings and health stations; and the construction/rehabilitation of potable water supply, development of irrigator's associations/farmer organizations in the settlement areas, establishment of nurseries and demonstration farms and provision of appropriate trainings to beneficiary organizations.

The MINSSAD project puts emphasis on these activities:

1. Improvement of the mobility of the settlers and access to and from production areas within the settlements (including construction/rehabilitation of road infrastructure, and procurement of operation and maintenance equipment);
2. Improvement of the access to basic social services (including construction/rehabilitation of school classrooms, barangay health stations and multipurpose building infrastructure, and procurement of auxiliary equipment);

3. Enhancement of farm productivity and resource development (like construction or rehabilitation of irrigation systems and post-harvest facilities, launching of techno demo farms and technology transfer farming system, establishment and improvement of existing nurseries, fruit trees development, agro-forest and permanent forest development, marine production and mangrove preservation, and livestock development), and;
4. Enhancement of capacities of local government units, peasant organizations, and individual farmer-cooperators to effectively manage subprojects (enhancement of beneficiary and community participation and institutionalization of the subprojects sustainability mechanism and its replication, strengthening of people's organizations, subproject schemes and municipal government, institutionalization of effective coordination mechanism among stakeholders, and capacity-building and systematization of procedures of partner agencies and local government units directly involved in the MINSSAD project implementation and management.

The implementation of the Project is undertaken by the DAR as lead executing agency, in collaboration with the DPWH for roads, bridges and school buildings; National Irrigation Administration for irrigation and post-harvest facilities, and local government units for water supply, barangay health stations, and multi-purpose buildings. In addition, the Department of Interior and Local Government, Department of Education, Department of Agriculture, Department of Environment and National Resources, and the Department of Health had their participation and support in the implementation of the project.

3. Issues and constraints in project implementation

The MINSSAD project implementation surfaces policy and institutional constraints in Japanese aid projects. These constraints have in more ways than one influenced the project and its implementation as can be gleaned from the following discussions:

First, problems confronted in MINSSAD highlight policy issues related to the influence of donors in the project. Since its implementation in 2002, the project encountered delays in implementation. Among the identified impediments were delays and perceived conflicts in the hiring of foreign consultants in its initial years. Although consulting services appeared open to experts, regardless of their nationality, the Japanese firms were given priority in engaging services of project consultants. This phenomenon highlights the fact that despite efforts to untie Japanese foreign aid, consulting services among foreigners remain cornered by Japanese companies.

Second, constraints in project implementation point to conflicts in institutional arrangements between the Philippine government and donors. Delays were brought about by conflicts in procurement processes and systems between JBIC and the Philippine government which surfaced during project implementation. For example, while Philippine bidding procedures in the procurement of services indicate that second-line bidders are automatically entertained when problems are encountered with the prioritized bidder, the Japanese bidding practices tend to maximize negotiations with the latter before entertaining other bidders. As donors, the Japanese tend to exert more influence even in local bidding procedures; hence undermining local processes in development interventions.

Third, bureaucratic processes both at the local and national levels bear tremendous influence on project implementation. Experiences from the ground point to the downloading of funds (from the national level to the local level) for approved subprojects as among the culprits in delayed project implementation. A major cause for the delays in fund downloading is the delayed liquidation of previously downloaded funds to local government units and other local operating units in the project.

Fourth, and perhaps a related point is the absorptive capacity of municipal governments to implement subprojects in their localities. This normally refers to resource counterparting that often poses as a constraint (due to budget limitations among local government units) to immediately starting

the construction of projects in their areas. The problem is compounded by delays in procurement processes that point not only to bureaucratic procedures but also to the unavailability of stocks, e.g., for agricultural and livestock projects.

The delayed implementation of subprojects had been a major factor in the decision to extend MINSSAD until June 2008. As of end 2006, less than 15 percent of the total project component had been completed. As donor policies and institutional arrangements tend to conflict in various ways, most of the MINSSAD subprojects were finally approved only in 2006. With barely a year before the end of its original project term, the government was left with no other option but to seek the extension of the project as most subprojects could not be completed within the target timeframe. This could bear a tremendous influence on the budget and expenditures for the project.

The project had not yet been evaluated by officially-designated agencies and groups on a regular basis, except by the Commission on Audit. Based on the review of budget expenditures, the Commission on Audit recommended and demanded explanations on discrepancies between proposed and utilized budget for subprojects. Although there were no elaborate corruption issues raised in the project, some concerns surfaced with regard to procurement of animals by the local government units. There were also questions on substandard infrastructure and irrigation projects implemented by the DPWH and NIA. Further, revisions and deviations from approved design were observed in the construction of some projects. These issues and concerns tend to raise doubts on the proper utilization of resources allocated for the project, hence, the potential misuse and malversation of funds.

4. Initial insights from the project

Stakeholders' influence and participation is another key issue in the MINSSAD project implementation. Although the hiring of foreign consultants was minimized along the course of project implementation, their presence and participation surfaced the centralized character of the project. To a large extent, both foreign and local consultants exert tremendous influence on the project. Specific designs of subprojects often pass their scrutiny before they are finally approved for execution. Moreover, they take a hand in monitoring the implementation and completion of subprojects before they are finally turned over to local government units and project beneficiaries.

While the DAR claims that local government units and even community-based beneficiaries participate in the identification, designing and implementation of subprojects in MINSSAD, major and final decisions taken by the DAR officials assigned to the project are largely determined by information gathered from consultants. Project beneficiaries are actually given token participation in project processes. In most cases, they are mere recipients of whatever subprojects were designed by DAR and their consultants. Although residents in communities are often hired in the construction of infrastructure and some local and available materials are procured in their areas, local participation among communities is largely channeled through representatives in community-based monitoring teams and settlement monitoring teams organized under the project. How MINSSAD beneficiaries' sentiments and views are considered in project implementation wholly depends on how these teams and middle management teams of representatives from local government units and agencies are able to articulate project concerns to the top management composed mainly of DAR officials.

Perceptions of benefits derived from the project are mixed across beneficiaries. Personal evaluations made by people directly involved in the implementation of the MINSSAD project noted its contribution to the inventory of livestock in the settlement areas, as well as the increase in income of households that engaged in Agricultural and Environmental Development subprojects. They pointed out, however, that poverty alleviation could not be immediately felt by the ARCs and that the potential impact of the project could only be ascertained when subprojects have been duplicated and completed.

In most cases, local communities or their organizations are seldom consulted in identifying, designing, and implementing foreign aid projects. Further, some respondents articulated that some of the projects

designed do not serve the needs of their specific communities or are no longer deemed appropriate. While beneficiaries made proposals to change these projects in order to address problems confronted by their communities, decisions rested largely on top management. Despite the potential delays that these changes could create in project implementation, the big budget allocated for the MINSSAD and the potential and immediate benefits it could provide were among the reasons why direct beneficiaries continue to accept subprojects in their localities.

The volume of infrastructure projects constructed through MINSSAD tends to provide reason for direct beneficiaries to embrace MINSSAD's intervention. It is for the same reason, however, that some residents are against the project. A major concern for stakeholders is the capacity of agencies and local government units to provide appropriate sustainability mechanisms in the subprojects. For example, while MINSSAD will also provide additional equipment for the local government units for the maintenance of the road projects, third and fifth-class municipalities may not have adequate resources for the maintenance of roads and bridges in their areas. The eventual withdrawal of support from MINSSAD at the end of the project and the insufficient resources of both local government units and beneficiaries could pose difficulties for stakeholders to sustain benefits from subprojects. Most local government units involved in the project could more likely turn to collection of "tariffs" from projects like water and irrigation systems as the major and potential source of funds for the maintenance of projects on the ground. This means that portions of potential increases in incomes resulting from the construction and establishment of infrastructure could end up as payments to these subprojects. So it is strongly possible that over the long run, the poor farmers and settlers could benefit less from these infrastructure.

The selection of beneficiaries brings to the fore the issue of social exclusion and democratization of benefits. As a project designed primarily to provide support and services to ARCs, potential beneficiaries that do not belong to beneficiary organizations in the ARCs tend to be excluded from the project. Non-members of ARCs, at most, may simply end up as incidental beneficiaries to the subprojects established in their communities. Moreover, the politics in the selection of subproject beneficiaries tends to be strong. Hence, there is potential inclusion of some and exclusion of many others like landless and near-landless residents in the area. With a highly selective process of beneficiary identification, it would be difficult to expect that benefits derived from the project could expand significantly to other members of these communities. The foreign aid project in this case tends to serve more as an instrument to perpetrate patronage politics more than a tool to promote more equitable distribution of resources and power in the countryside.

The MINSSAD project reveals key related issues in foreign aid implementation, that of participation and partnerships. While Japanese donors and the Philippine government appear as partners in development intervention, the former appears far more influential in project decisions that range from the hiring of consultants to project designing. This same influence could be mentioned with regard to institutional arrangements that matter in project implementation, i.e., procurement and bidding processes. Partnerships on the ground reveal the roles of local government units and agencies on one hand, and those of beneficiary communities on the other. Again, local government units and agencies tend to be more decisive in projects on the ground, while ARCs end up as mere recipients and users of subprojects. The irony, however, is that beneficiaries could eventually end up as the ones paying for these subprojects in order to sustain potential benefits for communities. Even among beneficiary organizations, there is differentiated participation and enjoyment of benefits between recipients and non-recipients of subprojects related to agricultural livelihoods. The same could be true for direct and incidental beneficiaries in the project. The differentiated participation, influence and accumulation of benefits among stakeholders surface the reality that overseas development aid projects tend to reinforce and reproduce rather than transform inequitable social relations that persist in the country.

E. Lessons and Implications for Advocacy

Overseas development assistance in general and its impact on development especially among the rural poor remain a contentious issue. There have been varied and differentiated views on the outcomes and impact of aid more especially in terms of effecting redistributive reforms and reducing poverty in a country. With various issues surrounding development aid and its impact, Japan's aid, especially in relation to agrarian reform, must be viewed with a more critical eye.

Our earlier discussions on Japanese aid reveal interesting points: First, it demonstrates that Japan needs to ensure their own security and prosperity as a nation in providing aid to developing countries. Second, the bias for physical infrastructure is motivated by a development framework that stresses productivity and economic growth more than the promotion of the rural poor's rights to land and correcting skewed land distribution in the country. Third, support for land redistribution is directed only toward improving technical efficiency of government in effecting land transfer and not so much on addressing problems that constrain the rural poor's access to land. Fourth and last, Japanese aid project implementation and outcomes put heavy emphasis on initial changes in income and beneficiaries' productivity but fail to strategically look into the net transfer of wealth and power from the landed to the landless and near-landless.

The CARP must be primarily understood as a social justice program that seeks to institute radical changes in property regimes and develop the rural poor's socio-political and economic capabilities to effectively participate in rural democratization and development. Effective access and control over resources such as land remains crucial in confronting social inequities that result in poverty. By providing access and security to land, agrarian reform could have been best understood by donors and agencies as a redistributive reform that seeks to address issues of wealth and power distribution. Thus, agrarian reform must serve as an instrument to enhance and develop the capacity of the landless rural poor to confront socio-economic challenges and take active participation in political processes that could effect more equitable distribution of resources and power in Philippine society. Japanese aid, and perhaps those of others, has yet to actualize such perspective in their policies.

The economic and political considerations in addressing rural poverty are far more complex and intertwined. What appears to be a simple "infrastructure-enhances- agricultural-productivity-and-economic growth" formula must be taken with caution in viewing agrarian reform interventions. Issues of access, control, effective use and management over resources could not be addressed by simply providing physical infrastructure to agrarian reform beneficiaries. Many inter-related factors constrain the landless rural poor from effectively confronting poverty.

Thus, intervention strategies must proceed from a perspective that takes serious consideration of the socio-economic and political contexts especially at the community and government level where agrarian reform projects proceed. These considerations could lead us to some of the crucial points in our advocacy on aid vis-à-vis agrarian reform. Generally, policy shifts in aid perspectives must take into consideration these points in our advocacy:

1. The issue of peoples' participation is crucial in aid projects. Agrarian reform is primarily a socio-political issue, i.e. capacity of different stakeholders to adapt to socio-economic and technical change and make informed and meaningful choices on a range of development policy options, methods and technologies. Participation must be viewed as an engagement by all relevant stakeholders, including the negotiation of stakeholders' roles and the "rules of the game" notable in key decision-making processes.
2. Reforms in overseas development assistance point to appropriate shifts in the perspective of aid funders in their projects. A key emphasis is pursuing a foreign aid campaign not so much from a needs-based intervention strategy that focuses on various and particular gaps in reform implementation but more in terms of viewing agrarian reform from a rights-based intervention strategy that upholds, promotes and fulfills the rights of people to land and food. This perspective requires that overseas development aid be viewed in consideration of

people's rights and responsibilities to fulfill these rights – that may very well have implications on governance issues.

3. Partnerships are based on the recognition that power is differentially distributed among players and stakeholders at the grassroots level. Intervention should give due bias to the recognition that landless and near-landless cultivators must take a more active role in pursuing rights to land and food. It should be noted that agrarian reform focuses on two inter-related points to bring about change: (a) Access to and more secure tenure of land, and (b) Policy change as a means to bring about economic growth based on more equitable social relations. This means that policy change needs to be accompanied by institutional changes. Policies should be implemented by people through processes that are participatory and involve all stakeholders within a territory. Without adjustments to roles, responsibilities and incentives of those implementing policy reforms, existing power relationships can impede more-lasting change.

The rural poor's access and control over land is basic in any agrarian reform program. Support programs must seriously consider how projects could strengthen and expand access of landless and near-landless rural poor to land, and effectively proceed toward making lands productive and ensuring sustainable and democratized benefits from agricultural production. While rural infrastructure plays a critical part in improving beneficiaries' agricultural productivity, improved technologies and a range of responsive rural services, including capability-building, market access and information, and extension could prove essential to effective and lasting agrarian reform. In reality, overseas development assistance initiatives have satisfied few of the large universe of unmet rights of the rural poor. There is a need for ways to deal with the problems of the rural poor that could empower them to protect and pursue their rights to land. Thus, the success of aid lies not in what and how much it can provide to confront rural poverty but more in where and how resources are utilized to achieve real transfer of wealth and power from the landed to the landless and near-landless.

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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 every 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 have 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 privatisation of land resources facilitates the monopoly control of landed and corporate interests in such settings. Local, national and transnational rural social movements and civil society networks and coalition 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 amount of money, both aid and loans, 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 Borrás, Jennifer Franco, Mary Ann Manahan, and Eduardo C. Tadem.

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