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PROGRAMME PLANNING

Country and intercountry programmes and projects

FOURTH COUNTRY PROGRAMME FOR THE PHILIPPINES*

<u>Programme period</u>	<u>Actual resources programmed</u>	<u>\$</u>
1987-1991	IPF for 1986-1990	23 317 000

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Annex: Financial summary

*Detailed listings of projects and other related data prepared as part of the country programming exercise are available on request. These listings include: (a) ongoing projects; (b) proposed projects; (c) distribution of resources by objective; (d) planned activities of operational funds and programmes under the authority of the Administrator; (e) distribution of new country programme by sector.

I. DEVELOPMENT TRENDS, STRATEGIES AND PRIORITIES

A. Current economic trends

1. In contrast to the decade of the seventies, which was characterized by substantial growth and progress, the early eighties was a difficult and trying period for the Philippine economy. Export performance was severely affected by the global recession that followed the second oil crisis in 1979; the structure of external debt, on the other hand, progressively deteriorated in the face of soaring interest rates and reduced loan maturities. The confluence of external events, together with unfavourable domestic developments such as the drought of 1983, culminated in late 1983 in the severest economic crisis in the country's post-war history. In October of that year, the Philippines declared a moratorium on the country's external debt payments.

2. The Philippine development plan for 1983-1987 was subsequently updated to take account of the significantly altered economic environment. While reiterating the basic goals of the original plan, the updated plan for 1984-1987 is based on a five-point recovery programme:

(a) A loan restructuring programme, which includes rescheduling of external debt maturities falling due from 17 October 1983 to 31 December 1985; refinancing of trade credits equivalent to the level outstanding as of 17 October 1983; and the acquisition of new loans for critical requirements;

(b) An economic stabilization programme aimed at improving the balance of payments, reducing the budget deficit and moderating inflation;

(c) A refocusing of economic priorities in a manner consistent with the stabilization programme, but which at the same time strengthens the economic base for future growth. For the public sector, this will result in significant reductions in the investment programme as well as a redirection of emphasis towards the completion of ongoing projects and the rehabilitation of existing infrastructure. For the productive sectors, adoption of a balanced agro-industrial development strategy will renew emphasis on the development of the agriculture sector;

(d) Strengthening the structural adjustment programme covering the industry and the energy sectors, and expansion of its coverage to include agriculture, fisheries and forestry;

(e) Programmes to sustain the achievement of social objectives.

3. To date, significant strides have been made in the pursuit of the recovery programme. Under the loan restructuring programme, agreements on external debt rescheduling have been finalized, and new loans as well as revolving trade credit facilities are currently in place. The economic stabilization programme has been proceeding satisfactorily; significant progress has been recorded in terms of improving the balance of payments, reducing the budget deficit and containing domestic inflation. The refocusing of economic priorities has already produced

institutional improvements in the programme/project review and evaluation process, and has resulted in further reduced and more finely-tuned investment programmes. Progress is similarly being made in the implementation of the structural adjustment programme, as measures are adopted on a broad front to enhance productive efficiency and international competitiveness in various sectors. Finally, towards sustaining social gains, assistance has been provided to those most adversely affected by the current economic squeeze.

4. As may be expected, however, given its scope and the intensity with which it has been pursued the adjustment effort, was bound to have its negative consequences. Of these, the more significant ones have been (a) the decline in overall economic activity, as reflected in the negative gross national product (GNP) growth posted in 1984 and in 1985 to-date; and (b) the corresponding rise in the unemployment rate. These, however, are short-term costs of a programme designed to strengthen the foundations for long-term growth.

B. National development strategies

5. The development objectives of the updated plan for 1984-87 represent a restatement of those in previous plans. These are: (a) increased productivity for sustainable economic growth; (b) more equitable distribution of the fruits of development; and (c) total human development. The essence of the updated plan is to strengthen the national will and capability for self-reliant development through conscious and determined efforts to raise productivity and self-sufficiency, in contrast to the development orientation of the past, which was distinctly dependent on external factors. This is to be achieved principally through a balanced agro-industrial development strategy as well as the national productivity programme. Highest priority will be accorded to the development and modernization of the agricultural sector and the related promotion of an agro-based and export-oriented industrial structure. Consistent with this, specific strategies have been identified towards attainment of the three broad objectives enunciated in the Plan.

Sustaining economic growth

6. Sustaining economic growth will require concerted action in various areas in support of the balanced development of agriculture and industry. For the agriculture sector, the specific objectives set are: improved productivity; attainment of food security; maximization of the sector's contribution to the improvement of the balance of payments (through export promotion and suitable import substitution); poverty reduction; better nutrition and enhanced welfare, particularly of the small farmers and landless rural workers. Towards this end, efforts shall be geared to more intensive development and utilization of appropriate and less import-dependent technology; more market-oriented pricing schemes; efficient distribution systems; strengthened institutional and infrastructure support; and improved credit allocation schemes.

7. Development of the industrial sector will similarly follow a less foreign exchange-intensive track. Particular attention will be directed at enhancing the efficiency and export competitiveness of domestic industry. This is to be

achieved through minimizing distortions in resource allocation; strengthening linkages with the primary sector; effecting improvements in the production structure; technological upgrading and skills development. Particular emphasis will be laid on the promotion of labour-intensive and small- to medium-scale industries.

8. The provision of adequate, timely and secure energy supply remains an essential ingredient of the development process. In this regard, the thrust toward reduced dependence on imported oil will continue through sustained diversification of energy sources, and in particular, the development of indigenous and renewable sources of energy. Efforts will also continue to be undertaken towards the effective management of energy demand through adoption of conservation measures and more extensive use of the pricing mechanism to reflect the real costs of energy.

9. In support of all the foregoing, infrastructure development and the harnessing of science and technology will be sustained. In infrastructure programming, the particular order of priority that will be followed is the maintenance of existing facilities, rehabilitation, restoration, improvement, expansion and new construction. In science and technology, emphasis will be placed on the development of technologies using indigenous materials. While provisions will continue to be made towards the selective transfer of foreign technology, the basis for science and technology efforts in all sectors will be self-reliance and countrywide development.

Strategies for the equitable distribution of the fruits of development

10. The basic strategy adopted towards effecting a more equitable distribution of the fruits of development is essential to disperse economic activity and opportunity across regions and socio-economic groups. Regional development will continue to be vigorously pursued, with focus on lagging areas. Following the balanced agro-industrial development strategy, linkages between agriculture and industry will be strengthened in the regions. Efforts will be directed at achieving a closer integration of socio-economic activities between urban and rural areas. Access to both natural resources and support inputs and facilities will be expanded to a greater portion of the population, particularly to small-scale entrepreneurs. In this regard, improvements will be effected in systems of classification and allocation of public lands and other natural resources; this will be accompanied by a streamlining of delivery mechanisms and procedures for securing financial and technical assistance. Finally, the agrarian reform programme will be sustained by safeguarding past gains, bringing about further improvements in productivity, and enhancing tenurial arrangements in croplands other than rice and corn.

Total human development

11. In recognition of the dynamic interaction between social and economic factors in the development process, social development will be closely woven into the total development effort and in all development programmes. As a corollary to this, the population factor in development will no longer be viewed from the

traditional and narrow standpoint of a constraint to the development process: the perspective will be broadened to include the reality of people as the end towards which all development is directed, and as a resource that should be developed and harnessed within the entire development undertaking.

12. Along these lines, a basic reorientation of education and training is planned to provide for the manpower requirements of the social and economic development process. The phased development of the three levels of education will continue, but priority will be accorded to the improvement of elementary education. Health and nutrition services will be strengthened through the adoption of a unified outreach structure, under which multifarious needs of target populations are serviced. This, together with the continued adoption of the primary health care approach, should expand access to health and nutrition services. In the field of housing, emphasis will be laid on the integrated development of communities that are self-sustaining and equipped with basic services. Access to home ownership is also to be expanded through efforts of reducing construction/acquisition costs; adopting innovative and responsive legislation; expanding private sector participation; and strengthening the institutional network for housing and community development.

13. Finally, the thrust towards strengthening the national capability for self-reliant development extends to the social development effort. In health and nutrition, the emphasis on research will focus particularly on the development of herbal medicine as well as of indigenous food sources. In housing, self-help efforts, as well as the maximum use of indigenous and low-cost construction materials, are to be promoted.

C. Technical co-operation priorities

14. Technical co-operation has always formed an important support element of the Philippine development effort. It has played a significant role in building up much of the capacity that currently exists in the planning, implementation and management of development and other specific sectors. As in the past, the needs and priorities for technical assistance in the next few years derive from the development objectives, strategies and priorities set out in the country's development plan.

15. In the overall area of development planning, implementation and management, significant institutional and technical improvements have been introduced over the past decade or so. There is scope for further improvement, principally in the continued build-up of institutional capacities for policy formulation to sustain the momentum of structural reform and for achieving higher levels of efficiency in the use of limited resources. At the country's regional level, the principal need is to expand capacities for project development. At the subregional levels, greater local autonomy and the continuing drive towards broader dispersal of economic opportunity call for the sustained build-up of capacities in many aspects of development planning, implementation and management.

16. In the agricultural sector, economic improvements need to be effected in the overall environment under which producers operate. Serious efforts are underway

to enhance the operation of the market mechanism and to improve producer access to current market information, which is vital to decision-making in production and marketing.

17. Strengthening institutional capacities for research and development remains a priority in agriculture. In the broad areas of crop production and processing, further assistance is needed to develop upland farming technologies, improve the cost-effectiveness and acceptability of organic fertilizers, control crop infestation, and reduce post-harvest losses. In livestock and related dairy production, current research efforts need to be sustained in the breeding of carabao, the local water buffalo, and expanded to include cattle. In the forestry and fisheries sectors, the classic conflict between conservation and development remains. Accordingly, priority areas for technical co-operation in forestry include further improvements in land-use planning, research into the utilization of minor forest products as inputs for the wood-processing industry, and the development of agro-forestry technologies. Assessment of fisheries resources will need to be undertaken, particularly in coastal and marine areas; additional research is also needed on seafarming technologies.

18. In the industrial sector, technical co-operation priorities lie mainly in the enhancement of institutional capacities for research and development studies to improve institutional and environmental support to private sector activity in general, and in specific areas that may be defined from time to time. Consistent with the balanced agro-industrial development strategy, research and development activities focus on expanding and improving the utilization of indigenous, especially agro-based, raw materials and in evolving appropriate indigenous technologies in promising production areas.

19. Such product and technology development activities will be closely linked with efforts at expanding both local and international markets, especially the latter. The further improvement of the overall efficiency in Philippine industry as a whole will continue to be pursued, as well as the modernization and increased capacity utilization of specific industries to further enhance the competitiveness of Philippine products in world markets. In the mining sector, support will be needed in building up institutional capacities for exploration and development of non-traditional industrial minerals.

20. In the energy sector, priority areas for technical co-operation include the continued build-up of institutional capacities for research and training in energy demand management, as well as in the assessment and development of indigenous energy resources, both conventional and non-conventional.

21. The development of infrastructure and of utilities will continue to be pursued as a necessary support to the development of productive sectors. In the transport sector, there remains considerable scope for technical co-operation. Among the priority needs are feasibility studies for priority road projects; the strengthening of local government capacities for road maintenance (currently covered by World Bank and Asian Development Bank (AsDB) assistance); the development of procedures for the planning and the prioritization of rural and especially barangay road networks; the conduct of feasibility studies for tertiary

ports, including municipal fishing ports (partly covered by Japanese assistance); and the conduct of an expanded feasibility study for a nationwide maritime communications network. In the water resources sector, some of the priority areas for technical co-operation involve the identification of additional potential sites for small multi-purpose water-impounding projects; a river morphology and bank erosion study, particularly for island provinces that regularly experience severe flooding; and, over the long term, planning for the development of rural sewerage systems. In the telecommunications sector, the priority need for technical co-operation consists of the strengthening of the institutional capacity of the National Telecommunications Commission (NTC). Ongoing technical assistance from the World Bank covers an organizational and institutional review of the NTC; manpower development for NTC and for the telecommunications sector as a whole; updating of the telecommunications development plan; rates and tariffs review; and frequency management. NTC needs additional equipment for frequency management, and there is scope for additional technical co-operation in the longer term for manpower development in the telecommunication sector, when plans are firmed up to convert the Telecommunications Training Center (which was set up with UNDP assistance) into a National Telecommunications Institute.

22. Similarly, much scope remains for technical co-operation in the social development sector. For this reason, the Philippine Government has taken the decision to exclude projects supportive of the social development thrust in the allocation of scarce UNDP resources under the fourth cycle. This area, however, is receiving due attention from a number of other United Nations agencies. To illustrate, the World Health Organisation (WHO) health programme for the Philippines for 1985-1987 is focused on the further strengthening of institutional capacities of the Ministry of Health and of other health-related agencies, particularly in the development of health systems based on the primary health care approach. Technical support is also being provided in the general areas of health protection and promotion, disease prevention and control, diagnostic, therapeutic and rehabilitation technology, and the promotion of environmental as well as mental health.

23. The United Nations Fund for Population Activities (UNFPA) assistance programme for 1985-1989 for the Philippines is directed at the integration of population concerns into development efforts, the decentralization of the population programme, the strengthening of the management information system, the expansion of contraceptive research, and the improvement of the information, education and communication system.

24. The United Nations Children's Funds (UNICEF) programme assistance for 1983-1987 for the Philippines is directed at: (a) strengthening institutional capacities for planning, managing, and co-ordinating integrated programmes and projects for children; (b) expanding the outreach of existing services for children; (c) channelling resources to benefit the most deprived and most vulnerable population groups; (d) strengthening support systems for community-based approaches to programme planning and implementation; (e) reinforcing family-based approaches to child care; (f) extending livelihood services to families of priority groups of children; and (g) improving the information base for programme planning.

D. Aid co-ordination arrangements

25. For activities of a principally pre-investment character, the Philippines continues to receive technical assistance from other multi-lateral sources: the European Economic Community (EEC); the International Fund for Agricultural Development (IFAD); the Asian Development Bank (AsDB) and the World Bank. In addition, there are ongoing bilateral programmes of technical co-operation with a large number of individual countries, foremost of which are the United States, Japan, Australia, and the Federal Republic of Germany; technical assistance from these sources covers a broad range of development concerns.

26. Given the scope of technical assistance programmes between the Philippines and various development partners, it had long been recognized that there is an important need for effective co-operation to minimize overlapping and duplication and to optimize the use of resources. Mechanisms currently exist within the Government to achieve such co-ordination. The Government, however, is determined to introduce improvements on a continuous basis in the area of aid co-ordination and to further strengthen the process of prioritization of project proposals and their programming among the various funding sources. In this regard, active consideration is currently being given to the formulation of a medium-term technical assistance plan for the Philippines.

27. On the other hand, in view of the magnitude of the country's technical assistance needs identified in the course of preparing the country programme, potential sources of assistance will have to be actively sought. To this end, UNDP could play a role in support of the Government efforts to mobilize additional resources for technical co-operation activities.

II. THE COUNTRY PROGRAMME

A. Assessment of current country programme

28. The assessment of the third country programme has confirmed the continued relevance and usefulness of UNDP assistance to Philippine development. UNDP assistance to institutions such as the PHI/77/007, National Engineering Center; PHI/79/004, Bureau of Mines and Geo-Sciences, and the PHI/79/015, National Economic and Development Authority has significantly contributed to increasing and upgrading national capabilities. UNDP-assisted projects in the area of problem-oriented research, as in the cases of PHI/78/017, Carabao Research Project and PHI/82/003, Coconut Pests and Diseases Research and Control are making tangible progress towards the solution of technological bottlenecks hampering progress in these specific subsectors. In addition, investment-oriented projects such as feasibility studies for PHI/80/009, Telecommunications and PHI/80/006, Roads have contributed to the generation of official capital assistance flows as well as of prospective private investment.

29. On a sectoral basis, however, significant deviations were observed between the programme as approved and the programme as implemented. Most notable, particularly in the light of the renewed emphasis on balanced agro-industrial development under the updated Philippine development plan for 1984-1987, were the

relative shortfalls in the proportions of IPF resources that went directly into agriculture, fishery and forestry on the one hand, and into industry, energy and science and technology on the other hand. Projects in these sectors (including those in the pipeline for implementation in 1985 and in 1986) will receive 24.9 per cent and 17.5 per cent, respectively, of the third country programme IPF, as compared with 36.1 per cent and 32.7 per cent, respectively, under the third country programme as approved. In part, the foregoing deviations may be justified by the larger proportion, 26.1 per cent, that is to go into infrastructure (10.1 per cent was envisioned under the approved programme), since many of the projects in this sector are directly or indirectly supportive of the balanced agro-industrial development strategy. It would, none the less, be desirable to exert efforts to maintain deviations from approved programmes to irreducible minimum levels, and to ensure that Governments have considerable flexibility in programme implementation.

30. The substantial reduction of the actual IPF to \$28.3 million (inclusive of a \$3.0 million unspent balance from the second country programme IPF) from an illustrative IPF of \$46.0 million, sharply eroded the resources available for the programming of new projects. With expenditures for ongoing projects rising beyond the expected level of \$12.7 million to \$16.4 million, the balance for new projects was cut in half, to \$12 million. While, within this limited amount, opportunities continued to be seized for the effective performance of the catalytic role of UNDP assistance, the scope for such was necessarily reduced. This is particularly so since some allowance also had to be made for the often unavoidable needs for new phases or spin-offs of earlier projects.

31. Although the overall programme delivery rate for the first three years was measured at 75 per cent, year-to-year performance has been uneven, with the relatively low delivery rate of new projects appearing to represent a significant factor. While some of the factors that have caused delays in the delivery of inputs are clearly beyond the control of project management, it is equally clear that much scope exists for improving performance. In the case of new projects, significant improvements may be expected from thorough pre-implementation briefing programmes, particularly for national project co-ordinators and the local counterparts of international personnel, on guidelines and procedures and normal leadtimes involved in the procurement of the different types of project inputs. With the attention being given to this problem by all parties concerned, prospects are good for continued improvements in the implementation of the country programme.

B. New programme proposal

32. The fourth country programme differs from earlier ones in its relatively focused orientation. The basic reason for this is the need to maximize the impact of the \$25.3 million IPF which, though equal in nominal terms to that of the third country programme, represents an erosion in the real value of assistance. In addition, account has been taken of the availability of technical assistance for specific concerns from other agencies of the United Nations system as well as from bilateral and other multilateral sources.

33. The proposed programme differs from its predecessors in yet another respect,

i.e., in its adoption of a thrust approach to the programming process in lieu of the traditional sectoral approach. A more integrative view of programme components was sought thereby. Given its experimental character at this stage, success in this regard has been limited. Initial results have, none the less, been encouraging and it is the intention of the Government to pursue this approach, with appropriate modification, in the programming of technical assistance from other sources. An outcome of the thrust approach in the proposed country programme is the absence of any specific thrust reference to the infrastructure, the human resources development, and the science and technology sectors, as these are viewed essentially as support elements in the pursuit of the different development thrusts. The development thrusts that have, therefore, been selected for UNDP assistance in the fourth cycle are: agricultural development; industrial development; energy conservation and development; and improved planning and management of development at the national and sub-national levels.

34. The twofold thrust on agricultural and industrial development is in direct pursuance of the central role that has been assigned to balanced agro-industrial development as the long-term strategy in Philippine development. Particular importance, therefore, is attached to these two thrusts under the country programme: they account for about 60 per cent of the net IPF, and this still excludes projects under general and regional development which directly or indirectly support the two thrusts. The strong interrelationship between them is readily apparent in the prominence of support to natural resource-based, especially agro-based, industries among the projects under the industrial development thrust.

35. While the scaled-down growth expectations over the medium term have brought about a corresponding downward adjustment in energy demand projection, the normalization of the economic situation beyond the medium term is expected to generate renewed expansion of energy demand. Given the relatively long leadtime that characterizes exploratory as well as research and development activities, the current thrust towards research into and development of indigenous and renewable energy supplies as well as efforts to enhance efficiency in energy use will be sustained.

36. Improvements in the planning and management of development form an essential part of the development process, particularly heightened during periods of severe resource constraints. This concern falls under the heading of general and regional development, which also includes projects of a general development support character as well as those, that in the traditional sectoral approach, would be classified under infrastructure, science and technology and human resources development.

37. Over the medium term, the availability of external financing is expected to remain seriously constrained. Given this, and consistent with self-reliance, which is the essence of the Philippine development plan, emphasis has been given within each of the foregoing thrusts to activities directed at the sustained expansion of Philippine exports and the continued development of suitable import substitutes. This special consideration is evident in projects geared towards the development of indigenous materials and supplies to reduce import dependence, as

well as those projects which would result in the increased competitiveness of Philippine products in world markets. Furthermore, to minimize the foreign exchange burden of project preparation, pre-investment activities for projects intended for eventual loan financing by international lending institutions have, to the extent possible, been included in the country programme. However, with the overall reduction in the public investment programme for the medium term, the scope for this has been limited.

38. Finally, to maximize the impact on employment as well as the distributional impact of the country programme, special attention was devoted in the different thrusts to the development of small- and medium-scale economic undertakings.

39. The considerations presented in the two preceding paragraphs figured prominently in the process of prioritizing projects within each of the selected development thrusts. In addition, account was taken of the availability of financing for specific projects from other technical assistance sources, as well as of the need in the case of ongoing projects to carry over activities into the fourth cycle to maximize gains from earlier activities.

40. The country programme proposal consists of the following basic items:

(a) A total of 21 ongoing projects carried over from the 1982-1986 programme cycle, and costed at \$5.5 million, or 23.7 per cent of the net IPF;

(b) A total of 16 specific new projects scheduled for initiation in 1987 and 1988, and costed at \$11.7 million, or 50.4 per cent of the net IPF;

(c) A programmed reserve of \$4.3 million, or 18.4 per cent of the net IPF, for which individual projects will be identified and formulated on the basis of specified objectives; and

(d) A provision of \$1.8 million, or 7.5 per cent of the net IPF, as unprogrammed reserve.

Agricultural development thrust

Ongoing projects

PHI/83/009, Establishment of Animal Products and By-Products Training Center

41. This project has, since 1984, assisted the Bureau of Animal Industry in establishing a centre with the capability for training personnel in modern techniques of meat processing and by-products utilization, as well as in the handling, preservation and storage of hides and skins. The project serves the longer-term objectives of increased livestock production, improved health and nutrition, as well as industrial development through import substitution.

PHI/84/002, Marine Science Resource Development

42. This project is aimed at assisting the Marine Science Center of the University

of the Philippines in strengthening its basic and applied marine science instructional and research programmes as well as its capability for the development and adaptation of effective technologies in the utilization, conservation and management of marine resources. It will establish effective linkages between marine science research and the formulation of Government development programmes.

PHI/84/004, Strengthening Agrometeorology Capabilities

43. This project is assisting the Philippine Atmospheric, Geophysical and Astronomical Services Administration (PAGASA) to strengthen its capabilities in the field of agrometeorology and to set up arrangements for the timely and effective dissemination of agrometeorological information to farmers and other users.

PHI/83/003, Strengthening Applied Research and Training for the Development of Dryland Agriculture

44. The project objective is to develop, through assistance to the Mariano Marcos State University, various farming systems and dryland agriculture technologies suitable to the semi-arid tropical climate of Region I.

New projects

Projects to begin in 1986

Bamboo research and development

45. This project will assist in the formulation and implementation of a medium-term research programme on bamboo development and in the generation of packaged sets of technologies in the use of bamboo as food and as raw material for construction, furniture and pulp and paper industries.

Projects to begin in 1987-1988

Philippine Carabao Research and Development Centre (Phase II)

46. This project will provide continued assistance to the Government's carabao development programme through further strengthening of the research and training facilities of the University of the Philippines, the Central Luzon State University and co-operating stations, particularly in the areas of breeding, feeding and nutrition, reproduction physiology, animal health and socio-economics. Crossbred calves produced under Phase I (PHI/78/017, Carabao Research and Development Centre) will be subjected to performance testing in terms of draft, meat and milk production capacities.

Integrated Control of Major Coconut Pests and Diseases in the Philippines

47. This project will continue assistance to Government research efforts through the Philippine Coconut Authority towards effective control of major coconut pests

and diseases. Continued assistance in this area is deemed essential as the Government embarks on a nationwide coconut tree replanting programme.

Development and Application of the Agrarian Reform Strategic Plan (Phase II)

48. This project is aimed at testing the feasibility and soundness of the Agrarian Reform Strategic Plan developed under Phase I (PHI/74/012, Agrarian Reform), through actual, though limited implementation in a selected agrarian reform area. The strategic plan is a management model at the pilot level that will link rural development programmes and identify measures to enable agrarian reform beneficiaries to have access to land-based income opportunities.

Social Forestry

49. The long-term objective of this project is the improvement of socio-economic conditions of forest dwellers, who are among the poorest segments of the population and include national minorities. While conserving forest resources, the project will promote community-based management strategies and appropriate upland farming technologies.

Pilot Programme for Dissemination and Utilization of Agricultural Technologies for the Regions

50. This project will identify and effect improvements in the mechanism by which agricultural technology outputs of the national research system are transferred to prospective and actual end-users in the various regions of the country.

Pilot-cum-pre-investment project on labor-intensive construction and maintenance of irrigation works

51. This project will develop and test technically and economically viable labor-intensive based construction and maintenance methods for small- to medium-sized irrigation systems and, where feasible, promote their adoption.

Linkages

52. A few of the foregoing projects are complemented by currently ongoing technical assistance from sources other than the country IPF. The Carabao Research and Development project is related to the UNDP regional project, RAS/81/051, Buffalo Development, in which the Philippines is a participant. The Integrated Control of Major Coconut Pests and Diseases is complemented by the Philippine-German crop protection project, which is conducting research specifically on the eradication of the rhinoceros beetle. With respect to the proposed project Labor-Intensive Construction and Maintenance of Irrigation Works, there are no immediate prospects for related assistance from other sources. It is of interest to note, however, that in the case of labor-intensive construction of road projects, pilot studies previously supported by United States Agency for International Development (USAID) and by the World Bank have already resulted in a decision by USAID to adopt labor-intensive construction methods in its upcoming assistance programme for road construction. The World Bank is at this time

seriously considering adoption of these methods in its next package of assistance for rural roads projects.

Programmed reserve

53. Additional UNDP assistance in support of the agricultural development thrust is governed by specific objectives: (a) to increase livestock production and improve nutrition; (b) to reduce losses from improper fish handling and processing; (c) to improve and sustain yields from forest lands; (c) to sustain and expand raw material supplies for cottage industries; (e) to expand indigenous fertilizer supplies; and (f) to preserve ecological balance through wildlife conservation. Activities to be carried out in support of these objectives include: (a) the formulation and implementation of a cattle research and development programme; (b) upgrading capacities of fishery co-operatives for fish handling, storage and processing; (c) development and improvement of forest land-use planning procedures; (d) initiation of a research and development programme on the plantation-growing of buri, nipa, anahaw and other palms; and (e) local experimentation with game-ranching techniques developed in other countries.

Industrial development thrust

Projects

Ongoing projects

PHI/83/004, Development of Instrumentation and Control at the Rizal Technological Colleges

54. Since 1983, this project has assisted the Government in strengthening the capacity of the Rizal Technological College for training technicians in instrumentation and control to meet the requirements of Philippine industries and service-oriented agencies.

PHI/83/007, Export Development

55. This project, operational since 1984, is aimed at the further expansion of Philippine exports through the development of product adaptation programmes to enhance market acceptability of selected non-traditional manufactured exports, as well as through direct promotional efforts in selected potential markets.

PHI/85/001, Assistance to the Bureau of Mines and Geo-sciences in Gold Exploration

56. This project, operational since 1985, is aimed at strengthening the institutional capacity of the Bureau of Mines and Geo-sciences to identify gold reserve areas with sufficient commercial potential to attract private investment in exploratory drilling and subsequent development.

Projects to begin in 1986

Modernizing the Industrial Property System of the Philippines

57. The project is aimed at upgrading the technical capability of the Philippine Patent Office for administering the industrial property system of the country through training assistance to enhance the technical skills of staff, through enlarging the data base of technological information contained in patent documentation, and through the introduction of automated procedures in vital office operations.

Establishment of a Citric Acid Pilot Plant

58. The objective of this project is to determine the technical and economic feasibility of establishing a citric acid production plant on a commercial scale. If found feasible, the project is expected to lead to considerable savings of foreign exchange, especially in the food processing subsector.

New projects to begin in 1987-1988

Development/Utilization of Indigenous Fibers for Textile Products

59. This project will strengthen the capacities of the Philippine Textile Research Institute to satisfy the research requirements of the Philippine textile industry in general and, in particular, to develop technology for the maximum utilization of indigenous fibres for textile production. It is expected to benefit many small-scale farmers and cottage industry workers.

Export Development Project (Phase II)

60. This project is a follow-through of PHI/83/007, Export Development (Phase I), and aims to carry out a productivity improvement programme among Philippine manufacturers of selected priority products for export to specific foreign markets. It will (a) demonstrate to present and potential exporters the value of product adaptation and direct promotion to international markets and foreign buyers; and (b) provide information and advice on design preferences and standards requirements of special markets.

Preventive Maintenance System to Increase Productivity of Philippine Industries

61. This project will assist in the introduction of a systematic approach to plant maintenance in Philippine industries; such an approach would prevent significant economic losses by prolonging the life of existing equipment and, in the process, encourage the development of the local spare-parts industry.

Establishment of a Fiber Processing and Utilization Laboratory

62. The project will strengthen the capacity of the Fiber Industry Development Authority (FIDA) for the development, adaptation and improvement of technology for extracting and processing various types of indigenous plant fibres for use as inputs into non-textile manufactures.

Linkages

63. The Philippine programme to develop small and medium enterprises is currently receiving assistance from USAID and the World Bank. Working arrangements will be established between this programme and the proposed Export Development Project (Phase II) to maximize the combined benefits. To complement the proposed project, Establishment of a Fiber Processing and Utilization Laboratory, assistance is also being requested from the Japan International Co-operation Agency for training in fibre technology development and utilization.

Programmed reserve

64. Further UNDP assistance directed towards the industrial development thrust will be governed by the basic objectives of improving industrial productivity and enhancing the competitiveness of Philippine non-traditional manufactured exports. Activities to be carried out in support of these objectives include: (a) research into the adoption of alternative higher-level technologies to effect further efficiency improvements in Philippine manufacturing; and (b) consideration of low-cost automation techniques for product-testing in selected industries.

Energy Conservation and Development Thrust

Ongoing projects

PHI/82/002, Industrial Energy Management Consultancy and Training

65. Since 1982, this project has built up institutional capacities for research and development as well as for consultancy services through assistance in the establishment of an energy management consultancy service. It has set up laboratory and test procedures for measuring the energy utilization efficiency of appliances, machinery and equipment, the development of energy efficiency standards and staff development.

Project to begin in 1986

Development of Geothermal Energy for Power and Non-Electrical Uses

66. The objective of this project is to strengthen institutional capacities for enhancing the use of geothermal energy for power generation, by directly utilizing geothermal fluids resources not suitable for conventional power generation to agro-industrial processes. This will be undertaken on a pilot basis, to attract follow up investment, to demonstrate the commercial feasibility of the direct utilization of geothermal heat for agro-industrial processing.

Projects to begin in 1987-1988

Coal Exploration and Project Feasibility Studies for Selected Eastern Mindanao Areas

67. In line with the long-term objective of reduced dependence on imported oil

through development of indigenous energy supplies, this project is aimed at providing assistance in the conduct of exploratory and feasibility study on four prospective coal reserve areas in Eastern Mindanao, where high-grade coal is believed to exist.

Industrial Energy Management Consultancy and Training (Phase II)

68. The project is a follow up to PHI/82/002 and will continue to support the expansion of the Bureau of Energy Utilization's testing laboratory for research in energy-saving technologies, and the development of capacities to conduct training seminars on energy management. It will provide technical consultancy services to industry, through the Bureau, on new engineering activities and retrofit measures that would introduce the latest technological advances in the field of energy conservation.

Training in Geothermal Reservoir Assessment and Management (Phase II)

69. This project, a follow-up to PHI/80/014, Geothermal Reservoir Assessment and Management, will expand capacities for the assessment and management of geothermal reservoirs at various locations, utilizing a reservoir model for simulating geothermal fields developed in the previous phase.

Linkages

70. The proposed assistance on Industrial Energy Management Consultancy and Training, Phase II, will complement the ongoing World Bank technical assistance for industrial energy conservation. The proposed Geothermal Reservoir Assessment and Management Training, Phase II, will expand staff access to training in simulation analysis which, under the Philippines-New Zealand Geothermal Energy Co-operation Agreement, is confined to students in reservoir engineering.

71. The Bislig Coal Development Project is currently in the pipeline for loan assistance from the Asian Development Bank. Should the proposed project Coal Exploration and Project Feasibility Studies for Selected Eastern Mindanao Areas (two of which are adjacent to Bislig), produce positive results, capital assistance from other sources could be explored for the development of these other areas.

Programmed reserve

72. Further UNDP assistance under the energy conservation and development thrust will continue to be guided by the basic objective of reduced dependence on imported fuels through the exploration and development of indigenous and renewable energy supplies as well as through energy conservation. Activities to be carried out in support of these objectives include: (a) the development of energy demand management strategies; and (b) the conduct of resource assessment and supply studies on non-conventional energy.

General and regional development

Ongoing projects

PHI/77/006, General Development Consultancy and Training

73. This project provides the Government with short-term advisory, consultancy and training services in any sector of development where urgent and unforeseeable needs arise.

PHI/77/008, Strengthening the National Computer Centre

74. This project started in 1980 and is developing the planning, standard-setting, and managerial capabilities of the National Computer Center.

PHI/84/003, Statistical Education Support

75. This project, operational since 1985, is aimed at strengthening the capacity of the statistics education system of the country to respond to the requirements of Philippine development. Its objectives are the establishment of consortium arrangements among selected schools offering statistics education, the development of a core of high-level statisticians who would spearhead statistical development in the country; and the production of highly-trained statisticians to meet the country's regional and subregional needs for applied statistics.

PHI/85/002, Assistance to Philippine Airlines: Training, Phase II

76. This project commenced in 1985 and is augmenting and institutionalizing the training programme established under Phase I (PHI/82/001, Assistance to PAL) on basic aircraft maintenance, upgrading training of Phase I graduates who have been integrated into the Philippine Airlines workforce, and formulating and implementing an up-to-date training manpower plan for the airline maintenance personnel.

Performance Standard-Setting and Evaluation (COA-NEDA)

77. The immediate objective of this project is the development of suitable standards and procedures to assess the relative effectiveness of programmes and projects in meeting their objectives and the managerial and operational efficiency of Government agencies in the implementation of programmes and projects.

Assistance to the Philippine Institute for Development Studies (Phase II)

78. The immediate aim of this project, which started in 1981, is to strengthen the Institute through collaboration with overseas institutions and scholars and through the development of local research expertise in defined areas of importance.

Strengthening Development Management

79. This project will assist the Government in meeting the training and consultancy requirements of development administration in key priority areas.

Pre-investment Studies of Balanced Agro-industrial Development Projects in Selected Philippine Regions

80. This project will assist the Government to bring into operation the balanced agro-industrial development strategy at the regional level, and will involve, inter alia, project development and pre-investment undertakings.

Pilot Project on Low-Cost Water Supply System

81. The aim of this project is to assist in establishing the techno-economic and financial feasibility as well as the market acceptability of a low-cost water supply system using lowered design standards and criteria.

Projects to begin in 1987-1988

Strengthening the National Scientific Information System (Phase II)

82. This project will continue to strengthen the institutional capacities of the National Science and Technology Authority and of the member institutions of the National Information System for Science and Technology to effectively service the science and technology information requirements of their various clientele.

Road Feasibility Studies

83. This project will assist the Government in the conduct of new feasibility studies and the updating of some existing ones, covering a total of about 1,493 kilometres of national roads in selected areas of the country.

Employment Generation Through Improved Employment and Apprenticeship

84. The project will strengthen the institutional capacity of the Ministry of Labor and Employment for the generation and analysis of accurate and relevant labour market information as well as for strategy formulation and programme management in general. Specific areas of assistance involve the promotion of the use of apprenticeship as a tool for labour training and the enhancement of the operations of public employment exchanges in major metropolitan areas.

Linkages

85. The proposed Road Feasibility Study Project is programmed for follow-up loan assistance from the Asian Development Bank. The assistance proposed from the project Strengthening the National Scientific Information System Phase II, will be closely linked to the following global, interregional and regional projects on science and technology information in which the Philippines is actively interested: United Nations Financing System for Science and Technology for Development (UNFSSTD) interregional project on Technological Information Pilot Systems (INT/83/701); the Global Network for Scientific and Technological Information; and the Regional Network for the Exchange of Information and Experience in Science and Technology in Asia and the Pacific (ASTINFO).

Programmed reserve

86. Additional UNDP assistance in support of general and regional development will be directed towards the objectives of effecting further improvements in the planning and management of development. Activities to be carried out in this regard include: (a) updating and improvement of analytical tools and techniques for effective planning at both the macro and sectoral levels; (b) building-up of research capacities on vital development issues, as well as improving and expanding the system for the dissemination and use of research results; and (c) conducting pre-investment studies for selected projects.

C. Unprogrammed reserve

87. An unprogrammed reserve in the amount of \$1,749,000 is provided for in the country programme. This represents a provision for activities/projects which may be identified in the future within the scope of the approved country programme, the requirements of which are not accommodated within the programmed reserve, or for unforeseen activities that may arise from new priorities by the Government during the course of the country programme, or from changes in the national development plan.

Annex

FINANCIAL SUMMARY

I. ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING

<u>A. UNDP-administered sources</u>	\$	\$
Third cycle IPF balance	(1 983 000)	
Fourth cycle IPF	25 300 000	
Subtotal IPF		23 317 000
Special Measures Fund for Least Developed Countries	-	
Special programme resources	-	
Government cost-sharing	-	
Third-party cost-sharing	-	
Operational funds under the authority of the Administrator	-	
UNDP special trust funds	-	
Subtotal, UNDP non-IPF funds		-
 <u>B. Other sources</u>		
Funds from other United Nations agencies or organizations firmly committed as a result of the country programme exercise	-	
Parallel financing from non-United Nations sources	-	
Subtotal, other sources		-
 TOTAL ACTUAL RESOURCES TAKEN INTO ACCOUNT FOR PROGRAMMING		 <u>23 317 000</u>

I. USE OF RESOURCES

Ongoing projects	5 529 000	
New project proposals	11 742 000	
Programmed reserve	4 297 000	
Subtotal, programmed resources		21 568 000
Unprogrammed reserve		<u>1 749 000</u>
 TOTAL USE OF RESOURCES		 <u>23 317 000</u>
