



## PROJECT EVALUATION



**Republic of the Philippines**

**Cordillera Highland Agricultural Resource  
Management Project**

Completion Evaluation

July 2007



**Document of the  
International Fund for Agricultural Development**

**Republic of the Philippines**

**Cordillera Highland Agricultural Resource Management Project**

**Completion Evaluation**

**July 2007  
Report No. 1886-PH**

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Photo on cover page:  
Working in the Rice Fields of Abra Province  
 Photo: Evaluation Mission 2006

**Republic of the Philippines**

**Cordillera Highland Agricultural Resource Management Project  
(CHARM) - Loan No. 397-PH**

**Completion Evaluation**

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(\*) Annexes are available from IFAD's Office of Evaluation ([evaluation@ifad.org](mailto:evaluation@ifad.org))

## Abbreviations and Acronyms

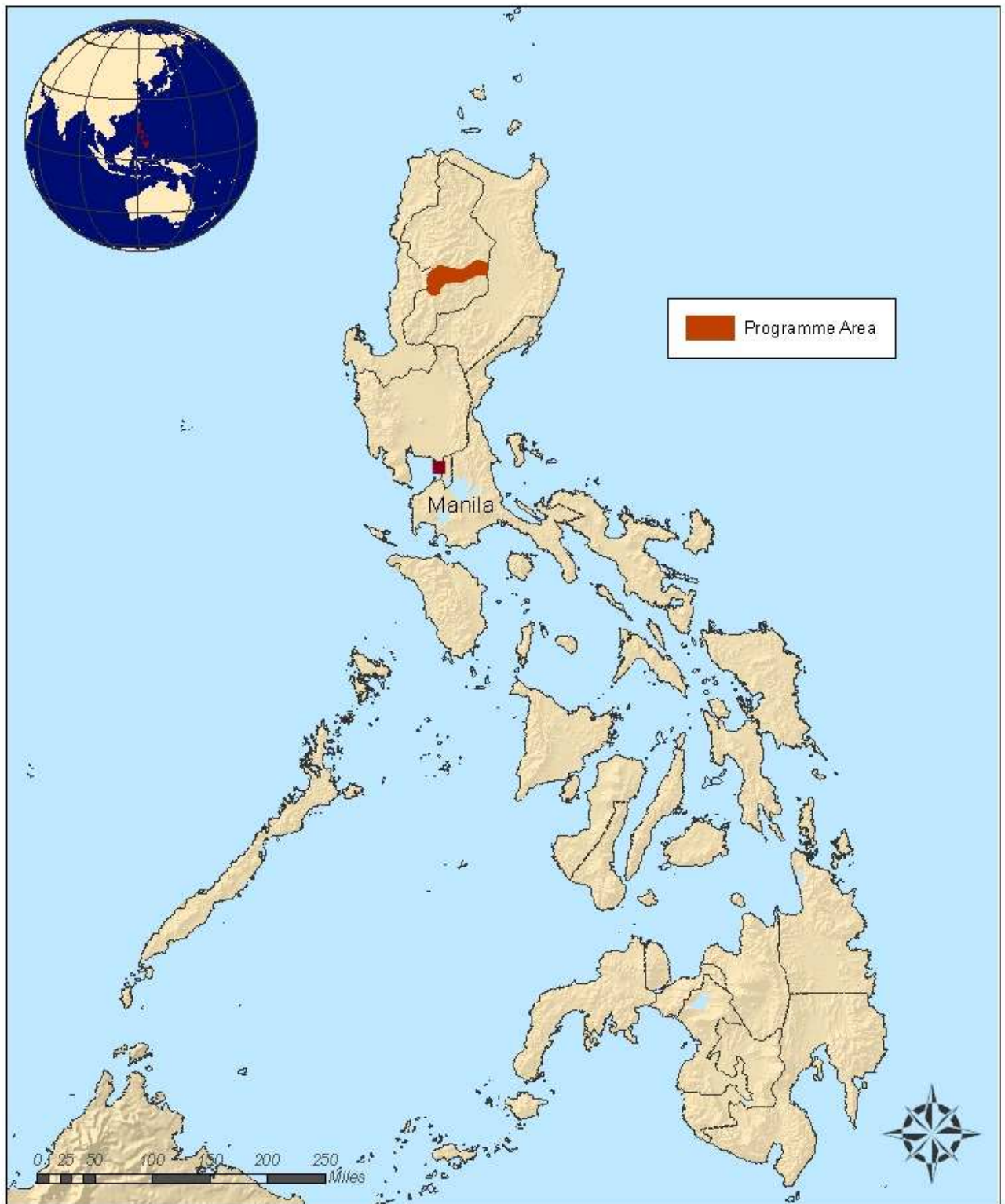
ASDB	Asian Development Bank
ADSDPP	Ancestral Domain Sustainable Development and Protection Plan
ARB	Agrarian Reform Beneficiaries
ARRI	Annual Report on Results and Impact of IFAD Operations
ARS	Adaptive Research Services
ASS	Agribusiness Support Services
ASSC	Agribusiness Support Services Component
BME	Benefit Monitoring and Evaluation
BNRMP	Barangay Natural Resource Management Plan
BAWASA	Barangay Waterworks and Sanitation Association
CADT	Certificate of Ancestral Domain Title
CALT	Certificate of Ancestral Land Title
CAR	Cordillera Administrative Region
CHARM	Cordillera Highland Agricultural Resource Management
CLP	Core Learning Partnership
CLOA	Certificate of Land Ownership Award
CLUP	Comprehensive Land Use Plan
COSOP	Country Strategic Opportunities Paper
CPM	Country Programme Manager
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DENR	Department of Environment and Natural Resources
EIRR	Economic Internal Rate of Return
EMMP	Environmental Management and Monitoring Plan
ENRAP	Knowledge Networking for Rural Development in Asia/Pacific Region
ESS	Extension Support Services
FIES	Family Income and Expenditure Survey
FMR	Farm to Market Road
FS	Feasibility Study
GAD	Gender and Development
GDP	Gross Domestic Product
GIS	Geographic Information System
GOP	Government of the Philippines
GRDP	Gross Regional Domestic Product
HADP	Highland Agriculture Development Project
HDI	Human Development Index
IA	Irrigators' Associations
ICT	Information Communications Technology
IEC	Information Education Communication
IEE	Initial Environmental Examination
IFAD	International Fund for Agricultural Development
IKSP	Indigenous Knowledge Systems and Practices
IP	Indigenous People
IPM	Integrated Pest Management
IPO	Indigenous Peoples' Organization
IPRA	Indigenous Peoples Rights Act
IRA	Internal Revenue Allotment
KPA	Key Production Area
LBP	Land Bank of the Philippines
LGC	Local Government Code
LGU	Local Government Unit
LTI	Land Tenure Improvement
MFI	Microfinance Institution
MLGU	Municipal Local Government Units
MOA	Memorandum of Agreement

MTDP	Medium Term Development Plan
MTR	Mid-Term Review
NIA	National Irrigation Authority
NCIP	National Commission on Indigenous Peoples
NEDA	National Economic and Development Authority
NGO	Non Governmental Organization
NSCB	National Statistics Coordination Board
OE	Office of Evaluation
NRM	Natural Resource Management
PCO	Project Coordination Office
PCR	Project Completion Report
PHP	Philippine Pesos
PO	Peoples' Organization
PSO	Project Support Office
R&D	Research and Development
R&E	Research and Extension
RCC	Regional Coordination Committee
RFI	Rural Financial Institution
RFS	Rural Financial Services
RFU	Regional Field Unit
RID	Rural Infrastructure Development
RISC	Regional Inter-agency Steering Committee
ROS	Research Outreach Station
RUMEPP	Rural Micro-enterprise Promotion Program
RUPES	Rewarding the Upland Poor in Asia for Environmental Services
SARS	Severe Acute Respiratory Syndrome
SSCG	Self-help Savings and Credit Groups
SONA	State of the Nation Address
SRI	System of Rice Intensification
TEBTEBBA	Indigenous Peoples' International Centre for Graduate Study and Research in Agriculture
T&V	Training and Visits
WMCIP	Western Mindanao Community Initiatives Project

# Republic of The Philippines

## Cordillera Highland Agricultural Resource Management Project

Completion Evaluation



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

Map compiled by IFAD





## **FOREWORD**

*The Cordillera Highland Agricultural Resource Management (CHARM) project built on the IFAD-funded Highland Agriculture Development Project (HADP). The primary aim of CHARM was to increase average annual farm family incomes of indigenous communities in three provinces through agricultural productivity improvements and sustainable natural resource management (NRM). As with HADP, the CHARM project was co-financed with the Asian Development Bank, the Government of the Philippines and with the beneficiaries.*

*The CHARM project design was highly relevant to the needs of the targeted communities. The substantial support for indigenous processes and practices was not only appropriate to the community, but contributed to national policies and practices related to indigenous land and cultural integrity. The combination of sustainable agriculture development and NRM reflected the specific conditions and needs amongst poor communities in the Region.*

*Overall, project performance of CHARM was satisfactory in the achievement of physical targets and attainment of objectives. The rural infrastructure activities resulted in increased yields and reduced input and marketing costs in most instances, but on-going maintenance is an issue. Reforestation activities provided opportunities for short-term local employment. Agriculture development activities were not sufficiently field-oriented, so the potential in scope and outputs was lower than expected. Notably, rural finance achievements did not attain the expected results. Similarly, Peoples Organizations and Local Government Unit training did not achieve the expected results due to topics not being relevant and multiple training being accessed by community leaders, rather than spread across the community.*

*The project impact has been lower than expected due to the fact that appraisal targets were over-ambitious. Several key weaknesses such as the failure of the rural credit sub-component and variability of participation adversely affected performance. Still the project made advances in policy dialogue, partnership building and innovation in local administrative practices, which were not explicit objectives of the CHARM project. The project was proactive in the process of assisting national recognition of indigenous land ownership and working with different government agencies in harmonization of policies, procedures and practices among Indigenous self-determination.*

*This completion evaluation report includes an Agreement at Completion Point, which summarizes the main findings of the evaluation and sets out the recommendations that were discussed and agreed upon by IFAD and the Government of the Philippines, together with proposals as to how and by whom the proposals should be implemented.*



*Luciano Lavizzari  
Director, Office of Evaluation*



## **Republic of the Philippines**

### **Cordillera Highland Agricultural Resource Management Project (CHARM)**

#### **Completion Evaluation**

#### **Executive Summary**

### **I. INTRODUCTION**

#### **A. Country Background<sup>1</sup>**

1. The Republic of the Philippines is an archipelago of 7 107 islands. The country spans three main island groups: Luzon, Mindanao and the Visayas. The estimated population in 2004 was 86.4 million. The population growth rate for 2000-2005 is relatively high for South-East Asia, at an estimated 2.2 per cent per year. This high population growth, along with geographical and climatic challenges, contributes to the continuing high rate of poverty in the Philippines. Poverty is predominantly rural and, although it varies by region, it is pervasive throughout the southern Philippines, particularly in Mindanao and the mountainous areas of Luzon. The most recent official poverty statistics (2003) estimated the annual per capita poverty threshold nationwide to be US\$676 Per capita GDP increased from US\$1 031 in 2004 to US\$1 157 in 2005. The national deficit has been a continuous constraint on economic growth. Two thirds of the population live in rural areas and are dependent on subsistence agriculture for their household income. Despite the more than one million jobs that were generated by this sector, over one million rural workers remain unemployed and over three million are underemployed.

#### **B. The Project**

2. The Cordillera Highland Agricultural Resource Management (CHARM) Project targeted indigenous communities in three provinces of the Cordillera Administrative Region (CAR) in northern Luzon. The project was executed by the Government of the Philippines, through the Department of Agriculture (DA), and was jointly funded by the Asian Development Bank (AsDB) and the International Fund for Agricultural Development (IFAD). Running from 1997 to 2004, the project was a follow-up to the Highland Agriculture Development Project (HADP), which was implemented between 1987 and 1994 and was also funded by IFAD and AsDB.

3. The primary aim of the CHARM project was to reduce poverty in three target provinces through agricultural productivity improvements and sustainable natural resource management. The project was implemented in 82 barangays<sup>2</sup> (with a combined population of 850 000) located in 16 municipalities within Abra, Benguet and Mountain Provinces. Ninety-two per cent of the target population belong to indigenous communities.

4. More specifically, the project aimed to increase the average annual income of farm families from about US\$820 to at least US\$2 170 in real terms by 2006, and reduce the number of families living below the poverty line<sup>3</sup> in target municipalities from about 33 000 to about 12 000 households (or from 70 per cent to 25 per cent) by 2006. The project had four main components, namely:

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<sup>1</sup> Official website of the Republic of the Philippines: <http://www.gov.ph/aboutphil/general.asp>.

<sup>2</sup> A barangay is the smallest administrative unit of government (i.e. village or neighbourhood within a municipality).

<sup>3</sup> National poverty lines are defined as follows: the rural poverty line corresponds to US\$130 (3 353 pesos) per household per month and the urban poverty line corresponds to US\$170 (4 365 pesos) per household per month.

(i) community mobilization and resource management; (ii) rural infrastructure development; (iii) agricultural support services; and (iv) project management and coordination.

5. The project's total budget amounted to US\$41.5 million: AsDB contributed US\$19.1 million; IFAD US\$9.2 million; the Government US\$10.8 million; and local beneficiaries US\$2.4 million. The IFAD loan was provided on highly concessional terms. At project closure, about 60 per cent of the IFAD loan had been disbursed.

### **C. Objectives and Methodology of the Evaluation**

6. The evaluation was part of the 2006 work programme of the Office of Evaluation (OE) and the main fieldwork for the evaluation was carried out in July-August 2006.

#### **Objective**

7. The main objectives of the evaluation were to: (i) assess the performance and impact of the CHARM project; and (ii) generate a series of findings and recommendations that would serve IFAD and the Government of the Philippines in designing and implementing similar projects and programmes in the future. The evaluation also aimed to provide an opportunity for learning and exchanging views with multiple partners on issues related to the Cordillera region, and to indigenous people, land tenure and the contribution to broader rural poverty alleviation efforts in the Philippines.

#### **Methodology**

8. The evaluation followed OE's guidelines for project evaluations.<sup>4</sup> The evaluation team visited the three provinces of Abra, Benguet and Mountain, which cover nine municipalities and 15 barangays. The evaluation acknowledges the wide range of reports and other documents available through the project and partners. These documents provided an extensive source of secondary data for the evaluation. Project Completion Reports (PCRs) had been produced internally by the project, AsDB and IFAD. A Benefit Monitoring and Evaluation (BME) survey had been carried out in 2004 as an input to the PCR process, following on from an interim BME in 2002. The PCRs focused on the physical outputs of the project, while the BMEs explored project impact. As per standard OE practice, a core learning partnership<sup>5</sup> was constituted for the evaluation, which provided critical inputs and views at key stages of the evaluation process.

9. The approach used by the evaluation therefore included: discussions with AsDB staff and with Government officials in Manila and at the provincial level; field visits to the project area; intensive interaction with beneficiaries in focus group discussions and with individual households and project personnel; and a comprehensive review of secondary data and information.

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<sup>4</sup> This included assessing the project against internationally recognized evaluation criteria, namely: (i) project performance, including relevance, effectiveness and efficiency; (ii) impact on rural poverty; and (iii) performance of partners involved in the project, including IFAD, AsDB, government institutions, and others. As per OE's project evaluation methodology, a six-point scale has been used to attribute ratings to each of the aforementioned evaluation criteria. On the six-point scale, 6 represents the best score. For example, in assessing project impact, the scale would read as follows: Ratings: highly successful (6), successful (5), moderately successful (4), moderately unsuccessful (3), unsuccessful (2), highly unsuccessful (1).

<sup>5</sup> Members of the partnership included: Department of Agriculture, Department of Agrarian Reform, Department of Environment and Natural Resources, National Irrigation Administration, National Commission on Indigenous Peoples, National Economic and Development Agency, the NGO consortium, Indigenous Peoples' International Centre for Policy Research and Education (TEBTEBBA), Upland Marketing Foundation Inc., South East Asian Regional Centre for Graduate Study and Research in Agriculture, Director of the CHARM project, and the IFAD country programme manager.

## II. PROJECT PERFORMANCE

### A. Design Features

10. The design for the CHARM project followed on from the Highland HADP that was implemented from 1987-1994, and for which IFAD had provided US\$4.6 million and AsDB US\$18.8 million. The Highland project was found to be successful in achieving its goals in terms of poverty reduction.

11. The design of the CHARM project was highly relevant to the needs of the targeted communities. The substantial support for indigenous practices not only was appropriate to the community, but also contributed to national policies and practices related to indigenous land and cultural integrity. The combination of sustainable agricultural development and natural resource management reflected the specific conditions and needs of poor communities in the region. Component and subcomponent design was generally appropriate, apart from the weak rural financial services subcomponent, which combined a microenterprise savings concept based on Grameen Bank principles with an agrifinancing focus. A number of key design features that had appeared in the June 1994 project feasibility study, including post-harvest facilities and tramlines,<sup>6</sup> were later dropped in the project appraisal document and the final logical framework. This led to major gaps in design.

### B. Implementation and Outputs

12. The extensive sources of data on the project provide a composite picture of a successfully implemented project. Initial project start-up was slow, mainly because of delays in the establishment of coordination mechanisms and in harmonization among implementing agencies of policies and procedures, and issues with contracting and planning. Supervision reports show consistent and satisfactory performance throughout the project period. Physical targets were largely achieved, and some were exceeded. However, results were mixed across specific project components. A summary of the key project results by component is provided below.

#### Community Mobilization and Resource Management

13. This component had two distinct subcomponents: (i) community mobilization and participatory planning to identify and plan programme and investment priorities through a community participatory approach; and (ii) natural resource management – subdivided into (a) land tenure improvement, initially undertaken through the issuance of land certificates by the Department of Agrarian Reform, and then – as policies and processes changed – through the National Commission on Indigenous Peoples (NCIP), using ancestral domain titling processes; and (b) reforestation, including the planting of denuded areas and assisted natural regeneration/enrichment planting, where necessary.

14. **Community Mobilization and Participatory Planning Subcomponent.** The physical achievement rate for this subcomponent was 99.5 per cent, with indicators covering the generation of planning documents – such as household and barangay profiles and barangay natural resource management plans – and the formation of people's organizations. Planning activities were initially delayed because of contracting issues with the Non-Governmental Organizations (NGOs) responsible for community mobilization. These delays affected the effective scheduling of other project activities.

15. **Land Tenure Improvement Subcomponent.** The land tenure improvement targets were fully achieved, and, in fact, exceeded. The Department of Agrarian Reform ceased major involvement in project implementation once the NCIP took the lead in land transfer processes. This came about when the Certificates of Ancestral Domain Title (CADTs) – which are authorized by the NCIP – became the appropriate tenurial instrument for indigenous communities. Initiatives to support the formulation of

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<sup>6</sup> The project rightly decided not to introduce large funiculars for transporting people up and down the mountains. However, low-tech funiculars for moving rice sacks and other produce could have been useful.

Ancestral Domain Sustainable Development and Protection Plans (ADSDPPs),<sup>7</sup> as a precursor to CADT approval,<sup>8</sup> were not initially identified as implementation targets, but became significant in achieving physical targets for the promotion of indigenous peoples' concerns.

**16. Reforestation Subcomponent.** Most natural resource management activities exceeded the expected targets. However, within the reforestation activities, weak implementation and design<sup>9</sup> led to allegations by community members of irregularities and project mismanagement related to the survival rates of planted seedlings in three communities. In these cases, because of the lack of reporting, it was difficult to identify the reason (legitimate or not) for lower-than-expected reforestation survival rates. However, the evaluation found that in each case, appropriate action to investigate the claim had been taken by the project support office.

## **Rural Infrastructure Development**

17. This component consisted of three subcomponents: (i) farm-to-market access, for the rehabilitation of roads, reinforcement of concrete bridges and building of spillway river crossings and footbridges; (ii) community irrigation, for the construction and rehabilitation of irrigation systems; and (iii) domestic water supply, to develop springs to provide water for domestic use.

18. The component exceeded its targets in terms of road rehabilitation (100.7 per cent of target), and the construction of spillways (215 per cent) and footbridges (125 per cent). Under the rural infrastructure subprojects, community irrigation generated substantial benefits for the community although maintenance is crucial for continued effectiveness.

## **Agriculture Support Services**

19. This component had four subcomponents: (i) agribusiness services for capacity-building of the related units of the region's DA and of farmers and their organizations; (ii) extension services, to improve agricultural support services at various levels and increase the awareness of farmers' organizations with regard to available investment options and the implications of technology adoption on farm resource allocation; (iii) adaptive research services to strengthen agricultural research planning, implementation and review processes; and (iv) rural financial services to form and develop over 1 530 savings and credit groups,<sup>10</sup> support them in becoming members of existing and new cooperatives and assist them in strengthening their linkages with financial and non-financial institutions.

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<sup>7</sup> These were prepared for Bucloc, Abra; Bakun and Kibungan, Benguet; and Sagada, Sabangan and Tadian in Mountain Province. Remaining work on the CADTs for Buguias and Masadit revolves around boundary conflict resolution, which is being pursued by the NCIP.

<sup>8</sup> CADTs were issued to the Bago-Kankanaey Tribe of Bakun, Benguet – the first to be issued in the country, and to the Kankana-ey Tribes of Kibungan and Atok, Benguet. CADTs for the Buguias, Benguet and Bucloc-Boliney-Sallapadan in Abra have yet to be completed.

<sup>9</sup> The logical framework for the CHARM project stipulated 80 per cent as the acceptable (national standard) survival rate for reforestation and agroforestry. This figure was the basis for release of labour payments to the peoples' organizations. In reality, extreme slopes in most project areas prevented attainment of such a standard. Where standards were not met, payments to participants for work completed were delayed. The evaluation mission could not verify the survival rates reported in project documents and there were clear indications that there had been disagreements between reforestation peoples' organizations and the Department of Environment and Natural Resources on the survival rates achieved.

<sup>10</sup> The mid-term review (2000) reduced the target number of savings and credit groups to be formed from 1 530 to 164.

20. Overall, the component met its targets. However, agricultural development activities were not sufficiently field-oriented, which reduced the potential impact. Notably, rural finance achievements did not reach expected targets,<sup>11</sup> and this specific subcomponent is rated as unsatisfactory.

### **C. Attaining Project Objectives**

#### **Targeting**

21. The IFAD PCR estimated that the project would reach between 34 and 51 per cent of the total population in the targeted barangays (47 683 households),<sup>12</sup> which is in line with the appraisal estimates. In terms of coverage of population, particularly through the rural infrastructure activities, the evaluation found this estimation to be valid. However, internal targeting to reach the poorest inhabitants within the participating barangays was not well developed.

#### **Community Mobilization**

22. Participation of barangay members in planning and implementation was passive rather than active, tending to take the form of representation by political leaders in Government processes, rather than broad-based community development processes. Cultural practices played a significant role in the extent of participation in some areas.

#### **Land Tenure**

23. The gains in land tenure improvement were significant and contributed to attaining not only the project objectives in terms of improved resource management, but also IFAD's broader objectives of strengthening local ownership and increasing access to land.

#### **Reforestation**

24. While the area planted with trees was substantial (6 580 hectares), certain hazards resulted in final survival rates falling short of expectations. There is a conflict between extending farmland to increase incomes, and replanting areas with trees. Encouraging agroforestry was an effective strategy to address both objectives, but the long maturation period for trees can act as a barrier to changes in farming systems. Contracts between the Government and people's organizations were a legitimate, transparent finance-based arrangement for undertaking reforestation activities. Yet, these contracts were often seen by participants as a short-term employment opportunity rather than a long-term, community-based development initiative.

#### **Rural Infrastructure Development**

25. Better access to markets through improved roads and footbridges led to greater transportation of available products. Cropping intensity increased and idle areas were developed as a result of the construction and rehabilitation of community irrigation. Unfortunately, in some areas substantial typhoon damage has led to a reduction or even a complete loss of the economic gains made under the project.

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<sup>11</sup> The original target of 1 530 savings and credit groups was not achieved. At project completion, 172 were reported to be in operation. At the time of this evaluation, only 92 active groups are recorded and very few of those visited were considered to be operational.

<sup>12</sup> Using data from 1994, indications from municipal governments were that barangay population has increased by an average of approximately 5 per cent. The improved access roads were stated as a factor in stimulating migration to the barangays targeted by the project.



## **Agriculture Support Services**

26. In terms of the initiatives in agriculture, the project did not systematically support critical market elements such as providing price information, holding trade fairs or promoting the other market linkage activities needed for strengthening production and marketing. Moreover, the results relative to the provision of training services were low, as participation was largely confined to local elites. The highest level of adoption of technology training, information kits, agribusiness activities or technology transfer reached only 5 per cent at best, apart from integrated pest management, where adoption rates ranged between 15 and 25 per cent.

27. Tangible results from the agricultural research activities were not evident because the studies did not include mechanisms for applying the recommendations of the research. Consequently, the potentially useful new technology was not adopted by farmers. Similarly, the indigenous knowledge systems and practices of the traditional communities covered by the project were not clearly embedded in the design of the research activities, thus reducing relevance to indigenous communities.

## **Rural Financial Services**

28. The disappointing results in rural financing are attributed to a weak and non-viable design, which combined a microenterprise savings concept based on Grameen Bank principles with an agrifinancing focus. Significantly, at the time of project implementation, IFAD and AsDB were also supporting a successful nationwide rural finance project,<sup>13</sup> yet there is no record of coordination between the projects. There were also an increasing number of other small saving and credit schemes emerging in the project area that could have acted as a conduit for credit funds for the farmers.

## **Institutional Strengthening**

29. Improved coordination was a key focus in the design of the project. The coordination activities of the project support officer led to much better liaison between regional and provincial partners and to the formation of active partnerships with agencies working in the project areas. Harmonization of bureaucratic arrangements led to improved processes, particularly in support of land-titling activities. However, progress was limited with respect to the strengthening of community organizations.

# **D. Assessment of Project Performance**

## **Relevance**

30. The evaluation awarded a score of 5 to the project for relevance, noting that the design was relevant to the needs of the targeted communities. The substantial support for indigenous processes and practices not only was appropriate for the community, but contributed to national policies and practices related to indigenous land and cultural integrity. The project could have been highly relevant through a more participatory approach, which would have resulted in activities that were more closely aligned with community priorities in terms of the selection of infrastructure and identification of reforestation/ agroforestry species.

31. At the strategic level, the project was consistent with the IFAD regional strategy for Asia and the Pacific, and the Philippines Country Strategic Opportunities Paper (COSOP)<sup>14</sup> in that it supported marginalized groups and vulnerable areas. The project was relevant within the national poverty reduction agenda, as it firmly supported the Government poverty reduction strategy and medium-term development plan 2004-2010.

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<sup>13</sup> The Rural Micro-enterprise Finance Project.

<sup>14</sup> The CHARM project was designed and implemented under the 1999 COSOP. The new COSOP, formulated during 2005/2006, also recognizes the importance of working with indigenous communities to promote sustainable agriculture.

## **Effectiveness**

32. The evaluation's overall assessment is that the project was moderately effective, with a rating of 4. That said, the land tenure improvement and rural infrastructure development objectives were particularly effective (see paragraphs 15 and 17). Also, in general, participation processes of partners with local leadership were effective, even though wider community participation would have led to greater effectiveness. However, the quality of design affected the effectiveness of implementation, especially the departure from the feasibility study recommendations (see paragraph 11). Delayed contracting of NGOs during the early stages of the project reduced the effectiveness of planning and participation (see paragraph 14). Consequently, the production of barangay natural resource management plans by the communities – which was facilitated by the NGOs – followed rather than preceded the development of detailed operational workplans, making the incorporation of community priorities impossible. Greater participation by the wider community would have increased the effectiveness of all components.

## **Efficiency**

33. At the time of the evaluation, the project was considered to be moderately efficient. Thus, the rating for this evaluation criterion is 4. The evaluation team confirmed, based on assessing the rural infrastructure and agricultural support components, the IFAD 2004 PCR economic internal rate of return estimate of 20.06 per cent, which exceeded the project appraisal estimate of 18.4 per cent. However, overall efficiency was reduced because the actual cost of infrastructure rehabilitation exceeded appraisal estimates, and efficiency varied across components, which reduced overall efficiency.

## **E. Performance of Project Partners**

### **Performance of IFAD**

34. IFAD's performance was moderately unsuccessful with a rating of 3. IFAD was engaged in the design phase of the project, but thereafter was largely absent<sup>15</sup> until the latter years of the project, partly a result of the rapid turnover in IFAD country programme managers for the Philippines during the project period. IFAD did not participate in any supervision mission nor did it have a role in the mid-term review,<sup>16</sup> despite regular invitations by AsDB. As a consequence, the project lost the opportunity for guidance in IFAD's areas of expertise such as participation, microcredit and empowerment. Recent initiatives have been more effective and the project greatly appreciated IFAD's support in knowledge management and environmental service.

### **Performance of AsDB**

35. AsDB's performance was successful both as a cofinancier and as IFAD's cooperating institution, which earned it a rating of 5 for performance. In particular, AsDB conducted six implementation review missions during the project period, each lasting one month. The reports emanating from these missions were thorough, providing clear analysis and follow-up recommendations that served to keep the project on track and meet its targets.

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<sup>15</sup> Similarly, the 2002 evaluation of the Rural Micro-enterprise Finance Project in the Philippines found that "After project approval the role of IFAD in the project weakened considerably."

<sup>16</sup> An IFAD representative was contacted regarding this mission, and an IFAD presence is recorded in the mid-term review report; however, the actual contract for the consultant did not materialize and the consultant did not participate in the mission.

## **Performance of the Government and its Agencies**

36. The Government's performance was moderately successful with a rating of 4. It provided effective support to project operations through allocation of sufficient counterpart funding. The regular coordination activities of the project, particularly at higher levels, became important forums for integrated action by partners that extended beyond the scope of the project alone and contributed to other governance activities. Local partnerships have seen some improvement, with Government agencies working more effectively at the local level within their respective subcomponents. However, more productive partnerships could be established between the various local government units and people's organizations.

## **Performance of NGOs/People's Organizations**

37. The performance of NGOs and people's organizations was moderately successful with a rating of 4. The involvement of NGOs was a challenging process, in which NGOs were contracted to perform specific services. Delays in procurement meant that these services became available when implementation was already underway and participatory processes were retrofitted to subprojects that had already been identified. Consequently, while NGO performance was adequate, it did not lead to the realization of full potential which could have been achieved through a partnership approach.

## **III. PROJECT IMPACTS**

### **A. Rural Poverty Reduction Impact**

38. The overall rating provided by the evaluation for rural poverty impact is 4, or moderately successful. In this regard, however, the evaluation noted that the measurement of income has not been consistently applied, and consequently, substantially different results are reported depending on the source of information.

39. The indicators reviewed and validated in the field by the evaluation showed that: (i) substantial increases in income had been achieved in areas with infrastructure installation, except where there had been maintenance issues; (ii) some increase in income as a result of agricultural support can be seen, but this was mainly experienced by higher income families; (iii) an estimated 5 504 person/year of employment was generated during infrastructure construction and a further 4 161 person/year during operation<sup>17</sup> which substantially contributed to income gain for a large number of households, albeit for a limited period. The PCRs of both AsDB and IFAD recognized that the project targets in relation to income increases were overambitious, and that the results achieved had not reached the level targeted in project design.

40. Impact on social capital and empowerment was modest. Decision-making remained in the hands of the leaders and decisions were communicated to the barangay members for validation only. In barangays, where there were more frequent assemblies and the process was more traditional, consultative and consensus-based, a higher degree of empowerment could be seen. Similarly, the failure of the rural financial services subcomponent limited the impact of the project.

41. However, the extent of project impact should not be underestimated. For example, the progress made in land-titling contributed to improving the lives of indigenous peoples in the Cordillera. Moreover, the project was successful in promoting policy dialogue, partnership-building, and introducing innovative approaches to land tenure systems, none of which were explicit objectives of the CHARM project.

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<sup>17</sup> Final Benefit Monitoring and Evaluation Survey, which was based on a sample of 300-500 direct project participants per province.

## **B. Sustainability**

42. Unfortunately, processes to build capacity for sustaining project gains were not pursued until the end of the project. Assumptions throughout the project documentation that the communities, people's organizations and local government units would be able to continue project activities without further support did not eventuate. At both the municipal and the barangay level, a continuing attitude of institutional dependency among all the people's organizations was observed. The sustainability of the completed rural irrigation facilities was found to be uncertain, because of the weakness of the irrigators' associations and the Barangay Waterworks and Sanitation Association (BAWASA) that were organized under the project. Similarly, reforestation groups were largely dormant as they were contractual in nature, thus, when the payments ceased, so did the groups. Roads are already showing serious signs of deterioration. The local government units had no specific programme for routine road maintenance, budgeting only for repairs as required.

43. The evaluation rated project sustainability with a score of 3, which implies that that project is probably not sustainable. This is partly due to the absence of a rigorous exit strategy.

## **C. Innovation, Replicability and Scaling-up**

### **Innovation**

44. Innovation was especially seen in the achievements in policy dialogue. Although not an explicit objective of the project, the impacts achieved in this area<sup>18</sup> have been impressive. Innovation therefore is rated as highly successful, although other aspects of the project have had minimal impact on innovation and are rated lower. The CHARM project assisted the Department of Environment and Natural Resources in the process of recognizing the indigenous system *lapat* as a valid management system, and promoted the establishment of nurseries and watershed management programmes with the National Irrigation Authority and the CAR region. The impact of innovation on other activities in the barangays was difficult to assess. Although there was a substantial budget for research and development activities in agriculture and agribusiness, benefits were not borne out in the minimal impact achieved. All in all, the evaluation rates the project with a score of 5 (successful) in the area of promoting innovations.

### **Replicability/Scaling Up**

45. The main project output being replicated is the ADSDPP process. Guidelines have not yet been developed and the process is still in its infancy, but the basic processes are already being followed in other areas. The full results of an IFAD regional grant, working in coordination with the CHARM project, for developing mechanisms to reward the upland poor of Asia for environmental services have yet to be assessed, but there appears to be considerable potential for replication. The agriculture support services component did not achieve the expected level of replication: there has been as yet virtually no application beyond individual cooperators for field research/demonstrations. The evaluation attributes a rating of 3 (moderately unsuccessful) for replication and scaling up.

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<sup>18</sup> The project acted as facilitator with partners to address significant policy issues such as the issuance of ancestral domain titles and preparation of the Ancestral Domain Sustainable Development and Protection Plan (ADSDPP), and has even advocated successfully that the ADSDPP be recognized as the formal Comprehensive Land Use Plan that is required by all local government units under the Local Government Code. The Cordillera Administrative Region is now considered the leader nationwide in practical implementation of the Indigenous Peoples' Rights Act.

## IV. OVERALL ASSESSMENT

46. The overall performance of the project was moderately successful,<sup>19</sup> and receives a rating of 4. Broadly speaking, project performance was on a par with the average scores presented in the 2005 Annual Report on Results and Impact of IFAD Operations (ARRI), with the exception of the categories of physical and financial assets; social capital and empowerment; and sustainability where the CHARM project underperformed slightly (as seen in the table below).

47. Project performance has been generally satisfactory in achieving physical targets and attaining goals. However, impact has been lower than expected as a result of the project's overambitious targets. Several key weaknesses such as the failure of the rural financial services subcomponent and variability of participation adversely affected performance. Therefore, the overall rating was only moderately successful. The effective coordination by the project support office provided a platform for agencies to work together on broader governance and policy development issues. The substantial contribution of the project to the national agenda and that of indigenous peoples for promoting indigenous rights in accordance with the Indigenous Peoples' Rights Act, and to the building of partnerships between the Government and communities towards practical implementation of major policy changes, deserves particular commendation.

48. The table below shows the project ratings for performance, impact and overarching factors as compared with the ratings given in the 2005 ARRI report.

**Performance ratings of the CHARM Project compared with  
average ratings in the 2005 ARRI report**

	Score for CHARM Evaluation	ARRI 2005 <sup>a</sup>
<b>Project performance</b>		
Relevance	5	5
Effectiveness	4	4
Efficiency	4	4
<b>Impact (overall)<sup>b</sup></b>	4	4
Physical and financial assets	3.5	4
Food security	4	4
Environment and natural resources	4	4
Human assets	4	4
Social capital and empowerment	3	4
Institutions and policies	5	4
<b>Overarching factors</b>		
Sustainability	3	4
Innovativeness, replication, and scaling up	4	4
<b>Performance of partners</b>		
IFAD	3	--
Supervising Institution: AsDB	5	--
Government and its Agencies	4	--
NGOs/Pos	4	--

Source: IFAD Evaluation Mission 2006

<sup>a</sup> ARRI scores have been rounded off to facilitate comparison.

<sup>b</sup> A new methodology was applied in the CHARM project evaluation, which included nine impact indicators compared with the six used in the ARRI report.

<sup>19</sup> The overall project rating was not calculated numerically by averaging scores, but rather by using an overall team assessment based on OE's standards for rating.

## V. CONCLUSIONS AND RECOMMENDATIONS

### A. Conclusions

49. The CHARM project was implemented during a critical period for the indigenous people of the Philippines. The policy and sociocultural changes that took place during implementation provide an important backdrop to the project outcomes. During implementation, all communities in the CAR region were involved in the complex task of self-determination and legal delineation for communal and individual land-titling, establishing their own local administrative processes and balancing the conflicting demands of sustainable natural resource management and agricultural productivity. Policy dialogue, partnership-building and innovation in local administrative practices were not explicit objectives of the project. Nevertheless, implementers were proactive in the process leading to national recognition of indigenous land ownership and in working with different government agencies to harmonize policies, procedures and practices related to self-determination among indigenous peoples.

50. The successful coordination by the project support offices of the various CAR agencies involved in the project resulted in the effective implementation of project activities. It also provided a platform for agencies to work together on broader governance and development issues. The conducive environment enabled project partners to link processes and lessons learned from specific activities related to indigenous peoples with larger policy issues.

51. The project took on a role of facilitator with its partners to establish land tenure processes for indigenous communities. It supported the preparation of ADSDPPs as an important step in the issuance of land titles or CADTs. Through the national commission, indigenous communities in the region were able to produce the first ADSDPPs and CADTs in the country, thus providing the country with a model for practical implementation of the Indigenous Peoples' Rights Act.

52. However, the project was not as successful as it could have been because of its weak performance – which was below the ARRI average rating – in terms of the IFAD key priority areas of community participation, rural finance and sustainability. For greater success in the next phase, IFAD will need to play a more active role in supporting implementation to ensure that these issues are adequately addressed throughout the project cycle.

53. The project could also have been more effective by responding to the issues raised in the 1994 project feasibility study, which was based on lessons from the HADP. Many of these issues – such as including post-harvest facilities in the project design – remain relevant, as do the solutions proposed. However, these were not adequately incorporated into the appraisal report for the CHARM project. It is interesting to note that the 2002 evaluation of the Rural Micro-enterprise Finance Project in the Philippines came to a similar conclusion.<sup>20</sup>

54. The conflict between sustainable natural resource management and agricultural productivity created rivalry between the income-generation and natural resource management objectives of the project. For example, initiatives in one component had the potential to impact adversely on the initiatives of another. Similarly, the thrust towards increasing income was not seen as fully compatible with the sociocultural objectives of the targeted communities.

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<sup>20</sup> The evaluation found that useful conclusions from a 1993 study on microfinance in the Philippines had not been included in the President's report for the project.

## **B. Recommendations**

**Recommendation 1.** Proceed with a second phase of the project, with the following recommendations<sup>21</sup>.

### **Increase Involvement from IFAD**

55. IFAD needs to be more active in project implementation. If AsDB is a partner in the next phase, IFAD and AsDB need to coordinate their support more effectively to ensure IFAD's participation in supervision missions and all aspects of implementation. If AsDB is not a partner, IFAD may consider direct supervision, given the large number of IFAD priorities being addressed by the project, such as indigenous peoples' issues, participation, empowerment and policy dialogue.

### **Broader Definition of Poverty**

56. A definition of poverty that incorporates the needs of the community regarding quality of life and their capacity to ensure sustainability should be used, rather than one based solely on income levels.

### **Improved Integration of Objectives and Implementation**

57. Clarity is required in formulating objectives to resolve any conflict that may arise in the simultaneous pursuit of social, economic and environmental goals. The focus must be on balanced sustainable development. There is a good opportunity to build on the valuable regional and provincial partnerships that have been formed, and to consolidate the advances made with respect to policies and procedures under the project.

### **Strengthen and Extend Existing Approaches**

58. Processes used under the project – particularly related to the strong agency coordination component, the attempts made to integrate components, the focus on policy dialogue and advocacy for indigenous peoples and the provision of critical infrastructure – are still required in the region. Support for the emerging policies and best practices for indigenous peoples should continue. An emphasis on outcome rather than on physical and financial targets is needed, with built-in flexibility through the annual workplan and budget to allow for adjustments during implementation. More explicit grievance procedures to address allegations of project mismanagement and a more analytical and participatory monitoring process should be introduced.

### **A Learning Approach**

59. The opportunity that a second phase provides for building on the substantial knowledge that has been gathered on the region is unparalleled. Stronger analysis and links between subcomponents, e.g. agriculture and agroforestry at the local level, is likely to encourage local learning and innovations that would enhance knowledge related to poverty reduction.

### **Opportunity for Innovation**

60. The indigenous communities in the region have already shown that there are many local innovations that can advance the development agenda of communities. A wider menu of small production infrastructure, infrastructure and support for information and communication technology, and partnerships with the private sector will provide an opportunity for new partnerships and sharing of ideas and for combining local innovations with new technology.

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<sup>21</sup> At the time of selecting the CHARM project for evaluation, the Asia and the Pacific Division had not decided to prepare a follow-up phase. As such, the evaluation was approved by the Executive Board as a completion evaluation, even though in reality it should be considered as a classic interim evaluation in light of its recommendations and the subsequent decision by the division to design a second phase.

## **Improved Focus on Sustainability and Exit Strategy from the Design Stage**

61. If sustainability measures and processes are instituted from the outset, over time these processes are more likely to be sustained after project completion.

**Recommendation 2.** Balance project objectives towards greater sustainability.

### **Environmental Best Practice**

62. Within the project, sustainable agricultural development should be balanced by the promotion of indigenous knowledge systems and practices, natural resource management and enrichment planning. A second phase of the CHARM project, and other planned projects in the CAR region, should include an initial environmental examination during preparation and an environmental management and monitoring plan for every proposed subproject to be financed.

### **Recognize the Uniqueness of CAR**

63. Higher cost parameters should be set on critical access infrastructure, given the topography of the agricultural areas in the CAR region and this would also provide the required flexibility for project design and specifications to fit local conditions. One particular area of innovation in need of attention is risk mapping for environmental hazards and risk management to assist in building risk scenarios and mitigation plans.

**Recommendation 3.** Improve participation and capacity-building processes.

### **Focus on Local Implementation**

64. Existing local institutions should be strengthened as a foundation for field interventions. Rather than create new institutions (as with the rural financial services subcomponent), it would be preferable to involve existing institutions, at the municipal level such as rural banks, cooperatives, microfinance institutions and trading organizations to assist in local development. Relationships between partners should be emphasized rather than relying solely on contractual services, as was the case with the reforestation activities. This would serve to increase positive participation at the community level. Research should be targeted to local conditions, markets and technical issues. Municipal governments should have a greater role in implementation to support decentralization initiatives. Local ownership should be encouraged by broader participation and use of participatory methods to spread benefits more widely across communities.

### **Capacity-Building**

65. The reliance on consultants for much of the project implementation meant that a proportion of experience and knowledge gained through the project was lost at the expense of those who were left to implement development initiatives over a longer time-frame. Greater capacity-building for existing agency and local government unit staff would help build local resources for development.





## Republic of the Philippines

### Cordillera Highland Agricultural Resource Management Project (CHARM)

#### Completion Evaluation

#### Agreement at Completion Point

### I. BACKGROUND AND CORE LEARNING PARTNERSHIP

1. The Cordillera Highland Agricultural Resource Management (CHARM) Project targeted Indigenous communities in three provinces of the Cordillera Administrative Region (CAR) of the Philippines. The CHARM project was executed by the Government of the Philippines (GOP) through the Department of Agriculture (DA) and jointly funded by Asian Development Bank (AsDB) and IFAD between 1997 and 2004. The evaluation of the CHARM project was conducted in 2006 by IFAD's Office of Evaluation (OE).

2. As per usual practice for OE evaluations, a Core Learning Partnership<sup>1</sup> (CLP) was established providing critical inputs at key stages in the evaluation, including towards the preparation of the Agreement at Completion Point (ACP).

3. This ACP reflects an understanding between the Government of the Philippines represented by the DA and the National Economic and Development Agency and International Fund for Agricultural Development (IFAD) represented by the Asia and Pacific Division on the key findings from the evaluation (see section II below), and to adopt and implement the evaluation's recommendations listed in section III, according to the set timeframes.

### II. MAIN EVALUATION FINDINGS

4. **Design Features.** The combination of sustainable agriculture development and Natural Resource Management (NRM) reflects the specific conditions and needs amongst poor communities in CAR. The components and sub-components were generally appropriate, apart from the Rural Finance sub-component which had various design weaknesses. A number of key design features that had appeared in the project feasibility study were later dropped in the Project Appraisal document and final logical framework which led to design gaps.

5. **Implementation and Outputs.** There are extensive sources of data for the project which provide a composite picture of a successfully implemented project. Supervision reports show consistent and satisfactory performance throughout the project period. Physical targets were largely achieved, with some targets being exceeded. However, there are mixed results across the different component activities.

6. **Attaining Project Objectives.** The rural infrastructure sub-projects resulted in increased yields and reduced input and marketing costs in most instances but on-going maintenance is an issue. Reforestation activities provided opportunities for short-term local employment. Agriculture

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<sup>1</sup> Members of the CLP included: Department of Agriculture (DA), Department of Agrarian Reform (DAR), Department of Environment and Natural Resources (DENR), National Irrigation Administration (NIA), National Commission on Indigenous Peoples (NCIP), National Economic and Development Agency (NEDA), the NGO consortium, Indigenous Peoples' International Centre for Policy Research and Education (TEBTEBBA), Upland Marketing Foundation Inc, The South East Asia Rural and Agriculture Cooperative Research Centre (SEARCA), Director of the CHARM project, and the IFAD Country Programme Manager (CPM).

development activities were not sufficiently field-oriented so the potential in scope and outputs was lower than expected. Notably, rural finance achievements did not attain the expected results and the sub-component is rated unsatisfactory. Peoples Organizations (POs) and Local Government Unit (LGU) training did not achieve the expected results due to topics not being relevant and multiple training being accessed by leaders rather than spread across the community. Planning activities drew the partners together in identifying and addressing local priorities in a coordinated way. Implementation activities provided opportunities for government agencies to harmonize policies, procedures and practices, particularly in relation to Indigenous self-determination.

7. **Relevance, Effectiveness and Efficiency.** The CHARM project design was relevant to the needs of the targeted communities. The substantial support for Indigenous processes and practices was not only appropriate to the community but contributed to national policies and practices related to Indigenous land and cultural integrity. The project was largely effective; however, delayed contracting of Non Government Organizations (NGOs) during the early stages of the project reduced the effectiveness of planning and participation. Participation processes of partners with local leadership were very effective but wider community participation has consistently been raised in reports as insufficient. The CHARM project can be considered a fairly efficient operation. For example, the Economic Internal Rate of Return (EIRR) estimates (20.06 per cent) have exceeded project appraisal estimates (18.4 per cent).

8. **Performance of IFAD and its Partners.** The regular coordination activities of the project, particularly at higher levels, were important forums for integrated action by partners that extended beyond the scope of CHARM activities alone and contributed to other governance activities. IFAD's involvement in implementation was minimal through much of the project, but increased in latter years. The Government of the Philippines (GOP) and AsDB performed satisfactorily.

9. **Rural Poverty Reduction Impacts.** A positive impact on project participants has been achieved. Yet, the target of reducing the level of poverty from 70 per cent to 25 per cent across all targeted municipalities was overly ambitious and did not adequately take into account the unique situation in CAR. The impact on poverty is considered only modest. However, the extent of project impact should not be underestimated. There were impacts for the Indigenous People in the Cordilleras that have far reaching effects for improving their lives in the future. Policy dialogue, partnership building, and assisting in innovation in land tenure processes were not explicit objectives of CHARM. Nevertheless, the project investments have resulted in opportunities for partners in the CHARM project to strongly engage in institutional development opportunities that are considered highly important in the region.

10. **Sustainability and Ownership.** CHARM was implemented during a critical period for Indigenous People in the Philippines. The aspirations of the local Indigenous Communities in terms of poverty reduction, the changing policy context, and the unique challenges faced in the Cordilleras were considered and supported proactively by CHARM implementers. Assisting national recognition of Indigenous land ownership has built significant foundations for future appropriate development.

11. Unfortunately, foundation processes to build capacity for sustaining project gains were not pursued until the end of the project. At this stage POs were still weak. At both the municipal and barangay level, a continuing attitude of institutional dependency amongst all POs was observed<sup>2</sup>. Improved participation, ownership and wider capacity building could have contributed to a greater likelihood of sustainability.

12. **Innovation, Replicability, and Scaling-up.** CHARM supported the formulation of some of the first Ancestral Domain Sustainable Development and Protection Plans (ADSDPP) in the country. The ADSDPP is intricately linked with land tenure processes for Indigenous Communities. CAR is now being promoted as a national model in Indigenous land tenure processes. As most POs are weak and

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<sup>2</sup> Dependency was manifest by consistent requests from LGUs and POs for basic operational inputs and for maintenance funds.

there has been little orientation towards replication systems, no replication or scaling up could be discerned.

13. **Overall Assessment.** In sum, CHARM has been an important project for CAR and the Indigenous communities that it reached. Project performance has been satisfactory in achievement of physical targets and in attainment of goals. Outcomes and impact have been lower than expected due to the fact that targets were over-ambitious, but there is strong justification for continuing IFAD and AsDB support for the processes in CAR. There are important lessons to be learned from CHARM that will benefit targeted communities in a follow-on project and also provide potential for further policy dialogue and improved processes.

14. **Strengths.** The main strengths of the project have been in the improved coordination between the implementing partners in CAR. The project activities have provided a means for interagency and Government/NGO collaboration. The gains in Land Tenure Improvement (LTI) were significant and contributed to attaining not only the project objectives in terms of improved resource management but also to IFAD broader objectives of strengthening local asset ownership. Barangay natural resource planning assisted in identifying areas for reforestation, as well as contributing to broader land use planning initiatives of the local government units. The rural infrastructure installation has been a major contributory factor to improved market access and improved facilities in most project areas.

15. **Weaknesses.** The main area of weakness was in the technical services delivered through the Agriculture Services Support Component. The level of adoption from technology training, information kits, agri-business activities or technology transfer reached only 5 per cent at best, apart from Integrated Pest Management, where adoption rates ranged between 15-25 per cent. The low uptake rate seems to be related to perceived lack of relevance of topics, and method of training. Tangible results from the research activities were also not evident. Comprehensive studies on the “Key Commodity System” concept and agro-forestry based technology synthesis did not include mechanisms for applying the recommendations of the research. Consequently utilization of proposed new technologies at the farmers’ level did not eventuate.

16. **Other Weaknesses.** Existing Indigenous Knowledge Systems and Practices (IKSP) in the traditional communities covered by the project have not been clearly embedded in the design of the research activities. The actual cost of access infrastructure rehabilitation, though within the acceptable range of unit cost parameters during the implementation year, exceeded the appraisal estimates. This was due to the underestimated cost at appraisal given the topography of the project sites.

17. **Lessons Learned.** An overall lesson learned is that National Standards cannot apply in CAR. The standards for rural infrastructure, agriculture and reforestation did not match the local conditions. Consequently there is a need for a more flexible approach at local level in line with community needs. Local knowledge and locally appropriate designs could have had greater support. The tenuous link between enhanced agricultural support services and results at the farmer level particularly highlights lower than expected effectiveness in training and other extension services.

### **C. KEY RECOMMENDATIONS AGREED BY PARTNERS**

18. The following recommendations from the evaluation have been agreed upon by the concerned partners. They have also benefited from discussions during a final CHARM project evaluation stakeholders’ workshop held in Manila on 26 January 2007.

#### **Recommendation 1**

19. **Proceed with CHARM2.** There is opportunity to build from the successful processes in CHARM and consider a second phase project. This is important for both the sustainability of the CHARM interventions and expanding the project to other deserving communities.

## **Actions**

20. Incorporate learning from the evaluation. Recommendations for project design include: (i) a revised definition of poverty reduction incorporating community values of quality of life and sustainability considerations rather than only income increase; (ii) sustainable agriculture development should be balanced with IKSP, natural resource management and enrichment planning; (iii) broader participation and equity focused on comprehensive community development and a local learning approach including a participatory M&E system; (iv) an outcome rather than target orientation should be taken with built-in flexibility through the annual work plan and budget to allow adjustment to changing context; and (v) a clear exit strategy with a mainstreaming of project components into local institutions and processes.

## **Build on Existing Information**

21. The preparation for CHARM2 should strongly consider the issues raised during the CHARM feasibility study, based on lessons learned from Highland Agriculture Development Project (HADP). Many issues remain relevant, as do the solutions proposed that were not adequately incorporated into the CHARM Appraisal design.

## **Strengthen and Extend Existing Approaches**

22. The opportunity that CHARM2 provides for building substantial knowledge in CAR is unparalleled. The Project Support Office (PSO) already has an extensive library and staff with vast amounts of intellectual knowledge related to project implementation in CAR, and wider development issues such as Indigenous Peoples Development and Land Tenure Improvements. DA has an established Project Coordination Office (PCO) with a core of experienced staff that holds the intellectual and institutional knowledge of CHARM. The current processes include *inter alia*: a well-staffed PSO within the CAR DA; strong agency coordination; integrated components; a strong focus on policy dialogue and advocacy for Indigenous Knowledge Systems and Practices (IKSPs), and provision of critical infrastructure. CHARM took a proactive approach to innovating in administrative procedures and policies related to IP concerns. The limiting factor in the level of policy impact is that these are still fledgling processes which are still subject to conflict, unclear guidelines and delays in implementation. Thus CHARM2 should both solidify gains made in existing project areas and look to expand to new areas of CAR not served by HADP or CHARM.

## **Improve Partnerships**

23. The partnership between the GOP, AsDB and IFAD should be continued, although communication and co-operation between IFAD and AsDB should be improved. IFAD needs to have a greater role in providing implementation support. If AsDB is a partner in the next phase, IFAD/AsDB need to better coordinate to ensure IFAD's participation in supervision and implementation support missions. If AsDB is not a partner, IFAD should consider direct supervision and implementation support given the number IFAD priorities being addressed in the project such as IP concerns, participation, empowerment, and policy dialogue. Stronger analysis and building links between sub-components e.g. agriculture and agroforestry at the local level is required to encourage local learning and innovations that would progress learning related to poverty reduction. Building on the social capital available within the project itself and a more analytical and knowledge management approach could build CHARM into an international model for Indigenous and watershed development.

## **Use CAR Specific Approaches**

24. Support for the emerging IP policies and best practices should continue to be supported. Continued lobbying is required to consider CAR as a "special case" for national standards in recognition of the unique environment is still required to assist in effective development of the target areas and to consolidate the gains achieved through CHARM.

**Time frame.** Immediately, starting from the Appraisal Report

**Partners involved.** Relevant GOP agencies, Regional governments, IFAD, NGOs, POs and AsDB (if it participates in CHARM2)

## **Recommendation 2**

25. **Balance Project Objectives Towards Greater Sustainability.** Clarity in objectives is required to balance the potentially conflicting objectives in social, economic and environmental activities. A follow on project should aim to achieve greater alignment of support at component and sub-component level to achieve coordinated and multiplier effects in each project site. Development of systems for valuation and payment for environmental services is an innovative area that needs to be continued. This would not only give greater recognition of the value of the Cordillera watershed to the Northern Luzon super-region, but also pilot systems for replication by other communities in watershed areas. While most rural infrastructure packages under CHARM are categorized as “small scale” and are not considered as Environmentally Critical Projects, they may cause negative environmental impacts because they are located in CAR an environmentally critical area. The Indigenous communities in CAR have already shown that there are many local innovations that are appropriate to the development agenda of the local communities that could be incorporated into a more relevant and innovative approach.

### **Actions**

26. Formalize Environmental processes. The level of environmental best practice should be further developed by continuing work on valuing environmental services, improving environmental assessment for infrastructure construction, and strengthening the link between sustainable agriculture and forest management. A CHARM2 should include an Initial Environmental Examination (IEE) during the Project preparation stage and an Environmental Management and Monitoring Plan (EMMP) for every proposed sub-project to be financed.

27. Sustainability measures and processes should be instituted at commencement of project to build processes during the project operations that will be more able to be sustained by the participants themselves. Operational activities such as improved orientation, adoption of results-based management approaches, developing long term partnerships, more focus on transparency, use of Information Education Communication (IEC), community-based monitoring, using Indigenous systems and greater reliance on local knowledge management systems would all contribute to a project that has greater local ownership and a higher understanding of roles and responsibilities in sustaining project investments.

28. A wider menu of small productive infrastructure, Information Communication Technology (ICT) infrastructure and support, partnerships with private sector would provide an opportunity for new partnerships and sharing of ideas, as well as combining local innovations with introduced technology. Higher cost parameters should be allowed on critical access infrastructure given the topography of agricultural areas in CAR and to allow flexibility on design and specifications to fit local conditions. One particular area of innovation that needs attention is that of enviro-hazard mapping and risk management to assist in building risk scenarios and mitigation plans.

**Time frame.** Immediately, starting from the Appraisal Report

**Partners involved.** Relevant GOP agencies, Regional governments, IFAD, NGOs, and POs

## **Recommendation 3**

29. **Improve Participation and Capacity Building Processes.** Improved coordination was a key focus of the CHARM design. The coordination activities of the PSO did result in significantly improved liaison between regional and provincial partners and formation of active working agency partnerships in the project sites. Local implementation now needs to be focused at the municipal and barangay level, with greater emphasis on building engagement and self reliance of the local government units and community groups. The LGUs were largely bypassed in the rural infrastructure and agriculture services components. There were positive initiatives through the ADSDPP formulation

processes, municipal staff training and in other specific activities. Many barangay plans were used to contribute data towards the Ancestral Domain planning processes, as well as the municipal development plans, municipal comprehensive land use plans and provincial development plans.

#### **Actions**

30. Increased participation at the local level. These initiatives need to be given greater prominence in a follow-on project, with the Barangay Development Council as a focal point for broader community participation. Broader community participation must be encouraged by poverty profiling, local capacity building, and strategies to have a more equitable spread of benefits through out each barangay locality or sitio.

31. Greater capacity building for existing agency and LGU staff so that they can conduct the required activities would be a more sustainable approach rather than the extensive use of consultants that occurred in CHARM. This can include exposure trips to other areas in the country to assess how successful processes might be applied in the CAR context.

32. Introduce a Capacity Development component. In CHARM2, a specific Capacity Development component/unit is required that has the specific role of synchronizing training activities of the different agencies, as well as the different project components so that they clearly contribute towards the overall project outcomes. The tasks for the unit would include: (i) improving training needs assessment so that training provided is tailored to the specific needs of the participants; (ii) improved training delivery methods, particularly increasing the number of courses delivered within the communities, (iii) improve relevance of training design and including re-entry plans for participants to increase the likelihood that learning will be applied; and (iv) conduct post-training assessments. Clearer systems to support application of training and replication within the communities could considerably increase the level of impact. More hands-on trainings are required for all components but especially agriculture technology and infrastructure operation and maintenance.

**Time frame.** Immediately, starting from the Appraisal Report

**Partners involved.** Relevant GOP agencies, Regional governments, LGUs, IFAD, NGOs, and POs

## Republic of the Philippines

### Cordillera Highland Agricultural Resource Management Project (CHARM)

#### Completion Evaluation

#### Main Report

### I. INTRODUCTION

#### A. Country Background

1. **Economy.** The Republic of the Philippines is an archipelago of 7 107 islands.<sup>1</sup> The country spans three main island groups: Luzon, Mindanao and the Visayas. The Philippine economy achieved Gross Domestic Product (GDP) growth of 6 per cent in 2004, an increase from 1.8 per cent in 2001. The growth slowed to 5.1 per cent during 2005. The per capita GDP increased from US\$1 031 in 2004 to US\$1 157 in 2005. The national government deficit has been a continuing constraint to economic growth. The deficit was 4.0 per cent of GDP in 2001 and rose to 5.3 per cent in 2003. As a result of tight control over government spending, the deficit declined to 3.9 per cent in 2004 and 2.7 per cent in 2005.

2. **Demographics.** The estimated population in 2004 was 86.4 million. The average population growth rate for 2000-2005 is relatively high for South East Asia at an estimated 2.2 per cent per year. The high population growth, along with geographical and climatic challenges, contributes to the continuing high rate of poverty in the Philippines. Around 80 per cent of the Filipino population is Catholic, 15 per cent Muslim (mainly in Mindanao), and the rest are mostly smaller Christian denominations and Buddhist. The Philippines has recognized the rights of “indigenous peoples (IPs)” through a specific law, the IPRA which was enacted in 1997. The total population of IPs was estimated to be between 12-15 million, or 15-20 per cent of the total population in 1998.<sup>2</sup> There are 171 different indigenous languages signifying different tribes with distinct cultures.

3. **Agriculture and Rural Development Sectors.** Two thirds of the population live in the rural areas and are dependent on subsistence agriculture for their household income<sup>3</sup>. From 2000-2003, the agriculture sector registered a steady growth of about 4 per cent. However, the outputs of the agriculture sector and the improved farm incomes achieved did not translate into significant rural sector-wide gains. Despite the more than a million jobs that were generated by the sector, over 1 million rural workers remain unemployed and over 3 million are underemployed.

4. **Rural Poverty.** Poverty in the Philippines is predominantly rural and, although varied by region, is pervasive in the southern Philippines, particularly Mindanao, and the mountainous areas of Luzon. Latest official poverty statistics<sup>4</sup>, estimate the nationwide annual per capita poverty threshold to be Philippine Pesos (PHP) 12 267 in 2003. (See also Appendix 2). The incidence of poverty as

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<sup>1</sup> Official website of the Republic of the Philippines: <http://www.gov.ph/aboutphil/general.asp>.

<sup>2</sup> Asian Development Bank (2002). Indigenous Peoples/Ethnic Minorities and Poverty Reduction: Philippines, p. 7.

<sup>3</sup> National Statistics Coordination Board (NSCB), 2003.

<sup>4</sup> Official poverty statistics in the Philippines are published every three years by the NSCB. The official statistics consist of a range of different measures including, the food and poverty thresholds and the subsistence and poverty incidence (per household and per capita), hence poverty ranking may be inconsistent between different source documents depending on the measure used. In addition, the poverty analysis methodology has been under review and has been different for subsequent census years leading to difficulty in accurately identifying trends.



percentage of people living below the poverty line was 30.4 per cent. Per capita poverty incidence dropped from 33 per cent in 2000 to 30 per cent in 2003<sup>5</sup>.

## **B. The Project**

5. **Project Area.** Cordillera Administrative Region (CAR), the target area of the Cordillera Highland Agricultural Management Project (CHARM), is a mountainous region located in northern central Luzon in the northern Philippines. Its total land area is 1.8 million hectares, or 6 per cent of total land area in the country. The region includes six provinces (Abra, Apayao, Benguet, Ifugao, Kalinga, Mountain Province) and one city (City of Baguio).

6. **Natural Resources.** The topography in CAR is unique within the Philippines. More than two-thirds (around 70 per cent) of the land area is comprised of steep slopes with inclines of more than 30 per cent which often result in geo-hazard situations such as land slides and extensive erosion. The mountains support 13 river basins, which are primary watersheds for northern Luzon. The high rainfall supplies water downstream for thousands of hectares of agriculture and hydro power, making CAR the largest contributor to the Luzon Power Grid.

7. The steep topography has led to distinctly different farming systems, livelihood and settlement patterns compared to other areas of the Philippines. Available farm lands consist of only 19 per cent of the total regional land area. The remaining 81 per cent are declared forest lands, although the productive farming use of land can vary over time. Of the forest land, 50 per cent are declared forest reservations. 95 per cent of the region's lands are identified IP ancestral domain areas. There is growing Government commitment<sup>6</sup> to preserving the economic value provided by the natural resource base in CAR, recognizing that the resources (particularly water) are of benefit to the wider community, and that sustainable natural resource management is required.

8. **Demographics in CAR.** The regional population in CAR was 1 36 million in 2000, the smallest among the 16 regions of the Philippines and comprises only 1.7 per cent of total population in the country.<sup>7</sup> The CAR has experienced decelerating population growth in the last two decades, from 2.3 per cent in 1980-1990 to 1.8 per cent in 1991-2000. The region is culturally rich with diverse ethno-linguistic groups and an IP proportion of 92 per cent in the region. The creation of CAR as an independent region reflected the demands of the IPs of the Cordilleras for a distinct regional government, autonomous from the national government. Thus recognition and respect of cultural integrity are identified as the key to development. CAR is the predominant area in the country where Indigenous People were already part of the government political structure whilst continuing to practice strong socio-cultural Indigenous Practices in local leadership.<sup>8</sup> Significant changes in administrative roles and responsibilities have added confusion to efforts in distinguishing between roles of the indigenous elders and elected local government officials.

9. **Economic Growth in CAR.** Gross Regional Domestic Product (GRDP) in CAR lagged behind national economic growth in 2001-2003. GRDP in CAR grew by 1.1 per cent, 4.3 per cent, and 3.1 per cent in 2001, 2002 and 2003 respectively, which were considerably lower than GDP growth rates in the respective years. Sectoral growth areas in CAR are mining and quarrying, transport and communication, trade and government services with the Baguio Ecozone being the main industrial zone for export products. Overseas Filipino workers make a substantial contribution to capital inflows to the region.

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<sup>5</sup> This comparison requires caution as estimation methods were modified in 2003.

<sup>6</sup> The CAR Medium Term Development Plan (MTDP) 2004-2010, states: We, the people of the Cordillera, proud of our culture and heritage rooted in spirituality, shall have a truly autonomous region, of a unified, enlightened, and empowered citizenry who shall pursue sustainable development where responsibilities and benefits are shared by all.

<sup>7</sup> National Economic Development Authority (NEDA)-CAR (2005). Cordillera Regional Development Plan 2004-2010.

<sup>8</sup> NEDA-CAR (2005), *ibid.*, p. 6.

10. **Agriculture and Rural Development in CAR.** Agriculture in CAR shows weak growth performance in comparison, declining in GRDP share from 20 per cent in 1993 to only 13 per cent in 2003. Yet, agriculture still accounts for 58 per cent of total employment in CAR in 2003, as well as fulfilling subsistence requirements of the rural community. Agriculture development initiatives in CAR focus on strengthening the existing active vegetable production sub-sector. There has been growth in the sub-sector of high value products such as cut flowers, forest products and organics. Agriculture development is constrained by the severe gradients. Cultivation practices vary substantially from other parts of the Philippines. The steep topography results in high farming costs such as land development, erosion control, transport and production inputs.

11. **Poverty incidence and Human Development in CAR.** CAR has consistently rated as one of the most disadvantaged areas in the Philippines. In 2003, 31 per cent of the overall population in CAR lived below poverty line, higher than the national poverty incidence of 30 per cent. Yet there is contrast in poverty incidence across the region. In 2000, poverty in Benguet was 19 per cent in contrast to the other project provinces of Abra (59 per cent) and Mountain Province (58 per cent).



**Rice Terraces in the  
Mountain Province**  
*Photo: Evaluation Mission 2006*

12. **Project Overview.** The CHARM Project, jointly funded by the Asian Development Bank (AsDB) and IFAD, targeted IPs in three provinces of the CAR in the Philippines. Nominally, IFAD's contribution was allocated against the community mobilisation and reforestation activities. In implementation the funds were considered as pooled with no distinction between AsDB and IFAD financing. The Project was submitted for IFAD Executive Board Approval in November 1995. The Project Data Summary on page (iii) provides the key partners, milestones and financing details.

13. The project executing agency for CHARM was the Department of Agriculture (DA), in partnership<sup>9</sup>, with the Department of Environment and Natural Resources (DENR), the Department of Agrarian Reform (DAR) and the National Irrigation Authority (NIA) and Provincial and Municipal Governments. During the course of the Project, institutional change occurred. CAR Regional Government took a more strategic role in the project as policy activities became more prominent. Transfer of responsibility for Ancestral Domain land tenure aspects to National Commission on Indigenous Peoples (NCIP), changed the relative roles of DAR (land tenure in designated farmlands) and DENR (land tenure in forest areas).

14. **Context.** CHARM was implemented during a critical period for Indigenous People in the Philippines. Policy and socio-cultural changes during the project implementation provide an important backdrop to the project outcomes.

During CHARM implementation, all communities in CAR were involved in a complex process of self-determination and legal delineation for communal and individual land titling, local administrative processes, and dilemmas between sustainable natural resource management and agricultural productivity. Policy dialogue, partnership building and innovation in local administrative practices were not explicit objectives of CHARM. Nevertheless, implementers were proactive in the process of assisting national recognition of Indigenous land ownership and working with different government agencies in harmonization of policies, procedures and practices among Indigenous self-determination. Consequently, this Evaluation places the findings of project performance in the light of aspirations of

<sup>9</sup> Partnerships were established through formal Memorandum of Agreement (MOA).

the communities in terms of poverty reduction, the changing policy context, and the unique challenges faced in the Cordilleras.

### C. Objectives of the Evaluation

15. The main objectives of the evaluation were to: (i) assess the performance and impact of the CHARM project; and (ii) generate a series of findings and recommendations that would serve IFAD and the Government of the Philippines in designing and implementing similar projects and programmes in the future. The evaluation also aimed to provide an opportunity for learning and exchanging views with multiple partners on issues related to the Cordillera region, and to indigenous people, land tenure and the contribution to broader rural poverty alleviation efforts in the Philippines.

16. **Methodology.** The evaluation followed OE's guidelines for project evaluations.<sup>10</sup> The evaluation team<sup>11</sup> visited the three provinces of Abra, Benguet and Mountain, which cover nine municipalities and 15 barangays. The evaluation acknowledges the wide range of reports and other documents available through the project and partners. These documents provided an extensive source of secondary data for the evaluation. Project Completion Reports (PCRs) had been produced internally by the project, AsDB and International Fund for Agricultural Development (IFAD). A Benefit Monitoring Evaluation (BME) survey had been carried out in 2004 as an input to the PCR process, following on from an interim BME in 2002. The PCRs focused on the physical outputs of the project, while the BMEs explored project impact. As per standard OE practice, a Core Learning Partnership (CLP)<sup>12</sup> was constituted for the evaluation, which provided critical inputs and views at key stages of the evaluation process. The CLP directed the Evaluation Team towards analysis of existing documents rather than generating duplicate data and to gain deeper insight on qualitative aspects of performance such as how good coordination had been achieved and why weaknesses in performance had arisen.

17. The approach used for the Evaluation Mission therefore was largely a critical review of secondary data, and triangulation through correlation of different data sources, semi-structured interviews, focus groups discussions. Specifically, the evaluation included: discussions with AsDB staff and with Government officials in Manila and at the provincial level; field visits to the project area; intensive interaction with beneficiaries in focus group discussions and with individual households and project personnel; and a comprehensive review of secondary data and information. A standard interview instrument was used as a basis for all self-assessments and informant interviews. (see Appendix 1 and Annex 5).

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<sup>10</sup> This included assessing the project against internationally recognized evaluation criteria, namely: (i) project performance, including relevance, effectiveness and efficiency; (ii) impact on rural poverty; and (iii) performance of partners involved in the project, including IFAD, AsDB, government institutions, and others. As per OE's project evaluation methodology, a six-point scale has been used to attribute ratings to each of the aforementioned evaluation criteria. On the six-point scale, 6 represents the best score. For example, in assessing project impact, the scale would read as follows: Ratings: highly successful (6), successful (5), moderately successful (4), moderately unsuccessful (3), unsuccessful (2), highly unsuccessful (1).

<sup>11</sup> The team included Dorothy Lucks (consultant, team leader, institutions and community development), Mary Ann P. Botengan (natural resource management and indigenous peoples), Clovis Ike Payumo (rural infrastructure), Jerry E. Pacturan (agriculture and agribusiness). Andrew Brubaker was the Evaluation Officer from OE responsible for the evaluation and Ayurzana Puntsagdavaa (research associate, OE) also took part in the evaluation.

<sup>12</sup> Members of the partnership included: Department of Agriculture, Department of Agrarian Reform, Department of Environment and Natural Resources, National Irrigation Administration, National Commission on Indigenous Peoples, National Economic and Development Agency, the NGO consortium, Indigenous Peoples' International Centre for Policy Research and Education (TEBTEBBA), Upland Marketing Foundation Inc., South East Asian Regional Centre for Graduate Study and Research in Agriculture, Director of the CHARM project, and the IFAD country programme manager.

## II. PROJECT PERFORMANCE

### A. Design Features

18. **Project Goal and Objectives.** The primary aim of CHARM was to reduce poverty through agricultural productivity improvements and sustainable natural resource management practices in three of the five CAR provinces between 1997 and 2004. The objective of the project was to increase average annual farm family incomes from about PHP 21 200<sup>13</sup> (US\$ 820) to at least PHP 56 000 (US\$ 2 170) in real terms by 2006, and reduce the number of families below the poverty line<sup>14</sup> in target municipalities from about 33 000 to about 12 000 households (or from 70 per cent to not more than 25 per cent) by 2006<sup>15</sup>. (see Appendix 4).

19. **Target Area and Scope.** The project was implemented in 82 barangays (with 850 000 population) located in 16 municipalities within Abra, Benguet and Mountain Province<sup>16</sup>. Target areas were selected on the basis of several parameters including: (i) economic potential, particularly in relation to the Key Production Area (KPA) policy<sup>17</sup> of the DA; (ii) poverty level and (iii) accessibility. The selection criteria were designed to balance targeting areas of high need with operational achievability and likelihood of attaining the project goal and objectives. For this reason, a twin targeting strategy for specific project sites was used. KPA barangays were identified, then adjoining, less developed barangays with higher poverty incidence were selected that had potential to increase their own production and strengthen economies of scale in local production.



**Loading Carrots for the Market in Benguet Province**  
*Photo: Evaluation Mission 2006*

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<sup>13</sup> In 1995 prices.

<sup>14</sup> National poverty lines: rural poverty level of US\$130 (P3 353) per household per month and urban poverty level of US\$170 (P4 365) per household per month.

<sup>15</sup> CHARM Appraisal Report 1995.

<sup>16</sup> HADP covered the four provinces of Benguet, Mountain, Kalinga-Apayao and Abra and Apayao were dropped presumably to reduce the scope of the project. Abra was added due to the level of need for project support.

<sup>17</sup> The Key Production Area policy emphasizes maximizing key commercial crop areas as a targeting focus for DA interventions.

20. **Components and Activities.** The design for CHARM followed on from the AsDB-IFAD-financed Highland Agriculture Development Project (HADP) that was implemented between 1987-1994. The precursor project, HADP was also supported by IFAD (US\$4.6 million) and AsDB (US\$18.8 million) and was considered successful in achieving its goals in terms of poverty reduction.

21. A detailed Feasibility Study (FS)<sup>18</sup> was conducted to review the HADP experience, assess the viability of a second project and to recommend design parameters. In particular, the FS noted that while HADP had supported increase in yields and income for participating households agriculture development activities had contributed to increased pesticide use<sup>19</sup>, encroachment on forest resources and deterioration of soil condition. Suggested design improvements included reduction of pesticide use, increased focus on natural resource management, increased participation of farmers in project activities and strengthening of institutional support mechanisms. In addition, the need for stronger marketing and rural financing support was identified. The resultant design included four components.

22. **Community Mobilization and Resource Management Component** had two distinct sub-components (i) Community Mobilization and Participatory Planning to identify and plan programme and investment priorities under a community participatory approach; and (ii) Natural Resource Management (NRM) – specifically for (i) Land Tenure Improvement (LTI), initially through the issuance of Department of Agrarian Reform (DAR) land certificates, then as policies and processes changed, to ancestral domain titling processes through NCIP; and (ii) Reforestation including planting of denuded areas and assisted natural regeneration/enrichment planting in existing areas.

23. **The Rural Infrastructure Development (RID) Component.** Consisted of three sub-components: (i) Farm to Market Road (FMR) Access – for rehabilitation of roads, reinforced concrete bridges and spillway river crossings and footbridges, (ii) Community Irrigation – for construction and rehabilitation of irrigation systems for vegetable, or with extension or as supplementary; and (iii) Domestic Water Supply – to develop spring water based water supply for domestic use.

24. **Agriculture Support Services Component.** Had four sub-components: (i) Agribusiness Support Services (ASS) to build capacity of the related units of the Department of Agriculture (DA-CAR) and of farmers and their organizations; (ii) Extension Support Services (ESS) – to improve agricultural support services; increase awareness for farmers' organizations on available investment options and the implications of technology adoption on farm resource allocation; (iii) Adaptive Research Services (ARS) – to strengthen agricultural research planning, implementation and review processes; and (iv) Rural Financial Services (RFS) – to form and develop savings and credit groups<sup>20</sup>, strengthen these groups to become members of existing and new cooperatives as well as assist these groups strengthen linkages with financial and non-financial institutions. Integrated Pest Management (IPM) was initially incorporated within the ESS sub-component but during 2000 was added as a separate subcomponent in line with the national IPM program.

25. **The Project Management and Coordination Component.** Facilitated the implementation of the entire project and handled functional activities such as financial budgeting and control, procurement of goods and services, loan disbursement and monitoring of all the project components. The Project Support Office (PSO) played a significant coordination role among project partners.

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<sup>18</sup> Financed through an AsDB Technical Assistance Grant TA 1915-PHI.

<sup>19</sup> Initially CHARM was designed to redress health and environmental concerns that may have occurred due to increasing pesticide use during HADP activities by increasing awareness of the hazards of pesticide use and/or handling.

<sup>20</sup> The Mid-Term Review (MTR) (2000) reduced the target number of credit/savings groups to be formed from 1 530 to 164.



26. **Evaluation of Project Design.** A major concern related to design was the omission of a number of key design features that had appeared in the FS but which were later dropped in the Project Appraisal document and final logical framework. Pertinent recommendations were over-ruled in the Appraisal such as a higher infrastructure costs in line with CAR topography; a wider infrastructure menu; a completely different (and feasible) rural finance approach and a wider participatory community development approach. It is not clear why the FS recommendations were not accepted but it is clear that the project implementation has suffered in aspects where the recommendations were not followed. Furthermore, points that had been raised in the Feasibility Study were also raised in the lessons learned section of the HADP AsDB Post-Evaluation Review.

27. The logframe provided an overarching guide to the design. Yet the aim of the project is primarily income oriented. The Evaluation Team found that the IP communities did not associate poverty reduction objectives solely with increased income generation. Other factors such as land ownership, respect, cultural recognition, livelihood security, and natural disaster management featured strongly in the definition of project objectives by the communities. The link between the logframe and progress monitoring was not clear. A detailed activity (inputs) and results (outputs) framework by component was designed by the project management consultants. This led to a focus on achieving physical performance targets rather than an outcome orientation to project implementation. The Evaluation Team found that this rigid interpretation of the design did compromise quality of implementation, with a number of partners, particularly NGOs and the PSO, stating that more flexibility in the design could have achieved improved results. The design did not anticipate the active engagement in policy dialogue, yet the project was able to take advantage of opportunities to influence a number of policies that are important for IPs in CAR.

28. **Changes in Design During Implementation.** The final Appraisal design did remain essentially unchanged during project implementation. There was an adjustment of the targets for establishment of savings and credit groups at Mid Term Review. This was due to the inappropriate design for the sub-component. The fact that the inappropriate design for the Savings and Credit sub-component led to scaling back of emphasis rather than re-design reflects poorly on the redesign processes at Mid Term.

29. There was a change of partner from DAR to NCIP in the Land Tenure aspect of the NRM subcomponent. As a result, some activities and targets were amended due to changes in the national responsibilities and processes for IP land titling. While the recommended change in emphasis for the project did lead to an increase in the targeted reforestation and sustainable agriculture activities, there was still a tendency for the project to focus on the infrastructure component. Few improvements were seen in the “new” design elements of marketing, rural finance and increased participation. The main design improvements were in the institutional arrangements in and between the implementing agencies and the addition of agroforestry in the reforestation sub-component as a means to increase benefits to farmers through tree planting and to promote more sustainable practices on farms.

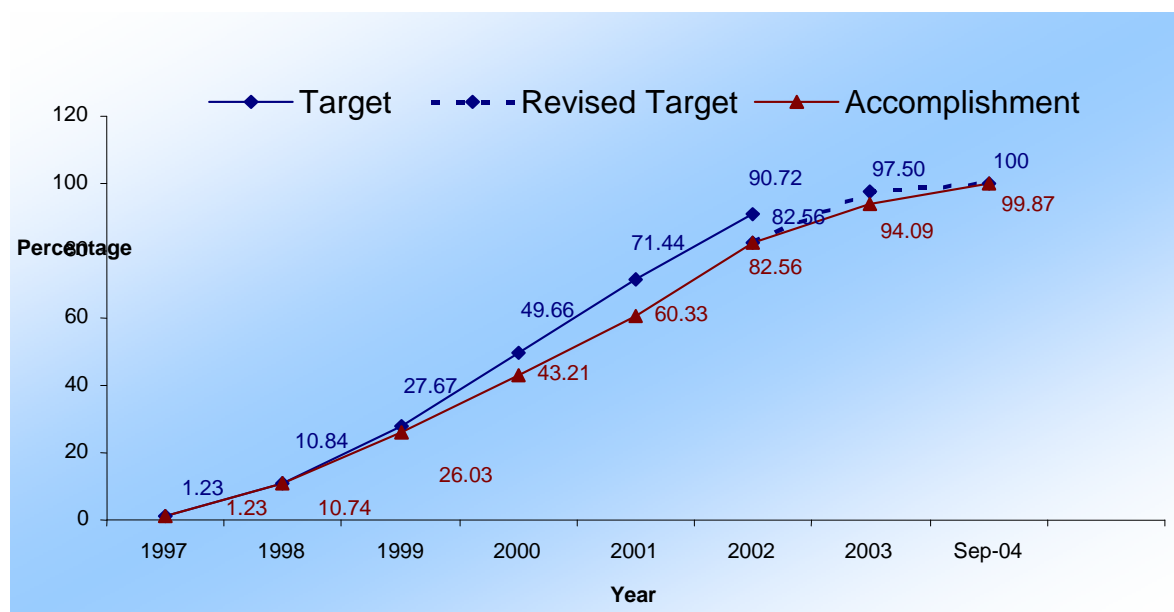
## **B. Implementation and Outputs**

30. **Overall Performance.** The project achieved or exceeded practically all quantitative targets set at Appraisal as shown in Figure 1<sup>21</sup> below. Initial project start-up was slow, mainly due to delays in the establishment of coordination mechanisms, harmonization of policies and procedures, plus contracting and planning issues. Thereafter, performance accelerated. Supervision reports consistently rated progress as satisfactory. Physical performance per component was tracked according to the national government standards for foreign-assisted projects where achievement of physical targets established for each sub-component is calculated as a percentage. Physical achievements were generally high for all components although several sub-components did not reach their targets. The timing for achievement of targets was adjusted due to the early delays in recruitment and contracting.

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<sup>21</sup> Source: Project data 2004 based on the National Economic and Development Authority (NEDA) requirements for weighted performance across all components. This is a standard approach for all foreign-assisted projects as an indicator for performance in relation to physical targets.

**Figure 1. Physical Performance of CHARM as of September 2004**



31. **Community Mobilization and Resource Management Component.** In addition to PSO staff community mobilization and planning staff, a consortium of seven NGOs were contracted to assist in (i) supporting community identification of priority activities, through generation of Barangay Natural Resource Management Plans (BNRMP); (ii) supporting the formation of People's Organizations (POs) (reforestation, infrastructure operations and maintenance groups and savings and credit groups); and (iii) providing advocacy/technical support for sustainability of POs.

32. **Community Mobilisation Sub-Component** physical achievement rate was 99.5 per cent with indicators covering generation of planning documents such as household and barangay profiles and Barangay Natural Resource Management Plans (BNRMPs) and formation of POs. See Table 1.<sup>22</sup>

33. Planning activities were delayed due to NGO contracting issues. Delays affected the effective scheduling of other project activities. For instance, to reach RID component targets, infrastructure projects proceeded on the basis of identification by the Local Government prior to generation of the final plans. It also led to the lower than targeted number of household profiles due to the imperative to accelerate the BNRMP process.

**Table 1. Community Mobilisation Performance**

Community Mobilisation and Participatory planning	Unit	Appraisal Target	Actual Achievement	Activity Achievement %
Household profile	No	23 150	10 200	44.1
Barangay profile	No	82	82	100.0
BNRMP	No	82	82	100.0
Formation of Savings and Credit Groups	No	1 520	172	104.9

Source: IFAD Evaluation Mission 2006

<sup>22</sup> All performance data is drawn from the PSO reports and as presented in the Project Completion Report (PCR) to maintain consistency with IFAD processes. The AsDB PCR presents the same data but in a different format. The Evaluation team review and verified the data in the field e.g. through local records and through feedback from partners and community members. Findings were generally considered valid but where any concerns with data veracity were found, these are mentioned in the text.

34. **Land Tenure Improvement (LTI).** On average, over 100 per cent accomplishment for LTI targets was achieved. (See Table 2). DAR ceased major involvement in project implementation when NCIP took the lead role in land transfer processes when Certificate of Ancestral Domain Title (CADT) which are authorized by Natural Commission of Indigenous Peoples (NCIP)- became the appropriate tenurial instruments for Indigenous communities. Initiatives to support the formulation of the Ancestral Domain Sustainable Development and Protection Plans (ADSDPPs)<sup>23</sup> were not initially identified as implementation targets but became significant in achieving physical targets for promoting IP concerns. For instance, although at the time of project completion, four remaining CADT issuances were still being pursued, CHARM has actively continued supporting the ADSDPP process as a precursor to CADT approval<sup>24</sup>.

**Table 2. Natural Resource Management Performance**

Natural Resource Management	Unit	Appraisal Target	Actual Achievement	Activity Achievement (%)
Ancestral Domain Land Surveyed	ha	150 000	123 765	82.5
Certificate of Land Ownership Awarded <sup>25</sup>	No	450	1 106	245.8
Ancestral Domain Title Issued	No	6	2	33.3
<b>Reforestation</b>				
Survey/mapping	ha	6 150	7 167	116.5
Reforestation POs formed	No	61	61	100.0
Seedlings production	No	9 407 687	9 651 375	102.6
Plantation establishment	ha	6 150	6 580	107.0

Source: IFAD Evaluation Mission 2006

35. **Reforestation, Agroforestry, and Assisted Natural Regeneration/Enrichment Planting.** All targets for reforestation and agro-forestry areas and submission of Forestry Management Plans for 61 reforestation sites were reported as achieved. POs were established for each site although these only started in 2000, after initial setbacks caused by the delayed mobilization of the NGO. The production of seedlings and plantation establishment have reached targets but the Evaluation Team identified that planting achieved may have been overestimated.<sup>26</sup> In three communities, this led to allegations by community members of irregularities and project mismanagement related to the survival rates of planted seedlings. In these cases, because of the lack of reporting it was difficult to identify the reason (legitimate or not) for lower-than-expected reforestation survival rates. However, the evaluation found that in each case, appropriate action to investigate the claim had been taken by the project support office.

<sup>23</sup> These were prepared for Bucloc, Abra; Bakun and Kibungan, Benguet; and Sagada, Sabangan and Tadian in Mt. Province. Remaining works in the Buguias and Masadiit CADTs revolve around boundary conflict resolutions being pursued by NCIP.

<sup>24</sup> CADTs were issued to the Bago-Kankanaey Tribe of Bakun, Benguet --- the first ever nationwide, the Kankana-ey Tribes of Kibungan and Atok, Benguet. The Buguias, Benguet and Bucloc-Boliney-Sallapadan, Abra CADTs remain to be completed.

<sup>25</sup> Certificate of Land Ownership Awards (CLOAs) were issued by DAR as collective titles for areas of contiguous land with a variable areas and number of residents. CLOAs therefore were generally easy to issue and targets were exceeded. In addition, 13 905 individual CARP Beneficiary Certificates were issued. However, these instruments were not fully appropriate to the needs of the IPs as they did not recognise ancestral land. The CADT process now supercedes these certificates.

<sup>26</sup> The logical framework for the CHARM project stipulated 80 per cent as the acceptable (national standard) survival rate for reforestation and agroforestry. This figure was the basis for release of labour payments to the peoples' organizations. In reality, extreme slopes in most project areas prevented attainment of such a standard. Where standards were not met, payments to participants for work completed were delayed. The evaluation mission could not verify the survival rates reported in project documents and there were clear indications that there had been disagreements between reforestation peoples' organizations and the Department of Environment and Natural Resources on the survival rates achieved.



36. **Rural Infrastructure Development (RID) Component.** The project achieved over 100 per cent accomplishment for most infrastructure investments. Higher demand than projected was seen for spillways and footbridges than estimated at Appraisal. Interventions were generally reflective of the genuine needs of the community<sup>27</sup>. Only half of the domestic water supply target was accomplished but actual number of households covered by the water supply systems constructed was slightly exceeded.

**Table 3. Rural Infrastructure Performance Consulting**

Rural Infrastructure Development	Unit	Appraisal Target	Actual Achievement	Activity Achievement (%)
Road rehabilitation	km	150	151	100.7
Road bridges	lm	100	95	95.0
Foot bridges	lm	286	359	125.5
Spillways	lm	300	645	215.0
Tramline <sup>28</sup>	km	3	-	0.0
Irrigation Area constructed or rehabilitated	ha	2 800	2 810	100.4
Domestic Water Supply construction	unit	63	30	47.6
Households	hh	3 260	3 558	109.1

Source: IFAD Evaluation Mission 2006

37. **Agricultural Support Services Component.** The overall physical performance of the component was recorded at over 99.6 per cent on average.

38. Targets for market-related initiatives and extension reached or exceeded targets except for agro-processing demonstrations. Extension services targets such as technology demonstration were accomplished by more than 200 per cent. The number of targeted project-sponsored training programmes was exceeded. The Evaluation found that the training participation by Local Government Unit (LGU) staff was very high. The design included plans for DA to replicate training through LGU staff so that the spread of training within the barangays could be achieved.

**Table 4. Agricultural Support Services Performance**

Agricultural Support Services	Unit	Appraisal Target	Actual Achievement	Activity Achievement%
Adaptive Research On-farm trials	No	140	155	110.7
Rural Financial Services				
Savings and credit groups	No	1 520	172	11.3
Savings and credit groups (revised target)	No	164	172	104.9
Agricultural Support Services				
Buyers-sellers meeting	No	65	66	101.5
Demonstration agro-processing	No	34	25	73.5
Price broadcasting	day	1 932	1 998	103.4
Extension				
Technology demonstration	No	63	152	241.3
Farmer training	Participants	1 550	2 346	151.4
Integrated Pest Management training	Participants	2 015	2 246	111.5

Source: IFAD Evaluation Mission 2006

<sup>27</sup> Verification activities were required when planning lagged behind RID component activities but in most cases, the selected sub-projects were confirmed as community priorities.

<sup>28</sup> Tramlines in CAR are simple pulley systems for transporting agricultural produce across rivers and ravines. A feasibility study for a more complex tram which would carry people and produce was investigated during the project and found was found to be not viable. Simple tramlines however, could have generated substantial benefits.

39. The original target of 1 530 Self-help Savings and Credit Groups (SSCGs) was not achieved. At project completion 172 were reported as being in operation. At the time of this Evaluation, only 92 active groups are recorded and very few of these visited were considered to be operational. In addition to group formation, the subcomponent aimed to propose a credit mechanism with Land Bank of the Philippines (LBP). This did not materialize and no SSCGs were able to access credit through LBP.

40. **The Project Management and Coordination Component.** Facilitated the implementation of the entire project and handled functional activities such as financial budgeting and control, procurement of goods and services and loan disbursement. Coordination<sup>29</sup>, training and monitoring activities were managed through the PSO. The overall performance rating of 99.87 per cent for the Project, satisfactory disbursement performance and the satisfactory ratings during supervision missions after initial start-up demonstrates the overall effectiveness of project management interventions.(See Table 5) The only specific target for the component was the introduction of a Geographic Information System (GIS) technology and use for local planning. In addition to specific targets, project management was responsible for training staff from implementing institutions such as DA, DENR, NGO and LGUs. A total of 48 601 training days was provided covering a very broad range of topics such as leadership development, agriculture commercialization, and feasibility study preparation. In comparison, 62 881 training days were provided across the other components for barangay participants.

**Table 5. Project Management Performance**

Project Management	Unit	Appraisal Target	Actual Achievement	Component Achievement %
Overall Project Performance				99.87
GIS- Updating Municipal maps	No.	16	16	100.0
GIS- Updating Barangay maps	No.	-	82	Additional

Source: IFAD Evaluation Mission 2006

41. **Compliance.** The project complied with all loan covenants. Most Memorandum of Agreements (MOAs) have been actively implemented at regional and provincial level, although there were gaps in implementation at field level. The performance of procurement processes was largely satisfactory. A consortium of NGOs<sup>30</sup> was contracted at a total project cost of PHP 60.0 million which is above the approval authority of the DA secretary raising the approval level to the Office of the President. This complex process contributed to the delay of NGO contracting and deployment which in turn constrained performance in other components. In general, project processes were transparent and accountability was maintained. Nevertheless, there were some incidents where allegation of irregularities had occurred, particularly related to reforestation survival rates and management of savings generated through SSCGs (See Annex 4, Appendix 10). The PSO adequately addressed specific concerns as they came to light.

42. **Project Financing.** There was substantial depreciation of the Peso during the Project period. The depreciation of the currency and some costs savings yielded greater than expected Peso amounts which were able to absorb the additional and realigned costs. (See Table 6) Project expenditure exceeded the estimated Peso budget at appraisal by 37 per cent, with the additional funds available being absorbed where unit costs in infrastructure and reforestation were higher than Appraisal targets. The implementation period was extended by one year, mainly to make up for the delays in participatory community planning experienced in the beginning of the project, as well as ensure full utilization of available funds.

<sup>29</sup> One of the identified weaknesses of HADP was lack of coordination. Consequently the CHARM FS in 1994 emphasized the need for CHARM to focus more on effective coordination mechanisms.

<sup>30</sup> The rationale for encouraging local NGOs to form a consortium was the potential ease of contract management through a single entity. Unfortunately, the decision was counterproductive as the identified NGOs found it difficult to establish an operational consortium that addressed the specific objectives of each NGO and the most effective means of operation.

**Table 6. Project Costs Appraisal vs Actual**

Component	Appraisal 1995	Appraisal 1995	Completion 2004	Actual 2005
	Pesos'000	US\$	US\$	Pesos'000
CMNRM	347 603	13 369	12 628	707 173
RID	379 205	14 585	12 127	679 127
ASSC	87 829	3 378	4 646	260 193
PM	36 623	1 409	1 177	65 902
<b>Total Operational Project Cost</b> (excluding contingencies and service charge)	<b>1 247 367</b>	<b>32 741</b>	<b>30 578</b>	<b>1 712 395</b>

Source: IFAD Evaluation Mission 2006

43. The depreciation adjustments and cost savings generated allowed an US\$6 million in loans to be cancelled. This led to an overall project cost of US\$21.0 million.

44. While there was nominal attribution of project funding from AsDB to the infrastructure component and from IFAD for the reforestation and community mobilisation activities, in reality, the funds were combined and allocated by the PSO as required.

**Table 7. Summary of Project Cost and Financing (US\$ million)**

Total Project Cost			Loan Financing				
	Appraisal	Actual	Appraisal	Depreciation Adjustment	Loan cancellation	Actual Financing	%Under/Over Appraisal
AsDB Loan 1421	9.50	8.30	9.50		1.20	8.30	-12.63%
AsDB Loan 1422	9.50	7.61	9.50	1.06	0.80	7.64	-19.58%
IFAD Loan No. 397	9.20	5.65	9.20	1.42	2.23	5.55	-39.67%
GOP	7.80	7.80	-	-	-	-	-
LGUs	3.00	3.00	-	-	-	-	-
Farmers	2.40	2.40	-	-	-	-	-
<b>Total (M)</b>	<b>41.40</b>	<b>34.76</b>	<b>28.20</b>	<b>2.48</b>	<b>4.23</b>	<b>21.49</b>	<b>-23.79%</b>

Source: IFAD Evaluation Mission 2006

### C. Attaining Project Objectives<sup>31</sup>

45. **Targeting.** The project aimed to directly benefit about 23 150 farm households with about 139 000 project participants by reducing poverty. Indirect benefits were estimated to reach a further 50 000 households due to spill-over impacts mainly from connecting roads, totaling about 40 per cent of the total population of Abra, Benguet and Mountain Provinces. The IFAD PCR estimated project population coverage of between 34-51 per cent of the total population in the targeted barangays of 47 683 households<sup>32</sup> which is in line with the targeted scope. In terms of coverage of population, particularly through the rural infrastructure projects, the Evaluation found this estimation to be valid.

<sup>31</sup> This section refers to the objectives as articulated in the original logframe. During implementation for project publications five objectives were articulated (i) promote sustainable resource management practices (ii) protect the environment and mitigate adverse development impacts; (iii) strengthen existing institutions; (iv) involve project beneficiaries in planning and implementation; and (v) improve beneficiary access to formal and non-formal credit. However, these were not considered as a formal design change nor were linked back into the monitoring framework.

<sup>32</sup> Using 1994 data. Indications from municipal governments were that populations have increased by an average of approximately 5 per cent. The improved access roads were stated as a factor in stimulating migration of population into the CHARM covered barangays.

However, internal targeting within the participating barangays was not well developed. Although, the communities collectively are poor, there is an internal social structure of those with a higher level of resources<sup>33</sup> which allowed them to capture a disproportionate measure of project benefits, particularly with regard to agricultural support services.

46. **Community Mobilisation.** The Evaluation found that participation of barangay members in planning and implementation was passive rather than active. The contracting nature of project interventions encouraged short-term (paid) input rather than engagement in the development process. Participation tended to be defined as representation by political leaders in government processes rather than broad-based community development processes. Cultural practices played a significant role in the extent of participation in some areas. Where indigenous processes of participation were harnessed, wider community members were involved. In other areas, the participation was only of elected political representatives. The different perspectives by different partners of what participation entailed at each level varied. The design and available training manuals were not fully applied at field level and the focus of the NGO contract on planning rather than participation all contributed low level of community mobilization. There are numerous references found in secondary data that indicate how improved participation could have increased overall project benefits<sup>34</sup>.

47. **Land Tenure Improvement.** The gains in LTI were significant and contributed to attaining not only the project objectives in terms of improved resource management but also to IFAD broader objectives of strengthening local ownership and increasing access to land. The surveys conducted and the GIS mapping assisted in the barangay natural resource planning which assisted in identifying areas for reforestation, as well as contributing to broader land use planning initiatives of the local government units.

48. **Reforestation.** While the area planted with trees was substantial, there were hazards that resulted in final survival rates being less than expected. Barangay participants noted an increase in forest fires and encroachment during the project period as a result of shifting population pressure. There is a conflict between the demand for increase in income through extending farm land and replanting areas with trees. Encouraging agroforestry is an effective strategy to address both objectives but the long maturation period for trees can act as a barrier to changes in farming systems. Reforestation sites and species were largely predetermined by DENR. Similarly, the menu for agroforestry species was not substantially processed<sup>35</sup> with the local communities resulting in less than optimum results e.g. stunted growth for mango and introduction of alternative crops without prior market or viability assessment. Contracts between DENR, participating NGOs and Reforestation POs were a legitimate and transparent financial-based engagement for reforestation activities. Yet, the process did not cement community ownership of reforestation areas. Contracting was often seen as short-term employment by DENR rather than a long term, community-based development initiative<sup>36</sup>.

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<sup>33</sup> The 2002 Benefit Monitoring Evaluation (BME) analysed spread of income within barangays and identified that while average incomes are low, there is an internal income disparity.

<sup>34</sup> E.g. The CHARM People's Forum in 2004 resulted in a wide-ranging discussion on participation with the overall conclusion that "the template of participation can be elevated and widened".

<sup>35</sup> POs were consulted with regarding choice of species but actual seedlings provided tended to be limited to several available species with DENR rather than provision of the mix that would have been preferred. There were technical limitations on the provision where some species are not easily propagated or limited funds for more costly species. The reasons for provision or non-provision of certain species were not well understood by the POs.

<sup>36</sup> The most common response by general community members interviewed regarding CHARM activities was that they appreciated the short term employment opportunities through DENR.

49. **Rural Infrastructure Development.** The clearest relationship between physical performance and attainment of objectives was seen in this component. Positive results in terms of enhanced access to markets in all weather condition, reduced vulnerability to crisis situations and reduction in travel times for the FMRs and provincial road rehabilitation was achieved<sup>37</sup>. Improved access to markets led to increased transportation of available products, usually additional fruit and vegetables that had previously been consumed, fed to livestock or spoiled, making better use of local resources. As vehicular access increased farmers extended cultivation to previously fallow areas thus increasing cropping intensity. Increased cropping intensity and development of idle areas was also achieved as a result of community irrigation construction and rehabilitation with yields for rice typically doubling, particularly in Abra<sup>38</sup>. Assurance of clean and reliable potable water supply through improved quality of life through time savings in fetching water. Unfortunately, the typhoon of 2004 inflicted substantial damage to recently completed roads and several community irrigation schemes in Abra<sup>39</sup> resulting in reduction or even complete loss of the economic gains achieved during the project.

50. **Improved Agricultural Support Services.** Installation of rural infrastructure contributed to achieving increased agricultural yields, particularly for rice. With organic agriculture initiatives, the project did not support critical market elements (e.g., standards, product development and packaging, market access) that can strengthen production and marketing activities for organic commodities and processed products (e.g., rice, wine, coffee, fruit-trees). Furthermore, ESS activities were generally implemented with specific lead farmers in each barangay, limiting the impact of interventions to very few within the communities<sup>40</sup>.

51. The results relative to the provision of training services was low. The highest level of adoption from technology training, information kits, agri-business activities or technology transfer reached only 5 per cent at best, apart from IPM, where adoption rates ranged between 15-25 per cent<sup>41</sup>. The low uptake rate seems to be related to perceived lack of relevance of topics, and method of training (farmer field schools appeared most appreciated). The expected skills transfer by training participations to other farmers in the area was found by the Evaluation Team to be very low across all areas. The design included plans for DA to extend the program so that the spread of training within the barangays could be achieved. Unfortunately this did not occur. As a result, the number of farmers per barangay practicing IPM was limited and only some aspects of IPM implementation were found at the time of the Evaluation. In rice production, high yielding varieties were trialed<sup>42</sup>. Many farmers planted the higher yielding varieties provided to some extent but still prefer the traditional rice varieties during wet season for socio-cultural reasons.

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<sup>37</sup> IFAD BME 2004 p 56 provides a valid analysis of input costs. While input costs in real terms substantially increased, transportation costs in the sample sites decreased. Benefits varied considerably in each location. In some areas there was no reduction in transport cost but the time taken to carry produce from field to road was substantially reduced.

<sup>38</sup> Unfortunately the gains attained in Abra were mainly lost due to serious typhoon damage in 2004. Discussion with NIA engineers indicated that the only viable irrigation design for these areas is very prone to storm damage and there is question as to the long term viability of irrigation installation in these areas, despite the initial substantial gains.

<sup>39</sup> The flood that occurred was the worst in the history of Abra. Only four of the eight irrigation schemes could be restored as the areas in the rest of the four sites were washed away by the flood.

<sup>40</sup> Broader community consultation through field based focus groups (See Annex 5) indicated that random samples of farmers within communities had not participated in CHARM activities and that CHARM interventions, apart from the rural infrastructure, were considered to be only for barangay leaders and reforestation group members.

<sup>41</sup> CHARM BME pp 23-35, 2002.

<sup>42</sup> Actual yields vary considerably from area to area dependent on gradient and soil type. For example, reported increases in yields averaged 30 - 75 cavans per ha in upland rice and 60 - 110 cavans per ha for low land rice.

52. **Enhanced Research Services.** Tangible results from the research activities are not evident. Comprehensive studies on the “Key Commodity System” concept and agro-forestry based technology synthesis did not include mechanisms for applying the recommendations of the research. Consequently the utilization of potential new technology at the farmers’ level was not found. Existing Indigenous Knowledge Systems and Practices (IKSP) in the traditional communities covered by the project have not been clearly embedded in the design of the research activities and therefore are considered by the barangay participants met to be irrelevant within their local context.

53. **Improved Rural Finance Services.** The poor results in rural financing are attributed to a weak and non-viable design which combined a micro-enterprise savings concept based on Grameen Bank principles with an agri-financing focus. Furthermore, installation of SSCG policies and procedures was not effective. Group and barangay leaders tended to access bigger loan amounts and then delayed repayments, affecting the cash availability and the morale of the members<sup>43</sup>. It is notable that at the same time as CHARM implementation, IFAD and AsDB supported a successful nationwide rural finance project, yet there was no recorded coordination between the projects. There is also an increasing number of other small saving and credit schemes emerging in the project areas<sup>44</sup> that could have acted as a conduit for credit funds for the farmers.

54. **Strengthened Institutions.** Improved coordination was a key focus of the CHARM design<sup>45</sup>. The coordination activities of the PSO did result in significantly<sup>46</sup> improved liaison between regional and provincial partners and formation of active working agency partnerships in the project sites. Harmonization of bureaucratic processes led to improved processes, particularly in support to land titling activities. The high number of training courses, particularly for leaders did contribute to improved skill levels within institutions but feedback through the BMEs and field visits indicate that the quality of training was below optimum. A review of POs by the NGOs at project completion suggests that the number of active POs has reduced e.g. few SSCGs are now active and Reforestation POs are largely dormant. Significant weaknesses were identified in the Irrigators Associations where procedures for continuing maintenance were not well established.

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<sup>43</sup> The inactive and the disbanded groups who have negative experience with the SSCGs have become cautious and risk-averse so may be difficult to revive in future development opportunities. The few groups which have survived and continued to maintain their savings-cum-lending activities have insignificant financial operations and may not be able to sustain their activities.

<sup>44</sup> The Evaluation team visited several successful cooperatives and micro-banks that are providing loans to members in the project area. They were not aware of CHARM or the SSCGs, apart from one which had accepted SSCG members as coop members when the group failed.

<sup>45</sup> It was a specific interest of the CLP to learn how CHARM had managed to operate with the different, and sometimes conflicting, land title instruments in the Philippines. CAR is seen as a model in solving confusion over titling. Good coordination was a major ingredient in the solution.

<sup>46</sup> Key informant interviews and workshops consistently raised this as a very positive aspect of the project (See Annex 5).



**An Example of the Challenging Environment:  
Landslides and Steep Slopes in the Project Area**  
*Photo: Evaluation Mission 2006*

55. **Increase in Income.** The project aimed to more than double the income of targeted households in real terms (or reduce the number of families below the poverty line from 70 per cent to not more than 25 per cent by 2006.<sup>47</sup> The measurement of income has not been consistently applied and consequently substantially different results are reported. The AsDB PCR estimated that the average real annual household income of community members involved had been raised by 66 per cent. Yet, the IFAD PCR estimated poverty incidence among participating households at 53 per cent at Completion against 67 per cent during the 2000 Benchmark survey. The final BME demonstrated in a small sample of barangays that there was an estimated “without project income increase of 20 per cent”, which was similar to that experienced in CHARM supported barangays i.e. there has been marginal increase in income achieved. The Evaluation was not in a position to resurvey the project area in relation to accurate income data. However, the indicators reviewed and validated in the field showed that (i) substantial increases in income had been achieved in areas with infrastructure installation, except where there have been maintenance issues with infrastructure; (ii) some increase in income from agricultural support can be seen but mainly amongst higher income families; (iii) An estimated 5 504 person/year of employment was generated during construction and another 4 161 person/year for operation<sup>48</sup> which substantially contributed to income gain to a substantial number of households, even if for a limited period. The AsDB and IFAD completion reports both recognized the targets for CHARM in relation to increase in income to be over-ambitious and that results achieved have not reached the level targeted in the original project design.

#### **D. Assessment: Relevance, Effectiveness and Efficiency**

56. **Assessment Process.** During the Evaluation, participants at all levels were given opportunity to assess the project from their own perspective<sup>49</sup>. The self-assessment ratings (where 1 is the lowest rating and 6 is the highest) were triangulated with the extensive documentation including the Benefits, Monitoring and Evaluation reports, and through field observations. Details are available in Annex 5. The resultant composite ratings (shown in brackets) are shown in the paragraphs following.

57. **Relevance.** The project is considered very relevant to the Cordilleras. The dual objectives of poverty reduction and natural resource management recognize the fragility of the environment from which Cordillerans derive their livelihood. The increasing recognition of Indigenous Rights and

<sup>47</sup> CHARM Appraisal Report 1995.

<sup>48</sup> CHARM Final BME – based on a sample of approximately 300-500 direct project participants per province.

<sup>49</sup> The methodology included a semi-structured interview format based on the IFAD impact indicators. Rating scale explanations are included in Appendix 3.

IKSPs through policy dialogue is highly relevant to Indigenous Peoples Development. The focus of the project on strengthening the CAR government processes and attempting to link those strongly with IP processes responds to the strong socio-cultural identity of the region. In practical implementation, the project was relevant to the communities, even if many of their priorities were not covered in terms of the infrastructure menu and reforestation/agroforestry species identification. The twin targeting mechanism as noted in para 19 was found to be relevant in helping to maximize achievability in economic development terms, whilst reaching out to very poor communities<sup>50</sup>.

58. At a strategic level, the project was consistent with the IFAD Regional Strategy and the Country Strategic Opportunities Paper (COSOP)<sup>51</sup> in that it supported marginalized groups and vulnerable areas. The project was relevant within the national poverty reduction agenda. It firmly supports the government poverty reduction strategy and MTDP 2004-2010 and the identification of CAR as a priority area for assistance due to poverty incidence, recognition of IP land and economic potential. The rating for relevance is 5.

59. **Effectiveness.** Overall, the project was effective, with the majority of objectives being mostly achieved. The rural infrastructure development, and land tenure improvement objectives were particularly effective. The quality of design affected the effectiveness of implementation, especially the departure from FS recommendations. Operational factors that affected effectiveness of community mobilization and reforestation were the delays in scheduling of contracting and fielding of consultants and the NGO. Consequently, the production of the BNRMPs followed rather than preceded the development of detailed operational work plans in the early years of the project. Revalidation and adjustment was required but was not always possible given the advanced stages of implementation. Lack of a mechanism to have more flexibility at local level in line with community needs, e.g. with agriculture and reforestation species meant that success rates for research and technological improvements were lower than might have been achieved if local knowledge and locally appropriate designs were implemented. Improved participation of the wider community would have contributed to greater effectiveness in all components. The tenuous link between enhanced agricultural support services and results at the farmer level particularly highlights lower than expected effectiveness in training and other extension services. The rating for effectiveness is 4.

60. **Efficiency.** The economic rate of return at completion was estimated at 20.1 per cent<sup>52</sup>, against 18.4 per cent targeted at appraisal. The Evaluation Team reviewed the returns for infrastructure and agriculture respectively. There was variability in actual results reported across different project sites. However, assumptions were considered valid and therefore financial performance is considered satisfactory. (See Appendix 5). The actual cost of access infrastructure rehabilitation, though within the acceptable range of unit cost parameters during the implementation year, exceeded the appraisal estimates. This was due to the underestimated cost at appraisal given the topography of the project sites. As the majority of the road segments were more than 12 per cent grade, there was a need to provide more concrete tire tracks. Even then, there were still critical sections with inadequate drainage facilities causing erosion during the rainy season. This rendered the completed facilities inefficient in conveying surface run-off thereby contributing to further erosion along the roads which are now needing urgent repair works. While most community irrigation schemes are within acceptable cost limits, there were few schemes that had high development cost with small areas generated. If the field reported survival rates for reforestation and agroforestry are confirmed, it could be expected that the reported efficiency for this component has not been attained. The rating for efficiency is 4.

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<sup>50</sup> Reported Barangay income levels (reviewed through Municipal and Barangay data, BNRMPs and DoH data where available) showed each barangay had an average income below the official poverty level but a wide range of income levels across the village.

<sup>51</sup> CHARM was designed and implemented under the 1999 COSOP. A new COSOP has been formulated during 2005/2006 that still identifies the importance of IFAD working with Indigenous communities in sustainable agriculture.

<sup>52</sup> IFAD PCR, 2004. The AsDB calculated Economic Internal Rate of Return (EIRR) at 15.9 per cent specifically for the AsDB investments without incorporating the IFAD Loan. The IFAD PCR EIRR calculation incorporated the benefits of employment generated as this was a valid economic benefit generated through the reforestation and infrastructure sub-components.



## E. Performance of IFAD and its Partners

61. **Performance of IFAD.** IFAD was engaged in the design phase of the Project and the design input, particularly the emphasis on participation, local planning and Indigenous knowledge was appreciated. IFAD performance in the early implementation stages of the project was characterized by absence. The project required overall direction early in the project related to IFAD's areas of specificity such as participation, microcredit and empowerment. The NGOs openly stated that they were disappointed by IFAD's lack of presence at early stages of the project after a participatory preparation process<sup>53</sup>.

62. IFAD did not participate in any implementation review missions, apart from a minimal presence during the MTR<sup>54</sup>, despite regular invitations by AsDB. IFAD fielded a separate PCR mission<sup>55</sup>, without notifying AsDB that duplicated a proposed AsDB mission. However, more recent initiatives have been more effective and the project has greatly appreciated IFAD's support in establishing the Knowledge Networking for Rural Development in Asia Pacific Region (ENRAP)<sup>56</sup> and Rewarding the Upland Poor in Asia for Environmental Services (RUPES) initiatives. The current Country Programme Manager (CPM) has visited the project several times and has been active in analyzing the potential for a follow-on project. The rating on the performance of IFAD is 3.

63. **Performance of the Supervising Institution (AsDB).** Through a partnership arrangement with IFAD, AsDB took responsibility for supervision of project implementation, conducting six monthly implementation reviews. The supervision mechanism was formulated to support a process approach with substantial participation in identifying, planning and monitoring project activities, and then utilizing existing regional and local government agencies and NGOs in implementation.

64. AsDB has conducted regular and comprehensive supervision missions that have served to keep the project outputs in line with targets. Reports are informative and realistic given the stages of implementation at each stage. When the project was lagging in the early stages, efforts were made to support the development of a "catch-up" plan which accelerated activities. There have been efforts to be flexible in accordance with the needs of the project. Yet, the standards dictated by the Appraisal Report proved to be too rigid and did not consider critical aspects of the Feasibility Study and lessons learned from the HADP post-evaluation. As issues arose, the project could have benefited from the introduction of more explicit grievance procedures. The performance of the cooperating institution is rated as 5.

65. **Performance of Government of the Philippines (GOP) and its Agencies.** The government provided effective support to project operations through allocation of sufficient counterpart funding. Through the PSO operations and with support of DA national and partner agencies, counterpart funds were made available as budgeted. The split of funds flow and budget allocation between DA and DENR led to challenges in monitoring of project performance but performance improved as partnerships developed. In general, financial and management aspects required to keep project performance in line with targets was adequate. However, the decision on NGO contracting, where NGOs were required to form a consortium was counterproductive and resulted in delays that seriously affected implementation and quality of outcomes.

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<sup>53</sup> During the project period, there were 4 CPMs covering the project. The AsDB PCR recorded IFAD as having "fading contribution" with no officers joining the review missions in 1998, 2000 and 2001. [http://www.ifad.org/evaluation/public\\_html/eksyst/doc/prj/region/pi/philippines/philippines.pdf](http://www.ifad.org/evaluation/public_html/eksyst/doc/prj/region/pi/philippines/philippines.pdf)

<sup>54</sup> An IFAD representative was contacted regarding the Mission and there is an IFAD presence recorded in the MTR report but the actual contract for the consultant did not materialize so he did not participate in the Mission.

<sup>55</sup> IFAD PCR was fielded in August 2005, AsDB PCR in November 2005.

<sup>56</sup> The aim of ENRAP is to encourage knowledge sharing and networking between projects on a regular basis.

66. The coordination role of the PSO achieved significant gains in the ability of the CAR agencies to work together. The strengthened internal government partnerships are not only important in effective implementation of project activities, but also in joint lobbying for CAR development initiatives that have wider impact beyond the project. The local partnerships have seen some improvement with the work of agencies related to each sub-component. There is however still room for improvement to establish more productive partnerships between the local level LGUs and POs. The performance of the government and its agencies is rated 4.

67. **Performance of NGOs/POs.** The involvement of the NGOs was a challenging process where NGOs were contracted to perform specific services which for some was not their core focus. At times this led to NGOs focusing on their core expertise rather than contracted tasks. The initial contracting process, requiring local NGOs to form a coalition was outside the project aims and in fact was counterproductive to good management. Delays in procurement meant that NGO services came when implementation was already underway so that participatory processes were retrofitted to already identified projects. Consequently, while NGO performance was adequate, it was well below the potential that could have been achieved through a partnership approach. Partnerships with POs were similarly contractual based which did provide clear role and task definition, and was a good capacity building opportunity for the POs but in practice, partnerships were characterized by delayed payments and top-down contractual power-based relationships. Nevertheless, the severe challenges served to forge a working relationship between the participating NGOs and the participating government agencies which has continued beyond the project period. The performance of NGOs/POs is rated 4.



**A Small Boy Admires the New Spillway that Allows Trucks and School Buses to Pass through his Village.**

*Photo: Evaluation Mission 2006*

### **III. PROJECT IMPACTS**

#### **A. Rural Poverty Reduction Impacts**

68. **Physical Assets.** Land titling initiatives had a major impact on security of tenure for the IP communities. The improvement of roads, water supply and irrigation facilities as public assets have brought a range of benefits to the communities. In addition, engineering equipment was provided to LGUs<sup>57</sup> to assist with construction and maintenance. Planting of trees is considered as a physical asset

<sup>57</sup> For NIA, there was also support to refurbish existing but serviceable equipment.

which has not yet been realized but communities are looking forward to the time when agro-forestry trees will be productive. Where farmers were able to generate savings, the funds were used to improve houses, buy mobile phones and purchase land. The rating for physical assets is 4.

69. **Food Security.** There is little food shortage in the Cordillera's due to the productive nature of the environment, however, the quality of nutrition is below optimum resulting in relatively high malnutrition rates<sup>58</sup> for the region. The contribution of CHARM to securing greater food availability stemmed mainly from infrastructure. Irrigation increased cropping intensity with a resulting increase in food supply. Where road access was improved, the volume of local products being transported to market increased and the households in these barangays stated that they used the income to buy alternative foods. The agroforestry fruit trees have had a limited impact at present as few have reached the fruit-bearing stage, although if initiatives are successful, food security (and income for purchase of food) is likely to increase. Impact on food security is rated 4.

70. **Environment and Natural Resources.** Achievements in recognition of traditional forest management systems, natural resource planning through the Barangay Natural Resource Management Plan (BNRMP), reforestation and enforcement of local environmental ordinances was very positive. Irrigation works were combined with establishment of a nursery and tree planting within the watershed area. The concern is that these laudable activities are too small to measure against the environmental degradation forces within the project area and that interventions were insufficiently coordinated in a watershed management approach<sup>59</sup>. Increasing population<sup>60</sup> causing encroachment through new settlements, and the creep of agricultural land into forest areas is resulting in gains being overcome as soon as they are achieved. Improved roads also contributed to encroachment by improving access to isolated areas. Reducing forest cover was reported to be affecting water flow in some areas, negatively impacting on crop production<sup>61</sup>.

71. Most participants perceive the reforestation activities as important and perceive that they have contributed to improved resource management through planting - but enthusiasm wanes when DENR payments cease. Most areas visited are not reaching expected levels of maintenance and few nurseries are still operational. Agroforestry trees close to homes are most likely to be tended. Most important is the recognition of traditional IKSPs which nurture the deep environmental concepts and practices inherent to the communities. Major progress was seen in this respect but the integration of the knowledge into agricultural practices was lacking. Some roads did not have adequate drainage which contributed to erosion. Although somewhat reduced, continued use of fertilizers and pesticides<sup>62</sup> is a continuing health hazard and pollutes water quality. Reforestation survival<sup>63</sup> rates in some areas are well below targets and fire has destroyed a number of reforested areas. The frequency of fires was reported to be increasing, due to anthropogenic causes. This impact domain is rated 4.

72. **Human Assets.** There were numerous opportunities for skills and individual capacity development through the project, particularly for leaders. Some farmers are clearly applying lessons in IPM and diversified cropping and other farm management processes. Skills development for the local government staff was very positive, resulting in improved skills that contribute to on-going

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<sup>58</sup> Level 3 malnutrition, for children 0-7 years is approx 11 per cent. Department of Social Welfare 2006.

<sup>59</sup> e.g. irrigation construction and reforestation activities were not coordinated in the same site.

<sup>60</sup> Although the population in CAR is declining (see para 15, there was anecdotal, and some verified evidence of in-migration to some project-assisted barangays as a result of improved road networks, irrigation facilities and agro-forestry opportunities.

<sup>61</sup> Some barangays reported that people had abandoned fields due to decreasing water supply and then returned when the irrigation was installed. The impact of decreasing water flow also has a negative impact on downstream communities that rely on water from CAR for their farms.

<sup>62</sup> Local outlets noted a drop in demand for fertilizers and pesticides but that they are still one of their fastest moving products.

<sup>63</sup> While planting area and seedlings planted, monitoring of remaining trees by the end of the project is difficult to verify as records were not adequately kept.

development initiatives. There was a scholarship program through the project, which although standard of direct outputs were not high, contributed to local capacity development. Nonetheless, as noted in para 51, training courses were limited to leaders, often with unclear systems to support replication. The human assets rating is 4.

73. **Social Capital and Empowerment.** The BNRMP and ADSDPP processes provided an avenue for local communities to articulate their aspirations, needs and plans. The ADSDPP particularly was a mechanism to reaffirm and value social capital for IPs<sup>64</sup>. Decision-making remained in the hands of the leaders and were communicated to the barangay members only for validation. In barangays where there were more frequent barangay assemblies and a more traditional consultative, consensus-based process, a higher degree of empowerment could be seen.

74. The high level of involvement by the existing leaders in the community meant that the empowerment did not radiate throughout the community. Other community members did not identify their role as participants and lacked ownership of project activities. Capture of benefits by the barangay elite excluded those in the wider community from feeling part of project processes, or from being able to add value to project investments. Participation in infrastructure activities was “contractual” and therefore tended to be more token attendance rather than active involvement in local decision-making. Traditional processes of community consensus and bayanihan self-help were under-used as a cultural basis for local participation. The waning of interest and effectiveness in POs established through the project demonstrate that the participation models were not fully effective. (See Annex 5).

75. The project did develop a Gender and Development Plan (GAD) and supported GAD awareness raising activities. In reality, gender issues were not within the consciousness of most of the implementers. One reason is that generally the women in the Cordillera’s are powerful within the community and there are few negative distinctions in the role of women. Women are active in leadership and are not excluded from productive activities on the basis of gender. In some areas, there was a lower wage for women than men but this was related to the level of labour<sup>65</sup> expected and did not actively exclude women. The main concern related to gender was that there was little gender analysis in any of the project activities. While roles are generally similar, the project did not have a system that would analyse whether gender aspects should be considered. The major example is the case of the SSCGs. Virtually all of the SSCG members were female, although there were no direct efforts to exclude men. With the failures of SSCGs, a number of women were negatively impacted as their savings and the opportunity to improve their livelihood were lost. Rating for social capita and empowerment is 3.

76. **Increasing Agricultural Productivity.** The main impact on productivity has been through the improvement in infrastructure. Improved water availability to farms has allowed production of rice over two seasons and farmers in irrigation areas have also diversified their cropping pattern. The increased and easier access to cultivable areas allowed some farmers to extend their farming activities into areas where it had not previously been viable to farm. The adaptive research, training and technology inputs of the project did not result in the productivity increase that might have been expected. The primary reason was the limited connection between the activities and the majority of farmers at the barangay level. IPM has achieved positive impact amongst rice and vegetable producers mainly due to cost-reduction effects of IPM technology. Farmers selection criteria (e.g., education, land, financial capacity in providing labor and other inputs, extra time), had the effect of excluding poorer farm households. Agricultural productivity is rated 4.

77. **Institutional Development.** The regional and provincial institutional strengthening impact was very positive. The project assisted in improving alignment between local policies and procedures. Inter-agency understanding, respect and working relationships greatly improved and on-going

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<sup>64</sup> Although it should be noted that some communities were hesitant to commit local knowledge to script as they feared loss of intellectual property e.g. for medicinal herbs and cultivation practices.

<sup>65</sup> In terms of a longer number of hours and work in the most difficult terrains.

partnerships have resulted. The training courses, seminars and other tools provided through the project assisted in improving the operations of each of the institutions. At the municipal level, the institutional strengthening aspects were positive, but to a lesser extent. The municipalities were largely bypassed in the rural infrastructure and agriculture services components, but there were positive initiatives through the ADSDPP formulation processes, municipal staff training and in other specific activities. Many plans were used to contribute data towards the ancestral domain planning processes, as well as the municipal development plans, municipal comprehensive land use plans and provincial development plans.

78. The major concern in institutional strengthening was the low level of success with PO strengthening. Infrastructure POs were organized and policies were developed, but few were being implemented and maintenance of facilities as a result was considered “at risk” with sustainability unlikely to be achieved in the long term. Similarly with reforestation, most of the organized POs<sup>66</sup> are no longer functional, although still formally existing. The low performance for SSCGs is self-evident in terms of weaknesses in PO strengthening. The rating for this impact domain is 4.

79. **Financial Assets.** Increases in household income through the project have been modest<sup>67</sup>. The greatest impact has been seen in areas where the infrastructure has resulted in increased cropping intensity and/or improved access to markets. However, even in these areas, land holdings for the poorer families are usually very small. Consequently, even if productivity increases, excess production is consumed by the poorer families, with little or no surplus for market. Temporary increases in income were achieved through employment in construction and reforestation activities. Benefits of the labour payments were undermined by greatly delayed payments which led to some community members taking interest-bearing loans to bridge income needs before payments were made. The failure of the rural credit initiatives contributed to the low rating for this domain. The rating is 3.

80. **Market Development.** Access to markets was improved where roads were improved, particularly in Abra and Mountain Province. The road improvements in Benguet resulted in decreased time spent in traveling to market but did not impact on transport costs or market prices. The agricultural marketing support provided by the project was theoretical rather than applied in most instances. The feasibility studies generated through the Agri-business component did not lead to establishment of enterprises as planned. Market information through radio was useful but was superceded by the use of mobile phones. Support for participation in trade fairs and market linkage activities would have contributed to improved market channels if there had been on-going follow-up and support. There are few indications from project data that these strengthened the entrepreneurial capacities of farmers, their organisations or improved access to markets<sup>68</sup>. Vegetable farmers, a particular target of the project remain weak in dealing with middlemen, primarily due to different aspirations, lack of organizational capacity, financing and market negotiation skills. Trainings on value adding activities such as processing of sugarcane, blueberry, ginger, gabi and carrot were conducted but application is not evident in the communities. Market development is rated 3.

## **B. Sustainability and Ownership**

81. **Sustainability.** There was a prevalent assumption through the project documentation that the communities, POs and LGUs would be able to continue project activities without further support. Unfortunately, foundation processes to build capacity for sustaining project gains were not pursued

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<sup>66</sup> E.g. in Mountain Province, only 3 out of 21 POs were considered to be functional at the end of the project. Mt Provinces data 2005.

<sup>67</sup> While the final BME and PCR report an income increase of 66 per cent, this was found to be mainly for specific cooperators. Thus the wider community benefit for the whole target group was assessed to be a far lower average.

<sup>68</sup> Producers interviewed who had attended trade fairs were generally community leaders. Several producers agreed that the participation in activities had been of short term benefit but no person was found that had sustained increase in sales or improved marketing terms through agri-business activities. This contrasts with the final BME study that cited a 75 per cent adoption rate from a sample of interviewed trade fair attendees.

until the end of the project as the project lacked a rigorous exit strategy. At this stage POs were still weak. Irrigators' Associations (IA) institutional support did not continue for long enough for policies to be operationalised. Reforestation groups are largely unsupported and dormant. At both the municipal and barangay level, a continuing attitude of institutional dependency amongst all POs was observed<sup>69</sup>. Improved participation, ownership and wider capacity building could have contributed to a greater likelihood of sustainability.

82. The sustainability of the completed RI facilities is observed to be uncertain. This is due to the weakness of the IAs and the Barangay Waterworks and Sanitation Association (BAWASA) that were organized under the project. Municipal Local Government Units (MLGUs) who are responsible for the FMRs do not have the capability to maintain the facilities. Both the LGUs and POs undertake corrective maintenance only when damage has occurred rather than preventive or routine maintenance. In fact, no routine maintenance was done on most of the completed facilities visited since these were turned over in year 2003 – 2004. The climatic condition and topographic configuration of CAR requires a more frequent maintenance operation than normally done in the rest of the country.

83. Roads are already showing serious signs of deterioration. LGUs had no programme for routine road maintenance, only repair budgets when required. Similarly, IAs & BAWASA are still reactive in maintenance instead of undertaking preventative maintenance. Few POs are collecting maintenance<sup>70</sup> fees. Sustainability Forums were held during 2004 to identify sustainability measures. Nevertheless, the attitude found amongst most communities was one of dependency on further assistance to maintain the CHARM initiatives. The tendency for the project to be target driven led to a short term “project” view by the participants rather than seeing CHARM as a contributor to their own long term development project. Rating for sustainability is 3.

84. **Ownership.** The ownership of CHARM activities and outcomes by the project partners was a critical aspect of the project. CHARM was implemented during a critical period for Indigenous People in the Philippines. Policy and socio-cultural changes such as the deployment of the IPRA policies, establishment of NCIP and implementation of decentralization policies through the Local Government Code (LGC), provide an important backdrop to the project outcomes. During CHARM implementation, all communities in CAR were involved in a complex process of self-determination and legal delineation for communal and individual land titling and local administrative processes.

85. CHARM initiatives greatly promoted IP concerns for the region especially in CADT issuances<sup>71</sup> and nationally trailblazing ADSDPP processing and development. Other provinces are now using the CAR ADSDPPs as models. It would have been even more productive if the varied procedures for ADSDPP formulation across project sites had been documented and lessons learned used at the national level which may have been able to increase the pace and extent of accomplishments in development of ADSDPPs nationwide, especially where ADSDPP is prepared and recognized as the official CLUP.<sup>72</sup>

86. The formulation of BNRMPs contributed data towards the Ancestral Domain planning processes<sup>73</sup> which is integral to the recognition of IP ownership over ancestral land. CHARM, with its partners, also advocated for recognition of ADSDPP as the Local Government Comprehensive Land

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<sup>69</sup> Dependency was manifest by consistent requests from LGUs and POs for basic operational inputs and for maintenance funds.

<sup>70</sup> During the Mission a potato seed storage facility supported by HADP was visited. Farmers still pay fees to the LGU and the facility is fully functional and in fact is sometimes over subscribed.

<sup>71</sup> CHARM actively supported the landmark case of Bakun which was the first CADT to be approved.

<sup>72</sup> CLUPs are mandated in the Local Government Code. Where ADSDPP covers the entire municipality, it can be considered as the official CLUP. Where ADSDPP is not municipal wide, a different mechanism is required to harmonise the ADSDPP with the CLUP.

<sup>73</sup> It should be noted that the ADSDPP formulation is a completely separate process to the BNRMP formulation.

Use Plan, as required for all LGUs by the LGC<sup>74</sup>. Further, CHARM has been working with NCIP and other partners to pursue the potential to issue Certificate of Ancestral Land Title (CALT) which would recognize the traditional land of individual Indigenous families where that is a more appropriate instrument than the collective CADT. The project recognized and integrated the lapat system into its interventions and its documentation was completed<sup>75</sup> and endorsed to the DENR for policy recognition at national level. The IKSP documentation increased opportunities for recognition and respect for Indigenous knowledge. Based on the above, ownership is rated 5.

### C. Innovation, Replicability and Scaling-Up

87. **Innovation.** Innovation through CHARM was seen in the achievements in policy dialogue. The impacts achieved in policy dialogue through CHARM have been impressive and is rated as very high although other aspects of innovation scored lower. The Project has taken a facilitation role with its partners to address significant policy issues such as the issuance of Ancestral Domain Titles, preparation of the ADSDPP, even to the extent of advocating successfully that the ADSDPP be recognized as the formal Comprehensive Land Use Plan (CLUP) that is required by all LGUs under the LGC. CAR is now considered as the leader nationwide in practical implementation of the IPRA. CHARM assisted in recognition of the “lapat” system as a valid management system, and promoted the establishment of nurseries and watershed management programs with NIA-CAR. In addition, the PSO lobbied for the adjustment of national standard that are applied to CAR for infrastructure designs. There was also lobbying on the inappropriateness of using national standards for reforestation survival rates but this has not resulted in any change to date.

88. For other activities, the impact of innovations in the barangays was difficult to identify. There was a substantial budget for research and development activities in agriculture and agribusiness. The studies were mainly linked to the broader research agenda of the DA that was not fully relevant to CAR and which did not lead to tangible outcomes at the field level. Field-based research was often conducted without involving the community so that any lessons to be learned from a field trial were not transferred within the target group.

89. For other crops, there was limited matching of the crop species proposed to the biophysical environment. Technology kits for soil testing were distributed early in the project but no mechanism was available for replenishment of the kits once contents had been used. IKSPs were largely ignored, whereas local farmers themselves generated innovative farm management processes combining IKSPs and new technologies. However, IPM tests were successful and curricula were developed that are now being used by DA programs in CAR. It should also be noted that IFAD has supported the RUPES after completion of CHARM which is an appropriate intervention in valuing IP environmental services. This is an innovation that is a timely assessment of resources and is seen as an important area for innovation at the regional level. The rating is 5

90. **Knowledge Management.** The project, and the previous project, HADP have been instrumental in generating a valuable store of information regarding the CAR which has served as a resource for the DA, other agencies and other projects. The information base for the project is extensive and well-organised. Unfortunately, the level of analysis of the rich data available has been limited<sup>76</sup> and the potential has not been maximised. In some cases IKSPs were translated to local ordinances by barangay LGUs and enforced by the community but opportunities were missed by not integrating IKSPs into agriculture research and extension design. At the same time, closing the learning loop

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<sup>74</sup> Recognition of ADSDPP as the CLUP for the municipal LGU because planning duplication is avoided, costs are reduced and the ADSDPP incorporates cultural as well as physical aspects of Land Use Planning and so is more appropriate in the CAR context.

<sup>75</sup> The documentation of the Lapat system was a major initiative for the Masadiit-Tingguian communities which raised their IKSPs to other systems that had been documented prior to CHARM (e.g., batangan, tayan and muyong).

<sup>76</sup> For instance, there is no consolidated analysis of the BNRMPs which could generate a knowledge base for CAR.



throughout the project, integrating lessons learned into design adaptations could have assisted in increased effectiveness at the local level. Nevertheless, NEDA-CAR noted that CHARM has been the main organization to populate data related to CAR on their new website. Project staff has participated in knowledge sharing sessions and have promoted lessons learned through CHARM, although no information is available on whether lessons have actually been transferred. Rating is 4.

91. **Replicability/Scaling-up.** The main project output that is being replicated is the ADSDPP process. Guidelines have not yet been developed and the process is still in its infancy but already other areas are following the basic processes. The full results of RUPES have yet to be assessed but there appears to be considerable potential for replication. The Agribusiness Support Services Component (ASSC) where replication would be expected did not achieve expected results. There has, as yet, been virtually no application beyond individual co-operators<sup>77</sup> for field research or techno demos. Provincial and Municipal personnel who were the lead implementers at the barangay level acted as contractual implementers, or in some cases were bypassed by the researchers, rather than being trained and supported to continue skills development beyond the project period. The IPM training was limited to a core group of trainees and was supposed to be scaled up through DA resources so that the wider benefit of area-wide IPM could be experienced. This has not occurred. As most POs are weak and there has been little orientation towards replication systems, no replication or scaling up could be discerned. The rating for replicability/scaling up is 3.

## IV. CONCLUSIONS AND RECOMMENDATIONS

### A. Overall Assessment

92. The overall performance of the project was moderately successful,<sup>78</sup> and receives a rating of 4. Broadly speaking, project performance was on a par with the average scores presented in the 2005 Annual Report on Results and Impact of IFAD Operations (ARRI), with the exception of the categories of physical and financial assets; social capital and empowerment; and sustainability where the CHARM project underperformed slightly (as seen in the table below).

93. Project performance has been generally satisfactory in achieving physical targets and attaining goals. However, impact has been lower than expected as a result of the project's overambitious targets. Several key weaknesses such as the failure of the rural financial services subcomponent and variability of participation adversely affected performance. Therefore, the overall rating was only moderately successful. The effective coordination by the project support office provided a platform for agencies to work together on broader governance and policy development issues. The substantial contribution of the project to the national agenda and that of indigenous peoples for promoting indigenous rights in accordance with the Indigenous Peoples' Rights Act, and to the building of partnerships between the Government and communities towards practical implementation of major policy changes, deserves particular commendation.

94. The table below shows the project ratings for performance, impact and overarching factors as compared with the ratings given in the 2005 ARRI report.

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<sup>77</sup> There was a tripartite agreement between the PSO, LGU and cooperator for a replication scheme but these had not been activated.

<sup>78</sup> The overall project rating was not calculated numerically by averaging scores, but rather by using an overall team assessment based on OE's standards for rating.



**Table 8. Performance ratings of the CHARM Project compared with average ratings in the 2005 ARRI report**

	Score for CHARM Evaluation	ARRI 2005a
<b>Project performance</b>		
Relevance	5	5
Effectiveness	4	4
Efficiency	4	4
Impact (overall)b	4	4
Physical and financial assets	3.5	4
Food security	4	4
Environment and natural resources	4	4
Human assets	4	4
Social capital and empowerment	3	4
Institutions and policies	5	4
<b>Overarching factors</b>		
Sustainability	3	4
Innovativeness, replication, and scaling up	4	4
<b>Performance of partners</b>		
IFAD	3	--
Supervising Institution: AsDB	5	--
Government and its Agencies	4	--
NGOs/POs	4	--

Source: IFAD Evaluation Mission 2006

<sup>a</sup> ARRI scores have been rounded off to facilitate comparison.

<sup>b</sup> A new methodology was applied in the CHARM project evaluation, which included nine impact indicators compared with the six used in the ARRI report.

## B. Conclusions

95. The CHARM project was implemented during a critical period for the indigenous people of the Philippines. The policy and sociocultural changes that took place during implementation provide an important backdrop to the project outcomes. During implementation, all communities in the CAR region were involved in the complex task of self-determination and legal delineation for communal and individual land-titling, establishing their own local administrative processes and balancing the conflicting demands of sustainable natural resource management and agricultural productivity. Policy dialogue, partnership-building and innovation in local administrative practices were not explicit objectives of the project. Nevertheless, implementers were proactive in the process leading to national recognition of indigenous land ownership and in working with different government agencies to harmonize policies, procedures and practices related to self-determination among indigenous peoples.

96. The successful coordination by the project support offices of the various CAR agencies involved in the project resulted in the effective implementation of project activities. It also provided a platform for agencies to work together on broader governance and development issues. The conducive environment enabled project partners to link processes and lessons learned from specific activities related to indigenous peoples with larger policy issues.

97. The project took on a role of facilitator with its partners to establish land tenure processes for indigenous communities. It supported the preparation of ADSDPPs as an important step in the issuance of land titles or CADTs. Through the national commission, indigenous communities in the region were able to produce the first ADSDPPs and CADTs in the country, thus providing the country with a model for practical implementation of the Indigenous Peoples' Rights Act.



**Tribal Members and Vegetable Farmers in Benguet,  
Cordillera Region, Load Their Cabbages.  
Photo: Evaluation Mission 2006**

98. However, the project was not as successful as it could have been because of its weak performance – which was below the ARRI average rating – in terms of the IFAD key priority areas of community participation, rural finance and sustainability. For greater success in the next phase, IFAD will need to play a more active role in supporting implementation to ensure that these issues are adequately addressed throughout the project cycle.

99. The project could also have been more effective by responding to the issues raised in the 1994 project feasibility study, which was based on lessons from the HADP. Many of these issues – such as including post-harvest facilities in the project design – remain relevant, as do the solutions proposed. However, these were not adequately

incorporated into the appraisal report for the CHARM project. It is interesting to note that the 2002 evaluation of the Rural Micro-enterprise Finance Project in the Philippines came to a similar conclusion.<sup>79</sup>

<sup>79</sup> The evaluation found that useful conclusions from a 1993 study on microfinance in the Philippines had not been included in the President's report for the project.

100. The conflict between sustainable natural resource management and agricultural productivity created rivalry between the income-generation and natural resource management objectives of the project. For example, initiatives in one component had the potential to impact adversely on the initiatives of another. Similarly, the thrust towards increasing income was not seen as fully compatible with the sociocultural objectives of the targeted communities.

### **C. Key Issues for the Future**

101. **CHARMP2.** A follow-on project is strongly recommended with modifications in design: (i) the definition of poverty should incorporate community values of quality of life and sustainability considerations rather than only income increase; (ii) sustainable agriculture development should be balanced with IKSP, natural resource management and enrichment planning; (iii) broader participation and equity, a local learning approach and comprehensive community development; (iv) an outcome rather than target orientation should be taken with built-in flexibility through the annual work plan and budget to allow adjustment to changing context. The preparation for CHARM 2 should strongly consider the issues raised during the CHARM feasibility, based on lessons learned from HADP. Many issues remain relevant, as do the solutions proposed that were not adequately incorporated into the CHARM Appraisal design.

102. **Continuing Policy Dialogue.** CHARM took a proactive approach to innovating in administrative procedures and policies related to IP concerns. The limiting factor in the level of policy impact is that these are still fledgling processes which are still subject to conflict, unclear guidelines and delays in implementation. Continued lobbying is required to consider CAR as a “special case” for national standards in recognition of the unique environment is still required to assist in effective development of the target areas and to consolidate the gains achieved through CHARM.

103. **Balancing Objectives.** The increasing dilemmas between sustainable natural resource management and agricultural productivity created a quandary between the income generation and natural resource management objectives of the project. Initiatives in one component have the potential to adversely impact on initiatives in another component. Similarly, the thrust towards increasing income was not seen as fully compatible with the socio-cultural objectives of the targeted communities.

### **D. Recommendations**

**Recommendation 1. Proceed with a second phase of the project, with the following recommendations.**<sup>80</sup>

104. **Increase Involvement from IFAD.** IFAD needs to be more active in project implementation. If AsDB is a partner in the next phase, IFAD and AsDB need to coordinate their support more effectively to ensure IFAD’s participation in supervision missions and all aspects of implementation. If AsDB is not a partner, IFAD may consider direct supervision, given the large number of IFAD priorities being addressed by the project, such as indigenous peoples’ issues, participation, empowerment and policy dialogue.

105. **Broader Definition of Poverty.** A definition of poverty that incorporates the needs of the community regarding quality of life and their capacity to ensure sustainability should be used, rather than one based solely on income levels.

106. **Improved Integration of Objectives and Implementation.** Clarity is required in formulating objectives to resolve any conflict that may arise in the simultaneous pursuit of social, economic and environmental goals. The focus must be on balanced sustainable development. There is a good

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<sup>80</sup> At the time of selecting the CHARM project for evaluation, the Asia and the Pacific Division had not decided to prepare a follow-up phase. As such, the evaluation was approved by the Executive Board as a completion evaluation, even though in reality it should be considered as a classic interim evaluation in light of its recommendations and the subsequent decision by the division to design a second phase.

opportunity to build on the valuable regional and provincial partnerships that have been formed, and to consolidate the advances made with respect to policies and procedures under the project.

107. **Strengthen and Extend Existing Approaches.** Processes used under the project – particularly related to the strong agency coordination component, the attempts made to integrate components, the focus on policy dialogue and advocacy for indigenous peoples and the provision of critical infrastructure – are still required in the region. Support for the emerging policies and best practices for indigenous peoples should continue. An emphasis on outcome rather than on physical and financial targets is needed, with built-in flexibility through the annual workplan and budget to allow for adjustments during implementation. More explicit grievance procedures to address allegations of project mismanagement and a more analytical and participatory monitoring process should be introduced.

108. **A Learning Approach.** The opportunity that a second phase provides for building on the substantial knowledge that has been gathered on the region is unparalleled. Stronger analysis and links between subcomponents, e.g. agriculture and agroforestry at the local level, is likely to encourage local learning and innovations that would enhance knowledge related to poverty reduction.

109. **Opportunity for Innovation.** The indigenous communities in the region have already shown that there are many local innovations that can advance the development agenda of communities. A wider menu of small production infrastructure, infrastructure and support for information and communication technology, and partnerships with the private sector will provide an opportunity for new partnerships and sharing of ideas and for combining local innovations with new technology.

110. **Improved Focus on Sustainability and Exit Strategy from the Design Stage.** If sustainability measures and processes are instituted from the outset, over time these processes are more likely to be sustained after project completion.

## **Recommendation 2. Balance project objectives towards greater sustainability.**

111. **Environmental Best Practice.** Within the project, sustainable agricultural development should be balanced by the promotion of indigenous knowledge systems and practices, natural resource management and enrichment planning. A second phase of the CHARM project, and other planned projects in the CAR region, should include an initial environmental examination during preparation and an environmental management and monitoring plan for every proposed subproject to be financed.

112. **Recognize the Uniqueness of CAR.** Higher cost parameters should be set on critical access infrastructure, given the topography of the agricultural areas in the CAR region and this would also provide the required flexibility for project design and specifications to fit local conditions. One particular area of innovation in need of attention is risk mapping for environmental hazards and risk management to assist in building risk scenarios and mitigation plans.

## **Recommendation 3. Improve participation and capacity-building processes.**

113. **Focus on Local Implementation.** Existing local institutions should be strengthened as a foundation for field interventions. Rather than create new institutions (as with the rural financial services subcomponent), it would be preferable to involve existing institutions, at the municipal level such as rural banks, cooperatives, microfinance institutions and trading organizations to assist in local development. Relationships between partners should be emphasized rather than relying solely on contractual services, as was the case with the reforestation activities. This would serve to increase positive participation at the community level. Research should be targeted to local conditions, markets and technical issues. Municipal governments should have a greater role in implementation to support decentralization initiatives. Local ownership should be encouraged by broader participation and use of participatory methods to spread benefits more widely across communities.

114. **Capacity-Building.** The reliance on consultants for much of the project implementation meant that a proportion of experience and knowledge gained through the project was lost at the expense of those who were left to implement development initiatives over a longer time-frame. Greater capacity-building for existing agency and local government unit staff would help build local resources for development.

## Evaluation Methodology

1. **Secondary Information.** The evaluation team reviewed and analysed a wide range of secondary sources, including the Country Strategies of the World Bank and Asian Development Bank (AsDB) and the AsDB performance audit report of the Highland Agricultural Development Project (the precursor to CHARM). The Project has a number of self evaluation reports. Both the AsDB and IFAD undertook Project Completion Reports (PCRs). The NGO generated a final report analyzing their input and their findings on the project performance. This included 16 case studies. These self assessments reviewed the project's performance, including achievements, constraints/challenges and key lessons. Two Benefit, Monitoring and Evaluation Studies had been conducted. The Evaluation Team assessed the consistencies and any inconsistencies between the secondary data and used the consultation and field processes to assess how any inconsistencies had arisen. This is discussed further in paragraph 5 below.
2. The team held discussions with the Department of Agriculture (DA), Department of Environment and Natural Resources (DENR), Department of Agrarian Reform (DAR), National Irrigation Authority (NIA), National Commission of Indigenous Peoples (NCIP), National Economic and Development Authority (NEDA), Local Government Units (LGUs), AsDB, Non Governmental Organizations (NGOs)<sup>104</sup>, donors, and representatives of other stakeholder groups.
3. The Core Learning Partnership (CLP) provided direction to the Evaluation. Key interests for the CLP were:

### Technical Lessons

- Learn lessons on convergence of services in upland farming
  - What are the important aspects of maintenance of rural infrastructure?
  - Strengths and weaknesses of Ancestral Domain Sustainable Development and Protection Plan (ADSDPP) process, especially moving from planning to implementation
  - Assess different instruments for land tenure and their effect on income generation and security

### Institutional Lessons

- More information on partnership at the community level.
  - Investigate issues of conflicting/misaligned policies between agencies.
  - Strengths and weaknesses on interplay between agencies.
  - How were dilemmas resolved and hurdles overcome?
  - Lessons learned from Cordillera Highland Agricultural Resource Management (CHARM) project I for design of CHARM 2

4. Consequently, based on the CLP guidelines and in recognition of the large amount of secondary data that is available, the evaluation placed more emphasis on robust qualitative evaluation rather than investing resources in additional quantitative research.

5. Analysis of the secondary data involved cross-correlation between different sources of information. Adequate quantitative data for the evaluation was available from the Barangay Socioeconomic Profiles, household surveys, project Monitoring and Evaluation (M&E) records,

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<sup>104</sup> DA – Department of Agriculture, DENR – Department of Environment and Natural Resources, DAR – Department of Agrarian Reform, NIA – National Irrigation Administration, NCIP – National Commission on Indigenous Peoples, NEDA – National Economic and Development Agency, LGUs – Local Government Units, AsDB – Asian Development Bank and NGOs – Non-Government Organizations

Benefit Monitoring and Evaluation (BME) survey, and Project Completion Reports (PCRs). In general, the project monitoring data was found to be comprehensive and verifiable. A number of the review missions noted weak project M&E. The Evaluation found that the quality of data was not at fault, rather the lack of analysis and use of the vast amounts of primary data. For example, there are 82 individual barangay Natural Resource Management Plans. The Team had access to this material and cross-referenced materials with project reports. Yet there was little evidence that the data had been analysed to provide input to project activities.

6. Different stakeholders were able to provide detailed reports that aligned with the consolidated project reports e.g. barangay records were compared with municipal LGU records, provincial records component M&E data and PCR records. Notable exceptions were: the reporting on tree planting survival rates, the number of active savings and credit groups; the extent of community participation and thus, the spread of benefits across the targeted households. Aspects where data veracity was questioned is described in the Annexes. In short, payments for community groups for tree planting was linked to survival rates that were impractical for the terrain so there was a tendency for these to be over-reported. Similarly, the savings and credit sub-component was low performing and had little staff resource allocated. This means that attrition in groups as they failed to continue activities was not picked up through the monitoring process. Different perspectives on participation led to different reported results on the level of participation in the project. Agency stakeholders perceived that the level of community participation had increased because of the consultation with Barangay leaders, the participation of community members in some construction activities and the involvement of Reforestation POs in NRM activities. NGOs saw the level of community participation<sup>105</sup> as low because it was mostly the leaders who participated in activities that led to project-related decision-making. Community participation in construction and reforestation activities was mainly on an employment basis only.

7. **Primary Information.** Field interviews with project participants and community organizations were a major evaluation activity, both in the form of focus-group discussions or one-to-one consultations. A simple instrument was designed that was used for semi-structured processes that could be analysed across different stakeholder groups and areas and that was based on the OE evaluation dimensions and impact domains<sup>106</sup>. The framework was used as a basis to guide discussions to allow for local dialect and different context of stakeholders. Cross referencing questions were used to re-confirm results. The framework is provided in Table 1 below and results are summarized in Annex 5 including the list of stakeholders met.

**Appendix 1 - Table 1. CHARM Stakeholders' Evaluation**

Stakeholder type: Rate CHARM impact 1-6 where 1 is lowest and 6 is highest			
Impact on	Score	Impact on	Score
1. Targeting the Poorest		11. Addressing IP concerns	
2. Local Institutional strengthening		12. Addressing gender concerns	
3. Increased physical assets		13. Active Partnerships	
4. Improved food security		14. Participation	
5. Protected environment and resource base		15. Innovation	
6. Improved Human Assets		16. Knowledge management (does the project build, exchange and disseminate knowledge)	
7. Social Capital and Empowerment		17. Replicability/Upscaling (are lessons learned being applied by others)	
8. Agriculture Productivity		18. Policy interventions/advocacy	
9. Financial Assets		19. Are project interventions sustainable	
10. Markets			

<sup>105</sup> This viewpoint is also raised in the AsDB Special Evaluation Study of the Effectiveness of Participatory Approaches 2004, p79-95

<sup>106</sup> OE Evaluation Methodologies Working Draft Nov 2005

9. **Analysis.** Triangulation of documentary, statistical and anecdotal evidence provided the basis for evaluation. The logframe provided goals and objectives and contained quantifiable performance indicators which were based on measurable outputs and reasonable assumptions. The project has been implemented over a 7 year period and the context of implementation has changed over time. An Evaluation logframe has been formulated that retains the original logframe indicators but which incorporates the changes from the MTR and more accurately addresses the emerging objectives related to community mobilization (indigenous peoples), natural resource management, credit, and marketing. Further, the CLP expressed a strong interest in the evaluation exploring the validity of the logframe indicators and the definitions of project “success” at each level of project implementation. These aspects have been incorporated in the logframe. These indicators have been included in adapted matrix (Appendix 2).

10. This study used the benchmark and final BME surveys to determine the project impact by looking at the benefits and impacts comparing the “with” and “without” project scenarios. The evaluation attempted to verify the findings of these reports and clarify any discrepancies between them. The 2002 BME provided a comprehensive analysis of interim results for the project. It highlighted where initial gains had been achieved by the project, particularly in increases in production related to improved irrigation and access infrastructure. The 2002 BME highlighted weaknesses in the effectiveness of training and the spread of benefits across the targeted barangays. The final BME in 2004 did not follow the same methodology as the 2002 BME. Therefore, the reported trends and resultant impact is not considered by the Evaluation Team to be fully valid.

11. During the field visits, the team was able to substantiate the increased cropping intensity and lower transportation costs but found that there are doubts in relation to the conclusion of an overall 60 per cent increase in income across the project area. (See Annex 5). To re-calculate the extent of income increase achieved across the project area is not a viable option due to: (i) the two years which have elapsed since the project closure therefore difficulty in attributed any income changes; (ii) the need to repeat the 2002 BME methodology, or establish an alternative quantitative methodology that would generate valid results; (iii) the directive from the CLP not to focus on duplicating previous quantitative processes but rather focus on qualitative analysis.

12. In working towards recommendations from the Evaluation, the Evaluation Team paid particular reference to the Highland Agriculture Development Project (HADP) Evaluation, CHARM Feasibility Study as well as the CHARM Appraisal Report and Completion Reports. The Team, with Project Staff analysed the lessons that have emerged over time. In particular there was an effort to distinguish lessons that need to be applied due to the changing circumstance in CAR, and other issues which have been consistently raised but not yet adequately addressed.





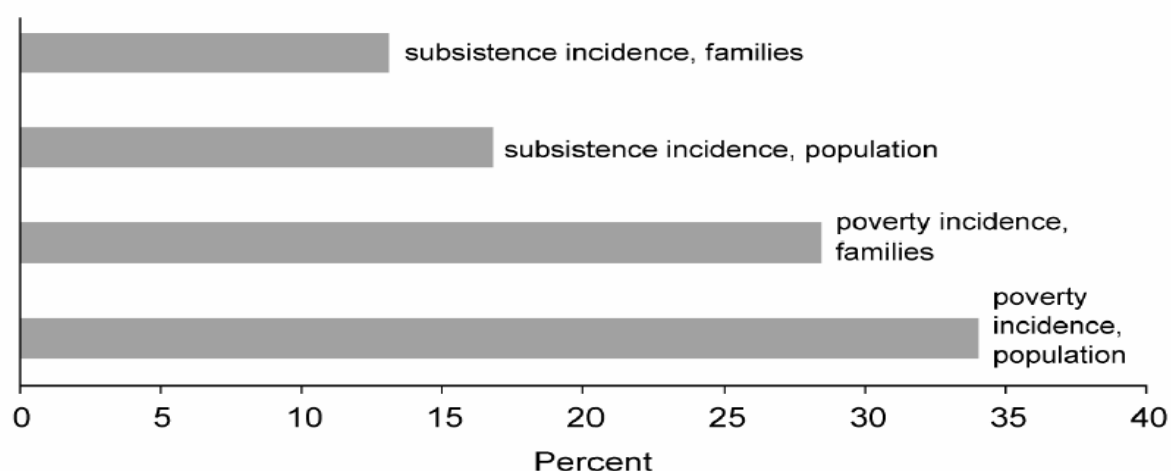
### Poverty Data

1. As with any country, the assessment of poverty levels is fraught with difficulties as income from different sources may remain hidden or fluctuate so that estimates become meaningless. However, in recent years the Philippines has seriously researched the poverty levels across the country and has been refining means of measurement so that aspects such as consumption patterns, inward remittances and liquidation of capital can be assessed.

2. The last major poverty assessment of the Philippines was conducted by the World Bank in 2000 and published in a two-volume report in 2001. The main sources of data for that study were the 1997 Family Income and Expenditure Survey (FIES) and the 1998 Annual Poverty Indicators Survey (APIS). Since then, there has been additional research that not only has generated current data, but increases the capacity of the country to generate and analyse trend data. Additional sources of data, include (i) the 2000 FIES (published in 2001), (ii) preliminary results of the 2003 FIES (released September 2004); (iii) publication of the 1999 and 2002 APIS reports in 2001 and 2003, respectively; (iv) an MDG progress report published by the Government in 2003; and (v) a revision of the official poverty measurement methodology in 2003, which led to the release of revised national and regional poverty figures for 1997 and 2000 and the publication of all-new provincial poverty data. This country poverty analysis draws on all of the preceding sources as well as referring to other sources.

3. The National Statistics Coordination Board distinguishes between families and individuals living at subsistence level and those that are below the official poverty line. The definition between the two measurements relates to the socio-economic condition of the household and individual as well as their income generating capacity. Figure 1 shows the distribution of poor in the Philippines based on the different measurements.

**Appendix 2 - Figure 1. Incidence of Poverty and Subsistence in the Philippines**



Source: NSCB 2003a.

**Appendix 2 - Table 1. Top 10 in Provincial Poverty Threshold 2003-2004**

Province	Poverty Threshold		Rank	
	(in PhP)			
	2003	2004	2003	2004
NCR	16 796	17 737		
Batangas	15 950	16 836	2	1
Bulacan	15 031	16 079	4	2
Cavite	16 128	15 950	1	3
Mt. Province	14 835	15 929	5	4
Abra	14 449	15 563	6	5
Benguet	14 426	15 474	8	6
Pampanga	15 109	15 322	3	7
Batanes	14 439	15 240	7	8
Rizal	13 904	14 825	10	9
Laguna	13 902	14 743	11	10

Ranking excludes NCR, and the cities of Isabela and Cotabato National Statistics Coordination Board (NSCB), 2006

## Evaluation Rating Scales

Appendix 3 - Table 1. Rating Scales for Relevance, Efficiency and Effectiveness<sup>107</sup>

Highly relevant (6)	Relevant (5)	Partly relevant (4)	Partly irrelevant (3)	Irrelevant (2)	Highly irrelevant (1)
The project objectives are <u>relevant and significant</u> (addressing a priority) to the poor and to IFAD's country strategy.	The project objectives are relevant to the needs of the poor <u>and</u> to IFAD's country strategy.	The project objectives are relevant to the needs of the poor <u>or</u> to IFAD's country strategy.	The project objectives are not relevant to the needs of the poor and/or to IFAD's country strategy.	The project objectives are not relevant to the needs of the poor or to IFAD's country strategy.	The project objectives are irrelevant to the poor and to IFAD's country strategy and are not significant to the reduction of rural poverty
Highly effective (6)	Effective (5)	Partly effective (4)	Partly ineffective (3)	Ineffective (2)	Highly ineffective (1)
The project surpassed 20% or more of stated objectives (to the extent they are quantifiable), and met all of its stated project objectives.	The project met all of its stated project objectives.	The project met most, but not all of its stated project objectives.	The project met only a few of its stated project objectives.	The project did not meet most of its stated project objectives.	The project did not meet any of its stated project objectives.
Highly efficient (6)	Efficient (5)	Moderately efficient (4)	Moderately inefficient (3)	Inefficient (2)	Highly inefficient (1)
Excellent use of resources: unit costs are much lower than averages or those of comparators, exceptionally high rates of return.	Good use of resources: unit costs on par with or below those of comparators, average rates of return.	Average use of resources: unit costs are slightly higher than those of comparators, and rates of return are lower than alternative investments but still positive.	Poor use of resources: unit costs are above those of comparators, and rates of return are lower than alternative investments and negative.	Inefficient use of resources: unit costs are well above those of comparators, and processes are inefficient resulting in unnecessary loss of time.	Unsatisfactory use of resources: unit costs are a multiple of those of comparators, and processes are wasteful of time and resources.

<sup>107</sup>

IFAD Evaluation Methodologies, November 2005.



**Appendix 4- Table 1. Logical Framework of the Project**  
*(adapted from the logical framework in the Report and Recommendations of the President)*

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<b>1. Goal</b>			
1.1. To increase farm incomes on a sustainable base	<ul style="list-style-type: none"> <li>• Raise farm family incomes in 82 target barangays from about USD820 (PHP 21,200) to about USD2120 (PHP 56,000) 1995 prices by year 2006 and at Project Performance Audit Report</li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark household profiles in 82 barangays</li> <li>• Community profiling of investment priorities</li> <li>• Benchmark municipal profiles in 16 municipalities</li> </ul>	<ul style="list-style-type: none"> <li>• No natural disasters</li> </ul>
1.2. To reduce poverty	<ul style="list-style-type: none"> <li>• Reduce the number of families below the poverty line (1994 indicator) in target municipalities from 33,000 households to 12,000 households by 2006</li> </ul>	<ul style="list-style-type: none"> <li>• Bi-annual project reviews</li> <li>• Socio-economic surveys at the midterm after project completion</li> <li>• Project completion report</li> <li>• PPAR</li> </ul>	
<b>2. Objectives</b>			
2.1. To increase agricultural production and productivity in 82 barangays in Abra, Benguet and Mountain Province, using sustainable resource management practices, involving project participants	<ul style="list-style-type: none"> <li>• Increase yields of               <ul style="list-style-type: none"> <li>- irrigated rice from 2.0 to 4.0 tons/ha</li> <li>- traditionally irrigated rice from 1.5 to 2.0 tons/ha</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Benchmark household, barangay and municipal profiles</li> <li>• Socio-economic surveys at midterm and project completion</li> <li>• Project completion report/PPAR</li> <li>• Project progress reports</li> <li>• AsDB review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Sound macroeconomic management policies are adopted</li> </ul>
- increase overall cropping intensity	<ul style="list-style-type: none"> <li>• Increase vegetable area irrigated by 1 688 ha by year 2006</li> <li>• Increase rice area irrigated by 296 ha by year 2006</li> <li>• Increase rice cropping intensity in Benguet/Mountain Province from 108% to 150 % by year 2006 and vegetable cropping intensity from 140% to 200% by year 2006</li> </ul>		<ul style="list-style-type: none"> <li>• Prices for commercial crops and rice and corn remain at current real levels</li> </ul>
- raise net farm incomes	<ul style="list-style-type: none"> <li>• Increase rice cropping intensity in Abra from 120% to 175% by year 2006 and vegetable cropping intensity from 140% to 175% by year 2006</li> <li>• Increase net farm incomes by USD2,133 (PHP 55 000) to USD5 935 (PHP 153,000) by year 2006</li> </ul>		<ul style="list-style-type: none"> <li>• Infrastructure is maintained and/or managed</li> </ul>
- achieve an economic internal rate of return of 17%	<ul style="list-style-type: none"> <li>• Achieve an economic internal rate of 17%</li> <li>• Reduce use of pesticides from 47kg/ha to 18kg/ha by year 2006</li> <li>• Increase the area under forest cover in the 82 target barangays by 6 150 ha</li> </ul>		<ul style="list-style-type: none"> <li>• Extension staff at local government unit level are not diverted to non-extension activities</li> </ul>
- sustain income increases achieved	<ul style="list-style-type: none"> <li>• - market linkage established for augmented production</li> </ul>		<ul style="list-style-type: none"> <li>• Counterpart funding is released in a timely manner and in adequate amounts</li> </ul>

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
	<ul style="list-style-type: none"> <li>Involve 23 150 families in target barangays in participatory planning programs</li> </ul>		
<b>3. Project Components/Outputs</b> <b>3.1. Community Mobilization and Resource Management</b>			
<ul style="list-style-type: none"> <li>Communities mobilized and involved in planning project activities</li> <li>Improved tenurial status for project participants</li> <li>Natural resource management improved</li> </ul>	<ul style="list-style-type: none"> <li>Prepare 23 150 household profiles, 82 barangay profiles, and 16 municipal profiles</li> <li>Prepare prioritized list of investment needs for 82 barangays</li> <li><i>Incorporate indigenous people's priorities into all the components</i></li> <li>Preserve existing area (211 013 ha) of protection forestry within the target barangays</li> <li>Reforest 6 150 ha by the year 2002 with an average survival rate of 80%</li> <li>Establish a geographical information system capability within the Bureau of Soils and Water Management to plan and monitor project activities</li> <li>Undertake cadastral surveys covering about 26 450 ha of land by the year 1999, and issue land titles</li> <li>Issue certificates of ancestral domain claims covering about 150 000 ha by the year 2002 and certificates of ancestral land claims covering 480 ha by the year 2002</li> <li>Improved inter-agency and community land management processes</li> <li><i>sustainable forest management processes developed</i></li> </ul>	<ul style="list-style-type: none"> <li>Project progress report and review missions</li> <li>Review progress reports and re3iew missions</li> </ul>	<ul style="list-style-type: none"> <li>LGUs and NGOs work effectively together</li> <li>NGOs are effective</li> <li>Political commitment to the Project is forthcoming at LGU level</li> <li>Existing forest estate resources not protected</li> <li>Survival rates of reforested areas are high</li> <li>Community enthusiasm for reforestation activities</li> <li>GIS activities are linked with Project planning and implementation</li> <li>Cadastral mapping requests from municipalities are acted upon</li> <li>Department of Environment and Natural Resources (DENR) has inadequate resources or attaches low priority to Project activities</li> </ul>
<b>3.2. Rural Infrastructure Development</b>			
<ul style="list-style-type: none"> <li>Farm-to-market access constructed/rehabilitated and utilized</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitate 26 road segments covering 150 kilometres</li> <li>Construct about 100 meters of vehicle bridge; 300 meters of low level river spillway; and 290 meters of footbridges</li> <li><i>Removed a statement on tramline project</i></li> <li>Rehabilitated and new access facilities properly maintained</li> </ul>	<ul style="list-style-type: none"> <li>Review progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>Selection criteria are not applied</li> <li>Contractors perform satisfactorily</li> <li>Supervision is adequate</li> <li>Consultants are fielded in a timely manner</li> <li>Adequate LGU resources for</li> </ul>

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<ul style="list-style-type: none"> <li>Community irrigation rehabilitated/constructed and operational</li> <li>Domestic water supply constructed and functional</li> <li>Engineering services provided</li> </ul>	<ul style="list-style-type: none"> <li>Rehabilitate and/or extend 29 communal irrigation systems (CISs) covering 1 066 ha net irrigable area</li> <li>Construct 34 communal irrigation projects (CIPs) covering 1 688 ha net irrigable area</li> <li>Maintain 2 800 ha of CIS/CIP</li> <li>Construction and operation of 63 domestic water supply schemes serving 3 259 households in 27 barangays</li> <li>Strengthen in the three provincial engineer's office by providing 630 person-days of training, together with additional plant and equipment</li> <li>Provide additional resources to National Irrigation Administration and the three provincial irrigation office</li> <li>Complete detailed feasibility studies in 26 road segments by 1997</li> <li>Complete detailed feasibility studies in 63 CISs/CIPs by 1997</li> <li>Subprojects achieve projected use and maintenance costings</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports and review missions</li> <li>Project progress reports and review missions</li> <li>Project progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>maintenance</li> <li>Project participants are sufficiently involved in planning/ design</li> <li>Selection criteria are applied</li> <li>Construction activities are satisfactory</li> <li>Project participants can repay the debt incurred</li> <li>Project participants have technical and financial resources for maintenance</li> <li>Consultants are recruited in a timely manner</li> <li>Counterpart funding availability does not delay institutional strengthening activities</li> <li>Attribution law prevents hiring of additional staff</li> <li>Consultants are fielded in a timely manner</li> </ul>
<b>3.3. Agricultural Support Services</b> <ul style="list-style-type: none"> <li>Agribusiness services enhanced</li> </ul>	<ul style="list-style-type: none"> <li>Undertake 8 market analyses and systems investigations</li> <li>Daily wholesale market price bulletins broadcast</li> <li>Twice-weekly extension information programs broadcast</li> <li>10 market linkage/market-making activities arranged annually</li> </ul>	<ul style="list-style-type: none"> <li>Project progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>Attrition law prevents hiring of additional staff</li> </ul>



Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<ul style="list-style-type: none"> <li>• The effectiveness of extension services provided</li> <li>• Enhanced research services</li> <li>• Access to and utilization of rural financial services improved</li> </ul>	<ul style="list-style-type: none"> <li>• 16 agro-processing feasibility studies undertaken</li> <li>• Provide additional resources to three provincial agriculture offices and 16 municipal agriculture offices</li> <li>• 70% of target project participants perceive extension support services to be improved in the year 2002</li> <li>• No. of farmers adopting recommended farming practices increased by 100% in the year 2002</li> <li>• Contract for 35 specific applied research sub-projects</li> <li>• About 8 200 farmers attend farmer field schools during 1996-2002</li> <li>• <i>Formulation of 164 savings/credit farmer groups<sup>108</sup></i></li> <li>• <i>Number of groups to join or form cooperatives</i></li> <li>• On-site facilitation of groups by community mobilization officer (CMO)</li> <li>• Linkage of groups to formal and semiformal financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports and review missions</li> <li>• Project progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Consultants are fielded in a timely manner</li> <li>• LFU staff are not diverted to non-Project activities</li> <li>• Farmers are willing to participate in field demonstrations</li> <li>• Project participants are willing to adopt recommended farming practices</li> <li>• Good coordination between extension and research</li> <li>• Project participants are willing to form groups and be guided</li> <li>• Project participants are willing to use tenurial instruments for formal credit</li> </ul>
<p>3.4. Project Management and Coordination</p> <ul style="list-style-type: none"> <li>• Institutions strengthened</li> </ul>	<ul style="list-style-type: none"> <li>• Establish strong project planning and execution capability within the DA-Cordillera Administrative Region (DA-CAR) and at LGU level</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational structure of DA-CAR confirmed</li> <li>• Adequate staff resources within DA-CAR and at LGU level to implement Project activities</li> <li>• Participatory process modalities are followed and subcomponent activities are adequately evaluated</li> <li>• Counterpart funds are available on a timely basis</li> </ul>

Narrative Summary	Verifiable Indicators	Means of Verification	Assumptions/Risks
<ul style="list-style-type: none"> <li>• Provincial government planning capability strengthened</li> <li>• Appropriate monitoring and evaluation systems established</li> </ul>	<ul style="list-style-type: none"> <li>• Regular annual planning and evaluation workshops are conducted in 80% of target barangays by the year 2000</li> <li>• Assign/detail specific personnel in three provincial planning development offices (PPDO) to coordinate Project activities</li> <li>• Produce regular monitoring and review reports as input to provincial coordination meetings</li> <li>• Management information system provides timely feedback on the performance of Project activities</li> <li>• Six-monthly AsDB review missions and monitoring by an independent agency</li> <li>• Project review meetings held at least three times annually</li> <li>• Benefit monitoring evaluation surveys conducted in 1996, 1998, 2000 and 2002.</li> <li>• Indicators adequately capture the “success” of project operations from the point of view of all stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>• Project progress reports and review missions</li> <li>• Project progress reports and review missions</li> </ul>	<ul style="list-style-type: none"> <li>• Staff detailing timely</li> <li>• Adequate management information systems provided</li> <li>• Benchmark information collated and synthesized</li> <li>• Feedback from progress reports of mission reviews incorporated into Project planning/execution activities</li> </ul>



## Financial Performances

Appendix 5 - Table 1. Financing Plan at Appraisal

Source	Foreign Exchange	Local Currency	Total Costs	Percent
Bank				
• ADF Loan	3.1	6.4	9.5	23
• OCR Loan	6.4	3.1	9.5	23
IFAD	0.0	9.2	9.2	22
Central Government	0.0	7.8	7.8	19
Local Government	0.0	3.0	3.0	7
Farmers	0.0	2.4	2.4	6
<b>Total (USD M)</b>	<b>9.5</b>	<b>31.9</b>	<b>41.4</b>	<b>100</b>

Appendix 5 - Table 2. Summary of Project Cost and Financing (US\$)

Total Project Cost			Financing Requirements				
	Appraisal	Actual	Appraisal	Depreciation Adjustment	Loan cancellation	Actual	% Increase/Decrease
AsDB Loan 1421	9 50	8 30	9 50		1 20	8 30	-12 63%
AsDB Loan 1422	9 50	7 61	9 50	1 06	0 80	7 64	-19 58%
IFAD Loan No. 397	9 20	5 65	9 20	1 42	2 23	5 55	-39 67%
National Government	7 80	7 80	-	-	-	-	-
LGUs	3 00	3 00	-	-	-	-	-
Farmers	2 40	2 40	-	-	-	-	-
<b>Total (M)</b>	<b>41 40</b>	<b>34 76</b>	<b>28 20</b>	<b>2 48</b>	<b>4 23</b>	<b>21 49</b>	<b>-23 79%</b>

**Appendix 5 - Table 3. Cost Breakdown by Project Component (Pesos'000)**

Component	Appraisal		Actual	
	Pesos'000	US\$'000	Pesos'000	US\$'000
<b>A. Community Mobilization and Resource Management</b>				
1. Community Mobilization and participatory Planning	86 747	3 365	181 930	4 633 98
2. Natural Resource Management	260 856	10 119	525 243	
<b>Sub-total CMNRM</b>	<b>347 603</b>	<b>13 484</b>	<b>707 173</b>	
<b>B. Infrastructure Development</b>				
1. Farm-to-Market Access	158 035	6 130	291 688	5 895 07
2. Community Irrigation	183 129	7 103	329 096	6 651 09
3. Domestic Water Supply	38 041	1 476	58 343	1 179 12
<b>Sub-total RID</b>	<b>379 205</b>	<b>14 709</b>	<b>679 127</b>	
<b>C. Agricultural Support Services</b>				
1. Agribusiness Service	26 001	1 009	127 744	2 896 03
2. Extension Services	26 322	1 021	55 499	1 258 20
3. Adaptive Research Services	22 210	862	49 414	1 120 24
4. Integrated Pest Management	11 291	438	23 332	528 72
5. Rural Finance Services	2 005	78	4 204	95 31
<b>Sub-total ASS</b>	<b>87 829</b>	<b>3 408</b>	<b>260 193</b>	
<b>D. Project Management and Coordination</b>				
	36 623	1 421	65 902	
Total Baseline Costs	851 260	33 022	1 712 395	
Physical Contingencies a	79 865	3 098		
Price Contingencies b	316 242	3 035		
<b>Total project Cost before Service Charge</b>	<b>1 247 367</b>	<b>39 155</b>	<b>1 712 395</b>	
<b>Service Charge on the Loan</b>	<b>72 479</b>	<b>2 346</b>		
<b>TOTAL PROJECT COSTS</b>	<b>1 319 846</b>	<b>41 501</b>	<b>1 712 395</b>	

**Appendix 5 - Table 4. Cost Breakdown by Expenditure Category by Loan**

<b>IFAD Loan No. 397</b>					
<b>Category</b>	<b>Original Allocation</b>	<b>Last Revised Allocation</b>	<b>Amount Cancelled</b>	<b>Amount Disbursed</b>	<b>Undisbursed Balanced</b>
	<i>USD</i>				
Reforestation	4 449 310	4 027 600		3 759 900	267 700
Consulting Services	2 705 640	1 342 765	1 362 875	1 303 565	39 199
Unallocated	728 158		728 158		
Subtotal	7 883 108	5 370 365	2 264 974	5 063 466	306 899
Imprest fund (DA)		(500 000)		43 202	
Imprest Fund (DENR)		(200 000)		527 049	
<b>Total</b>	<b>7 883 108</b>	<b>5 370 365</b>	<b>4 356 007</b>	<b>5 063 466</b>	<b>613 798</b>

<b>AsDB Loan No. 1422-PHI (SF)</b>					
<b>Category</b>	<b>Original Allocation</b>	<b>Last Revised Allocation</b>	<b>Amount Cancelled</b>	<b>Amount Disbursed</b>	<b>Undisbursed Balanced</b>
	<i>USD</i>				
Equipment and Vehicles	1 710 000	1 510 908		1 508 466	2 442
Training	1 140 000	810 627	236 000	657 285	153 342
Consulting Services	1 995 000	2 150 922	115 000	2 052 452	98 470
Surveys and Special Studies	3 040 000	2 348 141	395 000	1 885 598	462 543
Recurrent Costs	285 000	242 896	54 000	94 264	148 632
Service Charge During Construction	665 000	599 493		229 889	369 604
Unallocated	665 000		113 550		(6 354 00)
Imprest Funds		(6 354 00)			
<b>Total</b>	<b>9 5000 000</b>	<b>7 656 633</b>	<b>913 550</b>	<b>6 427 954</b>	<b>1 228 679 22</b>

**Appendix 5 - Table 5. Project Schedule**

	Appraisal Estimate	Actual
<b>Date of Contract with Consultants</b>		
• Project Consultants	November 1997	29 December 1997
• NGO	November 1997	03 May 1999
<b>Infrastructure Projects (Construction works)</b>		
• Start	January 1999	April 2000
• Completed	31 March 2003	31 December 2003
<b>Reforestation Projects</b>		
• Start	1999	2000
• Completed	2002 (4-planting seasons)	2003 (4-planting seasons)
<b>Procurement of Equipment</b>	1996-2002 (7-year period)	1997-2003 (7-year period)
<b>Start of Operations</b>		
• Establishment of Project Support Office		11 November 1996
<b>Other Milestones</b>	<b>Date</b>	<b>Amount (US\$)</b>
LP 1421		
• First Partial Cancellation	May 24, 2000	1 200 000 00
• Second Partial Cancellation		
• Third Partial Cancellation		
LP 1422		
• First Partial Cancellation	May 24, 2000	800 000 00
• Second Partial Cancellation	June 2004	
• Third Partial Cancellation		
IFAD 397		
• First Partial Cancellation	September 29, 2003	2 859 580 00

**Appendix 5 - Table 6. Project Performance Report Ratings**

	Implementation Period	Rating
Implementation Performance	24 September 2003-10 August 2004	2 (Mostly on Target)
Development Objectives	24 September 2003-10 August 2004	2 (Mostly on Target)
Gender Equality and Women's Empowerment Evaluation	24 September 2003-10 August 2004	1 (Above or on target)
Cooperating Institution Performance Evaluation	24 September 2003-10 August 2004	A (Minor/no problems)
Economic Internal Rate of Return (EIRR)	Appraisal	18.4
	Mid-term	17.2
	PCR	20.06

## Project Data Summary

Appendix 6 - Table 1. Project Data Summary <sup>1</sup>

US\$ 1.00 = Peso 26 (at appraisal, 1997)  
 US\$ 1.00 = Peso 56 (at completion, 2004)

<b>1. Country</b>	Republic of the Philippines		
<b>2. Executing Agency</b>	Department of Agriculture		
<b>3. Implementing Agencies</b>	<ul style="list-style-type: none"> <li>Department of Agriculture-Cordillera Administrative Region (CAR) through CHARM Project Support Office (PSO)</li> </ul>		
	<ul style="list-style-type: none"> <li>National Irrigation Authority (NIA)</li> </ul>		
	<ul style="list-style-type: none"> <li>Department of Environment and Natural Resources (DENR)- CAR</li> </ul>		
	<ul style="list-style-type: none"> <li>Department of Agrarian Reform (DAR)- CAR</li> </ul>		
	<ul style="list-style-type: none"> <li>National Commission on Indigenous Peoples (NCIP)- CAR</li> </ul>		
	<ul style="list-style-type: none"> <li>Local Government Units (LGU): Abra, Benguet, Mountain Province</li> </ul>		
<b>4. Financial Assistance (US\$ mil)</b>	<b>Loan Amount</b>		<b>Net Amount</b>
ADB Loan No. 1421 PHI	9.50		7.30
ADB Loan No. 1422 PHI	9.50		7.60
IFAD Loan No. 397-PH	9.20		5.60
<b>TOTAL</b>	<b>28.20</b>		<b>20.50</b>

<b>5. Terms of Loan<sup>2</sup></b>	<b>ADB No. 1421 (OCR)</b>	<b>ADB Loan No. 1422 (SF)</b>	<b>IFAD Loan No. 307</b>
Commitment Charge	0.75% pa		
Service Charge		1% pa	0.75% pa
Interest Rate			
Maturity (number of years)	27	35	40
Grace period (number of years)	7	10	10

<b>Key Milestones</b>	
1. CHARM Feasibility Study (FS)	June 1994
2. Joint ADB and IFAD Appraisal Mission	June 1995
3. Loan Negotiations	19 October 1995
4. Board Approval	11 January 1996
5. IFAD Loan Agreement Signed	06 March 1996
6. ADB Loan Agreement Signed	08 May 1996
7. Loan Effectiveness/Conditions	
• Benguet	October 1995
• Mountain Province	October 1995
• Abra	July 1996
• Establishment of Project Support Office	November 1996
• Effectivity of Loan Agreement	June 1997
• Inclusion of Opinions on Loan Regulations of Ratification of MOA	June 1997
7. Implementation Schedule	March 1996 – March 2003
8. Original Project Completion Date	31 March 2003
9. Original Loan Closing Date	30 September 2003
• Revised Loan Closing	30 September 2004

<sup>1</sup> IFAD Project Completion Report 2005

<sup>2</sup> Interest rate accordance with the Bank's pool-based variable lending rate system for US\$ loans.





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