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PROMOTION OF SMALL SCALE AND RURAL INDUSTRIES
IN PALAWAN PROVINCE, THE PHILIPPINES

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March 1987

EXECUTIVE SUMMARY

PROMOTION OF SMALL SCALE AND RURAL INDUSTRIES IN SALAWAN PROVINCE, THE PHILIPPINES

Promotion of small industries in the rural areas, particularly where the area is practically distressed is an awesome responsibility and a tremendous task. Thus, the area may be endowed with abundant natural resources that are seen as a base for industrialization, but these resources will only remain as potentials if other prerequisites for industrialization are not present in the area. Necessary "hard and soft" infrastructure for economic activities like production and marketing, both have to be available.

This is the situation prevailing in Salawan, a island province in southeastern Philippines which is typical of the depressed rural areas of the country - rich in natural resources but economically poor and underdeveloped. With an estimated population of half million as of 1984, the province has an average family income of P1,000 pesos which is 50% below the poverty threshold of P2,000 pesos and a literacy rate of 71% well below the regional average of 82.0%. The industrial potential of the province can best be described in two ways - the abundance of resources, utilization and level of private sector investment. The rich potential resources of the area consist of (1) untapped and unexploited because of the low level of development of physical resources and absence of facilities of the support facilities which discourage prospective entrepreneurs to develop the growth of existing ones.

Salawan is fortunate, however, because it is the subject of an integrated area development project, the overall objective of which is the serious socio-economic upliftment of the province. With a substantial funding of US\$35 M, the Salawan Integrated Area Development Project (SIADP), is employing the formulation of a Salawan industrialization of the area through the provision of industrial zones and agricultural zones, and the provision of services. While the prerequisites for industrial growth (roads, bridges, markets, agricultural zones, power, utilities, support facilities, etc.) are being laid in place, efforts are being directed to prepare the people to eventually take advantage of these through the promotion of small industries under the Small Enterprise Development and Rural Employment Generation Project (RED-Enterprise Project).

As a development strategy, the RED-Enterprise Project is based upon the existing government and/or development institutions. The sectors like the agriculture, agriculture, and small business through an integrated multi-functional and multi-agency approach (See the attached RED-Enterprise Project Manual, Annex 5). It utilizes existing development resources, especially the efforts of the public and private sector, and the existing infrastructure. The project is a multi-agency effort involving the industrial development support system, which is a joint effort of

research and project development, the project makes available relevant sector information directed to the needs of industrial and extension workers. Its training and skills development efforts are oriented towards the development of the human resource base on the existing and potential technological, the government extension workers, technical agencies, and the private sector and others who will contribute to the province's industrialization. It extends technical and advisory services to its clients through its extension workers and makes available to all interested outputs of research and technology development through its information network.

The experience of the project points to a number of lessons. These include the need to interact with the private sector in planning, programming, implementation, and monitoring of development projects. Integration of efforts and resources to attain well-defined and specific development objectives involves the use of resources and involves the effects of resource limitations. Selectivity in identifying project beneficiaries and extending a certain degree of flexibility in implementing plans and programs are still necessary for development organizations to attain their development objectives. The provision of a viable development policy supporting rural development efforts of the state is also very necessary.

It is recommended that national, regional, and international organizations collaborate to evaluate the impact of extension studies, design of incentive funding schemes, and mechanisms for production or transfer of appropriate technologies.

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PROMOTION OF SMALL SCALE AND RURAL INDUSTRIES IN PALAWAN PROVINCE, THE PHILIPPINES

I. INTRODUCTION:

Like any other developing country, the Philippines recognizes the imbalances in development between its urban and rural areas. This recognition is expressed in the development thrust identified by the Aquino administration and realized in the countryside development strategy being implemented. At present, a number of rural-based development projects are being undertaken. Some of these projects will succeed; hopefully, only a few will fail. It is important that planners and implementors of these projects look back to the experience and lessons learned from previous projects to avoid potential pitfalls in implementation. In this way, wastage of development resources will be minimized, if not entirely avoided.

The Rural Enterprise Development and Rural Employment Generation in Palawan (RED - Palawan) Project is an example of a project that offers a rich source of insights for program planners and implementors. Implemented in a typical rural area, the project is a replication of a previous pilot project on the promotion and development of small enterprises in a rural area using the integrated approach and involving multi-sectoral participation. Moreover, it is part of a bigger program, that is, as a sub-component of an integrated area development project; therefore, the interrelationships and interplay of functions of the different implementing/cooperating organizations is worth noting.

A study therefore of the development process used in the RED-Palawan Project will be very useful since it may provide national policy makers with the following information on the development process:

1. an analysis of the approach and concept used for the promotion of small and rural industry development through cooperation between public and private sector efforts especially at the local level.

2. action-oriented recommendations for further development of the concept and replication in the Philippines and other similarly-situated countries.

RED-Palawan underscores the general realization of the significance of promoting rural based, small industries as a foundation and prime mover in the economic development of the country.

II. THE ROLE OF SMALL-SCALE AND RURAL INDUSTRIES IN THE PERCEIVED ECONOMIC AND INDUSTRIAL DEVELOPMENT OF THE PHILIPPINES

The small and medium industries, particularly those in the rural areas, play a very significant role in the socio-economic development process of the country. The potentials of these types of industries in the creation of employment opportunities, the regional dispersal and equitable distribution of wealth, the utilization of indigenous materials as well as the generation of foreign exchange have been acknowledged. This explains the very prominent position of this sector in the planning and programming of the development process in the Philippines. Such importance is borne out by the following:

1. Under the Aquino government's economic recovery program, the development of the rural areas is one of the major concerns of the government. A budgetary allocation of P7.5 billion for 1986-1987 has been earmarked by the administration for use in the Countryside Economic Development Program (CEDP) designed to improve the socio-economic conditions in the rural area. The Aquino administration further encourages the regional dispersal of small and medium industries as a means for alleviating mass poverty. Small scale enterprises promote development consistent with the community's resources, whether it be the natural resources or the human wealth. More importantly, the proliferation of many small scale enterprises assures a distribution of wealth and power among the many as opposed to the situation where one large enterprise could dominate the economic and political life of a community^{1/}.

Government measures in support of the regional dispersal of industries include the National Program for Industrial Estate Development, the granting of incentives to private investments in industrial and agricultural projects locating in less developed areas and the encouragement of livelihood projects or enterprises in communities under the Bagong Kilusang Kabuhayan at Kaulayan (BKKK) movement.

2. The country's new development plan for the period 1987 to 1992 placed more emphasis on the need to promote the growth of rural small enterprises as vehicle for economic growth and recovery.

3. The results of current UP-ICSI's overall studies on small industries development^{2/4} in the Philippine show the significant contribution of rural small industries to the national economy in terms of employment, gross domestic product, generation of foreign exchange, and to the overall improvement in utilization of indigenous materials and the regional dispersal and equitable distribution of wealth.

1/ SME's and Regional Growth, in IFIA - Small World, by M. L. S. Calaver, Jr., Bureau of Day, October 1987, 1988.

4. The government infrastructure to support the small and medium sector is seen as extensive and pervasive with more than fifty (50) organizations involved. (See Annex A). The Department of Trade and Industry, the main government agency in the effort, promoted the formation of People's Economic Councils (PEC) among people from all walks of life in the localities to increase people's participation in the planning and programming of economic-oriented projects. The ministry's thrust for People's Economic Councils complements the Regional Development Councils (RDCs) of the National Economic Development Authority. The PECs are more dispersed geographically, covering even the municipalities nationwide, while RDCs are mainly based in the regions. The RDC, which initially was mainly composed of government officials from different line agencies and local government executives in the region and the PECs involve both government and private sectors with the PECs focusing on the resolution of mainly economic issues that affect the community, while the RDCs look at development as a whole.

5. The shifting thrust of non-government organizations (NGOs) or private voluntary organizations (PVOs) in the rural areas from charitable activities in favor of the promotion and growth of income-generating projects (IGPs) is a clear indication of the sector's recognition of the role of rural-based small enterprises in the overall efforts to enhance the quality of life of their beneficiaries. These pvo's/ngo's, estimated to number about 15,000 nationwide, had been operating in the rural areas for sometime. In the past, their orientation is mostly on social services (health and nutrition) or spiritual formation and development. These pvo's/ngo's normally provide organizational and financial assistance to the poorest of the poor in the communities with the objective of improving their socio-economic lot.

All these efforts are directed to establish a strong foundation of small and medium-scale enterprises which will be linked with large enterprises in the national endeavor to increase the national income and hasten national development. These efforts can be viewed at an integrated area level.

III. ECONOMIC CHARACTERISTICS OF SALSAMAN PROVINCE

A typical rural area which is part of the thrust of an integrated area development program is the province of Salsaman.

2. **Small and Medium Industries in the Philippines: An Overview**, University of the Philippines Institute for Small Scale Industries, 1987; **Financial Factors and Small and Medium Enterprise Improvement in the Philippines**, ISE-1987, Small Enterprise Research and Development Foundation, in cooperation with the Institute of Southern Asia Studies, Iloilo, 1988.

Palawan is an island province in the northwestern section of the Philippines. It lies between Mindoro to the north and Borneo to the south and is separated from Malaysia by the China Sea. It lies 472 kilometers southwest of Manila for which it can be reached in an hour by air and 34 hours by sea. Palawan is a part of a group of provinces collectively known as Region III.

The largest province of the country, Palawan has a total land area of 1,487,476 hectares and occupies five per cent of the national territory. It is a network of 1,719 islands and islets. Mainland Palawan is composed of the capital city of Puerto Princesa and the towns of Aboyan, Bataran, Brooklet, Buntal, Dumanan, El Nido, Nanna, Quzon, Soaya, San Vicente and Tayba. In addition, there are 10 island municipalities, including the newly created town of Malayao. (See Annex B, Map of Palawan).

A. ECONOMIC RESOURCES

A look at the resources available in Palawan (see Annex C, Palawan at a Glance) shows that the province is endowed with rich agricultural, marine, forest and mineral resources, which, however, are not being commercially nor productively tapped to propel its economic growth. Consider the following:

1. Land resources - Palawan has 454,408.5 hectares of potential agricultural land, accounting for 30.5 per cent of its total land area. A study reveals that as of 1982, only 55,047.7 hectares or 12 per cent of this potential has been cultivated. Of this, 45,841.7 hectares or 81 per cent were planted to palay, corn and other food crops while 10,700 hectares or 19.1 per cent were sown to commercial crops like coconut, coffee and pineapple. Table 1 shows how the cultivated land area is being utilized in 1982. The leading commercial crop is coconut. Other commercial crops are vegetables, coffee, pineapple, citrus and ginger. Palay and corn are the dominant food crops, with the latter enjoying occasional surplus for the past few years enabling the province to export its corn products. The province also produces fruits, such as mango and cashew crops. The processing of agricultural surplus can be identified as a possible economic activity in the province.

Table 1
UTILIZATION OF LAND AREA

	Quantity (Metric Tons)	Area Cultivated (Hectares)	Percentage of Total Area
Food crops	99,105.0	45,741.7	10.0
Palay	49,047.4	34,035.0	
Corn	11,037.4	7,000.0	
Others	4,120.4	2,706.7	
Commercial crops	97,307.4	10,700.0	2.0
Coconut	97,014.7	10,700.0	
Pineapple	293.0	17.0	

2. Marine resources - Palawan's waters teem with fish and other marine life, earning for the province the name "Treasure of the Philippines." Palawan supplies almost 10 per cent of the national fish requirements. Major commercial catch includes fishes such as sardines, rounded, tuna, mahi-mahi, groupers, snappers, sigeid, cavally and bonito. Other sea products that abound are shrimp, crabs, lobsters, edible seaweeds, tropical fish and commercial shells. Fresh water bangun, (milkfish) is also abundant.

In 1965, the total estimated fish catch in Palawan shipped and unloaded at Navotas Fishport was placed at 80,707 mt., representing about 54 per cent of the total national figure of 163,137 mt., for the same year.

3. Forest resources - The province boasts of 1,132,254 hectares of forest land representing 75.7 per cent of the total provincial land area and adding up actually 50.3 per cent of the total forest land of Region IV. Logging companies, in 1972, reported an aggregate annual output of 146,758 cu. m. from a concession area of 505,425 hectares. Meanwhile, classification tapping covered 160,000 ha. and produced 610,000 litres of resin in 1980-81. Palawan forests also abound with native, wild, firewood and timber.

4. Mineral resources - Nickel is the principal metallic mineral in Palawan, contributing 47.4 per cent of the total mineral reserves. It is followed by laterite iron, which accounts for 25.1 per cent of reserves in 1981. Overall, annual production for that year was valued at P175 million, which placed the province third among the mineral-producing provinces in the region. Table 2 shows a list of metallic and non-metallic reserves that abound in Palawan and their location.

Table 2
MINERAL RESOURCES

Type	Volume (m.t.)	Location
Metallic		
Nickel	417,447,507	Quinto Princesa, Bataran, Beaches Point, Makna, Long Point
Laterite iron	155,394,247	Bataran, Beaches Point, Quico, Abucay, Makna
Chromite	34,121,143	Quinto Princesa, Makna, Abucay
Cobalt and platinum	15,470,740	Beaches Point
Non-metallic		
Mica	544,000,000	Quinto Princesa
Silica sand	20,734,000	Quinto Princesa, Taling, Quico, Beaches Point, Quico
Clay	2,000	Beaches Point
Limestone	167,000,000	Quinto Princesa

Oil has been found to be present in the eastern offshore of Palawan. The Nido 1 oil field begun in 1972 represented the first commercial oil production in the Philippines. As of June 1983, two oil fields, the Nido West and Nido South had a combined production of more than 14 million barrels of crude oil, equivalent to about 10 per cent of the country's annual requirement.

5. Livestock - As of 1982, Palawan's livestock population was 97,000 heads, half of which was made up of hogs. The poultry population was estimated at 579,160 heads, mostly of chicken (99.4 %). Palawan has no livestock and poultry raising industry to speak of. Most of its livestock and poultry are grown in backyards.

6. Human resources - The estimated population of Palawan, based on the 1980 census is placed at 400,000. The province has a relatively young population with a great portion belonging to 1 to 14 years age group. The labor force constitutes around 40 per cent of the population. Estimated dependency ratio was 1:17. As of school year 1980-81, Palawan had a literacy rate of 71.0 per cent, considerably below the regional average of 82.8 per cent in the same year.

Agriculture is the main occupation of the Palawenos, with 71,196 or 52.8 per cent employed in agriculture or agri-based activities. Industrial workers, those in manufacturing, transport equipment, etc. number 34,317 or 25.8 per cent of the employed population. In addition, there are 11,201 sales workers (8.2 %); 10,021 service workers (7.3 %); 4,257 clerical and related workers (3.0 %); and 3,617 professional, technical and related workers (2.6%). About 388 or 0.7 per cent have no definite occupation. The rest are unemployed.

The types of manufacturing enterprises proliferating in the province reflect the kind of skills available in Palawan. These are carpenters, masons, electrical workers and mechanical engineers. Machine, metal, fashion and pattern making. Other skills that are sought include mechanics, watchmaking, tailoring, welding, plumbing, dressmaking and furniture making. However, few of the skilled workers are natives of Palawan. Many of them come from other places, notably Manila, Cebu and Iloilo.

Around 90 per cent of the total household population of the province is rural. The average annual family income is estimated at P4,994 which is way below the national poverty threshold of P5,201.

B. INFRASTRUCTURE:

1. Transport System - Inland travel is a bit difficult by the poor road system. The national road which starts from Cuyo, Cuyo District up to Taytay in the north and down to Puerto Prinsesa in the south is the only inter-district highway of the province. Inland

almost all feeder roads and tracks merge 1 to 11. Most of the latter are in very poor condition and are very difficult to traverse especially during the rainy season. As of 1981, the province has a road network of 3,590.18 kms. out of which only 0.2 percent (4.8 kms.) are paved with concrete, 0.42 percent (14.8 kms.) with asphalt and 54.75 % (19,671.8 kms.) with gravel. The rest, 42.4% (1,511.8 kms) are unpaved surfaces which, usually, unpassable during the rainy season. The total aggregate length of bridges for the same year is 4,471.44 linear meters. Limited number of buses and jeepneys ply the highway from Puerto Princesa en route to other parts of the mainland and transport cost is high. Travel within the municipalities, especially, in the interior areas where there are no roads is either by cart, sled or boat.

Coastal travel is frequently by either motor launches, motorboats or pangboats. However, there are no regular ferry services between municipalities and barangays. There are three inter-island vessels plying the Manila Puerto Princesa route - two cargo-passenger vessels with an irregular monthly schedule and a passenger cargo plying weekly.

2. Power and utilities - The Palawan Electric Cooperative (PALECO) is the only electric company in the province and the main source of electricity. However, it serves only four out of 11 mainland municipalities namely: Puerto Princesa, Aboitiz, Narra and Brooke's Point. The total installed power capacity is 10,700 kw. As of 1983, 61 barangays with 11,112 house connections have been served. Puerto Princesa, Aboitiz and Narra are served for 24 hours while Brooke's Point is served only for 14 hours daily. Other municipalities operate their own power plants using small generators. Residents in some areas are connected by electrically powered lanterns, kerosene lanterns and oil for lighting.

3. Communication - The communication facilities in the province is weak. There is only one land station and a mobile unit of short range. Television and radio are not available anywhere except only in Brooke's Point City. Manila-Corona Telegraph Station is available and a concessionaire of telephone company with 701 subscribers is available in the city. This station provides landline service to all municipalities consequently telephone service is available.

4. Banks - Commercial institutions are limited and mostly financial institutions operating throughout. Out of the 11 municipalities only a few providing financial services to the community. Five commercial banks, two development banks, foreign bank and one postal and one rural bank are located in Puerto Princesa City. In the north there are two rural banks providing services while there is only one in the south. There are several banks rallying in the financial community, the largest of them is

C. PRESENT ECONOMIC ACTIVITIES

Rice and corn milling, wood furniture making, bakeries, metalcraft shops, cashew processing, fish drying, garments manufacturing and copra drying are the dominant industries in Palawan. Most of these establishments are in the cottage and small scale category and organized as single proprietorships. Bigger scale investments are in logging and lumber, machine shops, ice plants, gold smithing, mining and quarrying and construction.

Puerto Princesa has the biggest number of industrial establishments, followed by Brooke's Point and Narra. Puerto Princesa is likewise the center of trading activities in the province. The secondary commercial centers are Brooke's Point, Narra and Roxas.

Generally speaking, locally produced goods are marketed within the municipalities where they are manufactured. Consumer items, including flour, sugar, beverages, fertilizer, salt, animal feeds, cement, metal products, electrical supplies, agricultural implements and even some vegetables are largely brought in from Metro Manila. It accounts for two-thirds of the total incoming volume (65.02 per cent). Other sources of goods entering Palawan are Antique, Mindoro and Batangas.

On the other hand, Palawan exports to other areas such as commodities as cashew, corn, coconut and fish and other items such as honey, lumber, logs, rattan poles, buri leaves, peanuts, alampago, sea products (seafoods, sea cucumber and sea shells), chromite ore and silica sand. There is some international trading with Korea and Japan whereby Palawan exports log to both countries and nickel and chromite ore to Japan.

D. DEVELOPMENT CONSTRAINTS:

The major drawbacks which limit the level of industrial activity in the area include the following:

1. Inadequate infrastructure/facilities support

Problems of accessibility due to poor transport system limits mobility of goods and people. Poor coastal infrastructure hampers information flow of business transactions. Moreover, utilities and post-production facilities are wanting for industries more processing-oriented establishments to flourish.

2. Inadequate capital

Low level of private sector investments is partly due to lack of adequate credit facilities for business investment. Poor credit services and stringent collateral requirements compounded by high interest rates discourage small business from availing of loans for their investments.

3. Limited market

Limited knowledge of the demand supply behavior of the potential industries in the area and the failure to develop products with competitive advantages in the markets outside the area pose constraints to the development and expansion of rural-based industries. This is reflected particularly in the low level of capacity utilization prevalent in most of the existing enterprises.

4. Lack of appropriate technology

Appropriate technology packages for rural and agricultural industries are still wanting in the area. Most local operations are not equipped with the appropriate technical skills and technology to start, sustain and expand business activities.

5. Low level of skills

Level of local skills is generally low and inadequate to meet requirements for industrialization.

6. Weak institutional support and poor coordination system among agencies in the industry sector.

The apparent lack of coordination among agencies extending assistance to the sector precludes optimum utilization of resources and services available to the entrepreneurs.

7. Lack of organized rural institutions to serve as agents for industrial activities and facilitate delivery of effective and improved marketing and production services.

8. Low level of availment of government resources and assistance programs by the small industry sector due to either lack of awareness or indifference.

IV. DEVELOPMENT SCENARIO FOR SMALL INDUSTRIES IN PALAWAN

Rural industrial development in Palawan will be interpreted within the context of the total development envisioned by the Palawan Integrated Area Development Program (PIADP). The use of integrated area development to maximize complementary among sectoral components and program/project mix shall be the basic approach. (Refer to Annex D for a short brief on the concept of integrated area development)

Current PIADP thrust is focused on the development of the agricultural sector through income generation and diversification of production from the various productive resources available within the area. In support of this thrust, the improvement of the transport services, strengthening of support services and developing a financing system and providing a technology appropriate to local conditions, providing the insurance of land

titles; strengthening health services; and building up absorptive and implementation capacities. (Refer to Annex E for PIADF targets for phase 1).

As the Phase I component of the PIADF is being implemented, rural industrialization in the province will slowly take its pace. With the development of the agricultural components, forward and backward linkages with industry will be forged and strengthened paving the way for growth of agribusiness and rural-based industries. The industrialization efforts envisioned for Palawan will be characterized by the flourishing of cottage, small and medium - scale enterprises processing agriculture, fishery and forest products and by-products into intermediate or final consumption goods and the growth of a number of factories/industries providing support to the farmer.

Because of certain development constraints like inadequate infrastructure support and markets, industry dispersal and development in the province may be initially confined to a number of areas already experiencing relatively high levels of development, like the municipalities of Narra, Brooke's Point, Roxas and the city of Puerto Princesa. These places are relatively accessible and most of the support facilities and infrastructures are concentrated here.

Resource availability, market, capital and other factors will see the growth and proliferation of industries engaged in the processing of agricultural, marine and forest products in a number of municipalities. A list of the potentially viable industries which could be set up in specific areas is presented in Table 7. These potentially viable industries were identified by the RFD-Palawan Project in order to meet the information needs of prospective and existing investors.

Table 3
PROSPECTIVE INDUSTRIES FOR PROMOTION

LIST OF ENTERPRISES	POTENTIAL LOCATION
AGRI-BASED PROJECTS	
Feedmill	Puerto Princessa City, Brooke's Point, Aborlan, Narra
Cashew Processing	Dunagan, El Nido, Roxas, Puerto Princessa City, Aborlan
Channel making	Brooke's Point, Puerto Princessa City, Batangas
Soap making	Puerto Princessa City
Banana flour/chips	Brooke's Point, Davao, Puerto Princessa City
FISHERY BASED PROJECTS	
Fish processing	Puerto Princessa City, Brooke's Point, Roxas, Taytay
Agar-agar processing	Batangas, Roxas, Puerto Princessa City
Fish feed	Brooke's Point, Puerto Princessa City, Taytay, Narra
Transportation (ice plant)	Puerto Princessa City, Brooke's Point, Taytay, Narra
FORESTRY BASED PROJECTS	
Clearing-based products	Puerto Princessa City, Brooke's Point
Woodcutting	Puerto Princessa City, Brooke's Point, Roxas, Narra
Setting up	Puerto Princessa City, Davao, Narra, Roxas
OTHERS	
Metallurgy (farm implements)	Puerto Princessa City, Narra, Brooke's Point, Roxas
Metallurgy (mechanical)	Puerto Princessa City
Handmade metal casting	Puerto Princessa City, Narra, Brooke's Point, Roxas

V. PROMOTIONAL AND INSTITUTIONAL SUPPORT FOR SMALL INDUSTRY DEVELOPMENT IN PALAWAN

For the foregoing industrial development scenario to occur both the public and private sectors must work together in laying down the physical and organizational infrastructure, needed to make rural industries grow and prosper. The key strategy in the industrial development program is for the government or public sector to motivate the private sector to invest in potentially viable business ventures by creating the proper business climate through the provision of appropriate assistance and incentive packages. Such is the overall thrust of the Rural Enterprise Development and Rural Employment Generation Project for Palawan (RED-Palawan Project) which was designed and implemented to stimulate the growth and development of rural economic activities in the province of Palawan.

A multi-functional and multi-agency project, (See the RED-Palawan Project Functional Matrix in Annex C), the RED-Palawan Project was started in 1983 as an internal program of the Palawan Integrated Area Development Project Office (PIADPO). Project management and design was made the responsibility of the UP-ISSI while the implementation of the three major program thrusts was shared by the following institutions: UP-ISSI for research and project development, training and project management; PIADPO for coordination and monitoring; Small Business Assistance Center (SBAC) and the National Cottage Industry Development Agency (NACIDA) under the Ministry of Trade and Industry (MTI) for industrial extension and marketing, and the Palawan Area Office for organizational structure of the project. The PIADPO provided the necessary funding for the implementation of the project, deriving from the Government of the Philippines (GOP) and budget funds to the Asian Development Bank and the European Community. Concessional development assistance funds which amounted to about US\$35 M.

A. THE OBJECTIVES OF THE PROJECT

The overall objective of the RED project is to increase off-farm/non-farm income of rural families in Palawan and increase employment opportunities through employment and self-employment and cooperative ventures. The project develops and/or initiates appropriate programs, studies and approaches that would be most cost-effective for the beneficiaries of the program to engage in self-employment or self-reliant schemes.

Specifically, the project aims to:

1. prepare a comprehensive plan for agricultural and rural industry development plan for Palawan;

2. conduct field level studies for programmatic and investment potential, marketing, feasibility studies, and other studies, particularly on agricultural, fishing, and other rural industry sectors;

and develop investment profiles, market studies on selected commodities and other promotional materials for both prospective and existing investors;

-design and conduct training programs on motivation and entrepreneurship for would-be proponents, extension and consultancy services for development promotion officers and production (physical) as well as management and supervisory skills for employees and supervisors;

-render extension and consultancy services in the start-up of new as well as expansion of existing cottage and small scale enterprises.

B. PROGRAM THUSTS OF THE PROJECT

To achieve the objectives of the project, the following major industry program thrusts have been identified to immediately address the problems, issues and constraints facing the sector.

1. RESEARCH AND PROJECT DEVELOPMENT

This would primarily involve the conduct of detailed research activities for providing in-depth opportunities directed towards overcoming problems constraining the industry sector, or towards identifying more avenues for harnessing existing industry development potentials. Since the range and magnitude of identified problems and available potentials, promising projects would be initially identified and subjected to a series of feasibility studies.

Research outputs of the CSD Salween project include the following:

a. Study of Current, Flow and Marketing Practices of Selected Commodities. This 107-page study on the commodity flows of Salween described and analyzed the physical inflow and outflow of commodities to and from the province in general and its neighboring regions in particular. It provided basic information on the flows of goods, traded by major commodities as well as other related information, including a list of commodities in the total trade pattern of the province.

b. Integrated Socio-economic and Investment Potential Study of Salween. This 124-page study lists down the production, processing, marketing infrastructure, land, water and health resources and other economic opportunities of the Salween region. Potentially viable business opportunities in the region are identified for development and investment activities.

c. Five-Year Comprehensive Agribusiness and Rural Industry Development Plan for Palawan - This document indicates the general directions and broad priorities of development efforts for the agribusiness and rural industry sector of Palawan for the next five years, (1983-87). This five-year development plan is the result of a collective effort by the NACIDA and SBAC of the Ministry of Trade and Industry, the PIADPO and UP-ISSI.

d. Investment Profiles of identified potentially viable industries - Studies have been made on the investment prospects of such economic activities as charcoal making, seaweed farming, soap making, motorcycle tire re-tapping, transportable ice plant, pork processing, metal fabrication, wood perquat manufacturing, feed milling, coconut oil milling and small boat making.

e. Market studies - A series of market studies have been prepared to meet the market information needs of would-be and existing entrepreneurs who wish to raise, process, trade or sell the commodity. The study provides basic data on the status of demand and supply as well as projections based on the provincial and national level, prevailing market practices and problems and prospects of the industry. Market studies have been conducted on pineapples, cashew, yellow corn, coffee, sugar, mango, charcoal, mineral sands and charcoal.

f. Entrepreneurial Study - This study delved into the predisposition of the Palawans to go into business, using certain indicators such as risk-taking behavior, the need for achievement level and the availability of business plans. The study also included a needs assessment survey of the respondents concerning their business plans.

g. Inventory of Credit Facilities for Cottage and Small Enterprises in Palawan - This study was made to determine what existing facilities or credit programs are available in Palawan that can be tapped by the small Palawan entrepreneurs.

2. INDUSTRY PROMOTIONS

This program thrust is intended to reach out to existing and prospective entrepreneurs and directly assist them through the provision of relevant industry information, technical assistance and training programs.

Under the industrial promotion thrust of the project, the following components have been identified:

a. Training

Training programs were conducted to meet the training needs of identified target clientele on management training, skills formation, technology application, feasibility study preparation, extension skills development and upgrading and entrepreneurship development and motivation.

A profile of the RED-Palawan training component outlining training objectives, number of trainees, target sector and delivery approach is shown in Table 4.

An evaluation of the training programs was conducted to determine their effectiveness, cost necessarily impact, to the trainees as well as find out areas for further improving future training. Collected findings of this evaluation ^{1/} are presented in Annex II.

b. Technical Assistance and Project Promotions

Extension services in the form of technical assistance were provided. These included assistance in the preparation of project studies, sourcing of loans, facilitation of registration with the appropriate government agencies, information dissemination, and consultation services. More than 100 firms and industry organizations availed of the above-mentioned services.

c. Information Dissemination

To promote potential industries, an effective information system would be developed to disseminate relevant information on potential investment areas, markets, technology and others to the clientele. The system shall serve as the medium for timely information dissemination and feedback channel of projects' coordination and implementation.

The RED-Palawan Project's activities along this thrust were confined by the following:

- 1) publication of a bi-monthly newsletter, The Palawan Subscriptions designed to reach out to the small and entrepreneurs and inform him about the projects developed relevant to his business and link both the private and government sectors together. Four (4) issues

^{1/} Report on the Rural Manpower Training and Development Component of the RED-Palawan Project, by A. L. C. Magaña, UP-ICR, 1987. Available from the International Labor Office, 1987.

TABLE 4
PROFILE OF RED TRAINING PROGRAM

TRAINING PROGRAM	VENUE/DATE	NUMBER OF TRAINEES	OBJECTIVES	TARGET GROUPS	LEVEL OF TRAINING	DELIVERY
1. Appreciation Course on Management and Entrepreneurship	Puerto Princesa City March 11, 1983	61	self-employment/	private /public	entrepreneurship	seminar
	Brookes Point Sept. 17-24, 1983	41	self reliance	sector-individuals	achievement	AMT with ser-
	Narra/Oct. 26-29, '83	45	rural enterprise	with entrepreneu-	motivation and	services fr
	Roxas/Dec. 2-7, '83	25	promotion and development	rial inclinations un/underemployed/ employed adults/ artisans/workers in small enterprises	basic management	research, in- nation and sion worker
2. Rural Enterprise	PPC/Nov. 11-15, '83	17	enhancement of exten	government extension	extension/promotion	seminar wo
3. Project Study Preparation Course	PPC/June 1-11, '83	25	sion skills for more effective delivery of services	workers/development promotion workers;	skills upgrading	
4. Management Development and Productivity Improvement Program	PPC May 21 -June 2, 1984	12	management develop- ment/productivity improvement/enhance- ment of management skills of existing entrepreneurs	owner-managers of existing businessmen	basic management development	seminar
5. Project Study Preparation Course	PPC May 31-June 13, '83	29	improvement of skill in enterprise plan- ning	prospective and existing investors	enterprise planning	seminar
6. Wood Finishing Seminar	NACIDA Centrum, PPC Aug. 27 to 30, '83	18	improve product quality/increase productivity	foremen/wood finishers	skills upgrading	seminar demonstrat cun practi

TABLE 4
PROFILE OF REG TRAINING PROGRAM

	NUMBER OF TRAINEES	OBJECTIVES	TARGET GROUPS	LEVEL OF TRAINING	DELIVERY	APPROACH
City	61	self-employment/	private /public	entrepreneurship	seminar	systems approach
	41	self reliance	sector-individuals	achievement	AMT with support	training needs
		rural enterprise	with entrepreneu-	motivation and	services from	assessment, con-
29, '83	45	promotion and	rial inclinations	basic management	research, infor-	tent, methodology
7, '83	25	development	un/underemployed/ employed adults/ artisans/workers in small enterprises		mation and exten- sion workers	and materials to meet skills require- ment;developmental participation;integ- rated approach link to credit, marketing extension service
5, '83	17	enhancement of exten	government extension	extension/promotion	seminar workshop	systems approach
'83	25	sion skills for more effective delivery of services	workers/development promotion workers;	skills upgrading		
2, 1984	12	management develop- ment/productivity improvement/enhance- ment of management skills of existing entrepreneurs	owner-managers of existing businessmen	basic management development	seminar	lecture discussion training needs ana- lysis;case method business game
3, '83	29	improvement of skill in enterprise plan- ning	prospective and existing investors	enterprise planning	seminar	lecture-discussion case study
PPC '83	18	improve product quality/increase productivity	foremen/wood finishers	skills upgrading	seminar demonstration cum practicum	participatory; systems approach

of the association had been published and disseminated in the Palawan, particularly, the potential and existing entrepreneurs, it was included, primarily, under the CDFP Training module.

21. The organization and operationalization of the Palawan Agro-Industrial Technical Information and Assistance Network (Palawan ATIN) aimed to provide resource and information sharing and networking among the participating agencies serving in one way or another the small business community in Palawan.

22. Dissemination of a total of 1106 appropriate technology bulletins (corn seed processor, homemade ice incubator, mechanical food mixer, peanut sheller, lime sacking equipment, soap making, waste chipping machine, blinger digester, simple wine presser, etc.)

23. Production of investment prospectus and guide such as the Palawan Investment Guide and an international package for investors in Palawan. These sector guides were directed primarily to the private sector, to the prospective and existing investors, and focused on the resources and business potentials of the province.

7. INSTITUTIONAL DEVELOPMENT AND SUPPORT SERVICES

This program thrust sought to facilitate and improve the delivery of services to the target sector through the formation of industry associations and the development of institutional support services such as marketing, credit, managerial training and planning.

Under this thrust, the project supported the activities of existing trade and industry organizations in the province, the NACINA Cebu - Palawan Association of Palawan and Cebu Cane Growers Club, Inc. through the conduct of training program, the need for and specifications of which were identified and jointly collected through consultations with both public and private sectors. The local, regional and Filipino Club members joined in planning, conducting and monitoring of pertinent training program, which included a series of studies, courses of training and other related program, design and implementation.

24. The project also supported the organization of a regional association of cane growers in Palawan. The project provided the necessary financial support for collection, development and implementation of training

NACINA - The project supported the formation of the project's regional association of cane growers in Palawan

assistance to the cottage producers. An illustration of the good working relationship existing between the government and private sector is the putting up of a display and marketing center to promote and sell the small entrepreneurs' products, mainly handicrafts, furnitures and processed food beside the domestic airport. Costing more than a hundred thousand rupees, the building was made possible through the contributions of both the government and the cottage producers association.

d. On the other hand, the extension workers of the Small Business Assistance Center encourage and assist in the formation of small trade and industry groups and provide them necessary assistance such as sourcing of raw materials and markets, credit facilitation, skills and management training, provision of technical information and other types of assistance.

Dialogues are held between the two groups to discuss and thrash out problems affecting both. Of material problems, stringent government regulations affecting business and other issues are discussed and referred to the appropriate agencies or organizations for solution or action.

e. The development of institutional support services was another area of concern of the project. The training of rural development officers on feasibility study preparation and rural enterprise promotion and development as well as the organization of an industrial information and technical assistance network among government agencies engaged in small business activities in the province were meant to improve institutional capabilities to service the sector.

f. The temporary detail of BIASPP development staff at UP-ICSI at the start of the project provided for the transfer of certain knowledge and skills to the former in research and project development, training and planning as well as extension which would serve them in good stead by the time they go back to their respective offices. This plan prepares them for the eventual withdrawal of UP-ICSI when they will have to assume coordination and control of the projects.

C. INDICATIONS OF PROJECT IMPACT

As of the present time, a complete evaluation of the project had been conducted yet. But a developmental project of this nature and scale, provided there is still being a strong planning effect of promotion effort on the growth of the small industry sector, can only be appreciated in words, possibly supported with quite some time. However, there are some signs which should be highlighted to show the contribution of the project to the long term

objective of increasing off-farm/income income of Palawans and increasing rural employment opportunities through self-help or self-employment activities.

1. The project has laid the initial groundwork for the promotion and growth of small enterprises in the region through its combined efforts in research and project development, training, and consultancy and extension activities.

2. Through its research and project development efforts, it has made available valuable information on investment resources and potentials which would be useful to both potential and existing investors. Data base on investment and economic prospects which was practically zero before the project has expanded. On a long term basis, the implications of this work is appreciated in terms of the increasing number of investment decisions that will be made with sufficient confidence by both Palawans and non-Palawan investors. The long goal of the project is to support investment decisions in the form of business proposals, business plans and other relevant documents.

3. The activities of the project has contributed to a wide awareness and understanding of the available options. The beneficiaries of the training, information and extension services have been able to identify their investment opportunities through entrepreneurial development courses. The results of these courses are translated to the potential number of investment proposals, a higher number of agreements entered into and development of small enterprises common to the region. In addition, applying for loans to meet their goals and working more closely with other agencies to attain their goals.

4. The training efforts has empowered the target group of trained and motivated entrepreneurs and consulting and advisory, dedicated technical assistance and related professional services. Hopefully, these groups of individuals will comprise the core of Palawan's human resources that will provide the basis for development.

VI. ISSUES, PROBLEMS AND PROSPECTS

The collective experience of the SER-Catalina project for the last three years of its implementation bring into focus certain organizational and operational issues that affect the successful implementation of any project like this one. The development of a rural area.

The integration of all efforts to develop a rural area is a complex task which should be approached in a systematic development of community infrastructure. The development of infrastructure, including roads, water supply, health services, education, and other social services, is a long-term process. The project has been able to identify the needs of the community and to develop a plan of action to address these needs. The project has also been able to identify the strengths and weaknesses of the community and to develop a plan of action to address these needs. The project has also been able to identify the needs of the community and to develop a plan of action to address these needs.

prevailing situations.

A fifth concern is getting the private sector to participate or involve themselves in development projects is a skill that should be developed by the organizations implementing projects in rural areas. A show of concern, sincerity and goodwill by the latter as well as willingness to listen, consult and heed will go a long way in making the former cooperate. Maintaining low profile also helps. This is one reason why private voluntary organizations are fairly successful in tapping private sector support.

An efficient development communications system will insure that useful outputs of research, market and technological information as well as issues of mutual concern and benefits be both project implementors and target beneficiaries are transmitted and communicated to the proper users. This will prevent the wastage of valuable resources spent in the conduct of research or technological or market developments due to their not being disseminated to the right users at the right time and at the right place.

Identifying and selecting target beneficiaries is an important albeit difficult task particularly in project promotions and development. An example is identifying people who have the entrepreneurial inclinations and the capacity to go into business - one cannot just go on helping people on entrepreneurship, giving them other support and assistance and hoping that they will eventually become entrepreneurs. This can be an expensive activity that has no guarantee of higher yields. We have to be very selective and concentrate services or resources to those who have good chances for success.

Finally, a national development policy should support rural development projects to give it the necessary push and support at the field level.

VII. ACTION-ORIENTED RECOMMENDATIONS

There is a need to undertake the following activities to ensure the project's national efficiency:

1. A carefully planned selection of impact of research on the beneficiaries of the project should be conducted with a view to determining development gaps or other areas of agricultural production needed by them in order to identify people who would be very easy beneficiaries of the support of international organizations like the United Nations. The latter's past and experience on a global basis should be taken into account.

2. A seed capital fund must be allocated to meet the credit requirements of the entrepreneurs at the local level. The lending program should be well designed to be adequate, provided for the limitations on credit and preferably being funded by the Government under the traditional lending program.

Under the present system, the need for credit facilities by the rural enterprises is being met by the traditional lending programs which are mostly collateral-oriented. A big number of business startups have to be financed through the owners' capital because they are unable to borrow from banks due to the latter's stringent requirements. It may be appropriate to assess innovative funding schemes in place in the country as well as in other developing countries to formulate a suitable response to the problem. The support of international organization is required.

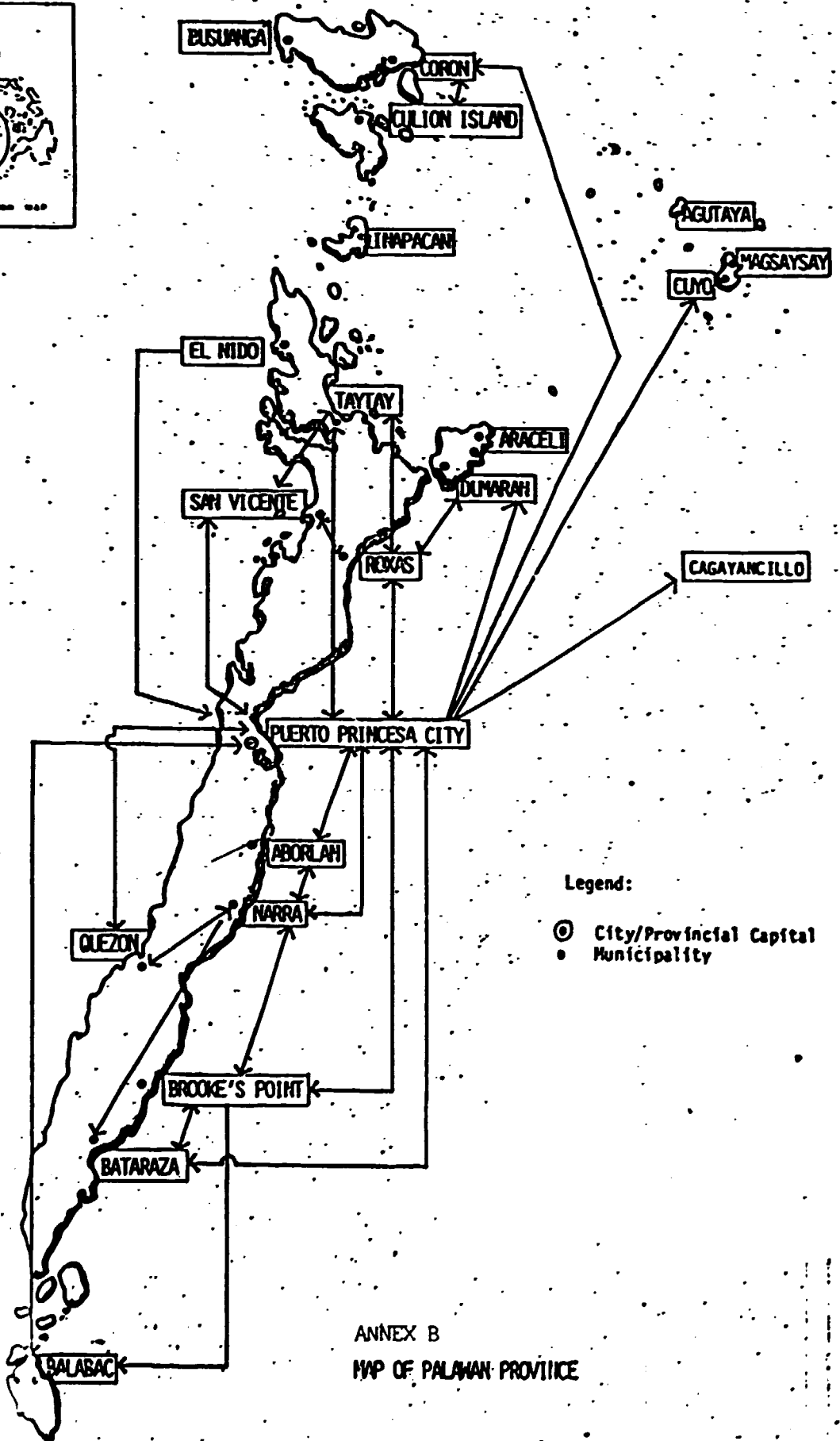
3. The project should provide for the production and development of appropriate technologies to create opportunities for new industries as well as upgrade the operations' efficiency of traditional production or processing systems in the rural areas. This would include an assessment of present technology applications among rural enterprises, identifying potential areas for upgrading or improvement of technologies and providing the required appropriate technologies either through local fabrication or transfer of existing and proven technologies. The project initiated a pilot activity through the fabrication of a cashew nut sheller to improve the traditional method of nut collection. Adapting it to the local conditions, however, required time and funding.

The implementation of the recommendations and the eventual effective conclusion of the project will need support from both national institutes and international organizations. But the lessons learned could be applicable also on the national and international scene.

ANNEX 2

SUMMARY OF VARIOUS ASSISTANCE ACTIVITIES TO THE SMALL INDUSTRY
BY GOVERNMENT AGENCIES

AGENCIES	RESEARCH	TRAINING	CONSUL- TANCY	FINAN- CING	MARKETING	PRODUCTION/ TECHNOLOGY
National Science and Technology Authority (NSTA)		X	X	X		
National Institute of Science & Technology (NIST)	X	X	X			
Philippine Inventors Development Institute (PIIDI)	X	X	X			
Food & Nutrition Research Institute (FNRI)	X	X	X			
Forest Products Research & Industries Development Institute (FPRIDI)	X	X	X			X
National Food Authority (NFA)	X		X	X	X	
Department of Food Science & Technology (DFST)	X	X				X
Metals Industry Research & Development Center (MIRDC)	X	X	X			X
Philippine Textile Research Institute (PTRI)	X					X
National Cottage Industries Development Authority (NACIDA)	X	X	X		X	X
Technology Resource Center (TRC)	X	X	X	X	X	X
Technology Transfer Board (TTB)		X				X
Development Bank of the Philippines (DBP)		X		X		X
Philippine National Bank (PNB)				X		
Central Bank (CB)		X		X		X
Industrial Guarantee and Loan Fund (IGLF)				X		
Land Bank of the Philippines (LBP)			X	X		X
Private Development Corporation of the Philippines (PDCP)			X	X		X
Philippine Business for Social Progress (PLSP)		X	X	X		X
Kilusang Kabuhayan				X	X	



Legend:

- ⊙ City/Provincial Capital
- Municipality

ANNEX B
MVP OF PALAWAN PROVINCE

APPENDIX C
BALAHAN AT A GLANCE

Land area	:	1,499,436 hectares, representing five per cent of the national territory.
Population	:	371,792 (1980)
Provincial center	:	Puerto Princess City
Main island groups	:	Dalamian, Dumaran-Duyan, Balabai-Bugask
Cultivated cropland	:	82,348 hectares (1981)
Plantation cropland	:	47,018 hectares (1981)
Livestock & poultry	:	cattle - 22,540; horses - 22,520; hog - 48,140; poultry - 570,160 (1981)
Fish production	:	sustenance fishing - 73,679.4 m.t.; commercial fishing - 16,775.4 m.t. (1982).
Classified forest land	:	1,146,156 hectares (1981)
Log production	:	144,352.40 cu. meters (1982)
Mineral reserves	:	<u>Metallic</u> - nickel, 417,117,597 mt. laterite iron, 155,394,243 mt. chromite, 24,121,442 mt. medicinal, platinum, polyhydrous ferrous, uranium and nuclear materials, 15,470,340 mt. combined <u>Nonmetallic</u> - marble, 544,800,000 mt; silica sand, 25,774,000 mt; kalo, 1,000 mt; limestone, 147,000,000 mt
Road network	:	7,500,700 km. (1981)
Commercial ports	:	Civilian, 15; fishing ports, 15; total, 30
Airports	:	National, 1; provincial, 2
Power production	:	10,700 kw. (1981)

Communicational : Telegraph stations, 2; telephone
 central, 1; television sets, 1;
 radio station, 1

Banks : Commercial, 5; central, 1; specialized
 government, 2.

Schools : Tertiary, 2; secondary, 57;
 elementary, 122 (1987)

Tourist spots : St. Paul's Subterranean National Park,
 Panagison Falls, Balichan Resort;
 Sta. Lucia Hot Springs; Sabnoro
 Island; Puting Buhangin; Unaula
 Island; Sabnoro Waterfalls; El Sal-
 vador Park; Ten Monte; Malinao
 Hot Springs; Tabon Caves; and Taboran
 Islands.

ANNEX D
INTEGRATED AREA DEVELOPMENT

Overall Approach, Organization and Past Experience

The government's integrated area development program (IAD) has three major objectives. These are: (i) to achieve a regional balance in social and economic opportunities including equitable income distribution and access to social services; (ii) to obtain the maximum use of resources through the effective provision and coordination of complementary inputs of implementing agencies; and (iii) to develop areas with substantial untapped resources which can serve as a basis for accelerating economic growth and national development. Priority for inclusion in the program is given to previously neglected and backward areas which have a high incidence of poverty and significant potential for development.

In 1973, the government established a Cabinet Coordinating Committee on Integrated Rural Development Projects (CCC-IRDP) to coordinate all integrated rural (area) development projects in the country. Four projects were undertaken under this program. In 1978, the CCC-IRDP was superseded by a National Council on Integrated Area Development (NACIAD). NACIAD is composed of the Prime Minister of the Philippines as Chairman, the Minister of Agriculture as Vice-Chairman and the Ministers of Public Works and Highways, Local Government, Agrarian Reform, National Defense, Natural Resources, Finance, and Budget, and the Director-General of National Economic Development Authority (NEDA) as members. NACIAD functions through a secretariat supervised by an Executive Secretary, who is appointed by the President. The Secretariat has about 50 professional staff and is composed of two operating departments and two service units, each headed by a director. The Program Planning and Development Department (PPDD) formulates "framework plans" for identified depressed areas. The Program Management Department monitors the implementation of existing integrated area development projects. Financial and Administrative Services and Communications and Information Services form the two service units.

The most common components of the IAD projects are transport development; irrigation and drainage; health, education and water supply; and agricultural support facilities and services. They are implemented by line agencies concerned. In the case of ongoing projects, which were all started under the CCC-IRDP, a Cabinet minister serves as Cabinet coordinator and a Project/Program Office has been set up to coordinate and monitor these projects at the field level. Even though CCC-IRDP has been superseded by NACIAD, management arrangements for ongoing projects have been continued including the work of the Cabinet Coordinators who are now members of NACIAD. Only monitoring of the progress of implementation of these projects is undertaken by NACIAD.

After CCC-IRDP was established, the island of Mindanao was

the first to be selected for development under the IAD program. In 1975, the World Bank provided assistance for the Mindoro Integrated Rural Development Project. Since then, three more depressed areas (which also have high development potential) have been selected for integrated area development. They are Satar, the Bicol River Basin and the Cagayan Valley. Several external agencies have since provided assistance for the development of these areas. In addition, two projects being implemented with World Bank assistance which are multisectoral, were included under the CCC-IRDP program even though they put less emphasis on area development. The government has identified several depressed provinces in different parts of the country for development under the IAD program and continues to undertake feasibility studies and assign priority for development. In January 1978, the province of Palawan was designated by a presidential decree as an area to be developed under the IAD program.

After initial delays, all IAD projects are making steady progress. The main reasons for the delays were: (i) slow progress in strengthening or establishing project organizations, mobilization and other preparatory activities; (ii) lack of timely availability of local funds; (iii) difficulties in coordination because of new project management systems involving several agencies; and (iv) unfamiliarity of some implementing agencies and project personnel with the procedures of the lending agencies. The implementing agencies have now gained experience, and measures for overcoming earlier difficulties have been incorporated into new projects over time. The proposed project takes into consideration lessons learned from implementing on-going projects and lays down arrangements aimed at expediting implementation and avoiding difficulties.

ANNEX 5

PALAWAN INTEGRATED AREA DEVELOPMENT PROJECT

PHASE I TARGETS

I. TRANSPORT DEVELOPMENT

1. Roads - Programmed for construction are 147.35 kms of main roads and 152.54 kms of feeder roads.
2. Bridges - Six bridges along a 17-kilometer road are planned to be built.
3. Port - The ports of Puert Princesa and Brooke's Point will be improved.

II. HEALTH FACILITIES AND SERVICES

1. Malaria Control - Targets include the spraying of 383,800 houses with DDT, spraying of 54 creeks with Malathion, treatment of positive malaria cases, (estimated number of cases = 40,453) and target reduction of malaria cases by 76%.
2. Rural Drinking Water - Targets include the construction of 46 shallow wells, 345 deep wells, 72 dug wells, 2 level II systems, and 100 sanitary latrines.

III. AGRICULTURAL DEVELOPMENT

1. Irrigation - Targets include the construction of 14 communal irrigation schemes covering a total of 5,070 hectares.

2. Agricultural Intensification and Diversification

Targets include increase in area planted under multi-story cropping scheme, (with credit = 7,000 ha. and self-financing = 10,000 ha.) and seeds to 10,000 farmers through extension services and including, research, demonstration trials.

3. Upland Stabilization Program

On a pilot basis, develop the capability to assist shifting cultivators in adopting new technologies, thereby changing their practices and encouraging them to move to the lower slopes.

4. Livestock Development

Targets include the dispersal of 1,701 heads of heifers, and 1,700 goats, for fattening; provision of extension services/training and establishment of 7 auction markets.

5. Agricultural Credit

Provision of credit to multi-storey cropping and livestock dispersal beneficiaries

IV. LAND CLASSIFICATION AND TITLING

1. Land Classification

Classification/subclassification of 400,000 hectares of alienable and disposable lands.

2. Land Survey and Titling

Survey of 84,701 lots and issuance of 42,300 land patents

V. INTEGRATED ENVIRONMENTAL PROGRAM

Formulation of a strategic environmental plan for Calauag

ANNEX F
RURAL ENTERPRISE DEVELOPMENT AND RURAL EMPLOYMENT GENERATION PROJECT
FUNCTIONAL MATRIX

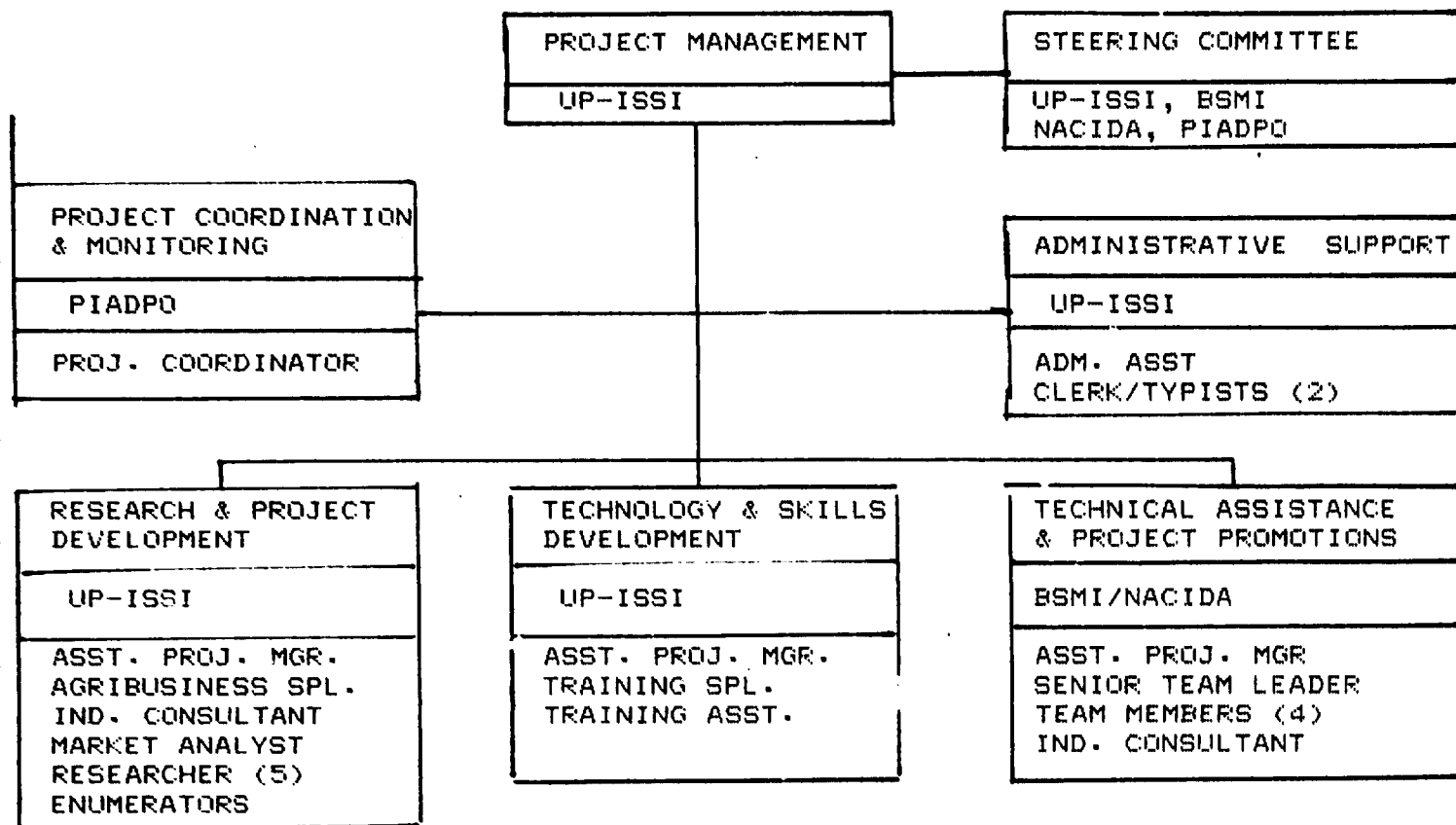
FUNCTIONAL AREAS	RESEARCH AND PROJECT DEVELOPMENT	TECHNOLOGY AND SKILLS DEVELOPMENT	TECH. ASSISTANCE & PROJ. PROM.	
1. RESEARCH	Conduct basic researches to look into the status of existing industries, assess the area's and the general socio-economic problems and development potentials of the province	Conduct studies on entrepreneurial capabilities, industry skills and behavioral studies on investment interest or inclination	Provide secondary data related to cottage, small and medium scale industries in the province	Pro and the com wit
2. PROJECT IDENTIFICATION	Identify investment opportunities as spin-off of the basic researches	Identify prospective investors based on entrepreneurial study	Supplement identification of both prospective proponents for new projects and existing entrepreneurs for business expansion and/or improvements	Co ac co
3. PROJECT STUDY PREPARATION	Prepare pre-investment studies for identified viable projects	Match specific projects with investors of appropriate capabilities interests	Prepare the required feasibility studies for identified projects identified 'takers'	Co pr
4. PROMOTIONS/ INFORMATION	Translate completed studies into promotional materials	Disseminate promotional materials to the investing public	Disseminate information on the type of assistance the project extends to the beneficiaries	Pr and dis
5. TRAINING	Determine the training needs of the clientele	Conduct trainings on appropriate skills determined by the research project development team	Extend to graduates of the training programs the required technical assistance to start a project. Organize them if deemed appropriate.	Mo of
6. TECHNICAL ASSISTANCE	Based on the completed studies, determine type of technical assistance required according to specific type of clientele group.	Identify specific clientele group and appropriate technical assistance required.	Provide technical assistance required by the clientele group as identified by the skills and technology development teams.	Pr to
7. REPORTING	Prepare and submit report of team accomplishment to PIADPO through the Project Management Team.	Prepare and submit report of team accomplishment to PIADPO through the Project Management Team	Prepare and submit report of team accomplishment to the PIADPO through the Project Management Team	Ev ne pi

SECTION 1

ANNEX F
RURAL ENTERPRISE DEVELOPMENT AND RURAL EMPLOYMENT GENERATION PROJECT
FUNCTIONAL MATRIX

AND PROJECT DEVELOPMENT	TECHNOLOGY AND SKILLS DEVELOPMENT	TECH. ASSISTANCE & PROJ. PROM.	PROJ. MGMT. & COORDINATION
basic researches to look at the status of existing enterprises, assess the area's general socio-economic conditions and development potentials of the province	Conduct studies on entrepreneurial capabilities, industry skills and behavioral studies on investment interest or inclination	Provide secondary data related to cottage, small and medium scale industries in the province	Provide adequate administrative and logistic support and coordinate the research activities with other components within the project and within PIADP components.
Identify investment opportunities and spin-off of the basic studies	Identify prospective investors based on entrepreneurial study	Supplement identification of both prospective proponents for new projects and existing entrepreneurs for business expansion and/or improvements	Coordinate project identification activities with other project components
Conduct pre-investment studies on identified viable projects	Match specific projects with investors of appropriate capabilities interests	Prepare the required feasibility studies for identified projects identified 'takers'	Coordinate and monitor status of projects submitted for financing
Disseminate completed studies and promotional materials	Disseminate promotional materials to the investing public	Disseminate information on the type of assistance the project extends to the beneficiaries	Provide logistic support, monitor and evaluate impact of information dissemination
Identify the training needs of clientele	Conduct trainings on appropriate skills determined by the research project development team	Extend to graduates of the training programs the required technical assistance to start a project. Organize them if deemed appropriate.	Monitor and evaluate effectiveness of the training programs.
Based on the completed studies, identify the type of technical assistance required according to the specific type of clientele	Identify specific clientele group and appropriate technical assistance required.	Provide technical assistance required by the clientele group as identified by the skills and technology development teams.	Provide logistic support and monitor status of team operations.
Prepare and submit report of team accomplishment to PIADPO through the Project Management	Prepare and submit report of team accomplishment to PIADPO through the Project Management Team	Prepare and submit report of team accomplishment to the PIADPO through the Project Management Team	Evaluate report of team accomplishment and come up with a development plan and post project evaluation.

ANNEX G
 ORGANIZATIONAL STRUCTURE OF THE RED-PALAWAN PROJECT



ANNEX 4
EVALUATION OF THE RED-PALAWAN TRAINING PACKAGE
SALIENT FINDINGS 1/

THE TRAINING PACKAGE

1. The training programmes consisted of entrepreneurship, management and skills development and extension service training and addressed the training needs of would-be entrepreneurs, owners-managers, production workers and extension workers of government agencies.
2. A combination of lecture-discussions, demonstrations, group dynamics, business games, case studies, and practical "hands-on" was the training method used.
3. The planning and design of the training programmes involved the participation of the target groups through dialogues and consultations, survey of training needs and identification of management and operational problems. Likewise, local resources persons were tapped to handle certain aspects of the training during the conduct of the programme.
4. The trainees were provided essential research outputs, technical information and management and technical advice and other extension services during and after the training programme to complement their training.

EVALUATION OF THE TRAINING PACKAGE

1. A total of 273 trainees participated in the different training programmes. The trainees represented a cross section of Palawan's rural sector - existing businessmen, government and private employees, housewives, artisans, farmers and rural youth.
2. A content and process evaluation showed the training programmes to be effective and adequate in upgrading knowledge, skills and attitudes of the participants.
3. Although no impact evaluation has yet been made, a pilot study of a trainee showed positive impact of the training to his particular work situation.
4. The average training costs per programme ranged from a high of 49 pesos (US \$2.70) to a low of 13.00 pesos (US \$ 1) per training hour per participant.

1/ Report on the Rural Manpower Training and Development Component of the RED-Palawan Project, Arturo O. Mangabat, Project Manager, RED Palawan Project, US-1991 with support from the International Labor Office, Manila, 1995.