

A REVIEW OF INTEGRATED AREA DEVELOPMENT (IAD) PROJECTS

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This paper examines the Integrated Area Development Approach (IAD) and its potential as a mechanism for influencing Local Government Units (LGUs) to address national concerns at local levels, and as a tool for reducing sub-national disparities in welfare through intergovernmental transfers of financial resources. A major finding of this study is that the IAD strategy continues to be a valid approach for achieving the redistribution and equity objectives of the national government. However, institutional capacity-building efforts must be exerted, and more efficient intergovernmental resource transfer mechanisms must be put in place if LGUs have to assume the planning and implementation of IAD projects.

1. Introduction

The 1991 Local Government Code (LGC) devolves substantial powers and service responsibilities to the local government units (LGUs), as well as expands their financial resources. At the same time, the adoption of the LGC has led to a considerable reduction of national government spending for local governments. Indeed, the fiscal relationships envisioned in the LGC presume that local governments would meet most expenditures for local services mainly with their own resources, including their larger share of national revenues through the Internal Revenue Allotment (IRA).

Devolution, however, could also lead to the circumvention of the central government's role in redistributing resources, as well as in addressing national concerns of high priority. Especially since local executives, for political and other reasons, tend to be conservative in generating new tax revenues for development programs and projects (see U.P. PLANADES 1993), local investment activities often neglect certain national and sectoral priorities and targets. Indeed, there are differences in developmental priorities between the national government and LGUs. As observed elsewhere, projects with environmental objectives and those with high social benefits but low recovery rates are not expected to draw strong support from LGUs (Gonzales, 1996).

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For this reason, there is near consensus among scholars and policymakers alike on the need for national intervention to include financing support for certain local development programs other than the provision of the IRA. There is, however, less consensus on the mechanisms for such intervention with a view towards influencing local investment activities towards national and sectoral priorities, as well as towards ensuring minimum service standards across the country.

This paper briefly looks at the IAD approach and its potential as a mechanism for influencing LGUs to address national concerns at local levels, and as a tool for reducing sub-national disparities in welfare through intergovernmental transfers of financial resources. Attention will be given to the sharing of responsibilities between the national and local governments in terms of the planning, packaging, negotiation and implementation of IAD projects. In particular, the changing management and implementing structures for IAD projects that have evolved through the years will be briefly documented. The final section of the paper presents some suggestions for the delivery and financing of IAD projects in the context of devolution and the LGC.

2. Rationale and Central Features

The IAD approach to development started as a movement within the United Nations system, and was conceived as a departure from the conventional macro-economic approaches to development. Although successful in achieving economic growth objectives, such conventional approaches have been criticized for their failure in attaining social equity goals. The IAD strategy had been envisioned to address more directly such equity objectives by giving high priority to the development of less endowed regions in the country.

The main objectives of the IAD approach are to: (1) accelerate economic growth in depressed areas; (2) increase local participation in the planning and decision-making processes; and (3) distribute economic gains equitably. To help achieve these objectives, IAD projects had been envisioned to have the following features (see Limcaoco, 1984: 17-20):

a. *Defined geographic unit.* The IAD approach is implemented within a sub-regional delineation and could be multi-provincial or multi-municipal in coverage. Beyond political boundaries, IADs could be delineated on the basis of ecological units (e.g., river basin, watershed, coastal zone, island, etc.) to synchronize politico-economic administration with resource-based environmental, ecosystem management. Such a delineation is functional from the perspective of planning, production, and protection of environmental resources. It is also significant

in that the delineations could define the geographic limits of externalities, as well as appropriate areas for cost-sharing arrangements. In more recent years, however, political boundaries more than ecological units had been conveniently used in the delineation of IADs, a pattern that can be attributed to expediency, the increased autonomy of LGUs, and the absence of administrative machinery that governs ecological units.

b. *Multi-sectoral in operation.* Within an IAD, the project activities of the different government agencies, with focus on various sectors (e.g., infrastructure, agriculture, health, etc.), are coordinated to produce complementary and reinforcing effects to the beneficiaries. The assumption that guides this operation is the fact that the problems of rural poverty and unemployment are complex and multi-dimensional in character. A total systems approach is thus adopted in a defined geographic space where development projects are integrated and packaged for greater impact, i.e., the net collective benefits from the package is greater than those of the individual projects.

c. *Spatial integration.* IAD boundaries are drawn to effectively link rural production areas with market towns and urban centers. This feature of IAD areas is expected to provide greater access to product and factor markets which would induce farmers to produce beyond subsistence levels, and thus stimulate higher levels of farm production. Indeed, the reason for adopting the "Integrated Area Development" instead of the "Integrated Rural Development" nomenclature is to stress the fact that IAD areas connote the integration of both urban and rural areas. Spatial integration supports the hypothesis that economic development occurs in a specific locational matrix which is primarily rural-industrial in composition.

d. *Grassroots participation.* IAD projects aim to generate active participation of the target communities in the planning and implementation of development programs. The participatory approach is expected to achieve a better match between programs and projects on one hand, and grassroots needs and aspirations on the other. The implementation of the projects is also viewed as a shared responsibility by the government and the local people. At the same time, IAD aims to link the poorer segments of society with the rest of the community by providing channels for participation in the production and social processes.

e. *Organizational integration.* Since IAD projects are multi-sectoral in operation, they often require an organization that has the coordinative authority and jurisdiction over the activities and resources of a multi-sectoral effort. In the past, this organization had taken the form of a lead agency (an NGA), or a Program/Project Management Office (PMO) set-up. At the national level, every IAD

project was coordinated by a Cabinet Coordinator who was a member of the National Council for Integrated Area Development (NACIAD) chaired then by the Prime Minister.

3. Delivery and Provision: Changing Structures and Processes

Although IAD projects have common features, there is no set blueprint for their management and implementation. Past projects have differed in terms of management structure—from a highly centralized system of project planning and identification in the early seventies to the devolved pattern of project packaging following the approval of the LGC. IAD projects have also differed in terms of boundaries—from an early emphasis on the delineation of ecological units (e.g., river basin, watershed areas, etc.) to the more convenient reliance on political boundaries in recent years. The pattern has also changed somewhat in terms of sectoral and substantive focus—from a major preoccupation with infrastructure development to some degree of concern for the achievement of institutional development objectives. For most IAD projects, the emphasis on infrastructure development (often comprising 70-80 percent of project cost) was based on the assumption that high investments in infrastructure, particularly in rural areas, were needed to stimulate agricultural production.

The evolution of IAD projects and the changes that have characterized their planning management and operation may be documented in terms of four (4) major periods: (1) the Pre-1978 period which antedates the National Council for Integrated Area Development (NACIAD), and may be described as the phase when the IAD concept was formed; (2) the 1978-1988 period which may be referred to as the "NACIAD years," characterized by the creation of NACIAD as the central supervising agency and the full institutionalization of the IAD concept; (3) 1988-1991 which is the Post-NACIAD period marked by the taking over by the National Economic Development Authority (NEDA) of NACIAD functions and the strengthening of the NRO-RDC structure; and (4) the Post-1991 period, or the period of decentralization and local government autonomy.

Appendix A presents a list of IAD projects, categorized in terms of the four (4) major periods, along with a brief description of the area coverage, sectoral components, and funding arrangements for the projects. By major period, the main features of the projects will be described in greater detail in the sections that follow. In the process, the sharing of responsibility between the national and local governments in the planning and implementation of the IAD projects, as well as the management systems and processes that were prominent during each period,

will be documented. A summary of such management systems and processes, as well as the participation of the national and local governments in IAD projects, is presented in Table 1.

A major theme that has surfaced in the analysis may be usefully highlighted. As can be discerned from Table 1, the planning, implementation, and management of IAD projects had gradually shifted from the national government to LGUs. In the early 1970's and during the NACIAD period, IAD projects were nationally initiated, planned, and implemented by NGAs in nationally determined IAD sites. Following the abolition of the NACIAD, the initiative for IAD projects shifted to the RDC-NRO structure, but with substantial participation of LGUs through the membership of local officials in the RDC and project management boards. In the post 1991 period, local governments have taken the initiative for IAD projects which underscores the need for fund transfer mechanisms and local institutional build-up.

Before 1978: Pre-NACIAD

This period (before 1978) antedates the creation of the NACIAD and was marked by the early formation of the IAD concept. During the period, there were no clear prioritization criteria (in terms of specific indicators) for the selection of IAD sites. In broad terms, however, project documents during the period made reference to two major considerations: (1) IAD sites should be "depressed;" and (2) they should have untapped potentials for growth. The four IAD projects that were initiated during the period—the Mindoro Integrated Rural Development Project (MIRDP), the Bicol River Basin Development Project (BRBDP), the Zamboanga IAD (Phase 1), and the Cagayan IAD—were supposed to have satisfied the two criteria. It should be noted that as the time frame of these projects extended beyond 1978 (the year NACIAD was created), they were eventually placed under the supervision of NACIAD.

The planning, packaging, and implementation of IAD projects during the period were highly centralized with little or no consultation with local government units (LGUs). It featured the "lead agency" concept where a national government agency (NGA) spearheaded the project. In the case of the MIRDP, for instance, which had a primary focus on irrigation, the National Irrigation Administration (NIA) served as the lead agency and was primarily responsible for the packaging and negotiation of the project. For the projects during the period, a cabinet-level coordinating council was formed at the national level (composed of the heads of the lead agency and the other participating sectoral agencies) to provide policy guidance and coordination of various project activities.

Table 1 - NG-LGU Participation in IAD Projects

		Period of Initiation		
Function/ Processes	Pre-NACIAD (Before 1978)	NACIAD Years (1978-1988)	Post-NACIAD (1988-1991)	Post-LGC (1991-present)
1. Planning/ Packaging	NG through lead agency and participating NGAs.	NG through NACIAD with barangay consultations. Local council "adopts" plan document.	NG through RDC-NRO structure with substantial LGU participation through RDC, and project management boards.	LGU through provincial government.
2. Management	NG through lead PMU and project manager; PMU had no budgetary control over participating NGAs.	NG through IADPOs under NACIAD; IADPOs had no budgetary control over participating NGAs.	Both NG and LGU, through PMOs under RDC. PMOs had budgetary control over participating NGAs and LGUs.	Foreign loans negotiated by LGU with NG assistance, and with LGU counterpart.

Table 1 (continued)

	Period of Initiation			
Functions/ Processes	Pre-NACIAD (Before 1978)	NACIAD Years (1978-1988)	Post-NACIAD (1988-1991)	Post-LGC (1991-present)
3. Implementation	NG through lead agency and participating NGAs.	NG through IADPOs and participating NGAs.	NG (through participating NGAs) and LGUs.	LGU through provincial government agencies.
4. Financing	Foreign loans negotiated by NG (through lead agency) with NG counterpart.	Foreign loans negotiated by NG through NACIAD with NG counterpart.	Foreign loans negotiated by NG (through NEDA) with NG and LGU counterpart.	Foreign loans negotiated by LGU with NG assistance, and with LGU counterpart.
Abbreviations:	NG - National Government NGAs - National Government Agency PMU - Project Management Unit IADPO - IAD Project Office		PMO - Project Management Office NRO - NEDA Regional Office RDC - Regional Development Council	

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Funding for the projects were likewise negotiated by the lead agency concerned with international institutions in the form of loans, grants or aids, with counterparts from the Philippine government.

At the field level, the lead agency seconded a project manager to a Project Management Unit (PMU) which served as the coordinating mechanism for the inputs of the participating NGAs. These PMUs generally functioned independently and had little linkage with the participating LGUs. In general, therefore, the LGUs had little or no participation in the planning, negotiation, and implementation of the projects. IAD projects during this period were not "local" projects. They were identified, packaged and negotiated by an NGA and implemented in nationally determined IAD sites. In many ways, IAD projects during this period may have performed a "redistributive" function given the focus on "depressed" areas.

A major drawback of these IAD operations, however, is that the projects carried out were often not consistent with local priorities. Indeed, some LGU officials viewed IAD projects as impositions from "above." More importantly, IAD operations contributed little to the development of management capability among local institutions in the absence of horizontal linkages between PMUs and LGUs. The lack of such linkages may have, in fact, retarded the process of technology transfer and local institutional build-up in the project sites.

A second drawback of the management structure is that the lead agency, both at the national and field levels, did not have sufficient "clout" over the participating NGAs, being just one of many equals. This problem is exacerbated by the lead agency's lack of budgetary control over participating NGAs. The lead agency and the participating NGAs had their own budgets and were governed by their own internal financial policies and procedures. One problem that emanated from this system is the lack of synchronization of NGA inputs, defeating the very essence of the IAD approach.

1978-1988: NACIAD Years

Numerous IAD initiatives in the late 1970's created problems of coordination and paved the way towards the creation of the Cabinet Coordinating Committee on Integrated Area Development Project (CCC-IRDP) in 1978. In turn, this led to the creation of the National Council on Integrated Area Development (NACIAD) in the same year.

During this period, the planning, design and supervision of IAD projects were largely vested in the NACIAD. The Council absorbed the functions of the CCC-IRDP and was specifically empowered "to select rural areas for integrated

development, prepare project studies, arrange and negotiate for funding from local and foreign institutions, and supervise the projects' implementation" (NACIAD, 1987). Clearly the NACIAD exercised a wide array of functions and was at once a policymaking body, a planning agency, an "implementing" organization, and a monitoring unit of the national government.

At the field level, IAD projects during this period were governed through a network of IAD Project Offices (IADPOs) which usually had an organizationally employed project manager and staff. As shown in Appendix A, there were six (6) IAD initiatives during the period, including the extensions of the Zamboanga IAD and the BRBDP. Funds for these projects were mainly negotiated by NACIAD with international institutions and made available through loans, grants or aids, and with counterpart funds from the Philippine government. The focus on the infrastructure component remained prominent, although many of the projects (notably the Aurora and Palawan IADs) included components with social and institutional development objectives as well.

The NACIAD structure suffered from basically the same drawbacks as the lead agency set-up. The vast powers of the NACIAD had reinforced the highly centralized operations of the government during the period. Decision-making followed through a layer moving from NACIAD to the IADPOs, bypassing regional and local government authorities. Thus, IAD projects remained largely independent of the LGUs and contributed little to local institutional development. Moreover, like the PMUs in the earlier period, the IADPOs also had little leverage with the field units of the participating NGAs which remained in control of project funds.

It should be noted, however, that while LGUs remained largely as "passive" recipients of the benefits of IAD activities, they were provided during this period with some degree of participation in the planning and packaging of the projects. Such participation took the form of "Barangay Workshop-Consultations" to provide NACIAD with feedback on the needs and problems of barangay residents. The plan document, which was to serve as the basis for project activities, was likewise presented to the Provincial Development Council for official adoption. Many local officials, however, viewed this participation as "token" since the real decisions on project inputs were made by NACIAD and the participating NGAs.

An improvement that was introduced during this period was the formulation by NACIAD of more explicit criteria for the selection of IAD sites. The application of such criteria basically entailed a four-step process: (1) the stratification of provinces based on a matrix of resource potentials; (2) the ranking of the provinces based on socio-economic indicators; (3) the exclusion of provinces with pipeline and

on-going NACIAD programs; and (4) the clustering, if necessary, of contiguous provinces with strong functional linkages. The specific indicators used in the delineation of IAD sites are presented in Appendix B.

It should be noted that the criteria and indicators used by NACIAD largely failed to discriminate the so-called "depressed" areas in terms of measures of welfare. It has also been noted that, often, "political" considerations seemed to predominate in the choice of the IAD sites.

1988-1991: Post-NACIAD

An observation made about NACIAD is that it seemed to duplicate the functions of NEDA in so far as planning and program formulation are concerned. Indeed, the relationship between the NACIAD and NEDA had been nebulous from the start and duplication of functions did not only lead to redundancy, but also to unhealthy competition as to agency roles and responsibilities. It is for this reason that with the massive political and administrative reforms introduced during the Aquino government, NACIAD was abolished and its functions were made integral to NEDA.

With the abolition of NACIAD, NEDA played a key role in project planning and packaging through the RDC-NRO structure. As shown in Appendix A, IAD projects were initiated during this period in three areas: Aurora, Bontoc, and Central Visayas. Through the membership of LGU officials in the RDC, and through the creation of project management boards (composed of both LGU and NEDA officials), the participation of LGUs in project planning and decision-making had been much more substantial. The greater accessibility of the RDC-NRO structure also enhanced LGU participation.

A major change in the management of the post-NACIAD projects must be noted. Unlike in previous periods, project funds were directly released to the Project Management Offices (PMOs) which are integral to the RDC-NRO structure. Having budgetary control over the participating agencies and the LGUs, the PMOs were able to more effectively coordinate and synchronize project activities.

LGUs also had some participation in financing project activities. Funds for these projects were sourced from international funding institutions (the EC for Aurora and Bontoc, and the AIDAB for Central Visayas) with counterpart funds from the Philippine government and the LGUs involved. ODA funds have now been exhausted, however, and the Philippine government and the LGUs involved under a Trilateral Agreement with the international funding institutions) are to

continue the projects using counterpart funds from the Area Development Assistance Fund (ADAF). The ADAF (which is a budget item in the General Appropriations Act) will cease to exist following completion of the projects.

After 1991: Post-LGC

The devolution of the substantial resources and powers to LGUs under the Local Government Code (LGC) has apparently changed the system of IAD management and operations as shown in the proposed Bukidnon Integrated Area Development Project (BIADP). Although the BIADP was initially conceptualized by the now defunct NACIAD, re-packaging and re-conceptualization of the project concept (following consultations with local officials and various sectors of society) were mainly the responsibility of the provincial government which is taking advantage of an Asian Development Bank subsidy window to finance project activities. As proposed, BIADP would consist of a physical infrastructure development component (farm to market roads, irrigation and other support systems for agriculture) and a human resource development component (health and educational facilities, rural water supplies, etc.).

In many ways, the BIADP proposal is a repudiation of the "lead agency" concept and is consistent with the autonomy of LGUs. As envisioned, the provincial government would be fully in charge of project implementation through a fund transfer from the national government to the province. A Project Management Office (PMO) will be created under the direct supervision of the provincial government.

The BIADP experience vividly demonstrates the lack of a fund transfer mechanism from the NG to LGUs. Indeed, the initiative is an example of a project that has been affected by the constraints associated with the MDF transfer mechanism. Because of the small budget of the MDF, the BIADP had been scaled down from the original \$60 million to \$15 million representing the proposed ADF allocation for the project. The small size of the MDF has made it impossible for the DOF-BLGF to accommodate the BIADP proposal in full without displacing on-going projects which are themselves competing for meager MDF resources. As such, the BIADP has been reconfigured within the \$15 million limit, and only the roads and infrastructure components of the project will be implemented initially.

Two other reasons have been cited to scale down the BIADP. One, a smaller project will be more manageable as this is the first time for the ADB to assist a purely LGU-initiated investment package. Two, the pending bill to divide Bukidnon into two raises the possibility that the new LGU will not be willing to assume the

indebtedness of the project. The project has, therefore, been scaled down and divided into two phases with the loan covering only those municipalities that are likely to be retained in the Province of Bukidnon. For these and other reasons, negotiations have reached an impasse, however, and there are doubts up to this writing as to whether the project will ever be implemented. The delay has also resulted in a needless increase in transaction costs.

4. Future Prospects for IAD Projects

Despite aberrations that have characterized the IAD strategy, the validity of the approach in fostering improved service delivery of interrelated government programs in habitually neglected and depressed areas in the country have been recognized. The IAD concept today probably remains a viable and pragmatic option in dealing, in a concerted way, with the multi-dimensional problems of rural poverty and unemployment.

In particular, IAD projects could constitute a form of a "national intervention" that can serve an important purpose. Given their focus on "depressed" areas characterized by high levels of poverty and unemployment, IAD projects may be used as mechanisms for achieving the redistributive and equity objectives of the national government. In this context, the IAD strategy might be considered for the so-called "third tier" of LGUs, composed mostly of non-credit worthy fifth and sixth category of provinces and municipalities which are not logical borrowers under a market-oriented structure (see Peterson, 1993).

Consistent with the devolution of powers to LGUs, the planning, management and implementation of IAD projects should ideally be lodged with the LGUs. As observed by Gonzalez (1995), the "lead agency" concept must ultimately go in so far as it undermines the grant of more autonomous powers to LGUs. There are, however, constraints to this ideal set-up as shown in the BIADP experience. Among the more critical constraints are the following:

a. *Weak institutional and financial capacities of LGUs.* Especially of LGUs that are the likely targets of IAD interventions, institutional capacities for planning, management, and implementation are also likely to be weak. The same LGUs have poor financial positions to shoulder the costs of IAD projects. For this reason, capacity-building of LGUs and intergovernmental resource transfers become urgent concerns if LGUs have to assume the planning and implementation of IAD projects.

b. *Lack of LGU "sovereignty."* Under the Foreign Borrowers Act, LGUs are inhibited from directly contracting with foreign donors. It is, in fact, for this reason that LGUs have to rely on a national government agency (NGA) "padrino" to take up their cause and include in its budgetary allocation the project initiative. This system often dampens local government initiative and retards the development of the institutional capacities of LGUs. It is for this reason that in the BIADP initiative, the provincial governor has rejected the lead agency concept.

c. *Problems associated with the MDF mechanism.* The main transfer mechanism that is currently available to LGUs is the Municipal Development Fund (MDF). As in the case of the BIADP, loan funds are to be conduited through the MDF and subsequently passed on as loan or grant funds to the LGU. Currently, however, the MDF is not a large fund and often subjected to budgetary cuts due in large part to DOF budgetary ceilings. This has resulted in credit rationing by the DOF, and only a few LGUs can be accommodated at a time. Nevertheless, many LGUs are willing to join the long queue for subsidized credit. As noted earlier, a consequence of the budgetary ceilings and the small size of the MDF for the BIADP initiative has been a massive down-scaling of the project, from an original cost of about US\$ 60 million to US\$ 15 million. In the view of the provincial governor, this defeats the essence of the IAD concept since only the infrastructure component can now be implemented.

In the light of these constraints, what seems feasible for the future? The following are some suggestions on possible institutional and financial arrangements for future IAD projects:

a. *Site Selection.* In view of the redistributive and equity objectives of IAD projects, the task of site selection and prioritization should be assigned to the national government. Given limited resources, effective redistribution can only be assured if the NG performs this function, and avoid wasteful tax and expenditure competition among LGUs. In this connection, a more definite set of criteria for targeting low-income LGUs for assistance must be developed. Beyond the "class" of the LGUs (assistance could be limited to LGUs in the fifth and sixth class), such criteria could also include the revenue-raising performance of the localities involved. In line with the IAD concept, and to ensure the judicious use of national government resources, target areas must encompass two or more contiguous LGUs. Preference should be accorded to areas that are delineated on the basis of ecological units (e.g., river basin, watershed, etc.) given the emphasis on projects with environmental objectives. As noted earlier, such a delineation is functional from the perspective of environmental protection.

b. *Planning and Packaging.* Once selected, the planning and packaging of IAD projects should be done by the LGU. Planning by the LGU would allow the government to cater better to needs and preferences of local residents. It also brings decision-making closer to the people for whom the services are intended which, in turn, induces greater responsiveness and efficiency in service provision. In view of the weak institutional capability of LGUs (especially those that are likely to be targeted by IAD assistance) technical assistance must be extended to them in the short-term.

The most logical source of such technical assistance is the RDC-NRO structure which has a good familiarity with local development needs and problems, and is more accessible to LGUs than Manila-based institutions. As noted in another study (Astillero, et al., 1993), the RDC-NRO network must, in the context of the IADGC, reorient its activities from one of essentially fulfilling the requirements of national level planning to one of responding to the development planning needs of local government units especially in respect to high impact projects that bear regional significance. Such an reorientation could be achieved through the creation of component LGU-oriented planning teams within NRO and through the drawing in of expertise from regional educational institutions.

To achieve maximum impact, the choice of IAD projects should be guided by the following considerations:

1. Projects must benefit two or more provinces or municipalities;
2. Emphasis should be given to projects that are needed to stimulate economic production; and
3. The proposed project should not entail recurrent costs (e.g. maintenance and other operating expenses) to the national government.

c. *Financing.* Funds for IAD projects could be in the form of conditional grants and incentives in order to influence local spending towards national priorities and concerns. The incentives are "conditional" in the sense that the recipient LGU would agree to provide a counterpart and share in the cost of the projects or the provision of the services. The magnitude of the subsidy would depend on the sectors covered by the IAD project.

The funds could be direct NG appropriations, or could be sourced by the NG from foreign or private institutions and passed on as grant funds to the LGU or LGUs involved. The MDF mechanism could be utilized for this purpose. Since

only selected LGUs would be eligible for IAD assistance, and given appropriate prioritization of prospective IAD sites, the queuing and accommodation problem would be minimized. LGU counterparts could take the form of IRA deductions.

d. *Implementation.* For IAD areas that are fully within provincial boundaries, project implementation should be the responsibility of the provincial government, through the Provincial Planning and Development Staff (PPDS) as project coordinator. This would facilitate consistency of level and mix of public services with the preferences of project beneficiaries as well as provides incentives for the efficient delivery of project components.

For projects that cut across provincial boundaries, project management should be lodged with the NRO structure but with full participation of the LGUs involved. A project governing board (to be composed of the mayors and provincial governors involved), which shall be the project's policymaking and decision-making body, could be created. In both cases, the provincial planning development staff and the NRO should be given full budgetary control of project funds to ensure quick and synchronized service provision which is critical in the IAD project. In the short-term, the RDC-NRO structure could again be a source of technical assistance for LGUs with weak institutional capabilities. In the long-term, a sustained capacity-building effort for LGU personnel in planning, project development, and financial management must be exerted.

Appendix A.
Integrated Area Development Projects
and their Components

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
1.0 Pre-NACIAD (Before 1978)								
1.1 Mindoro IRDP Phase I	1975-1983	1. Roads 2. Irrigation 3. Ports 4. Watershed Protection 5. Agricultural Support Services 6. Schistosomiasis Control 7. Mangyan Assistance	Oriental and Occi- dental Mindoro	WB	312.1	195.0	507.1	DPWH NIA DPWH DENR DAF DOH NMYC/ NACIDA/ DSSD/Prov'l Gov't

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
1.2 Bicol River Basin Dev't Prog.	1975-1987	<ol style="list-style-type: none"> 1. Libmanan-Cabusao IDA Projects 2. Bicol Secondary & Feeder Rds. Proj. 3. Bula-Minalabac Land Consolidation Proj. 4. Bicol River Basin Irrigation Dev. Proj. 5. Riconada-Buhi/Lalo Project 6. Bicol Integrated Health, Nutrition & Population Project 	Camarines Sur, Albay, Sorsogon	USAID	978.7	871.7	1850.4	NIA/DAF DPWH DAR NIA/DPWH/BFD NIA/BFD DOH

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Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
1.3 Zamboanga IAD Phase I	1975-1980	<ol style="list-style-type: none"> 1. Roads and bridges 2. Irrigation, rural water supply 3. Agricultural development 	Zambo. del Sur	AIDAB	226.9	228.0	454.9	DPWH NIA DAF
1.4 Cagayan IADP	1977-1988	<ol style="list-style-type: none"> 1. Agri'l Pilot Center 2. Electrification 3. Intensified Rice Production Program 4. Expanded Yellow Corn Program 5. Irrigation 6. Barangay Rds. 7. Flood Control 	Cagayan Province	JICA	619.2	224.2	843.6	DAF NEA APC APC NIA DPWH DPWH

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
1.4 Cagayan IADP (cont.)		8. Agricultural Support Serv. 9. Cagayan Flood Prod'n Program						DAF/DAR CIADP/CSU
2.0 NACIAD Years (1978-1988)								
2.1 Mindoro IRDP Phase II	1979-1988	1. San Jose-Mamburao Road Proj. 2. Med. Scale Irrigation 3. San Jose-Bulalacao/ Bulalacao-San Jose Rds. 4. Barangay Water Supply	Oriental and Occ. Mindoro	WB	401.6	593.9	995.5	DPWH NIA DPWH DPWH

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.1 Mindoro IRDP Phase I (cont.)		5. San Jose Port						DPWH
		6. Citrus-Based Processing Projects						NSTA/MIRDO/ NACIAD/Prov'l Gov't (Or. Mindoro)
2.2 Samar IRD WB Funded Northern Samar IRD I	1979-1988	7. Mindoro Integrated Manpower Training Ctr.						NMYC/DPWH/ NIA/NACIDA/ DSSD/MIRDO/ Prov'l Gov't (Occ. Mindoro)
		1. Roads and bridges						DPWH
	1979-1984	2. Port	Samar Island	WB	1161.7	859.8	2021.6	NIA
		3. Water Supply Level I						DPWH
		4. Water Supply Level II						DPWH
		5. Rural Dev't.		AIDAB				DAP/BFAR/ PCA/FIDA/ DSSD/DECS/ DOH/UEP/ NGOs/NIA

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.2 Samar IRD (cont.)		6. Irrigation 7. Schistosomiasis control 8. Local Gov't Support 9. Catubig Valley Dev't. Study						NIA DOH
2.3 Bicol River Basin Dev't. Prog. USAID Funded Irrigation Projects	1980-1988	1. Libmanan-Cabusao IDA Projects 2. Bicol Secondary & Feeder Rds. Proj. (c) 3. Bula-Minalabac Land Consolidation Proj.	Camari-nes Sur, Albay, Sorsogon	USAID	(978.7)	(871.7)	(1850.4)	NIA/DAF DPWH DAR

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.3 Bicol River Basin (cont.)		4. Bicol River Basin Irrigation Devt. Project 5. Riconada-Buhi/Lalo Project 6. Bicol Integrated Health, Nutrition & Population Project					NIA/DPWH/BFD NIA/BFD DOH	
2.4 Zamboanga IADP Phase II	1981-1988	1. Roads and bridges 2. Irrigation 3. Water Supply 4. Agricultural development	Zambo. del Sur	AIDAB	(226.9)	(228.0)	(454.9)	DPWH NIA DPWH DAF

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.5 Palawan IADP	1982-1989	1. Agri'l Inten-sification and Diversi-fication 2. Livestock Dev't. 3. Road Dev't. 4. Ports Dev't. 5. Drinking Water Supply 6. Communal Irrigation 7. Land Classi-fication 8. Land Survey and Titling	Central and Sou-thern part of Palawan	ADB/EC	331.4	682.1	1013.5	DAF
2.6 Phil. Rural Infra-structure Proj. (PRIP)	1982-1986	1. Roads 2. Barangay health ctrs. 3. Rural water supply 4. Ports	Abra, Aklan, Antique, Bohol, Capiz, Kalanga	IDA/WB	359.6	268.1	627.7	DPWH DPWH

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.7 Samar IRDP WB Funded Northern Samar IRD II	1984-1988	<ol style="list-style-type: none"> 1. Roads and bridges 2. Port 3. Water Supply Level I 4. Water Supply Level 5. Rural Dev't. 6. Irrigation 7. Schistosomiasis control 8. Local Gov't. support 9. Catubig Valley Dev't. Study 	Samar Island	WB AIDAB	(1161.7)	(859.8)	(2021.6)	DPWH DPWH DPWH DPWH DAP/BFAR/ PCA/FIDA/ DSSD/DECS/ DOH/UEP/ NGOs/NIA NIA DOH NSIRD/PEO/ DDS SIRDPO

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.8 Agusan, Bukidnon & Capiz Land Settlement Project	1978-1985	1. Roads 2. Irrigation 3. Water Supply 4. Land and forest development 5. Credit and cooperative development 6. Health 7. Agricultural Services	Agusan, Bukidnon, and Capiz	WB	132.0	204.0	366.0	DPWH NIA DPWH DENR DAF
2.9 Aurora IADP	1988-1992	1. Roads and bridges 2. Irrigation 3. Flood control	Aurora Province	WWC	134.0	137.4	271.4	DPWH NIA DPWH

A REVIEW OF INTEGRATED AREA DEVELOPMENT PROJECTS

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
2.9 Aurora IADP (cont.)		4. Agricultural support 5. Port 6. Health and social services 7. Watershed management					DAF DPWH DOH	
3.0 Post-NAIAD								
3.1 Bondoc Development Program	1990-2000	1. Roads and bridges 2. Irrigation/flood control 3. Agricultural support 4. Health and social services 5. Watershed management	Bondoc Peninsula	GTZ	881.0	DM28M	Nat'l Gov't with participation of RDC/NRO LGU	

Appendix A (continued)

Period of Initiation and Name of Project	Implementation Period	Component	Area Covered	Donor	Cost (in million pesos)			Implementing Agencies
					GOP	Donor	Total	
3.2 Central Visayas Water and Sanitation Project	1991-1995	1. Water supply 2. Health and social services	Central Visayas Region	AIDAB			249	Nat'l. Gov't. through NRO/RDC structure
4.0 Post-LGC								
4.1 Bukidnon IADP		1. Pipeline project						Provincial Government

Appendix B.
NACIAD Criteria for Selection of
Areas for IAD Planning

In line with the basic premises on which NACIAD was established, the methodology for area selection necessarily possesses a bias in favor of depressed areas with high development potential, specifically in their agricultural, fisheries, industrial and human resources.

The province is used as the basic unit of comparison because it is the most feasible and manageable level of aggregative statistical data in the country.

An iterative process consisting of development resources evaluation, socio-economic evaluation and finally inter-regional balancing of IAD project distribution is applied to all provinces of the country. It consists of the following steps:

First Step: *Stratification based on resource potentials:*

Provinces are stratified into five priority strata based on a matrix of resource potentials. The matrix reflects on its horizontal axis the scale of the resources and on its vertical axis the level of development/utilization of the resources. The indicators used are: arable land area and percent cultivated; paddy farms and percent irrigated, fishpond areas and yield per hectare; and population size and arable land density.

Indicators that while desirable could not be used for reasons of lack of comparable data of provincial level include upland potentials, level of investments, and sectoral growth rates.

Indicators that were not used because of their "regional" rather than provincial comparability are forest resources, minerals, and off-shore fisheries.

Provinces falling within the 5th stratum are given the higher priority followed by those in the 4th, 3rd, and 2nd stratum, respectively. Provinces in the 1st stratum are excluded from subsequent ranking.

Second Step: *Ranking based on socio-economic indicators*

Provinces are scored as to their level of socio-economic development using the following indicators: income, employment, industrial activities, health, education, housing facilities, transport system, and communication facilities. A weighing system is applied to the indicators as follows:

A. Economic (60 points)

- | | |
|--|---------|
| 1. Per Capita Household Income
(annual income) | 20 pts. |
| 2. Employment Rate, 1975 | 20 pts. |
| 3. Level of Industrial Activities | 20 pts. |
| a. No. of Establishments | |
| b. percent of Labor Force Employed by
Manufacturing | |

B. Social (40 points)

- | | |
|--|---------|
| 1. Health Status | 10 pts. |
| a. Morbidity Rate, 1976 | |
| b. Infant Mortality, 1976 | |
| c. percent 3rd Degree Malnutrition among
Children, 1979 | |
| 2. Educational Status | 10 pts. |
| a. Literacy Rate, 1970 | |
| b. Age 6-14 in School | |
| c. Percent Age 15-25 in School | |
| 3. Housing Facilities | 10 pts. |
| a. percent Dwelling Units with Toilets, 1975 | |
| b. percent Dwelling Units with Potable Water
Supply, 1975 | |
| c. percent Dwelling Units with Electricity | |
| 4. Transportation/Communication Facilities | 10 pts. |
| a. Km. roads/sq.km. of arable land, 1978 | |
| b. percent Households with Radio Sets | |

A REVIEW OF INTEGRATED AREA DEVELOPMENT PROJECTS

- c. Newspaper/1,000 population
- d. No. of telephone/1,000 population
- e. No. of Ports (for Regions VI-XII only)
- f. No. of Commercial and Municipal Fish Landing Ports

Scoring

Data for all provinces are ranged from highest to lowest and the maximum allowed score is given to the highest datum while a score of one point to the lowest datum. The range is then equally divided between score one and the maximum allowable score. Highest possible combined score for all indicators is 100 with a stress ratio of 60 percent for economic and 40 percent for social indicators.

Prioritization for IAD starts with the province with the lowest score. A cut-off point is arbitrarily set at 50 points or 50 percent of maximum possible score. Provinces falling above this point are excluded from the ranking.

Third Step: *Exclusion of Programmed Areas*

Prior to ranking of program inclusion, the following provinces were first excluded from the list:

- a) areas on-going and pipeline NACIAD programs.
- b) areas programmed for planning in 1981.
- c) areas under active coverage by development authorities on an integrated area or related concept.

Fourth Step: *Five-year Program*

The remaining provinces are then included in the program. Finally, on the basis of EO 731 expressed policy on multi-provincial, sub-regional geographical coverage of IAD projects, contiguous provinces with strong functional linkages are combined into one project area.

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