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DEPARTMENT of AGRARIAN REFORM

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SUBJECT : OPERATIONALIZING THE DEVELOPMENT OF KAPIT-BISIG LABAN SA KAHIRAPAN AGRARIAN REFORM ZONES (KALAHIRAZONES)

I. BACKGROUND/RATIONALE

In 1993, the development of Agrarian Reform Communities (ARCs) was launched as a strategy to accelerate and sustain national growth through a people centered, concerted, holistic and area-focused approach in community development. More than just a Department's key strategy for support services delivery, it is the over-arching framework that would guide Department of Agrarian Reform (DAR) and other CARP-implementing agencies in delivering integrated development interventions on land tenure improvement (LTI) and program beneficiaries' development (PBD) in agrarian reformed-lands where there is a critical mass of beneficiaries of the Comprehensive Agrarian Reform Program (CARP).

The ARCs are envisioned to serve as growth points in the countryside, as pilot areas where partnership and convergence between and among stakeholders are showcased and where these stakeholders may concentrate and optimize use of their resources and development efforts, and as windows for viewing the impact of the CARP on the lives of the beneficiaries and other farmers.

As of December 2002, there are 1,543 ARCs launched in 1,112 municipalities covering more than 5,800 barangays, or 24% of the 24,287 barangays covered under the CARP. On the average, each ARC covers 3-4 barangays. Out of the total ARCs, only 712 ARCs or 46% are with foreign funding assistance. The total ARC working scope is 1,391,061 hectares, which is only 32.4 % of the total CARP working scope and of which 1,247,250 hectares, or 89.7%, have already been distributed. In terms of number of beneficiaries, the accomplishment in land distribution and leasehold translates to 798,631 ARBs, representing only 27% of the total 3 million ARB population. In addition, about 65% of these ARCs are at medium to high level of development and have to be integrated into the economic mainstream. These ARCs need second level specialized types of services, which could not be provided at the level of the ARC since these would require not only institutions and economies of scale to be viable but more importantly convergence of interventions from various government agencies and other concerned development institutions and sectors.

With these challenges ahead, the DAR recognizes the need to enhance the ARC development approach to improve delivery of support services not only to ARBs in the ARCs but also to farmers outside the ARCs, and thus help accelerate development



and alleviate poverty in the countryside. In line with the national government's anti-poverty program, the Kapit-Bisig Laban sa Kahirapan (KALAHI), the DAR has entered into a working partnership with the Department of Social Welfare and Development (DSWD), the Department of Agriculture (DA) and the Department of Science and Technology (DOST) to adequately cater to the developmental needs of a greater percentage of the rural poor and thus create a comprehensive and broader foundation for sustained economic development and growth.

Thus, the Kapit-Bisig Laban sa Kahirapan Agrarian Reform Zones (KALAHI ARZones) Development Strategy is adopted to rationalize, integrate and institutionalize the delivery of support services to ARBs as well as to other poor farmers. This involves not only the complementation and convergence of resources and programs of partner agencies such as DOST's national research and development program, DA's Agriculture and Fisheries Modernization Program but also the expansion of the area-coverage through the integration of ARCs and adjacent barangays with DSWD's priority KALAHI areas, DA's Strategic Agriculture and Fisheries Development Zones (SAFDZs) into viable economic agrarian reform zones to be called the KALAHI AR Zones.

II. CONCEPTUAL FRAMEWORK

The KALAHI ARZones Development Program is a program that will concretely operationalize partnership and convergence of the rural development efforts of the DAR, DA, DSWD and DOST, and also other CARP-IAs. It is basically intended to sustain and extend the gains in DAR's ARC development program (ARCDP), DA's SAFDZ, DSWD's KALAHI-Comprehensive and Integrated Delivery of Support Services (CIDSS): Kapangyarihan at Kaunlaran sa Barangay (KKB) and DOST's National Research and Development Program to create a modernized and socially equitable agriculture sector.

The KALAHI ARZone is defined as a sub-provincial area comprising of one or more municipalities with critical mass of agrarian reform beneficiaries and farming households. It shall be composed of DAR's ARCs and adjacent agrarian reformed barangays within DA's strategic agriculture and fisheries development areas and those covered by DSWD-CIDSS: KKB, which would redound to improved farm productivity and increased household incomes for a greater number of farmers.

The KALAHI ARZone shall serve as the planning area and convergence of operations of the DAR, DA, DSWD, DOST, other CARP implementing agencies such as Department of Environment and Natural Resources (DENR), Department of Trade and Industry (DTI) and other government agencies including the National Anti-Poverty Commission (NAPC), Cooperative Development Authority (CDA); local government units (LGUs); the private sector, and civil society for the agriculture sector.

The KALAHI ARZones approach offers a critical advantage since it allows coverage of communities which are diverse enough to encompass the entire chain of development process to influence the market, and integration or pooling of available resources, expertise and services of all stakeholders for better complementation and mutual reinforcement of interventions.

The program would adopt a more comprehensive approach, which is multi-disciplinary in character, and would provide for the integration of spatial and physical development with the economic, social, administrative, institutional and cultural aspects of development into one plan for a given geographic area.

Within the KALAHI ARZone framework, DAR shall facilitate access to and provision of agricultural support services, institutional strengthening and technical support to the villagers in the barangays. It shall work with the DA and other line agencies and LGUs with respect to the provision of agricultural support services, e.g. promotion of production, processing and marketing technologies, mobilization of entrepreneurship, private sector investments, irrigation, post-harvest and other rural infrastructure facilities. DAR shall also work with the DSWD in the agrarian reformed barangays covered by KALAHI-CIDSS: KKB in relation to social infrastructure and local capacity building, e.g. community organizing, education and training of community leaders and promotion of barangay governance. DAR shall also work with DOST in the widespread promotion and adoption of "best bet" technologies via on farm demo trials to farmers in the KALAHI ARZones.

As a partnership and convergence program, the development of KALAHI ARZones would address *food security*, due mainly to improved farm productivity; *social equity*, since farmers shall be given equal access to an improved way of life utilizing awarded lands and maximizing use of appropriate technology-based, labor-employing, value-added driven production and agri-business systems; *empowerment* through active participation in local governance and planning, implementation and management of development projects that reduce poverty and generate economic growth at the countryside in particular and national development.

III. GUIDING PRINCIPLES

The development of KALAHI AR Zones shall be pursued in accordance with the following basic principles of sustainability:

1. Forging closer collaboration with different stakeholders so that their distinct, yet complementary programs/projects will have greater impact on rural development;
2. Shared responsibility for capital, technology and social resource infusion among partners from other government/line agencies, civil society organizations and business/private sector;

3. Building solidarity across sectors and among different interest groups to harness the full potentials of the countryside as the foundation for sustainable and equitable national development;
4. Maximizing of the utilization of government's scarce resources; and
5. Continuing resource mobilization from both local and foreign donors.

At the barangay level, the key partners of the program shall be guided by the following key principles as practiced in the KALAHI-CIDSS: KKB in working with various ARCs and agrarian reformed barangays covered by the KALAHI ARZones:

1. *Localized decision making* – where all decisions on the nature and types of project and its approval, planning, implementation and management shall emanate from the barangay level and inter-barangay forum.
2. *Empowerment* – the process undertaken in the project cycle ensures that communities, with the assistance of technical support staff, design their activities and make decisions on how projects shall be prioritized and utilize limited resources.
3. *Transparent* – every aspect of the project cycle and amount spent are publicly announced and made available to the members of the communities.
4. *Competitive* – participating barangays shall submit project proposals to an inter-barangay forum and compete with other barangays for fund acquisition. Major factors for project approval shall be the number of beneficiaries, amount of counterpart contribution from the community and LGUs, among others as decided by the inter-barangay forum.
5. *Inclusive and inter-barangay stakeholder* – shall encourage the whole community rather than specific organization to actively be involved in all phases of project implementation in collaboration with other stakeholders in the locality.
6. *Demand-driven* – the communities shall be encouraged to prioritize their needs, design their activities and make decisions on how resources are mobilized and used.
7. *Simple* – all procedures and components of the project are kept simple for all players to easily understand and be fully involved in the project.
8. *Sustainable* – all projects shall have viable long-term plan for operation and maintenance and business plan for enterprise and livelihood projects.

IV. GOALS AND OBJECTIVES

The KALAHI ARZones Development Program aims to improve the quality of life of disadvantaged families and agrarian reform beneficiaries in the agrarian reformed barangays by optimizing utilization of meager development resources through a complementation of interventions in the provision of the basic and agricultural support services. Specifically, it aims to:

1. Define and enhance the strategic role(s) of the ARCs and agrarian reformed barangays in terms of their comparative advantage in economic development, local governance and in the design and management of development activities to reduce poverty.
2. Link the development projects of the ARCs and agrarian reformed barangays with regional and local development programs including plans of SAFDZs, R & D agenda and priority KALAHI-CIDSS: KKB areas to ensure sustainability and closing the poverty gap.
3. Foster community ownership, transparency and accountability by enhancing community participation in all the stages of the project and enterprise development to ensure institutionalization of organized production, processing and marketing management systems of agricultural products.
4. Ensure efficient utilization of economic and natural resources through the adoption of viable farming systems and modern agricultural technologies; development of appropriate support mechanisms for the setting up of agro-based industries; and the provision of adequate level of or access to support services and facilities to farm households in the various communities; and
5. Institutionalize effective linkages and networks with the private sector, civil society and other government agencies for resource mobilization and accessing of specific development requirements of the barangays and the KALAHI ARZones.

These objectives shall be pursued through interrelated and interdependent activities as follows:

1. *Empowerment of the ARCs and agrarian reformed barangays* – by maximizing the active participation of the farmers and villagers in the identification, formulation, approval, implementation and monitoring of projects and enterprises that will benefit them as well as in accessing of resources or in engaging government at all levels to access resources for the implementation of their priorities. An empowered community utilizes participatory planning, implementation and management of local development initiatives. It also establishes engagement with government at all levels to access, influence and manage resources to meet community's and KALAHI ARZones' priorities

2. *Improvement of local governance* – by strengthening formal and informal institutions and structures to become more inclusive, accountable, transparent and effective in the planning, implementation and management of community projects and enterprises.
3. *Accessing of funds for community investment projects and enterprises* – based on the prioritized needs, the communities shall access funds from LGUs, government agencies, civil society, and private sectors. Counterpart funds shall be provided by the communities, which are generated from their internal resources and local resource mobilization.

V. PROGRAM COMPONENTS AND ELEMENTS OF A VIABLE KALAHI AGRARIAN REFORM ZONE

In order to ascertain the attainment of the objectives, the following elements indicating a *viable KALAHI ARZone* shall be considered: a) all CARP lands are distributed to rightful ARBs or covered by leasehold contracts, and ARBs awarded with lands maintain ownership by directly cultivating or managing said land; b) the ARBs are actively participating in the local governance (organization, barangay and municipal levels) in the design, implementation and management of community projects and agri-based enterprises; c) existence of functional and sustainable area based rural enterprises; and d) the ARBs and farming households are generating income above the poverty threshold from on-farm activities and agri-based enterprises established in the KALAHI ARZones.

Toward this end, DAR and its partners shall seek to provide the following development interventions:

1. Land Tenure Improvement (LTI)

This involves the physical transfer of ownership and control of the lands to agrarian reform beneficiaries (ARBs) through the Land Acquisition and Distribution (LAD) and Leasehold Operation (LHO) schemes. Under the ARCDP, LTI accomplishment is at 89.7% as of December 2002. Land acquisition and distribution, and resolution of second-generation LTI problems within the delineated agrarian reform zones will be fast-tracked. The major viability indicators under this component are:

- All CARP lands distributed to rightful ARBs
- All leasehold areas covered by leasehold contracts
- All ARBs maintain ownership and cultivating/managing the land

2. Social Infrastructure and Local Capacity Building and Strengthening (SILCABS)

Under this component, farmer beneficiaries are organized and capacitated. They

must be developed to be strong, self-reliant and capable of self-governance, able to participate in the development processes, and chart their own destiny since they have to utilize and make the awarded land productive.

This shall involve the provision of various training programs to capacitate ARBs and their organizations in providing services to farmer-members, managing enterprises and accessing services from various development institutions geared towards improving productivity and household income. Farmer organizations should also be strengthened to prepare them for sustainable operation and maintenance of facilities provided under the program. The major viability indicators for this component are:

a. Functional multi-barangay primary cooperatives or network/federation(s)

- Covering 80% of the ARBs in the ARZone
- Providing at least two (2) types of services to its members, e.g., credit, input supply, marketing, trainings, etc.
- Managing their own enterprises

b. Representation of ARBs in local governance

3. Sustainable Area-Based Rural Enterprise Development (SARED)

Under this component, economic and entrepreneurial support shall be provided to assist the farmers and their organizations in acquiring skills. This support shall include training and capability enhancement activities, ensuring access to appropriate farming technology, financial (credit) and investment and marketing assistance both from public and private sector for farmers to be able to own, operate and manage their respective farming, non-farming and off farming enterprises.

In line with the agri-modernization thrust of the government, development interventions shall not be limited to provision and adoption of modern, appropriate and environment-friendly technologies and farming systems but shall also look into the totality of developing sustainable demand-market led farming systems and instituting product value addition, focusing on both crops and livestock production, processing and marketing.

Specific projects/activities would focus on the following areas: access to credit; seed production technology; use of appropriate farm equipment and mini-agro industrial machines; establishment of equipment pool; development of green house village for leafy vegetables and high value crops; establishment of demonstration farms and nurseries; and other farming systems development.

a. *Physical Infrastructure Support*

Farmers are not just provided with the required infrastructure support but they should have access to and shall benefit from any other infrastructure that will be established within the zone.

As such, critical physical linkages will be provided to support and integrate the different economic activities of the ARBs and other farmers. The following shall be provided: farm to market roads, bridges and irrigation system, among others. Because of the expanded coverage of intervention, the road sub-component may include municipal, provincial and national roads and highways. This would link the agrarian reform zones to the market centers, commercial and industrial zones. The major viability indicators in this subcomponent are:

- Link between the ARC/CARP barangays constructed rehabilitated
Production – to processing – to market
CARP barangays – to nucleus – market
(Farm-to-market roads and bridges)
- Irrigation system in irrigable areas constructed/established

b. *Credit and Micro-finance Services*

Existing credit programs of the Department would be rationalized to move idle or slow-moving funds and make them available to individual ARBs and other farmers and their organizations. Among these programs are the DAR-DBP Financing Program for ARBs or the DBP-DAR Special Projects Office (SPO) Window III Facility, and the DAR-LBP 5-25-70 Countryside Partnership Scheme.

In addition, access to micro-finance will be enhanced to support the farmers' livelihood and agri-business activities through the establishment of a DAR corporate arm. The major viability indicators for this subcomponent are:

- Access to credit facilities (production, processing and marketing)
- Access of ARBs and other farming households to micro-credit (Income generating projects)

c. *Extension Services and Technology Promotion*

- *Promote the use of mobile mini-agro industrial machines and farm implements*

Under this sub-component, the use of mini-agro industrial machines and farm implements necessary for land preparation, cultivation, harvesting and processing of wide variety of crops where the ARZone has high

competitive advantage shall be promoted.

Machineries, such as tractors, when used by farmers/farmer beneficiaries or cooperatives shall ensure efficiency of farm production and high quality of produce.

- *Provision of Farm Equipment and Implements Pool*

In instances when acquiring farm equipment and machineries on their own are not economically feasible, an equipment pool shall be strategically established within the ARZone where farmers can readily access or use the needed equipment at specified time. The production and post-production machines and equipments shall be pooled together to reduce maintenance cost, maximize equipment utilization, and systematize machine availability. Under this system, the farmers will pay for the operating expenses, such as gasoline and oil, and a minimal rental for equipment use, should the pooling entities require it. Training for the use of these equipment and machines are to be provided to obtain maximum benefits from their utilization.

- *Development of Green House Villages*

In areas with high advantage for cultivating vegetables and high-value crops, the development of affordable *Green Houses with Built-in Drip Irrigation System* whenever feasible shall be promoted with the possible participation of landowners. Through this technology, most of the environmental factors, pests and diseases that may affect crop production are controlled. Thus obtaining the highest possible returns for the farmers.

- *Establishment of Demonstration Farms and Nurseries*

Tie-ups with State Universities and Colleges (SUCs) and extension centers shall be expanded to include the establishment of demonstration farms and nurseries prior to the adoption of new technology or when there is a need to redistribute the seedlings for massive adoption in the farms.

1. *Other Farming Systems/Technology*

Other farming systems or technologies shall be promoted through timely and appropriate technology transfer training programs and depending on their applicability, viability, and acceptability to the farmers within the ARZones.

The major indicators for this subcomponent is:

- Adoption of appropriate farming technologies (production/processing)

d. *Investment and Marketing Assistance*

Aside from improving access to credit, there is a need to improve the provision of investment and marketing assistance to maximize the value added to agricultural production of beneficiaries. The DAR, through its corporate arm, shall intensify this component by regular conduct of investment and market matching fora and linking as well as facilitate commodity swapping or technology exchange among cooperatives. It shall likewise ensure that the farmers and their organizations enter into a fair and just marketing tie-ups and contracts with the business/investment sector. The major viability indicators under this subcomponent are:

- Marketing tie-ups/contracts with business firms/buyers established
- Product value addition through processing and product development

4. Basic Social Services Development

Each ARB's/farmer's family must have access to basic social services. These services include potable water supply, power/energy, housing, communication facilities, transportation, education, health and recreation, which would enhance the development of the rural areas.

Existing program and project tie-ups implemented by the Department, such as the health insurance, shall expand its coverage to include other farmers and farm-workers in the ARZones. It is envisioned that farmer beneficiaries and other residents of the zones are to be given equal opportunity in accessing the basic social services being provided by the government. The major viability indicators for this component are:

- All barangays are energized (rural electrification)
- All barangays have either level II or III potable water system
- Enrolment ratio above and drop-out ratio below the national averages
- Access to medical/health services and facilities

5. Gender and Development and Sustainable Resource Management

The contribution of both men and women in the development process of the organization and the community is recognized. This shall be enhanced in the KALAHI ARZones. Gender issues and concerns shall be addressed.

Relatedly, environment protection and revitalization shall be promoted through

judicious utilization of resources to ensure its availability for use of future generations. The major viability indicators for this component are:

- Participation in governance and equitable access to productive resources
- Adoption of environment-friendly technologies
- Community-based resource management systems in place

VI. OPERATIONAL FRAMEWORK

A. Implementation Considerations

1. Expansion of the ARC Development Program

The expanded ARC development framework shall be used as the guiding principle in the development of KALAHI ARZones. As such, the following strategies shall be undertaken:

- ***Continued Intensification of Interventions for Development of Existing ARCs***

The ARCs shall remain the center of support services delivery to ARBs. Development interventions shall continue to be focused on the 5 major program components or key result areas. Intensification would also entail expanding the institutional network to create or improve involvement of the private sector, academic institutions, local government units, civic and non-government institutions in the implementation of concrete programs to address the various components of ARC development.

- ***Development of New ARCs***

The expanded ARC program shall take off from the existing ARCs where substantial development works were already extended. Expansion would also entail widening the universe of the ARCs by launching and covering additional 335 ARCs covering about 1,000 barangays to bring to 2,000 the total number of ARCs by June 2004.

- ***Extension of ARC Development Interventions to Adjacent Barangays***

Expansion would also entail extending the reach of existing ARCs by linking them functionally, physically and economically with the adjoining barangays thereby benefiting also other farmers outside of the ARCs. As such, the ARCs may be linked with adjoining areas or clustered with other ARCs to grow into agro-industrial zones. In this regard, assistance should be provided in terms of crop modernization and technology upgrading.

formation of rural-based enterprises, cooperative development, and marketing assistance. An estimated 4,500 agrarian reformed barangays which are adjacent to these ARCs are targeted to be covered.

2. Social Marketing and Resource Mobilization for KALAHI ARZones Development

The development of ARZones would require huge amount of investments. Due to budgetary constraints, DAR cannot finance these requirements out of its own budget. In the context of convergence framework for sustainable rural development, social marketing shall be accelerated to promote consolidation and complementation of resources and efforts, and to encourage the participation of other development stakeholders including local funding sources and foreign donors. Alternative financing schemes shall also be explored:

- **Expanded Cost – Sharing Scheme**

Resource-pooling arrangements will be forged with DSWD, DA, DOST and other CARP implementing agencies and other government agencies such as CDA and local government units. Contributions from partners will be encouraged in financing infrastructure, agri-extension programs, and other initiatives.

Tie-ups will also be established not only with municipal LGUs, but also with the provincial LGUs, and members of Congress.

- **Partnership with the Private Sector**

Private-sector participation in income-generating projects, agri-business, and even technology upgrading will be encouraged. Contract growing schemes, management contracts, and marketing arrangements will continue to be promoted to establish linkage between producers, buyers and consumers.

Financing of the business itself will be made by the private sector while the DAR and other cooperating agencies will handle the provision of technical assistance, facilitation, coordination and other support systems.

- **Internal Resource Generation and Equity Participation of Beneficiaries**

The farmer-beneficiaries or their organizations will be encouraged to mobilize and pool local resources to finance their equity in public investments. Beneficiaries' contribution in the form of labor, local

materials, know-how, and tools will be harnessed as equity in the implementation of projects.

B. Program Management and Institutional Arrangements

The overall management of the Program shall be vested on the National KALAHI ARZone Interagency Management Committee chaired by the DAR with DA, DSWD, DOST and CDA and other CARP implementing agencies as members. Program implementation at the regional, provincial and municipal levels shall be vested on the respective KALAHI ARZone Inter-Agency Management Committee at each level. To oversee program contribution to poverty alleviation, the National Anti-Poverty Commission, as the Policy Governing Board, shall evaluate the implementation of the program and shall provide policy directions consistent with the national policy thrusts and directions.

The DAR shall:

1. Take the lead in the identification of ARCs and agrarian reformed barangays to be covered by the KALAHI ARZones;
2. Provide data that may be needed in the formulation of the KALAHI ARZone Development Plans;
3. Design and prepare with DA, DSWD and DOST the joint KALAHI ARZones Annual Work and Financial Plan;
4. Provide technical and financial assistance for the launching and operationalization of the KALAHI ARZone Development Plans;
5. Identify and appoint its personnel for membership in the KALAHI ARZone Management Committee at the national, regional and provincial levels;
6. Deploy technical support staff and Development Facilitators in the ARCs and agrarian reformed barangays covered by the KALAHI ARZones;
7. Assist in ensuring the active participation of NGOs, POs, LGUs, business sector and other government agencies in the KALAHI ARZones implementation; and
8. Take the lead in the monitoring and evaluation of KALAHI ARZones implementation.

The DA shall:

1. Ensure that the launched KALAHI ARZones are covered by the SAFDZs;
2. Assist DAR in the formulation of the KALAHI ARZone Development Plan consistent with the thrust and direction of the SAFDZs and the national R & D agenda;
3. Take the lead in integrating the KALAHI ARZone Development Plans into the SAFDZs;
4. Design and prepare with DAR and DSWD the joint KALAHI ARZones Work and Financial Plan;
5. Provide technical and financial assistance for the launching of the KALAHI ARZone Development Plan;
6. Provide technical and financial assistance in the operationalization of the KALAHI ARZones in relation to agricultural support services e.g. promotion of production, processing and marketing technologies, mobilization of entrepreneurship, private sector investments and participation, irrigation, post-harvest and other rural infrastructure facilities;
7. Identify and appoint its personnel for membership in the KALAHI ARZone Management Committee at the national, regional and provincial levels;
8. Assist in ensuring the active participation of NGOs, POs, LGUs, business sector and other government agencies in the KALAHI ARZones implementation; and
9. Assist DAR, DSWD and DOST in the monitoring and evaluation of KALAHI ARZones implementation.

The DSWD shall:

1. Ensure that the ARCs and agrarian reformed barangays within KALAHI ARZones are covered by the KALAHI-CIDSS: KKB;
2. Assist DAR in the formulation of the KALAHI ARZone Development Plan congruent with the thrust and direction of the KALAHI-CIDSS: KKB;
3. Take the lead in integrating the KALAHI-CIDSS: KKB plan and activities into the KALAHI ARZone Development Plans;
4. Design and prepare with DAR, DA and DOST the joint KALAHI ARZones Annual Work and Financial Plan;

5. Provide technical and financial assistance for the launching of the KALAHI ARZone Development Plans;
6. Provide technical and financial assistance to the ARCs and agrarian reformed barangays in the KALAHI ARZones in relation to social infrastructure and local capacity building e.g. community organizing, education and trainings of community leaders and promotion of barangay governance;
7. Identify and appoint its personnel for membership in the KALAHI ARZone Management Committee at the national, regional and provincial levels;
8. Deploy technical support staff and Community Organizers in the ARCs and agrarian reformed barangays in the KALAHI ARZones which are covered by the KALAHI-CIDSS: KKB;
9. Assist in ensuring the active participation of NGOs, POs, LGUs, business sector and other government agencies in the KALAHI ARZone implementation; and
10. Assist DAR, DA and DSWD in the monitoring and evaluation of KALAHI ARZones implementation.

The DOST shall:

1. Assist DAR in the formulation of the KALAHI ARZone Development Plan in consideration of the National Research and Development (R & D) Agenda;
2. Take the lead in integrating the “best bet” technologies into the KALAHI AR Zone Development Plans;
3. Design and prepare with DAR, DA and DSWD the joint KALAHI AR Zones Annual Work and Financial Plan;
4. Provide technical and financial assistance for the launching of the KALAHI AR Zone Development Plans;
5. Provide technical and financial assistance with regard to the demonstration and adoption of “best-bet” technologies generated from COEs by the RIARCs, RFRDCs and regional SUCs in the KALAHI AR Zones;
6. Deploy technical support staff from the RIARCs, RFRDCs and regional SUCs in assisting the KALAHI Farmers Center for Rural Development (KFCRD) on the promotion of “best-bet” technologies via on farm demo trails to farmers in the KALAHI AR Zones;

7. Ensure the maximum utilization of the PCARRD Techno Gabay Program in the widespread adoption of the "best-bet" technologies in the KALAHI AR Zones;
8. Identify and appoint its personnel for membership in the KALAHI AR Zone Management Committee at the national, regional, and provincial levels;
9. Assist in ensuring the active participation of NGOs, POs, LGUs, business sector and other government agencies in the KALAHI AR Zones implementation;
10. Assist DAR, DA and DSWD in the monitoring and evaluation of KALAHI AR Zones implementation.

The DAR, DA, DSWD and DOST shall promote active participation of the local government units and greater coordination and participation with and among participants and implementers in the planning, implementation, monitoring and evaluation of the KALAHI ARZone Development Program.

C. Delineation of KALAHI ARZones

1. Identification and Selection Criteria

A KALAHI ARZone is defined as a sub-provincial area composed of one or more municipalities with a critical mass of agrarian reform beneficiaries where ARCs and adjacent areas may be linked, with regard to functional/spatial, physical, institutional and cultural aspects, to form an integrated economic unit. It may include all CARP-able and CARP covered lands within a municipality or municipalities in a province. For better manageability and political considerations, each zone should coincide with the boundaries of congressional districts at the most. As such, a province may have as many KALAHI ARZones as it has congressional districts, provided the province identifies the degree of priority of these KALAHI ARZones.

The KALAHI ARZone will be delineated based on the following:

- a. Concentration of ARCs/ Clusters of ARCs. A KALAHI ARZone shall be so delineated in areas where there is a marked concentration of ARCs or ARC clusters.
 - With at least two (2) existing ARCs per KALAHI ARZone
 - Existing ARCs have medium to high level of development;
 - At least 50% of barangays are covered by CARP;
 - At least 75% LTI accomplishment in the zone as a whole;
 - At least 30% of the farming population are agrarian reform beneficiaries (i.e. actual and potential)

In addition, surrounding communities where initial support services interventions have already been provided may be included in the KALAHI ARZone.

- b. Economic. Each KALAHI ARZone shall have both primary and secondary crops that it can competitively produce in sufficient volumes and that can be absorbed by the market processing and agro-industries.
 - Rice, corn, coconut, sugarcane, rubber and vegetables are the major crops.
 - Total agricultural area that can be devoted to major crops
 - Average yield/production is comparable to the national average
 - Accessibility to input suppliers/market/processing centers
- c. Ecological. A KALAHI ARZone may encompass two or more ecosystems. A significant determining characteristic is a major river system to provide for irrigation, domestic and agro-industrial needs. Aside from lowland to upland ecosystems that can support agriculture, the watershed is an essential planning consideration.
- d. Geographical/Territorial. A KALAHI ARZone may be congruent to a legislative district with predominantly agricultural population. Geographic factors such as proximity and availability of access infrastructures such as road network/system, telecommunications, and power and transportation system may also be a determinant in the delineation of KALAHI ARZones.
- e. Social/Cultural. KALAHI ARZones shall be based on viable rural farming communities, working together toward common goals and solidarities. Social considerations include the presence of institutions whether traditional or new, such as the presence of Functional ARBs/PO network.
- f. Governance. KALAHI ARZones should consider the presence of supportive local government executives, Congressional representatives and non-governmental institutions that would enable the rural folk to participate in governance and provide them with opportunities to advocate policies and programs favorable to their interests.

2. Types of KALAHI Agrarian Reform Zones

The ARCs shall play a pivotal role as growth point in the KALAHI ARZones by performing new roles or expand their existing roles, which may come in the form of: 1) trading or marketing centers; 2) primary or secondary processing centers; 3) service centers for warehousing and repair of agricultural equipment, banking and credit and other functions; 4) research and development and extension and learning centers.

The KALAHI ARZones, as economic zones, shall engage in the development of an integrated model to facilitate transformation of ARCs and the adjacent agrarian reformed barangays into viable agro-industrial zones. The KALAHI ARZone may be any of the following models:

a. Nucleus/Agro-Industrial Estate Zone

The Nucleus Estate Zone is an area comprised of ARCs and adjacent agrarian reformed barangays with agri-based industries exhibiting competitiveness and comparative advantage. The agri-based industry could either be an existing or new industry that produces for domestic or international consumption. This KALAHI ARZone may function as a host of anchor industries or as production center from smallholder farmers and out-grower areas.

- *Anchor Industries*

The ARCs with potentials to host anchor agri-based industries shall be linked to their surrounding areas, which can be another ARCs or the adjacent agrarian reformed barangays. It could also function as any of the following:

- Supplier of raw material requirements of the agro-industry, e.g., corn for feed mills;
- Primary or secondary processing center that would earn additional income for the farmer-producers and cooperative-processors;
- Business firm subcontracting production among the farmers in the ARCs.

Identification of Nucleus/Agro-Industrial Estate Zone will be based on:

- Location considerations, i.e. presence of water source/ irrigation facilities, accessibility to market/ input suppliers, transportation and communication system
- The stability of the cooperatives (i.e. presence of functional ARB/PO network)
- Market potentials of the identified anchor industry.

- *Smallholders/Out-growers Areas*

A variation of the above strategy, an anchor firm/ARC is envisioned to provide processing and marketing services to the smallholders/out-growers surrounding the nucleus farm/ARC. The small growers will be sources of raw materials. As such, the out-growers areas are expected to have the following qualities:

- Yield of commodity produced is comparable to the national/provincial average
- Product quality acceptable by both domestic and international markets

This model is expected to reinforce the collective management system for plantation crops such as rubber, palm oil, coffee, cacao, and other fruit trees, which do not lend themselves to highly individualized production and post-harvest operations.

b. Network of Specialized Production Zones

The ARCs and adjacent agrarian reformed barangays may be classified into production zones with each zone specializing in the production of a specific crop, livestock, fruits, fiber or any commodity exhibiting competitive and comparative advantages.

This zonal specialization will avoid competition; rather, would enhance exchange of produce or commodity among the communities.

c. Integrated Production, Post Harvest and Marketing Zones

The ARCs and the adjacent agrarian reformed barangays shall undertake forward and backward integration of the agri-business system from production to processing to marketing.

Under this strategy, farmers will be organized to handle their production, pre- and processing and marketing activities. Managerial and entrepreneurial skills of the farmer-leaders will be upgraded to prepare them in the management of the integrated agri-business system from the production to processing and marketing.

D. Formulation of Integrated KALAHI ARZone Development Plan

Development intervention gaps within the zones need to be identified and qualified. The conduct of development planning activities at the municipal and provincial levels to be initiated by DAR field offices, is therefore necessary for target setting and the identification of strategies, programs and projects to attain specific goals and objectives of each zone and ensure participation of all concerned stakeholders.

1. Review and Updating of Existing Plans and Projects/Programs

- a. Review ARC profiles/status and assess their agri-development potentials/competitive advantages such as resource (crops/products)

endowments; soil suitability; centrality of location and accessibility to facilities and centers; etc.

- b. Review the Municipal/Provincial/Regional Medium-Term Development Plan (MTDP)/ Physical Framework Plans (including AFMA-SAFDZs, NPAAAD, KALAHI-CIDSS: KKB), etc. to determine the role of the CARP in provincial and/or regional development.
 - c. Analyze the role(s) of the ARCs and expansion areas and other CARP areas in the provincial and/or regional development. A role-objective matrix may be helpful for this purpose.
2. *Determine the centrality index/economic function/key industry of each ARC*
 3. *Delineate KALAHI ARZones (refer to Section C)*
 4. *Prepare KALAHI ARZone Profile (including profiles of ARCs in the zone) and Synthesis Map (see Annex A) and indicative investment plans*
 5. *Prepare Provincial KALAHI ARZone Development Plan which should include the detailed spatial/implementation strategy for physical, functional and institutional integration; and programs and projects/activities with funding requirements and timetable for implementation*

The suggested outline for a Provincial KALAHI ARZone Development Plan is attached as Annex "B".

Provincial KALAHI ARZone Development Plan should be designed to determine the specific roles of ARCs and the KALAHI ARZone(s) in the province. It should be endorsed through resolution by concerned LGUs.

E. KALAHI ARZone Selection Approval and Confirmation

The existing ARC Task Forces at the provincial, regional and central levels shall be the structure responsible in the selection and confirmation of KALAHI ARZones. Its membership however will be strengthened to include other development stakeholders such as the representatives from the Department of Agriculture, the Department of Social Welfare and Development, the Department of Science and Technology, and the Cooperatives Development Authority.

- a. The National ARC Task Force (NARCTF) shall henceforth be referred to as the National ARC/KALAHI ARZone Task Force (NARC/KARZ-TF), based at the DAR central office to confirm the KALAHI ARZone.
- b. The Provincial ARC/KALAHI ARZ Task Force (PARC/KARZ-TF), with technical assistance to be provided by the BDCD and the MAROs, shall be

responsible in the identification and selection of ARCs and KALAHI ARZones in the province. It shall likewise ensure that necessary plans and other documents for the identified ARCs and KALAHI ARZs as indicated are prepared in close consultation with cooperating agencies.

- c. Approval of identified ARCs and KALAHI ARZones shall be decentralized to the Regional Offices through the Regional ARC/KALAHI ARZone Task Force (RARC/KARZ-TF).

To ensure funding for the planning and implementation of the development plan of the KALAHI ARZones, DARPOs/DARROs shall incorporate these requirements in their indicative annual work plans and budgets, which should include the financing strategy for plan implementation. The national planning and budgeting cycle for government agencies shall therefore be considered.

- d. Prior to launching, identified KALAHI ARZones should be confirmed by the NARC/KARZ-TF. As among the requirements for confirmation, development plans of these identified and approved KALAHI ARZones should be submitted to and approved by the NARC/KARZ-TF, based on the feasibility and viability of the KALAHI ARZone Development Plan. (Please refer to section "D5" and Annex B)
- e. Plan Evaluation at the Regional Level

- Upon receipt of the Indicative and/or Provincial KALAHI ARZone Development Plan, the RARC/KARZ-TF, reviews the plan and conducts field validation, if necessary, to determine the feasibility of the plan and consistency with the regional development plans, and other local development plans.
- The RARC/KARZ-TF shall deliberate on the approval of the plans/proposals based on the criteria set forth in this memorandum circular. The concerned PARO(s), PARCCOM and NGO representative(s) may be invited in this meeting.
- The RARC/KARZ-TF shall officially inform the concerned PARC/KARZ-TF on the results of the deliberation by providing pertinent minutes of meeting and/or resolution(s). It shall likewise advise the PARC/KARZ-TF to prepare full-blown KALAHI ARZone Development Plans for approved KALAHI ARZones. The PARCCOM and the provincial governor may also be provided with said documents to enlist general support and commitment.

- RARC/KARZ-TF shall endorse the approved KALAHI ARZone Development Plans to the NARC/KARZ-TF for launching and fund programming/resource mobilization.

f. Plan Evaluation at the Central Office Level

- Upon receipt of the development plans and pertinent documents and endorsements, the NARC/KARZ-TF assesses the plans for completeness and consistency with the national plans and the Department's major final outputs (MFOs);
- If found in order, the NARC/KARZ-TF confirms the approval of the plan and endorses the plan to PDMS for final evaluation and integration with the Department's priority programs and projects for investment programming; and
- Informs concerned RARC/KARZ-TF of the confirmation of the approval of the KALAHI ARZs for launching. No KALAHI ARZ shall be launched without the confirmation of the NARC/KARZ-TF.

VII. TARGETS AND PRIORITIES

For CY 2003, the target is to launch and initially provide assistance to at least 78 KALAHI ARZones nationwide, i.e., one zone per province.

Priority 1 will be accorded to the following 40 provinces where: a) LAD accomplishment is above 75%; b) poverty incidence is high c) at least 50% of the farming household are agrarian reform beneficiaries; and d) existing ARCs have medium to high level of development. These provinces are also identified as priority areas of DSWD's KALAHI-CIDSS: KKB:

CAR

Ifugao
Mt. Province

Region IV

Romblon
Quezon
Oriental Mindoro
Marinduque

Region V

Masbate
Albay
Camarines Norte
Catanduanes
Camarines Sur

Region VIII

Eastern Samar
Northern Samar
Samar
Leyte
Biliran
Southern Leyte

Region IX

Zamboanga del Norte
Zamboanga del Sur

Region X

Lanao del Norte
Misamis Oriental
Misamis Occidental

Sorsogon
Region VI
Iloilo
Capiz
Negros Occidental
Guimaras
Region VII
Bohol
Siquijor
Cebu
Negros Oriental

Bukidnon
Region XI
Davao
Davao Oriental
Region XII
Sarangani
South Cotabato
North Cotabato
Sultan Kudarat
Region XIII (CARAGA)
Agusan del Sur
Agusan del Norte

The KALAHI ARZones in these 40 provinces should be identified by 31 March 2003. Integrated Provincial Plans covering these KALAHI ARZones are expected to be completed within two months after identification, after which the KALAHI ARZones may be confirmed and launched.

For the remaining 38 provinces, potential KALAHI ARZones should be identified by 31 May 2003 and indicative plans for these should be submitted not later than 31 August 2003.

By June 2004, 335 new ARCs are expected to be covered. With the extension of interventions to adjacent barangays, this will mean an additional 5,500 barangays to comprise at least 150 KALAHI ARZones, where each zone is estimated to cover at least 40 barangays involving about 1,500 farmers and an average area of 2,800 hectares.

VIII. EFFECTIVITY

This Memorandum Circular takes effect immediately and supersedes all other issuances inconsistent hereto.

Diliman, Quezon City, *April 03*, 2003.


ROBERTO M. PAGDANGANAN
Secretary
perkins mtyj *Dec*

PROFILE AND SYNTHESIS MAP
KALAHI ARZone

Region: _____ **Province:** _____
District: _____ **Municipalities Covered:** _____
Year Launched: _____ **Barangays Covered:** _____

AREA PROFILE

LAND

- Total Land Area: _____ has. ➤ Agricultural Area: _____ has.
➤ CARP Scope: _____ has. ➤ Topography: _____
➤ Accomplishment as of: _____ ➤ Soil Type: _____
_____ has. _____ % ➤ Climate: _____
➤ ARC/s and Barangays Covered: _____

PEOPLE

- Population: Male _____ Female _____ Total _____
➤ # of Households: _____
➤ # of ARBs: Male _____ Female _____ Total _____
EP/CLOA Holder _____ Leaseholder _____
➤ # of Farmers/Non ARB _____

ECONOMY AND ENVIRONMENT

CROP PRODUCTION

- | ➤ Primary Crops | Area Devoted (has.) | Average Yield/ha./yr. |
|-------------------|---------------------|-----------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| ➤ Secondary Crops | | |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |
- Potential Crops: _____
➤ Nearest Market/Distribution Center/s: _____
➤ Economic Centers:
Municipality _____ City _____
➤ Average Annual Household Income: PhP _____
Source:
On-Farm PhP _____ Non-Farm (specify) _____
Off-Farm PhP _____ PhP _____
➤ Ecosystem and Ecological Zone: _____

EXISTING SOCIO-ECONOMIC DEVELOPMENT INFRASTRUCTURES

Number	Kind	Coverage (ha./km./lm.)
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

***ON-GOING DEVELOPMENT
PROJECTS IN THE AREA***

***DEVELOPMENT REQUIREMENTS
OF THE AREA***

Name of Project	Agency Responsible	Name of Project	Estimated Cost
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXISTING ORGANIZATIONS IN THE AREA

Name of Organizations	OMA Rating	Services/Businesses
_____	_____	_____
_____	_____	_____
_____	_____	_____

***TARGET FAs/COOPERATIVES
FOR STRENGTHENING***

***NAME OF NGOs & OTHER DEV'T
INSTLOPERATING IN THE AREA***

_____	_____
_____	_____
_____	_____

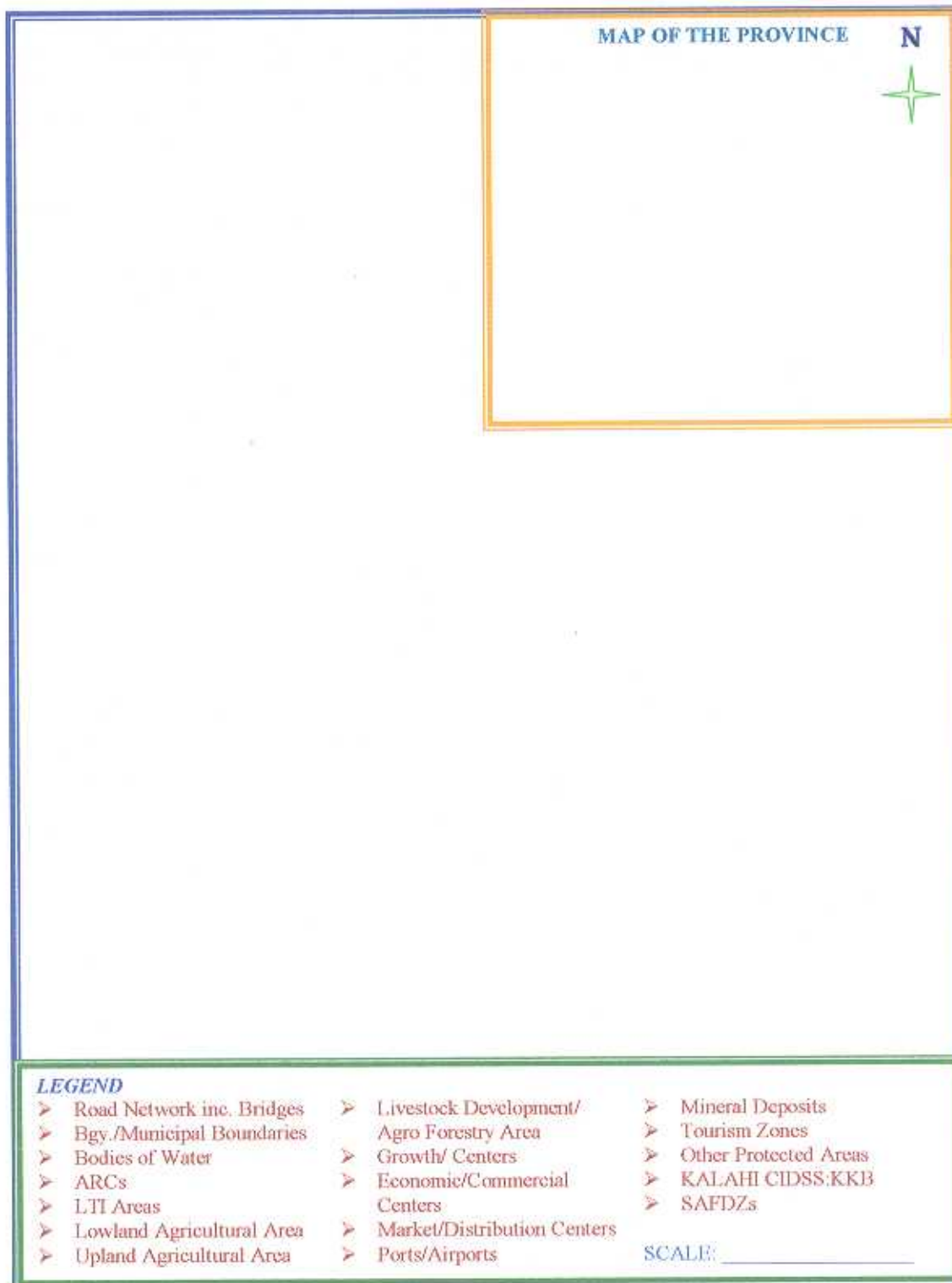
DEVELOPMENT POTENTIALS OF THE AREA

(As to the type of BAR Zone to develop)

BASIC FEATURES OF THE AREA TO SUPPORT ITS POTENTIALS

(Characteristics of the area that leads toward its development to the potential type of Zone)

SYNTHESIS MAP OF THE PROPOSED KALAHI ARZONE



**INTEGRATED KALAHI ARZone
DEVELOPMENT PLAN**
(Suggested Outline with Explanatory Notes)

I. EXECUTIVE SUMMARY

This section should provide a concise presentation of the salient features or key components of the Plan. It should be clear as to the purposes and intentions of the plan as well as the assumptions and principles underlying its preparation. It should highlight the Plan's framework development, goals, objectives, the strategies, the KALAHI ARZones to be developed and the source requirements/costs, benefits to be derived and the prospective funding sources. The proposed plan administration should likewise be described in this section.

II. INTRODUCTION

1. Background

This section should clarify that the plan covers the agrarian reform sector, which just forms part of the development plan of the entire province and is an input to the Regional Development Plan. It should specify the time frame for which the plan was prepared i.e., for the period 2002 – 2004. It should briefly discuss the plan's relevance to the provincial, regional and national development thrusts and programs. It may include the policy statements of the President pertaining to rural development and CARP, the current policy thrusts and programs prioritized by the DAR, and the process through which the plan was formulated (e.g. workshops with partner NGOS, community consultations, etc).

It should explain how the plan document is organized including a short description of the contents of its parts.

2. Rationale

This should answer the questions "Why is there a need to formulate the Provincial KALAHI ARZone Development Plan? What are the major reasons for doing so? This may be answered by introducing the KALAHI Agrarian Reform Zone Development as the main strategy of the DAR to move the CARP and create significant impact on the ARBs.

How does this plan relate to the Medium-Term Philippine Development Plan? to the expected contributions of the AR sector to the Regional and Provincial development objectives and programs? What will be the specific contributions of the KALAHI ARZones in increasing agricultural production and farm incomes? In agro industrial development? How will it complement existing plans? What is the usefulness of the Plan? Who are its intended users?

3. Planning Approach and Methodology

This should briefly discuss the planning approach and the methods used in the planning process, e.g. participatory, community-based, workshops, regular coordination/task force type, tripartite conferences, etc.

It may include the major concepts/theoretical bases of the planning approach used, e.g. growth-oriented development; rural-focused, poverty-oriented approach; ecosystem concept; spatial approach; etc.

An overview of the planning methodology adopted in the various stages of planning may be included especially on the goal formulation and strategy formulation, site selection process and project identification.

4. Regional Context

To put the plan in its proper context, the general socio-economic situation and development direction at regional level is relevant. This should focus on the major indicators such as population, (total and rural) average family income, poverty incidence, agricultural production and productivity, access to land, employment/unemployment rate particularly in the rural areas, and major problems in the delivery of basic infrastructure credit, post harvest and other economic support facilities as well as social services. It would be helpful to highlight the thrusts and priorities of Regional Development as a basis in formulating the Provincial KALAHI ARZone Development Plan.

III. PROGRAM AREA PROFILE (Provincial Perspective)

The Provincial profile should not appear as a mere statement of facts but should be a synthesis of the analysis of problems, opportunities, constraints and potentials of the province. A concise characterization of major aspects should be made by presenting all the data, which are relevant to Agrarian Reform Planning. Data may be obtained from the Provincial Planning and Development Office, other agencies and NCSO publications. Always state the year and sources of the data.

1. Socio-economics and Physical Conditions

- a. Land Area population and population growth rate and implications on land use
- b. Land use and prime agricultural lands
- c. CARP Scope and LTI status
- d. CARP beneficiaries and organizations
- e. Location, accessibility and distance from existing ports, airports, major centers

- f. Topography, elevation, the soil characteristics (soil types, suitability to various crops, drainage characteristics, erosion problems, among others), climate
- g. Major economic activities such as volume and growth production per crop, export average yields, major industries/processing facilities, commercial towns and market centers
- h. Family Income and Poverty Incidence – average income and income sources, causes of poverty, other poverty indicators such as health conditions, malnutrition rate, enrolment rate, drop-out rate and literacy rate
- i. Existing Infrastructure Support Facilities - existing, ongoing and proposed infra facilities analyzing whether they are sufficient or not (irrigation, roads, power supply, post-harvest, mass transportation, communication, and water supply facilities)
- j. Agricultural Extension- Status and institutions involved such as SUCs, research institutions and line agencies operating in the area
- k. Development Partners operating in the Province such as Non-Government Organizations and People's Organizations.

IV. STATUS OF ARCs

Summarize the general profile of the ARCs in the Province in terms of:

- a. Number of ARCs, barangays, level of development (based on ALDA), classification
- b. Land area, LTI status, irrigated areas, average landholdings
- c. Population, ARBs and organizations
- d. Agricultural conditions, income and poverty situation
- e. Physical ARC condition
- f. Support services provided
- g. Development Gaps

IV. SPATIAL DEVELOPMENT FRAMEWORK PLAN

a. Development Goals and Objectives

Explain the contributions of the Provincial KALAHI ARZone Development Plan to the overall objective and targets of the agricultural sector in the Province. e.g.,

- Increase agricultural productivity in rice in the zone by ___% by year 200__.
- Increase productivity in corn by ___% by year 200__.

- Strengthen _____ farmer association and cooperatives
- Provide technology improvement support to _____, 000 ARBs.
- Complete LTI in _____ by year _____.

b. Spatial Strategy

The spatial strategy should show in a map the location and specific role/function of the different KALAHI ARZones in relation to the development directions of the province or region.

Specifically, the following KALAHI ARZones may be identified and defined:

- Agricultural production zone (crop/livestock/specified)
- Village-level processing zone
- Secondary processing zone
- Warehousing/trading/service zone
- Agri-technology center
- Other functions that may be identified

Spatial Organization of the ARCs

Based on the review of plans and directions for the agricultural sector in the province, consider how the ARCs can help in shaping the development of the province. By spatial organization, we refer to how the different ARCs in the province will use their respective land resources, and how they will be linked physically and functionally to hasten their growth. In this regard, it is important to have knowledge of the land use and settlements plans of the province and the region to serve as key references. It is also important to examine carefully the types of priority ARCs to know which are the most developed and the least developed ARCs. The following is intended to provide insights on how to formulate the ARC spatial organization. It is meant to serve only as a guide and should not delimit other alternative approaches deemed be more useful by the planner.

Is it possible to group the ARCs according to resource base? Plot the crops grown/major economic activities per municipality in a base map of the province. Overlay the map of the priority ARCs. Which ARCs lying adjacent in each other, which share common resources? Delineate this group of ARCs in a map. Do the ARC clusters have distinct characteristics? For example, are they distinctly livestock clusters? Rice-producing areas? Rubber-based clusters?

Compare these facts with the development thrusts of the province or region. Are the crops presently grown to be encouraged in the future or are there planned shifts in crops and agricultural commodities? Consider further the soil suitability. (Refer to the Land Resource Evaluation Project of the Department of Agriculture) Are the present crops the most appropriate types to grow? Will developing and expanding these crops

reap greater benefits to the province and to the Agrarian Reform communities? After assessing these factors, proceed to delineating your zones or clusters.

Examine each of the ARC clusters. Where are the more developed and depressed ARCs? Can the ARC serve as center to other ARCs, which could provide agricultural inputs, repair and servicing of farm tools and equipment, or processing of agricultural produce? You can use the manual scalogram technique and other criteria in determining the relative centrality of the ARCs. Indicate this center in a map and delineate its service area (the production areas/ARCs which this center will serve). Relate this center with the existing capital town/major towns in the province. What will be the role or contribution of your production clusters to the development objective of the province? What will be the role of the ARC centers in the bigger town/market centers? Will the ARC centers perform first level processing while the town center engages in secondary processing? How will these centers contribute to each other's growth? Relate the whole ARC network to the Regional/Physical Framework Plan.

The results of these analysis should be explained in the text with the accompanying maps showing the ARZones – indicating the production areas and center ARC for each. In the same map, plot the capital towns/market centers, the regional capital or major cities in the region. Using arrows, plot the linkages between and among these centers.

Stages of the ARC Growth

Consider the level of development of different ARCs. How are they expected to grow in the future? Recall the spatial organization you have just drawn. Which ARCs will grow as centers? What will be their specific economic functions? It is possible to transform them from a simple agricultural service center to an agro-industrial complex? Which ARCs are depressed? How will these ARCs grow? Will all of these continue to be production satellites? If not, which among them have potentials to become ARC cluster agricultural service centers? Which ARCs are relatively isolated at present? How will they be drawn into the economic?

Programs and Projects

The plan should present the objectives, targets, operational plan, costs and timeframe for each of the following major programs:

- Land Tenure Improvement
- Social Infrastructure and Local Capability Building and Strengthening
- Sustainable Area-Based Rural Enterprise Development
- Basic Social Services System Development
- Gender and Development and Sustainable Resource Management

VI. SPATIAL INTEGRATION

1. Functional Integration

1.1 Industry-Oriented – where a processing facility serves as an integrator of the surrounding production zones such as integrated corn production-feed mill-livestock project. This may consist of a network of processing facilities such as:

- Primary or village level processing (e.g. village coco-oil-mill)
- Secondary processing at the provincial level, usually located in the Provincial Industrial Centers (PICs)
- Tertiary processing plants or refineries which are usually located in regional industrial zones or big urban centers

1.2 Market-Oriented – ARCs which are accessible and near existing cities or urban areas may also serve as marketing and distribution centers for the produce/products of ARBs in the municipality, the ARZone, district or province. This center will undertake bulk buying, sorting, grading, packaging, pricing and wholesale of products of farmers to address the common problems regarding product marketing.

2. Geo-physical Integration

Physical integration may be possible in naturally contiguous areas using the ecological approach to planning and linkages may be enhanced thru infrastructure development. As a pre-requisite to economic integration, ARCs and non-ARCs must be linked physically by improving roads, bridges and access between and among them, improving means of transportation and establishing communication system.

3. Institutional Integration

Integration can also be attained by organizing farmers associations and primary cooperatives in the ARCs and non-ARCs into a federation at the provincial level and link them to national network of farmers organizations. Primary cooperatives can perform trading and service functions to the ARBs while the federation can provide bulk buying, processing and marketing functions to various primary coops. Organizational integration will provide the opportunities for ARB coop federation to invest and manage multi-product operations and encourage primary cooperatives to specialize in particular crops or business.

4. Cultural Integration

Isolated barangays and indigenous communities may also be linked to the economic and cultural mainstream thru institutional building and provision of agricultural extension, basic services and infrastructure support.

VII. IMPLEMENTATION PLAN

a. Structure

Present the organizational structure of the KALAHI ARZone Development Program . Who will implement the program? What will be the composition of the structure? If the program will be implemented by a tripartite partnership structure, what will be the role and function of each organizations involved (the LGU, DAR, NGO, PO, other development stakeholders). What will be the relevant post-implementation structure of the program? Who will manage the program during its operation stage? Are present capabilities sufficient to match future responsibilities? What measures should be taken to augment capabilities? Explore the various aspects and phases of management of the program and propose a workable set-up.

b. Cost Requirements

Present the cost requirements to reflect the total project costs by a) year; b) by ARZone , c) by project component; and d) by proposed funding source.

This type of cost presentation will allow for greater flexibility in repackaging the projects later on.

The cost per funding source should be broken down into GOP, Foreign Funding, and Beneficiaries' Equity. This will give a signal of commitment on the part of the proponent and the beneficiaries of the project.

c. Monitoring and Evaluation

How will the program be monitored? Who will monitor and what mode and methods of monitoring will be adopted?

d. Schedule

Prepare a timetable of activities preferably a Gantt Chart of Activities for the Program. This should reflect not only the major components but the key activities as well.

VIII. PROGRAM BENEFITS

The social soundness of the investment should be adequately discussed. The evaluation should take into account the groups or sectors to be benefited by the program investment on the one hand, and the groups, which would be adversely affected on the other. The acceptability of the program to the recipient community and neighboring communities should be taken into consideration. The organizational strength of the ARC should likewise be considered such as the presence and quality of leadership, the homogeneity/diversity of the groups/degree of organization, etc.

The unquantifiable social benefits should likewise be included in the program evaluation, e.g. increased political awareness of the farm households.

A section on the likely environmental effects of the proposed investment should be included and appropriate mitigation measures should be included where adverse effects are likely to be created.