



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

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Memorandum Circular No. 03
Series of 2001

SUBJECT: **Amendments to Memorandum Circular No. 01, Series of 1998, Entitled *Revised Guidelines and Procedures on the Assessment of the Level of Development (ALDA) of Agrarian Reform Communities***

I. Background and Rationale

The Department of Agrarian Reform's major thrust of poverty alleviation is envisioned to be achieved through the **development of agrarian reform communities (ARCs)** which will serve as a critical link for agricultural growth, rural industrialization, and household welfare. In 1999, under the new Department thrust of sustainable rural development, Memorandum Circular No. 5, Series of 1999, was issued providing the sustainable rural development framework for the ARCs. The framework emphasizes sustainability through (a) scale intervention that is area-based, comprising clusters of barangays in a municipality taking into consideration economic, socio-political, and ecological characteristics; (b) focused approach to marginalized groups in rural communities; (c) gender-sensitive program for community empowerment; and (d) integrated area-development approach linking communities of the same economic and ecological characteristics.

Anchored on Memorandum Circular No. 5, Memorandum Circular No. 14, series of 1999 and Memorandum Circular No. 2, series of 2000 outline three ARC models, namely: prime, semi-prime, and satellite, and outlines the steps on how the field offices would classify the ARCs. Correspondingly, the ARCs Level of Development Assessment (ALDA) had to be revised in response to improvements in data processing, interpretation and analysis, and to be attuned with the Department's thrust of sustainable rural development.

II. Major Areas of Improvement

In summary, substantive improvements were undertaken in the following areas:

- 1. Revision of the instrument to a simple, concise and easy fill-up form.** All the basic information from previous ALDA instruments is retained. The secondary computations however, were removed from the forms and are included in the database structure.
- 2. Other indicators like correlates of poverty are included in the new instrument.** These will not necessarily enter into the computation of the ARC ratings but are deemed useful in the analysis and interpretation of the ALDA results.



"Tulong-tulong sa pagsulong"



3. **Full computerization in processing the ALDA results.** The secondary computations like percentages are programmed in the database structure. After the primary information is encoded, the software automatically generates the percentages.
4. **KRAs and development levels are measured through indices instead of categorical ratings.** There are still six (6) key result areas (KRA). In each KRA, several indicators similar to those used in past ALDA are also used to measure the development level in that KRA. For the LTI for instance, all the indicators are meant to measure the level of development in terms of tenure improvement. Thus, the indicators representing LTI are aggregated to come up with a single index that will indicate the level of development in LTI. This would require computation of weighted average of the percentage ratings of the indicators. The weights are based on the relative importance of the indicator in assessing the level of the particular KRA. An indicator that is consistently missed for more than 50% of the ARCs in the 1998 and 1999 assessment are excluded in the analysis since it may contaminate the results based on other indicators. If an indicator(s) in a KRA is missing, then the weighted average of the percentage ratings in the non-missing indicators is computed. The idea is that since each of the indicators would actually measure the same thing, others can compensate for missing information for some.
5. **Assignment of categorical ratings is postponed until the final index.** The rationale is that, if at the indicator level, the scores are already categorized, bulk of the information is lost already. This might result into a very crude measure of rural development of an ARC. Thus, from the individual indicators, ratings are averaged to come up with a rating in the KRA that is still in percentage points. Given the rating in the KRA, the weighted average of the ratings for all KRAs are computed. The weights are based on the relative importance of the KRA in assessing the overall level of development of the ARC. This index shall be known as the Index of Sustainable Rural Development (ISRD).
6. **Presentation of the ALDA result as an Index of Sustainable Rural Development (ISRD).** ISRD will have a percentage value (0 to 100%). A low value (close to zero) would indicate low level of development while a high value (close 100%) would indicate the highest level of development. Given the ISRD, the development level of the ARC may be assessed depending on the ARC type (Satellite, Semi-Prime, Prime) as defined in MC 02 Series of 2000. Recognizing the environmental limitations/constraints for each ARC type, lower thresholds are used for "Satellite" ARCs and higher thresholds are used for "Prime" ARCs.

III. Objectives

The general objective of the ARC Level of Development Assessment is to determine the growth of the ARCs and the extent by which interventions of key ARC players are translated concretely towards ARBs' socio-economic and political empowerment.

Specifically, the ALDA aims:

1. to assess the status of the ARCs in the areas of land tenure improvement (LTI), organizational maturity (OM), economic and physical infrastructure support services (ECOPISS), farm productivity and income (FPI) basic social services (BSS), and gender and development (GAD);
2. to classify and define ARCs based on assessed level of development; and
3. to define the appropriate interventions to be implemented by the community, peoples' organizations and implementers of DAR, NGOs, LGUs and line agencies towards improving the ARC level of development.

IV. Operational Framework

The development of an ARC is a complex process which is a balanced and holistic approach in facilitation economic, socio-political, and environmental aspects of growth processes. It is in this context that the key result areas of ARC development are defined as (1) land tenure improvement (LTI); (2) organizational maturity (OM); (3) economic and physical infrastructure support services (ECOPISS); (4) farm productivity and income (FPI); (5) basic social services (BSS); and (6) gender and development (GAD).

1. Land Tenure Improvement (LTI)

The LTI key result area is focused on assessing the extent of land acquisition and distribution, ownership, cultivation and the improvement in tenurial status of ARBs. This is composed of seven (7) indicators covering both land acquisition and distribution (LAD) and non-land transfer (leasehold) scheme.

2. Organizational Maturity (OM)

The OM key result area shall assess the outputs and outcomes of the intervention under the Organizational Building and Strengthening (OBAS) KRA. This KRA deals with the assessment of the organizational functionality and financial viability of the ARB organizations in the ARCs. Specifically, this KRA is composed of 27 indicators, covering four major aspects namely: (a) organizational management; (b) resource management; (c) social enterprises operations; and (d) linkages and alliance building or involvement in local governance. However, for the computation of the ALDA rating, only 22 indicators shall be included considering that in the five indicators of Financial Performance (external loan repayments, profitability-return on equity, profitability-return on capital, liquidity ratio and savings mobilization) only around 50% of data were generated during past years of ALDA. It is important to note that though this is the case, efforts to gather data on these indicators should

continue. Succeeding ALDA computations would be adjusted based on the data stability of the latest ALDA results on these particular indicators.

The organizational management aspect looks at the organizational structure, membership and leadership management, functionality of board of directors and committees, level of participation of leaders and members, and training provided.

The resource management aspect defined the generation of internal resources of the ARB organization, which include: capital build-up generation, savings mobilization and employment of core management staff.

The social enterprises operations and management aspect is focused on: (a) installation of financial and operational policies, systems and procedures (PSP); (b) projects implemented and services provided by the ARB organization; and (c) financial performance.

The local governance and alliance building aspect pinpoints the extent of representation and collaborative work between ARB organizations and the local government units where the ARC is situated.

3. Economic and Physical Infrastructure Support Services (ECOPISS)

The ECOPISS key result area is concentrated on assessing the delivery of needed economic and physical infrastructure support services to the ARCs, the rural-based industries established to effect increase in ARBs productivity and household income. This key parameter is composed of nine (9) indicators

4. Farm Productivity and Income (FPI)

The FPI key result area focuses on assessing the adoption of appropriate farm technology to effect increase of farm productivity and income. This parameter has five (5) indicators.

5. Basic Social Services (BSS)

The BSS key result area defines the existing basic social services in the ARC and the extent of access of the ARC households to these services. Six (6) indicators are assessed in this parameter. It is important to note, however, that *correlates of poverty such as survival, sanitation, and housing were included* in the revised ALDA questionnaire. Though these indicators are initially excluded from the computation of the ALDA rating, these information are critical in the analysis of the sustainable rural development index. Eventually, as data on these are generated, the correlates of poverty will form part of the succeeding ALDA rating computation.

6. Gender and Development (GAD)

The GAD key result area assesses the gender sensitiveness of the ARC development program. This parameter comprises five (5) indicators.

For details of the key result areas, indicators, computation of ALDA rating and interpretation of results, please refer to *Annex 1 – Guidelines for the Computation of ALDA Indicators*.

VI. Methodology

Based on Memorandum Circular No. 1, series of 1998, ALDA will be conducted yearly by the ALDA Team composed of DAR regional and provincial ARC coordinators, partner NGOs and representative from PO/Coop, following this process:

1. Data Gathering and Evaluation
 - (a) After the training and prior to the conduct of ALDA, the team shall convene at the field level to thoroughly review and gain mastery of the *ALDA Questionnaire and the guidelines in interpreting ALDA results*. They shall also agree on the data-gathering mechanics such as source documents to be reviewed, focus group discussion and interviews, observations of organization's activities and enterprise operation, etc.
 - (b) The ALDA Questionnaire shall be used and properly filled-up during the data gathering at the ARC level.
 - (c) Data/information can be both from the primary and secondary sources. The team must review all existing documents and reports such as ARCDPs, monitoring reports, coop/organization's by-laws, VMGO, written policies, financial reports, systems installed, ARC/barangay profiles, DF's chronicles and provincial/municipal development council's reports, etc.
 - (d) Focused group discussion (FGD)/interview with the MARO/DF/DW/IDO and the members/leaders of the organization and some members of the community shall be undertaken for the primary data requirement. Only questions applicable to each group shall be asked during the FGD/interview.
 - (e) **All cooperatives/peoples' organizations within the ARC and those with majority of the members are ARBs shall be subjected to assessment.** These are the organizations reported in the ARC Forms 1-11.
 - (f) The respondents from the cooperative/organization shall be at least 80% of the leaders (BOD & committees members), 10% of the general membership for less than less than 300 total membership or at least 50

members for more than 300 members, all members of the core management staff. Some of the members of the community shall also be asked for validation.

- (g) Once the entire data requirement needed for the evaluation/assessment have been gathered and reviewed, results shall be encoded in **STATISTICA**®, ratings computed from the automatic formulas in the database structure, levels of development interpreted and analyzed along with other information included in the questionnaire like, FAPs, correlates of poverty, year of launch, presence of tertiary organizations and the services they offer, etc.

2. Computation of Rating

- (a) The computation of rating per indicator within a key result area i.e. LTI, OM, ECOPISS, FPI, BSS and GAD shall be done by relating the actual performance to the expected level of performance. There maybe instances that some of the indicators, are not applicable, hence, this shall not be rated.
- (b) The weighted average of the percentage ratings of the indicators are used as indicator of the level of development in a KRA. The weights are based on the relative importance of the indicator to the KRA. The ratings in each KRA are then used in computing the Index Sustainable Rural Development (ISRD). The weighted average of the percentage ratings per KRA is interpreted as the ISRD. The weights per KRA are assigned as follows: (Please refer to Annex 2 for the computation of ratings per KRA)

Land Tenure Improvement (LTI)	-	0.0928
Organizational Maturity (OM)	-	0.1941
Economic & Infrastructure Support Services (ECOPISS)	-	0.2404
Farm Productivity & Income (FPI)	-	0.1669
Basic Social Services (BSS)	-	0.1929
Gender and Development (GAD)	-	0.1130

The weights were obtained using statistical methods that account for many factors including, stability of data for the KRA, overlap among the KRAs in terms of explaining Sustainable Rural Development, among others. The KRAs exhibited some degree of association. Hence, the correlations between KRAs are used in the rational distribution of weights to the KRAs to augment statistical methods.

Note that the index is supposed to measure rural development and the highest weight is given to ECOPISS. This is so since the rural growth is almost synonymous with the appropriate environment and support system for agricultural production that is provided by the activities associated with ECOPISS. BSS is also assigned higher weight as it complements the results of ECOPISS. Given proper health care, the farmers can be

capable of cultivating the land. Also, education can facilitate their emancipation from the bondage of the land as they can be upgraded to the entrepreneur level. LTI has lower weight since land distribution is almost completed in many ARC. For purposes of monitoring, LTI will no longer give much information as all ARC are expected to have similar values. There will be no more differentiation between ARCs based on LTI hence, its importance in monitoring is already lessened. For OM, lower weight (compared to ECOPIIS) is attributed to the qualitative information for most in the indicators. However, there is no other way to monitor OM but through these variables.

- (c) Formula for computation of Index of Sustainable Rural Development (ISRD):

$$\text{ISRD} = 0.0928 \text{ LTI} + 0.2404 \text{ ECOPIIS} + 0.1669 \text{ FPI} + 0.1929 \text{ BSS} \\ + 0.1130 \text{ GAD} + 0.1941 \text{ OM}$$

where

LTI is the weighted average of the percentage ratings of the LTI indicators

ECOPIIS is the weighted average of the percentage ratings of the ECOPIIS indicators

FPI is the weighted average of the percentage ratings of the FPI indicators

BSS is the weighted average of the percentage ratings of the BSS indicators

GAD is the weighted average of the percentage ratings of the GAD indicators

OM is the weighted average of the percentage ratings of the OM indicators.

3. Interpretations and Analysis of Final Index

- (a) The interpretation of final index for the **Satellite** ARCs shall be as follows:

<u>Range of Rating</u>	<u>Interpretation</u>
Below 52.93	Level 1 (Low Level of Development)
52.93-59.63	Level 2 (Lower Medium Level of Development)
59.63-66.33	Level 3 (Medium Level of Development)
66.33-73.03	Level 4 (Higher Medium Level of Development)
Greater than 73.03	Level 5 (High Level of Development)

- (b) The interpretation of final index for the **Semi-Prime** ARCs shall be as follows:

<u>Range of Rating</u>	<u>Interpretation</u>
Below 54.83	Level 1 (Low Level of Development)
54.83-61.37	Level 2 (Lower Medium Level of Development)
61.37-67.91	Level 3 (Medium Level of Development)
67.91-74.45	Level 4 (Higher Medium Level of Development)
Greater than 74.45	Level 5 (High Level of Development)

- (c) The interpretation of final index for the **Prime** shall be as follows:

<u>Range of Rating</u>	<u>Interpretation</u>
Below 56.34	Level 1 (Low Level of Development)
56.34-63.20	Level 2 (Lower Medium Level of Development)
63.20-70.06	Level 3 (Medium Level of Development)
70.06-76.92	Level 4 (Higher Medium Level of Development)
Greater than 76.92	Level 5 (High Level of Development)

- (d) Written reports on the result of ALDA per ARC (with all the accompanying tables) shall be submitted and presented by the team to the ARC Task Force. The ARC coordinators shall present the report to the MARO/DF assigned in the ARC for them to discuss with the ARB organizations. This shall be the basis for action planning for ARB organizations and ARC players.

4. Action Planning

- (a) The result of ALDA shall be discussed with the ARB organization and will be the basis for the action planning at the ARC level. The MARO/DF together with the leaders and selected members of the organization shall develop a one-year action plan. The plan shall identify the needs of the ARCs as a whole and the need of the organization in particular. Targets should be set corresponding to specific activities under each KRA for viable ARC, time frame, resource requirement and persons or groups responsible for the activities.

- (b) Amount and sources of funding should also be indicated in the plan.
- (c) The action plan should be presented to the community for approval and implementation.


VII. Reporting and Feedbacking

- (a) ALDA reports and ARC action plans shall be consolidated per province to be submitted to DAR RSSD. The DAR RSSD shall likewise consolidate and prepare a written regional ALDA report for submission to BARBD. A national situationer report shall be prepared pinpointing the levels of development of the ARCs and the recommended action agenda to ensure the sustained growth of the ARCs. Revised ARC plan per province, region and national level shall be done which shall form part of the performance contract of the Regional Directors, ARDOs, and PAROs.
- (b) ALDA shall be conducted in all ARCs annually (4th quarter of the year) Reports on its conduct shall be prepared and submitted every 15th day of January.
- (c) ALDA reports shall form part of the annual reports to be submitted to the Office of the Undersecretary FOSSO and Assistant Secretary for SSO.

VIII. Effectivity

This Memorandum Circular shall take immediately.

Diliman, Quezon City, *January 10, 2001*


HORACIO R. MORALES, JR.
Secretary

Annex 1: Guidelines for the computation of ALDA Indicators

KRA/INDICATOR	CODE	COMPUTATION
I. Land Tenure and Improvement		
A. Land Acquisition and Distribution (LAD)		
1. Percent of land distributed to total working scope	LTIPA1	$\% \text{ of land distribution} = \frac{\text{no. of Has. Distributed to the ARBs (LADACC)}}{\text{no. of Has. Of total ARC working scope (LADSCOPE)}} \times 100$
2. Percent of actual ARBs to total ARBs	LTIPA2	$\% \text{ of actual ARBs} = \frac{\text{actual ARBs with EP/CLOA (MARBACT+FARBACT)}}{\text{total ARBs in the ARC (MARBSC+FARBSC)}} \times 100$
3. Percent of ARBs regularly paying amortization to total ARBs with amortization schedule	LTIPA3	$\% \text{ of paying ARBs} = \frac{\text{actual number of ARBs with regular payments (ARBSPAY)}}{\text{total number of ARBs with amortization schedule (ARBSAMSC)}} \times 100$
4. Percent of ARBs cultivating the land transferred to total actual ARBs with farm lots	LTIPA4	$\% \text{ of ARB cultivators} = \frac{\text{number of ARBs who are actual tillers (ARBCUL)}}{\text{actual ARBs in the ARCs with farm lots (MARBACT+FARBACT)}} \times 100$
5. Percent of ARBs maintaining the land ownership to total actual ARBs	LTIPA5	$\% \text{ of ARBs maintaining land ownership} = \frac{\text{no. of ARBs maintaining the land ownership (ARBOWN)}}{\text{total actual ARBs (MARBACT+FARBACT)}} \times 100$
B. Non-LAD		
6. Percent of hectares covered as indicated in the registered leasehold contracts to total leasehold scope	LTIPB1	$\% \text{ of leasehold accomp.} = \frac{\text{no. of has. covered w/ registered leasehold contract (LHACC)}}{\text{total LH scope in hectares in the ARC (LHTAR)}} \times 100$
7. Percent of ARBs with registered LH contracts to total ARB-leasees	LTIPB2	$\% \text{ of ARB Leasees} = \frac{\text{no. of actual ARBs with reg. LH contract (MARBALH+FARBALH)}}{\text{total ARBs in leasehold scope in the ARC (MARBTLH+FARBTLH)}} \times 100$

KRA/INDICATOR	CODE	COMPUTATION
II. Organizational Maturity		
A. Organizational Management		
1. Legal Personality	OMA1	25% - No organization existing 50% - Informal farmer's group 75% - Registered farmer's organization either with CDA, DOLE-BRW or SEC 100% - Farmer's org. is a registered member of a secondary of tertiary organization
2. Vision, Mission, Goal and Objectives (VMGO) and structure	OMA2	25% - No VMGO and organizational structure 50% - With goals and objectives and defined organizational structure 75% - Well defined and written VMGO and structure can be explained by at least 50% of leaders and 30% of members 100% - VMGO and structure can be explained by 75% of the leaders and 50% of members
3. Strategic Development Plan	OMA3	25% - Without strategic development plan 50% - With strategic operational plan but not operational 75% - Strategic development plan with annual operations being implemented 100% - Strategic development plan with annual operations being implemented, reviewed, and succeeding operations plans developed
4. Organizational Policies, Systems and Procedures (PSP)	OMA4	25% - PSP installed 50% - Installed PSP but not followed 75% - PSP complied by majority of officers and members 100% - PSP complied by 80-100% of officers and members
5. Total membership in absolute terms	OMA5	25% - Less than 30 members 50% - 30-59 members 75% - 60-100 members 100% - more than 100 members
6. Percent of total membership to total ARC households	OMPA6	% of organization membership to total ARC households $= \frac{\text{total membership of the organization (MEMM+MEMF)}}{\text{total ARC households (ARCHH)}} \times 100$
7. Percent of ARB members to total membership	OMPA7	% of ARB membership in the organization $= \frac{\text{no. of ARB members (MARBMEM+FARBMEM)}}{\text{total membership (MEMM+MEMF)}} \times 100$
8. Percent of ARB members to total ARB population	OMPA8	% of ARB members to total ARBs $= \frac{\text{total ARB members in all org. (MARBMEM+FARBMEM)}}{\text{total ARBs in the ARCs (MARBACT+FARBACT)}} \times 100$
9. Functionality of the BOD and committees	OMA9	25% - No BOD and committee formed 50% - With BOD and committee formed but no regular meetings 75% - Functioning BOD and committees with regular meetings and action plans 100% - All BOD and committees are operational with plans and programs are implemented

KRA/INDICATOR	CODE	COMPUTATION
10. Officers' attendance in meetings and other organizational activities	OMPA10	$\% \text{ of officers' attendance} = \frac{\text{average no. of officers regularly attending (BODATT)}}{\text{total number of officers in the organization (TOFF)}} \times 100$
11. Members' attendance in meetings and other organizational activities	OMPA11	$\% \text{ of members attendance} = \frac{\text{average no. of members regularly attending (MEMATT)}}{\text{total number of members in the organization (MEMM+MEMF)}} \times 100$
12. Percent of officers and committees attended in management and advanced training's	OMPA12	$\% \text{ officers \& member attended} = \frac{\text{officers and committee members attending training's (OFFTR+COMTR+MSTR)}}{\text{total number of officers and comm. members (TOFF+TCOMM)}} \times 100$
13. Attendance of members in membership and other relevant training's	OMPA13	$\% \text{ of members' attendance to training's} = \frac{\text{Ave. attendance to PMES/enhancement training's (MEMTR)}}{\text{total members of the organization (MEMM+MEMF)}} \times 100$
14. Attendance of management staff in basic and advance training courses	OMA14	<p>25% - No training attended by management staff</p> <p>50% - at least the manager and treasurer have attended one basic training course</p> <p>75% - Manager and treasurer have attended all basic training courses</p> <p>100% - All management staff have attended advance-training courses</p>
B. Resource Management		
8. Capital Build-Up (CBU) Generation	OMB1	<p>25% - With an average CBU of P 100-200 per member</p> <p>50% - With an average CBU of P 201-400 per member</p> <p>75% - With an average CBU of P 401-500 per member</p> <p>100% - With an average CBU of more than 500 per member</p>
9. Saving Mobilization	OMB2	<p>25% - With an average savings of P 100-200 per member</p> <p>50% - With an average savings of P 201-400 per member</p> <p>75% - With an average savings of P 401-500 per member</p> <p>100% - With an average savings of more than 500 per member</p>
10. Employment of core management team (CMT)	OMB3	<p>25% - No core management team formed</p> <p>50% - Complete core management team but part-time employed</p> <p>75% - Complete core management team and the manager and treasurer are full-time employed</p> <p>100% - All members of management team are full time employed</p>

KRA/INDICATOR	CODE	COMPUTATION
C. Social Enterprise Operations		
C.1 Financial and operational policies, systems and procedures		
1. Installation of financial and operational, policies, systems and procedures (PSP)	OMC1	25% - Financial and operational policies, systems, and procedures are not installed 50% - Financial and operational policies, systems, and procedures are installed 75% - Financial and operational policies, systems, and procedures are maintained and updated 100% - Financial and operational policies, systems, and procedures are regularly updated and audited
C.2 Provision of services and projects		
1. Agri-based enterprises and services provided to members	OMC2	25% - No agri-based enterprise and services offered to members 50% - With identified start-up services to members 75% - With operationalized production and relending services to members 100% - Diversified and institutionalized services such as production, relending processing and marketing
2. Sustainable and productive use of resources	OMPC3	% Sustainable Projects = $\frac{\text{no. of environment-friendly projects (ENVPROJ)}}{\text{total number of projects (PROJ)}} \times 100$
C.3 Financial Performance		
1. External loan repayments	OMPC4	
2. Profitability-Return on Equity (ROE)	OMPC5	
3. Profitability-Return on Capital (ROC)	OMPC6	
4. Debt-Equity Ratio	OMC7	25% - Higher than 6:1 DER 50% - 6:1 DER 75% - 5:1 DER 100% - 4:1 and lower DER
5. Liquidity Ratio (Current Ratio)	OMC8	25% - CR less than 1:1 50% - CR 1:1 75% - CR 2:1 100% - CR more than 2.5:1
D. Local Governance and Alliance Building		
1. Representation in Local Development Council	OMD1	25% - Organization is not a sectoral representative in the Barangay Development Council 50% - Organization is a sectoral representative in the Barangay Development Council 75% - Organization is a sectoral representative in the Municipal Development Council 100% - Organization is a sectoral representative in the Provincial Development Council
2. Capability of the PO/cooperative to access technical and financial support	OMPD2	% Access = $\frac{\text{amt. of technical/financial needs accessed (TFACC)}}{\text{total amount of needs (TFNEED)}} \times 100$

KRA/INDICATOR	CODE	COMPUTATION
III. Economic and Physical Infrastructure Support Services		
A. Completion of Infra Projects Based on the Requirements of the ARC		
1. Farm to market road and other networks	ECOPA1	$\% \text{ completion} = \frac{\text{total kilometers of roads in the ARC completed (FMRCOM)}}{\text{total kilometers of road required per ARCDP (FMRREQ)}} \times 100$
2. Bridges	ECOPA2	$\% \text{ completion} = \frac{\text{total linear meters of bridge completed (BRCOM)}}{\text{total linear meters of bridge required per ARCDP (BRREQ)}} \times 100$
3. Irrigation systems	ECOPA3	$\% \text{ irrigated lands} = \frac{\text{total hectares of irrigated agricultural land (ISACOM)}}{\text{total hectares of agricultural irrigable area (ISAREQ)}} \times 100$
4. Provision of pre- and post-harvest facilities	ECOPA4	<p>Average of all of the following that are applicable</p> $\% \text{ Pre-/Post-Harvest facility provided} = \frac{(\text{TRACI} + \text{TRACO}) / \text{TRACN} + (\text{SPRI} + \text{SPRO}) / \text{SPRN} + (\text{SBKI} + \text{SBKO}) / \text{SBKN} + (\text{WDI} + \text{WDO}) / \text{WDN} + (\text{HVI} + \text{HVO}) / \text{HVN} + (\text{THI} + \text{THO}) / \text{THN} + (\text{DMI} + \text{DMO}) / \text{DMN} + (\text{TRI} + \text{TRO}) / \text{TRN}}{8}$
5. Percent of ARBs with access to irrigation facilities to total ARBs in need of irrigation	ECOPA5	$\% \text{ access to irrigation} = \frac{\text{no. of ARBs with access/actually using irrig. (ARBFARAI)}}{\text{total no. of ARBs within the irrigable area (ARBFARIA)}} \times 100$
6. Percent of ARBs with access to pre- and post- harvest facilities to total ARBs	ECOPA6	$\% \text{ ARB access} = \frac{\text{number of ARBs with access to facility (ARBAPPH)}}{\text{total number of ARB (MARBACT + FARBACT)}} \times 100$
B. Provision of Credit and Marketing Services		
1. Credit services are provided to ARBs in need of credit	ECOPB1	$\% \text{ of ARBs able to access credit} = \frac{\text{no. of ARBs who availed of credit assistance}}{\text{total no. of ARBs in the ARC who are in need of credit}} \times 100$ $= \frac{(\text{PROACC} + \text{LVACC} + \text{MPACC}) / (\text{PRON} + \text{LVN} + \text{MPN})}{1} \times 100$
2. Appropriate marketing services established	ECOB2	<p>25% - No definite marketing outlets 50% - Existing marketing services within the ARC is through trader/farmgate 75% - existing marketing services within ARC through the cooperative 100% - marketing contracts are established through the cooperative</p>

KRA/INDICATOR	CODE	COMPUTATION
IV. Farm Productivity and Income		
A. Adoption of Appropriate Farming Technology		
1. Adoption of appropriate farming production technologies	FPIPA1	<p>Average of all of the following that are applicable</p> $\frac{PTUN + IFS + UCSN + UOFN + UIFN + USALTN + IPMN + UOPN + UTRACN}{MARBACT + FARBACT}$ <p>% adoption of a particular technology =</p>
B. Farm Productivity		
1. Average actual yield of major crops	PYIELDS	<p>25% - Yield is 20% below of national average per crop 50% - Yield is 19-10% below of national average per crop 75% - Yield is 9% below to 19% above the national average per crop 100% -Yield is 20% and above of national average per crop</p>
2. Average increase in yield of major crops	PINCYAVE	<p>% increase or decrease in yield = $\frac{\text{Yield in 1999} - \text{Yield in 2000}}{\text{Yield in 1999}} \times 100$</p> <p>25% - Decrease of no increase in yield 50% - 1-10% increase in yield 75% - 11-20% increase in yield 100% - above 20% increase in yield</p>
C. Increase in Income		
1. Annual household income	FINC	<p>25% - Less than P20,000 per annum (using 1992 index) 50% - P20,000-39,000 per annum (using 1992 index) 75% - P 40,000-59,000 per annum (using 1992 index) 100% - P 60,000 and above (using 1992 index)</p>
2. Increase in annual farm income	PINCFI	<p>% increase or decrease in income = $\frac{\text{Farm Income in 2000 (FINC)} - \text{Farm Income in 1999 (HINLY)}}{\text{Farm Income in 1999 (HINLY)}} \times 100$</p> <p>25% - Decrease of no increase in FI 50% - 1-10% increase in FI 75% - 11-20% increase in FI 100% - above 20% increase in FI</p>

KRA/INDICATOR	CODE	COMPUTATION
V. Basic Social Services		
A. Health Services		
1. Availability of health services	HFACNO	<p>In Rating 50%, one facility means any of the following:</p> <ul style="list-style-type: none"> ◆ Existence of a health center but no health services are available ◆ No health center but a personnel from DOH visits the ARC ◆ No health center but there is a barangay health volunteer <p>In Rating 75%</p> <ul style="list-style-type: none"> ◆ there is a health center in the ARC or with a midwife/doctor from DOH visits the ARC on a regular or periodic basis <p>In Rating 100%</p> <ul style="list-style-type: none"> ◆ there is a health center in the ARC with free medicines and health services available any time. A midwife/doctor is regularly reporting in this health center.
2. Percent of ARC households to total HH availing of health services	PSERV	$\% \text{ access} = \frac{\text{no. of HH in the ARC who availed of the health services (HHAHEAL)}}{\text{total no. of households in the ARC from the ARC profile (ARCHH)}} \times 100$
B. Potable Water Supply		
1. Percent of ARC HH to total HH with access to potable water supply	BSSPB1	$\% \text{ access} = \frac{\text{no. of HH w/ access to water supply (WACC1+WACC2+WACC3)}}{\text{total no. of HH in the ARC from the ARC profile (ARCHH)}} \times 100$
C. Power Supply		
1. Percent of ARC HH to total HH having access to power supply	BSSPC1	$\% \text{ access} = \frac{\text{no. of HH with access to power supply (HHELEC)}}{\text{total no. of HH in the ARC from the ARC profile (ARCHH)}} \times 100$
D. Access to Education		
1. Elementary enrollment ratio	BSSPD1	$\text{Enrollment ratio (Elementary)} = \frac{\text{no. children enrolled in elem. (CHEL)}}{\text{total no. of children in the ARC (7 to 12 years old) (ELEM)}} \times 100$
2. High school enrollment ratio	BSSPD2	$\text{Enrollment ratio (High School)} = \frac{\text{no. of children enrolled in high school (CHHS)}}{\text{total no. of children in the ARC (13 to 16 years old) (HS)}} \times 100$

KRA/INDICATOR	CODE	COMPUTATION
VI. Gender and Development		
A. Access to Land		
1. Percent of women ARBs to total ARBs	GADPA1	$\% \text{ of women ARBs} = \frac{\text{number of actual women ARBs (FARBACT)}}{\text{total number of ARBs (MARBACT+FARBACT)}} \times 100$
B. Organizational Leadership/Participation		
1. Percent of women members in the organization to total membership	GADPB1	$\% \text{ of women members} = \frac{\text{number of women members in all ARC org(WMEM)}}{\text{total membership in all organizations(TMEN)}} \times 100$
2. Percent of women holding key position in the organization to total leaders	GADPB2	$\% \text{ of women holding key positions} = \frac{\text{number of women leaders(WOFF)}}{\text{total leaders (TOFF)}} \times 100$
C. Access to Credit, Projects and Services		
1. No. of services /project for women within the ARC	GADPC1	25% - No Identified project 50% - Project for women identified for implementation 75% - At least 1 project within the ARC is implemented benefiting the women 100% - At least one project is managed by women
2. Percent of women ARBs able to access credit services to total women ARBs in need of credit	GADPC2	$\% \text{ access to credit} = \frac{\text{no. of women ARBs availed of financial assistance(WARBL)}}{\text{total no. of women ARBs in need of credit(WARBLOAN)}} \times 100$

Annex 2: Computation of Ratings in each Key Result Area

The rating for each KRA follows:

$$\text{LTI} = \text{LTIPA1} \times 0.2409 + \text{LTIPA2} \times 0.2268 + \text{LTIPA3} \times 0.0713 + \text{LTIPA4} \times 0.0489 \\ + \text{LTIPA5} \times 0.0721 + \text{LTIPB1} \times 0.1825 + \text{LTIPB2} \times 0.1575$$

$$\text{ECOPI5} = \text{ECOPA1} \times 0.1324 + \text{ECOPA2} \times 0.1081 + \text{ECOPA3} \times 0.1630 + \text{ECOPA4} \times 0.1332 \\ + \text{ECOPA5} \times 0.1776 + \text{ECOPA6} \times 0.1183 + \text{ECOPB1} \times 0.1215 + \text{ECOB2} \times 0.0458$$

$$\text{FPI} = \text{FPIPA1} \times 0.0645 + \text{PYIELDS} \times 0.2691 + \text{PINCYAVE} \times 0.2688 \\ + \text{PINCFI} \times 0.2931 + \text{FINC} \times 0.1044$$

$$\text{BSS} = \text{PSERV} \times 0.2705 + \text{BSSPC1} \times 0.1218 + \text{BSSPD1} \times 0.1159 + \text{BSSPD2} \times 0.1125 \\ + \text{HFACNO} \times 0.2184 + \text{BSSPB1} \times 0.1571$$

$$\text{GAD} = \text{GADPA1} \times 0.1883 + \text{GADPB1} \times 0.3133 + \text{GADPB2} \times 0.2864 \\ + \text{GADPC2} \times 0.1124 + \text{GADC1} \times 0.0996$$

$$\begin{aligned} \text{OMA} = & \\ & \text{OMA1x} \quad 0.0562 \\ & + \text{OMA2x} \quad 0.0598 \\ & + \text{OMA3x} \quad 0.0781 \\ & + \text{OMA4x} \quad 0.0331 \\ & + \text{OMA5x} \quad 0.0618 \\ & + \text{OMPA6x} \quad 0.0328 \\ & + \text{OMPA7x} \quad 0.0015 \\ & + \text{OMPA8x} \quad 0.0366 \\ & + \text{OMA9x} \quad 0.0519 \\ & + \text{OMA10x} \quad 0.0335 \\ & + \text{OMPA11x} \quad 0.0458 \\ & + \text{OMA12x} \quad 0.0215 \\ & + \text{OMA13x} \quad 0.0334 \\ & + \text{OM14Ax} \quad 0.0574 \\ & + \text{OMB1x} \quad 0.0573 \\ & + \text{OMB3x} \quad 0.0725 \\ & + \text{OMC1x} \quad 0.0703 \\ & + \text{OMC2x} \quad 0.0823 \\ & + \text{OMPC3x} \quad 0.0198 \\ & + \text{OMPC7x} \quad 0.0115 \\ & + \text{OMD1x} \quad 0.0615 \\ & + \text{OMPD2x} \quad 0.0215 \end{aligned}$$

Computation of Overall Rating

$$\begin{aligned} \text{INDEX} = & 0.0928 \quad \text{LTI} \\ & + 0.2404 \quad \text{ECOPI5} \\ & + 0.1669 \quad \text{FPI} \\ & + 0.1929 \quad \text{BSS} \\ & + 0.1130 \quad \text{GAD} \\ & + 0.1941 \quad \text{OM} \end{aligned}$$