



Republic of the Philippines
DEPARTMENT of AGRARIAN REFORM

ELLIPTICAL ROAD, DILIMAN, QUEZON CITY TELS. 928-70-31 TO 39

Memorandum Circular No. 06
Series of 2001

SUBJECT: Revised Thresholds for ARCs Level of Development Assessment (Amending Memorandum Circular No. 3, Series of 2001)

I. Background

Memorandum Circular No. 3, Series of 2001, provided the operational framework and guidelines (content and process) in the conduct of the ARC Level of Development Assessment for year 2000 (ALDA 5) and onwards. Several major revisions were effected, to wit:

- a. Utilization of an Index of Sustainable Rural Development (ISRDI) in presenting the ALDA result;
- b. Full computerization in the processing of ALDA results using STATISTICA™ software;
- c. Utilization of weighted indices instead of categorical ratings for measuring indicators and aggregate key result area (KRA) components;
- d. Differentiation of thresholds or standards in defining the level of development of ARCs according to their classification (prime, semi-prime, satellite).

The classification of ARCs into three modalities (prime, semi-prime, and satellite) could bring a different picture in the assessment of development. Satellite ARCs are expected to encounter more constraints than Prime ARCs, so that higher expectation can be set to Prime ARCs. Given this consideration, differential thresholds were assigned per classification.

In preparing the thresholds provided in Memorandum Circular No. 3, Series of 2001, an initial analysis of the ALDA 3 and ALDA 4 results of the first 522 ARCs classified and confirmed by the National ARC Task Force in October 2000 was done. Using this relatively small sample, cluster analysis was applied to each ARC type using factor scores for each KRA.

II. Revised Thresholds

As provided for in the said Memorandum Circular, ALDA 5 was conducted by the field offices during the period November 2000 to January 2001. A total of 1,249 ARCs out of the total of 1,308 classified and confirmed ARCs were subjected to the ALDA process.



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Initial ALDA results submitted by the provincial and regional offices were used to validate the initial thresholds computed from the smaller sample.

The analysis revealed that there was an underestimation of the previous thresholds as evidence by the prevalence of developed ARCs. Likewise, similar mean values for satellite and semi-prime ARCs indicate that there is no need to derive different thresholds for the two groups. This would thus require the revision of the previous thresholds to make them reflective of the status of ARCs and statistically valid.

The final thresholds may now be defined for only two groups:

For Satellite or Semi-Prime ARCs:

Level 1 – Low Level of Development	Less than 57.33
Level 2 - Lower Medium Level of Development	57.33 - 62.96
Level 3 - Medium Level of Development	62.97 - 68.61
Level 4 - Higher Medium Level of Development	68.62 - 74.29
Level 5 - High Level of Development	Above 74.29

For Prime ARCs:

Level 1 – Low Level of Development	Less than 61.90
Level 2 - Lower Medium Level of Development	61.90 - 66.83
Level 3 - Medium Level of Development	66.84 - 71.78
Level 4 - Higher Medium Level of Development	71.79 - 76.72
Level 5 - High Level of Development	Above 76.72

III. Thresholds for Organizational Maturity (OM) and Gender and Development (GAD)

Mean values for OM ratings of organizations across ARC modalities reveal a similar pattern as that of the over-all index, indicating greater constraints for organizations in satellite and semi-prime ARCs in achieving organizational development or maturity. As such, **the same thresholds shall apply for both the over-all ALDA rating and Organizational Maturity rating.**

The indicators used in determining the Gender and Development (GAD) KRA rating would indicate a lower propensity for getting high ratings since majority of EP/CLOA holders and leaseholders are male. Although the ratings were already taken into consideration in the computation of the ISR, the following thresholds are provided for the purpose of interpreting the GAD rating of each ARC:

For any ARC (satellite, semi-prime, or prime)

Level 1: Less than 36,50
Level 2: 36.50 – 44.65
Level 3: 44.66 - 52.82
Level 4: 52.83 - 60.97
Level 5: Above 60.97

The revised thresholds shall apply to the results of ALDA 2000 and subsequent ALDA ratings. The data structure of the licensed STATISTICA™ program for ALDA shall be revised accordingly by the Bureau of Agrarian Reform Beneficiaries Development (BARBD) and shall be distributed to the Regional Offices.

This Circular amends section VI.3 of M.C. No. 3, Series of 2001 and shall take effect immediately.

20 ~~May~~ ^{JUNE} 2001, Diliman, Quezon City.


HERNANI A. BRAGANZA
Secretary