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LOCAL ECONOMIC DEVELOPMENT FOR EMPLOYMENT GENERATION, PEACE AND SECURITY

Approaches, tools, and good practices in the Philippines

Report of an ILO-SRO Manila Technical Workshop
Edited by Aurelio Parisotto

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LOCAL ECONOMIC DEVELOPMENT FOR EMPLOYMENT GENERATION, PEACE AND SECURITY
APPROACHES, TOOLS, AND GOOD PRACTICES IN THE PHILIPPINES
Edited by Aurelio Parisotto





Contents

Foreword	1
Acknowledgments	3
Introduction	5
Section 1 - Overview of Local Economic Development	9
• The ILO LED Model – An Introduction	11
Section 2 – Local Economic Development and Employment Promotion in the Philippines	15
• Local Employment Generation in the Philippines	17
• LGU-Driven Local Economic Development and Employment Generation Strategies: Six Cases from the Philippines	21
• Local Employment Generation: The Bulacan Experience	27
• Strengthening LGU’s Capacity in Development Planning and Employment Promotion in Marikina City and Naga City	31
Section 3 – Public-Private Partnerships for Local Economic Development	35
• The Role of the Business Sector in Pump Priming Employment Generation in the Countryside	39
• Partnership on Integrated Community Development Program between the Land Bank Countryside Development Foundation, Inc. (LCDFI) and Microfinance Institutions (MFIs)	41
Section 4 – Nurturing Peace and Security through Development Initiatives in Conflict and Post-Conflict Areas	43
• Experiences and Lessons Learned in Implementing LED Initiatives in Conflict and Post-Conflict Areas	45
• Poverty Reduction Program for Peace and Development: The Bohol Experience	49
• A Sharing of Concrete Experiences and Insights: The Datu Paglas Story	51
• The Challenges of Peace and Development in a Poor and Divided Community: The Case of Sulu	53
Section 5 – Highlights from the Discussion and Pointers for Action	57



Foreword



The potential of local policies for employment and decent work has been explicitly recognized in the Decent Work Country Programme of the International Labour Office (ILO) in the Philippines. In fact, employment promotion through local approaches is one of the two priority areas of the Programme. Two outcomes are envisaged. First, to strengthen the provision of employment and entrepreneurship services to young women and men through changes in national policies and local demonstration programmes targeting the youth; and second, to pilot local development strategies in selected locations to enhance economic and social opportunities and promote Decent Work.

Such emphasis on the subnational is shared by many international and national development agencies in the Philippines. It reflects the conviction that, given the country's decentralized governance structure, local governments and local stakeholders can deliver development services with great effectiveness and can be main catalysts for social and economic advancement and poverty alleviation. For the ILO, this recognition opens up opportunities to bring the concerns and the practice of decent work to new vast networks of local businesspeople, chambers of commerce, trade unions, school boards, small medium enterprise (SME) councils, tripartite councils, community organizations and organizations of civil society. These are vibrant avenues to make decent work a local as well as a global goal.

As we moved forward in our projects on local economic development, employment and livelihoods, we greatly benefited from the close relationship we established with a few dynamic and successful local governments. These local champions have helped us appreciate the scope and complexity of labour market issues in different settings – urban or rural, and well-off or poor. They introduced us to the practical hitches of delivering and sustaining social policy. They gave their time to develop and validate together with us new approaches and tools for capacity building and policy development. This close partnership uncovered a very rich variety of initiatives for local employment and livelihood generation and poverty alleviation which is distinctive to the Philippines but has much value for both developing and developed countries in all regions. At the same time, it unveiled the need and the pressing demand for stronger frameworks and new programmes to support local governments and local communities throughout the country in their efforts to strengthen the economic and social base for lasting security and peace.

Some of the most significant experiences in transforming local economies and local societies, and the lessons gained through the process, were discussed at the workshop on *Local Economic Development (LED) Tools and Approaches for Local Employment Generation, Peace and Security* that the ILO Sub-Regional Office in Manila organized on 22-23 August 2006.

This publication collects the key insights and discussion points that took place at the workshop. It is a contribution to the broader debate within the Philippine development community on the opportunities and the limitations that decentralization and local governance offer to promote sustainable and equitable economic and social welfare. We also expect it to be an instrument for disseminating good practices, encouraging new thinking and developing new programmes for action.

Finally, there is a strong message that any development strategy, local or national, should be led by values in order to be effective - the “vision of a good society”. Strategies should also be supported by good institutions, public and private, and be transparent, efficient and accountable. The success stories reviewed speak for the effort of many – LGUs, business, NGOs, donors – to achieve that vision and build a solid local foundation for the pyramid of good governance. To that collective endeavour, the ILO in the Philippines wishes to contribute its technical expertise, its framework of international standards, its partnership with national agencies, business and labour groups, and its notion of decent work as a core pillar of an inclusive, prosperous, peaceful and just society.

Linda Wirth
Director, ILO SRO Manila
September 2007



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 Marikina City, Metro Manila
 Naga City, Province of Bicol
 Bulacan Province
 Guimaras Province

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Introduction



Throughout the past two decades, decentralization has been key in Philippine legislature and governance. Since the passage of the Local Government Code in 1991, in particular, there has been greater recognition of the role of local government units (LGUs) in balanced national development, and there have been significant efforts from national and international agencies to provide LGUs with resources, planning tools, participatory mechanisms and capacities to fulfil their new broader mandates and formulate and implement their own local development plans.

There are different views about the overall effectiveness of this shift in the delivery of public policy. For some observers, decentralization is far from perfect. Some even associate it with the dramatic decline in the quality of national education and health and the degradation of the country's physical infrastructure. Others lament the persistence of uncontested local political monopolies. A balanced assessment has not been attempted so far. Yet on the positive side there is a clear testimony of the emergence of a new layer of local political leaders and competitive municipalities, cities and provinces, which provide new important models of good and transparent governance, effective participation of citizens, better delivery of social services, and significant innovations in the development of economic and social policies.

One issue, however, has been absent, or at least it has rarely been explicitly addressed in the debate and in the agenda for action by LGUs - the issue of employment and its links with the overall goal of reducing poverty. This is a critical challenge for the national development agenda, as it is clear from the many pronouncements of the country's top politicians that there is a need to create more jobs. But while decent employment – the number and quality of jobs - is a top national priority, it is only implicit or it is assumed as a derivative in the planning frameworks and the actual development plans of local governments. It is not an explicit, integral part of LGUs' strategies and programmes, which is surprising because the generation of jobs is a main concern of local communities. As a matter of fact, many of the policy initiatives of LGUs ultimately aim for sustainable employment and livelihood. Only by focusing LGU attention on issues of employment and livelihood generation, and supporting their efforts, can the current trend toward growing regional inequalities be countered.

One main objective of the workshop on *Local Economic Development (LED) Tools and Approaches for Local Employment Generation, Peace and Security*, organized by the ILO SRO Manila on 22-23 August 2006, was to carry out an in-depth review of the scope and effectiveness of the decentralized employment and livelihood initiatives that are being carried out in the Philippines, driven either by private sector associations, community groups or the LGUs themselves. The intention was to distil lessons from a detailed analysis of a small number of success stories which are clear examples of positive local transformation leading to greater employment and livelihood generation. The expectation was not just to collect best practices for further dissemination, but also to assess the gaps and limitations of current experiences and derive guidelines on how the expertise and tools of the international community could be best packaged and channelled to assist local agencies and local communities in their attempt to promote opportunities for decent jobs and alleviate poverty.

Another main objective of the workshop was to assess how the effort to actively promote local economic growth, jobs and livelihood could contribute to consolidate and sustain efforts to ensure security and peace in areas shattered by violence and armed conflicts. This is another clear national priority. Armed confrontations and insurgency have threatened security and development in vast areas of the Philippines since the 1960s, dragging the regions affected into a vicious cycle where poverty and conflict reinforce each other. Local conflicts endanger not only the physical security of people. They also undermine the sustainability of local industries and livelihoods and discourage investments required to generate income, create jobs and reduce poverty. A key to restoring security in conflict-affected areas lies in supporting peace negotiations through interventions aimed at promoting dialogue and trust among local stakeholders, while strengthening opportunities for development, decent jobs and sustainable livelihood.

The workshop provided an opportunity to bring to the fore the personal experiences of people who are at the front line of change. Development and peace result from parallel transformations taking place in different domains: political, economic, social and cultural. It is mainly from the practice of those most engaged in the field that one can appreciate how political vision, economic understanding and social sensitivity should blend in the crafting of successful programmes. Integrating these different aspects is a main challenge in the development of policies that will lead to positive transformation. In other words, the challenge is to create virtuous circles where local economic regeneration, good governance, peace negotiations and restoring of trust among split communities create visible dividends and reinforce each other.

This publication collects short edited versions of the main contributions presented at the workshop. It highlights key insights and lessons from practical experience, and how they could apply to policy development. The contributions are grouped as follows;

Section 1 provides an overall framework for local economic development (LED). It introduces the basic concepts behind the territorial and participatory approach to economic and social policy that is commonly labelled under the term LED, looking at the international experience gained by the ILO in this domain.

Section 2 looks at how similar concepts have been applied in the Philippines and provides an initial mapping of local-level initiatives to generate decent and sustainable jobs. It also presents the main results of three studies on eight successful LED experiences where the LGU had been the key driver. Each study focuses on common factors and distinctive determinants of success, with a view at extracting lessons and identifying suitable frameworks and tools to strengthen the LED process and encourage emulation and scaling up. In spite of their limited number, the case studies taken together provide a good coverage of the different realities of LGUs in the country, as they include provinces, cities and municipalities in rural and urban settings and in poor as well as in thriving locations.

Section 3 consists of contributions from private sector associations at the local and national level, respectively from the Chamber of Commerce and Industry of Davao City and the Land Bank Countryside Development Foundation. Close partnership with the private sector is a basic tenet of the formula for LED success, and the two presentations contained in this section bear witness to such principle.

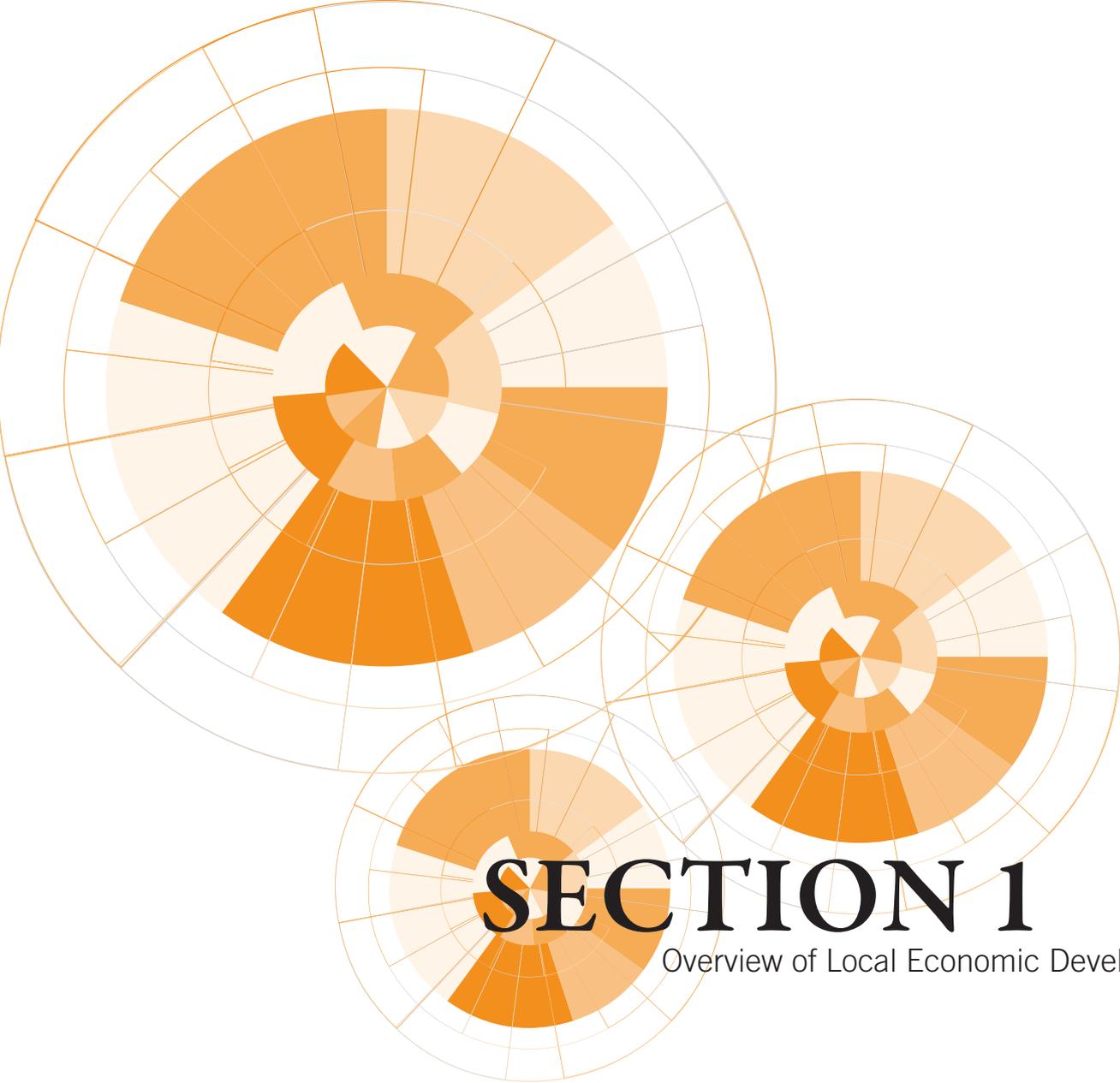
Section 4 focuses on the challenges and the opportunities for LED and the promotion of decent work in a situation of conflict and post-conflict. LED, with its corollaries of stakeholders' participation and collective action, is not only a conduit to greater job generation; it can also be a facilitator and a catalyst in the resolution of conflicts. It is precisely where communities are deeply divided that it is more important to encourage dialogue and joint action for the common good, highlighting the mutual economic advantages of cooperation. Here, we need to learn from experience, critically review cases of success or lack of success, and extract lessons for replication. The first presentation provides an overview of past and on-going development programmes in conflict and post-conflict areas throughout the country. The remaining presentations are the personal testimony of three outstanding leaders of local development and peace, each one with a compelling concrete message of hope, each one from a different walk: from the LGU world, from the business sector and from the community of community organizers.

Finally, *Section 5* selectively provides highlights from the discussion among the participants at the workshop and offers some concluding remarks.

This publication hopes to be a useful resource that will inspire international organizations, development practitioners, government leaders and policymakers both at the national and local levels, business tribunals, and civil society groups.



LOCAL ECONOMIC DEVELOPMENT FOR EMPLOYMENT GENERATION, PEACE AND SECURITY



SECTION 1

Overview of Local Economic Development



The ILO LED Model – An Introduction

Ms. Julie Vilorio-Williams, LED Advisor, ILO Geneva

Locally-driven development strategies are becoming more relevant in an economic environment with increasing pressures arising from globalization, new trade patterns, regional integration, market liberalization and new investment patterns. Stronger local economic and social systems are needed to counteract growing economic disparities among regions, cities and localities. LED looks into how gains from globalization could be translated in genuine economic and social progress, both at the national and local levels.

LED Defined

Local economic development or LED is a locally-owned, participatory development process in a given territory, which encourages partnership arrangements between local private and public stakeholders and enables the joint design and implementation of a common development strategy, stimulating the use of local resources and the creation of competitive advantage. The ILO approach to LED focuses on strengthening the links between economic growth and the creation of decent jobs through social dialogue and an inclusive policy process where stakeholders from the formal and informal sectors play a role in ensuring balanced and sustainable development outcomes.

In defining *local*, there is need to make a distinction between small territories –where close knowledge of local problems and needs make consensus building and coordination easier –and large territories who are more capable of lobbying with the central government and engaging in international competition. Table 1 presents the advantages of LED territorial approaches vis-à-vis both traditional, centrally-driven national development strategies and narrowly focused community development programmes.

Table 1: Key Differences between Conventional and LED Approaches

Traditional Development Approaches	Community Approaches	LED Approaches
<p>Focus of development Focus is on sectoral approaches; attempts to increase growth and employment through devising policies for the promotion of industrial sectors</p>	<p>Goals Focus is on addressing social issues such as poverty and social exclusion and problems related to survival</p>	<p>Bottom-up and area-based Based on thorough analysis of the local conditions and the formulation of a locally designed and implemented development strategy</p>
<p>Level of intervention Strategies have been devised by national government with few or no input from local actors</p>	<p>Actors involved Projects are initiated by a variety of individual actors such as NGOs and international organizations and aims at involving excluded groups in social and economic life</p>	<p>Inclusive and integrated Provides localities with tools to create a local economic system</p>
<p>Type of instruments Focus is on large industrial projects, infrastructure investments and financial incentives are the most preferred instruments for attracting firms locally</p>	<p>All encompassing approach Involves local firms as well as residents and social and political groups</p>	<p>Make economically competitive territories Enables localities to reach their full economic potential and benefit from globalization</p>

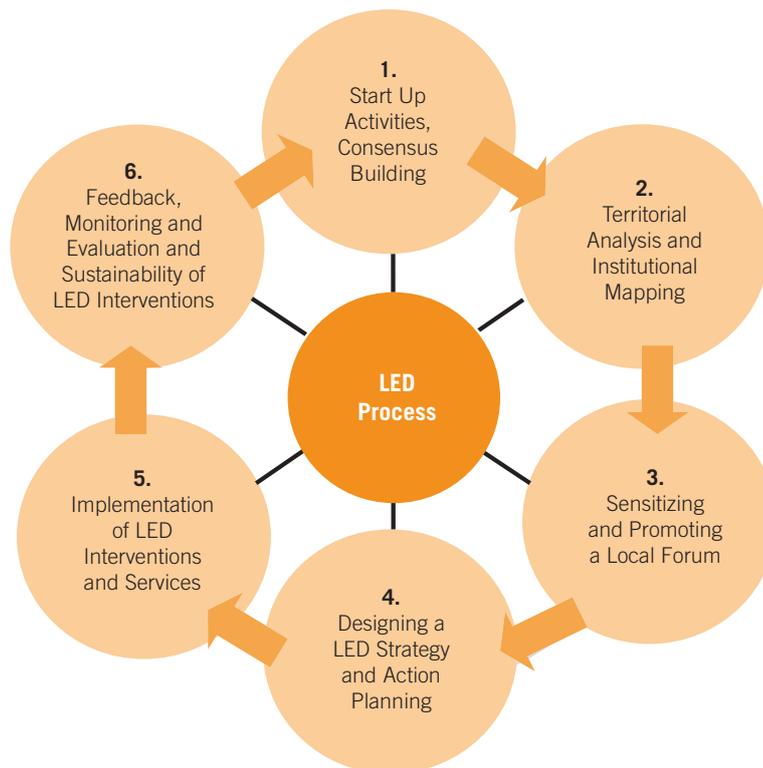
Four Principles of LED

1. The territorial approach seeks to make development a territorial rather than sectoral process, more in line with trends of increasing urbanization and agglomeration of economic activities. It also encourages local governments to work with other local stakeholders.
2. An integrated approach ensures balanced development strategies that are centered on four axes: improvement of the competitive local firms, attraction of inward investment, upgrading of human capital and labour skills, and upgrading of local infrastructure.
3. Good governance and empowerment – LED can improve governance by creating opportunities for voice, involving a wider range of stakeholders, encouraging horizontal cooperation between stakeholders, promoting vertical coordination between local, regional, and national government tiers, and coordinating efforts to avoid policy overlaps.
4. Sustainability and decent work – Participation of stakeholders and sharing the benefits of better employment and livelihoods, in terms of both quantity and quality, are crucial to success and sustainability.

LED Cycle of Activities

Typically, the LED cycle of activities follow a defined sequence of 6 steps: (1) start up activities and consensus building, (2) territorial analysis and institutional mapping, (3) sensitizing and promoting a local forum, (4) designing a LED strategy and action planning, (5) implementation of LED interventions and services and (6) feedback, monitoring and evaluation, and sustainability of LED interventions.

Chart 1: The LED Cycle of Activities

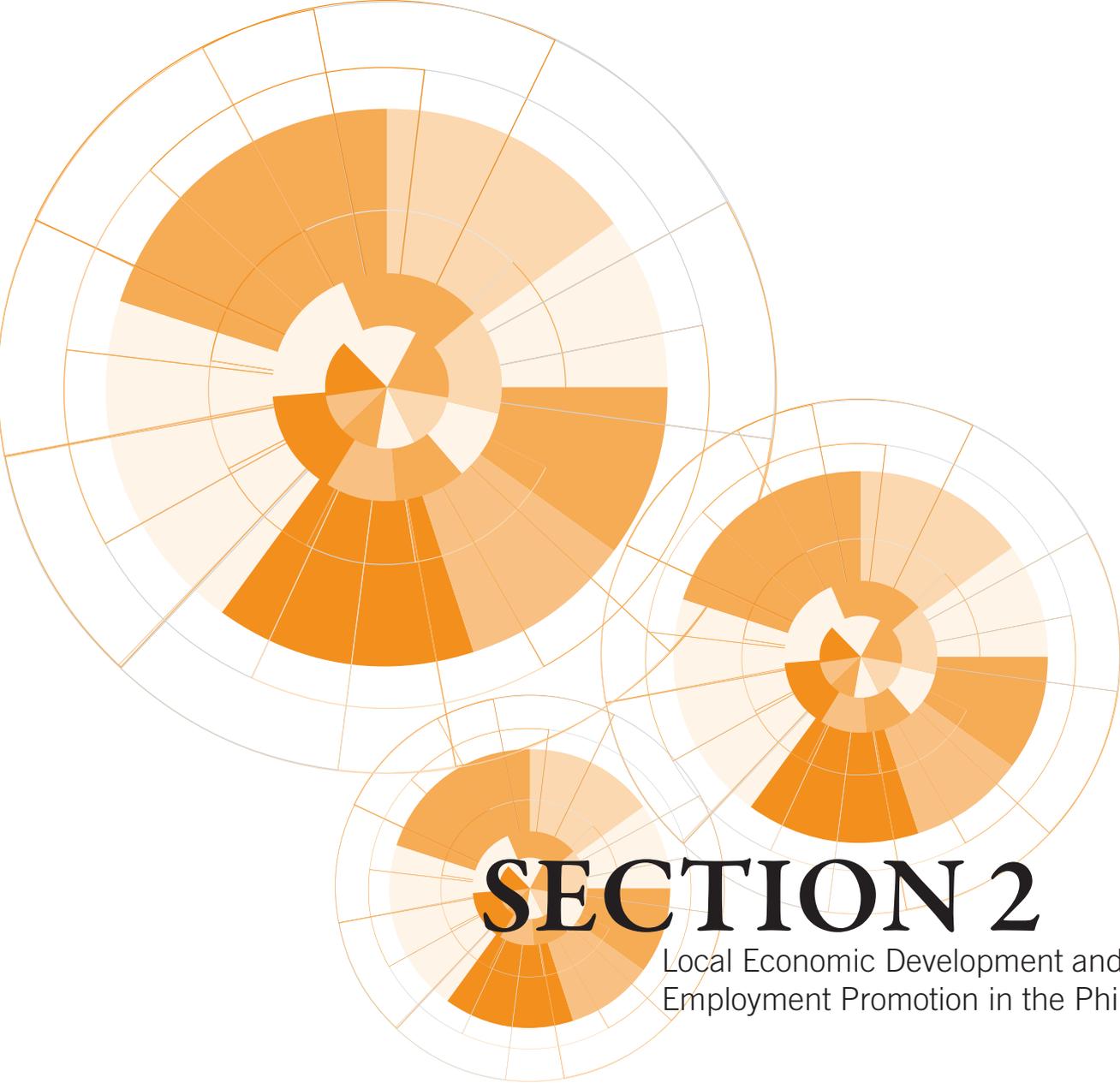


The ILO LED Experience

The ILO is cumulating experience with LED worldwide, showing that LED can be a useful integrating operational framework that is able to facilitate linkages between different technical areas in the employment and labour market fields. Although its main focus is employment creation, the LED framework provided opportunities to look at issues of social protection, social dialogue, labour rights and policies to support the formalization of micro-entrepreneurs and workers in the informal economy. Yet, LED should be used as a flexible approach with multiple entry points (for example, capacity building, skills development, collective action, social protection, micro-finance, labour rights, safe conditions at work, elimination of child labour, etc) that should be tailored to the specific needs and resources of each community, region or territory.

Some main elements for success derived from ILO LED projects in Africa, Latin America and Eastern Europe include

- focusing on the potential of very small enterprises for improved efficiency and competitiveness;
- maintaining flexibility to adapt to the local context;
- building on existing local structures;
- facilitating convergence among stakeholders, particularly to ensure the commitment of local/regional/national authorities;
- introducing staff development schemes and proper project monitoring and evaluation mechanisms;
- establishing links for information and learning among local businesses;
- developing a communications and promotion strategy; and
- investing and supporting a LED programme/intervention for a substantial period of time (6 to 10 years).



SECTION 2

Local Economic Development and
Employment Promotion in the Philippines



Local employment generation – LGU practices in the Philippines

Aurelio Parisotto, Senior Economist, ILO SRO-Manila

The intertwining of economic and social policies is important to ensure balance in policymaking and in the development of socially viable economic strategies. This is something which the ILO has been actively promoting since its establishment in 1919. Such need for policy integration is also evident at the local level.

Rationale for Local Strategies for Employment Generation

In developing and implementing local strategies to generate employment, there are four (4) important preliminary points to consider;

1. Enterprises, not government, create jobs. However, public policies are central in creating an enabling business environment and in setting incentives and constraints to the action of private agents. Given the Philippines' vastly decentralized governance structure, local governments have a potential to play a significant role in employment generation.
2. In spite of satisfactory economic results in recent years, employment creation remains an important national policy priority given widespread poverty levels and high population growth rates. In fact, the large number of workers overseas bear witness to the lack of jobs at home.
3. It is important not just to look at the number of jobs but also to fill decent work deficits and address issues relating to the quality of jobs, such as remuneration, security of tenure, working conditions and social protection of workers and their families.

4. There are signs of an emerging polarized market. This refers to a new global-local bias, and not just the traditional urban-rural bias. Global-local bias implies that there are two separate segments of the labour market. At the top-end, there are competent and qualified workers attracted abroad (or in foreign-owned activities in the Philippines such as call centres) by high wage levels determined by the global demand for skilled work. At the bottom-end, large numbers of working poor, such as self-employed or over-employed workers, continue to receive wages kept low by an almost unlimited supply of unskilled, uneducated workers.

Table 2: The Philippine Labour Market, 2006

	Stocks 2006*		Flows 2006/05*
	(Mn.)	%	(Mn.)
Wage and salary earners	17	20	0.4
Own account workers	12	14	0.1
Unpaid family workers	4	4	0.3
Unemployed	3	4	0.0
Labour Force (Total)	36	42	0.8
Total population	85	100	1.7 e
Migrant workers	7-8 e	8-9 e	0.9 e

Source: DOLE/BLES * preliminary; e estimates

A few figures from the latest available labour force survey illustrate some trends (Table 2). Wage and salary earners represented only half of the increase in the labour force in 2006, the other half being accounted for by unpaid family work and self-employment. Overall, the number of wage and salary earners was only one fifth of the total population, a high dependency rate. About 60 percent of the population remained inactive, most of them because they were currently at school but ready to enter the market in the near future. According to estimates from the Department of Labour and Employment (DOLE), about 2 million new young people each year will reach the working age in the next five years. This is one of the major reasons why the ILO is focusing on youth employment.

Key Features of the Decentralized Philippine Governance Structure in Support of LED

The decentralized institutional set up in the Philippines is quite favourable to a LED approach. LGUs have varied economic and social tasks, built-in structures for participation of local stakeholders, and a mandated budget for development programmes. Their resources for local development are supplemented by international assistance. Approximately 20 percent of all overseas development assistance or ODA destined to the country is estimated to reach LGUs, an amount accounting for almost 50 percent of total LGU revenues. This had led to a flourishing of local development initiatives of different kinds, which have been well publicized through a number of awards and recognitions and often referred to as *islands of good governance*. These success stories have had remarkable demonstration effects. However, their systemic impact on improving governance and reducing poverty throughout the country is still uncertain.

It is important to keep in mind some limitations of the LED approach. There are some policy agendas that are better handled by national government such as income redistribution, negotiation of international trade agreements, large-scale infrastructure provision and confrontation of rent-seeking by private oligopolies and big landowners. These are issues that initiatives focused on local development may not be able to address effectively. Therefore, alignment and convergence between national and local development efforts is necessary.

LGU Initiatives in Promoting Employment

Examples of local initiatives to promote employment that are implemented by LGUs can be grouped into three (3) main categories: demand side, supply side and institutional innovations (Table 3).

On the *demand side*, there is a wide range of policies and programmes aimed at attracting outside firms, promoting employment-intensive local industries, and supporting local industrial restructuring and diversification, self-employment, cooperatives and entrepreneurship, microfinance, livelihood opportunities for the informal sector, out-migration, and employment-intensive infrastructure. Many LGUs in the Philippines have engaged in one or more of these areas, some with clear success as noted in Table 3. The challenge has been that LGUs often had very good ideas about their local resource potentials, but very often lacked information and expertise on how to support local producers in accessing national and global markets. Another challenge was that often, local recipes for local industry development tended to be alike, particularly in locations that were similarly endowed, such as in poor rural communities. The development of niche projects is an area for intervention.

On the *supply side*, jobs fairs, employment services, career guidance and labour market information mainly through the local Public Employment Services Offices (PESOs) have been the most common forms of intervention. Some experienced LGUs have been successful in introducing measures and partnerships to link schools to local industrial needs. Many directly provided different kinds of training services, such as life skills, technical training and entrepreneurship training. Some were involved in securing better access to basic education and responsible parenthood as a way to alleviate poverty and ease demographic pressures off the local market. The issue was that at times, these initiatives were not strategized nor well linked to the demand side.

Another important facet is the introduction of new institutions and specialised local bodies. *Institutional innovation* is important in order to respond to gaps in the existing institutional frameworks and to allow for more sophisticated and sustainable strategies. One example is the setting up of comprehensive strategic planning mechanisms, as in the cases of Bohol Province, Bulacan Province and, although somewhat more informally, Naga City. The creation of metro cities or territorial alliances of LGUs is another example. Often, new specialized bodies were established to carry out specialized technical tasks such as investment promotion and training. Under donor pressure, the emphasis has been on the streamlining of business permits. Institutional innovation and professionalization of the interventions were found to be more difficult for the smallest and poorest LGUs.

Table 3. Decentralized Policies for Decent Jobs: Mapping the Options

Demand Side	Supply Side	Institutional Innovations
<ul style="list-style-type: none"> • Attracting outside firms (Cebu, Davao, Marikina, Naga) • Promoting local industries with employment potential (Guimaras, Angono, Concepcion, La Castellana, Dumaguete, Naga) • Local industrial restructuring and diversification (Marikina) • Self-employment, cooperatives and entrepreneurship (Bulacan, Concepcion, La Castellana, Guimaras, Quezon City) • Microfinance (Concepcion, Dumaguete, Quezon City) • Livelihood opportunities for the informal sector (Concepcion, La Castellana, Dumaguete) • Employment-intensive infrastructure (Dumaguete) • Out migration (Angono, Cotabato, La Castellana) • LGU enterprises 	<ul style="list-style-type: none"> • Employment services, career guidance and market information through the PESO (Cotabato City, Marikina, Naga, Quezon City) • Work placement and other innovative schemes (Marikina) • Measures and partnerships to link school to industry (Bulacan, Guimaras, Naga) • Securing better access to basic education (Concepcion, La Castellana, Naga) • Life skills, technical and entrepreneurship training (Cotabato, Davao, Dumaguete, Guimaras, Marikina) • Responsible parenthood (Concepcion) 	<ul style="list-style-type: none"> • Strategic planning mechanism (Bohol Province, Bulacan Province) • Provincial Economic Unit (Bulacan Province, Guimaras Province) • Metro cities (Naga, Cotabato) • Investment promotion center (Cebu, Davao) • Linkages with local business (Angono, Davao, Dumaguete, Marikina, Naga, Quezon City) • Streamlining business permits (Ormoc, Muntinlupa) • Local industrial relations (Marikina, Naga) • Representation of informal sector in the local development council (Naga, Quezon City)



LGU-Driven Local Economic Development and Employment Generation Strategies: Six Cases from the Philippines

Ms. Ina Ortiz, ILO Consultant

Research results on LGU-driven local economic development and employment promotion strategies in the context of the government decentralization process provide important insights on two aspects of LED implementation, namely 1) the main LED challenges faced by LGUs and local stakeholders and their strategic policy and action responses to resolve them and 2) the common factors that facilitated and sustained the success of LGU-driven LED initiatives.

The research study covered six LGUs in the country: 1) Municipality of Angono, Province of Rizal; 2) Municipality of Concepcion, Province of Iloilo; 3) Municipality of La Castellana, Province of Negros Occidental; 4) Dumaguete City, Province of Negros Oriental; 5) Marikina City, Metro Manila; and 6) Province of Guimaras. All of the six LGUs selected for the study are characterized by dynamic LGU leadership, good governance, and a strong focus on economic and social concerns. They also represent different levels of governance (municipality, city and province) and are typical of the country's semi-urban (Angono, Marikina), rich rural (Dumaguete, Guimaras) and poor rural (Concepcion, Castellana) settings.

Main Challenges and Strategic Responses

In the case of Angono, the LED challenge was to stimulate tourism anchored on art, making it economically relevant to a town that was difficult to access and still lacked infrastructure. In response to this challenge, Angono strategically undertook a full-blown physical rehabilitation of the town, focusing on flooding controls, basic street infrastructure, face-lifting of dilapidated buildings, and restructuring of the public market to support local industries and enterprises, as well as to increase LGU revenue. It also supported local art through the establishment of a Regional Pilot School of the Arts, promoted local

volunteerism as a facility for fostering good citizenship, employability and employment of locals, and developed tourism as the town's creative economy flagship project.

In Concepcion, Iloilo, the challenge was in attracting partnership programs and large investors to improve basic infrastructure, productivity and income levels of the poor farming and fishing communities in the town. Concepcion responded to this challenge by instituting sustainable agri-fisheries development policies and plans, enhancing LGU revenue generation capacities through improved user rental fees for LGU managed properties, implementing more comprehensive health and education reform programs, discovering and bringing in various livelihood programs of the National Government Line Agencies (NGLAs) and Non-Government Organizations (NGOs), instituting staff performance management tools and practices, adopting project success measures such as the MBN (minimum basic needs) as a reference tool, and documenting and scaling-up small successes for resource leveraging and public advocacy.

The challenge of La Castellana was in pursuing a decided path of growth that is debt-free to steadily improve the status of the town's basic infrastructure, productivity and income levels. In response to this challenge, the LGU provided sustainable economic development on the ground through strong political will and a statesman style in leadership, enforced local revenue building measures to support local programs, employed common sense governance in development administration by giving due focus to every component of the agenda such as physical infrastructure development and social (health and education) and economic (job, income and productivity promotion) reforms during all three terms of the mayor, and laid the ground for development of future projects beyond the mayor's tenure.

For Dumaguete City, the challenge was in crafting and implementing stakeholder sensitive policies and programs and attracting partnerships with principle-compatible national and international support organizations. The LGU met this challenge by activating LGU-mandated stakeholder development forums, structuring a City Employment Advisory Council, investing in physical infrastructure for a business-conducive environment, ensuring that business and infrastructure activities are environment and labour-friendly, supporting service sectors into university-linked markets, capitalizing on knowledge as the city's product of choice under the One Town One Product (OTOP) program, promoting entrepreneurialism among the unemployed, youth and women, providing micro-finance facilities, and organizing job fairs, referral and counselling through the PESO.

In Marikina's case, the challenge was transforming a municipality known for its floods, industrial strikes and serious crimes into the city that it is today – well-managed, clean, orderly, safe, liveable, and business conducive. Marikina's transformation process compared to that of other LGUs was more straightforward. First, it utilized the 1991 Local Government Code (LGC) to initiate revenue-generating activities for the town to finance local development programs. The LGU undertook massive infrastructure projects, campaigned for public morals and urban proper discipline, implemented the "Invest in Marikina Program" through the Marikina Culture Tourism Trade and Investment Promotion Office, developed the local labour supply through the various LGU programs administered by its Centre for Excellence (CENTEX), the City Women's Council (CWC) and the PESO, and established a Labour Market Centre as a one-stop-shop for delivering all employment-related programs of the city government.

Guimaras was faced with two strategic challenges which were 1) transforming the island into a province separate from Iloilo and 2) becoming a major agricultural tourism centre in the region. Like Marikina, Guimaras also referred to the LGC to convert the island into a province, investing in an intensive and extensive consultation process with key officials and technical and support staff from the provincial, municipal and barangay levels. It mobilized relevant line government agencies operating in the province and various private sector stakeholders, reorganized the Provincial Local Government Unit (PLGU) towards service efficiency, established a Provincial Economic Development Office (PEDO) to coordinate all the economic concerns of the province, and instituted employment-oriented functional units (under the PEDO). The province also drew up a complementary type of land use plan for Guimaras, crafted a local environment code before developing a local investment code, mobilized support for mango and tourism as priority industries, co-managed (with TESDA) a Provincial Training and Enterprise Development Centre, and upgraded its provincial information system and people capacities.

Common Success Factors

The factors for successful local economic development found to be common in the six LGUs can be grouped into five major headings. Distinctive elements in terms of LED principles, targets, processes and stakeholder behaviour which are positively linked to successful local initiatives were also identified for each factor.

1. Quality LGU leadership

This primarily concerns the role and behaviour of the LGU local chief executive (LCE). The LCE

- is normally preoccupied with creating, keeping and sustaining investment and employment opportunities suitable for local conditions and constituents
- strives to possess a good grasp of past local development initiatives, current development stage, local terrain, resource advantages, stakeholder behaviour, institutional arrangements and developments within/outside the locality
- works closely with a small leadership team within the LGU (as the leader alone cannot do it) to develop, market, finance and institute a clearly thought-out development agenda to boost local economic and employment opportunities
- markets the development agenda to key local policy, administrative and sector-specific stakeholders and listens to different positions and ideas of other stakeholders
- takes a principled-technical-pragmatic position in achieving consensus among stakeholders on framing/constituting/detailing development agenda and getting work started
- invests in stepping up LGU system and people capacities to plan, finance, execute and sustain local development agenda/strategies into workable programs, projects, services
- keeps track of the performance of LGU work units, key people, programs, projects, services and the status of local infrastructures, population, labour force, livelihoods, enterprises, employment, incomes, living conditions and relevant institutions

- manages to progressively move closer to and actually achieve targets in partnership with concerned local and/or non-local stakeholders, and finds ways to reach out to and support non-active or underperforming stakeholders
- creates a local environment where local players can acknowledge and complement each other's role and actual contributions in local development
- institutes measures to benchmark local practices and scale-up small successes for the purposes of resource leveraging, public recognition, emulation by other LGUs, as well as for public policy advocacy
- promotes, enforces and rewards transparency, commendable performance and public accountability among LGU staff and stakeholders

2. Clearly thought-out development agenda

This looks at the overall framework, components and sequence of implementation of the local development agenda program.

- A development agenda has clearly set goals and targets which is a product of a visionary leadership and a good stakeholder consultation process
- Physical, social and economic infrastructures are major components of the agenda
- It is designed to address the issues and concerns of the more disadvantaged and vulnerable sectors of a given local economy
- It is anchored on the principles of sustainable development, promoting and protecting local resource endowments — labour, environment, culture
- It is being implemented in a sequential pattern in order to be effective, efficient and sustainable
- Employment creation is a clear and present concern in every component and implementation stage of the agenda
- The agenda is further developed to feasible and legitimized forms of short/mid/long-term employment plans and activities
- It is practically crafted to effect improvements in the status of local physical infrastructures, population, labour force, livelihoods, enterprises, employment, incomes, living conditions and key local institutions

3. Functioning LGU management system-plus

The plus refers to communications as a plus-factor.

- A functioning LGU management system is one that is evidently supported by work units, work tools, work values and behavioural norm for
 - a. developing data
 - b. forecasting
 - c. planning and budgeting for strategic programs, projects and activities
 - d. implementing and/or delivering planned activities
 - e. monitoring, assessing, analyzing gaps and overlaps and improving status of planned activities

- Communications is a critical plus factor in making the LGU management system work and incrementally achieve progress. Communications can be in the forms of
 - a. information-sharing, awareness-raising and consensus-building
 - b. following-up, feedback-giving and feedback-receiving
 - c. identifying and analyzing gains and gaps among concerned parties
 - d. using problem solving and improving planning approaches/tools to address performance gaps
 - e. documenting mini-successes and scaling up
- The management system-plus is key to converting the development agenda into workable employment programs and services even in a resource-constrained LGU through support schemes such as
 - a. revenue generation and cost-cutting measures
 - b. cross-function assignments and multiple tasking of LGU personnel
 - c. hiring of paid volunteers
- Key performing personnel are afforded with locally useful external trainings and study tours for know-how upgrading, LGU benchmarking and local application
- Even with a good LGU management system in place, improved performance does not just happen; it requires a motivated LGU workforce

4. Motivated LGU workforce

This looks at the LGU workforce behaviour and support environment.

- Field and office staff are well aware of their LGU's established vision, mission and goals, organizational values, local development agenda, internal and external standards and processes, duties and accountabilities
- LGU staff can transcend politics in performing their jobs and choose to prioritize local development challenges
- LGU staff possess a sense of purpose, perseverance, creativity and integrity in doing their part to contribute to overall LGU goals. They are open and can work beyond their comfort zones. They possess a can and will do attitude in performing cross-function, multiple and new types of tasks
- The LGU has a functioning Human Resource (HR) unit and a dedicated HR focal person working towards professional staff deployment, work behaviour, job performance, career mobility and succession planning
- The LGU is led by an LCE who recognizes the strategic role of an HR management unit in the local development process, the need for at least one staff dedicated to performing the duties of a Human Resource Management (HRM) Officer, and the value of supporting programs aimed at developing, recognizing and sustaining quality performance among staff
- Well-planned staff arrangements, mobility and succession planning can guarantee the delivery and continuity of employment programs, projects and services even with a change in political leadership

5. Local programs, projects and services that create decent employment and improve the quality of life

This looks at the varying extent of the organization and responsiveness of LGU-implemented employment generation programs, whether LGU-initiated or externally-driven, wholly funded or subsidized.

- Efforts of concerned LGU internal units (planning unit, HR unit and those units in charge of a particular intervention), concerned LGU jurisdictional level offices (barangay, town and province) and concerned national government line agencies are coordinated
- There is collaboration or partnership between the LGU and non-government or private sector institutions operating in the locality, such as business groups, industry and trade groups, education and training institutions, cooperatives and other community and peoples' organizations
- Strong initiative and follow-through efforts of LGU leadership are evident in the development and implementation of the local development agenda, organizational chart, staff plantilla, budget plan, annual operating plans and accomplishment reports
- There are LGU capacities for information generation, management and communications, networking and advocacy, stakeholder consultation and dialogue, community extension work and project management, performance management and resource leveraging in order to make the programs feasible, stakeholder-sensitive, accessible and useful to target beneficiaries, and replicable on a wider scale
- New or enhanced economic and employment opportunities are becoming more and more evident in the local community and its positive impact is felt by both direct and indirect beneficiaries
- There exists an LGU functional unit or personnel dedicated to anchoring, coordinating, facilitating and supporting various local employment activities involving different local and non-local government and non-government stakeholders. This focal unit or person can be a
 - a. public employment services office/point person (PESO)
 - b. community training and education coordinator (CTEC)
 - c. one-stop shop service facility for seekers of jobs and entrepreneurial opportunities
- The LCE takes the initiative to institute local policies that are difficult to revoke through the passage of town or provincial level ordinances perceived capable of protecting, sustaining and scaling up the implementation of established employment strategies and programs across political tenures

The six experiences reviewed are still works in progress. Further work is needed to extract a fully fledged model or best practice that could be used to help other LGUs in structuring and sustaining their local employment and income generation initiatives. Each case was mainly leadership-driven and could be rerouted under a new leadership, as most of the LCEs of the LGUs under study were on their third/ final term of office. Also, indicators to precisely measure the impact of the LGU-driven employment initiatives were not available.



Local Employment Generation: The Bulacan Experience

Prof. Edel C. Guiza, Centre for Development Management, Asian Institute of Management

Support to the generation of local employment is not an activity that can be separated from the other activities of the provincial government; rather, it is part of a continuing undertaking. It is the product of a collective effort spearheaded by a competent, credible provincial government with the active participation of all the major stakeholders in the province. It is also a function of locational advantage, human capital, innovation and opportunity-seeking efforts.

The province of Bulacan is a gateway to the highly urbanized National Capital Region (NCR), a major locational advantage as it allows the province to reap the economic spillovers from the country's fastest growing area. On the other hand, the disadvantage is that the province also serves as a catch-up basin for informal dwellers, given the high migration rate to Metro Manila.

The province is composed of 2 cities, 22 municipalities and 569 barangays. It has a population of 2.8 million (the 4th biggest in the country) that increases at an annual rate of about 5 percent, primarily due to migration. Its literacy rate is 98.3%, and its average annual household income was Php183,000 in 2000. Bulacan has a long tradition of industry and entrepreneurship and accounts for 35,897 registered micro, small and medium enterprises and more than a thousand cooperatives (mostly credit cooperatives).

Key Roles and Success in Local Economic Generation

As the development manager in the area, the province provides strategic directions through a participatory process. It aligns, orchestrates and complements support to lower level LGUs, fostering development synergies. The provincial government has undertaken a thorough strategic planning process and it continuously seeks development opportunities for local producers abroad, such as in China and in the United States. A number of special programmes have been launched for cooperative development,

agricultural development and enterprise development, such as the promotion of *Bulakenyo* products and a packaging centre. Specific employment promotion initiatives comprise PESO placements, livelihood programs, investment promotion and skills development targeted to the needs of local industries through the Bulacan Polytechnic College and the Bulacan State University.

These efforts have been recognized by various award giving bodies like the *Galing Pook* and the Philippine Chamber of Commerce and Industry (PCCI). Moreover, the province has registered a reduction in poverty incidence from 14.4 percent in 1998 to 5.4% in 2000 (the lowest in the country outside NCR). There have also been lower crime rates, new investments in the amount of Php 60.98 billion and the creation of 296,023 jobs over the 1998-2004 period.

Success Factors: Internal and External

The province's success can be attributed to factors that are both internal and external to managing the provincial government. It was important that the province knew where it wanted to go. It looked for the most efficient strategies and activities to achieve its goals, and did not just perform them as institutional tasks mandated by the Local Government Code.

The main internal factors of Bulacan's success were

- reorganization and clustering of administrative offices based on the results and contributions to the five development thrusts of the provincial development strategy;
- hiring of the brightest graduates;
- freeing up some plantilla positions by offering an attractive retirement package;
- establishing a culture of performance by introducing a performance management system;
- capacity development for management and staff; and
- effective partnership between the executive and the legislative, for example with regards to concerns on the passage of enabling legislations on employment generation.

With regard to the external factors, these were

- close coordination with the cities, municipalities and the barangays through meetings and assemblies;
- alignment of municipal and barangay programs with those of the provincial government;
- close coordination with major stakeholders through the actual functioning of the various councils; and
- the active participation of business and the civil society in planning, implementing, monitoring and evaluating programs and projects.

Remaining Challenges

The challenges that remain for Bulacan are centered on

- sustaining the gains given the increasing population and the change in leadership;
- strengthening the cooperatives;
- transforming micro-enterprises into small and small into medium;
- developing new local products; and
- clustering key local industries.

Emphasis is placed the importance of a competent, professional and responsive bureaucracy that can ensure the delivery of social and economic services to the community. As to whether the Bulacan experience could be replicated by others, there are admittedly initial conditions, such as locational advantage, which may be hard to reproduce elsewhere. However, emulation could be fostered through templates for processes and systems in areas such as planning, budgeting and LGU personnel policy and professional evaluation.



Strengthening LGU Capacity in Development Planning and Employment Promotion in Marikina City and Naga City

Prof. Rene E. Ofreneo, School of Labour and Industrial Relations, University of the Philippines

A formerly thriving footwear cluster since the 1970s, Marikina City had been characterized by industrial, social and environmental deterioration, with high levels of crime and industrial unrest amplified by the collapse of the shoe industry due to foreign dumping. Since the 1980s, Naga City had experienced a similar degradation, as well as social and environmental calamities.

Today, Marikina is a multi-awarded city, hailed one of the most liveable in Metro Manila. The grime and crimes were abated, the Marikina River rehabilitated, infrastructures vastly improved, the streets cleaned and traffic discipline enforced. There is a sense of industrial peace in the city, which has not experienced any strikes since 1997. Marikina has a modern and professional style of city governance and continues to attract investments in information and communications technology/business processing outsourcing ICT/BPO, SMEs and commerce. The city's dream of becoming a "Little Singapore" is slowly being realized. Similarly, Naga City today is a multi-awarded and liveable city, characterized by the outstanding quality of leadership of the LGU. There is security and order, modern and professional city governance (information technology-based, total quality management (TQM)), high economic and employment growth, an emerging highly skilled workforce, and growing investments in modern industries such as digital animation.

Lessons in Successful Transformation

There are two main lessons that can be learned from the successful transformation of Marikina. The first concerns the role of a strong, visionary leader (the city's two succeeding mayors) in arresting economic decline, initiating reforms to improve governance, instilling a sense of discipline and citizenship, and investing in infrastructure, etc. The second lesson is the building up of a regime of industrial peace by

institutionalizing social dialogue and tripartism. Industrial peace has become a solid platform for economic expansion and social stability in Marikina.

Marikina has the most effective and successful tripartite accord in the country and this was put in place in five steps.

Step 1. Former Mayor Bayani Fernando reached out to labour and business groups, establishing personal relationships, supporting the activities of both unions and chambers of commerce and making symbolic gestures such as the inclusion of one labour leader in his mayoralty line-up.

Step 2. He then arranged for a series of formal and informal meetings, which helped to overcome a history of harsh and violent industrial conflicts.

Step 3. He established a formal tripartite body that forged a series of tripartite agreements covering issues such as a no-strike provision for new enterprises in the first three years and the establishment of a dispute settlement procedure with full recognition of labour rights.

Step 4. The tripartite dialogues were backed up with the establishment of a Workers Assistance Office (WAO) with a secretariat led by a former labour leader.

Step 5. Finally, he adopted the 1995/1998 tripartite agreement which contains LGU guidelines in dealing with labour-management concerns of the city.

Ten key elements that contributed to the success of local tripartism in Marikina

1. Mayor's political will and the commitment to conduct social dialogue on the part of the parties;
2. Participation of independent workers' and employees' organizations with access to information relevant to social dialogue;
3. Appropriate institutional support;
4. Respect for fundamental labour rights;
5. Information sharing and consultation beyond cosmetic issues;
6. Serious and consistent attitude of the local government vis-à-vis the institutionalization of the system;
7. Tripartite agenda that was focused on the development needs of Marikina and all the stakeholders;
8. Confidence-building measures which paved the way to the formalization of the tripartite system;
9. Mechanisms to implement tripartite decisions put in place, such as the WAO and the ordinances enacted by the LGU; and;
10. Consensus on sustaining tripartism as a driver to a better future for Marikina.

For Naga City, positive transformation was achieved through many factors, such as

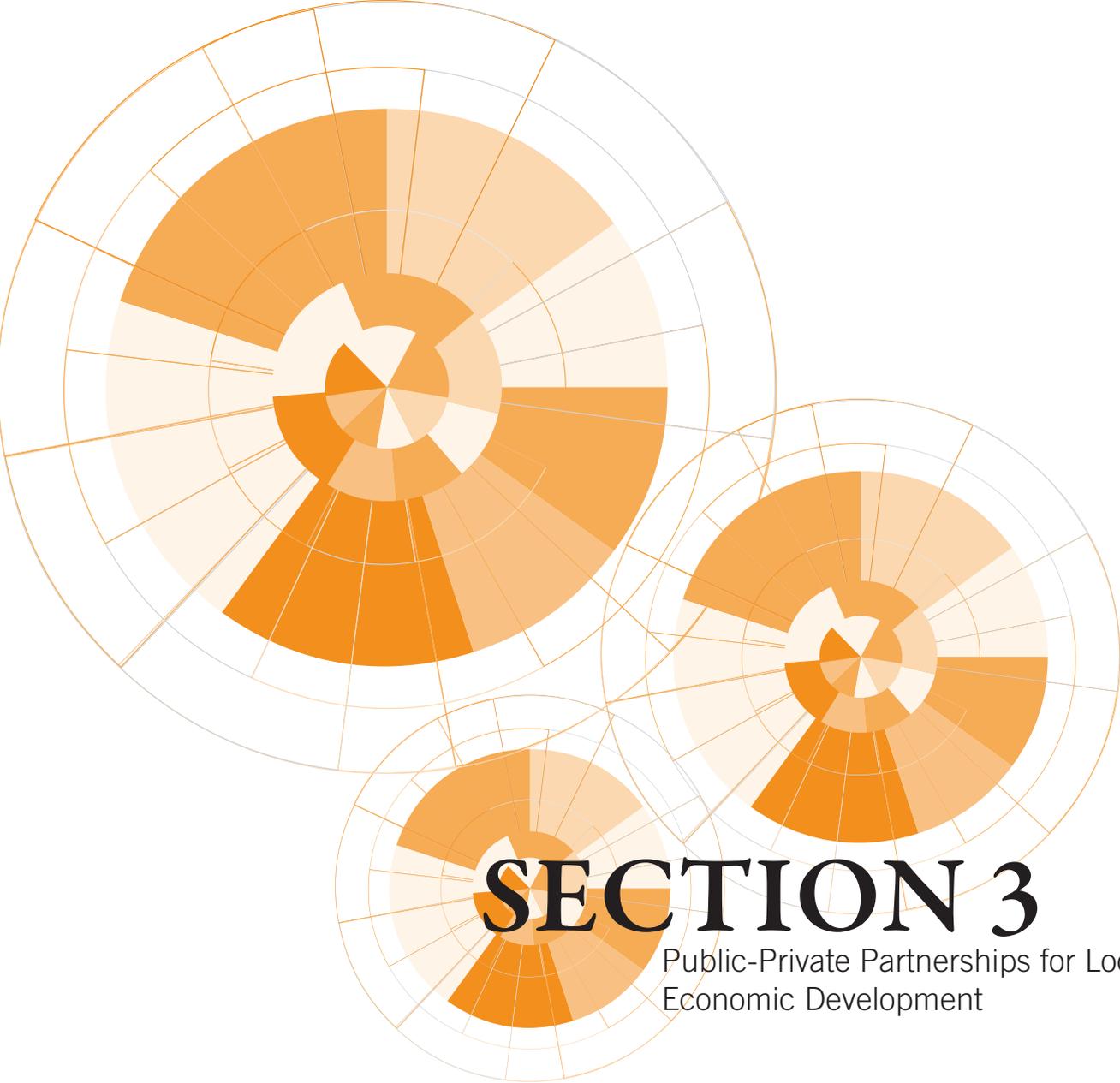
- a. participative governance among all local stakeholders as the pillar for change and reform;
- b. initial reforms that were able to project a new positive image of the city by means of focusing on fighting smut and vice, decongesting the central business district, and halting the proliferation of slums;
- c. social dialogue and participation of people in local governance, which was institutionalized through the Multi-Sectoral Naga NGO-PO Council, now known as the Naga City People's Council or NCPC (the ordinance enacting NCPC emphasized its role in the formulation of policies through various committees and dialogues in various barangays and with different sectors);
- d. transparency in City Hall operations through good LGU corporate practices, such as TQM; and
- f. partnerships with the private sector like the Ayala Group and the Filipino-Chinese Chamber of Commerce and Industry (FFCCCII).

The PESO also had a special role in supporting growth and employment generation. The PESO, which covered Naga City and its neighbour LGUs, was led by a manager from the private sector with strong IT knowledge. Under management's guidance, the office was able to expand the scope of its activities far beyond job placement to cover employment facilitation, livelihood enhancement, cooperative development and manpower upgrading. Operations were highly computerized and an integrated approach to labour market development, looking at both supply and demand, was adopted.

Moral of the Stories

The Marikina and Naga stories have significant implications for other LGUs. They show how transformation needs to start with the vision of a good society, sincerely shared by the social partners. This has to be backed by concrete projects that can produce demonstration effects. Reliance on social dialogue is a major weapon to build consensus and distinctive institutions to support regular social dialogue and true participatory governance are essential, such as the WAO in Marikina and the NCPC in Naga.

There are specific implications for employment generation too. It is clear that LGUs can not rely too much on national agencies to take the lead. On the supply side of the labour market, it is important to look for ways to manage population growth and strategize for effective education and skills development. On the demand side, LGUs need to come up with their own investment mobilization programmes and position themselves in the regional, national and global value chains. It is urgent to address issues of competitiveness, for example by reducing the costs of doing business and securing stability through dialogues and confidence-building measures. Special challenges may include the development of micro, small and medium-sized enterprises and plans to deal with the growing informal economy. Finally, there is a need for greater dissemination of best practices as a main tool for scaling up successful local economic transformation.



SECTION 3

Public-Private Partnerships for Local
Economic Development

The Local Economic Development approach recognizes inclusivity and multi-stakeholder participation, with the objective of creating and promoting Decent Work. The private sector has a key role to play as an engine of growth and employment creation. As shown in the previous section, the capacity of local government leaders to convince the business sector to promote convergence and business contributions to the local development agenda in an open, transparent and multi-stakeholder manner has been a main factor behind successful economic transformation and employment generation.

In some cases, business itself can be a driver of change. Encouraging and highlighting the important impact that public-private partnerships can have is key to LED. Organized businesses and micro-finance institutions can implement initiatives to support and complement governments' programmes to promote entrepreneurship and create an enabling business environment that balances economic and social concerns.



The Role of the Business Sector in Pump Priming Employment Generation in the Countryside

Ms. Mary Jane Tesoro, Executive Vice-President, Davao City Chamber of Commerce and Industry (DCCCI)

The Davao Chamber of Commerce and Industry is an award-winning organization that has consistently stood by the principles of SME development, sustainable development and transparent and accountable governance. Concern with unemployment in the Davao region is high due to increasing wages, lack of opportunities and skills mismatch. The Chamber has regularly stood up to confront the issue of wage levels too high to be consistent with the capacity of local firms to recruit more workers. It continues to look at the issue of skills mismatch which, according to recent research by TESDA, USAID and the Consuelo Foundation, is the main culprit behind high unemployment.

The Chamber has an active networking strategy. It sits in various councils and committees at the local, regional and national levels that address socio-economic issues such as the Regional Tripartite Wage and Productivity Board, the SME Development Council, the Regional Development Council and the Davao City Investment Incentive Board. In addition to its advocacy work, the Chamber also provides services to local SMEs through an active centre supported by international development partners.

Furthering Local Development and Employment Promotion

The Chamber's development agenda for the next three (3) years will focus on the main goal of improving the business climate in Davao City. Some key work items are

- strengthening partnerships with other stakeholders and agencies to develop more focused on-the-ground projects for entrepreneurial development, skills and capability enhancement for the youth, and women empowerment;
- collaboration with academic institutes to integrate entrepreneurship in university curricula;

- implementing a project on “Enhancing the Capacity of the Davao Out-of-School Youth”, together with the Consuelo Foundation;
- launching a project on “Recycling Enterprise for Women in Toril, Davao City”, which is linked to the Gender and Development Programme of the Office of the City Mayor, with funding from the Philippines-Australia Community Assistance Project (PACAP);
- conducting a training for the youth on the ILO “Starting Your Business/Generate Your Business” package, as already stipulated with the local Sangguniang Kabataan; and
- supporting corporate social responsibility initiatives such as the Global Compact, recognition of mother and child friendly firms, and population management initiatives.



Partnership on Integrated Community Development Program between the Land Bank Countryside Development Foundation, Inc. (LCDFI) and Microfinance Institutions (MFIs)

Ms. Iluminada L. Cabigas, Land Bank Countryside Development Foundation

Lending to the poor through microfinance institutions or MFIs has long been a key strategy for poverty alleviation. With the enactment of R.A. 8425, An Act Institutionalizing the Social Reform and Poverty Alleviation Program, in 1997, the People's Credit Finance Corporation (PCFC) was placed under the National Anti-Poverty Commission (NAPC). It had a Php1 billion capitalization and Php 2 billion ADB Loan Fund. The corporation forged partnerships with 200 MFIs and 103 rural banks, catered to 1.6 million households, and its collection rate was 99%.

Anti-poverty programs of past administrations include the Minimum Basic Needs (MBN) approach which was adopted under President Ramos, while President Estrada's administration targeted 100 poor families per province for assistance. Under the current administration, 1 million families are covered by MFIs through the KALAHI-CIDSS program of the Department of Social Welfare and Development (DSWD). However, there has been no continuity in the implementation of these programmes in addressing the poverty problem.

In order to alleviate poverty, it is essential to build and sustain partnerships with MFIs, which have the capacity to implement lending programs for the marginalized sectors of society. MFIs also possess area-mapping capabilities, which help them target the poor in remote areas, including those where indigenous peoples live. They have significant manpower resources, with 5,000 employees that work as collecting agents in the barangays. According to a World Bank study, microfinance is the most effective entry point for poverty alleviation. It generates income and provides the borrowers with loans for decent housing. MFIs are also able to integrate community development work in some of its initiatives, such as the provision of toilets for every 5 households.

MFI in the Philippines used to be grant-driven, and did not think of issues related to the continuity and sustainability of development programmes. Since 1994, however, the new mantra has been viability and sustainability.

Effective Support to MFIs

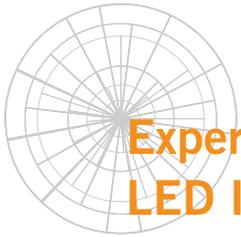
The Integrated Community Development Program of the Countryside Development Foundation of the Land Bank of the Philippines, the country's third largest universal bank, is helping to make MFIs viable and sustainable and not dependent on grants or donations. Furthermore, it encourages its MFI partners to look at broader development issues, providing them and their clients with capacity building opportunities such as training in livelihood skills. The projects supported by the Foundation are based on people empowerment and respect the absorptive capacity of barangays, as determined by trained account officers.

With the vision of *"Not one municipality should be left out"* and community-driven development as its creed, the Foundation focuses on the consolidation, facilitation, and stimulation of activities. Wherever geographical area it works, the objective is the same: to stimulate partnership and convergence among all agents such as LGUs, civil society groups, etc involved in providing assistance to the poor.



SECTION 4

Nurturing Peace and Security through Local Economic Development Initiatives



Experiences and Lessons Learned in Implementing LED Initiatives in Conflict and Post-Conflict Areas

Mr. Danilo Encinas, Head, Technical Committee of the GOP Panel for Talks with the CPP/NPA/NDF, Office of the Presidential Adviser on the Peace Process

Conflict is a threat to the enabling conditions for job and livelihood generation. Unemployment, poverty and what the State does to address these issues, influences the level of social cleavages and conflict.

Major Development Initiatives (Past and On-going) in Conflict and Post-Conflict Areas

KALAHI-CIDSS Project: This is a showcase of government and private sector collaboration to alleviate poverty. The project was able to generate job and livelihood opportunities in 1,359 barangays in poor and insurgency-afflicted areas of the country. It adopted a convergence strategy whereby efforts, commitment and resources were channelled in specific areas to ensure maximum benefits and outcome. Microfinance services provided investment opportunities and the liquidity for consumption smoothing during socio-economic shocks.

Tabang Mindanaw: As a multi-sectoral initiative, it created an enabling collaboration among government, business, civil society groups, local communities, inter-faith groups and media to overcome the crisis situation in Mindanao and to promote a wide alliance for human security and development. It started out as a response to the food crisis in 1998 that brought hunger and deprivation of some 900,000 families in the tri-people of Mindanao. The project raised Php 93 million to feed 255,000 families or about 1.5 million individuals. It led to the implementation of the long-term Food Security Program through sustainable agriculture. It continues to tap the alliance to respond to the conflict situations through the Emergency Humanitarian Operations for Civilians, the Integrated Return and Rehabilitation Program and other programs.

Emergency Livelihood Assistance Program (ELAP): It sustained peace and development by helping demobilize former Moro National Liberation Front (MNLF) combatants through direct tangible projects. It prevented large-scale defections of MNLF combatants to the Moro Islamic Liberation Front (MILF) or their possible engagement in criminal activities. It also provided agricultural production inputs, training and marketing assistance to 4,000 former-MNLF combatants in 10 out of 16 MNLF geographical areas. The program demonstrated to former combatants a sincere effort to implement the socio-economic component of the Peace Agreement.

Support to Implementing Fast Transition (SWIFT): The project mobilized LGU and community participation in local economic development by offering grants for micro water system projects. It maximized the role of women in peace-building by allowing them to spend less time carrying water and more on production activities. The project required MNLF group members and other residents to provide labour for construction of the water systems. All water taps and reservoirs constructed were marked with an acknowledgement of the Peace Agreement, reminding the users of the benefits of peace.

Argao Nearshore Area Protection and Rehabilitation Project: It created sustainable livelihood and enhanced environmental awareness in the conflict-affected area of Barangay Talaga located in the town of Argao in Cebu. Funded by the UNDP Global Environment Facility-Small Guarantee Program in 1997, the project rehabilitated 10 hectares of mangrove areas and planted 16 hectares with three species of *bakawan* (mangroves). It deputized community members, particularly the youth, as local fish wardens. The project became the focal point of cooperation among local insurgency groups and their supporters.

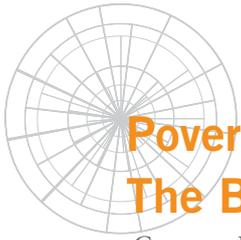
Kalayaan Barangay Program: Aimed at building sanctuaries of peace and development, the program created an enabling environment in 600 barangays from poor and conflict-affected areas. It resulted in the empowerment of LGUs and the local communities, construction of basic infrastructure, more efficient delivery of services and the promotion of best practices in local governance.

Lessons Learned

- **It is possible:** Decent work and livelihood creation are possible even in conflict and post-conflict areas such as Mindanao, as highlighted by the Tabang Mindanaw experience.
- **Job creation is a long journey:** Launching projects for job creation is only the start. Implementing them is the challenge. Lessons are learned as the journey is undertaken, as realized from the ELAP and SWIFT projects.
- **Ownership:** No project can be successful when the major stakeholders are alienated. Projects must find a home in the hearts and minds of people. Participation of the stakeholders is condition *sine qua non* for generating more decent jobs in conflict-areas. The Kalayaan Barangay Program created sanctuaries of peace and development.

- **The right to information:** Ownership demands that basic rights to information about the project are available to the people affected. The lack of information and proliferation of wrong ideas about a project exacerbate cleavages and inhibit job creation.
- **The big picture:** The implementation of the GOP-MNLF Peace Agreement did not fully grasp the extent and breadth of the integration and demobilization process for MNLF combatants and their dependents. The project facilitated the integration of about 7,000 MNLF combatants into the Armed Forces of the Philippines (AFP) and the Philippine National Police (PNP) but failed to see the integration of the larger MNLF combatants and their dependents into the larger community.
- **Capacity building:** During the transition period, local stakeholders had to manage, administer, and supervise both the new environment and the project implementation. Conducting a rebellion and implementing a project are two different realities. There is a need to build the capacity of local stakeholders, including former combatants, in order to meet the dual challenge of leadership and project governance.
- **Bridges:** Conflict and post-conflict areas have real and deep divisions. A project must have components focused on bridging stakeholders through rehabilitation and reconstruction. Sustaining job and livelihood creation cannot be done without bridging the stakeholders.
- **Stakeholders:** The process of nurturing peace involves all. The Tabang Mindanaw experience clearly showed the importance of involvement, participation, responsibility, accountability and transparency.
- **Dividends:** Initial dividends result in jobs and livelihood. More jobs mean poverty is alleviated and hostilities are lowered. Lower hostilities mean more investments leading to more and sustainable jobs and livelihood opportunities.
- **Leadership:** Leaders must motivate and inspire. Their vision should be shared by all, not just by one. The rehabilitation and reconstruction of the local economy is done through physical infrastructure and development efforts by the communities.

There are also new prospects for LED initiatives in conflict-affected areas such as the empowerment of Filipino workers overseas and their families as agents for local economic development, and the possible revitalization and mobilization of traditional organizations of workers such as Union Obreros.



Poverty Reduction for Peace and Development: The Bohol Experience

Governor Erico B. Aumentado, Province of Bohol

When Gov. Aumentado assumed office in 2001, about half of the families in Bohol were poor and the province was ranked among the country's 20 poorest provinces. Bohol was also the headquarters of the communist insurgency in Central and Eastern Visayas, with about one third of its barangays threatened, infiltrated or influenced by the insurgents. The governor immediately started to address the problem of poverty which in his view was the root cause of insurgency. In close coordination with other agencies and the military, he established a Poverty Reduction Management Office (PRMO) with the mission to implement poverty reduction programmes and address the insurgency situation. Convinced that military intervention alone could not solve the insurgency problem, he also opened up new windows of opportunities for job generation by creating the Bohol Employment and Placement Office (BEPO) and the Bohol Tourism Office (BTO) through the issuance of executive orders.

A few years later, in 2006, the National Statistical Coordination Board elevated Bohol to the 52nd position of the poverty ranking of the country's 79 provinces; Bohol was no longer in the bottom 20. The five NPA fronts existing in 2002 was reduced to only one, and the headquarters of the Regional Party Committee of the NPA moved elsewhere. Only 46 out of the 305 NPA-influenced barangays remained under threat, with the province continuing the work to resolve the situation. The 2005 Philippines Human Development Index Report also noted a reduction in the number of armed NPAs from 283 in 2001 to 64 in 2004. In 2005, Bohol won the grand slam in the Galing Pook Awards where the Bohol Poverty Reduction for Peace and Development Program was recognized as a Trailblazing Program, a Special Citation was given to the province's peace-building activities and the province was given the Award for Continuing Excellence (ACE).

Strategies for Success

Key to these improvements and successes was the recognition that the government was sincere in helping families out of poverty through its poverty reduction programme. There was also a change in the military strategy for dealing with the insurgency. As a result, the military began to be seen in a different light in the countryside and the rural population started refusing to give sanctuary to the insurgents who in the past used their barangays as bases for their operations. Some of the main instruments or strategies employed were

- the establishment of a Quick Response Team and a Fact-Finding Team during or immediately after violent encounters to cater to the needs of the affected areas and to set the facts straight, preventing the insurgents from exploiting the event for propaganda purposes;
- the inclusion of a team of community organizers from the Provincial Government in the Special Operations Team approach of the military, which helped established trust; and
- assistance given to former NPAs to return to mainstream society with their families, who later became strong campaigners for other insurgents to return to the rule of law and normal life.

The Poverty Reduction Program for Peace and Development also had far-reaching social, economic and environmental impacts, as it promoted gender equity, empowerment and greater efficiency and sustainability of public service delivery. Over 20,000 families were given access to hospital insurance. Farm-to-market roads and new housing were constructed with national and international funding. The economy was strengthened through a process of strategic planning at the provincial level. Over 30 cooperatives were launched, with 80 percent of their members being women. A total of 2,257 workers were placed overseas, while 16,928 jobs in mainly agriculture and tourism were created from 2002 to 2005.

In order to sustain the momentum of development, it is important to build on the accomplishments of past administrations. The units and the offices working on poverty reduction were institutionalized through provincial ordinances passed by the *Sangguniang Panlalawigan*, thereby ensuring that funds were available to sustain the programme. The province was also successful in mobilizing assistance from several donors. Poverty reduction initiatives are now so popular and owned by the community that any new politician will be under strong public pressure to continue them.



A Sharing of Concrete Experiences and Insights: The Datu Paglas Story

Datu Ibrahim “Toto” Paglas III, President and CEO, Paglas Corporation, Maguindanao

“I convey to the reader of this letter, the universal greetings of peace: Shalom, Assalamu Alaikum, Peace of God Be Upon Everyone, Ang Kapayapaan ng Panginoong Diyos Ay Mapasa-ating Labat”

The Mindanao Peace and Development Program, which was primarily implemented by the Paglas Corporation, was key to the transformation of the municipality of Datu Paglas in Maguindanao from a place torn by war and crime into a bustling and peaceful economic village. The experience has shown that, albeit at high personal costs, peace and development can be attained in the midst of conflict through a strategy of convergence and progressive leadership that takes care of the common good. Entrepreneurship plays a pivotal role, where the entrepreneur is the innovator, or the one who recognizes opportunities and organizes resources to take advantage of those opportunities.

At the age of 24, Datu Ibrahim Paglas III became mayor of Datu Paglas. His own father a victim of violence, he realized the life of his people had to change for the better, and change had to start with himself as the leader of his people. He acknowledged that private investment was the sustainable way to support economic development, and for that he had to have a business plan. In looking for investments for his town, he was inspired by 3 guiding principles set by his late uncle, Hashim Salamat, former Chairman of the MILF.

1. Protect the environment at any cost because this is all we have for the next generation
2. Do not abuse the workers, protect their rights and look after their welfare and safety
3. Provide education for the children

Transformation through Responsible Leadership

He learned that in order to fulfil his mission, he had to bridge the economic, social and political divides among the tri-peoples in Mindanao (Muslims, Christians and Highlanders) and change the rules of the game. He encouraged dialogue and consensus among local people, fighting the convention that only the members of the local royal families could make sound decisions. He brought everyone's concerns on the table – the government, the military, the religious leaders, the workers, the rebels – because he believed that what each group had to say was of great value. He invited outsiders to bring in new ideas and built partnerships with as many groups as possible, regardless of culture, faith and ideologies.

He personally campaigned against the culture of guns and goons as a status symbol in society. He stopped the culture of vengeance; when his father and younger brothers were victims of vengeance killings (rido), he entrusted justice to the hands of the law and the authorities.

As a result of the investments he was able to catalyze, the municipality was changed from a war zone to an economic zone. About \$400,000 are being channelled to the local economy every month in the form of salaries for over 2,000 full time plantation workers, many of which are former rebels. His entrepreneurial attitude and that of other leaders in the region have earned them the trust of their people and that of many investors. The recent approval of a \$50 million additional investment to expand the operations of Paglas Corporations to 2,300 more hectares is a clear manifestation of such trust.

The big challenge now is how to sustain these gains. His simple advice to becoming a better leader is to continue to listen to what other people have to say and learn from the wisdom of their stories. In closing, he said that “there is only one God, with different names”.



The Challenges of Peace and Development in a Poor and Divided Community: The Case of Sulu

Ms. Merlie “Milet” Mendoza, Executive Director, Tabang Mindanaw

Tabang Mindanaw (Help Mindanao) was formed in 1998 originally to help the 2.5 million indigenous peoples of Mindanao in their struggle for survival. The organization has done much work in the Province of Sulu, a remote group of islands in the south, close to Indonesia. Sulu has a glorious Islamic past but is now one of the country’s poorest provinces and the theatre for the violent confrontations between the Armed Forces of the Philippines (AFP) and local Islamic groups.

The security situation in Sulu is very complex and needs to be understood in all its facets. Among the complicating factors is the feeling of detachment of the local people from the Philippine Republic, which they view as a colonial power; the persistence of a warrior culture among the local Tausug populations; the large number of clan wars; the failure of the formal justice system; and the presence of many local Islamic armed groups such as the so-called Abu Sayyaf forces, that fuel national and international anti-terrorism operations.

According to a recent study on developing a culture of peace in Sulu Province, the priorities in addressing the security situation are to bridge the gap of trust and credibility between the AFP and the population, and to review government’s policy and strategy with regard to the Abu Sayyaf Group (ASG) and the MNLF. It is also essential to address the conflicts among the many local clans and strengthen and encourage the local civil society to actively promote and defend peace. The results of a survey that accompanied the said study shows that an overwhelming majority of the respondents believe that their personal conditions have deteriorated compared to the past. They also indicated that better governance, improved security, strengthening of religious faith and practice and improved economic conditions are the key drivers to bring about peace in the province.

Deriving Insights from the Sulu Water Mapping System Project

The details of the implementation of the on-going Sulu Water Mapping System Project can provide some important insights on the challenge of local development in a poor and divided community. The immediate objective of the project, which was designed in line with the human security framework, is to increase access to potable water and help institutionalize local mechanisms for efficient water delivery and maintenance. The ultimate objective is to provide a venue for future development engagements. Given that the delivery of safe water was the most urgent need in Sulu, Tabang Mindanaw committed to help the people of Sulu to help themselves solve the water problem as an entry point for effective governance and community empowerment, delivery of basic rights and peace-building.

The main challenge was not technical but social. Some water delivery systems existed but were now useless because of the lack of maintenance and opportunism. The project put emphasis on the sustainability of service delivery rather than construction of water facilities alone and made a major effort to mobilize and engage leaders and citizens through multi-stakeholders consultations and progressive stages of engagement. An example of this is the Lubuk-Lubuk Water Core Group Water Management Policy.

By first implementing the water project, the community was given an opportunity to organize and prepare to scale up to a more integrated delivery of social services. A progressive strategy was adopted by linking the development of the water system with sanitation and hygiene, environmental preservation and ultimately conflict management. Throughout the implementation of the project, a rights based approach was used, ensuring that decisions were focused on what communities and individuals required, understood and could manage, rather than what external agencies deemed necessary.

Lessons to Remember

In the end, we should not expect magic solutions or dramatic results right away. Development is not a question of execution and completion of projects, but a process mainly based on ethical principles that require vision, sustained commitment and optimism.

A number of key points by Ravi Narayan, Director of Water Aid, are shared below

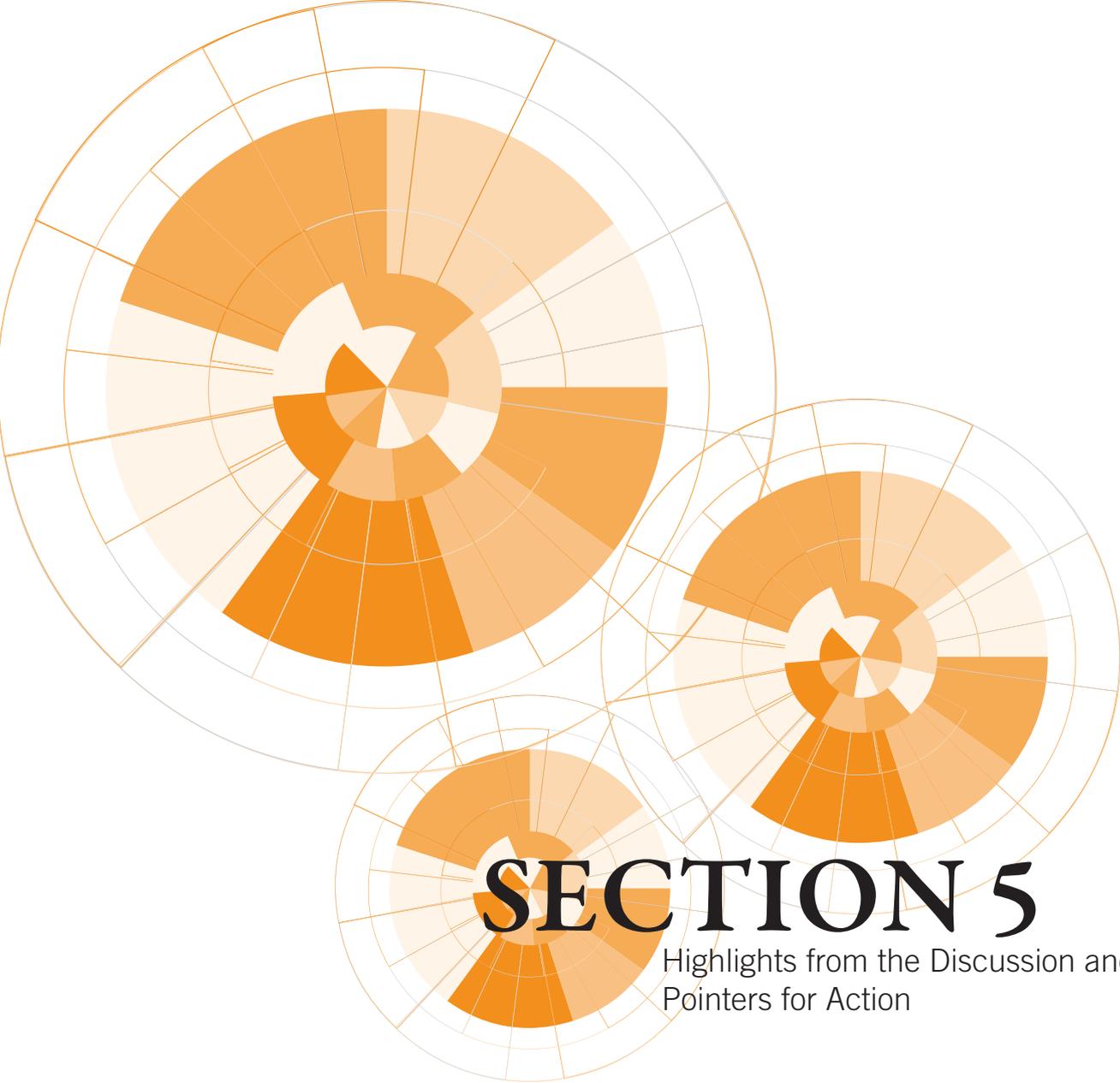
- Partnership must be based on a common understanding of what poverty is if we were to take it forward to a level of action
- There is quick expectation of real movement forward when the real strengths and human potential of so many people are either marginalized or ignored or given secondary importance
- The poor have to be regarded as source of knowledge, capability and real determination
- The process of community-organizing and consultations takes a long time; there are hurdles that these people need to overcome
- Trust-building is a process built equally through success and failure; the parties must be willing to stake the cause
- Incremental change is already a very good thing; it is a step forward in the right direction

- Engagement with communities must take place in their context so that they are not disadvantaged by language, location and style of discourse
- Communities must be comfortable to work within their own milieu

Lubuk-Lubuk Water Core Group: Water Management Policy (Translated From Tausug Version)

1. We, the residents are willing to cooperate in the implementation of the water project for the benefit of Lubuk-Lubuk community, and the entire municipality of Panglima Estino.
2. Whereas, we are always ready to secure and safeguard the project, and always willing to help without expecting any wage. Our hope is for the water project to be implemented by the agencies especially Tabang Mindanaw.
3. Whereas, the system would not just be guarded by the leaders in the community. Every resident of the community must exert his/her effort unselfishly in guarding the project. He/She must take part in realizing and implementing the policies and by-laws formulated.
4. Whereas, the residents should give their counterpart of P20 per family in a month so as to help maintain the water project especially if the system malfunctions; So it is not only the BC or the Elders who would shoulder these problems.
5. Whereas, if a family is not able to pay on the said deadline, they would be given a chance to pay within a period of three (3) months. They should pay all the consecutive dues for three months because they will no longer be allowed to fetch water until the previous dues be paid.
6. Whereas, the water collection would be deposited to the bank with the following signatories: BWCG Chairman, Treasurer, and Auditor. The community should decide for the involvement of BC.
7. Whereas, the money collection from water project should be strictly used for maintenance of the said project.
8. Whereas, in terms of fetching water, it would be limited to three (3) times a day (morning, noon, afternoon); It also limits to four (4) gallons of 20 litres per family per duration. In case there would be family gathering (e.g. wedding, 7th day prayer and others), they will be an exception to the rule.
9. Whereas, if there would be residents from other or nearby communities who would fetch water, they will be permitted provided, they will abide with the policies that are being implemented; they should also pay 50c per gallon of 20 litres

Now, we the residents of Lubuk-Lubuk will be united to safeguard the water project and see to it that cleanliness and sanitation of the area are our first concern. We will make it possible to have a separate area for washing clothes and bathing (human and animal), not less than twenty (20) meters away from the water source.



SECTION 5

Highlights from the Discussion and
Pointers for Action



Highlights from the Discussion and Pointers for Action

There are pockets of hope. The large collection of success stories clearly shows the potential of local action to tackle development issues in the different regions of the country, even in the poorest areas. As observed, “even in the midst of conflict situations, economic and social development can happen”. This recognition is of particular value in confronting the intertwined challenges of poverty and insecurity in Mindanao and the other conflict-affected areas. It suggests stronger, integrated “peace cum growth and jobs” programmes in those areas.

There are common elements behind each case of success, and common challenges. Some key words and main themes have been found to recur in most accounts of successful local transformation.

Leadership – Whether from the LGU, business or the non-governmental sector, leadership triggers change and acts as a catalyst for local collective action. The discussion highlights some qualities and functions of leadership, especially of LGU LCEs: forge a shared vision; communicate; set benchmarks for professional management; create trust; encourage convergence and investment of key local actors in a transformation project; and minimize opportunism and free riding. The emergence of local champions is an important factor to stimulate emulation and replication. The challenge is to make the process not leadership-dependent and sustainable beyond the short LGU political cycle or the short life of a community development project.

Good governance – Good governance is the key. It is the platform from where to launch and sustain the process of economic and social development. Good local government is the core. Even when it is not driving the process of change, the LGU is an important facilitator and the fundamental institutional pillar. The discussion has singled out the issues of transparency and professionalism in LGU management, particularly for LGU staff. Good government is crucial in order to make progress in conflict-affected areas where “the delivery of basic services must be felt by the people”. The challenge is to forestall the capture of the LGU by local vested interests and make good and transparent governance a political winner.

Multi-stakeholder ownership and engagement – Good governance means more than good local government. It entails local actors who are capable of working together and abiding by clear, transparent and respected rules of the game. Cooperation, convergence and involvement of stakeholders were repeatedly mentioned as key elements behind the success of local development programmes. To engage communities is a way to reach balanced social and economic outcomes (“the economic and the social must go together”) and, by means of creating a visible and strong demand for reform, it also promotes sustainability even when a new political leader comes in. It was suggested that local development should include programmes to educate the community to be active citizens, capable of calling for government to be accountable to people. Another recommendation is for political education to be part of social mobilization in Mindanao.

Social dialogue – Multi-stakeholder consultation and dialogue are hard and time-consuming but critical to nurture community engagement. Institutionalizing bottom-up mechanisms for communications, dialogue and consultation was an option recommended by many. It is also important to have credible figures and facts to inform dialogue.

LED is a process to reap greater economic and employment benefits and buttress good governance. Bits of economic interventions aimed at creating jobs and raising incomes and livelihoods pop out in the development programmes of most LGUs and in the myriad of community development programmes that target vulnerable groups throughout the country. In most cases, even those most successful, this was done in a rather unstructured and piece-meal way, leaving untouched many of the basic economic issues of poverty and underdevelopment. Where a more formal process of strategic planning was introduced, as in the cases of Bohol and Bulacan Provinces, it led to visible and sustainable outcomes. The discussion points to several reasons to adopt at least the following elements of the LED framework.

Coordination – A locally driven, jointly agreed LED plan can provide a roadmap to enhance coordination among different local actors and institutions. Within the LGU, it may help foster greater coherence and linkages between planning and budgeting and ensure a better fit between LGU programmes and local needs and opportunities. It may also favour greater coherence with the development plans of neighbouring LGUs, as well as provincial and national plans, which unfortunately right now are only loosely connected.

Focus on employment and growth – Targeting employment goals is a way to tackle economic issues that are fundamental to sustainable and equitable growth and local poverty reduction. An employment focus directly caters to the needs of local businesses and communities. It draws attention to the concerns of micro, small and medium-sized enterprises and workers in the informal sector. It may prompt a more strategic view of investments in infrastructure, financial institutions and local systems for education and skills development. One question raised in the discussion was the lack of a funded mandatory position within LGUs to deal with labour market issues. In spite of some notable exceptions, the PESOs are generally weak and confined to routine tasks. Stronger PESOs at the provincial and city levels are recommended. It was suggested that the number and quality of jobs should be the proper indicator of good local governance. A serious question is the lack of population and labour market data for planning and monitoring purposes and for assessing the results of local programmes and projects.

Broader partnerships – An inclusive LED process can help put together in an open and transparent manner a broad coalition of actors, including the poor and other traditionally excluded groups, as well as other groups like business and trade unions who can bring their knowledge of the production system. Focus on employment can stimulate new joint initiatives between the public and the private sectors. It also promotes new linkages, convergence and networking between an array of local institutions crucial to build up the strategic infrastructure needed for sustainable economic development such as chambers of commerce, MFIs, the PESOs, the Department of Education, TESDA, local education councils, tripartite councils, etc.

LED is an integrated and gradual process of change. LED planning need not to be cumbersome, but it does require consistency over time and progressive convergence. It can be seen as a process of continuous collective learning of local actors on how to match aspirations and local resources. The capacity for learning differs across locations; it is lower in conflict-areas, where communities are split, and in poor areas, where resources are scant. Some strategies to get LED off the ground and keep the momentum were mentioned in the discussion.

Entry points and quick wins – Setting up local coalitions on single issues of special relevance (for example on security, water supply, environmental degradation, etc) can provide a useful entry point to kick start a process that ultimately could lead to full-fledged LED exercise, particularly in the most strenuous settings. It was also recalled that ILO and GTZ are developing tools for simplified planning of development strategies and short-term action plans, such as the Participatory Appraisal of Competitive Advantage (PACA). By providing quick visible results, these interventions help maintain and enlarge the thrust for change.

Capacity building – Capacity building is an essential component of learning. LED should not be too political; the proper policy lever is to identify competent local technocrats who can push the LED agenda and build up their capacities. Some initial experience with LED in the Philippines suggests prioritizing the capacity building of local providers of business development services (BDS) and of LGU staff, particularly those in the planning and developing units. Best practices, routines and systems developed locally could be best used for the purposes of capacity building; several examples were given of systems developed by Bulacan Province. Note was taken of the role of the leagues in disseminating lessons through the forthcoming Mayors Development Centre, for example.

Clustering and alliances – There is a minimum size to do LED effectively. Provinces and cities have the resources and the staff to sustain their engagement in a comprehensive LED exercise, but most municipalities are too poor and their territories are too small. Aggregation through local alliances of LGUs is one option but it has to be set against political rivalries and competition among LGUs for resources and outside investments.

There are gaps. There are limitations to what can be achieved locally and there are bottlenecks in moving from multiple episodes of local successes up to a nationwide impact and systemic change. Some constraints are specific to the Philippine decentralized governance structure, while others are implicit to the LED approach. The discussion touched upon some main issues.

Fragmentation and misalignment – As hinted earlier, LGUs are many, small and fragmented. There is limited coordination among the several layers of governance (central, regional, provincial), which causes a somewhat diluted outcome from their actions.

Finance – Financing of local projects and programme is an issue in terms of the lack of capacities to package projects in financially convincing ways, as well as the scarcity of public and private funding available, for example inadequate tax collection, no LGU borrowing, absence of locally focused intermediaries, etc.

Initial conditions – Success is frequently linked to a location's position or to the quality of local resources such as proximity to a thriving urban centre, convenient access to global markets, the presence of universities or technological institutes, etc. These favourable conditions help sustain economic dynamism. In remote locations with a narrow local resource base, there is a natural limit to the value added that can be generated locally solely through empowerment, participation and local investment. Moreover, even when a location succeeds in expanding job opportunities, it ends up attracting jobseekers and informal settlers from neighbouring regions, thereby recreating higher unemployment levels – another example of a systemic failure. This suggests that balanced regional development ideally requires the national government to side bottom-up LED efforts with redistributive interventions and supportive macro policies on employment, trade, infrastructure, finance and education.

Conclusion

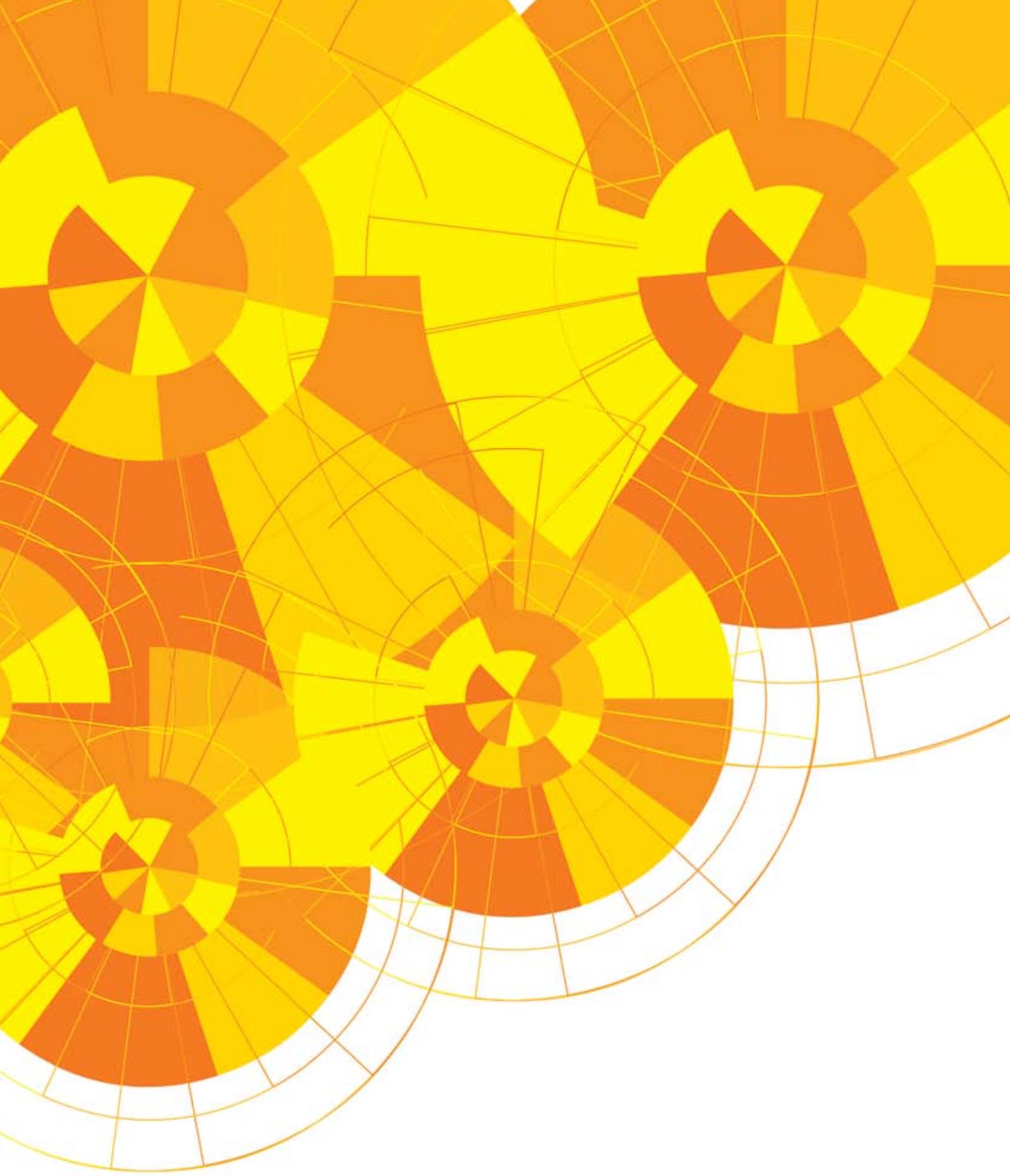
The unfolding of decentralization has created opportunities for multiple episodes of local transformation driven by local forces. This has improved the lives of people in the communities concerned and it is engendering far-reaching demonstration effects -- setting high standards of governance, opening channels to citizens to participate in public life, and changing the common perception of public policy. The donor community in the Philippines has been quick to take advantage of this opportunity, actively supporting the most dynamic and progressive LGUs. This notwithstanding, economic growth and poverty alleviation have remained uneven, with several regions left behind. The discussion has looked at ways to build upon the strengths of local governments and local communities to flesh out a stronger agenda for sustainable and balanced regional development and for conflict resolution.

The discussion emphasized issues of jobs and livelihoods as targets of local development efforts and the need for better planning of economic and social programmes through a process where local stakeholders are actively engaged and which provides a roadmap for convergence. The discussion singled out capacity building of local planners, technocrats and stakeholders as an area where international and national agencies should provide assistance. Local actors, for instance, need better knowledge of the dynamics of the economy and the formal and informal labour market and better capabilities to package projects in financially viable and economic and socially relevant ways. They also need to learn how to best work together, particularly through public-private partnerships.

Several strategies to replicate success were discussed: best practices; local champions; benchmarking; awards; dissemination of systems and routines developed by LGUs such as e-procurement, real property tax information systems and procedures to streamline business registration. The discussion also touched on issues related to the political economy of local development, the institutional framework for LED, and the role of national agencies and government policies.

Overall, the institutional envelope in the Philippines is favourable to LED processes but there appears to be some fragmentation and gaps in the coordination between local, provincial and national plans. The discussion highlights the need for greater interaction and synergies between national agencies and local governments in areas such as investment in infrastructure, finance, education and training and the collection of local economic and labour market data.

Sustainable development is the result of a process of transformation that requires both local and central actions, but the boundaries of subsidiarity – who does what best – are not always clear. It is a merit of this publication, and the workshop which inspired it, to have opened up a debate on an issue central to the national development strategy for years to come.



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