



**WORKING GROUP ON DECENTRALIZATION AND LOCAL
GOVERNMENT**



**DEVELOPMENT PARTNER SUPPORT
FOR DECENTRALIZATION & LOCAL
GOVERNMENT PROGRAM**

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Outline

- **Background and rationale**
- **Donor Assistance (DA) to LGUs**
 - **Nature and format of DA Support**
 - **Overview of Sample DA supported Activities**
 - **Specific DA supported Programs for LGUs**



Background

- Harmonization of development agency support for Decentralization and Local Government Program
- Ensure links between national, provincial local level support and consistency between sectoral and multi-sectoral programs
- PDF forum on DLG a mechanism for regular discussion and feedback between national government, development agencies, LGU leagues



Issues

- **Role of Provinces in**
 - **planning and consolidating inter-LGU investment plans -within and across provinces**
 - **supporting LGUs that do not have adequate capacity in prioritization, design and implementation phases**
 - **establishing joint financing arrangements for “common infrastructure and services” – incentives for local revenue generation, pooling and consolidation (e.g. bonds, sub-sovereign loans)**



Alignment of DA Support with the Government Reform Program on Decentralization

- **DA support provided through a range of programs and projects:**
 - national, provincial, local level, civil society
 - budget support, sector agencies, GFIs,
 - scope national, site specific,
 - loans (mainly concessional financing) and grants
- **Assistance to LGU programs provided by various donors, e.g. ADB, WB, GTZ, CIDA, AusAID and UN Agencies**
 - increasingly designed to support LG agenda

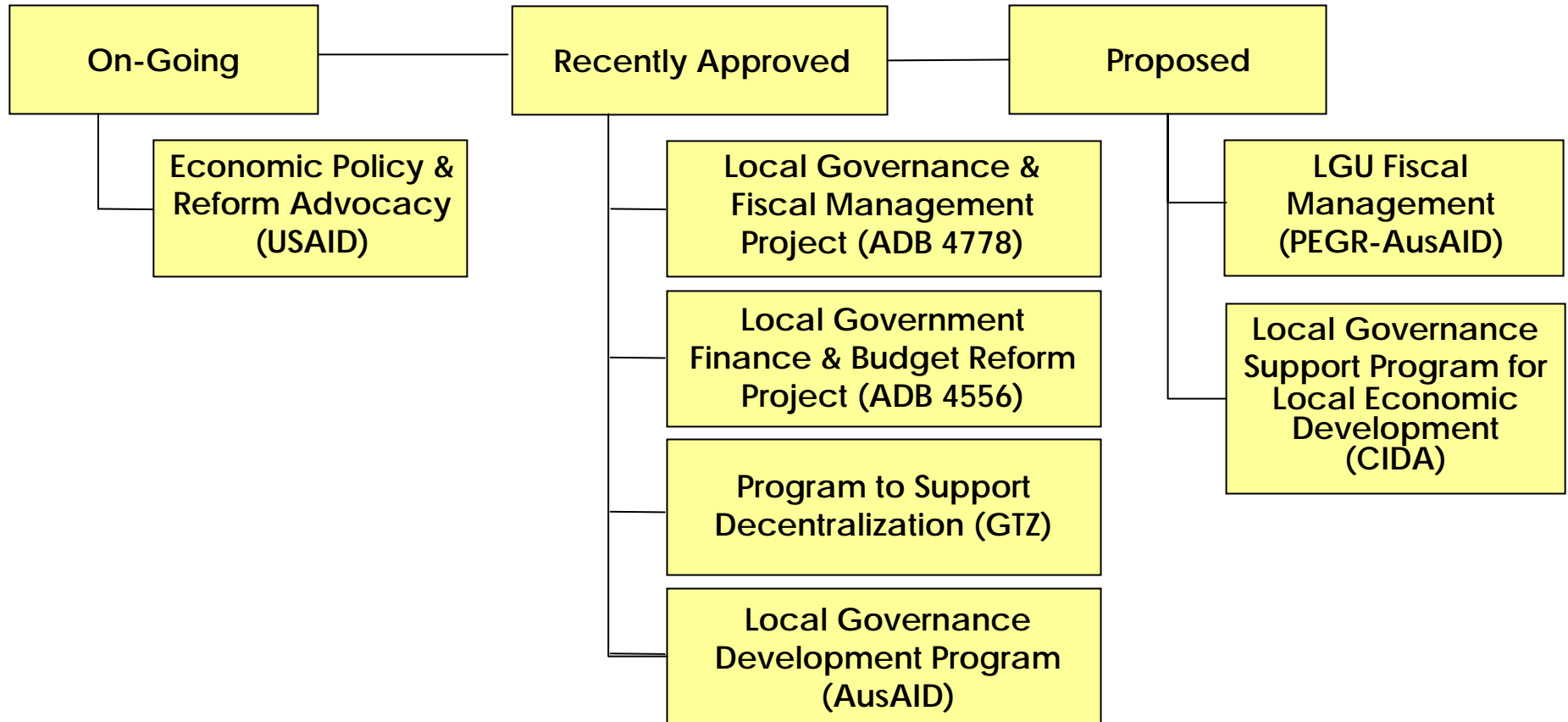


Sample of DA Activities in Support of Policy Reform Agenda Identified by LGUs and the National Government

- **LGPMS and LGFPMS tools for improving performance monitoring Initial work on performance-based grants**
- **Support to LGUGC for guarantees to LGUs for Bonds**
 - **New initiative to establish Revolving Fund**
- **Establishment of sub-sovereign financing facilities**
 - **IFC – Municipal Fund**
 - **ADB facility – policy under development**
- **Harmonization of planning and budget frameworks**
 - **- Provincial development strategies?**



ODA GRANTS FOR LGUS IN SUPPORT OF DLG AGENDA



ODA Programs/ Projects

- Asian Development Bank
- Australian Agency for International Development
- Canadian International Development Agency
- German Development Cooperation
- International Finance Corporation
- United Nations
- World Bank



Asian Development Bank (ADB)

ADB Sector Reform Areas for 2005-2007

- Power
- Local Governance and Financial Development
 - Local Government Financing and Budget Reform Program (proposed for 2007)
- Financial Markets and Intermediation
- Microfinance Development
- Governance and Judicial System

Selected LG Programs/Projects

- Agrarian Reform Communities (central Philippines)
- Southern Philippine Irrigation Sector (Mindanao)
- Infrastructure for Rural Productivity Enhancement Sector (central Philippines)
- Secondary Education Development and Improvement (central Philippines)
- Mindanao Basic Urban Services Sector (Mindanao)
- Development of Poor Urban Communities (Mindanao)
- Health Sector Development Program (central Philippines)
- Local Government Finance and Budget Reform
- Local Governance and Fiscal Management

**Australian Agency for
International Development
(AusAID)**

- *Current Country Program Strategy focus*
 - Reducing impediments to broad-based growth through stronger economic governance
 - Improve security and stability in the Philippines
 - Improve the living standards of the rural poor in southern Philippines
- *Emerging directions for the new Country Program Strategy*
 - Improve Economic Growth
 - Improve Basic Education
 - Enhance Human Security and National Stability

Local Governance Development Program Phase I	Regions VI (MIDC) and VII (Bohol)
Philippines-Australia Human Resource Development Facility (PAHRDF)	Regions VII (Bohol), VIII (N Samar), X, Caraga
Philippines Australia Community Assistance Program (PACAP)	Regions VII (Bohol), VIII (N Samar), X, Caraga Nationwide for NGOs
Land Administration and Management Project Phase 2 (LAMP 2)	Regions V (Naga City), VI (Iloilo City), VII (Bohol), VIII (Leyte)
Philippines-Australia Local Sustainability Program Phase II (PALS 2)	Region X
Malaria Control and Prevention Project	Caraga
Philippines-Australia Technical Support to Agrarian Reform and Rural Development	Regions VI, VII, VIII, 10, Caraga

**Canadian International
Development Agency
(CIDA)**

Priorities

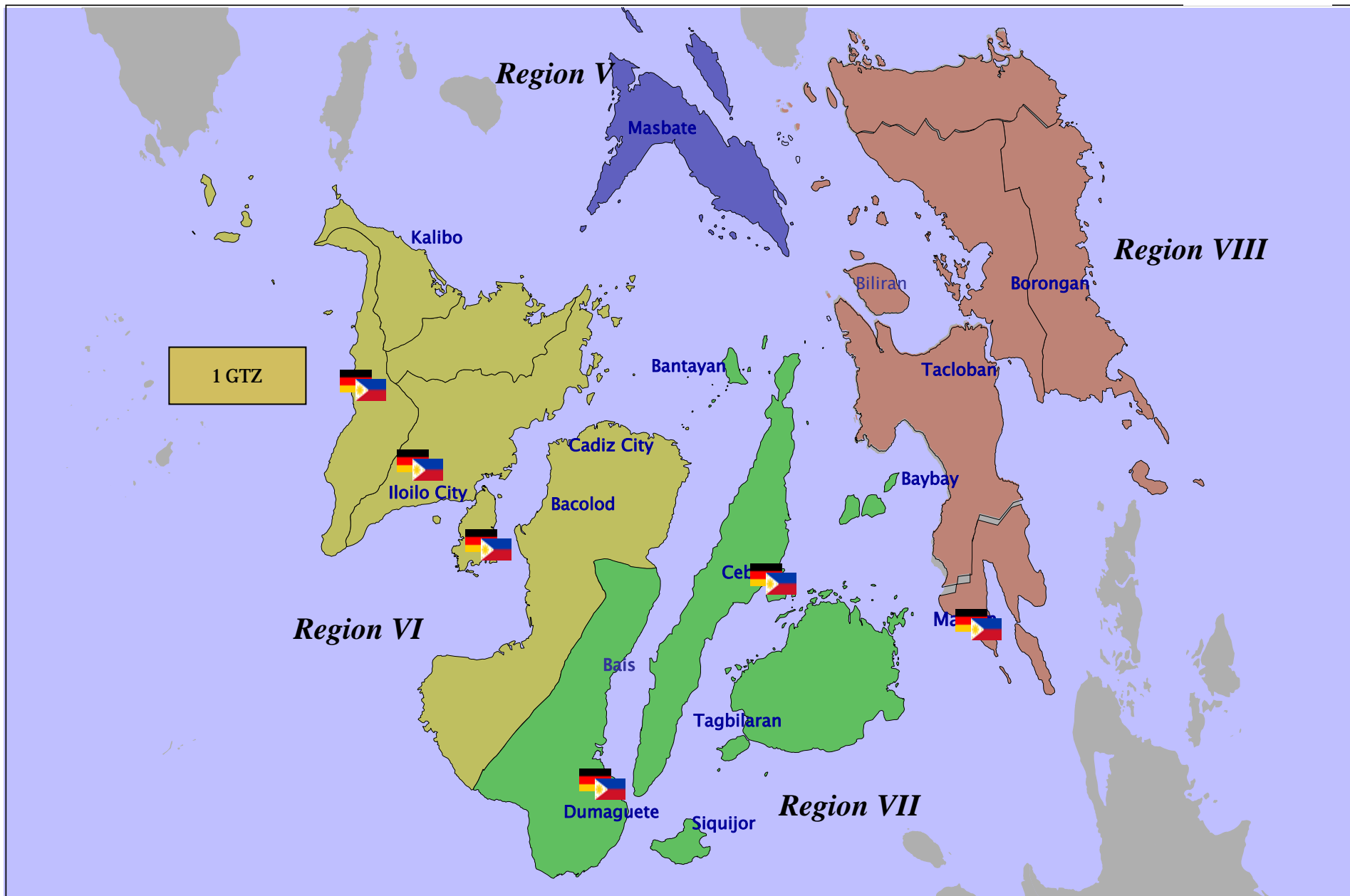
- ***Efficient, responsive, transparent and accountable governance, at all levels***
 - *E-government at national level*
 - *LGUs that serve and involve their citizens*
- ***Sustainable small and medium enterprises that create decent jobs***
 - *Business sector organizations*
 - *(coming) LGUs organizing for local economic development*

PROGRAM/ PROJECT	REGIONS
Local Governance Support Program in the Autonomous Region of Muslim Mindanao	ARMM
Building Unity and Integrating Local Efforts towards Democratic Development	
Private Enterprise Accelerated Resource Linkages (PEARL) Phase II	NCR, VI, ARMM
Canada Fund for Local Initiatives	Nationwide
Business Advisory Project, Phase II	Visayas, Mindanao
UNICEF-Child Friendly Movement Project	Visayas
Promoting Rural Industries and Market Enhancement Program (PRIME)	Nationwide
Promoting Youth Employment	Nationwide

German Development Cooperation (GTZ)

Decentralization Program

- **1st Component - Political Decentralization and Good Governance**
 - Decentralization – Federalism – Unitarian
 - Accountability & Transparency & Responsibility
- **2nd Component – Fiscal Decentralization and Fiscal Management**
 - Revenue Generation and Utilization
 - New Revenues and Co-financing
- **3rd Component – Institutional Decentralization and Service Delivery**
 - Inter-LGU Cooperation – Alliances
 - Organizational Set-up for Service Delivery

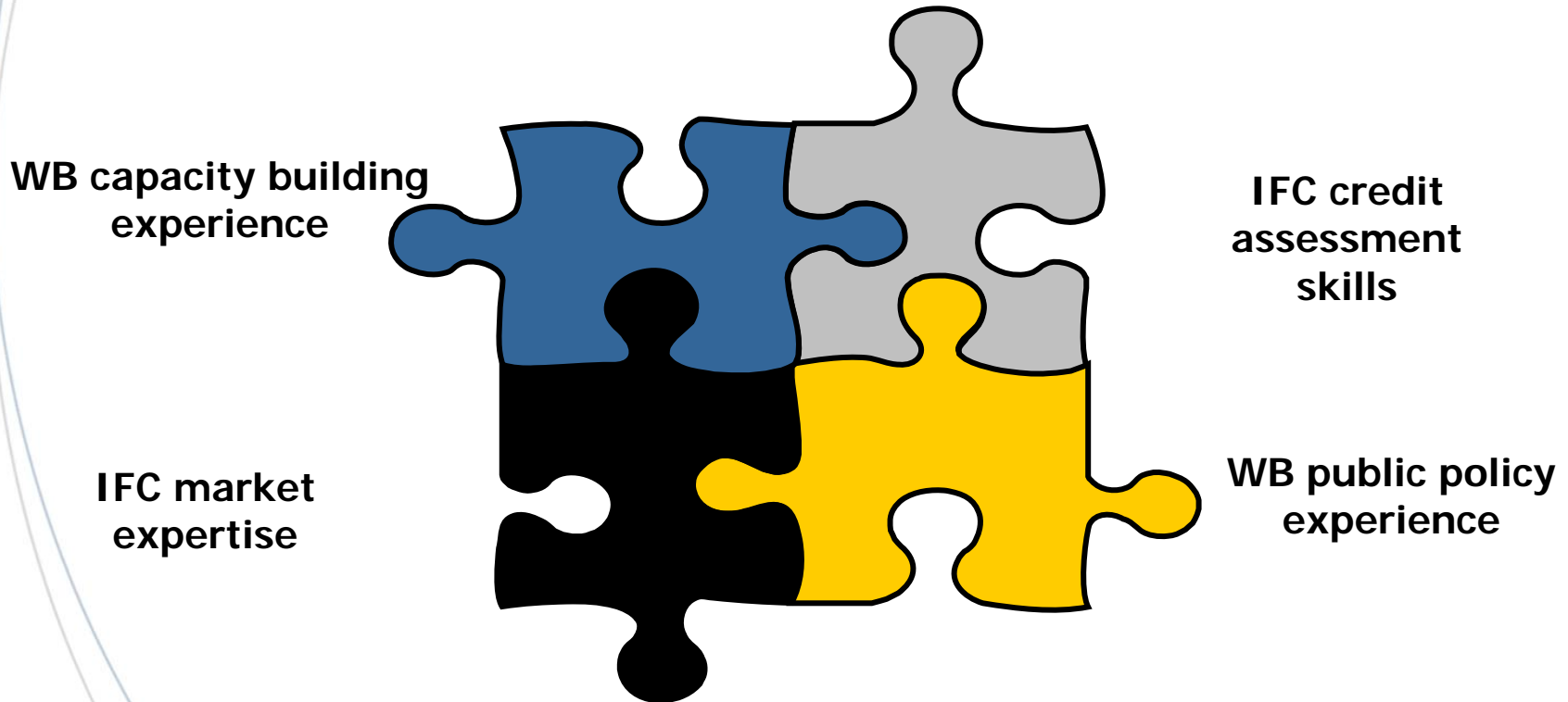


PROGRAM/ PROJECT	REGIONS
GTZ Support to the Philippine Health Sector Reform and Population Management	
Small and Medium Enterprise Development for Sustainable Employment Program	Visayas
Strengthening Decentralized Development Planning Structures in the Visayas Region	VI, VII, VIII
Integrated Visayan Sea Coastal Resources and Fisheries Management Program	V, VI, VII
Leyte Island Program	VIII (Leyte, Tacloban)
Income Generating Activities for Low Income Strata/Groups in Eastern Samar/Leyte	VIII
Credit Line for Sustainable Solid Waste Management	Nationwide
Credit Line Micro, SMEs, and LGUs	Nationwide
LGU Investment Program	Nationwide

International Finance Corporation (IFC)

The Municipal Fund

The Municipal Fund, a joint World Bank/IFC initiative seeks to help fill this gap by structuring and investing in sub-sovereign projects in emerging markets



Scope of Municipal Fund in the Philippines

Eligible Borrowers:

- Provincial and City LGUs
- Utility Districts and other State-owned enterprises

Potential borrowers will be assessed on their creditworthiness, which would include review of financial, institutional, legal, environmental and economic aspects.

Eligible Projects:

- Water and wastewater, transportation, solid waste, social infrastructure such as health and education, commercial enterprises and other essential public services.
- Revenue and non-revenue generating projects both acceptable
- Minimum project investment amount at least Php 250 million, although packaging of multiple projects for single loan is possible
- Investment period of projects -> 1-2 years; Application to approval < 6 months.
- LGU contribution to project costs 20-40%, depending on project and debt capacity
- Projects must meet IFC Environmental and Social Safeguard Policies

United Nations

(UN)

6th GOP-UNICEF Country Program of Cooperation for Children (CPC 6) 2005-2009

To reduce disparities in children's right and sustain past gains within the context of the Convention on the Rights of the Child and nationwide Child Friendly Movement

Programs and Priority Areas:

1. Assistance to GOP in policy formulation, institutional development, capacity building and service delivery for children and women
2. Integrated provision of health, nutrition, education, early childhood care and development, HIV/AIDS prevention and social protection services
 - *19 provinces and 5 cities (including Capiz, Antique, Oriental Negros, Guimaras, Cebu city, and Northern and Eastern Samar in the Visayas)*
3. Formulation of local development and investment plans, local children's codes and local state of children reports
 - *in all 79 provinces and 117 cities*
4. Strengthening of regional sub-committees and local councils for welfare of children
 - *including regions 6, 7 and 8*
5. Emergency assistance to disaster areas
 - *e.g. Southern Leyte*

PROGRAM/ PROJECT	REGIONS
Biodiversity Conservation and Protection	IV-A, V, X, XI, CARAGA
Coastal Resource Management	IV-B, IV-B, V, VI (Antique), X, XI, XII, ARMM
Sibuyan Eco-Tourism Development Program	IV-B
Micro-Hydropower Development & Non-Conventional Source of Energy	CAR, V, VII (Bohol)

World Bank

(WB)

Assistance to Local Governments

Modality	Lending	TA	Other Partners
Through NGAs:			
a) DOF (MDFO) LOGOFIND (on-going)	Municipal infra, modernization of tax systems	Capacity Building ("mandatory" and "demand-driven" courses)	WBI NCC
b) DOF/DBM (MDFO) Performance-based Grant System (pipeline)	Financing to provide incentives for governance improvement in areas (local revenue mobilization, fiduciary control, planning, budgeting, public participation)	Possibly support to upgrade LGU governance capacity	
Through Leagues:			
a) League of Cities		CDS (planning, investment programming, project preparation)	WBI, NEDA, ADB, JICA, UN Habitat
b) League of Provinces		TBD – to respond to range of needs (prov planning, prep of investments for social, rural dev, etc.)	NEDA
c) League of Municipalities		Strengthening of Mayors Development Center (DL Center and Course Devt)	MDFO and WBI

Modality	Lending	TA	Other Partners
Through GFIs a) Land Bank of the Philippines (SSLDIP)	infrastructure projects		
Directly to LGUs (with TFs)		a) Slum upgrading (JSDF) b) Site Development (Japan CTF - QC) c) NMT (Bikeways in Marikina – GEF)	PHILSSA, NGOs

PROGRAM/ PROJECT	REGIONS
Second Agrarian Reform Communities Development Project (ARCDP 2)	I, II, IV-B, V, VIII, X, XI, XIII
Community-Based Resource Management Project	V, VII, VIII, CARAGA
Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services	All except I, II, III, IV-A, ARMM
LGU Urban Water and Sanitation Project 2	II, X
Local Government Finance and Development Project	Nationwide
Water Districts Development Project	Nationwide
ARMM Social Fund for Peace and Development	ARMM
Support for Strategic Local Development & Investment Project	
Local Performance Grants	
Municipal Fund (<i>w/ International Finance Corp.</i>)	Nationwide