

LGSP-LED
Knowledge Café Proceedings
8 April 2008, Room Quezon B, Makati Shangri-La Hotel, Makati City

I. Introduction and Welcome Remarks

The Knowledge Café began at 1:10 PM. Mr. Raul Gonzalez introduced himself as the main facilitator for the half-day activity. He then asked the participants to briefly introduce themselves.

Director Manuel Gotis of the Bureau of Local Government Development of DILG gave the opening remarks on behalf of Undersecretary for Local Government Austere Panadero who had to attend an equally urgent cabinet meeting in Malacañang on the rice shortage.

Director Gotis gave the background and rationale for the knowledge café as well as the expectations of DILG from the participants. The knowledge café is the second part of a series of learning events and follows an earlier forum, held on March 14, where participating national government agencies (NGAs) discussed their LED-related programs and approaches. Director Gotis explained that, as DILG prepares for the LGSP-LED implementation (possibly within this year), it is very important for the Department to be aware and understand what donors are doing in local economic development (LED).

The third learning event will be an internal DILG activity, possibly with some LGU personalities, to develop a framework for the LGSP-LED. The framework will be used by DILG as basis for discussion with the Canadian Executing Agency who will be DILG's partner in implementing the program. He explained that CIDA has contracted Mr. Raul Gonzalez to be the facilitator of the learning events and his role is to pick the participants' minds and put them in writing.

Director Gotis emphasized that LGUs are in the frontline of providing services and are expected to be the key partner of the national government in reducing poverty in the country. At the moment, however, LGUs are more involved in regulatory work. DILG hopes to complement LGU efforts to venture into economic enterprises so that LGUs will increase incomes and decrease their dependence on the internal revenue allocation.

At the national level, the donors can support the efforts of NGAs to talk to each other, harmonize their efforts and provide better services to client-LGUs. While there are many national interventions working in parallel, harmonization of work at the central level is lacking.

In closing, Mr. Gotis expressed confidence that the desired output of the knowledge café would be achieved and that the activity will be completed by 5 PM. He stressed that there will more similar meetings in the future as implementation of the LGSP-LED draws near.

II. Overview of LGSP-LED (*see Attachment 5 for full presentation*)

Ms Frances Tanner began by thanking the participants for their attendance. She said that she expected that the wealth of experience of the participants would generate many helpful inputs.

She hoped that the participants would find the questions stimulating and thereby, contribute their best thoughts and ideas.

Ms Tanner explained that, while there is still an operational LGSP project, CIDA has combined the two themes of local governance and local economic development in the LGSP-LED. She explained further that LGSP-LED aims to help LGUs improve revenue generation, an objective shared by other donors.

Ms. Tanner said LED means different things to different people. For this reason, CIDA and DILG hope to draw on the experiences of the participants to find out what works (or does not work), their different perspectives of LED and finally, identify opportunities to work together.

Ms. Tanner explained that the LGSP-LED has two components, one each at the national and local levels. At the national level, LGSP-LED will “strengthen (the) enabling environment for good local governance and sustainable LED that equitably benefits women and men”. At the local level, the program is meant to “improve local conditions for sustainable LED.”

Ms. Tanner pointed out that, because of the wide variety of options to choose from, the local component of the LGSP-LED had been left intentionally vague. CIDA and DILG are looking for assistance from local partners to determine its exact shape, to get their ideas of things not to do and ideas of things to try.

III. Knowledge Café Discussions

Mr. Gonzalez explained the mechanics of the Knowledge Café and how it differs from the more conventional focused group discussion (FGD). In knowledge café, a question is assigned to one particular table. Discussion participants are given a certain block of time (in this case, 20 minutes) to discuss the question at one table and afterwards, to move to another table to discuss the question assigned to that table. Altogether, the knowledge café has six 20-minute blocks to enable the participants to contribute their ideas to each of the six questions.

The discussion at each table is facilitated by a facilitator while the discussion results are recorded by a scribe. The six facilitators and scribes and their assignments are as follows:

Table/Question Number	Facilitator	Scribe
1	Frances Tanner, CIDA	Virna Sta. Mina, DILG
2	Matilde Go, DILG	Eligio Bagahansol, DILG
3	Narci Rivera, CIDA	Ranulfo Garcia, DILG
4	May Wong, CIDA	Ma. Teresa Vergara, DILG
5	Lynette Corcino, CIDA	Myrna Santos, DILG
6	Myrna Jarillas, CIDA	Jenifer Galorport, DILG

Mr. Gonzalez explained each of the six questions to the group and emphasized that participants should share ideas and recommendations based on their own experiences. He also assured the participants that, while the agency briefs submitted by the participants will not be discussed at the knowledge café, these will be fully utilized at the 3rd activity, particularly when DILG starts looking for possible project partners.

The knowledge café proper started at 1:35 PM and ended after five rounds at 3:32 PM. Due to the lack of time, the sixth and last round was cancelled (without objections from the participants). At the end of the Knowledge Café, Mr. Gonzalez asked the group to give a round of applause for the facilitators and the scribes. He then gave the facilitators a few minutes to prepare their individual reports.

V. Plenary Reporting and Documentation

Following are the results of the discussions as presented by the facilitators and recorded by the scribes:

Question 1: What are some examples of successful mechanisms for government-private sector dialogue and cooperation at the local level? What are the factors that led to their success?

Success Mechanisms	Success Factors
<p>a) Presence of Local Development Councils (LDCs) in LGUs. LDCs have members representing NGOs, civil society organizations (CSOs) and private sector (25% of LDC members) thus promoting the participatory process in local development planning.</p>	<ul style="list-style-type: none"> • LDCs have to be activated and should be functional, along with its sectoral groups or sub-committees. Capacities of LDCs on planning should also be strengthened. • Well-connected LDC members can bring in resources • A lot rests on LDCs because they have a legal basis
<p>b) To address specific problems/issues, some LGUs usually organize inter-agency Task Forces. In Albay, for example, a disaster inter-agency task force has been organized to address or respond to natural disasters (e.g. typhoons and volcanic eruptions). Resources are pooled to make the response mechanism more efficient.</p>	<ul style="list-style-type: none"> • There has to be a continuity of membership. High-level representatives can decide immediately on matters and commit resources.
<p>c) R.A. 9184 (Government Procurement Reform Act) provides for private sector observers on LGUs' bids and awards committees</p>	<ul style="list-style-type: none"> • Meetings can't be closed any more.
<p>d) In the Textbook Count Project, DepEd collaborated with Coca-Cola Bottling Co. in the delivery of textbooks, which is a common problem of DepEd.</p>	<ul style="list-style-type: none"> • Large corporations may have a more corporate social responsibility mindset • Opportunity to use Coca-Cola's specific strengths in distribution was clearly identified
<p>e) In General Santos City, the local Chamber of Commerce is involved in monitoring the business renewal process (e.g. the speed of the process, friendliness of service). Results of the assessment each year are presented to the Mayor for action on</p>	<ul style="list-style-type: none"> • Creative and reputable leader who was open to chamber of commerce input

Success Mechanisms	Success Factors
<p>issues/concerns identified.</p> <p>f) In the municipality of Malay, where Boracay Island is located, the LGU engaged in bond flotation for the construction of the pier. The pier is now well-managed by the LGU.</p> <p>g) In Romblon province, CBMS was initiated by a private sector. The CBMS results were used by RDC as inputs to planning for projects.</p> <p>h) In Loboc, there has been a continuing forum for government-private sector dialogue and consultation. The Mayor focused on tourism with private sector participation. Government provided common facilities and services while the private sector made sure that standards (e.g. in food preparation) are met.</p> <p>i) SMED Councils in Leyte at provincial level bring together businesses, DTI, Dep Ag, other agencies</p> <p>j) In Aklan, USWAG Development Foundation started a community development program and currently works with the LGU in uniting the Provincial Tourism Council.</p> <p>k) Establishment of Industrial Promotion Centers, such as in Cebu City, where feedback in terms of investment opportunities in a locality can be provided.</p> <p>l) In Boracay, the private sector instituted the establishment of a Recovery Center (waste segregation/management). After it has shown success, the LGU eventually took over the project.</p> <p>m) Misamis Occidental PDC vibrant; formal debates come after real discussion elsewhere.</p> <p>n) Marketing of festivals, LGU drawing in sponsors like Globe/Smart</p>	<ul style="list-style-type: none"> • Reputation of mayor mobilized bond investors • Clear communication of RDC's intentions to the private sector. • Public forum in which LCE can get feedback on bills, proposals; this reduces business' fears of politicization • Clear division of roles • Helps government understand private sector initiatives and how it can complement them • Joint planning can activate and energize councils • Willingness to let the politicians take the credit. • Long-term involvement • Recognition that this is an effective group means that local politicians need them • Better ones have involvement of the private sector and have professional staff • Takes leadership from City as to the sectors in which to promote investment • Research where the opportunities lie, offer politicians a menu of options • Staff have to be skilled. • Opportunities arise when you let people step outside their formal role • Benefits for private sector partner were clearly stated; ToRs for a particular activity were clear • Big public success makes people willing to work together again

Apart from the above formal mechanisms, it is also important to have less formal opportunities for dialogue, such as the following:

Mechanisms	Success Factors
a) “Kapihan” b) Weddings, Christian baptisms and even funerals are some venues where informal discussions are held.	<ul style="list-style-type: none"> • “Floating” ideas before bringing up in more formal venues • Test how many will commit

Question 2: What are the pros and cons of different types of inter-LGU collaboration to promote LED?

Type of Inter-LG Collaboration	PROS	CONS
a) Northern Mindanao Alliance (2 provinces, 1 municipality, 1 city)	<ul style="list-style-type: none"> • Pangil Bay Bridge Project – composed of Lanao del Norte, Misamis Occidental and Tubod. • A project of the national government but with a consortium of with a personality • Able to forge a MOA with DPWH on a build, operate and transfer (BOT) scheme • Strengthened role of LGUs to co-invest and decide on development projects for their mutual benefit. 	<ul style="list-style-type: none"> • How to sustain the initiative beyond the term of office of the LCEs.
b) Metro Iloilo and Guimaras (MEDCO)	<ul style="list-style-type: none"> • Forged partnership among LGUs • Able to implement a number of projects • Willingness to share resources/skills/expertise among LGUs 	<ul style="list-style-type: none"> • Difficulty in accessing financing due to many requirements (SEC registration, formalizing their association, etc.)
c) Tagbilaran Infra Project on Solid Waste Development of a Landfill. Eight to nine LGUs in Metro Tagbilaran came into the consortium	<ul style="list-style-type: none"> • Joined hands to address a common problem/issue 	<ul style="list-style-type: none"> • Small LGUs looking up to the big LGUs to shoulder their share. Big LGUS don’t want to pay for small LGUs • Rivalries between LGUs • Lack of clarity on how to share responsibilities (cost, manpower, etc.)
d) Bohol experience (provincial government taking the lead)	<ul style="list-style-type: none"> • LCEs as catalyst • Running for six years already • Was able to develop a strategic plan for the province. • Organized dialogue with stakeholders 	<ul style="list-style-type: none"> • Some LGUs are cold toward the initiatives because they are not from the same political party.
e) One Cluster One Vision	<ul style="list-style-type: none"> • Was able to develop a common 	<ul style="list-style-type: none"> • Inter-political party;

Type of Inter-LG Collaboration	PROS	CONS
(Tarlac and Romblon experiences)	<ul style="list-style-type: none"> plan • Tarlac planned to construct a common market. 	<ul style="list-style-type: none"> conflicting directives • Clusters got frozen after LCEs lost the election • Funding share was a problem. • Difficulties in collaboration between LGUs • No donors got attracted to the clusters • Construction of a common market did not materialize.
f) La Union Water System Privatization Project	<ul style="list-style-type: none"> • Member-LGUs agreed to privatize the Water System • The project was seen to be a revenue generating project for the LGU. 	<ul style="list-style-type: none"> • Staff of the water district did not want to turnover responsibility to LGUs.
g) Baguio Solid Waste Project (NIMBI)	<ul style="list-style-type: none"> • LGUs agreed to develop a solid waste management plan 	<ul style="list-style-type: none"> • No LGU wanted to host the landfill
h) Negros Occidental Development of Industries	<ul style="list-style-type: none"> • Component LGUs agreed to advance certain industries • Partnership between the provincial government component LGU, the TLDC (Technology and Livelihood Development Center) and the Provincial Sanggunian • 21 municipalities out of 32 were able to develop their own enterprise (privately-owned) towards a provincial industry (garments, food) • 15 municipalities with special products in export and domestic markets. • Running for four years • Started with sustaining mechanisms that TLDC assisted in planning the development project. 	<ul style="list-style-type: none"> • LCEs should be strong leaders • Council may support the idea but it can still fail if it is not in the agenda • If the LGU has a development program with budget, space and manpower it will be sustained; otherwise, sustainability is slim.
i) Bohol Marine Triangle (three municipalities)	<ul style="list-style-type: none"> • LCEs are busy. An Executive Council with the private sector and government to work on development of the three municipal marine resources in Panglao was formed. Change in leadership is not a problem if there is a Council that pushes it 	

Type of Inter-LG Collaboration	PROS	CONS
	through. <ul style="list-style-type: none"> • Foreign funding support/NGOs 	
j) Abatan River Program	<ul style="list-style-type: none"> • Initiated by the Congressman 	<ul style="list-style-type: none"> • Three out of five municipalities are not very committed
k) Guimaras GIS (five municipalities involved)	<ul style="list-style-type: none"> • IRA combined to develop GIS hosted by the province • Governor allocated a portion of each municipality's IRA as initial equity for BOT • Was seen to be a good revenue generation • Provincial government took responsibility for the remaining loan balance • The benefits/collaboration has survived two elections • Promotion of the idea; continuous public involvement 	<ul style="list-style-type: none"> • Some municipalities have historical animosity • Organizational life cycle (subjected to environment forces)
l) Eastern Samar and Surigao del Sur inter-municipality alliance that focuses on natural resource management	<ul style="list-style-type: none"> • Provides a high sense of accountability • Created multi-sectoral bodies with private sector participation • Economies of scale • Resource pooling for mutual benefits 	<ul style="list-style-type: none"> • Deemed in conflict with provincial directions • Tendency of small local governments to free-ride
m) Clustering Philippine Municipalities	<ul style="list-style-type: none"> • Clustering according to profile-- coastal, lowland, upland -- for targeted investment promotion and project development 	<ul style="list-style-type: none"> • Poor participation by LCEs • Political dynamics
n) Metro Jolo (three municipalities - Paticul, Jolo and Indanon)	<ul style="list-style-type: none"> • JIP collaboration based on collaborative advantage • Paticul as the housing and/or institutional center • Indanon as the agricultural service center • Create a One Stop Shop business permit and licensing Center 	<ul style="list-style-type: none"> • Legal implications • Commitment of LCEs
o) PALMA Alliance (North Cotabato) and Metro Naga (Camarines Sur)	<ul style="list-style-type: none"> • More efficient resource mobilization/generation • More LGUs sharing resources • Able to lobby resources from North Cotabato province • Resource mobilization, enterprise development • Common service facility 	<ul style="list-style-type: none"> • Varied priorities commodity sectors (retail, marketing, etc.) • Difficult to come-up with a consensus among LGUs • Political dynamics are so intense • Most municipalities in

Type of Inter-LG Collaboration	PROS	CONS
		Metro Naga are SMED members, except for Naga City <ul style="list-style-type: none"> • Naga City doesn't have access to provincial/higher level support because of different party affiliations • Political change
p) Inter-LGU Competition as exemplified by the healthy competition between Manila and Cebu and two LGUs in Laguna	<ul style="list-style-type: none"> • LCEs/officials talking to each other on investments and benchmarks • Replication of policies and programs on economic development • LGUs involved driven to innovate 	<ul style="list-style-type: none"> • If misinterpreted, can get-out of hand

Following are some key insights:

- Collaborative mechanisms can be rigid and institutionalizing. It is hard to be innovative if there are many rules (protective, prohibitive) that are not responsive to the needs of the constituents.
- Competition can trigger innovations.
- It is important to focus on the development orientation of local chief executives.

Question 3: What policies and services of an LGU have the most effect on enabling the private sector to grow? What should government NOT do?

	Policies	Service
WHAT WORKS	Business regulation <ul style="list-style-type: none"> • Stable policy and regulatory environment for business • Clear and transparent steps on acquiring business permits and licenses. • Private sector participation in business one-stop-shops. Taxation and budgeting <ul style="list-style-type: none"> • Fiscal policy which reflects LED requirements in the LGU budget. • Minimize subsidies to economic enterprises. • Promote public-private partnerships by, for instance, allocating a portion of LGU revenues to a common service facility that the private 	Services to businesses <ul style="list-style-type: none"> • Sustainable one-stop shop business center with a streamlined business registration system • An LGU investment fund that can be tapped by the private sector such as the one set up in Bulacan • A program that links businesses with outside sources of funds and a menu of lending facilities that target LGUs and the private sector • Common service facilities available to the private sector. • Information system (which may be Web-based) to inform investors about the community/the LGU itself as well as how they can start a business.

	Policies	Service
WHAT WORKS	<p>sector can tap</p> <p>Operational practices</p> <ul style="list-style-type: none"> • Making available data and information requirements to private sector and micro enterprises. • Transparent and accessible procurement system • Enabling the formation of metro alliances • Functional working committees within an LGU to capture the needs of business <p>Legislation</p> <ul style="list-style-type: none"> • Formulation of local investment code which identifies investment priorities. • Ordinance creating a multi-stakeholder mechanism to promote LED. • Land use policy • Privatization of public sector entities/ public corporations <p>National level</p> <ul style="list-style-type: none"> • More friendly BOT law • Avoid inadvertently creating disincentives for LGUs 	<ul style="list-style-type: none"> • Public employment service system that matches the needs of establishments with the available labor force, such as in Metro Naga • Programs or services to assist businesses to move from micro to small, etc. • System such as technological park that provides business incubators in areas such as product design & testing, marketing <p>General service improvements</p> <ul style="list-style-type: none"> • Presence of peace and order. • Adequate and reliable transport and communication services • Adequate health and education services for skilled labor force. • Matching/training labor force before employment. • Support system. <p>National level interventions</p> <ul style="list-style-type: none"> • Business extension services to assist LGUs in enhancing LED initiatives • Technical assistance to LGUs such as in business planning, facilitating market linkage, trade and investment promotion.
WHAT DOES NOT WORK	<ul style="list-style-type: none"> • In principle LGUs should not go into the business of business. • Do not provide subsidies to enterprises. • Avoid asking businesses to volunteer donations to LGU affairs. • Do not change rules arbitrarily or establish stiff rules. • Government should not increase barriers to entry of new enterprises • Do not entertain unsolicited proposals of private sector providers 	

It is important to remember that LGUs are not homogenous, they are unique. What works in one LGU may not necessarily work in another.

Question 4: What aspects of local governance (not local government) are improved by stimulating economic growth?

CITIZEN	LCEs/LGUs	PRIVATE SECTOR	FUNDING INSTITUTIONS
<ul style="list-style-type: none"> • Citizens will demand increased transparency with an improved local economy. • The attitude of the community will change if their living conditions will improve. 	<ul style="list-style-type: none"> • There must be a common visioning in the community. An institutional set-up must be proposed. 	<ul style="list-style-type: none"> • Improved economy will stir-up the interest of the private sector. • Effects: <ul style="list-style-type: none"> *Improved services *Less bureaucratic services *Tax holidays *Un-intended effects: economy may result to instability 	<ul style="list-style-type: none"> • Kick-start something first, visioning has to come later • Model projects may be implemented so that people can see progress first.
<ul style="list-style-type: none"> • More citizens involved in local governance. • The community and the LG must agree on how to run the economy. 	<ul style="list-style-type: none"> • Negative observation -politics plays a lot 	<ul style="list-style-type: none"> • Umbrella group to manage in effecting change support to micro-enterprises. 	<ul style="list-style-type: none"> • The culture of the community must be considered, not just those directive dictated by the national government
<ul style="list-style-type: none"> • Mind-shift on the part of citizenry. OFWs may demand change from their LGUs having seen it in the places they have gone to. 	<ul style="list-style-type: none"> • Dialogue with potential investors and other stakeholders. 	<ul style="list-style-type: none"> • Capacity enhancement of LGUs must be supported. 	<ul style="list-style-type: none"> • Constant monitoring from the outside (change agents) for those involved in the project to be more focused on what they are doing.
<ul style="list-style-type: none"> • Importance of community pride when changes take place. 	<ul style="list-style-type: none"> • LGUs must be creative enough to stimulate growth. 	<ul style="list-style-type: none"> • 	
	<ul style="list-style-type: none"> • Provide competitive environment to different operators to enhance public trust. 		
	<ul style="list-style-type: none"> • Mechanisms that will monitor the provision of good services 		
	<ul style="list-style-type: none"> • LGUs need to be more innovative to attract more business investors. Competition must be 		

CITIZEN	LCEs/LGUs	PRIVATE SECTOR	FUNDING INSTITUTIONS
	supported/ promoted		
	<ul style="list-style-type: none"> Change in mind shift among LGUs . Good indicators would be: <ul style="list-style-type: none"> Improved local budgeting; Improved fiscal policy formulation; More and equal allocation of resources; and Equalized tourism business opportunity for everyone. 		
	<ul style="list-style-type: none"> Strengthen Local Development Councils (multi-sectoral) – this will result to improved relationship between LGUs and the Executive Branch. 		
	<ul style="list-style-type: none"> Strengthen the steering role of LGUs - to get out of public enterprise. 		
	<ul style="list-style-type: none"> Laws must be passed for the continuance of every good project beyond politics. 		

Question 5: What are some successful LED initiatives that have outlasted political change? What are the factors that enabled them to outlast political change?

Successful Mechanism for LED Initiatives	Success Factors
a) One Stop Shop for Business Permits. . It lessens the number of days of processing the business permits.	Information technology
b) Establishment of Real Property Tax System	Trained staff, presence of champions who promote the system and train the citizens. Once trained, they will become champions and can be the regular employees who can continue the program even when there is a change in political leadership.
c) Economic Development Strategy of Guimaras	Ability to focus on mobilizing resources, engaging

Successful Mechanism for LED Initiatives	Success Factors
	with LCEs/Leaders, built capacities of LED staff/personnel
	Coordination of all activities, model of public private partnership
	Clarity of benefits for everyone, continuing buy-in and support
d) Galing Pook Awardees for Community-Based Tourism	Resources available in the areas
e) Focus on key industries: Tourism, Fisheries, Agriculture	Development plan based on consensus
f) Created an office, community-based tourism initiatives	
g) Makati, Ortigas, CALABARZON Business Establishment History (study and learn from their experiences)	Long term plan (private sector), commitment of LGUs to the plan, resources committed to execute the plan, institutionalize the mechanism
h) Marikina Experience – setting up of a local development council; Cebu GIS (registered business establishment)	Building synergies among LGUs, i.e. inter-municipality alliance for CBRM – vision of leadership, entry point for youth employment, kick start LED, institutionalizing the structure, having a good knowledge management program, building on lessons learned
i) Transparent Accountable Governance, Bohol, La Union, Bulacan, Naga, Davao City, Palawan Naga and Makati have a Citizens Charter powered by CSOs/volunteers and embody the aspirations of the community.	Good incentives investment code - In consultation with the private sector - Palawan Council for Sustainable Development - ICT for a more transparent system

Following are some issues and thoughts:

- Political Dynasty is good in some cases, like for sustainability of programs or projects.
- A weak institution can be compensated by good leadership.
- Change in leadership will also effect changes in the system.
- One Cluster One Vision – clustering of LGUs is a good strategy to propel local economic development.

**Question 6: What are good tools to identify LED strengths and opportunities?
Under what conditions would the use of such tools be appropriate?**

Following is a summary of key points that cut across specific approaches and tools:

- Tools identified were largely tools/instruments already adopted by the public sector in project identification and environmental scanning. For example, the Participatory Appraisal of Competitive Advantage (PACA) being utilized by the GTZ is an instrument that effectively captures private sector interests and perspective.
- The end-objective of most of the broader perspective assessment approaches is the determination of the local economy's competitive advantage. These approaches utilize specific diagnostic tools identified, such as, market surveys, SWOT analysis, among others. While some instruments - such as, City Development Strategies (CDS) and Political

Economic Social Technological (PEST) Analysis - would also be interested in a locality's competitive advantage, the perspective of both approaches are said to be more holistic in that they consider the locality's needs and the dynamics between the different aspects of local development such as social, environmental, political situation, among others. These instruments are based on the assumption that local economic development does not exist in isolation.

- There has to be a comprehensive package of tools that supports the local economic development process. Assessment should be an “informed” process so that informed decisions can be made accordingly. The presence of an information technology (IT) hub was mentioned as ideal.
- While instruments and approaches vary in nomenclature, it was pointed out that some of these instruments and approaches would essentially be the same. The GTZ representative mentions that what they term as a Rapid Economic Appraisal (REA) may be equivalent to the approaches/instruments used in the assessment of local competitive advantage.
- In utilizing specific diagnostic instruments (such as SWOT) as inputs in strategic planning, opportunities and threats are better seen as take –off points for identifying a local government's competitive advantage.
- For economic development programs in general, preconditions would involve (i) support of the local government (i.e., the local chief executive as a champion and a change agent including the local council), (ii) support of the industry sector, (iii) policy and fiscal support and (iv) the support of other partners such as women, NGAs, etc.

The following table summarizes the identified approaches/tools and the conditions where their use is considered appropriate. Tools identified are grouped in three clusters: (a) those already institutionalized to some extent in local governments; (b) approaches that integrate various aspects in assessing a locality (these usually consist of multi-stage processes and/or are multi-sectoral in nature covering several aspects of local governance); (c) specific instruments or tools utilized in the various stages/aspects of the assessment approaches that are used as inputs in the final analysis of the locality:

TOOLS/APPROACHES		APPROPRIATE CONDITIONS
A. <i>Diagnostic tools/approaches currently institutionalized in varying degrees in local governments, most of which are being promoted by the DILG.</i>		
A.1	<p>Joint Memorandum Circular (JMC) No. 1 that harmonized planning, budgeting The JMC was issued to address the need to synchronize local planning, investment programming, revenue administration, budgeting and expenditure management; the JMC serves as an organizing tool for LED; it essentially maps out the connection between the different local development plans, the budgeting process and expenditure management.</p>	<p>➔ There should be a mechanism for convergence to enable harmonization of National Government (NG) oversight as well as line-agency plans since these would also influence local development efforts. Local governments should be the “tool” or they should be given the authority to “tell” or influence what NG must do to achieve harmonization of such plans.</p>
A.2	<p>Comprehensive Land Use Plans (CLUP) Provides a spatial plan of the locality for development control. It identifies locators that can be used as inputs for the physical framework plan used for programming required capital investments covering infrastructure, and other support facilities.</p>	<p>➔ Should consider zoning in the area so that zoning and identified land uses should match. The planning process should look at the broader spatial development of the locality so that identified priority physical infrastructures should be appropriately located and corresponding support infrastructure considered in the long term</p>

			development of the locality.
A.3	Comprehensive Development Plans (CDP) Medium term multi-sectoral local development plans reflecting a three- to five-year program that captures development strategies and capital investment projects programmed for implementation within the period.		<ul style="list-style-type: none"> ➤ Should consider existing strategic long-term plans and CLUPS so that the holistic development of the locality can be factored in the prioritization and programming of local development projects and interventions.
A.4	Executive –Legislative Agenda (ELA) ELA is basically a term-based three-year plan that sets out the current administration's priorities and thrusts.		<ul style="list-style-type: none"> ➤ Should capture priority investment programs contained in the CDP that are considered as priority by the administration. ➤ Plans should have a strong focus on local economic development (LED).
A.5	Local Government Performance Management System (LGPMS) The LGPMS is a web-based self-assessment tool that captures the local government's economic situation. LGPMS results can be used as valuable inputs for prioritizing local development capital investment projects and the identification of required support programs that would also cover other areas such as social services, environmental management, governance and administration.		<ul style="list-style-type: none"> ➤ Local chief executives who are committed to improve local economic conditions. LGPMS is a self-assessment tool; performance ratings may not accurately capture local economic conditions if the local government concerned tries to project a better image than the actual situation.
A.6	Community Based Monitoring System (CBMS) Household-based data focused on poverty indicators that would give important information on focal areas/ appropriate interventions needed to boost the local economy. Poverty-based indicators can be used as inputs to a local government's investment plans, conduct of risk analysis and tracking of contributions toward MDG goal achievement.		<ul style="list-style-type: none"> ➤ LGU should be ready to address poverty since the system is specifically designed with poverty alleviation as the main objective. Most of the gaps that can be identified would entail social sector initiatives that may not have sufficient financial returns.

TOOLS/APPROACHES		APPROPRIATE CONDITIONS
<p><i>B. Broader-perspective Assessment Approaches would involve an analysis of the larger environment and utilize specific diagnostic tools indicated in item c.</i></p>		
B.1	<p>Political Economic Social and Technological (PEST) Analysis PEST Analysis is a public management tool that goes beyond the identification of a locality's competitive advantage and provides a holistic analysis of a locality's over-all situation. In the process, PEST gives a glimpse of the dynamics covering several sectoral concerns/aspects of local governance that can be used to determine the LED "package" of interventions and support activities/actions necessary to enable smooth implementation of a LED initiative. It essentially uses SWOT, market studies and case analysis as instruments for an in-depth analysis of the area viewed within a broader context. It is said to be "more organized" than SWOT.</p>	<ul style="list-style-type: none"> ➤ Availability of data since analysis is constrained by the lack of information, which is largely dependent on the data gathering capacity of LGUs. Majority of the required information are acquired through the years and appropriateness of interventions would depend on the completeness and reliability of data.
B.2	<p>Participatory Appraisal of Competitive Advantage (PACA) PACA is a toolbox of a number of tools/instruments used for each step/ phase of an entire appraisal process that would take a period of about 2-3 weeks. A rapid economic appraisal will kick-start the local economic development process. After a year, stakeholders sit down for visioning and the definition of strategies. Tools to assess local competitive advantage - such as value chain analysis (VCA) and resource mapping - are used. A performance assessment of identified interventions is undertaken through the "Compass of Local Competitiveness" discussed in b.3.</p>	<ul style="list-style-type: none"> ➤ The process is basically demand-driven and the desire to participate in the PACA process should emanate from the local government. There must be a Letter of Intent (LOI) from the mayor manifesting his/her interest to participate in the PACA ➤ Private sector presence is said to be important and specific tools - such as, five-force analysis and diamond analysis - are used to enable identification of private sector champions. ➤ Trained facilitators on these tools - preferably Filipinos coming from the private sector and other business providers - are considered essential to facilitate the conduct of the surveys and the entire assessment process. This will also enable institutionalization of the entire process in the locality.
B.3	<p>Compass of Local Competitiveness It is a component of PACA used as a performance assessment tool after interventions are introduced.</p>	
B.4	<p>City Development Strategies(CDS) A World Bank (WB)-approach consisting of a six-month multi-stage process that starts with the "urban cut" or mapping. This is followed by a series of activities, including the conduct of dialogues, resource mapping, study of the political situation as well as existing local development plans (i.e. CLUP, ELA), among others. To date, the WB has already provided assistance in identifying the development priorities of about 60 cities and they are planning to do a performance assessment of assistance provided.</p>	<ul style="list-style-type: none"> ➤ Good mayor who is willing to lead the LED process. ➤ Willing partners who will team up with the local government in the realization/ implementation of the identified LED initiatives. ➤ There is a core team of people coming from NGOs, academic institutions and other sectors willing to work for the LGU's development.
B.5	<p>Five-Step Local Economic Development (LED) Process This was utilized in organizing the LED effort in ARMM. The LED Process utilized such instruments as resource mapping and value chain analysis (VCA) to identify the locality's comparative advantage. SWOT was used to assess the local economy.</p>	<ul style="list-style-type: none"> ➤ Not to start with problems but should capitalize on opportunities. ➤ Establishment of an office such as the Economic Development Office (EDO). ➤ Should be participatory in approach---one of the specific instruments used is the stakeholder analysis, which gathered inputs as well as support from various sectors who are also potential partners. ➤ Quick wins should be identified so that immediate results can be seen, thus providing an impetus to continue pursuing development initiatives.

TOOLS/APPROACHES		APPROPRIATE CONDITIONS
B.6	Strategic Planning Strategic Planning would require the use of SWOT and other instruments to identify a locality's competitive advantage.	<ul style="list-style-type: none"> ➤ There has to be an identified need to undertake strategic planning. ➤ There should be a champion/leader - no less than the local chief executive (LCE) – who is serious in moving forward, really committed and has a vision to pursue LED. ➤ Economic Development Office (EDO) that has a budget, technical expertise and established mechanisms
B.7	Investment Forum Provides a venue for donors , potential investors to identify investment opportunities.	<ul style="list-style-type: none"> ➤ There is a match between investor's priorities and LGU needs.
<i>C. Specific diagnostic tools used to provide inputs for broader perspective analysis in undertaking assessments of a locality</i>		
C.1	Resource Mapping Useful for resource-based activities and has to be connected with the Physical Framework Plan to ensure infrastructure support.	<ul style="list-style-type: none"> ➤ Champions/Change agents and technical staff that would initiate "a really good analysis of opportunities and threats".
C.2	Value Chain Analysis (VCA) Used in determining priorities after resources are identified	<ul style="list-style-type: none"> ➤ Local government should be able to identify and agree on priority revenue stream, whether this is sectoral (i.e. agricultural, marketing, commodity, etc.) or will only involve a specific commodity.
C.3	Doing Business Surveys Concerned with determining the ease in doing business in a locality.	<p>Mentioned as instruments used as integral components in the strategic planning exercise together with resource mapping and VCA. Appropriate conditions would necessarily include :</p> <ul style="list-style-type: none"> ➤ Identified need to undertake strategic planning; ➤ Support from the local chief executive; and ➤ Champions /Change agents and technical staff that would initiate "a really good analysis of opportunities and threats".
C.4	Business/LGU Competitiveness Survey	
C.5	Market Studies Used to determine demand and supply for particular products and services that would give a picture of the locality's competitive advantage; involves the identification of gaps so that these could be addressed accordingly and the local government's competitive advantage can be exploited.	
C.6	Strengths Weaknesses Opportunities Threats (SWOT) SWOT Is said to be participatory in approach, easy to understand and largely used in assessing the local economy. Emphasis has been given on the importance of identifying opportunities and threats.	
C.7	Regulatory Impact Assessment (RIA) Indonesia has already instituted this assessment process that measures impacts of regulatory policies based on results and benefits. Assessment usually utilizes mathematical modeling that may require knowledge in econometrics. However, the process can be simplified and adopted to the Philippine setting through the use of surveys.	<ul style="list-style-type: none"> ➤ LGUs wanting to have sound, well-considered policies since RIA provides for an objective analysis of policy effectiveness. ➤ Support of local councils since it is the law-making body at the local level--- the RIA can provide inputs for the formulation of more effective laws.

TOOLS/APPROACHES		APPROPRIATE CONDITIONS
C.8	<p>Hazard maps</p> <p>On the positive side, hazard maps can provide inputs in determining mitigating measures to minimize disaster impacts and identify appropriate interventions to eliminate disaster risks and impacts such as increasing the elevation of land in flood –prone areas. PHIVOLCS and PAG-ASA are the key agencies involved in such endeavors.</p> <p>On the negative side, the maps can be the basis for non-investment in disaster-prone areas.</p>	<p>☞ Becomes an effective tool if the objective of the analysis is focused on risk reduction in disaster-prone areas.</p>

VI. Wrap Up Session

By way of wrap-up, Mr. Gonzalez presented the following points from the reports of the six facilitators. He stressed that the points do not represent a “synthesis” of the rich and diverse discussions within the knowledge café but rather, what he personally found to be significant insights from the discussions.

1. Formal mechanisms of collaboration between LGUs and the private sector are definitely important. Equally important are informal mechanisms of dialogue and collaboration.
2. Often neglected is the key role of the provincial government in local (economic) development.
3. LGUs are already overburdened. There has to be an incentive system that will encourage them to become development oriented.
4. LGU cooperation is good, but inter-LGU competition can also be healthy.
5. Should LGUs be business-people or be limited to creating an enabling business environment?
6. Transparency is a universally-accepted value. However, the real question is “how can transparency be mainstreamed within LGUs?”
7. There is a clear link between ICT capability and local (economic) development. The development of the ICT capacity of LGUs should be a priority task.
8. “If you have a hammer, every problem looks like a nail.” The quote refers to the appropriateness of tools. At times, the use of a tool can distort perceptions of reality.
9. In the ultimate analysis, it is still the human factor that spells the difference.

A participant inquired on the next steps. Mr. Gonzalez responded that the inputs from the first two sessions (the March 14 and today’s workshop) will feed into the activity three – the internal DILG session. The inputs will be used to review (and possibly revise) the outputs and indicators the LGSP-LED. Activity-3 will also formulate specific implementing activities and identify the institutional partners of DILG for the project.

The outputs of Activity-3 will feed into further internal discussions within DILG that, at some point (perhaps towards the end of the year) will be joined by the identified Canadian Executing Agency (CEA). These discussions will eventually result in the preparation of a Project Implementation Plan (PIP) for the LEGSP-LED.

VII. Evaluation

Mr. Gonzalez invited people to share their impressions of the day's activities. One of the facilitators appreciated the process but expressed concern that time constraints make it difficult to draw inputs from such a rich source of data. She suggested that a directory or roster of human resources be prepared for further consultation and dialogue.

An evaluation sheet was also distributed to the participants. The summary of the evaluation results (which was prepared by Joric Maglangue, Knowledge Management Adviser of PCCO-CIDA) is presented below:

- The average rating across all elements of the program was 4.3 out of a possible 5 (see table below)
- Generally, participants found the forum as an effective knowledge sharing/collaboration activity, and are likely to participate in similar sessions in the future.
- The highest rated questions are those pertaining to the effectiveness of the forum in meeting its objectives (#s 4 and 6) and logistics/secretariat support (#s 9 and 10). More than 85% gave these questions a rating of 4 or 5.
- The lowest rated question is #8 pertaining to whether the questions were effectively understood by the participants. Responses to question #13 show insights on how participants perceived the questions (preferably less, simpler questions; to be given prior to the session).
- Of all the questions, question # 3 received the most number of unfavorable ratings (1 or 2). No recommendations were given.
- Considerations for the next session: (a) more time for discussions and opportunity for interaction; (b) include other participants to enrich discussions (private sector, more LGUs, other government agencies like DTI; and (c) provide participants with questions before the session to allow them to prepare better.

Question	Mode	Ave.	Rating of 4 and 5	%	Rating of 1 and 2	%
1. Was the activity enlightening – are you taking away new learnings, knowledge, ideas?	5	4.3	17	81%	1	5%
2. Are those learnings, knowledge, and ideas useful to your work and your institution?	5	4.2	17	81%	1	5%
3. Did the activity enhance/enrich your appreciation of “local economic development”?	4	3.7	14	67%	2	10%
4. Do you think continuing similar knowledge sharing activities will produce benefits for DILG, your institution, and other LED partners and stakeholders?	5	4.6	19	90%	0	0%
5. Based on this experience, would you participate in future knowledge sharing and collaboration activities with other LED program/project managers and practitioners?	5	4.5	17	81%	0	0%
6. Did you find the Knowledge Café design/methodology effective in promoting knowledge sharing, learning, and a rich discussion	5	4.3	18	86%	1	5%

Question	Mode	Ave.	Rating of 4 and 5	%	Rating of 1 and 2	%
of the various sub-topics?						
7. Did the facilitator do a good job in conducting the session, keeping everyone engaged whilst managing conflict and limitations?	5	4.2	15	71%	0	0%
8. Did you find the Knowledge Café Guide Questions properly formulated, distinct, and easily understood thereby contributing to a constructive and rich discussion of LED issues, lessons, practices, and experiences?	3	3.7	11	52%	0	0%
9. Did you find the venue and amenities satisfactory?	5	4.6	19	90%	0	0%
10. Did you find the secretariat/logistical support responsive to you and your group's needs?	5	4.6	19	90%	0	0%

VIII. Closing

Ms. Frances Tanner of CIDA and Undersecretary Austere Panadero of DILG gave the closing remarks.

Ms. Tanner reminded the participants to give their email addresses to the Secretariat if they wished to receive a copy of the reports from the two learning events. She then acknowledged the people who had worked so hard in preparing for the knowledge café, especially Ms. Madel Go and the rest of the DILG team. She thanked GTZ for helping to develop the preliminary questions, Mr. Gary Nitorenda and the PCCO team, Mr. Joric Maglangue and Mr. Gonzalez. Finally, she thanked all her CIDA colleagues who had volunteered as scribes and/or facilitators.

Usec Panadero thanked all the participants for their attendance, CIDA-PCCO for funding and helping organize the event and the team of Director Gotis for their hard work and preparations. He said the information gathered is very comprehensive and will help jumpstart the LGSP effort, which is expected to commence this year. He also said the experiences shared have given DILG a good handle on how to proceed, what works and does not work, how to set up an enabling environment, and what are some good practices, including relationships and tools that DILG can harness in doing the work.

Usec Panadero said there is a need to speed up LED because figures show that 30% of development is limited to Manila and in Regions III and IV. The rest of the country, especially Visayas and Mindanao, have hardly moved.

The Undersecretary emphasized that there is no one-size-fits-all solution. Models that may have worked in a particular area might not work in another. At the same time, the effectiveness of single-LGU interventions will be limited; effectiveness will require the coordinated action of several LGUs. On the positive side, he pointed out that, compared to ten years ago, the private sector now shows greater interest and readiness to collaborate with LGUs. LGSP-LED is a good opportunity to pursue this interest.

In closing, Usec Panadero thanked the group for all the wisdom that had been generated and assured everyone that they will be invited when the project implementation begins.

The workshop ended at 4:55 PM.

IX. List of Attachments

1. Program of Activities
2. Knowledge Café Rules
3. Facilitator's Guide
4. Scribe's Guide
5. CIDA Presentation on LGSP-LED
6. ADB Brief
7. AusAID Philippines Strategy
8. CESO-BAP Brief
9. DILG Brief
10. GREAT Women Orientation
11. GTZ-LED Brief
12. ILO Brief
13. JICA Brief
14. OECD Brief
15. LCP Brief
16. LPP Brief
17. World Bank Brief
18. UN Habitat Brief
19. USAID Brief
20. AF-TAG3 Brief
21. IFC-Subnational Finance Brochure
22. Pearl2 Brief
23. LSIG-LEDA Brief
24. CUI Brief
25. LGSPA Brief
26. List of Participants
27. Pictures