



LOCAL GOVERNANCE SUPPORT PROGRAM FOR LOCAL ECONOMIC DEVELOPMENT (LGSP-LED) PHILIPPINES



State of Local Economic Development (LED) in the Philippines



Canadian International
Development Agency

Agence canadienne de
développement international



Department of the Interior
and Local Government

Association of
Canadian
Community
Colleges



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des collèges
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STATE OF LED REPORT

Abstract

Local Economic Development (LED) strategies and activities are likely to be more successful within an environment that has positive policies and mechanisms that enable local governments to facilitate LED activities. For indeed, while LED is a local endeavor, there are a number of national agencies that are responsible for creating this environment favorable to LED. The institutional mapping identified these agencies, their mandates and functions that are seen to enable LED as well as programs and projects for delivery of LED services. The result of the LED Mapping is A State of LED Report describing the institutional landscape for LED

This report was drawn from this institutional mapping of LED policies, programs, and services in the Philippines, from an agribusiness and tourism context. However, the scope of LED was broad and data were voluminous that it encompasses more than both sectors. Data from this report were gathered from focus group discussions, key informant interviews, secondary data and other public documents available.

The policies, programs and services of the National Government Agencies (NGAs) especially for the small and medium enterprises (MSME) provide the necessary triggers for LED. Sources of LED programs and services are varied and usually related to the mandate of these institutions. Various agencies roles are as regulator, facilitator, and provider of financing but all have technical assistance programs and are usually centered on institutional strengthening of capabilities of LGUs, viewing LED as an enterprise. What is generally missing is the conceptualization of LED towards making institutions more entrepreneurial and the LCEs acquiring an entrepreneurial mindset.

As far as institutional arrangements, and levels of NGAs reach in LED, the concentration of NGA programs is geared towards the regions and provinces where they have their offices. For agribusiness, the SADP, the agriculture chapter of the MTPDP and the AFMA are the cornerstones for LED. The new law on tourism, RA 9593 will generally change the institutional functioning of the DOT in tourism product development, marketing and tourism enterprise via the Tourism Infrastructure and Enterprise Zone Authority (TIEZA).

The mapping shows the need for the LGUs to link the national and the private sector policies, programs, and services to its community. This is where the local knowledge becomes important with the LCEs as entrepreneurs. This is on top of creating the business/entrepreneurship climate in support of existing national policies and for business

development or retention in their local communities. This provides the seamless possibilities of the needed local entrepreneurial competencies and legitimacy for a local entrepreneurial mindset to be created. Further, there is a need to rethink the NGAs approach at the regional and provincial levels vis-à-vis the role of the province, the municipalities, and the cities.

Finally, the report offers challenges to every individual and configures structure and mechanisms in the LGUs. The challenges can be considered either opportunities or threats, which could prompt LGUs to become entrepreneurs. However, local leadership and structure or mechanisms for LED define the outcome of entrepreneurship change efforts. This is in view of the urgency of LED in alleviating poverty.

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ACRONYMS

ADB	Asian Development Bank
ALCU	Association of Local Colleges and Universities
BOI	Board of Investment
BOT Center	Build Operate Transfer Center
BMBE	Barangay Micro Business Enterprises
BMSMED	Bureau of Micro, Small and Medium Enterprise
CDP	Comprehensive Development Plan
DA-AMAS	Department of Agriculture, Agribusiness Management Assistance Services
DAO	Department Administrative Order
DBM	Department of Budget and Management
DILG	Department of Interior and Local Government
DOF	Department of Finance
DOST	Department of Science and Technology
DOT	Department of Tourism
EO	Executive Order
ERDB	Ecosystems Research and Development Bureau
FGD	Focus Group Discussion
GEM	Global Entrepreneurship Monitor
ISG-BOI	Investment Servicing Group- Board of Investments
JAO	Joint Administrative Order
LED	Local Economic Development
LDP	Local Development Plan
LCSD	Local Council for Sustainable Development
LCU	Local Colleges and Universities
LEAP	Local Economic Assistance Program
LETP	Local Economic Transformation Program
LETPA	Local Economic Transformation Program Agenda
LGUs	Local Government Units

LIPASECU	Libertad, Pandan, Sebaste, and Culasi
MC	Memorandum Circular
MOA	Memorandum of Agreement
MSMEs	Micro, Small and Medium Enterprises
MTPDP	Medium Term Philippine Development Plan
NERBAC	National Economic Research and Business Assistance Center
NGA	National Government Agencies
OCOV	One Cluster, One Vision
ODA	Official Development Assistance
OTOP	One Town One Product
OVOP	One Village One Product
PCARRD	Philippine Council for Agriculture, Environment and Natural Resource Research and Development
PBR	Philippine Business Registry
PFW	Philippine Commission for Women
PLPEM	Provincial/Local Planning and Expenditure Management
PPP	Public Private Partnership
PDPFPs	Provincial Development and Physical Framework Plans
RA	Republic Act
RuMEPP	Rural Micro Enterprise Promotion Program
SADP	Strategic Agribusiness Development Plan
SD	Sustainable Development
SMEs	Small and Medium Enterprises
SIP	Sustainable Investments Program
SUCs	State Universities and Colleges
SULONG	SME Unified Lending Opportunities for National Growth
TEZs	Tourism Economic Zones
TESDA	Technical Education and Skills Development Authority
TIEZA	Tourism Industry Enterprise Zone Authority
TWC	TESDA Womens Center

PAMB	Protected Areas and Management Bureau
PTA	Philippine Tourism Authority
TGP	Techno Gabay Program
UNDP	United Nations Development Program
RuMEPP	Rural Micro Enterprise Promotions Program

I. Introduction

Literature indicates that there is disagreement as to what constitutes local economic development (Woltzman and Spitzley, 1996 as cited by Rowe, 2009). The discipline of local economic development (LED) is a complex mix of concepts, practice, and rhetoric. Rowe, 2009, argues that local economic development lacks a dedicated coherent body of theory. However, Bingham and Mier, 1993 disagrees and maintain that the theoretical underpinnings of local economic development are a compilation of numerous theories derived from a wide variety of disciplines.

From a practice perspective, according to the World Bank, LED is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all (www.worldbank.org). The Canadian International Development Agency (CIDA) Local Governance Support Program offers a more contextual definition of LED in the Philippines, it defines LED as the process by which actors within the LGUs (barangays, municipalities, cities and provinces) work collectively with the result that there are improved conditions for economic growth, employment generation and quality of life for all (LGSP, 2009). The CIDA-LGSP definition provides the scope in terms of the geography, of being entrepreneurial and holistic. The International Labor Organization (ILO) defines LED as a participatory process which encourages social dialogue and public-private partnerships in a defined geographical area. LED enables local stakeholders to jointly design and implement a development strategy which fully exploits local resources and capacities, and makes best use of the area's comparative advantages (www.ilo.org). The three major international organizations emphasized LED as collective and multi-stakeholder process within a geographical area using local resources for economic development.

The synopsis of the LED body of literature and practice in the public sector is classified into three—enterprise development (business development), entrepreneurial (business-like), and being an entrepreneur (businessperson's attributes). *Enterprise development* can refer to JB Say's classical interpretation of "shifting economic resources out of an area of lower into an area of higher productivity and greater yield" (Say, 1800). *Entrepreneurial* refers to "embrace of private managerial principles into the public sector aiming for changes in the program, process, policy, and structure of Local Government Units (LGUs)." The *public entrepreneur* refers to "the individual as contributory to paradigm shift, the individual as innovative, proactive, vision builder, and risk-taker (Javier, 2002)."

Majority of local government practitioners do not fully appreciate LED because the theoretical basis of their actions is usually not considered. The LGU support to LED is ad-hoc and limited to one-off “livelihood projects” (LGSPA, 2009). The 2007 Global Entrepreneurship Monitor corroborates this observation as found in its report findings. It surveyed 2,000 respondents nationwide as conducted by the Philippine Center of Entrepreneurship. It pointed out that the typical Filipino entrepreneur (1) is older (25-44 years old); (2) lacks innovativeness; (3) uses old or no technology; and (4) has high risk of aversion or failure. Gunder (1994) perfectly summarized this situation when he built his arguments by stating that “compounding this lack of focus on site-specific uniqueness and creativity, local officials and politicians often do not actually understand the implications of their chosen policies, referring to LED, or the links of causality, or the lack of them, underlying specific theories.” Further obscuring the situation is LGUs’ appreciation of their corporate governance mandate as provided by law whereby local governments are seen also as corporate entities (Section 15-17 and 22 of LGC, 1991).

The data in this study is based on key stakeholders interviews, focused group discussions, and extensive desk research. Literature and publicly available data were reviewed and analyzed. As with every institutional mapping, the challenge is how to avoid simplifying voluminous data by premature definitions of problems and concepts. While this cannot be avoided in an institutional mapping report, there were efforts to resist generalization.

The report provides an extensive overview on the state of LED programs, services, and policies in the Philippines today.

II. Objectives

The study aimed to understand the dynamics of LED in the Philippines.

Specifically, it aimed to:

1. Determine the state of LED through a careful mapping/inventory of national institutions: their policies, roles, programs, and projects;
2. Identify the roles and the mechanisms of these institutions and categorize these into regulation, facilitation, technical assistance, financial assistance, coordination, etc.

III. Methodology

The State of LED was determined through institutional mapping was carried out through 1) the inventory of LED policies, program, projects, and actors; and 2) the interpretation and analysis of data to determine roles, identify gaps and overlaps, and categorize coherence and institutional roles.

Emphasis was given to analyze the following:

1. The conditions which fostered LED policy, programs, and project implementation;
2. The institutional mechanisms of implementation, consequentially identifying the roles and responsibilities of actors;
3. The consideration of LED policy, programs and project potentials and replication.

Figure 1 graphically illustrates the operational framework of the study.

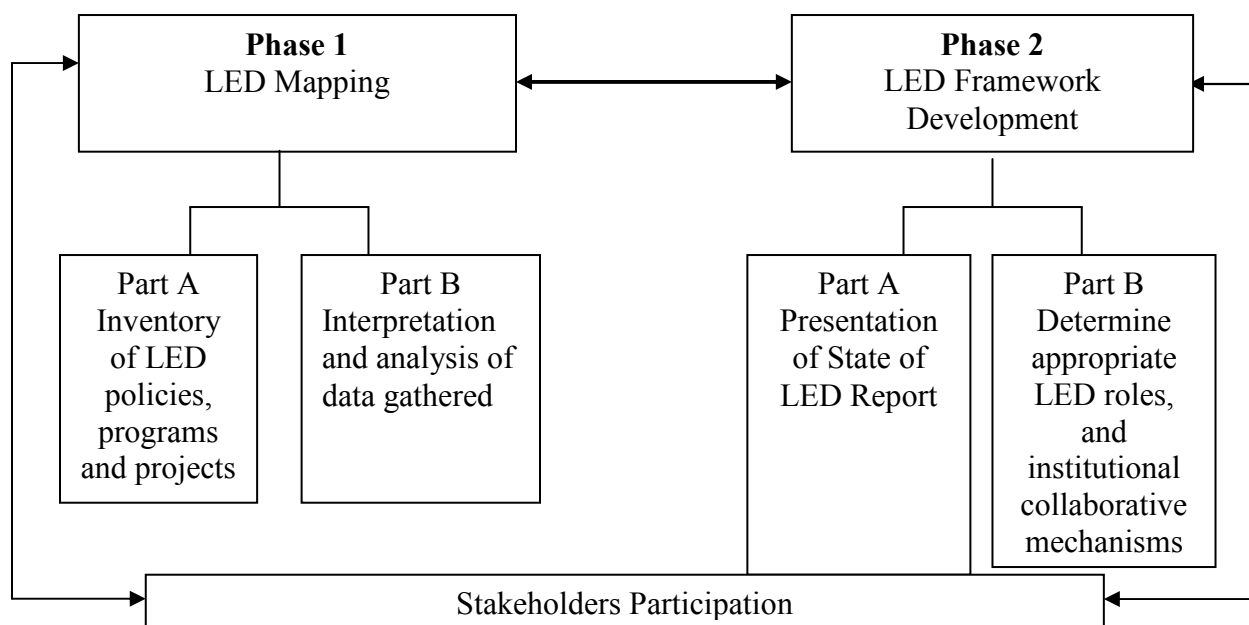


Figure 1. Operational Framework of the Study

1. Units of Analysis

The study was concerned primarily with the three clusters of informants for analysis—the LGUs, the National Government Agencies (NGAs), and the civil society including the private sector.

The LED mapping, policies inventoried refer to business retention, incentives, new business development, directions and the institutional roles, support, and mechanisms.

The LED programs/projects refer to the internal and external interventions and initiatives practiced by institutions. These are either traditional or innovative LED practices. Innovative programs target the emerging growth areas, partnerships to facilitate enterprise/business development, etc. The traditional initiatives refer to livelihood, loans and grants to business, tax incentives, basic business skills training etc. However, both strive for prosperity.

Figure 2 presents the guide for institutional mapping of LED.

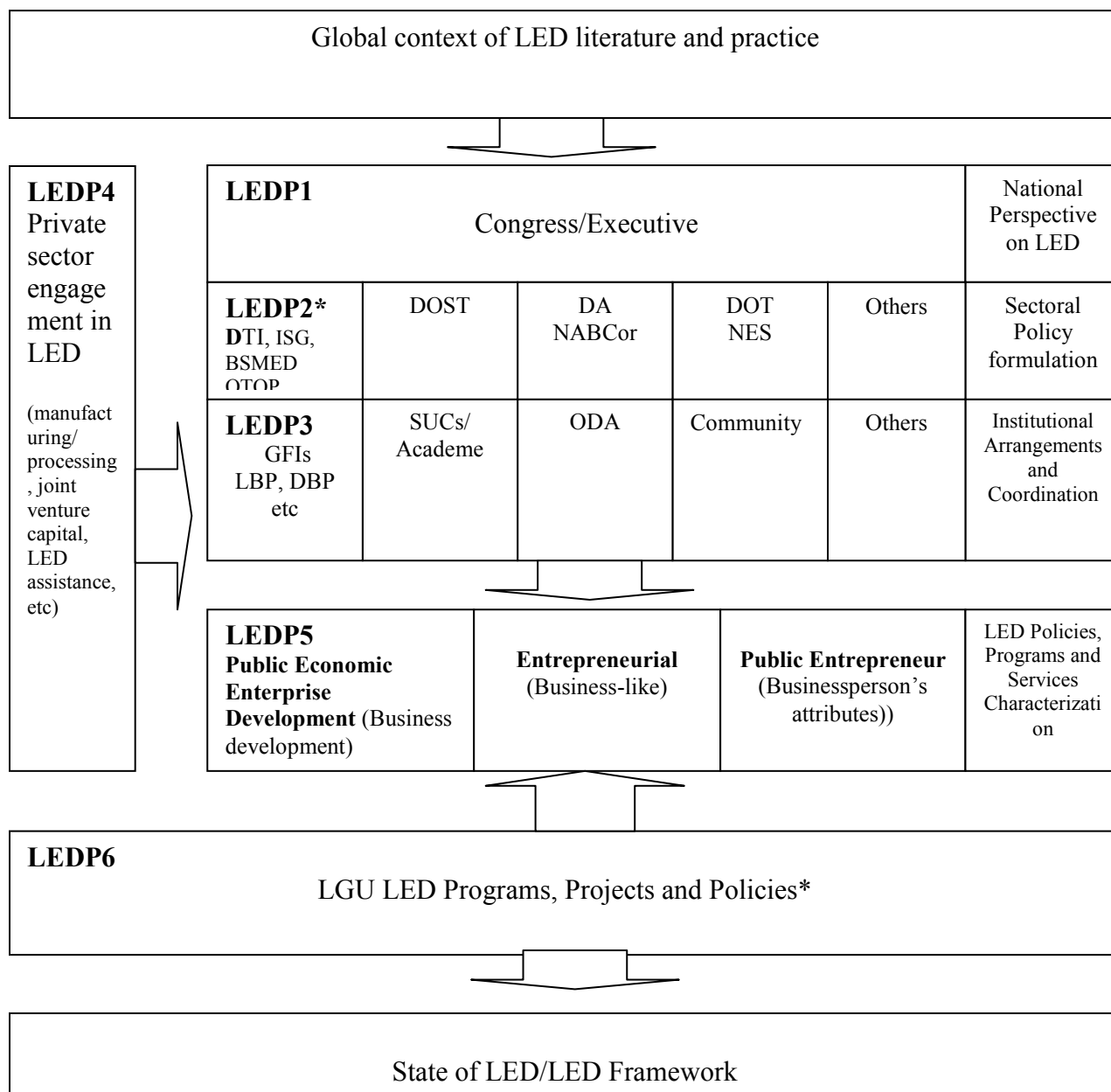


Figure 2. Policy Centered Institutional Mapping Guide of LED

LED Policy Mapping

LEDP1: LED Policy framework; LEDP2: LED Sectoral Policy formulation, implementation and coordination; LEDP3: LED Policy Support; LEDP4: LED Policy Indirect Support/Assistance; LEDP5: LED Goods and Services provision; LEDP6: LED LGU programs, projects and policies

* includes DILG Knowledge Café and Learning Forum results

2. Sources of Information

2.1 Key Informants

The three sources of information are unstructured key informant interviews, focused group discussions (FGD), and secondary data and participant observation.

Secondary data include policies, rules and regulations, case studies, formal studies, department orders, memoranda and resolutions, event reports and the like.

The key national offices are considered as the *supply side* of LED. The supply side of LED refers to programs and policies that provide services to key entrepreneurs and institutions. This also includes policies that will guide actors and stakeholders. Foremost among this supply side are the following:

- Department of Interior and Local Government (DILG)
- Department of Trade and Industry (DTI)
- Department of Foreign Affairs (DOF)
- Department of Budget and Management
- Department of Agriculture (DA) specifically, the Agribusiness Management Assistance Services (AMAS) and the National Agribusiness Corporation (NABCOR)
- Department of Science and Technology (DOST)
- Department of Tourism (DOT)
- National Economic Development Authority (NEDA), specially the Regional Development Coordinating Staff (RDCS) and the Agriculture Staff (AS), and
- Department of Environment and Natural Resources (DENR), specially the Protected Areas and Management Bureau (PAMB) and the Ecosystems Research and Development Bureau (ERDB).
- Technical Education and Skills Development Authority (TESDA)
- Philippine Commission for Women (PCW)

The legislative representatives are the committee secretaries of Agriculture and Tourism of both Houses of Congress (the Senate of the Philippines and the House of Representatives). The key private sector institutions considered as *demand side* of LED are the Philippine Center for Entrepreneurship (PCE), Philippine Chamber of Commerce Inc. and other private sector individuals.

The LED policies, programs, and projects of these institutions were mapped. Representatives were invited to participate in the presentation of the State of LED Report.

Table 1 provides the Key Informants in the LED Institutional Mapping

Table 1. Key Informants in the LED Institutional Mapping and Framework Development

Date	Person/Official	Agency
National Government Agencies		
November 26, 2009	Mr. Flarino Flauta Agribusiness Enterprise Development Department, National Agribusiness Corporation (NABCOR)	DA
December 17, 2009	Ms. Nemelita Sungcaya Chief Agribusiness Investments and Enterprise Development Division Agribusiness Management Assistance Services (AMAS)	
	Ms. Tamara Jean Palis, Project Development Officer III Philippines Agribusiness Land Investments Center	
December 1, 2009	Mr. Raul Angeles, Executive Director Investments Servicing Group Board of Investment	DTI
	Ms. Joy Lachica, Chief Training Division, Domestic Marketing Department Board of Investments	
	Mr. Manuel Cruz, OIC Director Investments After Care Services Board of Investments	
	Ms. Alicia Ore, Investments Specialist MSME Division, Investments After Care Services Board of Investments	
December 9, 2009	Mr. Franklin Rene Bonifacio Micro Enterprise Specialist Rural Micro Enterprise Promotion Program	
	Ms. Elvira Tan Bureau of Micro, Small and Medium Enterprise Development (BMSMED)	
December 2, 2009	Dr. Erwin Balane, Chief Tourism Operations Officer, Regional Development Planning Division	DOT
December 4, 2009	Dr. Lope Calanog, Deputy Director Ecosystems Research Development Bureau	DENR
December 17, 2009	Mr. Eric Baculi, Program Monitoring Specialist Foreign Assisted Projects Office	Department of Agrarian Reform (DAR)
December 17, 2009	Ms. Annie Liza Verdera, Sr. Science Research Specialist Small Enterprise Technology Upgrading Program (SET-UP)	DOST
December 22, 2009	Dr. Leah Buendia, Director, Planning Division, Philippine Council for Agriculture, environment and Natural resources Research Council (PCARRD)	
December 17, 2009	Ms. Sheila Marie Encabo, Chief Economic Development Specialist, Agriculture Staff	NEDA
	Ms. Luisa Jolongbayan, Supervising Economic Development Specialist, Agriculture Staff	

Date	Person/Official	Agency
National Government Agencies		
	Ms. Rowena Mantaring, Chief Economic Development Specialist Regional Development Coordination Staff	
	Ms. Diane Gail Llanto Economic Development Specialist	
Legislative		
December 1, 2009	Ms. Redia N. Atienza, Committee Secretary Tourism Committee	Senate of the Philippines
December 1, 2009	Atty. Grace Anne Salesa, Committee Secretary Committee on Agriculture	
December 2, 2009	Ms. Rosa Guzman, Committee Secretary Committee on Agriculture	House of Representatives
	Ms. Celia Milagros Miciano, Committee Secretary Committee on Aquaculture and Fisheries Resources	
	Ms. Consolacion Galang, Committee Secretary Committee on Food Security	
Academe		
November 27, 2009	Dr. Dinah Depositario, Associate Professor Department of Agribusiness Management, College of Economics and Management	University of the Philippines Los Banos (UPLB)
December 2, 2009	Mr. Alfredo Gula, Researcher Institute of Small Scale Industries	University of the Philippines Diliman
December 22, 2009	Dr. Liborio Cabanilla, Dean College of Economics and Management	UPLB
Private Sector		
December 2, 2009	Dr. Ramon Benedicto Alampay, Senior Consultant	Asia Pacific Projects, Inc. Tourism and Hospitality Consultants
December 4, 2009	Mr. Elmer Antioquia, Proprietor	SagipBukid Inc. Organic Agriculture for LGUs

2.2 FGD Guide Questions

FGD was utilized as a tool in collecting data during the consultative workshops and forum. During the process, participant inputs to the collaborative mechanisms and policies needed for an effective LED implementation were gathered. The FGD in this context is seen as a rapid assessment data gathering method in which purposively selected set of participants were gathered to discuss a list of pre-identified issues/questions (Krueger, 1988).

Questions were asked based on the three objectives of the study. The following are the FGD Guide questions.

1. What are the LED policies/programs/projects in your institutions?
2. How the LED policies/programs/projects did come about?
3. What are your roles and responsibilities in LED?
 - 3.1 Facilitator
 - 3.2 Regulator
 - 3.3 Enabler
 - 3.4 Investor
 - 3.5 Others
4. What prevents your policies/programs and projects to become an effective LED?
5. How will LED be improved in the following areas: agribusiness, tourism, MSMEs and partnerships?
6. What is the appropriate structure for LED in the LGUs?
 - 6.1 What are the ideal institutional arrangements for LED in the LGUs?
 - 6.2 How will LED opportunities be determined in a local government?
 - 6.3 How will LED opportunities be funded?

A two-hour session was conducted for the FGD process flow. The FGD started with a brief introduction of the objectives, the policy consultant and the participants were also introduced. Ground rules were also established including time allotted for the participants during the discussion. This developed rapport and the participants felt comfortable. During the course of discussion, each one was given the opportunity to freely speak. A variety of moderating tactics were used to stimulate the participants to share their knowledge and experiences. Below is the FGD Process Flow Guide (**Table 2**).

Table 2. FGD Process Flow Guide

Date	
FGD Process	Approximate Time
Registration	5 minutes
1. Objectives of the FGD	5 minutes
2. Introduction of Participants and Policy Consultants	10 minutes
3. Discussion Guide Questions	
<i>Q1 LED Policies/Programs/Projects</i>	25 minutes
<i>Q2 Conditions of LED Policies/ Programs/ Projects</i>	10 minutes
<i>Q3 LED Roles and Responsibilities</i>	15 minutes
<i>Q4 LED Barriers and Facilitating Factors</i>	10 minutes
<i>Q5 Suggestions for Enhancing LED</i>	25 minutes
4. Synthesis	10 minutes
5. Closing Remarks	5 minutes
Total	2 hours

Table 3. FGD Participants- Local Level

Name	Office	Position/Designation
Madel Go	DILG-BLGD	Focal Person, LGSPLED
Cristy Rubio	DILG-BLGD	Member, PMT
Virgie Clavel	DILG-BLGD	Member, PMT
Erlinda Manipon	DA-Region 1	Chief, Planning and Monitoring of Project Development Programs
Josephine Cabarrus	Bohol Tourism Office	Head
Efren Carreon	LGSP-LED	Partnership Adviser Region 9
Rizal Barandino	LGSP-LED	PMF Specialist
Dr. Joseph Campiseno	Jose Rizal Memorial State University	Director for Network and Linkages
Noel Bazan	Department of Trade and Industry-Region 9	Provincial Director

Table 4. FGD Participants– National Level-Agribusiness Sector

Name	Office	Position/Designation
Elvira Tan	Bureau of Micro, Small and Medium Enterprise, DTI	Division Chief
Zenaida Pre	Bureau of Micro, Small and Medium Enterprise, DTI	Assistant Division Chief
Albert Imperial	Issues and Concerns Facilitation Division, BOI	OIC, Division Chief
Ronnie Buluran	Issues and Concerns Facilitation Division, BOI	Sr. Investment Specialist
Dr. Mario Perilla	College of Economics and Management, UPLos Banos	Agribusiness Professor and former Dean

Table 5. FGD Participants – National Level (Tourism Sector)

Name	Office	Position/Designation
Ma. Matilde Go	DILG-BLGD	Focal Person, LGSPLED
Dr. Erwin Balane	Office of Tourism Development Planning	Chief TOO
Angelita Meniado	National Recreation and Extension Division, PAWB	Chief
Rosielle Cervantes	National Recreation and Extension Division, PAWB	EMS II
Redia Atienza	Senate of the Philippines, Committee on Tourism	Committee Secretariat
Zenaida Laurel	Senate of the Philippines, Committee on Tourism	Committee Secretariat
Carlos Libosada	AIT UP Diliman	Professor
Myra Lorredo	Philippine Center for Entrepreneurship-GO NEGOSYO	Programs Development Manager
Monette Flores	Independent Consultant	

IV. Institutional Mapping of LED Policies, Programs and Services

This part of the report is intended to give insight into the state of the LED in the Philippines as its importance has been widely recognized. A series of workshops, learning forum, reports and programs have been initiated to promote this policy area. LED policy learning has taken place in a process cutting across all levels in the national government and generating a huge impact on the local governments and vice-versa.

The extent of data involved has inevitably raised the issue on how to best present the findings from the institutional mapping of LED. In writing this report, putting forward

the mass of data acquired was deliberately avoided. Information gathered was evaluated and put together into concepts and presented in tables for easy understanding.

V. National Perspective on LED

In the Philippines, it is similarly argued that the emergence of public entrepreneurship in local governments is both a result of the external developments of the discipline and the political upheavals that pressure local institutions to be entrepreneurial (Javier, 2002) on top of the demand for increasing wealth. LED has been rooted in various development interventions as seen in the country's history. It has become a common fare in development interventions and has become a continuous goal for many government agencies. It was embedded in post-war reconstruction, rural development approach in the 1960's, industrial development in the 1970's and structural adjustments, and back to rural development in the 1980s. It was focused on the institutional development and capacity building in the 1990's as well as in the current view of institutions as political managers and public entrepreneurs.

Table shows the historical timelines of how LED roles are perceived for both NGA s and LGUs.

Table 6. LED Perception through the Years

Timelines	Framework	NG/LGU Roles
1960s	<ul style="list-style-type: none"> Agricultural development Community development 	<ul style="list-style-type: none"> Bureaucrat Livelihood creation
1970s	<ul style="list-style-type: none"> Large economic hubs would continue to succeed more than small, rural locales (move outside Metro Manila) Growth through industrialization 	<ul style="list-style-type: none"> Sought investments that will create jobs Sold the locale and its industrial sites to investors looking for sites for relocation or expansion.
1980's	<ul style="list-style-type: none"> Structural changes Poverty reduction Indignation and demand for governing changes 	<ul style="list-style-type: none"> Technocrat/service provider Promotion of general welfare
1990's	<ul style="list-style-type: none"> Adoption of decentralization framework Exploration of managerial approaches to development Dual nature of LGUs 	<ul style="list-style-type: none"> Steering strategic changes in political landscape Promotion of general welfare Local economic transformation

Timelines	Framework	NG/LGU Roles
21 st Century	<ul style="list-style-type: none"> • Acceleration of local development • No clear separation between politics and management 	<ul style="list-style-type: none"> • Political Manager • Public entrepreneurs

Source: Javier, 2009 Revisiting LGU Corporate Powers

The LED policy support is based mainly on the 2004-2010 Medium Term Philippine Development Plan (MTPDP). The MTPDP is a detailed roadmap towards achieving the country's goal of reducing poverty through job creation and enterprise. President Gloria Macapagal Arroyo envisions the MTPDP as the strategy to spur economic growth for the Philippines.

In the State of the Nation address (SONA), the President said, "The basic task of the MTPDP for the period 2004-2010 is to fight poverty and build prosperity for the greatest number of the Filipino people. We must open up economic opportunities, maintain socio-political stability, and promote good stewardship--- all to ensure a better quality of life for all our citizens. We will focus on strategic measures and activities that will spur economic growth and create jobs. This can only be done with a common purpose to put our economic house back in working order."

The first part of the MTPDP covers nine chapters devoted to measures to accelerate growth and job creation. These are Trade and Investment, Agri-business, Environment and Natural Resources, Housing/Construction, Tourism, Infrastructure, Fiscal Strength, Financial Sector, and Labor. Support for micro, small and medium enterprises and agribusiness is emphasized, as the most efficient job generators in terms of jobs to investment ratio (NEDA, 2005).

VI. The Agribusiness Approach to LED

The economic development of agricultural based economies is greatly anchored on the growth and survival of the agribusiness sectors. Agribusiness plays a crucial role as it absorbs agricultural surpluses and at the same time meets the needs of both the urban and rural populations through its value added activities. It has likewise been viewed as the vital link between agriculture and industries and as such is similarly seen as the vehicle for agro industrial development and consequently economic growth (Manalili, 2001). Agribusiness is the sum total of all operations involved in the manufacture and distribution of farm supplies; production activities on the farm; and the storage,

processing, and distribution of farm commodities and items made from them (Davis and Goldberg, 1957 as cited by Drilon, 1977).

The vertical structure of agribusiness is composed of the following subsystems: Input, Production, Processing, Marketing and the Support subsystems. The last subsystem, the Support subsystem plays the all-important role of facilitating the smooth functioning of the Input, Production, and Processing and Marketing subsystems. The subsystem is comprised of government agencies, private institutions, and other entities which provide support inputs and services to all the other subsystems such as policies and programs, incentives, coordination, financing, marketing assistance, manpower training, technology, logistics, information and others (Depositario, 2009).

The agribusiness approach to countryside development in the Philippines has three main goals: (a) to expand substantially the production base, (b) to raise production and distribution efficiency that are parallel with the regional norms, and (c) to promote equitable distribution of production and productivity gains. The expansion of the production base involves breaking out from subsistence agriculture by increasing and diversifying the marketable surplus of the farm. Raising efficiencies to regional norms means increasing the price and quality competitiveness of the country's agricultural products. However, increasing agricultural and fishery production and competitiveness have not automatically and consistently led to increased farm incomes. Often, more production meant surpluses that depress farm gate prices. Meanwhile, lower farm gate prices also do not automatically lead to lower food retail prices. It appears that an inordinate share of the benefits from higher production goes to middlemen. Thus, production and productivity improvements will have to go hand-in-hand with governance and institutional reforms to ensure that, among others, production and efficiency gains will indeed result in commensurate farmer and consumer welfare gains (MTPDP, 2004-2010).

The government as stated in the MTPDP 2004-2010 aimed to (1) develop at least two million hectares of new agribusiness lands within the next six years in order to create at least two million jobs, or one job per hectare; and (2) make food plentiful at competitive prices where the cost of priority "wage goods" such as rice, sugar, vegetables, poultry, pork and fish, and other important non-wage goods like corn must be reduced.

The development of two million hectares of new agribusiness lands means that the country will not merely improve but also substantially expand existing agri-based production systems. This will entail expanding the effective production areas for agriculture and fisheries by (a) increasing production intensity as well as diversification in existing crop, livestock and fishery farms (e.g., intercropping, multiple-cropping,

integrated farming), (b) cost-effectively cultivating idle and marginal lands such as by planting fruit trees in denuded upland areas, and (c) engaging in fishery production in idle off-shore and inland waters. This will also entail expanding the product mix grown within the agribusiness lands to include: (a) adopting new and/or reconfiguring existing agricultural and fishery production systems to be able to tap emerging markets with vast potentials, including the US \$150 billion global Halal food market, (b) a large-scale program of non-traditional high-value crops in farms and fisheries, and c) value-adding through innovative packaging and agri-processing technologies, among others (SADP, 2009).

High-value farm crops, vegetables and fruits have much higher yields and income potential than the traditional staple crops of rice and corn. Additionally, a program of aquaculture in the coastal areas and inland waters, with thousands of fish cages in the seas of Luzon, Visayas and Mindanao will be put in place.

VII. The Tourism Approach to LED

The Philippine government sees the need to focus on tourism in order to capitalize on the lost opportunities that could have been captured from it. As early as 2007, the DOT has identified development of tourism real estates, establishment and modernization of tourist accommodation facilities as priority activities (Business World, 2007).

Republic Act (RA) 9593 also known as the Tourism Act of 2009 was enacted in May 12, 2009. The law is considered as the Omnibus Tourism Code. Its general provision stated in Section 1 is to harness its potentials “*as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment and to continue to mold an enhanced sense of national pride for all Filipinos*”. The state’s perspective of tourism, as with the rest of the other country’s experience and plans, is seen through the direct contributions on job creation, foreign exchange generation and stimulation of large and usually foreign investments.

This policy statement reflects the government perspective on tourism that has remained largely unchanged since the creation of the DOT in 1973. The message has been consistent for almost 40 years: tourism is a powerful economic growth engine for the country with great potential for generating direct and indirect jobs, large levels of investment, and huge foreign exchange movements. Thus, it was not surprising that the policy framework of the 2004-2010 MTPDP remains “*geared towards attracting more*

visitors, extending their length of stay, and increasing the attractiveness of tourist products to encourage travelers to spend more” (Alampay, 2009).

The Tourism chapter of the MTPDP has a product market, destination, building tourism priority zones and tourism infrastructure focus. Three priorities for product market has been identified -Aggressive multichannel promotion of the short-haul beachgoer and sightseeing/shopper, and domestic market segments, related products, and destinations. These markets should receive between 60 and 70 percent of the promotional budget; Niche-based tailored promotion of the short-haul recreation travelers and ecotourists; and the strategic ‘ambassadors’ backpacker and balikbayan segments, and related products. These should receive between 20 and 30 percent of the promotional budget focusing on ‘rifle shot’ promotions aimed at specific niches such as golf, diving, among others; and **long-term** tactical marketing to the long-haul markets and MICE segments, and related products which should receive 20 to 30 percent of the promotion budget in the long-term, focusing on non-media based campaigns (MTPDP 2004-2010).

The MTPDP 2004-2010 and the RA 9593 puts premium in establishing the Tourism Economic Zones (TEZs). This shall be the main vehicle for focused development at a local level within the priority destinations together with the creation of a Tourism Industrial and Economic Zone Authority (TIEZA) in place of the Philippine Tourism Authority (PTA). The TIEZA shall designate the TEZs, upon recommendation of any LGUs or private entity or through joint venture of private and public sectors (Chapter IV, Section 60, RA 9593).

VIII. LED Policy Environment

1. The Local Enabling Policy for LED

The national laws enabling LED is found in RA 7160 or popularly known as The Local Government Code of 1991. The Code gave LGUs more power and authority to accelerate LED. The following are the provisions in RA 7160 with emphasis on LED:

1. Section 14 Beginning of Corporate Existence - *“When a new local government unit is created, its corporate existence shall commence upon election and qualification of its chief executive and a majority of the members of its sanggunian, unless some other time is fixed therefore by law or ordinance creating it.*

2. Section 15 Political and Corporate Nature of Local Government Units- Every local government unit created or recognized under this Code is a *body politic and corporate* endowed with powers to be exercised by it in conformity with law. As such it shall exercise powers as a political subdivision of National Government and as a corporate entity representing the inhabitants of its territory.
3. Section 16- “Every local government unit shall exercise the powers expressly granted, those necessarily implied there from, as well as powers necessary, appropriate or incidental of its efficient and effective governance and those which are essential to the promotion of general welfare. Within their respective territorial jurisdictions, *local government units shall ensure* support among other things, the preservation and enrichment of culture, promote health and safety, enhance the right of people to a balanced ecology, encourage and *support the development of appropriate and self-reliant and technological capabilities*, improve public morals, enhance economic prosperity, and social justice, *promote full employment among their residents*, maintain peace and order, and preserve the comfort and convenience of inhabitants”.
4. Section 17 Basic Services and Facilities Local government units shall endeavor to be self-reliant and shall continue exercising the powers and discharging the duties and functions vested upon them. They shall also discharge the functions and responsibilities of national agencies and offices devolved to them pursuant to this Code. Local government units shall likewise exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective provisions of basic services and facilities enumerated herein.
 - For a municipality:
 - (b) (2) (v) - Information services which include investments and job placement information systems, tax and marketing information systems and maintenance of a public library;
 - (b) (2) (ix) - Public markets, slaughterhouses and other municipal enterprises;
 - (b) (2) (x) - Public cemetery;
 - (b) (2) (xi) - Tourism facilities and other attractions, including the acquisition of equipments, regulation and supervision of business concessions, and security services for such facilities;
 - For a province:
 - (b) (3) (ix) - Investment support services, including access to credit;

(b) (3) (x) - Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means;

5. Section 18 Power to Generate and Apply Resources- Local government units shall have the power and authority to establish an organization that shall be responsible for the efficient and effective implementation of their own development plans, programs, objectives and priorities; to create their own sources of revenues and to levy taxes, fees, charges which shall accrue exclusively for their use and disposition and which shall be retained by them; to have a just share in national taxes which shall be automatically and directly release to them without need for any further action; to have an equitable share in the proceeds from the utilization and development of national wealth and resources within their respective territorial jurisdictions including sharing the same with the inhabitants by way of direct benefits; to acquire, develop, lease, encumber, alienate, or otherwise dispose of real property held by them in their proprietary capacity and to apply their resources and assets for productive developmental welfare purposes in the exercise or furtherance of their proprietary powers and functions and thereby ensure their development in self-reliant communities and active participants in the attainment of national goals.
6. Section 22 Corporate powers- (a) *“Every local government unit as a corporation shall have the following powers:*
 - (1) To have continuous succession in its corporate name
 - (2) To sue and be sued
 - (3) To have and use a corporate seal
 - (4) To acquire and convey real or personal property
 - (5) To enter into contracts
 - (6) To exercise such other powers as are granted to corporations, subject to the limitations provided in this Code and other laws

(d) Local government units shall enjoy full autonomy in the exercise of their proprietary functions and in the management of their economic enterprises, subject to the limitations provided in this Code and other applicable laws.
4. Section 35- *Local government units may enter into joint ventures and such other cooperative arrangements with peoples and non-government organizations to engage in the delivery of certain basic services, capability building and livelihood projects and to develop local enterprises designed to improve productivity and income, diversify agriculture, spur rural industrialization, promote ecological balance, and enhance the economic and social well being of the people.*

5. Section 36 Assistance to People's and Non-governmental Organizations- Local government units may, through its local chief executive and with the concurrence of the Sanggunian concerned, provide assistance, financial or otherwise, to such people's and NGOs for economic, socially-oriented, environmental, or cultural projects to be implemented within the territorial jurisdiction
6. Section 109 Functions of Local Development Councils- Provincial, city and municipal development councils shall exercise the following functions
 - (1) Formulate long-term, medium-term and annual socio-economic development plans and policies;
 - (2) formulate the medium term and annual public investments program;
 - (3) Appraise and prioritize socio-economic development programs and projects;
 - (4) Formulate local investment incentives to promote the inflow and direction of private investment capital
7. Section 313 and 325 provide for the establishment and development of local economic enterprises and utilities.

The policies as stated in the LGC of 1991 emphasized the role of the LGUs from a classical LED perspective of enterprise development and management. However, Section 35 provides the innovative approach of inclusive governance and partnerships to spur economic growth. How the LGUs can fit their entrepreneurial roles based on their capacities and program interventions is the main challenge for policy.

National policies that enable LED from a local governance perspective in the DILG evolved from a Minimum Basic Needs Approach in the mid-1990s to the current local economic transformation program. Memorandum Circular (MC) 1996-118 instructed all LCEs, DILG Regional Directors and Field Officers to adopt the Social Reform Agenda Convergence Policy through the Minimum Basic Needs Approach. The Social Reform Agenda as embodied in RA8425 of 1997 spell out the role of LGUs in addressing the three sets of MBN. These are survival needs (food, nutrition, health, water and sanitation); security needs (shelter, peace and order, public safety, income and livelihood); and enabling needs (basic education and literacy, participation in community development, family and psychosocial care). At about this time also, the Integrated Rural Accessibility Program (IRAP) experiences were implemented within the context of decentralization. The IRAP project was moved physically from the Department of Agriculture (DA) to the DILG. A Rural Transport Unit (RTU) was even created within DILG's Bureau of Local Government Development (BLGD) (ILO, 2000).

In August 21, 2001 the MC 2001-109 was issued identifying the Initial Areas for Action to implement the programs on Poverty Reduction and Local Economic Transformation. Eventually, there was a directive to establish a One-Stop-Shop Investment Promotion Center in each province, city, and municipality and several activities which included an inventory of existing small and medium enterprise in each province, city and municipality; identification of priority needs of the locality on SME development, cluster development, establishment of economic zones (ecotourism, eco-industrial, or eco-agricultural); formulation of a local economic transformation program agenda (LETPA); utilization of various tools in needs identification (for CLUP, BOT guidelines, urban management) and identification of external and internal sources of assistance to implement LETPA.

In January 22, 2002, DILG MC 2002-09 was issued as part of the LGU Cluster Development Approach Project. The circular highlights the concept of inter-local partnerships where clustered municipalities are given better access to develop their local resources, improve their production, through appropriate technology, marketing and investments and consequently increase their income. Overall the circular aimed to effect self reliance in implementing development initiatives especially at the lower income municipalities.

The DILG supported both the Presidents SONA and the mandates of the Code for LED through the establishment of the Local Economic Transformation Program (LETP). MC No 2002-48 establishing the LETP for local governments highlighted the need for a change in perspective to realize good local governance. It highlighted the roles of LCEs as the local economic managers along with the other local officials and personnel. The LETP is a package of interventions, which enables the LGUs to harness their local potential to achieve local economic growth with equity.

Table 7 describes the LETP program of the DILG.

Table 7. The LETP of DILG

Goal/Program Outcomes	Projects	Description
Goal: Improved local economy	Institutionalizing CLUP Updating	Formulate the long and medium-term plans and investment programs and the CLUP
Outcomes: Increased LGU income Reduction of local employment Increased family income Strategies: Situation Analysis Local economic Agenda	One Cluster-One Vision for Development	LGUs as prime actors in community development based on the Japanese model adoption of clustering
	Local product Promotion and Marketing	Enhance promotion and marketing of indigenous products

Goal/Program Outcomes	Projects	Description
Preparation, Approval by Sanggunian, IEC campaign Monitoring and Evaluation Developing investment friendly environment (Infrastructure, peace and order, information availability), Maximizing revenues, HRD, NGO participation, Provision of incentive schemes to investors	Local Tourism, Culture and Arts Development	Promote local tourism to attract foreign and domestic tourist, institutionalize community participation
	Local Entrepreneurship Development	Enhance management of local economic enterprises and promote investments through MSMEs Formulate local enterprise development plans and implement strategies for local entrepreneurship development
	Special Anti-Poverty Projects	Develop interventions for women in SSZOPAD areas--Livelihood Development and Economic Empowerment for the Poor in the Cordilleras (LIVEDEEP), Integrated Rural Accessibility Program (IRAP), Local Anti-poverty Action Programs (LPAP)

Source: Authors' Analysis of MC 2002-48

In 2003, the DILG launched the Bayanihan Savings Replication Project (BSRP), which aims not only for community empowerment and to promote savings utilization and self-reliance in depressed communities as part of the government's poverty reduction strategy. A bayanihan center was established in the LGU and operates a loan or "paluwagan" scheme through a group of 20-30 people in a community who voluntarily contribute their individual savings to a common fund. The common fund is where members may borrow for emergency expenses or to finance small businesses (PIA, 2005).

In 2005, the Local Poverty Reduction Action Program was launched by DILG as part of its contribution to the fulfillment of the Millennium Development Goals (MDGs). Local Poverty Reduction Action Teams were organized at the LGU level with the task of mapping to know the poor: who they are, where they are and what their actual needs in addressing poverty in their areas.

The Local Economic Assistance Program (LEAP) is packages of interventions to assist select LGUs abate the impact of the on-going global financial crisis to local economy. The program shall provide assistance to these LGUs in steering local economic activities and creating opportunities supportive of employment generation and economic growth. The program covers immediate measures and institutionalization of medium and long-term economic foundation. Key components of the LEAP are Roadside Maintenance along Provincial and City Roads in Quezon City and Rizal, Puhunan Para sa Kabayan, MDG Funds, Enhancing Access and Provision of Water Services with the Active Participation of the Poor, Provincial Road Management Facility, Calamity Fund Program

Preparation Assistance, and the Local Governance Support Program for Local Economic Development (LGSP-LED).

The Kilos Asenso (KAS) Fund pursuant to Republic Act No. 9498 or the Fiscal Year 2008 General Appropriations Act, is the counterpart fund of the national government to support the programs and projects of the LGUs under the Kilos Asenso Program. The KAS Fund will be utilized to sustain development and to provide for the deficiencies for the construction of farm-to-market roads, small bridges and day care centers; improvement of potable water supply; and other similar growth enhancing projects designed to uplift the socio-economic standing of LGUs.

2. National Enabling Policy for LED

There is no specific policy solely for LED. The policies are diverse and are usually mandate-related for national government agencies. These policies are under the umbrella of the MTPDP 2004-2010 and from the State of the Nation Address (SONA) delivered by President Gloria Macapagal Arroyo on July 23, 2001. The SONA is where she declared that her administration's policy is to sustain an economic philosophy of free enterprise by attracting investments to create jobs and employment; modernization of agriculture founded on social equity; a social bias to balance economic development through microfinance and upholding moral standards and the rule of law. Thus, each government agencies established their policies and programs anchored on these two policies and declaration of the President.

Article 10, Section 5 of the Philippine Constitution maintains "Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy." Further in Section 13, it was stated that "Local government units may group themselves, consolidate or coordinate their efforts, services, and resources for purposes commonly beneficial to them in accordance with law." This defines the LCEs entrepreneurial role as local economic development managers.

The Municipal Development Fund (MDF) was created on March 29, 1984 under Presidential Decree No. 1914. It is a Special Revolving Fund that aims to establish an effective mechanism that would enable local government units (LGUs) to avail funds from local and international assistance for the implementation of various social and economic development projects. The establishment of the MDF coincides with the

National Government's strategic vision of local government autonomy and self reliance (<http://www.dof.gov.ph/profile>).

2.1 Philippine SME Policy

The government envisions an SME sector that is approaching a status of being globally competitive. Following this vision, the government exhorts domestic industries to raise efficiency and product quality to compete with international standards both in export and in local markets. The private sector should lead this process. For the government this calls for new regulatory and development-oriented mechanisms to balance the risks of globalization. Promoting SME addresses the main weaknesses of Philippine SME, which are low product quality, productivity and production technology (SME Development Plan 2004-2010).

An integrated strategy for SME promotion is framed by three policies- R.A. 9501 the Magna Carta for Micro, Small and Medium Enterprises (MSMEs) 2008, the SME Development Plan 2004-2010, and the Barangay Micro Business Enterprise Act of 2004, R.A. 9178.

The new law, RA 9501, amends the 17-year-old RA 6977 (the Magna Carta for Small Enterprises), which did not have any provision for “micro” enterprises. RA 9501 declares it the national government policy to promote, strengthen and encourage the growth and development of Micro, Small and Medium Enterprises (MSMEs) in all productive sectors of the economy, particularly rural/agri-based enterprises. It mandates the government to pursue MSMEs by creating conducive business environment, creating access to financing, providing adequate business support on entrepreneurship and worker skills and linkages between MSMEs and large firms in partnership with the private sector. The law stipulates the guidelines that would minimize regulations while at the same time assuring stable operating rules for MSMEs and mandates close coordination between government institutions involved in MSME development and the private sector to ensure coherence in both policy thrusts and program implementation. RA 9501 increases the mandatory allocation of credit resources by lending institutions from 6% to 8% for micro and small enterprises, while retaining the 2% for medium enterprises. Micro enterprises, with total asset size of not more than P3 million, were not explicitly included as qualified beneficiaries of government assistance under RA 6977 even as they comprise 91.8 percent of the country's business sector. While they were covered by the Barangay Micro Business Enterprises (BMBE) Act of 2002, they have been missing out on other government interventions and support provided to SMEs by RA 6977. On the other hand, the National SME Development Plan (2004-2010) is geared towards building the

capacities of Philippine SMEs and organizations by providing relevant services to enhance their competitiveness, thereby increasing SMEs contribution to economic growth.

Table 8. Major National Policy in Support of LED in the Philippines

Policy Type	Policy	Policy Description
Philippine Constitution	Philippine Constitution Article 10, Section 5, 13	<p>Section 5. Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local governments.</p> <p>Section 13. Local government units may group themselves; consolidate their efforts, services and resources for purposes commonly beneficial to them in accordance with law.</p>
Republic Act	RA 9501 Magna Carta for Micro, Small and Medium Enterprises	<p>Recognizing MSMEs potentials for more employment generation and economic growth, it is declared as a policy of the state to promote, support, strengthen, and encourage the growth of MSMEs in all productive sectors of the economy particularly rural/agribased enterprises.</p> <p>Promotion of entrepreneurship, support of entrepreneurs and encouraging formation of MSMEs through intensified and expanded training programs in entrepreneurship; facilitating access to sources of funds; assuring MSMEs of fair share of government contracts and related incentives; doing away with stringent and bureaucratic requirements; raise government efficiency; make the private sector as partners and promote linkage between large and small enterprises.</p>
Development Plan	SME Development Plan 2004-2010	<p>It aims to make the SME sector a key factor in the country's economic growth by 2010 by providing SMEs access to comprehensive and focused support for enhancing managerial and technological capabilities, tapping business opportunities, and becoming competitive in the local and international markets.</p> <p>It also aims to provide support for identifying and developing business opportunities through the development of business ideas that promote the expansion and diversification of the country's industrial structure; Strengthen support to the growth industries that are active in the international markets in order to sustain and enhance their competitiveness and improve their</p>

Policy Type	Policy	Policy Description
		access to the domestic market; Develop SME financing support programs and strengthen the institutions that provide direct and appropriate financial services to SMEs; and Streamline the systems that provide support programs and incentives for SMEs.
DTI Department Administrative Order	DAO No.9 Series of 2008: Rules and Regulations to Implement (RA) No 6977, as amended by RA8289 and further amended by RA9501, otherwise known as “Magna Carta for Micro, Small and Medium Enterprises”	The DTI DAO No 9, series of 2008 provides the rules and regulations implementing the Magna Carta for SMEs for the guidance of all concerned to carry out the provisions of the new law. Emphasis of the IRR is given to local economic development. In Section 2 of the IRR it says “LED and current efforts and initiatives of LGUs and other stakeholders towards providing the enabling environment for MSME development shall be the thrust of this IRR. Technical support and coordination with existing structural mechanisms promoting MSMEs and entrepreneurship development in the LGUs, particularly provinces and non-component cities shall be prioritized. Collaborative arrangements with other mechanisms involved in LED must be pursued to avoid duplication of efforts and ensure coordinated actions.”
EO No 226	EO 226 The Omnibus Investments Code of 1987	The Code provides the preferred areas of investments and pioneering enterprises that will be provided tax exemptions, incentives and technical support.

2.2 Policy to Promote and Improve the Local Business and Investment Climate (BIC)

Special incentives for business development and retention, notably the grant of exemptions from taxes are provided for in RA No. 7916 (as amended by RA No. 8748) and RA 8424.

RA No. 7916 (as amended by RA No. 8748), an Act Providing for the Legal Framework and Mechanisms for the Creation, Operation, Administration, and Coordination of Special Economic Zones in the Philippines, Creating for this Purpose, the Philippine Economic Zone Authority (PEZA), and for Other Purposes grants exemptions from corporate income taxes (4-8 years), national and local taxes, duties and taxes on machineries, spare parts, materials and supplies, tax credits for imports and import substitution of capital equipment and for breeding stock and genetic materials. RA 8424 which amended the National Internal Revenue Code, enacted on December 11, 1997 grants exemption from value-added taxes to certain exporting industries, excise taxes on locally produced products and lowered taxes on spirits made from indigenous materials.

The incentives for business are contained in the Omnibus Investments Code or EO No 226 of 1987. The Code provides incentives for pioneering industries and preferred areas of investments under the Investments Priorities Plan (IPP). This is complemented by RA 7916 for registered economic zones and RA 7844 for business locating in less developed areas. RA 7459, the Investors and Invention Incentives Act of the Philippines provide start-up business with improved SME technologies and other incentives such as tax exemptions, loan assistance and technical support.

In addition, in 2004, the national government in collaboration with the private sector launched an intensive seminar and training program for the local government units (LGUs) nationwide in a bid to harness the potentials of the communities in boosting the country's export development program. The memorandum of agreement (MOA) was signed by the Department of Trade and Industry (DTI), Department of Interior and Local Government (DILG), Department of Finance (DOF), Export Development Council (EDC), Technical Education and Skills Development Authority (TESDA), League of Provinces of the Philippines (LPP), League of Cities of the Philippines (LCP), League of Municipalities of the Philippines (LMP), Liga ng mga Barangay and the Philippines Exporters Confederation of the Philippines (PHILEXPORT), whereby the agencies agreed to advocate exports in all local government units (LGUs) nationwide using the Guidebook on Exports as tool for promotion. Under the MOA, these agencies will also conduct seminars and trainings in identified LGUs nationwide harnessing the potential of the local community in its efforts to advance the country's export development program... The agreement also requires government export seminars to be included in regular LGU programs.

At the local level, the DILG issued MC 2005-13 issued on February 15, 2005, mandating the Establishment of Business Assistance Desks in all DILG Regional, Provincial and City Offices to provide advice and information to investors both local and foreign on how to effectively deal with local governments and local communities. The business desk links investors and the local government and communities.

At the national level, the DILG MC 2005-13 is complemented by the Investments after Care Services of the Board of Investments to existing Micro, Small, and Medium and Large investors. It facilitates the resolution of investor issues and concerns; formulates and implements programs leading to Retention, Expansion, and Diversification of existing investments (www.boi.gov.ph). On the other hand, the pre-operation assistance for investors is given by the *National Economic Research and Business Assistance Center* (NERBAC) which provides business counseling and information to investors. It is a one stop-processing center to assist investors at the pre-operating stage.. Every DTI

Regional office has a NERBAC which was created under RA7470, the "*National Economic Research and Business Assistance Center (NERBAC) of the Philippines Act of 1992.*"

The two departments of NERBAC are agribased and forestry related services and the industrial, utilities and service related services. The Center extends technical research assistance, pre-feasibility study assistance and market research assistance. Included is basic information on various business options open under the investment priorities of the Government, a one-stop action center to facilitate the processing and documentation of requirements for the establishment of a business enterprise, including credit services.

RA 9509 or the Barangay Kabuhayan Act aims to establish a "Livelihood and Skills Training Center" in the fourth, fifth and sixth class municipalities. It aims to harmonize all government livelihood and skills training.

RA9178, The Barangay Micro Business Enterprises Law (known as the BMBE Law) is the cornerstone of the government's SME program at the barangay level. The implementation of the BMBE among LGUs is further strengthened by the issuance of the DILG MC 2008-151 issued on October 6, 2008 encouraging the LGUs to support the formation of BMBEs through the provision of incentives and benefits to generate much needed employment and alleviate poverty. The MC 2008-151 reiterated an initial policy of the same nature, MC No 2003-69 issued on April 8, 2003. Both MCs enjoins all LCEs to support the BMBE and submit quarterly reports to the Provincial SMED Councils thru the DTI Provincial Offices.

Table 9 shows two major national laws on LED which are directed at LGUs.

Table 9. Two LED Policies especially directed at LGUs

Policy Type	Policy	Policy Description
Republic Act	RA 9178 An Act to Promote the Establishment of Barangay Micro Business Enterprises (BMBEs), providing Incentives and Benefits Therefore, and for other Purposes	Under this Law, businesses capitalized below Three Million Pesos are eligible for Income Tax Holidays, access to preferential credit (from Land Bank, DBP, the Small Business Guarantee and Finance Corporation, and the People's Credit and Finance Corporation), listing in the Local Government's BMBE directory, and other perks. The DTI, in coordination with the private sector and non-government organizations (NGOs), shall explore the possibilities of linking or matching-up BMBEs with small, medium and large enterprises, and likewise establish incentives therefore. The data gathered from business registration shall be made accessible to and shall be utilized by private sector organizations and non-government organizations for purposes of business matching, trade and investment promotion.
Republic Act	RA 9509 An Act Establishing Livelihood and Skills Training Centers In Fourth, Fifth and Sixth Class Municipalities and for other Purposes	To provide educational and instructional activities designed to enhance the knowledge, skills and attitudes of intended beneficiaries and to better prepare them to engage in gainful employment and/or entrepreneurship; conduct periodic training needs determination and skills mapping of barangays within their jurisdiction: <i>Provided</i> , That the Center shall coordinate closely with the local development councils, the local planning offices and other national and local government offices to determine and orchestrate the livelihood training skills required by the rural barangays concerned;

On April 24, 2009, the President issued EO No. 793 Making "Go Negosyo, Sagot sa Kahirapan and Entrepreneurship" as the Banner Program of the Administration and Expanding the Composition of the SMED Council EO No 793 provides a holistic approach to entrepreneurship starting from developing an entrepreneur mindset (Go Negosyo), market orientation and access, product innovations/Technology design, and financing support. Networking and Mentoring shall be made available to MSMEs. The LGUs thru the governors and mayors are encouraged to be Negosyo Champions.

The DILG MC No 2008-156 issued on October 22, 2008 provides the guide to comprehensive development plan (CDP) preparation for LGUs. The MC puts into operation the concepts and processes in the rationalized local planning system and the

Joint MC No.001, S. 2007 on harmonization of local planning, investments programming, budgeting and revenue administration.

Then in June 9, 2009, the President signed EO 809, Implementing the Financing Policy Framework for local government units by identifying new sources of funding for first tier local government units under RA 7160, that allows the LGUs to directly contract loans not only with GFIs and the Municipal Development Funds Office but also with multilateral financial institutions created by multilateral treaties or agreements to which the Philippines is a signatory (Section 1, EO 809).

In July 2009, Executive Order No. 823 was issued Directing Agencies of Government to Provide Full Support for Key Process Improvement Projects (PIPs) in Order to Achieve Compact Status as Prescribed by the Millennium Challenge Corporation. One of the key PIPs adopted is the development of LGU “sparkplugs” to drive seven percent (7%) per annum growth in their localities via new business activities and reduce dependence on IRA.

2.3 Philippine Innovation Strategy

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The DOST has crafted the Philippines Innovation strategy (2007-2010). This is commonly known as Filipinnovation. The strategy envisions competitive local firms driven by or borne out of constant innovations brought about by research and development. Key strategies identified are strengthening human capital, supporting business incubation and acceleration efforts, regenerating the innovation environment and upgrading the Filipino mindset (de La Pena, 2008). The DOST recognizes the need for the Filipinos to be entrepreneurial as part of the creation of a regenerating environment.

Table 10. Filipinnovation: The Philippines National Innovation Strategy

Strategy	Activities
Strengthening human capital	<p>Form multi-sectoral consortia of institutions and/or experts working towards achieving strong R&D capabilities (tech) and management or services skills (non-tech) that will influence industries and public policy.</p> <ul style="list-style-type: none"> Initiate competitive innovation in basic education (math and sciences, critical thinking, analysis and synthesis) Establish multi-stakeholder linkages Upgrade skills and knowledge through lifelong learning HRD for advanced knowledge and expertise

Strategy	Activities
Supporting business incubation and acceleration efforts	<p>Encourage industry participation in incubation and human capital collaboration to ensure productivity and returns through innovation</p> <ul style="list-style-type: none"> Identify and manage avenues for collaboration Increase government investments on physical infrastructure to support business technology incubation and acceleration Engage available talents and resources for business incubation including those from the overseas Adopt new business incubator models
Regenerating the innovation environment	<p>Engage stakeholders to create sound policies that will encourage innovations at all levels</p> <ul style="list-style-type: none"> Create innovation strategy championed by public and private executives Increase innovation awareness and understanding in legislation Set policy environment that supports competition
Upgrading the Filipino mindset	<p>Branding Filipino competitive innovation for sustainable development and global positioning</p> <ul style="list-style-type: none"> Increase the role of multimedia in highlighting the essence and benefits of innovation in society Have an intellectual property regime that is neither restrictive nor regulatory but rather serving as depository of innovative ideas Aid public awareness that competitive innovation entails multidisciplinary approach and culture for open technologies Foster a culture of entrepreneurship through innovation

2.4 Super Region Policy

EO 561 issued on August 19, 2006, orders the Formation of the "Super" Regions and the Superregional Development Champions. The aim of the new development planning strategy in strong partnership with the LGU is to bolster education, invest in infrastructure and encourage greater investments all over the country. The strategy entails enlarged groupings of the regions and they are:

- a) Northern Luzon Agribusiness Quadrangle, to be composed of Regions I, II, Cordillera Administrative Region (CAR), and the northern part of the provinces of Aurora (north of Baler), Tarlac (north of Tarlac City), Nueva Ecija (north of Cabanatuan City), and Zambales (north of Subic);
- b) Luzon Urban Beltway, to be composed of the National Capital Region, (NCR), Region IV-A, the provinces of Bulacan, Bataan, Pampanga, Mindoro, Marinduque, and the southern parts of the provinces of Tarlac, Zambales, Aurora and Nueva Ecija;
- c) Tourism is the primary development theme in Central Philippines, to be composed of Regions V, VI, VII, and VIII, and the provinces of Romblon, Palawan, and Camiguin, and the Island of Siargao;
- d) Agribusiness Mindanao, to be composed of Regions IX, X except Camiguin, XI, XII, Caraga except Siargao, and the Autonomous Region of Muslim Mindanao; and
- e) Cyber Corridor, which traverses the above "super" regions from Baguio to Cebu to Davao.

The blueprint of the super-regions development strategy was outlined by the President in her sixth SONA in 2006. The super regions strategy is also a part of the government's second phase of economic reforms to make the country a more appealing choice for foreign investments. Under this investment program, the government focuses on "investing in better infrastructure and services to create jobs and improve living standards" (www.ops.gov.ph).

EO 559 supports the super region strategy by creating the Metro Iloilo-Guimaras Economic Development Council (MIGEDC). Existing and functional regional alliances, the Metropolitan Iloilo Development Council MIDC and Guimaras-Iloilo City alliance GICA were merged and expanded to help realize the goals and objectives of the Mega-Region Economic Development Strategy through economies of scale...

This clustering strategy is in accord with Section 13 of the Philippine constitution on inter-local cooperation and Section 35 of the LGC of 1991 where joint ventures are encouraged.

2.5 National Tourism Policy

RA 9593, the Omnibus Tourism Code of the Philippines was signed into law on May 12, 2009 declaring a national policy for tourism as an engine of investment, employment, growth and national development. The law will boost the country's tourism industry, strengthen the DOT and its attached agencies to effectively and efficiently implement tourism policies.

EO 111, issued on 17 June 1999 created a National Ecotourism Development Council (NEDC), composed of the Secretaries of Tourism, Environment and Natural Resources, Interior and Local Government, Trade and Industry, Finance, Education, the Secretary-General of the National Economic and Development Authority (NEDA) and representatives from the private sector and non-governmental organizations (NGOs). As articulated, the following policies served as bases in proposing a system to promote and develop ecotourism in the Philippines:

“The State shall develop and promote sustainable tourism while enjoining the participation of the Filipino people in enhancing the growth and competitiveness of the Philippine economy; and ensure the sustainable use, development, management, protection and conservation of the country's environment and natural resources and cultural heritage for the enjoyment of the present and future generations.”

2.6 Government Competitiveness Policy

To promote competitiveness, the President issued Memorandum Order No. 228 directing all departments, bureaus, commissions, agencies, offices and instrumentalities of the National Government to improve transaction costs and flows. It specifically mandated the streamlining of business registration procedures.

Also, EO 571 issued by the President on October 5, 2006 created the Public-Private Task Force on Philippine Competitiveness with government and the business sector participation to improve international competitiveness and strengthen industry, agriculture and service sectors, create jobs, and increase incomes

Administrative Order 161 issued on October 5, 2006 institutionalizes the Quality Management System (QMS) in Government and is aimed at improving the Philippines ranking in the World Economic Forum and the World Competitiveness Yearbook and provides a national accreditation system for public service quality standards.

2.7 LED and Climate Change and Disaster Risk Reduction

Climate related risk, aggravated by processes of global economic and climatic change poses a central unresolved development issue for many countries. An integrated climate risk management needs to take root at the local level. Most climate related disaster events are small to medium scale and have spatially delimited local impacts. Ultimately, risk is manifested and losses occur at the local level and it is at this level that national and international support to integrated climate risk management has to be realized and capacities strengthened (UNDP, 2002). This means that LED as a policy direction includes climate change not only as a cross cutting theme but a component of sustainable development as well.

In the Philippines, Republic Act No. 9729 was issued on July 2, 2009 as a response to global climate change and risk reduction. It is an Act Mainstreaming Climate Change Into Government Policy Formulations, Establishing the Framework Strategy and Program on Climate Change, Creating for this Purpose the Climate Change Commission, and for Other Purposes. The RA 9729 specifically states that it shall be the policy of the State to enjoin the participation of national and local governments, businesses, nongovernment organizations, local communities and the public to prevent and reduce the adverse impacts of climate change and, at the same time, maximize the benefits of climate change. Thus, all climate change and renewable energy efforts, plans and programs shall incorporate a gender-sensitive, pro-children and pro-poor perspective as a matter of policy. Further, the same policy states that the State shall strengthen, integrate, consolidate and institutionalize government initiatives to achieve coordination in the implementation of plans and programs to address climate change in the context of sustainable development.

IX. Overview of LED Sectoral Programs and Services of National Government Agencies

Making an inventory of institutions directly engaged with LGUs on LED proved to be difficult because majority of these institutions were involved with LGUs on sector-specific and mandate-related interventions. These interventions were project or program-based in traditional national approaches. Technical assistance, planning and coordination

were provided and these are usually concentrated at the provincial and regional tier of governance. There is also provision of policy and financial services through loans, grants and credit. In this context, LED was a consequential management function of these projects/programs.

1. National Economic and Development Authority (NEDA)

Mandate

The Philippine Constitution mandates the NEDA to formulate continuing, coordinated and integrated social and economic policies, plans and programs. Locally it formulated approaches to perceived local needs and priorities and carried these out within the framework of national strategies.

The linkage between development planning, programming, and budgeting is the highest priority in planning and budgeting activities. NEDA, in consultation with the private sector, community organizations and beneficiaries, local government units and appropriate public agencies, is responsible for coordinating the formulation of continuing and integrated socioeconomic development plans, policies and programs. This also includes the formulation of annual and medium-term public investment programs, programming of official development assistance in the form of grants and concessional loans from foreign governments and multilateral agencies and organizations, and the monitoring and evaluation of plan implementation (EO 230, Reorganizing the NEDA).

LED-related Programs/Services

The **Regional Development Coordination Staff (RDSCS)** of NEDA provides technical staff support in coordinating the formulation of interregional development policies, plans and programs. It serves as a link between the Regional Development Councils and the national agencies in regional planning and program implementation.

Currently, the RDSCS is implementing the improvement of the Provincial Development and Physical Framework Plans (PDPFPs) with support from the Asian Development Bank (ADB). The RDSCS in partnership with NEDA Regional Offices is currently implementing the second phase of the NEDA-ADB Technical Assistance (TA) on Strengthening Provincial/Local Planning and Expenditure Management. The TA aims to assist the provinces in the preparation of the PDPFP and the Provincial Development Investment Program (PDIP) and feasibility studies of critical projects using PLPEM guidelines.

The NEDA RDCS is also administering the Project Development and Monitoring Fund (PDMF) a TA fund facility for low income LGUs on project development and monitoring activities. Through the PDMF, the technical capacity of LGUs in preparing project proposals is enhanced. There are a total of sixty two (62) PDMF-assisted LGUs in the Philippines.

They also lead the mainstreaming of Disaster Risk Reduction (DRR) for sub-national development through enhanced the land use planning. An integrated framework on DRR and climate change adaptation is being implemented at the province level through a European Commission and UNDP assisted project. Following the DRR project, the NEDA in partnership with UNDP and AusAid is also implementing Disaster Risk Reduction and Climate Change Adaptation in local development planning and decision making processes.

The **Agriculture Staff (AS)** of NEDA provides technical staff support to coordinate the formulation of national plans and policies for the agriculture, natural resources, and agrarian reform sectors. The AS also assists LGUs in mainstreaming sustainable development into the local development processes. This is operational in nine pilot sites in the Visayas and Mindanao representing various levels of local governance as well as typologies of ecosystems.

Recently, the AS reinvigorated the Philippine Council for Sustainable Development (PCSD) across the country by reviving the Local Council for Sustainable Development (LCSD).

NEDA published a Reference Manual on Project Development and Evaluation in 2005 which guides the local governments in the development of both income generating projects and social services.

There are also LED-related programs through the Official Development Assistance (ODAs) that passed through NEDA. The LED-related ODAs for LGUs usually comprises of assistance for financing infrastructure and basic needs for poverty alleviation. It also includes capacity building for improving governance for decentralization such as but not limited to investments planning, feasibility study preparation, and accessing funds.

The list of LED-related ODA is shown in **Table 11**.

Table 11. ODA Facilities for LGUs

ODA	Areas of Assistance	Target LGUs	Duration
Perez-Guerrero Trust Fund (PGTF) for Economic and Technical Cooperation Among Developing Countries	Provide seed money for financing pre-investment feasibility studies and facilitate implementation of Caracas Program of Action		On-going facility Maximum amount for any project is \$45,000.00
LGU Investment Program LBP/KfW Development Bank	Facilitate LGU access to long-term funds and address long-term LGU investments and development projects to improve living conditions	LGUs nationwide with preference to LGUs in the Visayas and Mindanao	2006-2014
Philippines-Australia Community Assistance Program –AusAid	Support community initiated sustainable poverty alleviation programs for NGOs and LGUs	Agusan del Sur Bohol, Misamis Occidental Northern Samar and Surigao del Norte	2004-2009
Small Projects Scheme (SPS) New Zealand Agency for International Development	Projects with relevance to natural resource management, indigenous peoples, and enhance quality and sustainability of governance	Bohol Province, Region 8, 10, 12, ARMM and CARAGA	2004-present
Grants Assistance for Grassroots Human Security Project. Government of Japan/Embassy of Japan	Projects related to poverty alleviation, meeting basic human needs, social welfare, environmental protection, peace building	NGOs, Pos, LGUs and educational institutions	
Credit Line for Waste Management. Development Bank of the Philippines and KfW Development Bank	Lending facility for improved SWM services	Nationwide	2004-2010
Japan Fund for Poverty Reduction. Asian Development bank	Project and capacity building grants focused on activities that will respond to poorest and vulnerable groups, support that will lead to rapid, demonstrable benefits with positive impacts, build ownership and participation of local communities.	Government (central and local), NGOs and community groups	Maximum four years
EIB-DBP Global Loan Facility	Relending for LGUs, SMEs and large enterprises in agro industry, infrastructure, environment, tourism, telecommunications, power generation, health, urban development and housing.	Nationwide	2004-2014
Support for Strategic Local Development and investments Project. Land Bank of the Philippines and World Bank	LGU access to viable financing to implement strategic infrastructure investments (water supply, power production and distribution, SWM, housing, waste water treatment, roads and bridges, drainage and flood control, and improvement of municipal enterprises and infrastructure such as public markets, slaughterhouses, bus terminals, and other		2007-2011 32 available projects

ODA	Areas of Assistance	Target LGUs	Duration
	income related projects		
Mindanao Rural Development Project Phase 2. Department of Agriculture and World Bank	Institutionalizing and decentralizing service delivery to enhance productivity and access viable livelihood opportunities	Implemented in 225 municipalities and 26 provinces. Region IX, X, XI, XII and XII and ARMM	June 2007-June 2012
Dialogue on governance: Strategic Project facility 2 European Commission	Improving governance to reach the MDGs to build complementary capacities in local governance in order to increase efficiency, effectiveness and accountability of LGUs	Nationwide	2008-2015

Source: NEDA Public Investments Staff (As of Aug 31, 2009)

2. Department of Agriculture (DA)

Mandate

The Department of Agriculture is the principal government agency responsible to promote agricultural development and growth. To pursue its mandate, DA provides policy framework, helps direct public investments, and in partnership with local government units (LGUs) provides the support services necessary to make agriculture and agri-based enterprises profitable, and helps spread the benefits of development to the poor, particularly those in the rural areas.

LED-related Programs and Services

DA sets its vision as “prosperous rural communities, built on profitable farms that provide the surplus for agro-industry and food security” in the Strategic Agribusiness Development Plan (SADP), which in turn is anchored on the objectives of the 2004-2010 MTPDP to map out the holistic view of the agriculture and fishery sectors beyond 2010.

The SADP is a result of the DA Special Order signed in March 10, 2008. It is aimed at refocusing investments in agribusiness sector... The SADP is a partnership project with the Government of Japan through JICA.

The SADP is envisioned to serve as the common reference for donors and other stakeholders in framing agribusiness-related assistance in the Philippines. Its goal is farm transformation from subsistence to being market oriented. Thus, it is necessary for DA to identify agribusiness investments that will improve production and distribution efficiency. This implies a value chain approach with four major components. The four

components in the SADP are (a) farm production geared towards competitive and market oriented production; (b) market for products and farm inputs with high profitability i.e. research on new markets, business development, market matching and market system; (c) market infrastructure i.e. marketing place, storage and processing; (d) strengthened extension support i.e. supply chain initiatives, quality standards, food safety, and agribusiness modalities.

The DA identified under SADP the different priority commodities, which can be offered to investors for possible agribusiness ventures. These are biofuel crops (coconut, jatropha, sweet sorghum, sugarcane, and cassava), high-value commercial crops (mango, pineapple, banana, coffee, rubber, oil palm, and selected vegetables), industrial crops (abaca), and mariculture.

Mariculture is also identified as another sector to focus on, as the other three already have active investors and projects. Among the four identified sectors, mariculture has the greatest impact in alleviating poverty and generating employment (PDF, 2008). During the October 8, 2008, LGU conference organized by the Philippine Development Forum, 20 local chief executives, both Mayors and Governors signed the Commitment to Action on Agribusiness.

The current administration also launched in the first quarter of 2008 its centerpiece program dubbed as FIELDS which stands for Fertilizers, Irrigation and Infrastructure, Extension, Education and Training, Loans, Dryers and other postharvest facilities, and Seeds. The program is aimed at addressing the rice self-sufficiency issue as well as to improve corn productivity in the country. This DA-led program prompted the government to pour in a 55% increase in the national budget of DA which required a total of Php43.7B fund to address the rice self-sufficiency issue of the country.

Table 12 provides the situation analysis of three commodities – vegetables, fruits and fish, as contained in the SADP.

Table 12. Situation analysis by Agribusiness Sectors

Agribusiness Subsystem	Commodities		
	Vegetables	Fruits	Fish
Input Supply Subsystem	Most vegetables seeds are imported	Insufficient high quality planting materials	Scarcity of wild fry species
		High logistics and transport costs	Water pollution
Production Subsystem	High cost of chemicals and fertilizers	Inconsistent supply of quality fruits	High costs of feeds

Agribusiness Subsystem	Commodities		
	Vegetables	Fruits	Fish
Marketing Subsystem	High risk trading based on <i>suki</i> relations	Complicated marketing from non-plantation farms	Competing supply of cultured fishes such as bangus from Laguna versus from Dagupan
	Lack of information on supply and demand volume adjustment mechanisms	Price dictated by traders	
Processing Subsystem	Limited food safety system and weak GAP enforcement	Inadequate postharvest and processing facilities	Poor storage facilities
		The availability and affordability of raw materials for processed food productions causes swings in demand	
	Big postharvest losses	High costs of inputs such as sugar, oil, and their packaging	
General	Weak extension services for technology transfer and organization, production and agribusiness arrangements due devolution	Lack of awareness on importing countries standards	Encroachment of commercial fishing vessels in marine water

Source: Authors analysis from the SADP, 2009

The **DA-Agribusiness Management Assistance Service (AMAS)** is the main office that facilitates and coordinates all activities related to agribusiness development and marketing. It collaborates with and provides assistance to the private sector, including concerned nongovernment organizations (NGOs) and private organizations (POs), farmers and fisher folk in marketing and agribusiness investment ventures. The programs include market access and development, industry support and development, enterprise development, agribusiness information generation and dissemination, and investment promotion.

The **Philippine Agricultural Development Commercial Corporation (PADCC)** is the designated agribusiness marketing, investments promotion and project development corporate arm of the DA. The PADCC envisions itself as the strong promoter and business partner and an effective facilitator to investors engaged in agribusiness, biofuels feedstock's production and processing as well as the production of high value commercial plantation crops.

The PADCC spearheads the joint efforts of the DA, DAR, and DENR to identify and consolidate the country's two million idle lands and to develop them for agribusiness.

The Philippine Agribusiness Land Investments Center, as secretariat of the DA-DAR-DENR Convergence Initiative and the DA BioFuels Feedstock program that ensures available locally produced biofuels crops by promoting and facilitating investments in the biofuels industry are programs of the PADCC.

The **Philippines Agribusiness Lands Investment Center** (PhilAgribizLands Center) consolidates the basic information about available new agribusiness lands throughout the Philippines and the attendant agribusiness opportunities. It offers the following services:

Table 13. PhilAgribizLands Center Services

Information related assistance	Technical related assistance
Agribusiness Lands Digital Library	Agribusiness Lands Investment Conferences
Agribusiness Lands Investment Maps/Atlas	Agribusiness Lands Call Center
Directory/Databank of Accredited Agribusiness Lands Partners	Investment Intermediation
Agribusiness Lands Investment Project Profiles	Investment Facilitation
Biofuel Feedstock Techno Library	Agribusiness Lands Advisory & Consultancy
Contact Office Services	

PhilAgribizLands Center extends general forms of assistance to biofuels investors for their projects' basic requirements. It identifies possible plantation areas and also provides assistance and general support in naming and evaluating table agricultural lands. It also endorses the project to interested and qualified landowners. The Center assists in consolidating, packaging, and contract negotiation with landowners. It facilitates endorsements, accreditations, licenses, and permits from concerned government agencies. The PADCC also contributes to the government's efforts to increase food production.

The DA ventured into funding corporate farms using idle public lands to increase supply for local consumers and contribute to rice self-sufficiency by attracting private companies to contribute to rice production.

The convergence initiative towards sustainable rural development in the Philippines under the agribusiness chapter of the 2004-2010 MTPDP emphasizes the primacy of LGUs as the sustainable, integrating, and converging force in local and rural development. The convergence initiative is treated as a complementation strategy between and among the three NGAs.

Table 14 shows the major areas of convergence of the DA-DAR-DENR

Table 14. Major Areas of Convergence of the DA-DAR-DENR

Areas of Convergence	Programs
A. Agribusiness Development	Development of two million hectares of new lands for agribusiness
B. Knowledge Management	Information and database management knowledge sharing
C. Capacity Development	Formulation of comprehensive capacity development plan and database
D. Advocacy and Communication	Crafting an integrated advocacy and communication plan and developing design of information materials

The DA looks at four major departments including the DILG that are involved in developing new lands for agribusiness.

Table 15. Roles of the Departments in New Lands for Agribusiness Development

Department	Roles
DA	Provide farm to market roads (FMR) development, technology transfer or technical assistance, market identification, and market matching activities as well as investment promotions on agribusiness development
DAR	In-charge of land distribution, issuance of certificate of land ownership to ARBs and organized farmer beneficiaries into ARCs, provide training on technical and organizational capacities in collaboration with the Cooperative Development Agency (CDA), the DA of the LGUs
DILG	Implementation of the DA National Agribusiness Development Programs i.e. High Value Commercial Crops Development Program, Ginintuang Masaganang Ani Program for Rice, Corn, Livestock and Poultry, and Fisheries
DENR	In-charge of the ancestral domain and disposable arable land for distribution to beneficiaries. Coordinates with DAR for CLOA distribution and other documentary requirements. Coordinates with DA the cultural management of agro-forestry land development below the 18 degrees altitude.

The **National Agribusiness Corporation (NABCOR)** which is an attached government corporation to the DA has an on-going program for rice and corn trading. The program operates through joint venture agreements with LGUs in rice and corn-cluster areas nationwide. The establishment of trading centers is to enable the Philippines to keep up with international rice and corn quality standards through some P600-million investments in post harvest facilities. The move is part of the department's initiative to raise rural incomes and increase production by establishing market linkages and reducing post

production losses for corn farmers. Seven of the corn trading centers are located in Luzon, two in the Visayas and six in Mindanao.

Table 16 provides the summary of LED-related programs and services in the DA.

Table 16. Summary of LED-related programs and services in the DA

Services	Objectives	Projects
Agribusiness Management Assistance Service		
Market Access and Development	Reduce post-production losses, cost of shipment of products, risks of disease transmission	Market promotions
	Improve meat quality and safety of pork and reduce cost of pork	International trade arrangements
		Market Intelligence/Assessment
Industry Support and Development	Reduction of 22% in retail cost due to the reduction in postharvest losses.	Market Linkage
		Formation of national market umbrella
	Reduction of trading layers by 18%	Transfer of Management of Public Markets/Slaughterhouses to Market Vendors and Cooperatives
		Provision of marketing and transport facilities
	Eradication of informal cost of 2%	Promotion of Product standards and quality
Investments Promotions		Industry consultation
		Agribusiness Investments Opportunity Seminar Series
		Investments Promotions Tools Assistance
		Bantay Presyo
Enterprise Development		Implementation of EO 376
		ACEF Fund Support for FS Development
		Partnership/Joint Venture for FS Development
Agribusiness Information, Generation and Dissemination		Value Adding Approaches
		DA-AMAS website
Information Technology Center for Agriculture and Fisheries (ITCAF)		
Information access		E-commerce seminar
		Formulate policies and guidelines in the design, acquisition, maintenance, use, and disposal of IT to guide all DA units/offices and NIN stakeholders and key players in their related activities
Field Operation Service		Ensure that end-users especially the LGUs are provided access to the National Information Network (NIN)
		Serve as the principal central logistics and support unit to implement field programs, the operations of

Services	Objectives	Projects
range of services		the Department's Regional Field Units (RFUs), and the services to the extension functions of the LGUs
Policy Analysis Service		
Policy analysis		PAS shall serve as the core of the Department's capacity on policy formulation and advocacy. The PAS will focus on medium to long-term strategic concerns of agricultural and fisheries modernization

Source: DA-AMAS Programs and Services (<http://www.da.gov.ph/agribiz/programs.html>); www.da.gov.ph/welcome/html

Table 17. Programs and Services in Various Bureaus of the DA

DA Bureau	Division/Department	LED Related Programs and Services
Bureau of Animal Industry	Animal Health Management Division	Formulates programs and policies to prevent, control, and eradicate animal diseases
National Dairy Authority		Design credit systems that will provide loans, grants, and other services to dairy cooperatives. The Save the Herd program expands the animal herd as a start-up for dairy enterprise. The Palit Baka Program is the upgrading and contract breeding program for new dairy cooperators. The NDA Quedancor Loans for dairy farmers and dairy cooperatives is a five-year loan program for offspring and milk sales.
National Food Authority	Marketing Development Program	-Institutionalized marketing assistance program - Corn Marketing program - Young Farmers Agribusiness Program - Palay Marketing Assistance for Legislators and LGUs Program (PALLGU) -Corn marketing assistance Program for Industry Users, lawmakers, and LGUs (CMAPIULLGUs)
Philippine Coconut Authority	Production services/Market Development	Coconut agribusiness Land Development thru coconut planting and replanting; Promote extensively coconut products; provide microfinance/credit for livelihood and entrepreneurial skills enhancement
Philippine Fisheries Development Authority	GOCC attached to the DA to promote development of fishery industry and efficiency in fish products distribution and operation of fish ports, markets and postharvest facilities	The municipal fish ports program caters to the requirements for smaller fish landings and market facilities to fishing communities. A total of 50 MFP have been turned over to concerned LGUs.

The foreign funded programs that are agribusiness related are often concentrated in Mindanao and other poor regions and provinces. The infrastructure related programs dominate the programs for DA. Foremost among them is the Mindanao Rural

Development Program-Adaptable Program Loan Phase II (MRDP-APL2) Loan which is a Php6.7bn loan from the World Bank (WB), followed by the Infrastructure for Rural Productivity Enhancement Sector (InfRES) Program, which is a loan from the ADB. However majority of them will terminate in 2010.

Table 18. Selected Foreign Funded Agribusiness Related Projects in the DA with LGUs

Project Name	Funding Agency	Duration	Implementing Agency
Help for Catubig Agricultural Advancement Project- Agricultural Services Component (HCAAP-ASC)	JBIC, Php32.78M	2002-2010	DA-RFU8-R1, ARC
Infrastructure for Rural productivity Enhancement Sector (InfRES) Program	ADB, US\$150M	2002-2010	DA-OSEC, DA-RFU, MDFO, BLGF, LGUs
Mindanao Rural Development Program-Adaptable Program Loan Phase II (MRDP-APL2) Loan	WB, Php6.67B	2007-2010	DA-OSEC
Sustainable Management of Coastal Resources in the Bicol and CARAGA Regions (SUMACORE)	AECID, 3.67M euro	2007-2010	BFAR, LGUs
Support to Emergency and Livelihood Assistance Program (SELAP)	USAID, Php377.9M	2001-2009	DA-RFUs 9, 10, 11, 12 and ARMM
Korea-Philippines Modern Integrated Rice Milling and Processing Center Phase 2	KOICA, Php 785M	2009-2012	DA, Sta Barbara Pangasinan; Pototan Iloilo; Pilar Bohol; Matanao Davao del Sur

Source: Authors Analysis from the DA-SADP (2nd Draft) 2009

Department of Trade and Industry (DTI)

Mandate

The DTI primarily coordinates, promotes, and facilitates trade, industry, and investment activities. It is the catalyst for intensified private sector activity to accelerate and sustain economic growth. Its strategies are comprehensive industrial growth for a progressive and socially responsible liberalization and deregulation program and policies which are designed to expand and diversify both domestic and foreign trade.

The DTI creates greater economic activity by implementing measures that will attract more investments and allow businesses to grow. This harnesses the potential of MSMEs, promotes domestic and foreign investments, and ensures consumers' value for their money, through globally competitive exports and industries and a bureaucracy that is committed to operational efficiency (www.dti.gov.ph).

The DTI sees its role as a business and consumer champion guided by its five-point action strategy. This strategy is focused on MSMEs as it prepares them for the knowledge economy. It supports lowering the cost of doing business and ensures consumers get the best value for money. The department's end goal is to expand the Philippine trade and industry as the means to generate jobs and raise income.

LED related Programs and Services

The **Small Business Corporation (SB Corp.)** is engaged in small enterprise development financing and small credit delivery systems nationwide. It develops an appropriate mix of financing products that are responsive to the needs of the country's small and medium enterprises (SMEs). Over the years, SB Corp. has evolved its product line from generic credit and credit enhancement facilities—catering to both nearly bankable SMEs and small banks in need of liquidity support—to more evolved lines that focused the financing facilities to specific products/sectors.

The **Rural Micro Enterprise Promotions Program (RuMEPP)** is a seven-year, US\$ 22.826 million special project in the DTI that is engaged in helping poor entrepreneurs and rural families. It provides technical and financial support for micro enterprises that can in turn benefit other poor families through job opportunities. RuMEPP focuses its services and programs to 19 provinces of the poorest regions i.e. CAR, Bicol, Eastern Visayas, SOCCSKSARGEN and CARAGA. It has a three-prong component that provides the available resources to micro enterprise such as the microfinance credit and support. It also gives business developments services to existing and prospective microenterprises, and efficient microenterprise management. The program complements OTOP and the other programs in the DTI.

The **One Town One Product (OTOP)** is a priority program of the President to promote entrepreneurship and create jobs in the LGUs. Through OTOP, local chief executives of various cities and municipalities lead in identifying, developing, and promoting a specific product or service, which has a competitive advantage. OTOP supports MSMEs to manufacture, offer, and market distinctive products or services by using indigenous raw materials and local skills and talents.

OTOP offers a comprehensive assistance package through a convergence of services to LGUs, national government agencies (NGAs), and the private sector. This includes business counseling, skills and entrepreneurial training, product design and development, appropriate technologies and marketing. The concept of OTOP was adapted from Japan's successful One Village One Product (OVOP) project, which was started in 1979 by Governor Morihiro Hiramatsu of Oita Prefecture (www.dti.gov.ph).

The **SME Unified Lending Opportunities for National Growth (SULONG)** is collaboration among Land Bank of the Philippines, Development Bank of the Philippines, Small Business Corporation, Quedancor and Rural Credit Corporation, Philippine Export-Import Credit Agency, and the National Livelihood Support Fund. Interest rates are fixed at 9% per annum for short-term loans, 11.25% per annum for medium-term loans and 12.75% per annum for long-term loans. More than PHP 35.3 billion (US\$640 million) in loans have been released to 368,000 SMEs since 2003. The program has increased credit available to SMEs.

The **Build Operate and Transfer (BOT) Center** has two core competencies—project development and project monitoring. In project development, both the technical and financial assistance are offered to implementing agencies and LGUs. The project's successful tender and award is processed in project monitoring.

Specifically, the BOT Center provides the following technical assistance:

- Pre-screening of projects for possible financing, review of technical assumptions, market assessment, and giving legal advice;
- Financial assistance through the Project Development Facility. This is a loan facility for pre-investment studies and tender document preparation. and includes assistance during the bidding process and contract award;
- The Private Sector Participation Program and other projects offer potential investors and project stakeholders marketing services including on-line promotions and publications;
- Policy review and formulation conducted with other implementing agencies and oversight agencies to create a policy environment that responds to private sector concerns and ensures the protection of consumers and the public in general

- Capacity building to enhance the skills of LGUs in determining emerging opportunities and in shepherding projects in the preparation and approval process (www.botcenter.gov.ph).

The SMEDSEP Approach to Local Business and Investments Climate Promotion.

To facilitate the implementation of a results oriented provincial SMED Plans, GTZ supports the DTI and their stakeholders in promoting and replicating BIC practices. This has made it easier for SMEs to grow in terms of income and number of establishments or jobs created. This involves development, adaptation and replication of models geared toward reform priorities and BIC improvement. These are:

- *Simplifying Business Registration at the Local Level (BPLS): a Four Phased Approach.* Streamlining the business registration process for SMEs to register fast and easy and thus, encourage more applicants to enter the formal economy.
- *NERBAC: Cutting Red Tape, Boosting Business.* The National Economic Research and Business Assistance Center (NERBAC) is a one-stop shop action center that brings together the various government services to expedite business registration and investment procedures.
- *Local and Regional Economic Development (LRED)* a participatory planning, implementation, and monitoring process involving public and private players. Participants identify, prioritize, and take action on bottlenecks to take advantage of the economic potential of localities.
- *Business Development Services (BDS):* Subsector Business Service Approach. Identifies BDS requirements of SMEs in specific sectors by analyzing constraints and promoting commercial opportunities for growth.
- *SME Access to Credit: Enhancement through Upscaling.* To increase loans to SMEs, SMEDSEP works with financial institutions such as rural and thrift banks as well as financial training providers to develop knowledge and skills in SME loan provision.

Accessing Markets through the Value Chain (Value links®) Approach The Value Chain Approach aims to facilitate SME's better access to markets and increased productivity and competitiveness in a given sector through the strategic analysis and focused improvement of a production process. (www.smedsep.ph).

The **Philippine Business Registry Program (PBR)** is a BOI-DTI supported program through business permits and licenses (BPL) improvement. The EO 587 issued on 08 December 2006 directs DTI to establish and administer the PBR Project. Through this mandate, DTI coordinates with other stakeholders to facilitate business registration and application in the country. The PBR is a web-based I.T. system that will eventually allow the online filing of applications for business registration, business permits and licenses, and business dissolution using a single data entry facility. This is linked to the systems of national government agencies and LGUs. The PBR is envisioned to facilitate a seamless transactional environment for business registration and facilitation with all the concerned agencies through the web-based portal. One of the key features that will be embedded in this portal is the web-based registry for all business entities registered in the country (i.e., sole proprietorships, partnerships, corporations, profit and non-profit organizations, and cooperatives).

A Joint MC of cities in Metro Manila has been in effect for the project. In support of this mandate, an Inter-Agency Memorandum of Agreement (MOA) was formulated to formalize the agencies' commitments to the PBR. Aside from DTI, signatories to the MOA are the Securities and Exchange Commission (SEC) for the registration of partnerships and corporations; the Cooperative Development Authority (CDA) for the registration of cooperatives the Bureau of Internal Revenue (BIR) for its eTIN system; Social Security System (SSS) for validation of employer-employee information and issuance of employer SSS number; Philippine Health Insurance Corporation (PhilHealth) for the issuance of employer Philhealth number; Home Development Mutual Fund (Pag-IBIG Fund) for mandatory registration of members; the Department of Finance for its National Single Electronic Window Initiative to include the BIR, Bureau of Customs and Bureau of Treasury; the 17 local government units (LGUs) of the National Capital Region (NCR), League of Municipalities of the Philippines (LMP), League of Cities of the Philippines (LCP) and the Philippine Chamber of Commerce and Industry (PCCI).

The training on BPL is being revised and updated with regards to the local revenue tax code that was focused primarily on taxing business establishments. BPL capacity building also involved system design or improvement in terms of procedures, processing time, and documentary requirements in applying for local business licenses. The establishment of a one-stop shop is also discussed in local study missions where a group of local officials observe the practices of LGUs that have established one-stop shops (Mendoza and Javier, 2006).

The BOI Investment Servicing Group handles the capability-building component for investments promotions for the LGUs. The DTI offers these trainings to LGUs and DTI regional offices and the League of Cities of the Philippines.

The DTI of Region 6 has launched on January 26, 2009, the ARISE Program or "A Responsive and Innovative Strategy for Entrepreneurship". The program aims to promote the development of new enterprises, provide alternative sources of income for the unemployed, and assist existing entrepreneurs or enterprises improve their competencies. The program has four (4) components namely, Basic Entrepreneurial Trainings, Business Idea Generation, Specific Assistance to MSMEs and Monitoring and Evaluation. Under the first component, DTI will conduct weekly training for prospective and existing entrepreneurs. The participation of the academe, line agencies, local government units and the private sector will be solicited in order to ensure the successful implementation of the program. The second is geared towards the creation of new enterprises wherein prospective entrepreneurs will be given business concepts or ideas through the presentation of successful business models. The 3rd component aims to assist existing entrepreneurs by way of providing technical assistance, consultancy services and business counseling on four (4) areas of business namely; marketing, production, organization, and management and finance. The ARISE program, is DTI's response to the global economic crisis whose effects is expected to hit as far the Micro, Small and Medium Enterprises (MSMEs) in the countryside (PIA, 2009).

Table 19 shows the summary of LED related programs and services in the DTI.

Table 19. LED related Programs and Services in the DTI (for revision to include other programs/projects)

Programs and Services	Name of Program/Service	Description of Program/Service
1. Special Projects		
	Philippine Business Registry	PBR aims to facilitate a seamless transactional environment for business registration and development across the application systems of various government agencies, such as but not limited to the DTI, SEC, BIR, SSS, PHIC, and LGUs.
	One Town, One Product (OTOP-Philippines)	The One Town, One Product (OTOP-Philippines) is a priority program to promote entrepreneurship and create jobs. Through OTOP, local chief executives lead in identifying, developing, and promoting a specific product or service, which has a competitive advantage. OTOP-Philippines support micro, small, and medium enterprises (MSMEs) to manufacture, offer, and market distinctive products or services through the use of indigenous raw materials and local skills and talents.
	Certified Establishment	The CE Program aims to give due recognition to establishments that uphold the rights of consumers and practice responsible business where consumers get value for money. It encourages the setting up of a sustainable Consumer Welfare Desk (CWD) or a DTI recognized customer service counter that will provide information to consumers

Programs and Services	Name of Program/Service	Description of Program/Service
		and serves as mechanism for speedy resolution of consumer complaint.
	Rural Micro Enterprise Promotion Program (RuMEPP)	RuMEPP aims to reduce rural poverty through increased economic development, job creation, and better incomes for poor rural households by promoting profitable and sustainable micro enterprises (MEs).
Board of Investments (BOI)		
		The Philippine Board of Investments (BOI), an attached agency of Department of Trade and Industry (DTI), is the lead government agency responsible for the promotion of investments in the Philippines.
		<ul style="list-style-type: none"> • Information assistance to local and foreign investor • Timely investment advice and facilitation regarding investor's business transactions • Assistance in the selection of ideal investment location • Joint Venture Matching Services for international local and foreign entrepreneurs • Investment advice and facilitation for small and medium entrepreneurs (SMEs) • Business linkages with public and private sectors • Evaluation and supervision of investment applications • Training on Investment Promotion • Seminar on Investment Networking for Local Executives • Facilitation of Environmental Clearance Certificate and advocacy for environment-related projects • Investment briefings, inbound and outbound missions, seminars, and conferences for local and foreign investors • After-sales service through the Investment Promotion Network (IPN), a system of hotlines connecting Investment Promotion Units (IPUs) across 24 related government agencies • Entrepreneurial assistance to overseas Filipino workers (OFWs) • Industry sectors planning and preparation of industry sector profiles •
Center for International Competitiveness		
		Implements quality and productivity programs for industrial competitiveness, the CIC offers services that include conducting orientations and training programs on human relations, management development and quality, and productivity.
National Development Company (NDC)		
		<p>NDC was created to function as the government's investment arm. It develops, finances, and implements pioneering projects vital to the sustainability of the government's structural reforms and economic policies.</p> <p>Since 1919, NDC had a hand in the establishment and privatization of the many of the vital companies that are among today's the biggest and oldest companies in the country.</p>
Philippine Economic Zone Authority (PEZA)		
		PEZA is the Philippine government agency tasked to promote investments, extend assistance, register, grant incentives and

Programs and Services	Name of Program/Service	Description of Program/Service
		<p>facilitate the business operations of investors in export-oriented manufacturing and service facilities inside selected areas throughout the country proclaimed by the President as PEZA Special Economic Zones (ecozones).</p> <p>It oversees and administers incentives to developers/operators of and locators in world-class, ready-to-occupy, environment-friendly, secured, and competitively priced Special Economic Zones.</p>
Philippine National Construction Corporation (PNCC)		
		<p>PNCC was originally incorporated under the name Construction Development of the Philippines (CDCP) on 22 November 1966. Its business enterprise included construction, planning and engineering, urban development; materials processing, manufacturing, expressway development and operations, equipment leasing, trading, agriculture, transportation, mining, hostelry, and insurance. To reflect the enormity of the equity investment of the national government in the company, it was named Philippine National Construction Corporation (PNCC) on 23 February 1983.</p> <p>The company's scope of services in a wide array of construction and engineering works and phases has even expanded since then, to include all project stages -- from feasibility studies, designs and detailed engineering, procurement, construction and project management, concrete pre-casting, steel fabrication, materials processing, and equipment rebuilding, have become a part of PNCC service offerings. It has engaged in toll way operations and management and has entered into joint ventures with domestic or foreign entities, to undertake projects in line with its purposes, as well as purchase, sell, own, hold, and develop claims, properties, agricultural, and real estate development.</p>

3. Department of Finance

Mandates

Under Executive Orders 127, 127-A and 292, the Department of Finance is responsible for the formulation, institutionalization and administration of fiscal policies in coordination with other concerned subdivisions, agencies and instrumentalities of the government; general and management of the financial resources of government; supervision of the revenue operations of all local government units; review, approval and management of all public sector debt, domestic or foreign; and rationalization, privatization and public accountability of corporations and assets owned, controlled or acquired by the government.

The DOF arm directly responsible over the fiscal and financial affairs of local government is the Bureau of Local Government Finance (BLGF). BLGF provides a

catalytic role in effective and sustainable management of fiscal and financial resources of LGUs, transforming them into self-reliant communities. It is vigilant and dedicated to pursuit of development and professionalization of its employees including those of the local treasury and assessment services.

In order to enhance the fiscal autonomy of LGUs, the DOF through its Municipal Development Fund Office (MDFO) aims to wean LGUs from a heavy dependence on the national budget. Hence, it has continued to undertake programs to improve access of LGUs to other sources of financing.

LED-related Programs and Services

The MDFO is the key office under the DOF for LGUs availment of funds from local and international assistance for the implementation of various social and economic development projects. Under Section 3 of Executive Order No. 41, MDFO shall perform to be the source of credit finances in support of the decentralization of services from the national to the local levels of government; promote the acceptability of borrowing as a means of financing a wide range of local government investments; promote and assist local governments in the selection of well-fortified and high-quality investments in infrastructure projects and public facilities; encourage a cost recovery approach to the provision of suitable public services through the levy of appropriate levels of fees and user's charges.

There are ranges of financing options for the LGUs for projects that covers the social and economic spheres of local development offered by the MDFO.

Table 20 provides the summary of financing services options available for the LGUs offered by the MDFO.

Table 20. Some Financing Service Options for the LGUs

Type of Projects	Project Description			
	Project	Project Overview	Eligible Projects	Eligible Borrowers
Social Development Projects	MDG Fund	LGU initiatives that directly contribute to the attainment of MDGs parallel to DILG Guide to MDG Localization	Emphasis is given on direct link between proposed intervention and a particular MEDG target aside from traditional infrastructure projects	All 4 th -6 th class LGUs
	Philippine Water Revolving Fund Standby Credit Facility	Financing scheme for long-term investments requirements of LGUs and water districts for supply and sanitation	Projects related to provision of water supply and sanitation services (WSS projects)	All LGUs nationwide
	Disaster	Strengthening the	Three fund categories are	All 1 st to 6 th

Type of Projects	Project Description			
	Project	Project Overview	Eligible Projects	Eligible Borrowers
	Management Assistance Fund	country's disaster control capability	available for financing-disaster prevention and mitigation, disaster response and relief and disaster recovery and rehabilitation	class provinces, cities and municipalities
Economic Development Projects	Project Technical Assistance and Contingency Fund	Optional Financing for LGU contingency requirements and technical assistance needed for sub-projects financed by the MDFO	Project FS, foreign exchange costs differential incurred upon project implementation and other TAs such as capacity building, technical related tests, revenue enhancement programs among others.	All LGUs with sub-projects financed under any MDFO funding windows
	Municipal Development Fund Project	Enhancement of LGU revenue generation and growth of local public enterprises and infrastructure projects	Eligible sub-projects include infrastructure and equipments. Infrastructure projects include revenue generating subprojects, education, health and solid waste and environmental subprojects on water management.	All cities, provinces and municipalities nationwide
	Program Lending for Provincial Governments (PROLEND)	Policy based loans to assist LGUs achieve policy targets or reform objectives	Financing capital expenditures of development projects. It is a matching grant of national government for a local program which supports a national and local interest	Provincial governments willing to pursue policy reform areas of PROLEND
	Mindanao Basic Urban Services Sector Project (MBUSSP)	Technical assistance to LGUs in Mindanao gain access to credit facilities	Improvement and rehabilitation of local infrastructure and institutional delivery of basic services for urban poor communities	All provinces, cities, municipalities in Regions IX, X, XI, XII, CARAGA and ARMM

4. Department of Budget and Management (DBM)

Mandate

The DBM is, created under Executive Order No. 21 dated April 25, 1936 and is mandated under this Order to formulate and implement the National Budget to support national

socio-economic plans and objectives and ensures the efficient and sound utilization of government funds and revenues. It establishes and administers a unified government compensation and position classification system.

LED-related Programs and Services

Section 354 of the Local Government Code authorizes DBM and the Commission on Audit (COA) to promulgate a Budget Operations Manual for LGUs. The Budget Operations Manual (BOM) for Local Government Units (LGUs), 2008 Edition, has been finalized and recently printed for dissemination. This is a comprehensive guidebook on local government budgeting designed to systematize methods and procedures in budget preparation, authorization, execution and accountability and for the LGUs to be more responsive to the changing times and aimed at strengthening local governance. Currently, trainings are conducted to orient the LGUs on the Manual.

Also, a JMC has been issued in 2007 between and among the NEDA, DILG, DOF and DBM in harmonizing key fiscal functions at the LGU level. The JMC No 1 2007 is the Guidelines on the Harmonization of Local Planning, Investment Programming, Revenue Administration, Budgeting and Expenditure Management. The JMC also outlines the processes for the LCEs, the Local Development Council and the roles of the national oversight committees in harmonization.

5. Department of Labor and Employment (DOLE)

Mandate

The DOLE stands as the national government agency mandated to formulate policies, implement programs and services, and serve as the policy-coordinating arm of the Executive Branch in the field of labor and employment. The organization and functions of the Department of Labor and Employment are in accordance with the provisions of Executive Order No. 126, as amended, the Labor Code of the Philippines, and other relevant and pertinent legislations.

The Department has exclusive authority in the administration and enforcement of labor and employment laws and such other laws as specifically assigned to it or to the Secretary of Labor and Employment.

LED-related Programs and Services

The seven major programs of DOLE in one way or the other is LED-related. They are job search assistance services for wage employment; capacity building services for livelihood; Social Partnership Promotion and Dispute Resolution Services; Social

Partnership Promotion and Dispute Resolution Services; Professional Regulation Services, Technical-Vocational Education, Skills Competency, and Productivity Trainings; Services to Safeguard Fair and Just Terms and Conditions of Employment; Social Protection and Welfare Services and Work Accidents/Illnesses Prevention and Work Compensation and Rehabilitation Services.

Table 21 provides summary of some of the LED programs and services in DOLE

Table 21. Some LED Programs and Services in the DOLE

LED Program	Program Overview	Projects and Services
Job Search Assistance Services for Wage Employment	Job seekers placement through various employment exchange facilities (i.e., Public Employment Service Office, Private Recruitment and Placement Agencies, Contractors and Sub-Contractors, Phil-Jobnet, Employment Kiosks) and career advocacy.	Labor Market Information and Networking Program; Capability-Building Program for Employment Service Providers; Overseas Employment Facilitation Program; Bridging Employment Assistance Program for Youth
Capacity-building Services for Livelihood	Assists disadvantage workers who opt to engage in self-employment of entrepreneurial undertakings as their source of income.	Unlad Kabuhayan; Kabuhayan Starter KITS; Balik Kabuhayan; Dagdag Kabuhayan
Social Partnership Promotion and Dispute Resolution Services	Preserve employment through the provision and implementation of measures and interventions.	Dispute Prevention and Settlement Program; Workers Organization Program; Continuing Labor and Employment Education Program; Workplace Cooperation, Partnership and Tripartism Program; Grievance Settlement Machinery and Voluntary Arbitration
Professional Regulation Services, Technical-Vocational Education, Skills Competency, and Productivity Trainings	Enhance the competencies and employability of the employed and unemployed/underemployed workers.	Technical-Vocational Education and Training (TVET) Program in cooperation with TESDA; Maritime Training Program; Educational Scholarship Program for OFWs & their Dependents; Productivity Awareness and Improvement Program; Career Guidance and Counseling Program
Services to Safeguard Fair and Just Terms and Conditions of Employment	Protects the workers' rights at the local front by assisting large, medium and small business firms comply with general labor standards.	Labor Standards Enforcement Program; Overseas Employment Contracts Verification Program; Employment Regulation Program
Social Protection and Welfare Services	Facilitates the workers access and enrollment to social security (i.e. SSS, Philhealth).	Child Labor Prevention/Elimination Program; Family Welfare Program (FWP); Facilitation of Workers in the Informal

LED Program	Program Overview	Projects and Services
		Economy (WIE) enrollment in social security schemes; Anti-Illegal Recruitment (AIR) / Anti-Trafficking in Persons (TIP) Program; Welfare and Protection Programs for OFWs; DOLE Adjustment Measures Program (AMP) for workers affected by economic crisis, and natural and man-made calamities
Work Accidents/Illnesses Prevention and Work Compensation and Rehabilitation Services	Increases workers knowledge and skills on occupational safety and health (OSH) at the workplace through advocacy, enforcement and capacity-building.	Occupational Safety and Health (OSH) Training, Orientations and Seminars; Zero Accident Program (ZAP); Safety Officers Accreditation Program; Employees Compensation (EC) Program

6. Department of Science and Technology

Mandate

The DOST provides the central direction, leadership, and coordination of all science and technology (S&T) activities in the country. It formulates S&T policies, programs, and projects in support of national development priorities.

LED-related Programs and Services

The **Small Enterprise Technology Upgrading Program (SET-UP)** is under the Office of the Undersecretary for Regional Operations, DOST. The SET-UP was launched to respond to the recognized importance and critical role of MSMEs in generating employment, earning foreign exchange, and stimulating growth and development particularly in the rural areas. SET-UP is an umbrella program of DOST which rationalizes and links all DOST services to address the technological needs of the MSMEs. The program assists MSME firms through infusion of new/advanced technologies to improve operations, human resource training, design of functional labels and packages, assistance in the establishment of product standards, database management system and limited fund assistance for technology acquisition.

Some of the requirements to avail the SET-UP program include a full-blown proposal that contains the technical, marketing, management, and financial and waste aspects. An endorsement from the DOST Regional Director should also be included. Success stories of various MSME beneficiaries were compiled and documented through three casebooks on food and agribusiness, horticulture and aquaculture and fashion accessories, gifts, toys

and house wares sectors. Recently, SET-UP has also extended its program assistance to LGUs with enterprises due to numerous requests of LGUs to be part of the program.

One of the DOST councils, the Philippine Council for Agriculture, Natural Resources Research and Development (PCARRD) implements the **Techno Gabay Program (TGP)** which provides modalities for effective and efficient delivery of information and technology services in agriculture and natural resources sector. It integrates PCARRD initiated projects like the Farmers Information and Technology Services (FITS); Farmers Scientist Bureau (FSB) or Magsasaka-Siyentista; Information, Education and Communication Strategies (IEC) and Information and Communication Technology (ICT). The TGP was recognized through the issuance of E.O. 801 on May 14, 2009 after ten years of inception. The EO encourages LGUs to adopt TGP with assistance from concerned agencies. Eventually, on July 24, 2008, the Commission on Higher Education (CHED) and PCARRD signed a joint MC mandating the state universities and colleges (SUCs) to adopt the TGP.

TGP is one of PCARRD's banner programs. It brings science-based information and technology services to end-users in the agriculture, forestry and natural resources (AFNR) sectors. TGP is characterized by networking of research and development (R&D) institutions in the AFNR sectors, the Regional R&D Consortia and other members of the National Agriculture and Resources Research and Development Network (NARRDN), the private sector, the LGUs, nongovernment organizations (NGOs) and other extension service providers, thereby, enhancing technology utilization, adoption, and commercialization. About 440 of the 506 FITS Centers are LGU-managed and as of 2008 there were 483,447 clients served with crops and livestock as the preferred focus commodity inquiries. S&T based farms totaling 361 were also established across the country. The FITS centers are and can be information resources centers for LED.

The **Technology Resource Center (TRC)** is a government corporation attached to the DOST and operates as a self-sustaining institution. The TRC acquires and promotes technology and livelihood skills and information for Filipinos worldwide. TRC act as a facilitator in the utilization and active exchange of ideas, information and technology to help create new jobs and livelihood opportunities as well as develop small and medium-sized businesses. It explores available means to cater to the diverse technology needs and demands of the marginalized sectors, existing and prospective entrepreneurs, local government executives as well as business leaders in the countryside.

The **Technology and Livelihood Development Centers (TLDC)** has a techno bank and e-TRC, which provides materials and references on livelihood and entrepreneurship information. Livelihood courses have corresponding video presentation and are available

upon request by individuals and groups. A technology caravan also brings information and training services in hard to reach areas. TLDC also organizes trade fairs to promote products developed by beneficiaries and clients. Business counseling on business operations is also provided also upon request.

Currently there are about 46 provinces all over the Philippines, which have TLDCs. The TLDCs are under the sponsorship and control of the LGU with continuing technical support of TLRC and function as a "mini-TLRC" 1.

Table 22. LED-related Programs and Services in the DOST

Agency/Department	Programs/Service	Program Description
Technology Resource Center (TRC)	eTRC-elibrary	<p>The eTRC-elibrary is an internet-based computerized system tool to promote entrepreneurship by providing access to a wide range of technology, business and livelihood information as well as other vital requirements in establishing a business.</p> <p>With its current thrust, TRC has engaged in the enhancement of the eTRC to modify its components and to make it more user-friendly and easy to use. With the enhancements, anybody can access TRC's technology multimedia clips, in addition to the full text of its business and technology print materials using its Prepaid System facility.</p>
	Techno Centers Industrial Estate Management	<p>Initially established to attract foreign and local investors, promote economic activities and provide employment in the nearby communities. Techno Centers are located in areas of Pampanga (Florida Blanca TC, Mabalacat TC, Mexico TC, and Porac TC), Bataan (Hermosa TC), Tarlac (Capas TC and Concepcion TC), and Zambales (Botolan TC). These TCs also serve as hubs for the Center's Business Incubation Program. It leases factory warehouses in these locations.</p>

Agency/Department	Programs/Service	Program Description
	Negosyo atbp	<p>Negosyo Atbp. Is both informative and entertaining. It offers livelihood investment opportunities to its wide array of audience. Now on its fourth season, each episode is thematically fashioned and carved into these following segments: Winner ka which features entrepreneurs who became successful because of their business ventures. Biztech tackles new technologies and innovations which will be beneficial for entrepreneurs in the development of their products. Negosyo to go introduces do-it-yourself businesses to entice new and budding entrepreneurs. Negosyo on the Streets, as the name suggests, features businesses on the streets. And last but not the least, Bisnes on the Sayd which highlights business ventures of famous personalities</p> <p>Negosyo Atbp. airs every Saturdays from 5:30 to 6:30 PM via NBN 4.</p>
	<p>Social Technology Department (SOCTECH) Tasked with the delivery of entrepreneurship development interventions, formulates socialized training courses for a number of LGUs. The department likewise conducts Corporate Social Responsibility (CSR) programs for a multitude of government agencies, NGOs and foundations and private institutions. Similarly, the department oversees the development of TLDCs all over the country.</p>	<p>Technology and Livelihood Development Centers (TLDC)</p> <p>The TLDC is the Center's major support program for the LGUs poverty alleviation and countryside development agenda. It helps build up LGU capability in ensuring efficient and effective delivery of technology and livelihood program services to its people in accordance with its mandate. Through the TLDC, TRC aims to empower the LGU in delivering the services to its constituents/clients by providing easy access to: Technology & Livelihood Information and Instructional materials; Technology and Livelihood Training; Technology Transfer; Project Development and Packaging; Capability Building Training; Market Linkaging/Networking</p>
DOST-wide	Science and Technology Information Network of the Philippines (SciNET-PHIL)	The SciNET-PHIL is a consortium of libraries and information centers of the 20 agencies under the DOST. It aims to organize and coordinate the information sourcing and sharing in the DOST system. Its general objective is to promote and improve the flow and use of science and technology (S&T) information through resource sharing and networking.
DOST-wide	Technology Innovation for Commercialization (TECHNICOM) Program Is a comprehensive and unified strategy to enhance technology development for	The TECHNICOM Program provide funds to fast track the transfer and commercialization of research results especially those generated by member institutes of the National Research and Development Network (NRDN). In addition, TECHNICOM provides assistance in facilitating

Agency/Department	Programs/Service	Program Description
	commercialization, the program is targeted towards: stimulation of technological innovation; increasing private sector adoption and commercialization of innovated technologies; and maximizing benefits from government investments in technology innovation activities	the access of SMEs to research facilities and personnel of Research and Development Institutes (RDIs) and other government institutions to address their technical needs.
DOST-wide	One Stop Information Shop of Technologies in the Philippines (compendium of technologies) www.osist.dost.gov.ph	Bring technologies to the market as DOST's commitment to public service, thru the compendium of technologies. These technologies were products of relentless endeavors of the scientists and engineers of the science and technology (S&T) community who conducted in-depth researches that cut across almost all sectors and industries such as advance science, food and food process, engineering, metals, environment, health and biotechnology, forestry, nuclear science, and many more.
PCARRD	Commodity Information Network (CIN)	A one-stop-shop of information about the commodity of your interest.
	Farmers' Information and Technology Services (FITS) Information System	A web-enabled system that allows simultaneous updating of data by various FITS centers nationwide. Allows fast and easy access to data and information in the agriculture, forestry and natural resources (AFNR) sectors.
	MSME PCARRD Tool	Automated agro-industrialization tool for various MSMEs highlighting technical assistance of PCARRD and Regional Consortia.

7. Department of Agrarian Reform (DAR)

Mandates

DAR leads in implementing the Comprehensive Agrarian Reform Program (CARP). It undertakes land tenure improvement and development of program beneficiaries. DAR conducts land survey in resettlement areas. It undertakes land acquisition and distribution and land management studies. The DAR also orchestrates the delivery of support services to farmer-beneficiaries and promotes the development of viable agrarian reform communities (DAR, 2009).

The DAR and the agrarian reform special account fund were created by the enactment of RA No. 6389 Agrarian Reform Code and RA No. 6390. It was later amended and supported by other policies that involve the LGUs in the land reform process and thus, provide support to land beneficiaries. Through the years, the land reform process has evolved not only in allowing beneficiaries secure ownership of land but also in providing them supports services. At present, the vision of DAR is “to make the countryside economically viable for the Filipino family by building partnership and promoting social equity and new economic opportunities towards lasting peace and sustainable rural development” (www.dar.gov.ph).

Approaches undertaken in the process include land tenure and acquisition improvement, provision of support services to beneficiaries (credit assistance, extension services, irrigation facilities, roads and bridges, marketing facilities and training and technical support programs), infrastructure projects to transform ARC to rural economic zones, KALAHARI Agrarian Reform Zones that cluster ARCs to achieve greater agro-productivity, and improvement of Agrarian Justice.

RA 6389 otherwise known as the Agricultural Land Reform Code, involved local governments in the major areas of CARP implementation. EO 151 of 1999 allows the voluntary consolidation of small farm operation into medium and large scale integrated enterprise that can access long-term capital.

Table 23 shows the LED related policies in the DAR.

Table 23. LED related Policies of DAR

Policy Type	Policy Name	Policy, Program/Service Description
Congressional act	RA No. 6389 An Act Amending RA Numbered Thirty-Eight Hundred And Forty-Four, As Amended, Otherwise Known As The Agricultural Land Reform Code, And For Other Purposes.	<p>Involves the local governments and secure their participation in the various aspects of the Agrarian Reform Program, such as the leasehold system, the acquisition and distribution of private and public agricultural lands, the development of cooperatives and small-scale industries and the like, and the other corollary operational activities that should be carried out through barrio, municipal, provincial and city governments.</p> <p>In pursuing this approach, DAR formulates the policies and programs necessary to implement the Code.</p> <p>It also renders technical assistance to local governments necessary to carry out the objective of agrarian reforms.</p>

Policy Type	Policy Name	Policy, Program/Service Description
	RA No. 3844 An Act To Ordain The Agricultural Land Reform Code and To Institute Land Reforms In The Philippines, Including The Abolition of Tenancy and The Channeling of Capital Into Industry, Provide For The Necessary Implementing Agencies, Appropriate Funds Therefore and For Other Purposes.	Agricultural leasehold system replaces all existing share tenancy systems in agriculture; provides for a declaration of rights for agricultural labor; an authority for the acquisition and equitable distribution of agricultural land; an institution to finance the acquisition and distribution of agricultural land; a machinery to extend credit and similar assistance to agriculture; machinery to provide marketing, management, and other technical services to agriculture; a unified administration for formulating and implementing projects of land reform; an expanded program of land capability survey, classification, and registration; and a judicial system to decide issues arising under this Code and other related laws and regulations.
EO	EO No. 151 of 1999 Establishing The Farmers Trust Development Program And Providing The Institutional Reforms And Fund Mechanisms For Mobilizing Long Term Private Sector Capital For Rural Development (Farmers Thrust Fund)	Allowed the voluntary consolidation of small farm operation into medium and large-scale integrated enterprise that can access long-term capital.

LED-related Programs and Services

DAR's societal goal is poverty alleviation and rural development through agrarian peace and countryside stability, social justice for ARBs and Land Owners (LOs) and Agri-Based Rural Industrialization. DAR provides support services to improve farm productivity and income of ARB households in the Rural Industrialization component of the framework. ARBs are provided greater access to agricultural services (credit/microfinance, technology, market support, physical infrastructure to profitably manage an enterprise or agribusiness endeavors) and basic social services.

The plans of DAR fall within their Program Beneficiaries Development (PBD). The PBD's components are Social Infrastructure and Local Capability Building (SILCAB), Sustainable Agribusiness and Rural Enterprise Development (SARED) and Access Facilitation and Access Enhancement Service (AFEAS). While most of the support services of DAR are not necessarily directly LED related, it focuses on support services provision like infrastructure for rural industrialization and poverty reduction. Most of the projects below are foreign funded projects and provide support to ARCs.

All FAP projects have the SARED component or the enterprise development component. In this context all FAPs projects are indirectly LED related.

Table 24 shows the LED related Foreign Assisted Projects in the DAR

Table 24. LED Related Projects and Programs

Project Name	Funding Agency	Description
Second Agrarian Reform Communities Development Project (ARCDP 2 - WB)	World Bank PhP3,420M 2008-On going	The project aims to continue the momentum achieved by ARCDP I in program beneficiaries' development and support delivery directed at increasing farmers' income and providing further opportunities for sustainable growth and poverty reduction. ARCDP II also promotes the expanded role and capacities of local institutions, particularly LGUs, in managing and sustaining local rural development initiatives and programs.
Community-Managed Agrarian Reform and Poverty Reduction Project (CMARPRP) -		The project promotes the strategy for effecting land transfer to agrarian reform beneficiaries based on farmer-landowner negotiations (VLT/DPS) and community-state partnership in the planning, provision and management of productive investments and critical support services.
Mindanao Sustainable Settlement Area Development Project (MINSSAD - JBIC)	GoJ-JBIC, PHP2,326.95M 2001-On going	The project calls for the development of eight settlement areas in Mindanao in collaboration with other government agencies, non-government organizations and peoples' organizations to alleviate poverty, institute agrarian change, spur economic growth in the settlement areas and ensure viable and sustainable development in the settlements.
Northern Mindanao Community Initiatives and Natural Resource Management Project (NMCIREMP - IFAD) -	GoJ-JICA, PHP 1,130M 2003-2008	The project aims to reduce poverty for targeted household, indigenous peoples, coastal and lake fishermen and agrarian reform beneficiaries in Regions 10 and 13 through the establishment of community institutions at the settlement level and develop their capability to undertake development activities with the provision of infrastructure facilities, conduct of training and capability building, provision of equity to self-help groups through micro lending, provision of social support services and improvement of quality and coverage of agricultural extension services through training programs for extension workers and LGUs.
JICA In-Country Training Program)	GoJ, JICA PhP20M 2004-On Going	The project aims to provide training assistance, institute the agrarian reform and spur economic growth in the GOJ assisted ARCs in terms of productivity and income increases thus improving the living standard of farmer beneficiaries. It also aims to increase farm production and agricultural productivity through the provision of basic socio-economic infrastructures to strengthen the farmer-organizations toward becoming the viable economic arm of farmer beneficiaries for the sustainable operation and efficient management of the facilities and agri-business in the ARCs.

Project Name	Funding Agency	Description
Italian Agrarian Reform Community Development Support Project (Italian ARCSDP- Government of Italy) -		The project primarily involves the establishment of three (3) Farmers Support Centers one (1) each in Malabang, Lanao del Sur, Malungon, Sarangani and Datu Montawal, Maguindanao. The project involves the acquisition and distribution of agricultural equipment to agrarian reform communities in Sarangani and non-agrarian reform communities in the province of Lanao del Sur and Maguindanao. These FSCs will provide the necessary services and support to the agrarian reform communities in their pre and post farming operations.
Western Mindanao Community Initiatives Project (WMCIP)	IFAD PHP 678M 1999-2008	The project promotes higher incomes, better standards of living and greater resilience among 16,000 farm and fishing households found in 23 ARC in Zamboanga del Norte, Zamboanga del Sur, Zamboanga Sibugay and Basilan. The project's four components are community and institutional development, resource management, small enterprise development and credit, and project implementation.
Solar Power Technology Support to Agrarian Reform Communities (SPOT II)	GoS PHP1.53M	SPOT II is an integrated social and agricultural development support project that helps 55 ARCs in 17 provinces mostly in Mindanao. Its components are solar electrification, agribusiness and rural enterprise development, and institutional development, It has currently strengthened 67 PO and implemented 218 agri rural enterprise projects

3. Technical Education and Skills Development Authority (TESDA)

Mandate

TESDA is the Technical Vocational Education and Training (TVET) authority in the Philippines. It steers and provides guidance to the TVET sector with the end in view of setting out clear directions and establishing priorities, the availability of timely, relevant and accurate information. TESDA also formulates plans and policies for the TVET sector and the generation through researches and studies and the dissemination of relevant data and information for informed decision of stakeholders of the sector. TESDA also focuses on increasing productivity of implemented training programs by assisting individuals or groups who prefer to go into micro business, small and medium enterprises of entrepreneurship training. At the core of TESDA strategies for the TVET sector is its proactive job matching framework (www.tesda.gov.ph).

The TESDA framework works through the sleek, find and train approach. Seek works to pinpoint specific job requirements through domestic and international market intelligence reports. Find works with identifying the right people who can be trained to fit the jobs in

partnership with stakeholders. Train works with people acquiring and using standards of quality for TVET developed in consultation with various industry sectors.

LED Related Programs and Services

The TESDA Kasosyo Project is an integration of all the entrepreneurship – related programs of TESDA. It is an integrated approach to the delivery of TESDA's three prime programs namely the Plant for Life, Village Technology and Dangal ng Barangay Program.

Plant for Life promotes social volunteerism among communities by encouraging people to plant in every available land in order to address food security. The Village Technology Program aims to infuse appropriate technologies at the village levels through technology training and fabrication of local tools, equipment and machines. The Dangal ng Barangay Program advocates production of community – based products using indigenous materials or resources as a result of the conduct of technical – vocational skills training programs (www.tesda.gov.ph).

In Mindanao, the Mindanao Technical Vocational Education and Training (Mintvet), which will be implemented in 2010 to 2015, is expected to become the blueprint of the techvoc industry which will help them become more competitive and sustainable. It aims to help tech-voc graduates find their own niche in the world of business. The roadmap was developed with the support of the Philippines-Australia Human Resource Development Facility (PHRDF), which is a P2.3 billion initiative by the Australian government and is being implemented through AusAid (PIA, 2009).

The TESDA Womens Center (TWC) through the Entrepreneurship Development Institute provides information and incubation services to support entrepreneurship development for women. It provides information and referral services on access to credit, market, technology and training, entrepreneurial services to the TWC Pre-employment trainees, Information Resource Center for would-be and existing entrepreneurs and as a showroom of entrepreneurs' products.

Under the Entrepreneurship Development Program of TWC, the Kasanayan Kabuhayan One Stop Service (KKOSS) was also launched to provide information and assistance to micro entrepreneurs or producers on access to market, capital/credit, technology and training on occupational and entrepreneurial skills. Some of the entrepreneurship development training programs offered by TWC are Business Plan Preparation (BPP), Business Improvement, Survival & Expansion Course (BISEC), Business Development, which is 3-in-one program consisting of modules of business Start-Up Course (BSUC), Business Improvement Survival and Expansion Course (BISEC) and Training of trainers,

Business Start-Up Course (BSUC), and Labeling and Packaging (www.tesda.gov.ph).

4. Philippine Commission for Women (PCW)

Mandate

The PCW formerly the National Commission on the Role of Filipino Women (NCRFW) was established in 1975 through Presidential Decree 633 with the following function to institute gender responsiveness of national development plans and coordinate the preparation, assessment and updating of the National Plan for Women, ensure its implementation and monitor the performance of government agencies in the implementation of the Plan at all levels; undertake continuing advocacy to promote economic, social and political empowerment of women and provide technical assistance in the setting-up and strengthening of mechanisms on gender mainstreaming; and ensure that the gains achieved by Filipino women due to Philippine culture and tradition shall be preserved and enhanced in the process of modernization.

LED related Programs and Services

Some of the major programs of the PCW on LED are policy advisory services to the President and cabinet on GAD, gender analysis of laws and policies, and legislative advocacy; formulation of the Framework Plan for Women (2001-2004); delivery of technical assistance for gender responsive plan/program development and implementation; delivery of GAD-related tools and mechanisms for expanding provision of technical assistance at the national and sub-national levels.

The Gender Responsive Economic Actions for the Transformation of Women (GREAT Women) Project aims to strengthen the capacity of women to establish and develop their small businesses. Under this project, the PCW partners with NGAs and LGUs to create and implement policies, programs, services and initiatives that will encourage and assist women start and grow their microenterprises.

The GREAT Women Project does not directly provide loans, construct facilities nor conduct trainings. They partner with NGAs and LGUs in engaging women in entrepreneurship, consequently developing women's economic contribution to their families, communities and the nation. The project promotes the growth of women's enterprises and helps mitigate the effects of poverty on women.

The project has three components i.e. strengthening the NCRFW, creating favorable conditions for women micro-entrepreneurs at the national and at the local level. It also

has three cluster of functions namely, advocacy and networking, training and resource social protection and microfinance. The GREAT Women Project is supported by the Canadian International Development Agency (CIDA).

10. Department of Tourism

Mandate

The Department of Tourism's mandate was first embodied in Presidential Decree No. 189, which created the DOT in 1973. It was reorganized structurally and functionally through EO No. 120 signed in January 30, 1987. The DOT is the primary government agency charged with the responsibility to encourage, promote, and develop tourism as a major socio-economic activity to generate foreign currency and employment and to spread the benefits of tourism to both the private and public sector (DOT, 2009). Tourism agencies connected to the DOT are the Philippines Tourism Authority (PTA), Philippine Convention and Visitors Corporation (PCVC), Duty Free Philippines, National Parks Development Committee (NPCDC), Intramuros Administration, and Nayong Pilipino.

DOT and its attached agencies provide leadership and direction in tourism. It promotes the tourism sector and tourist sites, provide regional support for tourists, and monitors and regulates tourist establishments. It also plans and coordinates product development.

Republic Act 9593, also known as the Tourism Act of 2009 was recently enacted in May 12, 2009. The law is considered as the Omnibus Tourism Code in the Philippines. Its general provision stated in Section 1 is to harness the potentials of tourism “*as an engine of socio-economic growth and cultural affirmation to generate investment, foreign exchange and employment and to continue to mold an enhanced sense of national pride for all Filipinos*”. Since tourism is a major player, not only in the Philippines but also in the Asia and the Pacific region, attention is given on how to tap the economic potentials of this sector. Further, the new law strengthened the DOT as the major institutional actor in tourism. The state’s perspective of tourism in the new law and, with the rest of the Tourism chapter in the MTPDP 2004-2010, is seen through the direct contributions on job creation, foreign exchange generation and stimulation of large and usually foreign investments.

LED related Programs and Services

The DOT's direct LED related projects for the LGUs is mainly technical assistance in tourism development planning, tourism product development, and marketing and accreditation. The DOT supports communities with tourism potential by promoting tourist sites in and outside the country. It monitors and regulates tourist establishments to keep these at par with international standards and supports planning, product development and coordination of tourism activities.

WOW Philippines is the flagship tourism program of the government at present. Although the acronym WOW officially means "Wealth of Wonders", it is also often applied to catchphrases used to endorse the Philippine tourism industry, such as *Women of Wonders*, *Warm Over Winter*, *Workers of Worth*, *Wonders over Wonders*, *Wacko over Wildlife*, *Wonders of the Orchid World*, *Walk our Walls* and *Wonders of Waters*. The campaign aims to showcase the country's many tourist attractions as "more than the usual". More significantly, it promotes tourism in all the provinces by showcasing events and tourist spots in all parts of the country (www.wikipedia.com).

The DOT under its **Cultural Tourism Program** implements the Kulinarya Food Trips (Culinary Tourism). This program hopes to introduce the Philippine flavors to domestic and international scene and aims to promote the country as a culinary destination. Medical tourism and other health and wellness type of tourism has been a priority program in the DOT. As far as tourism site identification, the MTDP 2004-2010, pre identified priority sites for tourism development that fall under three categories: Major Priority Destinations (Manila plus Tagaytay; Cebu, including Bohol and Camiguin; Davao; and Palawan); Minor Priority Destinations (Subic/Clark, and Vigan/Laoag); and Special Interest Destinations (Boracay and Baguio/Banaue).

The new law RA 9593, The Tourism Act of 2009, is a policy that acknowledges tourism as an "indispensable element of national economy and an industry of national interest and importance." In the law, tourism is seen as an industry that must be harnessed to stimulate socio-economic growth and cultural affirmation to cause investments, foreign exchange and employment. The main objective of the law is to strengthen the Department of Tourism (DOT) and its attached agencies to efficiently and effectively implement tourism in the Philippines. The DOT is the authority in charge of product development, regulating and monitoring and stimulating investments of the tourism sector.

The Philippine Tourism Authority (PTA) is a GOCC attached to the DOT. The PTA currently is hastening the privatization of its assets and has done aggressive infrastructure development in selected sites to promote tourism in these areas. The PTA however with the new tourism law will be the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) (RA 9593, Ch 1 Sec 4h). The TIEZA's major role is according to Sub Chapter

IV b, Sec 64 “...as a body corporate which shall designate, regulate and supervise the Tourism Enterprise Zones (TEZ), as well as develop, manage and supervise tourism infrastructure projects in the country. TIEZA’s mandates include tourism promotion and assistance for LGUs who successfully implement their tourism development plans. The TEZ are satellites of TIEZA that oversees tourism in their specific scope of areas. Tourism enterprise that register and chose to be a part of TEZ, enjoy fiscal incentives (e.g. tax break and non-tax importation incentives) and non-fiscal incentives (e.g. special investors resident visa, lease and land ownership, foreign exchange currency transactions, etc.). The establishment of TIEZA created the policy environment which provides the infrastructure investments of the government. The focus in stimulating foreign investments in tourism by giving incentives that is beneficial specially to large tourism enterprises.

The TIEZA mandate of establishing TEZs largely favors the formal or mainstream tourism enterprise operators versus community tourism where most of the poor are engaged. With a focus on infrastructure, communities may lose access to their natural assests and may eventually be excluded from tourism areas or relegated to mere employees of large tourism investors, who may meet the requirements as TEZ operators (Javier and Ferido, 2010). The amount of net benefits that the communities will get from the tourism activities will be dependent on whether and what extent or level they can participate in the industry. A wide range of factors like local (assets, gender and livelihood strategies) to policy environment and commercial context (market segmentation) influence their participation.

Incorporating strategies that promote domestic local tourism, whose standards may not be comparable to that of the international tourist, must be considered in the overall concept of the tourism sector to allow maximum participation of the communities. In order for this to happen, local communities must participate in the planning of policies and have secure control over types of tourism development. Overall as the RA 9593 states, its objective is to “develop responsible tourism as a strategy for environmentally sound and community participatory tourism programs, enlisting the participation of local communities, including indigenous peoples, in conserving bio-physical and cultural diversity, promoting environmental understanding and education, providing assistance in the determination of ecotourism sites and ensuring full enjoyment of the benefits of tourism by the concerned communities (RA 9593, Ch 1 Sec. 2i)”.

X. LED Competency Development Services

While all of the national agencies offer capacity building as part of their technical assistance programs, academic institutions offer both degree and non-degree curricular offerings that develop LED-related competencies. Some of them are cited below:

Department of Agribusiness and Management, University of the Philippines Los Banos. UPLB started offering the BS Agribusiness Management as a joint degree offering with UP Diliman from 1966 to 1974. However, in 1975 UPLB assumed the program administration with the establishment of the Institute of Agricultural Development and Administration (now the College of Economics and Management). It offers the Master of Management major in Agribusiness Management and the Master in Management major in Business Management. All programs are designed to enhance expertise for increased managerial responsibility in farms, agro-industries, and public agencies of individuals engaged in planning and implementing agribusiness development projects/programs. The Diploma in Agribusiness Management is also offered as a post-graduate course for entrepreneurs, managers and development planners of institutions/entities engaged in agricultural ventures.

The **University of the Philippines (UP) and the Ayala Foundation** has established a Joint Experimental Facility on Technology Development and Technology-based Entrepreneurship. The target locators included start-up technology companies, research and development service providers, and technology venture capital firms, among others. The UP–Ayala Technology Business Incubator (TBI) has produced many successful start-up businesses. Enterprises within the incubator program benefit from one another. This not only nurtures dot-com and technology hatchlings but also fosters a new spirit of “technopreneurship.”

The **Asian Institute of Tourism of the University of the Philippines Diliman** is the first school in Southeast Asia to offer a four-year degree program leading to a Bachelor of Science in Tourism. It fulfills its trilogy of functions by developing entrepreneurs, managers, and qualified staff for the tourism industry. It assists in the development, growth and professionalization of tourism and provides a realistic instructional and research laboratory for tourism operations and management. It also provides a place for the conduct of professional and technical programs for the hospitality industry.

Institute of Small Scale Industries, University of the Philippines Diliman pioneer, innovator, and advocate for small enterprises and entrepreneurship development in the

Philippines. UP-ISSI designs and conducts non-degree training programs on enterprise development and management. They also undertake research and consultancy services providing diagnostics management and business clinics. In 2006, they have launched an SME Knowledge Reservoir which may be accessed through the ISSI website. It contains free technical and marketing information, such as critical factors and foreign trade statistics on industries suited for SMEs.

University of Asia and the Pacific's (UAP) Center for Food and Agribusiness. This private academic institution is offering undergraduate and masteral degrees as well as non-degree trainings and seminars in various agribusiness topics. The Center also has its own agribusiness information service. It has a monthly agribusiness publication, which drew support from its corporate patrons in agribusiness.

Asian Center for Entrepreneurship, Asian Institute of Management. The Center provides degree and non-degree programs to address the needs of classic, corporate, and social entrepreneurs. They offer a Master in Entrepreneurship program which is an 18-month degree program for the transformation of enterprise and the entrepreneur. The Master for Social Development Entrepreneurs program is designed for practitioners who wish to transform their social enterprises into viable and productive organizations. The Center also offers the Entrepreneurial Management series which is a short non-degree program on Entrepreneurial Leadership and Strategic Management, Entrepreneurial Marketing, Entrepreneurial Operations Management, Entrepreneurial Finance, Social Entrepreneurship and Enterprise Development among others.

Philippine Center for Entrepreneurship (PCE) promotes entrepreneurship education in all school levels through materials development, teacher training and research.

The **Development Academy of the Philippines (DAP)** for three decades now has focused on approaches to national development. Established in June 1973, its mandate is to assist the country's development efforts as change catalyst and as capacity-builder. Some their non-degree LED-related programs are Formulating Strategic Options for LGU Revenue Generation and Resource Mobilization, Fund Sourcing Seminar, and the Enterprise Development Course for Micro-Projects at the Local Level. The Enterprise Development Course addresses the need to develop capabilities at the local level in planning and managing local enterprises. Particularly, it assists local institutions involved in coordinating small enterprise activities, as well as existing and potential entrepreneurs in identifying appropriate micro-projects. Modules include the role of small business enterprise in national development, small enterprise identification, and formulation of a business project.

Local Governance Training and Resource Institutes- Philippine Network (LoGoTRI-PhilNet) is a non-stock, non-profit national association that acts as a catalyst of change for local governments' institutional development. They are providing relevant programs and services to empower the participation of the civil society and the private sector for good governance. Major academic institutions are part of this network like DAP, Ateneo, UP-NCPAG, and De La Salle University among others. The training program offerings of the network are oftentimes the training offerings also of the academic institutions.

The **Local Government Academy (LGA)** is the capacity building arm of the DILG. They provide both special and regular programs that are LED-related. The LED-related special programs are Project Development and Management, Resource Mobilization and Generation, and Municipal Enterprise Management.

Table 25. LGA LED related Training Programs

Programs	Training Programs
Special Programs	
Development and Management of Projects	<ul style="list-style-type: none"> • Project Development • Orientation Conference on the Implementation and Management of MDP • Training on Contract Management and Project Procurement Procedure • Seminar-Workshop on World Bank Procurement Procedure • Seminar Workshop on Project Appraisal Project • Project Post Evaluation Concepts and Procedures • Project Evaluation
Resource Mobilization and Generation	<ul style="list-style-type: none"> • Bond Flotation and other Credit Financing Schemes under Public-Private Partnership • Seminar/Workshop on Resource Mobilization and Updating the Local Revenue Code • Local Government Resource Mobilization and Financial Management Analysis
Municipal Enterprise Development And Management	<ul style="list-style-type: none"> • Seminar/Workshop on Public Market Administration • Seminar/Workshop on Slaughterhouse Management • Seminar/Workshop on Bus Terminal Management
Regular training programs:	
Local Prosperity Promotion Program (LPP)	<ul style="list-style-type: none"> • Training on Project Development and Management • Training Course on Feasibility Study • Executive and Legislative Agenda for Local Governance and Development
Fiscal Management	<ul style="list-style-type: none"> • Professionalizing Local Fiscal Managers: A Key to Greater Local Fiscal Autonomy • Seminar/Workshop on Resource Mobilization and Updating the Local Revenue Code
Urban Management	<ul style="list-style-type: none"> • Institutional Capacity Building Program on Public-Private Partnership for

	<p>LGUs in the Philippines : The Financial and Legal Perspectives</p> <ul style="list-style-type: none"> • Orientation Course on Spatial Planning and Decision Support System (SPDSS) for LGUs
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State University and Colleges (SUCs) usually do not have a tourism degree or non degree offering but their program is lumped into the Hotel and Restaurant Management degrees. It is the private universities that usually offer tourism degrees and are largely concentrated in the NCR. Very recently, hospitality management degrees or majors have gained popularity.

Table 26 shows the list of academic institutions offering tourism degrees.

Table 26. List of Academic Institutions with Tourism Curricular Offerings

Region/Academic Institution	Curricular Offering
National Capital Region (NCR)	
Asia Pacific College	Tourism Management
Access Computer College	BS Tourism Management
ABE International Business College	Tourism
Airlink International aviation School	Junior Tourism management
De La Salle College of Saint Benilde	BS Tourism
Centro Escolar University	BS Tourism, BS Tourism Management, MS Tourism Management
La Consolacion College	BS Tourism
University of Santo Tomas	BS Tourism
Philippine Women's University	Non-degree offerings in Tourism
Lyceum of the Philippines	BS International Travel and Tourism Management
San Sebastian College	BS Tourism
Polytechnic University of the Philippines	Tourism Management
Region 2	
St Mary's University Bayombong Nueva Vizcaya	BS Tourism, BS Hospitality and Tourism Management
Region 4	
Lyceum of Batangas	BS Tourism
University of Regina Carmeli, Malolos Bulacan	BS Tourism
Region 7	
University of San Carlos (Cebu)	Tourism Management
University of San Jose Recoletos	BS and MS Tourism
Cebu Institute of Technology	BS Tourism Management
Region 11	
Xavier University-Ateneo de Cagayan de Oro	BS Tourism major in Hotel and Restaurant Management

The curricular offering of agribusiness degrees have proliferated as a result of the competencies developed among faculty of agricultural sciences of SUCs during the 1980s. The SUCs have a BS Agribusiness Management offering in the regions. At least

one SUC per region offers agribusiness programs except for Regions 7, 9, ARMM and the NCR. The situation of agribusiness offerings is quite the opposite of tourism in the sense that agribusiness offerings are concentrated in the regions and none in the NCR. Quite alarming is the non-offerings in the ARMM which is part of what is considered the food basket of the Philippines.

Table 27. SUC Academic Offering of Agribusiness Programs

Region/SUC	Course/Program Offering
Region 1 Don Mariano Marcos Memorial State University	BS Agribusiness Management
Region 2 Isabela State University	BS Agribusiness Management
Nueva Vizcaya State University	BS Agribusiness Management
Region 3 Central Luzon State University	BS Agribusiness Management
Pampanga Agricultural College	BS Agribusiness Management
Tarlac College of Agriculture	BS Entrepreneurship
Region 4A Laguna State Polytechnic University	BS Agricultural Business Administration
Region 4B Mindoro State College of Agriculture and Technology	BS Agribusiness/Economics
Western Philippines University	BS Agribusiness
Region 5 Bicol University	BS Agribusiness
Camarines Sur State Agricultural College	BS and MS Agribusiness, BS Agritech and Entrepreneurship
Partido State University	BS Entrepreneurship
Region 6 Western Visayas State University	BS Agriculture major in Agribusiness
Region 8 Eastern Samar State University	BS Agribusiness
Region 11 Southern Philippines Agri-business, Marine and Aquatic School of Technology	BS Agribusiness Management
University of Southern Mindanao	BS Agribusiness Management
Region 12 Central Mindanao University	BS Agribusiness
UP Mindanao	BS Agribusiness Economics
CARAGA Agusan del Sur State College of Agriculture and Technology	BS Agribusiness Management
CARAGA State University	BS Agribusiness
CAR Benguet State University	BS Agribusiness Management

Source: CHED, 2006. Consolidated List of Assessed Programs

The **Association of Local Colleges and Universities (ALCU)** is composed of thirty-one (31) local colleges and universities (LCUs) of the Philippines. The LCUs are the colleges and universities instituted and created by the LGUs. The primary thrust of ALCU is to improve the quality of instruction, research, and extension of its member schools and to provide value public tertiary education, especially to the poor and disadvantaged youth. ALCU member schools with the help of Accrediting Agencies of Chartered Colleges and Universities of the Philippines (AACCUP) are working towards quality assurance activities involving accreditation areas such as employability, community service; curriculum and instruction; research; faculty; student services; administration; physical plant and facilities; library and laboratory.

A major thrust for the LCUs in the Philippines is making their curriculum address local needs and demands and looking at the distinction of program offerings vis-à-vis the State Colleges and Universities (SUCs). This is where the LED- related offerings can be developed for the LCUs to be true to its creation of being local.

XI. Issues in LED Practice

This foregoing section of the report will underscore the issues in LED. There are substantial challenges identified in LED practice. A series of learning forum was conducted by DILG on March 14 and April 8, 2008 and another national consultation through FGDs was conducted by LGSP-LED as part of this engagement. The issues raised by participants from the five national learning forums are the following:

Macro level LED issues:

1. LED policy and program harmonization;
2. Infrastructure policies such as power, communication, roads and bridges;

Micro level LED issues:

1. entrepreneurial and corporate mindsets of LGU officials;
2. local business climate;
3. in agribusiness- natural causes such as climate change and natural disasters;
4. organizational structure of LED in the LGUs.

The issue of LED policy and program harmonization is highlighted as a result of the varied and numerous programs that NGAs have that is LED related for LGUs. Key among the issues is on the lack of collaboration among the NGAs for similar services resulting to fragmented and incomplete services. As a consequence, the LGUs are dealing, relating and coordinating with a set of national agencies for specific services.

Further, the LGUs still have to balance LED demands with the various actors within the LGUs and their community including the private sector.

Each of the national government agencies operate based on their mandates, including those for LED related programs and services. As a result the LGUs view the execution of this programs, policies and services as fragmented as the LGUs will have to deal with each of the NGAs on an agency to agency basis. For example, each of the NGAs has technical assistance on capacity building for the LGU actors, which maybe one and the same person attending the various concomitant LED interventions. NEDA emphasized another issue which is the disconnection between the planning and policy priorities of the national government and the LGUs. This is particularly apparent in the areas of food production, irrigation, and agribusiness development (WBI-DOF, 2007). Thus, LGUs being cash strapped will shape their local development programs to match donor or funder priorities, whether NGAs or ODAs. Further, the challenge is also how the NGAs can influence local development plans towards national priorities matching.

Earlier, Cabanilla (2006) argued that the agribusiness situation in the Philippines can be gleaned from a general picture of the agriculture situation itself where there exist an institutional bias for staple crops such as rice and corn. This is where the dilemma of national priority programs based on commodities structuring will be biased towards priority staple commodities like rice and corn to the detriment other geographical areas not suited for rice and corn. This contradicts the role of the LGUs in the spirit of autonomy where their familiarity with what is best in the respective communities become the roles they have to play for LED.

Internally, the role of politics within the LGU as a political organization will overrun its corporate functioning if the Sanggunian Bayan or Panglungsod is not allied with the incumbent LCE. This executive-legislative dichotomy and/ or conflict is recognized as a constraining factor causing LED and other national programs to suffer as a result of intense perceived and actual political bickering internal to the LGUs and their communities.

The issue of having an entrepreneurial and corporate mindset was raised as a major issue for LED. The call for an entrepreneurial mindset is also embodied in the Magna Carta for MSMEs and the Sixth State of the Nation Address of President Gloria Macapagal Arroyo. The entrepreneurial mind works within the premise that nothing happens unless you make things happen. Structure, support, rules and rigidity which often accompany bureaucracy are seldom found in entrepreneurship. This challenge is further evidenced by the continued use of traditional modes of LED on public enterprise primarily as part of the LGU's social services. Thus many of the public enterprises are losing financially and

the LGUs end up subsidizing these enterprises (DILG Learning Forum, 2008). With majority of LGU bureaucrats having an employee mind orientation but working as entrepreneurs for the LGU's proprietary function, is not working for LED.

The issue on enhancing local business climate is given importance as a major issue for LED in the LGUs. The four forums emphasized that the LGUs as a matter of policy should not be venturing into business but rather should only be enablers for business development and retention. However, there is an empirical body of reference which shows that successful local economic policies consisted of a balanced mix of traditional instruments (consulting, real estate management, investment in infrastructure) and modern, competition-oriented activities (LGU marketing, new public management, local cooperation and public--private partnerships) (Blume, 2006). Thus a right and balanced mix of Section 15 of the Local Government Code of a politic-corporate entity functioning of the LGU is seen as the major challenge for LED. This is where organizational structuring of LED becomes an important policy direction for the DILG.

Further adding to this is the lack of clarity among the local government on the important role that the market plays in LED. This is especially true in the areas of the LED development process and concomitant roles of LGUs as far as job creation vis-a-vis wealth creation comes to fore. The LGUs look at LED from a classical business sense of generating revenues rather than on being entrepreneurial and having an entrepreneurs attributes or being as businesspersons themselves. Thus, the BMBE law hardly gets implemented because of the understanding that the law actually exempts micro enterprise from paying taxes as a form of incentives thus resulting in a loss of revenues for the LGUs.

The last issue concerns natural causes like climate change which largely affect agricultural production and ultimately profitability of farm enterprises.

Beyond the results of the FGD and the learning forums, other issues can also be gleaned from the institutional mapping. The current LED institutional support systems for LGUs are largely limited to technical assistance including capacity building and institutional access to financial and credit assistance. This technical assistance does not address the development of the LCEs and the LGU officials as the entrepreneurs themselves. It is specially wanting in creating the entrepreneurial mindset that will focus on alternative sourcing of revenues, enhancing economies of scale through joint venture and inter-local cooperation, and creating the business climate for business development and retention. This area of assistance is needed in policy and programs/ services.

Thus, business or entrepreneurial programs of NGAs suffer difficulties in implementation. This is a major reason for NGAs searching for other local partners' in implementing national programs within the local communities. There is a compelling need to evolve organizational and individual entrepreneurial competencies at this point to ensure the effective LGU and NGA performance in LED.

While this may be considered as role differentiation, current LED supply does not exactly meet current demands. With the rapid turnover of elective and appointive officials, a vacuum is created as key experienced staffs (who have been trained) are replaced/dislodged. Right now, many of the LGUs are highly dependent on the IRA, donor assistance, and government-sourced credit financing and national grants because these are the most convenient ways of accessing funds for development, operational and even LED purposes.

Lastly, the LED policies, programs and services of various institutions to LGUs have provided wider responsibilities for LGU officials. In general, the NGAs programs and services are geared towards improved transparency and accountability and organizational efficiency. However, it has not increased local public investments. This situation highlights the need for a hand-in-hand development/evolution of both political and corporate functioning of LCEs as a mandate of the LGC of 1991.

Table 28 shows the summary of LED issues raised in the four LED forums conducted from 2008-2009.

Table 28. Summary of LED Issues Raised in Four LED Forum

LED Actors/Sectors	Knowledge Sharing Forum March 14, 2008	Knowledge Café April 8, 2008	LGSP-LED National Consultation Forum December 9-10, 2009
LED policy/program harmonization	Lack of collaboration among external stakeholders in LED i.e. LGUs and NGAs		Lack of NGAs clear understanding of on local dynamics
	Lack of coordination between internal stakeholders of LED i.e. LCEs and the Sangguniang Bayan/ PangLungsod		SMED Council representation is limited
Entrepreneurial/Corporate mindset	Most LGUs lack the entrepreneurial mindset	LGUs should not go into business	LGUs should not go into business
	Mentality among citizens that government projects are free or dole-outs	LGUs corporate mindset Commitment of LCEs	
Local business climate	LGUs lack of	LGUs should not provide	Slow LED product

LED Actors/Sectors	Knowledge Sharing Forum March 14, 2008	Knowledge Café April 8, 2008	LGSP-LED National Consultation Forum December 9-10, 2009
	management capacity for LED	subsidies to enterprises	development beyond LCE tenure
	Rampant corruption and collection of commission	Asking business to volunteer contributions to LGU affairs	LED economies of scale for LCEs to be interested
			Rampant corruption among LGUs
LED hard infrastructure e.g. infrastructure investments; financing policy; and sustainability	IRA is not equitable	Changing rules arbitrarily or establishing stiff rules for businesses	Cost of doing business e.g. power rates
		Sustainability of LED beyond LCEs term	BMBE is not implemented by LGUs
Natural Cause			Climate change as it affects agricultural production and business

XII. Summary of LED Policies, Programs and Services

National Perspective on LED

The institutional mapping of LED provided the very broad scope of LED, crossing departmental mandates and policies at the national level. Various sources of policies provide the legal mandates for LED. This maybe through the Philippine Constitution, Republic Acts, Executive Orders, Memorandum, Joint Memorandum Circulars, Department Administrative Order, memorandum of agreement/understanding and programs and services that provide the general shaping of LED direction in the Philippines. But there is no specific policy that is solely LED.

In the agribusiness context, the SADP, the agriculture chapter of the MTPDP, the AFMA and the Magna Carta for MSMEs are the cornerstones for LED. The new law on tourism, RA 9593 will generally change the institutional functioning of the DOT in terms of tourism product development and marketing. This also includes the change of focus on enterprise development, from community enterprise development under the National Ecotourism Strategy to foreign investments heavy TEZs. In this scenario, the communities' LED practice will have to be at the level of markets to be able to compete. In addition, business retention policies are combinations of incentives and support services. However, it is largely directed towards the MSMEs. This is the LGUs opportunity to enact local ordinances that will assist or reinforce businesses to be retained in their locales on top of strengthening themselves as entrepreneurs as well.

The various roles of national agencies as LED providers can be classified as regulatory, technical assistance, financing, facilitation, promotion and other support services that are LED related. However majority of the NGAs functioning in LED are mandates related. All NGAs are providing technical assistance through institutional capability building.

Table 29 shows the LED agribusiness and tourism landscape.

Table 29. Agribusiness and Tourism LED Landscape

Agency	Regulation	Technical Assistance	Financing	Facilitation	Promotion	Other support
DA	Production towards marketing oriented production; identification of priority commodities and joint ventures for investors;	Market matching; storage and processing; investments intermediation; agribusiness lands advisory and consultancy; policy	Credit financing thru the various projects; marketing and agribusiness	value and supply chain; investments facilitation;	Extension support; agribusiness and market information; investments promotion; institutionalized	Food safety; agribusiness land investments maps; lands call center; fish ports programs;

Agency	Regulation	Technical Assistance	Financing	Facilitation	Promotion	Other support
	designing credit systems;	analysis	investments; farm to market roads;		marketing assistance; rice and corn marketing programs	
DOT	Tourism site identification; identification of TEZ; enterprise accreditation	Tourism development planning			Tourism product marketing; tourism site promotion	
NEDA	Integration of social and economic policies	Interregional Development planning; improvement of physical framework plan	Assistance for financing infrastructure thru ODAs	Formulation of approaches of perceived local needs within a national framework		Mainstreaming sustainable development
DTI	Coordination, promotion and Facilitation of trade and investments activities; promoting entrepreneurship; business registration; identification of specific LGU product thru OTOP;	Economic research and business assistance; sub-sector MSME development; consumer products standards	Small enterprise financing and credit facility;	Facilitation for job creation; LRED facilitation between private and public sectors;	Private sector market promotion; after care services for private business; business linkaging; investments promotion;	BOT Project development and project monitoring; strategic analysis thru value chain approach; enterprise development assistance
DOF	Access to financing		Local economic enterprise development financing			
DBM		Key fiscal management services assistance i.e. budgeting, investments programming, and expenditure management				
DOST	Addressing technological needs of MSMEs	Advance technologies improvements assistance; Designing functional labels	Limited fund assistance for technology acquisition		Technology and livelihood skills and information;	S andT database management; technobank;
DAR	Program, beneficiaries	Infrastructure for rural				Enterprise development

Agency	Regulation	Technical Assistance	Financing	Facilitation	Promotion	Other support
	development	industrialization;				assistance
TESDA , TCW	Entrepreneurship promotion thru TVET; TVET accreditation; women entrepreneurship	Techvoc roadmap development; Village technology program thru training and tools fabrication				Advocacy for barangay-based and women entrepreneurship
PFW	Women Entrepreneurship	Strengthen capacity of women to establish businesses				Gender equity advocacy

The distinct LED programs and services provision of each NGAs provide policy implications on NGAs role to pursue collective interest such as LED. This would mean changes on how national programs should be delivered and administered from current direct national government involvement to a decentralized national government role. The current mechanisms employed are directed at improving the performance of local governments and the policy directions for the private sector. The institutional mapping of LED showed that majority of technical assistance of NGAs is limited at the regional and provincial levels undoubtedly limiting the breadth, scope and LED access especially to poor LGUs. The concern for local autonomy and blending with the performance of its LED related mandates is actually a careful balancing act for NGAs.

Institutional Arrangements and Coordination

As far as LED institutional arrangements, and in terms of levels of NGAs reach in LED, the concentration of NGA programs is geared towards the regions and provinces where they have their offices. Usually the NGAs regional or provincial offices lack the necessary staff complementation for an effective reach of LGUs especially in far flung areas. Only entrepreneurial LGUs with officials who access information of programs and services will be able to initiate contact with the NGAs.

The access of NGAs programs and services to LGUs are based primarily on the initiatives of the LGU officials themselves other than those which are extended to LGUs by the NGAs. Majority of the NGA providers based their grant of support services on the LGUs' formal request for assistance. This involved the submission of a written request from the local chief executive (LCE) indicating the need for certain assistance. The request is more often accompanied by a proposal containing the need to be addressed by the LGU including target time frame, responsible office and cooperating offices, and the expected outputs.

There were generally formal working arrangements for access to programs and services to LGUs primarily through a Memorandum of Agreement and Memorandum of Understanding. The secondary forms of arrangements were contract, technical cooperation program documents and financial cooperation program documents.

Further, the blending of both private and national sources of LED funding in view of joint venture and public private partnerships need to be studied carefully. For example if the LGU engages in a joint venture with a private entity, what is the corporate entity, the LGU or the newly formed corporation? These are some institutional arrangement issues needed to be sorted out.

Policies, Programs and Services Characterization

The institutional mapping shows that there is diversity in LED policies, programs, services and practices across the government agencies in the country. It is also evident that NGAs provide distinct programs and services as part of their role differentiation but is similar in capacitating the LGUs. All NGAs provide three forms of assistance to LGUs i.e. technical, policy and financial assistance through the form of loans, grants and credit access.

While the LED programs and services are diverse, the enterprise development component and setting entrepreneurial mindset for LGUs is conspicuously absent in many of the competency development services. The capacitating of LGUs is usually mandate related rather than a holistic view of the LED process itself. This is where the current curricular offerings of academic institutions especially those offering agribusiness and tourism programs need the balance of science and entrepreneurship in the instructional development and teaching of the courses.

LED policies, programs and services may take different routes but have similar general aims of enterprise development, entrepreneur or business support, business climate improvement, LGU capacity building, and poverty alleviation in general. The environmental and gender considerations are lumped either as a peripheral objectives of LED or pushed forward as a result of program and funding priority for LED multi-sectoral concerns.

Further, the shaping of LED practices that worked other than traditional enterprise development, while having shown some signs of success may not yet be considered as benchmarked as most of them are still in their early stages. Thus, LED practice is not necessarily assured of a successful, long-term future, specially, if there is no continuity in the planning and programming cycle in the LGUs.

Table 30 shows the summary of LED related programs and services

Table 30. Summary of LED related Programs and Services

NGAs	Types of LED Assistance	Nature of LED Programs
NEDA	Technical Assistance Policy Assistance	Regional development planning, national and regional development policy formulation, capacity building
DA	Technical, Policy, Financial Assistance	Production, marketing, extension support, commodity assistance, investments intermediation and facilitation, credit assistance, trainings, experts dispatch and physical infrastructure support, capacity building
DTI	Technical and Policy assistance	Business registry, MSME support, policy support, aftercare services, product promotion, investments promotion, rural job creation, microenterprise promotion, and entrepreneur information support, capacity building
DOST	Technical, Policy and Financial assistance	Technology upgrading and enterprise support, S and T information access, livelihood development and capacity building
DAR	Technical, Financial and Policy Assistance	Physical infrastructure support, community mobilization, agribusiness enterprise development and ARC, ARBs capacity building
DOT	Technical, Policy Assistance	Product development, tourism development planning, and product marketing, capacity building
SUCs/Academe	Technical assistance	Curricular programs, short term courses, experts dispatch, project feasibility studies

XIII. Conclusions

The institutional mapping of LED provides the challenge for the LGUs to manage the LED process themselves given the broad scope of their LED mandated powers from a variety of legal instrumentalities made available for them. This is aside from the range of available LED programs and services from the NGAs. Further, the issues surrounding the LGUs lead to a rethinking of the balancing act needed for a political- corporate functioning of the LGUs and on the LED conceptualization and understanding.

The need for LGUs to be strong partners for LED calls for a coalition between the national stakeholders, the private sector and the community. This should be organized and handled by the LGUs in accord with local autonomy. The LGUs should link the national and the private sector policies, programs, and services to its community. This is where the local knowledge becomes important with the LCEs thinking and acting as entrepreneurs. This is in view of the urgency of LED in alleviating poverty.

Corollary to the LGUs is the challenge to the NGAs as well. The developing notion of LED roles for NGAs in view of decentralized governance is that of influencer towards national goals of economic development. As such its societal reach and legal power should be used to secure collective national results as facilitator and enabler among the LGUs. In addition, there is a need to rethink the NGAs approach at the regional and provincial levels vis-à-vis the role of the province, the municipalities, and the cities. The DA-DENR-DAR convergence is a good case in point.

The mapping show the lessons which the LGUs can reflect on in their LED conceptualization. It is foreseen to jumpstart the use of alternative methodologies to practice the complex LED processes. Further, the private sector involvement, both in policymaking and implementation calls for inclusive local governance. It is where interactive approaches appear as appropriate. This is on top of creating the business/entrepreneurship climate in support of existing national policies and for business development or retention in their local communities. This provides the seamless possibilities of the needed local entrepreneurial competencies and legitimacy for a local entrepreneurial mindset to be created.

The state of art creates the consolidated and comprehensive information on the context of LED for national economic development. It can lever information for much needed policies and direction on LGU corporate functioning, NGAs harmonization for LED, local competitiveness, community access to LED initiatives and economic development planning and implementation across government and between major players and the LGUs as entrepreneurs and as prime movers of LED.

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