

POVERTY REDUCTION THROUGH LOCAL DEVELOPMENT: DEVELOPING AN INTEGRATED DECENT WORK APPROACH

PHILIPPINE DECENT WORK ACTION PLAN

Briefing Note

In 2002, Philippine tripartite constituents set as a priority area of the Decent Work Action Plan the development of an approach to local development based on decent work. This idea emerged from the “Poverty-free Zones” project of the Department of Labor and Employment (DOLE).

At national level, poverty affects over a third of Filipinos, but poverty incidence is as high as 50-70 percent in the poorest provinces. There are wide regional disparities with respect to economic and social indicators.

I. Why local?

While national policies set parameters for poverty reduction, much depends on realities on the ground – institutions, production systems, resources, capacity, policies and programmes actually implemented, etc.

Decentralised framework for public governance

Under a highly decentralised political and fiscal framework that has been operating since in 1991, local government units (LGUs) at municipal, city and provincial levels have potential roles in facilitating growth, promoting employment opportunities, and reducing poverty within their territories as a result of powers and responsibilities in comprehensive development planning, investment and land use planning, delivery of social services, business regulation, local taxation, acquisition of loans and grants, private partnerships, alliances with other LGUs, etc.

The Local Government Code (LGC) of 1991 or Republic Act no. 7160 (RA 7160) states in Section 2 (a), Declaration of Policy:

“It is hereby declared the policy of the State that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end the state shall provide for a more responsive and accountable local government structure instituted through a system of

decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources.”

The overall purposes for granting and enumerating powers, duties and responsibilities of LGUs are:

“efficient and effective governance and ... the **promotion of the general welfare**” (Section 16, RA 7160).

Municipal and City Mayors and Governors are mandated to “Direct the formulation of the municipal (city/provincial) development plan, with the assistance of the municipal (city/provincial) development council, and upon approval thereof by the *Sanggunian Bayan (panglungsod/panlalawigan)*, implement the same” (Sections 444[b1ii], 455[b1ii], 465[b1ii]). This is consistent with Section 106 which requires each local government unit from the *barangay* to the provincial level to “have a comprehensive multi-sectoral development plan initiated by its development council and approved by its *Sanggunian*”. The development councils shall also “assist the corresponding *Sanggunian* in setting the direction of economic and social development and coordinating development efforts within its territorial jurisdiction”.¹

Local Development Councils (LDCs) at the *barangay*, town/city, and provincial levels are required by the LGC to have at least ¼ of its membership composed of NGOs operating in the territory. In addition, LGUs are required (Article 62 of Implementing Rules and Regulations) to “promote the establishment and operation of people’s organizations, NGOs, and the private sector, to make them active partners in the pursuit of local autonomy. For this purpose, people’s organizations, NGOs, and the private sector shall be directly involved in the following plans, programs, and activities of LGUs:

- (a) Local special bodies
- (b) Delivery of basic services and facilities
- (c) Joint ventures and cooperative programs or undertakings
- (d) Financial and other forms of assistance
- (e) Preferential treatment for organizations and cooperatives of marginalized fishermen
- (f) Preferential treatment for cooperatives development
- (g) Financing, construction, maintenance, operation, and management of infrastructure projects.”

Local Government Units (LGUs) are the only government entities that automatically get a share from the taxes collected annually by the national government. All other government agencies have to pass through an annual appropriation process, which requires Congressional approval of their programs and budgets.

LGUs are automatically appropriated 40 per cent of internal revenue taxes, the largest single appropriation outside of payments for sovereign debt. (Section 284, RA 7160) This Internal

¹ Section 107 sets out the composition of the development councils. Generally, these councils are composed of the chief executives of the next lower level of the LGU, NGOs, and a representative of the congressman/woman.

Revenue Allotment (IRA) is also required by law to be automatically released to LGUs in quarterly tranches (Section 286, RA 7160).

Given the limitations of the national tax collection system, LGUs are given tax and borrowing powers. LGUs can negotiate and secure grants and donations even without clearance or approval from the national government as long as these do not have national security implications.

Nonetheless, it must be noted that the biggest limitation of LGUs in performing their responsibilities is their small budget. A number of issues have prevented the LGUs from fully contributing to balanced regional development:

- Discrepancy in the share of LGUs in the national tax revenue relative to the costs of their functions
- Disparity between LGUs with respect to their shares of the national tax revenue
- Disparities between LGUs in their capacities to generate revenue
- Disparities between LGUs with respect to access to commercial sources of finance

Regional development thrusts

Over the past decades, different strategies and schemes for regional development, which go beyond the territorial limits of LGUs, have been adopted and tried: the Integrated Area Development approach in the 1970s, which led to a number of IAD projects; the Countryside Agro-Industrial Development Strategy in late 1980s, which involved the establishment of Regional Industrial Centers; the development of growth networks and Area Development Plans in the 1990s, which promoted industrial, agricultural and tourism linkages over a much wider area encompassing multiple cities, provinces, islands and regions, such as the Cagayan de Oro-Iligan Corridor (CIC), the Northwestern Luzon Growth Quadrangle (NWLQ) and the Brunei Darussalam-Indonesia-Malaysia-Philippine-East ASEAN Growth Area (BIMP-EAGA) involving Mindanao.

What is clear from above is that there has been increasing political recognition of the importance of developing linkages among economic units, activities, services and institutions over a much wider area beyond the limits of political and administrative units (the LGUs).

II. VALUE-ADDED OF THE DWAP IN LOCAL DEVELOPMENT

The Philippine context

Local development guides and local planning frameworks are many in the Philippines, but these have four main weaknesses:

- (i) While decent employment is a top national priority, it is only implied or assumed in local planning frameworks and actual plans. It is not an explicit, integral part of strategies and programmes.

- (ii) The implications of particular investments, land use, and other local decisions on employment, incomes and poverty are not systematically examined. Economic growth is assumed to lead automatically to higher incomes and more jobs for the poor.
- (iii) Deficits in the quality of employment (underemployment, long hours, precarious and low wages, child labour), which largely explain poverty and vulnerability in the country, are not recognized, understood nor monitored at local level. Local actions aimed at poverty reduction take largely the form of social welfare services, social assistance and micro income-generating projects.
- (iv) Although central government agencies have adopted a policy of convergence in the delivery of their programmes and services at local level, national and regional level plans are disconnected from local decision-making processes. Horizontal policy coherence at local level depends on the capacity of local political leaders, and on private, non-government initiatives.
- (v) There were no tools for an integrated approach to promoting employment that local planners, leaders and practitioners could use.

The ILO context

On the ILO side, as of 2002, the ILO did not have an approach that integrated decent work and local development. Although ILO had experience and guides, manuals and training packages on a range of policy areas (e.g. small enterprise development, community-based skills training, community contracts for labour-based public works, micro health insurance, working conditions in informal economy, elimination of child labour, cooperatives, etc.), which were suitable for use by local governments and organizations, these were not integrated into a coherent whole, and did not cover other decent work dimensions, such as workers' rights, social security, social dialogue and labour relations.

Objectives of the DWAP local development component

Develop an integrated approach to local development that is built around the decent work framework and makes decent work goals explicit in local development strategies. The approach would be embodied in a set of tools that responded to needs of Philippine local planners, decision-makers and practitioners and that they could easily use.

Develop capacity of local actors in applying the approach through use of the tools and demonstrate this approach in selected areas.

III. The Local Development and Decent Work Initiative

Partners

At the national level, representatives of relevant central policy agencies and tripartite constituents for purposes of coordination and building buy-in from national institutions, which had functions relating to local governments and local development:

- DWAP tripartite Advisory Committee and Technical Working Group, which reviewed progress
- National Economic and Development Authority (NEDA), Department of Interior and Local Government (DILG), Local Government Academy (LGA), and DOLE, which were consulted regularly
- Other government ministries through national and regional reference forums

Partners and direct beneficiaries in six selected areas:

- Concepcion, Iloilo
- La Castellana, Negros Occidental
- Angono, Rizal
- Marikina City, Metro Manila
- Dumaguete City, Negros Oriental
- Guimaras province in Region VI

Mayors, Vice-Mayors, a Governor and Vice-Governor, other elected officials of the municipality, city or province, local government staff (such as Planning Officer, health officers, teachers), business leaders, employers' associations or chambers, trade unions, other workers' organizations, non-government development organizations collaborated with the ILO in formulating, reviewing and validating the decent work framework and tools for local development.

Outputs and Results (to date)

1. The initial draft of a Philippine resource kit on "Local development and decent work" (LDDW), which was produced by end 2003, was revised by July 2004 based on assessment of the tools by potential local users and national partners. The resource kit has subsequently been validated in six selected areas. A final revised version is expected end 2005.
2. The formulation of the resource kit took used participatory process - local actors in selected areas were actively engaged in reviewing the decent work framework and resource kit; and national agencies (DOLE, DILG-LGA, NEDA) were closely consulted throughout the process. Thus, the relevance of decent work to local development was discussed in real local contexts; the resource kit is not solely an ILO intellectual product; local level capacity building had been initiated.
3. Close collaboration with local actors in selected areas provided insights into the potential of local policies to promote decent work.
 - First, local decision-makers are more amenable to integrated policy thinking, can more easily develop a holistic vision of development issues, and can more easily coordinate activities in different domains, a basic tenet of the decent work policy approach.

- Second, there is a strong demand for approaches and practical tools for strengthening the local economic base and promoting wider opportunities for employment and livelihood. Dynamic LGUs and leaders are creating and engaging in more comprehensive and assertive local employment and social agenda - from an initial focus on social services and micro finance to more assertive economic interventions, e.g. fully pledged industrial and employment schemes and policies.

4. LGUs and leaders in six selected areas have identified priority issues that they would like to address using the decent work approach – review and re-formulation of integrated local policy agendas (e.g. comprehensive development plans, tripartism and industrial relations, enterprise development and employment, processed mango global value chain) in four areas, and specific employment creating projects in two towns. The ILO is providing technical and small financial assistance on a few priority areas. LGUs and leaders have placed greater emphasis on local employment promotion but as local problem diagnosis has shown, this is an entry point to other decent work needs such as social protection.

Brief description of the LDDW Resource Kit

The Local Development and Decent Work (LDDW) Resource Kit is a collection of practical and easy-to-use tools that are designed to help and enable local planners, decision-makers and development practitioners to make decisions and implement actions. These are resources based on local development knowledge and practices within the Philippines and other countries.

The purpose of this Resource Kit is to ADD VALUE to current planning frameworks in the country particularly at local levels, by addressing two key challenges that confront local decision-makers, local governments, communities and their organizations, namely:

- The need to address explicitly and more deliberately the problems of poverty, social exclusion and problems of work in local development strategies.
- The need for local, regional and national planning frameworks to converge more closely to ensure coherence and integration among priorities, strategies, and programmes across policy areas and on different levels.

The Resource Kit has been designed primarily for “local planners and local development practitioners”. The term “local development practitioners” encompass all local actors who help design and shape the development priorities and directions of the locality.

Specifically, the Resource Kit has been prepared for three types of users:

- Local Government Unit staff: Mayor, Local Government Unit councillors (*Sangguniang Bayan*), local development councils and committees, Local Economic and Development Officers, Local Poverty Reduction Action Officers, local planning officers, and other development workers
- Departmental staff located in regional and provincial offices working at the municipal and *barangay* level
- Professional staff located in public, private, labour and community organizations at local level (i.e., municipality and *barangay*)

In addition to these people, others may use the Resource Kit, among them:

- Planning officials located at regional, provincial and national levels.
- Non-government organizations (e.g., farming associations, fishing associations, women groups, chambers of commerce, labour unions).
- Regional and Provincial Development Committees
- Local Government Academy, Department of the Interior and Local Government.
- Other private and public institutions providing services to local governments and local development actors

The Resource Kit contains five types of Tools:

Information Tool: Practical concise information on specific topics of relevance to the local development practitioner.

Assessment Tool: List of questions or data to be collected, or guides for measuring and scoring that can be applied by the local development practitioner to assess specific local economic and social needs, capacities and opportunities.

Action Tool: Practical ideas and suggestions to help local development practitioners translate visions and plans into effective local actions and strategies.

Case Studies: Brief descriptions of examples of good practices of local development incorporating Decent Work agenda from within the Philippines and abroad.

Resource Tool: Contact details for relevant agencies as well as reviews and lists of other useful tools and resources that the local development practitioner may wish to use.

The tools of the LDDW Resource Kit cover a wide range of topics, local issues and concerns.

Part I: Local development and decentralization in the Philippines and the decent work agenda

Part II: Territorial diagnosis and analysis

Part III: Broad-based Participation through Social Dialogue

Part IV: Designing strategies for local development and decent work

Section One: Strengthening local economic growth

Section Two: Creating more jobs (employment opportunities)

Section Three: Making local development benefit the poor

Section Four: Improving the quality and conditions of work and life

Section Five: Promoting equality, rights and voice

Part V: Implementation

Part VI: Monitoring and Evaluation

Assessment of outcomes

This is a success on the following grounds:

- It has generated a lot of interest in and support for decent work as a framework for local diagnosis, planning and action – among LGUs (some of whom are influential in the league of mayors) and other local actors in selected areas, and from DILG and LGA, which provide direct support to LGUs. The value-addition of decent work to local development frameworks in the country was confirmed repeatedly.

- Without promise of financial assistance, LGUs in the six areas collaborated with the ILO as “guinea pigs”. Their primary incentive was the real value-addition of decent work, and the practical methods and ILO expertise that the exercise could bring.
- A set of tools on “local development and decent work” has been drafted; a final set of tools will have been completed by end 2005 as envisaged.
- Experts from across the four Sectors of the ILO contributed to the resource kit in from of actual drafts, available tools, TORs for new tools and comments, generating wider interest in local development as an avenue for promoting decent work goals.
- This set of tools has already been cited and used in other ILO LED efforts to produce a distinct “ILO approach” that explicitly integrates decent work.

However, the pilot application of the approach and resource kit, and capacity building of local actors in selected areas could have been more substantial, systematic and up-to-scale with the local interest and opportunities had significantly more financial and human resources than the RBTC of NPG and ILO Manila could provide. ILO expertise in decent work areas beyond employment was also needed to fully exploit the rich opportunities to link employment to other decent work concerns in selected areas, but such expertise was committed elsewhere and not readily available.

Prospects for the future

A meeting of key institutions and experts engaged in providing technical support to LGUs and local development is planned for September 2005, to discuss the “local development and decent work” approach based on the Philippines’ broader local development experience and to comment on the resource kit. The meeting is expected to strengthen national ownership of the approach and resource kit, and thus future application and dissemination by key national institutions.

Future opportunities for application of the decent work framework for local development in the Philippines are still being explored. It may come in three forms: application in the context of ILO programmes; application by national institutions in their programmes; and national capacity-building for local government officials (mayors, vice-mayors, governors and vice-governors) involving partnership with a national institution. The aim of future initiatives would be to assist local actors undertake practical actions that promote decent employment opportunities and build their capacity, while also generating lessons on local policies for employment and decent work.