



Programme for Local Economic Development through Enhanced Governance and Grassroots Empowerment

First Semi-annual Technical Progress Report

15 August 2013

Submitted to:

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**Programme for Local Economic Development through Enhanced
Governance and Grassroots Empowerment (PLEDGE)**

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Introduction

The PLEDGE contributes to confidence and peace building efforts through local economic development and sustainable livelihood creation in conflict affected areas in Mindanao. The Project will accomplish this by piloting an integrated methodology that brings together:

- The creation of sustainable livelihood opportunities that focus on developing community-based enterprises with higher level market linkages.
- The capacity building capacity of the Project's institutional partner, the Bangsamoro Development Agency (BDA), to implement, monitor, evaluate and upscale livelihoods interventions.
- The enhanced community ownership of interventions through a participatory and consultative approach

The project pursues a local economic development (LED) strategy which focusses on the development of 4 economic subsectors (or value chains) with high potential growth and employment potential. Community-based enterprises will be identified for expansion along the value chains. The approach is supported by market-oriented skills training and the expansion of community-based enterprises connected to selected value chains. Skills training – based on ILO methodologies - for enterprise development will be provided for existing and aspiring entrepreneurs. The integration of community-based enterprise development and skills development is further supported by linkages existing common service facility centers for product value-adding activities and facilitation for improving access to finance. Support for the provision of on-the-job training and job placement will also be sought through the partnerships with the private sector and local governments.

Project duration, phases

The PLEDGE is funded by the Mindanao Trust Fund (MTF), led by the World Bank (WB). Its design requires a 6-month **Inception Phase** for systems development, the articulation of a governance structure and a process for the identification of partner communities, delivery agencies and other stakeholders. The **Implementation Phase** will be preceded by an evaluation and approval by a Technical Working Group at the end of the inception phase. The project effectively started operations with staff mobilization on 01 May. The ILO and its partner, the BDA are working toward the completion of the Inception Phase planning, report and budget preparation by 31 October. A second meeting of the Technical Working Group (TWG) will be convened before this date to facilitate the approval of the Implementation Plan, communities to be supported and the budget.

Accomplishments, Key milestones

¹ As indicated in the **Accomplishments, Key milestones** section, late reporting is a result of various delays in project start-up.

June	Establishment of the ILO PLEDGE Cotobato City Project Office.
April, May	Staffing of the ILO Cotobato City Office: Bob Roa, National Program Coordinator (start date: 01 April), Jean Liberato, Administration and Finance Clerk (start date: 08 April), Omar Rahaman, Chief Technical Advisor (start date: 09 May).
July	Support provided for the establishment of the BDA PLEDGE office: Renovations completed.
18 June	Public signing of the Partnership Agreement attended by 53 persons. (Appendix 1)
19 June	ILO workshop led by a Bangkok based specialist on the Community Based Enterprise Development (CBED) methodology.
20 & 26 June	Conduct of CBED pilot training of aspiring and current entrepreneurs. 15 women participated. (Appendix 2)
June	ILO visits to meet and familiarize with the BDA's Regional Management offices
05, 06 July	PLEDGE Policy level meeting, Davao (Appendix 3)
01 August	The Service Contract for the recruitment of 8 additional staff executed. These staff will be on board for a second Davao workshop on the results of the VCA analysis and M&E approaches.
August	The Service Contract to provide up to \$14,000 worth of IT, communications and photocopy equipment executed. To be completed by 31 October.
15 August	First Semi-annual Technical Progress report submitted

Progress towards completion of the Inception report

The Project is 60% through the PLEDGE's 6-month inception phase. During this period the listed policy and operational issues are being developed.

- **Governance:** At the Policy meeting, 05 – 06 July, Davao attended by selected BDA Board members, key ILO staff and a representative of the WB the issue of project governance was dealt with. See Appendix 1 for a meeting report.
- **Technical Working Group's (TWG)** mandate was re-interpreted to become the highest level policy making body. As such, its membership is now comprised of the Chair of the BDA and senior World Bank/MTF and ILO representation and others will be invited as required for pertinent issues. The TWG will meet semi-annually and will decide on strategic project policies, strategies and will provide technical guidance to project implementation.
- **The Project Coordination Committee (PCC)** was renamed the Project Advisory Committee and is now comprised of: BDA (Chair), ILO (Co-Chair), WB, an OPAPP Representative, an ARMM Government Representative, the BDA's Ex. Director and the Mindanao Business Council
- **Municipal Technical Teams (MTT)** will be established at a later date after communities and value chains have been determined

With the exception of the MTT, the TWG and the PCC members have been identified and these committees are functional. Regular meetings will be scheduled immediately after acceptance, by the TWG, of the Implementation report.

- **Development of selection criteria for the target areas and beneficiaries:** Preliminary discussions were held with the WB (May 14) and the BDA (June 05) to establish an approach for community and value chain selection. The Davao policy meeting, 05 – 06 July reviewed the criteria and agreed that a consultant should be contracted to assess high potential VCs and recommended entrepreneurial communities.

Criteria have been developed and agreed on. TORs for the Value Chain consultancy developed and the assignment to be conducted during 19 Aug - 13 September. The consultant will be closely guided by these criteria and fully supported by BDA Regional Management Offices during implementation. TORs are available.

- **Project monitoring and evaluation planning:** Monitoring and evaluation will focus on the outputs and outcomes, on project progress and lessons learned. The BDA's capacity building is a core part of the M&E strategy. The Policy meeting agreed that the World Bank should present a recommended M&E methodology at the next (operations) meeting.

Workshop - 06 -07 Sept: World Bank representative will present a recommended M&E strategy and will work with PLEDGE staff to operationalize the framework.

- TWG agreed that the **baseline study** could only be conducted after project implementation sites and communities have been determined. We will draw on ILO and other relevant tools to ensure baseline produces both quantitative and qualitative data collection.

Estimated start date: 01 October

- **Territorial diagnosis:** This process will acquire knowledge about selected community, its local economy, resources, opportunities for markets and value-adding products and employment generation. A consultant has been contracted to conduct a value chain analysis and begin the territorial analysis.

Start date: 19 August

- **Options for access to finance:** This identification and collaboration process has begun with dialogue with the Mindanao Microfinance Council, the Grameen Foundation (Asia), Peace Equity Foundation, the Development Bank of the Philippines (Inc. Amanah Bank which offers halal banking) and CARD.

In progress

- **Cross-Cutting themes: The PLEDGE will actively integrate** Gender equality and will monitor equal women participation to ensure their needs are addressed. As well, it will actively include persons with disability. The ILO has addressed disability through policy, training and workplace integration of disabled people through affirmative action, training and career guidance and provision of accessibility.

In progress

- **Articulation of the capacity building plan for the BDA:** The Policy meeting agreed that brief concept paper be prepared for all parties to explore the relevance of establishing an economic development unit within the BDA. This ties in with the BDA's current strategic development plan.

Paper to be developed by end August.

Plans for the completion of the Implementation Report

Week commencing	Aug19	Aug26	Sep02	Sep09	Sep16	Sep23	Sep30	Oct07	Oct14	Oct21
Start of the VC consultancy	x									
Meeting with the BDA to agree on support for the VCA study	x									
Completion of the equipping of the BDA PLEDGE Office										x
Operations Workshop: Presentation of findings of the VC study and development of a M&E strategy			x							
Completion of the VC study				x						
On-going networking with donors, ARMM officials and other projects	x	x	x	x	x					
Write and budget the implementation plan with the BDA		x	x	x	x					
Presentation the Inception Report to the TWG									x	

Early implementation activities will include:

October - The conduct of baseline study in identified project sites

October - Execution of the Service Contract with the BDA for project implementation

November - Completion of territorial analysis

Appendices:

1. Photo of the BDA, ILO signing of the Memorandum of Understanding
2. Photos of CBED workshop, Cotobato City, June
3. Report on the Policy meeting held in Davao, June
4. PLEDGE project brochure
5. Summary of key meetings and networking initiatives

Appendix 1



**Photos of the BDA-ILO Signing
of the Memorandum of
Understanding**



Photos during the Community-Based Enterprise Development (C-BED)



Training in Business Development and Improvement



Appendix 3

PLEDGE SPECIAL STAKEHOLDERS' CONFERENCE

Meeting Report (by Asnaira Usman, BDA)

Date:

JULY 5-6, 2013

Venue:

EL BAJADA HOTEL, DAVAO CITY

Chair:

OMAR RAHAMAN, ILO CTA

Participants:

3 - BDA Board of Directors; 1 - BDA Senior Staff ; 3 - BDA PLEDGE Staff ; 4 - ILO PLEDGE Staff ; 2 - ILO CO-Manila; 1 – World Bank/MTF; 2 – NICCEP / DTI rep ; 2 – Mindanao Business Council

AGENDA /TOPIC	DISCUSSION	ACTION/ CONCLUSION
Introduction of participants	Participants introduced themselves and provided brief information about the program, strategies and tools, and expected outcomes of the meeting.	
Existing value chain studies/strategies to expand the implementation of the program	<p>INDUSTRY CLUSTERING STRATEGY was discussed (c/o DTI)</p> <ul style="list-style-type: none">- Environmental scanning of the area, consultations were made- Actors and Key Industry Leaders were also identified- Establishment of JOINT COORDINATING COMMITTEE to put the actors all together- Issues in the implementation of industry clustering include forced resistance on the part of LGU officials- In terms of reaching out to the community, the ICS would make sure that they are capacitated, make sure that small businesses would not be dependent to the big players- ICS is a national strategy for development which is also part of the Philippine Development Plan and is being implemented nationwide. <p>WHAT WOULD HAPPEN WITH PLEDGE:</p> <ul style="list-style-type: none">- There is a need to work with existing and new cluster. With this, the team will be able to look at the gaps in each value chain after analyzing several potential Value Chains and also to identify mainstream clusters prioritized by the different regional offices. <p>FINANCIAL ASPECT</p> <ul style="list-style-type: none">- Credit Surety Guarantee Fund was suggested by the DTI. It is a mechanism where you don't allow one party to lead and everyone will be on the look-out to monitor where the funds go specifically to the	<ul style="list-style-type: none">- Ask for the help of DTI to have greater impact for the project, and also identify ahead as to who are the actors for the project.- DTI is willing to help in the program. They may send a DTI Staff (Romy) to come to invitations to speak with their own private experience, on the perspective of the private sectors to share information, adapt practices and help identify gaps along the way.

	projects that needs financial assistance most.	
Proposed selection criteria for value chain and community selection.	<ul style="list-style-type: none"> - The draft for the selection criteria for the target areas and beneficiaries were presented. - Considered in the criteria was to address problems in Conflict Affected Areas or identify the degree of conflict-affectedness in certain communities. - 3 options were proposed: <ul style="list-style-type: none"> ▪ VC - - - Community ▪ Community - - - VC ▪ Marriage of VC and Community - Major criteria agreed as a marriage proposal is among the conflict-affected communities with high poverty incidence defined by RDP. Among this, the team will identify high potential value chain and inside that include the functionality of the local government or maybe looking into other existing studies like DTI or maybe external persons may assist BDA and PLEDGE. - Community responsiveness was also considered wherein the community would show interests as to why they want to participate in the program. - Unit of trainings for the community was also discussed with regards to the participants of the future trainings which would be conducted in the chosen municipalities. - It was stressed out that the project will be implemented only in 3 RMOs. 	<ul style="list-style-type: none"> - Agreed that the Value Chain Approach is acceptable which would help the team in identifying subsectors that have high potential. - Out of the 6 proposed criteria given, the following criteria were selected: <ul style="list-style-type: none"> ▪ Prior deployment of MTF RDP Projects <ul style="list-style-type: none"> - Presence of CAA - Status of poverty indicators ▪ High Potential Value Chain ▪ Potential for Entrepreneur and Employment potentials (capacity of the community) <p><i>Stop and Go Criteria:</i></p> <ul style="list-style-type: none"> ▪ LGU and Accessibility <ul style="list-style-type: none"> - It was also agreed that the 3rd option (Marriage of VC and Community) will be used. - Trainings to include People's Organizations (whether created by MTF-RDP or not), Leaders of Micro and Small and Medium Enterprises and also those who may be outside of the community. - There is a need to study more about the financial aspect of the program with

		regards to the proposed implementation of the project to the 6 RMOs.
Identification of Value Chain	<ul style="list-style-type: none"> - With the Value Chain Approach, the team is able to identify possible commodities that have high potential of creation of employment. - The question as to what Value Chain to use or develop was also highlighted. - The use of existing Value Chains (the traditional VC that the DTI has marked on) would help analyze and see what communities these value chains could be married at. - The New Value Chain or the emerging ones may have existed already but these VC may have been untapped potential because of gaps along the way, thus, the need to fill the gaps in exploring new Value Chains. 	<ul style="list-style-type: none"> - Both existing and new/emerging ones (MIXED Value Chain) would be used. - May concentrate more on existing clusters as identified by the DTI, so as to take more time to consider emerging Value Chains or to look further for new possibilities.
Hiring an Advisor/Consultant	<ul style="list-style-type: none"> - The consultant should be someone who can do the study and who is familiar in analyzing the Value Chain within the region. - He/She should ideally work with the Community Enterprise Development Officers to be able to guide the team in identifying the Value Chains within the community. - The consultant will focus more on the selection of communities, thus, another study will be made in the selection of beneficiaries. - There may also be a need to hire more consultants where each consultant will be focusing on the study of existing clusters while the other will be focusing on new and emerging clusters. 	<ul style="list-style-type: none"> - Terms of reference for the consultants will be drafted by the ILO-LEDGE Team and will be shared to the group. - The T.O.R. should also name the counterparts from each agency. - There is also a need to review a long list of criteria to be able to see if the nominees could meet them.
Developing an Economic Enterprise Development Unit	<ul style="list-style-type: none"> - The EEDU, a unit within the BDA, will be an implied requirement for the LEDGE Project to build the capacity of BDA. - It will create a mandate/direction/idea as to what to do with staffing and technologies. - With this economic unit, BDA shall no longer be a project implementor but more of a development unit in the Bangsamoro region. It will also become an institutionalized structure of BDA so as not to be much dependent on programs/projects. - The purpose of EEDU is for the agency to assist the communities for livelihood development. 	<ul style="list-style-type: none"> - ILO to help BDA fine tune the concept and give inputs on the whole concept (relevant TOR of the unit) - Create another set of timeline (for the EEDU) separate from LEDGE but interrelated to the project.
Governance Structure of the LEDGE	<ul style="list-style-type: none"> - Governance Structure include Project Coordinating Committee, Technical Working Group, and Municipal Technical Team - Project Coordinating Committee - Rename the committee from Coordinating to 	<ul style="list-style-type: none"> - Revised Governance Structure of LEDGE (Project Document) c/o Sir Omar.

	<p>Advisory</p> <ul style="list-style-type: none"> - The task is to endorse and make sure the project is on track - There is a need to limit the power and authority of the committee, thus, the functions were revised. - Those in charge of releasing the funds (ILO, BDA and WB) should be in charge of the decision. <p>Technical Working Group</p> <ul style="list-style-type: none"> - Membership composition will remain as is, but with revised functions. - The task also includes reporting and communicating issues and progress to the PAC <p>Municipal Technical Team</p> <ul style="list-style-type: none"> - Operates on the grassroots level and is to be established when the sites are identified - Was established to: <ul style="list-style-type: none"> ▪ Identify High Potential Value Chains in their community ▪ Recommend potential beneficiaries for selection - Randomized selection of the beneficiaries was also discussed. Municipal data is needed for the selection, wherein randomization will happen during the last stage. However, creation of criteria is also needed in selecting the beneficiaries thus, randomization may not be required. - There is a need to reconsider the role of the Mayor as a Chairman in team. 	<ul style="list-style-type: none"> - Selection of beneficiaries (under the MTT) is pending/on-hold until the study for the selection is finished.
Review of the Inception Phase Planning Process	<ul style="list-style-type: none"> - Detailed Work Plan needs to be finalized. <ul style="list-style-type: none"> ▪ What, How, Where, When ▪ Costs ▪ Expected Outcome - There is a need to set-up a clearer and precise Monitoring and Evaluation methodology wherein the World Bank will be responsible for the design. - World Bank Representative to propose an approach (Introduction of IMPACT Evaluation) during the technical and operational meeting. 	<ul style="list-style-type: none"> - Committee to meet after the first draft of the Inception Meeting (during the 2nd or 3rd week of September). - Proceed with the recruitment of additional staff and pursue logistical support of the hired staff.

Programme for Local Economic Development through Enhanced Governance and Grassroots Empowerment (PLEDGE)



International
Labour
Organization

The Challenge

Many parts of Mindanao have been the site of near-continuous conflict for several decades, focused predominantly in the Autonomous Region of Muslim Mindanao (ARMM). Most encouraging is that negotiations and peace efforts are ongoing and have culminated in October 2012, the signing of a framework for a peace agreement.



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Mindanao's low unemployment rate of 4.7 per cent, which is surpassed by conspicuously low unemployment rate in ARMM (3.9 per cent)¹, masks deep issues around employment in the region. Poverty is such that people cannot afford to be unemployed. Average household income is almost half that of the national average and the productivity rate almost one-quarter². In the ARMM, those working as own-account workers and unpaid family workers, make up around double the proportion of the workforce that they do nationally. As a result approximately four in every five workers in the ARMM have little to no income security.

The Response

The International Labour Organization (ILO) is committed to working toward peace and development in Mindanao through enterprise development and job creation. In pursuit of this, the ILO, in partnership with the Bangsamoro Development Agency (BDA), international donors and local stakeholders, have initiated a *Programme for Local Economic Development through Enhanced Governance and Grassroots Empowerment* (PLEDGE). The programme seeks to make direct positive impact on local conflict affected communities. In parallel, it aims to be an effective demonstration of the integrated PLEDGE approach for local economic development and capacity building.

The ILO is implementing PLEDGE jointly with the BDA as its key partner. The PLEDGE will work with the government agencies and business communities and will align its work with the other relevant development programmes being undertaken in conflict-affected areas in Mindanao, through the Mindanao Trust Fund, the World Bank and other multilateral and bilateral agencies.

The PLEDGE aims to assist:

- 60 existing business enterprises will be provided technical assistance, for expansion, to contribute to employment creation and local economic development.
- At least 685 persons will benefit directly and up to 2,520 persons indirectly, from the project through increased incomes.
- Up to 12 community based organizations will be trained on market oriented livelihood and will be supported for wage and self-employment.
- 120 community leaders will be trained on the application of the tools and instruments.

At least 50 per cent of the beneficiaries (inclusive of women and persons with disabilities) who received entrepreneurship training will start-up new enterprises and have their incomes increased by 70 per cent.

¹<http://www.census.gov.ph/data/sectordata/2010/pr111103.pdf>

²<http://www.census.gov.ph/data/sectordata/2009/seft09tab4a.pdf>

Key Statistics

- In 2011, the Autonomous Region in Muslim Mindanao (ARMM) had the highest rate of vulnerable employment at 84 per cent of those employed.
- The magnitude of poor people in the ARMM reached over 1.38 million in 2009, with more than 218,000 families living in poverty.

Objectives

The PLEDGE will contribute to confidence and peace building efforts through local economic development and sustainable livelihood creation in conflict affected areas in Mindanao. It will:

- Create sustainable livelihood opportunities that center on community-based enterprises with higher level market linkages;
- Build the capacity of the BDA, to implement, monitor, evaluate and upscale livelihoods interventions; and
- Enhance community ownership of interventions through participatory and consultative approaches.

Relevant ILO Conventions and Recommendations

- Job Creation in Small and Medium-Sized Enterprises Recommendations, 1998 (No. 189)
- Promotions of Cooperatives Recommendations, 2002 (No. 193)

Project Approach

PLEDGE is designed for an initial 6-month Inception Phase to be followed by a 24-month Implementation Phase. As a pilot programme, the PLEDGE will rapidly incorporate lessons learned in anticipation that our results and experience will lead to a future larger scale programme.

During the Inception Phase, a Project Advisory Committee (PAC), a Municipal Technical Team (MTT) and a Technical Working Group (TWG) will be established. Other requirements include a **baseline study** and a territorial diagnosis, the results of which will feed into the **value chain development** of the identified subsectors. The planning process will include agreeing on approaches to develop and enhance BDA capacity. Technical assistance and training from the ILO will seek to boost leadership capacity, so that over the course of the project the BDA can assume increasing responsibility for project implementation.

During the Implementation Phase, focus will be on the development of four economic subsectors, within three municipalities and 12 communities that demonstrate growth and employment potential. Community-based enterprises will be strengthened along the value chains and linked to higher level markets. The project will invest in value chain development activities in order to ensure access to markets and supplies for the newly established and existing enterprises, which will be supported by the project.



Source

All figures date from 2009.

<http://www.census.gov.ph/data/sectordata/2009/iefr09tab4a.pdf>

<http://www.census.gov.ph/data/sectordata/2010/pr111103.pdf>

<http://www.census.gov.ph/data/sectordata/2009/iefr09tab4a.pdf>

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Components

Donors: Mindanao Trust Fund administered by the World Bank

Acronym: PLEDGE

Start Date: January 2013

End Date: July 2015

Budget: US\$2.0 million

Partner: Bangsamoro Development Agency

Project Site: Conflict-affected areas of Mindanao

July 2013

List of Activities and Meetings Conducted

Items	Date	Place	Activity / Purpose	Agency	Contact Person
1	April 8, 2013	BDA - Central Management Office, Cotabato City	Official Project Start	ILO - BDA	Ms. Akiko, Cocoy, Mr. Yacob
2	April 9 - 11, 2013	Cotabato City	Procurement/Briefing	ILO - BDA	Ms. Gie, Jean, Bob
3	April 13, 2013	Cotabato City	Meeting	The Asia Foundation	Mr. Rommel dela Rosa
4	April 24, 2013	Cotabato City (Fill-in request from Ms. Cocoy)	Meeting	MILF - CTFMR	c/o UNICEF
5	April 29, 2013	Camp Darapanan, Sultan Kudarat, North Cotabato	Programme Launching	FASTRAC: UN, WB	Mr. Jeff Lawrence
6	May 8, 2013	Cotabato City	Meeting	CFSI	Ms. Noraida Karim
7	May 9-10, 2013	Mindanao Land Foundation Inc. Office, Davao City	Meeting - Bob	Mindanao Land Foundation Inc.	Mr. Arvin C. Chua
8	May 31, 2013	PLEDGE Office	Meeting	WB-MTF	Ms. Mayuko Shimakage
9	June 3, 2013	Office of the City Mayor	Courtesy Call	Cotabato City Hall	Voice Mayor, Councilors etc.
10	June 5, 2013	BDA's Southern Mindanao Regional Office, General Santos City	Meeting / Area Visit	BDA's Southern Mindanao Regional Office	RMO Staff
11	June 6, 2013	BDA's Davao Regional Office, Mati City	Meeting / Area Visit	BDA's Davao Regional Office	RMO Staff
12	June 7, 2013	Davao City	Meeting	WB-MTF	Ms. Mayuko Shimakage
13	June 11, 2013	PLEDGE Office	Visit - Meeting	Bangsamoro Women - Midsayap	Ms. Junalyn Sunlay
14	June 18, 2013	Golden lace Fine Dining Cotabato city	MOU Signing	see attendance sheet	see attendance sheet
15	June 21, 2013	Notre Dame University, Cotabato City	Courtesy Call	NDU - President	Fr. Eduardo Tanudtanod, OMI
16	June 19-20 & 22, 2013	Golden Lace Fine Dining Cotabato city	C-BED workshop	Community Business woman	selected participants
17	June 27, 2013	JICA-BDA Office, Iligan City	Meeting	BDA-JIDA	c/o Mr. Daryl Valdez
18	July 4, 2013	Mindanao Microfinance Council Office, Davao City	Meeting	Mindanao Microfinance Council	Mr. Jack
19	July 4, 2013	Department of Trade and Industry Reg XI Office, Davao City	Meeting	Department of Trade and Industry Reg XI	Marison Loreto
20	July 5-6, 2013	El Bajada Hotel, Davao City	Stakeholder's Conference	see attendance sheet	see attendance sheet