



International
Labour
Office



LOCAL DEVELOPMENT AND DECENT WORK RESOURCE KIT

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MESSAGE

Throughout the past two decades, decentralization has been key to Philippine local legislature and governance. Ever since the passage of the Local Government Code in 1991, the local government units (LGUs), specifically the 1,502 municipalities, are in the frontline of the battle against poverty. The League of Municipalities of the Philippines (LMP) plays a vital role in rallying the municipalities towards governance reforms and the efficient delivery of services to its people.

We are pleased to note that there have been significant recognitions by national and international agencies of our role as a catalyst of change. There have been momentous efforts from many LGU partners in providing us with much needed resources, planning tools and

participatory mechanisms to implement our own local development strategies.

We are most grateful to the International Labour Organization (ILO) for developing the Local Development and Decent Work (LDDW) Resource Kit. The Kit is a collection of practical and easy-to-use tool designed to help and enable us, local planners, to make better decisions and better work with the local stakeholders to implement action plans in our effort to promote socio-economic development, reduce poverty and improve the quality of life of our communities.

The launch of the LDDW Resource Kit comes at a timely juncture. It coincides with our recently launched Mayor's Development Center, whose

task is to promote, share and disseminate knowledge that will improve the effectiveness and efficiency of our local officials in the planning, implementation and monitoring of projects. We will be pleased to hold LDDW Resource Kit Orientation Workshops as one of our knowledge sharing workshop series in the newly opened Mayor's Development Center.

Once again, we would like to congratulate and thank ILO for continuously providing relevant and practical resources and products for the benefit of our municipalities. We look forward to championing the use of the LDDW Resource Kit!

Hon. Ramon Guico

National President

League of Municipalities of the Philippines

MESSAGE

Since the enactment of the Local Government Code of 1991, we local government officials have been faced with the daunting challenges of providing basic social services.

To empower our citizenry, we tasked ourselves to ensure that our constituents have decent work and gainful employment for them to contribute to the overall development of their families and be assets in their respectful communities.

In short, it is the fundamental responsibility of every local government unit to promote opportunities for each household to grow financially and socially.

I welcome and commend the work of the International Labour Organization (ILO) and its tripartite constituents in formulating the framing the Local Development and Decent Work (LDDW) Resource Kit.

This collection of practical, easy-to-use tools will help local development planners select and review their decisions and choices, implement and re-evaluate action plans from an integrated perspective, and bring decent work into local planning frameworks and strategies.

It is important that we develop a vision where the economy and society are intertwined, and where

we work together with local businesses, unions, and civil society organisations to bring that boost to all members of our communities.

It pleases me that ILO is piloting the application of the LDDW Resource Kit so that relevant and hands-on experience in using the tools can be generated.

The LPP and the rest of the Union of Local Authorities of the Philippines (ULAP) members will benefit from the LDDW Resource Kit. I look forward to receiving the valuable, user-friendly tools and start our improved planning processes.

Hon. Erico B. Aumentado

National President

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The Philippine Local Development and Decent Work Resource Kit is the product of many efforts and contributions.

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The Department of Labor and Employment, Regional Office VI coordinated closely with Local Government Units of Concepcion and La Castellana to organise local-level workshops, visits and consultations; facilitated and organized meetings with provincial and regional government officials and non-government institutions; and provided overall support to local activities.

The National Policy Group, Policy Integration Department, ILO, provided financial and technical support, coordinated the contributions of ILO experts in Headquarters, Geneva, and conducted ILO-wide consultations with technical units.

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PREFACE

This Local Development and Decent Work (LDDW) Resource Kit was conceived and developed in the framework of the Philippine National Action Plan for Decent Work (2002-2005) that was adopted by the Philippine Government, employers' organizations and trade unions in 2001.

The Philippines was among the first countries to adopt “decent work and productive employment” as an explicit objective of its national development plans and as a central instrument of poverty reduction. By making “poverty reduction through local development” one of its priorities, the Philippine National Action Plan for Decent Work sought to support these national development goals and to show the importance of decent work in poverty reduction and development. The Action Plan was also the Philippine contribution to the ILO Global Decent Work Pilot Programme, which aimed to demonstrate integrated and practical approaches for promoting decent work in different socio-economic contexts.¹

“Decent work” sums up the aspirations of men and women for “work in conditions of freedom, equity, security and human dignity”. It is concerned with the quantity, quality and sustainability of employment. In the perspective of the International Labour Organization, “decent work” consists of multiple but interrelated dimensions: adequate and secure incomes, fair terms and conditions of employment, a healthy and safe working environment, social security, freedom from forced labour, discrimination and child labour, respect for one’s rights at work, and voice and representation in decision-making over matters affecting employment and the workplace. Achieving decent work calls for the integration of economic and social objectives and policies.

The emphasis given to development at the local level is strategic and necessary. The key to poverty reduction for communities facing endemic poverty lies in improving economic opportunities, increasing the availability of basic social services

locally, and ensuring equal access to opportunities and benefits of development. As recognized by the World Commission on the Social Dimension of Globalization, “*decentralized approaches to policy design and implementation are likely to be more effective based on better knowledge of real situations and constraints, more participatory, closer to the needs and demands of people, and easier to monitor.*”²

In the Philippines, decentralization is a key feature of governance. Since the passage of the Local Government Code in 1991, the role of local government units (LGUs) in promoting national development has grown, and efforts from national and international agencies to provide LGUs with resources, planning tools and participatory mechanisms to formulate and implement development strategies have become significant. Using these tools, certain provinces, cities and municipalities have taken the lead and emerged as models of good governance. The delivery

¹ The ILO Decent Work Pilot Programme, 2000-2005, included Bahrain, Bangladesh, Denmark, Ghana, Morocco, Panama and the Philippines. It supported national initiatives aimed at reducing decent work deficits, strengthened national capacity to integrate decent work into national policy, and demonstrated the utility of an integrated decent work-based approach to addressing different socio-economic issues.

² World Commission on the Social Dimension of Globalization, 2004, *A Fair Globalization: Creating Opportunities for All*, Geneva: ILO

of social services, the effective participation of citizens and visible improvements in well-being have been achieved as a result.

How can success be replicated? The on-going efforts of the major actors, most notably the League of Municipalities of the Philippines, the model provinces and cities, as well as agencies and donors participating in the Philippines Development Forum (PDF)'s Working Group on Decentralization and Local Governance, deserve the encouragement of the national and international development community.

The promotion of productive and decent work needs to be more effectively integrated into local development strategies. While employment is widely recognized as a strategic way out of poverty, and is a major driver of political consensus at national and local levels, it is rarely an explicit objective against which economic and social strategies and targets are assessed and adopted. Although the high number of working poor shows that having a job is not enough, and while families are equally concerned with the quality and sustainability of employment, the number of jobs created almost always receives sole attention in

employment programmes. Economic development strategies tend to emphasize economic growth, but, in practice, this has not automatically led to more and better jobs, improved livelihoods and poverty alleviation. Broader and integrated policies that promote employment, social protection, rights at work and social dialogue are necessary. The LDDW Resource Kit aims to address these gaps.

The LDDW Resource Kit is a collection of easy-to-use tools, designed to help development planners and practitioners make better choices, integrating decent work issues into local planning and implementation frameworks. It deals with a wide range of topics concerning local economic growth, job creation and job preservation, improvement of the quality of jobs, making local development benefit the poor, ensuring equal opportunities for all, protection of rights, and promotion of voice, representation and social dialogue in local governance.

The uniqueness of the LDDW approach lies in its emphasis on the Decent Work policy agenda that adds a social perspective to economic development. The approach fosters social dialogue and capacitating actors to interact with public

institutions, aiming at their full participation in policy formulation. The approach is premised on the idea that if local economic development is to bring sustainable benefit and contribute significantly to poverty alleviation, it must be inclusive and fair. Enterprises and markets may underpin development, but divisive social inequities and gender inequality must be addressed for results to be sustainable.

The kit was developed in collaboration with local users and national stakeholders. Among the partners have been the Department of Labour and Employment (DOLE), the Department of the Interior and Local Government (DILG), together with the Local Government Academy (LGA), and the Social Policy Group of the National Economic and Development Authority (NEDA). Vital local partners include mayors, local government staff, non-government organisation representatives and the development practitioners of the municipalities of Concepcion and La Castellana.

After initial consultations, a pilot application process was launched in Angono, Concepcion, Dumaguete, La Castellana, Marikina and Guimaras Province. The ILO is proud to have worked with

the authorities and stakeholders, indeed the champions of these six local areas, without whom the kit could not have been put together.

Having benefited from a pilot application and practical inputs from local and national partners, the ILO hopes that the LDDW Resource Kit would

be of use in other areas of the country as actors step forward to pursue economic and social development in their own localities. We expect that experience, good practice and know-how in embedding decent work in local development would accumulate in the course of wider application of the kit.

Although the LDDW Resource Kit was developed with the Philippine development planners and practitioners as its primary audience, we believe that the kit is relevant for local development efforts in other developing countries. Many of the tools in the kit were based or drawn from a much wider knowledge base and ILO experience in many countries.

Linda Wirth*Director*

Sub-regional Office for
South-East Asia and the Pacific

Azita Berar-Awad*Director*

Employment Policy Department
(Former Director, NPG Policy Integration Department)

ACRONYMS

AI	Accessibility Indicators	LCE	Local Chief Executive
AIP	Annual Investment Plan	LD	Local Development
A&R	Assumptions and Risks	LDC	Local Development Council
BDS	Business Development Service	LDDW	Local Development and Decent Work
CBMS	Community Based Monitoring System	LED	Local Economic Development
CBO	Community Based Organisation	LESD	Local Economic and Social Development
CBT	Community Based Training	LFC	Local Finance Committee
CCG	Corporate Community Groups	LGC	Local Government Code
CES	Community Enterprise System	LGPMS	Local Governance Performance Management System
CSO	Civil Society Organisation	LGU	Local Government Unit
DA	Department of Agriculture	LQ	Location Quotient
DILG	Department of the Interior and Local Government	LSB	Local Special Bodies
DME	Design, Management and Evaluation	MBN	Minimum Basic Needs
DSWD	Department of Social Welfare and Development	MBN-CBPIMS	MBN-Community-Based Poverty Indicator and Monitoring System
DTI	Department of Trade and Industry	MDG	Millennium Development Goals
EIIP	Employment-Intensive Infrastructure Programs	MOA	Memorandum of Agreement
GSIS	Government Social Insurance System	MoV	Means of Verification
ICT	Information Communication Technology	MPDC	Municipal Planning and Development Coordinator
IKSPs	Indigenous Knowledge Systems and Practices	MSEs	Micro and Small Enterprises
ILO	International Labour Organization	NAPC	National Anti-Poverty Commission
IMT	Intermediate Means of Transport	NEDA	National Economic and Development Authority
IPs	Indigenous Peoples	NGO	Non-Government Organisation
IPRA	Indigenous Peoples Rights Act	NIPAS	National Integrated Protected Areas System
IRA	Internal Revenue Allotment	ODA	Official Development Assistance
IRAP	Integrated Rural Accessibility Planning		
I-WEB	Improve your Working Environment and Business		

ODL	Open and Distance Learning
OFW	Overseas Filipino Worker
OSH	Occupational Safety and Health
OVI	Objectively Viable Indicators
PDF	Philippines Development Forum
P/E Ratio	Population/Employment Ratio
PESO	Public Employment Service Officers
PPP	Public Private Partnerships
POs	Partner Organisations
PRA	Participatory Research Approach

RDC	Regional Development Council
SIYB	Start and Improve Your Business
SSS	Social Security System
TEP	Transition Enterprise Projects
UNDP	United Nations Development Programme
VCA	Value Chain Analysis
WIND	Work Improvement in Neighborhood Development
WISE	Work Improvement in Small Enterprises
WISH	Work Improvement for Safe Home

OVERVIEW

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WHAT IS 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 in 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 organisations, namely:

- The need to explicitly and more deliberately address 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 LDDW Resource Kit responds to these challenges in the following ways:

- By highlighting the decent work dimensions of economic and social development and poverty reduction at local level, and showing ways of preserving, improving and creating employment opportunities.
- By encouraging the integration of social and economic issues and objectives into local and regional planning processes that focus on poverty reduction and decent work.
- By encouraging participatory planning processes and social dialogue that engage all sectors of society and give equal voice to diverse interest groups in the community – the poor, women and men, indigenous peoples, ethnic and religious minorities, and people with disabilities.
- By supporting local governments, local organisations of workers and employers, entrepreneurs and producers, and civil society and community organisations in their efforts to promote economic development, reduce poverty and improve the quality of life of their constituents at local level.

WHO CAN USE THE LDDW RESOURCE KIT?

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 organisations 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 provincial, regional and national levels.
- Non-government organisations (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.

The Resource Kit may also be harnessed by development stakeholders, such as the Philippines Development Forum. The Philippines Development Forum or PDF is the primary mechanism of the national government for facilitating substantive policy dialogue among stakeholders on the country's development agenda. Participated by representatives from national government agencies and the international development partners' community, it also serves as a process for developing consensus and generating commitments among different stakeholders on various thematic concerns through working groups. The members of the PDF's Working Group of Decentralization and Local Government in particular may find the wealth

of local development knowledge and tools found in the Resource Kit most useful.

HOW WILL THE LDDW RESOURCE KIT HELP?

First of all, the relevance and usefulness of each tool in this kit depends on two key factors: (1) the political and institutional context within which local planners, local leaders and other stakeholders plan, negotiate, discuss and decide local priorities and actions; and (2) the roles and mandate of the different governmental and non-governmental local institutional actors concerned.

The tools contained in this Resource Kit help local planners and local development practitioners to:

- Appreciate and use decent work as a development goal and framework for assessing local needs, diagnosing problems and charting development strategies
- Recognise the inter-linkages between poverty and the lack of decent work
- Assess and respond to local development needs and opportunities that support employment creation, promote social inclusion, and reduce vulnerability and inequality, while promoting economic development

- Identify key local employment challenges and possible ways to improve and sustain local employment opportunities, or to create an environment that creates more local opportunities
- Effectively engage all sectors of the local community (especially the voiceless and marginalised sectors of the community) in local economic and social development
- Make practical and strategic decisions, and choose and design development strategies, actions and projects
- Implement and evaluate actions and projects
- Mobilize external support and resources
- Draw up integrated, feasible and strategically oriented land use plans, infrastructure plans, and whatever other plans are required of them.
- Pass resolutions in their *Sanggunian* at the municipal and provincial levels, which have a practical and strategic benefit to local economic and social development.
- Engage external agencies, such as Regional Development Councils, and National Government line agencies, in development matters concerning their local community.

TYPE OF TOOLS

The Resource Kit contains four (4) 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.

TOPICS COVERED BY THE TOOLS

The tools of the LDDW Resource Kit cover a wide range of topics, local issues and concerns. They are based on the Decent Work concept. It is therefore important for all users of this Kit to read and discuss the tools in Part I.

The LDDW Resource Index lists the titles of the tools and gives a very brief description of the content of each tool.

Part 1: Local Development and Decentralisation in the Philippines and the Decent Work Framework

Provides the framework of the Local Development and Decent Work, which is the basis of the whole Resource Kit. ***It is therefore very important to go through this part in order to understand the other tools, their value to local development and how they link to each other.***

Part 2: Territorial Diagnosis and Analysis

Consists of general diagnostic and assessment tools, which are useful for doing a general diagnosis of the economic, social and institutional situation and work issues of the community.

Part 3: Broad-based Participation through Social Dialogue

Contains tools that promote a broad-based participatory approach to local development planning and decision-making, with a special emphasis on the value of social dialogue.

Part 4: Designing Programmes for Local Development and Decent Work

Covers the technical areas of local development interventions, especially those that concern employment and decent work as a whole. The tools deal with substantive policy and strategic questions about the quantitative and qualitative aspects of decent work – employment creation and promotion, incomes, working conditions and occupational health and safety, social protection, and special issues such as child labour. The tools are presented under several sections. These sections are:

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 5: Technical Issues in Implementation, Monitoring and Evaluation

Provides tools about common technical issues in implementing local development actions and projects. Implementation issues include impact monitoring and evaluation, project design, coordination and partnerships, and resource mobilisation.

HOW TO USE THE RESOURCE KIT

1. The Resource Kit has been designed to be used in a flexible manner. The tools cover a wide range of topics and questions. Some of them will be much more relevant to certain localities and groups of people. Local planners and development practitioners can “pull out” and use a tool that is most relevant to the specific issue or need they are dealing with. The Resource Index gives an overview of the topics and questions that the tools address.
2. However, users should not lose sight of the integrated framework that binds the tools together. The collection of tools has been designed to assist local planners and development practitioners to look at the multiple, inter-related aspects of a particular issue or problem. Users are encouraged to apply an integrated approach, which is one that recognises the inter-linkages between social and economic issues, balances social and economic objectives, and strengthens the role of decent work in poverty reduction and overall local development.
3. What is decent work, and how does it contribute to poverty reduction and local development? In order to better understand the decent work framework, the rationale behind the tools and how the tools complement each other, **users are encouraged to read Part 1: *Local Development and Decentralisation in the Philippines and Decent Work. The tools in Part 1 will also help local planners and development practitioners to use the Resource Kit more effectively.***
4. The first task in planning, especially in strategic planning for local development, is problem diagnosis and situation analysis. There are several methods and steps that local planners and development practitioners apply to do this task. The kit does not contain an exhaustive set of diagnostic tools for local development planning. However, users can consult the following relevant tools:
 - Tool 5.01 describes the logical framework for problem identification and diagnosis, and for selecting ways to address the problem.
 - Part 2 contains assessment tools for analysing trends in poverty and decent work outcomes. These will indicate what and where the problems are, and where further investigation might be necessary to obtain a better diagnosis of the problem.
 - Tool 4.04.03 helps diagnose local livelihoods in poor communities
 - Tool 4.03.06.2 helps assess social vulnerability, which should be looked into when assessing employment and poverty.
5. Part 4 of the kit covers the technical areas of decent work in the context of poverty reduction and local development. Some of these tools are more relevant than others depending on the problem at hand and the priority objectives that users have identified. The results of problem identification, diagnosis and prioritisation will indicate the most relevant topics and tools.

6. In formulating general and sectoral plans (such as municipal comprehensive development plans, land use plans, investment plans, infrastructure and agricultural plans), the findings of assessments of poverty, decent work, local economy and livelihoods are a valuable guide in deciding on priorities, interventions, and resources allocation. In this regard, the tools mentioned in item number 4 above are relevant.
7. The tools in Part 3 are relevant for organising and facilitating participation and social dialogue, which are indispensable processes in successful local development.
8. Part 5 tools are relevant for concerns about developing local development plans, implementation and resource mobilisation.

WAYS TO SEARCH THE RESOURCE KIT

There are several ways to find the tools/information you need:

Resource Index – lists the tools which can be identified and located through their tool number. The tool number gives the Part and Section in which the tool is located

Cross-references – at the end of each tool, there is a list of other relevant or complementary tools in the Resource Kit

Tabs for each Part of the Kit – from the tabs at the top left of each page, there are drop down menus that contain the tools belonging to each Part of the Resource Kit

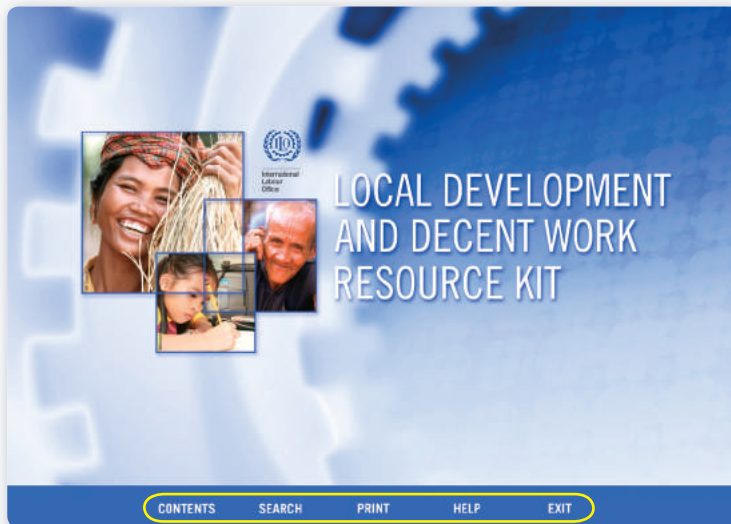
Introduction to each Part and Section - describes the relevance and usefulness of the tools contained in a particular Part or Section.

Other tools in the same Section or Part - it is always helpful to look at the other tools in the same Part or Section because they deal with the same subject. The exception is Section 5 of Part 4, which deals with different special issues

Search function – the Search button that is visible on every page of the Resource Kit will allow users to search for any word or phrase. All occurrences of the exact word/phrase being search will be highlighted throughout the entire kit

NAVIGATING THE RESOURCE KIT

MAIN PAGE



On the main page, click on the navigation buttons at the bottom to perform the indicated tasks

Contents: go to the Contents page

Search: activates the Find or Search function

Print: activates the Print function

Help: for help on navigating through the Resource Kit

Exit: closes the Resource Kit

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RESOURCE INDEX



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NAVIGATING THE RESOURCE KIT

GENERAL PAGE NAVIGATION

The screenshot shows the 'LOCAL GOVERNANCE AND DECENTRALISATION – SOME KEY CONCEPTS' page. At the top, a navigation bar highlights 'PART 3'. Below the title, there are sections for 'OVERVIEW' and 'GOVERNANCE'. The 'GOVERNANCE' section includes a 'DEFINITION' and a 'LOCAL GOVERNANCE' sub-section. At the bottom, there is a footer with the ILO logo and navigation controls: '61' in a circle, and buttons for 'CONTENTS', 'SEARCH', 'PRINT', 'HELP', and 'EXIT'.

The screenshot shows the 'CREATING A FAVOURABLE ENVIRONMENT FOR SOCIAL DIALOGUE' page. It features a 'RELEVANT RESOURCES' section with a hyperlink to 'See <http://ilo.org/public/english/employment/india/india.htm>' and a 'CROSS-REFERENCES' section with a list of tools. The 'CROSS-REFERENCES' section includes 'Tool 3.02.2, Action Tool: Tips for improving collaboration and social dialogue in local development'. At the bottom, there is a footer with the ILO logo and navigation controls: '128' in a circle, and buttons for 'CONTENTS', 'SEARCH', 'PRINT', 'HELP', and 'EXIT'.

- Click on the section navigation tab to activate the drop down menu for a particular section of the Resource Kit
- Click on the ILO logo to go to the ILO website
- Click on the left/right arrows ◀ ▶ to go to the previous/next page
Click on the left/right circled arrows Ⓛ Ⓧ to go to pages that were already viewed
- Click to perform the indicated tasks

- Click on a hyperlink to browse that link on your internet browser
- Click on a related tool in the Cross-References section to go to that particular tool

CONTENTS OF A TOOL

Each tool has the following parts:

Tool Number – consists of the Part, Section (if any) and sequence of the tool

Type of Tool – a tool can be an Information Tool, Assessment Tool, Action Tool or Case Studies

Title – reflects the topic of the tool

Objective – what is the tool about, in what way is it useful

Body of the Tool – main contents

Acknowledgements – this appears when a tool has been taken from a particular source and thus has to be cited

Relevant resources – other sources where more information or tools can be obtained

Cross-references – other tools in the Resource Kit that are directly relevant to the subject of the tool at hand; in principle, most but not all the tools within the same Section or Part are inter-related.

The image displays two screenshots of the Resource Kit interface, illustrating the structure of a tool page. The top screenshot shows Tool No. 1.03, 'LOCAL GOVERNANCE AND DECENTRALISATION – SOME KEY CONCEPTS', an Information Tool. The bottom screenshot shows Tool No. 3.06, '4. Public Hearing', an Assessment Tool. Both screenshots show the tool's title, overview, objective, body, acknowledgements, relevant resources, and cross-references.

Tool No. 1.03: LOCAL GOVERNANCE AND DECENTRALISATION – SOME KEY CONCEPTS

OVERVIEW
Local development occurs within a particular local governance setting. Local governance and decentralisation establish the institutional and political environment of local development.

OBJECTIVE
This tool explains the concepts of local governance and decentralisation. Familiarity with these key concepts is useful for:

- Assessing and understanding the local institutional and political conditions in which local decisions/policies are made and implemented
- Understanding other tools in this Resource Kit that use same concepts

This tool suggests some guidelines for determining the magnitude of decentralised governance that exists in a particular territory in any given country.

GOVERNANCE
DEFINITION
... "The system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is a way a society organises itself to make and implement decisions - achieving mutual understanding, agreement and action." (Source: Robertson Work, ILO/IDP)

It includes the mechanisms and processes for citizens and groups to articulate their interests, negotiate their differences and exercise their legal rights and obligations.

It refers to rules, institutions and practices that set limits and provide incentives for individuals, organisations and firms.

Governance operates at every level of human relations and activities: household, village, municipality or city, nation, region, the globe.

LOCAL GOVERNANCE
Governance is not only about the State or about political affairs. Economic activities, the interrelationships among enterprises, their behaviour, and the operation of capital, labour and product markets are governed by rules, policies and values, which are adopted and implemented by private and public actors and organisations. Employment arrangements and conditions are governed as well by a set of rules, values and institutions.

Local governance, or governance at the municipal, provincial or regional levels, is determined by the degree and nature of decentralisation of governance. Decentralisation, briefly, refers to the scope and magnitude of decision-making power and autonomy of local institutional actors.

LOCAL ECONOMIC GOVERNANCE
This refers to the mandate and autonomy of local institutions (public and private) to manage, lead and regulate the affairs of the local economy.

Tool No. 3.06: 4. Public Hearing

ACKNOWLEDGMENTS
This tool was taken from the Successor Generation Project of CD Multiversity and CODE-NGO.

RELEVANT RESOURCES
Manual of the Successor Generation Project, CD Multiversity and CODE-NGO, 2003.

CROSS-REFERENCES
Tool 4.05.04, Information Tool: Equality of opportunities: issues affecting indigenous peoples

RESOURCE INDEX

PART 1: LOCAL DEVELOPMENT AND DECENTRALISATION IN THE PHILIPPINES AND THE DECENT WORK AGENDA

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
1.01	<p>Local Development and Decent Work Approach: An Overview</p> <p>INFORMATION TOOL: Presents an overview of the Local Development and Decent Work approach, on which this whole Resource Kit is based.</p> <p>It is recommended that every user of this kit should go over this Tool.</p>
1.02	<p>The Decent Work Framework</p> <p>INFORMATION TOOL: Introduces the concept of decent work, its relevance to local development and the 10 dimensions of decent work; this tool includes an overview of the 4 strategic ways to achieve decent work, and how these are related to local development.</p>
1.03	<p>Local governance and decentralisation: some key concepts</p> <p>INFORMATION TOOL: Explains the concepts of local governance and decentralisation, which are useful for understanding the setting in which local decisions are made, and for understanding other tools in this Resource Kit. Also gives some guidelines for determining the magnitude of decentralised governance that exists in a particular territory in any given country.</p>
1.04	<p>Decentralisation and local development in the Philippines</p> <p>INFORMATION TOOL: Describes the legislative framework for decentralized planning and local development in the Philippines; identifies potentials and constraints under the current Local Government Code; and highlights recent policies and attempts at promoting sub-national regional development, which goes beyond the physical boundaries of Local Government Units (LGUs).</p>
1.05	<p>Ingredients for successful local economic and social development</p> <p>INFORMATION TOOL: Highlights some of the essential ingredients that underpin successful local development.</p>

PART 2: TERRITORIAL DIAGNOSIS AND ANALYSIS

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
2.01	<p>Territorial diagnosis ASSESSMENT TOOL: Gives practical guidelines on information collection and suggests the types of information that may be relevant for creating a local area profile, and in assessing a territory's opportunities and threats.</p>
2.02	<p>How to measure and monitor decent work gaps at local level ASSESSMENT TOOL: For selected dimensions of decent work, gives a checklist of information requirements, suggests relevant Philippine statistics and MBN indicators, and cites specific Assessment Tools in this kit for identifying and monitoring “decent work gaps”.</p>
2.03	<p>Assessing your local economy ASSESSMENT TOOL: Suggests practical activities and measurements that can be used to assess the local economy. It uses simple explanations that can be understood by people who have no background in economics.</p>
2.04	<p>Value chain analysis INFORMATION TOOL: Gives a general description of Value Chain Analysis and some examples of how it can be applied to some products.</p>
2.05	<p>Integrated Rural Accessibility Planning (IRAP) INFORMATION TOOL: Describes the IRAP methodology, which is used by LGUs in the Philippines for assessing the access of communities and families to basic goods, services and facilities.</p>

PART 3: BROAD-BASED PARTICIPATION THROUGH SOCIAL DIALOGUE

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
3.01	<p>The role of key stakeholders in local development</p> <p>INFORMATION TOOL: Highlights the importance of broad-based participation in local development, and suggests the roles of government, private sector and business community, worker organisations, CBOs and NGOs, and external development agencies.</p>
3.02	<p>The added value of social dialogue</p> <p>INFORMATION TOOL: Explains what “social dialogue” is and how it adds value to local development processes.</p>
3.02.1	<p>Assessing local social dialogue institutions and processes</p> <p>ASSESSMENT TOOL: A checklist of questions for assessing the strengths and weaknesses in the capacity of the community to engage in meaningful social dialogue and participatory planning processes.</p>
3.02.2	<p>Tips for improving collaboration and social dialogue in local development</p> <p>ACTION TOOL: A tool for local planners and development practitioners, it describes the critical factors in the area that affect successful collaboration and social dialogue among local stakeholders. By looking at these factors, one can assess the quality of collaboration in the area and identify ways of facilitating and improving it.</p>
3.03	<p>What unions and worker organisations can do to promote local development</p> <p>ACTION TOOL: A tool that is meant for trade unions and other worker organisations, it suggests some actions that these organisations can take to promote local development.</p>
3.04	<p>Techniques and approaches to better negotiations by indigenous peoples (and other marginalised sectors)</p> <p>ACTION TOOL: Suggests ways of how indigenous peoples organisations (and other marginalised sectors) and representatives can effectively express their concerns in local development planning. Also addresses LGUs and suggests what they can do to ensure the participation of indigenous peoples’ organisations in the local development process.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
3.05	Community mobilisation strategies ACTION TOOL: Successful local development strategies depend on the support, commitment and contributions of the different members of the community. How do local planners and leaders mobilise community support and participation? This tool identifies seven key elements of a good community mobilisation strategy.
3.06	Advocacy and representation in local development processes ACTION TOOL: A tool that is meant for LGUs and other local stakeholders, it describes the process of “social justice advocacy” and lists the necessary knowledge, skills and attitudes of a good “social justice advocate”.

PART 4: DESIGNING PROGRAMMES FOR LOCAL DEVELOPMENT AND DECENT WORK

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
Section One: STRENGTHENING LOCAL ECONOMIC GROWTH	
4.01.01	<p>Strategies for making your local economy grow</p> <p>ACTION TOOL: Describes nine practical strategies that local planners and development practitioners can apply to develop their economies. There is no single approach that addresses all concerns, but local leaders could examine the local situation and priority issues, and assess which strategies are most suitable.</p>
4.01.02	<p>Tips for mobilising private sector investments for local development</p> <p>ACTION TOOL: Describes practical ways for engaging and attracting private investments into the local economy.</p>
4.01.03	<p>The role of cooperatives in local development</p> <p>INFORMATION TOOL: Gives a general description of cooperatives and the main ways that they could promote local development, with two relevant Philippine examples.</p>
4.01.04	<p>Short case studies in local economic development</p> <p>CASE STUDIES: Gives a brief description of four successful cases in local development and main lessons.</p>
4.01.05	<p>Some examples of Philippine planning experiences – clustered planning</p> <p>CASE STUDIES: Describes cases where some municipal LGUs have banded together to do “clustered planning”.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
Section Two: CREATING MORE JOBS (EMPLOYMENT OPPORTUNITIES)	
4.02.01	Approaches to local job creation ACTION TOOL: Gives a general overview on the range of job creation strategies that can be used in local communities.
4.02.02	Creating local jobs through small enterprise development ACTION TOOL: Suggests strategies for developing and strengthening small enterprises.
4.02.03	Creating local jobs through employment-intensive infrastructure programmes INFORMATION TOOL: Introduces the employment potential of labour-based, equipment supported (LBES) technology in infrastructure development.
4.02.04	Creating local jobs through worker cooperatives INFORMATION TOOL: Defines worker cooperatives (owned and managed by workers) and gives an overview of how worker cooperatives can create and preserve local jobs.
4.02.05	Skills development and employability INFORMATION TOOL: Discusses the importance of orienting local skills development strategies towards employability and key competencies.
4.02.06	Community-based training approach ACTION TOOL: Describes the steps in a community-based training approach, and presents an example of a project in Mindanao that uses this approach.
4.02.07	The Start and Improve Your Business (SIYB) Program INFORMATION TOOL: Describes the goals, history, implementation strategy, and components of the SIYB Program, a management-training program with a focus on starting and improving micro and small businesses as a strategy for creating more and better employment in developing economies and economies in transition.

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
Section Three: MAKING LOCAL DEVELOPMENT BENEFIT THE POOR	
4.03.01	<p>Who are the poor? What does it mean to be poor? INFORMATION TOOL: Clarifies the concept of poverty: what are its dimensions and how is it measured? How is poverty related to inequality and social exclusion? The concept of poverty used by local governments and leaders determines: how we analyse poverty, whom we consider as poor, what poverty eradication goals and targets we set, and what strategies and policies we adopt for eradicating poverty.</p>
4.03.02	<p>Relevance of “decent work” to local poverty reduction: diagnosis and action INFORMATION TOOL: Explains how a “decent work” perspective improves poverty diagnosis and, therefore, planning poverty reduction interventions at the local level.</p>
4.03.03	<p>Analysing livelihoods of poor communities and areas ASSESSMENT TOOL: Introduces the sustainable livelihoods framework for understanding how livelihoods develop and for designing ways to support livelihood strategies especially of people living in poverty. Describes methods that can be used to analyse livelihoods.</p>
4.03.03.1	<p>Guidelines for supporting livelihoods of poor communities ACTION TOOL: Provides guidelines and for supporting livelihoods especially of those who live in poverty.</p>
4.03.04	<p>Local poverty monitoring and target-setting – the Philippine MBN approach INFORMATION TOOL: Presents the main features of the MBN Approach and the indicators that have been used by LGUs to monitor poverty and set priorities and targets for reduced poverty.</p>
4.03.05	<p>Problems of the informal economy INFORMATION TOOL: Clarifies the scope of the informal economy and explains why people in the informal economy are often poor, disadvantaged and vulnerable.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
4.03.05.1	<p>Strategies for improving incomes and employment in the informal economy</p> <p>ACTION TOOL: Identifies the broad types of strategies that local governments and local institutions can implement in order to improve incomes and employment conditions in the informal economy.</p>
4.03.06	<p>Social protection from risks: what and why</p> <p>INFORMATION TOOL: Explains basic concepts of risks, vulnerability and social protection, and how social protection contributes to income security, preservation and creation of employment, and poverty reduction at the local level.</p>
4.03.06.1	<p>Developing social protection in your local community</p> <p>ACTION TOOL: Provides a framework for planning local strategies for strengthening social protection, especially for those exposed to high risks.</p>
4.03.06.2	<p>Assessing social risks and vulnerabilities in the local community</p> <p>ASSESSMENT TOOL: Guides local planners and development practitioners in identifying risks, and assessing which groups in the local community face the highest risk and are most vulnerable. Gives an overview of types of risks, and suggests indicators for assessing risks and vulnerability.</p>
4.03.06.3	<p>Providing better social protection for women</p> <p>ACTION TOOL: Gives information on women-specific issues with respect to social protection, suggests ways of incorporating these in local initiatives and ways that local women can also help to reduce their vulnerabilities.</p>
4.03.06.4	<p>Extending social protection to local communities</p> <p>ACTION TOOL: Guides implementation and monitoring of strategy and local measures by giving tips, practical ideas.</p>
4.03.06.5	<p>Sample of a community survey for health micro-insurance</p> <p>ASSESSMENT TOOL: Health risks are among the most common risks to income, and health insurance is one of the most important forms of social protection. This tool is an example of a survey questionnaire for determining the need and capacity for a health micro-insurance scheme.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
4.03.07	Assessing the potential for local microfinance ASSESSMENT TOOL: Helps local planners and development practitioners assess the demand and supply of finance services in the area, and assess whether a micro-finance scheme is a real need.
4.03.07.1	Improving local access to financial services ACTION TOOL: Gives an overview of micro-finance and two most important financial services – savings and loans.
Section Four: IMPROVING THE QUALITY AND CONDITIONS OF WORK AND LIFE	
4.04.01	Overview of the key elements of job quality INFORMATION TOOL: Introduces the concept of “job quality” and its relevance to local economic and social development. Briefly explains the key elements of job quality – working conditions, work environment, health and safety at the workplace.
4.04.01.1	How to assess job quality in work places and enterprises ASSESSMENT TOOL: Provides specific guidelines for assessing needs and aspirations of workers and employers particularly with regards to decent work dimensions.
4.04.01.2	Twelve ways to improve local jobs ACTION TOOL: Suggests broad types of actions that local planners and development practitioners can do to improve the quality of local jobs.
4.04.02	Improve working conditions and productivity of small enterprises ACTION TOOL: Based on experiences in many countries, including the Philippines, presents the Work Improvement in Small Enterprises (WISE) method, which shows practical, low-cost and effective ways of improving working conditions and productivity in small enterprises.

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
4.04.02.1	<p>Simple, low-cost ways of improving working conditions in the “informal sector”</p> <p>ACTION TOOL: Proposes an integrated approach to improving productivity and working conditions, shows innovative and simple ways of preventing occupational hazards and diseases, and presents two practical instruments (I-WEB and WISH) that can be used by local development people, micro entrepreneurs, owner-operators, own-account workers, and home-based workers.</p>
4.04.03	<p>Health, safety and working conditions in agriculture</p> <p>ACTION TOOL: Gives an overview of occupational health and safety hazards in agriculture, proposes national and local actions to prevent health and safety risks, and presents the WIND manual as practical instrument that can be used at local level.</p>
Section Five: PROMOTING EQUALITY, RIGHTS AND VOICE	
4.05.01	<p>Fundamental rights at work</p> <p>INFORMATION TOOL: Gives an introduction to the fundamental rights at work and why rights are important for development.</p>
4.05.02	<p>Relation between rights at work and poverty reduction</p> <p>INFORMATION TOOL: Explains how the violation of people’s fundamental rights at work traps them in poverty, and why strategies that address these rights problems are indispensable in poverty reduction.</p>
4.05.03	<p>Gender equality helps local development and poverty reduction</p> <p>INFORMATION TOOL: Describes the influence gender has on local development needs and opportunities and the importance of mainstreaming gender issues into all local development planning processes.</p>
4.05.03.1	<p>Gender: the challenges of women and work</p> <p>INFORMATION TOOL: Describes the influence of gender on employment and the workplace.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
4.05.04	<p>Equality of opportunities: issues affecting indigenous peoples</p> <p>INFORMATION TOOL: Calls the attention of local planners and development practitioners to the issues and concerns specific to indigenous peoples and ethnic minority communities, where poverty is often very high. Cites the Philippine national policy and legal framework on indigenous peoples, and suggests the broad issues and principles for integrating their concerns in local development.</p>
4.05.05	<p>Identifying problems of child labour in the community</p> <p>ASSESSMENT TOOL: Gives an overview of the problems of child labour, the risks that working children face, and guidelines for mapping the extent and nature of problems of child labour in a particular sector and territory.</p>
4.05.05.1	<p>Reducing child labour in your community</p> <p>ACTION TOOL: Provides a framework for devising strategies to reduce the incidence of child labour in the community. It suggests actions that Local government units (LGUs), local planners and leaders, employers and business organisations, and community organisations could implement at local level.</p>
4.05.05.2	<p>Planning a conference or workshop about reducing child labour</p> <p>ACTION TOOL: Presents the Training Package on the Design, Management and Evaluation (DME) of Action Programmes on Child Labour, which shows how to plan, organise and conduct such a workshop or conference.</p>

PART 5: TECHNICAL ISSUES IN IMPLEMENTATION, MONITORING AND EVALUATION

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
5.01	<p>Factor analysis and logical framework for programme/project formulation</p> <p>INFORMATION TOOL: Gives a logical framework for formulating and designing a programme or project.</p>
5.02	<p>Tips on writing project proposals</p> <p>INFORMATION TOOL: Outlines the basic requirements of a funding application, and describes the purpose and structure of most funding applications and offer tips to make a funding application more successful.</p>
5.03	<p>The 7 Cs of implementation: putting plans and projects into action</p> <p>INFORMATION TOOL: Provides key principles in putting plans and project into action.</p>
5.04	<p>Overview of LGU financing options for local development</p> <p>INFORMATION TOOL: Describes some of the options that can be used by Local Government Units when financing local development. It will describe local taxation and revenue raising options, donor agencies, investments mechanisms and government funding sources. Presents examples of how some LGUs have developed and selected the financing options for their development projects.</p>
5.05	<p>Tips in budgeting for local development</p> <p>INFORMATION TOOL: Brings to the attention of LGUs and other local stakeholders key issues and possible actions that could make LGU budgets and expenditures contribute better to local development.</p>
5.06	<p>Ten steps towards building public-private partnerships</p> <p>ACTION TOOL: Suggests opportunities and practical ways of building partnerships.</p>

TOOL NUMBER	TITLE AND BRIEF DESCRIPTION
5.07	<p>Overseas Filipino Workers: partners in local development</p> <p>INFORMATION TOOL: Gives basic facts and figures about Overseas Filipino Workers (OFWs) and explains how their remittances can be a resource for local development.</p>
5.08	<p>Tips for dealing with external factors</p> <p>INFORMATION TOOL: Gives some tips as to how Local Government Units (LGUs) and local communities can anticipate external factors – or conditions that are beyond their control and orient their plans accordingly.</p>
5.9	<p>Impact evaluation</p> <p>ASSESSMENT TOOL: Stresses the importance and uses of impact monitoring and assessment in implementation and planning. Provides guidelines for evaluating impact.</p>
5.10	<p>The Local Governance Performance Management System (LGPMS)</p> <p>INFORMATION TOOL – Provides an overview of the an overview on the LGPMS and its value as a self-assessment tool that LGUs can use to monitor and evaluate their own development, towards improving service delivery to their constituents.</p>

PART ONE

LOCAL DEVELOPMENT AND DECENTRALIZATION IN THE PHILIPPINES AND THE DECENT WORK AGENDA



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PART ONE: LOCAL DEVELOPMENT AND DECENTRALISATION IN THE PHILIPPINES AND THE DECENT WORK FRAMEWORK

INTRODUCTION

Part 1 is an important component of the Local Development and Decent Work Resource Kit. It contains information tools that explain the decent work framework and how it is relevant and useful to local development. It also contains a tool

discussing some factors for the success of local development.

It is recommended that all users of this Resource Kit read the tools in Part 1 because this will help them better understand and apply the rest of the other tools in this Resource Kit.

LOCAL DEVELOPMENT AND DECENT WORK APPROACH – AN OVERVIEW

OBJECTIVE

This tool presents an overview of the Local Development and Decent Work framework, on which this whole Resource Kit is based. Every user of this kit should go over this tool. The topics covered by this tool are:

- Why a local focus?
- Why focus on work?
- Why the emphasis on “decent work” and what is it?
- How does “decent work” contribute to local development?
- What are the phases of the local development process?
- What are the “decent work” aspects of each phase of the process?



WHY A “LOCAL” FOCUS?

LOCAL REGIONS – SPRINGBOARDS OF THE LOCAL DEVELOPMENT PROCESS

Macro economic and social factors and policies are critical for national development but the local aspects of development should not be overlooked.

National development is strongly shaped by processes that occur on the ground, within specific geographical regions of the country. The local context – political power, social institutions, organisations and networks, culture, norms and values, culture, the economic order – make a difference. As a result, development within a particular country is always characterised by significant variations from one place to another.

Even in the context of globalisation, local development has become critical. Although products, resources and capital can be sourced more easily now than before from any part of the world, the location of economic activity has grown in importance. An evidence of this is that only a restricted number of regions (for example, Cebu in Central Visayas and Subic in Central Luzon) in countries scattered across the continents are actually involved and effectively integrated in global production systems and world trade, resulting in uneven spatial development and income inequalities between regions within many developing countries.

This is further manifested by the emergence of city-regions (for example, Metro Manila and Jakarta) all over the world in the last few decades. These city-regions are dense masses of interrelated economic activities with typically high productivity levels, growing faster than other areas of the national territory and generating the bulk of high-earning employment. They are engines of national economies whether of advanced or less-developed countries.

Large-scale city-regions achieve gains in productivity not only because of well-developed infrastructure but also due to the dynamics of backward and forward inter-linkage among firms, the dense local labour markets, and the relationships, habits and social networks (social assets) through which knowledge, learning and innovation are created and shared. The advantages available to all firms and workers from being part of a city-region are bigger than the sum of each one's gains, and promote a cycle of ever-increasing advantages for the region. Firms realise productivity gains and high flexibility in their internal and market operations from having easy access to different suppliers and buyers, direct access to large pools of diverse and specialised skills, and face-to-face contacts that

facilitate communication, mutual confidence and trust. Workers realise income-raising gains from rapid search and rehire processes, which are made possible by easy access to many potential employers and which could compensate for high job turnover, and from dense opportunities for new learning and skills.

AIM NATIONALLY, ACT LOCALLY

The ability of countries to attain higher levels of growth, compete globally, and achieve a better quality of life is very much dependent on the capacity and potential of their municipalities, provinces or regions to attract, breed and sustain expanding production and livelihood systems.

It is therefore important to give attention to the development potentials at the municipal, provincial or regional levels. Macro development strategies need to be accompanied by policy instruments that address development issues from a bottom-up, locally defined perspective.

Regional development policy is especially important in countries where unequal development between regions are fairly characterised by these imbalances and can not be

overlooked both from the point of view of attaining equity as well as social cohesion.

The development of regions, considering their growth potentials, would help promote sustainable growth of the national economy through a more rational population distribution, increased employment opportunities and enhanced productivity.

“Free market forces” would not be sufficient to promote development at the local level. Reliance on markets alone could lead to the under-supply of important conditions for maximising the collective advantages and potentials of any given region.

Local level policy interventions or public action by local governments, civic associations, public-private partnerships and/or other institutional arrangements may be necessary for the following:

- Ensure the adequate provision of certain “public goods” which are critical conditions for local economic development, such as skills training, labour market information, technological research, and minimum level of social and income security

- Discourage or stop negative practices that may be hazardous for the whole region, such as emergence of low-trust or relations marked by conflicts between manufacturers and subcontractors or between employers and workers, bad product quality which could reflect on the area's reputation, and exploitative labour practices which generate short-term gains for one firm.

Because these policy interventions are oriented towards the coordination of local production systems and common goods, they call for a high degree of social and political engagement in which firms, workers, and other stakeholders are brought into meaningful public debate about the issue and preferred collective outcome.

PEOPLE'S PARTICIPATION AND LOCAL GOVERNANCE

The emphasis on people's empowerment and participation, especially of people living in poverty, has also reinforced the role of local institutions in national governance and the focus on local development. For example, the current poverty reduction policy frameworks (called Poverty Reduction Strategy Paper or PRSP) being applied by the World Bank and the International Monetary

Fund in "highly indebted poor countries" (HIPC) have to apply a broad-based people's participation process.

Governance is defined as: "the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector." It is a way a society organises itself to make and implement decisions – achieving mutual understanding, agreement and action. It comprises the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations. It is the rules, institutions and practices that set limits and provide incentives for individuals, organisations and firms.

DECENTRALISATION OF GOVERNMENT SYSTEMS

The scope and magnitude of decision-making power and autonomy of local governments, local policy makers and stakeholders are determined by the extent of decentralisation that has taken place in the country. In many developing countries, government systems are being reformed in favour of decentralised structures and devolution of

powers and resources from central agencies to local bodies.

Decentralisation refers to "the restructuring or reorganisation of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities at the local levels."¹ The concept of subsidiarity proposes that functions or tasks be devolved to the lowest level of social order that is capable of completing them.

Decentralisation and strengthening of local governance institutions have been expected to lead to:

- More transparent and accountable decision-making
- Direct participation of people in decision-making, hence creation of solid social
- Improved efficiency in the delivery of services

¹ Robertson Work, "The role of participation and partnership in decentralised governance: A brief synthesis of policy lessons and recommendations of nine country case studies on service delivery for the poor", UNDP New York

- Better targeting of poverty-reducing investments and transfers
- Increased mobilisation of resources for the local area

Which form or nature of decentralisation is appropriate and effective is the subject of ongoing debate and analysis (see Tool 1.04: Decentralisation and Local Development in the Philippines). Decentralisation has taken many different forms in different countries at different times, and even exactly the same variety of decentralisation may have different effects under different conditions. This is because countries differ in history, traditions and their own institutional, political, economic and geographic context.

LOCAL-NATIONAL COHERENCE AND COORDINATION

While local policy interventions and a bottom-up perspective are critical for regional and national progress, there are risks associated with regional actions.

- Competition among regions could result in irrational wars over investment and subsidies, poaching another region's resources, and

downgrading labour and social costs to entice investors.

- In the absence of information about other regions, regional policy makers could be duplicating resource allocations in the same “growth industry”.
- Isolated attempts to strengthen specific regions may intensify income disparities and dilute other efforts to equalise regional income distribution.

These risks point to the equally important issues of policy coordination and coherence between central and regional policy, regulatory oversight, and appropriate spatial distribution (decentralisation) of political power between central authority and local government units.

WHY FOCUS ON WORK?

WORK IS AN IMPORTANT PART OF PEOPLE'S LIVES

People and their aspirations about their working lives should guide the choice of local development strategies.

Work is central to human existence and survival.
Work can take many forms: paid and unpaid,

wage and self-employment, formal and informal. It refers to any means of making a living.

Through work, individuals, families and communities obtain the means to meet their needs, make their dreams come true, and improve their lives. Income from work empowers people to make choices.

Work responds to, and integrates the economic and social needs and aspirations of people and communities. (The term “economic” might often refer to production, income, wage, investment and markets. “Social” might often be used to refer to health, education, quality of life and equity. In reality, the “economic” and “social” dimensions of people's aspirations and human development are not mutually exclusive but are closely interwoven.)

Work is a strategic way out of poverty. Investment and economic growth leads to sustainable poverty reduction if it creates opportunities for decent employment for many people. Although public support and social assistance (cash transfers, food subsidies, etc.) help poor families and individuals meet their basic needs, these are not sustainable means of lifting people out of poverty, and these perpetuate dependence and poverty.

WHY “DECENT” WORK?

Having work is not enough. Not any kind of work is good for local development. Some work trap people in cycle of poverty and deprivation.

A most glaring example is that most poor people work. Their problem is not “unemployment” per se but low earnings and insecure, irregular employment and income, which force them to work extremely long hours and on multiple jobs, fall into huge debt that they can pay only with their labour, allow their young children to work for pay, or accept jobs even on unfair terms. Some work under very unhealthy, unsafe or inhuman conditions, or are treated unfairly.

“Decent Work” is a term that sums up people’s aspirations for:

- Adequate income
- Secure income
- Economic means for health care and emergencies
- Some savings, a pension or insurance for old age
- Enough time after work for the family
- Health and safety

- Fair and just treatment at work
- Dignity and respect

In any country, everybody would have a notion of what is a good or decent quality of work, and would most probably have a national or local term for it. The International Labour Organization coined the term “decent work” in 2000, and has since used this concept as a framework for supporting people’s aspirations in 175 member States.

The Diagram “Decent Work Circle” illustrates the different features of work that make a particular job, livelihood or economic activity of “decent quality”. The nature and qualitative aspects of a person’s job or livelihood determine the quality of life of that person and his or her family.

Work consists of four pillars: employment, social protection, social dialogue and fundamental rights at work, which are inter-related and affect or reinforce each other.

Employment

- Having a job or a source of livelihood
- Income that is adequate and secure, regular

Social protection

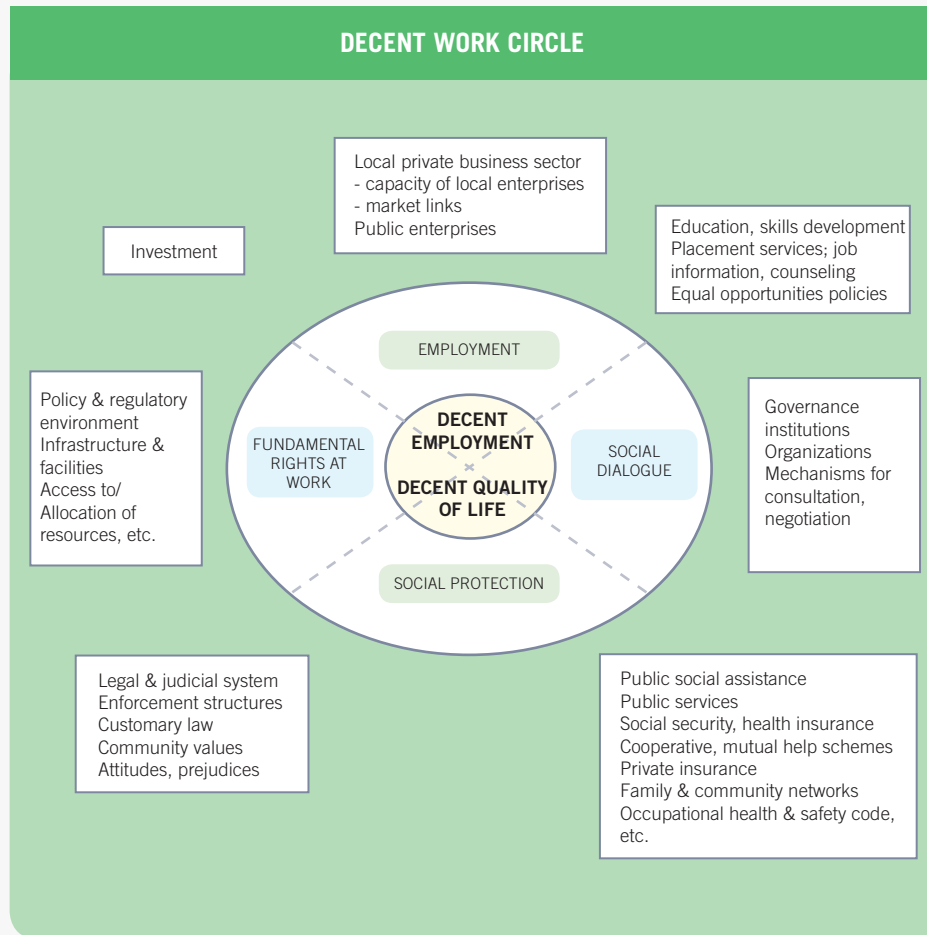
- Security of income
- Access to minimum health services
- Means to meet emergencies and needs in spite of loss of income

Social dialogue

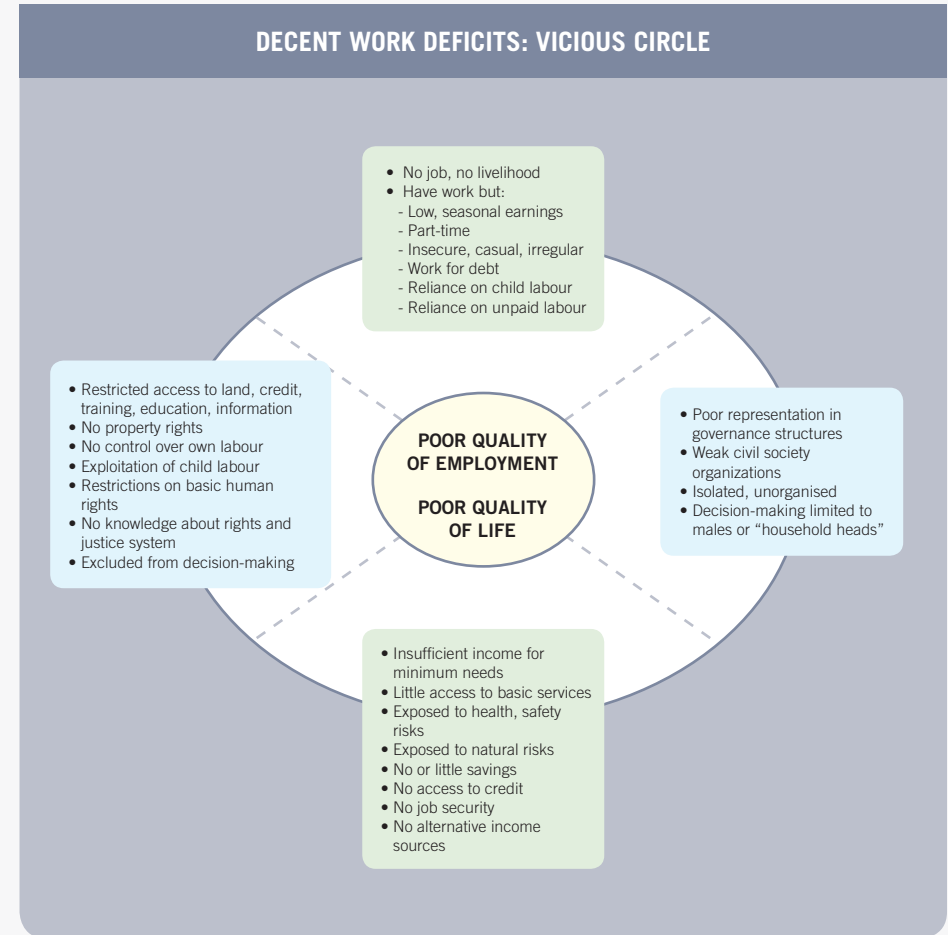
- Voice and representation
- Participation in local development councils
- Collective bargaining
- Freely elected representatives and officials
- Independent and strong people’s organisations

Fundamental rights at work

- Universal human rights
- Rights at work
 - Equality, freedom from discrimination
 - Freedom from forced labour
 - Freedom of organisation and expression
 - Freedom from child labour



The boxes outside the circle refer to institutions and policies that affect each of the four dimensions.



The Diagram "Decent Work Deficits: Vicious Circle" illustrates problems, gaps or "deficits" in any of the four dimensions of work that may exist and lead to poor quality of life.

HOW DOES “DECENT WORK” CONTRIBUTE TO LOCAL DEVELOPMENT?

Productive and gainful employment establishes the link between economic growth and poverty reduction. Employment creates wealth and is a strategic way out of poverty and vulnerability. However, employment cannot be promoted and supported through job creation strategies alone.

FOUR PRINCIPAL ELEMENTS REINFORCE EACH OTHER:

- Generation and preservation of gainful employment and incomes as an explicit objective
- Minimum income security, health security, security of basic needs as an explicit objective
- Voice, representation and social dialogue for greater participation in the decision-making process
- Rights as the foundation for an inclusive and just local development

SOCIAL PROTECTION REINFORCES EMPLOYMENT AND INCOME GENERATION

- When people have something to rely on in times of hardship, they are more ready to venture into new (risky) economic activities or to try new technologies. It is not easy for a farmer, a fisher or a low-paid waged worker to be entrepreneurial and innovative if his/her family is highly vulnerable to the negative effects of a business failure.
- By securing access to basic food, health and educational needs, social security preserves human capital (health, education, skills) even in times of emergency.
- How many businesses or livelihoods have fallen apart because earnings and assets were used to cover health care costs?

SOCIAL DIALOGUE IS CRITICAL FOR PEOPLE'S PARTICIPATION

- Social dialogue recognises the existence of differing and sometimes competing interests and views in the community and society as a whole.
- It is a process of consultation, negotiation, bargaining and conflict resolution.

- It encourages compromise and builds consensus among local stakeholders around common objectives.
- It promotes networks and organisations which are important social assets of the area.

RIGHTS ARE FUNDAMENTAL TO EMPLOYMENT PROMOTION AND SOCIAL PROTECTION

- Respect for people's human rights ensures an inclusive development where each individual enjoys equal opportunities to employment and treatment at work.
- Equal rights and access to resources, services and economic opportunities is necessary for a person to engage in gainful and source of livelihood.
- Without basic freedoms, an individual could not participate in decision-making processes that affect his or her life and work.

However, development strategies have been dominated by an emphasis on economic growth – the aggregate rate of growth of domestic product per capita as the central immediate objective and indicator of development, and the accumulation of physical capital and investment as the means of attaining this objective. It has been widely, but

mistakenly, assumed that economic development (i.e. growth, modernisation, efficiency, enterprise support) would automatically create jobs, reduce poverty and raise people's quality of life.

LOCAL DEVELOPMENT

PARTICIPATORY PROCESS OF NEGOTIATION AND CONSENSUS

Local development may be defined as a process of negotiation, dialogue and consensus between actors (leaders, officials and representatives of local government, organisations, groups, communities) within a determined geographical area with the purpose of bringing about a common undertaking and goal, which combines economic and social interests and objectives towards the aim of improving the quality of life of citizens in that territory.

The Local Economic Development Programme of the International Labour Organization uses the following definition:

LED is a participatory process that encourages partnership arrangements between the main private and public

stakeholders in a defined territory. This process enable these stakeholders to design and implement jointly a common development strategy that makes use of local resources and competitive advantage of the territory in a global context with the final objective of creating decent jobs and stimulating economic activity.

There are many other definitions of local development and “local economic development”. Common among these various definitions is the following elements in the process:

- a. They require participation and partnerships.
- b. They are based on territory.
- c. They entail the mobilisation of local resources and comparative advantages.
- d. They are owned and managed by local stakeholders in the territory.

ECONOMIC AND SOCIAL INTEGRATION

Many have used the term “LED” or “local economic development” to refer essentially to the “economic” dimension of local development – local economic growth, identification of investment

opportunities, support to entrepreneurial activities, facilitating the access to (new) markets, infrastructure, and job creation.

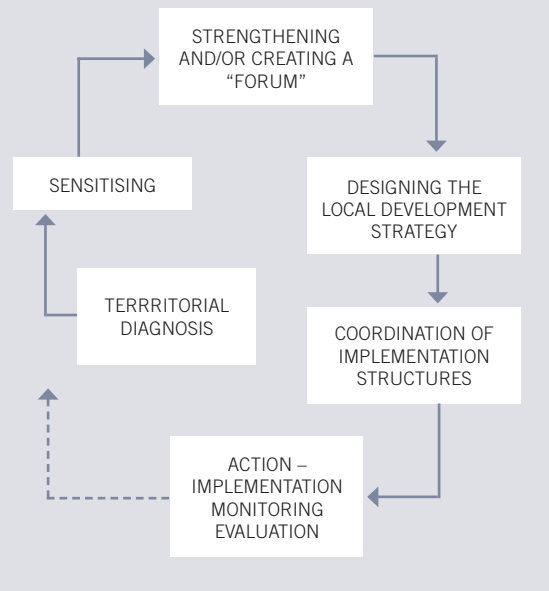
However, many who have studied local economies have increasingly realised that the success of economic policy interventions and enterprise performance have depended a lot on the local institutional, social and political conditions of the area.

Finally, the ultimate development goal – better quality of life for all – necessarily requires the combination of economic growth, equity and poverty reduction, and ecological sustainability.

LOCAL DEVELOPMENT PLANNING AND IMPLEMENTATION PROCESS

It is possible to identify six (6) phases in the local development planning and implementation process. However, in practice, these phases are not mutually exclusive; some phases are continuous and two or more phases may run at the same time. The whole process is not linear; it does not move from one stage to the next stage.

The Local Development Planning and Implementation Process



EMBEDDING DECENT WORK INTO THE PROCESS

The Local Development and Decent Work Framework provides additional value to conventional local economic development approaches by (1) explicitly incorporating the Decent Work perspective into local development agenda, and (2) integrating economic and social concerns and objectives.

The six phases of Local Development Planning and Implementation are described briefly below. Inside the shaded boxes are listed the specific Local Development and Decent Work (LDDW) concerns for each phase.

1. Territorial diagnosis

Objective:

To acquire initial knowledge about the local territory – issues, resources, opportunities, mapping of interest groups and stakeholders; and about the overall planning framework (e.g. extent or nature of decentralisation) of local development.

Scope:

- a. This is a preliminary or rapid assessment of major socio-economic and political indicators and trends of the territory, paying careful attention to “decent work” dimensions and to inequalities and differences between men and women, and between segments (e.g. ethnic groups) of the local population.
- b. Sources of data collection are available statistics, reports and rapid appraisal methods. Data collection should be updated during the whole LD process.

LDDW Concerns:

- Assess progress and problems regarding decent work.
- Identify what and where inequalities exist.
- Pay attention to differences between women and men, and between ethnic and other social groups in the territory.
- Certain decent work indicators may have to be incorporated into local data collection, and for baseline surveys or assessments.

2. Sensitisation, awareness-raising

Objectives:

- a. To build and strengthen the ownership of the local development process among local stakeholders;
- b. To enable different members of the local community to appreciate that each has an important contribution to make, and that the local development process has to be participatory and inclusive.

Scope:

- a. Activities to help stimulate interest, involvement and support of various groups and members of the local community, such as small focused group discussions, workshops visit to other territories and small training courses where people can exchange views, knowledge and experiences; and
- b. Quick impact activities that require or involve consultation, joint decision-making and consensus or compromise.

LDDW concerns:

- Make sure that local people understand the role of decent work in local development, and importance of equity and inclusiveness in successful local development.
- Enable the people to understand each other's aspirations for decent work and ways local development could address these aspirations.

3. Strengthening or creating a participatory mechanism or forum

Objectives:

- a. To strengthen an existing mechanism that could facilitate participatory local development planning and implementation, compromise and consensus-building around a local development strategy; and/or
- b. If a participatory mechanism does not exist, to establish such a mechanism, taking into account the local governance context and responds to the views of the people in the territory.

Scope:

- a. Calls for a careful analysis of the local governance context and local institutional structures
- b. Requires local political support
- c. To be truly participatory, inclusive and effective, a forum requires active and capable representative organisations.
- d. Often needs to be accompanied by activities aimed at strengthening the capacity of local organisations. Special activities are often necessary to involve the poorer and socially excluded segments of the local population.

LDDW concerns:

- Respect for fundamental rights is an important pre-requisite for a people's participation.
- Organisations of workers and employers have a role in local development.
- Social dialogue – consultation, negotiation, compromise and consensus - enrich the participatory process.

4. Designing the Local Development Strategy

Objective:

- a. To produce a shared vision, a set of priorities for a specified period, a strategy for getting there and clear objectives and indicators for assessing success.

Scope:

- a. More intensive diagnosis and assessment: assessments of problems and issues, as well as opportunities, resources and strengths; in-depth analysis of specific issues; feasibility studies and assessments of various proposals, etc.

- b. Strategic planning – identifying priority issues and objectives, action planning, defining resources.

LDDW concerns:

- Employment and income generation, and social protection should be explicit objectives of local development strategies.
- It is important to assess potential and actual impact of strategies and programmes on local employment, incomes and social protection.
- The effect of strategies and programmes are often not the same throughout the local community; some benefit more than others or some suffer from consequences while others gain. One needs to assess the differential impact on women and men, on different ethnic and other social groups.
- Data on selected decent work indicators may be necessary for assessing the likely impact of local plans on decent work.
- The local development strategy should take into account the interrelationship between local strategies, national plans and policy frameworks, national and global markets and trends.

5. Coordination of implementation

Objectives:

- To assign roles and responsibilities, and determine arrangements and measures that will ensure coherence, convergence and smooth coordination of different implementation structures;
- If necessary, set up coordinating unit or mechanism.

Scope:

- Institutional mapping and assessment; commitments; designation or assignment of coordination, taking into account local governance and institutional context.

LDDW concerns:

- Stakeholders play different roles in implementation.
- Transparency and accountability in implementation
- Delivering a coherent and integrated strategy

6. Action: implementation, monitoring, and evaluation

Objectives:

- To engage the various local stakeholders in the implementation, monitoring and evaluation;
- To deliver a coherent and integrated strategy;
- To ensure relevance, effectiveness and efficiency of implementation

Scope

- various arrangements and activities based on action plans; monitoring and evaluation; review and revision of strategies and plans.

LDDW concerns:

- What is the actual impact of strategies and plans on decent work, poverty and quality of life? Where is progress being made?
- Who are benefiting? Who are losing or bearing social and economic costs?
- Who are participating? Who are excluded and why?
- What can be improved?

RELEVANT RESOURCES

- Martin Gasser, Carmelo Salzano, Roberto di Meglio and Alfredo Lazarte-Hoyle, *Local Economic Development in Post-Crisis Situations. An Operational Guide*. (Geneva: ILO)
- Carmelo Salzano, *Applying the comprehensive LED Approach. The case of Croatia*. (Geneva: ILO) 2002.
- ILO Resource Database on Poverty, Local Development and Decent Work
<http://www.ilo.org/dyn/dwresources/dw/browse.home>

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 1.04, Information Tool: Decentralisation and Local Development in the Philippines

THE DECENT WORK FRAMEWORK

OBJECTIVE

This information tool:

- Defines “decent work”
- Explains why decent work is important for a decent life, poverty reduction and local development
- Discusses the features of decent work that should be examined in order to identify areas of improvement
- Discusses the four strategic pillars of the decent work agenda
- Presents the policy interventions that are relevant for each pillar

DECENT WORK: BASIC CONCEPTS AND PRINCIPLES

Decent work means: “opportunities for women and men to obtain decent and productive work in conditions of freedom, equity, security and human dignity”

Work can take many forms. It can be paid and unpaid, wage and self-employment, formal and informal. It refers to any means of making a living.

Work could be a job with a wage or salary involving an employee-employer relationship. It could also be self-employment - an independent exercise of an activity, trade or occupation, where the person concerned controls the means, process and outputs of production. Examples of self-employment are: farming a small plots of land; small-scale, municipal fishing, operating a little *sari-sari* store, weaving baskets and selling them in the market, sewing dresses at home for individual clients; running a small business with one or more employees. Work could be paid or unpaid. The most common unpaid work is that which family

members perform for a family-based/owned business or trade, for which they do not receive payment.

Work could be performed in a factory, in the market, in an office, on the farm, in a boat, on the street sidewalk without a permanent workplace, or at home. It could be a business or job that is fully registered with the appropriate government agencies; but it could also be a job or livelihood that is not declared or registered.

“DECENT WORK” SUMS UP PEOPLE’S ASPIRATIONS IN THEIR WORKING LIVES

Everybody, everywhere, has a sense of what decent work means in their own lives, and in relation to their society.

What is decent work for you? What is your idea of decent work for your children, and for your community? It may be some or all of the following, and much more:

- Being able to earn a living, having a job, a trade, a profession or a business.
- Having an income that is “adequate” enough to cover the daily needs of your family, put your children through school, put food on the table, build a home, and get medical care when someone in the family is sick.
- Having some means to cover your basic needs in your old age, or in unexpected emergencies.
- Working in a safe workplace where you are not likely to get sick or meet an accident that could disable you from working.
- Having equal access to resources and opportunities that are necessary to secure work and to advance oneself.
- Being treated equally and with respect.
- Being able to participate in making decisions on matters that affect the welfare of your family and your work, through your own freely chosen representatives or organisations.

ALL HAVE A RIGHT TO DECENT WORK

Everyone has a right to decent work – farmers, farm workers, fishers, home-based workers, factory workers, street vendors, pedicab drivers, construction workers, government employees, nurses, managers, and so on.

DECENT WORK IS RELATIVE AND AREA-SPECIFIC

Because countries and local areas differ in social and economic situations, none can aim for the same absolute conditions of work. Each area will have to carry out an assessment of its situation, and set its own specific targets for improving the level of decent work.

BUT THERE IS A UNIVERSAL PRINCIPLE

This universal principle, which applies everywhere regardless of the level of economic development of a society, is the respect for basic human rights –

- Freedom from oppression and forced labour
- Freedom from discrimination
- Freedom of association
- The right of children to learn and develop rather than work

These rights are embodied in the United Nations’ Universal Declaration of Human Rights and in eight fundamental International Labour Conventions of the International Labour Organization:

- Freedom of association and collective bargaining (Conventions 87 and 98)

- Elimination of discrimination (Conventions 100 and 111)
- Elimination of forced labour (Conventions 29 and 105)
- Abolition of child labour (Conventions 138 and 182)

In 1998, all member states of the International Labour Organization adopted the Declaration of Fundamental Principles and Rights at Work through which they committed themselves to promote and respect in good faith these principles and rights.

DECENT WORK HAS 10 FEATURES

1. **Employment opportunities** – All persons (women and men) who want work should be able to find work.
2. **Not unacceptable work** – This requires that work should be freely chosen and not forced on individuals along with the condition that certain forms of work are not acceptable, such as:
 - Forced labour, a situation where a person is obliged to work or perform a service under threat of any penalty and for which the person has not offered himself/herself for

work voluntarily, such as work to pay off debt (debt bondage) and slavery; and

- Child labour, work performed by children or young persons below the minimum age (below 15 years old) for employment that is considered inappropriate for their age and maturity and endangers their health, safety and morals, especially in hazardous occupations and without the supervision and guidance of their parents or legal guardians.

Also, workers should have the freedom to join workers' organisations.

3. **Adequate earnings and productive work** – It is essential for the workers to have acceptable livelihoods. For many people, “adequate earnings” or an “adequate living wage” are the most important characteristic of a “decent work”. Income from work could be in the form of wage or income from goods or services that one produced and sold or exchanged. There should be remuneration for all work carried out, and the remuneration from work, especially in the case of wage workers, should correspond to a fair and living wage. Work for equal value should ensure equal pay.
4. **Fair and equal treatment in employment** – There should be fair and equitable treatment and opportunity in work. This means absence of discrimination at work and in access to work on grounds of sex, national origin, race and age, and absence of harassment on these same grounds. Discrimination includes any distinction, exclusion or preference that has the effect of nullifying or impairing equality of opportunity or treatment in employment or occupation. Discriminatory practices may be deliberate and or unconsciously done; some are due to biases and misconceptions of persons who make decisions and apply the rules and regulations; some are embedded in the rules and regulations themselves.
5. **Decent hours of work** – Working time arrangements concerning daily and weekly working hours, regular and overtime work, breaks and rest periods, should reflect fair and acceptable practices, and be compatible with social and family life. Work intensity, which leads to excessive hours, threatens physical and mental health, and interferes with the balance between work and family.
6. **Fair balance of work and family life** – Workers with family responsibilities (those who have young children, elderly and sick to care for) should be able to exercise their right to engage in work if they wish to, without being subject to discrimination. Family responsibilities fall heaviest on women.
7. **Safe work environment** – Physical work environment should avoid extreme conditions (heat, dust, noise, and workload) and ensure a safe working environment with appropriate prevention of work-related accidents, injuries and occupational diseases.
8. **Stability and security of work** – Workers and their families have a need to limit insecurity associated with the possible loss of work and livelihood. Work that is not secure and stable (could be lost anytime, of short duration) or whose income is not regular or not predictable falls short of one's idea of a “decent work”. The loss of one's source of livelihood has serious adverse effects on the person and on his/her family. The risk of losing one's source of income is higher in some types of employment or livelihood than others. For example, work security is low in seasonal, temporary and

casual jobs, and in “no work-no pay” jobs. Some livelihoods provide a regular flow of income, while others provide income only irregularly.

9. **Social protection** – Social protection consists of public and private arrangements that help individuals and their families cope with the negative effects (such as poor nutrition, poor health, and no education) of loss of income or loss of job. People are exposed to many risks that could lead to loss of income, a job or a livelihood, such as death, old age, sickness, accidents on the job, disasters and natural calamities. The incidence of risks is high for some people and some areas, and lower for others. People, families and communities are vulnerable to these risks if they have no resources or means of support to fall back on in case of sudden loss of income and loss of job. Work conditions should therefore be mindful of the need to safeguard the health, pensions and livelihoods, and to provide adequate financial and other protection in the event of work-related injuries, health and other contingencies.

10. **Social dialogue and workplace relations** – Workers and employers should be able to express themselves on matters (plans, rules, policies, programmes, and new developments) that affect them. They can express their views through collectively chosen representatives. It is therefore important that workers and employers are able to organise themselves and represent their interests freely in consultations and negotiations. Social dialogue may take several forms: consultation and collective bargaining between employees and their employer; consultation and negotiation between groups of workers and groups of employers in the same industry or sector; exchange of information and views, consultation and negotiation among economic actors (e.g. suppliers, traders, buyers), among workers, employers and the government in one area.

“DECENT WORK FOR ALL” – A GOAL FOR LOCAL DEVELOPMENT

Decent work gaps are inter-connected and are often linked to social and economic policies and institutions, which affect peoples’ working lives and labour market institutions.

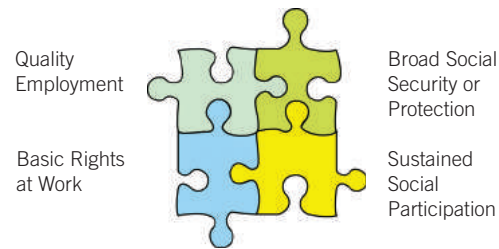
Local Government Units (LGUs), local planners and development practitioners are in a position to help their municipalities improve their decent work situation. It is important to integrate actions and measures that reduce problems of work into the local development plans.

It is not be possible to achieve a perfect situation where everyone who needs a job has one, or where everyone’s work is ideal in all aspects. However, it is possible to make improvements, and to achieve progress towards a better situation. As situations become better, it is also natural that persons or a community will want to aspire for even a much better situation in their work or livelihood.

FOUR PILLARS IN AN INTEGRATED AGENDA

Decent work can be achieved through an integrated agenda consisting of four strategic pillars that are inter-connected and reinforce each other.

- Creation of greater employment and income opportunities for women and men
- Extending social protection
- Promoting social dialogue
- Achieving universal respect for fundamental principles and rights at work



Employment is the essential instrument for raising living standards, widening access to incomes and social security and providing security of income. It is fundamental to the fight against poverty and social exclusion. But this means that employment cannot be any kind, but one that is freely chosen and productive, provides an adequate income, has a certain level of constancy to provide income security, and does not jeopardise life and health.

Broad social protection refers to the social security which society provides for its members through public measures in order to offset the absence of reduction of income from work resulting from contingencies, and to provide people with healthcare and benefits for families and children; the prevention of occupational risks that endanger

workers' health and safety; and the protection of workers from exploitative terms and conditions of employment.

Social dialogue is a means by which workers, employers and private business sector, and government engage in debate and negotiation on how to achieve decent work.

Respect for fundamental principles and a right at work is indispensable for the achievement of all the other three strategic objectives – employment, social protection, and social dialogue. The basic rights at work are: freedom of association; freedom from forced labour; freedom from child labour; and freedom from discrimination. These fundamental rights ensure that no individual or social group (defined, for example, on the basis of gender, ethnicity, religion, age, HIV/AIDS infection, having a disability, etc) is excluded from employment and income opportunities, and that each one has the capability to realise and develop his/her potentials and participate fully in the development process. They are a precondition for the construction of a socially legitimate labour market.

POLICY INTERVENTIONS

1. PROMOTION OF PRODUCTIVE AND REMUNERATIVE EMPLOYMENT

The objective of this pillar is creating enough opportunities for everyone who seeks work. Above all, this objective requires that decent employment – either wage or self-employment – be an explicit and central concern of all economic and social policies, from local to national as well as international levels.

Policies for full employment imply that the rate of growth of the economy is at least in line with the rate of growth of the labour force. These also imply a sectoral composition of economic growth that ensures a close relationship between growth and employment generation. This calls for a combination of policies and programmes that address the economic environment and the labour market.

Elements that address the economic environment

- Clear understanding of the multiple interactions and trade-offs between macroeconomic policies (fiscal, monetary and exchange rate

policies) and employment. Support measures to those sectors with higher employment/output elasticities (i.e., those sectors where employment growth contributes much to economic growth)

- Measures for the small enterprise sector (including cooperatives) to ensure its full participation in and contribution to growth of output and employment, such as: encouraging networks and linkages among enterprises; ensuring that commercial and product regulations do not inhibit new business growth and growth of self-employment; lowering the costs and unnecessary bureaucratic hurdles to enterprise creation and facilitating access to markets, credit and business training; property rights that are clear and protected
- Promotion of trade and investment through measures such as: development of appropriate infrastructure and skills; identifying sectors where there is comparative advantage; governance structures that are transparent and accountable
- Promotion of technological change for higher productivity and job creation and improved standards of living, such as modernising transport, communications, education and

health facilities; promoting ICT skills and diffusion of ICT technology

- Promotion of sustainable livelihoods by strengthening the positive link between employment and environmental protection and sustainable use of natural resources

Elements that address the labour market should aim at enhancing the efficiency of labour markets and ensuring equity of its outcomes:

- Demand-oriented policies that encourage the creation of job opportunities by acting on the price of labour (i.e. wages) or by support direct employment creation (e.g. incentives for new jobs created; promotion of labour-based technology for example in construction and infrastructure)
- Supply-oriented labour market policies that preserve jobs and maintain workers in the labour market, essentially through training and re-training by matching their skills with the requirements of continuous technological upgrading and changing work organisation; also through universal free quality primary and secondary education, fight against child labour that keeps children and youth away from education

- Active policies that reduce or avoid exclusion and discrimination from opportunities in the labour market on grounds of sex, age, ethnicity, religion or exclusion of specific regions or industries, and that promote remuneration above the poverty line
- Linking labour market policies with social protection and labour standards - A high rate of job creation does not guarantee that the jobs created are of decent, acceptable quality (e.g. with adequate level of earnings or job security) or that all groups of the population would have equal access to these jobs (high social inclusion). Conversely, the protection of employment (high job security) does not guarantee social inclusion of all those excluded from employment. Some countries, particularly some European countries have shown that it is possible to combine high job mobility (in and out of jobs) with high-income security by linking labour market policies with social protection and labour standards.

Ideally, some regular review of employment and macroeconomic developments and policies should take place with the participation of social partners, in order to analyse the situation in the economy

and labour market and discuss best policy mixes combining both growth and employment objectives.

2. BROAD SOCIAL PROTECTION

Social protection or social security refers to:

- Income security and health - the combination of public and private mechanisms and measures, which offset the absence or reduction of income from work that result from life contingencies (for example, death, old age, sickness, accident) or other emergencies and calamities (for example, flood, volcanic eruption, drought); and provide people with healthcare and benefits for families and children
- Prevention of occupational risks that endanger workers' health and safety at work
- Protection of workers from exploitative terms and conditions of employment

Social protection is not simply the protection of vulnerable groups. All workers and other members of society have a right to a 'minimum' level of social protection.

Income and health security through social security

Social security refers to public and community arrangements of providing social protection. The principal vehicles for publicly mandated provisions of social security are as follows:

Social insurance – It has been shown over many years that the possible occurrence of sickness, accident, unemployment, and so on can be effectively addressed by pooling risks, and the techniques and tools of insurance. For those individuals who are (economically) able to contribute to schemes of social insurance, this is generally therefore the technique of choice for providing the relevant forms of protection.

Social assistance - For those who cannot readily afford to contribute to insurance schemes, parallel schemes of tax-financed social assistance (like SSS & GSIS) can often be designed to provide similar benefits.

Social insurance and social assistance are generally formed under a public mandate and reflect the principle of solidarity. These are adapted most naturally to the provision of benefits for workers in the 'organised sector' or

'formal economy', where workers have a defined relationship with an employer, and (generally) some capacity to contribute on their own behalf to formal schemes of social security. For such workers, provision through public social security schemes is complemented in most countries by benefits from occupational schemes providing pension and other benefits.

However, the general economic, social, and demographic environment in which social security schemes must operate around the world has changed dramatically. There are now large and increasing numbers of workers and citizens, especially in developing countries, who work in the informal economy, or who work under casual and short-term employment arrangements. Their needs with respect to housing, nutrition, education and health may be addressed by alternative models of social security where the formal (institutionalised) social security approach is complemented by micro-finance and micro-insurance founded on an occupational, community, or area basis.

Social protection helps poverty reduction:

- **Poverty prevention**, mainly through schemes of social insurance, generally for those in formal/‘organised’ employment, self-financed from contributions (perhaps complemented by private insurance through commercial companies), and for those in the informal economy/ ‘unorganised’ sector, community- or occupationally-based, schemes that are often NGO-initiated and in which direct contributions may be supplemented by foreign assistance
- **Poverty eradication** through social assistance, such as schemes financed from public revenues and possibly complemented by schemes financed from foreign assistance.

Social protection or social security helps communities deal with external changes due to globalisation and economic liberalisation. The presence of a minimum level of social protection enables countries that are highly integrated in global markets like the Philippines to manage and adjust to the uncertainties and pressures of competition in international trade. It cushions people from the negative effects of downturns in global markets and prices on incomes and basic needs, thus protecting human capital. Income

security enhances labour productivity and social stability. It also encourages people to venture into new, thus more risky, growth areas or skills and occupations.

Better working conditions and prevention of occupational health and safety risks

Working conditions refer to working time, wages and overtime, manner of payment, maternity protection, protection from unfair and exploitative work practices, and provision of welfare facilities and other benefits.

Safety and health concerns refer to the risk of occupational accidents and diseases, and environmental hazards; their impact on the health of workers, members of their family (in case of home-based enterprises) and residents of the community; and measures aimed at reducing these risks or safeguarding workers, families and/ or residents from the effects of these occupational hazards.

3. SOCIAL DIALOGUE

Social dialogue refers to all types of information sharing, information exchange, consultation

and negotiation among several actors and stakeholders on issues of common interest or of conflict. The objectives of social dialogue are: a common understanding of a problem or issue; a consensus and agreement on how to address that issue; and, commitment and involvement in the implementation of agreements.

In the world of work, the principal actors are Government, workers and employers. In the context of local development, social dialogue involves many more stakeholders, such as suppliers and buyers, middlemen, contractors and sub-contractors, tenants and landowners, small producers, farmers and fishers.

Social dialogue on issues concerning work could be a tripartite process (i.e., involving representatives from government, employers and workers), bipartite only (i.e., trade unions and employers’ organisations), with or without indirect government involvement, or tripartite-plus, which means involving other development stakeholders.

Social dialogue is an important tool for local development. It provides a means for different sectors of the local community to share information and come to an agreement on

how to deal with local development issues. It promotes democratic involvement among the main stakeholders in local development. Structures and processes for successful social dialogue have the potential to resolve important problems. Social dialogue also encourages good governance, advances social and industrial peace and stability, and boosts economic progress.

4. FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK

The fundamental principles and rights at work are embodied in the Universal Declaration of Human Rights and in the eight fundamental International Labour Conventions of the International Labour Organization.

These principles and rights were recognised and endorsed universally. At the United Nations World Summit on Social Development, the international community recognised, for the first time, that combating poverty means paying attention to both the quantity and the quality of jobs. The heads of State and government who gathered in Copenhagen for that Summit committed themselves to promote employment-driven development policies. They also declared that ILO standards in four areas were fundamental and should be respected by all.

Most of the 177 member States of the International Labour Organization have also ratified these particular Conventions. The Philippines, for example, has ratified seven of the eight Conventions. The members of the ILO adopted the Declaration of Fundamental Principles and Rights at Work.

These rights pave the way for other rights to be recognised and respected. There are other labour rights and related Conventions that contribute to the achievement of decent work. These include the right to a (living) minimum wage, to ensure that workers and their dependents can satisfy their basic needs. The right to a healthy and hazard-free working environment, to preserve the physical integrity of workers, is also vital. Promoting fundamental labour rights does not mean dismissing the importance of other labour rights. Fundamental principles and rights at work are also tools, that shape the process by which conditions of work, such as maximum working time or minimum wages, are fixed and enforced.

This Local Development and Decent Work Resource Kit contains many tools that will help local planners and development practitioners integrate decent work into the local development agenda and process.

RELEVANT RESOURCES

- ILO: *Decent work*. <http://www.ilo.org/public/english/decent.htm>
- ILO: *Reducing the decent work deficit. A global challenge* <http://www.ilo.org/public/english/standards/relm/ilc/ilc89/rep-i-a.htm>
- ILO: *Working out of poverty*
- Anker, et al: *Measuring decent work with statistical indicators* <http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-i-a.pdf>
- ILO Resource Database on Poverty, Local Development and Decent Work <http://www.ilo.org/dyn/dwresources/dwbrowse.home>

CROSS-REFERENCES

- Tool 2.02, Assessment Tool: How to measure and monitor decent work gaps at the local level
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tools in Part 3 and Part 4 explain in greater detail the strategies and ways in achieving decent work in local development.

LOCAL GOVERNANCE AND DECENTRALISATION – SOME KEY CONCEPTS

OVERVIEW

Local development occurs within a particular local governance setting. Local governance and decentralisation establish the institutional and political environment of local development.

OBJECTIVE

This tool explains the concepts of local governance and decentralisation. Familiarity with these key concepts is useful for:

- Assessing and understanding the local institutional and political conditions in which local decisions policies are made and implemented
- Understanding other tools in this Resource Kit that use same concepts

This tool suggests some guidelines for determining the magnitude of decentralised governance that exists in a particular territory in any given country.

GOVERNANCE

DEFINITION

... “the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector. It is a way a society organises itself to make and implement decisions – achieving mutual understanding, agreement and action.” (Source: Robertson Work, UNDP)

It includes the mechanisms and processes for citizens and groups to articulate their interests, mediate their differences and exercise their legal rights and obligations.

It refers to rules, institutions and practices that set limits and provide incentives for individuals, organisations and firms.

Governance operates at every level of human relations and activities: household, village, municipality or city, nation, region, the globe.

Governance is not only about the State or about political affairs. Economic activities, the interrelationships among enterprises, their behaviour, and the operation of capital, labour and product markets are governed by rules, policies and values, which are adopted and implemented by private and public actors and organisations. Employment arrangements and conditions are governed as well by a set of rules, values and institutions.

LOCAL GOVERNANCE

Local governance, or governance at the municipal, provincial or regional levels, is determined by the degree and nature of decentralisation of governance. Decentralisation, briefly, refers to the scope and magnitude of decision-making power and autonomy of local institutional actors.

LOCAL ECONOMIC GOVERNANCE

This refers to the mandate and autonomy of local institutions (public and private) to manage, lead and regulate the affairs of the local economy.

The localisation of economic governance has come about through two main trends – the recognition that support systems are more effective when decentralised; the increasing role of local governments. Economic development is increasingly localised in city-regions, industrial districts or clusters.

ROLE OF LOCAL GOVERNMENTS

Local governments are key players in local development, but they are among many players. Evidently, their effectiveness and importance depend on many factors, not least of which are budget and capacity. Even in relatively affluent countries, most local authorities spend a small proportion of their budgets on direct economic development support.

DECENTRALISATION

Decentralised governance refers to “the restructuring or reorganisation of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while

increasing the authority and capacities of sub-national levels.” (Source: Robertson Work, UNDP)

The concept of subsidiarity means that functions or tasks should be devolved to the lowest level of social order that is capable of completing them.

Therefore, decentralisation relates to the role of, and the relationship between, central and regional, provincial or municipal institutions – public, private or civic.

However, decentralisation has often been associated with governance by the state or by public institutions.

PUBLIC SECTOR DECENTRALISATION

Three broad types of public sector decentralisation

- *Administrative decentralisation* aims at transferring decision-making authority, resources and responsibilities for the delivery of a select number of public services from the central government to other lower levels of government, agencies, and field offices of central government line agencies.

- *Political decentralisation* is where political power and authority have been decentralised to regional, provincial or municipal levels, and this may be manifested in situations where regional, provincial or municipal units of government are elected. It aims to give citizens or their elected representatives more power in public decision-making, and assumes that greater participation would lead to decisions that are better informed and relevant to diverse interests.
- *Fiscal decentralisation* refers to some level of allocation of resources to local governments to allow them to function properly under any type of decentralisation. Without resources, local governments cannot function, so fiscal decentralisation is the most comprehensive form of decentralisation. Arrangements for resource allocation are usually negotiated between local and central authorities, and are dependent on several factors including concerns for interregional equity, availability of central and local resources and local fiscal management capacity.

Four forms of decentralisation*

- *Deconcentration* redistributes authority and responsibility from one level of the central government to another while maintaining the same hierarchical level of accountability. It is often regarded as the weakest form of decentralisation and used most frequently in unitary states.
- *Delegation* is the redistribution of authority and responsibility to local units of government or agencies, not necessarily local offices of the delegating authority, or semi-autonomous organisations not wholly controlled by the central government, but ultimately accountable to the delegating unit or authority. For example, governments delegate responsibility when they create public enterprises or corporations, housing authorities, transportation authorities or regional development corporations, which may be exempt from constraints on civil service personnel and may be able to charge users directly.
- *Devolution* refers to full transfer of responsibility, decision-making, resources and revenue generation to a local level of public authority that

is autonomous and fully independent from the devolving authority. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions. In a devolved system, local governments have clear and legally recognised geographical boundaries over which they exercise authority and within which they perform functions.

- *Divestment or market decentralisation* refers to transfer of public functions from government to voluntary, private or non-governmental institutions with clear benefits to an involvement of the public. This often involves contracting out partial service provision or administration functions, deregulation or full privatisation.

In reality, the lines between the types and forms of decentralisation mentioned above are not clearly defined. All government systems are likely to have elements of devolution, deconcentration and delegation.

ASSESSING THE STRENGTHS AND LIMITATIONS OF DECENTRALISATION IN THE PHILIPPINES

SETTINGS DIFFER FROM ONE COUNTRY TO ANOTHER

UNDP's overview of decentralisation worldwide:

- Some 80 percent of developing countries including the transitional economies of Eastern and Central Europe are experimenting with some form of decentralisation.
- In 1999, 96 of 126 countries reported had at least one elected sub-national level of government. 42 had two or more elected sub-national levels.
- In 1997, 52 countries had some degree of fiscal decentralisation. Of these, 48 had at least one elected sub-national level.
- In 1998, of 75 developing and transition countries with populations greater than 5 million, 63 countries claimed to be embarking on some form of fiscal decentralisation.

*Source: www.worldbank.org/publicsector/decentralisation

The decentralised governance setting will differ from one country to another. Some of the specific elements on which country situations will differ are:

- National framework for decentralisation
- Policy formulation aspects
- Fiscal capacity - resource mobilisation, local revenue generation
- Service delivery
- Role of different levels – macro, meso, micro - in decentralisation
- Role of different domains and actors – public, private and civil society – in decentralisation

Two ways to obtain a good picture of the degree of decentralisation in a country:

- Consider the political, fiscal and administrative issues at all levels of government.
- Look at practice at the local level - local council elections, participatory budgeting practices, local government's borrowing powers and tax collection capacity, prevalence of NGOs and advocacy groups, community organising and freedom of voice. Ascertain what decisions can be made at local level, not least in terms control over resource allocation.

PLANNING AND BUDGETING PROCESS

There are many types of planning systems used in developing countries. Some systems are very centralised, others are decentralised but top-down and others have extensive bottom-up features. The budgeting process is similarly diverse. In some countries, local governments have a significant control over their budget. In others, central governments essentially perform this function or all locally prepared plans and budgets are subject to binding central guidelines and/or strict central review. A common concern in developing countries is that the planning system is not well linked to the budgeting process, particularly where there is heavy local dependence on the centre.

Questions to ask:

Enabling environment and institutional structure:

- Are decentralised government powers and responsibilities clearly defined? Powers and responsibilities of existing levels of government may be reasonably defined by the constitution and laws, but this is not common in developing countries. There are also cases in which certain functions are explicitly assigned concurrently to more than one level of government. In the most extreme scenario, local governments have few or no formally guaranteed independent rights or powers.
- What degree of decision-making autonomy is allowed to decentralised levels of government?
- To what extent do decentralised levels of government have local political legitimacy? Local political legitimacy (through elections) builds accountability of local government officials to their local constituents.

Questions to ask:

- How many levels of administration are used for planning and budgeting?
- From what level is the planning process in decentralised systems initiated, and at what level are local plans ultimately approved?
- Is the decentralised planning process adequately linked to the budgeting process?
- How is the decentralised planning process coordinated and integrated with higher levels?

SYSTEM OF INTERGOVERNMENTAL FINANCE

Local governments require access to adequate funds if they are to be able to meet their functional responsibilities. There are several

possibilities, including independent local taxes, fees and charges; taxes shared with higher levels of government; intergovernmental transfers; and loans from higher levels of government or commercial credit institutions.

Questions to ask:

- Do local governments have access to sufficient aggregate resources from all sources to meet their basic responsibilities?
- What is the status of local own-source revenues? Local governments rarely have access to substantial own-sources of revenue, especially in rural areas. The typical challenge for local governments is:
 1. To identify the most productive sources of local revenue and concentrate efforts on them; and
 2. To develop, as appropriate, new high-potential sources allowed under prevailing legal and administrative framework.
- What is the structure of shared taxes and intergovernmental transfers? There may be several issues:
 1. Intergovernmental transfers are often unpredictable, and rely on annual negotiations in central government budgeting process.
 2. The criteria for funds allocation may not be transparent so that local governments and their constituents have no way of knowing if they are being treated fairly.
 3. The criteria for funds allocation may not make sense.
 4. There may be little link between local own-source revenues and resource transfers.
- Do local governments have any access to public or private sources of loans for capital investments?

RELEVANT RESOURCES

- Robertson Work, *The role of participation and partnership in decentralised governance: A brief synthesis of policy lessons and recommendations of nine country case studies on service delivery for the poor*, UNDP New York http://www.undp.org/governance/docs/DLGUD_Publicationandpartnership.pdf
- Paul Smoke, “Understanding Decentralization in Asia. An Overview of Key Issues and Challenges” in *Planning and Financing of Rural Development in Asia*. Regional Development Dialogue, Vol. 20, No. 2, Autumn 1999, pp. 1-17 ISSN 0250-6505, copyright 1999 United Nations Centre for Regional Development <http://www.virtualref.com/uncrd/675.htm>

(Source: Paul Smoke)

DECENTRALISATION AND LOCAL DEVELOPMENT IN THE PHILIPPINES

OVERVIEW

Local development occurs within a local governance context. The decision-making power and autonomy of local governments, local policy makers and stakeholders are determined by the extent of decentralisation.

OBJECTIVE

This tool:

- Describes the legislative framework for decentralised planning and local development process in the Philippines - the powers and responsibilities of Local Government Units (LGUs). It is by no means comprehensive, and readers are advised to consult the Relevant Resources listed at the end of the tool.
- Highlights the potentials as well as constraints for local development under the current Local Government Code.
- Highlights recent policies and attempts at promoting local development, which goes beyond the physical boundaries of LGUs.

BASIC MANDATE OF LGUS

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

ADMINISTRATIVE DECENTRALISATION: LOCAL DEVELOPMENT PLANNING

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).

Pursuant to the above section, Municipal and City Mayors and Governors shall “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 *Sangguniang 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

After preparation and approval by the respective *Sanggunians*, “Copies of the development plans of local government units shall be furnished the Department of Interior and Local Government. (Section 287) Thereafter:

“On or before March 31 of each year, every local chief executive shall submit an annual report to the *Sanggunian* concerned on the socioeconomic, political, and peace and order conditions and other matters concerning the LGU, which shall cover the immediately preceding calendar year. A copy of the report shall be forwarded to the DILG...” (Art. 189, Implementing Rules and Regulations [IRR] of RA 7160) Included in the Annual Report are “Plans Programs and Accomplishments - (which) describe in narrative and pictorial manner the

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.

major plans and programs of the LGU and its accomplishments during the year under review. Presentation is performance-oriented indicating types of services delivered and projects undertaken in the social or economic fields.”

Also included in the Annual Report are “Plans and programs for the Ensuing Year – (which) describe the visions, directions, plans, and budgetary thrusts of the LGU for the coming year.” (Art. 190 [f and h], IRR, RA 7160)

The LGC does not provide specific guidelines for local development planning.

FISCAL DECENTRALISATION

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 percent of internal revenue taxes, the largest single appropriation outside of payments for sovereign debt. (Section 284, RA 7160) This Internal Revenue Allotment (IRA) is also required by law to be automatically released to LGUs in quarterly tranches five (5) days after the end of every quarter. (Section 286, RA 7160)

Section 287 requires that:

“Each local government unit shall appropriate in its annual budget no less than 20 percent of its annual internal revenue allotment for development projects.”

The remaining 80 per cent is usually appropriated for operating expenses such as salaries, utilities, etc.

Given the limitations of the national tax collection system, LGUs are given tax and borrowing powers through Sections 128 to 383 (Book 2 - Local Taxation and Fiscal Matters, RA 7160). In addition, Section 23 allows LGUs to 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. However, LGUs have to report the nature, amount, and terms of such assistance to Congress and the President.

MANDATE OF LOCAL GOVERNMENT UNITS IN LOCAL DEVELOPMENT

Under the Local Government Code (1991), the LGU is vested with powers that are directly related to the promotion of general welfare: primary health care, education, basic facilities such as water and sanitation, access roads, and so on.

Poverty reduction is the overarching goal of local development. Local Government Units have a responsibility for poverty diagnosis and formulating local poverty reduction action plans. The National Anti-Poverty Commission (NAPC), National Economic and Development Authority (NEDA) and the Department of the Interior and Local Government (DILG) have prepared “A Guidebook for Local Poverty Diagnosis and Planning”, which gives a conceptual framework for looking at the processes that lead people into poverty and guides Local Government Units in local poverty diagnosis and planning of local poverty reduction strategies and programmes.

LGC POTENTIALS AND LIMITS FOR LOCAL DEVELOPMENT PLANNING

STRENGTHS AND POTENTIALS

An examination of the LGC reveals a huge potential for formulating and implementing plans in the direction of local economic and social development.

LGUs are required by law to be automatically and regularly provided with funding through their internal revenue allotments (IRA). Other government units are not as fortunate.

LGUs are also quite free to formulate their development plans and budgets with the assistance of Local Development Councils (LDCs) at the *barangay*, town/city, and provincial levels. These councils are required by the LGC to have at least $\frac{1}{4}$ of its membership composed of NGOs operating in the territory. In addition, Art. 62 of the IRR states that

“LGUs shall promote the establishment and operation of people’s organisations, NGOs, and the private sector, to make them active partners in the pursuit of

local autonomy. For this purpose, people’s organisations, NGOs, and the private sector shall be directly involved in the following plans, programs, and activities of LGUs:

1. Local special bodies
2. Delivery of basic services and facilities
3. Joint ventures and cooperative programs or undertakings
4. Financial and other forms of assistance
5. Preferential treatment for organisations and cooperatives of marginalised fishermen
6. Preferential treatment for cooperatives development
7. Financing, construction, maintenance, operation, and management of infrastructure projects.”

Local Special Bodies (LSBs) include Local Bids and Awards Committees, Local Health Boards, Local School Boards, Local Peace and Order Councils, and People’s Law Enforcement Boards. These bodies provide official venues for participatory planning and implementation of local development plans. Through LSBs, ideas, information, technical, financial, and human

resources outside of the LGU bureaucracy and budget can be mobilised for local economic and social development (LESD).

The *Sanggunian* at the municipal and provincial level is required to have three (3) sectoral representatives – one (1) each from women, agricultural/industrial workers, from other sectors including the urban poor, indigenous cultural communities, and the disabled. (Section 446[b] and Section 467[b]) This presents opportunities for these sectors to directly participate in local legislation and policy-making.

CONSTRAINTS

The biggest limitation is the small budget that individual LGUs get. The LGC requires them to employ a minimum of 20 appointed officials such as the Planning and Development Officer, Engineer, Health Officer, Architect, Veterinarian, Population Officer, Cooperative Officer, etc. The LGC also requires LGUs to provide a host of basic services and facilities. (Section 17, RA 7160) In addition, hundreds of circulars, executive orders, and directives from the DILG, the Office of the President and other government agencies further

increase the tasks and responsibilities of LGUs. The salaries of LGU officials and staff and operating expenses usually eat up a substantial portion of the LGUs' IRA leaving only a small amount for LESD.

There are two main ways that LGUs can overcome this major limitation – raising revenues and granting franchises basic facilities and services. To raise revenues, LGUs can either raise local taxes, charges, and fees, borrow money from government or private sources, issue bonds, secure grants and donations, or combine these actions. To grant franchises, the respective *Sanggunians (Bayan/panglungsod)* can pass the relevant local laws by a majority vote. (Sections 447 [3] and 458 [3])

Tool 5.04 gives an overview of financing options for LGUs and presents short case studies describing local financing innovations.

Another major constraint is the term limit of 3 years imposed on elected LGU officials. This gives newly elected officials a very short period to learn the mechanics and dynamics of local development. By the time they learn, they will

have to prepare for the next election. From a planning perspective, a strategic plan requires a time frame of at least 5 years. Therefore, a mayor needs to be sure that he or she will be re-elected to be able to plan strategically. In reality, one can never be sure of re-election.

Given their small budgets, LGUs find it difficult to hire the human resources needed for LESD. This is why they need to mobilise People's Organisations, NGOs and the Private Sector to compliment their limited staff. They can also tap technical assistance from government line agencies such as the Department of Labour and Employment (DOLE), National Economic Development Authority (NEDA), Department of Trade and Industry (DTI), Department of Agriculture (DA), Department of Social Welfare and Development (DSWD), and others.

Overall, these challenges cannot override the huge potential of LGUs to lead the way towards local economic and social development.

REGIONAL DEVELOPMENT

OVERALL EXPERIENCE

Regional development goals (e.g. the dispersal of industrialisation away from Metro Manila, a focus on depressed regions, a more balanced economic and social development across regions, or reduction of inter-regional disparities) have been enshrined in presidential policy and administrative agenda since 1960s when the Government became more conscious and explicit about the spatial aspects of policies and programmes. But regional planning institutions had little say until after 1987 when serious efforts were taken to decentralise powers to regional and local bodies: inclusion of the private sector in Regional Development Council (RDC) membership involving citizens, business groups and NGOs, abolition of the NACIAD and transfer of its functions over Integrated Area Development projects to the RDCs and the Office of Provincial Governor, and the passage of the Organic Acts for Muslim Mindanao and the Cordilleras and the Local Government Code.

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 Centres; 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 North western 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).

POLICY AND LEGISLATIVE FRAMEWORKS

The medium-term development plan provides the policy framework and broad guidelines for regional development.

The Local Government Code contributes to the policy framework for regional planning and development:

- It encourages local governments to group themselves, develop alliances and form partnerships with civil society in managing development.
- It recognises metropolitan arrangements consisting of clusters of LGUs.

LGUS AND REGIONAL DEVELOPMENT

However, the link or coherence between the substantive planning role of LGUs under the LGC and the function of regional planning institutions, specifically the Regional Development Councils and regional offices of the National Economic Development Authority, is not clear.

A number of issues have also 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

RELEVANT RESOURCES

- The Local Government Code of 1991 (R.A. 7160) <http://www.dilg.gov.ph/LocalGovernmentCode.aspx#b2t3c1>
- Rules and Regulations Implementing the Local Government Code of 1991 (R.A. 7160) as Compiled by Arellano V. Busto.
- Ruben G. Mercado, *Regional Development in the Philippines: A review of experience, state of the art and agenda for research and action*. Philippine Institute for Development Studies. Discussion Paper Series NO. 2002-03. <http://www3.pids.gov.ph/ris/pdf/pidsdps0203.PDF>
- Rosario Manasan, *Decentralisation and service delivery study: Public expenditure management*. Philippine Institute for Development Studies.
- Rosario Manasan, *Fiscal decentralisation: The case of the Philippines*. Philippine Institute for Development Studies.

INGREDIENTS FOR SUCCESSFUL LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

OVERVIEW

There are some communities that make things happen and those that continually struggle to survive. Experience shows that there are a number of key ingredients for successful local economic and social development.

OBJECTIVE

This tool discusses some of the essential ingredients that underpin successful local economic and social development.

It focuses on the 'soft' issues or community features of development, which are often overlooked by a more technical approach to development.

Through this tool, local development practitioners and planners will appreciate the importance of strengthening and supporting community processes that enhance these ingredients.

INGREDIENTS FOR SUCCESSFUL LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

BELIEF AND EXPECTATION IN SUCCESS

Successful local development requires local communities to develop community attitudes and behaviours that demonstrate a belief and expectation that their efforts will achieve a positive outcome. Successful communities take charge of their situation and organise to address their development problems. They display a positive mind-set and a belief in a better future for their community.

Local communities with a belief and expectation for success do not wait for national or regional government to come and solve their problems. They take action themselves and develop a 'can do' spirit. They commit local resources, such as time, money and energy to local development. Successful communities display a willingness to experiment, make changes and take risks.

They encourage local residents to look at new possibilities and new development alternatives. These communities also display a commitment to quality and excellence in business and community life. They look for good practice in local development and constantly search for new approaches.

COLLABORATION BETWEEN KEY AGENCIES

Collaboration does not occur easily. It requires constant attention to organisational relationships and a commitment to collaboration by lead local agencies. Communities that are successful in their development efforts take a participatory approach to community decision-making. They ensure that collaboration between key local agencies leads to joint decisions. This kind of collaboration is fostered by a strong sense of identity as a community. It involves mechanisms to maintain local interest and sustain the involvement of all collaborating parties beyond the first rush of enthusiasm.

Successful collaboration requires local agencies to find a compromise and to positively manage community conflict. It involves open and frequent communication between all stakeholders. It also requires cooperation between the public, private and community sectors as well as the integration of economic, social, cultural and environmental objectives.

Collaboration is not only about local agencies collaborating with one another, it is also about collaboration between local and external agencies. This may involve provincial, regional and national government agencies, but it might also involve national trade union bodies or business associations and chambers of commerce.

Collaboration on local projects and businesses can achieve a critical mass by building business linkages through, for example, networks or clusters.

LOCAL LEADERSHIP AND VISION

Successful local development requires a core of local leaders who are committed in terms of their time and priorities to local development. These leaders may be paid (e.g., the local mayor, councilors or a *barangay* captain), but they

may also be volunteers—local people with a commitment to their community.

Leaders must have a belief in the processes of local development and possess the appropriate skills, knowledge and attitudes to manage change.

Leadership is a constant challenge. Existing leaders and local organisations should be continuously looking for new leaders. Current leaders must show that new leaders are welcome and that local decision-making is shared.

It is important to involve women leaders as well as men. It is also important to involve young leaders as well as old. The encouragement and acceptance of women in leadership roles and the active involvement of young people is critical to success in local development.

ABILITY TO MANAGE CHANGE AND TAKE A STRATEGIC OUTLOOK

Success in local development requires local communities to take a strategic outlook in terms of their planning and action. Communities that are successful in their development efforts display a commitment to participatory processes over

the long term, rather than dependence on quick-fix solutions. They have a clear framework for economic and social development and a shared vision that combines the best of old and new development ideas.

Successful local communities recognise the need for change management. They are capable of adjusting to periods of economic restructuring, where some local industries may decline, by refocusing on new areas of potential growth.

They take a global focus to development, with an awareness of both their own comparative advantages and the opportunities created by increased trade.

Successful local communities are also active in provincial and regional structures. They understand the need to go beyond their own borders and participate in networks, structures and organisations that affect their broader environment.

These communities use strategic planning processes to undertake a realistic appraisal of the feasibility of potential opportunities. They constantly research and rank the range of development options that are open to them and continually

identify the range of resources they can access from within their boundaries as well as beyond. They evaluate and adjust their strategy and action plans on a regular basis.

OPPORTUNITY-SEEKING, CREATIVITY AND ENTREPRENEURSHIP

Local communities that are successful in local development display a continued alertness to new development opportunities. They are engaged in a never-ending search for 'best practice' processes, development options and resources.

They look for possible linkages with the outside world and with development activities that surround them.

They develop the ability to respond quickly and positively to new opportunities, as well as the ability to fashion opportunities and options into their own local, customised approach.

Opportunism in local development means that local communities are aware of their own resources and how these can be applied in different ways in response to new development opportunities. It is about developing an enterprising, 'can do' attitude

that is focused on what is possible and on a constant search for the next new opportunity.

THE ROLE OF THE LOCAL GOVERNMENT UNIT

Successful local development can also require an effective Local Government Unit (LGU). While local development can be undertaken by other community organisations, the involvement, support and leadership of the LGU is often very important.

The Local Development and Decent Work approach represents a fresh way of viewing public leadership. It is characterised by the following behaviours:

- Engaging and enabling others through participatory and consensus building activities rather than directing or announcing
- Activity that is mission and vision driven rather than program driven
- Creating opportunities rather than reacting to problems that get out of hand
- Acting in an entrepreneurial manner with flexible authority to achieve results through innovation and experimentation rather than acting in a centralised, hierarchical manner

- Servicing citizens as customers
- Measuring success by results achieved rather than inputs applied
- Investing resources for long-term benefits rather than spending for short-term pay offs
- Forming horizontal alliances and collaborating with stakeholders to achieve common goals rather than acting hierarchically to impose uniformity
- Engaging in a process of joint problem-solving that taps into the creativity and resources of all local stakeholders

LGUs need to examine the roles they perform in local development and to look for ways to improve their functions in this field.

CONCLUSION

Most of the ingredients referred to in this tool are concerned with community factors. They are all ingredients that can be created by a local community. Local development practitioners and planners should keep these ingredients in mind and constantly look for ways to nurture and strengthen them wherever possible.

PART TWO

TERRITORIAL DIAGNOSIS AND ANALYSIS

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PART TWO: TERRITORIAL DIAGNOSIS AND ANALYSIS

INTRODUCTION

Part 2 contains assessment tools for collecting and analysing information that would give a picture of the general situation in the local area. The assessment tools contain:

- Guidelines or checklists for relevant information that should be collected and analysed
- Indicators or measurements for decent work and poverty
- Suggestions on possible sources of relevant information

The tools that are already extensively used by the LGUs and institutionalised in the Philippines, such as the MBN indicators and IRAP, are included

here because they are part of local development planning in the country. Moreover, they are equally relevant in assessing and promoting decent work. The tools in Part 2 are concerned with determining and assessing overall trends in the local area – for example, the level and incidence of different dimensions of poverty, and extent and nature of gaps in decent work. One can use these tools to determine overall development performance of the local community and to evaluate impact of development plans and project interventions.

The tools will help determine what is happening, not why it is happening or what the causes are.

A more in-depth investigation into the causes and processes of particular problems should be undertaken to guide planning.

Part 2 can be supplemented with assessment tools found in Part 3 and Part 4 of this Resource Kit. The tools in Parts 3 and 4 are concerned with specific issues and technical fields, and are to be used for obtaining in-depth information on a particular area of concern – for example, the nature and extent of social risks and vulnerabilities.

TERRITORIAL DIAGNOSIS

OBJECTIVE

Before taking or planning action, it is important to first address the question “Where are we now?”, which will help you to address the next question, “Where do we want to go?”. Territorial diagnosis and situation analysis is the first step in planning and implementing local development strategies. Its purpose is to acquire knowledge about the local economy and the community, its resources, strengths and weaknesses, in order to help local planners and stakeholders to identify a priority objective for action.

This assessment tool gives practical guidelines on information collection and suggests the types of information that may be relevant for creating a local area profile, and in assessing a territory’s opportunities and threats. It also identifies the relevant analytical tools that can be found in this resource kit.

PURPOSE OF TERRITORIAL DIAGNOSIS AND SITUATIONAL ANALYSIS

In general, the purpose of territorial diagnosis and situational analysis is to acquire knowledge about the local economy and the community, and its resources, strengths and weaknesses in order to help local planners and stakeholders to identify a priority objective for action. The amount of information that should be obtained, what topics should be covered and the depth of analysis to be made depend on, briefly, two main factors:

1. Whether the diagnosis is meant to be used in formulating a comprehensive development plan, or to be used in formulating interventions or actions on a specific question/ problem (or a limited set of concerns)
2. The amount of financial and human resources, and time available to the planners and local stakeholders

Collecting and analysing information demands time, people and money. Local planners and

decision-makers should decide and choose the most important information they need. For example, comprehensive local development plans require comprehensive information on the social, economic and institutional situation of the local community. In some cases, the municipality, city or province already has the necessary socio-economic and institutional data. In other cases, only some additional information might have to be collected. More specifically focused projects would likely require a more limited amount of data.

In many cases, it is always useful to begin with a rapid assessment rather than an ambitious research that tries to cover many issues in depth at one time. The results of the rapid assessment would usually be able to indicate main trends and key issues, which can be used for the following:

1. Sensitise local stakeholders with sufficient information about the territory, its assets and resources, and engage local communities to do further analysis
2. Formulate proposals for quick-impact measures and to begin long-term strategy

3. Advise how existing policies can be adjusted towards more economically, socially and environmentally sustainable development in the long term
4. Monitor and assess on-going performance and final outcomes of LED actions
5. Guide and focus succeeding data collection and analysis oriented towards more specific topics for which information is not adequate

A FEW TIPS ON DATA COLLECTION

1. Take advantage of the best available information within the resources and constraints
2. Beware of data bias – this occurs when only the data that is already available is used to make decisions. Readily available information is often limited in content or focus; they are usually about formal and/or big business activities, are about wage employment in the formal sector; and often excludes the activities of the poor and those working in the informal economy, such as the self-employed and micro entrepreneurs.
3. When hard data is not available, it is possible to use qualitative data or descriptions to incorporate non-quantifiable or easily

accessible information. One can use qualitative scores, for example: low, medium or high; poor, average or excellent.

4. Limited resources to collect information limit the availability of data.
5. Not having complete and comprehensive data should not stop the process.
6. Relative data is often more meaningful and useful for decision-making than absolute data, as long as the data is consistent and useful as an indicator for comparative analysis. An example of an absolute data is simply the number of working-age adults in a year or in a place. Examples of relative data and comparative analysis are: (i) the number or proportion of working-age adults who are not employed in the previous year compared to the number or proportion of working-age adults not employed at all in the current year; (ii) the number or proportion of working –age adults not employed in a village compared to the number or proportion in another village. What is the trend – increasing or higher in one than in another?
7. The main methods of collecting information that can be considered, reviewed or used are: obtain data from existing records, visual observation, interview key informants,

conduct local area meetings, organize focus group discussions involving specific groups or members of the community, and sample survey of individuals, households or enterprises.

8. Before and when collecting data, ask:
 - What information already exists about the local area, the local economy and the local employment and labour market situation?
 - What will this information be used for?
 - Will it help to make decisions?
 - Is it possible to get a set of initial data cheaply, i.e., through a workshop or meeting with experts and knowledgeable people, and then fill in the gaps later?

WHERE AND HOW TO BEGIN

1. Collect and review all assessments and studies (current and recent) on the economic and social development of the area that have been completed. This will help identify the aspects of the situation, guide the directions and methods of the information collection process, and avoid repeating work already done.
2. Create a basic local area profile – basic economic, employment and demographic

profile. Much of these data can be collected through rapid assessment. In some cases, the data already exists and needs only to be organized and/or updated.

3. Annex 2.01A gives a Checklist of Information for Creating a Local Area Profile, which lists and describes the types of data that may be gathered to draw a local area profile. The local planner or decision-maker is not expected to obtain and analyse all the information in the list. This checklist is meant to guide the user in identifying the information that might be required.
4. Conduct assessments and analyses
5. There are many types of analysis that can help direct and design local development strategies. The choice of what additional information to collect and what kind of analysis to do depends on what questions and issues need to be addressed for decision-making. Examples of analyses that may be undertaken:
 - Analysis of the local economy – markets; supply chain analysis or value chain analysis; “leakage” (income that is leaving the area) in the economy
 - Availability of basic facilities and services in the area

- Measurement of poverty level
- Assessment of local situation regarding decent and productive employment
- Livelihood assessment
- Identification of people exposed and vulnerable to high risks of income loss
- SWOT analysis (Strengths, Weaknesses, Opportunities, Threats)
- Mapping of relevant institutions providing key services or performing important functions in the area

Annex 2.01B provides a guide for doing a SWOT Analysis. Annex 2.01C provides a Checklist of Information for Local Institutional Mapping.

RELEVANT TERRITORIAL DIAGNOSIS TOOLS IN THE RESOURCE KIT

The list below gives some of the common concerns that emerge in making decisions and planning for local development. Under each topic, the assessment tools that may be used and that are available in this resource kit are specified.

1. Basic facilities and services that are necessary for people’s basic needs: Does the community have access to these basic facilities? Who

has no access or has difficulty to reach these facilities and services?

- Tool 2.05: Integrated Rural Accessibility Planning (IRAP)
2. Local situation regarding decent and productive employment: Are people’s needs for decent and productive employment being met in the local area? What are the major problems and who are most affected?
 - Tool 2.02: How to measure and monitor decent work gaps at local level
 - Tool 4.04.01.1: How to assess job quality in work places and enterprises
 3. Local economy: Are local incomes generated in the local area leaking out rather than circulating and accumulating in the local area? Are local economic activities few and limited or diverse?
 - Tool 2.03: Assessing your local economy
 4. Local livelihoods: What is the capacity of the local community and especially the households and persons living in poverty, to initiate, sustain and diversify means of livelihood? What are the strengths and resources for local livelihoods? What are the constraints?
 - Tool 4.03.03: Analysing livelihoods of poor communities and areas

5. Risks and social vulnerability: What are the risks to sustained income and employment in the local area? Which groups of the local area are highly exposed to these risks and are not protected by any means in case of loss of income or emergencies?
 - Tool 4.03.06.2: Assessing social risks and vulnerabilities in the local community
6. Situation and constraints in local microfinance: What is the demand and supply of financial services in the area? Is there a need for microfinance scheme?
 - Tool 4.03.7: Assessing the potential for local microfinance

ACKNOWLEDGMENTS

- The Institutional Mapping Checklist was taken from: Martin Gasser, Carmelo Salzano, Roberto di Meglio and Alfredo Lazarte-Hoyle, Local Economic Development in Post-Crisis Situations. An Operational Guide. Geneva: International Labour Office, 2003.
- The Checklist for Local Area Profile was drawn from: William Trousdale, The Manual. Strategic Planning for Local Economic Development. Volume I: Concepts and Process. (Editing Draft), UN HABITAT and EPI EcoPlan International, Inc., September 2004.

ANNEX 2.01A CHECKLIST OF INFORMATION FOR CREATING A LOCAL AREA PROFILE

HUMAN AND SOCIAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
Leadership, partnerships and organization	Capacity and resources	See Annex 2.01C: Checklist of Information for Local Institutional Mapping See Tool 3.02.1: Assessing local social dialogue institutions and processes
Knowledge and information	Business, market and economic	Issues related to costs of business start-up and operation (permit fees, taxes, regulations, lease rates, labour costs, land costs)
		Historical review of the development of the area and local economy
		Inventory of businesses and business services by sector, type, size, number of employees, products/services, sales
		Estimation of size, characteristics of informal, barter, non-legal economy
		Listing of largest employers
		Identification of primary markets and linkages for existing producers
		Identification of key economic leakages – when and why local money leaves the local economy
		Foreign investment and trade
		Taxation policy (e.g. property taxes, exemptions, etc.)
		Taxes
Cost of business start-up (typical start-up costs, business permit fees and time requirements, land, taxes, labour costs, lease rates)		

HUMAN AND SOCIAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
	Quality of life	Living standards, cost of living
		Heritage, culture, recreation, social services and health facilities and resources
		Unique local features/identity that influence quality of life, retain local population, attract new residents
	Demographic	Poverty and income levels (e.g. poverty mapping by village, district, etc.)
		Population & household size, growth rates
		Population age & sex distribution and projections
		Ethnic composition (indigenous and tribal populations & communities, population by caste, ethnic origin, race, colour, etc.)
		Mobility: out and in-migration rates
	Household and family	Household size and family structure
		Household income
Skills, competency and innovation	Institutional	Educational institutions by size, programmes, research capabilities
		Government resources and services
		Business facilities (management training, technical assistance programmes, business development associations and centres, business incubators, convention-trade shows)
		Non-government institutions and service agencies
		Other programmes and opportunities that might help local economic development efforts

HUMAN AND SOCIAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
	Literacy and educational attainment	Literacy rate of working-age population – men, women
		Distribution of working-age population by highest educational attainment or number of years of schooling completed – men, women
		Children of school age who are enrolled in school and out of school – girls, boys
	Local Knowledge and Experience	Level of entrepreneurial spirit
		Successful and unsuccessful past local economic development initiatives (why did failures occur, best practices, business closures, recent business start-ups)
		Level of entrepreneurial activity and small business development to assess local area capacity
FINANCIAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
Financial	Financial services	Availability of financial services (e.g. accounting, financial analysis, land valuation, tax information, etc.)
	Access to financing (credit)	Availability of financing for business development and expansion (e.g. government programmes, banks, other lenders, microfinance)
	Local government budgets	Local taxes, user fees, transfer payments, grants

INFRASTRUCTURE, TECHNOLOGY AND PHYSICAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
Technology, machines, tools, factories	Condition of physical plants	Plant, factory and business technology assessment
Location	Geographic aspects	Location in relation to regional markets, major urban centres, transportation linkages
Built environment	Applicable data on buildings and land use	Non-residential building inventory (age, size, availability, lease rates, competitiveness)
		Residential building inventory, availability or vacancy rates, lease rates
		Land inventory – availability of land, zoning and use regulations, status
Infrastructure	Quality, capacity and availability of certain facilities and utilities (also see Tool 2.3)	Communications, telecommunications
		Utility (water, sewer, etc) infrastructure
		Energy infrastructure (capacity, costs, reliability)
		Waste management
		Transportation infrastructure (major roads and highways, rail access, ports, airports, bus/truck services, shipping services)
NATURAL CAPITAL		
	RELEVANT ASPECT	BASE DATA
Resources	Primary resources	Minerals, forests, land, water, etc.
	Resource processing	Type, quantity, markets
Living systems	Quality of life	Climate, topography
	Aesthetics	Natural and scenic resources
Ecosystem services	Economic support	Flood control, waste treatment and recycling, pollution absorption and purification, soil management

SOCIO-ECONOMIC SITUATION AND DYNAMICS		
	RELEVANT ASPECT	BASE DATA
General economic picture	Local economic indicators	Local area GDP, share of different sectors
		Basic living basket cost
		Inflation and devaluation rate
		Average income per capita – men, women
		Poverty incidence
Labour market situation	Labour force and employment	Labour force participation by sex, age, occupation, industry
		Labour force by skills classification, education and training
		Employment and unemployment rates and numbers by sex, age, occupation
		Wage-earners – men, women
		Self-employed (own-account workers, employers) - men, women
		Unpaid family workers – men, women
	Wages	Minimum wage and prevailing wage for relevant occupations
		Minimum wage – men, women
	Gender	Women's issues related to the local economy (see Tool 4.05.03)
		Job opportunities for women
		Women's constraints for entering the job market, level of participation, economic expectations

ANNEX 2.01B SWOT ANALYSIS

Strengths inside the local area	List strengths
<p>Strengths are local assets and resources. Examples: people who possess certain skills and talents, the local culture, crafts, natural resources, capable and active local organizations, efficient local government, local industries and businesses, etc.</p> <p>Questions to ask:</p> <ul style="list-style-type: none"> • What are the local area's strongest resources? • What are the primary economic opportunities in the area? • What opportunities exist to maximise the strength of this resource? • What resources could, with support, promotion or investment, can become strength? 	
<p>List top 3 strengths to build on:</p> <ul style="list-style-type: none"> • Which strengths would generate the biggest improvements and benefits? • What strengths are the easiest to support? 	
Weaknesses inside the local area	List of weaknesses
<p>Weaknesses refer to inadequacies of the area and to local conditions that hamper local development or make it difficult for the local community from improving the quality of life in the area. Examples: low quality of infrastructure, skills and entrepreneurial capacity; weak or ineffective local government; red tape; indifference and lack of social awareness in the community; social conflicts; lack of land and water resources; etc.</p>	

Questions to ask:

- What are the liabilities and problems that can hamper the area from achieving economic development and generating employment opportunities for its people?
- What are the biggest weaknesses or problems in the area? Think back to what stimulated this planning process.
- What problems are faced by businesses in dealing with the local government and other levels of government?
- What are the needs and constraints that restrict the accomplishment of business and economic development initiatives (e.g. poor management experience, poor knowledge of markets)?
- What are the obstacles that people face in securing better jobs or means of livelihood?

List top three weaknesses to reduce:

- Which are impossible to change? Put this aside.
- Where can the biggest changes occur?
- Which are the easiest to address?

Opportunities from outside the local area

Opportunities are conditions, developments and institutions outside the local territory that present potential benefits for the area. Examples: market prices and demand; policies, laws, regulations; programmes; people and organizations; new technology, etc.

Questions to ask:

- What opportunities exist that could reinforce, maximise or support the existing strengths that have been identified in the previous questions?
- What opportunities exist that could be used to reduce the existing weaknesses that have been identified in the previous questions?

List of opportunities

List top three opportunities to exploit or to take advantage of:

- Which are impossible to take advantage of? Dismiss these.
- Which opportunities could result in the biggest changes or improvements?
- Which opportunities are the easiest to support or to take advantage of?

Threats from outside the area

List of threats

Threats are external sources of dangers and risks for the local economy and the people of the area. Examples: unstable oil prices and risk of more increases, changing preferences of buyers of local products, opposition from other political parties, cheap imports that compete with local products, reduced demand for overseas workers, typhoon and natural disasters, etc.

Questions to ask:

- What obstacles and other factors outside the local area might hamper efforts of the local area in making improvements?
- What threats exist that might reduce or counteract the strengths and the opportunities that have been identified?
- What threats exist that might reinforce the weaknesses that have been identified?

List top three threats to reduce, avoid or to change:

- What could be done in order to minimize the negative effects of these threats or reduce the likelihood that these threats will occur?
- Which threats are impossible to remove or reduce? What can be done in case these threats become a reality?

ANNEX 2.01C CHECKLIST OF INFORMATION FOR LOCAL INSTITUTIONAL MAPPING

INSTITUTIONAL/POLITICAL INFORMATION	
Category	Sub-categories
Administrative boundaries (represented in a map)	
Local and decentralized institutions dealing with social and economic development	
Detailed composition of municipal structures, including human and physical resources	
NGOs with ongoing or planned activities dealing with social and economic development	
Private sector organizations	Chambers of Commerce Producers' associations Cooperatives Banks Microfinance institutions Schools, training institutions and universities Research institutions
Non-government organizations (NGOs) and grassroots/community-based organizations	Education Gender issues Youth Environment Economic development Community development Poverty alleviation Planning Vulnerable groups (tribal communities, immigrants, refugees, internally displaced persons etc.)

INSTITUTIONAL/POLITICAL INFORMATION

Category	Sub-categories
Employers' and self-employed persons' associations	
Trade unions	
Organizations for management of common services	Business development services: Market access Infrastructure Policy/advocacy Input supply Training and technical assistance Technology and product development
	Finance/micro-finance : Loans Insurance Other relevant matters Irrigation systems Mechanical pool Storage facilities Other relevant matters
Religious organizations and entities	

LEGAL FRAMEWORK FOR DECENTRALIZATION REGARDING INCENTIVES AND REGULATIONS REGARDING INVESTMENTS IN SOCIAL AND ECONOMIC SECTOR

Category	Sub-categories
Regional, provincial, municipal and/or city laws and regulations	
Special business promotional framework	For small and micro-enterprises For farm development For agricultural development For tourism For industrial or other sectoral development
Investment attraction policy, industrial zones, etc.	
Banking policy, rules	
Legislation for the creation, financing and administration of associations and professional organizations	Civil society entities Entrepreneurial associations Cooperatives Other relevant associations/organizations

ONGOING AND PLANNED DEVELOPMENT INITIATIVES

Category	Sub-categories
International cooperation programmes with activities in the social and economic sectors	Infrastructure Technical assistance Credit Training Tool and equipment Business services Other relevant matters
National/regional/local investment plans impacting on the social and economic environment	
Private initiatives related to key strategically economic sectors	

ONGOING AND PLANNED DEVELOPMENT INITIATIVES

Category	Sub-categories
Decentralized investment programmes for social and economic infrastructures	
Inter-firm cooperation and synergies/industrial clusters	Between firms within the territory; with firms outside the area In which sector or industry
Cooperation among private and public actors	Which institutions and/or firms are involved Nature of cooperation

Source: Martin Gasser, Carmelo Salzano, Roberto di Meglio and Alfredo Lazarte-Hoyle, Local Economic Development in Post-Crisis Situations. An Operational Guide. Geneva: International Labour Office, 2003.

HOW TO MEASURE AND MONITOR DECENT WORK GAPS AT LOCAL LEVEL

OVERVIEW

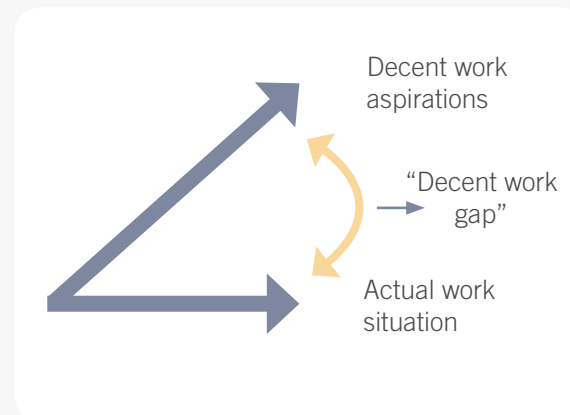
Prior to designing strategies and projects to address problems of work, it is recommended that the baseline situation be measured and determined. In order to assess the performance of local development interventions and their impact on decent work, it is recommended that decent work gaps be monitored at regular intervals.

OBJECTIVE

This assessment tool lists questions and data requirements for identifying and monitoring “decent work gaps” in the locality.

WHAT ARE THE GAPS IN DECENT WORK IN YOUR AREA?

The reality for most people is that their actual work situation is lower than their decent work aspirations. We can call these “**decent work gaps**”.



These gaps are bigger and more serious in some local areas and for certain groups of the population than for others. In order to reduce the decent work gaps between aspiration and reality, we need to identify these gaps in decent work and understand why these gaps exist.

Poverty, social dissatisfaction and social conflicts can often be traced to decent work gaps, for example:

- The lack of employment itself
- Inadequate and irregular incomes
- Lack of financial capability to acquire food, shelter, health care and education
- Heavy work load in unsafe and unhealthy working conditions
- Absence of any hope for advancement and a sense of hopelessness.

FOUR TYPES OF DECENT WORK GAPS:

Rights Gap refers to denial of freedom of association, forced labour, child labour and discrimination.

Employment Gap refers to the inability of people to find and secure a source of livelihood and to earn enough to get their families over the minimum poverty line. It refers to precarious employment, to long hours of work that result in little earnings.

Social Protection Gap refers to income insecurity and job insecurity. It refers to exposure to risks (such as illness, death, natural disaster, retrenchment) that could threaten your ability to meet your basic needs combined with little or no ability to protect yourself and your family against those risks and their consequences.

Social Dialogue Gap refers to lack of or limitations in organisations, institutions and attitudes that hinder workers and employers from having their voices heard. Agricultural workers, domestic workers, employers and entrepreneurs of small and micro enterprises, home-based workers, workers in the informal economy, and migrant workers often face specific problems and barriers to organising and representing themselves in consultative and decision-making bodies.

WHY SHOULD WE MEASURE DECENT WORK GAPS?

It is important to look at problems of work – “decent work gaps”. Poverty, social dissatisfaction and social conflicts can often be traced to deficiencies in “decent work”. Gaps between people’s decent work aspirations and their reality exist everywhere. The gaps are bigger in some local areas and for certain groups of the population than for others. In order to bridge reality and aspiration, we need to start by facing the gaps in decent work and understand why these gaps exist and persist.

DATA GATHERING

In the Philippines, some data that are collected nationally and at the *barangay* and municipal levels could be used to determine the situation of the municipality with respect to “decent work”, and to identify where there are problems. Some of the MBN indicators currently used widely by Local Government Units are useful.

However, for most of the features of decent work, data are not being collected systematically under any of the current statistical or community-

Three Major Steps to Follow For Assessing Decent Work Gaps

1. Assess reality and know the current situation – What are the problems? Where are the biggest gaps in “decent work”?
2. Set specific goals and targets for the immediate future (1 or 2 years) and the medium-term future (3-5 years) – What are the major problems that should be addressed? Where should improvements be made?
3. Adopt and implement strategies, measures and programmes to move from reality to goals and targets

based monitoring systems. Local planners and development practitioners need to collect additional information to diagnose the situation and establish a baseline, and at regular intervals or after a certain period of time, in order to monitor the progress and impact of local development interventions on decent work.

GUIDE TO DATA REQUIREMENTS

To measure and monitor decent work gaps at the level of the community (*barangay* and municipality), refer to the attached Table 2.02, which presents selected dimensions of Decent Work. For each dimension of decent work, the table gives the corresponding information requirements, suggestions on relevant Philippine statistics and MBN indicators that can be used, suggestions for additional information to be collected, and reference to specific assessment tools in this Resource Kit that should be used.

Another assessment tool in this Resource Kit, Tool 4.04.01.1, gives specific guidelines for measuring job quality in workplaces and enterprises.

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 2.05 Information Tool: Integrated Rural Accessibility Planning (IRAP)
- Tool 3.02.01, Assessment Tool: Assessing local social dialogue institutions and processes
- Tool 4.03.02, Information Tool: Relevance of decent work to local poverty reduction: diagnosis and action
- Tool 4.03.03, Analysing livelihoods of poor communities and areas
- Tool 4.03.04, Information Tool: Local poverty monitoring and target-setting - Philippine MBN indicators
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local community
- Tool 4.04.01.1, Assessment Tool: How to assess job quality in work places and enterprises
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.05, Assessment Tool: Identifying problems of child labour in the community

TABLE 2.02: SELECTED DIMENSIONS OF DECENT WORK AND THEIR DATA REQUIREMENTS

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
1. Remunerative Work	Employment opportunities can be measured in terms of how many are employed out of the whole population in the area. The lack of employment opportunities can be measured by the number of those who are not employed but looking for work (unemployed) and the number of those who are underemployed. Underemployment can refer to those who are working for less than a certain average hours per week (for example, less than 40 hours, or those working for 40 hours or more but looking for more work because of low earnings.	Philippine Labour Force Surveys: Data on employment level, employment, unemployment and underemployment rates are available for the whole country, and by region or province. The data can be obtained from the National Statistics Office and its regional or provincial offices, and the Bureau of Labour Statistics of the Department of Labour and Employment and its regional offices.	

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
		<p><u>MBN-CBPIMS indicators:</u></p> <ul style="list-style-type: none"> • Number of households whose head is employed • Number of households whose members aged 15 (or 18) years old and above are employed <p><u>CBMS indicator:</u> Employment rate. To get this indicator, the LGU must count adult persons who want to work and looking for work or are working, those who are employed.</p>	<p>MBN indicators refer to households. The problem of lack of employment needs to be established at individual level. The LGU might decide to analyse the data on individuals (working age) for a more precise assessment of the employment situation.</p> <p>It is important to distinguish the employment situation of men and women.</p>
<p>2. Unacceptable Work 2.1. Child labour</p>		<p>MBN-CBPIMS indicator:</p> <ul style="list-style-type: none"> • Children 18 years old and below child not engaged in hazardous occupation. <p>It would be more direct and precise to get information on the number of children below 15 years old that are working, and assess the nature of the work they are engaged in.</p>	<p>This Resource Kit contains Tool 4.05.05, - an assessment tool for assessing the child labour situation in several industries.</p>

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
2.2. Forced labour	Forced labour: Number of persons who are obliged to work or perform a service under threat of any penalty and for which the person has not offered himself/herself for work voluntarily, such as work to pay off debt (debt bondage) and slavery	The MBN-CBPIMS and CBMS do not have indicators on forced labour, particularly those workers who are working as a form of debt.	Local planners and practitioners could undertake a special investigation into this issue.
3. Adequate Earnings		MBN-CBPIMS indicator: <ul style="list-style-type: none"> • Number of households whose income is above the “poverty threshold” CBMS indicators on household income level: <ul style="list-style-type: none"> • Proportion of households with income less than the poverty threshold • Proportion of households who have income less than the food threshold • Proportion of households who eat less than 3 meals a day 	To determine how many individuals are engaged in occupations or trades that generate low earnings, local planners and development practitioners could do any of the following: <ol style="list-style-type: none"> 1. Examine the nature of occupation or livelihood of income-earners of households below the poverty and food threshold. Differentiate between men and women. 2. Identify the occupations or trades in the community that are known to generate below-subsistence earnings, and count the number of workers (men and women) engaged in them. 3. Include in the MBN survey the number of individuals who are in debt.

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
4. Stability and security of work	<p>The risk of losing one's source of income is higher in some types of employment or livelihood than others. For example, work security is low in seasonal, temporary and casual jobs, and in "no work-no pay" jobs. Some livelihoods provide a regular flow of income, while others provide income only irregularly.</p>	<p>MBN indicators on employment do not measure this aspect of income security.</p>	<p>The LGU might consider including in the MBN survey the number of working individuals who are engaged in</p> <ul style="list-style-type: none"> • "no work-no pay" occupations or trades • seasonal activities
5. Fair and equal treatment in employment	<p>Inhabitants of the same locality do not experience the same employment situation. This may be traced to differences in circumstances and opportunities. It is important to determine which are due to discrimination.</p> <p>Women, members of ethnic minorities, people with disabilities, and people living with HIV/AIDS often face discrimination at work and are over represented among the poor.</p>	<p>The MBN indicators could be used to point out if discrimination or exclusion of certain groups of people is happening in the community. To do this, one can compare the MBN indicators of certain groups of people to the rest of the population:</p> <ul style="list-style-type: none"> • Girls versus the boys • Women versus the men • Ethnic minorities versus the rest of the community • People with disabilities versus those without disabilities 	

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
	<p>Discrimination against certain groups of people could be direct and explicit - clear exclusions made by the provisions of rules, regulations and laws, and in practices of institutions. It could also be indirect or unintentional, but the effects of certain rules and regulations could be the disqualification of certain groups of people. Discrimination can also be traced to the attitudes and biases of people who implement the rules and programs.</p>	<ul style="list-style-type: none"> • People with HIV/AIDS versus those without HIV/AIDS <p>One should then proceed to assess the reasons for these inequalities.</p>	
<p>6. Safe work environment</p>	<p>Information on the number or frequency of work-related accidents and injuries in the municipality could perhaps be obtained from the Department of Labour and Employment, which has a regional office in every region. The public health worker or clinic might be able to give some indication of the frequency of sicknesses and injuries that are due to work hazards.</p>		<p>The LGU and its development partners may want to obtain additional information:</p> <ul style="list-style-type: none"> • Identify the occupations that are most hazardous (high rate of accidents, high incidence of illnesses) in the municipality, and determine the number of people who are engaged in these or exposed to (e.g. children are exposed to hazards of work performed at home) occupations.

Dimension of Decent Work	Information Requirement	Relevant Philippine Statistics, MBN Indicator	LDDW Assessment Tool and suggestions for additional information or other sources of data or methods for gathering data
	<p>The CBPIMS and CBMS include one relevant indicator: Children 18 years old and below not engaged in hazardous occupation</p>		<ul style="list-style-type: none"> Identify most common illnesses and health complaints recorded by primary health workers and see which ones can be traced to the work environment.
7. Social protection			<p>This Resource Kit contains Tool 4.03.06.2 – an assessment tool for assessing vulnerabilities and gaps in social protection.</p>
8. Social dialogue and workplace relations	<ol style="list-style-type: none"> Which social groups (by gender, age, ethnicity or tribe, religion, income class, workers/employers, occupation and trade) are represented by the existing civil society organizations in the community and which are not? To what extent are these organizations consulted and engaged in the poverty diagnosis and planning process in the <i>barangay</i> and municipality levels? In what way and to what extent are the different social groups represented in the planning and decision-making process? 	<p>One MBN indicator is relevant:</p> <ul style="list-style-type: none"> Family members involved in at least one people's organization or association, community development <p>However, this indicator does not show whether these organizations are part of consultative and decision-making processes at local level, and whether all major social groups or interest groups are represented.</p>	<p>This Resource Kit contains Tool 3.02.1 – an assessment tool for assessing local social dialogue institutions and processes.</p>

ASSESSING YOUR LOCAL ECONOMY

OVERVIEW

Assessing the trends in a local economy is fundamental to informed decision-making, and the development of new options, choices and strategies for local development.

OBJECTIVE

This assessment tool discusses a variety of frameworks and activities that local development practitioners and planners can use to assess their local economy.

INTRODUCTION

The analysis of the local economy involves far more than collecting data. It creates greater understanding of the strengths and weaknesses of a locality. It gives early warning of adjustments needed in the community to emerging external

and internal influences; and it helps build collaborative efforts to deal with economic problems and opportunities. It also helps LGUs in proactively encouraging local economic growth and development.

Local people can analyse their own economy but a specialist skills may be needed. Analysis can start with a broad overview or “snapshot” of economic activity and trends. People can use simple techniques and basic calculated measures. Subsequently, analysis can proceed to detailed feasibility studies of options that may require a specialist’s skills.

FIRST LEVEL OF ANALYSIS: AN OVERVIEW OF LOCAL ECONOMY

Most economic analyses start with an overview of the local economy. This provides a context for more detailed analysis. An overview usually consists of three parts:

BROAD TRENDS

A “desktop” survey (review of literature and secondary data) of major economic trends in the regional or national economy reveals broad issues the local community needs to consider.

This information may include, for example, sectoral employment, demand for goods and services, availability of capital and technology, or labour force changes.

Local libraries, local government, economic development agencies or chambers of commerce should be able to assist community members access a range of existing publications and information sources such as census data, media releases, documents or informed people.

RESOURCE BASE MANAGEMENT

Take stock of community assets (i.e., natural resources, physical infrastructure, labour, housing, government, organisation), which are not distributed or accessible equally to all.

This is not just a simple listing of assets and resources. It can include changes to the community resource base over time.

Strengths, such as good agricultural soil, scenery, or a skilled workforce, need to be identified, as well as weaknesses such as poor roads, risk of flooding, or declining housing stock.

LOCAL ACTIVITIES AND TRENDS

Assessing the composition and performance of the local economy involves segmenting the local economy into sectors such as primary industry, services, or retail.

The value of sales, employment, or level of production can measure the level of activity of different sectors.

Communities can also identify basic trends in local employment, sales, and shifts between sectors.

It might be useful to compare different sectors in the local economy, e.g., low-income sectors and high-income sectors; export and non-export sectors; tradable and non-tradable sectors.

SECOND LEVEL OF ANALYSIS: OTHER INDICES AND MEASURES

A second level of analysis involves calculated indices and measures. These include multipliers, location quotients and population/ employment ratios. These are relatively simple measures that local people are able to calculate readily.

EMPLOYMENT MULTIPLIERS

Local economies can be divided into export and non-export sectors. The export sector draws in money from outside the local community. The non-export sector is the goods and services that circulate within the local community and reflects how much economic activity is “captured” locally.

Multipliers measure the linkage between these sectors. They express how much money and employment earned by the export sector ends up in local hands and how much “leaks” out of the community.

EXAMPLE: Export industries such as agriculture, tourism or retirees may draw in two million pesos in wages, sales, transfer payments or investment, and

support 40 local jobs. If a significant amount of this money and employment leaks out of the community, through local people shopping, holidaying, purchasing business inputs, investing, or sending their children to school outside the community, the multiplier will be low. Multipliers will be high if much of this income and employment is captured locally.

$$\text{Employment Multiplier} = \frac{\text{Total employment in community}}{\text{Export employment in community}}$$

An employment multiplier is the measure of every job in the export sector compared to every job in the total economy (export plus non-export):

EXAMPLE: A local community may have a total of 500 jobs, 200 of which are in the export sector. Therefore, the local economy has an Employment Multiplier of 2.5 (i.e., 500 jobs divided by 200 jobs, equals 2.5). This means that one job in the export sector generates 2.5 jobs in the whole community. That is, one job in the export sector gives rise to 1.3 jobs in

the non-export sector. This ratio can be improved by increasing the number of local jobs in the export sector.

You may wish to use this formula to set targets and priorities for local development. For example, you may want to focus on creating local jobs that have a high Employment Multiplier.

Concentration and specialisation

Location Quotients and Population/Employment Ratios can help you to look more closely at the dynamics of employment in the local economy.

Location Quotients (LQ) and Population/Employment (P/E) Ratios, used together, indicate specialisation sectors in the local economy and in which sectors there are “gaps” and potential development opportunities.

$$LQ = \frac{\text{Community employment in a sector}}{\text{Total employment in the community}} \div \frac{\text{National employment in the sector}}{\text{Total national employment}}$$

Location quotients estimate the degree of specialisation in a community’s economy. They measure the proportion of employment in each sector of the local economy and compare this with the proportion in the national economy.

An LQ of 1 in a sector means that the community has the same proportion of employment in that sector as the national economy. If a local community has a greater proportion of employment in a particular sector, than the proportion of employment in that sector in the national economy, it will have a LQ > 1.

EXAMPLE: A community may have 12 per cent of its employed workforce in the retail sector, while nationally only nine per cent of the workforce is in retail goods. The location quotient for that sector in the community would be:

$$LQ = 12/9 = 1.3$$

This means that the community has a relatively higher degree of specialisation in that sector. This may be the case in highly urbanized cities with a large number of

malls and retail outlets. An LQ of less than 1 in a sector suggests a gap in the local economy and an opportunity for new businesses in that particular sector.

$$P/E \text{ ratio for a particular sector} = \frac{\text{Total Community Population}}{\text{Employment in the particular sector}}$$

A population/employment (P/E) ratio is simply the population of the community divided by the number of jobs in each sector:

EXAMPLE: One community may have a P/E ratio for the community services sector that is as follows:

$$P/E \text{ for Community services} = \frac{\text{Community population (12,000)}}{\text{Employment in community services (567)}} = 21$$

This means that every job in the community services sector “supports” 21 people in the community. Clearly not every community services worker serves exactly 21 people. The P/E ratio is just

an average relationship of population and employment. The more people per job in a particular sector the less specialised the economy is in that sector and vice versa.

Together LQ and P/E give a picture of the local economy.

As already described, an LQ that is less than one (1) means that the community has a higher proportion of employment in that sector than the national economy does. Also, fewer local people per job in a sector may mean a relative specialisation in the sector. Monitoring LQ and P/E over time can enhance these indications.

LQ and P/E provide a signpost for further investigation rather than a clear solution. None provide an accurate picture and should never be used to prompt immediate solutions.

Communities need to draw on a variety of information sources and never use economic indicators in isolation. Economic analysis is most powerful if communities can track indicators over time and involve local people fully in the process of analysing their own economy. Economic analysis is not absolute. It largely relies on comparison,

with other communities or with the national economy. Communities need to be well aware of the assumptions inherent in all indicators.

ASSESSMENT ACTIVITIES FOR SMALL GROUPS: WHERE ARE WE NOW?

The following provide some practical exercises for groups of people who want to look at the question “Where are we now?” The answer to this question may involve a historical understanding of how the local economy and its community has been established and changed; it may also involve an understanding of the current capacity, needs and opportunities that exist for development.

A SIMPLE HISTORY OF THE COMMUNITY'S DEVELOPMENT

There can be a great deal of value in local communities becoming aware of where they have come from, how they were first established and what changes have occurred. One of the advantages of this exercise is that it immediately involves the older people of the community who can begin to share their perspectives on the history of the town. Thus, this activity provides

a good way of engaging people in participatory discussions.

The purpose of the activity is to consider the major influences on the establishment, development and changes that have occurred within the local community.

Form small discussion groups. Ask each group to prepare a time line of the history of the community indicating the mile stones in:

- The formation and evolution of towns or settlements
- Specific historical events
- Introduction or changes in agricultural events
- Development of local government or other governing institutions
- Introduction of major industries
- Development or changes to infrastructure
- Any other special or significant events

Have each group write down their discussions on flip chart paper. A chart layout may assist in organising the discussion of these groups. Once each group has completed this task, bring the whole group back together and have each group report to the whole on its findings.

WEALTH CREATION IN THE LOCAL ECONOMY

The capacity for a local economy to create wealth is fundamental to its ability to create jobs and improve the life of its residents.

The purpose of this activity is to help participants understand some of the dynamics behind wealth creation in their area and assess the factors which promote wealth creation.

ASSESSING THE LOCAL CAPACITY FOR LOCAL ECONOMIC AND SOCIAL DEVELOPMENT

Conduct a brainstorming session on the capacity of the community for development through an assessment of its STRENGTHS and WEAKNESSES.

- **Strengths:** are the positive things in the community that encourage development (e.g., high population, high level of participation in community affairs, town is well located).
- **Weaknesses:** the more negative things that make development more difficult; they may also become needs. (e.g., dirty appearance of the town, town is dependent upon one major industry.)

Questions for small discussion groups:

1. What is wealth? Have each group consider the question: "What is wealth?"
 - Each group should write their answers in 1-3 statements. Have each group report back to the whole. The whole group should discuss findings.
 - Consider the positive and negative aspects/attitudes of wealth.
 - Encourage participants to identify how local wealth creation can improve employment opportunities and the provision of goods and services.
2. Historical comparisons: Have each group consider:
 - What affected wealth in the past in our area? (i.e., how did people become wealthy in the past? Say, 20 or 30 years ago.)
 - What affects wealth creation today in our area? (i.e., how do people become wealthy today?)
3. Local economic capacities: Have each group consider:
 - What are the constraints of wealth creation in your community? This may be in the form of too many small marginal businesses, poor overall appearance of the area, too many unskilled people, out-migration, and so on.
4. What are the ways in which the community can create wealth?
 - Write each example on a single piece of paper or card. Try to contain the list to five to seven different examples.
 - Each group must now compare these suggestions in pairs and to choose which they prefer and why. Write down the 'whys' - why is one suggestion better than another - to produce a criteria of assessment. If there are negative criteria (e.g., "this suggestion relies on a limited market") then, these should be turned into positive criteria (e.g., "utilises a broad market").
 - Create a matrix. On the vertical axis list each suggestion in order of preference. On the horizontal axis list each of the criteria used to assess each suggestion.
 - Then ask which suggestion is best by applying each criterion. To help assess each suggestion by a single criterion it may be useful to ask: Which is best? Which is next best? And so on.

Brainstorming is a group discussion technique which provides a process for participants to think creatively and freely about any given topic. Brainstorming is an activity in which the facilitator poses a question or statement to the group and the participants respond with random comments and answers.

Guidelines for effective brainstorming session:

- The task of the facilitator is to ensure that everyone gets a chance to discuss their ideas.
- Ask participants to write down their ideas legibly (letters should be at least 1" high) on cards or papers cut to 4" x 8" size. Only one idea should be put on one card. They should feel free to write as many ideas as they can.
- Reinforce and encourage all ideas. Use masking tape to place the ideas on a blackboard or wall where all participants can read them.
- There are no wrong ideas. If there are comments, these should be limited to how an idea may be improved upon or to clarify the idea.
- Feel free to add ideas or to combine ideas.

- Listen to the full explanation of an idea. Do not interrupt others until they are finished explaining their idea.
- Nobody has all the answers. Group success depends upon every member sharing ideas, opinions and observations.
- Pay attention to silence. A silent individual or group may indicate that there is something more to learn
- Encourage far-fetched ideas. They may trigger more practical ones.
- The more ideas the better. Be open to new ideas. Avoid promoting your own ideas and issues
- Finally, ask the participants to group similar ideas and the corresponding cards/papers together.

IMPORT REPLACEMENT/SUBSTITUTION OPPORTUNITIES

Conduct small discussion groups on the concept of import replacement ("plugging the leaks in the local economy"). Whenever local businesses or residents purchase products or services from outside their community, money leaks from the local economy. Plugging the leaks from the local

economy refers to the ways in which the dollars which flow out of the community can be restricted.

The purpose of this activity is to introduce the concept of import replacement and to begin identifying new opportunities for business development.

Form small discussion groups that consider the following:

1. Consumer needs: Ask each group to create a list of the goods and services that any household may require in any one week. List these goods and services and indicate, approximately, the quantities of these that are required.
2. Analyse consumer spending: Indicate on this list where these goods and services are purchased. Which of these are purchased from outside the community? Which of these are purchased from outside the region? Which of these are purchased from outside the country? Now, look more closely at those goods and services that are purchased within the community and within the region. Are these purchased at local shops? Where do these shops (and other

suppliers) purchase these goods and services from?

3. Opportunity identification: Consider those goods and services that are imported into the community and into the region. Are there any of the goods or services that are purchased from outside the area that could be supplied from within? List these. Are there any goods that are produced from outside the area that could be produced from within? List these. From these two lists, have each group select the five items which they believe can be produced locally in a feasible way. (By feasible, we mean someone or a group in the community has previous experience producing the item or is willing to take the risk in trying to produce it. More studies on marketing, financing, and production may have to be done later.)

COMMUNITY ECONOMIC MAPPING

The purpose of community economic mapping is to create a discussion on development issues facing the community and to improve the understanding of the community in terms of its development potential.

Based on the maps, ask the participants to identify which businesses are overcrowded or missing. This will help them identify opportunities for new economic activities.

You should create discussion groups of a manageable size (i.e., 8 to 15 people in each group). Using large sheets of flip chart paper (which may need to be taped together to form a large enough sheet), have each group draw a map of their community.

On this map

- Identify the location of local businesses
- Identify wealthier areas/households
- Identify consumer outlets. (e.g., food, clothing, alcohol)
- Identify sites where manufacturing occurs
- Identify sites where farming occurs, note seasonal rotations or variation of farming sites
- Identify sites where animals (stock) are kept
- Identify sites of recreation
- Identify trading or market sites
- Identify transportation routes of visitors, local residents (including walking trails), commercial transporters
- Identify key visitor services, such as petrol stations, accommodation, information, souvenir shops, and consumer goods (e.g., snacks, food)

RELEVANT RESOURCES

- Cavaye J, (2000) *Our Community, Our Future: A Guide To Rural Community Development*, chapter 8, p90-120
- Jensen RC, (1997) *Introduction to Economic Impact (Multiplier) Analysis*
- Hustedde RJ, Shaffer R, Pulver G, (1993) *Community Economic Analysis: A How To Manual* <http://www.ncrcrd.iastate.edu/pubs/contents/141.htm>

CROSS-REFERENCES

- Tool 2.01, Assessment Tool: Territorial diagnosis. This tool provides a detailed checklist for assessing socio-economic and political situation and resources, and mapping the presence, objectives and activities of stakeholders and institutions.
- Tool 2.02, Assessment Tool: How to measure and monitor decent work gaps at local level. This tool focuses on the quantitative and qualitative aspects of employment.
- Tool 4.01.01, Action Tool: Strategies to making your local economy grow
- Section One, Part 4 of this Resource Kit focuses on issues regarding local economic growth.
- Section Two, Part 4 of this Resource Kit focuses on the creation and preservation of jobs.

VALUE CHAIN ANALYSIS

OVERVIEW

Value Chain Analysis (VCA) is a tool that can be used by enterprises and local government units (LGUs) to improve existing businesses in a locality. It can also generate new business opportunities for products and services that support existing businesses.

Individual companies started using VCA as a management tool in the 1980s to improve their competitiveness. More recently, development agencies have become more active in applying it on local and national governments and economies.

OBJECTIVE

This information tool gives a general description of Value Chain Analysis and some examples of how it can be applied to some products. It is not a comprehensive paper on VCA. Additional reading materials are recommended under Relevant Resources.

DEFINITION

A VALUE CHAIN IS:

- A sequence of economic activities required to bring a product or service to the final consumer
- Includes producers, processors, input suppliers, exporters, retailers, etc.
- Includes both vertical and horizontal linkages
- Can be defined by a particular finished product or service
 - e.g., wood furniture, fresh mangos for export, etc.

Note that Value Chain Analysis is applied on a specific product (or service), and not on a sector. Other analytical tools in local economic development usually examine economic (agriculture, manufacturing) or social sectors (labourers, women, farmers, indigenous peoples, etc.)

OVERALL PROCESS

Value Chain Analysis, as applied to local development, undergoes the following process:

- Select the main product(s) or service(s) that affect the livelihoods of people in a locality or community
- Analyse the different steps in the processing and delivery of a specific product/service before it reaches a customer.
- Determine how activities at each step can be improved to “add more value” to the product and to “create the greatest possible value” for the customer
- Identify possible new economic opportunities in value-adding activities.

Ultimately, the aim of VCA is to improve the competitiveness of a locality’s main product or service so that it can maintain or improve market share, thus maintaining or creating more jobs and economic opportunities.

VCA can also highlight the distribution of benefits among buyers, exporters and producers in the chain. This can give local and national development planners some ideas on how to maximise the benefits to the local economy.

FOCUS

As mentioned earlier, VCA focuses on specific products or services rather than broad sectors. It also focuses on:

- **Relationships** between activities and actors that define them as a “network” rather than as mere competitors.
- **Value added** and other **quantitative** information at each activity.
- **Specific improvements** at the activity level.

SAMPLE VALUE CHAIN: PRICE OF FRESH PHILIPPINE MANGO (PHP/KG., 2003)

As can be seen from the example, the grower can get greatest benefit if he/she can sell directly to the exporter instead of selling to the local trader. In reality, there are more complex value chains that can be constructed for fresh as well as processed Philippine mangoes.



STEPS IN VALUE CHAIN ANALYSIS

1. Using available data (local, national, and international government studies, reports, internet, etc.) identify the main products and services that have the greatest effect on communities’ livelihoods.
2. Map all the activities and processes that transform these products and services from

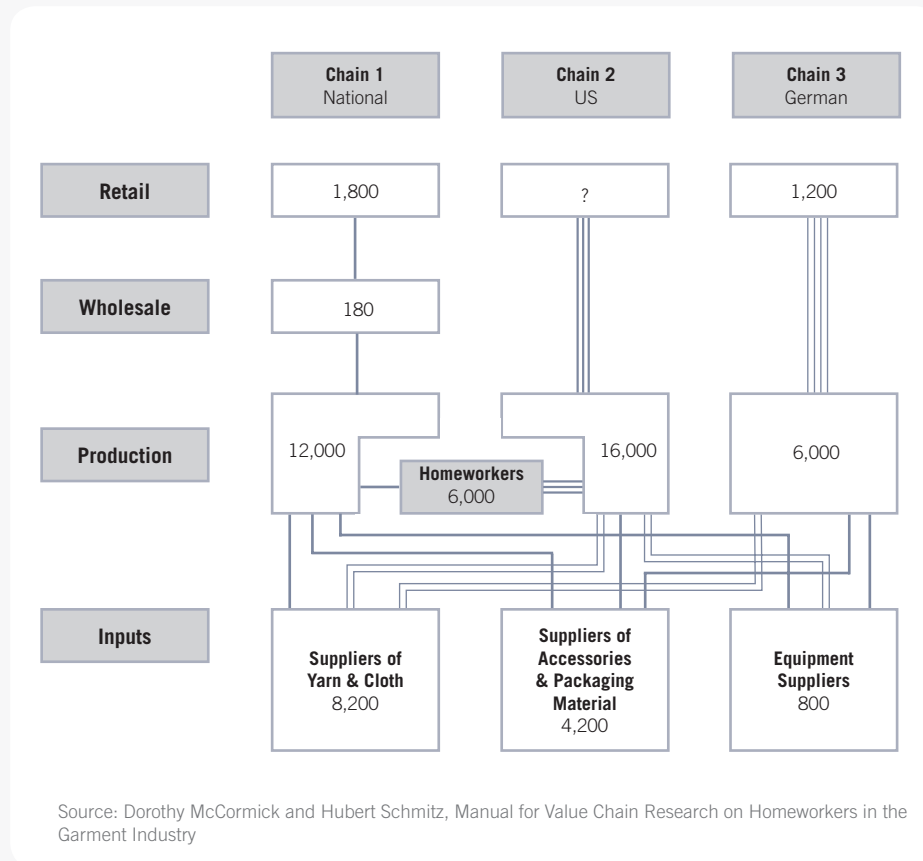
raw material to a final product or service delivered to a buyer/customer. Cluster activities into main stages.

3. Based on your objectives, gather and analyse the relevant statistics for each stage, starting from the end-user.
4. Recommend specific actions to add more value to the product or to create the greatest value for the customer.

Mapping is perhaps the most important step in VCA. Following are the steps in mapping:

- Identify final markets
- Identify key functions/activities
- Identify participants (suppliers, producers, wholesalers, etc.) performing each function
- Map participants according to functions they perform
- Map inter-relationships between participants

Below is an example of 3 value chains for garments showing the number of workers involved at each stage as well as the relationships that exist between input suppliers, producers, wholesalers and retailers.



The stages are defined as follows:

- Retail – sale to final consumer; branding; advertising
- Wholesaling – delivery to retailer; transport to warehouse near final market; consolidating orders from various producers

- Production – inspection and finishing; pressing; machining operations (assembly); laying and cutting; pattern making and grading; sourcing inputs
- Inputs – suppliers of yarn and cloth; suppliers of accessories (buttons, zips, etc.); suppliers of packaging materials, hangers, plastic bags, boxes; equipment suppliers

The single, double, triple, and quadruple lines that represent the relationships are mapped according to the following definitions

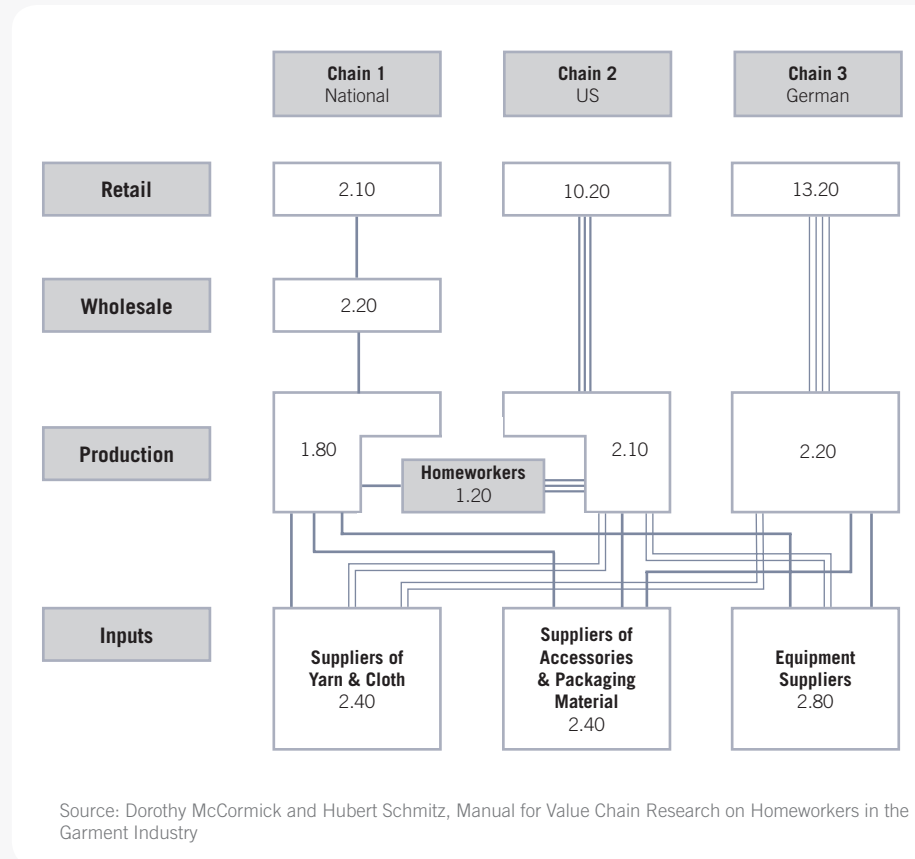
- **Market-Based Relationships** – One line: “arms length” transactions between buyers and sellers; open market; many suppliers, many customers; little or no formal cooperation among participants
- **Balanced Network** – Two lines: fairly equal decision making among participants; firms form networks in which they cooperate and no one firm exercises undue control over others
- **Directed Network** – Three lines: A lead firm directs firms operating separately or in networks; controlled by firm(s) who determine product specifications, trade rules, etc.; for example, a buyer-driven chain

- **Hierarchy** – Four lines: Vertically integrated enterprise that controls various functions along value chain

Mapping relationships is important to find out who dominates or controls the chain and how they can be influenced to improve value for the customer and maximise benefit to the other participants in the chain.

Different variables for the same chains can be analysed. The figure below shows workers' hourly wages across the 3 chains and through the 4 stages.

The above discussion and examples cannot substitute for training and more reading on VCA. The reader is advised to visit the websites and read the materials under the next section.



RELEVANT RESOURCES

- *A Handbook for Value Chain Research*, <http://www.ids.ac.uk/ids/global/pdfs/ValuechainHBRKMMNov2001.pdf>
- *Conceptual Studies on Global Value Chains*, <http://www.ids.ac.uk/ids/global/valchnconcep1.html>
- *The Global Value Chain Initiative*, <http://www.ids.ac.uk/globalvaluechains/concepts/index.html>.
- Magdi M. Amin, *Use of Value Chain Analysis to support Investment Climate Reform*, The World Bank, 2004
- John Humphrey, *Shaping Value Chains for Development: Global Value Chains in Agribusiness*, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH, 2005
- Frank Lusby and Henry Panlibuton, *Value Chain Analysis*, SEEP Network Annual General Meeting, Action for Enterprise (AFE), 2004
- Dorothy McCormick and Hubert Schmitz, *Manual for Value Chain Research on Homeworkers in the Garment Industry*, http://www.wiego.org/papers/2005/unifem/22_McCormack_Schmitz_Manual_GVC_Garment_Sector.pdf
- Jörg Meyer-Stamer, *Regional Value Chain Initiatives: An Opportunity for the Application of the PACA-Approach*, Mesopartner, 2004, <http://www.mesopartner.com>
- O. Miehlebradt and Mary McVay, Jim Tanburn, Editor, *From BDS to Making Markets Work for the Poor, Annual BDS Seminar*, International Labour Organization, 2005
- <http://www.mindtools.com>

For more information, contact:

- ILO Resource Centre, SRO Manila

CROSS-REFERENCES

- Tool 2.03, Action Tool: Assessing your local economy
- Tool 4.01.01, Action Tool: Strategies for making your local economy grow

INTEGRATED RURAL ACCESSIBILITY PLANNING (IRAP)

OVERVIEW

The Integrated Rural Accessibility Planning (IRAP) is a method used for local level development and poverty reduction planning. It focuses on the accessibility of basic services and facilities as a basis for decision-making on allocation of resources. IRAP method has been adopted in the Philippines at the national level, and is used systematically by many LGUs.

The IRAP method:

- Helps LGUs identify and prioritise problems and needs, and carry out interventions to improve access to basic services and needs.
- Sets geographic targets and optimises use and distribution of available resources including labour.
- Helps provide a common “language” for planners, decision-makers and communities in the deliberation of needs and interventions through common set of information that reflects the actual needs of the community.

OBJECTIVE

This information tool discusses the IRAP method and how it is applied to local development and poverty reduction.

A BRIEF BACKGROUND

The long years of application of IRAP in the Philippines have proven that LGUs find the tool useful and relevant in their development planning activities. The capacity to apply IRAP is in place nationwide at local, provincial, regional and national levels: LGU planning offices (municipal & provincial), regional DILG, NEDA, state universities and colleges.

ACCESSIBILITY AND POVERTY ALLEVIATION

The improvement of access to basic goods and services is a major weapon in the fight against poverty.

A major constraint in developing rural communities is the problem of *isolation* – the lack of access to basic services, employment

and livelihood possibilities, the lack of prospects for improving their lives, and the distance from markets and resources. Therefore, part of the solution is ending a community’s state of isolation by linking it to the centre, by bringing services and resources to the community, or by minimising the distance and time travelled to gain access to facilities, markets, inputs, jobs and the like. This is where the issue of access to services, information and opportunities becomes paramount to ease the poverty levels in rural communities.

RURAL TRANSPORT IN THE PHILIPPINES

A study conducted by the ILO in 1989 in the Philippines to determine the daily travel patterns of rural households had the following findings:

- Most travel activities were aimed at obtaining basic goods and services.
- Majority of these activities were done on foot and away from the roads (water collection, firewood gathering, going to school, selling produce, going to market, etc.).
- Most were confined within villages.

The nature of rural transport does not involve the traditional concept of motor vehicles running on paved roads. Rather, rural transport involves the manual movement of people and goods on tracks and trails and with occasional use of intermediate modes of transport such as animal-drawn vehicles and carriages.

IRAP: THE METHOD

ACCESSIBILITY PLANNING

The ILO developed the concept of “accessibility planning” - the IRAP method - as an alternative method in local level planning.

There are two elements of rural transport - mobility and accessibility, which are important in designing ways to improve the reach or coverage of basic services and resources.

- Mobility - concerned with the ability of the people to move around and relates to the use of tracks, trails, and footpaths.
- Accessibility - involved in the citing of services and facilities.

Accessibility may be classified into physical access and social aspects of accessibility.

- *Physical access* looks into the presence or absence of a service or facility in a community, physical distance between households and these facilities, and the amount of time to reach a resource or facility.
- *Social aspects* of accessibility refer to household arrangements with regards to work, which have an influence on the needs and mobility of specific members of the household. These include: the division of labour between members of the household by sex and age; the value given to different kinds of work performed by members; the importance given to investment in education and health; and the notions as to what resources women and men need for their productive and reproductive activities.

THE IRAP PROCESS

Rural Accessibility Planning focuses on the household, and measures its access needs in terms of the time spent to get access. Because of poor access, a lot of time is spent by rural

households to transport themselves and their goods in order to meet their needs.

The underlying principle of accessibility planning is to reduce the time spent on achieving access, and, hence have more time available for other social and economic activities.

IRAP AS A TOOL

IRAP is a simple planning procedure that examines rural communities' access to the basic services, goods and facilities, and the nature of transport and mobility of these communities, as a way of determining local development needs and directions.

Local governments and development agencies can use the tool in infrastructure and local development planning. By using the tool, LGUs and agencies can identify and prioritise access problems and improvement interventions towards improved living conditions in the community. Local planners can use the tool, as part of their regular planning activities, to define priorities for different sectors and communities.

THE IRAP PROCESS

Steps 1 and 2: Data Collection and Processing

The first step of Accessibility Planning is to carry out a situational analysis that identifies the access problems in target areas; both regarding the mobility of the population and the location of services and facilities. The local communities, organisations (government and NGOs) and individuals are involved in this process in terms of providing the needed information. Local enumerators are trained to carry out the needed survey and to process the data. Data comprises secondary data (population, agriculture outputs, etc.) and primary data. At the household level, primary data is collected on time taken and the manner in which households obtain access to services and facilities. The collected data is processed and analysed, which results in a demand-oriented access or transport needs in target areas.

Step 3: Preparation of Accessibility Profiles, Indicators and Maps

Access profiles of target areas cover a set of basic information on both locations of services and facilities and the difficulties that people have in gaining access to them. For each sector, accessibility indicators (AI) are

prepared. The indicators are calculated by considering the number of households (N) in a target area, the average time spent to reach each facility/service (T), the frequency of travel to each facility in a given period (F) and an acceptable/target travel time (T_m) to get access in a sector. The $AI = N \times (T - T_m) \times F$ formula is used to calculate the Accessibility Indicator. In addition, based on the gathered information, accessibility maps are prepared in order to have a better visual presentation of access profiles in target areas and to see alternative solutions to access problems.

Step 4: Prioritisation

The larger the value of AI, the worse is the access problem. The target areas are then ranked/prioritised accordingly. The target area with the worst access indicator in a particular sector gets the highest priority for access interventions in that sector.

Steps 5 and 6: Data Validation and Defining Targets and Objectives

The access profiles will be presented and the gathered data validated in a training workshop which is participated in by representatives of local authorities, organisations and communities. During the workshop, the sectoral objectives for access improvements will

be defined. Where national targets exist, these will be used to define overall objectives, e.g. all households in an area should have direct access to potable water, not exceeding a distance of 500 meters, all year around. The targets should be realistic and attainable, based on the available resources.

Step 7: Project Identification

The results of the above mentioned workshop contribute to identification of a set of interventions/projects which would most efficiently reduce the time and effort involved in obtaining access to supplies, services and facilities. These interventions are related to transport (rural transport infrastructure, low cost means of transport or transport services), and non-transport services (e.g. better distribution or the most appropriate locations of services).

Step 8: Implementation, monitoring and evaluation

The identified projects are then considered and integrated into the overall local development planning system for implementation, monitoring and evaluation. The target communities and organisations are involved not only in planning but they also contribute to implementation and maintenance of what has been planned.

Data that are collected using the IRAP indicators contain both physical and social inventories and profiles that will guide the identification and prioritisation of community needs and interventions.

Households using a common facility should be grouped into a service area. This service area is then compared with another service area to determine which is experiencing difficulty in accessing a facility. The analysis involves taking into account the number of the households affected and the average amount of time spent by the households to reach and use the facility.

The interventions that emanate from the planning process relate to improving people's access. Actions that may be adopted based on IRAP findings may be grouped into two:

- Improvement of mobility - through improvement in the rural transport system, such as rural road improvements, upgrading of village level transport infrastructure and improvement of low-cost means of transport and transport services.
- Bringing goods and services closer to the people - through a better location of basic

facilities such as water supply, health centres, schools and markets.

ACCESS AND ACCESS-RELATED INTERVENTIONS

Following are some possible interventions that may result from the accessibility planning process:

Infrastructure

- Improvement/development of tracks, foot paths, foot bridges
- Rehabilitation, maintenance and construction of selected roads
- Transport / Mobility
- Improvement of efficiency of existing low cost Intermediate means of transport (IMT), e.g. animal drawn carts, bicycles, donkeys, trailers
- Development / introduction of alternative low-cost IMT

Enabling Environment for Mobility

- Facilitating credits to purchase IMT
- Facilitating transport services by improving their operation and management systems and increasing their availability

- Providing training for the production and maintenance of IMTs

Siting of Facilities and Services

- Installing safe water supplies
- Better distribution of health centres, schools, etc.
- Improvement of the system of supply of agricultural inputs
- Development of market facilities
- Improved distribution of food processing facilities, e.g. mills

Environment friendly measures

- Development of wood lots, introduction of fuel efficient cooking technologies, etc.
- Improved sanitation measures

RATIONALISING LOCAL DECISION-MAKING

The identification of interventions to improve accessibility is best done at the local level on the basis of understanding local conditions. IRAP as a local-level planning tool provides the opportunity for effective participation by the local governments and rural communities involved. In identifying

priority interventions, the process aims to balance and maximise the use of local resources including labour; socio-economic impact and sustainability; and local participation and tripartite social dialogues or public/private partnerships.

The application of IRAP allows local governments and other concerned agencies to build a databank of accessibility information for a certain community. This information, in turn, will facilitate the prioritisation of access needs and interventions. The generated information will be of great use to the LGUs in the following manner:

- It provides a profile of the local accessibility conditions as well as a ranking of sectoral concerns and geographical targets.
- It helps LGUs identify and develop access improvement interventions.
- It provides LGUs with bases for projects that will not only improve access but also promote employment and livelihood opportunities for the rural population thereby helping in the reduction of poverty.
- It aids LGUs in investment planning, particularly in identifying and prioritising projects for integration into their annual investment plans.

RELEVANT RESOURCES

- Chris Donnges: *Improving Access in Rural Areas*, March 2003, ILO ASIST-AP, Bangkok. http://bravo.ilo.org/public/english/employment/recon/eiip/download/guidelines_irap.pdf
- *The IRAP Guidebook: Integrated Rural Accessibility Planning for Local Governments 2002*, ILO IRAP III Project, Philippines.
- Innovations (IRAP: Empowering Local Government Units in Development Planning), 1997, ILO IRAP II Project, Philippines.
- CIARIS Learning and Resources Centre on Social Inclusion website: http://ciaris.ilo.org/pages/english/tos/actcycle/planific/methodes/fiche_3.htm
- International Labour Organization Regional Office for Asia and the Pacific publication on the Fourth Expert Group Meeting on IRAP -: <http://www.ilo.org/public/english/employment/recon/eiip/publ/reference/ratp.htm>

For more information, contact:

- ILO Resource Centre, SRO Manila.
- ASIST- AP, ILO Bangkok.

PART THREE

BROAD-BASED PARTICIPATION THROUGH SOCIAL DIALOGUE



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PART THREE: BROAD-BASED PARTICIPATION THROUGH SOCIAL DIALOGUE

INTRODUCTION

Successful local development requires the involvement of the broadest possible cross-section of the local community.

Because of the multiplicity of stakeholders and concerns in the community, it is important for local planners and development practitioners to (a) identify the various stakeholders in the development of the local community, and (b) ensure that they are engaged in the local planning and implementation processes.

The different segments of the population might not be organised, either as formal associations

or informal networks. However, they can be distinguished because of their specific social identity, for example, the youth, an indigenous community, families with migrant workers, beneficiaries of agrarian reform, coastal or small fishermen, factory-based wage workers, home workers, micro entrepreneurs, farmers, and so on.

Part 3 contains tools that are designed to assist the LGUs, local planners and decision-makers, and development practitioners in engaging the different groups of people who make up the community and making sure that they are able to participate effectively in local development processes.

Part 3 gives special attention to:

- Social dialogue - a process by which different sectors of the local community, including those with competing interests and views, can share information, negotiate and reach an agreement on how to deal with local development issues.
- Strengthening the participation of people who tend to be excluded or exclude themselves from consultative and decision-making processes – such as the poor, cultural minority groups, poor women, people with disabilities
- Participation of trade unions and workers' organisations

THE ROLE OF KEY STAKEHOLDERS IN LOCAL DEVELOPMENT

OBJECTIVE

This information tool:

- Discusses the importance of a broad, participatory approach to local development,
- Explains the benefits that local government units and local communities would gain from the participation of civil society organisations, including business and worker organisations, in local development planning, implementation and monitoring.

ENSURING BROAD-BASED PARTICIPATION

Successful local development requires the involvement of broadest possible cross-section of the local community.

There are many different groups in the community or social segments of the local population that need to be involved. These groups are referred to as “stakeholders” because they have a stake, or an interest, in the local community and its future.

Although they might not be organised, either as formal associations or informal networks, some segments of the population could be distinguished because of their specific social identity, for example, the youth, an indigenous community, families with migrant workers, beneficiaries of agrarian reform, coastal or small fishermen, factory-based wage workers, home workers, micro-entrepreneurs, farmers, and so on. By the nature of their gender, age, ethnicity, income class, occupation, trade or source(s) of livelihood, people in the community would naturally have some concerns, views and needs that are different from each other.

Because of diverse stakeholders and concerns in the community, it is important for local planners and development practitioners to

- Identify the various stakeholders in the development of the local community and in specific economic and social issues, and
- Ensure that they are engaged in the local planning and implementation processes.

Since the municipality is part of the bigger society and economy, some stakeholders in the development of the local community may not be residents of the community. These include other municipal, provincial and national government officials, investors and entrepreneurs, regional and national organisations of workers, business associations etc.

It is common to see development that is controlled or initiated by only a few stakeholders. The local government, for example, may undertake development activities on its own. Large private businesses may make investments and pursue development on their own. Even NGOs have been known for undertaking development efforts on their own and not involving a wider range of people.

Sometimes it is not necessary to involve everyone in development efforts. However, when it comes to local development planning and action, the best results come from engaging as many different sectors of the local society as possible.

Understanding the possible roles that different stakeholders can play in local development will help you to find ways to involve these groups more effectively.

THE ROLE OF GOVERNMENT AGENCIES

Government agencies are very important for local development. They perform three essential roles:

- **Representation:** Local communities elect people to represent them and their interest in government, whether at the local level, or at higher levels
- **Policies and laws:** Governments set policies and laws that influence local development opportunities
- **Resources:** Governments have resources to apply to local development. These may be financial resources, skills, technical assistance, training, etc.

It is important to distinguish between local governments and other levels of government when considering the role of government in local development.

THE ROLE OF LOCAL GOVERNMENT

The LGU is the most important government agency involved in development planning and management at the local level. Local governments perform the following functions:

- Design and enforcement of local policies, laws and regulations
- Planning for local social and economic development (integrating different fields of planning at the local level is a very important role)
- Connect local people to national and regional line agencies or departments
- Guide and support other local development agencies
- Coordinate and integrate local development efforts
- Access and manage funds that can be used for local development
- Bring different stakeholders together to consider local development issues

THE ROLE OF REGIONAL AND NATIONAL GOVERNMENT

Government agencies that operate at a higher level than the LGU are important stakeholders in local development. While they each have different levels and fields of responsibility, they can contribute to local development efforts. Some of the ways they can do this include:

- Provide information that informs local development (e.g., economic, population, trade information)
- Guide and support the LGU and other local development agencies
- Provide funds, training or advice for local development projects
- Promote local projects to a broader audience

THE ROLE OF THE PRIVATE SECTOR

The private sector is essential to local economic and social development. It is the private sector that invests its time and money into local development activities – usually in the form of local businesses. People in business take a calculated risk and invest in activities that can benefit the whole community. These activities

can create local jobs and provide local services and products. They can also attract money from outside the local community (e.g., through the sale of their products and services, and through attracting new investors).

It is useful to understand the different roles the local private sector and the broader private sector can perform in local development.

THE ROLE OF THE LOCAL BUSINESS COMMUNITY

The local private sector is a great resource for local development because it can perform the following functions:

- Provide local services (e.g., transport, advice) and products (e.g., food, equipment, housing, furniture)
- Create jobs for local women and men
- Lessen the amount of money leaving the local economy (by using local money to provide local services and local products)
- Attract new investors from within the local community or from outside of it
- Partner with the government or community sector on local projects that benefit the whole community (i.e., public-private partnerships

that create a “win-win” situation for everyone)

- Work closely with local worker organisations to ensure that the quality of local jobs is maintained and improved
- Work closely with other stakeholders to identify new development opportunities
- Form a local business association or chamber of commerce that represents the sector in local development discussions
- Create trading linkages between large local businesses and small ones

THE ROLE OF PROVINCIAL, REGIONAL AND NATIONAL BUSINESSES AND BUSINESS NETWORKS

The private sector that is located outside of the local community can also support local development. This is possible through the following functions:

- Local communities can seek support for their projects from large businesses located outside their community
- External businesses can invest in local businesses and other development projects
- Local businesses can win contracts with large, external businesses

- National and regional chambers of commerce can support the development of local chapters
- Provide access to larger networks of support

THE ROLE OF WORKER ORGANISATIONS

Workers are a special resource for local communities. They earn wages to bring home to their families,, they participate in productive activities in the local economy, and have an important view on the local community and its development potential. When workers form organisations, they can become important stakeholder in local planning and development processes. Here again, there is a difference between the contributions local and external worker organisations can offer local development.

THE ROLE OF LOCAL WORKER ORGANISATIONS

To become effective stakeholders in the process of local planning and development, local workers need to be organised. Worker organisations can contribute to local economic and social development by:

Taking an active role in local development committees and forums

- Raising awareness among workers about local development and decent work, and the various development activities being undertaken as a part of a local development program
- Mobilising their members for local development meetings, events and projects
- Participating in alliances and partnerships with other local stakeholders in development projects
- Mobilising provincial, regional and national support for local development activities and projects

THE ROLE OF PROVINCIAL, REGIONAL AND NATIONAL WORKER NETWORKS

While they are located outside of the local community, provincial, regional and national worker networks can contribute to local economic and social development efforts in the following ways:

- Help local workers organise themselves (e.g., through awareness raising, training, education, fund raising)
- Promote local worker initiatives at a broader level
- Provide access to larger networks of support

See Tool 3.03 for more information on trade unions and workers' organisations.

THE ROLE OF COMMUNITY-BASED AND OTHER NON-GOVERNMENT ORGANISATIONS

Community-based and non-government organisations offer a particular benefit to local economic and social development. While these stakeholders may not have many financial resources (although some NGOs do), they can perform a range of important functions, including:

- Provide mechanisms for local people, especially those who might not otherwise be represented, to participate in local planning and development activities.
- Focus on key issues of community or public concern
- Lobby the government and other stakeholder for assistance
- Help local communities to speak with one voice

THE ROLE OF EXTERNAL DEVELOPMENT AGENCIES

There are many kinds of external agencies that can support development efforts. These include organisations such as the United Nations (including the International Labour Organization), donor agencies, international development agencies, international NGOs, and foreign embassies.

Depending on the agency, these external stakeholders can contribute to local economic and social development in the following ways:

- Funds, training, advice and information for local development projects
- Marketing and information – to promote the local development initiative to a wider audience
- Written resources, such as books, guides, and reports, which can be used in local development planning and management

CROSS-REFERENCES

- Tool 3.03, Action Tool: What unions and worker organisations can do to promote local development

THE ADDED VALUE OF SOCIAL DIALOGUE

OVERVIEW

Social dialogue is an essential ingredient to all development issues. It has an important role in improving quality of local employment, promoting rights and extending social protection.

OBJECTIVE

This information tool discusses the concept of social dialogue and explains, in practical terms, how social dialogue can be used to add-value to local development processes.

WHAT IS SOCIAL DIALOGUE?

Social dialogue is an important element of local development and the achievement of social and economic development goals. It is a means whereby different sectors of the local community share information and come to an agreement on how to deal with local development issues.

Social dialogue is the exchange of information between, or among representatives of

governments, employers, workers, and other stakeholders on issues of common interest relating to economic and social development. As such, social dialogue is an important element to successful local development.

However, social dialogue involves much more than simply talking. Information and views are exchanged in an effort to reach a common agreement. Agreements are necessary so that all stakeholders can come to a common view on a particular problem and how to address it.

Social dialogue takes many different forms. It can exist as a tripartite process (i.e., involving representatives from government, employers and workers) or it may consist of bipartite relations only (i.e., trade unions and employers' organisations), with or without indirect government involvement. They can be bipartite, tripartite or 'tripartite plus', i.e., involving other development stakeholders.

The social dialogue process may be institutionalised, for example, by the creation of a committee or a body consisting of representatives

of various stakeholders and with a specific set of functions, or by making the consultation or negotiation processes a regular way of dealing with certain issues. Institutions for social dialogue are often defined by their composition and functions.

The Philippines has a strong and extensive legal and institutional setup for social dialogue in the workplace. Tripartism is enshrined in the Labour Code. This tradition is rooted in the belief that consensus building through involvement of relevant stakeholders in decision-making results in credible decisions, promotes industrial peace and good governance. The country has tripartite institutions for social dialogue at the national and regional levels. Regional, provincial and municipal development councils may be regarded as local institutions or forums for social dialogue on local development matters.

WHAT CAN SOCIAL DIALOGUE ACHIEVE?

The main goal of social dialogue itself is to promote consensus building and democratic involvement and enhance ownership of the

process among the main stakeholders in local development.

Structures and processes which provide for successful social dialogue have the potential to resolve important economic and social problems. Social dialogue also encourages good governance, advances social and industrial peace and stability, and boosts economic progress.

BASIC ELEMENTS

Social dialogue could take the simplest form of exchanging information to something more elaborate. While information sharing does not necessarily involve discussion or action, information sharing is essential to start to those processes.

Another important element to social dialogue is consultation and discussion. This goes beyond the mere sharing of information and requires an engagement by the parties through an exchange of views, which in turn can lead to more in-depth dialogue.

Effective social dialogue should take into account the cultural, historical, economic and political

context. There are many different approaches to social dialogue.

HOW CAN SOCIAL DIALOGUE WORK AT THE LOCAL LEVEL?

At its core, social dialogue at the local level is about the equal participation of all relevant stakeholders. Participation is an approach to development made-up of certain characteristics that vary according to the problems to be addressed and the objectives to be achieved. Local projects work best if they contain at least three characteristics of participation:

- The participatory approach is objective-oriented instead of activity-oriented. Enhancing the capacities of the local people to participate in social dialogue and other development processes is essential.
- Responsibilities are redistributed to the main participants in all stages of the project cycle (i.e., preparation, implementation and evaluation). While conventional forms of development often rely on a centralised, top-down approach to project management, a participatory approach involves social dialogue and a shared decision-making structure.

- All those involved exercise continuous control over the participatory process.

Social dialogue at the local level can be used to address a number of important issues affecting local development. These include, for example:

- Building consensus on the key local challenges and priorities for development
- Finding ways to improve local working conditions and social protection
- Managing social and economic change while maintaining consensus and stability in society
- Finding ways to create new local jobs that offer security and good living standards
- Seeking practical and effective ways of creating adequate and sustainable employment for the unemployed and under-employed
- Protecting the rights of those who work in the community as well as their families
- Improving the quality of employment for those who work in micro and small enterprises
- Identifying the dangers of child labour in the community and organising to reduce child labour

CREATING A FAVOURABLE ENVIRONMENT FOR SOCIAL DIALOGUE

It is important to create a favourable environment for social dialogue in the local community. Such an environment contains:

- Strong, independent workers' and employers' organisations with the technical capacity and access to the relevant information for informed and substantive participation
- Political will and commitment to engage in social dialogue on the part of all the parties
- Respect for the fundamental rights of freedom of association and collective bargaining
- Appropriate institutional support, like funding and setting-up of tripartite boards

Governments must take an active role to ensure that social dialogue works. At the national level, government should create a stable political and civil climate that enables autonomous employers' and workers' organisations to operate freely, without fear of reprisal. Government has to provide essential support for the parties' actions by providing the legal, institutional and other frameworks, which enable the parties to act effectively.

Representatives of organised business or worker organisations do not exist in many local communities. In this case, it is important for local development practitioners to look for ways to help local workers and local businesses to organise themselves. This may involve inviting provincial representatives of national or regional business or worker organisations to come to the community and describe the kinds of support they can offer.

Another common problem is that many self-employed and home-workers do not participate in local social dialogue organisations. These people are easily excluded from business or worker organisations. As a result, they can also be excluded from valuable tripartite-led social security systems. Thus, local development practitioners should find ways to get local businesspeople and local workers involved in these social dialogue organisations.

The LGU should work with business and worker organisations to ensure they are fully involved in local development planning, decision-making, implementation and monitoring. These local organisations provide an important link to regional and national structures that can also support particular local development initiatives.

RELEVANT RESOURCES

- See <http://www.ilo.org/public/english/dialogue/themes/sd.htm>
- Tayo Fashoyin (2003) *Social Dialogue and Labour Market Performance in the Philippines*, InFocus Programme on Social Dialogue, Labour Law and Labour Administration, Working Paper 14, International Labour Office, Geneva, February <http://www.ilo.org/public/english/dialogue/ifpdial/downloads/papers/philippines.pdf>

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 2.01, Assessment Tool: Territorial diagnosis
- Tool 3.02.1, Assessment Tool: Assessing local social dialogue institutions and processes
- Tool 3.02.2, Action Tool: Tips for improving collaboration and social dialogue in local development
- Tool 3.03, Action Tool: What unions and worker organisations can do to promote local development
- Tool 3.04, Action Tool: Techniques and approaches to better negotiations by indigenous peoples (and other marginalised sectors)

ASSESSING LOCAL SOCIAL DIALOGUE INSTITUTIONS AND PROCESSES

OVERVIEW

Because social dialogue is a vital to the success of local development, it is important for local planners and development practitioners to be able to assess the capacity of communities for active involvement in local development.

OBJECTIVE

This tool lists key questions that local development (LD) planners and practitioners could use in order to:

- Identify key local partners and stakeholders
- Assess the strengths and weaknesses in the capacity of the community to engage in meaningful social dialogue and actively participate in planning and implementation

This checklist provides a series of issues concerning social dialogue at the local level that can be investigated. By using this checklist, local development (LD) practitioners and planners will

be able to identify strengths and weaknesses in the capacity of the local community to engage in meaningful, development-oriented social dialogue.

Three areas of concern are addressed in this checklist: (1) local institutions, (2) local processes for social dialogue, and (3) collaboration and partnerships.

ASSESSING LOCAL INSTITUTIONS

The existence, capacity and performance of local institutions should be assessed first. Refer to Tool No. 2.01 on Territorial diagnosis for a comprehensive checklist for identifying institutions and stakeholders that should be engaged in the local development process.

The checklist of institutions below examines only the representation of various stakeholders in social dialogue. For social dialogue to be successful, it requires local institutions that can effectively represent local stakeholders.

1. Are there **local trade unions or other forms of workers' organisations** located in your community?
 - If a trade union or workers' organisation exists in the community, what type of workers are members?
 - Are local women properly represented in local trade unions or worker organisations?
 - Are home-workers properly represented in local trade unions or worker organisations?
 - Do trade unions or worker associations undertake regular membership drives?
 - What types of local workers are not represented by trade unions or other forms of worker organisations? (Agricultural workers, non-wage earners, seasonal migrant workers, etc.)
 - Are local trade unions or worker organisations actively supported by regional or national structures?
2. Are there **business or employer organisations** located in your community?
 - If your community contains business or

employer organisations, what kinds of businesses are represented?

- Are micro and small enterprises represented in any formal organisation?
- Are women entrepreneurs represented in any formal organisation?
- Do local businesses or employer organisations undertake regular membership drives?

3. Are there organisations that represent **local civil society**?

- How many local people are represented by these organisations?
- Are these civil society organisations truly representing the interest of their groups?

4. Are there organisations that represent **local indigenous groups**?

- How many indigenous people are represented by these organisations?
- Can these organisations take decision on behalf of the community?

5. Are there organisations that represent **local women**?

- How many women are represented by these organisations?

LOCAL PROCESSES FOR SOCIAL DIALOGUE

The existence and performance of local processes for social dialogue is the second issue to assess. Workers, employers, government and other stakeholders need to have an opportunity to come together to participate in social dialogue for local development. Thus, it is important to assess these processes and determine their effectiveness in achieving full participation by all stakeholders in local development planning and decision-making.

Issues for consideration include the following:

- Does the Local Government Unit (LGU) provide an opportunity for representatives from workers, business and community organisations to come together to discuss local economic and social development?
- How much information sharing occurs between local government, worker, business and community organisations?
- Do national or regional line-agencies or departments provide an opportunity for representatives from workers, business and community organisations to come together to discuss local economic and social development?

- Is there a local process in place for dealing with disputes between local workers and employers?
- Are there processes for informing local people (i.e., residents, workers, employers) about their human rights, including their rights at work?

COLLABORATION AND PARTNERSHIPS

Finally, it is important to assess the extent of collaboration and partnership between social partners. While there may often be conflict and dispute between social partners, local development requires collaboration and partnership by all parties. Thus, it is important to assess the extent to which social partners work together to achieve common local development goals.

Issues for consideration include the following:

- Are there any local projects being implemented in partnership between the public and private sectors?
- Are there any local projects in which worker and business or employer organisations participate?
- Do local trade unions or worker organisations lobby their regional or national structures for support on local development projects?

- Do local business associations or chambers of commerce lobby their regional or national structures for support on local development projects?
- Do local trade unions or workers' organisations encourage and facilitate their members to participate in local development projects?
- Are their local community organisations that collaborate with regional or national development organisations?
- Do business or employer organisations encourage their members to participate in local development projects?
- Do local trade unions or worker organisations promote local development issues and raise awareness among their members regarding local development matters?
- Do business or employer organisations promote local development issues and raise awareness among their members regarding local development matters?
- Does the LGU encourage partnerships between the public and private sector? If so, how?
- What are the barriers to local partnerships between the public and private sector?

- There are there new opportunities for partnerships between the public and private sector?
- What local structures or processes exist to promote and monitor collaboration between the public and private sectors and between worker and employer organisations?

Successful local development requires effective social dialogue by all social partners to ensure ownership of the development process. Local development practitioners and planners must be able to assess the effectiveness of social dialogue in their community and identify strengths and weaknesses in the capacity of the local community to meaningfully engage in development -oriented social dialogue.

Representation of all social partners is essential, as well as the opportunity for these partners to come together to participate in social dialogue for local development.

CROSS-REFERENCES

- Tool 3.02, Information Tool: The added value of social dialogue
- Tool 2.01, Assessment Tool: Territorial diagnosis

TIPS FOR IMPROVING COLLABORATION AND SOCIAL DIALOGUE IN LOCAL DEVELOPMENT

OBJECTIVE

This action tool discusses six factors to successful collaboration and describes some of the ways these factors influence collaboration.

KEY FACTORS IN SUCCESSFUL COLLABORATION

There are six broad factors of influence that affect successful collaboration:

- Environment
- Membership
- Process/structure
- Communication
- Purpose
- Resources

THESE SIX FACTORS ARE DESCRIBED IN FURTHER DETAIL BELOW.

Factors related to the ENVIRONMENT:

1. **History of collaboration or cooperation in the community:** A history of collaboration or cooperation exists in the community and offers the potential collaborative partners and understanding of roles and expectations required in collaboration and enables them to trust the process.
2. **Collaborative group seen as a leader in the community:** The collaborative group (and by implication, the agencies in the group) is perceived within the community as a leader - at least in relation to the goals and activities it intends to accomplish.
3. **Favourable Political/Social Environment:** Political leaders, opinion-makers, persons who control resources, and the general public who support (or at least do not oppose) the mission of the collaborative group.

Factors related to MEMBERSHIP CHARACTERISTICS:

1. **Mutual respect, understanding and trust:** Members of the collaborative group share an understanding and respect for each other and their respective organisations: how they operate, their cultural norms and values, limitations, and expectations.
2. **Appropriate cross-section of members:** The collaborative group includes representatives from each segment of the community who will be affected by its activities.
3. **Members see collaboration as in their self-interest:** Collaborating partners believe the benefits of collaboration will offset costs such as loss of autonomy and “turf”.
4. **Ability to compromise:** Collaborating partners are able to compromise, since the many decisions within a collaborative effort cannot possibly fit the preferences of every member perfectly.

Factors related to PROCESS/ STRUCTURE:

1. **Members share a stake in both process and outcome:** Members of a collaborative group feel “ownership” of both the way the group works and the results or product of its work.
2. **Multiple layers of decision-making:** Every level (upper management, middle management, operations) within each organisation in the collaborative group participates in decision-making.
3. **Flexibility:** The collaborative group remains open to varied ways of organising itself and accomplishing its work.
4. **Development of clear roles and policy guidelines:** The collaborating partners clearly understand their roles, rights and responsibilities; and how to carry out those responsibilities.
5. **Adaptability:** The collaborative group has the ability to sustain itself in the midst of major changes, even if it needs to change some major goals, members, etc., in order to deal with changing conditions.

Factors related to COMMUNICATION:

1. **Open and frequent communication:** Collaborative group members interact often, update one another, discuss issues openly, and convey all necessary information to one another and to people outside the group.
2. **Established informal and formal communication links:** Channels of communication exist on paper, so that information flow occurs. In addition, members establish personal connections - producing a better, more informed and cohesive group working on a common project.

Factors related to PURPOSE:

1. **Concrete, attainable goals and objectives:** Goals and objectives of the collaborative group are clear to all partners and can realistically be attained.
2. **Shared vision:** Collaborating partners have the same vision with clearly agreed upon mission, objectives and strategy.
3. **Unique purpose:** The mission and goals or approach of the collaborative group differ, at least in part, from the mission and goals or approach of the member organisations.

Factors related to RESOURCES:

1. **Sufficient funds:** The collaborative group has an adequate, consistent financial base to support its operations.
2. **Skilled convener:** The individual who convenes the collaborative group has organising and interpersonal skills and carries out the role with fairness.

LOCAL DEVELOPMENT AND SOCIAL DIALOGUE IN MARIKINA

This case study provides an overview of the tripartism mechanism established by the City of Marikina and the lessons that are drawn from its success.

From the 1970's until the early 1990's, Marikina was characterized by industrial, social and physical deterioration. The special industrial zone status was withdrawn the 1970s; foreign dumping caused the collapse of the shoe industry. Not surprisingly, it was a hotbed of industrial unrest. Worse, Marikina was plagued by floods and crime.

Marikina today is multi-awarded and one of the most livable cities in Metro Manila. There

is industrial peace in the city which has been strike-free since 1997. The Marikina River has been rehabilitated; infrastructures vastly improved. The *barangays* and streets are clean and traffic discipline restored. Crime has abated. City governance is modern and professional with IT-based systems and transparent walls. With increased investments in ICT/BPO, SMEs, and commerce, the city's dream of becoming "Little Singapore" is slowly being realized.

The factors that account for Marikina's successful transformation include: (a) the role of a visionary leader in arresting decline and initiating reforms); and b) institutionalizing social dialogue and tripartism in the industrial front to build a regime of industrial peace. Marikina is said to have the most successful tripartite accord in the country. Industrial peace has become a base for future growth where there is assurance of peace and stability.

The tripartism mechanism was put in place through several initiatives. Mayor *Bayani* Fernando reached out to labor and business sectors through formal and informal meetings and symbolic gestures such as the inclusion of a labor leader in the electoral line-up. He then arranged for

a series of formal and informal dialogues. A tripartite agreement that stipulated a no-strike for new enterprises in the first three years and the establishment of dispute settlement procedure with full recognition of labor rights was forged in 1995 and renewed in 1998. Tripartism was institutionalized through the Workers Assistance Office which has a secretariat led by a former labor leader. The Tripartite Agreement serves as the guidelines in dealing with labor management concerns in the city.

The following are the lessons from the tripartite system of Marikina:

- The success in developing a tripartite system depends on the political will and commitment to conduct social dialogue among the parties;
- The participation of independent workers' and employees' organizations with access to relevant information;
- Appropriate institutional support is necessary;
- Fundamental labor rights must be respected;
- There should be information sharing and consultation beyond cosmetic issues;
- Government attitude to system institutionalization needs to be serious and sustained;

- The tripartite agenda focused on the development needs of Marikina and all the stakeholders;
- The institutionalization of the tripartite system was preceded by confidence-building measures;
- Mechanisms were put in place to implement tripartite decisions;
- There is consensus to sustain tripartism in support of a better future for Marikina.

ACKNOWLEDGEMENTS

The key factors in successful collaboration were based upon examination of 18 major studies by the Amnest Wilder Foundation and elaborated in the publication Collaboration - What makes it work!

The documentation of the Marikina experience was based on a case study presented by Dr. Rene E. Ofreneo, School of Labor and Industrial Relations, University of the Philippines during the Technical Workshop on Employment Generation, Peace and Security, August 2006

CROSS-REFERENCES

- Tool 3.02, Information Tool: The added value of social dialogue
- Tool 3.02.1, Assessment Tool: Assessing local social dialogue institutions and processes

WHAT UNIONS AND WORKER ORGANISATIONS CAN DO TO PROMOTE LOCAL DEVELOPMENT

OBJECTIVE

This action tool is primarily for trade unions and other workers' organisations, which have a role in local development and poverty reduction. This tool suggests a range of actions that can be undertaken by trade unions and workers' organisations to participate meaningfully in local development efforts that benefit their members, their families and their communities.

This tool is also relevant to local development practitioners and planners. Some parts of this tool give practical, action-oriented ideas on how they can support and promote the involvement of trade unions and worker organisations in local economic and social development.

WORKERS – VOICE AND REPRESENTATION THROUGH THEIR ORGANISATIONS

It is through organisation that workers acquire the critical strength to speak with one voice and influence policy decisions in their favour. Article 2 of Convention No. 87 provides that workers and employers, without distinction whatsoever, shall have the right to establish and to join organisations of their own choosing. The right to form and to join organisations for the promotion and defence of workers' interests without previous authorisation is a fundamental right, which should be enjoyed by all workers without distinction whatsoever.

By virtue of the principles of freedom of association, **all workers** - with the sole exception of members of the armed forces and police - should have the right to establish and to join organisations of their own choosing. The criterion for determining the persons covered by that right, therefore, is not based on the existence of an employment relationship, which is often non-existent, for example in the case of agricultural

workers, self-employed workers in general or those who practice liberal professions, who should nevertheless enjoy the right to organise.

Trade unions (or labour unions) are the most common institution of "voice" through which workers have traditionally organised for the purposes of maintaining or improving the conditions of their working lives. They may do this through collective bargaining with employers and through other means.

Other types of worker organisations may exist, although they are often not legally constituted institutions. This is especially the case at the community level where workers, such as own-account workers, workers in intermittent employment arrangements and unpaid family workers, often get together to overcome problems that they cannot address individually and that the local government might be unable or unwilling to solve. A common characteristic between trade unions and other types of worker organisations is that they are membership-based and therefore can legitimately claim to speak on behalf of workers.

GENERAL ROLE OF TRADE UNIONS AND OTHER WORKER ORGANISATIONS: DEFENCE AND PROMOTION OF THE INTERESTS OF WORKERS

The Philippine Labour Code guarantees the right of ALL workers to self-organisation, and recognises the role of all worker organisations to bargain collectively for their interests, and undertake activities for mutual support and protection.

Article 243 of the Philippine Labour Code states:

“All persons employed in commercial, industrial and agricultural enterprises and in religious, charitable, medical or educational institutions whether operating for profit or not, shall have the right to self-organisation and to form, join, or assist labour organisations of their own choosing for purposes of collective bargaining. Ambulant, intermittent and itinerant workers, self-employed people, rural workers and those without any definite employers may form labour organisations for their mutual aid and protection.”

The rights of labour unions under the Philippine Labour Code (Chapter III) are:

- Act as representative of its members for the purpose of collective bargaining
- To be certified as exclusive representative of all employees in an appropriate collective bargaining unit for purposes of collective bargaining
- To be furnished by the employer with annual audited financial statements after the union has been duly recognised by the employer or certified as the sole and exclusive bargaining representative of employees in the bargaining unit
- To own property, real or personal, for the use and benefit of the organisation and members
- To sue and be sued
- To undertake all other activities designed to benefit the organisation and its members, including cooperative, housing welfare and other projects not contrary to law

According to the principles stated in the resolution on the independence of the trade union movement adopted by the International Labour Conference at its 35th Session (1952), the fundamental and permanent mission of the trade union movement

is the economic and social advancement of the workers. When trade unions, in accordance with the national law and practice of their respective countries and at the decision of their members, decide to establish relations with a political party or to undertake constitutional political action as a means towards the advancement of their economic and social objectives, such political relations or actions should not be of such a nature as to compromise the continuance of the trade union movement or its social or economic functions, irrespective of political changes in the country.

ROLE IN LOCAL DEVELOPMENT

Trade unions and worker organisations are important social partners in local development. Local development practitioners and planners may often think that trade unions and worker organisations are only concerned with narrow workplace issues. While this may be true in some instances, many trade unions and worker organisations recognise that employment issues are life issues, affecting the workplace, the home, and the local community. Thus, trade unions and worker organisations can become important partners in local development, by (a) representing

and expressing the distinct concerns and interests of workers in consultations and planning processes, and (b) mobilising the support of the workers' community behind local development goals, targets and projects.

Local trade unions and worker organisations have a direct link with information on employment issues and challenges. The resolution of issues regarding wages and other terms and conditions of employment, especially when these affect incomes and the local economy, require the engagement of trade unions.

Along with the other tripartite partners (i.e., employers and government) trade unions and worker organisations make the principle of tripartism and social dialogue a real life experience. However, certain basic conditions have to be present to ensure that trade unions and worker organisations can participate in local development in a very practical manner. This includes freedom of association and the right to bargain collectively.

Trade unions can solicit the support of their regional and national trade union movements.

SOME ACTIONS THAT TRADE UNIONS AND WORKER ORGANISATIONS CAN UNDERTAKE

RAISE AWARENESS AMONG WORKERS

Local trade unions and worker organisations can conduct a variety of activities that raise the awareness of workers about local development and the various development activities being undertaken as a part of a development program. They can help local workers to see the connections between local development and their own employment concerns and opportunities. Trade unions and worker organisations can hold meetings with their members, provide information leaflets, and distribute invitations to public meetings.

TAKE AN ACTIVE ROLE IN LOCAL DEVELOPMENT COMMITTEES AND FORUMS

Local development requires the participation of all local social partners (i.e., local stakeholders). Trade unions and worker organisations can promote local development efforts by ensuring they are properly represented in all local development committees and forums. Trade union and worker organisation representatives can be

assigned to specific committees formed as part of a local development strategy. These people can represent the views of their members and take information back to their members.

MOBILISE THEIR MEMBERS FOR LD MEETINGS, EVENTS AND PROJECTS

Local development (LD) requires the participation of a broad cross-section of the local community. Because they have broad membership base, local worker organisations can support local development efforts by mobilising their members for LD meetings, events and projects.

PARTICIPATE IN ALLIANCES AND PARTNERSHIPS WITH OTHER LOCAL STAKEHOLDERS IN DEVELOPMENT PROJECTS

Trade unions and worker organisations can take on specific LD projects and become active partners in the local development process. This kind of participation may involve time, energy and commitment on behalf of the trade union and worker organisation and its representatives. It might also involve fundraising, advocacy and physical participation.

MOBILISE PROVINCIAL, REGIONAL AND NATIONAL SUPPORT FOR LOCAL DEVELOPMENT ACTIVITIES AND PROJECTS

Local worker organisations are usually part of a national network of workers. These networks have national and regional structures that offer support and guidance to local structures. Local trade unions and worker organisations can tap into these broader structures and enlist their support. This support might bring funds, training, information or assistance with advocacy at regional or national levels.

WHAT LOCAL PLANNERS AND DEVELOPMENT PRACTITIONERS DO TO ENCOURAGE INVOLVEMENT OF TRADE UNIONS AND WORKER ORGANISATIONS

Successful local development requires the full and equal participation of all local social partners. Trade unions and worker organisations are a vital resource for the community. Local development practitioners and planners should work with local trade unions and worker organisations. They should ensure these groups are aware of local development activities and seek their support

and contributions. They should continuously look for opportunities for direct participation by trade unions and worker organisations in local projects and process.

Some of the ways local planners and development practitioners can maximise the involvement of workers and unions in local development include the following:

RECOGNISE LOCAL UNIONS AND WORKER ORGANISATIONS

It is important to recognise local unions and worker organisations and the roles they can perform in local development. This can be done through formal processes or simply by ensuring that these bodies are invited to relevant meetings and events.

CREATE A PLATFORM FOR INFORMATION SHARING AND SOCIAL DIALOGUE

Effective participation requires relevant processes and mechanisms. It is important to create a platform for information sharing and social dialogue between local worker organisations and

other social partners. While this is necessary to address workplace concerns between employers and workers, it is also necessary for local development.

IDENTIFY AREAS OF COMMON INTEREST

While worker organisations may take a narrow view on the interests of their workers, it is important that local development practitioners and planners find areas where workers' interests and local development are similar.

PROMOTE OPPORTUNITIES AFFILIATIONS AND ENDORSEMENTS

Worker organisations can be encouraged to support LD efforts through the use of affiliations and endorsements. Local unions and worker organisations can formally affiliate themselves with a local development agency. This helps the local development agency to display community support for their efforts. Similarly, local trade unions can endorse certain LD initiatives or projects, thereby officially showing their solidarity for these efforts.

BUILD LOCAL CAPACITY AND CAPABILITIES

Local development organisations of all kinds, including worker organisations, require specific capacities and capabilities if they are going to perform effectively and benefit the local community. This often requires local development practitioners and planners to consider the development of local organisations.

RELEVANT RESOURCES

- See: <http://www.ilo.org/public/english/dialogue/index.htm>

CROSS-REFERENCE

- Tool 3.02, Information Tool: The added value of social dialogue

TECHNIQUES AND APPROACHES TO BETTER NEGOTIATION BY INDIGENOUS PEOPLES (AND OTHER MARGINALISED SECTORS)

OVERVIEW

The indigenous peoples' share (and of other marginalised groups) of development benefits is dependent not only upon the existence of an enabling regulatory framework, but also upon their capacity to negotiate with the state and/or the private sector fair and adequate terms and conditions. This, in turn, depends on the existence of representative, strong and technically equipped indigenous and tribal organisations and/or communities.

OBJECTIVE

This action tool is meant for indigenous peoples (and other marginalised groups), and for LGUs.

The tool suggests:

- Approaches and techniques that indigenous peoples (and other marginalised groups) could use to effectively negotiate with local authorities

and actors for the recognition and promotion of their economic and social development aspirations

- Measures that local governments could take in order to facilitate or encourage indigenous peoples (and other marginalised groups) in their community to participate in local planning and implementation processes

LEGAL AND POLICY FRAMEWORK

National laws:

- The Philippine Constitution (1987)

The Constitution mandates the recognition and promotion of the rights of indigenous peoples (Sec. 22, Article II) and provides for the protection of the rights of indigenous peoples to their ancestral domains to ensure their economic, social and cultural well-being (Sec. 4, Article XII).

- The Indigenous Peoples Rights Act (IPRA)

Indigenous Peoples is defined in the Indigenous Peoples Rights Act as a group of people or homogenous societies identified by self-ascription and ascription by others, who have continuously lived as organised community on communally bounded and defined territory, and who have, under claims of ownership since time immemorial, occupied, possessed and utilised such territories, sharing common bonds of language, customs, traditions and distinctive cultural traits, or who have, through resistance to political, social and cultural inroads of colonisation, non-indigenous religious cultures, became historically differentiated from the majority of Filipinos. Indigenous peoples shall likewise include peoples who are regarded as indigenous on account of their descent from the populations which inhabited the country, at the time of conquest or colonisation, or at the time of inroads of

non-indigenous religions and cultures, or the establishment of present state boundaries, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from their traditional domains or who may have resettled outside their ancestral domains.

The IPRA provides for the recognition of the rights of the indigenous peoples:

To freely pursue their economic, social and cultural development

To use commonly accepted justice systems, conflict resolution institutions, peace building process and other customary laws

To participate in decision-making that may affect their lives and destinies and to maintain and develop their own indigenous political institutions

To be given mandatory representation in policy making bodies and local legislative councils

To determine their own priorities for development by guaranteeing their participation in the formulation, implementation and evaluation of policies,

plans and programs for national, regional and local development which may affect them

To establish their own peoples' organisations to enable them to pursue and protect their legitimate and collective aspirations

To be granted the means to fully develop their own institutions and initiatives

- The Local Government Code of 1991 (R.A. No. 7160)

The Local Government Code provides for representation of marginalised sectors, including indigenous peoples, in the local legislative bodies. It also provides for the creation of tribal *barangays* through legislation.

- The National Integrated Protected Areas System Law (R.A. No. 7586)

The NIPAS law provides for the recognition of the rights of indigenous peoples within protected areas. Under its implementing rules and regulations (DAO 25, S. 1992), the delineation of ancestral domains within protected areas is provided.

- The Comprehensive Agrarian Reform Law (R.A. No. 6657)

Pursuant to Section 9 of the Comprehensive Agrarian Reform Law, Department of Agrarian Reform administrative Order No. 04, Series of 1996, providing for regulations governing the issuance of Comprehensive Agrarian Reform Program Beneficiary Certificates to indigenous peoples, was issued.

International instrument

International Labour Organization (ILO) Convention on Indigenous and Tribal Peoples in Independent Countries (No. 169) – The Convention (Art. 6.2) provides the framework for discussions and negotiations between government (as well as private entities) and indigenous and tribal peoples through consultations aimed at reaching agreement or full and informed consent.

COMMON REASONS FOR NEGOTIATION

- A. Legal ambiguity/infirmary - Indigenous peoples negotiate when they clearly have rights under the law but these rights are not specifically defined or are not recognised for want of

proper guidelines. Negotiation is resorted to for the purpose of achieving clarity or to resolve complex issues that could not be resolved efficiently through litigation.

- B. Inequalities of power - Indigenous peoples negotiate when they find themselves without sufficient power to enforce recognition of these rights.
- C. Devolution of authority - Negotiation is used to facilitate devolution of authority e.g. over the natural resources.
- D. Ecological emergencies - Negotiation is used to enlist indigenous peoples cooperation in resource management.
- E. Political culture - Indigenous peoples generally prefer to negotiate rather than engage in adversarial court proceedings.

GUIDELINES TO BETTER NEGOTIATIONS

PREPARATORY PHASE:

Identify and understand the issue

Negotiation presupposes the existence of an important problem or issue to be resolved with other parties or stakeholders. It is therefore imperative for concerned communities and negotiators to know and understand the issue thoroughly before taking part in a negotiation. Relevant information may be obtained through the conduct of research within the community and outside.

Determine and define the community's position on the issue

Through extensive consultations, determine and define the community members' collective position on the issue. This may be in the form of a solution or goal, based on common priority needs and interests, and needs to be determined and defined. Likewise, the strengths and weaknesses of this position have to be identified and understood.

Know and exercise the rights attendant to the negotiation

The community's credibility as a party to the negotiation is important, and one way to demonstrate this credibility is for the negotiators to show mastery of the attendant rights and entitlements accorded by law and public policy. A negotiating position must be argued on the basis of facts, not of values.

Create a representative negotiating team

The negotiating team must be truly representative of the community. It is important for the team to be composed of qualified members of the community of different ages and from different sectors of the community. This is for the purpose of ensuring that all necessary interests and views are represented. The team must clearly have the full support and confidence of the community.

Gather information about the other parties to the negotiation

In developing an appropriate negotiating strategy, it is essential for the community and its negotiating team to have prior knowledge of the other parties

to the negotiation, including their constituency, their needs and interests, and the goals they want to achieve from the negotiations.

Decide who to negotiate with

The success of the negotiation depends on, among others, being able to negotiate with the right people. And the right people are invariably the true decision-makers and implementers, or their expressly authorised representatives.

Develop a sound negotiating strategy

Negotiations need not result to victory or defeat. It is much more desirable that in the course of negotiation, the parties discover ways to promote one another's rightful interests and reasonable goals. A good negotiating strategy is one that inspires mutual cooperation among the parties and contributes to the attainment of a "win-win" solution to the problem.

NEGOTIATION PHASE:

1. Promote mutual respect and understanding

The objective of negotiation is not to win at all cost and at the expense of the other parties. It is to promote mutual respect and understanding and develop a relationship of lasting co-existence as a means of attaining legitimate goals. Demonstrated good faith and sincerity in the process of negotiation is a potent ingredient in the development of this kind of relationship.

2. Be assertive without being aggressive

Experience has indicated that the best way to pursue a negotiating position is to be forthright in a positive and tactful manner. Aggressiveness invariably breeds hostility and disdain. Patience is always a key element to successful negotiation, but patience must not be allowed to deteriorate into passivity, which is a very ineffective way of getting an issue favourably resolved. Unreasonable parties in a negotiation must however be dealt with firmly and resolutely.

3. Promote indigenous knowledge systems and practices

Indigenous knowledge systems and practices (IKSP) could be a wellspring of information which may be used to support propositions leading to the resolution of an issue. By tapping relevant IKSPs, a negotiating position could be strengthened significantly. Among others, IKSPs could provide the basis for making arrangements to have the negotiations take place in the community itself, to assert the use of the local language and procedures.

4. Draw from related laws and policies

A negotiating position that is founded on existing laws and policies could gain tremendous strength and indisputable legitimacy. Parties in a negotiation may find it difficult to assume a position that is clearly contrary to law and public policy or against generally accepted principles.

5. Deal pressure intelligently and resolutely

It is not uncommon for parties to employ pressure in seeking acceptance of their proposals. Negotiators may resort to technicalities and legal

manoeuvres to weaken the positions of opposing parties. When this happens, it is necessary to show that one understands these tactics and is not being intimidated by them. To keep the balance, support groups may be mobilised to generate favourable public opinion.

6. Keep community members and support groups informed

Considering that the authority and power to negotiate is derived from the collective will of the community members, it is essential to keep them, and other support groups, informed of the developments in the negotiation. It is likewise essential to maintain regular consultations with the community and the other stakeholders. This will not only work to ensure continuing support but also to keep the negotiating position credible.

POST-NEGOTIATION PHASE:

1 Submit resulting agreements to the community for validation

Final agreements resulting from the negotiations need to be submitted to the community for validation. The validation process strengthens

community ownership of the agreements and ensures that the corresponding commitments are given due course.

2. Ensure proper implementation of agreements

There is no denying the importance of properly implementing existing agreements. The extent by which concessions gained in the course of negotiation would be honoured by the other party is to some extent dependent on how far the community itself would honour its own commitments. Moreover, the credibility of the community to engage in further negotiations is anchored on its ability to properly implement current agreements.

WHAT LOCAL GOVERNMENTS SHOULD/ CAN DO TO FACILITATE OR ENCOURAGE NEGOTIATIONS BY INDIGENOUS PEOPLES

1. Create a legal and policy framework conducive to negotiation

The local legal and policy framework could go along way in encouraging or facilitating negotiations with indigenous peoples if it recognises their rights, shows recognition of and

respect for their culture, allows their genuine involvement in the development process and paves the way for the equitable delivery of basic services to them.

2. Formulate clear and culture-sensitive procedures for negotiation

Indigenous peoples look for a level playing field when entering into negotiations, including clear and culture-sensitive rules and procedures the formulation of which they have participated.

3. Provide relevant information

The full disclosure of relevant information in a medium that they can easily understand is a powerful confidence-building measure that could readily encourage the indigenous peoples to enter into negotiations.

4. Initiate the negotiation process

It is often imperative for the local government to be proactive and initiate the negotiation process. In so doing, it sends the signal to the indigenous peoples that it is ready for negotiations rather than use the all too familiar coercive mechanisms.

5. Let the indigenous peoples chose their representatives

The importance and necessity of allowing the indigenous peoples to choose their own representatives to the negotiations cannot be denied. In cases where the indigenous peoples' representatives are assigned, the negotiations usually lose steam in no time.

6. Demonstrate local government sincerity and fairness

The indigenous peoples are generally sensitive to processes that they perceive to be insincere and unfair, especially where they have so much at stake in the undertaking, such as the loss of their rights to land and resources.

7. Effectively implement agreements resulting from negotiations

Agreements resulting from negotiations that are implemented to the satisfaction of the indigenous peoples and all other legitimate stakeholders are potent sources of motivation and encouragement for subsequent negotiations. Unimplemented or ineffectively implemented agreements are often cited by indigenous peoples as reason enough for them to shun negotiations altogether.

RELEVANT RESOURCES

- *Effective Negotiation by Indigenous Peoples: An Action Guide with Special Reference to North America*. Russel Lawrence Barsh – Krisma Bastien. ILO, 1997 <http://www-ilo-mirror.cornell.edu/public/english/employment/strat/poldev/papers/1998/indneg/index.htm>
- *Integrating Indigenous Knowledge in Project Planning and Implementation*. Alan R. Emery. Partnership publication of the International Labour Organization, World Bank, Canadian International Development Agency and KIVU Nature, Inc. 2000 <http://www.kivu.com/wbbook/ikhomepage.html>
- *Cry out for Peace: Social and Psychological Notes on Peace Making in Local Governance*. Montiel, Cristina Jayme and Fr. Briones, Adelfo V. Ateneo Center for Social Policy and Public Affairs. 1995
- Republic Act No. 8371. Indigenous Peoples Rights Act (IPRA). 1997

CROSS-REFERENCES

- Tool 3.02, Information Tool: The added value of social dialogue
- Tool 4.05.04, Information Tool: Equality of opportunities: issues affecting indigenous peoples

COMMUNITY MOBILISATION STRATEGIES

OVERVIEW

Successful local economic and social development requires the combined efforts of a range of different groups. These groups include government, the private sector, unions and the community sector.

While effective policies are required at a national, regional, or provincial level, there is growing international experience that demonstrates the significant impact that local communities can have upon this situation. What is required is a means through which local communities can work in a strategic and coordinated manner to address some of the causes and consequences of unemployment, poverty and other forms of underdevelopment.

Community mobilisation will not create any jobs or reduce poverty in itself. However, it is an essential prerequisite for local development.

OBJECTIVE

This action tool

- Provides local development practitioners and planners with a number of practical issues to be considered when designing strategies to mobilise their local communities for local economic and social development.
- Discusses some of the common motivations and elements that are found in all successful mobilisation strategies.

COMMON INTERESTS

Before examining some of the practical strategies that may be applied to community mobilisation, it is valuable to appreciate some of the common interests that local agencies share. It is through these common interests that the motivation and rationale for local action is established.

There are three main forms of common interests that local agencies often share:

RESPONDING TO POVERTY AND UNEMPLOYMENT

Poverty and unemployment are experiences shared by many. Whilst national and regional statistics indicate the extent and nature of poverty and unemployment, it is at the local level that the human face of these issues is seen. When friends, children, parents or associates begin to lose their jobs, the signs of poverty or disadvantaged increase (such as deteriorations in health, social disruptions, increased family pressures), local people begin to recognise the evils of poverty and unemployment and the need for local action. Thus, local communities can be mobilised around the need to respond to poverty and unemployment.

LOCAL COMMITMENT

Local people have a commitment to their area. Simply because they live in the area and have their friends and family there, local residents have a very tangible interest in the area the policies and programs that affect it. Thus, they are the ones who experience the consequences

of globalisation, new policy initiatives, government programs, development proposals, and so on. This interest and commitment to the area can unite a community and act as a catalyst for local action.

MANY PEOPLE ARE FRUSTRATED BY POWERLESS SITUATIONS

Often the residents of local communities are frustrated by the lack of consultation by government and development agents. They may see opportunities for change but have no means through which these can be raised, assessed or implemented. Community mobilisation can be organised on the basis of consultation and empowerment. Local residents can be encouraged to take action and initiative, rather than simply waiting for national or regional government authorities to give them dole outs.

SEVEN KEY ELEMENTS TO COMMUNITY MOBILISATION

There are a vast range of strategies that local development practitioners and planners can employ to mobilise the local community for LESD. The choice and application of these strategies will depend on the size of the local community,

the social, cultural and economic makeup of the community, and the development issues at hand.

There are seven broad elements that should be considered when designing a community mobilisation strategy.

1. NEED FOR A VEHICLE OR MECHANISM

Some form of organisation is required to facilitate local action and community mobilisation. This organisation may already exist, or it may have to be created specifically for this purpose. It may be a Local Government Unit (LGU), a *barangay*, a local women's organisation, union, or community organisation.

The chosen organisation must be one that all parties will be happy to be associated with and it must be based within the local community. In some cases, more than one organisation will be involved, but usually there will need to be a lead agency with overall responsibility.

2. NEED TO DEFINE A COMMON THEME OR PURPOSE

Community mobilisation requires a common theme or purpose on which local people can

unite. Whilst unemployment or poverty may be the main issue, these are negative issues that can sometimes disempower local action. Thus, it may be better to develop a theme for community mobilisation, which is more positively framed, such as a 'local job creation', 'building a better community', 'giving our children a better future', etc. A positive, action oriented theme will assist in the process of uniting people for a common purpose.

3. MAXIMISE THE USE OF LOCAL RESOURCES, ENERGY AND INITIATIVE

Community mobilisation should endeavour to apply all available local resources to the task of local economic and social development. This can be achieved through:

- Identification of local resources
- Co-ordination of all local stakeholders
- Creating a positive environment for change which encourages local people to seek new opportunities and utilise their resources and energy.

All three should be considered when designing a community mobilisation strategy.

4. INCREASE LOCAL ACCESS TO EXTERNAL RESOURCES

Just as local resources are to be maximised, a community mobilisation strategy should increase local access to external resources, such as funding programmes, external advice, training, and so on. This can be achieved through a process which:

- Identifies appropriate external resources
- Creates increased credibility for funding applications, etc., through greater community unity and broad representation
- Harnesses collective advocacy and lobbying for support

Community mobilisation strategies should not become dependent on outside support. Instead, they should be designed on the understanding that the better organised the local community is, the greater chance it has of obtaining external support.

5. FOCUS ON ACTION

Community mobilisation should have a strong action orientation through the design and implementation of local strategies. The process must not become a forum for people to talk about their problems only. Instead, it should provide a means through which local action is formulated, implemented and monitored. It is also important that the results of these actions—no matter how small they may be initially—are recognised and built upon.

6. LOCAL OWNERSHIP IS ENHANCED

Bureaucratic and political influence over the process must be minimised. These influences may be used to achieve the aims of the process, but ownership and control must remain local. Community mobilisation processes should allow different groups to take specific responsibilities. Small committees, for example, may be formed to address particular topics or to mobilise designated groups. It is always important to feedback to the community any progress that is being made, such as information, achievement, problems, and new opportunities. Sometimes regular community meetings are good for this purpose.

7. RECOGNISING, REWARDING AND CELEBRATING LOCAL ACHIEVEMENT AND SUCCESS

As part of the process of creating positive environment for change, any community mobilisation process must recognise its achievements and the achievements of others in the community. Achievement may include, for example, the local business that expanded to create new jobs, or the unemployed person who began her own business, or the chamber of commerce that established a work experience scheme. It is also important to ‘keep up the spirits’ of those involved.

CONCLUSION

Local action towards social and economic development can lead to many new and positive changes in an environment where people have often been frustrated or depressed by the growth of poverty and unemployment in their community. The focus of all community mobilisation strategies should be to nurture and facilitate the energy, goodwill and commitment that all local people share for improving the quality of life in the area, and to improve the influence the community can have with external agencies.

CROSS-REFERENCE

- Tool 4.05.1, Information Tool: Fundamental rights at work

ADVOCACY AND REPRESENTATION IN LOCAL DEVELOPMENT PROCESSES

OBJECTIVE

This action tool provides information that will assist practitioners to be more effective advocates and representatives of their interest groups. It is meant for all local development practitioners – local government officials, community leaders, trade union leaders, workers’ organisations, private business sector, NGOs, etc.

Specifically, this tool:

- Defines “social justice advocacy” – its overall objectives and processes
- Lists the necessary knowledge, skills, and attitudes of a good advocate
- Suggests tactics and venues for advocacy in the LGU

ADVOCACY

DEFINITIONS

1. Value-neutral advocacy: Advocacy is the pursuit of influencing outcomes - including public policy and resources allocation decision within political, economic, and social systems and institutions - that directly affect people's lives.
2. Social justice advocacy: Advocacy consist of organised effort and actions - based on the reality of “what is”- to influence public attitudes and to enact and implement laws and policies that will make real a vision of “what should be” – a just, equitable society centred on the dignity of the individual. These efforts draw their strength from the people to who advocates and their organisations are accountable to.
3. Social Marketing: This term originated from the advertising industry but some of its principles and techniques apply to advocacy. It emphasises integrated communication (public relations, interactive, in-store, direct marketing

advertising, etc) of a “central communication idea” using the most effective and efficient way to reach the consumer. It requires a thorough understanding of the consumer or audience.

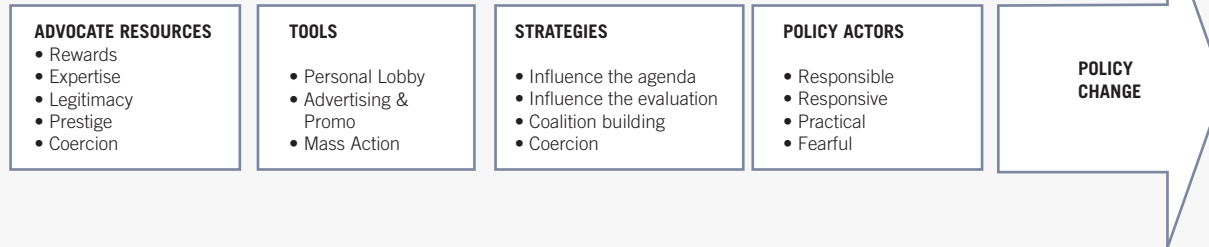
OBJECTIVES

Social Justice Advocacy has purposeful results:

1. To enable social justice advocates gain access and voice in the decision making of relevant institutions;
2. To change the power relationships within and among these institutions, thereby changing the institutions themselves; and
3. To bring a clear improvement in people's lives.

PROCESS

Advocacy efforts are done mainly to address issues concerning the power structure. It involves mainstreaming within society. Therefore, it necessitates planned, conscious and sustained efforts or series of actions. These actions are aimed at influencing the government for a specific



project, program and/or to benefit specific groups of individuals. This requires understanding of policies and the policy process.

Advocate Resources

- Rewards – success in the change process
- Expertise – knowledge, skills and experience.
- Legitimacy and Prestige – credibility and integrity of advocates

Tools and Strategies

For effective advocacy, the organisation must use a mix of tools and strategies that are concrete and applicable.

Policy Actors

Policy players who are instrumental in changing the policy are necessary. This entails dealing with them as a collective body while establishing relations with the potential allies and turning the non-allies into allies. There is a need to look at their motivations for policy change because there are always opposing sectoral interests and concerns. A background check is necessary to find out why people engaged in policy behave the way they do. The ideal situation is to have allies in government.

The power base of every issue and leader are its constituencies. The bottom line of every action is responsiveness and relevance to one's own constituencies.

Policy Change

It is necessary to set realistic expectations. It is also necessary to establish your milestones because advocacy involves a long process. Once policy change is achieved, it is necessary that it is translated to actual operations in terms of policy implementation, organisations and budget.

WHAT MAKES A GOOD ADVOCATE?

Knowledge

Advocates need to know:

- The system. Where decisions are made, who makes them, and how they are made – formally and informally, at the local, national, regional and international levels.
- Power relationships within a system and what influences decision-makers and decision-making systems.
 - Civil society
 - The media – local, national and international
 - The state
 - The market – local businesses (and multinational corporations)

3. Who the stakeholders are and on which issues they agree or conflict.
4. Entry points to decision-making systems, how to intervene in the policy and budget process, and how to counter corruption.

Skills

Advocates need to be able to:

1. Work with people who are different from them.
2. Listen to one's members and constituents, allies, and opponents.
3. Learn from experience and exchange with others, in formal and informal ways.
4. Stay grounded in reality – “what is” – while maintaining a vision of what you want, what is possible or “should be”, and how to get there.
5. Analyse who has a stake in an issue – friends, foes, and the undecided – what motivates them, the positions they take, and possible common ground or ways to defuse opposition.
6. Analyse opportunities to act, when to negotiate, when to compromise, and when to hold firm.
7. Adapt to new situations. Seize the moment and try something new, despite inevitable tensions or uncertainty.

8. Organise a campaign, including grassroots mobilisation, strategy development, and taking action in ways that are appropriate for one's context and the risks that people face.
9. Build relationships – with obvious and unlikely allies, within and outside of decision-making systems at all levels – that can survive disagreement and allow working with former adversaries.
10. Work in coalitions and other collaborative relationships. Mediate differences.
11. Generate pressure through grassroots mobilising and organising. Influence international decision-making systems by generating domestic pressures.
12. Negotiate and drive a hard bargain.
13. Tell stories that inspire and motivate others.
14. Create, gather, analyse, synthesise and disseminate complex and diverse information, including data, statistics and anecdotes.
15. Communicate effectively. Make public argument and messages understandable and persuasive.
16. write and edit quickly to take advantage of sudden opportunities.
17. Build a team.
18. Raise money and build a solid financial base for an organisation.

Attitudes

1. Hope, a belief that change is possible despite overwhelming odds.
2. Willingness and confidence to challenge entrenched, institutionalised power and the powerful, despite possible risks or threats.
3. Non-discrimination, both a belief and practice of equality and inclusion, regardless of one's race, class, caste, gender, sexual orientation, religion, ethnicity, disability, credentials, or other differences.
4. Belief in democratic values and processes. Belief in people's capacity to make their own decisions and, at times, mistakes. Recognition that there are different roles for different people at different times.
5. Respect for the experiences and points-of-view of others. Willingness to listen attentively, and to disagree without personalising differences.
6. Understanding the risks that people take.
7. Ability to express warmth, anger, disappointment, humour and playfulness in ways that strengthen a team effort.
8. Commitment, patience, and stamina to engage in a long struggle to achieve and maintain a significant change.

9. Willingness to be transparent – open – with colleagues, including sharing critical feedback in a supportive and safe environment.
10. Sharing responsibilities, obligations, and accountability within a community of advocates. Balance modesty and being in the background with confidence and being assertive.
11. Celebration of both substantive victories, like winning a new law, and “process” victories, like an organisation’s members meeting with elected officials or journalists.

Immediate advocacy context

In local development, the following bodies provide a venue/target for advocacy:

1. **Local Special Bodies - (LSBs)** include Local Development Councils, Local Bids and Awards Committees, Local Health Boards, Local School Boards, Local Peace and Order Councils, and People’s Law Enforcement Boards.
2. **Sanggunian Barangay/Bayan/Panglungsod/ Panlalawigan** – These are legislative bodies at different levels of local government.

3. **Local Chief Executives** – From *Punong Barangay* to Mayor to Governor, these officers are in charge of planning development programs and projects for appropriation and approval by the legislative bodies.
4. **Regional Development Council/Regional Line Agencies** – These representatives of national government departments also design and implement programs and projects that affect local communities.

BASICS OF PERSUASION

An important aspect of advocacy work involves the use of language to influence the attitudes, preferences, and actions of other people. If the objective of advocacy is to influence decisions, advocates need to convince other people to support the position on issues, problems and policies.

DEFINITION

Persuasion is an attempt to evoke a change in attitude and/or behaviour.

PILLARS

1. **Logos** – message: arguments, facts
2. **Ethos** – messenger, speaker, traits of speaker, eloquence
3. **Pathos** – recipient, audience, mood
4. **Agora** – context, setting, television, medium, huge crowd, small meeting.

PRINCIPLES/TECHNIQUES

1. **Storytelling.** It is a message delivered to the audience by way of a narration of an incident or an event. Storytelling is effective because it allows the audience to participate in the formulation of the message through the images he or she creates in his or her own mind as the story is told. Without being fully aware of it (which is perhaps why it is most effective), the audience is in fact actively participating in the unfolding of the story. The audience is focused, but may not be the case if the message is delivered by way of facts and statistics.
2. **Liking/Association.** A well-liked person or one who others can easily associate with, has a better chance of getting others to see things his way compared to one who is detested or

disliked. This principle has been termed ‘the bedrock of persuasion’. Being liked at the onset is a great icebreaker. It can be likened to some extent to the war being won without having to fire a single shot. The target is disarmed by charm or by association even before the message is conveyed. As the saying goes, a smile goes a long way.

3. **Humour.** People feel good when they get a good laugh. Laughter relaxes the individual or the audience. It lowers people’s defences and creates an opening for a message to be conveyed more effectively. When you laugh and the whole world laughs with you, there very well can be a whole world ready to be convinced as well.
4. **Authority.** The opinion and views of an expert on a given subject is more likely to be believed than the opinion or views of the man-on-the street. By invoking authority on a given subject, an expert can succeed in convincing those who are not knowledgeable about a given issue to accept their views. Lawyers, financial advisers and preachers for example are more likely to persuade others about their views in the area of their expertise. On the other hand, a lawyer speaking on the importance of the first three months of

pregnancy cannot hope to achieve the same degree of authority and credibility, as would an OB gynaecologist.

5. **Repetition.** Frightening though it may sound, it has been said that a lie told a thousand times becomes the truth. For a public that is preoccupied with, among other things, the daily rigors of having to eke a living, a message has to be repeated often before it is noticed and eventually absorbed by the audience. Technology has made it possible for people to attend to a thousand different things at the same time. Thus to be able to capture the imagination of the public that is too busy to listen, repetition is necessary.
6. **Simplicity and Clarity.** For the same reason that people are too preoccupied with their personal concerns to be able to pay attention to messages, it would help greatly that the message be simple and clear. Faced with a message that is complicated and confusing, the audience knee-jerk response would be to say that there are enough complications to deal with to have to endure even more and with that, the message is thrown out the window.
7. **Role Playing: Listening, Feedback and Empathy.** A common mistake of the advocate is that in

his or her desire to get the message across, he or she fails to take into account the mood, disposition and the thinking of the audience. The tendency to centre on the message and to ignore the message recipient can be avoided but it requires a degree of self-control and discipline that needs honing. One cannot conquer the world if he or she cannot begin by conquering him/herself. To place oneself in the shoes of another, to listen, to be conscious of feedback and to empathise are traits that are acquired only with a conscious effort to do so.

8. **Conformity and Social Proof.** As a general rule, nobody wants to stick out like a sore thumb. To do so would expose an individual to ridicule and contempt, an experience that is unwelcome to anyone. The possibility of being scorned and rejected by others is stimulus for an individual to conform or act in a certain way. Societal dictates have been a very powerful tool of persuasion, sometimes to the detriment of both the group and the individual.
9. **Know the Audience.** Identifying the audience can be likened to the process of targeting the market. To do so would save a great deal of time and effort knowing the type of

audience one is faced serves as the basis for the correct persuasion approach. Without any information about the audience, one can be said to be groping in the dark. One can actually tailor his or her message on the basis of the audience one is faced with at the moment.

- 10. Reciprocation.** The audience is made to feel obliged or compelled to reciprocate acts of kindness or generosity they encounter from the persuader. This includes the giving of concessions in order to gain some compulsion on the part of the audience to reciprocate.
- 11. Scarcity.** It has been said that one realises the importance of something when it is gone or it is about to go. Hence, there is a sudden demand for a particular thing if it is on the verge of disappearing or becoming scarce. Less can be more in given situations. The scarcity or the rarity of the thing can persuade many to want it and search for it. Being over exposed, on the other hand, can make persons such actors, for example, less in demand by the public.
- 12. Turning Negatives into Positives (and Vice Versa).** This technique involves the acknowledgement of certain negative assertions but turning it around and explaining

it as a positive. This is quite effective as it engages the audience and allows the audience to rethink the point in a different light. The twist captures the imagination of the audience.

- 13. Counter-intuitive.** This technique provides concessions to the audience or the party to be convinced that allows him to warm up to the persuader. The line “I am not brilliant”, “I don’t have the answers” or “I am just a simple man” is a concession that is given but in actuality is a good technique to appear less intimidating and more open and reasonable.
- 14. Know Thy Self.** To be able to improve in one’s persuasion skills, one must know where one stands in terms of one’s weaknesses and strengths. The individual must take stock of his skills (or the lack of it) so as to know what to concentrate on in terms of skills improvement. To be able to reach a desired destination requires knowledge of one’s current disposition.
- 15. Personalising.** Technological advancement in the era of television has made this persuasion principle more important. Because TV is now available even in our own homes and bedrooms, there is a certain degree of intimacy that is appropriate when one uses

this medium. In contrast with fiery and bombastic message delivery that may be inappropriate.

- 16. Small Steps Principle.** They say that an entire elephant can be eaten provided it is done slowly and in bite size pieces. One cannot hope to persuade another to eat an elephant whole. This is one way to describe the small steps principle wherein it may be easier to have an individual commit to small things at a moderate pace than it is to have him or her commit immediately to a large matter. The initial reluctance is overcome by the fact that what is being asked of him/her is not exactly a big thing (not yet at least).
- 17. Surprise Principle.** The element of surprise can have both a moving and powerful impact on the audience. This is true particularly in advertising campaigns that use this to make a forceful conveyance. The jolt awakens the audience into internalising the theme that is being conveyed such as the need to stop smoking immediately.
- 18. Cognitive Dissonance.** This occurs when an inconsistency (an unacceptable act) in our actions leads us to convince ourselves of the validity of this inconsistency. It is our way of justifying an act and convincing ourselves of

its validity. Hence, we are more convinced by others if they play on this dissonance.

- 19. Non-Verbal Communication.** Actions speak louder than words. A classic American example of this would be the Presidential debate between Clinton and Bush, wherein Bush was caught looking at his watch during the debate conveying the message that he was perhaps uninterested or bored or both. Eye focus, a firm handshake, a smile. Non-verbal communication is vital in persuasion.
- 20. Knowing the Enemy/the Competition.** This is very important if one is to persuade the audience of the superiority or the correctness of his or her product or message. To identify both the strengths and weaknesses of the enemy is a basic input in persuasion. “Know your enemy” is the basic tenet if one is to emerge victorious in Sun Tzu’s “The Art of War”.

SOME TOOLS USED IN POLICY PERSUASION

1. Working with the Media

This can be as simple as feeding persons from the print and broadcast (radio and TV) media with verbal or written data, opinions, or statements

from the advocate’s organisation. The telephone or cell phone can be used or meriendas, lunches, etc. can be organised to communicate with media people.

More formal press conferences can be organised for more urgent or important issues. The most important things to remember in working with the media are to be sure about your objective, clear and complete but concise with your message, and to be accurate with your data and information. Otherwise, you will lose your credibility.

2. Rally/Picket

This involves mass mobilisation of constituents, usually to demonstrate mass support for an issue and to make the broader public aware of the issue. Creative means are needed to maintain participation as these activities are physically and emotionally demanding

3. Dialogue

This is a discussion with a key individual who could be instrumental in instituting change or an influential person who could sway the key individual about the issue or problem. The

dialogue may be used to induce mutual change among those who participate. Its basic assumption is that the stability or rigidity of a person’s point of view is due to his/her refusal to listen to alternative points of view because they are too threatening, e.g., proponents feel threatened by NGOs and POs because they think NGOs and POs would want to put a project to a stop; on the other hand, NGOs and POs feel threatened by the project because it will cause damage to the community. To reduce this threat, and to create good conditions for authentic listening and change, the participants should share common experience with mutual problem to stimulate their attention, interest, uncertainty, and desire to search for better understanding. And then you should follow as closely as possible the three guidelines for effective dialogue:

1. Satisfy the other participant/s that you understand his/her point of view by re-stating it for him/her as clearly as possible in your own words;
2. Find the condition under which you would accept the other participant’s point of view as valid; and,
3. Find where the other participant’s point of view is similar to your point of view.

4. Public Hearing

This is usually a meeting called by public officials to consult constituencies about a project or a decision to be made. It is important to pay attention to how we communicate our positions to ensure that public consultations and hearings do not become a boxing arena for “pro” and anti “positions”. The guidelines for a dialogue could be used here.

ACKNOWLEDGMENTS

- This tool was taken from the Successor Generation Project of CO Multiversity and CODE-NGO.

RELEVANT RESOURCES

- Manual of the Successor Generation Project, CO Multiversity and CODE-NGO, 2003.

PART FOUR

DESIGNING PROGRAMMES FOR LOCAL DEVELOPMENT AND DECENT WORK

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PART FOUR **SECTION ONE**

STRENGTHENING LOCAL ECONOMIC GROWTH

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PART FOUR SECTION ONE: STRENGTHENING LOCAL ECONOMIC GROWTH

INTRODUCTION

Making local economies grow or stimulating local economic transformation is a major goal and challenge for all local governments and local leaders.

Section One, Part 4 of this Resource Kit includes action tools which suggest strategies for making local economies grow, as well as case studies which describe the application of these strategies. It also includes information on the role of cooperatives in local economies,

STRATEGIES FOR MAKING YOUR LOCAL ECONOMY GROW

OVERVIEW

There is a wide variety of strategies that LGUs and local communities can implement to promote greater employment and economic opportunities. There is no single approach or framework that provides all the answers. Instead, as a local development planner or practitioner, you will need to consider a range of approaches and use those that can be applied to your community.

OBJECTIVE

This tool describes a range of practical strategies that LGUs and local communities can employ to develop their economies.

The following strategies provide a framework for identifying and formulating local actions that can be done to enhance local economic activities and create new job opportunities:

STIMULATE NEW IDEAS AND DEVELOPMENT POSSIBILITIES

Local communities can undertake initiatives that generate community interest in economic development and stimulate new ideas and possibilities for improving the local economy and job opportunities. These initiatives motivate the wider community to become involved in planning for local development and contributing ideas and time to practical projects.

Some examples of these initiatives:

- **Community planning events** that enable local residents to identify strengths, weaknesses and a shared vision for the future of their community. This may include idea generation workshops to engage local people in processes that produce new local development ideas.
- **Community fairs and celebrations** that bring the community together to share and enjoy its activities and achievements.

- **Organisation of a competition** through local newspapers for the best job creation idea.
- **Publication of a weekly “New Ideas”** column in the local newspaper or producing a similar program on local radio.
- **Create local discussion groups** that focus on local job creation issues.
- **Organise tours** to other communities to observe developments, interesting initiatives and new businesses.
- **Monitor new creative business ideas** and franchise concepts emerging nationally and internationally, and publicise these.
- **Organise idea generation workshops** in schools and community centres.
- **Create an “Ideas Bank”** in the LGU or encourage local community and business organizations to do so.

IMPROVE THE PERFORMANCE OF LOCAL BUSINESSES

Local communities can undertake initiatives that improve the performance and profitability of local businesses. Actions can be designed to help existing businesses perform better, expand their market share, increase their productivity and profitability, and thus, enhance their capacity to create jobs.

Some overall examples of these initiatives:

1. **Business and industry retention and expansion:** These initiatives require community leaders to work closely with existing local businesses to find out what conditions are necessary for these businesses to remain viable in the community and to provide them with the required support. In addition to the fact that most new jobs come from existing businesses (rather than new businesses), it is often easier and less expensive to keep existing businesses into a community.
2. **Improving the efficiency of existing firms:** Improved efficiency can be accomplished by strengthening the management capabilities

and the quality of the workforce within a business. The ILO has an “Improve Your Business” (IYB) training package that can help in this aspect. (See Tool 4.02.07: The Start and Improve Your Business [SIYB] Program and Tool 2.04: Value Chain Analysis.) Methods for doing this include: (i) training programmes, (ii) identifying and mobilising capital resources, and (iii) encouraging the adoption of new technology. Management training and employee skill training help obtain more productivity for resources used.

3. **Commercial and retail development or redevelopment:** These initiatives involve targeting the community to become a strong retail centre for the surrounding rural area, or possibly a specialised retail centre. Improving the business sector’s ability to capture money is a must. This can be achieved by identifying areas that need improvement, such as
 - Providing outstanding personal service,
 - Merchandising and display practices,
 - Merchandise lines,
 - Customer relations and more.
4. **Agricultural business opportunities:** These initiatives focus on the community becoming a

specialised centre serving the needs of farmers and agricultural businesses. It includes policies to encourage businesses to specialise in personal services, professional services, wholesale and warehousing enterprises to locate and expand in the community.

Some specific suggestions:

1. Encourage product diversification
 - Campaign to examine the development of value-added products and product diversification (turning existing local products into consumer ready goods).
 - Co-ordinate group marketing exercises (especially relevant for the craft sector).
 - Provide information on alternative and specialty crops and vegetables for farmers.
 - Survey local resident’s attitudes towards business products. This can provide existing firms with confidence to alter or diversify their products or services.
2. Promote new technologies and methods
 - Provide information on new technology and methods in various business sectors.

3. Recognise and encourage business performance
 - Sponsor local business appreciation awards and events.
4. Marketing assistance
 - Introduce mail-order marketing for local products.
 - Establish local arts and crafts counters or shelves in local motels, hotels and restaurants.
 - Franchise good local ideas to other communities.
 - Regularly monitor government purchasing patterns and needs to see what could be supplied locally.
 - Brokerage service for exporting overseas.
 - Direct market approaches such as farmers markets, colourful roadside stalls, pick your own facilities, etc.
 - Use special rate levies on the business community to fund a marketing and public relations campaign.
 - Organise retail improvement seminar followed up by individual on site consultations.
5. Business support networks
 - Creation and strengthening of business support networks such as business sector associations, “Business After Five Clubs” (where business people visit different enterprises and resource agencies to learn new ideas, resources, and processes), “Entrepreneurs Breakfast Club”, mutual support networks for sharing resources and expertise, etc.
6. Expand access to financial capital
 - Establish a revolving loan fund to provide direct loan guarantees and other necessary financial assistance to qualified businesses.
7. Promotional activities
 - Organise regular special events such as monthly market, swap-meet, fun days, specialist conferences, workshops, exhibitions
 - Sponsor special sporting events.
 - Production and publication of Profile Sheets and newspaper stories on local crafts people, identities, unique businesses, etc.
 - Package the unique features of the community as a theme or an event.
8. Assist local businesses to stay in the community
 - Use retired management people as volunteers/consultants to help maintain and improve local businesses.
 - Systematic visits to all local businesses to survey and collate relevant information on their production needs, problems, labour requirements, concerns and plans; could involve retired executives as volunteers to collect as well as share information on government programs of assistance, etc.
 - Encourage more active involvement by local government in economic planning and action, choosing to buy locally made goods, providing expertise and space in unused buildings, applying for grants to develop infrastructures, appointing specialist employment officers, changing attitudes of key personnel (e.g., Planning and Development Officers, Public Employment Service Officers [PESO], etc.) from being reactive to proactive.

PROMOTE ENTREPRENEURSHIP AND THE ESTABLISHMENT OF NEW LOCAL ENTERPRISES

Local communities can undertake initiatives to encourage the formation of new businesses and an enterprising spirit within a community. These initiatives include a range of support services to help potential new entrepreneurs research and develop a viable business idea and obtain access to the appropriate skills and resources.

Increasingly, small communities are discovering the new business potential in alternative tourism, small specialist manufacturing, information technology sectors, and alternative or specialty agricultural production.

Some examples of these initiatives:

1. Cultivate the entrepreneurial spirit
 - Provide an integrated small business advisory service that supports local people so they can develop an idea into a business reality.
 - Establish projects that foster an enterprising spirit among local youth such as the ‘Youth Business Competition’, a youth enterprise centre, etc.
2. Stimulate new business ideas
 - Research and promote interesting business ideas from outside the community such as looking at national newspapers and entrepreneur-focused magazines.
 - Explore new trends and their potential business opportunities e.g. women in the workforce; growing proportion of senior citizens: more awareness of fitness and health, growing appreciation of the environment; “green tourism”; experiential holidays, etc.
 - Develop a series of rural specialty shops.
3. Organise a competition for new enterprising ideas.
4. Coordinate publicity regarding success stories and making available more widely of “How to...” information.
5. Organise regular idea generation workshops and entrepreneurship training programs. The ILO has a “Generate Your Business Idea/Start Your Business” (GYB/SYB) training package that may be helpful. (See Tool 4.02.07)
6. Organise workshops on the establishment of new home-based industries in such areas as bed and breakfast provision, food preparation, craft production, etc.
7. Introduce new art/craft areas using local natural materials.
8. Provide a local “One Stop Shop” where people can gain information and assistance about establishing a business
9. Workspaces
 - Develop local industrial or commercial workspace
 - Provide a regular updated register of available workspace areas.
10. Facilitate extension of financial support
 - Encourage local loan sources for new businesses such as local credit unions.
 - Establish a local investment or microfinance fund.
 - Develop an ‘Angel’ network involving retired or semi-retired business people who are willing to provide venture capital for a local project in exchange for the excitement of being involved in a new local enterprise.

- Provide informal group guarantee arrangements where a group of people collectively take out a small loan and agree to guarantee each other.
- Support existing financial institutions establishing separate accounts dedicated to local economic development.

6. Encourage retired business people to settle in the community and use their experience and talents to help others.

PLUG THE LEAKS IN THE LOCAL ECONOMY

Communities can limit the amount flowing out or “leaking” from their local economy. Leaks occur whenever residents, especially families of Overseas Filipino Workers (OFWs) spend at regional shopping centres, invest in out-of-town businesses, spend holidays or their leisure time away from home, or pay for services from firms from outside the area. Leaks also snowball because if residents travel to buy one item that is not available locally, they tend to buy other items while they are out of town. Obviously no community can keep all the pesos that circulate, but it is important that communities improve their ability to retain as much local income as possible.

Local communities can undertake initiatives to “plug the leaks” from the local economy.

Some examples of these initiatives:

1. Improve marketing of local products
 - Establish matchmaker program to identify products and services imported from outside the area that could be provided by local businesses.
 - Publication of a local business service directory.
 - Provide community recognition awards for best employees - the aim is to make customer service more friendly and efficient.
 - Market locally produced goods and services, through business directories, special sales, etc.
 - Provide employee training programs to improve the quality of service.
2. Stimulate businesses for local needs
 - Identify local consumer needs and buying habits, and publication of the results.
 - Coordinate a door-knock campaign of every resident asking what was needed to keep them in the community.

3. Promotional activities

- Plan “Buy Local” campaigns to counter the reasons people give for shopping out of town. Such reasons may include higher prices, better selection, inconvenience, etc.
- Coordinate monthly and annual business awards for excellence - targeting various sectors.

4. Retain services within the community

- Apply “local administration” arrangements to LGU program and projects instead of hiring outside contractors whenever possible. See also Tool 4.02.03 on Creating Local Jobs through Employment-Intensive Infrastructure Programs.
- Help establish a community-owned company to help retain services.
- Schemes to conserve energy, water, soil, and local resources such as old homes and buildings with historical or aesthetic value.
- Community recycling and waste separation programs.
- Identify needed services to a community which are presently unavailable.
- Reduce infrastructure costs of local government - using a reward system for

employees to suggest improvements to productivity and cost reduction.

5. **Recovering lost resources:** Some communities have had successful campaigns to contact former residents. School records may be helpful in identifying and locating “community alumni.” Targeted mailings can explain the benefits of retiring in the home town to former residents approaching retirement age, sell corporate executives on locating a branch plant back home, or encourage young families to raise their children in the wholesome home-town environment. These can be some of the best contacts for economic development. Overseas Filipinos can also be encouraged to return to their community and invest in a local business.

ATTRACT NEW VISITORS AND CONSUMERS

Local communities can undertake initiatives that improve the attraction of the community so others may wish to live there, retire there, and visit as a tourist or shop as they pass through.

Some examples of these initiatives:

1. **Tourism development:** These initiatives focus on identifying opportunities for developing a community event, facility or attraction that brings people to the community to spend recreational dollars that may create new jobs. It will usually incorporate development activities targeted at a specific type of tourist such as, for example, the eco-tourist (i.e., the tourist who is interested in the environment) or tourists who want to learn more about culture and traditions.
2. **Attraction of the retirement industry:** This strategy emphasises the amenities of life that attract retired people to live in the community. Retirees in a community mean additional business activity and should be considered an industry. The elderly import income to the community, living on prior savings or investments in the form of social security, private pensions, stocks, bonds, real estate or savings accounts. They require basic services such as groceries, housing and health care, and tend to spend income locally.

Some specific suggestions:

1. Develop, renovate attraction sites, facilities
 - Promote the redevelopment (i.e., restoration) of local heritage areas.
 - Coordinate heritage trail development - offering visitors a framework with points of reference.
 - Use museum exhibits to improve attraction of buildings and services.
 - Promote retirement support services.
 - Renovate unused farm cottages/buildings for non-farm enterprises and/or attractions.
 - Attract businesses that encourage people to stop, such as a hot bread shop, antique shop, country gardens, etc.
 - Promote alternative interpretive forms of tourism.
 - Survey local residents regarding what they feel they miss by living in a rural community, and trying to respond with practical projects.
 - Develop facilities/activities targeting children e.g. special playgrounds, activity books focusing on things to do in the region.
 - Develop possible base tourism sites/products in the area.

2. Beautification

Coordinate town beautification and landscaping - including improvements to town entrances.

3. Improvements in quality of life

Make improvements in the quality of life to encourage people to live there, such as maintaining or establishing a full range of medical services, increasing recreation opportunities, etc.

4. Marketing schemes

- Coordinate local tourism marketing initiatives that promote packaged weekends to selected villages across the country.
- Organise special market days.
- Stage an annual award, exhibitions, attracting entrants from around the country e.g. Wood Carving Annual Award Exhibition.
- Coordinate and co-operatively market home-stay accommodation, local guides, local resorts, etc.
- Develop a town strategy to get passing traffic to stop.

5. Publicity, Information campaigns

- Develop a publication on regional special interest trails e.g., flower trail, sea coast

recreational trail, a hand made treasure trail featuring quality crafts people.

- Targeted packaging of a community publication e.g. 'Spend a day in...' brochure, incorporating a series of tourist drives, preparation of car rally packages, etc.
- Develop a theme(s) for the town.
- Prepare and distribute a local promotional brochure, post cards, maps and T-shirts
- Promote the town's famous "sons" and "daughters".
- Fill empty shop windows with local displays, etc.
- Creatively use murals on toilet blocks, bus stops, playgrounds, public buildings, shops, etc.
- Promote the "only one in the Philippines" attractions or the unique "lifestyle" of the community.
- Produce local town song/jingle.
- Identify and promote specific themes or events based on cultural, historical or natural strengths.
- Promote special features e.g. unique meals/dishes/drinks, etc.
- Publish regular calendar of local events.

- Develop a systematic signage system for towns by-passed that covers all major services and shops.
- Form a community "image" committee.
- Regularly publish (in larger urban centre) the benefits of moving to one's community e.g., comparing housing costs, etc.
- Establish local information centre with volunteer ambassadors.

ATTRACT NEW INVESTMENTS AND RESOURCES

Previously, attracting new business and industries was usually the first and only strategy community leaders consider for increasing income or employment. It involves seeking new basic employers to locate in the community. It could be a major employer, but for small communities it would more realistically be small employers. Through this opportunity the employment base of the community is broadened. This involves bringing in new pesos or dollars for investment, and new people and ideas to expand the goods or services exported from the area to bring in additional income.

Now there is a growing appreciation that there are other effective strategies for small communities aside from recruiting compatible new businesses/industries. There is a wide range of grants, services and new programs that can be monitored and attracted which can generate additional income, employment and opportunities for locals.

What can be done:

1. Targeted searches for new businesses
 - Targeted searches for firms that might be most suited to one's community and its future e.g. traditional crafts for a historical crafts space, manufacture of period furniture for a historical workspace, etc.
 - Targeted searches for firms that might be interested in a local branch operation or local franchise.
 - Target professionals to establish businesses, (especially those with "weekenders" within the region) through the provision of shared office space complexes.
2. Targeted hunting for services, new programs
 - Study local consumer needs and expenditure to identify new services that could be attracted.
3. Attract people who are likely to start new businesses
 - Regularly monitor all government programs and services.
 - Regularly review available philanthropic foundation funds and donor agencies.
 - Attract someone with a unique collection to establish a permanent museum, exhibition centre or display.
 - Make full use of government employment and training schemes.
 - Lobby for specific projects, offices, facilities and services.
 - Attract part-time presence of government agencies through provision of shared office facilities.
 - Encourage former residents with business success to "come home" and start a business or invest in ventures started by others.
 - Organise business and lifestyle attraction campaign - attracting people with business skills in the area.
4. Encourage retired people and families of OFWs to remain in the area rather than move away
 - Recreation, housing and home care are all important business areas.
 - Remittances and income from investments earned by retirees and OFWs are often significant for local purchasing and investment.
5. Make the community attractive to new businesses
 - Encourage higher enrolment at local educational institutions and enhanced education services and facilities.
 - Develop local industrial, office or commercial parks, workspaces, buildings.
 - Design new services and target the corporate sector for sponsorship.
 - Identify and target government officials sympathetic to community development.
 - Develop "one stop" information/service centres that provide an outlet for a range of government departments and agencies.
6. Publicity
 - Regularly promote the community and its commercial advantages, such as producing a video or a community fact book.

IMPROVE LOCAL INFRASTRUCTURE

Local communities can undertake initiatives that improve local infrastructure. Wherever possible, it is essential for Local Government Units to pay attention to achieving sound and well-maintained infrastructure. Adequate infrastructure (e.g., water, sewer, transportation, and telecommunications) is necessary to protect public health and the environment, and to support desired social and economic development.

CO-OPERATE WITH NEIGHBORS

Local communities can undertake initiatives that involve collaboration or partnership with other LGUs, in particular within their province and region.

Many communities may have limited resources to foster economic development. Clusters of communities or LGUs could give consideration to forming organisational structures for the purpose of planning and developing co-operative and complementary economic development activities. Co-operative ventures can provide cost-effective community services and facilities at levels that provide the quality-of-life residents desire. Clusters of communities have opportunity to enhance the political power of the area, and pool resources to promote and develop the area.

RELEVANT RESOURCES

- Rocky Mountain Institute, *Take Charge, a manual for rural economic development*, Colorado, USA. (<http://www.rmi.org>)
- The Start and Improve Your Business Program http://www.ilo.org/dyn/empent/empent.portal?p_docid=SIYBHEAD&p_prog=S&p_subprog=BD

CROSS-REFERENCES

- Tool 2.03, Assessment Tool: Assessing your local economy
- Tool 4.01.02, Action Tool: Tips for mobilising private sector investments for local development
- Tool 4.02.07, Information Tool: The Start and Improve Your Business (SIYB) Program
- Tool 2.04, Information Tool: Value Chain Analysis
- Tool 4.02.03, Information Tool: Creating local jobs through employment-intensive infrastructure programs

TIPS FOR MOBILISING PRIVATE SECTOR INVESTMENTS FOR LOCAL DEVELOPMENT

OVERVIEW

According to the Galing Pook Foundation, the role of LGUs is “to create the climate for economic activities, not to substitute for private initiative”. However, if the private sector still does not participate in strategic initiatives after all efforts, the LGU may have to come in.

OBJECTIVE

This action tool provides some practical suggestions on how to attract private sector investments for local development.

CREATING A CONDUCIVE CLIMATE FOR INVESTMENTS

Some ways of creating a climate conducive for economic development activities:

1. Reduce the cost of doing business and the transaction cost (time, money) required by taxation and regulatory functions without

sacrificing the LGU’s strategic development objectives.

2. Introduce tax incentives.
3. By itself or through other parties, ensure the provision of the necessary infrastructure and inputs for economic growth – roads, water, electricity, telecommunications, etc.
4. Facilitate access to needed capital, expertise, human resources, and equipment.
5. Actively promote investments and market linkages.
6. Maintain peace and order and preserve the locality’s unique cultural heritage.
7. Invest in human resource development and training.

LESSONS FROM LGU EXPERIENCES

The following lessons are based on studies of the actual experience of some Philippine LGUs.

1. The consistency of policies and the simplification of procedures attract investors more than the provision of tax incentives. This is based on the experience of Cebu City with

its tight coordination of investments promotion and approval and its investor-friendly procedures.

2. Use your province, city, or town’s unique comparative advantage. Is your location strategic for locating transport terminals? What are your natural and cultural tourist attractions? What are the endemic biological resources that have commercial value? What crops grow well in your locality and not in other places? What do you have that other LGUs don’t have? Use these to your advantage.
3. Identify natural clusters of enterprises in the locality and find appropriate ways to support them. Clusters provide opportunities for suppliers, financiers, marketing, and other service providers. They also facilitate information flow and innovation. When developed and promoted, they can enhance the prestige of the locality and even the nation. Some examples are the furniture industry of Cebu, the fine jewelry of Meycauayan, Bulacan, the Pili nut industry of Albay, etc.

4. Distinguish between livelihood and growth enterprises. Develop different strategies for each. Livelihood enterprises are usually micro, household-based, with limited growth and employment creation potential. They are supported for the purpose of alleviating poverty. Microfinance is usually the main type of service they need. From among or independent of these are the small to medium-sized growth enterprises which have greater prospects for growth and employment generation. These will need more complex services that the LGU may need to assist them in getting from other government and private agencies.
5. Position your LGU for economic transformation. This requires a change in mindset in both the elected LGU officials and the bureaucracy. The LGU must be more entrepreneurial, customer-oriented, efficient, facilitative, outward-looking, and strategic.
6. Be clear about the potentials and limits of your development vision and strategy. You can't have it all. Some of your objectives and targets may conflict. Environmental and social concerns may be negatively affected by some economic activities. Be clear and consistent from the beginning about your priorities – your musts and wants. Don't be too ambitious.

ACKNOWLEDGEMENTS

The material is largely based on the book entitled *Kaban Galing 3: Transforming the Local Economy* (2001), Galing Pook Foundation.

CROSS-REFERENCES

- Tool 2.03, Assessment Tool: Assessing your local economy
- Tool 4.01.01, Action Tool: Strategies for making your local economy grow

THE ROLE OF COOPERATIVES IN LOCAL DEVELOPMENT

OBJECTIVE

This information tool describes the ways cooperatives can help local economies grow. The benefits of cooperative development will be highlighted along side some of the concerns or issues to watch.

WHAT ARE COOPERATIVES OR COOPS?

Cooperatives are associations of people who join together to meet their common economic, social or cultural needs, jointly owned and democratically controlled. There are more than 800 million women and men members of cooperatives around the world, and an additional 100 million non-members work as employees in cooperatives. Because the people who use their services own cooperatives, the decisions taken by cooperatives balance the need for profitability with the wider interests of the community.

Cooperatives can be very large organisations with thousands of members. They can be national or even international agencies.

However, it is the local cooperative that has most relevance to local development in the Philippines.

Cooperatives are important because they:

- Promote economic fairness by ensuring equal access to markets and services for their members and membership is open and voluntary.
- Contribute both directly and indirectly to the eradication of poverty. They help those who are poor to escape from poverty through self-help efforts, and protect those who are at risk of becoming poor.
- Help improve the living and working conditions of women and men.
- Make essential infrastructure and services available in areas neglected by the state and investor-driven enterprises.

SIX PRINCIPLES OF COOPERATIVE BEHAVIOUR

The International Co-operative Alliance has set down six principles as guidelines for accepted cooperative behaviour:

1. Open and voluntary membership
2. Democratic control
3. Limited interest on shares
4. Return of surplus (profits) to members
5. Cooperative education
6. Cooperation among cooperatives

TYPES OF COOPERATIVES

- Marketing cooperatives: These coops provide a mechanism for farmers and other producers to promote and sell their produce
- Multi-purpose cooperatives: Multi-purpose cooperatives provide new services and extended networks in rural areas
- Local development cooperatives: These grassroots cooperatives promote members' education and help disadvantaged groups

- Service cooperatives: These organisations provide services to the local community (e.g., jeepney, tricycle, catering services)
- Producer cooperatives: The coops include fruit growers, rice and sugar cane growers, as well as food processing enterprises.
- Worker cooperatives: These cooperatives are owned and managed by their workers
- Financial cooperatives: These include credit unions and other kinds of cooperative micro-finance agencies

Grassroots cooperatives emphasise the role of cooperatives as self-help organisations at a local level, controlled by their members. Many concentrate on single-sector activities, requiring simple management skills. Some avoid incorporation (and government control) by registering as pre-cooperatives or associations. Mostly, the inspiration comes from local populations, who often adopt traditions of self-help, such as the savings clubs.

BENEFITS FROM WELL-FUNCTIONING COOPERATIVES

There are at least eight kinds of benefits that should result when cooperatives function well:

1. Provide greater market competition
2. Provide greater economies of scale
3. Expand returns
4. Can be used to develop skills
5. Can teach people about participation and democracy
6. Can be a cost-effective way of providing new local services
7. Can be a mechanism for maintaining services that might otherwise be lost
8. Provide a mechanism for the promotion of social equity (e.g., by involving disadvantaged people)

HOW COOPERATIVES ADVANCE DECENT WORK

Cooperatives have the potential to advance decent work in local communities because they:

- Promote fundamental principles and rights at work by encouraging freedom of association and work place democracy
- Create greater opportunities for women and men to secure decent employment and income by enabling their members to combine resources, skills and talents

- Enhance the coverage and effectiveness of social protection by providing the socially excluded with basic social services
- Strengthen tripartism and social dialogue by defending the interests of the rural poor and unprotected workers

COOPERATIVES PROMOTE LOCAL DEVELOPMENT IN FOUR MAIN WAYS

1. BY PROMOTING DECENT EMPLOYMENT

Cooperatives can become key actors in the creation of local quality employment in various fields: in some cases, enterprises have become the main local employer. Cooperative enterprises provide goods and services required by local customers, or by customers beyond the boundaries of the local community. To do this, cooperative enterprises must employ people. Sometime, cooperatives have used labour-intensive techniques to create more local jobs.

2. BY PROMOTING SOCIAL NETWORKS AND CAPITAL

Coops have an important economic function, but they also have a unique social function. Coops can

be used to build or strengthen social networks. They encourage local people to work together.

3. BY STRENGTHENING PARTICIPATION AND LOCAL DEMOCRACY

Cooperatives can be used to create strong ties among different groups in the local community. The manner in which these ties are created and the general behaviour of the communities result from an internal characteristic of cooperatives, namely internal democracy. The structure of coops creates an in-house arena for training participants in democracy.

4. BY FORGING PARTNERSHIPS BETWEEN LGUS AND OTHER DEVELOPMENT ACTORS

Cooperatives can be used to build partnerships in the local community. One important kind of partnership is between the LGU and coops. In a representative democracy such as the Philippines, local elected authorities have a clear mandate from voters and are accountable to them. Experiences in several countries and territories show that dialogue and the existence of mechanisms of information, consultation, co-programming and, in some cases, power

sharing, have strengthened trust in representative democracy and have developed a sense of belonging within the community. Thus, it is not rare to observe how cities become highly committed to partnerships between local authorities and other local development actors.

COOPERATIVES AS POTENTIAL VEHICLES FOR EMPOWERMENT

Cooperatives are potential vehicles for empowerment due to the sheer number of cooperatives that exist across the globe and the enormous number of women and men that they represent. Empowerment has always been fundamental to the cooperative idea, where people get together to achieve goals that they would not be able to achieve on their own. The members themselves decide the goals.

For women: Since cooperatives are organised on the principle of one person - one vote, the cooperative form of enterprise provides women with the opportunity of participating on equal terms with men. In many developing countries women work individually, often isolated, in the informal economy, operating at a low level of activity and reaping marginal income. Joining

forces in small scale cooperatives can provide them with the economic, social and political leverage they need to break out of the vicious circle of poverty and social exclusion.

For micro entrepreneurs: Cooperatives can be set up by a group of enterprises or by individual entrepreneurs wishing to benefit from shared services, cheaper goods, easier access to markets or higher prices for their products. But what they all have in common is that, as a group, members are able to create economies of scale and increase their influence and bargaining power. Cooperatives provide the setting for collective problem-solving and the articulation of strategic and basic needs.

For poor disadvantaged groups: As cooperatives have both economic and social objectives and are based on values of solidarity, equality and caring for others, they are able to play a strong advocacy role and provide a voice for vulnerable and disadvantaged groups of society. Moreover, the support and mutual encouragement that a group of entrepreneurs can give each other can also be crucial in helping to maintain or boost their self-confidence.

EXAMPLES OF COOPERATIVES IN THE PHILIPPINES

1. KAAKBAY ENTREPRENEUR-WORKERS COOPERATIVE: ESTABLISHING BETTER CONDITIONS OF WORK

The Kaakbay Entrepreneur-Workers Cooperative in Quezon City, Philippines is a workers' cooperative engaged in the manufacture of filing devices such as binders, folders and box organisers. It was organised in May 1998 by 16 worker-members who sought to improve their conditions of work. Many of them came from an investors-owned firm manufacturing the same products.

They started with a working capital of less than US \$3,000 and monthly sales of US \$6,000. They began with borrowed equipment and salaries below minimum wage. By the second year of their operation, they generated substantial profits even as they had adjusted their wages to conform to the minimum wage. By the third year of operation, the cooperative reached 40 regular worker-members, 10 probationary worker-members and monthly sales averaging USD20,000. The worker-members - whose additional number came

from the ranks of the unemployed and workers from the informal economy - now receive above average minimum wage inclusive of additional benefits agreed upon by the worker-members. In the meantime, the ILO has helped in replicating this cooperative in other areas of the country to strengthen the workers' cooperative and increase the number of workers benefited.

2. BIGAY-BUHAY MULTIPURPOSE COOPERATIVE: PROVIDING SELF-EMPLOYMENT FOR PEOPLE WITH DISABILITIES

Bigay-Buhay Multipurpose Cooperative, or BBMC for short, is a workers' cooperative primarily among people with disabilities. It was organised in 1991 with a vision of enabling disabled people to become economically productive rather than mere beneficiaries of welfare services from the Government and other civil society organisations. The name of the cooperative literally means, "give life" which is equated to independent living by disabled people through the provision of work.

BBMC's businesses are adapted to the various disabilities of its members. It has a carpentry workshop producing mainly desks, tables and chairs. Its orthopaedically-impaired worker-

members undertake the work while the polishing process is attended to by the visually impaired.

BBMC also has a bag production unit in which its deaf-mute worker-members are in charge. For the mentally challenged worker-members, the cooperative runs a computer centre where basic computer services are provided to students and other people in the community.

Other than demonstrating that the people with disabilities can be productive members of society, the founders of BBMC also sought to establish a different working arrangement for disabled people. In a developing country like the Philippines where many establishments and facilities do not provide a working environment conducive for disabled people, they found self-employment and the creation of specific work places/ workshops for people with disabilities to be more effective than employment in regular businesses. This solves to a large extent the mobility problems particularly of orthopaedically- and visually- impaired persons. The concept is being propagated in other areas of the Philippines to reach out to a greater number of disabled people. The estimate is that 10% of the population - roughly eight million - has some form of disability.

RELEVANT RESOURCES

Useful websites:

- ILO Cooperative Branch: <http://www.ilo.org/employment/coop>
- International Co-operative Alliance: <http://www.coop.org>
- ICA Equality Committee: <http://www.ica.coop/gender/index.html>
- University of Wisconsin Centre for Cooperatives: <http://www.uwcc.wisc.edu/>
- SEWA: <http://www.sewa.org>

CROSS-REFERENCE

- Tool 4.02.04, Information Tool: Creating local jobs through worker cooperatives

SHORT CASE STUDIES IN LOCAL ECONOMIC DEVELOPMENT

OBJECTIVE

This case studies tool discusses the highlights of a number of successful cases in local economic development to give ideas on possible strategies that LGUs can adopt.

THE INTEGRATED DEVELOPMENT PROGRAM OF IROSIN, SORSOGON (1992-1997)

The LGU convened a multi-sectoral planning workshop in 1992 to map out strategies for the town's development. Mayor Eddie Dorotan reached out to involve POs, NGOs, cooperatives, government line agencies, the military, and even, the rebel New People's Army in a year-round process of participatory planning, implementation, monitoring and evaluation of Irosin's development projects.

January was used for evaluating previous year performance. From February to December, monthly monitoring meetings with coordinators and stakeholders were held. June was for planning and budgeting the next year's directions

in time for July's announcement of the town's Internal Revenue Allotment (IRA) by the national Department of Budget and Management. The LGU's budget office reviews departmental budgets in August to prepare for the *Sanggunian's* evaluation and approval by October.

Significant funding was raised from the Department of Agrarian Reform (DAR), the Department of Social Welfare and Development (DSWD), the Countryside Development Funds of a Congressman and two Senators. Irosin's combined IRA and local revenues also increased from PhP 740,000 in 1992 to PhP 23 million in 1997.

DALAN SA KAUSWAGAN: A ROAD PROJECT OF SAN CARLOS CITY, NEGROS OCCIDENTAL

Originally, the city planned to borrow PhP 50 million from the Development Bank of the Philippines finance the construction of an all-weather road network that would link 5 of the city's 8 upland *barangays*. The road network would also be an integral part of the strategic Negros Cross-Island Link. In 1994, Mayor Rogelio Rebulgado

decided instead to use the city's accumulated annual budget surplus, which had already grown to more than PhP 50 million.

Only the engineering design of the road project was bidden out to a private company. Instead of awarding the construction phase to a contractor, the LGU decided to implement the project "by administration". It beefed up its engineering office and mobilised the *barangays* to provide local labour and monitor the project. This strategy ensured that the funds for the project were spent efficiently and went back into the local economy.

Impressed with the project, then President Fidel Ramos, a Congressman and two Senators also contributed to it. The city was also able to access funds from the DAR for roads leading to agrarian reform communities.

BOHOL'S INVESTMENT PROMOTION PROGRAM

Given its relatively sparse population, the province of Bohol had only a small IRA. To spur growth,

reduce unemployment, underemployment, and out-migration, Gov. Rene Relampagos initiated the Bohol Investment Promotion Program. Through consultation workshops, the province's investment priorities were set – Eco-Cultural Tourism, Agro-Industrialisation, and Light Manufacturing.

The main strategies developed included:

- Involving the residents in formulating policies on investment promotion
- Providing timely and appropriate business and financial advice to the province and the municipalities
- Establishing and maintaining a data base that could be used for policy and technical assistance
- Aggressively promoting the province as an investment and tourist destination nationally and internationally
- Providing fiscal and non-fiscal incentives through the Bohol Investment Code adopted by the *Sanggunian Panlalawigan* in 1999.

Through the encouragement of the LGU, Boholanos living abroad were also encouraged to increase their remittances three-fold to US\$ 3.5 million or PhP 192 million a month.

BREAKING FINANCIAL BARRIERS IN SAN FERNANDO, PAMPANGA

From a lahar-swamped town unable to pay its utility bills and remit the national government's share of locally collected taxes, in two years' time San Fernando was no longer in the red and built up its equipment pool to rehabilitate the town's basic infrastructure.

Almost simultaneously, Mayor Rey Aquino streamlined the LGU bureaucracy, increased tax collection and succeeded in converting the town into a component city.

He terminated the services of 200 casuals, adopted austerity measures to decrease the LGU's overhead. He also installed a bundy clock and monitoring cameras to keep employees on their toes.

A tax enforcement unit was created to build a data bank and intensify tax collection. Top taxpayers were honoured in annual rites. The unit regularly met with the business community to thresh out problems.

Like San Carlos City, a special unit under the Municipal Engineer implemented infrastructure projects to cut down on costs and corruption. The unit claimed they were able to generate savings of at least 30%.

Initially, there was resistance from the bureaucracy and business. But these faded as communication lines were kept open and the fruits of the tough measures were seen in the form of the delivery of basic services and infrastructure.

ACKNOWLEDGEMENTS

The material was based on draft case studies provided by the Philippines-Canada Local Government Support Program (LGSP) – Canadian International Development Agency (CIDA).

RELEVANT RESOURCES

Transforming the Local Economy. Kaban Galing: The Philippine Case Bank on Innovation and Exemplary Practices in Good Governance, Galing Pook Foundation, 2001.

SOME EXAMPLES OF PHILIPPINE PLANNING EXPERIENCES – CLUSTERED PLANNING

OBJECTIVE

This tool discusses examples of how some municipal local government units (LGUs) have banded together in order to carry out “clustered planning”.

THE CENTRAL PANAY ECONOMIC UNION (CPEU)

The CPEU consisted of the towns of Jamindan and Tapaz in the province of Capiz and Libacao, Batan, and Altavas in the province of Aklan. The LGUs of the 5 municipalities banded together to attract development resources to the area and combat poverty and insurgency. They were all either 5th or 6th class municipalities when they got together in 1993.

The original plans of the union were quite ambitious. Some of these were:

- Construction of Inter-municipal road networks
- Establishment of sustainable villages based on the advantages of each town

- Setting up community colleges
- Construction of a port in Batan to serve as a transshipment point for products of the union
- Transformation of Altavas as the Union’s commercial district

The CPEU was governed by an Executive Council composed of the mayors of the 5 towns. Its chairpersonship was rotated among the 5 mayors. Day-to-day operations were handled by a Technical Committee composed of the Municipal Planning and Development Coordinators (MPDC) and the Municipal Engineers of the 5 towns.

The strategies used by the union were:

- Complementation of roles and resources
- Cooperation in the provision of social services
- Joint marketing to funders and investors
- Joint lobbying for development projects from the national government

Each LGU contributed PhP 100,000 to a revolving fund. The Philippines-Canada Local Government Support Program (LGSP) facilitated institution-

building, strategic planning, and feasibility studies for the union.

The CPEU was planning to turn over its operations to a federation of municipal cooperatives. This did not materialise because the cooperative of one of the towns became inactive. Disagreements and competition among the mayors for projects also weakened the union. New mayors with priorities other than the union added to its difficulties.

CLUSTERED DEVELOPMENT IN SURIGAO DEL SUR

Seven towns of Surigao del Sur province banded together to form the MACASALTABAYAMI Alliance: Marihatag, Cagwait, San Agustin, Lianga, Tago, Bayabas, and San Miguel. An Executive Board consisting of the mayors of the 7 towns and representatives of the Department of Trade and Industry (DTI), Department of Agriculture, and NGOs was constituted as the policy-making body of the alliance. The mayor of Cagwait became the Chair while his MPDC served as executive coordinator supported by the 6 other MPDCs.

Together, they formulated development plans, packaged project proposals, made sectoral studies, and conducted monitoring and evaluation of projects.

The alliance' overall goal was “Balanced and Sustainable Growth, Poverty Alleviation, and Social Development”. Its strategies were Agri-Industrialisation and Integration of the towns' respective comparative advantages.

The alliance produced a master plan and land use plans for its members. It was able to attract interest from foreign donors and investors. A chamber of commerce covering the 7 towns was also formed. Still, it had its problems. There was suspicion that the alliance would benefit only one town – Cagwait. Some towns did not share information in the industry planning activities. Also, some did not contribute to the alliance' operating fund.

New mayors were elected in 1998. By instituting reforms in its structure and operations the alliance managed to move on in spite of some difficulties.

STRATEGIC WATERSHED PLANNING APPROACH

The Naga City Government uses the watershed planning approach. The basic unit of planning is the watershed and not political boundaries. The delineation of the watershed involves the following steps.

- Identification of the watershed boundaries using a topographic map - This involves locating the main river and tributaries that flow into the river. The highest points in the map are also identified and linked. These constitute the ridgelines of the watershed. The resulting map is then validated.
- Identification of Ecological Zones – These are areas with similar ecological characteristics as shown in their land use pattern, slope, and the interface between communities and their natural environment. Examples are: coastal zones, agricultural zones, urban, natural forests, etc.
- Determination of Local Government Boundaries – Identify LGUs whose jurisdiction covers part of the watershed.
- Determination of Local Government Responsibilities – Find out from which LGU

most of the water originates, which LGU receives most of the water, which LGUs are positively or negatively affected, etc. Agree on respective responsibilities and coordinate watershed protection measures.

ACKNOWLEDGEMENTS

This material is based on the book entitled *Kaban Galing 3: Transforming the Local Economy* (2001) and *Kaban Galing 5: Promoting Excellence in Urban Governance* (2001), Galing Pook Foundation.

PART FOUR **SECTION TWO**

CREATING MORE JOBS (EMPLOYMENT OPPORTUNITIES)

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PART 4 SECTION TWO: CREATING MORE JOBS (EMPLOYMENT OPPORTUNITIES)

INTRODUCTION

Decent work is not possible without work.

Job creation depends on investment and the creation of the demand for labour. This in turn is influenced by many factors, among others, resources and skills in the area, investment climate and infrastructure in the community, economic opportunities brought about by markets. Some factors lie within the control of the local community, but others lie in higher government structures and macro economic and sectoral policies.

Investment may be made by formal enterprises, which have the potential to create several jobs. The important employment potential (direct and indirect) of public investments in infrastructure needs to be better exploited. In many rural communities, however, individuals invest their labour, some land and space, and a bit of physical or financial capital to generate income for themselves, their families and, perhaps, one casual worker.

Job opportunities may be wage employment or self-employment in own-account work and micro or small entrepreneurial ventures.

Section Two of Part 4 contains tools that provide ideas and suggestions about strategies and local initiatives that can be taken by local planners and development practitioners in order to stimulate job creation and preserve jobs. These tools pay attention to the role of small enterprises and cooperatives, infrastructure investment, microfinance and skills training. The first tool includes pro-active measures to link people to jobs and minimise job losses.

APPROACHES TO LOCAL JOB CREATION

OVERVIEW

Job creation depends on investments and the creation of the demand for labour. (Please refer to the tools in Section One of Part 4) This in turn is influenced by many factors, among others, resources and skills in the area, economic opportunities brought about markets, and a suitable investment climate and infrastructure in the community.

There are many things that Local Government Units (LGUs), local leaders and community organisations can do to stimulate and facilitate the creation of more and better job opportunities.

OBJECTIVE

This action tool discusses some practical ideas and suggestions about local initiatives that local development planners and practitioners can undertake.

INITIATIVES TO IMPROVE THE JOB LINKING CAPACITY OF A COMMUNITY AND THUS THE FLOW OF PEOPLE INTO JOBS

Most people still find employment through social networks rather than through newspapers or employment services. There is a lot that local communities can do to enhance its job linking capacity, particularly for those most disadvantaged. Community action can also help to fill job vacancies more quickly, discover hidden job opportunities and help counter attitudinal rather than market reasons why some employers may not be increasing their workforce.

What can be done:

1. Information dissemination on skills and jobs

- Prepare publicity summarising all forms of job assistance available locally (e.g., the Philippine Job Net program of the Department of Labour and Employment (DOLE) providing job hunting support, referrals and matching).

- Compile a skills registers to identify skills that different locals are willing to share with others.
- Provide a free job advertisement in the local newspaper for out-of-work people to advertise their skills.
- Provide a free radio spot service for out of work people to advertise their skills.

2. Job-linking

- Provide resources and networks to the local Public Employment Service Office (PESO) and mandate it to implement appropriate actions from this list.
- Organise a door-knock campaign targeting local employers making them aware of employment schemes.
- Organise a job-mate scheme that links a job seeker to a job-mate: The job-mate provides one-to-one mentor support in the search for work.
- Establish a casual labour exchange which provides a focus for notifying casual work opportunities and provides a direct link to the out of work with appropriate skills.

- Establish a unit or labour pool that co-ordinates the seasonal needs of farmers with people looking for work.
- Organise an “Employ Me” competition where school graduates and the unemployed enter a poem, essay or cartoon on the theme “Employ Me”; publish the best in the local newspaper.

3. Facilitate job placement

- Organise a local group training scheme where a group of employers collectively employ a group of trainees.
- Organise a regular door knocking campaign of businesses to find out skill shortages and develop immediate short courses to fill local job needs.
- Establish a Local Employment Trading Scheme where employment skills are bartered.
- Organise a local support program for redundant workers as soon as possible after the redundancy or preferably prior to the closure of a factory or office including a systematic telephone program regarding job vacancies of every business within a certain radius of the community.
- Make maximum use of counselling services provided by DOLE.

4. Training

- Coordinate training efforts with provincial and regional training centres such as the Technical Education and Skills Development Authority (TESDA) of the DOLE.
- Organise community job clubs where job seekers can learn job search skills and support each other through sharing information and job leads.

5. Directly encourage job creation

- Make full use of government employment programs to create local jobs.
- Publicly recognise and thank employers who employ local young people.
- Promotion campaigns to encourage employers to create extra jobs - use of incentive prizes.
- Co-ordination of an ‘Adopt a School’ program by local businesses - Educational Compacts.

INITIATIVES TO IMPROVE THE PRODUCTIVITY AND PROFITABILITY OF EXISTING BUSINESSES AND THUS, ENHANCE JOB SAVING AND JOB CREATION POTENTIAL

International experience has clearly shown that more jobs are created through business expansion than through new business start-ups. See Tool 4.01.01 for initiatives that focus on business retention and improvement.

INITIATIVES TO ENCOURAGE THE FORMATION OF NEW BUSINESSES

Tool 4.02.07 and Tool 4.01.01 includes a range of support to help potential new entrepreneurs research and develop a viable business idea and obtain access to the appropriate skills and resources. Increasingly, small communities are discovering the new business potential in alternative tourism, small specialist manufacturing, information technology sectors, and alternative/ specialty agricultural production.

INITIATIVES TO ATTRACT NEW BUSINESS, INDUSTRY PROGRAMS, SERVICES AND FUNDING FROM OUTSIDE THE AREA

Previously, some people considered that local economic action was only about attracting outside industries. Now there is a growing appreciation that this may not be the most effective strategy for small communities. However, there is a range of initiatives that can be taken to recruit compatible new businesses/industries. Moreover, there is a wide range of grants, services and new programs that can be monitored and 'head hunted' which can generate additional income, employment and opportunities for locals. See Tool 4.01.01 for suggested actions.

CROSS-REFERENCES

- Tool 2.03, Assessment Tool: Assessing your local economy
- Tool 4.01.01, Action Tool: Strategies for making your local economy grow
- Tool 4.02.07, Information Tool: The Start and Improve Your Business (SIYB) Program
- Tool 4.03.03, Assessment Tool: Analysing livelihoods of poor communities and areas
- Tool 4.03.03.1, Action Tool: Guidelines for supporting livelihoods of poor communities

See the rest of the Tools in Section Three, Part 4. These tools tackle specific topics mentioned above.

CREATING LOCAL JOBS THROUGH SMALL ENTERPRISE DEVELOPMENT

OVERVIEW

Small enterprises have a great potential to generate new employment opportunities. It is also a sector that already provides an important contribution to the economic and social well-being in most communities. It is therefore necessary that direct and specific measures be introduced to support it.

OBJECTIVE

This action tool provides local development planners and practitioners with a range of local initiatives that can be taken to create jobs in small enterprises.

DESIGNING A LOCAL ENTERPRISE DEVELOPMENT STRATEGY

A TWO-PRONGED APPROACH

Creating jobs through small enterprise development requires a two-pronged approach:

- Promote the expansion and increased profitability of the existing enterprise base.
- Promote the survival of new start-up enterprises.

AIMS OF THE STRATEGY

The design of a local enterprise development strategy may include some or all of the following purposes:

- To improve the success of new enterprise start-ups in the area.
- To improve the profitability and survival of existing enterprises.

- To increase the number, variety and quality of employment opportunities for local people in the private sector.
- To increase the opportunities for local enterprise development within specific sectors (e.g., tourism, value adding, manufacturing).
- To improve enterprise practice in the area and to promote high quality and efficiency wherever possible.
- To increase the volume of enterprise conducted and the area and to prevent the loss of enterprise to other areas.

POSSIBLE ELEMENTS IN LOCAL ENTERPRISE DEVELOPMENT STRATEGY

BUILDING A LOCAL CAPACITY AND FOCUS FOR ENTERPRISE DEVELOPMENT

There is a need for all local communities to create a focus for the development of the enterprise sector. This will promote local cooperation, linkages, access to resource and the better use of existing resources. There are a variety of possible

structures and organisations that can be used for this purpose, including:

Local enterprise association or chamber of commerce

Local or regional enterprise associations can provide a means of focus for enterprise development; they can maximise current resources; provide advocacy to government on behalf of the local private sector; and can be sensitive and responsive to local issues.

Development boards or commissions

Usually these organisations have a broader planning and development remit than just that of enterprise development. However, they can be a vehicle for community leadership and the mobilisation of resources for this purpose.

Local government

While local government's role is usually not related to enterprise development, a local government that is committed to the growth of the local enterprise sector and the promotion of local entrepreneurship

can provide an important service and resource to this sector.

PROVIDING ADVICE AND TRAINING

Practical timely advice and training can be of great value to local enterprise development. There are a number of features to consider when providing these services:

- It should be confidential.
- It must be informal - allowing the enterprise person to feel at ease and able to ask questions.
- It must be accessible; advice can be provided from a central location or, when the enterprise is established, at the site of the enterprise itself.
- Training is best provided outside of normal work hours; in short bursts; and based upon the development needs of the enterprises they are targeting. One of the troubles with many training programs is that they are often aimed at helping people prepare an enterprise plan to get started in enterprise while there is very little training available for people once they are in enterprise. Training that would help them improve their enterprise.

PROVIDING ACCESS TO FINANCE

Access to finance is an issue faced by many enterprises in the Philippines and enterprise failure as a result of being under-capitalised is a common problem. Thus, an enterprise development strategy must come to terms with this issue.

Some local strategies that have worked well in different communities include:

Promoting finance networks and 'angels'

Family and friends are one of the most common sources of enterprise finance. Those people who do not have family or friends with the financial capacity to invest in an enterprise may need assistance in getting into other networks to help them find an investor or 'angel'.

Improving access to bank finance

Some people just need a little assistance in approaching the local bank. This may be through referral or introduction to the local bank manager or loans officer, or assistance in the preparation of a detailed enterprise plan.

Establishing alternative finance schemes

A number of local communities have developed alternative microfinance schemes that aim to provide enterprise finance through means other than a conventional banks - although a number of these schemes use the resources and skills of local banks at some point in their operations (e.g., for debt recovery or administration).

Note: Before launching into action to address the issue of finance for small enterprise it is important to investigate carefully the role that finance should play in a local enterprise strategy, and that a community should consider the following questions:

1. Is there a problem with access to finance for enterprises in the community? (Local bank managers may say “no”; whereas those people without sufficient collateral may say “yes”. Who is right?)
2. If there is a problem in this area, can it be specified? (i.e., are there certain groups of who are having trouble getting finance - such as people wanting to start a new enterprise, or an unemployed person) What, on average, is the amount of funds these people require? What are the funds to be used for? Equipment? Working capital?
3. What resources are there in the community to begin to address this issue? (There may be, for example some local bank managers who are prepared to look at new approaches, or a group of local investors willing to invest in local enterprises.)

PROVIDING WORKSPACE

Shared workspaces have become recognised as a valuable way of promoting new enterprise development within a specific community. Whilst there are a number of variations, the main idea of these facilities is that they provide a place for a new enterprise to work from, which may or may not be cheaper than market rate, which provide an ‘easy in, easy out’ leasing arrangement allowing a new enterprise to move in and begin enterprise without the fear of a long term commitment. Access to enterprise advice, training, information, and shared services such as a common reception, answering service, facsimile, photocopier and

a book-keeping service are other elements of a shared work space that combine to assist new enterprises to successfully start and expand.

TARGETING SPECIFIC GROUPS

In some cases communities can focus their attention on specific groups of residents and provide a range of support measures tailored to suit the needs, circumstances and opportunities of these groups. Some examples of this type of targeting include enterprise development programs that are oriented toward:

- Women
- Young men and women
- Women and men from indigenous communities
- Unemployed people

TARGETING SPECIFIC INDUSTRY SECTORS

Many communities have found value in providing a set of specially tailored support services to enterprises that are operating within a specific industry sector. Whilst there can be many variations to programs of this sort, they often comprise the following elements:

- Facilitating networks and the sharing of information between enterprises operating in the sector.
- Establishing joint training, research and development initiatives.
- Promoting schemes for group marketing and bulk purchase of raw material.
- Increasing access to external funding opportunities.
- Promoting good practice and processes for innovation.
- Commissioning studies that enhance the understanding of the sector including its size, current levels of operation, current operators, perceived constraints and opportunities.
- Improving market information.
- Promoting better access to specialist resources, advice and training.
- Promoting a better understanding of labour market needs within the sector.
- Identifying diversification opportunities.
- Commissioning studies for the assessment of new export opportunities.

DESIGNING A HOME-BASED ENTERPRISE POLICY

Home-based enterprises are an unseen resource within many communities. However, local

government authorities often have different attitudes (i.e., many have negative attitudes) toward home-based enterprises. Thus, attention should be given to creating a positive policy for home-based enterprises. Such a policy should:

- Provide a statement of aims and purposes of such a policy (e.g., to promote employment, improve quality of life, increased incomes, expanding local products and services).
- Recognise the value of home-based enterprises - particularly in terms of employment.
- Recognise the key areas of concern for local government, including: land use and land zoning concerns, health and safety, noise levels, parking, etc.
- Recognise the key factors influencing the success and growth of home-based enterprises.
- Outline the anticipated development path for home based enterprises e.g., beginning in the home and growing out into a more formal site within the area.
- Outline strategies that can facilitate the movement of home based enterprises along this path, through, for example, information, access to training, access to finance, advisory services, access to work space, access to enterprise support services, etc.

ESTABLISHING AND MAINTAINING A LOCAL OR REGIONAL ENTERPRISE DATABASE

Regional enterprise databases can provide a powerful tool for the identification of new enterprise opportunities that may exist within the area and outside of it. It is about improving the information flow to enterprises about the commercial opportunities that exist within their region. Information is obtained, collated and provided with the following uses in mind:

- Regional purchases: Local and international enterprises can use the purchase inquiry service to identify potential suppliers from within the region. Inquirers receive a list of potential suppliers drawn from the database within one working day.
- Sourcing products for export: Importers from overseas and export agencies can source products and services available from export. As well as holding details on products currently exported, the database contains those products and services that are not currently being exported, but which have the potential for export.
- Import substitution: The database can be searched for potential suppliers of imported

goods and those suppliers made aware of import substitution opportunities.

- Investment facilitation: As local governments are often contacted by overseas or inter-state enterprise people with varying interests, including joint venture manufacturing and direct investment opportunities, the database can be accessed to make such parties aware of regional capacities which may lead to new contacts being made.
- Export stimulation through joint marketing: Many enterprises are unable to individually enter export markets due to their size and the cost associated with such ventures.
- Other opportunities: There are many other possible uses of this sort of information, including joint ventures, the identification of distributors for goods and services, and informing those who register of media, educational, training or investment opportunities.

A database can assist development planners, policy makers, service providers and enterprises gain relevant and current information that will assist their work in the area. In addition, such information can:

- Demonstrate the community's pro enterprise attitudes.
- Establish mechanisms for regular dialogue with members of the enterprise community
- Develop a detailed data base on local enterprise activities and plans, including a register of all goods and services.
- Ascertain and respond to problems and constraints to growth identified by local enterprises.
- Ascertain and respond to the needs and expectations of the labour market.
- Support practical initiatives which directly enhance the productivity and competitiveness of local enterprises, and assist in expanding their market share.
- Identify opportunities for "plugging the leaks" in the local economy and encourage inter-trading amongst local enterprises.
- Create mechanisms for enhanced co-operation and communication between the private sector and all levels of government.
- Create an environment conducive to the attraction of outside enterprise, industry and investment.

IMPROVING LOCAL ENTERPRISE PRACTICES

There is a need for enterprise proprietors to gain exposure to new ideas, techniques and to have their skills and knowledge base enhanced (especially in terms of marketing, merchandising and retail practices). Improving customer service is an important part of improving enterprise performance overall.

Local enterprise clubs, associations or business chambers can bring their members together to consider their business practices. Some examples of seminars or workshops that may be run by these groups include:

- Marketing equals profits
- Team building for success
- How to value a small enterprise
- Drive your advertising peso further
- Be motivated to win
- Christmas retailing strategies

CONCLUSION

This tool has sought to describe a number of different actions that can be taken by local communities to improve the state of their enterprise sector and to enhance its potential to provide new, interesting and long-term jobs. The choice of any one of these actions, or indeed any actions not listed above, should be dependent upon the existing capacities and opportunities of the local enterprise community and the needs, threats and limitations that it may face.

To be effective, any local strategy will require broad community participation and endorsement of the chosen directions and actions. It will need a local agency to focus on coordination and the achievement of successful outcomes. Most of all, it will require a commitment to best practice, customer service (i.e. customer-oriented enterprises) and opportunism.

RELEVANT RESOURCES

- ILO, Start and Improve Your Business training package. http://www.ilo.org/dyn/empent/empent.portal?p_docid=SIYBHEAD&p_prog=S&p_subprog=BD
- ILO, I-WEB. Improve Your Work Environment and Your Business for Micro entrepreneurs. Action Manual. (Geneva: ILO) 2003.
- For more information on these entrepreneurship training packages, contact ILO Manila.

CROSS-REFERENCES

- Tool 2.03, Assessment Tool: Assessing your local economy.
- Tool 4.01.01 Action Tool: Strategies for making your local economy grow.
- Tool 4.03.03, Assessment Tool: Analysing livelihoods of poor communities and areas
- Tool 4.03.07, Assessment Tool: Assessing the potential for local microfinance.
- Tool 4.03.07.1, Action Tool: Improving local access to financial services.
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises.
- Tool 4.04.02.1, Action Tool: Simple and low-cost ways of improving working conditions in the “informal sector”.

CREATING LOCAL JOBS THROUGH EMPLOYMENT-INTENSIVE INFRASTRUCTURE PROGRAMMES

OBJECTIVE

This information tool discusses an overview of employment-intensive infrastructure programs, and explains the issues accompanying the use of labour-based, equipment-supported technology in order to help job creation at the community level.

This tool is based on “A Guide for Employment-Intensive Infrastructure Programs: Labour Policies and Practices”, published by the International Labour Organization, which draws from years of experience in many countries across the world.

INTRODUCTION

“Labour-based technology” aims at applying a labour/equipment mix that gives priority to labour, but supplements it with light equipment where necessary for reasons of quality or cost. In the literature, “employment-intensive” and “labour-intensive” are generally used as synonyms of “labour-based”.

It is important to differentiate between optimal (and efficient) and a maximum (and possibly inefficient) use of labour. The latter may occur when income generation and job creation are the principal objective. This is the case in disaster relief or food for work projects that are temporary and where the required quality and productivity are not high.

The International Labour Organization emphasises the importance of making employment-intensive approaches sustainable by optimising the use of labour. It does not want to see employment-intensive programs degenerate into situations where cost-effectiveness and quality aspects are ignored.

COST ADVANTAGES

A rule of thumb is: when the minimum wage in a country is below US\$4, there is a good possibility that Employment-Intensive Infrastructure Programs (EIIP) will be cost-effective. Comparative studies in countries like Cambodia, Ghana, etc.

show the following advantages of labour-based options:

- Costs are 10 percent to 30 percent lower than equipment-based options
- Foreign exchange requirements are reduced by 50 percent to 60 percent
- For the same amount of investment, 2 to 5 times more employment is generated

PROJECT IMPLEMENTATION MODES

BY CONTRACT

In this mode, private entities are contracted by a government agency to implement, say, a construction or maintenance project. Private contractors are able to act in a flexible, unbureaucratic manner and, therefore, reward good performance and operate efficiently. In this mode, the government agency can impose certain conditions in the contract that require the use of employment-intensive approaches.

BY ADMINISTRATION

Several LGUs prefer to implement some construction and maintenance projects “by administration”. (In the guide, this mode is called “force account”.) This helps reduce cost by doing away with contractor’s margins and management and supervision fees. However, it also requires more time and effort from LGU personnel, usually, the Municipal Engineer. The LGU can directly apply EIIP in this mode. However, large projects may be difficult to implement in this mode.

CONSTRUCTION AND MAINTENANCE

It should be noted that construction projects combine one-time, high-level investments with short-term employment. Maintenance projects combine constant low-level investments with longer-term employment of fewer workers. The LGU can adjust its EIIP depending on its labour situation.

LABOUR STANDARDS

It is recommended that International Labour Standards should be applied in EIIP. It may be difficult in the short term to implement labour-

based works in line with international labour standards. However, the experience of long-term projects strongly suggests that operations consistent with these standards are more likely to achieve longer-term success and development objectives. The ILO Guide lists summaries of provisions of relevant international labour conventions related to the following rights of temporary workers and “one-person” contractors:

- Equality
- Freedom from Forced Labour
- Freedom of Association
- Minimum Age
- Minimum Wages
- Protection of Wages
- Safety and Health
- Other employment conditions, e.g., workers compensation

KEY INFORMATION NEEDED

The following information are important for the design and implementation of employment-intensive infrastructure programmes:

- Personnel requirements at different stages of the project

- Type and level of remuneration (cash or kind)
- Seasonal fluctuations in the local labour market (agricultural and industrial)
- Traditions (if any) influencing participation in wage employment
- Relevant national laws and regulations
- Desired gender mix in the work force
- Social targeting objectives
- Interest in spreading employment opportunities around community
- Desired level of productivity in work force
- Ensuring that labour is voluntary

SUGGESTIONS

The ILO Guide gives suggestions on several topics. A sample of these is below.

Recruitment – When there is an overabundant labour supply, the guide lists some methods of rationing jobs such as lotteries, job rotation, etc. Job rationing systems must be transparent. All work must be covered by a signed employment contract.

Wages – Legally established minimum wages should be respected. Where applicable minimum wages are clearly too high or too low, formal

exemptions can be considered.

Basis of Remuneration – For employment-intensive works, productivity-based remuneration is preferable to time-based remuneration. However, abuses must be prevented or minimised. When appropriate, time-based remuneration can be combined with productivity-based remuneration.

Remuneration in kind – poses delivery and administrative challenges. It is most appropriate where food or selected consumption items are scarce and market mechanisms are unresponsive.

Protection of wage payment – According to studies, wage payment on time is most important to keep work going and workers happy.

Attendance – Regular attendance is essential and this must be made explicit. Transparent record keeping of attendance is important. When there is high absenteeism, the cause and remedy need to be identified.

Other labour regulations – Mandatory weekly rest, annual paid holiday (when applicable), and sick leave need to be in place.

Motivation and discipline – Transparency and supervisors' attitudes and behaviour can be critical in maintaining motivation and discipline. Due process and fairness should guide disciplinary systems.

Management and supervisory training – Good supervision requires a well-organised training program.

Safety and health – Safe drinking water, first aid kits, and latrines and urinals are the minimum requirements at the worksite.

Social security and insurance – Relevant national social security programs need to be respected.

Duration and termination of employment – Conditions concerning termination of employment should be well set out in documentation and communicated to workers.

Rights of association – Associations of community groups can be extremely effective in identifying, executing, supervising, and maintaining labour-based infrastructure projects. Workers and employers should be free to organise and join organisations of their own choice.

ACKNOWLEDGEMENTS

This tool is based on *A Guide for Employment-Intensive Infrastructure Programs: Labour Policies and Practices* (1998) by David Tajgman and Jan de Veen of the Development Policies Department, International Labour Office, Geneva

RELEVANT RESOURCES

- *Labour-Based Road Construction Methods – Management Manual*, ILO-ASIST, 1997. <http://www.iloasist.org/Downloads/tmlbt.pdf>
- *Building Local Government Capacity for Rural Infrastructure Work*, ILO-ASIST, 2003. <http://www.ilo.org/public/english/employment/recon/eiip/download/buildcapacity.pdf>
- Mr. Constante Llanes Jr., Project Manager, *Central Labour-Based Unit, Comprehensive Agrarian Reform Program*, Department of Public Works and Highways.

CROSS-REFERENCE

- Tool 2.05, Information Tool: Integrated Rural Accessibility Planning (IRAP)

CREATING LOCAL JOBS THROUGH WORKER COOPERATIVES

OBJECTIVE

This information tool provides an overview on worker cooperatives and how these cooperatives can contribute to the creation of more and better jobs in their local communities.

INTRODUCTION

Cooperatives create jobs because they pool resources, ideas and capital. Cooperatives are not the only way to create jobs, but they are a valid option for individuals who have not enough resources to start their own businesses. They can succeed where individuals may fail.

Because cooperatives have a double nature as associations of people and as businesses, cooperatives have a distinct employment creation potential that differs from that of other enterprises.

- Synergies between members
- Greater bargaining power
- Members participation makes management cheaper

- Protection and representation (especially in the informal sector which cooperatives can help to formalise)
- Greater stability
- Joint innovation (sharing of ideas among members)

Because cooperatives are member-based, not capital-based, they have a specific employment creation potential.

- Economies of scale: The cooperative organisational form enables independent entrepreneurs and workers in the informal sector to carry out joint economic activities at reduced costs
- Economies of scope: The joint production of goods and services facilitates division of labour and specialisation and therefore enhances productivity
- Increased bargaining power: Cooperatives combine the supply and demand of their members and thus increase their bargaining power

- Active member participation: The active participation of members in the management of a cooperative reduces costs, enhances cost-effectiveness, and facilitates capital mobilisation
- Membership value: Cooperatives aim at boosting the self-employment opportunities of their members and therefore favour labour intensive production processes
- Representation of interests: Cooperative members can much better defend their interests than individual producers and consumers, in particular when the cooperative society is integrated into a vertical structure
- Stability: Due to risk sharing between members, cooperatives are generally more stable than individual enterprises
- Innovation: Cooperative members learn from each other and innovate together
- Legal protection: Joining a cooperative helps small-scale producers to obtain legal protection and to limit their personal liability to the amount fixed in the by-laws

WHAT IS SPECIAL ABOUT COOPERATIVE ENTERPRISES?

- Cooperatives are locally owned, creating and retaining profits and jobs within their communities.
- Cooperatives are democratically controlled, putting into practice the principles of social justice and equal opportunity.
- Cooperatives operate in the competitive market, and combine commercial and social objectives.
- Remote shareholders seeking short-term gain do not control cooperatives.

WORKERS' COOPERATIVES

WHAT ARE WORKERS' COOPERATIVES?

A workers' cooperative is an enterprise, which is owned and controlled by the people who work in it. This gives the people who work in the cooperative control over their work and their working environment and the ability to decide how the enterprise will develop.

Usually all the people who work in the cooperative on a permanent full-time basis are members of it. Anyone joining the cooperative is normally

admitted to membership by a joint decision of the work force after she or he has worked for a short probationary period. People who stop working for the cooperative give up their membership when they leave their jobs.

WHY CHOOSE WORKER COOPERATIVES?

- Often, workers' coops are formed to overcome obstacles that individuals face. Individuals may lack finances, power, ideas, and skills. By working together cooperatively, many of these obstacles can be addressed. Thus, workers in a cooperative work together, negotiate together, innovate together, and complement each other's skills and experiences.
- The primary purpose of a workers' cooperative is to control the management and objectives of the enterprise, and ownership and use of its assets. This requires some kind of voting system where each member of the workforce shall have only one vote and that a majority or some higher proportion of the votes shall be decisive.

CHARACTERISTICS OF WORKER COOPERATIVES

- The workers in the business also own the business

- They build up their own operating capital from savings and from investing in the cooperative. Outside capital, obtained from those who are not fellow-workers, has no influence on authority to take decisions or on internal power, both of which rest with the workers
- Control in common of the means of production, thereby working jointly towards the "socialisation" of those means, which are thus transferred from private to common ownership
- Democracy - on technical, financial, economic and social issues, control is exercised on the basis of one man, one vote
- Management is structured hierarchically according to competence but there is however; democratic control, consultation and decision-making in respect of general management policy and its execution
- The endeavour to obtain the largest possible profit has to yield pride of place to the idea of producing to satisfy social needs
- The cooperative offers to a greater extent than any other form of organisation the possibility of making economic democracy a reality, whilst directing production towards the satisfaction of social needs
- Economic democracy and recognition of carrying out a task in the right way vis-à-vis

the community will have an influence upon the whole of society and help to raise its level to a higher plane. In recent years, there has been increasing interest in this form of organisation, particularly in the building industry

BENEFITS OR SERVICES THAT MEMBERS MAY DERIVE FROM WORKERS' COOPERATIVES

1. Provision of resident status through Identity Cards
2. Legal / political protection through
 - General license
 - Party patronage or any other means
 - Or any other means
3. Security for property (day and/or night watchmen)
4. Welfare assistance in case of crisis, sickness, death etc.
5. Use of commonly owned facilities
 - Premises
 - Machinery
 - Any other facility
6. Additional income from commonly owned property
7. Reduced costs from joint purchasing
8. Secure sales through joint marketing

9. Negotiating for preferential purchasing prices for materials spares or machines
10. Savings and credit facilities
12. Commercial advice/ training
13. Technical advice/ training
14. Timely information of changes in any of the above
15. Name any other benefit/service

KEY OPERATIONAL ISSUES TO CONSIDER WHEN FORMING A WORKERS' COOPERATIVE

Distinction between reward for capital and reward for labour

Those who provide capital should receive the fair reward for doing so in the form of interest at an agreed rate. But any trading surplus, which remains after the payment of this interest, is regarded as having been created by the effort of the workforce. It should therefore be regarded as reward for these efforts, to be used as the workforce decides and not for further reward of those who provide capital. 'Labour hire capital, capital does not hire labour'

Control by the workers

Control can hardly be said to lie with the workforce if it is possible for the enterprise to be 'sold up' without their consent, and it is therefore customary to stipulate that, whatever the form of ownership structure, the enterprise cannot be dissolved except with the consent of the members. Even then, the assets realised shall not be distributed to the members. This is to prevent the members at any particular time cashing in, for their own benefit, assets which have been built up by the efforts of their predecessors in the enterprise and which should be handed on for others in the future.

Meetings

All of the members of a workers' cooperative regularly meet together to make decisions about how the cooperative is organised. These decisions are made on the basis of one member, one vote. However, decisions may not always be arrived at by voting and many cooperatives use a process of discussion by consensus.

Shares

A workers' cooperative does not have shares in the normal sense. Instead, members usually have one nominal share, which is simply a membership ticket. This share is given up when they leave the cooperative.

The money needed to finance a workers' cooperative takes the form of loans to the cooperative as opposed to the sale of shares in a conventional company. These loans, whether from commercial or private sources, receive interest at agreed rates, which are not linked to the profitability of the cooperative. Or to put it another way, a workers' cooperative arranges finance by hiring the capital it needs. The loans may be given by the members of the cooperative as well as raised from outside sources.

Dissolution – and the principle of common ownership

The members of a worker' cooperative take from it a fair wage for their work plus a bonus from any profit made. If a member decided to leave, there is no share-out of the commonly

owned undistributed profits because these are needed to maintain the business in the future. In addition, if it is decided that the cooperative should cease trading, it is not legally possible using the recommended cooperative structure for the members to distribute any commonly owned profits or surpluses amongst themselves. The reason for this is that the surpluses have been created by all members past and present for the long-term maintenance of the cooperative and the provision of employment in it. It is therefore only right that any surpluses left over after the cooperative has ceased to trade should be transferred to another cooperative to carry on the provision of employment, which the dead cooperative can no longer do.

Social objectives

Workers' cooperatives generally agree to commit themselves to promoting the well-being of people who work in the cooperative, the people with whom they trade and also the community at large. Many are motivated by the desire to provide socially useful goods or services.

MAIN PRINCIPLES UNDERLYING DAILY OPERATION

Workers' cooperatives operate along the following principles:

- A general meeting of all members controls the coop; each member has one vote so that everyone has an equal say in the running of the business.
- The money needed to finance the cooperative is borrowed on simple loan terms (i.e., so that ownership remains with the members)
- If it is decided that the cooperative should cease trading and be dissolved, it is not possible for the members of the cooperative to benefit individually from this action (i.e., the principle of common ownership)
- A workers' cooperative has social as well as financial objectives.

A properly set up workers cooperative will fulfill all these principles in a simple and straightforward way. Any surpluses or profits made by a workers' cooperative are dealt with in one of these three ways: (1) retained in the business; (2) distributed as a bonus to members; or (3) used to support the social objectives of the cooperative.

It must be remembered that a cooperative is still a business which has to function efficiently in order to survive in the same competitive commercial world as other businesses. The formation of a cooperative is neither a soft option nor an excuse for adopting slipshod business practices.

In setting up a workers' cooperative, briefly members need:

- People with skills who are committed to working in the cooperative
- Products to sell or services to offer
- Premises to operate from
- A legal structure for the cooperative
- A business plan to show that the business is viable
- An estimate of the amount of money needed to start and run the business

RELEVANT RESOURCES

- ILO Cooperative Branch: <http://www.ilo.org/employment/coop>
- International Co-operative Alliance: <http://www.coop.org>
- ICA Equality Committee: <http://www.ica.coop/gender/index.html>

CROSS-REFERENCE

- Tool 4.01.03, Information Tool: The role of cooperatives in local development.

SKILLS DEVELOPMENT AND EMPLOYABILITY

OVERVIEW

The principal asset of populations is said to be their labour. Increasing the productivity of this asset, through improvements in education, training, health and nutrition, is therefore one of the keys to raising the earnings, improving their position and mobility in the labour market, and reducing inequalities in income distribution.

Education and training enhance an individual's employability and capacity to respond to and seize economic and employment opportunities.

OBJECTIVE

This information tool discusses skills development and its role in enhancing people's employability, and raises some key issues that local planners and development leaders should bear in mind when planning and implementing skills development strategy in their local areas.

EMPLOYABILITY – ABILITY TO FIND, SECURE, ENRICH AN OCCUPATION

Employability refers to an individual's ability to find, create, preserve, enrich a job or occupation, and go from one to another obtaining in exchange not only an economic reward but also a personal, social and professional satisfaction. At the same time, the external environment – labour markets, the nature of employment opportunities that are available, infrastructure and mobility, and social and cultural norms, influences employability.

Skills development policies and programmes, while not responsible for generating employment, must support individuals so that they become more effective at identifying and capturing opportunities, and transform them from being passive actors who are treated essentially as a “labour supply or labour reserve” and recipients of training courses, to active actors who have a role in cultivating opportunities and developing their own “occupational projects”.

A comprehensive skills development strategy aimed at enhancing employability of the poor will need to look at and address many factors at local and national levels. Employability is the result of processes and conditions occurring at many levels – personal, familial and community, as well as in the economic sectors, which determine the magnitude and type of employment opportunities, the content of policies and institutional actions that influence the operation of markets and investments, and the movement, education and training of people.

Within the parameters posed by the national and institutional environment, LGUs and local planners have a role to play in supporting and directing training opportunities in their areas, and ensuring that these strengthen the employability of people.

TRAINING FOR EMPLOYABILITY

Following from the previous statements, training for employability means:

- To strengthen the capacity of individuals so that they enhance their occupational possibilities
 - This involves the development of key competencies that they can use throughout their lives, not necessarily in the same job or productive activities.
- To train individuals for continuous learning
 - This means learning how to learn, learning how to be, learning how to do and learning how to undertake.
- To support people so that they are able to identify internal and external obstacles that interfere with the achievement of their objectives, and to appreciate the demands and competencies required in the world of work – This includes sharing information and guidance on the diversity of alternatives, demands and possibilities in the educational and labour market; eliminating stereotypes that pigeonhole jobs as being feminine and masculine; and orchestrating the search and/or generation of work.
- To stimulate and strengthen the capacity of each individual to define and manage their own professional or occupational path, which is necessary in the uncertain setting in which work life evolves and will evolve.

KEY COMPETENCIES

Technical occupation-specific skills that are in demand now may be less in demand in the future or elsewhere. Key competencies are abilities that are valuable throughout one's lives and across occupations.

Key competencies are crosscutting (across occupations) competencies, attitudinal competencies and technical-sectoral competencies that are needed to build up a versatile labour profile. Men and women who possess these key competencies increase their mobility to shift between jobs and occupations and their capacity to search for employment solutions – from independent employment, micro-entrepreneurial venture, employment in activities that can turn out to be competitive, etc. Mobility to shift from one occupation to another is especially valuable in situations when jobs are lost or certain activities lose their market.

Crosscutting and attitudinal competencies include: self-confidence, feeling of belonging to a group and team work, capacity to identify and analyse problems, planning and decision-making,

personal autonomy, knowing one's rights and responsibilities and knowing how to exercise them, participation and leadership, and communication.

Local skills development strategies should aim at enabling the local population to acquire these key competencies. Sessions or workshops and practical exercises that are aimed at building these competencies can be designed for particular groups, and incorporated in school and vocational training programmes.

Developing the key competencies of out-of-school youths and young people – women and men preparing for a professional life or at the beginning of their work life – is especially valuable for them and for the development of local communities.

RELEVANT RESOURCES

- *A Training Policy Model for Enhancing Employability and Gender Equity: The FORMUJER Programme*, Draft Version. Montevideo, ILO CINTERFOR, 2004.
- ILO, *Reader's Kit on Gender, Poverty and Employment*. Module 5. Investing in Human Capital: Focus on Training. ILO, Geneva, 2000. <http://www.ilo.org/public/english/employment/skills/informal/gpe/informa/pack/index.htm>

CROSS-REFERENCES

- Tool 4.02.06, Action Tool: Community-based training approach.
- Tool 4.05.03.1, Information Tool: Gender: The challenges of women and work.

COMMUNITY-BASED TRAINING APPROACH

OBJECTIVE

This action tool discusses a systems approach to community-based training. The tool describes the elements and steps in planning, implementing and providing follow-up to skills training projects at the community level.

INTRODUCTION

Employment and income generation continues to be the main strategy for alleviating poverty in developing countries. However, the ability of developing economies to create wage employment opportunities to meet the needs of an expanding labour force is increasingly limited. Self-employment is an important alternative for many. Yet, support services and government programmes that exploit self-employment potentials are few. In most countries, existing training systems continue to be mainly designed for formal wage employment and for occupations or trades that do not exist in the informal sector. This narrow range of skills training opportunities

especially affect school leavers or out-of-school youths who require skills which are actually “in demand”. Many of them migrate from rural to urban areas in search of work, but only add to the numbers of urban unemployed.

COMMUNITY-BASED TRAINING: OVERVIEW

The Community-Based Training (CBT) is a response to the training of rural and urban poor for employment and income generation. This was developed by the International Labour Organisation, together with national partners in many countries, based on years of experience in community-based training programmes.

The CBT consists of a set of procedures for systematically:

- Identifying employment and income generating opportunities at the local level,
- Designing and delivering appropriate training programmes, and
- Providing the necessary post-training support

services, including credit, technical assistance and market information, to launch and sustain income generating activities.

The CBT differs from conventional vocational training programmes in three ways:

- It identifies potential income generating activities and related training needs before designing the content and duration of specific training programs.
- It involves the local community directly in each phase of the identification, design and delivery process.
- It facilitates the necessary post-training support services, including credit, to ensure that individuals or groups can initiate and sustain the income generating activity for which training was provided.

The TREE training project in Mindanao uses the CBT, and this is presented in brief in Annex 4/02/06 below.

MAJOR STEPS IN THE CBT

The CBT involves six (6) steps:

STEP 1: INSTITUTIONAL PLANNING AND PROGRAMME PREPARATION

- Starts with the assessment of existing government policies, programmes and priorities related to training for employment and income generation.
- Identifies existing training resources and additional needs in terms of programmes, facilities, equipment, and personnel.
- Organises a Steering Committee (SC) to identify target groups and areas which a CBT Project shall cover.
- Organises trains and mobilises a project staff.

The SC usually consists of a Training Agency (e.g. Tech-Voc), Department of Labour, Trade and Industry, Employers' groups, Trade unions, other NGOs involved in training, and Local Government Units. The institutional partners usually sign a Memorandum of Agreement (MOA), which indicates their roles, responsibilities, as well as their contributions to the CBT project.

The SC elects its own Chair and decides on the frequency of its meetings. It agrees on the CBT project policies that are essentially based on the project document (PRODOC), including the criteria for selecting target areas, beneficiary groups, local implementing partners and strategies for service delivery.

STEP 2: IDENTIFICATION OF ECONOMIC OPPORTUNITIES AND TRAINING NEEDS

This step is done at the level of the local communities selected for the CBT project based on the criteria set by the SC.

- Selection of the modalities for community participation in the activities, and organisation of local structures, such as Local Training Committees (LTC), Local Resource Committee (LRC) and Credit Sub-Committee.
- Training of local training and employment coordinators from the institutional partners to carry out surveys of economic opportunities and training needs.
- Discussion of potential economic opportunities, and preparation of short-list of potential activities.

- Conduct of viability/feasibilities studies.
- Selection of priority economic projects, where training will be required, based on the results of the local surveys and needs analysis.

In the current CBT practice, these economic projects have usually been non-farm and informal enterprises (e.g. product-oriented, service-oriented, and construction-related).

A viability or feasibility study should be prepared for each selected priority economic project. Based on the feasibility study, a Training Proposal is prepared for technical and financial assistance of the CBT Project.

The Local Training Committee and Local Resource Committee start to be directly involved at this stage of the Project. The CBT project staff mobilises the Committees by discussing with them the results of the survey, the viability/feasibility study and the contents of the training proposal especially the cost requirements and sources of funds.

STEP 3: TRAINING ORGANISATION AND PREPARATION

This step solely involves the preparation of training activities. Under this step, the local CBT project staff carries out the following preparations:

- Identification and selection of the actual trainees,
- Recruitment or designation of trainers and instructors (usually from the national training agency or from the community)
- Development of training content and materials (in certain cases training syllabus and materials are already prepared by the training agency)
- Procurement of training tools and materials
- Preparation of training venue
- Preparation of training plans or schedules

STEP 4: TRAINING DELIVERY

- Organisation and conduct of training sessions and workshops
- Monitoring of activities
- Evaluation of trainee performance
- Feedback mechanism is put in place through progress report and end-of-training reports
- Completion of training

At this stage, enterprise and entrepreneurship development modules are included in the training activities. The objective is to prepare the trainees to implement their economic project based on the viability/feasibility study. The trainees decide on post-training activities such as raising capital or accessing credit, where to put their enterprise, how to acquire tools and equipment and production (or service) tools and equipment, how to market their products or services, how to sustain their enterprise and other related plans.

STEP 5: PROVISION OF POST-TRAINING SUPPORT SERVICES

The fifth step is the provision of follow-up services to the trainee-graduates.

- Group formation
- Linking the trainees with credit institutions or programmes
- Creating revolving funds
- Assistance in developing and marketing the trainees' products or services
- Post-training advisory or consultancy services on appropriate technologies

At this stage of the CBT methodology, the Credit-sub Committee is mobilised. The objective is to link the trainee-graduates to credit providers or to discuss with them ways and means to raise start-up working capital for the enterprise. Trainee-graduates usually need direct and on-the-job coaching in their first enterprise ventures. This is the role of the CBT project staff to provide technical advice in the start-up activities.

STEP 6: MONITORING, EVALUATION AND DOCUMENTATION

This step involves post-training collection of data and information on the activities of the trainees. The CBT project staff carries out the monitoring of the results of the training intervention on the trainees, specifically: (i) how the skills acquired in the training are being utilised; and (ii) the impact of the training on the lives of the trainees and their communities. Experiences and case studies are prepared for institutional studies and improvement of the CBT methodology.

Monitoring and evaluation are centred on the rate of increase of monthly incomes of the trainee beneficiaries before and after the training. It

also focuses on the impact of the training on the families of the trainees and on the communities.

THE CBT MANUAL

The CBT methodology prepared in non-specific country format is discussed in detail in a CBT Manual, consisting of six volumes corresponding to the six steps described above. Adaptations have already been made in many countries in accordance with specific situations and needs of the economy, the implementing agencies, and the specific needs of target groups.

RELEVANT RESOURCES

- International Training Centre of ILO, *Community Based Training for Employment and Income Generation Manual*, ITC of ILO, Turin.
- For more information, contact: ILO Manila.

CROSS-REFERENCES

- Tool 4.02.5, Information Tool: Skills development and employability
- Tool 4.03.05.1, Action Tool: Strategies for improving incomes and employment in the local economy

Annex 4.02.06: ILO-TREE Project in Mindanao

(An example of a community-based training approach)

The TREE Methodology is a people-centred, community-driven training strategy, which aims at creating economically empowered communities. It is managed by small corporate community groups operating mini economic systems that are catalysed by an indigenous community fund scheme. Its development goal is poverty reduction and social stability. The strategy involves skills and entrepreneurship training, followed up by activities that are planned and implemented by the target groups (participants) themselves.

TREE METHODOLOGY - ELEMENTS

The TREE Methodology is composed of six principal elements:

- Practical and Rapid Community Assessment
- Provision of Skills Training and Transition Enterprise Development
- Implementation of Transition Enterprise Plans
- Organising Small Corporate Community Groups
- Installing Community Fund and Community Enterprise System

- Linking the Target Groups with the Formal Economic Sector

The figure on the following page shows the sequence and scope of these elements.

TRANSITION ENTERPRISE PROJECTS OR TEP

These are small, short-gestation, one-cycle enterprise projects using practical and adult-oriented business forecasting techniques that are suited to the educational preparation of the target groups. The transition enterprises are designed to introduce basic corporate concepts such as strategic time frames, markets, production, financing, and operations management. The objective is to initiate the target groups into the world of entrepreneurship through actual practice. Furthermore, the TEP are designed to work within a Community Enterprise System run and managed by the community and powered by their own Community Fund. The target groups are given the opportunity of choosing whether to remain participating in a small rural economy that will be energised through the TREE Project, or to join and

compete with the formal economic sector.

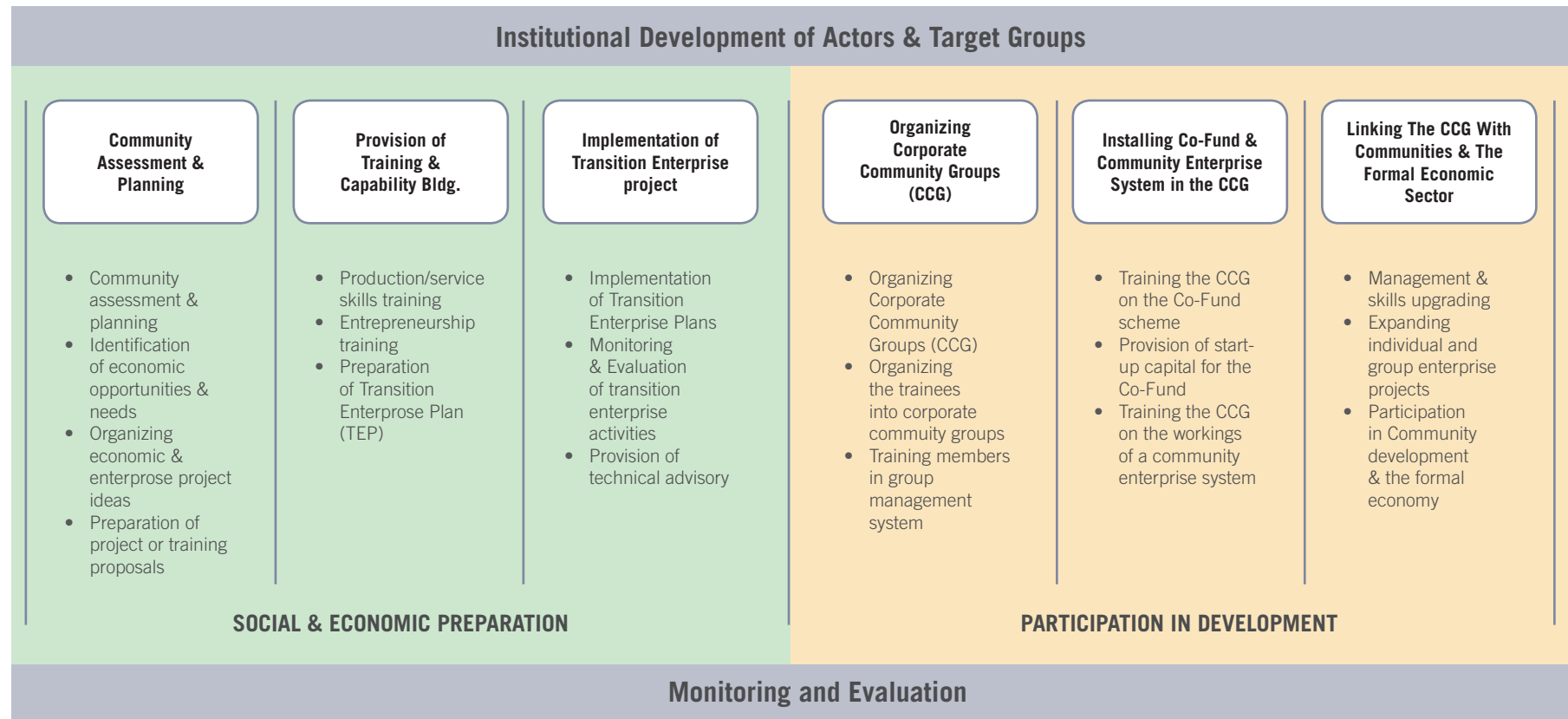
The concept supports a transition economy for the poor under a market system. It is the missing mechanism in the on-going anti-poverty development intervention in Mindanao.

CORPORATE COMMUNITY GROUPS OR CCG

A CCG refers to a small group of poor people organised with corporate personality, trained, oriented and committed to social and economic development as a tool to fight poverty.

These are groups of 25 – 50 poor individuals who are organised, registered, and provided training on the economic principles, concepts and strategies of the TREE Methodology. Their operations and capability building revolve around five basic elements such as skills training and enterprise development, community enterprise system, community fund scheme, linking with the formal sector economy and continues skills upgrading, leadership training and group management development.

TRAINING FOR RURAL ECONOMIC EMPOWERMENT (TREE) METHODOLOGY



The concept is neither a cooperative nor a people's organisation but a "community corporation" energising rural economies in transition.

COMMUNITY ENTERPRISE SYSTEM OR CES

The CES is a mini economic system owned and managed by a CCG, powered by a Community-owned Fund or Co-Fund, and catalysed by a structured methodology on training, enterprise development, organising and linking with the formal sector.

It is the basic economic system that is installed in the community structure through the corporate community groups (CCG). It revisits basic principles of community economics, velocity of money transfers through transition enterprises, forward and backward linkages, developing internal production and market systems, saving on economic added values, primary and secondary enterprise units, and linking with "big brother" companies.

The concept operates on the basic free capitalist principles and social enterprise.

COMMUNITY FUND OR CO-FUND

The Co-Fund is a micro-finance facility and scheme that is owned and managed by a CCG to power the community enterprise system and the individual enterprises of the members. It utilises the principles of partnership venture in TEPs. It provides interest-free capital assistance and adopts profit and loss-sharing scheme (Indigenous and Islamic financing). It also promotes social entrepreneurship and socialised profits, total participation in management, and individual and group investments.

The Co-Fund:

- Adopts to productive and acceptable indigenous practices and religious tenets;
- Catalyses employment and self-employment among the members of the CCG; and,
- Is specifically designed to address basic economic theories and human development principles.

It is based on the principle of freeing capital for the poor, a real egalitarian and free enterprise system.

REFERENCE MATERIAL

- *ILO-TREE Primer*. ILO-USDOL Project, Project Management Office, Suite B 202, Plaza de Luisa Bldg. R. Magsaysay Avenue, Davao City, Tel. Nos. (082) 225-19-72 and (082) 225-19-73 (Telefax), E-mail Address: ilodavao@moscom.com

THE START AND IMPROVE YOUR BUSINESS (SIYB) PROGRAM

OVERVIEW

The Start & Improve Your Business (SIYB) program is a management-training program with a focus on starting and improving micro and small businesses as a strategy for creating more and better employment in developing economies and economies in transition.

OBJECTIVE

This tool describes the goals, history, implementation strategy, and components of the SIYB Program. This tool is lifted almost entirely from the Start and Improve Your Business Program website-http://www.ilo.org/dyn/empent/empent.portal?p_docid=SIYBHEAD&p_prog=S&p_subprog=BD

THE SIYB PROGRAM GOALS

The **long term development goal** of SIYB is to contribute to economic growth in general and the creation of more and better jobs in micro and small enterprises (MSEs) in particular.

The **short-term development goal** is to strengthen local business development service (BDS) providers to deliver business management training that will make it possible for micro and small-scale entrepreneurs to start and improve their businesses, thereby creating sustainable jobs for themselves and for others.

THE HISTORY

Improve Your Business (IYB) started as a training program - "Look After Your Firm" - developed by the Swedish Employers' Federation in the early 1970's. In 1977, the Swedish International Development Authority (SIDA) funded a project within the ILO that adapted the original Swedish initiative to the needs of small-scale entrepreneurs in developing economies.

Start Your Business (SYB) was developed in 1991. Since IYB focused on existing businesses, SYB was developed to address the needs of potential micro and small-scale entrepreneurs who wanted to start a business, but did not know how.

Start & Improve Your Business is today a globally recognized ILO trademark and the program has been introduced in more than 80 countries.

IMPLEMENTATION STRATEGY

The program follows an institution-building strategy by working with existing local and national organisations. SIYB project staff train trainers from Partner Organisations (POs) who in turn train the micro and small-scale entrepreneurs.

The cost of training trainers is covered by the SIYB project, but cost recovery of training entrepreneurs is the responsibility of the PO. Often this is a mix between participant's fee and a small subsidy provided by the organisation.

To ensure sustainability, SIYB projects seek to create a market culture in which POs charge the full cost for providing the training and entrepreneurs are willing to make the initial investment and pay for the service provided. This strategy makes it possible for SIYB to reach large numbers of entrepreneurs. When donor funding stops and pilot projects are phased out, local and national institutions continue delivering training to entrepreneurs. National master trainers who have been educated during the course of the project assist the POs.

TRAINING OF ENTREPRENEURS

The SIYB training interventions basically consist of 4 packages:

1. Business idea generation training (GYBI)
2. Business start-up training (SYB)
3. Business management training (IYB)
4. Advanced business management training (EYB)

1. Generate Your Business Idea (GYBI)

GYBI training targets potential micro and small entrepreneurs who are eager to start their own

business but have vague ideas about what to do. The training is designed to support such potential entrepreneurs in generating a feasible business idea that matches their entrepreneurial skills as well as the needs in the local communities. The GYBI material consists of one Handbook including exercises and it focuses on:

1. Entrepreneurial characteristics
2. Personal assessment
3. Identification of a good business idea
4. SWOT analysis of business idea

The main outcome at the end of the training is a concrete business idea that suits the participants' personal characteristics. It may also happen in the course of the training that some participants decide that they should not go into business.

2. Start Your Business (SYB)

SYB targets potential micro and small-scale entrepreneurs who already have a realistic business idea as well as those who have been running a business for less than 12 months. The SYB programme consists of a Business Awareness and a Business Planning module.

The Business Awareness module consist of a Handbook and a Workbook, which through a number of steps and exercises aims at sensitising entrepreneurs to the basics of what is required to run a business. It focuses on:

1. Business idea
2. Challenges in starting a business
3. Swot analysis of business idea
4. Develop business idea into business plan
5. Estimate start up capital
6. Action plan for starting the business

The Business Planning module consists of a Handbook and a Workbook and focuses on more specific management skills needed to run a business. The training assists entrepreneurs step-by-step in developing their own business plan by going through the following 10 steps:

1. Business idea
2. Marketing
3. Managing people
4. Legal responsibilities
5. Estimation of sales revenue
6. Start-up capital
7. Setting prices
8. Cash flow planning

9. Develop and analyse business plan
10. Action plan for starting business

The main output of the training is a simple business plan that the participants can use to raise start-up funds from family, investors, or banks.

3. Improve Your Business (IYB)

IYB is for business owners and managers who have been running a business for more than 12 months. It deals with business management concepts in a detailed manner by applying a modular approach based on the training need of the business owner.

The IYB material kit consists of a set of six manuals each of which deals with one particular element of a basic business management system:

1. Marketing
2. Buying
3. Stock control
4. Costing
5. Business planning
6. Record keeping

The main outputs of the training are specific actions that the participants should implement to improve their business in any or all of the above areas.

4. Expand Your Business (EYB)

EYB is for growth-oriented enterprises that have been established for many years and now wish to expand business operations, yet does not know quite how. The needs of growth-oriented firms are substantially different from those of the businesses participating in SYB and IYB training.

The EYB kit consists of one detailed Handbook, which focuses on advanced management training in the areas of:

1. Financial management
2. Sales and marketing management
3. Strategic management
4. Human resource management
5. Export links

The main output of the training is a strategic business expansion plan.

TARGET GROUPS

The ultimate beneficiaries are potential and existing micro and small-scale entrepreneurs. Direct beneficiaries are Partner Organisations (POs), which go through a capacity building process before they provide SIYB training to entrepreneurs.

Partner organisations can be private or public sector, profit or non-profit business development service (BDS) providers, government departments, chambers of commerce, trade unions, quasi-governmental small enterprise development organisations, NGOs, business associations and consultancy companies.

To qualify as partner organisations, these institutions will usually have

- A mandate for small enterprise development
- A focus on supporting micro, small and medium-sized enterprises
- A portfolio comprising one or several business development services
- A track record in training
- Resources or access to resources
- Network linkages to other local business support services providers

TARGET GROUPS	
Direct Beneficiaries are organisations such as:	Ultimate Beneficiaries are individuals who:
Employers' Associations	Have a business idea
Trade unions	Are forced to find self-employment
Chambers of commerce	Have or have access to vocational skills
Business development providers	Can read and write
SED organisations	Want to start a business
Vocational & technical schools	Want to improve their business
Community based organisations	Want to expand their business

In the long term, the goal of SIYB is to contribute to economic growth in general and the creation of more and better jobs in micro and small enterprises (MSEs) in particular.

RELEVANT RESOURCES

- ILO, Start and Improve Your Business training package. http://www.ilo.org/dyn/empent/empent.portal?p_docid=SIYBHEAD&p_prog=S&p_subprog=BD

For more information, contact:
ILO Resource Centre, SRO Manila.

CROSS-REFERENCES

- Tool 4.01.01, Action Tool: Strategies for making your local economy grow
- Tool 4.02.01, Action Tool: Approaches to local job creation

PART FOUR **SECTION THREE**

MAKING LOCAL DEVELOPMENT BENEFIT THE POOR



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PART FOUR SECTION THREE: MAKING LOCAL DEVELOPMENT BENEFIT THE POOR

INTRODUCTION

Certain individuals and groups of people experience more deprivation because of the lack of decent work and higher exposure to risks than others, because of geographical location, age, sex, occupation, physical condition, etc.

Part 4 – Section Three focuses on these individuals and groups. The tools suggest strategies for poverty reduction, focusing on poor communities. Emphasis is given to social protection and improving access to financial resources. This section contains tools that explain the concepts of risks, vulnerability and social

protection, suggests methods for assessing risks and vulnerabilities, and offers practical steps and ways of extending social protection at the local level. Special attention to women's specific needs is called for.

WHO ARE THE POOR? WHAT DOES IT MEAN TO BE POOR?

OVERVIEW

Poverty reduction is the overarching goal of the Philippine Government. Local Government Units have a responsibility for poverty diagnosis and formulation of local poverty reduction action plans. But the choice of concept and definition of poverty is critical. It determines how poverty is analysed and what poverty eradication goals and targets are we set. It drives the choice of strategies and policies for eradicating poverty. A broad definition of poverty, which includes more than income or consumption level, implies a different thinking about the strategies to reduce poverty.

OBJECTIVE

This tool

- Defines the concept of poverty and its dimensions
- Explains how poverty is related to inequality and social exclusion
- Clarifies how poverty is measured

HOW DO WE CONCEIVE POVERTY?

Poverty is material deprivation: The conventional, traditional concept of poverty is material deprivation, measured against a material standard of well-being, such as a level of food consumption or the extent to which households have access to basic services such as primary child health care, potable water and shelter. The “poverty line” is a monetary measurement of a household’s consumption (expenditure or income) of minimum food requirements and essential or basic needs. It should include the monetary value of goods and services provided free by the Government and the local community, but the poverty line often uses only private expenditure or income because of difficulties in measuring consumption of state-provided commodities and access to other resources.

Poverty is broader and includes material and non-material dimensions: Since the 1990s, it has become widely recognised that poverty goes beyond material deprivation to include other non-material forms of deprivation, such as loss

of dignity, powerlessness or inability to make any change in one’s life. Poor people, when they are asked to assess their situation have often stressed their perceptions of poverty in terms of ‘vulnerability’, ‘lack of self-respect’ and ‘powerlessness’.

The Basic Needs Strategy of the International Labour Organization, conceived in the 1970s, expanded the notion of poverty beyond income and consumption to encompass other essential elements of well-being, notably those that are usually provided partly or completely outside the market mechanisms, such as education, health, water supply and housing. In addition, the basic needs concept included access to participation in decision-making in society.

Poverty is a dynamic process: Poverty is not only about the satisfaction (or absence of satisfaction) of a person’s basic needs (health, knowledge or education, nutrition). But it is also about a person’s capability to meet his/her needs, which include physical but also social, psychological needs. Poverty means lack of resources (e.g.

human and physical capital) that enable people to create, initiate, sustain or improve their livelihoods. Poor people generally have few assets. Most of them continue to be poor because they are excluded or marginalised from many development opportunities and services.

People meet their needs through a variety of resources, and they gain access to these resources through a variety of institutional relationships, such as the market, family and kin, the community, and the State. Cash income from paid work obtained through the labour market or from selling goods produced from own-account production is only one of these resources. Other resources include common property resources that are obtained free in rural areas, usually governed by traditional rules of the community, and free health and primary education services provided by the State.

Rules, relationships and traditional practices govern an individual's access to resources and services from the family and kin, community, markets and State. Such rules and practices entitle people to resources differently, and often unequally, on the basis of gender, ethnicity, age and other social factors.

HOW POVERTY IS RELATED TO INEQUALITY AND SOCIAL EXCLUSION

POVERTY AND INEQUALITY

Inequality is different from poverty but related to it. Inequality concerns variations in living standards and the distribution of income, wealth and resources across a whole population. Poverty focuses only on those who below a certain threshold level (such as a poverty line).

Inequality between people (or groups of people) can cover many dimensions, such as education, health and nutrition, security, power, social inclusion, income or consumption, and assets.

Inequality in living standards is more easily observed. But inequality in opportunities is as important, although seldom examined. A substantial component of inequality in people's living standards may reflect inequality of opportunities, with people favoured or disfavoured according to where they live, parental circumstances and so on. The relative importance of these different sources of inequality is important in discussing appropriate policy responses. Some processes could be persistent or inter-generational

(e.g. arising from attitudes towards disadvantaged ethnic groups, or vicious circles in the case of less educated children of less educated parents).

The most widely used measures of inequality (income, consumption, assets) generally look at inequalities between households. This fails to take into account inequality between individuals in the same household. Nutritional indicators are commonly used for measuring inequality between individuals. It is also important to consider inequality between groups of people, for example, how one ethnic group compared to another.

Small changes in income distribution can have large effects on income poverty – headcount, depth and severity of poverty. Inequality also affects poverty indirectly through its impact on growth. Income distribution is one of determinants of economic growth.

POVERTY AND SOCIAL EXCLUSION

Social exclusion can be regarded as a description of individual disadvantage – a situation where one has no access (or is denied access) to resources, goods and services because of rules, practices, institutions and social relationships. For

example, labour, credit and insurance markets are fundamental for livelihood and security. In these markets, certain groups of people may be excluded because they are considered high credit or insurance risks, or because they belong to stigmatised social groups regarded by employers or creditors as less reliable, less trustworthy, or less productive. In all these markets, a person's rights (e.g. property) and social identity (characteristics such as their language, race, sex, kinship, education, occupation, religion and geographical origin) act as basis for rationing and access. Social exclusion often leads people into poverty.

POVERTY AND DISCRIMINATION

Discrimination based on ethnic origin, sex, creed or social group can lead to, and also make it more difficult to escape from poverty. However, discrimination may occur outside the context of poverty.

Discrimination is defined as any distinction, exclusion, restriction or preference which is based on any social group such as sex, race, colour,

language, religion, political or other opinion, national or social origin, property birth or other status, and which has the purpose of nullifying or impairing the recognition, enjoyment or exercise by all persons, on an equal footing of all rights and freedoms.

Many forms of discrimination continue to be practised worldwide: in all regions of the world, people are denied rights to franchise, political participation and the exercise of citizenship because of some real or perceived distinction. They may be denied equal rights to food, shelter, work, health care, education or credit.

POVERTY AND VULNERABILITY

The poor, and particularly women, are often described as “vulnerable groups”. “Vulnerability”, defined as greater exposure to risk and insecurity, often accompanies poverty and contributes to it, but it is not a synonym for poverty. If a household contracts debt, its income may increase and may go beyond the “poverty line”. However, its exposure to risk may also have increased.

Vulnerability may be caused by lack of economic resources to protect persons/households from the effects of sudden shocks and contingencies (death, drought) but often is induced by the mere fact of belonging to an ethnic group, or gender, and hence low status and limited access to social networks.

HOW POVERTY IS MEASURED

The National Anti-Poverty Commission (NAPC), National Economic and Development Authority (NEDA) and the Department of the Interior and Local Government (DILG) have prepared *A Guidebook for Local Poverty Diagnosis and Planning*, which gives a conceptual framework for looking at the processes that lead people into poverty and guides Local Government Units in local poverty diagnosis and planning of local poverty reduction strategies and programmes.

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 2.02, Assessment Tool: How to measure and monitor decent work gaps at local level
- Tool 4.03.04, Information Tool: Local poverty monitoring and target setting: Philippine MBN approach
- Tool 2.05, Information Tool: Integrated Rural Accessibility Planning (IRAP)

RELEVANCE OF DECENT WORK TO LOCAL POVERTY REDUCTION: DIAGNOSIS AND ACTION

OVERVIEW

Poverty reduction is the overarching goal of the Philippine Government. Local Government Units have a responsibility for poverty diagnosis and formulating local poverty reduction action plans. The National Anti-Poverty Commission (NAPC), National Economic and Development Authority (NEDA) and the Department of the Interior and Local Government (DILG) have prepared “A Guidebook for Local Poverty Diagnosis and Planning”, which gives a conceptual framework for looking at the processes that lead people into poverty and guides Local Government Units in local poverty diagnosis and planning of local poverty reduction strategies and programmes.

Decent work is one strategic way out of poverty. At the same time, poverty in many situations is the result of problems and shortfalls in decent work. Therefore, it is important to understand what these decent work problems are, and to address them in poverty reduction strategies.

OBJECTIVE

This information tool:

- Explains how Decent Work complements and adds value to the current Philippine framework for poverty diagnosis and poverty reduction planning at the local level
- Suggests how poverty diagnosis can be improved with a few additional information on “decent work gaps”

VALUE-ADDED OF THE DECENT WORK FRAMEWORK

FIGHTING POVERTY THROUGH WORK

From the Decent Work perspective, employment (productive and remunerative work) is one of the strategic ways out of poverty. Income from employment gives individuals and their families a command over goods and services necessary in meeting basic needs. Income from employment also allows individuals and their families to contribute to a social insurance or to be eligible for

social benefits (such as health insurance, accident insurance in case of injuries on the job, maternity benefits).

There are three other ways through which people can meet their basic needs for survival (food and nutrition, health, water and sanitation, clothing, shelter) and improve the quality of life:

- Social support from spouse, family, clan or community – particularly for those who are economically dependent such as young children, the sick and elderly; and for adult workers in case of loss of income or inadequate income
- State provision – basic goods or services in case of substantial reduction in or loss of income; guarantees a minimum level of living for the whole population
- Social insurance – to replace lost income due to risks and life contingencies (e.g. death of breadwinner, sickness, accident) or calamities (e.g. typhoon, volcano eruption, El Niño) for a certain amount or period

The State could give people access to these goods and services through public transfers and subsidies but the coverage of State-provisioning depends on the availability of public resources and on the priorities of fiscal policies (tax, public expenditure) at a certain period of time. But it is neither feasible nor sustainable to rely mainly on public transfers and subsidies. Moreover, public transfers cultivate and perpetuate dependency and dole-out mentality, and erode self-respect.

Social support from family, relatives and the community in case of need is an indigenous, traditional and widely common form of social protection. These often take the form of group-based self-help and social insurance schemes. Indigenous forms continue to play a significant role in the lives of local communities. These schemes have two main limitations: situations where whole communities are at risk (e.g. whole villages devastated by flood or typhoon, crop harvests destroyed by locusts or drought); and benefits are small and often highly inadequate to compensate loss of income.

POVERTY CAN PARTLY BE TRACED TO “DECENT WORK GAPS”

Although productive employment is a route out of poverty, deficiencies in employment, or “**decent work gaps**”, often lead people and families into poverty and prevent them from breaking out of it.

It is therefore not enough to identify those who have work and those who have no work. It is equally important to assess the **kind of work** (some qualitative aspects) people are engaged in.

The qualitative aspects of employment that are directly related to income poverty are: adequacy of earnings or level of wage rates, and the regularity, security and stability (or irregularity and precariousness) of employment and thus of income.

Examples of qualitative aspects of employment that contribute and perpetuate income poverty:

- Lack of stability and security of work and income:
 - Employment or livelihood that is seasonal: Some occupations, such as farming, fishing, fruit harvesting, are seasonal and generate

earnings sufficient for only certain periods of the year. Income falls below subsistence level during certain months.

- Employment or livelihood that is irregular or unpredictable: Some occupations are “no work-no earnings”, or “no catch-no earnings” occupations, thus provide no income security. Examples of such occupations are coastal fishing, day labourer, doing laundry for other households. For some, the days when there are no earnings to buy food or medicines are not few but common.
- Wage employment could be regular but offers no job security (e.g. short-term duration, can be terminated anytime without cause, no contractual obligation; no dismissal benefit to help worker while she/he seeks a new job)
- Inadequacy of earnings
 - Low wage rates (wage employment)
 - Below subsistence earnings even if one works for long hours, because of low productivity (due to few skills, poor technology, etc.) and poor markets (in the case of own-account workers, small

- producers or micro business operators).
- Seasonality and irregularity of work
- Unacceptable work, which perpetuates the vicious cycle of poverty
 - **Child labour:** work performed by children or young persons below the minimum age (below 15 years old) for employment that is considered inappropriate for their age and maturity and endangers health, safety and morals especially in hazardous occupations and without the supervision of and guidance of their parents or legal guardians. Child labour means loss of education and loss of future opportunities for decent jobs and incomes. But child labour in wage employment is often a survival strategy of families living in poverty especially in areas where children are regarded as a source of cheap labour.
 - **Forced labour:** a situation where a person is obliged to work or perform a service under threat of penalty, and for which a person has not offered himself or herself for work voluntarily, such as work to pay off a debt and slavery. People in extreme poverty by debt and by need are vulnerable to forced labour situations.
 - Discrimination and unequal treatment with respect to recruitment, promotion, wages, type of occupations, skills training, access to micro-credit, and other resources necessary to secure an employment
 - Based on gender
 - Based on ethnic group, language, religion
 - Based on other grounds
 - Hazardous working environment (work places and occupations), which damages one's health and capacities to work, and causes diseases and/or accidents. Health and safety hazards are costly (financially and socially) to the individual, his/her family, the LGU and the community. Some occupations are more hazardous to health and life than others. Although what is hazardous to men and women is generally the same, women may be more vulnerable to certain hazards than others due to their reproductive health concerns.
 - Absence or inadequacy of social protection, a situation of vulnerability to loss of work and income because one has no resources or entitlements (rights) to programmes that would cover, to a certain degree, the substantial loss of income, or to certain life contingencies that are costly and cannot be met by one's earnings such as sickness and accident. In this way, social protection coverage contributes to the improvement of the survival needs and well-being of workers and their families. Workers who are commonly unprotected and have no means to deal with these risks are: casual wage workers; contractual workers; home-based workers under subcontracting arrangements; domestic helpers; workers in micro and small establishments; artisans, own-account workers, and small producers, farmers, fishers, business-owners-operators; street vendors and other mobile workers in the informal economy.
 - Social dialogue gaps - no voice, no representation, a situation where one has no say over matters that affect one's work and income, where there are legal and social/political obstacles to freely chosen organisations and representatives, or where workers are excluded from consultative and planning bodies in the local community. The Guidebook for Local Poverty Diagnosis and Planning places strong importance on the participatory process. The presence of social dialogue gaps inhibits the participatory process.

The following section shows how Philippine poverty indicators (such as MBN indicators) can be used to measure “decent work gaps”.

Part 4 of this Resource Kit contains action tools on ways to address problems and issues.

USING THE PHILIPPINE POVERTY INDICATORS TO MEASURE “DECENT WORK GAPS”

The analysis of the employment and livelihood situation in the local community would lead to the identification of alternative strategies and options, including:

- Improvement of productivity and markets of existing sources of incomes;
- Creation of alternative sources of income during low season, taking into account workload, and overall livelihood systems;
- Promotion of new areas of employment, and business development.

In order to design strategies on employment and incomes, one needs to know where the problem lies. As said earlier, part of the problem may

be traced to “decent work gaps”. It is therefore important as a first step to determine these “decent work gaps”.

USEFUL MBN INDICATORS ON INCOME AND EMPLOYMENT

The MBN-CBPIMS and CBMS monitoring systems provide some information on “decent work gaps”. Employment and income are the poverty aspects that are assessed by current poverty monitoring tools of Philippine LGUs (such as the MBN-CBPIMS, CBMS). These poverty-monitoring tools include 2-3 indicators on income and employment:

MBN Indicators (MBN Approach, 2000)

- Head of family employed
- Other family members 15 years old and above employed
- Families with income above subsistence threshold level
- Children 18 years old and below not engaged in hazardous occupation

MBN-CBPIMS

- Head of household gainfully employed
- Other members of the household 18 years old and above gainfully employed
- Household with above poverty threshold level
- Children below 18 years old engaged in hazardous occupation

CBMS Indicators (Guidebook)

- Proportion of households with income greater than the poverty threshold
- Proportion of households with income greater than the food threshold
- Proportion of households who eat less than 3 meals a day
- Employment rate

But there is a limitation of MBN income and employment indicators:

The above-mentioned income indicators will show that there is a problem of low or subsistence income in the community. But, these indicators will not show the problem of income insecurity or irregularity of work, and will not capture the other

aspects of work that actually cause poor incomes. In order to formulate a poverty reduction strategy that focuses on employment and income, we need to understand much better the nature and patterns of employment or sources income in the community, the problems and the causes for low (subsistence or below subsistence) and irregular incomes.

ADDITIONAL INFORMATION TO STRENGTHEN CURRENT MBN INDICATORS

The LGU could improve current poverty data by:

- Looking at the nature of employment - which occupations and livelihoods suffer from insecurity and irregularity of income?
- Looking at individuals, not only at households - What proportion of all workers (above 15 years old, not only household heads, not only breadwinners, not only husbands) in the *barangay* and municipality are in seasonal, irregular and insecure occupations? What proportion of all workers are in occupations with subsistence earnings?

WHO ARE ENGAGED IN POOR QUALITY OCCUPATIONS?

Further analysis of the employment situation would identify WHO are engaged in these poor quality occupations. Are they men or women, mothers with young children, teenagers still living with their parents or adult relatives, adult men with young families, or persons belonging to a particular ethnic group or tribe, community in the upland or island *barangay*, etc?

WOMEN'S EMPLOYMENT PATTERNS

We need to pay attention to women's as well as to men's employment patterns and opportunities. We often forget to differentiate the livelihood activities of young and adult women. Women play important roles in the livelihood systems in communities but these are usually invisible because we look only or primarily at the male breadwinner. Moreover, we relegate women to household or home-based work.

THE YOUTH

We need to pay attention to the youth as a separate group. Their skills, expectations and

adaptability and readiness to learn and try new things are assets.

RELEVANT RESOURCES

- ILO, *Working out of Poverty*, Geneva 2003
<http://www.ilo.org/public/english/standards/relm/ilc/ilc91/pdf/rep-i-a.pdf>

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 2.02, Assessment Tool: How to measure and monitor decent work gaps at local level
- Tool 2.05, Information Tool: Integrated Rural Accessibility Planning (IRAP)
- Tool 4.03.1, Information Tool: Who are the poor? What does it mean to be poor?
- Tool 4.03.04, Information Tool: Local poverty monitoring and target setting – Philippine MBN approach

ANALYSING LIVELIHOODS OF POOR COMMUNITIES AND AREAS

OVERVIEW

Most people in poor regions and communities are engaged in a constant struggle to secure a livelihood in the face of very difficult conditions. People's livelihood and the quantitative and qualitative aspects of decent work affect each other.

OBJECTIVE

This assessment tool:

- Explains the sustainable livelihoods framework, which is an approach for understanding how livelihoods develop, and for designing ways to support livelihood strategies especially of people living in poverty
- Suggests and describes methods for gathering information or data that can be used to analyse livelihoods

The analysis of livelihoods in local areas complements the assessment of the local economy (Tool 2.03) and decent work gaps (Tool 2.02).

WHY ANALYSE LIVELIHOODS?

A livelihood analysis is useful for:

- Designing and implementing effective poverty reduction measures
- Designing ways to promote gainful, decent employment
- Analysing the local situation, and prioritising the ways forward for local development
- Identifying ways to enhance people's livelihood strategies and livelihood goals (increased income, better health, etc.)

A livelihood analysis begins with people, and it looks especially at the situation of people living in poverty, those who are marginalised, or "vulnerable groups".

It is important to look at how people earn a living. It is not enough to know how fast or how slow the local economy is growing (gross domestic product), how much income or jobs agriculture or manufacturing is creating, how many people are

gainfully employed or how many households lie below the subsistence income level.

RELEVANCE TO DECENT WORK

Poverty and decent work gaps occur and persist in the context of the forms of livelihood that people undertake or are obliged to follow.

The sustainable livelihoods framework helps us better understand decent work gaps and how we can reduce these gaps. The analysis of decent work gaps enriches the analysis of livelihood strategies. There is a two-way interaction between people's livelihood strategies and decent work.

- Livelihood strategies entail some form of work (whether paid or unpaid; for own-consumption, cash payment or exchange; in a factory, at home or on a farm; and so on), which possess quantitative and qualitative "decent work" characteristics or "decent work gaps". These characteristics influence livelihood outcomes.

- At the same time, decent work gaps influence people's livelihood strategies. For example, because farming is seasonal and generates inadequate income, subsistence farm families would adopt livelihood strategies to survive during the lean months and to reduce income risks (drought, pest, etc).

Analysing livelihoods offers a basis for improving poverty reduction strategies and providing decent employment because it takes an all round view of the circumstances of the poor:

- What appears to be the main source of household income might actually be making a smaller contribution to the family livelihood than is expected from initial impressions
- Limited access to assets varies from group to group, from place to place and from one income level to another. Poorer groups typically have more limited access to assets and are more constrained in their choice of livelihood strategies than richer groups
- Different social groups in the community typically experience different risks in their livelihoods; these need to be understood if vulnerability is to be reduced.

- The capability of individuals and groups to exercise choices may be constrained by social (e.g., beliefs and practices) and governance factors (e.g., nepotism, corruption, etc.) that are not immediately obvious.

SUSTAINABLE LIVELIHOODS - BASIC DEFINITIONS

The Sustainable Livelihoods Framework is a way of looking at how an individual, a household or a community behaves under specific conditions to survive and make a living. The different elements of the framework (see figure below) define the context in which villagers or village communities make their living. The framework shows the inter-relationships between assets, policies and institutions, and other factors that cause problems or create opportunities.

Livelihood: Comprises assets (material and non-material or social resources), capabilities and activities that people require for a means of living (not just people's employment opportunities).

Sustainable livelihood: A livelihood that can cope with and recover from stresses and shocks, and can be maintained and enhanced (improved, strengthened, and expanded). It is a livelihood that

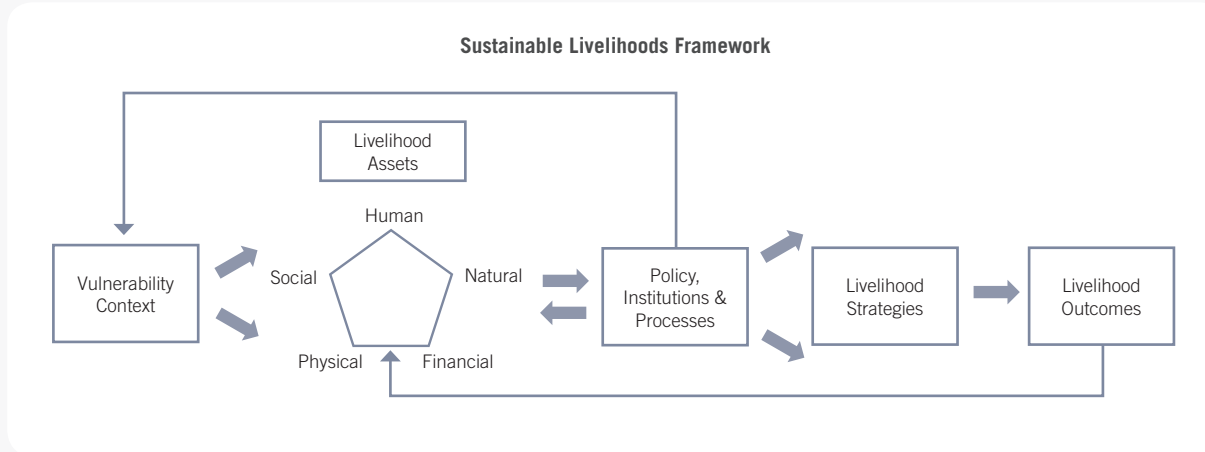
does not degrade or destroy the natural resource base.

Vulnerability context are the conditions that affect the life of a villager, household or group. The context consists of long-term trends (climate, national politics, economic conditions) and short-term sudden shocks (sudden price fluctuations, violence, fighting).

Assets or capital are resources that an individual, household or group can make use of to make a living. There are 5 types of assets – human (skills, knowledge, good health, time, etc); natural (trees, land types, clean air, coastal resources, etc); physical (water supply, transport system, energy, roads, etc.); financial (bank deposits, cash savings, etc); and social (relationships of trust, informal networks with neighbours, membership in organisations, access to political power holders, etc).

Policies, institutions and processes are the existing social and institutional arrangements within which individuals, households and groups construct and adapt their livelihoods. It determines their access to assets and opportunities, and their returns to (gains from) assets and livelihood strategies. It

A Framework For Analysis



consists of: government agencies, private business organisations, NGOs, laws and regulations, policies, etc. Some rules are informally applied.

Livelihood strategies are the combination of activities and choices that people make in order to achieve their livelihood goals. These include: how people combine income generating activities; the way they use their assets; which assets they choose to invest in; how they manage and preserve existing assets and income.

Livelihood outcomes are the achievements or results of livelihood strategies. Outcomes can be examined in relation to the following:

- More income,
- Increased well-being,
- Reduce vulnerability,
- Improved food security,
- More sustainable natural resource base,
- Social relations and status,
- Dignity and self-respect.

BASIC STEPS IN ANALYSIS

First step involves discussions and gathering information about people's livelihoods in a particular place (a region, province, municipality or city) and how livelihoods have changed over time. It looks in detail at shocks, trends and seasonality in relation to the main types of livelihoods of local people.

Second step involves an identification and analysis of the available assets that vulnerable people utilise. Assets are not just related to what most people 'own' (such as household items) but also includes skills, assets in the natural environment (such as forests, fisheries), assets in relation to labour, and assets in terms of social relations (such as political connections or self help groups). See the types of assets in the previous section.

Third step examines the vulnerable peoples' knowledge of and interactions/effects of policies (both national and local), institutions (both government and non-government) and processes (in terms of people's access). Some useful 'tools' to guide discussions with small groups or individually are given below. In total, these steps constitute an "overview of local livelihoods".

Skill and care are needed to understand what really matters and which are likely to be critical steps in reducing poverty. Throughout the process, the above framework and various tools should be used flexibly and as required.

SOME USEFUL TIPS

- Begin by obtaining a broad understanding or overview of livelihoods. This can lead later to in-depth investigations.
- The scale of enquiry should match the scope and needs of the local plan or proposed support. You might decide that you need only a general understanding of issues, which could be covered by low-cost informal research methods. Or you might want to carry out a rigorous analysis of all aspects of the livelihoods, and use individual, household and group research methods. Multi-sectoral and large projects require a broad livelihood investigation. Small and narrowly focused projects do not need the same broad research.
- Detailed investigations may be needed where there is lack of clarity about beneficiaries, or understanding about the circumstances of the poor and how they differ from the better off.

- Know when to stop data collection. It is important to avoid spending too much time and resources on information collection and have little time and resources for analysis.

OVERVIEW OF PRINCIPAL RESEARCH METHODS

This section presents and describes some of the research methods and tools that could be used for obtaining information.

RAPID APPRAISAL METHODS

Secondary data – information and statistics that are already available, including reports of government, academic institutions, NGOs

Key informants – are individuals who are approached for their views on livelihood issues, using semi-structured list of questions. For livelihood analysis, the key informants should be diverse – government officials, private entrepreneurs, traders, community leaders, teachers, farmers, women of different ages and occupations, ordinary citizens, etc. This method is relatively low cost. It is critical to be aware of the existence of and potential dominance of certain

groups; one must guard against this by ensuring that all view points of silent groups are included.

Individual and household case studies – constitutes more detailed information than key informant interviews. These typically involve semi-structured list of questions allowing for a mixture of qualitative and quantitative data to be collected. Ideally individuals and households are purposively selected to represent different livelihood circumstances so that a range of experience can be compared. Because random sampling method is not used, there is danger that cases chosen represent interviewer's biases or not typical of certain group of people. Case studies should always be used together with other methods

PARTICIPATORY RESEARCH METHODS

Participatory research methods are suitable for collecting qualitative information, ordering of priorities and preferences, income and wealth ranking, and the purposive involvement of social groups in problem solving. These methods are useful for analysing historical, social and environmental context of livelihoods, and obtaining a bottom-up (people's) perspective of policies and institutions.

Various participatory research approach (PRA) methods and their uses in livelihood analysis are given in the table below:

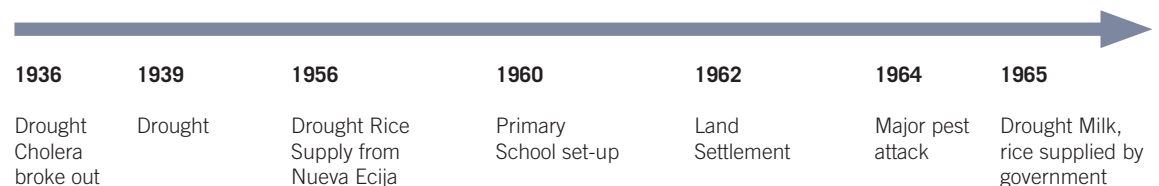
SAMPLE SURVEYS

Surveys complement participatory research methods. To ensure that survey work is more precise and effective in verifying data, sample surveys should be preceded by qualitative overview of the community. Sample surveys are particularly useful for generating quantitative data on specific livelihood attributes, notably the distribution of assets and activity profiles in a population and over a period of time. This would help:

- Calculate total household income and show seasonal variation
- Divide household income between sources, between subsistence and cash income and between different household members
- Compare communities and wealth groups for patterns of income sources
- Compare levels of critical assets between different groups
- Identify major constraints in accessing services

PRA method	Brief description	Useful for collecting information on:
Timelines	Historical profiles of longer-term events or trends	Vulnerability context, policy change
Seasonal calendars	Graphical depiction of seasonal events or trends	Vulnerability context, assets, strategies
Transect walks	Land-use maps based on walking through particular areas	Quantity and quality of natural capital
Resource maps	Maps identifying natural and other resources	Existence of shared natural capital
Social maps	Maps locating key social features	Access to services and infrastructure
Preference ranking	Ordinal ranking based on pair wise comparisons, with reasons stated for the choices made	Livelihood strategies, assets, access to services
Matrix ranking	Preference ranking based on defined criteria with scoring	Access to infrastructure, livelihood strategies, investment choices
Wealth ranking	Assigning households to well-being categories	Strategies and assets needed to exit from poverty, relations between social groups
Venn diagrams	Diagrammatic representation of key institutional interactions	Social capital relations between social groups, institutional and policy environment

Sample Timeline of Drought & Natural Disasters



Sample Seasonal Analysis: Food Availability and Employment Opportunities

PERIOD	MONTHS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
	FOOD/ EMPLOYMENT													
PRESENT SITUATION	FOOD AVAILABLE	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✗ ✗ ✗ ✗ ✗	✗ ✗ ✗ ✗ ✗	✗ ✗ ✗ ✗ ✗	✗ ✗ ✗ ✗ ✗
	EMPLOYMENT/ INCOME	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓
BEFORE GROUP FORMATION	FOOD AVAILABLE	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓
	EMPLOYMENT/ INCOME	✓ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✗ ✓ ✓ ✓ ✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓	✓✓ ✓✓ ✓✓ ✓✓ ✓✓

SUGGESTED METHODS FOR ANALYSING SPECIFIC PARTS OF LIVELIHOODS

METHODS FOR IDENTIFYING FACTORS OF VULNERABILITY

The “vulnerability context” refers to the seasonality, trends and shocks that affect people’s livelihoods. The key characteristic of these factors is that they cannot be controlled by local people themselves, at least in the short and medium term. It is therefore important to find indirect means of lessening the negative impact of these factors on people’s livelihoods.

There are two aspects of vulnerability that should be examined:

- The extent to which different groups are exposed to particular trends, shocks and seasonality;
- The sensitivity of their livelihoods to these factors

The table on the right illustrates the type of information that might be gathered through a survey.

METHODS FOR INVESTIGATING ASSETS

- It is important to understand the following aspects of assets:
- Levels of assets and their distribution among individuals, households, groups, neighbourhoods and communities (disaggregating gender and age data is essential throughout the investigation)
- Changes in asset status over time (cycles within a year as well as longer-term changes)
- The roles assets play in livelihoods or how assets are utilised (some assets fulfil multiple functions) and interactions between assets

METHODS FOR ANALYSING POLICIES AND INSTITUTIONS

What is the social, political and institutional context of livelihoods? The overall context can be broken down into six aspects:

- Social relations – the way in which aspects such as gender, ethnicity, culture, history, religion

Economic information	Assets	Livelihood strategies	Access to services
<ul style="list-style-type: none"> • Production levels • Income (cash, in-kind) • Consumption levels • Cash costs of production • Non-cash costs • Seasonal prices • Seasonal wages for different tasks 	<ul style="list-style-type: none"> • Productive assets • Quality of shelter • Access to infrastructure • Access to training and education • Skills • Household labour availability • Nutrition • Financial services and conditions 	<ul style="list-style-type: none"> • Remittances received • Migration patterns • Income by sources (cash, in-kind) for various household members • Access to rural resources for urban dwellers, and vice versa • Seasonal variation in strategies 	<ul style="list-style-type: none"> • Service providers • Standards of delivery • Fees and charges

The table below shows some examples of types of methods that can be used to get information about these.

Information Needed	Method
Events and trends that cause stress Existence of trends and sudden changes in such trends	Key informants
Historical occurrence of floods, droughts, epidemics, local environmental trends and cycles	Timelines
Level of food stores across the year, rainfall, crop planting and harvesting schedules, food process, changes in health status	Seasonal diagrams, sample surveys
Relative vulnerability factors to different groups	Preference ranking
Trends - rainfall, temperatures - producer and consumer prices - population density - degradation of environment - morbidity	Secondary data - meteorological - prices, economic - demographic - resource stocks - health

and kinship affect livelihoods of different groups within a community or neighbourhood

- Social and political organisation – decision-making processes, civic bodies, social rules and norms, democracy, leadership, power and authority, rent-seeking behaviour
- Governance – the form and quality of government systems (structure, power, effectiveness, efficiency, rights and representation)
- Service delivery – behaviour, effectiveness and responsiveness of state and private services delivery agencies
- Resource access institutions – how institutions that determine access to resources function
- Policy and policy processes – the effect on livelihoods of key policies and legislation, and the way policy is determined

METHODS FOR INVESTIGATING LIVELIHOOD STRATEGIES

Livelihood strategies are the combination of activities and measures that people take to achieve certain goals (livelihood outcomes), which depend on threats or risks they face, the opportunities available to them, their own capabilities. They will use their assets in different ways, might exchange

ASSETS	METHODS
<p>Human capital – refers to life expectancy, health and nutrition, literacy, education, skills, as well as ability to command labour beyond one own direct labour</p> <p>Possible indicators: Public expenditure per capita Physicians per 1000 people Primary school pupils/teacher ratio Life expectancy at birth Under 5 years old mortality rate Literacy rate Educational attainment</p>	<p>Secondary sources – provide a good overview</p> <p>Participatory methods – suitable for finding about provision of services and facilities that enhance human capital, and for uncovering barriers to access</p> <p>Sample surveys – useful for collecting less controversial data, including indicators of human capital</p>
<p>Social capital – Refer to ways in which people's social relationships, networks, associations and institutional linkages represent strategic livelihood resources</p> <p>Possible indicators: Extent of membership in groups Degree of participatory decision-making in groups % of household income from remittances % household expenditure for gifts and income transfers to other people Old age-dependency ratio</p>	<p>Community-wide survey of associations and organisations, their membership and activities</p> <p>Social maps – identify and locate social relations</p> <p>Timelines – to track changes</p> <p>Matrix/preferential ranking – relative priority of people give to social networks</p> <p>Venn diagrams – establish roles, responsibilities, and expectations</p>
<p>Natural assets</p>	<p>Sample survey – to determine distribution of privately owned natural assets, such as land, customary tenure land that is treated as private, private housing plots, livestock, privately owned trees, etc</p> <p>Stakeholder analysis, key informants, focus group discussions – to examine rules of access, property rights regime, barriers to access</p> <p>Participatory methods (e.g. mapping, transect walks, timelines, seasonal calendars) – to examine quality and management of assets, and track changes</p>

one asset for another (e.g. sell land to obtain a permit to work overseas for cash remittance), invest in new assets; undertake money-making and non-monetary activities for various reasons. Livelihood strategies are not constant.

Participatory methods:

- Group discussions – to describe evolving patterns of activities in the community, provide interpretations of reasons for changes
- Key informant interviews – to uncover patterns of activity or strategies adopted by those households or families that have managed to escape poverty
- Diagrammatic methods – to distinguish groups or household members that specialise in particular income-generating activity, and those the use mixed strategies
- Seasonal calendars – to capture peaks and declines in time allocation to different activities
- Preference ranking – to reveal people's criteria for decision-making about their strategies, how they choose to invest
- Wealth ranking – to produce an initial identification of poor and better-off households

ASSETS	METHODS
<p>Physical assets – Personal/household assets (can be counted) include: items that enhance income (e.g. sewing machine, agricultural implements); house quality and facilities (e.g. furniture, cooking utensils); piped water, electricity, waste disposal & other services; personal consumption items (e.g. radios, TV)</p> <p>Physical assets under shared ownership, for example, ploughs, pumps, tractors, rice threshing machines</p>	<p>Sample surveys</p> <p>Group methods using structured checklists</p> <p>Participatory methods - to understand management issues for shared assets</p>
<p>Financial assets – Include credit, savings, pensions, insurance</p>	<p>Preference ranking and matrix scoring – to compare importance of different credit sources and different options for savings, insurance and cash generation</p> <p>Seasonal calendars – to reveal variations in savings and credit patterns in same year</p> <p>Life-cycle profiles – to capture major changes over a longer period of time, such as pension or dependency</p> <p>Key informants and semi-structured interviews – to understand wider financial environment</p> <p>Financial and economic analysis – to determine the viability and sustainability of existing credit and savings organisations</p> <p>Sample survey – to determine individuals' or households' credit courses, conditions and costs of borrowing</p>

ASPECTS TO BE EXAMINED	POSSIBLE METHODS
<p>Performance of organisations What are the mechanisms through which people's views are captured and included in development planning process? Are these distinct for men and women? How do government or quasi-government organisations link with civil society groups? How do they hold themselves accountable to their clients? Are there gaps in civil society organisations? Are policies and development plans adequately resourced (in human and financial terms)? What is the role of the local political representative or body?</p>	<p>Structured interviews with key informants Validate these with reports and communities</p>
<p>Social relations and processes How do different social groups relate to one another? Which groups are excluded from mainstream society and why? How does authority work in the community – role of elected leaders? How to members of the community make their problems known to the political leaders or authority? What is the likelihood that such problems will be acted upon? How does the community deal with conflicts and grievances?</p>	<p>Interviews with key informants, using semi-structured questions</p>
<p>Policy and policy processes How are policies framed? Are local interests represented? How are different interests represented in the policy process? Who is included and excluded? Which actors have the greatest influence on policy change? Are policies and plans supported by appropriate budget allocations? Are budgets used effectively? Is policy coherent and independent of special interests?</p>	<p>Case studies Interviews with people selected through snowball sampling procedure Existing evaluation reports</p>

Sample survey:

- Useful for capturing income data – composition of income or sources of income; income disparities between different groups
- Permits comparison of income sources
 - Across and within social groups
 - Between men and women
 - Between poor and better-off households
- Important to obtain information from men and women
- Attention to seasonality factor
- Divide sample households according to dominant strategies they pursue, and into poor/better-off

KEY QUESTIONS FOR ANALYSIS

After gathering information using the above methods, the analysis should answer the following key questions:

- What specific (human, social, natural, physical, or financial) assets of the community should poverty reduction programs focus on for maximum impact on livelihoods?

Wealth Category	Criteria	% of Households
Rich	Big lands, cash, big house, tractor, farm animals, business vehicles, etc.	10
Middle	Small landholdings, little cash, small house, a few farm animals	25
Poor	Nipa hut, very small landholding, no savings, agricultural labour work, tenant	55
Poorest	Landless, small hut, wage labour, food insecure	

- What are the main external, long-term and sudden, short-term shocks that the community should be protected from or prepared for?
- What specific improvements policy, institutions, and processes (related to the previous 2 questions) can make a significant impact on enhancing livelihood strategies and outcomes?

The answers to the above questions should then guide local development planners in crafting poverty reduction programs and projects.

ACKNOWLEDGEMENTS

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GUIDELINES FOR SUPPORTING LIVELIHOODS OF POOR COMMUNITIES

OBJECTIVE

This action tool provides some guidelines for supporting livelihoods of poor households and individuals in the local area.

INTRODUCTION

The sustainable livelihoods framework (Tool 4.03.03) emphasises a focus on people, their assets, activities and access, rather than on sectors (e.g. health, agriculture, tourism) and their performance, which is the conventional entry point of policy.

A livelihood is the totality comprising the assets, the activities and the access to said assets and activities that determine the living gained by the individual or household.

THE DIVERSIFICATION OF LIVELIHOOD ACTIVITIES IS IMPORTANT FOR POVERTY REDUCTION.

A diverse portfolio of activities contributes to the security of rural livelihoods because it improves its long-run ability to easily recover or adjust to sudden changes or sudden shocks. In the same way that diversity in livelihoods and economic activities is important for whole regions and the country, diversity is also important for individuals and families. In general, increased diversity promotes greater flexibility because it allows more possibilities for substitute between opportunities that are in decline and those that are expanding.

CAPABILITY TO DIVERSIFY IS BENEFICIAL TO HOUSEHOLDS AT OR BELOW THE POVERTY LINE. HAVING ALTERNATIVES CAN MAKE A DIFFERENCE.

There is a critical difference between individual and household. An individual who takes on multiple occupations or livelihood activities can typically do so only in part-time, casual, low-income occupations or trades. Individual diversification tends to be closely associated with

necessity and poverty. By contrast, a household may have a diverse set of livelihood activities involving several individuals with specialised single occupations or trades.

Better-off households are able to diversify into more favourable labour markets that offer better returns, while poor families tend to diversify in unfavourable labour markets. This is related to the difference in their asset status. The poor possess few assets (for example, low human capital, landless) and often face barriers to entry into profitable or remunerative labour and product markets for many possible reasons, including low assets (example - need for skills), and poor ability to negotiate the bureaucratic procedures and obstacles.

Based on the livelihood framework, an effective poverty reduction strategy should involve facilitating the poor to gain better access to opportunities, or to create their own opportunities. A local economic development plan that aims at supporting the growth of a particular sector or sub-sectors of rural economic activity would

be inadequate in reducing poverty since it does not address the problem of lack of access to opportunities and assets among the poor.

Men and women have different assets and access to resources, and thus, opportunities. Women rarely own land, may have a lower education, usually have skills in less technical skills, and their access to productive resources and decision-making may occur indirectly through men. Typically, women face narrower labour markets (e.g. narrower range of jobs, home-based and unpaid activities rather than paid) than men, and gain lower or unequal earnings. Because of these constraints to women, diversification is a less feasible option for women than for men. It is therefore important to ensure that women's needs and constraints are addressed, and that women are not trapped into marginal and low-income activities when improving livelihood security at household level.

CORE OBJECTIVES TO BEAR IN MIND

In assessing livelihoods in local development, and in formulating measures to support livelihoods of the poor, it would be helpful to bear in mind a few core objectives:

- Improved access to high-quality education, information, technologies and training, and better nutrition and health
- More secure access to, and better management of, natural resources
- Better access to basic and facilitating infrastructure
- More secure access to financial resources
- A more supportive and cohesive social environment
- A policy and institutional environment that supports multiple livelihood strategies and promotes equitable access to competitive markets for all

DESIGNING ACTIONS TO SUPPORT LIVELIHOODS

CRITERIA FOR EVALUATING ALTERNATIVE ACTIONS

(Poverty reduction policies and project proposals)

- **Location** – Remoteness is typically associated with greater poverty and few livelihood options. Therefore, it may be valid to target remote locations rather than those already well integrated into diverse economic activities. However, one must be aware that remoteness

can also mean fewer numbers of poor people so location is not a precise criterion.

- **Assets (or lack of them)** – Assets are fundamental to livelihood strategies. For this reason, policies and projects that target individuals or families that already possess assets are likely to improve the incomes of those who are already better off rather than the poor.
- **Substitution between assets and activities** – This is a key attribute of viable and resilient rural livelihoods. Substitution between assets is facilitated by the possession of a diverse range of assets rather than just a few, and by working markets that enable one type of assets to be converted into another. Substitution between activities makes livelihoods more resilient and thus better able to adapt to unforeseen trends and hazards.
- **Options** – Being poor is often a case of being trapped with no options. Poverty reduction requires facilitating the widening of choices and options, by taking action to improve information, encourage mobility, and reduce regulatory restrictions on feasible courses of action.
- **Knowledge** – A policy or project must be designed on the basis of accurate, adequate knowledge about the livelihood strategies of the

people the policy/project is expected to help. Untested assumptions about the livelihoods of families cannot be made. Appearances can be deceptive and therefore need to be investigated.

HOW TO IDENTIFY ENTRY POINTS (OR PRIORITIES) OF PROJECTS

The results of a livelihood analysis (Tool 4.03.03) may identify many different entry options for supporting livelihoods. This does not mean that new projects should embrace all aspects of livelihoods. Projects should be designed to address specific entry points. A project that tries to do everything will become complex and difficult to manage.

The emphasis should be on identifying, together with partners and potential beneficiaries, the “best bet” entry points that will have a significant impact on the livelihoods of the poor. A balance is required between what is desirable (based on local priorities) and what is feasible. This often requires a negotiation between the local planner or donor organisation and recipients about which changes in livelihood quality will be pursued.

When prioritising entry points, it is important to draw on a range of tools (among others,

economic appraisal techniques), past experience, existing skills, and established partnerships and opportunities, to support existing positive directions of change. Estimates should be made of indicative investment costs and returns to different scenarios, with indications of the degree of risk involved. Without such analysis, it is impossible to assess trade-offs between alternative uses of resources.

Entry points usually refer to livelihood assets, or to policies, institutions and processes.

SOME ELEMENTS OF ACTIONS AND ISSUES

The livelihoods approach provides an organising framework for trying to improve the effectiveness of local development and poverty reduction strategies/policies. The components of this framework are broad and lack detail since the key constraints and policy issues that arise will be specific to local circumstances. The task of the local planner and development practitioner is to select those elements of the particular process that appear most promising for accelerated change in order to secure better outcomes for poor people.

A project is a discreet funding package, comprising an activity or set of activities that can contribute to, but not necessarily achieve on its own, a particular development objective. Project activities are not an end themselves. They are means of achieving sustainable reduction in poverty. Projects need to be flexible so that new opportunities are identified and acted upon as they arise.

Most projects that support livelihoods of the poor focus on assets, activities or policies, institutions and processes.

BETTER ACCESS TO HUMAN CAPITAL

Equity of access and innovative approaches to the delivery of rural education and health are designed to increase the human capital of the poor. Lack of education in particular is recognised as limiting the options open to the individual, both directly by excluding people from all but unskilled jobs, and indirectly, by limiting the range of livelihood options that people might consider as within their reach. Poor educational attainment has been identified as a critical constraint inhibiting diversification of livelihoods.

ACCESS TO FINANCIAL CAPITAL

The popular emphasis on micro-credit through group lending schemes addresses the lack of financial capital available to the poor and their inability to acquire assets that would permit them to engage in income-generating activities. There are many models and experiments in micro-credit provision from which to adapt and choose appropriate elements for local solutions.

Credit policy is not only about micro-credit schemes. There is also scope to facilitate the spread of rural financial institutions that are self-sustaining on the basis of savings and loans organised according to conventional banking criteria. This requires the appropriate regulatory and guarantee provisions that would enable the formation of such institutions and ensure confidence in them in the long term.

ACCESS TO PHYSICAL CAPITAL

Rural infrastructure plays a significant role in poverty reduction by contributing to the integration of national economies, improving the functioning of markets, speeding the flow of information,

and increasing the mobility of people, resources and outputs. Future infrastructure will depend on innovative approaches to provision and maintenance. Reliance on national government and irregular project finance cannot be depended upon to keep existing infrastructure in good repair or to make heavy investments in new infrastructure. Decentralisation helps in giving LGUs more say in priorities and financing, although LGU resources are far from adequate. Private investments need to be explored.

ACCESS TO NATURAL CAPITAL

Some projects could aim at improving the quality of land, a major natural asset in rural areas. These include soil conservation, soil regeneration, provision of irrigation, reforestation. Strategies that aim at providing people access to land include resettlement and land distribution.

SUPPORT TO LIVELIHOOD ACTIVITIES

Many rural strategies aim at promoting certain livelihood activities:

- Support to agricultural outputs (e.g. certified seeds)
- Facilitation of rural small scale industries
- Active encouragement of backward and forward linkages to agriculture (e.g. input delivery, machinery repair services, food processing, food trading)

INSTITUTIONAL ISSUES GOVERNING ACCESS

Access involves issues of local institutions, rural administration, authority, power, and governance. In some cases, regulations or institutional behaviour, hamper – rather than facilitate – people from starting up small businesses or self-employment activities. These include complex registration and licensing requirements, and side-payments to speed up official processes. Reform in terms of efficiency, effectiveness, transparency and fairness in state operations may be the focus of actions.

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LOCAL POVERTY MONITORING - MBN INDICATORS OF THE PHILIPPINE GOVERNMENT

OVERVIEW

The Local Government Units of the Philippines have adopted and used several poverty monitoring tools in the past decade. Among those that are widely used in the country are: the MBN-Community-Based Poverty Indicator and Monitoring System (MBN-CBPIMS), the Community-Based Monitoring System (CBMS), and Integrated Rural Accessibility Planning (IRAP).

OBJECTIVE

This information tool

- Explains the steps in MBN
- Lists the MBN Indicators used by the MBN-CBPIMS and CBMS.

MINIMUM BASIC NEEDS

The Minimum Basic Needs is a framework for poverty analysis, planning and target-setting that has been widely used in the Philippines. In 1995, through Proclamation No. 548 and Administrative Order No. 194 by President Fidel Ramos, then Presidential Commission to Fight Poverty (PCFP) adopted the MBN Approach as the key strategy for convergence among government and non-government institutions under the Social Reform Agenda.

The MBN serves as basis for:

- Setting priorities among primary requirements for survival, security and enabling needs of the family and community
- Situation analysis, planning, implementation, monitoring and evaluation

THE STEPS IN THE MBN PROCESS

1. SITUATIONAL ANALYSIS

Provides data requirements needs for local development planning. Analysis may coincide with the preparation of the socio-economic profile of each locality. It should generate three sets of information:

- Family and community profile: minimum basic needs, analysis of problems
- Administrative capability – sectoral facilities, managerial skills of local chief executives, existence of NGOs, POs
- Socio-cultural and political environment – physical, geographical and topographical characteristic, cultural beliefs, health practices, leadership

2. PLANNING

Planning for MBN may be integrated in the local development planning process. Since the Local Development Council (LDC) is the basic planning

structure, the LCE as area manager and LDC chairman should activate the local development councils.

- Set specific, measurable, attainable and time-bound targets for the local area vis-à-vis MBN indicators.
- Identify and prioritise programmes that address the minimum basic needs of target families/ areas using the MBN indicators.
- Determine resources needed to carry out programmes.
- Identify corresponding persons from government, NGOs and people's organisations who will implement programme.
- Determine extent of community support to implement and sustain programme, determine requirements of implementation.
- Phase the programme activities and draft work schedule.
- Finalise local development plans.
- Prepare work and financial plan.
- Integrate work plan in local development plan to ensure that MBN programmes are prioritised.

3. IMPLEMENTATION

- See to it that all concerned sectors are mobilised.
- Ensure the implementation of work plan.

4. MONITORING

- Use baseline data on MBN indicators
- Use other standard monitoring indicators agreed upon by inter-agency committee (*barangay* or municipality level)
- Install monitoring system at community and household levels
- Analyse and deposit data in local unit's databank

5. EVALUATION OF OUTPUTS, OUTCOMES AND IMPACT

33 MBN INDICATORS

Thirty-three (33) Minimum Basic Needs (MBN) were identified in the early 1990s through regional consultations that were led by the Presidential Commission to Fight Poverty, Philippine Institute for Development Studies, Department of

Social Welfare and Development, Department of the Interior and Local Government-Local Government Academy, National College of Public Administration and Governance, United Nations Development Programme, and the United Nations Children's Fund.

The 33 MBN Indicators cover ten basic needs in three areas:

SURVIVAL

- health
- food and nutrition
- water and sanitation
- clothing

SECURITY

- income and livelihood
- shelter
- peace and order, and public safety

ENABLING NEEDS:

- basic education and literacy
- family care and psychosocial needs
- participation in community affairs

MBN-CBIS AND MBN-CBPIMS

In 1995, a Community-based Information System (referred to a MBN-CBIS) was set up to collect and analyse data on the 33 MBN indicators at the *barangay* level.

The currently used *barangay*-level poverty monitoring system, MBN-Community Based Poverty Indicator and Monitoring System (MBN-CBPIMS), is an improved version of the MBN-CBIS system. Using enhanced data gathering instruments and techniques, which were developed by the National Statistics Office, data can be aggregated up to provincial level. Data are updated annually. Out of the 33 MBN indicators, 24 indicators are considered “core poverty indicators”.

The MBN-CBPIMS is meant to assist the local government unit identify who and where the poor are, and what the poor needs in terms of their MBNs. It is thus a tool for identifying target families needing priority action and attention, and provides the basis for planning, budgeting and programming local level actions.

MBN 33 INDICATORS

Basic Needs	Requirements
Survival	
A. Food and nutrition	<ol style="list-style-type: none"> 1. Newborns with birth weight of at least 2.5 kgs. 2. No severely and moderately underweight children under 5 years old 3. Pregnant and lactating mothers provided with iron and iodine supplements 4. Infants breastfed for at least four months
B. Health	<ol style="list-style-type: none"> 5. Deliveries attended by trained personnel 6. 0-1 year olds are fully immunised 7. Pregnant women given at least 2 doses of tetanus toxoid 8. Not more than 1 diarrhoea episode per child below 5 years old 9. No deaths in the family due to preventable causes within the year 10. Couples with access to family planning 11. Couples practicing family planning in the least 6 months 12. Solo parent availing of health services
C. Water and sanitation	<ol style="list-style-type: none"> 13. Access to potable water (faucet/deep well within 250 m) 14. Access to sanitary toilets (water-sealed, antipolo, flushed)
D. Clothing	<ol style="list-style-type: none"> 15. Family members with basic clothing (at least 3 sets of internal and external clothing)
Security	
E. Shelter	<ol style="list-style-type: none"> 16. House owned, rented or shared 17. Housing durable for at least 5 years
F. Peace and order/ public safety	<ol style="list-style-type: none"> 18. No family member victimised by crime against person (i.e. rape, murder, physical injury) 19. No family member victimised by crime against property (i.e. theft, burglary, etc) 20. No family member displaced by natural disaster 21. No family member victimised by armed conflict

THE COMMUNITY-BASED MONITORING SYSTEM (CBMS)

The CBMS is another organized way of collecting and processing poverty-related information at the local level. It aims to provide both national and local governments with up-to-date information for policymaking and program implementation.

The CBMS worksheet of the “A Guidebook for Local Poverty Diagnosis and Planning” uses 13 basic needs indicators. These indicators are grouped into three areas of concern, namely, survival, security and enabling, which are the same areas covered by the MBN indicators presented above. However, the CBMS and MBN indicators are not the same. Moreover, in the CBMS, income and livelihood are considered as an “enabling” area rather than a “security” area.

Another tool that may be used to generate poverty-related data is the Local Governance Performance Management System or LGPMS. The LGPMS, along with the MBN-CBPIMS and CBMS, are also being used to help LGUs assess and intensify their efforts towards the achievement of the Millennium Development Goals (MDGs).

G. Income and employment	22. Head of family employed 23. Other members of the family 15 years old and above employed 24. Families with income above subsistence threshold
Enabling	
H. Basic education and literacy	25. Children aged 3-6 attending day care/preschool 26. Children 6-12 years old in elementary school 27. Children 13-16 years in high school 28. Family members 10 years old and above able to read and write and do simple calculation
I. People's participation	29. Family members involved in at least 1 people's organisation/association, community development 30. Family members are able to vote at elections
J. Family care/psychological needs	31. Children 18 years old and below not engaged in hazardous occupation 32. No incidence of domestic violence 33. No child below 7 years old left unattended

LIST OF 13 CBMS INDICATORS

Area of Concern	Indicators
Survival	
A. Health	1. Proportion of children 0-5 years old who died to total number of children aged 0-5 years old
B. Nutrition	2. Malnutrition prevalence – proportion of children aged 0-5 years old who are malnourished (first, second, third degree)
C. Water and sanitation	3. Proportion of households without access to safe water
	4. Proportion of households without sanitary toilet facilities
Security	
D. Shelter	5. Proportion of households who are squatters
	6. Proportion of households who are living in makeshift housing
E. Peace and order	7. Proportion of households with members victimised by crimes
Enabling	
F. Income and livelihood	8. Proportion of households with income less than the poverty threshold
	9. Proportion of households with income less than the food threshold
	10. Proportion of households who eat less than 3 meals a day
	11. Employment rate
G. Basic education	12. Elementary school participation rate
	13. Secondary school participation rate

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PROBLEMS OF THE INFORMAL ECONOMY

OBJECTIVE

Work in the “informal economy” is a means of survival for the poor and those with very low incomes. In many low-income and under-developed areas, “informal enterprises” and “informal employment” constitute 40% to 80% of the local economy.

Therefore, local economic development and poverty reduction could not be achieved without addressing and solving the problems of people in the “informal economy” – the producers, business owners-operators and workers.

This tool provides a guide for mapping the size and composition of the informal economy and points out their basic problems, which explains why poverty and vulnerability are high in the informal economy.

Strategies for dealing with these problems are covered in a subsequent tool.

WHO ARE IN THE INFORMAL ECONOMY?

A DIVERSE GROUP OF WORKERS AND ENTERPRISES BUT SHARING A COMMON CHARACTERISTIC

The term “informal economy” is used to refer to the expanding and diverse **group of workers and enterprises** in rural and urban areas **who are not recognized or not protected under existing legal and regulatory frameworks governing business and/or employment.**

We see informal workers, producers and entrepreneurs in our everyday settings: street vendors; shoe shiners; garbage collectors; food peddlers; homeworkers such as sewers, shoemakers and embroiderers who make products for subcontractors and are paid on piece-rate basis; basket-makers, mat-weavers and many other handicraft makers; paid domestic workers or house helpers; wage workers employed in small business units, sweatshops and hidden factories; wage workers without employment

contract or unregistered workers; owner-operators of micro shops and enterprises, and many more.

These different groups share one important characteristic: **because they are not recognized under the legal and institutional frameworks, which govern or regulate business operations and employment, these groups suffer from several forms of exclusion.**

They receive little or no legal social and labour protection, they are unable to enforce contracts or enjoy security of property rights, and they suffer from poor or restricted access to productive resources, services and facilities. They are socially “invisible” – they are not covered or are inadequately counted by national statistics; they are rarely able to organize themselves and have little or no representation in policy-making bodies.

GUIDE FOR MAPPING THE SIZE AND COMPOSITION OF THE INFORMAL ECONOMY

Identifying and mapping the size and composition of the informal economy in a particular territory is not easy and not precise because relevant data are not always available.

However, a rapid appraisal can be done using the matrix on the right as a guide.

Informal sector enterprises: These are private unincorporated enterprises (owned by individuals and households that have no separate legal identity from their owners), whose employment size is below a certain level (which is determined nationally according to national conditions but is usually between 5-10 workers), and/or which are not registered under specific forms of national legislation, such as commercial acts, tax and social security laws and professional groups regulatory acts (as distinct from local regulations governing trade licenses and business permits).

Households (production units): These are households producing goods for their own final use, and those employing paid domestic

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Informal	Formal	Informal	Formal	Informal	Informal	Formal	Informal	Formal
Formal sector enterprises					1	2			
Informal sector enterprises	3		4		5	6	7	8	
Households	9					10			

Source: "Guidelines concerning a statistical definition of informal employment", Seventeenth International Conference of Labour Statisticians (ICLS), Geneva,

workers, such as maids, laundresses, watchmen, gardeners, and drivers.

Dark grey cells: Refer to jobs that by definition do not exist in the type of production unit in question.

Light grey cells: Refer to jobs which exist in the type of production units in question but which are not relevant to our concerns.

Unshaded cells: Are the focus of concern – they refer to types of jobs that represent the different segments of the informal economy.

Cells 1 and 5: Contributing family workers – no contract of employment and no legal or social protection arising from the job, in formal enterprises (Cell 1) or informal enterprises (Cell 5). Contributing family workers who hold an employment contract, receive wage and social protection, etc., would be considered as having formal employment.

Cells 2, 6 and 10: Employees who have informal jobs, whether employed by a formal enterprise (Cell 2) or informal enterprise (Cell 6) or as paid domestic workers by households (Cell 10).

Cells 3 and 4: Own-account workers (Cell 3) and employers (Cell 4) who have their own informal enterprises. The informal nature of their jobs follows directly from the characteristics of the enterprise that they own.

Cell 7: Employees working in informal enterprises but having formal jobs. For example, this may occur when enterprises are defined as informal in terms of the size criteria (e.g. less than 5 employees).

Cell 8: Members of informal producers' cooperatives.

Cell 9: Producers of goods for own final use by their household, such as subsistence farming and subsistence fishing.

Informal jobs: Own-account workers, employers and members of cooperatives are considered to have an informal job if their enterprise is an informal enterprise.

- All contributing (unpaid) family workers are considered to have informal jobs, irrespective of the characteristics of the enterprise for which they work.
- Activities of persons engaged in the production of goods for own final use by their household are considered informal jobs.
- Employees, including paid domestic workers, are considered to have informal jobs if their employment relationship is not subject to standard labour legislation, taxation, social protection or entitlement to certain employment benefits for reasons including: undeclared job or employee (e.g. illegal immigrants), the job is casual or of short duration, hours of work are below a certain level; employer is not registered; the employee's place of work is not inside the premises of the employer

PHILIPPINE INFORMAL ECONOMY

The exact size and composition of the Philippine informal economy cannot yet be determined because of gaps in the data collected by national statistical systems. The survey of enterprises covers only visible enterprises, and excludes businesses of very small scale, and with non-permanent locations. Household surveys could

inquire into non-wage and non-formal sources of income of household members but these surveys do not obtain enough information about the income sources to establish their nature and character.

Current estimations of the size of the informal economy are based on "proxy" data taken from household surveys or a combination of both household and enterprise surveys. These proxy data are:

- a) Categories of work approach - From the Labor Force Survey, which is based on households, two categories of work are used: own-account, self-employed workers, unpaid family workers.
- b) Residual employment approach - Uses the difference between employment data from the Labor Force Survey and employment data from the Census/Survey of Establishments as estimate.

There are limitations to both approaches to estimating the size of the informal economy. The first approach does not adequately capture informal employees (see Cells 2, 6 and 10 of matrix above). As regards the second approach, the difference could be the result of failure of

Establishment Surveys to cover smaller formal enterprises.

POVERTY AND THE INFORMAL ECONOMY

A poor individual cannot afford not to work, especially in regions where he/she has no social security, unemployment insurance and other formal or informal forms of social safety net. Any job is better than no income at all. This is one of the reasons why the size of the informal economy is expanding non-stop. People who cannot find a job in formal establishments find their way into the informal economy – by undertaking any form of business, trade or job which does not require little or no capital, technology or skill; by doing odd jobs here and there; or by hiring out their labour under casual arrangements without a verbal or written employment contract.

People with little or no education, few skills, no or little cultivable land, and no capital generally take up some form of informal livelihood.

Out of choice and necessity, more and more women are looking for employment or sources of income, but they often end up in jobs at the lower income segments of the informal economy

– because they tend to have less resources, lower education and skills; have to combine family responsibilities with earning an income; and face direct and indirect discrimination in the job market.

When the term “informal sector” was first used by the International Labour Organization in 1972, it was meant to describe a poverty situation in the labour market:

“...very small-scale units producing and distributing goods and services, and consisting largely of independent, self-employed producers, some of whom also employ family labour and/or a few hired workers or apprentices; which operate with very little capital or none at all; which utilize a low level of technology and skills; which therefore operate at a low level of productivity; and which generally provide very low and irregular incomes and highly unstable employment for those who work in it...” (The dilemma of the informal sector, ILO, Geneva, 1991)

However, not all who work in the informal economy earn low incomes and are poor. Some self-employed workers earn more than unskilled or low-skilled workers in formal establishments.

RELEVANT RESOURCES

- *Decent work and the informal economy*. ILO. Geneva. 2002. <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/rep-vi.pdf>
- *Guidelines concerning a statistical definition of informal employment*, Seventeenth International Conference of Labour Statisticians (ICLS), Geneva, <http://www.ilo.org/public/english/bureau/stat/download/papers/def.pdf>
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- ILO, Informal Economy Resource Database <http://www.ilo.org/dyn/infoecon/iebrowse.home>

CROSS-REFERENCES

- Tool 4.03.05.1, Action Tool: Strategies for improving incomes and employment in the informal economy
- Tool 4.04.02.1, Action Tool: Simple, low-cost ways of improving working conditions in the “informal sector”
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work

STRATEGIES FOR IMPROVING INCOMES AND EMPLOYMENT IN THE INFORMAL ECONOMY

OBJECTIVE

This tool focuses on specific problems and constraints of people working in the informal economy and identifies the broad strategies that local governments and local institutions can implement in order to improve the incomes and employment conditions in the informal economy.

WHAT ARE THE PROBLEMS OF THE INFORMAL ECONOMY?

The most visible problem of people working in the informal economy, whether they are vendors, producers, owner-operators of a small workshop, or workers, may be low and irregular, insecure incomes. However, they often have many other problems which are interrelated and which cause low incomes and make it difficult for them to improve their situation.

It would help to differentiate the different groups of people in the informal economy and look at their problems separately because the obstacles

they face and the causes of low incomes may be very different from one group to another. For example, the problems of owner-operators of small businesses are different from wage workers.

OWN-ACCOUNT WORKERS AND MICRO ENTREPRENEURS

The biggest group in the informal economy seems to be own-account workers - owner-operators of micro enterprises and production units who do not employ workers on regular basis and often rely on unpaid family labour; artisans; subsistence fishers and farmers, etc. Briefly, their problems may be grouped as follows on table *Examples of issues and problems of Own-account workers and micro entrepreneurs*.

WAGE WORKERS IN INFORMAL ENTERPRISES AND HOUSEHOLDS

Wage workers in the informal economy are generally forgotten or socially invisible.

First of all, their economic fortunes are linked to the economic performance of the enterprise employing them. It is thus assumed that if the income and profitability of the enterprise improves, the workers' situation would eventually also improve. Therefore, the focus of most development assistance to the informal economy has been the informal enterprise, the micro entrepreneur and own-account worker.

Second, two groups of wage workers are not visible because they perform their work outside conventional workplaces – within their homes, in houses, garages, backyard workshops:

- Paid domestic workers – househelpers, gardeners and drivers, whose employment relationship is often not subject to standard labour legislation, taxation, social protection or entitlement to employment benefits because the employee is undeclared, the job is casual and of short duration, or the employer is not registered.

Examples of Issues and Problems of Own-account Workers and Micro Entrepreneurs

ECONOMIC AND TECHNICAL ASPECTS

Market	<ol style="list-style-type: none"> 1. Producing a product that has no or limited market demand 2. Competition from many similar producers and products within a limited market 3. Poor product quality 4. No knowledge about the market 5. Poor linkages to market 6. Reliance on many intermediaries
Productivity	<ol style="list-style-type: none"> 1. Poor product quality and delivery due to poor equipment and technology, skills and/or organization of production 2. Unreliable sources of raw materials 3. High incidence of accidents and illness due to unsafe and unhealthy working conditions
Business management	<ol style="list-style-type: none"> 1. Lack of business development and management skills 2. No management practices
Regulatory environment	<ol style="list-style-type: none"> 1. Many regulations and multiple regulatory offices 2. Regulations are not clear and are complex 3. Regulations present obstacles to micro businesses 4. Bribes 5. Police harassment
Productive resources (finance, land, training, technical extension services, business services, information)	<ol style="list-style-type: none"> 1. Informal producers and enterprise owners possess little resources of their own 2. Institutions or agencies are biased in favour of bigger, formal establishments 3. Procedures and requirements are many, not understandable or difficult to comply with 4. Some laws or rules may directly or indirectly discriminate against certain groups of the population 5. Absence of local-based offices providing business, technical and financial services

SOCIAL ASPECTS

Health and safety	<ol style="list-style-type: none"> 1. High level of job-related health and safety hazards in certain industries and occupations 2. Many suffer from health problems (e.g. diminished eye sight, back pains, respiratory illnesses) 3. Because the home is often also the place of work, children are also endangered 4. People have little or no knowledge about the dangers of chemicals used at work 5. People do not use protective measures because they are considered costly, uncomfortable or not helpful
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Social protection	<ol style="list-style-type: none"> 1. People are not covered by any social insurance and health insurance in case of accident, illness, incapacity or death 2. No safety net in case of natural disaster, business failure or crop failure 3. Emergency expenses are covered through help from relatives and friends, loan sharks, own savings or sale of few assets 4. Constant indebtedness due to no work-no income
Child labour	As micro enterprises and households rely heavily on unpaid family labour, child labour is also often engaged. The major problem is where children are exposed to hazardous working environment and when work takes them out of school and prevents them from gaining an education.
Voice and representation	<p>Very few are members of organizations</p> <p>People have no time to participate in organizations or do not see practical benefit in organizing</p> <p>Interests of poor people in informal economy are not expressed by formal organizations</p> <p>People do not have the capacity (language, skills, self-esteem) to participate and express their views in meetings</p> <p>There may be laws or practices that directly or indirectly restrict people in informal economy from organizing</p>
Statistically invisible	<p>They are not counted in national statistics on establishments which cover enterprises in fixed locations and those with a certain employment size (in the Philippines 10 or more workers).</p> <p>Their incomes or contribution to the local economy are not adequately counted in national accounting systems.</p>

- Homeworkers or outworkers – while often wrongly regarded as own-account workers, their outputs are actually produced under strict specifications set by a subcontractor (a trader, middle agent of an enterprise, exporter or buyer) who often provide the design, raw materials, are often only parts of a whole product which is assembled and controlled

elsewhere, and usually paid at piece-rate basis. As disguised wage workers, homeworkers are excluded from entitlements to wages, benefits, job and social security under labour legislation.

Examples of Issues and Problems of Wage Workers in Informal Enterprise and Households

ECONOMIC ASPECTS

Wage rates	<p>Low wage rates due to competition from other worker or little bargaining power of workers to negotiate for better wage rates</p> <p>Low wage rates because enterprises cannot afford to pay more</p> <p>Workers do not know the existing wage rates of other workers or other areas</p> <p>Poor enforcement of legal minimum wage in the informal economy</p>
Productivity	<p>Poor quality of work due to:</p> <ul style="list-style-type: none"> Lack of suitable skills Poor health and nutrition Low motivation on the worker's part <p>Problems of the enterprise - poor equipment, management, production organization, working environment</p>

SOCIAL ASPECTS

Regularity and security of work	<p>Work is highly irregular and casual; no job security</p> <p>No work-no pay arrangements</p> <p>No employment security because of few or unsuitable skills, few jobs available in the area</p>
Rights and labour protection	<p>Workers are vulnerable to unfair and exploitative labour practices, such as:</p> <ul style="list-style-type: none"> non-payment or late payment of wages and benefits extremely long hours of work without overtime pay debt bondage (payment of debt with labour) physical and sexual violence (e.g. individual workers working along inside homes)
Health and safety	Same as own-account workers
Social protection	Same as own-account workers
Child labour	Same as own-account workers
Voice and representation	Same as own-account workers
Statistically invisible	Same own-account workers

Labour and social protection is weak in the informal economy because:

- Although labour laws may apply to all workers having employee-employer relationship, most workers' rights, including minimum wage, workers' benefits, dispute settlement, union organizing and collective bargaining, are enforceable only among those having clear employer-employee relationships in the formal sector.
- Labour inspectors do not visit small establishments (e.g. less than 5-10 workers)
- Government bodies that are responsible for resolving workers' complaints against violations of law are normally not accessible to informal workers for various reasons- their offices are located in capital cities or urban centres, they use legal and formal language that workers are not familiar with, and may require the presence of lawyers; staff may have bad attitude and not receive poor workers properly; case resolution could take time and repeated costly visits by workers.
- Most often, informal workers do not know their rights under the law.

STRATEGIES FOR IMPROVING INCOMES AND EMPLOYMENT

POLICY, LEGAL AND INSTITUTIONAL FRAMEWORK: ENSURE COORDINATED, COHERENT NATIONAL AND LOCAL POLICIES, LAWS AND REGULATIONS

First of all, it is important to bear in mind that improving incomes and employment of people in the informal economy would require policy coherence between national and local policies and strategies.

National level

National policies, legislation, regulations and institutions affect enterprises and employment in the informal economy, either positively or negatively. As stated earlier in Tool 4.03.05, these frameworks generally exclude the informal economy from productive services and resources, and from effective protection of property and labour rights. Some are biased in favour of formal, bigger enterprises at the expense of micro enterprises, effectively hampering growth among the latter. For example, policies and procedures of financial institutions often favour formal enterprises.

It is therefore important to assess these national policies, laws and regulatory institutions and determine in what ways they exclude and constrain enterprises and workers in the informal economy from obtaining better incomes and employment conditions, and achieving growth. Legal and institutional reforms may be necessary.

Local level

At the sub-national level, local governments, depending on the decentralization framework, implement national policies and laws, enact and enforce local regulations, and provide incentives and services, which may positively or negatively affect small enterprises, producers and workers in the informal economy. These local frameworks also need to be assessed and reforms adopted where necessary.

Areas of local government responsibility which should be reviewed for possible biases against informal enterprises and workers are:

- Business registration requirements and procedures
- Land use and building permits
- Local taxation

- Access to and use of local water, marine and forest and mineral resources

As a response, local governments may change or simplify regulations and procedures, train local staff to assist the diverse groups in the informal economy, and set up specific offices to deal with the requirements of these groups.

LOCAL PROMOTIONAL PROGRAMMES AND MEASURES FOR MICRO ENTERPRISES AND OWN-ACCOUNT WORKERS

In addition to ensuring a favourable legal, policy and institutional environment, local governments and local organizations can adopt and undertake a number of programmes and measures to improve incomes and employment in the informal economy. What these programmes and measures are would depend on the priority reasons for low incomes and the nature of problems.

The long experience of many organizations in addressing the problems of the informal economy shows that an integrated approach is the most effective way.

Integrated approach: productivity, market, incomes and social protection

Micro entrepreneurs and own-account workers would benefit from a strategy that combines:

- Measures aimed at raising productivity, market integration and incomes, and
- Measures aimed at reducing their exposure and vulnerability to health and safety hazards at work and to sudden life risks (e.g. death, illness).

Productivity, market and incomes

Technical and business advisory services:

- New technology, skills, equipment
- Change in work organization
- Better or cheaper sourcing of inputs
- Change in product
- Improvement of product design
- Quality control

Marketing assistance:

- Market study
- Networking
- Trade fairs

Training schemes:

- Technical skills
- Business management skills
- Adult literacy and numeracy

Financial services:

- Savings
- Credit

Infrastructure:

- Clean water
- Sanitation
- Power
- Roads to markets
- Work places with adequate facilities

Social protection

Promotion of access to existing national and other social and health insurance systems:

- Dissemination of information
- Setting up a local unit for information and advice, processing of papers, reception of claims

Promotion of health and safety at the workplace:

- Information dissemination on hazards and low-cost ways of protection from hazards

- Mobilization of local health centres and personnel to provide medical information and advice, and to identify job-related health and safety hazards
- Improvement of shelter conditions - water, sanitation and lighting facilities as many people work in their homes

Support to local social insurance scheme

- Assess and identify groups who are most vulnerable and in greatest need of social insurance (see Tool 4.03.06.2 – Assessing social risks and vulnerabilities in the local community)
- Invite experts to help people assess their needs and capacity to pay
- Disseminate information

Organization, collective action, and voice

In certain situations, there are benefits for micro entrepreneurs and own-account to organize themselves into small associations so that they could combine efforts and resources where necessary, for example: bulk purchase of inputs, share costly transport facilities and equipment, achieve economies of scale and accept big orders

for a product, organize joint trade fairs. They can undertake joint action and express their needs to the local government with greater strength.

However, it is well known that competition is also very high in the informal economy because many own-account workers and entrepreneurs are engaged in the same product and business. This may result in limited incentive for joint action.

LOCAL PROGRAMMES AND MEASURES FOR INFORMAL WAGE WORKERS

Integrated strategy: employability, rights and social protection

An integrated strategy to assisting informal wage workers would combine measures aimed at:

- Promoting their employability, productivity and employment security in the labour market
- Protecting their fundamental rights as worker and their entitlements under the national labour laws
- Enhancing their social protection

Promoting employability, productivity and employment security

- Skills training
- Adult literacy and numeracy
- Vocational counselling and job placement services
- Job information services
- Mobilize these services especially for the youth and young workers

Promoting and protecting workers' rights and entitlements

- Information dissemination to employers on workers rights and entitlements
- Legal literacy for workers
- Setting up an office or service that provides legal advice and assistance to workers in case of serious unfair practices such as non-payment or late payment of wages, violence and worst forms of child labour
- Setting up an office or service to conciliate and mediate disputes
- Ensure that there are no legal and institutional obstacles to workers freedom to organize

- Provide a local forum where workers can express their concerns and needs, and seek solutions

Enhancing social protection

- Disseminate information on existing national and other social and health insurance systems, and identify who could benefit from said systems and how.
- Promote of health and safety at the workplace, through education of workers and employers by local health personnel, low-cost ways of improving conditions of work and low-cost protective devices
- Provide support to workers who wish to set up local social insurance or health insurance schemes, mutual help support, savings and micro-finance (see tools on social protection, Tools 4.03.06 and 4.03.06.1 – 5)
- Support micro-financial schemes (see Tool 4.03.07)

RELEVANT RESOURCES

- *Decent work and the informal economy*, ILO, Geneva, 2002 <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/rep-vi.pdf>

CROSS-REFERENCES

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- Tool 4.02.4, Information Tool: Creating local jobs through worker cooperatives
- Tool 4.03.03.1, Action Tool: Guidelines for supporting livelihoods of poor communities
- Tool 4.03.06, Information Tool: Social protection from risks: what and why
- Tool 4.03.06.1, Action Tool: Developing social protection in your local community
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local community
- Tool 4.03.06.3, Action Tool: Providing better social protection for women
- Tool 4.03.06.4, Action Tool: Extending social protection to local communities
- Tool 4.03.06.5, Assessment Tool: Sample of a community survey for health micro-insurance
- Tool 4.03.07, Assessment Tool: Assessing the potential for local microfinance

SOCIAL PROTECTION FROM RISKS: WHAT AND WHY

OBJECTIVE

This information tool explains basic concepts regarding social protection and its role in alleviating risks and vulnerabilities of individuals, families and communities. As local planners and local development practitioners, the information contained in this tool will enable you to make informed decisions and craft plans for your constituents in an appropriate manner that encompasses and takes into consideration important components in social protection that play important roles in the development of communities, municipalities and provinces. It is recommended for users to read this tool before using the other tools in this section (Tools 4.03.06.1 to 4.03.06.5).

WHAT IS SOCIAL PROTECTION?

Social protection is the protection which society provides for its members against risks and the negative consequences of these risks. Human beings are exposed to different kinds of risks, events and circumstances in daily life which, if not prepared for, may lead to a person's inability to cope with such risks financially, psychologically and even physically.

Thus, government interventions such as the national social security and health insurance systems or private initiatives through cooperatives or local communities help to guard against the adverse impact of substantial reductions in earnings brought about by some of these events and circumstances. The International Labour Convention 102 on Social Security Minimum Standards can serve as a good reference to know more about such risks and interventions.

The objectives of social protection are:

- To offset the substantial loss of income from work resulting from various forms of social risks, examples of which are indicated below
- To increase access to basic social services, such as health care and benefits for children, with a view to enhancing individual and family security.

WHAT IS MEANT BY RISKS AND VULNERABILITIES? WHAT ARE EXAMPLES OF RISKS THAT PEOPLE ARE CONFRONTED WITH?

Risks are events or circumstances that expose a person or groups to possible loss or injury. This term is often used interchangeably with the term vulnerability since vulnerability is defined as susceptibility or openness to attack, being hurt or injured. Vulnerability, however, covers a broader scope since the term includes those most affected by risks together with the lack of protection against the negative consequences (such as loss of income and inability to gain a living) of these risks.

In our everyday life, we are surrounded by various risks. There are various types of risks and these can be understood from two perspectives:

1. The degree of uncertainty and
2. The relative size of the loss involved.

Social risks are events or circumstances that cause distress (oftentimes financially) to a person or household, usually resulting in a drastic reduction in income. Some typical examples of social risks include sickness, maternity, unemployment, work-related injury, invalidity, old age and death. Assessment Tool 4.03.06.2 explains at length the major categories of risks that a social security program may cover and gives examples for each of these categories.

WHAT IS THE IMPORTANCE OF SOCIAL PROTECTION?

Social protection schemes, when organised at the community level help:

- Increase the social integration of poor and vulnerable members of the community by allowing them better participation in local and national development.

- Empower the members of the community as they learn to identify various risks and decide how to cope with them according to their own needs and preferences.
- Increase their self-assurance and their belief in their ability to influence their situations.

Social protection plays an important role in improving living standards and increasing the productivity of people within a community. When people are taught and provided with opportunities to be able to prevent the consequences or occurrence of certain risks, then they are also protected from the ill-effects of such risks. In this manner, people are able to pro-actively improve their living conditions as well as their capacities to generate income. Social protection also contributes to social cohesion.

There are five institutions in the Philippines that are mandated to implement social security schemes for all workers. These formal social security systems however are traditional designed for workers in the formal economy. These are:

- Social Security System (SSS)
- Government Service Insurance System (GSIS)
- Employees Compensation Commission (ECC)

- Philippine Health Insurance Corporation (PHIC)
- Home Development Mutual Fund or Pag-ibig Fund

Over the years, the systems and mechanisms of the formal social security have not considered those sectors in the population whose incomes are irregular and unstable. This has led to the mushrooming of various traditional mechanisms among low-income communities that provide, albeit in a limited fashion, some forms of social security to its members. These community-based initiatives provide a variety of social protection benefits. Examples of these include:

- Community Based Health Insurance
- Death Benefits or Mortuary Assistance
- Scholarship Benefits
- Crop Insurance
- Loan Protection

WHAT ARE EXAMPLES OF STATE-SPONSORED SOCIAL PROTECTION POLICIES AND PROGRAMS?

A key function of government is to provide and implement various social protection policies and programmes for the benefit of its citizenry.

Below are some examples of state policies and programmes:

Old-age pensions – that help governments care for their older and ageing populations by public old-age income support schemes or by occupational or private pension plans, or retirement savings schemes, etc.

Short-term sickness benefits – If workers fall sick, they need to have an alternative or replacement income. This need is widely recognised by social security schemes. Thus, most of these schemes aim to not only provide security in such circumstances, but also to reduce or eliminate the financial pressure on workers to carry on working when sick.

Invalidity pensions – These are the benefits that are typically provided by social insurance pension schemes. The need for such benefits is more widely acknowledged.

Workers' compensation – These usually cover all cash benefits and services, in the event of industrial accidents and occupational diseases. The costs are covered entirely out of compulsory employer contributions. In this scheme, both

employers' and workers' representatives are closely involved in administering it.

Rehabilitation measures designed to facilitate return to work – Most people with a work disability are not in the labour force. In an effort to integrate and normalise the circumstances of disabled people, mechanisms are implemented to help workers with disabilities to return to work rather than simply to pay them cash benefits.

Health care – Medical care is provided to maintain, restore or improve the health of the persons protected and their ability to work and to attend to their personal needs. The minimum content of the benefit covers general practitioner care, including home visits; specialist care in hospitals and similar institutions for in-patients and out-patients, and such specialist care as may be available outside hospitals; essential pharmaceutical supplies; pre-natal, confinement and hospitalisation where necessary.

Social safety nets – these provide income security and access to basic social services to the poorest population groups, and/or those needing assistance after economic downturns, natural disasters, or household-specific emergencies that lower income.

Child-labour reduction programmes – These programmes promote the development of human resources and increase access and opportunity for all groups. These are usually accompanied by comprehensive strategies for broad-based poverty reduction, or the reduction of child labour.

Measures to assist the unemployed to find work – Some countries implement certain social protection measures that guard against the risk of not being able, temporarily or permanently, to earn a living and meet individual and family needs. Such measures include training and re-training programmes, vocational guidance and placement services. Efforts must be made therefore to seriously look at the coherence and synergy between labour market and employment policies and social protection policies.

Social funds – which, through agencies, channel grant funding to small-scale projects to help poor communities design and implement their own projects to meet their own stated needs.

Other social insurance arrangements – countries such as Sri Lanka, Korea, and Japan have systems that offer social insurance cover to groups of informal economy workers.

FORMAL SOCIAL SECURITY SCHEMES IN THE PHILIPPINES

- **Social Security System (SSS):** The SSS offers a comprehensive range of benefits as insurance for retirement, death, disability, maternity, sickness, old age, death and work-related injuries. In addition, low interest loans are also made available to members especially during calamity and emergency situations as well as for housing and educational needs. The SSS covers all workers NOT employed by government.
- **Government Service Insurance System (GSIS):** The GSIS also offers a defined set of benefits and is funded from salary-based contributions of all government employees. Except for maternity benefits, all other benefits offered by GSIS are similar to those from SSS.
- **Employees Compensation Commission (ECC):** The ECC assists workers and their dependents in the event of employment-related injury, sickness, disability or death. This is done through the provision of meaningful and adequate income benefits for medical and other needs. Employers pay the contribution to the EC fund with no counterpart from the employees. The fund is collected and administered by the SSS and GSIS.
- **Philippine Health Insurance Corporation (PHIC):** PHIC is tasked to administer health care contributions and to develop a social health insurance system that will ensure affordable, adequate and accessible health care services for all Filipinos. Under this system, medical services are obtained from accredited doctors and hospitals. Medical expenses are paid or reimbursed by PHIC using a ceiling of fees pegged according to the severity of illness suffered by the member or by qualified dependents
- **Home Development Mutual Fund (PAG-IBIG Fund):** This fund is a savings scheme generated by voluntary contributions from employees in both the public and private sector with mandatory counterparts from their employers. The fund's primary aim is to be able to provide financing for housing needs of members through savings.

Source: M.E. C. Yap, Extending Social Security to the Informal Sector (Chapter 5), ILO Working Paper 10, May 2004.

The following are examples of private-based social protection programmes:

Market-based programmes – Some private banks or companies sell life or health insurance policies, pension plans for retirement and access to credit when needed.

Informal arrangements – that support community or family members through informal insurance arrangements. Arrangements can include marriage, children, mutual community support, savings or investments in human, physical, and real assets, and investments in social capital. There are different institutions and players involved in offering these such as health services providers (Bangladesh), trade unions (Nepal), cooperatives (Philippines), community-based organisations (India), etc.

KAPANIDUNGAN SA KALUSUGAN: AN EXAMPLE OF A SOCIAL PROTECTION PROGRAM IMPLEMENTED THROUGH A PUBLIC-PRIVATE PARTNERSHIP

The Kapanidungan sa Kalusugan (KSK), a social health insurance scheme being implemented in the Province of Batanes, Philippines is a social protection program initiated by a non-

governmental organisation called HEALTHDEV Institute. Through a Memorandum of Understanding with the provincial government of Batanes, the KSK was initiated in 2003 by mobilising Federation of *barangay* Health Workers, a people's organisation with chapters in all of the five municipalities of the province. The provincial government established the social health insurance office of KSK and has expanded its Provincial Health Board to include the mayors of all of the five municipalities. Furthermore, the mayors agreed to be part of the formation of an Inter Local Health Zone to share in the financing and human resources to set-up the necessary health facilities to provide health care services to the KSK members. The NGO, HEALTHDEV, then provides the technical guidance and initiates the transfer of technology to the social health insurance office who performs the day-to-day administrative and operational functions.

The KSK enrolls on a voluntary basis the different households in a municipality who seek to access a package of benefits of health care services both on an outpatient and inpatient basis. An agreed upon monthly premium is paid in exchange for a set of health care services that members are able to

access through the health service providers in the Rural Health Unit in the municipalities.

Presently, KSK has enrolled about 10 per cent of the population and is expanding quickly. This

has happened due to the wholehearted support of the Provincial Government of Batanes, the partner People's Organisations and the assistance of the NGO partner.

EXAMPLES OF COMMUNITY BASED INITIATIVES THAT PROVIDE SOCIAL PROTECTION IN THE PHILIPPINES

- **Health Care:** These usually come in the form of free outpatient consultations and check-ups. In some cooperatives, free medicines are given and partial reimbursements are also provided to help defray hospitalisation, laboratory tests and surgery.
- **Death Benefit or Mortuary Assistance:** This benefit is usually provided as a grant and is often limited to members of a cooperative or organisation. Mortuary assistance funds come mainly from members' contributions.
- **Scholarship Benefits:** Scholarship grants are also sometimes provided to children of regular members of primary cooperatives. Grants come in the form of partial or full tuition coverage or allowances for daily expenses, books, school supplies, uniforms and board and lodging.
- **Crop Insurance and Loan Protection:** In the Philippines, loan protection and deposit guarantee services are provided for affiliates of the National Confederation of Cooperatives through the Coop-Life Mutual Benefits Services Association (CLIMBS). The Philippine Crop Insurance Commission, on the other hand, provides crop insurance as facilitated by the cooperatives.

Source: M.E.C. Yap, Extending Social Security to the Informal Sector (Chapter 5), ILO Working Paper 10, May 2004

WHAT ARE THE CONTRIBUTIONS AND MAJOR INTERVENTIONS OF THE ILO IN SOCIAL PROTECTION?

The International Labour Organization (ILO) has adopted a strategy for increasing social protection through its DECENT WORK FRAMEWORK. This framework aims to initiate and sustain social protection.

This framework aims to initiate and sustain social protection programmes in five major areas, namely:

- Social Security
- Occupational Safety and Health
- Conditions of Work
- International Migration
- HIV/AIDS in the workplace

RELEVANT RESOURCES

- *Social Protection Sector: Enhance the Coverage and Effectiveness of Social Protection for all as part of ILO's Decent Work Strategy*. ILO June 2000.
- *Pension Schemes*, Social Security Vol. 4. ILO 1997.
- *Administration of Social Security*. Social Security Vol 2. ILO 1998.
- *Social Security Financing*. Social Security Vol 3. ILO 1997.
- *Social Security: A New Consensus*. ILO 2001.
- *Social Security Pensions: Development and Reform*. Colin Gillion and John Turner, et al. (Eds.) ILO 2000.
- *Social Protection*. Coudouel, A. and K. Ezemenari, et al. ILO April 2001.
- *Introduction to Social Security*. ILO 1984.
- *HIV-AIDS: An ILO Code of Practice*. ILO 2000.
http://www.ilo.ru/aids/docs/ilo/hiv_a4_e-f.pdf

CROSS-REFERENCES

- Tool 4.03.06.1, Action Tool: Developing social protection in your local economy
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local economy
- Tool 2.05, Information Tool: Integrated Rural Accessibility Planning (IRAP)

DEVELOPING SOCIAL PROTECTION IN YOUR LOCAL COMMUNITY

OBJECTIVE

This action tool suggests guidelines on how best to approach the problem of local risk and vulnerability in a systematic way. This tool lists some practical ideas and techniques to help development practitioners and planners help local communities cope with the most common forms of risks that they encounter.

SOCIAL PROTECTION AND ECONOMIC GROWTH

It has often been said that economic growth and development, as well as fair and equal income distribution, are needed to reduce poverty. Social protection programmes contribute to poverty reduction by lessening or preventing extreme swings in income cycles, by ensuring long-term investments in human resources, and by compensating and assisting people who are affected by policy changes meant to promote economic growth and development (for example, downsizing and outsourcing of services

by companies). In addition, social protection programmes also improve income distribution.

These realities and issues are very important because more and more, there is growing evidence that in countries where great inequality in income distribution and wealth exist, there is an associated slow growth due to poor policy choices, civil unrest, absence of unity and social cohesion in communities and populations.

WHAT ARE SOME OF THE WAYS BY WHICH COMMUNITIES ARE ASSISTED IN DEALING WITH RISKS AND VULNERABILITIES?

An essential step needed in planning and crafting social protection policies is identifying and developing ways of addressing and managing social risks or weaknesses. There are currently many ways to do this. The approaches differ primarily with respect to the “delivery system” or vehicle by which the interventions are implemented.

Aside from State-run national programmes, many other forms of social protection are delivered and implemented by non-government institutions, private organisations and other civil society groups. These various approaches have come about through the attempts by different institutions and organisations to reduce social risks and vulnerabilities experienced by their beneficiaries and constituents.

Thus, in the Philippines and in many parts of the world the wide range of experience has led to the accumulation of a good body of knowledge and practical methods in social protection.

There are many types of social risks and vulnerabilities that communities are exposed to (see Tool 4.03.06.2). However, due to limited resources and limited capacities, government and civil society organisations have had to prioritise the social risks that they seek to address, and often implement programmes that focus on a particular risk, with the belief that mitigating the negative

consequences of these risks would facilitate the development process.

Social protection approaches and interventions range from national, formal programmes to traditional and non-traditional community-based initiatives.

NATIONAL PROGRAMMES

These are programmes implemented by the State or Government using its vast network and capacity for scale or reach. These are usually operationalised in the form of policies or legislation enacted by the President upon approval by Congress and the Senate, and carried out by the appropriate branches and units of Government.

TRADITIONAL AND NON-TRADITIONAL COMMUNITY-BASED INITIATIVES

These schemes arise usually as an off-shoot of a perceived inability of the State to carry out its responsibilities, hence driving civil society groups – non-governmental organisations and peoples' organisations, to craft and implement their own social protection measures, specific to the needs

of their own constituents or member-beneficiaries. Some of these may be supported by international development agencies that also seek to contribute to the betterment of the plight of marginalised and vulnerable groups. These schemes are usually limited in scale or coverage; they are often confined to specific geographical communities or sectors. They tend to focus on a few key social needs and risks that are believed to have the greatest impact in the development (or lack of it) in their communities.

Some traditional community-based initiatives encompass the provision of financial support through a system of forced saving or fund-pooling, known in the Philippines as *paluwagan*. Groups of individuals put forward an agreed amount of money and the pooled fund is awarded to one member each month with a rotation system so that all members who contribute get to have a turn in receiving the pooled funds. This is considered traditional as a similar system has already been in practice for a long time among Filipino ancestors.

Another traditional mechanism is known as *damayan*. The spirit of solidarity is invoked among families, clans, ethnic groups especially

during times of crisis or catastrophe of some of its members. Material and non-material support is extended to those who have been affected.

Over the past two decades, as more and more civil society groups have involved themselves in more local communities in the Philippines, other forms of non-traditional initiatives have arisen. These include microfinance and livelihood initiatives that are sometimes tied to health programmes as a means not only to improve the individual's income but also to ensure access to preventive and curative health services. There have also been some very creative means of providing social security in the form of community-based early child development centres or day care centres and community rehabilitation programs for the chronically ill. Many of these efforts are still deeply rooted in traditional Filipino values like *Bayanihan*.

Innovative practices and programmes that are successfully implemented in the Philippines

Practices and Programmes	Risk(s) Addressed	Lead Agencies or Champions (Philippines)	Key Insights and Observations
EDUCATION			
Increasing the coverage of existing Early Child Development (ECD) Programmes	Life cycle risks – education and formation of young children, need for caretakers for children especially if both parents are trying to earn a living	Government Agencies like the Dept of Social Welfare and Development, Dept of Education International and local non-government organisations like Save the Children, Plan International, ORT	A successful model that is being implemented in some municipalities in La Union Province where Early Child Development Programmes have managed to empower mothers and caregivers and to organise them and expand the range of social protection services to include access to health care. These programmes are most effective at the community and LGU level.
Providing counselling and tutoring to keep children in school and reduce repetition rates	Life cycle risks – costs of educating children, providing sufficient training to make children responsible and economically productive citizens	Government Agency – Dept of Education, Commission on Higher Education Academic Institutions Local and International NGOs	Some private academic institutions and universities have spearheaded as part of their community extension work to conduct tutoring and counselling sessions to children in the public school system. This is done to augment the poor quality of education in public schools due to a high teacher to student ratio, lack of textbooks and classrooms. These activities are best done through a partnership between government and private organisations. The public educational systems can provide the structure and mechanism to implement the program while private organisations can field human resources and extend technical support to counselling since government personnel are too burdened with responsibilities that they will not have the time to do this.
Designing scholarship programmes tied to school attendance	Life cycle risks – education of children	International and Local Agencies and Foundations. National and local governments that own and operate State Universities and Local Colleges	Deserving and gifted students coming from poor families are given opportunities to get quality education through scholarship opportunities provided them and to ensure regular attendance in classes.

Practices and Programmes	Risk(s) Addressed	Lead Agencies or Champions (Philippines)	Key Insights and Observations
HEALTH EDUCATION AND DISEASE PREVENTION			
Providing nutrition supplementation for malnourished children	Health risks and Life cycle risks such as susceptibility to diseases like tuberculosis and other infections, also poor brain development due to poor nutrition	Government Agencies – Dept of Health, Dept of Education, Dept of Social Welfare and Development International and Local Organisations – UNICEF, health NGOs, etc	Nutrition surveillance and supplementation are programmes that are frequently done by government and many civic organisations. This is driven by the belief that poor nutrition leads to a poor economy due to a stunted brain development which eventually does not allow a future workforce to be globally competitive due to an inability to apply the necessary skills and knowledge needed to thrive. This initiative is effective when implemented at the LGU level where the facilities of a Rural Health Unit can be harnessed and mobilised together with <i>barangay</i> Health Workers to assist in the activities.
Providing information sessions on sex education and employment for teens		Academic Institutions, Private Foundations, International and Local Organisations, Government Agencies like Youth Commission	In this era where the threat of HIV-AIDs and other Sexually Transmitted Diseases are very real coupled with uncontrollable population explosion, services that provide information on reproductive health, gender and sexuality have been advocacies of some schools and civil society groups. There is an effort to influence and shape the young minds to be responsible.
Increasing investment in water and sanitation provision	Health risks - illnesses brought about by poor environmental sanitation and lack of clean water source	Government Agencies – Dept of Health, Dept of Public Works and Highways, Local Government Units Private Organisations and International Development Agencies	Access to safe and potable water coupled with proper sanitation and waste disposal are pressing and urgent needs in many communities. The absence of these basic services exposes local communities to many health risks and illnesses. Thus, the provision of these services can significantly provide social protection to many communities.
Ensuring availability and accessibility of social services such as health care, especially for women	Health risks	Government Agencies – Local Government Units, Dept of Health, Dept of Social Welfare and Development, PHIC Civil society organisations – NGOs, Cooperatives, Civic Groups	Health, a basic need is one service that is provided by many groups all in the effort to lessen risks of complications due to illness and the loss of income due to disease including the risk of deepening poverty due to high costs of health care services.

Practices and Programmes	Risk(s) Addressed	Lead Agencies or Champions (Philippines)	Key Insights and Observations
HOUSING AND PUBLIC WORKS			
Expanding the coverage of land and housing relocation and titling programmes	Life cycle risks – shelter and housing	Government Agencies – National Housing Authority, Metro Manila Development Authority Civil Society Groups – Urban Poor Networks, Local NGOs, Extension Programs of Academic Institutions	Decent shelter and housing is a basic need. The phenomenon of urban migration and squatters becomes more and more present especially in big cities where people perceive that there will be more job opportunities for them. Thus, the issue of land ownership and housing then become very real to these individuals as they do not mind packing themselves in congested, small rooms, exposed even to the elements simply because they do not have homes.
SUBSIDIES, TRAINING, LIVELIHOOD OPPORTUNITIES			
Increasing the coverage of non-contributory pensions. Increasing the coverage of housing subsidies	Life cycle risks – retirement and ageing Health risks – care for the elderly	Government Agencies – Philippine Health Insurance Corporation, Social Security System, Government Service Insurance System, PAG-IBIG Funds Civil Society Groups especially cooperatives	Traditionally, in the Philippines, families are characterised as being closely-knit and extended. This means that the aged and infirm are cared for even if families have financial and material difficulties in doing this. Thus, through a tax based system, the economically active workers are required to become members of the state-implemented social security programmes whose contributions then are used to provide for pensions. Also the social health insurance scheme covers for free all retirees and elderly. There is also a programme being implemented by PHIC to cover for indigents whose premiums are paid for both by the national and local government. In this case, the indigent families benefit from health services but do not need to pay premiums as these are under sponsorship. Locally, cooperatives also implement some mechanism to establish pension funds to take care of members when they retire as well as their dependents. Some cooperatives and private organisations also provide some additional housing subsidies for their members and their dependents to help defray housing costs and rental or to enable them to build their own homes for their families.

Practices and Programmes	Risk(s) Addressed	Lead Agencies or Champions (Philippines)	Key Insights and Observations
Expanding targeted training and job search programmes	Life cycle risks – job opportunities, capabilities to be able to compete in a global market	Government Agencies – Technical Education and Skills Development Authority (TESDA), Dept of Labour and Employment Corporate Foundations and Private Firms (Local and International)	Community-based training programmes for practical sources of livelihood are being disseminated in communities in order to provide opportunities for household members to augment family income.
Undertaking public works programmes designed to maintain productivity.	Life cycle risks - loss of income generating opportunities due to lack of access	Government Agencies – Local Government Units, Dept of Public Works and Highways International Agencies especially JICA	Farm to market roads are needs in many far flung hard to reach communities in the Philippines. Although this innovative programme is very limited in scale and reach, there have been some efforts to make more communities accessible to markets in order to ensure a more sustainable livelihood and economic activity.

WHAT IS THE POSSIBLE MIX OF POLICIES IN SOCIAL SECURITY?

Although it is recognised globally that social protection is a basic human right – a core need, good and value – and as such it should be available to all members of society, there is no one policy or programme that singularly responds to this need and challenge. The State, as mandated by its constitution, has some systems and structures in place that seek to protect its citizens and its labour force from certain risks. However, due to the complex and broad nature

of risks that various sectors of the population are exposed to, the government alone cannot respond to the needs of its citizenry. In order to ensure that a comprehensive social security coverage of various risks takes place, a mix of policies and programmes, which are implemented both by the public and private sector, has to be put in place.

Traditionally, the delivery of basic social services such as education, health care, water and sanitation, are viewed to be solely the responsibility of government. This is because the government bureaucracy and system has

the necessary network and scale to be able to reach even the most far-flung communities. Furthermore, government structures and systems are here to stay. In contrast, the private sector has limited reach and is not as permanent as public institutions.

However, the burden of providing social protection DOES NOT rest on the shoulders of government alone. While national level policies and systems are necessary, there is room for the active intervention and practical action by Local Government Units (LGUs) and community-based

non-governmental and peoples' organisations. The enactment of the Local Government Code of 1991 has put the LGUs in the frontline of delivery of social protection policies and programmes to their constituents. And, as in the case of national government, a limited resource pool provides the impetus for LGUs to establish strong partnerships and links with the private sector and civil society in order that they will truly be able to carry out responsive and appropriate social protection programmes in their communities.

Thus, social protection can comprise of a mixture of schemes both from government and the private sector in order to cover a broad range of risks that communities are exposed to. This is best done after a thorough assessment of risks that a community is exposed to and a rigorous selection of priorities in view of limited resources. Such an initiative is best driven and orchestrated by LGUs because they have the mandate and structure to carry out a comprehensive planning and implementation of programmes and policies.

HOW DO WE GO ABOUT CHOOSING THE APPROPRIATE MIX?

FIRST STEP: UNDERSTANDING AND ANALYSING MAIN RISKS AND MOST AFFECTED POPULATIONS IN COMMUNITIES

The first step in choosing an appropriate mix of risk-reducing policies or programmes is identifying and analysing the main risks facing the population and its causes. This is followed by an identification of the population groups most affected by these risks. Users and readers of this tool should refer to the Assessment Tool 4.03.06.2 for a more thorough discussion of how best to assess risks and vulnerabilities.

Is this population more prone to natural calamities such as typhoons and floods? Excessively high population growth? An aging population? Inaccessibility and lack of basic health services? These are just examples of questions that a development planner must seek to answer.

Local development planners and policy makers should bear in mind that certain populations or sectors in a community experience a higher degree of vulnerability and have a greater need for social protection. At the same time, limitations in material and human resources do not enable the LGUs to attend to all the needs of the entire population at the same time. It is therefore necessary to prioritise which sectors of the population should receive attention, based on:

1. Identification of the different sectors and sub-sectors in the community;
2. Knowledge about their distinct characteristics and circumstances; and
3. Assessment of risks that they are exposed to, and the negative impact of these risks on these groups.

The table on the succeeding page explains the range of major risks that communities and populations may be vulnerable to.

Major risks

Major Risk Groups	Definition or Examples
Life Cycle Risks	Refer to expenditure requirements related to children's education, marriage, maternity and retirement among others. Life cycle events are events that commonly occur in the life of a person and families. While households are generally aware when these events will occur, the high likelihood and frequency of their occurrence create an on-going uncertainty among households about the sufficiency of income or assets to cover the cost associated with these events.
Death Risks	Refer to the costs that a household incurs resulting from the death of a family member. The degree of uncertainty regarding death is greater than those due to other life cycle events, Although every person will die one day, it is uncertain as to when this will happen.
Property Risks	Refer to situations such as loss or destruction of assets in a household, especially those that are necessary in the performance of an economic activity. Loss of crops or produce, illness or death of livestock, homes destroyed by fire or damage to equipment due to flooding are some examples of property that people need to be protected against.
Health Risks	Risks due to illness, accidents or injuries are circumstances that will require persons or families to seek and pay for medical treatment. The cost of treatment may be a one-time expense or a series of payments over time due to prolonged treatment. A corollary risk brought about by illness is the inability to work and earn a living, either temporarily or permanently, hence loss of income.
Disability Risks	These are similar to health risks. However, there may be a greater degree of loss to a household when a member becomes disabled since prolonged treatment and rehabilitation may be required. Again, the disability may prevent the household member from generating income for the family.
Mass, Covariant Risks	Refer to the threat of an event that may affect a significant portion of a population at the same time. Examples of these events are epidemics, natural disasters – earthquakes, typhoons, floods, volcanic eruption, war and political and economic crisis. These risks tend to be difficult or impossible to predict. They usually affect many people all at the same time and the cost related to these risks are usually much more than those incurred from other risks.

Source: M.E.C. Yap, Extending Social Security to the Informal Sector (Chapter 5), ILO Working Paper 10, May 2004.

After identifying the groups and their characteristics, it is important to assess how social protection can play a role in reducing risks and vulnerabilities. Please note that the use of the terms risks and vulnerabilities in this tool is deliberate based on the definition of these terms in Information Tool 4.03.06.

SECOND STEP: IDENTIFYING GROUPS CURRENTLY COVERED BY EXISTING SOCIAL PROTECTION PROGRAMMES AND DETERMINING GAPS

After understanding and analysing the risks and vulnerabilities in a population, it is important to identify which of the affected groups are presently enrolled in or covered by existing social protection interventions. The Assessment Tool: Assessing Social Risks and Vulnerabilities in the Local Community (Tool 4.03.06.2) will be a very helpful complementary tool for doing this second step.

A further step is to make an assessment on the effectiveness of these instruments individually and in combination. Some questions that need to be asked and answered are: do the specific objectives of each intervention complement each

other? Are the outcomes delivered in a cost-effective manner?

By asking and answering these questions, planners will be able to capture and gain a better sense of the gaps in coverage and cost-effectiveness of existing interventions. A good analysis of existing programmes and policies, together with information on alternative interventions and the challenges and limitations that confront the effective implementation of social protection interventions provides the basis for determining the most effective mix of such initiatives.

THIRD STEP: DEVELOPING AN ACTION PLAN

After identifying the most common and prevalent risks, the population group most affected and understanding present social protection coverage and gaps, the final step is to develop a road map or action plan that specifies the objectives, required resources, realistic timetables and persons responsible for each of the key actions steps identified.

This action plan will serve as guide and template for all concerned to ensure that all immediate and intermediate steps are taken to contribute to the achievement of medium and long-term goals of the overall poverty reduction strategy in a community.

The Action Tool: Extending Social Protection To Local Communities (Tool 4.03.06.4) is a very good complementary guide for doing this final step comprehensively and correctly.

RELEVANT RESOURCES

- *Social Protection*, 2001 <http://www.ilo.org/public/english/protection/info/imp2k-01/index.htm>
- *Social Security: A New Consensus*, 2001 <http://www.ilo.org/public/english/protection/secsoc/downloads/353sp1.pdf>
- *Social Security Pensions: Development and Reform*, 2000 <http://www.ilo.org/public/english/bureau/inf/pr/2000/14.htm>

CROSS-REFERENCES

- Tool 4.03.06, Information Tool: Social protection from risks: what and why.
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local community.
- Tool 4.03.06.4, Action Tool: Extending social protection to local communities.

ASSESSING SOCIAL RISKS AND VULNERABILITIES IN THE LOCAL COMMUNITY

OBJECTIVE

This assessment tool provides information and techniques that local policy makers, planners and development practitioners can use to assess social and economic vulnerability and risks that confront and are experienced by people in the communities. This assessment tool is a further elaboration and guide in going about the first two steps on determining and assessing risks in communities. It will also be helpful to refer to the other accompanying tools on social protection as these help to enlighten and make this assessment tool easier to utilise.

WHO ARE THE VULNERABLE OR AT-RISK GROUPS IN THE COMMUNITIES? WHAT TYPES OF VULNERABILITIES OR RISKS DO THEY USUALLY FACE?

In crafting and designing the appropriate policy interventions, it is important that the vulnerable groups are first identified. As in many situations, limitations in various resources do not allow the implementation of policies that encompass all groups immediately. Thus, it is important to start with groups who have the most difficulty in coping with the social and economic challenges that confront them.

After they have been identified, a necessary next step is to list down all the risks that these groups face and to name the sources of their vulnerabilities. There are many ways by which the identification of major sources of risks faced by the poor can be done.

Risks can be classified according to various features. There are risks whose causes are

deeply rooted in structures and systems that have already been in existence for a long time. On the other hand, there are risks that are temporary, immediate and relevant only to particular circumstances or situations. Naturally, those risks that are deep-rooted also have been in existence for a long time and tend to affect many people. Thus, to a development planner and policy maker, the approach to take in mitigating or lessening the negative consequences of these risks require more intensive, long-term planning as well as the involvement of more stakeholders.

Risks that may be considered temporary and immediate usually result from specific events or circumstances. These may be localised in impact. This means that these events or circumstances affect only certain groups or persons either through a geographical divide or a cultural divide.

It is important to understand and observe the nature of risks and the different types of risks because, as had been repeatedly mentioned in the various tools, the development of different social

protection schemes and strategies are dependent to a large extent on the nature of risks and their different types.

It has been observed that exposure to risks not only adversely affect the flow of income of workers but even simultaneously increase expenditure even as the income is greatly reduced. The following are common risks that a population especially women confront (Lund and Srinivas, 2000):

Ill health: both short- and long-term illnesses and emergency care do not allow people to be productive or to work, thus increasing the possibility of losing a job due to long or frequent absences from work.

Reproduction and child rearing: These two events are considered risks and are important because they simultaneously increase the risk to the health of women, interrupt flow of income and may also increase expenditures on care both for the mother and child. Cost of caring and rearing children kick in when both parents are working. Child rearing costs consist of expense paid for caregivers or day care centres or the cost of earning a smaller income due to loss of working opportunity when

the mother needs to take care of her child. Loss of employment can occur very commonly during maternity when a woman worker is asked to choose between supporting the child and making out a living.

Death or disability: There is income loss when an economically productive member of the family gets disabled or dies. Funeral expenses bring about additional drain to income.

Loss of assets: Property or assets are lost due to fire, floods, theft, drought, and riots and civil unrest. For many informal sector workers who are street vendors and peddlers, loss of goods or destruction of wares to sell by police, local government authorities and extortion is also very common.

Unemployment: Some structural and cyclical events in the economy may lead to income loss. The risks mentioned above can also lead to income loss due to unemployment.

Increased expenditure for social events: Normally, social events are happy occasions and are not seen as risks. In reality however, these events can also be considered “economic stress events”

that put a significant financial impact on the earnings and income flow of workers. Happy and “positive” occasions like marriages, births, fiestas and other cultural and religious celebrations and obligations can create the same economic stresses as “negative” events like illness, death and unemployment.

Another useful way of understanding risks is classifying them according to the statistical probability of the risk occurring. This provides a good basis for customising different schemes according to the communities’ needs.

HOW DO I ANALYSE RISKS AND VULNERABILITIES IN LOCAL COMMUNITIES?

After having identified and listed down the sources of risks and vulnerabilities, each type of risk should be described, assessed, documented and mapped according to its:

- **Frequency** – To be able to arrive at this information, one needs to ask the question: How many times a year are people exposed to or are affected by the risk?

Typology of risks by nature of risks

Typology of Risks	Example
Low frequency Occurs infrequently in a person's lifetime	<ul style="list-style-type: none"> Serious illness, emergency hospitalisation, being widowed.
High frequency Occurs frequently in a person's lifetime	<ul style="list-style-type: none"> Chronic illness, occupational health hazards or minor illness.
Idiosyncratic Occurs randomly and affects the individual or household	<ul style="list-style-type: none"> Non-communicable illnesses affecting workers or family members Occupational health risks Loss of assets due to use of particular type of damaged seeds Flooding in the zone where the worker lives or works Destruction and looting of assets by vandals (or by regulating authorities) and confiscation by regulating authorities, with fines paid to reclaim assets. These may include destruction of vegetables, fruit stocks, confiscation of carts and stalls, removal of license to vend in certain areas.
Covariate Occurs randomly but affects many individual workers/households/entire community simultaneously	<ul style="list-style-type: none"> Flooding, inflation, drought Area riots that affect all workers / household / enterprises in the area. Large covariate shocks may be very difficult to deal with rapidly, are often difficult to anticipate and even in cases where this may be possible, may be devastating to the populations concerned. Unregistered workers or small businesses do not have access to any recompense or safety net should any of these events happen to them.
Repeated shocks Occurs as a series of repeated risk events affecting individuals or the community – for example, covariate and repeated	<ul style="list-style-type: none"> Persistent drought Repeated flooding and typhoons

Source:

Lund and Srinivas, Learning from experience: A gendered approach to social protection for workers in the informal economy, ILO-STEP, ILO, 2000.

- Severity and scope** – It is also important to know the extent by which the individual, family or community has been affected by the occurrence of the risk event. Some helpful questions to answer are – How have people been affected by this risk? Have they lost their homes? Did they get sick? Did they have to borrow money because of an expense incurred due to the occurrence of this risk? How many people are affected?
- Impact on individuals or groups** – Although somehow similar to the point above on severity, it is also important to find out the impact or effect of the risk event on an individual's situation. Relevant to questions to ask include – What has happened to the individuals or groups that have been affected by these risks? What has been the impact of exposure to these risks on their day-to-day living and on their future? What has been the effect on their income? What has been the effect on the level of social interaction between groups and families? What has been the effect on the people's access to social services?

WHAT ARE SOME INDICATORS OF RISKS AND VULNERABILITIES?

Indicators are descriptions, characteristics or measures that are used for determining the nature and magnitude of a certain problem or condition, for monitoring changes, and finding out whether progress towards a specific objective has been

achieved. Indicators help planners, programme implementers and decision makers in making decisions.

In order to identify and measure risks and vulnerabilities, and determine the need for social protection, it is necessary to use indicators that are most relevant or suitable for the area or population.

The table below are guides for setting up indicators of risks and need for social protection in a community. The information needed to fill up this table below can be accessed through primary or secondary data collection.

Indicators of exposure to risk

Risk	Frequency of Exposure	Severity	Scope	Possible Sources of Information
Natural or weather related catastrophes and other calamities <ul style="list-style-type: none"> • Typhoons • Flooding • Drought • Earthquake • Fire 	How many times in one year in a community?	How were the people and communities affected? Examples: <ul style="list-style-type: none"> • Loss of property • Destroyed homes • Individuals who got sick due to exposure to flood waters, rainy weather, congested evacuation areas • Deaths due to natural calamities 	<ul style="list-style-type: none"> • How many households or individuals were affected per calamity or catastrophe? • Who are these households or individuals? • When feasible, it is helpful to plot the households or individuals affected according to geographical area. 	Branches of PAGASA or PhilVolcs DSWD or DOH Records National and Regional Disaster Coordinating Councils
Illness <ul style="list-style-type: none"> • Minor illness • Serious illness • Emergency hospitalisation • Chronic illness • Work related illnesses • Accidents • Disability 	How many times in one year in a household?	<ul style="list-style-type: none"> • In what way did the illness affect the individual or household? • Loss of income due to inability to work because of illness or in order to take care of the sick • Loss of assets that were sold or loaned out in order to get funds for payment of bills • Prevalence of some common illnesses: Tuberculosis, Diarrhoea, Pneumonia, Upper Respiratory Infection, Heart Illness 	<ul style="list-style-type: none"> • How many individuals or households were affected? • How many deaths occurred due to these illnesses? • How many private and public health facilities and personnel – outpatient clinics, rural health units, <i>barangay</i> health stations, hospitals, private and public doctors, midwives, nurses are available in the local community that people can go to for their health care needs? • How many children have been orphaned due to death of parents? • How many have been widowed due to death of spouse? 	Records and data from DOH, Rural Health Units, Public Hospitals Records from DSWD Household surveys through <i>barangay</i> health workers and local government offices

Risk	Frequency of Exposure	Severity	Scope	Possible Sources of Information
Unemployment	Unemployment Rate per quarter	<ul style="list-style-type: none"> How are unemployed households affected? Increase in loans incurred More requests for assistance for jobs and other financial needs from Local Chief Executives and local leaders Decrease in level of business and commercial activity in local communities 	<ul style="list-style-type: none"> Percent of population in a community affected per income class, especially Income Classes C, D and E 	<ul style="list-style-type: none"> Informal inquiries from existing local cooperatives and rural banks in the community; Observation and informal assessments from Mayor's Office, DSWD records, etc Inquiries from local usurers, pawnshops Local registration records (Mayor's permit, etc) to check on increase in informal economy businesses – market vendors, tricycle and jeepney operators, cigarette vendors, newspaper vendors, other small household businesses
Life cycle events Social events	Listing of key events in households: enrolment of children in school, births, marriages, cultural and religious celebrations, obligations	Estimated expenditure per event	How many households and individuals are involved?	<ul style="list-style-type: none"> Enrolment records of local public schools Household surveys Birth, marriage, and other civil registry records Local fiestas and traditions in communities

It is to be noted that the information that may be required to make the table above useful may not always be available in the form and manner that is needed. Government offices such as the Department of Health, the Department of Social Welfare and Development and statistics offices regularly gather similar data and information and are good sources for the information that may be

required. It is simply a matter of collating existing information and organising these according to how they can best help to determine the population's level of exposure to risks and vulnerabilities. For example, if the particular community is within the typhoon belt and regularly suffers from weather-related catastrophes, then, it is correct to say that one of the greatest risks that the people of the

community is exposed to is natural calamities. The other information that can be obtained from the indicators mentioned point out levels of risks and exposures depending on the absence of facilities or excessively high prevalence of disease that are noted in these communities.

INDICATORS FOR CAPACITIES TO DEAL WITH RISKS AT THE LOCAL LEVEL

INDICATORS ABOUT COVERAGE OF SOCIAL PROTECTION PROGRAMMES AND SCHEMES

This set of indicators looks at the existence and coverage of various forms of social protection in the local community. An example of mechanisms or structures is cooperatives that provide access to credit or consumer goods and can help alleviate or mitigate vulnerabilities in times of need.

People also devise ways and adopt arrangements aimed at minimising their exposure to risks and the consequences, such as alternate cropping, irrigation, and multiple income sources.

The table below can be used to list and assess the existing social protection mechanisms at the local level. Users should fill-in the table according to the circumstances in their own setting and local communities. This table is not meant to be comprehensive; it is only an example of how the assessment can be done.

In order to be able to fill-in this table, the following indicators may be assessed:

- Existence of micro-finance schemes, and other

similar interventions to help poor households obtain steady and affordable credit; it is important to especially look at the number of beneficiaries of these schemes and the percent of poor population who benefit from these schemes;

- Percent of poor and non-poor covered by social health insurance (e.g. PhilHealth) or other formal and non-formal health insurance schemes;
- Extent to which cooperatives and other community-based organisations exist and provide services; how many members do these cooperatives have; percent of membership from the local community; number of members who are poor and other significant demographic characteristics of members;
- Extent and awareness of key programmes such as HIV/AIDS or those concerning reproductive health; number and percent of people in the community covered by these programmes;

INDICATORS ABOUT FINANCIAL CAPACITY FOR SOCIAL PROTECTION

As development planners and policy makers, it is important to determine the level of expenditures that both the public and private sectors of society

allocate for social protection. This may not be very easy to determine especially in terms of private expenditures.

In relation to public spending for social protection, a way to determine this is to examine the budget allocations of various local government department units in terms of what they earmark for administering and implementing social protection through health facilities, welfare facilities and local branches of social security agencies.

In order to determine private expenditure, some indirect sources of information include levels of contributions to health insurance, to credit unions and other similar agencies. Also, the following can be used as indicators to assess private strategies for reducing vulnerability:

- Percent of poor households receiving donations (or dole-outs), average amount of donation, source of donations;
- Percent of poor households with savings accounts, including average amount of savings;
- Percent of poor households with more than one source of income;
- Percent of poor farmers using irrigation or planting several different crops

Listing and assessment of social protection mechanisms at local level

Social Protection Mechanism (Examples of Actual Programme or Scheme)	Key Implementers <i>Who are the main player and drivers of the scheme? Who administers the scheme?</i>	Target Beneficiaries <i>Who are the people and households that are served or intended to be served by these schemes?</i>	Percent of Poor Population Covered <i>How many of the beneficiaries of the scheme are poor? It is best to determine an income level that will help to define who belong to the poor population based on this arbitrary parameter.</i>	Risks addressed	Remarks Issues
EXAMPLE OF HOW TO FILL UP THIS TABLE					
Microfinance Schemes Examples: Loans through Credit Cooperatives, Rural Banks,	Rural Banks, Cooperative Banks, Primary and secondary cooperatives Cooperative Federations (e.g. NATTCO), Quedancor, People's Credit Finances Corp, International and Local Funding Agencies (e.g. Peace and Equity Foundation, CARD, PSPI)	Informal sector workers: farmers, fisher folk, small entrepreneurs,	Five percent of poor members of the community (example only)	All risks that lead to a decrease in income or loss of capacity to earn a living that has led to situations of worsening poverty among households and among individuals	This mechanism serves as a general measure to assist individuals and households who are exposed to risks such as ill health and loss of assets. This mechanism provides access to some funds to augment needs of households. It may also be used to serve as start-up capital for small livelihood projects.

INDICATORS OF OUTCOMES

These set of indicators are meant to capture the effect of exposure to risks and vulnerabilities on the population. Indicators of poor outcomes imply high risks and/or poor level of social protection. For example, if, in a community, the poverty headcount increases, the dropout rate is high, or malnutrition and child labour are increasing,

one can then assume that this community has not coped well with the various risks that it has been exposed to and that the community has not benefited from social protection programmes that may or may not be in place.

Examples of outcome indicators are:

- Poverty headcount and depth, If possible

separate by rural/urban and, ideally, by different potentially vulnerable groups, including elderly and widows

- Levels of “permanent” versus “temporary” poverty. Although this classification is quite arbitrary, it is a useful way to determine poverty in terms of time – households that continue to remain in difficulty and poverty with continuing absence of source of regular

income or livelihood for more than six months can be considered “permanent”. On the other hand, those who experience unexpected or extraordinary loss of income but have regular sources of livelihood and have the capacity to be able to slowly recover from this loss can be considered “temporary”.

- Prevalence of seasonal hunger, i.e. families or households who during certain periods of the year, are not able to eat three full meals a day
- Child malnutrition rates
- Unemployment rates and estimates of underemployment
- Primary school dropout rate (for boys and girls)
- Incidence of child labour including the number and percent of households who depend on earnings of child workers
- Hours worked by children
- Estimated percent of children or families left vulnerable or destitute as a result of communicable diseases that have affected members of their family especially the main income earner of the family. Examples of communicable diseases include tuberculosis and dengue hemorrhagic fever. These illnesses are those that are transmitted from one person to another and are prevalent in many congested, unsanitary places and affect those

who do not have proper nutrition.

- Percent of the population in your community who are continuously in debt or who pawn assets and regularly utilise illegal loan sharks and usurers.

CHECKLIST

The following is a checklist for finding out whether people are well prepared to cope with social and economic difficulties. The items in this checklist are aspects that a development planner may look at in order to describe, characterise or measure the level of social protection in the community or the extent of the need for social protection. It can also help to show which aspects are of greatest need and thus must be prioritised.

The checklist can be converted into a survey questionnaire if planners have decided that a more detailed and systematic data gathering activity is required to arrive at appropriate programmes and policies. You can seek the help of a social scientist or researcher to ensure that the questionnaire is designed and implemented in a correct manner that ensures the completeness, accuracy and validity of data obtained.

Household Level

- Identify the Name, Age, Sex, Civil Status, Educational Attainment of respondents
- Indicate the number of household members who are working
- Identify present occupation and main source of income
- How much does the family spend monthly on food, education, utilities – water, electricity, telephone, etc, personal necessities, entertainment, transportation, health care, others?
- Which benefits would you value most highly (please rank): health, pension, accident and death, education, unemployment, housing, maternity?
- How much are you willing to pay in order to receive protection from the possible negative consequences of being exposed to such risks such as illness and hospitalisation?

Community Level

- How many groups in the community suffer from extreme poverty? (It is important to define a range or level of income that is used as parameter to identify extreme poverty. For

example, monthly household income below 6000 pesos)

- How many in the community are dependent upon seasonal employment and income?
- What is the status of peace and security in your community? Are there high crime rates? Of violent crimes? Of crimes against property?
- Do those who are extremely poor belong to a particular barrio, religion or ethnic group?
- Are there any policies or programmes available to help the poor?
- How would you characterise the skill level of the labour force in the community?
- Is information on market opportunities accessible or is it limited?
- Are there children who are labourers or who work for a living or for businesses in your community? Does your community allow the employment or use of children as labourers or workers?
- How many individuals in your community have permanent physical or mental disability?
- Have you experienced natural or weather-related calamities in your community?
- To what extent has your community been effected by economic downturns and crises?
- Is your community in a state of war, conflict or violence?

COMMUNITY SURVEY AND OTHER METHODS

Tool 4.03.06.5 provides an example of a survey instrument that may be used to gather valuable data about households and the community. It is a survey instrument that has been developed for municipalities in the Philippines under an ILO-STEP Community Survey for Health Micro-Insurance Project. As much as is possible, it should be filled out in the presence of those administering it, so that help may be given to the respondents if it is needed. The layout of the survey is particularly important since it is best to use the simplest design possible.

Other than conducting a survey, other forms of gathering information and data include:

- Obtaining existing information and data from various government and statistics office that regularly document and monitor certain key social and economic indicators
- Key informant interviews and focus group discussions may also be conducted among members of a population to generate insight and information on the various indicators and measures.

RELEVANT RESOURCES

- *Social Protection*, 2001. <http://www.ilo.org/public/english/protection/info/imp2k-01/index.htm>
- Lund and Srinivas, *Learning from experience: A gendered approach to social protection for workers in the informal economy*, ILO-STEP, ILO, 2000. <http://www.ilo.org/public/english/support/publ/bookssp.htm>
- *Risk and Vulnerability Assessments: Concepts and Methods*. Kalanidhi Subbarao. Asian Development Bank. http://www.adb.org/Documents/Events/2002/SocialProtection/subbarao_presentation1.pdf
- *World Labour Report 2000: Income Security and Social Protection in a Changing World*: ILO 2000. <http://www.ilo.org/public/english/standards/relm/gb/docs/gb279/pdf/esp-7.pdf>

CROSS-REFERENCES

- Tool 4.03.06, Information Tool: Social protection from risks: what and why
- Tool 4.03.06.5, Assessment Tool: Sample of a community survey for health micro-insurance

PROVIDING BETTER SOCIAL PROTECTION FOR WOMEN

OBJECTIVE

This action tool discusses practical suggestions on how to address the social protection needs of one of the most vulnerable groups in the population – women. Specifically, this tool:

- Discusses issues and challenges faced in relation to social protection and women; some suggestions are provided in order that possible pitfalls may be avoided
- Suggests what social protection areas are required for local women in order to guide program decision makers and implementers in ensuring that women's needs and risks are addressed.
- Discusses strategies on how to incorporate an explicit gendered dimension to development interventions, as well as ways that local women can implement them to help reduce their own social and economic vulnerabilities.

GENDER DIMENSION OF DEVELOPMENT

WHAT ARE SOME OF THE KEY ISSUES IN INCORPORATING A “GENDER DIMENSION” IN DEVELOPMENT INTERVENTIONS?

The principle that men and women should be equal in all spheres – political, economic, social and cultural – is in many countries already written into the basic laws of the land. The adoption of legal standards, the drafting of plans of action, the setting up of new study groups and advisory bodies – all these measures bear witness to the growing importance attached to the status of women.

Through the years, in many parts of the world, there has been a considerable increase in the number of women actively involved in the economic life of communities and countries. Although the activity rates and participation of women have indeed increased, the nature and structure of female employment has undergone very little change. Women workers continue to be concentrated in a fairly small number of

occupations, which often require few skills and are poorly paid.

This situation is very prevalent in developing countries like the Philippines where the challenge of gender awareness is great.

- In the rural areas, where most of the Filipino women are, many of them are engaged in various agricultural activities, which more often than not lie outside the scope of any social protection.
- In addition, women are usually assigned tasks such as processing and packaging of agricultural produce, weaving and the sale of goods produced, all of which are considered extensions of the tasks women carry out in their homes.

EQUAL TREATMENT IN SOCIAL PROTECTION

All workers, women and men, who are engaged in economic activities, are entitled to protection against all social risks covered by the relevant scheme. This holds true for all forms of livelihood

and economic sectors in which both women and men are employed. Thus, it must be remembered that women should receive the same benefits and rights in all aspects, especially in social protection where the same rules should apply to both men and women whenever they find themselves in identical situations with regard their employment.

WHAT ARE SOME STRATEGIES OR WAYS BY WHICH SOCIAL PROTECTION FOR LOCAL WOMEN IS ENSURED AND IMPROVED?

In providing and extending social protection specific to women, development planners and practitioners should identify the specific risks and vulnerabilities that women are particularly exposed to. The relevant policies and programmes are then formulated as additions to the basic social protection schemes that are provided for both women and men in general. The following are specific areas to improve social protection for local women:

Expanding health care and maternity benefits

In the movement towards generalised medical and maternity insurance, or national health services, the main emphasis is on medical care for women

before, during and after childbirth. Most countries which possess the necessary facilities now additionally cover the cost of care and hospital treatment during pregnancy, confinement and the post-natal period, either through social security or through national health services. Although such is not yet the practice in the Philippines, there are efforts to expand coverage under the Philippine Health Insurance Corporation to cover for prenatal care among women. This is done in the light of high rates of maternal mortality as well as more births attended to by traditional birth attendants rather than doctors. Efforts are also underway to accredit midwives in PhilHealth so that they may receive compensation for the pre-, intra- and post-natal care they provide many of the Filipino women. In doing this, a mechanism to ensure the delivery of quality care to women by monitoring and accrediting midwives is in place.

Universalising maternity grants

In many countries, social security schemes provide lump-sum cash benefits or benefits in kind on the birth of a child to help cover the cost or to supply certain needs connected with the birth. These grants usually come in the form of maternity grants, pre-natal or post-natal

allowances, and milk or layette coupons among others.

Expanding maternity leave

In the strictest sense, maternity leaves should consist of two components:

- The right of an employed woman to take a leave of absence when she gives birth to a child, with the guarantee that she would be able to keep her job, her seniority and her pension entitlement; and
- The right to receive a cash benefit equal to all or part of her previous earnings and payable throughout the duration of her maternity leave.

Increasing maternity benefits

These are amounts proportionately paid to the beneficiary's previous earnings. It must be noted that when maintenance of the women's full wage is guaranteed, she may well receive a higher net income during maternity leave than when she is working since, generally speaking, maternity benefits are not subject to tax.

Extension of coverage

Originally, maternity leave and maternity benefits were usually granted only to wage-earning women, but now the tendency is to extend these benefits to all women who are obliged to interrupt their occupational activities because of childbirth. The challenge to legislators and decision makers is to establish the appropriate systems and mechanisms to provide these benefits. This is where nongovernmental organisations, people's organisations and cooperatives can provide much assistance. When people are mobilised and organised so that a mechanism to coordinate and track them is put in place, then it is possible to pool funds over a period of time from which benefits to women who give birth are drawn from.

Broadening the range of contingencies covered under social protection

In other countries, contingencies such as the rent and purchase of housing, long-term unemployment and even divorce are placed under the ambit of social protection. Efforts are being made to coordinate employment, social security, social assistance and fiscal policies, with special

emphasis on using transfers to increase family income to the neediest groups.

Lowering the qualifications for receipt of benefits

In Canada, women with dependent children are entitled to long-term assistance without being required to seek employment. Similarly, in New Zealand, a "domestic purpose benefit" has been in place since 1973, providing a minimum guaranteed income to mothers with children to maintain, and to single women whose resources are below a specified level.

In Israel, a minimum income is guaranteed for all residents, with four types of assistance administered by a national agency: supplementary cash benefits linked to the size of the family; free health insurance; rent subsidies; and the payment of national insurance contributions.

In the Philippine setting, such examples as illustrated above may presently be difficult to carry out without the appropriate and necessary political will to drive this effort. The call and challenge for local legislators is to understand well the needs, characteristics and risks to which vulnerable groups, especially women are exposed

to. Then, through a concerted effort with private organisations and nongovernmental/people's organisations, small steps can be taken towards these direction to ensure a more stable assistance to women.

Recognising the growing incidence of single-parent households

Given that one-parent households are no longer the exception; some countries have adopted a strategy of reforming laws and introducing specific benefits for these family types. In Denmark, Hungary and Norway, family allowances are higher for single mothers. France, on the other hand, has lowered the income requirements for means-tested (average) benefits.

Maternity leave has also been extended in certain countries to include days when children are sick. There are also benefits which are given exclusively to women in situations of isolation (widows, for instance). They usually start with allowances extended to widows not old enough to claim a pension (which may take the form of a surviving spouse's insurance scheme). It has also been possible to give subsistence allowances to orphans or those children whose parents are separated.

Again, this is something that may not yet be acceptable to the Philippine setting, largely because the Philippines is a largely Catholic country where divorce is not allowed and unmarried women with children are still looked down upon. However, the single-parent phenomenon remains to be significant and relevant to the Filipinos due to the large number of Overseas Filipino Workers who leave families behind while they earn a living in other countries. Some support structures to help single mothers can be put in place to help women cope with the dual responsibilities of raising children and keeping a home. Again, a concerted public-private sector effort is necessary and much creativity and innovation must be done through the leadership of local chief executives and the local government.

Improving vocational training for women

Although not directly linked to social security, several countries have taken specific steps to help some categories of women who find it more difficult than others to obtain access to employment; these are usually first-time jobseekers and women who have left the labour force to temporarily bring up their own children.

Sweden has gone so far as to institute a vocational training allowance which is independent of family income and has set aside a proportion of public works jobs reserved for women.

Targeting older women

Finally, it must be noted that because of the weakening social safety nets from extended families, older women have become more vulnerable. Special-purpose benefits may be introduced to deal with this, such as housing and rent allowances, as well as transfers to cover the cost of care provision.

COLLECTIVE SCHEMES FOR LOCAL WOMEN PROTECTION

COMMUNITY FACILITIES

In an effort to limit the amount of time parents take off from work, some countries have chosen to lower the age at which children start school. Collective facilities set up and managed by the State cannot always satisfy the entire need for such child-minding. However, parents, enterprises and local authorities may be asked to contribute to the cost to ensure long-term viability.

HEALTH AND SOCIAL SERVICES

Social welfare in developing countries usually covers the whole population, many of whom are not eligible for the cash grants provided by social security. In addition to fighting poverty, health and social welfare activities are more concerned with providing supplementary or family allowances.

EXTENDING SOCIAL PROTECTION TO WOMEN - CHALLENGES

THE CHALLENGE OF EXTENDING SOCIAL PROTECTION TO WOMEN IN THE PHILIPPINES

Although much has been accomplished around the world in terms of taking a gendered dimension in many development interventions, the challenge of ensuring the social security of women remains large and daunting. This is especially true in developing countries like the Philippines, where limitation of financial resources, the absence of political will and deep-seated cultural factors all contribute towards the slow progress in addressing and focusing on the needs of Filipino women.

The strategies presented above are concrete steps that can serve as kick-off or springboards of

action. Much can be done at the local level, where autonomy in terms of prioritisation and governance is in place due to the Local Government Code. The opportunity therefore to implement a comprehensive social protection scheme with a bias for and focus on women can be done through a concerted effort and with the political will of local leaders.

It must be emphasised however that local government units cannot do it alone. There must be a tight and strong link and network especially with the private sector as well as the nongovernmental organisations whose scope and reach in the communities may be deeper than the public sector.

Policies and regulations like the setting up of day care centres in the workplace and prioritising and giving expanded maternity benefits to women are some examples of mechanisms to illustrate the effort to take on a gendered approach in ensuring social protection for its citizens.

WHAT ARE ILO STANDARDS ON THE PROTECTION OF WOMEN?

The International Labour Conference has adopted two Conventions concerning the protection of women before and after childbirth – the Maternity

Protection Convention, 1919 (No. 3), and the Maternity Protection Convention (Revised), 1952 (No. 103).

Convention No. 3, which applies to all women employed in industrial and commercial undertaking, provides for 12 weeks' maternity leave, to be taken in two parts, one before and the other after childbirth, the latter being compulsory. It recognises the woman's right to benefits sufficient for maintenance of herself and her child, and her right to receive free medical care. This Convention also makes it unlawful for an employer to give a woman notice of dismissal during her maternity leave or during any period of sickness resulting from pregnancy or delivery. It provides for breaks during the working day to allow her to breastfeed her child.

Convention No. 103 is much broader in scope, in that it applies to all women employed in industrial and non-industrial undertakings and to women in agricultural occupations, including wage earners working at home. In addition, women should receive benefits sufficient to maintain herself and her child. The rate of cash payments should be pegged at not less than two-thirds of previous earnings.

RELEVANT RESOURCES

- *Women and Social Security: Progress Towards Equality of Treatment*. Anne-Marie Brocas, et al. International Labour Office – Geneva 1990.
- *Learning from Experience: A Gendered Approach to Social Protection for Workers in the Informal Economy*. Frances Lund and Smita Srinivas. ILO. 2000. <http://www.ilo.org/public/english/support/publ/textsp.htm>
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- *Social Security: A Workers' Education Guide*. ILO 1992.
- ILO, *Modular Package on Gender, Poverty and Employment. Reader's Kit*. ILO, 2000. <http://www.ilo.org/public/english/employment/skills/informal/gpe/informal/pack/english.htm>

CROSS-REFERENCE

- Tool 4.03.06, Information Tool: Social protection from risks: what and why
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work

EXTENDING SOCIAL PROTECTION TO LOCAL COMMUNITIES

OBJECTIVE

This action tool explains the most important concepts on social protection to guide and help development practitioners, planners and decision makers. More importantly, this tool suggests strategies to encourage full implementation of social protection and other related policies. It is meant to expand the current understanding of social protection given the changing nature of the global economy and the workplace by highlighting special areas of concern.

KEY PRINCIPLES IN EXTENDING SOCIAL PROTECTION FOR ALL

It is important to remember and consider the following foundational principles when considering the extension of social protection:

1. Social protection is a basic human right. This means that it should be treated as a human right extending to all kinds of work, and guaranteed by the state. The achievement

of “universal coverage” is the most important task;

2. Social protection requires an institutional approach. The roles of workers, employers, civil society, local government units and the state should be clearly identified and specified in order to ensure the viability and sustainability of social protection policies and programmes;
3. Social protection must embody an explicit gendered dimension. Foremost in the agenda of extending social protection is ensuring that gender concerns are brought into the mainstream. Social security should take into account specific gender needs such as maternity protection and reproductive health issues;
4. Social protection is an integrated form of risk management. Risk pooling allows individuals to experience greater overall protection against contingencies than if they rely on their own private savings;
5. Social protection should support local participation. Social protection mechanisms

and schemes must, as much as possible, rely on strong ties and relationships that are based on trust and solidarity. It must build on cohesive social measures to implement and enforce its policies and programmes.

6. Social protection makes the community more productive. An adequate social protection system will ensure a safe and healthy workplace for workers and their families, thereby resulting in higher productivity and growth in the long run.

EXTENDING SOCIAL SECURITY TO LOCAL COMMUNITIES IN THE PHILIPPINES

There is still a lot of work that needs to be done to ensure that social security is extended to the most vulnerable and marginalized groups in many local communities in the Philippines. Many development experts believe that in order to make forward movement in the Philippines, the growth of community-based schemes and private initiatives must be encouraged. The government then takes on the role of coordinator

of these initiatives, ensuring and minimising overlaps, and assisting in targeting and prioritising the vulnerable in the provision of social security measures. In the long run, the most sustainable private programmes may then be brought under a government “umbrella” agency whose aim is to provide universal coverage. Even in the face of fiscal pressures, local development practitioners can still find creative ways of broadening the scope of social security by noting the following realities:

GENERAL CONDITIONS FOR THE EXTENSION OF SOCIAL SECURITY COVERAGE

1. There is no unique solution to the goal of universal coverage; every programme must be designed to suit local needs, preferences and resources. In each case, it is important to observe the principles of equity, solidarity, and social justice in extending social protection;
2. It may be unrealistic to rely only on a formal social security scheme to cover the self-employed workers and workers in the informal economy; important work remains to be done in first identifying those who lie outside the coverage of safety nets, extending coverage to them, and bringing into the mainstream

existing private initiatives so that they mesh well with the public social security system;

3. Broad consensus and high levels of commitment are crucial and essential to the success of the social security schemes;
4. Good governance and sustainability should be prerequisites of any programme; this is especially true for private schemes such as micro-financing, since many case studies have shown that these efforts often suffer from problems of long-term financial viability as well as transparency and accountability.

OPTIONS FOR THE EXTENSION OF SOCIAL SECURITY COVERAGE

There are a number of options or possibilities that may be considered when planning and thinking about extending social security coverage in communities:

EXTENDING EXISTING STATUTORY SOCIAL SECURITY SCHEMES

This simply means enforcing the existing programmes and schemes formulated and required by the state for its citizens. It is a known reality that despite the existence of social security

measures for some time now, these have not really managed to benefit a significant number in the population, especially those who do not belong to the formal economy. Some examples of existing statutory social security schemes are the programmes offered by the Social Security System (SSS) and the Philippine Health Insurance Corporation (PhilHealth). For the SSS, a person can enroll as a self-employed worker and can enjoy benefits such as access to loans, pension and other similar privileges. For PhilHealth, every Filipino citizen is required to be a member of this social health insurance scheme. Currently, premium rates for a household are at one hundred pesos (P 100.00) a month. As a PhilHealth beneficiary, one is able to consult an accredited government Rural Health Unit or Main Health Centre for his/her outpatient needs, including treatment for Tuberculosis and Family Planning. In addition to this, one can also be admitted to any PhilHealth accredited hospital (public or private) and enjoy a set of benefits covering Room and Board, Laboratory Procedures, Medicines (while in the hospital) and Doctors' Fees. Although these may not totally cover for all of the family's needs, these two social security measures can significantly help families protect themselves against risks that they may encounter.

ENCOURAGING THE DEVELOPMENT OF MICRO-INSURANCE SCHEMES

In the Philippines, it is very difficult for the poor to get approval for loans and credits in big financing institutions like banks and lending centres as they do not have sufficient resources that serve as collateral. Thus, many of them resort to borrowing from loan sharks and usurers who charge exorbitant interest rates that instead lead to worsening poverty. Thus, over the past two decades, the Philippines has witnessed the blossoming of cooperatives and people's organisations that offer micro-finance and micro-insurance schemes that are within the reach of the poor. Several community-based groups driven by nongovernmental organisations (NGO) have extended some sort of protection for their beneficiaries and members by putting up some funds-pooling mechanisms that target two important concerns – health and livelihood. For some communities, the people are organised in order that they communally work towards a common micro-enterprise. The earnings of these are divided into setting aside funds for some savings and programmes in health, others for expanding the livelihood activity

and a small portion divided for each member who participated. These are just examples of initiatives that have been implemented in a limited way to communities especially in the rural areas. Oftentimes, these schemes become very appealing to the people as they cut the bureaucratic red tape experienced when dealing with agencies of government.

INTRODUCING TAX-FINANCED UNIVERSAL BENEFITS SCHEMES

This option is one that is implemented in the Philippines in a very limited way. Many European countries however have an extensive tax-financed social security scheme that allows all of its citizens to benefit from a package of social protection measures. Such initiatives require close coordination between the national and local government in the strict implementation of tax rules and regulations as well as an efficient and honest collection mechanism. There must also be strong political will to ensure that social security benefits are prioritised. In this way, there is coverage of all citizens, including those who are elderly as well as the jobless.

ESTABLISHING TAX-FINANCED MEANS-TESTED BENEFITS (SUCH AS SOCIAL ASSISTANCE OR SAFETY NETS)

Like Option 3 above, this measure is also being implemented in a limited way in the Philippines. This requires a well orchestrated system wherein both the national and local governments are working seamlessly in determining and prioritising those who need the services most. The means-tested (average) benefits imply that citizens are classified according to economic class based on a tool that looks into a household's income-earning capacity and their ability to be able to provide for a family's essential package of needs and services in order to survive decently. Thus, families that are not able to meet their own minimum basic needs will receive more assistance from government. There are also various social assistance packages that are provided especially during unusual calamities or disasters that affect these families.

STRATEGY FOR EXTENDING SOCIAL PROTECTION TO LOCAL COMMUNITIES IN THE PHILIPPINES

The Philippines faces a huge task of extending social protection cover to the most vulnerable groups in our local communities. A good strategy must begin with an assessment and description of those individuals who are not covered by existing schemes. To establish future policies, we must know the characteristics of these vulnerable groups, such as their age, income, occupation, needs, and willingness to pay for social protection.

Since the government has few resources available for social services, we can and should take advantage of strong local and private sector initiatives. This can be done by developing sustainable micro-insurance schemes, cooperatives, and linking these efforts to the government, which can serve as a guarantor of last resort. Government back-up is critical to keeping these programmes sustainable. In the long run, the best option is to bring all of these schemes together under the “umbrella” of government. An important preliminary step to achieve this is to ensure that the government, both national and local, maintains its credibility and

reputation of trustworthiness in order to be able to entice NGOs and private sector organisations to partner and work with government in coordinating and ensuring efficiency in implementing these social security measures.

A “two-pronged” approach may be taken, combining the option of extending the coverage of statutory social security schemes such as SSS and PhilHealth, with the option of promoting micro-insurance schemes undertaken by communities. Local development practitioners can find creative ways of broadening the scope of social protection in order to eventually arrive at universal coverage.

CASE STUDIES IN SOCIAL PROTECTION IN THE PHILIPPINES

PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH)

Since 1995, PhilHealth has assumed the responsibility of administering the former Medicare programme for government and private sector employees. It provides hospitalisation and out-patient benefits to its members and their beneficiaries in times of need and illness.

With a mission to provide universal coverage at affordable premiums, PhilHealth has expanded its programme to include those from the “informal” economy through the “Individually Paying Programme” (IPP) and the poorest of the poor through its “sponsorship programme”. It has even extended its services to retirees through its “non-paying programme”. PhilHealth currently has a membership of 43.6 Million Filipinos or 54 per cent of the country’s population. The sponsorship programmed has 6.3 Million beneficiaries while the IPP covers 1.3 Million members.

PhilHealth has pilot-tested an initiative that taps and partners with organised groups such as cooperatives. This is currently being implemented in two sites – Sogod District, Southern Leyte Province and in selected municipalities in the Province of Cavite. Thus, if a cooperative or organised group wishes to enroll its members collectively in PhilHealth, it will undergo an evaluation using the Performance Standards for Philippine Credit Cooperatives and Other Types of Cooperatives (COOP-PESOS). Based on this assessment, a cooperative or group may then be accredited or qualified in different levels. The level of accreditation then determines the kind of functions and responsibilities this cooperative or

group is able to perform in relation to PhilHealth ranging from marketing, enrolment of members, collection of premiums, monitoring, information and education, assigning members to providers, and out-patient benefits monitoring. Groups that have the highest level of accreditation (Level A) are allowed to identify their own accredited providers and assign their members to them. The selected providers however need to also undergo evaluation and inspection based on accreditation guidelines for Rural Health Units and hospitals to ensure that the provider can deliver services under the Outpatient Consultation and Diagnostic Benefit Package. Accredited Outpatient Providers receive a capitation payment – a fixed amount paid per household per year. PhilHealth will also provide the management of the accredited groups with comprehensive training on the National Health Insurance Programme to equip the group with skills needed for Information, Education, Communication (IEC) dissemination and marketing. The accredited groups and partners also received incentives for premiums collected and remitted to PhilHealth

SOCIAL SECURITY SYSTEM (SSS)

SSS, which is an example of the social insurance approach, provides replacements incomes for workers in times of death, disability, sickness, maternity, and old age. Several initiatives were undertaken to expand coverage and include informal economy workers. These initiatives have allowed household helpers earning at least Php1000, the self-employed, farmers, fisher folk, and other informal economy workers such as ambulant vendors and even watch-your-car boys to participate in the scheme. As of December 2002, SSS has covered about 24.3 million members, of which 4.5 million members are self-employed or in the informal sector.

Nevertheless, SSS continues to have problems with compliance. The following reasons have often been cited for non-registration: lack of time, lack of information, lack of regular employment, the cost of contributions, and the difficulty of contacting SSS representatives.

To get around the problem of one-time payments that are seen as heavy, SSS and DOLE together with PSBank and DBP launched the “easy-

payment” scheme. Under this project, an informal economy worker would open a savings account with a participating bank and would deposit small amounts into this account even on a daily basis toward the accumulation of the monthly SSS contribution. The participating bank would then remit the member’s monthly contribution through an automatic debit arrangement. However, there has been limited success here since hours of work are lost just to remit small deposits to the bank. This suggests that it would be helpful to organise informal economy workers so that a few may be entrusted to collect and deposit SSS contributions on behalf of the many.

NOVALICHES DEVELOPMENT COOPERATIVE, INC. (NOVADECI)

Founded in 1976 by a group of pork vendors, it started out as a credit cooperative to meet its member’s needs. Aside from its loan and financial services, it now offers insurance, medical health services, as well as training and education. It is now recognised as one of the country’s premiere cooperatives, having more than 6000 members and a staff of 100.

Market vendors comprise about 60 per cent of its members and it is worth noting that 85 per cent are informally employed.

Lending has remained the cooperative's main activity. However, it has diversified its services into the following:

1. Direct social security services: health care programmes, cooperative drugstores, Damayan death benefit, loan guarantee programme, old age retirement pension, total/partial disability pension, share protection benefit;
2. Indirect social security services: savings products (saving/time deposit), loan products (regular loan, instant loan, emergency loan, appliance loan, educational loan);
3. Non-social security services: consumer retails and merchandising (market services, credit line, instalment sales, consumers club), educational services (scholarship grants, financial counselling, staff development), sports development, computer banking technology, management info systems training

An applicant of the NOVADECI Health Care Programme must have a fixed deposit of at least Php 1000 with the cooperative. The applicant

should not be over 55 years old and must be able to pay a one-time membership fee of Php 200 plus an annual contribution of Php 600. As benefits, a member is provided with free medical consultations, free maternity care, free annual medical check-ups and discounted lab examinations, dental and optical services. Members are also provided hospitalisation benefits of up to Php 10000 while immediate family members' hospitalization benefits of up to Php 5000. The programme is mainly funded through fixed contributions from members, services fees collected from NOVADECI's clinic and laboratory and sales of medicine from the cooperative pharmacy. To ensure the sustainability of the programme, its board of directors decided that membership in the NHCP would be compulsory for NOVADECI members and the NHCP members will be re-insured with an external insurance provider.

PAKIKISAMA MUTUAL BENEFIT ASSOCIATION, INC

Pakikisama Mutual is a subsidiary of the Pambansang Kilusan ng mga Magsasaka (PAKISAMA), and serves as the insurance arm of its constituency. PAKISAMA is a national peasant confederation composed of 30 local peasant

confederations with a combined reach of 100,000 farmers, fishers and rural women in 28 provinces nationwide.

The PAKISAMA Mutual Benefit Association covers the following risks: death or permanent disability of the insured person, death of a dependent of the insured person, hospitalisation of insured person or dependents. Risk coverage may extend to all children on a proportionate basis (if only one child is covered, full benefits will be paid).

COOP-LIFE MUTUAL BENEFIT SERVICES ASSOCIATION (CLIMBS)

CLIMBS is a mutual benefit cooperative society set up in 1971 to develop cooperative banking and insurance for its members. Starting with 6 cooperatives, it has grown to 173 cooperatives with 66,569 members. The major social protection programmes and services offered are the following.

Mutual Assistance Systems: Community members contribute when there is a death in the family. For a uniform benefit of Php 5000, a member may join by paying Php 48 as premium and another P48 as equity annually. When a member reaches

66, he/she is withdrawn from the system and is entitled to receive the accumulated equity plus earnings from his equity.

Life Saving Plan: Cooperatives pay Php 1 monthly to CLIMBS for every Php 1000 deposit of a cooperative member. Members are assured that in case of death, CLIMBS will pay his/her beneficiaries an amount equal to the member's deposit plus Php 1000.

Loan Protection Plan: Payments for loans obtained by members are insured by CLIMBS. The premium is based on the age of the member and the amount of the loan.

Members Protection Plan: An optional insurance programme for cooperative members.

Cooperative Employees Retirement Plan: Designed for permanent employees of cooperatives or self-help associations. The pension is based on the premium paid, which is shared on a 50-50 basis between the employer and employee.

Cooperative Officer Protection Plan: Group protection coverage for a board of directors, managers, and selected members of cooperatives.

RELEVANT RESOURCES

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CROSS-REFERENCES

- Tool 4.03.05.01, Action Tool: Strategies for improving incomes and employment in the informal economy
- Tool 4.03.06, Information Tool: Social protection from risks: what and why
- Tool 4.03.06.1, Action Tool: Developing social protection in your local economy
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local economy
- Tool 4.03.06.3, Action Tool: Providing better social protection for women
- Tool 4.03.07.1, Action Tool: Improving local access to financial services

SAMPLE OF A COMMUNITY SURVEY FOR HEALTH MICRO-INSURANCE

OBJECTIVE

This is a questionnaire designed to assess health risks and vulnerabilities in a municipality, and the local capacity to extend social protection in health. Local Government Units (LGUs) and local organisations may use this or adapt it to their communities.

This questionnaire was developed under a pilot project of the International Labour Organization - STEP in the Philippines.

As much as is possible, this questionnaire should be filled out in the presence of those administering it, so that help may be given to the respondents if it is needed. The layout of the survey is particularly important since it is best to use the simplest design possible.

**HEALTH MICRO-INSURANCE PROJECT OF MUNICIPALITY OF ANGONO, RIZAL
and THE INTERNATIONAL LABOUR ORGANIZATION
COMMUNITY SURVEY**

PERSONAL INFORMATION			
1. Name			
2. Sex	<input type="checkbox"/> Male <input type="checkbox"/> Female	3. Age	
4. Address	Sitio	<i>barangay</i>	Municipality
	Province	Region	
5. Civil Status	<input type="checkbox"/> Single <input type="checkbox"/> Married	<input type="checkbox"/> Widower <input type="checkbox"/> Separated	Others
6. Educational Attainment	<input type="checkbox"/> Lower than Elementary <input type="checkbox"/> Finished Elementary Level		<input type="checkbox"/> Did not finish High School <input type="checkbox"/> Finished High School
	<input type="checkbox"/> Some College Education <input type="checkbox"/> Finished College		Vocational Training
7. Your status in the household	<input type="checkbox"/> Head of the Family/Bread winner	<input type="checkbox"/> Co-bread winner	<input type="checkbox"/> Others, please specify
8. Number of household members (including children), extended family, helpers who share within one roof and share household expenditure: (Put a check mark)			
<input type="checkbox"/> 1-5 <input type="checkbox"/> 6-10 <input type="checkbox"/> 11-15 <input type="checkbox"/> over 15			
9. Number of Household Members who are Working			
<input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input type="checkbox"/> 5 <input type="checkbox"/> 6 <input type="checkbox"/> 7 <input type="checkbox"/> 8 <input type="checkbox"/> 9 <input type="checkbox"/> 10 or more			

10. Present Occupation or Main Source of Income				
Vendors Home-workers • Self-employed • Industrial home-workers	Non-corporate construction workers • Painter • Carpenter • Plumber • Mason • Electrician	Small-transport drivers • Tricycle • Pedicab • Jeepney • F/X • Fisherman • Farmer		
11. Other Sources of Income				
Others • Small scale miners • Entertainers	• Repair persons • Guest relations officers • Butchers	• Luggage persons • Laundry persons • Beauticians	• Massage persons • Barkers	
12. Does your household receive income from outside of the country or from other relatives? <input type="checkbox"/> Yes <input type="checkbox"/> No				
13. Monthly Family Income	<input type="checkbox"/> 1,000-1,999 <input type="checkbox"/> 2,000-2,999 <input type="checkbox"/> 3,000-3,999 <input type="checkbox"/> 4,000-4,999	<input type="checkbox"/> 5,000-5,999 <input type="checkbox"/> 6,000-6,999 <input type="checkbox"/> 7,000-7,999 <input type="checkbox"/> 8,000-8,999	<input type="checkbox"/> 9,000-9,999 <input type="checkbox"/> 10,000-10,999 <input type="checkbox"/> 11,000-11,999 <input type="checkbox"/> 12,000-12,999	<input type="checkbox"/> 13,000-13,999 <input type="checkbox"/> 14,000 –14,999 <input type="checkbox"/> 15,000 –above
14. Do you belong to an organisation? <input type="checkbox"/> Yes <input type="checkbox"/> No			Name of Organisation/s:	
SOURCES OF VULNERABILITY				
1. As of now, how many hours on average do you work in a week?	<input type="checkbox"/> 0-8 hours <input type="checkbox"/> 9-16 hours <input type="checkbox"/> 17-24 hours <input type="checkbox"/> 25-32 hours <input type="checkbox"/> 33-40 hours	<input type="checkbox"/> 41-48 hours <input type="checkbox"/> 49-56 hours <input type="checkbox"/> 57-64 hours <input type="checkbox"/> Others – please specify <input type="checkbox"/> (Not applicable – no employment at this time)		

2. What months of the year do you feel that you are earning enough or more than enough?	<input type="checkbox"/> January <input type="checkbox"/> February <input type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June	<input type="checkbox"/> July <input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December
3. What months of the year do you feel that you are not earning enough?	<input type="checkbox"/> January <input type="checkbox"/> February <input type="checkbox"/> March <input type="checkbox"/> April <input type="checkbox"/> May <input type="checkbox"/> June	<input type="checkbox"/> July <input type="checkbox"/> August <input type="checkbox"/> September <input type="checkbox"/> October <input type="checkbox"/> November <input type="checkbox"/> December
4. Are you a migrant from another town/ province? <input type="checkbox"/> Yes <input type="checkbox"/> No		
5. Do you or others in your household own land? (Multiple answers OK.) <input type="checkbox"/> Yes, the land on which the dwelling is located. <input type="checkbox"/> Yes, agricultural land. <input type="checkbox"/> No, we are renting the land where our house is located. <input type="checkbox"/> No, we are just renting our agricultural land. <input type="checkbox"/> No, we are just occupying the land without payment	6. How strong is the danger of your being evicted? <input type="checkbox"/> Almost a certainty <input type="checkbox"/> There is a danger of this, but it is small <input type="checkbox"/> No such danger	

7. Where do you work?

- Home/residential lot (but not store)
- Neighbourhood workshop or cooperative's premises (but not store)
- Employer's premises (regular office or factory)
- Shop (retail store, sari-sari store) in or near your home which you own
- Someone else's store
- Street/stall/cart in or near your home (belongs to you)
- Farm belonging to you
- Farm belonging to someone else
- Others – please specify _____
- (Not applicable – no employment at this time)

8. How would you describe your workplace?

- Well-lighted
- Dimly lit
- Well ventilated
- No air
- Too hot
- Too cold
- Just right temperature
- Spacious
- Crowded

9. In your workplace, are you exposed to any of the following?

- sharp objects that can be harmful.
- dangerous chemicals
- dust from cloth, etc. that can be inhaled
- other harmful materials – please specify _____
- Pollution from vehicles
- (Not applicable – not exposed to any such thing)

10. What is the quantity and quality of water in your home? (Multiples answers OK)

- Can be used for drinking (potable).
- Can be used for drinking as long as it is boiled.
- Cannot be used for drinking even if it is boiled.
- The quantity is sufficient.
- The quantity is insufficient
- Do not have flowing water at home
- Buy water from water lorry that delivers at home

Social Protection Needs

1. How much do you usually spend in a month for the following:

Food

Education

Household Utilities (Electricity, Water, Telephone Bills)

Personal Necessities (Clothing, toiletries, etc)

Entertainment

Transportation

Health

Others

2. Who is the person in the family who decides how much funds to allocate for expenses in the household? Please write if self, spouse, father, mother, eldest sister, eldest brother, or others.

Food

Education

Household Utilities (Electricity, Water, Telephone Bills)

Personal Necessities (Clothing, toiletries, etc)

Entertainment

Transportation

Health

Others

3. Are you a member or a policy holder of any of the following:

Government Social Insurance Service (GSIS)

Social Security Systems (SSS)

PhilHealth

Pag-Ibig

Private Life Insurance. If so, please identify: _____

Private Health Insurance. If so, please identify: _____

Mutual Help Groups. If so, please identify: _____

4. If you were given a chance to choose benefits for social protection such as insurance, which among the following will you save on? After checking items below, can you rank them according to your priorities? (number 1 for highest priority, number 2 for second priority, and so on).

Rank

Health Insurance _____

Pension or Old Age Insurance _____

Death/Life Insurance _____

Accident/Disability Insurance _____

Education Plan _____

Unemployment Insurance _____

Housing _____

Maternity Care Benefits _____

Others _____

5. Are you willing to voluntarily pay contributions for the above benefits that you identified? Yes No

6. If your answer is no, what are the probable reasons why you may not want to contribute?

- Not obliged Not entitled No trust in scheme High contributions Not attractive
 Covered by relatives No need Need information Don't know Others

Health Financing

1. Whenever you or anyone in your family gets sick, who do you go to for medical consultation?

- Private Physician
 Government Physician
 Traditional healers such as hilot, kumadrona
 Does not seek professional help
 Stays at home to get well
 Buys medicines that I took when I got sick
 Rely on herbal medicines to get well

2. In the last two years, which of the following conditions prompted you or any member of your family to seek consult or medical attention?

- Children's diseases
 Maternity care
 Delivery
 Chronic conditions like diabetes, hypertension, etc.
 Injury
 House
 Work
 Accidents

3. Which facility do you or anyone in your family usually go to for medical attention? Please list name of facility.

- Private out-patient clinic _____
 Rural Health Unit or *barangay* health station _____
 Private hospital _____
 Government hospital _____
 Others (please specify) _____
 None

4. Why do you or anyone in your family usually go to this facility?

- Good service
 Staff attends to my needs immediately
 Doctors, staff are friendly
 Others: _____
 Affordable
 Accessible
 Complete facility
 Clean
 Others: _____

<p>5. How much do you usually pay for:</p> <p>(a) Medical consultation: _____</p> <p>(b) Hospitalization: _____</p> <p>(c) Medicines: _____</p> <p>(d) Diagnostic services (laboratory, x-ray): _____</p>	<p>6. How do you usually pay for your healthcare needs? (You may choose more than one.)</p> <p><input type="checkbox"/> Personal savings</p> <p><input type="checkbox"/> Sell some assets</p> <p><input type="checkbox"/> Borrow money from friends and relatives</p> <p><input type="checkbox"/> Borrow money from a lending institution</p> <p><input type="checkbox"/> Medicare/Health Insurance</p> <p><input type="checkbox"/> Assistance from Government</p> <p><input type="checkbox"/> Assistance from NGO</p> <p><input type="checkbox"/> Stay in a charity ward if hospitalisation is needed</p> <p><input type="checkbox"/> Others: _</p>
<p>7. Do you have health insurance? <input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>8. If yes, are you the principal holder of the policy or a beneficiary?</p> <p><input type="checkbox"/> Member <input type="checkbox"/> Beneficiary</p>
<p>9. Is your health insurance enough to answer your health needs?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>	<p>10. If your organisation or any organisation in the community or the local government office establishes a health insurance project for workers who do not have access to PhilHealth, would you be willing to join?</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No</p>
<p>11. If no, what are your primary reasons?</p>	<p>12. What services do you want to be included in a health insurance?</p> <p><input type="checkbox"/> Out patient consultation</p> <p><input type="checkbox"/> Out patient diagnostic examinations</p> <p><input type="checkbox"/> Medicines</p> <p><input type="checkbox"/> Hospitalization</p> <p><input type="checkbox"/> Surgical care</p> <p><input type="checkbox"/> Maternity care</p> <p><input type="checkbox"/> Dental Care</p> <p><input type="checkbox"/> Programmes on preventive health care and occupational safety</p> <p><input type="checkbox"/> Others:</p>

13. How much are you willing to pay for a health insurance?

- Php 50/month or 600/year
- Php 60/month or 700/year
- Php 67/month or 800/year
- Php 75/month or 900/year
- Php 85/month or 1000/year
- Php 90/month or 1100/year
- Php 100/month or 1200/year
- Php 125/month or 1500/year
- Php 170/month or 2000/year
- Php 200/month or 2400/year

14. If a Health Insurance Scheme is set up in the municipality, which organisation do you want to handle the funds?

- An organisation composed of chosen representatives of the different organized groups in the community
- A cooperative or self-help group in the area with a good track record
- Organisation that has been providing health insurance services in the area. Please name the organisation.

15. Do you have other suggestions on how we can improve a health micro-insurance scheme for your community?

Thank you very much for your participating in this survey. You have made a valuable contribution to our goal of providing social protection for everyone

ACKNOWLEDGMENTS

ILO STEP Project, ILO Sub-Regional Office, Manila

ASSESSING THE POTENTIAL FOR LOCAL MICROFINANCE

OBJECTIVE

This assessment tool helps local development planners and practitioners to assess both the demand and supply of financial services in a specific region or community. It is meant for development practitioners who want to use microfinance as a tool for employment creation and poverty alleviation.

This tool discusses the step-by-step process to assess whether a microfinance programme is really needed and whether it is the most appropriate response to the problem.

IS A MICROFINANCE PROGRAMME REALLY NEEDED?

Many development planners still have unrealistic expectations about what credit can do. It is true that credit often removes liquidity bottlenecks for small-scale investments, but, credit can do little, if anything, to turn a poor manager into a good one, and credit alone will not create the demand for the goods to be produced.

Poverty, underemployment and low productivity have multiple causes. The lack of financial resources is not necessarily the main one. Consequently, finance cannot bring about change if the problem is the absence of skills, good management, markets and infrastructure.

Before even proposing a microfinance programme, all conditions that will make the program effective should be present.

QUESTIONS TO ASK

The following questions are meant to bring out the hidden assumptions about financial schemes.

- Indicate how the creation of a microfinance program would contribute to the attainment of your objectives. What makes you think that a microfinance program is an appropriate solution to the problem?
- What are the obstacles to income generation faced by the target group? What measures, in addition to financing, are being taken to remove these obstacles?
- How would the microfinance program contribute to employment creation and income generation?
- Are there other reasons that would justify the provision of financial services to the target group?
- Is the program expected to become a durable, financially self-sufficient delivery mechanism?
- What is the evidence that self-financing by an individual, a household or a group of people, is insufficient to meet their financial needs?
- What is the evidence that banks or other financial institutions would not deal adequately with the target group?
- Sometimes the provision of training, sensitisation and/or technical assistance can change the attitudes of banks or other financial institutions. Have you checked this? Could or should this be an activity?
- How will changes in the policy environment (price stability, monetary policy measures, interest rate policy) affect the success of the program?

ASSESSING FINANCIAL NEEDS AND THE REPAYMENT CAPACITY

Borrowing might increase the target group's dependency temporarily (and sometimes permanently). Therefore, it is essential to make sure that personal and family savings are truly insufficient to finance the envisaged activities. Is the target group in fact unable to mobilise enough resources internally? Will the activities or investments undertaken generate sufficient surplus to repay the loans?

QUESTIONS TO ASK:

1. Finance gap

- What are the needs for finance (credit) as expressed by the target group?
- How much can be covered by permanent, periodical and ad hoc savings and other self-financing mechanisms?
- Do existing formal and informal suppliers of finance fail to provide the needed resources?
- What are the concrete reasons for this gap between the supply and demand for financial services?
- What makes you think that borrowers in all likelihood will be able to repay a loan?

2. Group liability and solidarity mechanisms

Group-based delivery mechanisms sometimes reach areas where no bank would go. However, they only work if the group members are in some way linked to each other. Therefore, it is important to know what bonds a group.

Note that households are not necessarily homogenous units and that men and women may have different strategies for income generation, consumption, savings and investment.

- Do you envisage the use of groups as a disbursement and collection mechanism?
- Have the beneficiaries already formed groups with other than financial purposes?
- What sorts of activities are normally collectively undertaken (common cultivation of land, festivities organisation, sales of cash crop, etc.)?

- What makes you think that solidarity would develop among the group and that members who would not pay back their loans would be sanctioned?
- Who is in control of the income generated by the household: the head of household or the individual household members? Who makes the expenditure decisions?

3. Income Generating Capacity

The activity must produce a surplus that leaves the borrower with a net income after repayment of principal and interest; otherwise, credit will lead to increased indebtedness.

- From how many activities do households normally derive a stable cash income? Are the income generating activities seasonal?
- Has a market study been carried out for key income generating activities?
- Do members of the target group have the capacity and know-how to commercialise new products?
- To what extent are the needs and opportunities for commercialisation of the produced goods and services anticipated in the dispositions of the fund?
- What is the likelihood that most borrowers are likely to start the same activity?

4. Risks

One can never be sure that a borrower can manage all the risks related to their activities. This will of course influence the profitability of the program and should lead the program designer to take the necessary precautions in terms of interest rates, loan terms and accompanying measures such as training, sensitisation and counselling.

- How regular can the supply of raw materials or other essential inputs be required for the activity to be financed?
- Is the economic activity familiar to the borrower?
- Do borrowers have the technical and managerial skills and experience to undertake the activity for which they want the credit?

5. Senior claims

This includes all those debt obligations that individuals, households and groups are likely to honour before paying back a loan to a microfinance program. When push comes to shove, are the following debt obligations more important to the target group than paying back a debt to the microfinance program?

- Emergencies (illness, incapacity to work, death)?
- School fees?
- Social festivities?
- Other family obligations?

6. Savings

- Do the intended project beneficiaries have some form of informal savings? Explain!
- How do they use their savings (consumption, investment, social protection / insurance)?
- Is the target group organised in savings associations?
- Should minimum savings limits be established for individuals and/or groups before giving them access to credit? If yes, why?
- Are there formal savings facilities in the area such as banks, post office savings banks or mobile counters?
- Are there any obstacles facing the target group to save with such institutions?

ASSESSING THE LOCAL FINANCIAL MARKET

Once deciding that credit would in principle make sense and leave the target group generally better off, one cannot automatically conclude that a microfinance program is needed. There are other alternatives - first check whether the resources can be obtained locally.

QUESTIONS TO ASK:

1. Informal sources (i.e., moneylenders, friends, family and savings clubs)
 - What sources of informal credit are normally available to the individuals of the target group(s)? In which circumstances? Do people have a preference for a specific form of informal credit? If so, which?
 - Are there certain periods in the year when most households go heavily into debt? If so, who is lending the money?
 - Over a period of how many weeks or months are such informal loans paid back?
 - How is the repayment schedule established?
 - What is the interest rate on such loans?
 - How does the lender make sure beforehand that the borrower will pay back the loan?
 2. Formal sources (banks, savings institutions, special funds, NGOs, etc.)
 - What sources of formal financial services do members of the target group use?
 - Is access to these sources particularly difficult for women? If so, why? Is there anything that can be done to remove these obstacles?
 3. Policy and regulatory environment
 - What sources of finance exist within half a day's walking distance from the area covered by the project?
 - Does the target group want formal credit? What are their main concerns (speed of transaction, amount, and repayment schedule)?
 - What do you think is the main reason why banks or other formal institutions do not lend to the target group?
 - Lack of collateral?
 - High transaction costs?
 - Difficult monitoring and follow-up?
 - Insufficient coverage of operational and risk related costs by interests and other incomes?
3. Policy and regulatory environment
 - Are there any Central Bank directives for distributing credit to specific target groups? (Quotes sectors, preferential treatment for certain categories of activities)?
 - Is there a history of subsidised credit in the project area? If so, does it still exist? Is the target group concerned?
 - Are there other funds set up by aid agencies in the area? For which target group(s)? Are they effective? If yes, why? If no, why? Lessons learnt?

SELECTION OF FINANCIAL INTERMEDIARY

RELEVANT RESOURCES

- ILO Social Finance Programme, Revolving Loan and Guarantee Funds, *Checklist for a better design and management of ILO technical cooperation programmes*, ILO, 1999 <http://www.ilo.org/public/english/employment/finance/download/revolving.pdf>
- R.Chua and G. Llanto, *Assessing the efficiency and outreach of micro-finance schemes*, ILO, 1996. <http://www.ilo.org/public/english/employment/ent/papers/wpap15.htm>

CROSS-REFERENCE

- Tool 4.03.07.1, Action Tool: Improving local access to financial services.

QUESTIONS TO ASK:

1. Banks

- Is there a bank with experience of lending to the target group identified?
- Are interest rates and other fees charged affordable for the target group?
- How promptly does the bank normally respond to a loan application?
- Are the loan amounts appropriate in view of the target group's repayment capacity?
- Is the bank capable of collecting information to evaluate the risks?
- Are collateral requirements realistic?
- Can the expected self-financing requirements be met?

2. Financial NGOs

- Do people in the target group have access to financial facilities of projects or NGOs operating in the area?
- How would you assess an NGO's capacity to build up a suitable mechanism for the target group that would eventually be financially sustainable?
- Does the NGO have enough qualified staff?
- Does the NGO have adequate budgetary support?
- How is the NGO perceived by other aid agencies when it comes to management of micro-credits?
- Is the collection of loan repayments a source of conflict between the NGO and the target population?
- Does the NGO have any potential to sanction non-repayment? If so, how?

IMPROVING LOCAL ACCESS TO FINANCIAL SERVICES

OBJECTIVE

This tool discusses a brief overview of microfinance and the two most important microfinance products: savings and loans. This is meant for development practitioners who have identified a need for improved access to financial services in local communities.

WHAT IS MICROFINANCE?

Microfinance is the provision of financial services to low-income clients, including the self-employed. Financial services generally include savings and credit; however, some micro-finance organisations also provide insurance and payment services. Put simply, microfinance is banking with the poor.

Microfinance institutions can be formal or informal. Formal microfinance institutions include NGOs, credit unions, government banks, commercial banks or non-bank financial institutions. Informal microfinance providers

include moneylenders, pawnbrokers and rotating savings and credit associations.

There are two most important micro-finance products: savings and loans.

FINANCIAL PRODUCTS: LOANS

To understand the main issues related to credit, it is important to be familiar with the standard lending methodologies. This section will therefore first give an overview of lending methodologies, and next discuss the design of loan products on the basis of six loan parameters.

INDIVIDUAL LENDING

Individual lending is the most bank-like approach to microfinance. It involves relatively large loans with standard collateral such as real estate, vehicles, or other assets with market value. Loans are normally secured by guarantors. Individual lending tends to target more established businesses, which have sufficient assets to secure the loan.

GROUP LENDING

Group lending is a way to address the lack of collateral that is common to poor households. The principle of group lending is the use of social collateral - that people who trust each other can come together and form a group to guarantee each other's loans. In the group lending methodology, if one person is unable to repay his/her loan, other members in the group has to take on that responsibility. Group lending can be divided into two kinds, the solidarity group approach and the village banking approach.

Solidarity groups - This approach was pioneered in 1976 in Bangladesh under a system, which later became known as the Grameen Bank. Small groups, usually 4 to 6 members, guarantee each other's loans and support each other in other social ways. In the Grameen Bank, groups come together to form village level centres of about 25 to 30 people. Each group meets weekly to collect repayments, issue new loans, make savings deposits, and discuss any issues that concern the members.

Village Banking - The second form of group lending came out of a strong vision to create stand-alone village institutions. In the classic Village Banking model, a village bank has an internal account, which is its source of loans. Each village bank has its own president and treasurer who manage the bank and the internal account. Many versions of this model exist, with similarities to the Grameen model but with a few key differences. Village banking is favoured by the very poor, who prefer to work under the protection of a large group of individuals.

CREDIT UNIONS

Credit unions are common in both in developed and developing countries, often formed by people in the same sector or company. They rely heavily on savings as a way to raise funds to on-lend to their members. They use both individual and group lending methodologies.

LOAN PARAMETERS

The following loan parameters make up the design of a microfinance loan product. The parameters are interrelated and have to be adapted to suit the business activities of the client:

Loan purpose: Microfinance institutions offer a range of loan products, which can include working capital loans, housing loans, short-term emergency loans, long-term loans for machinery and equipment, and loans for buying durable consumer goods such as TVs and refrigerators.

Loan size: A loan is both an opportunity and a liability. It must not be so large that the client becomes enslaved to the microfinance institution. It has to be both recoverable by the institution and useful to the client. Micro-lenders often start with small loans, expanding to larger subsequent loans. Starting with small loans allows the institution to keep its risks down. In the beginning it has limited information on a client's repayment capacity and has to trust the social collateral offered through a group structure. As a long-term relationship is built and the client's business grows, the institution increases the loan size.

Loan duration: It is natural to prefer long-term loans. People think that the more time they have to repay a loan, the more they can do with the money. But the longer they have a loan, the more it costs them in terms of interest. Therefore it is not necessarily true that a long-term loan is better. The duration of a loan should relate to the client's

business cycle, which is the time required for the business to produce or procure something of value and sell it to generate income. In some business activities, the business cycle is very short; in others it is much longer.

Grace period: A grace period is a period in the beginning of the loan, when the client is not required to pay the principal or principal and interest. The rationale is that certain business activities need time to generate enough profits, and therefore clients should not begin repayment of the loan immediately.

Collateral: It is difficult for an agency to assess the reputation of new borrowers. Collateral serves as a way to guarantee the promise of repaying a loan. It generally takes the form of tangible assets that can be confiscated by the micro-lender and sold to recover the loan.

Interest rates: The small loan sizes necessary to serve the poor may result in costs per loan requiring interest rates that are significantly higher than commercial bank rates (though significantly lower than informal sector rates). Microfinance institutions can only provide services to the poor on a durable basis, if they are able to recover

their costs. A balance must be reached between what clients can afford and what microfinance institutions need to earn to cover all of their costs.

FINANCIAL PRODUCTS: SAVINGS

SAVINGS PRIOR TO GETTING A LOAN

Microfinance institutions often use this savings method to determine clients' commitment to their business and to the repayment of their loans. For the institution, the main advantage of this form of savings is that it generates additional funding to on-lend. Yet, since this type of savings poses a condition for clients to obtain a loan, it can reduce access to micro-credit.

COMPULSORY SAVINGS THROUGHOUT A LENDING PROGRAMME

Under this type of savings, microfinance institutions require that their clients have to save a fixed percentage of the loan, or a fixed amount. It also instills the discipline of savings, yet it implies a higher effective cost to the client.

VOLUNTARY SAVINGS

Under a voluntary savings scheme, clients have a choice: they can save if they want, but they are not obliged to do so in order to get a loan. Microfinance institutions that provide such schemes, usually offer a range of savings products, e.g. term deposits or quick savings.

GENDER CONSIDERATIONS

Programmes trying to target the lowest income groups often focus on women. Research shows that women are the majority of the poor and are more influenced than men by social pressures to repay loans. Compared with men, women also tend to spend a larger share of their business income on the household. A complicating factor in some women-targeted programmes is the ghost client syndrome, when women apply for loans but in fact serve as a "front end" or entry point to the loan scheme by male borrowers.

SUSTAINABILITY CONSIDERATIONS

Sustainability is the ability to support oneself without any external help on a permanent basis.

Financial sustainability in microfinance means that an institution can cover all its costs from its client payments on a permanent basis, without donor grants or subsidised loans. Besides the costs of administering the programme, such costs include devaluation of funds due to inflation, in-kind donations and grants, and losses due to non-recoverable loans. The microfinance institution may also need to pay interest for its loan fund in order to conduct the lending operation.

Achieving financial sustainability depends on:

- **Appropriate interest rates:** Interest rates need to cover all costs in a reasonable timeframe given the loan portfolio;
- **Loan recovery:** Microfinance institutions must be able to maintain very high loan recovery so that they are able to continue to operate and revolve their loan fund, without increasing costs through losses of non-recoverable loans;
- **Efficiency:** Maintaining low costs is an important requirement of sustainability.
- **Loan fund:** The size of the loan fund also affects the time needed for the microfinance programme to become sustainable. With a large loan fund, more can be lent, more income can

be earned from interest (assuming high loan recovery), and therefore the institution can reach financial sustainability sooner;

Retention rate: Retention also contributes to sustainability. Follow-on clients tend to ask for larger loans, they require less monitoring and they tend to be less risky because the microfinance organisation has got to know them.

RELEVANT RESOURCES

- Alidri, P., Van Doorn, J., El-Zoghbi, M., Houtart, M., Larson, D., Nagarajan, G., Tsilikounas, C., *Introduction to Microfinance in Conflict-affected communities*, ILO 2002. <http://www.ilo.org/public/english/support/publ/xtextmicr.htm#b6425>
- Ledgerwood, J., *Microfinance Handbook*, World Bank 1999. http://books.google.com.ph/books?id=luaAHdTKMM8C&dq=Microfinance+Handbook+World+Bank&pg=PA241&ots=t0YtcMJSi8&sig=oYDdc_mmWPQ65eQ_bciwO8nHcPg&prev=http://www.google.com.ph/search%3Fhs%3D3Aa%26hl%3Dtl%26client%3Dfirefox-a%26rls%3Dorg.mozilla%253Aen-US%253Aofficial_s%26q%3DMicrofinance%2BHandbook%2BWorld%2BBank%26btnG%3DHanapin%26meta%3D&sa=X&oi=print&ct=result&cd=1#PPP1,M1
- L. Mayoux, *Microfinance and the empowerment of women*, ILO 2000. <http://www.ilo.org/public/english/employment/finance/download/wpap23.pdf>

CROSS-REFERENCE

- Tool 4.03.07, Assessment Tool: Assessing the potential for local microfinance.

PART FOUR **SECTION FOUR**

IMPROVING THE QUALITY AND CONDITIONS OF WORK AND LIFE

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PART 4 SECTION FOUR: IMPROVING THE QUALITY AND CONDITIONS OF WORK AND LIFE

INTRODUCTION

Decent work is not possible without work. However, not any work enables a person and his/her family to live a decent life.

A job or livelihood activity might be precarious and insecure – does not offer a secure source of income. Earnings might be too low for daily survival and nutrition. Hazards in the workplace might be weakening the health of people exposed to it. The risks of fatal accidents and serious injuries might be very high. One might be subjected to daily abuse and inhuman treatment.

Why are working conditions, and occupational health and safety a significant part of local development?

- They directly affect the health and well-being of workers and other people exposed to the workplace (like children in home-based work). Everyone has a right to life.
- Labour is the most valuable asset of workers, especially those who are poor. A healthy and safe workplace preserves this valuable asset.
- Poor working conditions not only harm workers' health but also decrease enterprise productivity and therefore income from the business or work. Poor health and accidents mean: inability of workers and enterprise owners-operators to work effectively, loss of productive time and poor quality work.
- Poor health and high incidence of accidents in a local community impose a cost on local public health services and local resources.

Section Four of Part 4 focuses on improving the conditions in which people work, and places especially attention to health and safety at the workplace.

This section contains several practical tools for carrying out simple, often inexpensive ways of improving working conditions, while also raising the productivity of enterprises and micro and own-account businesses.

OVERVIEW OF THE KEY ELEMENTS OF JOB QUALITY

OBJECTIVE

This information tool

- Discusses the concept of 'job quality' and to its relevance to local economic and social development.
- Explains the contribution of the work environment, working conditions and health and safety at the workplace to the overall health situation of the community, workers' productivity and incomes, and thus to local development.

This tool will help planners and practitioners appreciate the qualitative aspects of employment, the impact these have on poverty, and the strategies that can be designed and implemented to reduce poverty.

WHAT IS JOB QUALITY?

The term 'job quality' refers to a range of inter-connected employment concerns that, between them, determine for each worker whether his or her experiences at work are positive or negative.

- Some of these relate to the physical working environment, and especially on the effects of work on the health and safety of the worker. In the case of home-based work, in particular, the working environment translates to the impact on the health of the whole family who may be affected by dust or noise caused by work, by chemicals used in the course of work, or by machine or other hazards.
- Job quality concerns also include the effects of the non-physical work environment, such as employee-management relations, the respect for workers' dignity, as shown through issues such as sexual harassment and stress at work, the amount of time that people need to work, and protection for particular groups of workers with special needs, such as pregnant or breastfeeding women.

- The fundamental rights at work (see below) are important elements of job quality, as are issues that are basic to workers' needs for economic security, such as wages and job security.

WHY IS JOB QUALITY IMPORTANT AND FOR WHOM?

Job quality is a key issue not only for workers but also for employers because job quality affects business performance. Whereas some people imagine that better job quality can be achieved only through significant investment, or that it will impose a cost on businesses, the reality is that better job quality can be a way to improve results for both employers and workers. The other tools in this section provide practical information on how to achieve improvements in productivity and competitiveness through simple, low-cost improvements in working conditions or other aspects of job quality.

Job quality issues such as safety and health or remuneration are issues for the whole community, since they have such an important impact on

economic and social life in the community, and they are therefore major issues for local developers.

ASPECTS OF JOB QUALITY TO ASSESS

Workers' (and employers') priorities concerning the different aspects of job quality may be different, so in deciding which aspects of job quality should be focused on, the views of the different groups concerned should be found out and taken into account. They will include some or all of the following:

- **Remuneration:** Are salaries and fringe benefits enough to sustain workers and their families? Do they meet the requirements of relevant laws and regulations, collective agreements and contracts? Are they paid on time?
- **Conditions of work:** Does working time correspond to workers' preferences? Does the amount of time spent at work provide adequate rest and time for personal life? Is overtime properly paid? Are men and women workers able to combine work with their family responsibilities? Is there adequate maternity protection for women workers (job protection and non-discrimination, leave, benefits, health

protection, support for breastfeeding)? Is the workplace free from harassment and violence? Does the organisation of work contribute to workers' well-being? Are basic work-related welfare facilities available?

- **Safety and health concerns:** Are workers at risk of occupational accidents and diseases? Do environmental hazards affect the health of workers or residents? Is first aid and other help, including information and training, available? Are measures taken to promote health in the workplace?
- **Job security:** Do workers have written employment contracts? Do they enjoy security of tenure?
- **Human resource development and management:** Are there education and education opportunities for workers? Do workers have prospects of promotion and incentives for improvement? Are employers aware of best practices in contemporary management methods? Are there good relations between employers and workers, and mechanisms for dialogue between them to prevent or resolve problems?
- **Social security:** Are workers covered by national social security schemes? Do these provide adequate protection relating to health,

life, maternity and disability? Do they provide benefits in case of unemployment? Do they provide decent pensions to retired workers? Where national schemes do not provide protection in any of these areas, are other schemes available to workers?

- **Equality at work:** Do all workers have the same opportunities and treatment, regardless of their race, colour, sex, religion, political opinion, national extraction or social origin? Do men and women receive equal pay for the same work and also for work of equal value?
- **Freedom of association:** Do workers and employers have the right to establish and to join organisations to further and defend their interests, without interference? Do workers enjoy protection against acts of anti-union discrimination? Is collective bargaining practiced between employers or employers' organisations and workers' organisations to regulate terms and conditions of employment?
- **Freely chosen employment:** Are any workers subject to forced or bonded labour?
- **Absence of child labour:** Are children working below the legal minimum age for work, or working in hazardous work below the minimum age for such work? Are children under 18 working in the worst forms of child labour

(slavery and similar practices and forced or compulsory labour, prostitution or pornography, illicit activities such as drugs, or work likely to harm the health, safety or morals of children)?

SOURCES OF JOB QUALITY STANDARDS

Many of the job quality concerns listed briefly above are dealt within national laws, regulations or collective agreements.

Many have been the subject of ILO Conventions or Recommendations, known as international labour standards. These standards provide guidance on measures to be taken by governments, employers and workers. If a country ratifies an ILO Convention, it accepts a legal obligation to implement the requirements of the Convention.

On the other hand, some of the job quality concerns (e.g. sexual harassment) have not been explicitly dealt with in international labour standards. In these cases, guidance may still be

available based on best national or international practice.

The last four elements of job quality concerns mentioned above incorporate the eight ILO Conventions (Forced Labour: Numbers 29, 105; Freedom of Association and Collective Bargaining: Numbers 87, 98; Non-Discrimination: Numbers 100, 111; Minimum Age: Numbers 138, 182) identified by the ILO as being fundamental to the rights of human beings at work, irrespective of the levels of development of individual member States. These rights are a precondition for all others in that they provide for the necessary implements to strive freely for the improvement of individual and collective conditions of work.

RELEVANT RESOURCES

- *Job Quality and Small Enterprise Development*, Working Paper No 4 Series on Job Quality in Micro and Small Enterprise Development, International Labour Organization, Geneva http://www.ilo.org/dyn/empent/docs/F111PUB1728_01/PUB1728_01.pdf

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.04.01.1, Assessment Tool: How to assess job quality in work places and enterprises
- Tool 4.04.01.2, Action Tool: Twelve ways to improve local jobs
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises
- Tool 4.04.02.1, Action Tool: Simple, low-cost ways of improving working conditions in the “informal sector”
- Tool 4.04.03, Action Tool: Health, safety and working conditions in agriculture

HOW TO ASSESS JOB QUALITY IN WORK PLACES AND ENTERPRISES

OVERVIEW

Decent work defines the elements of job quality, and provides the basis for assessing the quality of employment at the work place (see Information Tool 1.02).

To come up with responsive interventions to address job quality concerns of workers and employers, local planners need to undertake an assessment of these concerns. The assessment must be cost-effective in its effort to identify workplace and employment issues to be urgently addressed and subsequent policies, programs and interventions to be implemented and further improved.

OBJECTIVE

This assessment tool:

- Discusses a method for assessing the needs and aspirations of workers and employers particularly with regards to specific work-related dimensions
- Suggests practical approaches, including partial or targeted assessment, in assessing the quality of employment in their communities in order for them to design appropriate interventions to progressively achieve quality and decent jobs.

With the assessment of the quality of local employment, local planners and development practitioners will gain an understanding of the needs, demands, and available support mechanisms, as well as recommendations on what could be done (policies and programmes) and who could provide service or support.

JOB QUALITY ASSESSMENT

Job quality assessment looks at the needs of employers and workers. Job quality needs are expressed and defined by:

- International and local technical standards as set out in laws, regulations and accepted industry practice – these provide objective standards.
- The views of employers and workers as to what is acceptable - these are also important in assessing job quality. Hence, the second aspect of the inquiry would deal with the demands expressed by employers and employees, to be assessed in terms of available institutional mechanisms that supply the needed protection or developmental support.
- Opinions of experts (individuals and institutions) in the fields of job quality – Their views are valuable not only for a more accurate assessment, but also on the appropriateness and responsiveness of recommendations that can be provided in improving overall job quality.

PREPARATION FOR ASSESSMENT OF THE QUALITY OF LOCAL EMPLOYMENT

There are a number of tasks to perform:

- Developing relevant local indicators for each of the job quality dimensions. The table below gives a list of questions that could be asked in determining appropriate indicators.
- Developing approaches for adaptation and local application of:
- Identifying relevant international and local standards that define minimum conditions of work
- Identifying stakeholders that provide regulatory, protective, and developmental support to industries and enterprises
- Identifying needs and assessing workplace-level needs and demands of employees and employers on job quality issues
- Examining the relationship between international and national standards, the prevailing working conditions as defined by laws, and the institutions that implement the minimum standards
- Examining the significant relationships between business indicators and working conditions,

whether one serves as the cause or effect

- Assessing business indicators vis-à-vis the perceived and actual business constraints
- Deciding what workplaces and what job quality elements should be the initial focus, if appropriate

WHAT SHOULD BE ACHIEVED BY THE JOB QUALITY ASSESSMENT?

At the end of the process, the following should have been achieved:

- Identified priority workplace and employment issues that must be addressed
- Translated the needs into demand through effective communication of job quality requisites and strategies
- Formulated recommendations for appropriate interventions, to include description of possible policy, programme, and project interventions, identification of delivery mechanisms for targeted interventions, information on local conditions that may affect social acceptability of recommended interventions, communication inputs, and delivery mechanisms, and
- Recommended the necessary follow-through activities

THE JOB QUALITY CHECKLIST

THE CHECKLIST IS A POWERFUL GUIDE FOR THESE TASKS:

- Identifying priority job quality issues in the workplace
- Determining to what extent the issues are affecting the workers and employers
- Serving as a framework in implementing practical job quality improvements

THE CHECKLIST IS APPROPRIATE FOR THREE USERS:

1. Micro and small enterprises: Considering their economic and social significance, their job quality is generally wanting and at times could be deplorable. There is growing evidence that practical and low-cost improvements are very much acceptable to these enterprises especially those that redound to higher productivity.
2. Larger enterprises: These enterprises often pursue better job quality measured in various indicators from worker satisfaction through

lower absenteeism, turnover and fewer grievances, up to higher productivity and improved business performance

- Local planners: The checklist serves as a simple guide in the conduct of job quality assessment. The use and applicability of the checklist should conform to local planners' specific intentions and objectives of the assessment. Depending on the needs, a more basic assessment could be undertaken wherein only selected questions from the checklist are used, for example, only one or two questions in each dimension. Alternatively, a more detailed assessment of a particular dimension could also be implemented. For example, if the motivation for undertaking the job quality assessment is concern over the high number and cost of work-related accidents or illnesses, the occupational safety and health dimension could be used in detail and expanded, while other dimensions may be excluded from the assessment or treated only briefly.

THE CHECKLIST IS DIVIDED INTO THREE CATEGORIES:

- Information:** The questions under this category are designed for getting background information needed in reaching decisions, but which do not constitute one.
- Compliance:** The questions under this category should lead to a "Yes" or "No" response, which most of the time can be further qualified. These questions allow easy identification of priority issues.
- Analysis:** These questions are critical, and are expected to draw the attention of enterprises and local planners to the issues and factors affecting job quality problems.

A FEW NOTES BEFORE USING THE JOB QUALITY CHECKLIST:

- The checklist could give a comprehensive picture of local job quality for most situations.
- It is important to pilot test the checklist in several enterprises before the conduct of the job quality assessment in order for the local planners to determine how to use the checklist to capture adequately the issues confronting them and develop strategies and set priorities in improving job quality in enterprises.
- While the checklist can be used for all enterprises, the information that could be recorded in the information, compliance and analysis items in the different job quality dimensions could be specific to certain types of enterprises or workplaces. In the last column – Type of Workplace, the user of the checklist can indicate in this column the specific workplace which the information corresponding to the checklist item refers to.

Job Quality Checklist

Dimensions	Information	Compliance	Analysis	Type of Workplace
Remuneration levels	<ul style="list-style-type: none"> • What statutory monetary benefits are provided? • What are the modes and regularity of salary payments? 	<ul style="list-style-type: none"> • Are the levels of remuneration for workers at par with the requirements of relevant laws and regulations, collective agreements and contracts? 	<ul style="list-style-type: none"> • How do the salaries and fringe benefits for workers and their families compare to the present standards of living? • What are the bases (e.g. minimum wage laws, sales and profits) for computing salary payments? • What are the average profit¹ levels for the business owners? 	
Conditions of work	<ul style="list-style-type: none"> • What are the average working hours? • What work-related welfare² facilities are available? 	<ul style="list-style-type: none"> • Is overtime work properly paid? • Is premium pay provided for work rendered on holidays, rest days and night shift? • Do leave arrangements between the employers and workers satisfy existing regulations on leave credits? • Is there adequate maternity protection for women workers (job protection and non-discrimination, leave benefits, hazard-free work-station)? • Is there incidence of stress at work, prohibited drugs or alcohol use, harassment or violence? 	<ul style="list-style-type: none"> • What major factors (e.g. time frame in completing the job order, availability of power) affect the working hours? • In general, how is the workers' well being enhanced by the working conditions? 	
Safety and health concerns	<ul style="list-style-type: none"> • What are the gaps in the safety and health concerns reported by owners and workers vis-à-vis actual observations? • What is the rate³ of injuries/ accidents and illnesses? 	<ul style="list-style-type: none"> • Is there somebody or a group of persons delegated to assess safety and health conditions? • Are owners and workers aware of the safety and health standards that enterprises have to implement? • Are there safety and health policies and safety operating procedures being implemented in workplaces? 	<ul style="list-style-type: none"> • What simple, innovative and inexpensive methods are applied in the workplaces to address safety and health concerns? • How do the enterprises assess and monitor safety and health hazards? 	

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¹ An appropriate local definition and commonly used term for average profit among target enterprises should be fixed.

² Welfare facilities include drinking water, separate toilets for male and female workers, rest areas, lockers, first-aid kits, and other essential facilities to provide comfort to workers, reduce fatigue and maintain health.

³ Use rate of injuries/ accidents and illnesses as defined by national occupational safety and health standards and published in national statistics.

Dimensions	Information	Compliance	Analysis	Type of Workplace
Job security	<ul style="list-style-type: none"> What are the views of employers in relation to the hassles of registering a business and its advantages (e.g. financial assistance, networking, pre-condition to exportation)? 	<ul style="list-style-type: none"> Do employers and their workers have legally binding contracts? Do workers enjoy security of tenure? Are the enterprises registered with any government entity? 	<ul style="list-style-type: none"> Aside from contracts, what other modes (e.g. verbal agreement) are practiced in fixing the conditions of employment and length of tenure? Do workers feel secured with the stability of their enterprises? 	
Social security	<ul style="list-style-type: none"> What national social security or alternative social protection schemes are available for workers? Who bears the medical costs in case of work-related injuries/ accidents or illnesses? 	<ul style="list-style-type: none"> Are there adequate mechanisms for health, life, maternity, disability and unemployment insurance? Are workers paid while on leave due to work-related injuries/ accidents or illnesses and do they get compensation as covered by insurance? Are workers eligible for pension after retirement? 	<ul style="list-style-type: none"> How are the difficulties employers and workers encounter in accessing to available social protection schemes being addressed? 	
Equality at work	<ul style="list-style-type: none"> What are the reasons for the prevailing ratio of male workers vis-à-vis female workers? What types of sexual harassment happen in workplaces? How do employers view the ability of female workers and the need to give them opportunity to work? 	<ul style="list-style-type: none"> Are equal opportunities among workers, regardless of race, colour, sex, religion, political inclination and social origin, satisfactory in terms of parameters such as remuneration, access to learning new skills, and others? Do men and women receive equal pay for the same work or for work of equal value? Is there a committee set up to deal with cases of sexual harassment, as mandated in the Anti-sexual Harassment Act? 	<ul style="list-style-type: none"> What are the more serious areas of inequality? How are awareness to gender issues and equality among female and male workers strengthened? What organisations victims of sexual harassment can turn to? 	
Freedom of association	<ul style="list-style-type: none"> What organisations/ industry associations can employers affiliate with? Up to what extent can workers take necessary decisions that affect their work? 	<ul style="list-style-type: none"> Are workers free and encouraged to organise themselves to protect their interests? Is the right to collective bargaining recognised and practiced between employers/ employers' organisations and workers/ workers organisations to regulate terms and conditions of employment? 	<ul style="list-style-type: none"> How is the participation of workers in decision-making strengthened? What can workers/ employers say about the independence workers enjoy in performing their job? 	

Dimensions	Information	Compliance	Analysis	Type of Workplace
Freely chosen employment	<ul style="list-style-type: none"> What are the employers and workers' views of the advantages/ disadvantages of a situation (if it exists) of bonded labour or any exploitative apprenticeship arrangements? 	<ul style="list-style-type: none"> Is there bonded labour or any exploitative apprenticeship arrangements? 	<ul style="list-style-type: none"> If there is any, how have bonded labour and exploitative apprenticeship arrangements come about? What are the means for workers to get out of any existing exploitative work arrangements and freely choose their employment? In cases of exploitative work arrangements, what are the measures taken by the government and concerned private organisations to combat exploitation and related abuses? 	
Absence of child labour	<ul style="list-style-type: none"> In what types of jobs and sectors are children working in? What is the existing legislation on prohibition of child labour? What are the personal views of employers/workers on employing child labour? In cases where there is child labour, what are the occupational hazards to health and morals, child workers are exposed to? 	<ul style="list-style-type: none"> Are employers and workers aware of legislation and related prohibitions on child labour? Generally, are these child workers relatives of the employers or workers? 	<ul style="list-style-type: none"> What are the measures taken by the government and concerned private organisations to combat child labour and promote its elimination? If the presence of child labour has diminished or increased substantially over the past few years, why is this so? 	
Human resource development and management	<ul style="list-style-type: none"> What are the concerns of the workplace in terms of work organisation (e.g. change layout, increase working space, and improve housekeeping)? What are the incentives for improvement offered by employers to their workers? What are the reasons for high labour turnover? 	<ul style="list-style-type: none"> Are there opportunities for both workers and employers for training and education on advanced skills or new job-related skills and knowledge? Do employers avail of training on contemporary management methods? Are there regular interactions or formal meetings between employers and workers? 	<ul style="list-style-type: none"> On what conditions, if it is practiced, do the employers allow their workers to have cash advances? What are the employers/ employees' expectations in terms of remuneration in the next two years (e.g. at least a 20% increase)? How do the workers view their prospects for promotion? What are the reasons for conflicts between employers and workers? How are these conflicts resolved? 	

HOW TO COLLECT THE INFORMATION REQUIRED FOR JOB QUALITY ASSESSMENT

COLLECTING IMPORTANT INFORMATION (DESK REVIEW)

Collecting the required information is very important in preparing for an assessment of job quality. Data can be collected through the use of different methodologies such as review of background information and literature, interviews, community mapping, direct observations and group discussions. Collecting information in different ways is very useful in order to have a complete picture of the issues and concerns on different aspects of job quality. One methodology or two may not be sufficient to gather the relevant information on the aspects of job quality needed for assessing the same. Much more, the methodology also dictates the depth of data to be gathered. Also, one methodology can be used to validate information provided by the other methodologies.

The entire process of collecting relevant information begins with an initial desk review for the purpose of 1) acquiring information on the country, industry, profile of enterprises and

the community, 2) getting previous works on assessing job quality conditions, 3) determining the feasibility of the research thrust, 4) validating industry and geographical focus, and 5) identifying key institutions and informants, including contact persons.

The type of background and other information and potential sources for a desk review are suggested below:

- **National or trade-specific surveys** conducted by the government, non-governmental organisations (NGOs) and other stakeholders. These studies provide information about the different sectors of enterprises, and some of them may actually discuss various aspects of job quality including working conditions. The surveys at times show specific prevailing economic settings on which industries thrive and existing structures and social support.
- **Informal sector reports** (published and unpublished) have essentially depicted the conditions of micro and small enterprises (MSEs). These reports come from the projects initiated and funded by international organisations including the International Labour Organization (ILO) in collaboration with

concerned government/ private institutions and non-governmental organisations (NGOs). Specific informal sector groups and self-help groups (e.g. association looking after groups of market vendors) are also sources of these reports.

- **Database and statistics** of national and local government units, and specialised organisations (e.g. national safety councils) can be a good source of the profiles of enterprises that have become beneficiaries of these organisations through trainings and assistance programmes.
- **Reports of externally funded projects** by project proponents - government or private organisations including the academe, show the program outputs vis-à-vis the objectives. Most of these projects have delved on various aspects of job quality including trade and market issues and concerns. The reports are also available with the project sponsor.
- **Special reports on particular industries or sectors** as featured by government agencies, employers' groups, trade unions and others are very useful. These reports normally boast of the contributions of a specific sector (e.g. export winners) on the local and national economy.
- **Information on national legislation and enforcement measures** provide data on relevant

legislations that impact on the job quality. It is important to look at the various enforcement agencies and their mandates, and select the data required for the assessment of job quality. Working conditions is with the labour department, while market and trade concerns are among the areas of the trade and industry department.

- **Case studies** in book or monograph forms or other descriptive studies including unpublished theses and dissertations on specific groups of enterprises or specific occupations/ categories of workers are also relevant sources.
- **Newspaper, magazine and special reports** which are products of investigative journalism often feature special groups of enterprises surfacing issues on working conditions including elements of job quality, by way of communicating to government and other concerned organisations.
- **Websites** are also a source of updated materials. Specific areas of job quality could also be used as search topics in finding materials in the internet.

Materials on local job quality conditions can be sourced from United Nations' agencies and international organisations, government agencies including specialised organisations, sectoral

organisations, local NGOs, universities and research institutions.

INTERVIEWING KEY INFORMANTS

The field assessment begins with interviews with individuals or groups of individuals who have the most ideas about the different parameters of job quality.

Selection of the key informants or experts in specific subject matters and service providers has a direct bearing on the quality of information that can be gathered. The general list of possible key informants include: officials of national agencies, local government units or community-based structures, enforcement authorities including the labour inspectorate, heads of smaller sectoral organisations such as industry associations, officers of NGOs and self-help groups or associations. It is very important to have a cross section of profiles of key informants.

The table below (see Table on Background Information) presents a guide on information and issues and possible literature and key informant sources.

A list of needed information, possible sources of

this information and how the information would be analysed will guide the interviewers in making a more definite selection of useful informants. For example on general economic background, the likely sources of information are literatures available on national income statistics, labour statistics, from the Department of Labour and Employment or Trade and Industry or labour associations.

In the development of guide questions (questionnaire) include the 1) profile of the community (social and economic status, physical infrastructure and basic services, types of occupation, and enterprises with working children, accidents, or worker problems), 2) business problems/ issues and perceived causes/ solutions, 3) worker-related problems/ issues and perceived causes/ solutions, 4) employment and workplace practices, and 5) solutions applied to address identified problems.

Interview with entrepreneurs and workers are conducted to find out the profile of the enterprise and respondent, profile of job quality conditions, views and concerns of entrepreneurs/ workers and workplace practices, prevailing problems including job quality issues, perceived solutions and

expected behaviour and employment practices.

There may be a need to have probing questions for job quality – related problems as well as asking respondents on their views on improving

their working conditions. After identifying the enterprises covered by the study, select the respondents (entrepreneurs/ workers) to be interviewed. The respondents must represent

different characteristics of the community – age group, size of enterprise, gender, type of sector, type of work, etc.

Table on Background Information⁴

Information and issues	Sources of literature	Source of key informants
I. General profile of the community - general economic background (GDP size and growth, per capita income, labour force), conditions of infrastructure and basic services	National and local income and labour statistics, economic and labour market studies done by universities, research institutes & ministries	Department of Trade & Industry, Department of Labour & Employment, industry & labour associations, local government units for city/province-specific information, NGOs, research institutions
II. Legislation and regulatory environment – business registration and licensing, laws and policies concerning conditions of employment, social security legislation and safety and health legislation	Relevant studies about policies, labour laws, social security legislation and occupational safety and health regulations	Department of Trade & Industry, Department of Labour & Employment, social security, health insurance providers, business or trade associations
III. Job quality conditions in enterprises a. Income distribution, poverty situation, equality issues between women and men. b. Normal working hours in different sectors c. Insurance and pension schemes and benefits from childcare and maternity leave available d. Working environment, prevention of occupational accidents and diseases and environmental hazards e. Access to further education and training possibilities f. Use of contemporary management and participatory methods g. Freedom of association, and to what extent workers and employers organise h. Bonded and child labour, exploitative apprenticeship arrangements i. Role of government in monitoring, extending support and providing information on job quality issues to enterprises	National and local economic planning offices or social development ministries departments for poverty data Social security offices for estimates of coverage Labour department and specialised agencies (labour statistics, OSH agencies, vocational training providers, inspectorate, labour relations office) for studies on working conditions, OSH, training Universities and research institutes with studies on labour market conditions and industrial relations Labour force survey	Department of Trade & Industry, Department of Labour & Employment, Department of Health and similar agencies, could provide overviews of job quality conditions. Workers and employers' organisations, officials and research departments Specific branches of government agencies such as bureau of women and young workers, OSH agencies, inspectorate, vocational training providers

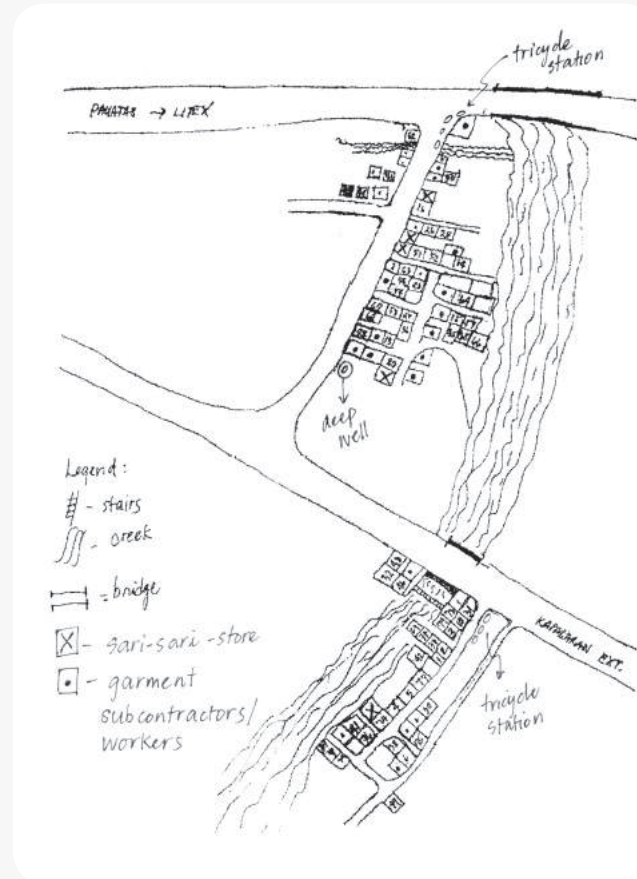
⁴ Adopted from Yu and Batino, "Rapid Assessment of Job Quality Needs and Demand In Micro and Small Enterprises" March 2004

SELECTING AND MAPPING THE SITE

Site selection is a crucial element of assessing the quality of local employment. The selection is purposive – the site to be selected must possess the characteristics required by the assessment and the study in general. The characteristics of an acceptable site can be based on an industry or sector, demographics, poverty status, government priority, geographical location and types of infrastructure present.

Once the desired sectors or characteristics are decided upon, it would be useful to map key locations of target sites/ enterprises such as industrial areas, farm lands, locations of principal contractors and their subcontractors, wide rural or semi-rural areas, commercial areas, marketplaces and locations of informal sector enterprises. It is important to know where (localities) specific sectors/ enterprises are found then a list could be developed. The maps are not expected to be very detailed, but they should contain very useful reference as to streets and landmarks. The maps should contain markings where target enterprises are located and possibly an estimate of the number of enterprises.

Sample Map⁵



⁵ Adopted from Yu and Batino, "Rapid Assessment of Job Quality Needs and Demand In Micro and Small Enterprises" March 2004

Preparing a checklist to guide observation is also important (see the Site Guide Checklist on the following page). The Site Guide Checklist items must include (1) settlement patterns and density of houses, (2) social and economic structure and evidence of variation, (3) physical infrastructure and services (e.g. power and water distribution) available, (4) public transportation, (5) community services (e.g. health centres, government offices) available, (6) enterprises and livelihood strategies, (7) distance to services and markets (accessibility), (8) working children and work conditions, (9) unemployment, and (10) identification of key informants.

DIRECT OBSERVATION OF ENTERPRISES

Direct observation is a sound basis to examine behaviour and practices within the enterprise as they relate to job quality. A systematic observation puts visual representation and elaboration to the conditions found in the enterprises including those described by employers and workers. Observations allow a "third party" to assess the needs of enterprises and discover their good practices.

The visit to enterprise to conduct an observation

Site Guide Checklist⁶

Observations	Possible links to job quality conditions of enterprises	
<ul style="list-style-type: none"> • Settlement patterns and density of houses • Social and economic structure and evidence of variation • Physical infrastructure and services available – • Street conditions • Availability of power • Sources of water and distribution system • Sanitary conditions (presence of standing water and human/animal waste) and drainage system • Phone connection • Solid waste disposal • Community buildings • Public transportation • Presence of services in the community (availability) • Distances to services and markets (accessibility) • Enterprises and livelihood strategies, places important for livelihoods • Working children and work conditions 		

can coincide with the key informant interviews with entrepreneurs/ workers. It is recommended that the conduct of observation be team-based and be conducted by at least two researchers who possess adequate background on the different components of job quality.

It is important that the researchers use an observation checklist as guide. A sample Direct Observation Guide is provided below. This Direct Observation Guide can be expanded depending on the extent and frequency of the observations. Use the checklist to record the details of the enterprise, processes, activities and work practices in relation to the job quality components, occupational hazards workers are exposed to, good practices and improvement actions. The researchers can be aided by video or still camera during their documentation.

The timing of the observation is also crucial. It should be scheduled when production activities are on going, and if possible during peak production periods. There is fuller range of operations during said periods; hence, job quality conditions become more apparent.

⁶ Adopted from Yu and Batino, "Rapid Assessment of Job Quality Needs and Demand In Micro and Small Enterprises" March 2004

Direct Observation Guide⁷

Time/ Date	Location	Worker	Activity	Work position	Equipment used	Tools used	Hazardous? (Yes/ No); Explain
10:00 am/ 1 Sept. 2004	Cutting section	Peter James	Cutting	Operator	Circular saw Lathe machine	Pliers Clamp	Yes 1. Exposure to wood dust 2. Possible cuts/ lacerations in using equipment 3. Injuries from wood splinters in cutting operations 4. Exposure to high levels of noise from circular saw and lathe machine

STRUCTURED GROUP DISCUSSIONS

Structured group discussions' participants must be representatives of the target groups. The discussions can be with 10-12 entrepreneurs and, separately, with 10-12 workers.

Any discussion must have a guide indicating the purpose of the exercise, as well as how data may be collected and analysed. Pile sorting, problem-ranking and problem-analysis are examples of activities that these discussions could have. It is important to compare the responses of the employers and the employees, as significant variations will likely emerge.

Local planners and other users of this tool can refer to the Rapid Assessment of Job Quality Needs and Demand in Micro and Small Enterprises developed by Yu and Batino for the ILO, for more detailed guidance on structured group discussions.

HOW TO ANALYSE THE INFORMATION GATHERED

The analysis of the information gathered from the different methodologies of data collection could vary considering the intentions of using a methodology.

1. For information collected on the profile of the community, the data can be analysed by assessing the following:

- Magnitude of enterprises' activities in the community
- Availability and accessibility of resources (e.g. workers, materials and finances), market for goods and services, basic services (e.g. water, power and transportation), and support services on health and training
- Impressions on working conditions in enterprises, and effect of the same on the conditions of the community and vice-versa
- Concentration of enterprises based on political structure

⁷Adopted from Yu and Batino, "Rapid Assessment of Job Quality Needs and Demand in Micro and Small Enterprises" March 2004

- Possible constraints and opportunities related to enterprise activities and working conditions improvements
- Summary and list of possible issues, problems and constraints based on the gathered data and initial observation.

2. Information obtained from interviews of key informants:

After taking into consideration the general profile of respondents, the data gathered from the questionnaire can be analysed by looking in-depth into the problems that have surfaced and the perceived seriousness, and the corresponding solutions or recommended actions obtained from the viewpoints of the respondents and one's own perspective.

3. Direct observations of the enterprise:

With data from the Direct Observation Guide, the analysis of the listing of conditions needing improvement shows the presence of the hazards in the workplace whereby one can deduce the types of improvements necessary. Among the

items that are the subject of analysis are the following:

- Physical layout of the workplace, work flow and locations of hazardous operations and materials
- Work distribution and seasonality of work
- Productivity of workers and machines, bottlenecks
- Occupational hazards present
- Presence of child workers and reasons why
- Working hours
- Trainings available/ needed

4. Structured discussions:

The information obtained from the structured group discussions are analysed based on their respective purposes and the kind of activities conducted in the discussions. If the discussion focused on determining the interrelationships among different problems and job quality issues (e.g. business problems vis-à-vis job quality problems), then the analysis could show the causality, the progression, similarity and coincidence of the different factors involved. The qualitative analysis can be compared with the key informant interviews and complement the findings in the latter, let's say on the seriousness of issues

or problems. The analysis can also show the ranking of problems and solutions, and this can instigate the community to arrive at a consensus and identify the more feasible solutions.

WHAT TO DO WITH YOUR RESULTS

The usefulness of the results of the assessment of job quality in the local community can be shown by the actual benefits that could redound from the assessment. Overall the assessment can:

- Provide profile of the target enterprises and describe the state of the industry
- Reveal the most critical job quality conditions to be addressed
- Indicate the business problems and needs that could influence job quality issues
- Uncover the level of awareness among the entrepreneurs and workers of current policies and institutions concerned with job quality issues
- Explore good and innovative practices that entrepreneurs and workers implement
- Explore perception on job quality issues (e.g. occupational safety and health, employment conditions, workers organisations) of participants of the assessment

- Prioritise the most important problems of enterprises, including the most critical job quality problems
- Assess the willingness and level of preparedness of the target groups to improve job quality conditions
- Reveal the importance of practical interventions in the decision of enterprises to undertake changes
- Identify the resources within or accessible to the community for improving job quality
- Provide ideas on the interrelationships among different problems and job quality issues
- Arrive at a consensus for selected sectors or industry, on the most important job quality problems they face
- Generate and prioritise solutions on different levels – policy, laws, programmes and projects
- Create awareness for national and local planners on the real job quality issues in the community and workplaces which they have to consider in the strategies
- Compare the problems prioritised and solutions generated to earlier findings
- Synthesise the short-term, medium-term and long-term solutions

RELEVANT RESOURCES

Yu and Batino, *Rapid Assessment of Job Quality Needs and Demand In Micro and Small Enterprises*. March 2004

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.04.01, Information Tool: Overview of the key elements of job quality
- Tool 4.04.01.2, Action Tool: Twelve ways to improve local jobs
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises
- Tool 4.04.02.1, Action Tool: Simple, low-cost ways of improving working conditions in the “informal sector”
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work

TWELVE WAYS TO IMPROVE LOCAL JOBS

OBJECTIVE

This tool suggests some practical ways and ideas that local planners and leaders could do in order to raise awareness about job quality and working conditions, stimulate community initiatives and mobilise support from various institutions and organisations.

1. Liaise with and pressure regulatory and other agencies (labour inspectors, health officials, agricultural or industry extension workers and others) to be active in the community in promoting job quality/working conditions/Occupational Safety and Health (OSH) issues.
2. During each planning period, undertake a flagship initiative to improve job quality/working conditions/OSH issues for a particular group or local area, as a demonstration of what changes can be made.
3. Conduct a regular local competition for “small, low-cost and clever” improvements in job quality/working conditions/OSH, to encourage practical action by local businesses and workplaces.
4. Start at home: develop and implement an action plan to improve job quality/working conditions/OSH for people employed by the local government.
5. Establish links with informal workers and organisations that interact with them: they are an important part of the community and the local economy (for example, ensure that there are safe, secure and decent places for vendors in markets or on the streets and that they do not suffer harassment from police or other local officials).
6. Mention job quality/working conditions/OSH issues in all possible speeches and interviews with media outlets.
7. Take advantage of brief periods of public awareness to job quality/working conditions/O SH issues (for example, after a local workplace accident or a well-reported international incident occurs), to market “flagship” programs or other awareness, consultative, and outreach activities.
8. Actively seek sources of financial support for efforts to improve job quality/working conditions/O SH.

CROSS-REFERENCES

- Tool 4.04.01, Information Tool: Overview of the key elements of job quality
- Tool 4.04.01.1, Assessment Tool: How to assess job quality in work places and enterprises
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises
- Tool 4.04.02.1, Action Tool: Simple, low-cost ways of improving working conditions in the “informal sector”
- Tool 4.04.03, Action Tool: Health, safety and working conditions in agriculture

IMPROVE WORKING CONDITIONS AND PRODUCTIVITY OF SMALL ENTERPRISES

OVERVIEW

Small and medium enterprises are very important for the growth of the local economy and for the creation of jobs. The survival and competitiveness of businesses depend on several critical factors; among these are productivity and quality of products.

Better working conditions and strong worker motivation contribute to raising productivity and ensuring product quality.

OBJECTIVE

This action tool

- Discusses simple and effective ways of improving conditions at the workplace that also directly affect productivity.
- Introduces the WISE method and Action Manual, which are designed to help owners and managers of small and medium-sized enterprises, together with their workers, make their workplaces safer and more productive.

WISE: WORK IMPROVEMENT IN SMALL ENTERPRISES

HISTORY IN THE PHILIPPINES

The WISE method sharply improves conditions at the workplace and increases productivity in small enterprises. It adapts to local conditions and emphasises practical actions and local knowledge and experience.

The WISE method was developed and tested by the International Labour Organization (ILO) through many years of practical experience with owners and managers of small and medium-sized enterprises in many countries, including the Philippines. Through the collaboration of the ILO and the Department of Labor and Employment, the Philippines was among the first countries to test the WISE method as early as in the 1980s. From 1994 to 1996, the Department of Labor and Employment, with assistance from the ILO and the United Nations Development Programme (UNDP), applied the WISE guides for assessment and action in four pilot regions (Davao, Cebu,

Southern Luzon and Manila). In 1997, WISE was institutionalised as a regular approach to improving working conditions in enterprises throughout the country.

OVERVIEW OF WISE METHOD

An action-learning approach - stresses practical advice (“How to”), low-cost solutions, and effects on productivity and quality.

Target group - the owner-manager of small enterprises. But the support and involvement of workers are important.

Because the practical actions adopted by owner-managers concern and benefit workers, the actions lead to the support of workers. In enterprises where owner-managers desire a long-term improvement and growth of their businesses, the involvement of their workers is very important. So an understanding of WISE by workers would add value to the improvement process.

Two components

- Training course for owner-managers (those who make decisions) of small enterprises
- Action Manual - easy-to-follow book with simple but powerful checklist, easy-to-apply ideas and illustrations

Follows 6 basic principles

1. Build on local practice
2. Focus on achievements
3. Link working conditions with other management goals
4. Use learning by doing
5. Encourage exchange of experience
6. Promote workers' involvement

SUBJECT AREAS COVERED

The WISE Manual and training programme provide basic principles and many examples of simple, inexpensive and practical improvements that have a direct impact on production facilities and operation, workers' health and safety, and their motivation and efficiency.

1. **Materials storage and handling** – The storage and handling of parts and products is an essential part of all production processes. Done efficiently, it ensures that work flows smoothly and helps to avoid many delays and bottlenecks. Done poorly, it could lead to damaged materials, higher capital costs and accidents. Racks, carts and other low-cost ways of storing and handling materials help recover misused space, reduce capital cost, simplify control of inventory, eliminate unnecessary operations and upgrade overall factory or workplace orderliness and appearance.
2. **Work-station design** – Most work is carried out at work-stations where workers perform the same task hundreds of times a day. The benefits from small improvements are therefore multiplied many times. Awkward and strained work postures and movements mean lower productivity, poorer quality of products as well as greater worker fatigue and body pains. Simple improvements such as jigs, fixtures, stable work surfaces, placing tools and materials within easy reach of worker using them can have large benefits.
3. **Productive machine safety** – Machine safety is often taken for granted or ignored by managers and workers because it is seen as costly or inefficient. However, using techniques such as modern feeding and ejection devices, it is often possible to increase productivity while at the same time eliminating accident risks. Where machine guards must be used, they are not necessarily costly and they do not necessarily reduce productivity.
4. **Control of hazardous substances** – Hazardous substances of any form can be found in almost all small and medium enterprises. Exposure to many chemical substances causes fatigue, headache, dizziness and irritation of eyes and respiratory passages, which reduce productivity and quality, and increase absences from work and turnover of workers. High levels of dust, oil, paints and other sprays etc. interfere with efficient operations, require extra inspection and cleaning, and could spoil materials and final products. Through simple and inexpensive ways it is possible to control most of these problems.
5. **Lighting** – Better lighting and related visual improvements very often increase productivity

and reduce difficulties and strain for workers. This is especially important for rapid or detailed work or for quality products. Better lighting does not need to result in higher cost. Use of daylight and regular cleaning and maintenance can improve lighting while reducing the electricity bill.

6. **Work-related welfare facilities and services**

– During the working day, workers need to drink water or some beverage, eat meals and snacks, and wash their hands, visit the toilet, and rest to recover from fatigue. Welfare facilities are not a luxury. They are essential to higher productivity and they improve workers' health, moral, motivation, job satisfaction and attendance.

7. **Work premises** – most small enterprises are located in buildings that were not carefully designed for their current use. New equipment is often placed wherever there is the most space, which gradually results in a haphazard layout. Much can be done even in old buildings to improve ceilings, walls and floors. The impact of simple measures on ventilation, heat and pollution can be significant.

8. **Work organisation** – Improvements in the way production is organised and scheduled can have a very large impact on both productivity and motivation of workers. Techniques such as reorganising and combining tasks, setting up buffer stocks, introducing multi-skilling of workers, developing group work-stations, using product-based organisations have numerous advantages. Among the advantages is smoother and more efficient workflow, higher product quality, greater flexibility, reduced downtime of expensive machines and reduced need for supervision.

TRAINING COURSE

The WISE training course focuses on people who make decisions in small enterprises, and builds on action at the workplace level. Through the training course, the participants:

- Identify potential improvements
- Develop low-cost solutions based on local experience
- Apply solutions in the enterprises

A training manual, *Work Improvement in Small Enterprises. Package for Trainers*, is available from the ILO for trainers who would like to organise and conduct training courses and provide technical assistance to local entrepreneurs and workers. It contains detailed guides, training materials and practical tips on how to set up successful WISE training courses, and how to manage and follow up workplace changes adopted by trainees in their respective enterprises.

The Package for Trainers consists of the following modules:

Module 1: How to use this package

Module 2: Outline of the training steps

Module 3: Training steps

Module 4: Outline of WISE materials, and their potential roles

Module 5: Training materials.

The training materials include the action checklist, transparencies showing basic WISE technical rules; examples of low-cost improvements, action plan forms and follow-up result forms.

THE ACTION MANUAL

Trainees use the Action Manual during WISE training courses.

But owner-managers can also use the Action Manual by themselves. In this situation, it is best for owner-managers to work together so that they could get free advice, learn from each other how same problems have been solved and, in general, benefit from the knowledge and experience of others.

Contents

The Action Manual contains three parts:

1. An easy-to-apply checklist: a tool for identifying improvements that can be made in the enterprise. It is designed to introduce the owner-manager to the technical subjects. The checklist is introduced and applied during WISE training courses. However, the checklist is simple enough to be used by owners-managers by themselves. Owner-managers can ask supervisors and workers to fill out the checklist and discuss with them their findings.

2. Basic principles and many examples of simple, inexpensive and practical improvements
3. Procedure for systematic implementation of improvements especially those that are complicated and difficult. It also explains how improvement can become a permanent process in the enterprise.

ACKNOWLEDGEMENTS

The contents of this tool were taken from the following sources:

- J.E. Thurman, A.E. Louzine and K. Kogi, *Higher productivity and a better place to work. Practical ideas for owners and managers of small and medium-sized industrial enterprises*. Action Manual. (Geneva: ILO, 1988) <http://www.ilo.org/public/english/protection/condtrav/publ/wc-am-88.htm>
- International Labour Office, WISE. *Work improvement in small enterprises. Package for trainers*. (Bangkok: ILO, 2004) http://www.ilo.org/public/english/protection/condtrav/workcond/workcond_pamphlets.htm

RELEVANT RESOURCES

- For more information about WISE in the Philippines, contact:
- Department of Labor and Employment (DOLE)
- ILO Manila

CROSS-REFERENCES

- Tool 4.04.01, Information Tool: Overview of the key elements of job quality
- Tool 4.04.02.1, Action Tool: Simple, low-cost ways of improving working conditions in the “informal sector”

SIMPLE, LOW-COST WAYS OF IMPROVING WORKING CONDITIONS IN THE “INFORMAL SECTOR”

OVERVIEW

Unsafe or poor working conditions are common in micro enterprises and home-based income-generating activities. These economic units make up a very important part of the local economy.

OBJECTIVES

This action tool is addressed to LGUs, local development practitioners, owner-operators of micro enterprises and home-based workers. This tool does 3 things:

- Proposes an integrated approach to improving productivity, incomes as well as the health and safety and working conditions in micro enterprises, own-account work, and home-based activities, which result in benefits to

everyone – the worker and owner-operator, their families, the welfare of the community, the local economy, and LGU resources.

- Explains that innovative and simple means to prevent occupational accidents, diseases and environmental hazards can be implemented with the introduction of simple and low cost improvements in working practices, equipment and tools.
- Suggests two practical instruments that can be used by owners and operators of micro enterprises, own-account artisans, home-based workers, community health workers and development practitioners for identifying and introducing low-cost and simple ways of improving working conditions:
 - WISH - Work Improvement for Safe Home
 - I-WEB - Improve your Working Environment and Business

OCCUPATIONAL HEALTH AND SAFETY HAZARDS IN THE INFORMAL ECONOMY

The “informal economy” refers to “all economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements” (ILO 2002). This consists of:

- Productive activities and employment in economic or production units that are mainly owned and operated by individuals, either alone or in partnership with members of the same household, and that employ one or more employees on a continuous basis in addition to the unpaid family worker and/or casual employee (commonly referred to as the informal sector, ILO 2000). Typically these units operate on a small scale, with a low level of organisation and little or no division between labour and capital. They are engaged in the production and distribution of goods and services with the main objective of generating employment and income to the persons concerned.

- Other forms of informal employment, which may be in the formal or informal sector. These include casual workers of formal enterprises but who are not on declared payrolls of the company, and home workers who assemble goods or make parts of products for a specific formal enterprise under subcontracting arrangements.

Inadequate safety and health standards, poor working conditions and environmental hazards are especially notable in enterprises and businesses in the informal sector.

For many owner-operators, their home is their workplace. The distinction between working and living conditions often becomes blurred. The interaction between occupational hazards and poor living conditions can aggravate the health problems of people working in informal, home-based economic activities.

Some of the most prevalent hazards are: poor lighting, lack of ventilation, excessive heat, poor housekeeping, inadequate work space and working tools, lack of protective equipment, exposure to hazardous chemicals and dusts, and

long hours of work. Risks can be especially high for pregnant women and their babies. Children and older people may also be at greater risk from some causes.

The most prevalent health problems are: muscular-skeletal disorders and low back pain, allergic reactions and other respiratory disorders, physical strain, fatigue and stress. Injuries with tools are also frequent.

NEED FOR AN INTEGRATED APPROACH

An integrated approach combines the goals of health and safety, social protection, productivity and competitiveness, employment creation and protection of the environment.

This approach calls for actions that effectively combine two groups of measures and services:

- Those that enable micro enterprises and home-based workers to increase their income, and
- Those that assist them in improving their working conditions and health contribute in a significant way to higher productivity and enterprise growth.

Specifically, the LGU, local planners and development practitioners can support and facilitate the following actions:

- Building awareness of policy makers, municipal authorities and labour inspection services in building local institutional support
- Information and promotional activities to raise the awareness and modify attitudes of owner-operators and home-based workers with regards to occupational safety and health and working conditions
- Introduction of measures for the improvement of working and living conditions and the reduction of accidents and diseases, and combining this action with small entrepreneurial development services
- Training of owner-operators of micro enterprises and home-based workers on how to improve the health and safety standards in their workplace, which will also improve their productivity
- Development of basic forms of access to health care services, e.g. through mutual funds
- Incorporation of occupational health into public health care services and community health programmes at local level and training of health

care personnel in occupational health to enable them to extend occupational health service.

- Provision of basic sanitation, waste disposal, access to potable water and basic infrastructure
- Establish link between first aid and prevention at workplace
- Pilot surveys in certain enterprise areas or clusters to identify specific hazards related to working and living conditions

WISH – WORK IMPROVEMENT FOR SAFE HOME

WISH is meant for home-based economic units and workers – work carried out inside the home. Home-based workers may be owner-operators of home-based economic units, own-account workers and home workers (they produce for orders under subcontracting arrangements).

WISH aims to help home-based workers remove occupational hazards inside the home, and improve the level of health and safety of the home as a workplace.

The WISH handbook is meant for trainees of and participants of the Home Work Safety programme. The handbook serves to guide trainees in assisting

and supervising home workers in their group or their neighbours in practicing homework in a safe and healthy way. The handbook gives easy examples of good working conditions and environment. These measures result in benefits to home workers, their families, their friends and community.

WISH was developed based on the WISE methodology and checklist (see Tool 4.04.02), and based on the experience of home-based workers in Thailand.

I-WEB – IMPROVE YOUR WORKING ENVIRONMENT AND YOUR BUSINESS

The I-WEB approach was developed by the International Labour Organization (ILO) to address some of the issues in the context of a business training programme, with emphasis on those aspects of job quality that are directly related to productivity.

It is based on practical work and pilot tests in several countries in three continents. The first I-WEB manual was developed and tested in the Philippines. It also draws from well-tested

concepts and approaches of two other ILO resources – Improve Your Business (IYB) package, and the Work Improvements in Small Enterprises (WISE) tools.

The I-WEB approach uses the adult learning process whereby participants draw lessons from their businesses and their in-class experiences as they learn new ways of doing business and organising work. It combines self-diagnosis, structured learning exercises and back-home application. This process enables the participants to reflect on their business, learn from other participants, provide their own solutions and test out these solutions. At the end of a training programme, participants would have a set of action plans which could be combined into a business plan.

The I-WEB training package consists of two tools:

I-WEB Manual - designed to be used in a learning process, which combines training, self-assessment and counselling.

This manual shows how to take simple, effective and low-cost actions which improves safety and health at the workplace and at the same time

raises productivity. It encourages owners and operators to make concrete improvements. The method is based on pilot studies, extensive field experience and careful analysis of real needs of informal, micro enterprises.

I-WEB Training Guide – provides guidelines and session plans which make use of different learning methodologies.

This guide explains how to organise and carry out training designed to improve safety, health and working conditions in the informal workplaces. The training approach is participatory, involving owners and operators of the businesses or economic units, and emphasises voluntary participation in the implementation of concrete improvements, use of local examples and practical systematic activities in the workplaces of the participants, the establish of safety and health committees to promote mutually supportive improvements and the use of feedback on hazards for preventive purposes in the form of a record keeping system.

I-WEB MANUAL Contents

Module One: The entrepreneur

How to improve yourself as an entrepreneur
What qualities and skills do you need to run your business?
Organising a network of micro-entrepreneurs
Planning to improve your business

Module Two: Sell by Knowing What Customers Want

Know your customers
Know your competitors
Strategies to attract customers

Module Three: Producing Goods at the Right Quality, Quantity and Reduce Cost

How to improve your production
How to handle raw materials
How to maximise use of tools and equipment
Improving your work environment

Module Four: Encouraging People to Produce More

How to recruit the right workers for the right job
How to motivate your workers

Module Five: Handling Finances in Your Business

Handling your money
Understanding your costs
Recording your transactions
Knowing the value of your business

Module Six: Practical Planning to Improve Your Business

How planning can improve your business
How to prepare your business plan

WISH Handbook – Contents

Introduction
 The Checklist
 Material handling and storage
 Working areas or workstations
 Machine and equipment safety
 Environment and worksite
 Welfare and health promotion in workplace
 and work organisation

See Annex 4.04.02.1: WISH Checklist

RELEVANT RESOURCES

- ILO, *Work Improvement for Safe Home*, Bangkok, ILO, May 2003. (Original in Thai) <http://www.ilo.org/public/english/region/asro/bangkok/library/download/pub06-22.pdf>
- ILO, I-WEB. *Improve Your Work Environment and Your Business for Micro-entrepreneurs*. Action Manual. (Geneva: ILO) 2003.
- ILO, I-WEB. *Improve Your Work Environment and Your Business for Micro-entrepreneurs. Trainer's Guide*. (Geneva: ILO) 2003
- V. Forestieri, Improvement of working conditions and environment in the informal sector through safety and health measures, International Labour Office (2000): *Resolution concerning statistics of employment in the informal sector*, adopted by the Fifteenth International Conference of Labour Statisticians (January 1993); in: Current International Recommendations on Labour Statistics, 2000 Edition; International Labour Office, Geneva, 2000
- Vanessa S. Sater and Marilou Renales, MD. *Improving Working Conditions in the Informal Sector*, International Labour Office, Manila, draft March 2002. http://www.ilo.org/dyn/infoecon/docs/110/F966605059/Ch6%20-%20OSH%20revised%2012%20mar_.pdf

- International Labour Office (2002b): *Decent Work and the Informal Economy*; Report of the Director-General; International Labour Conference, 90th Session; Report VI; International Labour Office, Geneva, 2002 <http://www.ilo.org/public/english/standards/relm/ilc/ilc90/pdf/rep-vi.pdf>
- International Labour Office. WISE. Work improvements in small enterprises. Package for trainers (Bangkok: ILO, 2004) http://www.ilo.org/public/english/protection/condtrav/workcond/workcond_pamphlets.htm

For more information on these resources, please contact ILO Manila.

CROSS-REFERENCES

- Tool 4.04.01, Information Tool: Overview of the key elements of job quality
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises
- Tool 4.05.03, Information Tool: Gender equality helps local development and poverty reduction
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work

ANNEX 4.04.02.1: WISH CHECKLIST

HOW TO USE THE CHECKLIST:

1. Read through the checklist and make sure you understand all items before starting the survey in the existing workplace.
2. Conduct a walk-thru survey of the workplace, following the checklist by
 - 2.1 Mark in at the item that is related to the workplace.
 - 2.2 Mark in “Yes” when the item is likely to improve the condition of the workplace.
 - 2.3 Mark in “No” when the item is not likely to improve the condition of the workplace
 - 2.4 Suggest an improvement by putting a mark in “Require improvement by” and put the description in the given blank.
3. Before ending the survey, ensure that all items in the checklist that related to the workplace have been checked.
4. Collect all the good items and improvement items to encourage the safety at homework.

THE CHECKLIST FOR WISH (WORK IMPROVEMENT FOR SAFE HOME)

Materials Handling and Storage

1. Clear everything out of the work area which is not in frequent use.

Yes No Require improvemen by_____
2. Make or use convenient shelves or racks specifically for keeping tools, raw materials, spare parts and products.

Yes No Require improvemen by_____

3. Make or use pallets to hold, handle or move raw materials, goods and products.

Yes No Require improvemen by_____
4. Put cupboards, racks, tables, etc, which need to be moved frequently on wheels.

Yes No Require improvemen by_____
5. Use the carts, movable racks, slides or other mechanical aids when moving heavy loads.

Yes No Require improvemen by_____
6. Provide a clear, wide and smooth passageway for handling and moving raw materials or products.

Yes No Require improvemen by_____

Working Areas or Working Stations

7. Install the switches and control buttons at a convenient level and distance from the worker so that these are within easy reach.

Yes No Require improvemen by_____
8. Use lever, pulley or other mechanical tools to reduce the effort required by a worker to carry load.

Yes No Require improvemen by_____

9. Use forceps, clamps or other tools to hold materials or items while work is being done.

Yes No Require improvement by _____

10. Adjust the height of machine, equipment and workstations to an effective level to avoid bending postures or high-hand positions.

Yes No Require improvement by _____

11. Change working methods so that workers alternate standing and sitting position while they work.

Yes No Require improvement by _____

12. Provide chairs or benches with suitable height and a sturdy backrest.

Yes No Require improvement by _____

Machine and Equipment Safety

13. Put proper guards on moving parts, pinch points and sharp points of machines, such as belt, power transmission, pulley, cutter, etc., to prevent harm on workers.

Yes No Require improvement by _____

14. Use safety devices and warning signs to stop the operation of machines when the parts of a worker's body are in danger.

Yes No Require improvement by _____

15. Use tools to push, pull, dig or scoop materials into machines in order to prevent danger and increase productivity.

Yes No Require improvement by _____

16. Check machines and equipment prior to use, and make sure machines are maintained properly and damage parts are repaired.

Yes No Require improvement by _____

17. Give clear instructions on how to use the machine correctly, and post these instructions in the work sites.

Yes No Require improvement by _____

Environment and Worksite

18. Know how to use, stock and protect the danger from daily used chemicals.

Yes No Require improvement by _____

19. Substitute harmful chemical with less harmful chemical; for example, use soap or detergent to wash hands instead of using a solvent or other chemical.

Yes No Require improvement by _____

20. Keep the paint, glue and harmful chemicals such as thinner, benzene, pesticide etc. in closed or covered containers and in a safe place, away from the reach of children.

Yes No Require improvement by _____

21. Know or provide safety information about chemicals that are used at work – how to use them safely, protection from hazards, and first-aid measures when users and others are exposed to the chemical.
 Yes No Require improvement by _____
22. Label the chemical name on each bottle or container.
 Yes No Require improvement by _____
23. Workers who are exposed to chemicals must wash their hands with soap before they eat or drink, and take a bath and change clothes after finishing the job each day.
 Yes No Require improvement by _____
24. Provide or use specific clothes for work especially when using harmful chemicals, and wash these clothes separately.
 Yes No Require improvement by _____
25. Provide or use appropriate and adequate personal protectors, such as safety glasses, face shield, respirators with chemical cartridges, boots and gloves etc.
 Yes No Require improvement by _____
26. Know how to use and maintain the personal protectors correctly.
 Yes No Require improvement by _____
27. Carry out a daily inspection of personal protectors.
 Yes No Require improvement by _____
28. Use natural light in full capacity for the workplace.
 Yes No Require improvement by _____
29. Paint walls white or in soft tone color, and keep the wall clean all the time.
 Yes No Require improvement by _____
30. Use a matt surface instead of shiny surface to reduce glare or reflection.
 Yes No Require improvement by _____
31. Re-arrange the local light or use adjustable lamps especially for tasks that require precision.
 Yes No Require improvement by _____
32. Clean and maintain light fixtures and replace bulbs regularly.
 Yes No Require improvement by _____
33. Put a ceiling and insulator to block the heat from the roof and wall.
 Yes No Require improvement by _____
34. Increase natural ventilation by putting more openings in the roof or wall, windows or open doorways.
 Yes No Require improvement by _____
35. Move sources of heat, noise, fume or chemical vapour out of the workplace and residence, or put a sufficient shield around these sources.
 Yes No Require improvement by _____

36. Provide enough fire extinguishers within easy reach and be sure workers know how to use them.

Yes No Require improvement by _____

37. Provide at least two unobstructed exits such as doors and windows.

Yes No Require improvement by _____

38. Check that all electrical lines to be in good condition and safe all the time.

Yes No Require improvement by _____

39. Eliminate frayed, irregular, entangled or octopus wiring connections.

Yes No Require improvement by _____

Welfare and health promotion in workplace and work organization

40. Set a reasonable working period and have a short break to relax or exercise.

Yes No Require improvement by _____

41. Provide a supply of adequate fresh drinking water in workplace.

Yes No Require improvement by _____

42. Have clean and hygienic toilets and bathrooms.

Yes No Require improvement by _____

43. Provide a separate, comfortable and hygienic place for meal.

Yes No Require improvement by _____

44. In cases where a group works in the same workplace, provide a locker where each one can keep their personal belongings.

Yes No Require improvement by _____

45. Provide first-aid equipment, medicines and trained first-aid personnel.

Yes No Require improvement by _____

46. Use buffer stocks to keep the workflow constant.

Yes No Require improvement by _____

47. Use quality circles or group work to improve productivity and quality.

Yes No Require improvement by _____

48. Rearrange the steps or order of the operations to improve effectiveness and flow of production.

Yes No Require improvement by _____

HEALTH, SAFETY AND WORKING CONDITIONS IN AGRICULTURE

OVERVIEW

Occupational health and safety in agriculture is important for agricultural growth and productivity, and the well-being of rural workers and communities.

OBJECTIVE

This action tool:

- Discusses an overview of occupational health and safety hazards in agriculture
- Proposes that national level as well as local level actions are required to prevent and reduce health and safety risks
- Explains the WIND manual as a practical instrument that could be used by farmers and rural communities to improve health, safety and working conditions in agriculture

APPROACH TO HEALTH AND SAFETY IN AGRICULTURE

OCCUPATIONAL HAZARDS IN AGRICULTURE

There is worldwide recognition that agriculture (together with mining and construction) is particularly hazardous.

- High frequency and fatality rates of injury due to machines such as tractors and harvesters. Poisoning, death and, in certain cases, cancer due to exposure to pesticides and other agrochemicals
- Allergies, respiratory disorders and lung diseases, zoonotic infections and parasitic diseases due to multiple contact with animals, plants, poisonous animals and biological agents
- Noise-induced hearing loss, musculoskeletal disorders (repetitive motion disorders, back disorders), stress and psychological disorders

The high risks in agriculture may be aggravated by five factors:

1. Health services in rural communities are usually less well developed and have fewer resources than health services in urban centres.
2. Rural communities are not well informed about health hazards or might take these risks as natural and part of their livelihood.
3. Poverty is often most acute in rural areas, and incomes are often most subject to fluctuation, resulting in poorer living conditions and less capacity to take preventive action.
4. General situation of public health (water supply, sanitation, insects, endemic diseases, environmental pollution) might not be favourable to good working and living conditions
5. Climate

Working conditions will vary from area to area depending on working methods: from highly mechanised extensive methods in commercial plantations to traditional intensive methods in

small-scale subsistence agriculture. Dependence on weather changes to perform agricultural work is an obstacle to more efficient operations and may completely modify working conditions making them more difficult and dangerous (for example, rainstorm while harvesting, gust of wind during application of pesticides).

The people who are most vulnerable to safety and health risks are: farmers of family subsistence agriculture, daily paid labourers in plantations, seasonal and migrant workers, and child workers. They are most vulnerable because most often they lack information about Occupational Safety and Health (OSH) risks and prevention, are not reached by health and OSH services, and are not covered by any form of social protection.

NEED FOR AN INTEGRATED APPROACH

Occupational safety and health (OSH), working and living conditions in agriculture have to be addressed with a well-defined strategy and must be integrated into the rural development policy covering both commercial agriculture and small-scale farming.

This strategy should consist of actions at different levels.

AT THE NATIONAL LEVEL:

- National policy for the improvement of occupational health and safety, working and living conditions of rural workers
- National legislation – appropriate, comprehensive OSH regulations
- Building of institutional capacity to develop and implement OSH programmes, and support promotional, and preventive measures
- Strengthening of the inspection services
- Strengthening of rural infrastructure and support for development of rural income-generating capacities

AT THE LOCAL LEVEL:

- Awareness raising, information and training of farmers and agricultural workers in OSH and working conditions
- Training of health care workers and agricultural extension workers in OSH – how to evaluate OSH and working conditions, diagnosis, safety measures

- Incorporation of OSH diagnosis and prevention in primary health care services
- Incorporation of OSH and working conditions awareness-raising and prevention in agricultural development projects
- Support to prevention of occupational accidents and diseases in agriculture
- Protection of the environment

WIND: WORK IMPROVEMENT IN NEIGHBOURHOOD DEVELOPMENT

WIND is a programme that promotes practical responses to the special problems of agricultural safety and health. The responses are simple and inexpensive, directed especially for application by small farmers.

WIND builds on the well-tried methodology of WISE - “Work Improvement in Small Enterprises (Tool 4.04.02). Its approach is participatory and action-oriented – it relies on, and responds to, farmers’ own initiatives, knowledge and resources. It addresses the needs of men and women together.

WIND is based on seven years of experience in many provinces in Vietnam, and has been tested,

translated and adapted in Thailand and the Philippines.

WIND MANUAL (VIETNAM VERSION)

The WIND Manual contains:

- An Action Checklist
- Checkpoints and practical ideas on how to improve safety, health and working conditions in agricultural workplaces
- Some examples

The Action Checklist is a simple but powerful guide to identify possible points for improvement in agricultural workplaces. It is recommended that the Checklist should be followed when carrying out a walk-through survey of selected workplace.

The Manual has selected 42 checkpoints that are useful for improving safety, health and working conditions, gives practical suggestions and illustrates these with examples from Vietnam. Special focus has been placed by the Manual on solutions that can easily be implemented even by farmers on small farms. WIND emphasises learning from existing local good examples. The suggestions may be adapted to your own local

situation, and may perhaps lead to more ideas. The 42 checkpoints are grouped into six (6) subject areas:

Materials storage and handling

Farmers have to store and handle many kinds of materials. They are heavy and different in size and shape.

- Keep passageways clear and in good condition for the movement of people and materials.
- Eliminate sudden height differences and holes on transport routes.
- Construct wide enough and stable bridges over canals.
- Use multi-level shelves and racks near the work area for storing materials, tools and products.
- Provide containers or baskets of appropriate sizes and with good grips to carry materials and farm products.
- Use carts, boats, vehicles or animals to carry heavy materials.
- Attach large enough wheels to carts and hand trucks to work effectively on field routes.
- Use roller conveyors or other mechanical devices for moving or lifting heavy materials.

Workstation design and work tools

Farmers and their families also work inside their houses. They have to sort and pack agricultural products and also do cooking and other family tasks at home. Farmers need appropriate workstations and work tools for these jobs. Well-designed workstations prevent pains in the back, neck, arms and legs, resulting in higher efficiency.

- Adjust the work height so that work is done at elbow level or slightly lower than elbow level
- Provide stable chairs or benches with sturdy backrests.
- Choose work method to alternate standing and sitting, and to avoid bending and squatting postures as much as possible.
- Put frequently use tools, switches and materials within easy reach of farmers.
- Choose tools than can be operated with minimum force.
- Provide a home for each tool
- Use jigs, clamps or other fixtures to hold items while work is being done.

Machine safety

Farmers need to use many kinds of machines. They are useful but can also be dangerous.

- Purchase safe machines and maintain them properly.
- Attach proper guards to dangerous moving parts of machines.
- Use appropriate feeding devices to avoid danger and increase production.
- Make the emergency controls clearly visible and attach local language labels to the controls and switches.
- Ensure safe use of electricity for machines and equipment.

Work environment and control of hazardous agents

It is important to reduce exposure to strong sunlight and heat. Farmers are also increasing use of many kinds of agro-chemicals such as pesticides. Problems caused by agro-chemicals can spread even to the community and consumers of agricultural products.

- Increase the use of natural ventilation to improve indoor climate.

- Use daylight and bright walls for lighting up the workplace.
- Avoid continuous exposure to excessive heat or cold.
- Select safer pesticides and use the minimum amount.
- Keep pesticides, agro-chemicals and spraying devices in a safe and designated place.
- Put labels on pesticides and agro-chemicals.
- Establish safe methods to treat bottles and cans of used pesticides and chemicals.
- Collect safety and health information such as the safe use of agro-chemicals and disseminate the information to the community.
- Be aware of animals, insects or worms that may harm farmers.

Welfare facilities

Safe drinking water at the workplace, nutritious food, hygienic toilets, short breaks and rest corners are basic necessities for healthy farm work. Pregnant women, farmers with disabilities and children need special attention.

- Provide adequate supply of drinking water and refreshment at the farm.
- Ensure regular timing of meals and have a

variety of nutritious foodstuffs.

- Build clean, hygienic toilets and washing facilities.
- Provide resting corners and facilities for recovery from fatigue.
- Use proper protective devices such as clothes, boots, shoes, hats, helmets to protect from injuries or contact with hazardous substances.
- Provide first aid equipment.
- Take special care of pregnant women and farmers with disabilities
- Keep children safe and prevent them from having accidents or diseases.

Work organisation

Work layout and working time

- Organise a better work layout to reduce distance for carrying materials.
- Insert frequent short breaks during the working day.
- Take regular weekly breaks and longer holidays.
- Perform community jobs together.
- Share family responsibilities to avoid overburdening a particular member of the family.

ACKNOWLEDGEMENTS

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RELEVANT RESOURCES

- Valentina Forestieri, *SafeWork, The ILO Programme on Occupational Safety and Health in Agriculture*, Geneva, ILO, October 1999. <http://www.ilo.org/public/english/protection/safework/agriculture/agrivf01.htm>

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- Tool 4.04.01, Information Tool: Overview of the key elements of job quality
- Tool 4.04.02, Action Tool: Improve working conditions and productivity of small enterprises

PART FOUR **SECTION FIVE**

PROMOTING EQUALITY, RIGHTS AND VOICE

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PART 4 SECTION FIVE: PROMOTING EQUALITY, RIGHTS AND VOICE

INTRODUCTION

Section Five of Part 4 deals with special issues and concerns that affect the creation, preservation and improvement of employment at the local level.

Among these concerns are the distinct interests and circumstances of specific social groups in the society:

- Women and their access to work, because of the social differences between men and women with respect to roles and access to resources
- Indigenous peoples, because they tend to be marginalised and socially excluded from development
- Child labour, because of the extreme vulnerability of children, and because child labour perpetuates poverty
- Home-based workers, who tend to be invisible to policy-making and development plans, perhaps because they are regarded as being within the “domestic, family” domain. A great proportion of home-based workers are women and children.

There are many employment challenges at the local level, which are specific to the small fishing and small farming sectors, which are principal means of livelihoods in rural areas. These challenges are often complex and call for integrated responses.

FUNDAMENTAL RIGHTS AT WORK

OVERVIEW

Without fundamental human rights, people are not able to pursue a decent life; they are powerless and dependent on others; they cannot express their interests and they cannot participate in the community.

OBJECTIVE

This tool:

- Discusses the link between human rights and fundamental rights at work
- Defines fundamental principles and rights at work
- Explains why they are called “fundamental”
- Explains why rights are important for development

FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK: WHAT ARE THEY?

FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK:

- Freedom of association and the effective recognition of the right to collective bargaining
- Elimination of forced labour
- Abolition of child labour
- Elimination of discrimination in employment and occupation

FREEDOM OF ASSOCIATION

- Means the right to form or join an association to promote or defend your occupational interests.
- This right applies to workers and to employers. It applies to people working in the formal economy and the informal economy, and to people working for wages and to the self-employed.
- Both employers and workers should also be free to run their organisations without interference from the State, or one another.

COLLECTIVE BARGAINING

- A process that involves employers - or their organisations - and trade unions or, in their absence, representatives freely designated by workers.
- These representatives discuss and negotiate terms and conditions of work, with a view to reaching collective agreements that are acceptable to both sides.
- Effective recognition of collective bargaining means that everyone should have access to collective bargaining. To achieve this, both employers and workers must make a firm commitment to fair representation of all the interests and needs in the workplace.
- Freedom of association and the effective recognition of the right to collective bargaining are closely intertwined. Collective bargaining cannot take place without freedom of association.

FORCED OR COMPULSORY LABOUR

- Refers to work or service that is exacted from any person under the threat of penalty and for which they have not entered into voluntarily. It occurs where work or service is forced by the State or individuals who have the will and power to punish workers with severe deprivations, such as physical violence or sexual abuse; restricting peoples' movements; withholding wages; or imprisoning them or entangling them in debt relationships from which they cannot escape.
- Forced labour takes many forms. Old forms stubbornly persist along with contemporary forms¹. Irrespective of the differences, coercion and restrictions on workers' freedom are common.
- Workers trapped in forced labour are not free to quit their jobs. This is what distinguishes forced labour from other abusive types of work. For example, a domestic worker may work for an unbearable low wage and for excessively long hours, but this does not make her/him a forced labourer. However, she or he is a forced

labourer if the employer takes away identity papers, forbids her to go outside, or threatens beatings or non-payment of salary in case of disobedience.

The elimination of forced labour means ensuring that a work relationship is chosen freely and is free from these threats.

THE EFFECTIVE ABOLITION OF CHILD LABOUR

- Means ensuring that every girl and boy has the opportunity to develop physically and mentally to her or his full potential.
- Children enjoy the same rights accorded to all people, but because they lack the physical development of adults and the power to defend their interests, children also have distinct rights to protection.
- Not all work performed by children under 18 is "child labour". Light work that does not interfere with their education, or their physical, intellectual or moral development, can even be beneficial for children.

- Minimum age of admission to employment depends on the type of occupation.
- Abolishing child labour means stopping all work by children that jeopardises their education and development. This entails abolishing, as a matter of immediate and urgent action, what are termed "the worst forms of child labour"; while for the other types a more gradual approach can be pursued.

DISCRIMINATION IN EMPLOYMENT AND OCCUPATION

- Means treating people differently and unfavourably because of their sex, or race or national extractions, social origin or religion, irrespective of their skills and competencies.
- Discrimination can occur in formal and informal work settings and can affect waged workers, as well as self-employed or unpaid family members.
- Discrimination in employment and occupation may be direct or indirect. It is direct when laws, rules or practices explicitly cite a specific ground, such as sex or religion, to deny equal

¹The ILO has identified seven forms of forced labour: 1) slavery and abductions; 2) compulsory participation in public works projects; 3) forced labour in agriculture and remote rural areas; domestic workers in force labour situations; forced labour imposed by the military, forced labour in trafficking and persons and some aspects of prison labour and rehabilitation through work. See ILO: Stopping Forced Labour (ILO, Geneva, 2001)

treatment or opportunities. For instance if a wife, but not a husband, is required to obtain her spouse's consent to apply for a loan or to obtain a passport in order to engage in an occupation, this amounts to direct discrimination.

- Discrimination is indirect where rules or practices seem neutral, but, in practice, lead to the exclusion of people belonging to certain groups, or affect them disproportionately. For example, requiring applicants to be a certain height - when such a requirement is not necessary to perform the job in question - can exclude or limit considerably the access of women and members of some ethnic groups to these occupations.

Eliminating discrimination at work means ensuring that people are rewarded at work on the basis of their merit and ability to do a job, and not because of the colour of their skin or their sex. It also entails removing barriers and making sure that all people enjoy equal access to training and education, to work as well as to productive assets, such as land and credit, irrespective of their sex or ethnic origin.

Minimum Age to Work

15 years for ordinary work	13 years for light work	18 years for hazardous work	18 years for the worst forms of child labour
<p>Underlying principle:</p> <p>A child should go to school till the age of completion of compulsory schooling</p>	<p>Type of work which is:</p> <p>a) Not likely to be harmful to their health or development; and</p> <p>b) Not such as to prejudice their attendance at school, their participation in vocational orientation or training programmes approved by the competent authority or their capacity to benefit from the instruction received.</p>	<p>Type of employment or work which by its nature or the circumstances in which it is carried out is likely to jeopardise the health, safety or morals of young persons</p> <p>16 years on condition that the health, safety and morals of the young persons concerned are fully protected and that the young persons have received adequate specific instruction or vocational training in the relevant branch of activity.</p>	<p>It comprises:</p> <p>a) All forms of slavery or practices similar to slavery, such as the sale and trafficking of children, debt bondage and serfdom and forced or compulsory labour, including forced or compulsory recruitment of children for use in armed conflict;</p> <p>b) The use, procuring or offering of a child for prostitution, for the production of pornography or for pornographic performances;</p> <p>c) The use, procuring or offering of a child for illicit activities, in particular for the production and trafficking of drugs as defined in the relevant international treaties;</p>

WHERE ARE THESE FUNDAMENTAL PRINCIPLES AND RIGHTS AT WORK FOUND?

These principles and rights are set out in the ILO's eight fundamental Conventions (and accompanying Recommendations). These are:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No.98)
- Forced Labour Convention, 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138) and the Worst Forms of Child Labour Convention, 1999 (No.182)
- Equal Remuneration Convention, 1951 (No.100) and the Discrimination (Employment and Occupation) Convention, 1958, (No.111)

Each new Convention must be debated and adopted by the government, employer and worker representatives from each of the ILO's 177 member States – meeting at the annual

International Labour Conference. Individual member States then decide whether to ratify those Conventions. Once a country has ratified a Convention, it must ensure that its laws, regulations and practices conform to its provisions. By ratifying, governments also open themselves up to regular scrutiny by the ILO, through its labour standards supervisory machinery.

These principles and rights are also embedded in the ILO Declaration on Fundamental Principles and Rights at Work, adopted by the International Labour Conference in June 1998. This Declaration obliges all State members to promote, observe and realise the principles and rights set out in the fundamental Conventions² – whether or not they have ratified them. In turn, the Declaration calls on the ILO to support member States' efforts. The Declaration is a promotional instrument. It complements, does not replace, ILO Conventions.

WHY THESE PRINCIPLES AND RIGHTS ARE CALLED "FUNDAMENTAL"

There are a number of reasons why these principles and rights and relevant Conventions

are fundamental. The adoption of the Declaration meant that these principles and rights were and endorsed universally. Most of the ILO's 177 member States have also ratified these particular Conventions. The Philippines, for example, has ratified seven of the eight Conventions.

The process that led to the Declaration began in 1995, at the United Nations World Summit on Social Development. The international community recognised, for the first time, that combating poverty means paying attention to both the quantity and the quality of jobs. The heads of State and government who gathered in Copenhagen for that Summit committed themselves to promote employment-driven development policies. They also declared that ILO standards in four areas were fundamental and should be respected by all. The ILO Declaration now covers those four areas.

These rights are also fundamental because they pave the way for other rights to be recognised and respected. There are other labour rights and related Conventions that contribute to the achievement of decent work. These include the right to a (living) minimum wage, to ensure that

²This obligation applies to all countries, regardless of their socio-economic development and poverty levels. This obligation derives from membership in the ILO. When joining the ILO, States adhere and endorse the fundamental values as enshrined in the ILO's Constitution. This would be the case for the principles and rights embodied in Convention No. 29, which has not been ratified by the Philippines.

workers and their dependents can satisfy their basic needs. The right to a healthy and hazard-free working environment, to preserve the physical integrity of workers, is also vital. Promoting fundamental labour rights does not mean dismissing the importance of other labour rights. Fundamental principles and rights at work are also tools, that shape the process by which conditions of work, such as maximum working time or minimum wages, are fixed and enforced.

WHY ARE RIGHTS IMPORTANT TO LOCAL DEVELOPMENT AND POVERTY ALLEVIATION?

- People do not have only basic needs to satisfy; they also have rights - entitlements that imply to obligations of others towards them.
- It is not enough to have laws that recognise rights. Government and the society should make sure people enjoy these rights in their daily life.
- People without rights are more likely to be poor; and people who are poor, often have few rights. Inequality in rights - whether economic, civil or family - is a source of disadvantage and poverty.

- Adequate nutrition, health care, education, decent work and protection against calamities are not just development goals; they are also human rights.
- The recognition that the poor have rights is the first step towards their empowerment. Their empowerment is necessary to help them overcome the dependency, powerlessness, humiliation and voicelessness that keep them in poverty.
- Rights, particularly fundamental rights at work, are means and ends to help people earn a decent living, appear in public without shame and live the type of life that they consider meaningful.
- Labour rights, including fundamental or core labour rights, are human rights.

EXAMPLES OF HOW FUNDAMENTAL RIGHTS STRENGTHEN DEVELOPMENT

Right to organise - By being able to organise, pool resources and join forces, workers, whether working in large and formal enterprises or in informal economic undertakings, can negotiate better deals with intermediaries, suppliers and buyers, thus stabilising and improving their earnings.

Freedom from child labour – Child labour increases household income in the short run. But, in the long run, child labour undermines the pay and working conditions of adult workers, spoils the future employment and life opportunities of today's working children, perpetuates household poverty and slows down economic growth, as a result of lower human capital formation.

Freedom from forced labour – Forced labour undermines human capital accumulation, thus affecting the overall productivity of the economic units in which it occurs, as well as the country's economic performance.

Freedom from discrimination – Discrimination limits the employment opportunities and choices of certain people because of well-entrenched ideas about what they are “good at” and “are not good at”, irrespective of their actual talents and aspirations. This is highly inefficient because it undermines the full realisation of people's potential and does not ensure that the best-qualified people do the job.

RELEVANT REFERENCES

- ILO: *Your Voice at Work*, (ILO; Geneva, 2000) http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=1921
- ILO: *Stopping Forced Labour*, (ILO, Geneva 2001) http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=1578
- ILO: *A Future without Child Labour*, (Geneva, ILO 2002) http://www.ilo.org/dyn/declaris/DECLARATIONWEB.GLOBALREPORTDETAILS?var_language=EN&var_PublicationsID=37&var_ReportType=Report
- ILO: *Time for Equality at Work* (Geneva, ILO, 2003) http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=1558

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.05.03, Information Tool: Gender equality helps local development and poverty reduction
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work
- Tool 4.05.04, Information Tool: Equality of opportunities: issues affecting indigenous peoples
- Tool 3.02, Information Tool: The added value of social dialogue
- Tool 3.02.1, Assessment Tool: Assessing local social dialogue institutions and processes
- Tool 4.03.02, Information Tool: Relevance of “decent work” to local poverty reduction: diagnosis and action

RELATION BETWEEN RIGHTS AT WORK AND POVERTY REDUCTION

OBJECTIVE

This tool:

- Explains how the violation of rights at work perpetuates poverty
- Discusses why strategies for the promotion of rights are necessary requisites for poverty reduction

ATTACKING POVERTY BY PROMOTING FUNDAMENTAL RIGHTS AT WORK: SOME KEY ISSUES

People without rights are more likely to be poor.
People who are poor often have few rights.

Fundamental principles and rights at work have a key role to play in fighting poverty.

FREEDOM OF ASSOCIATION AND THE EFFECTIVE RECOGNITION OF THE RIGHT TO EFFECTIVE COLLECTIVE BARGAINING

Women, child labourers, persons with disabilities, migrants and ethnic minorities are often subjected to discrimination, exploitation and forced labour. When working as small farmers or as sharecroppers or as home-based workers, they face tremendous barriers in obtaining adequate support from agricultural extension services or in getting access to credit, information or other assets in order to increase their productivity and stabilise their incomes.

One of the main reasons why these people are so vulnerable to deprivation, poverty and abuse is their lack of “voice” and organisation. It is only when they join forces, pool their resources and take collective action that they are able to make their voices heard – and bring about changes in institutional policies, procedures and objectives.

Yet organising in the informal economy and in the rural sector is not easy. There are many obstacles. Workers are likely to be spread over a wide geographic area; they are often isolated; and their economic activities and incomes are unpredictable. Meeting and taking action can have a high “opportunity cost” too – it takes time that workers would otherwise spend on income-generating activities.

There can also be legal hurdles. In some countries, for instance, self-employed workers may be prohibited from joining or creating trade unions. In some other cases, the law may allow only the creation of enterprise-based trade unions and may require a high number of employees.

Workers are often unaware of their rights, especially those in casual or precarious and unprotected work. Many workers, who do know their rights, still do not claim them, because of fear of retaliation or distrust in existing mechanisms of redress.

Women face greater challenges in organising. Women must reconcile paid work with unpaid domestic work, which still falls largely on their shoulders. Experience shows, however, that women-only groups established for economic and social goals have been able to exert greater control

Some questions for discussion:

1. Can and do rural workers, including smallholder farmers, tenants, sharecroppers and landless labourers organise themselves to promote collectively their interests? If so, which forms of association do they take (e.g. self-help groups, community-based organisations, cooperatives, etc.)?
2. Do trade unions or Employers' association reach out to smallholder farmers, tenants, sharecroppers and landless labourers? If not, why is it so?
3. Are some people excluded from the above associations (e.g. migrants, youth, women)? Why?
4. Do product buyers or suppliers recognise these entities as interlocutors?

over their earnings. This has had beneficial effects for their well-being and that of their children and has improved women's status in their family and the community.

For further guidance and tips on what could be done at the local level to ensure a broad-based participation and social dialogue, see Tools 3.02, 3.02.1 and 3.02.2.

THE EFFECTIVE ABOLITION OF CHILD LABOUR

Child labour is both the consequence and cause of poverty. Household poverty pushes children into work to earn money to supplement family income or even to survive¹. This deprives children of schooling and of the opportunity of acquiring skills and capabilities to obtain decent jobs when adults. Because child labour keeps children out of school and sometimes causes lifelong physical or psychological damage – it perpetuates household poverty across generations. This, in turn, slows down economic growth and social progress. On the other hand, child labour pushes down wages and other working conditions for adult workers

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¹ Child labour is estimated to account for about 20 percent of the household's incomes, worldwide.

– who are then forced to use child labour to meet their families' needs. It is a vicious cycle.

But poverty is not the only factor that explains the persistence of child labour. Traditions and cultural expectations play a part. In some cases, an employer may feel obliged to offer income-earning opportunities to poor families, including their children. In other instances, employers prefer to employ children because they believe they are more docile, and less able to claim and defend their rights, and cost less. Employers may also believe children are more suitable for certain jobs.

Discrimination on the basis of gender or ethnic origin also plays a role in perpetuating child labour and in the type of work children do. In some cases boys may be sent to work, while girls go to school, because more jobs are available for boys. Yet, in other instances, girls may be deprived of education altogether. Sometimes this is because the family believes their schooling will not bring benefits, or because schools are far away. Child labourers do different work according to their gender or ethnic origin. Generally, the lower the social status of the group the child belongs to, the lower his or her position in the child labour market.

Lack of adequate social protection and educational opportunity also come into play. Child labour is more likely to occur when there are no schools or no regular teachers, or when the school curriculum is out of date, irrelevant to contemporary needs and gender-biased.

Some questions for discussion:

1. Are girls and boys of school age (i.e. below 15 years) working on family farms to the detriment of their education (long hours, arduous tasks, periods of absence during harvest, etc.)?
2. Are children under age of 18 years involved in the handling or use of any hazardous materials or farm equipment?
3. Any evidence of internal or cross-border trafficking of children for the purposes of farm labour, either seasonal or long term (blatant or disguised as family labour)?
4. Are good and affordable schools available and accessible to both boys and girls children of rural households?
5. How many households do rely on incomes earned or produced by children?

THE ELIMINATION OF FORCED LABOUR

Forced labour often has its roots in landlessness, poverty, discrimination and the inefficient functioning of labour market institutions. When legal employment services either do not exist or do not function, and labour inspection services are under resourced and corrupt – people are more likely to be caught by illegal recruitment systems. These systems are often very effective, and eventually deliver people into forced labour situations.

Certain groups - such as women, ethnic or racial minorities, migrants, children and, above all, the poor- are particularly vulnerable to various types of forced labour. In the agricultural sector, coercive recruitment systems and debt bondage are the most common forms of forced labour. Agricultural workers can be pushed into debt traps through advances made by recruiting and transporting agents, who are often independent contractors supplying a labour force for landowners. Physical restraint and force is often used against these rural workers. Sometimes debts are run up to pay for dowries, weddings, funerals and other ceremonies – and have to be paid off by cultivating crops.

Debt bondage often traps entire families in forced labour. Although the man is the one who contracts the debt, the woman may have to provide free domestic services to the landlord, as part of the “deal” and the daughters may help them. Debt may be passed on from one generation to another or from husband to wife.

Some questions for discussion:

Is there evidence of:

1. Bonded labour - the tying of workers or tenants and their family members to landowners due to outstanding debt?
2. Abusive recruitment and employment practices or the trafficking of adults or children for their exploitation by means of deceit, coercion or debt?
3. Use of physical violence or the threat of violence (especially against women and children) to engender fear and keep workers in place?
4. Abuse of customary labour practices that amount to forced labour?

THE ELIMINATION OF DISCRIMINATION AT WORK

Discrimination in employment and occupation restricts the access of specific groups to decent work. This increases the risk of being powerless and vulnerable in the face of poverty. Poverty further reinforces discrimination at work. Poor people have fewer opportunities to acquire and maintain the skills that the labour market demands. In multi-ethnic societies, whenever inequalities in education, health, incomes and job opportunities are profound, declines in poverty tend to bypass members of groups who are subject to discrimination. This undermines the sustainability of growth and development of the country as a whole.

Women, children, members of indigenous peoples, people with disabilities, and people living with HIV/AIDS face discrimination at work and are over-represented among the poor. Unemployment is much higher among them compared to other social groups and, when employed, they are often given low-paid, low-skilled and menial jobs. The people most vulnerable to chronic poverty are often those experiencing discrimination on multiple grounds (i.e. race, sex, disability, HIV/AIDS). For example, women with disabilities are

exposed to all sorts of abuses and deprivations, especially in countries in which the primary, if not exclusive, role of women is that of wives or mothers. Women with disabilities are deemed “unworthy of marriage”, and seen as a burden to the family. They are denied any education or vocational training, (often in any case unsuited to their needs), and deprived of work, health services and assistance.

Disadvantage tends to be cumulative over people’s lifecycle. Inequality in rights - whether economic, civil or family - is a source of disadvantage and poverty.

The unequal status of women in marriage and inheritance, for example, limits women’s ability to engage in gainful activities. The refusal to allow women to inherit or own land impinges upon their ability to work as farmers; it also limits their access to credit and cooperative membership, as often both require landownership.

The unequal distribution of land, credit and other assets along ethnic lines narrows the range of occupations available to indigenous or tribal peoples and often pushes them into exploitative work, including forced labour.

The low value assigned to skills and occupations that are typically female or associated with indigenous and tribal people results in low pay and discrimination in remuneration. Preconceived ideas about which occupations are more “suitable” for women and the perception of women workers as “helping the family budgets” limit women’s access to well-paid jobs. In a context of rising female headship, access to decent paid work is essential for the well-being of women and their children, and keeping them out of poverty.

For further guidance and tips on what could be done at the local level to combat discriminatory practices and reduce vulnerabilities, see Tools 4.05.03 and 4.05.03.1 on gender equality and women’s work, and Tool 4.05.04 on indigenous peoples.

Some questions for discussion:

1. Do women and men do different jobs? Whose jobs are better paid? Why?
2. Do women and men have equal access to and control over resources (land, credit, proceeds of crop sales)?
3. Do women and men share workloads equally within the household?
4. Are any groups of people excluded directly or indirectly from new opportunities (e.g. training, special schemes, new varieties or inputs) because of their age, sex/gender, domestic responsibilities, and education levels?

A HUMAN-RIGHTS-BASED APPROACH TO DEVELOPMENT

Elements of a human-rights based approach:

Clear references to rights... as expressed in international standards;

Accountability... States, local organisations and authorities, private companies, aid donors and international institutions recognise that they are accountable to individuals and groups that hold rights. Achieving this accountability means adopting laws, policies, institutions, administrative procedures and practices that ensure that people enjoy these rights. It also means creating effective mechanisms to receive and redress complaints when people believe those rights have been violated;

People are empowered... Human rights-based development approaches recognise that people are the owners of rights – and they direct their own lives, and development. This means giving the power and capabilities to change their own lives, improve their own communities and influence

their own destinies. It also means making sure that development decisions, policies and initiatives don't reinforce existing imbalances in power between, for example, women and men, landowners and peasants, and workers and employers;

A high degree of participation... There are serious efforts to ensure that everyone can take part in the development process, at every stage. Communities, civil society, minorities, indigenous people, women – and others – should be involved, from start to finish. The development process usually begins by setting priorities for local development, moves to formulating strategies, allocating resources, and finally, implementing and monitoring development programs.

RELEVANT REFERENCES

- ILO: *Your Voice at Work*, (ILO; Geneva, 2000) http://www.ilo.org/dyn/declaris/DECLARATIONWEB.DOWNLOAD_BLOB?Var_DocumentID=1921
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- Tool 3.02, Information Tool: The added value of social dialogue
- Tool 3.02.1, Assessment Tool: Assessing local social dialogue institutions and processes
- Tool 4.03.02, Information Tool: Relevance of “decent work” to local poverty reduction: diagnosis and action

GENDER EQUALITY HELPS LOCAL DEVELOPMENT AND POVERTY REDUCTION

OVERVIEW

The word “**gender**” refers to the social differences between women and men, or between girls and boys.

Women and men, girls and boys have different roles and situations in the community, and therefore have different needs, interests and problems. Moreover, they are not always equal in education, employment, assets, and other matters. Ignoring these differences could sometimes lead to failure in development programmes or could mean negative impact on one group.

OBJECTIVE

This information tool:

- Discusses an overview of the “social differences” between women and men, or between girls and boys
- Explains why it is important to understand these social differences and inequalities, and to take these into account when analysing problems

in the local community, formulating local plans and strategies, and choosing and designing development projects.

ADVANTAGES OF INTEGRATING GENDER IN LOCAL DEVELOPMENT

Local planners, decision-makers and development practitioners who apply a gender perspective in needs assessment, problem diagnosis, planning and implementation of programmes improve their effectiveness to respond properly to the multiple and different needs of the whole population, especially those who live in poverty. Very often, local planners and decision-makers know men’s concerns well because men tend to be the most vocal and articulate in community public affairs, or because their roles and occupations in the community are the most visible. These needs are not always shared by women, so one must carefully and deliberately examine women’s situations and concerns.

If we are not careful, development plans and actions could create more problems and widen the inequalities between girls and boys, women and men, instead of promoting equality.

SOCIAL DIFFERENCES BETWEEN WOMEN AND MEN

Men and women, boys and girls in the community have different needs, interests and problems because of the following differences:

- They perform different roles, responsibilities and tasks in the family and community
- They do not have the same ability or right to obtain or use resources like land, capital, skills training, agricultural extension services, etc.
- Men tend to be concentrated in certain livelihoods, trades and occupations, while women are concentrated in others
- Their level of effective participation in decision-making within the family and the community may be different

COMMON INEQUALITIES FACING GIRLS AND WOMEN

- Young women usually face more obstacles to enjoying the benefits of technical skills training than young men
- Girls are trained in homemaking, sewing and other “soft” feminine trades even if there is no job opportunities for these
- Women farmers receive less assistance from agricultural extension workers than men farmers
- Women tend to be employed in low-paying, low-skilled factory jobs while men tend to be engaged in higher-paying, better skilled and supervisory positions

A GENDER PERSPECTIVE HELPS US EFFECTIVELY FIGHT POVERTY

An analysis of the social differences and inequalities between men and women, boys and girls, will strengthen our understanding of poverty. Poor men and poor women face similar hardships and challenges to breaking out of poverty. But at the same time, they face different obstacles on account of the differences mentioned above.

The differences among individuals with respect to access to and control over resources influence

their economic opportunities, choices and livelihood strategies.

Women face specific risks to falling into poverty and face constraints to breaking out of it independently because women are heavily loaded with care-giving and household work and because women usually do not have the same access to and control over resources as men. Once poor, women have fewer options for escaping poverty.

Programmes aimed at generating new job and income-earning opportunities for the poor are likely to have unequal effects on men and women:

- Men will tend to benefit first because they enjoy a better access to resources, less domestic workload, and overall mobility in the public sphere.
- Where women do take advantage of the new opportunities, it may be at the cost of intensified workloads for themselves or reduced care given to children and family. Poor women are most likely to combine wage work, income-replacing activities and domestic chores.
- Women might be unable to effectively mobilise resources they control due to childcare and household tasks or due to constraints in

obtaining other complementary resources and services.

Households pool the income of their members and share benefits from this in different ways. One cannot assume that pooled earnings, food and social assistance are not shared equally among members and will be used for each one’s well-being. For example, many studies have observed that income controlled by mothers tend to lead to better child health and survival than income controlled by fathers.

Women might be compelled to invest in family business or in children identifying their interest with those of family members, thereby leaving themselves vulnerable in the event of family breakdown.

Programmes and measures aimed at raising the incomes of the poor will benefit poor women only if efforts are made to address their disadvantages in the sexual division of labour at home and in the labour and product markets. Raising girls and women’s level of education, health, income and overall participation in the economic and political life of communities have become widely regarded as the means to reducing poverty.

WHAT IS THE GENDER PERSPECTIVE?

Sex: biological differences between men and women; these are universal, independent of culture.

Gender: social differences between men and women that are learned, can change through time, and vary widely between and within cultures. These differences exist with respect to roles and responsibilities in the family and community, rights, access to and control over income and resources, and extent of participation in decision-making in the family and larger community. Gender roles and relationships are affected by age, income class, race, ethnicity, religion and other ideologies, and by the geographical, economic and political environment. Changes in gender roles often occur in response to changing economic, natural and political circumstances. There are three main elements in the gender perspective.

DIVISION OF LABOUR: ROLES AND TASKS THAT MEN AND WOMEN PERFORM

This refers to the responsibilities and tasks that are assigned to one sex or the other. Both sexes

play multiple roles – reproductive, productive and community management. Men are able to focus on a single productive role, and play their multiple roles one after the other. In contrast, women are obliged to play their roles at the same time and to juggle and combine competing demands on their time.

Women: Historically and traditionally, women have been assigned the primary responsibility for taking care of the household (e.g. food preparation, cleaning), rearing of children, and care for the elderly and the sick. As an extension of their care-giving role, women are conventionally called upon in communities to help with activities related to health care, education and overall social welfare of the local community. Women's role in productive activities is one of helper and secondary breadwinner. As an extension of their household tasks, women often engage in household-based production for home consumption (e.g. vegetable gardening, poultry-raising) or small and subsistence home-based production of goods (e.g. sewing, basket-weaving).

Men: Traditionally, they have been assigned the primary responsibility for productive work and earning a living for the family. Therefore, men's

tasks are mainly in the public and remunerative (income-earning) spheres.

Girls and boys are generally prepared to take over these roles as adults.

Beliefs and stereotypes of masculine and feminine roles often persist even while they no longer reflect changes in reality.

In the Philippines, as in many other developing countries, young women and men alike value and seek paid work, to be economically independent and/or to help care for their parents and younger siblings. It is not unusual for mothers to look for paid work and combine this with household work and childcare in spite of the heavy burden, for various reasons – because the husbands' income is not enough to meet family needs, because they are single parents, because they are the primary breadwinner or because they wish to have a degree of economic independence. In time of economic hardships, household members who have not conventionally worked (children and married or older women) are often forced to find paid work.

DISTRIBUTION OF ACCESS AND CONTROL OVER RESOURCES AND BENEFITS

Resources are those which people need in order to carry out their activities and responsibilities, to make their livelihood and to develop themselves. These include land, financial capital and credit services, education and training, labour time of other members of the household, transportation, water, health and family planning services, information and market facilities.

Benefits are anything that accrues to people, such as income earned from a job or business, crops cultivated or chickens raised for family consumption or for sale, prestige, recognition and power.

The access to and control over these resources and benefits are distributed differently between men and women of the same household and community.

Having access to resources means being able to obtain and use resources.

Having control over resources means having actual influence over how resources and benefits will be used.

Social norms and values, law and rules of institutions (family, the State, markets) govern or regulate people's access to and control over resources. Oftentimes, these norms, rules and laws entitle people to resources differently, and often or sometimes unequally, on the basis of their sex and other grounds such as age, civil status and so on.

DIFFERENT NEEDS AND INTERESTS

Although male and female members of a family, a tribe, a community or a town might have common needs and interests, they also have distinctly different needs and interests as a result of the sexual division of labour and the differential access to and control over resources.

Some of these needs will pertain immediately and/or directly to survival and physical welfare of the individual or family ("practical needs" such as potable water, primary health care clinic, shelter).

Other needs are about reducing inequalities between men and women in access to resources, inequalities in access to decision-making and better sharing of tasks and responsibilities, which in the long-term improve the capacity of individuals to raise the quality of life ("strategic needs").

MAKE GENDER ANALYSIS A PART OF NEEDS ASSESSMENT AND PROBLEM DIAGNOSIS

AVOID THESE MOST COMMON FALSE ASSUMPTIONS

1. Heads of households are men
2. Breadwinners are men
3. Families always consist of a couple and their children. For example, some are extended families; some consist of a single parent and children.
4. Those responsible for the care of household and children are women
5. Increasing the income of household heads automatically improves the welfare and well-being of female members of the household
6. Women's interests are the same as those of their husbands or fathers
7. Men and women will respond to development projects in their community in the same way

TIPS FOR MAINSTREAMING GENDER AND GENDER EQUALITY

The development planner and practitioner must undertake systematic efforts to identify the different roles and needs of men and women in a given social context, and to develop and

implement concrete measures to promote equality of opportunity and treatment between men and women, boys and girls.

- Ensure that gender and gender equality are considered at the earliest stage of planning and policy making.
- Ensure that women and their organisations and representatives are able to participate in planning, implementation and evaluation of programmes. Do not limit women's participation in matters concerning health, nutrition, family planning and education. Matters concerning the economic development of the community, such as infrastructure, agriculture, water and irrigation and employment, also concern them.
- Collect and analyse information on the different roles and activities of boys, girls, men and women at home, in unpaid and paid productive work, and in the community; determine their workload (hours devoted to activities daily, take into account seasonal patterns). There may be different patterns depending on the main livelihoods, age and sex composition, life cycle, income class, and ethnicity of the household.
- Appreciate the social value (contribution to family and community welfare, in contrast to

looking only at monetary value) of activities performed by boys, girls, men and women.

- Collect and analyse information on inequalities and constraints with respect to access to resources (rights, ability to own, purchase and use) that are necessary for livelihood and work.
- Identify inequalities and constraints with respect to control over resources (decision over use of resources, decision over income and benefits emanating from resource).
- Identify immediate survival needs and long-term needs of men and women, and the opportunities and constraints to meeting these needs. Opportunities and constraints may arise from the natural environment, norms and values, legislation, institutional arrangements in the town, province and beyond, and so on.

ASSESS WHETHER YOUR LOCAL PLANS AND PROGRAMMES ARE SENSITIVE TO GENDER ISSUES AND EQUALITY

Here is a list of questions that the development planner and practitioner can use to assess the local plan or project.

Assessing Gender in Local Plans and Projects: Questions to answer

1. Which needs in the local community are being addressed by the plan or project?

- 1.1 Which needs and whose needs are being met?
Which needs of women/girls; which needs of men/boys?
- 1.2 Whose needs are being ignored?
- 1.3 Which needs of women/girls: which needs of men/boys?
- 1.4 Are the needs of poor women and/or poor men being met?
- 1.5 Specify who among the poor.
How can the plan or programme be improved or revised so as to respond better to the needs of the poor and to equitably to gender-different needs?

2. What is likely (or actual) effect of the local or programme on the activities performed by boys, girls, men and women?

- 2.1 Will it increase the workload of one while reducing the workload of the other?
- 2.2 Will it change their opportunities to obtain remuneration or paid productive work?

- 2.3 Will it give undue advantage to one group performing certain economic activities?
- 2.4 Other effects?
- 2.5 What changes or measures should be adopted in order to respond to the needs of the poor, and equally to poor men and poor women?

3. What is the likely (or actual) effect of local plans or programmes on resources?

- 3.1 Will it improve access to resources? Specify which group will benefit? Are they poor men or poor women or both?
- 3.2 Will it widen or reinforce inequalities between men and women?
- 3.3 Does it ignore differences in entitlements and rights to resources, and give undue advantage to one group that has better access or possess more resources?

4. Using the results of a gender analysis, what is the likelihood that the local plan or programme will achieve its objectives? Are these based on false assumptions about men and women's roles and resources?

RELEVANT RESOURCES

- *Gender Issues in the World of Work*. Briefing Kit. (Geneva: ILO) 1995. <http://www-ilo-mirror.cornell.edu/public/english/region/asro/mdtmanila/training/unit2/asiamign.htm>
- *Gender, Poverty and Employment*. Reader's Kit. (Geneva: ILO) 2000. <http://www.ilo.org/public/english/employment/skills/informal/gpe/informalpack/index.htm>
- *Good practices: Gender mainstreaming in actions against child labour* (Geneva: IPEC, ILO) 2002. <http://www.ilo.org/public/english/standards/ipec/publ/gender/mainstreaming.pdf>
- International Labour Standards - Conventions ratified by the Philippine Government:
 - Convention Number 100: Equal Remuneration Convention (1951) <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C100>
 - Convention Number 111: Discrimination (Employment and Occupation) Convention (1958) <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C111>
 - Convention Number 118: Equality of Treatment (Social Security) Convention (1962) <http://www.ilo.org/ilolex/cgi-lex/convde.pl?C118>

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.03.1, Information Tool: Gender: the challenges of women and work.

GENDER: THE CHALLENGES OF WOMEN AND WORK

OVERVIEW

The ways to improve employment levels and incomes of people will not always be the same for men and for women. Women and men face distinctly different challenges. The division of labour and differences in resources between men and women influence the nature of their work and opportunities for gainful employment.

OBJECTIVE

This information tool discusses the distinct challenges that influence women's work and their ability to engage in productive and remunerative employment, in order to guide local planners and decision-makers, development practitioners and implementers of employment and anti-poverty programmes.

WOMEN'S WORKLOAD IS NOT THE SAME AS MEN'S

Programmes aimed at engaging women in income-generating activities are sometimes based on the assumption that housewives and mothers have "idle" or "unproductive" time to spare. Is this true?

When designing strategies for improving women and men's employment opportunities, it is important to obtain a true picture of their workload inside and outside the home: identify the tasks women and men do in a representative sample of households, and tally the number of hours per day (could vary by season) they spend on these tasks.

Such analysis will show that, in most cases:

- Adult female members work longer hours than their male counterparts – hours doing childcare and care of other members; hours doing housework (food preparation, laundry,

cleaning); hours devoted to food production and other productive work (anything that results in goods that can be consumed directly by the household or sold); and hours spent on community work.

- There will be variations among women depending on the size and composition of the household - the number of adult men, women and children, their ages, and so on. For example, households that consist of several adult women will be able to spread "women's tasks": the grandmother might look after the children or a daughter-in-law might take care of housework while another adult woman engages in paid work outside the house; or older girls might spend less time in homework or schooling in order to take up some of the tasks of the lone adult woman.
- Women in better-off households might choose to hire someone to help with household tasks while they devote more hours to productive and paid work.

POINTERS FOR DESIGNING STRATEGIES AND ACTIONS

Domestic chores, childcare, caring for the family and household-based unpaid productive work hinder women's ability to freely dispose of their own labour. Men are better able to seize new income-earning opportunities than women, because they are more mobile, less bound to household care obligations, and have more access to resources and public networks. To enable women to benefit more actively from income-earning opportunities, there is need for complementary measures aimed at reducing women's time that is devoted to childcare and housework, such as community childcare services, family planning and population control, changing men's attitudes towards doing domestic chores, and facilities that lessen time to collect water and firewood for cooking and washing.

Work burdens will tend to be heaviest for women of poorest households, especially those with many young children. A woman would participate more intensively in wage or market work outside the home under the pressure of poverty, but this will be at the cost of a heavier burden on herself and/or poorer welfare of her younger children

unless complementary measures deal with these concerns. Heavy female burdens and child poverty (infant and child mortality, under-nutrition, under-schooling) tend to go hand in hand.

Three possible negative effects to be anticipated and avoided:

1. Doubling or tripling women's workload at the cost of her health and relative autonomy
2. Obliging women to reduce childcare and care of the sick or elderly, without alternative care arrangements
3. Encouraging men to transfer non-cash earning activities (productive and non-productive) to their wives, daughters or sisters in order to take up cash paid work

WOMEN'S PRODUCTIVE WORK

Productive work is an activity that results in goods that are consumed or services that are used directly by the household or sold in the market. It may be paid or unpaid.

Women's productive work, although critical to daily family survival, tends to be "invisible" to the public eye because most of it is performed within home

premises, it is usually unpaid and thus eludes quantification, and is interpreted as an extension of their normal household tasks.

Common examples of women's unpaid productive work at home are: raising chickens and pigs, and cultivating vegetables for food and/or for sale. In rural farming households, men are often regarded as the primary agricultural producer while women (and their children) are viewed as helpers even if the latter perform equally important tasks in the farming cycle. For example, women and children primarily do the weeding and fertilising in sugarcane farms while men do the land preparation and harvesting. Yet, men are the primary target group of employment programmes (skills, technology) while women are the primary target of health, education, social welfare programmes and micro-business.

Women's income-earning activities outside the house are concentrated in micro-business activities like making and selling small quantities of dried or processed food, doing laundry and housework for other households, small crafts like mats and baskets, dressmaking, and buying and selling. Because of the scale, informality and irregularity of these economic activities, there is

a tendency to assign them lesser value than the value on men's activities, and to minimise the importance of women's productive work to the family.

In many parts of the country and varying degrees of intensity, women are also engaged in subcontracted homework – producing products, such as baby clothes, embroidered items, woven baskets and Christmas decors, for a middleman or agent of an ultimate buyer (a factory or exporter), in exchange for payment on a piece-rate basis. Homework is often seasonal or irregular being highly dependent on orders. For women with family responsibilities, homework allows them to combine wage work with childcare.

POINTERS FOR DESIGNING STRATEGIES AND ACTIONS

It is important to explicitly identify and respond to the needs and interests of women as producers and workers, not just as mothers and caregivers.

Questions that one can pose to anticipate possible negative effects of a policy, regulation or programme on women's productive activities: Will it diminish the resources (e.g. land, water, forest

products) available to women's activities? Raise the cost of raw materials women use? Cut access to important markets? Compete with women's produce in the market? Will the programme favour men's access to employment and markets at the expense of women's interests and access to employment?

Programmes could explore and do many things that enable women to realise better returns and satisfaction from their current economic activities; for example, raise productivity and income through better understanding of markets and production, improvements in working conditions, technology, skills, business methods, etc. Measures aimed at supporting entrepreneurial activities must take into account that women's activities will have distinct features (e.g. smaller in scale, conducted closer to home, concentrated in certain trades and businesses, income used for home consumption rather than re-investment) and will not have access to substantial capital resources.

By building on women's know-how and experience that they have gained from their productive activities, programmes can introduce women into new areas.

Subcontracted homework provides women the opportunities to combine income-earning work with childcare and housework. But homework has its share of risks and problems – for example: non-payment or delayed payment for work done and delivered; high rejection of outputs completed without clear justification resulting in reduced payment; no protection from safety hazards from use of toxic materials, dust, eye and back strain, etc.; absence of compensation for accidents and illnesses caused by these hazards; and absence of mechanisms through which home-workers could negotiate with middlemen for better piece-rates and seek redress for malpractices. Local planners and development practitioners in localities with considerable numbers of home-workers are best placed to help in dealing with these concerns.

OPPORTUNITIES FOR YOUNG WOMEN

Women's labour force participation rates and employment levels across the country are lower than men's. In the formal labour sector, women are concentrated in low-paying jobs and in a narrow range of occupations and industries. These are partly explained by the constraints already mentioned above (domestic and family care responsibilities), which also affect girls'

workload at home. There are additional constraints to women's access to wage employment: concentration of women's education and training in traditionally "feminine" areas (e.g. teaching, secretarial, health care, dressmaking), regardless of whether there is market demand for these skills or not; persisting beliefs among parents, teachers, employers and girls/women that these are the appropriate occupations for women; and values that men are the breadwinners and therefore entitled to better paying jobs and higher wages.

POINTERS FOR ACTIONS

1. Local planners and development practitioners can help change these stereotypes in their localities, encourage girls and young women to enter and excel in new non-traditional fields and motivate their interest in science and math at primary and secondary school levels, for example through awareness-raising campaigns.
2. Local authorities can ensure that young women have equal opportunities of entering the local vocational training institutions and of entering technical subjects - for example, removing entry requirements that are biased against women, engaging women teachers in technical fields, making classrooms suitable to women's needs.
3. The situation of girls and boys in poor households needs special attention. They are likely to under-perform and drop out of school not only because of housework but because most would be helping the family earning a living. Illiteracy, low education and few skills perpetuate low incomes and poverty to the next generation.

RELEVANT RESOURCES

- *Gender, poverty and employment*. Reader's Kit (Geneva: ILO) 2000. <http://www.ilo.org/public/english/employment/skills/informal/gpe/informal/pack/english.htm>

CROSS-REFERENCES

- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.03, Information Tool: Gender equality helps local development and poverty reduction
- Tool 4.03.06.3, Action Tool: Providing better social protection for women

EQUALITY OF OPPORTUNITIES: ISSUES AFFECTING INDIGENOUS PEOPLES

OVERVIEW

In general, local development planning is addressed to the mainstream constituency. Indigenous peoples living in the locality are often overlooked or given no special consideration, notwithstanding their condition and status. This practice has invariably brought about issues that at times are made to bear on the credibility of the planning process and its results. Moreover, where indigenous peoples' concerns are in fact considered, inaccuracies have been noted in the identification of issues.

OBJECTIVE

This tool provides information on issues that need to be considered in local development planning affecting indigenous peoples. This is especially relevant in provinces and regions of the country where indigenous populations are highly concentrated

LEGAL AND POLICY PERSPECTIVE

NATIONAL LAWS

The Philippine Constitution (1987): The Constitution mandates the recognition and promotion of the rights of indigenous peoples within the framework of national unity and development and the consideration of their right to preserve and develop their cultures, traditions and institutions in the formulation of national laws and policies.

The Indigenous Peoples Rights Act (IPRA): The IPRA provides for the recognition of the rights of the indigenous peoples:

- To freely pursue their economic, social and cultural development.
- To use commonly accepted justice systems, conflict resolution institutions, peace building process and other customary laws.
- To participate in decision-making that may affect their lives and destinies and to maintain

and develop their own indigenous political institutions.

- To be given mandatory representation in policy making bodies and local legislative councils.
- To determine their own priorities for development by guaranteeing their participation in the formulation, implementation and evaluation of policies, plans and programs for national, regional and local development which may affect them.
- To establish their own peoples' organisations to enable them to pursue and protect their legitimate and collective aspirations.
- To be granted the means to fully develop their own institutions and initiatives.

The Local Government Code: The Local Government Code provides for representation of marginalised sectors, including indigenous peoples, in the local legislative bodies. It also provides for the creation of tribal *barangays* through legislation.

The National Integrated Protected Areas System

Law (R.A. No. 7586): The NIPAS law provides for the recognition of the rights of indigenous peoples within protected areas. Under its implementing rules and regulations (DAO 25, S. 1992), the delineation of ancestral domains within protected areas is provided.

The Comprehensive Agrarian Reform Law

(R.A. No. 6657): Pursuant to Section 9 of the Comprehensive Agrarian Reform Law, Department of Agrarian Reform administrative Order No. 04, Series of 1996, providing for regulations governing the issuance of Comprehensive Agrarian Reform Program Beneficiary Certificates to indigenous peoples, was issued.

INTERNATIONAL INSTRUMENT

The International Labour Organization (ILO) Convention on Indigenous and Tribal Peoples in Independent Countries (No. 169) – The Convention provides that the improvement of the conditions of life and levels of health and education of the indigenous peoples, with their participation and cooperation, need to be treated as a matter of priority in plans for the overall economic development of the areas they inhabit.

GENERAL CONSIDERATIONS

It could be easier to understand issues in local development planning affecting indigenous peoples, if these are seen from a perspective based on the following general considerations:

Identity of indigenous peoples (IPs) – The indigenous peoples (in the Philippines) are those who became historically differentiated from the majority of Filipinos as a result of their having successfully asserted the integrity of their indigenous culture against the political, social and cultural inroads of colonisation and who continued to live as homogenous societies, identified by self-ascription and ascription by others, in communally bounded and defined ancestral territories, sharing common bonds of language, customs, traditions and other distinctive cultural traits. Indigenous Peoples likewise include those who descended from populations which inhabited the country at the time of conquest or colonisation, who retain some or all of their own social, economic, cultural and political institutions, but who may have been displaced from or who may have resettled outside their ancestral domains.

Ancestral domains and lands – In general, the indigenous peoples live as communities in specific ancestral domains which they have occupied and possessed since time immemorial comprising lands, inland waters, coastal areas, and natural resources held under a claim of collective ownership which are necessary to ensure their economic, social and cultural well-being. As individuals, families and clans, they live in ancestral lands comprising, among others, residential lots, rice terraces or paddies, private forests, swidden farms and tree lots. Under the IPRA, indigenous peoples ownership of ancestral domains and lands is being secured through Certificates of Ancestral Domains (CADT) and Certificates of Ancestral Lands (CALT), respectively.

Native title – The right of ownership of ancestral domains and lands by the indigenous peoples is based on native title. Native title comprises pre-colonial rights to domains and lands which, as far back as memory reaches, have been held under claim of private ownership and therefore have never been public lands.

Customary laws – Indigenous peoples continue to generally recognise and to be bound by their

respective customary laws which consist of a body of written and/or unwritten rules, usages, customs and practices.

Indigenous knowledge systems and practices

(IKSPs) – Indigenous peoples have institutions, systems, mechanisms and technologies comprising a unique body of knowledge evolved through time that embody the patterns of relationship between and among them as well as their lands and resources, including social, economic, political, cultural and spiritual norms which have allowed them to survive and thrive within their distinctive socio-cultural and biophysical environment.

Indigenous political structures – Indigenous peoples are endowed with a system of self-governance anchored on indigenous organisational and leadership structures, institutions, relationships and processes for decision-making and participation. These are, among others, Tribal Councils, Council of Elders, Peace Pact Holders and other bodies of similar nature.

Sustainable resource rights – Indigenous peoples have duly recognised rights to sustainable use, manage, protect and conserve lands, waters

and minerals; plants, animals, fowls, fish and other organisms within their ancestral domains, including collecting, fishing and hunting grounds, sacred site and other areas of economic, ceremonial and aesthetic value according to their indigenous knowledge, belief systems and practices.

ISSUES AFFECTING INDIGENOUS PEOPLES

Some of the key issues in local development planning affecting indigenous peoples are the following:

Elimination of discriminative practices.

Notwithstanding the richness of their cultural heritage, the sustainability of their indigenous knowledge systems and practices and the potency of their institutions, the indigenous peoples have yet to be truly recognised as development partners. Unlike the mainstream local constituencies, they are still generally regarded as objects of development, whose socio-economic needs continue to be addressed through occasional dole-outs and miscellaneous development projects. Moreover, the indigenous peoples have yet to be accorded equal opportunities in terms of access to facilitative

technical and financial support services in their quest for individual and collective development.

Recognition of rights to ancestral domains and lands.

Despite the expressed provisions of the Philippine Constitution and the IPRA, the rights of the indigenous peoples to their ancestral domains and lands are often disregarded. Ancestral domains and lands, including the natural resources found therein, are still widely viewed as public lands and are treated as such in development planning processes.

Harmonisation of local development plans and ancestral domain development plans.

Indigenous communities in duly recognised ancestral domains are given the opportunity by law to formulate and implement their Ancestral Domain Sustainable Development and Protection Plans (ADSDPP). In these cases, it is imperative that both ADSDPP and local development plans are harmonised and their implementation coordinated.

Proper formulation and implementation of development projects.

Development projects intended for indigenous peoples are more often than not formulated and implemented in a top-down and prescriptive manner, which disregard

cultural factors. Experience has shown that this approach has been hardly effective and sustainable. Current approaches, which have been proved to be more effective and sustainable, are culturally founded, participatory and community-driven.

Integration of indigenous knowledge systems and practices. Local development planning could benefit significantly from a wide range of indigenous knowledge systems and practices, the sustainability of which has been established over time. Heretofore, these IKSPs have been regarded as primitive and anachronistic. But recent studies and ground level experience have proved that IKSPs have remained potent and have in fact been used in a number of cases as alternative technologies, especially in relation to the sustainable management and protection of natural resources.

Promotion of the indigenous culture. The indigenous culture is central to the identity and existence of the indigenous peoples. Unfortunately, until today, the indigenous culture has yet to be known, understood and appreciated by the people in general. Owing to this condition,

the indigenous culture is often considered in the local development planning process from the perspective of the old integrationist and assimilationist policies.

Improvement of the consultation process. The importance of proper consultation in relation to the indigenous peoples cannot be overemphasised. Improper approaches to consultation have worked to alienate many indigenous communities from the mainstream population and from government and non-government entities. In response to this issue, the IPRA has provided for the requirement of “free and prior informed consent”, especially in cases involving the implementation of significant industrial and commercial undertakings and infrastructure projects within ancestral domains and lands.

Representation in local legislative and decision-making bodies. Even up to the present, indigenous peoples are hardly represented in local legislative and decision-making bodies. For this reason, they have had no real voice in the local planning and development processes. This gap is widespread, but so far only token attention has been accorded the problem. Local entities

can start to resolve this issue by invoking the IPRA, which has provided for the mandatory representation of indigenous peoples these legislative and decision-making bodies.

Reconciliation of conflicting policies and programme. A number of existing mainstream policies and programs have been found to be in conflict with current policies and programs born out of the present Constitution and the IPRA. For example, certain policies and programs about land and natural resources management, based on provisions of the existing Forestry Code and the Comprehensive Agrarian Reform Law, are in some ways incompatible with policies and programs denominated for indigenous peoples under the IPRA. The indigenous peoples often find themselves at the losing end of these conflicting policies and programs, especially at the local level.

Extension of appropriate basic services. Basic services for the indigenous peoples, including support to their education, health, housing and livelihood needs, are not only inadequate but are often not responsive to their requirements, given their unique lifestyle and characteristics. This issue had remained high among the priority

concerns of the indigenous peoples and could be greatly mitigated, if not completely resolved, if properly considered in the local development planning.

Promotion of indigenous conflict resolution mechanisms. Local development planning could contribute substantially to the attainment of peace and order at the local level and to the success of the peace process in general if it considers and gives impetus to the adoption and use of indigenous conflict resolution mechanisms. The effectiveness of indigenous conflict resolution mechanisms has long been established. And it would be to the advantage of local governments if these are tapped in the resolution of conflicts involving indigenous peoples or integrated into the current *barangay* justice system under existing laws.

RELEVANT RESOURCES

- Fox, Richard G. Professional Primitives: *Hunters and Gatherers of Nuclear Southeast Asia*. 1969.
- Rice, Delbert and Tima, Rufino, *A Pattern for Development*. Christian Institute for Ethnic Studies in Asia. 1973
- Rood, S. and Casambre, *Indigenous Practices and State Policy in the Sustainable Management of Agricultural Lands and Forests in the Cordillera*. 1994
- Republic Act No. 8371. Indigenous Peoples Rights Act (IPRA). 1997 <http://www.ncip.gov.ph/mandate/ipra.htm>
- The New Philippine Constitution. 1987

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 3.04, Action Tool: Techniques and approaches to better negotiations by indigenous peoples (and other marginalised groups)
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.02, Information Tool: Relation between rights at work and poverty reduction

IDENTIFYING PROBLEMS OF CHILD LABOUR IN THE COMMUNITY

OVERVIEW

Certain forms of child labour are particularly harmful to the future development potential of children and the local community. Therefore, it is important to understand the extent and nature of child labour in your local area, and identify local problems of child labour that should be addressed in the immediate, medium and long term.

OBJECTIVE

This tool discusses:

- Problems of child labour, and distinguishes those that should be given priority attention: the worst forms of child labour and child labour in hazardous work
- Risks that working children face under these two conditions, with examples of occupational groups
- Usual causes why children work

- Guidelines for mapping the extent and nature of problems of child labour in an area

According to estimates made by the International Labour Organization in 2002 based on comprehensive surveys on child labour, there were 352 million economically active children aged 5-17 years, of whom around 246 million were engaged in activities classified as “child labour”. Of these, 179 million were regarded to be in “the worst forms”, i.e. mostly hazardous work, but with significant numbers in slavery and bonded labour, prostitution, illicit activities or as trafficked children.

The child labour problem remains enormous but concern about and understanding of how to eradicate it have spread around the world in recent years.

WHAT IS “CHILD LABOUR”?

“Child labour” does not refer to all forms of economic activity done by children under 18 years old. Child labour refers to: employment or work carried out by children under three conditions:

- Labour that is performed by a child who is **under the minimum age** for that kind of work (as defined by national legislation, in accordance with accepted international standards) and that is likely to impede the child’s education and full development (covered by Convention No. 138)
- **Hazardous work** - labour that jeopardises the physical, mental or moral well-being of a child, either because of its nature or because of the conditions in which it is carried out (Convention No. 182)
- **Unconditional worst forms of child labour** – which are internationally defined as slavery, trafficking, debt bondage and other forms of forced labour, forced recruitment of children for use in armed conflict, prostitution and pornography, and illicit activities (Convention No. 182)

SPECIFIC RISKS FACED BY WORKING CHILDREN: EXAMPLES

Children in hazardous working situations

Group	Specific risks faced
Agricultural workers	Use of machinery and vehicles designed for adults and requiring training; and exposure to toxic agro-chemical and biological agents, especially pesticides
Mines	Injury from falling objects; cave-ins; harmful dusts; gases and fumes; humidity; extreme temperatures; and mercury poisoning (gold-mining)
Ceramics and glass factory work	Exposure to high temperatures leading to heat stress, cataract, burns and lacerations; broken glass; hearing impairment due to noise; eye strain; exposure to silica dust, lead carbon monoxide and sulphur dioxide
Children in factories and building sites	Exposure to dangerous machinery, chemicals, falling objects; arduous working hours, abusive employers
Deep-sea fishing	Drowning; ruptured eardrums; decompression illness
Child domestic workers (working and sometimes living in the household of employer)	Long working hours; physical, mental and sexual abuse; isolation; lack of opportunities for socialisation and recreation; often slave-like conditions.
Children working in the streets (urban informal economy)	Exposure to unsanitary conditions; risks of illness and food poisoning; sexual abuse.

Children in worst forms of child labour

Group	Specific risks faced
Commercial sexual exploitation of children	Abuse; sexually transmitted disease, HIV/AIDS; pregnancy; social exclusion; psycho-social disorders; family rejection; death
Trafficked children	As above; added trauma of being isolated and unable to communicate, and being enslaved.
Slavery and forced labour	Physical, mental and sexual abuse; loss of self-esteem and self-confidence; long and arduous working hours
Children in armed conflict	Death, mutilation, injury in fighting; psychological trauma; drug addiction; sexually transmitted diseases, HIV/AIDS; pregnancy; social exclusion; psycho-social disorders

WHY DO CHILDREN WORK?

Children work for predominantly economic and social reasons. Poverty is by far the single most important reason why children become child labourers. Poverty forces them to work in order to meet the subsistence expenses of their families, to pay debt, to make up for income lost due to illness or death of an adult income-earner or a bad harvest, or to replace an adult who has lost a job. Some children work not because of poverty but because they and their families perceive benefits in the immediate and long-term to be greater than the benefits of education. This may be due to poor quality of education, a perceived irrelevance of education, or the inaccessibility of schools. Certain cultures also regard work as being good for children's growth, socialisation and development, and this is reinforced by the poor quality of schools and lack of relevance of existing curricula. However, children also work because of employer preferences and demand. Employers of the majority of working children are their parents, who are often sensitive to the safety and welfare of their children. However, parent-employers could be ignorant of the risks faced by their children at work. Cases of exploitation also occur.

Employers of children also include non-family individuals who prefer children to adult workers because children are cheaper (low wages, poor working conditions), and are easier to manage and control. Some claim that children possess certain better "skills" than adults (given their nimble fingers, ease in entering small spaces such as mines).

MAPPING EXTENT AND NATURE OF CHILD LABOUR

The first step in designing effective interventions to reduce or eradicate problems of child labour is an analysis of the situation in the area and/or sector. This includes looking at the following:

- Mapping incidence and nature of child labour
- Socio-economic and demographic characteristics of working children and their families
- Major causes and consequences of different forms of child labour
- Past experiences with child labour interventions if any

INCIDENCE AND NATURE OF CHILD LABOUR

- Who?** Which children and how many are working: boys, girls, their ages, ethnicity, etc
- What?** What kinds of work are they doing? And under what conditions?
- Where?** In which villages or communities are these forms of child labour taking place? Include both place occurrence and source of labour.
- When?** Time of day, school year or season, number of hours per day, weeks per month, months per year
- Why?** What are the root causes?

Checklist of information on characteristics of working children and families

Child characteristics	
Characteristics	Age, sex, ethnicity, mental and physical health, etc.
Basic learning competencies	Literacy, numeric and life skills
Activities	Previous and present economic and non-economic activities, school, leisure
Attitudes	For example, will they accept help or will they resist effort to remove them from work?
Migration	Place of origin, number of years living/working in current place, type of preceding place (urban-ural), number of years lived in preceding place
Household characteristics	
Family characteristics	Demographic composition, children living outside the household, activity status of parents/guardians
Socio-economic status	Income, state of indebtedness, land other assets
Living conditions	Access to health/sanitation, housing type and location
Parents' education	Literacy, level of schooling of mother, father, work status of parents, (employed/unemployed, formal/informal, self-employed/wage)
Parental perceptions	Values and attitudes towards education, present and future goals for children, awareness of worst forms and hazardous forms of child labour, attitudes
Migration	Place of origin of household members, number of years in current place of residence, type of preceding place, etc

Working conditions	
Workplace characteristics	Sector (forma/informal), size of establishment, type of employment
Characteristics of work	Type of activity, number of hours worked per week, days per month, time of day
Remuneration	Type of remuneration, amount and frequency, relative wage analysis, use of earnings
Interactions with employer and other workers	Type of recruitment, rewards, sanctions
Hazards faced by children	Unhealthy or morally unsound or illicit conditions, occupational accidents and diseases, ergonomic hazards, harmful substances and sources of exposure, exposure to physical, chemical agent, psychological hazards, use of tools and machinery, use of protective equipment
Community infrastructure	
Basic physical infrastructure	Water source, roads, electricity, sources of fuel
Health and sanitation	Primary health care facilities, family planning services, general health and sanitation situation, availability of sufficient food and water
Schools	Presence, highest grade offered, alternative education, distance, assess, cost, teacher characteristics, school monitoring, enrolment rates
Local economy	Income distribution, land ownership, capacity of local government, adult labour market, types of industry/employment, technology, availability of vocational training

ACKNOWLEDGEMENTS

- ILO, *Time-Bound Programme. Manual for Action Planning* (Geneva: ILO) 2003. <http://www.ilo.org/public/english/standards/ipec/themes/timebound/textonly.htm>
 - Guidebook II - Time-Bound Programmes for eliminating the worst forms of child labour
 - An introduction <http://www.ilo.org/public/english/standards/ipec/themes/timebound/downloads/gudbk2en.pdf>
 - Guidebook III – Creating the knowledge base for Time-Bound Programmes <http://www.ilo.org/public/english/standards/ipec/themes/timebound/downloads/gudbk3en.pdf>

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.02, Information Tool: Relation between rights at work and poverty reduction
- Tool 4.05.05.1, Action Tool: Reducing child labour in your community
- Tool 4.05.05.2, Action Tool: Planning a conference or workshop about reducing child labour

REDUCING CHILD LABOUR IN YOUR COMMUNITY

OBJECTIVE

This action tool discusses a framework for devising strategies to combat and reduce the incidence of child labour in the community. It suggests some actions that local government units (LGUs), local planners and leaders, employers and business organisations, and community organisations could implement at local level.

STRATEGIES AND INTERVENTIONS FOR ERADICATING CHILD LABOUR

THREE TYPES OF STRATEGIES

Strategies to combating child labour may be categorised into three:

Prevention strategies include efforts aimed at:

- Strengthening legislation and enforcement
- Improving educational opportunities and carrying out other improvements to make the education system more accessible and attractive to all boys and girls

- Raising household income
- Increasing awareness of the consequences of the worst forms of child labour

Withdrawing and rehabilitation of children withdrawn from child labour include:

- Provision of health and counselling services
- Gender-sensitive educational and skills training opportunities for children

Protection from exploitation and hazardous work includes:

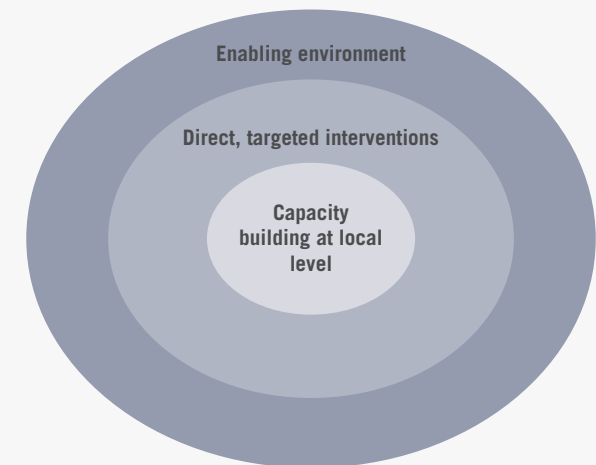
- Legislation and enforcement of labour standards
- Improvement in working conditions

COMPLEMENTARY INTERVENTIONS AT TWO LEVELS

Because of the multifaceted nature of the child labour problem, with its diverse causes and consequences, effective action will often require a series of complementary interventions in several sectors on two levels, as shown by diagram below.

Upstream measures, i.e. national and policy levels, aimed at enabling environment. At this level, the instruments that are relevant are:

- Strengthening legislation and enforcement
- Improving access to quality education, vocational training and other services for all boys and girls
- Enhancing opportunities for better employment, improved earnings, and social protection for adults



- Build institutional capacity
- Guarantee occupational health and safety particularly for young workers

Downstream, direct interventions targeted at population groups or economic sectors where hazardous and worst forms of child labour are prevalent:

- Withdrawal and rehabilitation of children found in worst forms of child labour
- Education and training at local level including measures to improve quality of schooling through better facilities, quality of teaching, etc.
- Economic empowerment of targeted families
- Capacity building of local institutions – local administrations, community groups, network
- Community mobilisations and awareness raising
- Local child labour monitoring
- Rapid response or emergency action to remove children from hazardous situations

SECTOR OR AREA FOCUSED

Direct, targeted actions can be organised with an area focus, a sector focus or both. The sector-based approach aims to eliminate child labour

(in general or specific types of exploitation) from given economic sector or industry (e.g. mining, pyrotechnics). An area-based approach allows for targeting all forms of child labour prevalent in a well-defined geographical area.

AREA-BASED APPROACH

This offers opportunity for a coherent strategy. This means that direct prevention, removal, rehabilitation and protection interventions can be combined and integrated closely with activities aimed at empowering vulnerable families and local communities. For example, improvements in schooling would be more effective in preventing child labour if these could be supported by safety nets and activities that reduce the economic vulnerability of families prone to or affected by child labour.

LOCAL-BASED ACTIONS

Local governments, civil society groups, and employer organisations can provide alternatives to child labour by instituting a number of direct interventions, creating functional databases, and strengthening partnerships among stakeholders.

DIRECT INTERVENTIONS

Awareness-raising: done through murals, workshops, public messages on child labour.

Monitoring: of, say, fishing vessels or, more generally, home municipalities. The ideal set up is facilitating transition toward DOLE supervision. In some communities, fishing operators must provide information on the ages of workers as a pre-condition to obtaining permits.

Education: the use of innovative delivery systems such as “learning through recreation”, open and distance learning (ODL), non-formal programs, is highly recommended. Continuous counselling is seen as critical to keeping children in school.

Alternative production methods: the most successful of these involves the setting-up of “community workshops” away from homes, which serves to effectively shield children from the temptation of home-based work.

Alternative income generation for parents: This begins with the provision of micro-credit and business advice (on marketability of skills and

feasibility of product plans) to parents in exchange for commitments from parents not to allow their children to work.

DATABASES

Databases should strive to compile information that is as direct as possible, and not merely aggregated, of the sort usually found in statistical series. This means detailed and extensive one-on-one surveys, so that the details of the child labour situation can be well understood, and so best practices may be properly formulated.

STRENGTHENING PARTNERSHIPS

Commercial agriculture, mining, domestic work, and the sex trade are the four biggest employers of children. Partnerships with the NGO community and civil society should not just involve identifying where the child labourers are, but must also include projects for motivating them to return to school, dealing with attendance problems, and providing ongoing support for them. Some employer organisations have in fact gone so far as to provide stipends and part-time work for children to assist in the transition back to school.

RELEVANT RESOURCES

- *Time-Bound Programme. Manual for Action Planning.* ILO. 2003 <http://www.ilo.org/public/english/standards/ipecc/themes/timebound/textonly.htm>
- *Faces of Change: Highlights of the US Department of Labour's Efforts to Combat International Child Labour.* Elaine L Chao. 2002.
- *The Community Microfinance Operations Manual/Accounting Guidebook – Taking Action Against Child Labour.* ILO-Punla Sa Tao Foundation. 2002.
- *ORT Health Plus Scheme in the Province of La Union, Philippines: a Community-Based Micro-insurance Scheme.* Maria Euphemia Yap & Editha Aldaba. ILO. 2002. <http://www.ilo.org/public/english/protection/socsec/step/download/26p1.pdf>
- *Design, Management and Evaluation of Action Programmes on Child Labour.* James S. Mante and Loree Cruz-Mante. Institute for Labour Studies DOLE. 2001.

CROSS-REFERENCES

- Tool 1.02, Information Tool: The Decent Work Framework
- Tool 4.05.01, Information Tool: Fundamental rights at work
- Tool 4.05.02, Information Tool: Relation between rights at work and poverty reduction
- Tool 4.05.05, Assessment Tool: Identifying problems of child labour in the community
- Tool 4.05.05.2, Action Tool: Planning a conference or workshop about reducing child labour

PLANNING A CONFERENCE OR WORKSHOP ABOUT CHILD LABOUR

OVERVIEW

Successfully reducing the incidence of child labour require collective efforts from different actors in the community – parents, families, local governments, community leaders, employers' organisations and private business sector, trade unions, NGOs and others.

One way to mobilise collective efforts is by holding a workshop or conference among the different stakeholders on the topic of child labour and its particular nature and context in the local area. The objectives of this workshop or conference would be:

- To raise awareness and build a common understanding of child labour, particularly in the area
- To identify and formulate ways to address the problem

OBJECTIVE

This action tool presents the Training Package on the Design, Management and Evaluation (DME) of Action Programmes on Child Labour. This training package discusses how to plan, organise and conduct such a workshop or conference. The methods proposed adopt a learning approach that is more suited to the psyche of the Filipino learner. It incorporates unfreezing activities and enriching learning experiences that put a premium on the effective side of the learning process.

OVERVIEW OF THE DME TRAINING PACKAGE

The Training Package on the Design, Management and Evaluation (DME package) begins with a discussion of the challenges it must address and its training approach. The training approach includes methods on experiential training, ensuring training outcomes, evaluating effectiveness and conducting formative and summative evaluations.

A conference or workshop of five days is proposed, covering almost every topic on child labour in the Philippines. Various activities such as surfacing learner expectations, film showings, and clarification of house rules and arrangements are provided.

Several tools for “unfreezing” are proposed. “Unfreezing” is a process of preparing learners to participate in a learning situation and of progressively deepening involvement by helping learners to question and clarify their own thinking and feelings.

Using situational analysis, participants identify problem areas and seek to solve these. At the last phase of the workshop or conference, the participants will learn how to start, manage, monitor, and evaluate an action program. There will also be an integration of all the learnings and the program will be synthesised.

DAY ONE

1. “Unfreezing” exercises which prepare participants for active learning.
2. Film viewing: “No Time for Play”.
3. Overview of child labour situation (lecture/discussion).
4. The national program against child labour (lecture/discussion).
5. Exercise: child work or child labour? (Individual thought experiments).
6. Problem analysis (lecture/discussion).

DAY TWO

1. Methods of investigation/interviewing Techniques (lecture/discussion and exercise).
2. Adapting the checklist and draft questionnaire (group exercise).
3. Designing an action program: project rationale and strategy (lecture/discussion).
4. Case study: problem analysis and project strategies (plenary reporting).

DAY THREE

1. Designing an action program: key design elements (lecture/discussion).
2. Summary outline and work plan (individual and group exercises).
3. Critiques of summary outlines (plenary).

DAY FOUR

1. Starting and managing an action program (lecture/discussion)
2. Exercise: best and worst managers (individual/group exercises)
3. Monitoring and evaluating an action program (lecture/discussion)

DAY FIVE

1. Sustainability and social marketing (lecture/discussion)
2. Commitment analysis and action charts (individual exercise & group sharing)
3. A sample response (presentation/discussion)
4. Evaluation (individual work)

ACKNOWLEDGEMENTS

This action tool is an adaptation of the International Labour Organisation – International Programme on the Elimination of Child Labour (ILO-IPEC) Training Package on the Design, Management and Evaluation (DME) of Action Programmes on Child Labour.

RELEVANT RESOURCES

Design, Management and Evaluation of Action Programmes on Child Labour. James S. Mante and Loree Cruz-Mante. Institute for Labour Studies DOLE. 2001.

CROSS-REFERENCES

- Tool 4.05.05, Assessment Tool: Identifying problems of child labour in the community
- Tool 4.05.05.1, Action Tool: Reducing child labour in your community

PART FIVE

TECHNICAL ISSUES IN IMPLEMENTATION, MONITORING AND EVALUATION



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PART 5: TECHNICAL ISSUES IN IMPLEMENTATION, MONITORING AND EVALUATION

INTRODUCTION

Part 5 focuses on some of the common technical aspects in the implementation, monitoring and evaluation of local development initiatives.

These cover a range of issues, including project formulation, mobilising investments and resources for local development, coordination, partnerships between the LGU and private sector, how to put plans and projects into action, and monitoring and evaluating these initiatives.

The most critical and basic element in formulating plans and projects is the logical framework on which the plan or project is based - the identification and diagnosis of the problem; the choice of the best entry point and way to address the problem, and being clear with what is expected to be achieved at the completion of the plan or project.

A short-term plan or project could not be expected to solve a whole problem because of the complexity of social and economic issues. But it should make a valuable contribution towards solving a problem. The best entry point or way to addressing a problem may be defined as one that is feasible (in terms of financial, political and administrative requirements) and has the greatest likelihood of making a good impact.

Another important aspect of the development process is looking at how well development efforts or interventions are doing and if objectives are being attained.

Monitoring and evaluation is built in the project/ planning cycle. The plan sets out the indicators of how the plan or project is doing. Monitoring is the routine collection, analysis and use of information about how well a plan or project is going. Impact evaluation is the periodic assessment of the positive and negative effects of a plan or project.

Monitoring and evaluation are not distinct operations. Monitoring provides information for day-to-day management and for impact evaluation. When impact evaluation is due, then the results will be more accurate and revealing because they draw on information that has been routinely and objectively collected over the history of a plan or project.

FACTOR ANALYSIS AND LOGICAL FRAMEWORK FOR PROGRAMME/PROJECT FORMULATION

OBJECTIVE

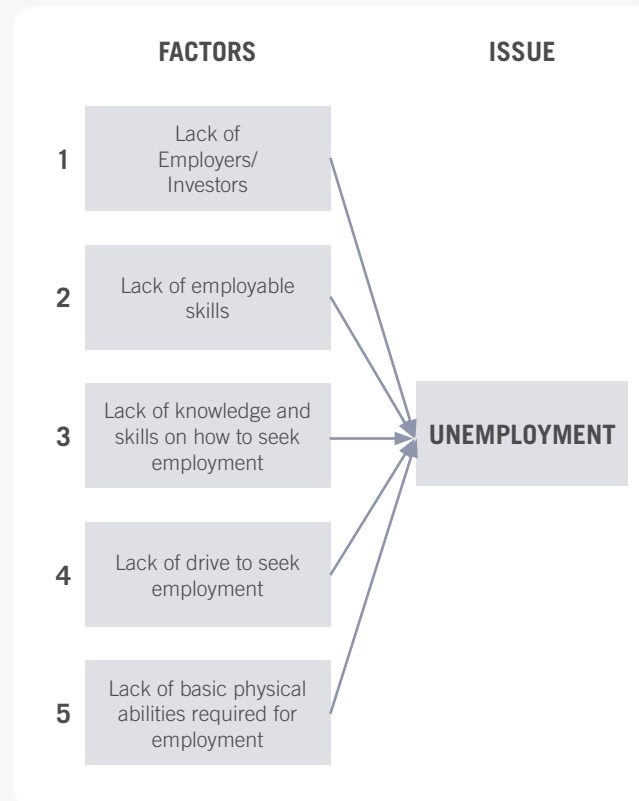
This information tool discusses factor analysis and the logical framework (Log Frame) for formulating a programme or project. Before writing a project proposal, the programme/project must first be designed. This tool is meant to guide anyone who would like to design a programme/project.

FACTOR ANALYSIS

Before designing a project, the issue or problem that the project seeks to address in the first place, must be analysed.

An **issue** is a negative situation of the community, town, or city that needs to be addressed, e.g., unemployment.

Factors are the situations or phenomena that contribute or lead to an issue, e.g., Lack of skills. Some call these causes but absolute causality is sometimes difficult to conclusively prove. “Factors” may be a more appropriate term.



To arrive at the above factors, the following questions were asked:

- What are the POSSIBLE CASES?
- What information/data/evidence do we have to prove that these are the FACTORS AFFECTING the ISSUE?
- Are similarities between the FACTORS such that these can still be GROUPED/CLUSTERED together?
- Which FACTORS AFFECT the ISSUE most?

Following are the answers:

1. What are the POSSIBLE CASES? The possible cases are:
 - There are many people with employable skills but very few employers. This is Factor 1.
 - There may be enough employers but few people with employable skills. This is Factor 2.
 - There may be enough employers, enough people with employable skills, but the latter have no employment-seeking knowledge and skills. This is Factor 3.

- There may be enough employers, enough people with employable skills and employment-seeking knowledge and skills, but the latter have no drive to seek employment. This is Factor 4. (This is an alarming phenomenon in Filipino families supported by regular remittances from an overseas family member.)
 - There may be enough employers, enough people with employable skills and employment-seeking drive, knowledge, and skills, but the latter lack the basic physical abilities required by specific jobs.
2. What information/data/evidence do we have to prove that these are the FACTORS AFFECTING the ISSUE?

In the above example, the factors actually define the issue. It is very difficult to find other factors that lead to the issue of unemployment. What can still be done is to list down the deeper factors that contribute to the above factors.

3. Are there similarities between the FACTORS such that these can be GROUPED/CLUSTERED together?

Factors 3 and 4 can be grouped together into “Lack

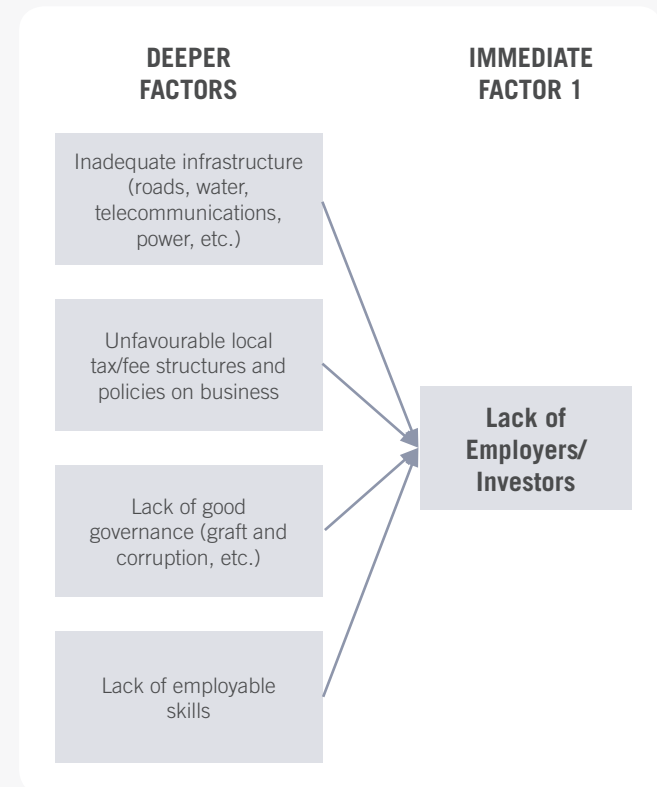
of knowledge, skills, and attitudes (drive) on how to seek employment”.

4. Which FACTORS AFFECT the ISSUE most?

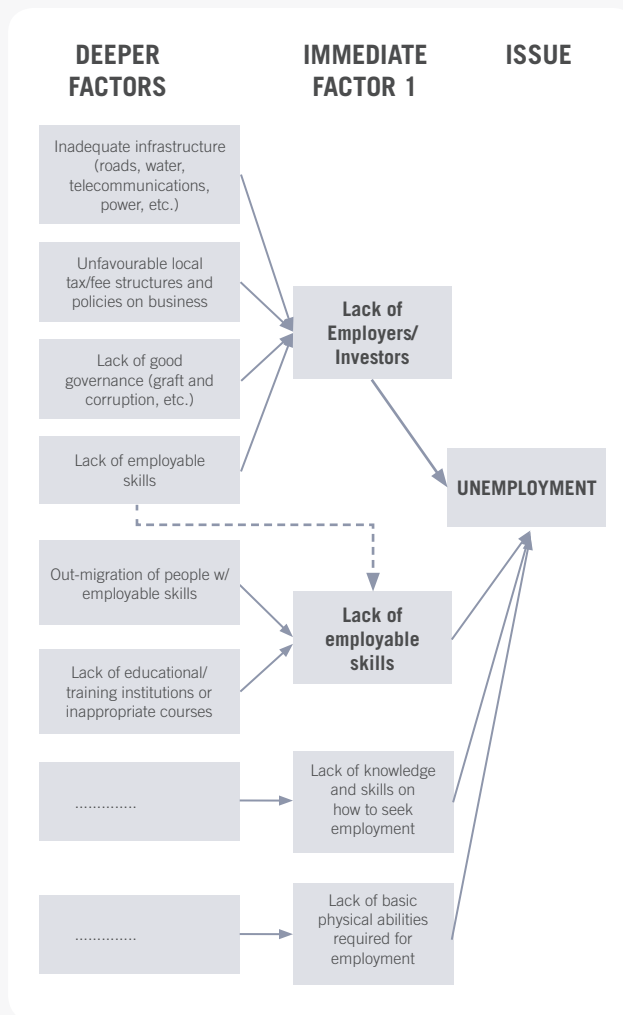
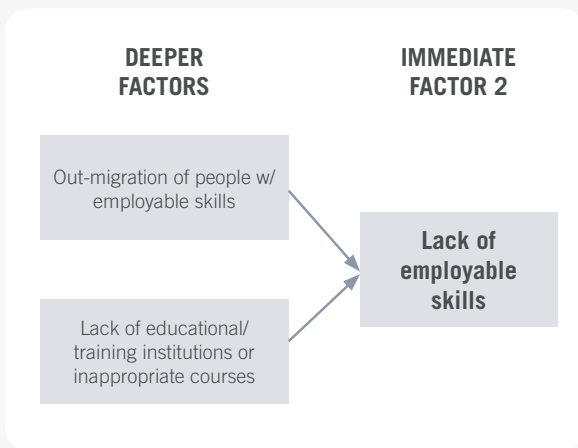
Further information may be needed to answer this question. However, in the Philippine context, Factor 1, “Lack of Employers/Investors” may have the largest effect on the issue. Still, there are specific sectors, e.g., the emerging call centre industry, where Factor 2, “Lack of employable skills” is the major factor. This is based on studies showing that very few of those who apply for jobs in this sector are actually employed.

Key informant interviews, review of past studies, or surveys are needed to obtain the data to help the project designer in prioritising the factors according to which one(s) affect the issue most. After prioritisation, the project can then be designed to focus on the most important factors to maximise impact. However, if resources are quite limited, the project can choose to focus on factors that can be realistically addressed. The factor analysis will keep reminding stakeholders about the limitations of the project intervention and about what other factors need to be targeted by other projects or stakeholders in order to substantially address the issue.

At this point, the project designer may want to look at the deeper factors that affect what can be called “immediate factors” (what were called “factors” before). For example,



The same questions are asked to arrive at the above factor analyses. Notice that the factor, “lack of employable skills” also appears as affecting Factor 1. So it may be worth looking at it more deeply. The same can be done to for the other factors until a Factor Tree is arrived at.



After constructing the Factor Tree, the following conversions can be done:

Issue Unemployment	Goal Increase Employment
Immediate Factors <ul style="list-style-type: none"> Lack of Employers/ Investors Lack of Employable Skills Lack of knowledge, skills, and attitudes (drive) on how to seek employment Lack of basic physical abilities required for employment 	Objectives <ul style="list-style-type: none"> Retain/Attract Employers/ Investors Add/Improve Employable Skills Develop knowledge, skills, and attitudes (drive) on how to seek employment Provide incentives for employing people with disabilities
Deeper Factors <ul style="list-style-type: none"> Lack of Employers/ Investors Inadequate infrastructure Unfavourable taxes/fees and policies Graft and corruption Lack of employable skills 	Activities <ul style="list-style-type: none"> Attract Employers/Investors <ul style="list-style-type: none"> Improve/Build Infrastructure Make policies, taxes/fees favourable for investment Eradicate/reduce graft and corruption Add/Improve Employable Skills
Deeper Factors <ul style="list-style-type: none"> Lack of Employable Skills <ul style="list-style-type: none"> Out-migration of people w/ employable skills Lack of educational/training institutions or inappropriate courses 	Activities <ul style="list-style-type: none"> Add/Improve Employable Skills <ul style="list-style-type: none"> Provide Incentives for skilled people to stay Provide/encourage appropriate educational/training institutions and courses

Note that in reality there may be more objectives per immediate factor and more than one activity to address each deeper factor. The important thing is to convert the issue and factors into a goal and its accompanying objectives and activities.

The next step is to place the objectives into a logical framework or Log Frame. The Log Frame provides a structured and logical method for planning, implementing, monitoring and evaluating programmes and projects.

For each goal, objective, and activity, Objectively Verifiable Indicators (OVI) are determined first. OVIs are “measures to verify the achievement of the goal, objective, or activity in terms of quality, quantity, cost and time”. One way of looking at OVIs is as “measures of success” or “measures of performance”. At the activity level, OVIs often turn out to be outputs of the activities. Later in the design process, the project’s quantitative targets can be set using the OVIs as units.

Secondly, determine the method of measuring or verifying the OVIs. These usually involve collecting

and studying reports and other documents. If warranted and feasible, surveys may be conducted. These methods are called Means of Verification (MoV). Sources of data needed to verify the status of the indicators have to be specified in this section of the Log Frame.

Third, Assumptions and Risks (A&R) related to external factors beyond the project implementers control are identified. A&R stipulate the context necessary to set the project in motion. At the same time, these also set the “limits of success”. At the activity level, A&R are usually related to the availability of human, material, and technical inputs. The quality, quantity, and timing of the inputs need to be specified.

Assumptions are those conditions that must be present or must occur for the project to succeed. The risk of the assumption not happening should be assessed in terms of probability and impact. Low probability and low impact risks can be discarded. If there are high probability and high impact risks that may ruin the project, the project will have to be re-designed.

If the assumptions are not present and if the risks are very high, the project, as designed, cannot be expected to successfully achieve its overall goal. For example, if oil prices spiral out of control in the global market, local projects affected by this risk may have to be completely redesigned. At the activity level, if inputs are not available, the designed activity cannot be implemented. Below is a sample Log Frame for the first objective:

Goal/Objective	Objectively Verifiable Indicators (OVI)	Means of Verification (MoV)	Assumptions and Risks (A&R)
GOAL: Increase Employment	Employment growth	Employment survey or comparison of number of employees reported by businesses applying for business permits	<ul style="list-style-type: none"> National and international developments/policies that directly affect the local economy do not change radically during the project period. No major natural disaster occurs Expertise on employment promotion is available to the LGU.
Objective No. 1: Retain/Attract Employers/ Investors	Increase in the Number of businesses	Count the number of businesses that renew their licenses and new applicant businesses	
Activities	OVI; Outputs	MoV	A&R; Inputs
Improve/Build Infrastructure	Cemented/paved kilometers of roads and bridges; telecommunications facilities; availability of water and power	Get data from LGU Engineer's office re roads. Obtain coverage data from telecom, water and power companies.	Budgets for national roads are available and released on time by the national gov't. The LGU's IRA and its revenue collection can fund local public works.
Make policies, taxes/fees favorable for investment	Number of amended or new legislation that encourage new investment (e.g., investment code)	Study old and new legislation affecting business and see whether these are positive or negative	Local legislation does not contradict national laws. Other LGU's legislation can serve as models.
Eradicate/reduce graft and corruption	Reduction of cases; number of cases prosecuted	Court records; media coverage.	National and local laws on graft and corruption are adequate. National support for enforcement is accessible.
Add/Improve Employable Skills	Number who finish educational/training courses demanded by the job market.	Study job market trends and compare with graduation data from schools and training institutes.	National budget for education/training are available and released on time. Heads of education/training institutes are open to job market needs. The LGU's IRA and its revenue collection can provide counterpart.

Note the following:

- A&Rs that recur are a sign that these are major considerations for program/project success. Mark, summarise, and elevate them as A&R for the next higher or Goal level. In the above example, access to national budgets and appropriate national legislation and enforcement are recurring assumptions that should be raised to the Goal level.
- The above Activities are broad enough to stand as programs or projects by themselves. They can and should be further broken down into more specific activities using the same Log Frame format. Detailed planning can then proceed.
- After applying the Log Frame to the other objectives and activities, similar activities (or similar specific activities) should be grouped together and coordination mechanisms set up to avoid duplication.

Once all the Log Frames have been accomplished, budgets should be calculated based on a costing of the inputs identified for each activity. Budgets for similar activities should be consolidated to avoid duplication and waste.

The above form can be extended at the activity level to include budget entries.

Activities	Objectively Verifiable Indicators(OVI); Outputs	Means of Verification (MoV)	Assumptions and Risks (A&R); Inputs	Budget for Inputs
....	Personnel
				Maintenance and Operating Costs
				Capital Expenditure
				Total
....	Personnel
				Maintenance and Operating Costs
				Capital Expenditure
				Total

Why is it important to have this logical framework?

- To clarify what the project is trying to do and accomplish
- To help the project achieve its purpose and thus ensure it has the most impact
- To ensure that it achieves its purpose efficiently and effectively using scarce resources in the most appropriate way
- To identify external factors that might affect the project and the achievement of its purpose
- To ensure that everyone knows what he or she is supposed to do
- To let everyone outside the project or organisation know what the project is trying to achieve and how
- To determine the resources that will be needed to achieve the purpose

ACKNOWLEDGEMENTS

- *Logical Frameworks: An introduction for the GCRMN Project – October 2001*, A presentation on the Logical Framework Approach by Jock Campbell, IMM Ltd. The Innovation Centre, University of Exeter. <http://www.innovation.ex.ac.uk/imm/GCRMN%20Logframe%20training.pdf>

CROSS-REFERENCES

- Tool 5.02, Information Tool: Tips on writing project proposals
- Tool 5.09, Assessment Tool: Impact evaluation

TIPS ON WRITING PROJECT PROPOSALS

OBJECTIVE

This action tool explains why donors and investors give funds to proponents and their projects. Based on this insight, the tool gives tips on how proposals should be written in way that increases likelihood of funding.

WHY DO DONORS GIVE? WHY DO INVESTORS INVEST?

Donors and investors provide funds because they SHARE commonalities with the proponent in terms of the following:

- Values
- Vision
- Mission
- Goals
- Strategy
- Project

The more they have in common with the proponent, the more likely they will support the

latter. And aside from having the same or similar values, mission, strategy, etc. with the proponent, they also get a RETURN.

WHAT DO THEY GET IN RETURN?

- A Sense of Satisfaction – When they fund a successful project, they will be satisfied both on a personal and on a professional level.
- A Result/Impact that their own organisation (or self) is supposed to achieve or contribute to – Instead of their organisation having to implement the project, the proponent does it.
- Information, Contacts, Public Recognition to enable them to maintain or expand their interests – During and after the project, relationships are built.
- Economic Returns on their investment – For investors this is the main intention.

WHAT DO YOU GET?

If you are the proponent, you should get the same things PLUS the funding.

HOW DO YOU START?

- Develop your organisation's Values, Vision, Mission, Goals, Strategy, and Projects/Plans in a participatory manner.
- Ensure the Coherence, Clarity, and Consistency of the above. Measure and state your Capabilities and Track Record.
- Put the above in an Appealing Document/ Proposal.
- Study the Values, Vision, Mission, Goals, Strategy, and Projects/Plans of potential donors/ investors. Read their annual reports, program documents, and funding guidelines.
- Find Compatible Donors/Investors and submit your proposal.
- Find out who is the person in charge and get to know him/her.
- Answer all their inquiries promptly in written form.
- Follow up, again in written form, but nicely!

DON'T FORGET!

In the presentation of your budget, separate your:

- Working Capital/Operating Expenses
- Fixed Assets/Equipment

Match the above funding requirements with the type of funding you want to get:

- Grant
- Equity
- Loan

If you need outside help in preparing or packaging your proposal, don't hesitate to get it! You can easily recover your expense/investment with a successful application.

YOUR RESPONSIBILITIES

Throughout the development, submission, negotiation of your proposal and the subsequent implementation, monitoring, and evaluation of your project, you are responsible for the:

- Legitimacy of Social Goals and Impact

- Transparency of Decision-Making and Regular Reporting
- Accountability to Beneficiaries and Donors

IN SUMMARY

The basic ingredients for successful proposal-making are:

- Clear, Coherent, and Consistent Values, Vision, Mission, Goals, Strategy, and Projects/Plans
- Clear, Simple, yet Appealing Documentation
- Regular Communication with and Evidence-Based Reporting (not motherhood statements) to beneficiaries and donors
- Most of all, proof of your Capacity through Effective Project Delivery!

POTENTIAL DONORS FOR NGOS/PEOPLE'S ORGANIZATION/COOPERATIVES

- Philippine-Australian Community Assistance Program (PACAP) - Livelihood
- Contact – Ms. Georgina Domingo, Australian Embassy
- Grant Assistance for Grassroots Projects (GAGP) – Small Infrastructure for Livelihood, Health, Environment Economic Section, Japan

Embassy, 2627 Roxas Blvd., Pasay City, Metro Manila 1300 Tel. (02) 551-5710; Fax (02) 551-5783.

- DSWD's KALAHI-CIDSS – Small Infrastructure, Livelihood
- Contact – Assistant Secretary Ruel Lucentales or your Regional DSWD Director (You must work through your *Barangay* Council.)

POTENTIAL DONORS/LENDERS FOR LGUS

- Grant Assistance for Grassroots Projects (GAGP) – Small Infrastructure for Livelihood, Health, Environment
- Economic Section, Japan Embassy, 2627 Roxas Blvd., Pasay City, Metro Manila 1300; Tel. (02) 551-5710; Fax (02) 551-5783.
- WB and ADB LGU Financing c/o Department of Finance
- Development Bank of the Philippines LGU Guarantee and Financing
- LGU Bonds – Rizal Commercial Banking Corporation

For the contact details of the other agencies, you may contact the NEDA Office or the Department's branch in your region. In the case of banks, you may contact their respective branches nearest

you. It is best to contact the donors/lenders directly for requirements in project proposal preparation as these change from time to time.

ORGANISING DONOR FORUMS

You may contact NEDA on how to organize donor forums. They are the government agency in charge of Official Development Assistance (ODA).

RELEVANT RESOURCES

Resource Finder by the Philippines-Canada Local Government Support Program (LGSP) – Canadian International Development Agency (CIDA). http://www.lgspa.org.ph/kp/c_b.php?KnowledgeProductID=17

CROSS-REFERENCE

- Tool 5.01, Information Tool: Factor analysis and logical framework for programme/project formulation

THE 7 C'S OF IMPLEMENTATION: PUTTING PLANS AND PROJECTS INTO ACTION

OBJECTIVE

This tool identifies the important factors that affect the implementation of local development plans, programs and projects. It provides some practical suggestions on how to translate plans into concrete action.

THE 7 C'S OF IMPLEMENTATION

After formulating local development plans, programs, or projects, the next challenge is to implement these in the most effective and efficient manner. It may be helpful to think of the following important factors in the implementation phase:

1. Capacity, both human and financial, needed to implement the plan
2. Commitment of stakeholders to the realisation of the plan
3. Coordination and management of activities and implementers

4. Communication of the plan and its progress to stakeholders and the public at large
5. Convergence of internal plan components as well as with other external plans and programs
6. Collaboration with other LGUs, government agencies, civil society, and the private sector
7. Change the plan or its components when necessary

To ensure that the above factors are considered in the implementation phase, these must already be considered in the planning phase. The local development plan must contain an implementation strategy or a set of interrelated activities that addresses all of the above factors.

CAPACITY

Sometimes there can be a tendency to forget about the existing capacity, or lack of capacity, of the LGU to implement plans and projects. The enthusiasm of stakeholders or the pressing needs of communities can overwhelm LGUs. During planning, it is advisable to review objectives and targets.

Questions to ask:

- What human, technical, and financial capacities are needed to achieve these objectives and targets?
- What is the LGU's present level of human, technical, and financial capacities?
- What are the most critical capacities that will ensure the attainment of objectives and targets?
- What internal and external resources can be tapped to build capacity?

After answering the above questions, the LGU can formulate a capacity-building plan and integrate this into the local plan.

COMMITMENT

Plans are useless if there is no commitment from stakeholders to translate them into action. Some

LGUs have used “Covenants of Commitment” signed by all the major participants in the planning process to commit them to the plans’ implementation. It has also been very useful to package plans into simple but attractive documents to generate public appreciation and commitment.

Part of the process of building commitment is the formal endorsement, approval, and support of the local development plan or project by the appropriate Local Development Council and Legislative Council (*Sanggunian*). A budget supporting the plan is the most concrete form of commitment that has to be obtained from the *Sanggunian* or from external sources, such as national government agencies, donors, corporations, congressmen/women, senators, etc. Otherwise, the plan will remain just that, a plan.

COORDINATION

This is where the actual implementation begins. Team effort is always useful but point persons with clear job descriptions and responsibilities are essential. The buck has to stop somewhere. Someone has to be in charge. An overall coordinator vested with the authority to mobilise

the different stakeholders may be needed. Local Planning and Development Officers or the Local Chief Executives themselves may take on this role.

Coordination includes monitoring, reporting, and possibly trouble-shooting at the objective and activity level. A simple activity chart of the overall plan should guide all implementers. Regular meetings to report and assess progress are necessary for proper coordination. Complex monitoring and evaluation systems are not necessary.

Questions to ask:

- Where are we now? (In terms of objectives and targets)
- Why? (In terms of problems and progress)
- Where are we going?

COMMUNICATION

LGUs need not be reminded to communicate their achievements. The challenge is how to communicate problems and failures. These

will test the LGU’s commitment to the serious implementation of plans. Constructive lessons from problems and failures should be the main emphasis. This will make communications a learning activity rather than a mere propaganda exercise.

Communication needs materials on which to base its messages. Reporting systems must be simple. Reports must be clear and exact (with numbers). Messages must be simple, clear and exact.

CONVERGENCE

Sometimes it is only in the implementation phase when common or similar activities in the plan are “discovered”. Proper coordination requires the internal convergence or integration of these common activities. Internal consistency is also a must. If conflict arises during implementation, participatory and collegial processes can be used.

Also, similar programs, projects or initiatives of stakeholders, other LGUs, national government agencies, civil society, donors, private sector and others may be identified. Ideally, this should be done during the planning phase. However, opportunities for convergence should always

be recognised, used and maximised during implementation.

The overall plan coordinator must actively identify convergence opportunities and link up with other programs and projects to optimise results.

COLLABORATION

Convergence can be concretized through actual collaboration with other LGUs, national government agencies, civil society, donors, the private sector, and other development players. Collaboration can also be seen as a style of work that contrasts with the top-down or even dictatorial approach. If participation is emphasised for the planning phase, collaboration is encouraged in the implementation phase.

Among national government bodies, one often hears about “inter-agency committees” and councils that try to promote coordination. At the local level, collaborative efforts can be encouraged through similar bodies. Some municipalities have used the “catchment area” or watershed to form “cluster” structures that enhance collaboration.

CHANGE

LGUs must always be ready to change their plans if the external environment or their internal conditions so require. A good plan should have room for some flexibility.

Risks, problems, and contingencies must be identified in the plan. During implementation, decisions must be made on which alternative actions to take in adjusting to a certain situation.

It is often useful to develop a “Plan A, a Plan B, or even a Plan C” to address risks and contingencies. Usually Plan A is for an optimistic scenario, Plan B is for a “medium” scenario, and Plan C is for a pessimistic scenario.

Overall, the best preparation for implementation is a good plan that already considers all of the above factors.

RELEVANT RESOURCES

- *Executive Agenda for Local Government – Manual and Facilitator’s Guide*, Philippines-Canada Local Government Support Program (LGSP), 2002. http://www.lgspa.org.ph/kp/c_b.php?KnowledgeProductID=1
- *Transforming the Local Economy. Kaban Galing: The Philippine Case Bank on Innovation and Exemplary Practices in Good Governance*, Galing Pook Foundation, 2001.

CROSS-REFERENCES

- Tool 1.01, Information Tool: Local Development and Decent Work Approach: An Overview
- Tool 1.05, Information Tool: Ingredients for successful local economic and social development
- Tool 3.01, Information Tool: The role of key stakeholders in local development
- Tool 3.02.2, Action Tool: Tips for improving collaboration and social dialogue in local development
- Tool 5.06, Action Tool: Ten steps towards building public-private partnerships
- Tool 5.07, Information Tool: Overseas Filipino Workers: Partners in local development

OVERVIEW OF LGU FINANCING OPTIONS FOR LOCAL DEVELOPMENT

OBJECTIVE

This tool discusses the broad principles and the general options available to Local Government Units (LGUs) in seeking funding for their development projects.

Financing is defined as “supplying money for starting, operating, and sustaining a project” (*Kaban Galing 3: Transforming the Local Economy*, 2001).

FINANCING OPTIONS

The general options available to the LGU are:

- Using its **internal funds** – Internal Revenue Allotment (IRA), revenues from local taxes, service and user charges, etc.
- Accessing funds from the **national government** – budgets of national government agencies,

President’s Funds, Countryside Development Funds of Legislators, and Official Development Assistance (ODA) funds coursed through the national government.

- **Borrowing** from public, private, and multilateral financial institutions (World Bank, etc.), the national government, and other LGUs.
- **Floating Bonds** in collaboration with private or government financial institutions
- Entering into **joint ventures** with private firms and other **privatisation** schemes

For more information, local planners and development practitioners can read two parts of the Local Government Code (LGC): Title 3 – Shares of Local Government Units in the Proceeds of National Taxes; and Title 4 – Credit Financing.

PRACTICAL TIPS

1. **Know what you want.** Start with the end in mind. Financing is only a means to an end. What would you want the financing to result in? The type of financing needed by a public

market will be different from that needed by an eco-tourism project.

2. **Determine whether a project needs long, medium, or short term financing.** Match sources and uses of funds. – Classify the project costs into capital expenditure, operating expenses, and maintenance expenses. Identify the revenues to be generated and, if possible, match them with the types of costs. The gaps will have to be filled by the different terms of financing. Also, calculate when a project will break-even and when it will earn a surplus or profit.
3. **Explore different financing options.** Project and calculate the effects of different combinations (grants, debt, bonds, joint venture, etc.) of financing schemes on the project and on the LGU’s finances. Choose the most advantageous combination.
4. **Consider your LGU’s ability to pay and other expenses you will incur.** Make sure you have identified all possible costs and risks (personnel, reserve requirements, insurance, maintenance, administrative, documentation, etc.), and included these in your project cost.

Take note that the LGC requires that “debt servicing shall not exceed twenty percent (20%) of the regular income of the LGU concerned”. (Sec. 324[b], RA 7160) You may have to redesign your project in scale, scope and timing to match the assets you can use as collateral, the revenues you need to repay debt, and your strategic development priorities.

5. Make explicit the criteria for selection.

Classify the criteria for selecting the financing option into musts (non-negotiable) and wants (negotiable). Be transparent to avoid controversies.

6. Take into consideration the wider environment.

Study macroeconomic trends that can affect your financing options – interest rates, foreign exchange rates, national economic growth rates, investment prospects, fluctuation in costs of major commodities, etc. These can affect your costs and revenues significantly.

7. Enter into cost-sharing schemes. See if you can share costs with other LGUs (provincial and municipal) and the national government.

8. Look at the political angle. Anticipate public reaction. Privatisation of critical public goods such as water and electricity can cause apprehension from customers and employees.

Inform and educate the public on the costs and benefits of your project.

CASE STUDIES

CASE 1: USING LOCAL RESOURCES

In 1992, the municipality of Muñoz, Nueva Ecija acquired its equipment pool worth PhP 36.5 million by the Commission on Audit at a cost of only PhP 1.7 million. The equipment pool consisted of 8 dump trucks, 1 bulldozer, 2 road graders, 1 pick-up truck, 1 ambulance, 1 welding machine, 1 drilling rig, 1 air compressor with jackhammer, 1 jeep, and 1 electric generator. How did the LGU do this?

Mayor Efren Alvarez went around the government offices in province and noticed the idle equipment lying around. He requested the Department of Environment and Natural Resources (DENR), National Irrigation Administration (NIA), and the Central Luzon State University (CLSU) to donate their idle and abandoned equipment to the Muñoz LGU. Through Memoranda of Agreement with these offices, the equipment was transferred to the LGU. The rehabilitation cost of PhP 1.7 million was charged to the general funds of the LGU and

from the proceeds of raffle draws they organised.

Aside from using the equipment for its projects, the LGU rented these out to generate rental income of more than PhP 800,000 per year.

CASE 2: CHARGING USER FEES

The LGU of Malalag, Davao del Sur undertook a comprehensive review of all its programs in the early 1990s. Given its tax base and the cost of devolved health services, it was determined that free health services could not be sustained. The municipality decided to charge socialised service fees based on income of the users:

- 25 percent of a fixed service charge for families earning PhP 15,000 or less per year
- 50 percent of actual service charges for families earning between PhP 15,000 and PhP 50,000 per year
- 100 percent of the service charge for families earning more than PhP 50,000 per year

Classifying and screening the families was difficult. The Municipal Health Office took on this task. There was also a lot of resistance from the public. A massive information and education campaign

down to the purok level with *Barangay* Health Workers as point persons finally facilitated the acceptance of the scheme. As with all rules, there were exceptions for very poor families who were given free health services.

With the scheme, the LGU was actually able to expand its health services to include elective procedures such as major surgery. It was also able to facilitate medical and dental missions to poorer, remote areas.

CASE 3: BUILD-LEASE-TRANSFER

After fire gutted the public market of San Jose de Buenavista, Antique in 1993, the LGU was in a quandary. It was the capital and commercial center of the province. If it did not reconstruct the market quickly, the negative consequences would be tremendous. The financing options available to LGUs in that period were still untested and could take time.

The Mayor consulted the market vendors on the choice of financing scheme. What came out was a Build-Lease-Transfer Scheme where the stallholders shouldered a portion of the construction cost of the “business park”, as the

project was called. In exchange, the stallholders were guaranteed a 25-year contract. During this period, the LGU would collect only PhP 1.00 per square meter per month and could only increase this amount by a maximum of 3 percent per year. Although the LGU income from rentals decreased slightly through the years, the income from business taxes steadily increased and more than made up for the decrease.

CASE 4: PRIVATISATION

The Province of Bohol undertook a 4-year process of strategic planning, preparation, tendering, selection and negotiation, litigation and transfer, and social marketing to implement the privatisation of its water and electricity services. After strategic planning, all the financing options were studied. The provincial government selected the option of a Joint Venture on a Rehabilitate-Own-Operate-Maintain (ROOM) Agreement. This option would

- Provide fresh capital into the water and power utility of the province
- Obtain the necessary engineering and management technologies to improve operations, and

- Allow the province’s resources to be used for other needs

The privatisation agreement required lower and more stable water and electricity charges to consumers and the comprehensive rehabilitation and upgrading of the water and power facilities.

CASE 5: HOUSING BONDS

In 1993 the *Sanggunian Bayan* of Victorias, Negros Occidental passed an ordinance authorizing the flotation of municipal bonds to raise money for its housing project. It issued PhP 8,000,000 worth of 4-year bonds with an interest rate of 10 percent per annum secured by the LGU’s real estate properties. The LGU also raised PhP 5,000,000 from the provincial government’s seed fund for housing. The beneficiaries took out more than PhP 14 million in loans from the national housing fund, PAG-IBIG Fund. The municipality redeemed the bonds on their maturity date and paid PhP 1.9 million in interest to subscribers. 146 employees of the LGU, national government agencies, and companies benefited from the project

ACKNOWLEDGMENTS

The material is largely based on the book entitled *Kaban Galing 3: Transforming the Local Economy* (2001), Galing Pook Foundation.

RELEVANT RESOURCES

- *A Guidebook on Availment of Official Development Assistance (ODA) for LGUs and NGOs*. (1997), Office of Project Development Services, Department of Interior and Local Government.
- Local Government Code: *Title 3 – Shares of Local Government Units in the Proceeds of National Taxes* <http://www.dilg.gov.ph/LocalGovernmentCode.aspx#b2t3c1>
- Local Government Code: *Title 4 – Credit Financing* <http://www.dilg.gov.ph/LocalGovernmentCode.aspx#S295>

CROSS-REFERENCE

- Tool 5.05, Information Tool: Tips in budgeting for local development

TIPS IN BUDGETING FOR LOCAL DEVELOPMENT

OBJECTIVE

This tool discusses key issues and possible actions that could make LGU budgets and expenditures contribute better to local development.

The information presented below was mainly taken and summarised from the paper of Dr. Rosario Manasan, *Decentralisation and Service Delivery Study: Public Expenditure Management*.

This tool will not teach readers how to make a local budget – this topic is covered by the Local Government Code and its implementing mechanisms, specifically the Budget Operations Manual for LGUs prepared by the Department of Budget and Management.

OVERVIEW OF LOCAL GOVERNMENT CODE PROVISIONS RELATED TO LGU BUDGETS

The Local Government Code requires LGUs to prepare annual budgets consisting primarily of two (2) parts:

- The estimates of income; and
- The total appropriations covering the current operating expenditures and capital outlays (Section 314[a], RA 7160)

The budget document itself shall contain three (3) parts:

- A budget message from the local chief executive setting forth the significance of the budget in relation to the local development plan;
- A summary of the functions, projects, and activities to be accomplished in pursuit of the goals and objectives of the LGU;

- A summary of financial statements showing:
 - Actual income (Internal Revenue Allotment, local revenues, loans) and expenditures of the preceding year;
 - Actual income and expenditures of the first two (2) quarters and estimates of the last two (2) quarters;
 - Estimates of income for the succeeding year;
 - Estimated expenditures for succeeding year;
 - Essential facts regarding the local government's obligations and indebtedness;
 - Summary of statutory and contractual obligations; and
 - Other data disclosing the financial condition of the local government.

The specific principles, procedures, limitations, and impositions on LGU budgets are contained in the Local Government Code and operationalised in the Budget Operations Manual for LGUs and the Department of Budget and Management – Commission on Audit (DBM-COA) Joint Circular 93-2 issued on June 8, 1993.

FUNDING FOR NATIONAL AND LOCAL GOVERNMENT FUNCTIONS

Section 17(b) of the LGC clearly and specifically devolved government functions from the national to local governments. Unfortunately, the budgets of these devolved functions did not automatically go to LGUs. Data show that the aggregate IRA grew by 15 percent yearly on the average between 1994 - 1997 while the budgets of devolved government agencies such as the Department of Agriculture expanded by 48 percent, that of the Department of Health by 25 percent, and that of the Department of Social Welfare and Development by 22 percent. This is because of Sections 17 (c) and (f) which allow some exceptions to 17(b). Congressmen also often use Section 17(f) to maintain their control (through national government agencies) of funds for devolved functions (infrastructure, health, education, etc.) that could have gone to LGUs.

In addition, the central government has passed on so-called unfunded mandates to LGUs. The most important of these unfunded mandates is the implementation of the salary standardisation law and the provision of additional benefits to

health workers under the Magna Carta for Health Workers. LGUs are also expected to provide budgetary support to many central government agencies operating at the local level like the police, fire protection bureau, and local courts. No wonder there is very little left for local economic and social development.

RECOMMENDATIONS

1. The Leagues of Provinces, Cities, and Municipalities should work for the review and possible revision of Section 17 (c) and (f) of the LGC.
2. The leagues should also closely monitor and influence the Congressional budgeting and appropriations process to ensure that their IRA will be provided the appropriate funds.

TRENDS IN LGU EXPENDITURES

The budget serves to guide spending but, ultimately, it is the actual expenditures of LGUs that will (or will not) contribute to local economic and social development. Manasan cites important trends in her study.

SOCIAL SERVICES SECTOR

LGU spending on social services (health, education, social welfare, housing, and community development) registered a general upward trend in 1991-2001. However, there was some stagnation, especially in health expenditures in 1998-2001. This may have been due to the incomplete release of the IRA around that period.

On the other hand, the increases in LGU spending on social services may have been because they had no choice but to absorb the cost of devolved health and social welfare personnel. This means there could have been little, if any, new or additional resources spent for social services.

ECONOMIC SERVICES SECTOR

Despite the devolution of the responsibility for local infrastructure to LGUs, spending on transportation and communication contracted by around 20% from 1991 to 2001 when expressed as a percentage of GNP. This sub-sector bore the brunt of the contraction of the share of economic services in LGU expenditures. Economic services include agriculture, natural resources, power

and energy, water resources, transportation and communications.

PERSONAL SERVICES

Across all three sectors (social, economic, and general public services) spending on personal services was the single biggest item. In the case of municipalities, the share of personal services in the LGU budget expanded from 46.1% in 1991 to 55.3% in 2001. (The maximum allowed under the Local Government Code is 55 %.) This squeezed out resources for capital outlays, maintenance and other operating expenses.

SOME RECOMMENDATIONS

1. Improve local revenue generation to augment budgets for social and economic services.
2. Work for the establishment at the national level of grants programs (with specified service standards) especially for health, education, and other socio-economic services.
3. Address LGU capital investment financing in the design of intergovernmental transfers.
4. Review the compensation and position classification system as well as the list of

mandatory LGU positions required by the LGC.

PLANNING-BUDGETING LINKAGE

The fundamental basis of any budget is a program or plan. In the case of LGU budgets, these are the medium-term and annual investment programs, which in turn are based on the long-term, medium-term, and annual socio-economic development plans formulated by the Local Development Councils (LDCs) (Section 109, Local Government Code).

However, Manasan (2003) observes that “the actual investment and development planning process at the local level is typically mayor-centric/governor-centric.... The mayor/governor would usually have a short list of his favourite projects to start with but is still open to suggestions from council members as well as *barangay* heads as they play an important role in vote-getting during election time.” This is in sharp contrast to what the Code requires.

Furthermore, “the only plan that is usually available in many of the smaller municipalities is the Annual Investment Plan (AIP). Most often,

these plans consist of a simple listing of projects with their corresponding cost estimates... More important, the AIPs in many LGUs do not appear to be anchored on clear goals, strategies, and programs. They typically do not set program targets and seldom, if ever, is there an explicit assessment of benefits.”

This situation poses serious challenges to the budgeting allocation process. If the plan is not done well, the budget and actual expenditure cannot be expected to be done well.

SOME RECOMMENDATIONS

1. Local development plans/programs need clear and specific goals and targets against which performance should be explicitly assessed. These assessments should then be used to improve the next round of plans and budgets. There are best practices that have already been documented, e.g., Bulacan province.
2. Pay attention to the relationship between budgets and programs. All activities and positions in the LGU should be examined if and how these contribute to local development, in general, and to specific

programs/projects in the local development and investment plans.

3. Give a greater role to the Local Development Councils (LDC) in budget preparation. At present, the LDCs make the plans while the Local Finance Committee (LFC) drafts the budget. The plan-budget linkage requires a lot of improvement.

PARTICIPATION

There are estimates that only 30-50% of LGUs have LDCs in place. Furthermore, less than a third of LGUs have development plans that benefited from meaningful NGO participation. It is not surprising, therefore, that LGU officials do not correctly predict the preferences of their constituents. A survey in 2000 showed that municipal officials correctly anticipate households' first priority in 5 out of 10 cases while provincial officials cite the top preference only in 3 out of 10 cases. (IRIS 2000 as cited by Manasan, 2003)

The extensive experience of the Governance and Local Democracy (GOLD) project of USAID and the Philippines-Canada Local Government Support Program (LGSP) of CIDA emphasises

the importance of broad-based multi-sectoral strategic planning exercises. Local NGOs, people's organisations and national/regional government agencies operating in the local area can help in identifying priority needs and projects as well as additional financial and technical resources.

SOME RECOMMENDATIONS

1. Activate Local Development Councils to perform their LGC mandate in the formulation of local development plans. LGSP, GOLD and the Local Government Academy have manuals and other publications that are very useful for participatory planning at the LGU level.
2. Invite provincial, regional, and national government representatives to participate in LDC processes. They can advise on possible projects and resources.
3. Improve the integration national, regional, and local development plans. This is a very challenging task but a necessary one if efforts at local development are to be efficient and effective. The Regional Development Councils (RDC) are in the appropriate position to do this. However, they need to be reoriented to adopt a more "bottom-up" approach.

EFFICIENCY

There is a mass of anecdotal evidence that LGUs do things cheaper. Costs of constructing classrooms and roads can go down by as much as 40% if done by LGUs instead of the Department of Public Works and Highways (DPWH). The difference may come from the DPWH inclusion of management overhead in its costings. LGUs maximise the use of its personnel particularly those from the Municipal/Provincial Engineers' office. LGUs are also able to use local raw materials and labour.

RECOMMENDATION

1. Devolve more infrastructure funds for classrooms and local roads to LGUs from the DPWH and other national government agencies.

URGENT TECHNICAL ISSUES

REVENUE ESTIMATES

As required by the LGC, LGU budgets consist mainly of two parts – revenue and expenditures. Data from 1997-2001 shows that, in general,

estimates for local revenue generation are seldom met. Shortfalls range from 5% to 15%. Estimates of the IRA, which is usually the largest contributor to revenue also started becoming unreliable since 1998. The difference between actual releases and the estimates of the Department of Budget and Management (DBM) ranged from a low of 2% in 1999 to 15% in 2001.

If revenue forecasts are unreliable, how can LGUs properly plan and implement their local development programs and expenditures?

Some recommendations

1. The Bureau of Local Government Finance (BLGF) of the Department of Finance should take the lead in providing technical assistance to LGUs for the collection and analysis of revenue data.
2. Improve IRA estimates and release IRA funds in full and in a timely manner.

INCREMENTAL BUDGETING

The incremental approach to budgeting assumes that expenditure levels for existing programs and sectors are appropriate. Therefore, only incremental improvements and adjustments need to be inputted into the succeeding budget. No consideration is given to program performance and cost-effectiveness.

The customary budget format encourages incremental budgeting because this simply shows the amount allocated to each LGU office which is then divided into personal services, maintenance and other operating expenses, and capital outlay. Although there is an increasing number of LGUs who show allocations across sectors and programs, only a few include information on targets and results that the programs are supposed to attain. Targets and intended results are needed if LGUs are to shift from incremental to performance-based budgeting.

Recommendation

1. Shift from incremental budgeting to performance-based budgeting by tightening the link between planning and budgeting (see previous section). Study the experience of Bulacan province.

A consistent and supportive budget is a necessary requirement for the actual implementation of LESD plans and projects. Monitoring budget formulation, approval, and disbursement is, therefore, very important. However, other ingredients and conditions are also needed. The other tools can hopefully address these.

ACKNOWLEDGEMENTS

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- *Philippine Public Fiscal Administration* Vols. I and II (1996), Briones, L.M., Fiscal Administration Foundation, Inc.
- The Local Government Code of 1991 (R.A. 7160) <http://www.dilg.gov.ph/LocalGovernmentCode.aspx#b2t3c1>
- Training Modules on Budget Advocacy and Poverty Incidence Monitoring (2004), Project on “*Developing Community Capacities for Pro-Poor Budgeting and Local Government Accountability for Poverty Reduction*”, Caucus of Development NGO Networks (CODE-NGO)
- Rules and Regulations Implementing the Local Government Code of 1991 (R.A. 7160) as Compiled by Arellano V. Busto

CROSS-REFERENCE

- Tool.5.04, Information Tool: Overview of LGU financing options for local development

TEN STEPS TOWARDS BUILDING PUBLIC-PRIVATE PARTNERSHIPS

OVERVIEW

Public-private partnerships can help local government units (LGUs) take up the twin challenges of creating employment for the poor while providing them with affordable services and a better living environment.

OBJECTIVE

This tool

- Identifies the steps in building public-private partnerships
- Explains how these partnerships can be mobilised to help LGUs

WHY UNDERTAKE PUBLIC-PRIVATE PARTNERSHIPS (PPP)?

LGUs are entrusted with a range of responsibilities under Filipino law that requires the pooling together of local capacities and resources to fulfill them in an efficient and equitable manner.

Involving local micro and small enterprises in employment-intensive service delivery is a way of increasing efficiency and coverage while ensuring that livelihoods are not lost and working conditions improved. Controlled privatisation can yield the advantages of a market-based economy while ensuring that the poor are not excluded from development.

WHAT FORMS DO THEY TAKE?

PPPs are agreements between public authorities and private sector bodies for the construction or management of public sector infrastructure facilities or for the provision of services such as water supply, drainage, road maintenance, energy, waste management, health or education using public infrastructure facilities. Contracts are usually awarded through a call for tenders from international, national or local enterprises. This tool deals with partnerships with local enterprises, as these have been proven valuable in creating jobs and stimulating the local economy. Recourse to enterprises based in other regions or countries should be limited to activities for which local

capacity and resources are insufficient. In such cases, a triangular PPP can be pictured composed of an outside agency, the local private sector and local authorities.

HOW DO THEY RELATE TO DECENT WORK?

PPPs can be a means of helping numerous small businesses and self-employed workers operating in the informal economy to cross the threshold towards formal recognition of their role in the local economy. Contracts with local authorities give them income security that is necessary for further investment in equipment, protective gear, social protection schemes, etc. which they and their employees benefit from. A clear definition of their rights and duties helps reduce corruption, avoid disputes with competitors and harassment by the police. By organising themselves into associations, they are able to obtain representation in local decision-making bodies and gain access to support services.

TEN STEPS TOWARDS BUILDING PUBLIC-PRIVATE PARTNERSHIPS

1. Prioritise the needs of the community and select those services that require top priority in the current legislature.
2. Identify the local stakeholders – micro and small enterprises, associations of workers, suppliers of raw materials, training institutions, etc. that are associated with providing one of those services and invite them to participate in a local stakeholder platform.
3. Engage the local stakeholders in mapping the current situation (needs and resources), particularly the shortfalls in service provision and obstacles to efficiency. Special attention should be given to unplanned human settlements that often fall outside service networks. The opinion of users/clients is a valuable source of information.
4. Develop a plan and budget for improving service provision in consultation with the local stakeholders: Earmark the necessary funds. If necessary, seek the support of relevant external agencies for the implementation of the plan. Study tours to neighbouring *barangays*/municipalities that have developed innovative ways of addressing the same problem may be useful in developing the plan.
5. Examine the regulatory framework and particularly the procurement procedures of the LGU and consult the stakeholders about bottlenecks they have experienced. Take steps to simplify regulations and procurement procedures to suit the capacities of micro and small enterprises.
6. Facilitate the registration of self-help associations and community-based groups that are at present operating informally, and build their capacity to participate in the procurement procedures by providing training, work space, etc. Services are often most efficiently provided by members of the community themselves; this is known as ‘community contracting’.
7. Put out a call for tenders and ensure that the selection process is transparent and fair.
8. Sign contracts with the selected enterprises or community-based organisations that clearly define their rights and obligations, including commitments to respect public health requirements, labour standards such as no child labour, anti-pollution measures, etc.
9. Assist the concerned enterprises in accessing credit from financial institutions or community-based mechanisms so that they do not have to resort to usury.
10. Monitor the provision of the service to ensure that all groups in the constituency are reached and that users pay for the service they receive and receive the service they pay for.

RELEVANT RESOURCES

- ILO/SEED: *Local Employment in the Informal Economy: A Course Guide for staff in local governments and partnership organisations*, 2001 <http://www.ilo.org/dyn/empent/docs/F158624552/Local%20employment%20in%20the%20Informal%20Economy.pdf>
- J. Tournée, W. van Esch: *Community contracts in public sector works, Practical lessons from experience*, ILO, 2001 http://www.ilo.org/public/english/employment/recon/eiip/download/community_contr.pdf
- These are posted on the following web-site: <http://www.ilo.org/seed/>

CROSS-REFERENCES

- Tool 2.01, Assessment Tool: Territorial diagnosis
- Tool 3.01, Information Tool: The role of key stakeholders in local development

OVERSEAS FILIPINO WORKERS – PARTNERS IN LOCAL DEVELOPMENT

OBJECTIVE

This tool discusses basic facts and figures about Overseas Filipino Workers (OFWs) and explains how their remittances can be a resource for local development.

As of December 2001, there were an estimated 7.41 million Filipinos living or working abroad. (Commission on Filipinos Overseas, 2002) They constitute approximately 10 percent of the total population, 20 percent of the labour force and remit almost US\$ 7 billion per year. These remittances are roughly equal to 20 percent of total annual exports. (Panganiban, 2002)

STATE POLICY

The Migrant Workers and Overseas Filipino Act of 1995 (R.A. 8042) embodies the Philippine government's policy on OFWs. Following are some of its important policy declarations:

1. The State shall uphold the dignity of its citizens, whether in the country or overseas in the pursuit of an independent foreign policy.
2. The State shall afford full protection to labour, local and overseas, organised or unorganised, and promote full employment and equality of employment opportunities for all.
3. The State shall apply gender-sensitive criteria in the formulation of policies and programs affecting migrant workers.
4. The State shall provide migrant workers free access to courts and quasi-judicial bodies.
5. The State recognises the rights of migrant workers to participate in democratic decision-making processes and their right to be represented in institutions relevant to overseas employment.

6. The State recognises that the ultimate protection to all migrant workers is the possession of skills.
7. The State regards non-government organisations (NGOs) as partners in the protection of migrant workers.

An important international statute, which the Philippines ratified, is the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families. The convention collates into one instrument all the human rights applicable to migrants irrespective of their situation. In addition, the Convention specifies additional rights for documented migrants and for specific categories of migrants, and mandates specific measures for the eradication of irregular migration. (Philippine Migrants Rights Watch, 2003)

CHARACTERISTICS OF FILIPINO LABOUR MIGRATION

On the average 2,000 to 2,500 workers depart each day for overseas work. Alcid and Panganiban (2000) characterise Filipino labour migration overseas as:

1. Market-driven – In an era of globalisation market forces set the demand, wage levels and working conditions of OFWs. The Philippine government is moving towards fully deregulating the labour export industry.
2. Feminised – An increasing number of women have left the country to work as nurses, domestic workers, and entertainers. In 1999, they constituted 64 percent of the 237,260 new-hires among land-based workers. In recent times, the demand for nurses and caregivers has been increasing significantly.
3. Concentrated in the services/entertainment sector – Half of the new-hires in 1999 were service workers, 91 percent of whom were women. Professionals and technical workers constituted one-third, 71 percent of whom were entertainers. Ninety percent of the entertainers were deployed to Japan.

4. Intergenerational – After more than a quarter century of government-supported export of labour, fathers and/or mothers work alongside or have been replaced by their children, nephews, and nieces abroad.
5. Concentrated in the USA/Canada, Asia, and Saudi Arabia – See the table below.

Top Countries with a Concentration of Filipinos

Rank	Country	Population
1	United States	2,503,417
2	Saudi Arabia	915,239
3	Canada	363,707
4	Japan	240,548
5	Malaysia	226,479
6	Australia	206,803
7	Hong Kong	173,889
8	UAE	166,977
9	Italy	150,429
10	Singapore	128,446
11	Taiwan	122,681

Source: Commission on Filipinos Overseas, Department of Foreign Affairs, December 2001.

THE CULTURE OF REMITTANCE

In the book “Helping Build Local Economies” by Andres Panganiban (2002), the author analyses “the culture of remittance”. He explains the formal and formal channels use by OFWs to send money to their families. He describes how the remittances are used for investment, social obligations, and emergencies. He laments the situation wherein, more often than not, remittances are generally not put to productive use. In the worst cases, the OFW returns home without savings and sometimes, even in debt. Panganiban points out the need for a coherent economic development plan that will rationalise and maximise the productive use of remittances at the national and local level.

DIRECTING REMITTANCES TOWARDS PRODUCTIVE USE

Panganiban calls for a “cultural shift” in the OFW towards:

1. Internalising and operationalising the concept of “savings for investment”.
2. Planning his/her monthly (e.g., household) and long-term (e.g., housing) expenses. Based on this, s/he should determine the

amount s/he should save and invest.

3. Seeking advice from professionals on how s/he and her family can realise the targeted savings and helps them identify the best possible investment. The best option is to use the services of reputable and stable banks.
4. Knowing the limits to his/her social obligations. This means learning to say “NO” to frivolous, consumerist, and non-productive requests for money. One tactic is to deposit remittances in accounts that are difficult for the family members to access.
5. Exploring insurance and pension options offered by reputable and stable companies.

The author names five “pillars” to support this shift:

- Enterprising Migrant Workers
- Families of the Enterprising Migrant Workers
- Local Government
- Microfinance Institutions
- Civil Society Organisations

THE CHALLENGE OF REINTEGRATION

“Coming home and reintegrating in one’s own community is indeed every migrant woman’s

dream”. (Añonuevo, 2002) Reintegration starts from pre-departure when the OFW and his/her family set goals for the migration in the first place. The process extends to the time s/he works abroad, saves money, gets emotional support from his/her family, joins OFW organisations, etc. Upon return, the OFW and family need the support from reintegration programs of national and local governments and NGOs.

The main government program being implemented is the Overseas Workers Welfare Administration’s (OWWA) Livelihood Development Program for OFWs. It provides different types of loans to returning OFWs. NGOs like Balika *Bayani* Foundation and Atikha Foundation have programs that assist migrants and their families.

THE ROLE OF THE LGU

The LGU needs to look at the OFW as a citizen-investor. After working and being away from their families for so long, the OFW will not stay, spend, and invest their hard-earned money in a town that does not have basic services and facilities for social and economic reintegration, such as health, education, transport, and communication. They will leave if they feel that their safety and security

cannot be ensured. These are, coincidentally, the same expectations of investors from the private sector.

Other LGUs can do more by encouraging local banks, cooperatives and NGOs to assist OFWs in the latter’s remittance, savings and investment, and reintegration needs. The goodwill generated by such assistance can be tremendous.

Many OFWs donate funds to support the provision of basic infrastructure and services direct to the *barangay* or town where they came from. The mayor of Pozzorubio, Pangasinan tapped the energy and funds of his town mates abroad to build infrastructure and provide services that his budget could not support.

In money terms, the potentials can be staggering. The families of OFWs in a *barangay* in Mabini, Batangas receives PhP 40 million per month in remittances from Italy. Compare this with the annual budget of PhP 4 million of a 5th class municipality. Even if only a small percentage of these remittances can be tapped it can go a long way towards local economic and social development.

LGUs who are interested in studying the potentials of OFWs as a resource and constituency for local development should look at *barangay* data which usually indicate how many families have an OFW. They may also contact the Department of Labor and Employment (DOLE), the Philippine Overseas Employment Administration (POEA), and the Overseas Workers Welfare Administration (OWWA).

RELEVANT RESOURCES

- *Coming Home – Women, Migration, and Reintegration*, Estrella Dizon-Añonuevo and Augustus Añonuevo (Editors), 2002
- *Helping Build Local Economies – A Framework for Microfinance Practitioners*, Andres G. Panganiban, 2002
- *The Rights of Filipino Migrants – A Primer on RA 8042 and the International Convention on Migrant Workers*, Philippine Migrants Rights Watch, 2003
- *Directory of NGOs for Migrants in Asia*, Scalabrini Migration Center, 1997
- *Handbook for Overseas* (2nd Edition), Filipinos Commission on Filipinos Overseas, 2002

- *Unauthorised Migration in Southeast Asia*, Graziano Batistella and Maruja Asis (Editors), 2003

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TIPS FOR DEALING WITH EXTERNAL FACTORS

OVERVIEW

Many external factors may affect local development plans and projects. Plans may have to be changed because of changes within the community or because of conditions beyond the community.

OBJECTIVE

This tool discusses some tips as to how Local Government Units (LGUs) and local communities can anticipate external factors – or conditions that are beyond their control and orient their plans accordingly.

LGUs and local communities must always be ready to change their plans if the external environment or their internal conditions so require. A good plan should have room for some flexibility.

In general, external influences can present either risks or opportunities. Risks, problems, and contingencies that may or may not be within the control of the locality must be identified in the

plan. On the other hand, the LGU must be also prepared to take advantage of opportunities that may be available only for a limited time.

Risks and opportunities may be classified as economic, political, environmental, and others. This tool will attempt to provide general suggestions for these different types. The user will have to consult other materials for more specific responses.

IDENTIFY RISKS AT THE PLANNING STAGE

Even in the worst cases, e.g., disasters, there is no substitute for preparedness. This requires the identification of the possible and probable risks at the planning stage. What political, economic, and ecological events in the past negatively affected local communities, especially the poor?

Local planners and development practitioners need to look backward, forward, and all around them to identify these risks. After doing so, it will be useful to estimate or rank the probability that these will occur and affect the proposed plan or project.

ECONOMIC RISKS

Is the locality dependent on only one or a few products/services? What are its main imports from other localities? What are its main exports? Its imports will be negatively affected by price increases while its exports will be negatively affected by price control or reductions.

What possible events in the future can negatively affect imports and exports? Are there competing suppliers to its exports? How are they doing? How can the locality maintain the competitiveness of its exports? Are there alternatives to these imports and exports that can sustain economic activity in the locality?

For communities that are economically dependent on only one or a few products, price fluctuations at the national or international level can affect them severely. Many have been hit by fluctuations in the price of sugar, coconut, rice, and other agricultural commodities. These market forces (and failures) have resulted in crises that the national

government has had to address because there was very little that local governments could do.

Another example is the rise in the price of fuel. This affects the whole supply chain and the country's dependence on imported oil limits the possible responses at the local level. Still, local planners need to prepare and respond.

Economic and political crises (including war) in countries employing overseas Filipino workers (OFWs) can send them packing home unexpectedly. This creates a huge unemployment crisis in the OFWs' home communities.

POLITICAL RISKS

How is the political climate in the locality? Are there deep political differences between equally powerful forces? Or is there a "clear political majority"?

Who are the key stakeholders whose interests affect, or are affected by, the proposed plan or project? Are they likely to oppose or support the plan? Are their interests competing with each other? Who are the potential mediators in civil society and among politicians? What is the potential for negative outside political interference

whether it be from the province, the region, or the national level?

Can conflicts be resolved peacefully? What are the prospects for political upheavals or changes at the provincial and national level? How will these affect the municipality?

ENVIRONMENTAL/NATURAL RISKS

Is the locality visited by typhoons? Is it flood- or drought- prone? What is the history and present condition of its forests, soil, air, water sources, power sources, etc.? What are the possibilities in the future?

Being in the typhoon belt of South East Asia combined with the denudation of its forests makes many areas in the Philippines both flood- and drought-prone. Add to this the country's being in the Pacific Ocean's "Ring of Fire" (where several volcanoes and earthquake faults are located) and you have a recipe for natural disaster.

IDENTIFY ALTERNATIVES

After identifying the risks, the alternatives that respond to, or take into account, the identified

risks need to be formulated and incorporated into the plan. It is often useful to develop a "Plan A, a Plan B, or even a Plan C" to address risks and contingencies. Usually Plan A is for an optimistic scenario, Plan B is for a "medium" scenario, and Plan C is for a pessimistic scenario.

The Local Development Council (LDC) is the mandated venue for making long-, medium-, and short-term development plans. This broad-based body is appropriate for addressing risks and identifying alternatives using a multi-sectoral approach. No single sector can face the above-mentioned risks alone.

LONG-TERM OPTIONS

Some risks cannot be dealt with in the short-term, but require a long-term strategy and a plan of action that spans several years, often beyond one term of office of LGU elected officials.

ECONOMIC

To mitigate the effects of depressed commodity prices, LGUs have little choice but to ensure that their communities have access to national and local subsidies and safety nets. This is, of

course, unsustainable but necessary for the short term. LGUs need to be quick in linking up with provincial, regional, and national bodies that provide aid in times of emergency. Among these bodies and agencies are the local disaster coordinating agencies, the Department of Social Welfare and Development, the National Food Authority, and the provincial governments.

For the long term, local communities have no choice but to diversify economic activity and decrease dependence on external inputs and markets. This is easier said than done. However, the options are very limited.

Panganiban (2002) advocates the development of local economies, i.e., identifying, building, and integrating local markets, financing, and production. He cites the need to bring together the financial and social capital of LGUs, Civil Society, Overseas Filipinos and their families, Entrepreneurs, and Rural Banks – the five “pillars” of local economic development.

LGUs need to be proactive by conducting forward-looking and comprehensive studies on the economic prospects of its main imports and exports. Also, in an increasing number of

localities, the main export and contributor to the local economy is labour (Overseas Filipino Workers). This is both a risk and an opportunity. It is a risk because of the labour shortage it causes as well as the psycho-social effects (drugs, drop-outs, depression, new and difficult demographics, etc.) brought about by the separation of families. On the other hand, it presents opportunities for increased consumption and economic investment because of the substantial inflow of foreign currency remittances.

Specific feasibility and technical studies also have to be made on the viability of producing certain commodities, products and services at the community level.

Given the usual lack of funds to undertake these types of studies, the LGU will have to scout for resources from provincial, regional, and national government agencies or international donors. It may also try to pool funds from other LGUs.

POLITICAL

Political risks require more careful analysis and understanding. Planners and development practitioners need to keep their ears to the ground.

They need to be always in touch with the pulse of their constituencies. This is why participatory and consultative mechanisms, such as the Local Development Councils and other multi-sectoral bodies, are so important.

Local planners and LGU officials need to listen to and use both positive and negative feedback if they are to mitigate political risk.

ENVIRONMENTAL/NATURAL

No locality is an island. The 5% contingency fund required by the Local Government Code will never be enough to address emergencies. Natural disasters need preparedness plans that include cooperation and quick communication with provincial, regional, and national disaster coordinating committees. The Department of Social Welfare and Development and the Department of National Defense are the lead agencies in these committees.

OPPORTUNITIES

Opportunities are less studied than risks in the field of development planning and management. This is probably because the consequences

of responding (or not) to them are less clear. The consequences of not responding to, say, environmental/natural risks can be disastrous, and, therefore, need to be studied and prepared for.

Still, it is always worthwhile to look for opportunities rather than prepare or wait for them. This entrepreneurial attitude is necessary if local communities are to survive and progress beyond the usual resource constraints of government budgets.

Similar to the analysis of risks, an outward- and forward-looking perspective is needed to take advantage of opportunities. When making studies in preparation for the local development plan, LGUs need to look beyond the municipality, province, region and even the country! They need to ask themselves: What are the economic, political, and environmental potentials outside their locality that can positively affect their main resources, products, and services?

Usually, these potentials are in the form of new markets, new economic policies, new technology, price changes, new contacts, new information, etc. The challenge is to appreciate the impact of these potentials on the localities' main resources,

products, and services. No one is, of course, expected to know everything so it is always good to ask for information and advice from other LGUs, regional and national government agencies, NGOs, entrepreneurs, and if there is access, the internet.

LOCAL DEVELOPMENT COUNCIL (LDC)

The multi-sectoral character of the LDC makes it truly the appropriate venue for seeking opportunities and addressing risks. LGUs need a coalition approach to obtain and analyse the information that is basic to understanding opportunities and risks. The same approach is needed to influence higher level government agencies and the public in general on certain policies and programs that impact on the LGU.

It would be useful to ensure that the local development planning process include the identification and analysis of risks and opportunities. Sometimes, development plans are straightforward, wish-list types of documents that are accomplished just to fulfill the requirements of the Local Government Code. Perhaps it is time to go beyond that.

RELEVANT RESOURCES

- *Executive Agenda for Local Government – Manual and Facilitator's Guide*, Philippines-Canada Local Government Support Program (LGSP), 2002 http://www.lgspa.org.ph/kp/c_b.php?KnowledgeProductID=1
- *Transforming the Local Economy. Kaban Galing: The Philippine Case Bank on Innovation and Exemplary Practices in Good Governance*, Galing Pook Foundation, 2001
- *Helping Build Local Economies – A Framework for Microfinance Practitioners*, Andres G. Panganiban, 2002

IMPACT EVALUATION

OVERVIEW

Impact evaluation is necessary for two reasons:

- To judge whether an intervention, project or programme has been successful or not – what were the outcomes as compared to stated objectives?
- To generate information that will feed into future planning, policy making and resource allocation

OBJECTIVE

This tool discusses some guidelines for evaluating impact of a project or a programme.

SCOPE OF IMPACT EVALUATION

By definition, impact evaluation means comparing changes - over a period of time; before and after a project or intervention; or between a case with a project and a similar case without a project (control).

Two requirements for accurate evaluation of impacts:

- Collection of data on the baseline situation (before or without the intervention)
- Definition of how to measure the baseline and changes - selecting the factors to look at and the indicators that could best capture or reflect changes in these factors

The choice of indicators is very important. Indicators describe and express conditions and represent some kind of simplification or approximation of a situation. Indicators must be clear, simple and few to keep the monitoring and evaluation manageable. Quantitative and qualitative indicators may be used.

LOGICAL FRAMEWORK AND IMPACT EVALUATION

Tool No. 5.01 presents the Logical Framework for programme/project formulation. According to that tool, the design of the programme or project should be based on a careful analysis of the issue(s) being addressed, and that the outputs and activities are expected, based on a logical analysis, to contribute to the achievement of objectives.

The logical framework of the programme/project provides the basis for planning impact evaluation. The logical framework requires: (i) the identification of objectively verifiable indicators and (ii) the means of verification for the goal, objectives, and activities of the programme/project. Indicators and the range of methods for their verification must be decided upon DURING the formulation phase of a programme/project, NOT AFTER the programme/project has been designed and implemented.

METHODS FOR IMPACT EVALUATION

Conventional methods of collecting baseline data and impact evaluation are surveys and technical measurements covering a wide area or a relatively big number of individuals or households. These focus on tangible indicators. If resources are limited, available secondary data can be used. However, the reliability of such data needs to be verified.

Participatory methods involve people who are affected by or affecting the impacts that are being assessed. These are effective in identifying intangible outcomes and unforeseen impacts. It provides opportunities for discussion and analysis among beneficiaries of the programme/project, and, to those who are often ignored or forgotten, to voice their views. Participatory methods mean that the stakeholders should agree on how progress should be measured and findings acted upon. It is a challenging process for all concerned, as different stakeholders must examine their assumptions about what constitutes progress and together deal with the contradictions and conflicts that emerge.

These methods are not mutually exclusive, but they can be used to complement each other.

A combination of methods helps to obtain quantitative and qualitative data, a broad picture of trends as well as in-depth information of processes and impact.

BEYOND THE LOG FRAME

The main evaluation parameters that the Log Frame helps to measure are:

- **Effectiveness** or the attainment of, preferably, quantitative targets specified for each goal, objective, and activity. These targets can be in terms of outputs, outcomes, or impact. A more comprehensive definition of effectiveness includes a comparison of the Actual vs. the Intended Outcomes and Impact and an analysis of factors for success and failure.
- **Efficiency**, generally defined as the ratio of Outputs to Inputs. Benchmarks or standards should be used to see if the resulting ratios are acceptable or not. Factors leading to (in)efficiencies should be identified.

More and more, development practitioners are going beyond the Log Frame when evaluating

programmes and projects. This is in recognition of the following lessons.

The level of **participation and ownership** by the community is usually a determinant of project success. Sometimes, effective communication and information may be the only requirements. Other times, it is direct and active participation in the whole project cycle, including evaluation, which may be needed. In any case, participation adds to the Inputs available to the project and must be examined by the impact evaluation.

There are **unintended outcomes and impacts** that occur outside, in spite of, or regardless of the project design. These can be positive or negative. The impact evaluation should draw lessons from these outcomes and impacts.

Sustainability or the capacity of stakeholders to attain Outcomes & Impact even after project ends is another major parameter of impact evaluation. The intended impact may be felt during the project's life but may completely disappear later. Lack of sustainability may mean that the project was wasted exercise.

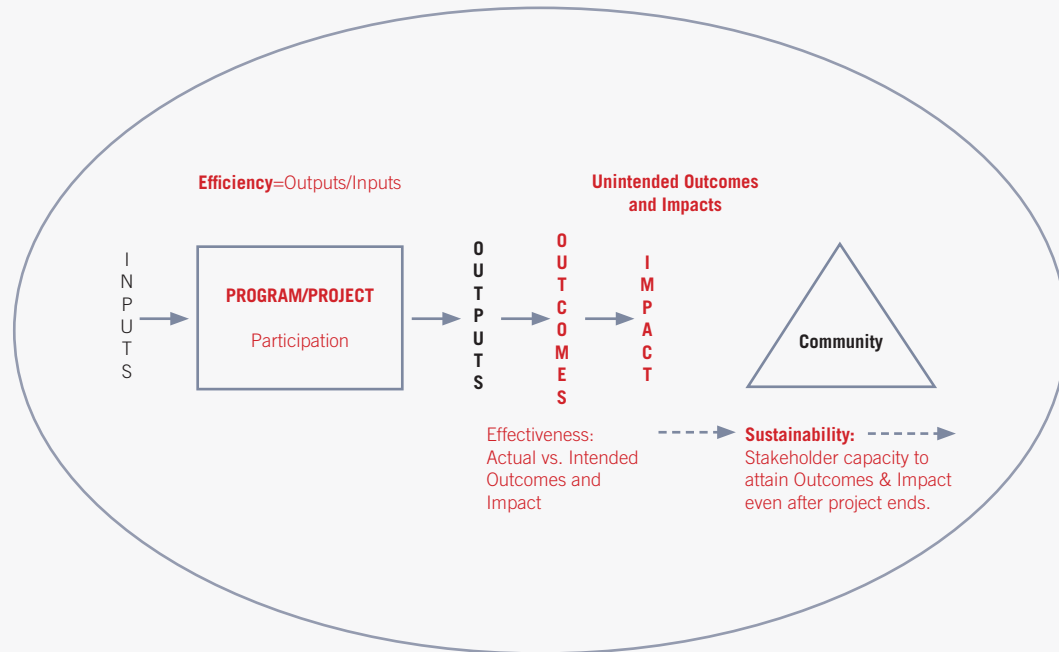
USING DIAGRAMS TO THINK THROUGH IMPACT AND OUTCOMES

One could use diagrams as an aid to analysing the possible pathways of impact - from causes to problem, from intervention to expected outcomes. Examples of basic diagrams are:

- Tree diagram – See the Factor Tree in Tool 5.01
- Flow diagram – shows the interrelationships between different issues, objects, and factors.
- Venn diagram – shows the common and distinct features between different elements that are represented as overlapping circles
- Road journey – charts a journey from point A to point B, usually over time.

Diagrams provide people with a low literacy level to contribute to discussions and have their ideas and contributions documented in a way that they can understand.

Here is an example of a diagram on the parameters of Impact Evaluation:



But diagrams are equally helpful for planners, policy makers and programme managers as a way of illustrating and documenting complex ideas. Diagrams can be used for impact evaluation in the following ways:

- Design of impact assessment – choice of indicators, causal modelling, development of hypotheses

- Investigation through participatory methods - qualitative interviewing with individuals and key informants, rapid identification of key indicators and issues
- Analysis of information, identification of ways to move forward

EVALUATING IMPACT ON DECENT WORK AND POVERTY

From the perspective of Local Development and Decent Work, it is important to assess the impact of specific local development efforts (programmes, projects, combination of all of these) on poverty reduction and improvements in decent work.

While designing a programme/project, it is important to explain:

1. In what way the programme interventions is expected to reduce poverty or reduce decent work gaps,
2. Which aspects of poverty or which decent work gaps are expected to be affected by the programme, and
3. How will these changes be measured (indicators and sources of information).

INDICATORS

Minimum Basic Needs (poverty) indicators are currently being collected by the *barangays* and municipalities based on data at the household

level, and serve as a potential source of baseline data (see Tool 4.03.04). It must be noted that MBN indicators use the household as unit of measure and do not capture poverty situation at level of individuals.

Local-level indicators for decent work are suggested in Tool 2.02. The unit of analysis must be individuals.

Depending on the objectives of an intervention or project at the local context, some or all of these indicators may be used to monitor impact and compare changes.

Indicators for other aspects of decent work are suggested in other tools in this Resource Kit, for example, the tools for assessing child labour, vulnerability and job quality.

To ensure that the above indicators will be used in the impact evaluation, their consistency with the goal and objectives must be determined DURING the design phase so that they can be included in the Log Frame.

RELEVANT RESOURCES

Linda Mayoux, *Thinking it through: Using Diagrams in Impact Assessment* http://www.ids.ac.uk/impact/resources/tools/mayoux_diagrams_overview.doc

CROSS-REFERENCES

- Tool 5.01, Information Tool: Factor analysis and logical framework for programme/project formulation
- Tool 2.02, Assessment Tool: How to measure and monitor decent work gaps at local level
- Tool 4.04.01.1, Assessment Tool: How to assess job quality in work places and enterprises
- Tool 4.03.04, Information Tool: Local poverty monitoring and target-setting – the Philippine MBN approach
- Tool 4.03.06.2, Assessment Tool: Assessing social risks and vulnerabilities in the local community

THE LOCAL GOVERNANCE PERFORMANCE MANAGEMENT SYSTEM (LGPMS)

OVERVIEW

The Local Governance Performance Management System (LGPMS) is a self-assessment, management and development tool that enables local governments – provinces, cities and municipalities -- to determine their capabilities and limitations in the delivery of essential public services. It is neither a scorecard nor a rating system to “measure” specific LGUs and promote competition.

The LGPMS is spearheaded by the Department of the Interior and Local Government, through the Bureau of Local Government Supervision and DILG Regional Offices, in partnership with major stakeholders, i.e., LGU users, LGU leagues, civil society organizations, private sector organizations, and international development partners.

OBJECTIVE

This Information Tool will provide an overview on the LGPMS and its value as a self-assessment tool that LGUs can use to monitor and evaluate their own development, towards improving service delivery to their constituents.

BRIEF BACKGROUND

Productivity and performance management in Philippine local government started with the Local Productivity and Performance Measurement System (LPPMS) in 1984, which was designed to generate information benchmarks on service delivery capabilities and limitations of LGUs.

The system was discontinued in 1996, and in 2000, the Citizens Satisfaction Index System was formulated to gauge client views on the reach and quality of basic and essential socio-economic and environmental management services. The CSIS was field-tested in several cities and municipalities in Luzon.

A year later, the Local Development Watch (DevWatch) was developed as an indicator-based assessment system on social well-being, economic prosperity and environmental health. DevWatch was field-tested in 36 cities and municipalities and implemented in selected local governments.

At least two significant lessons were drawn from the application of the LPPMS. First, the information it generated was limited to LGU service delivery capabilities and limitations. It could not provide information on the overall administrative capabilities and development conditions of LGUs. Second, the system could not process or manage information to effect real development and change at the local level.

Considering these important lessons learned, and recognizing the evolving state of local governance, the LGPMS was developed to serve three primary purposes:

- To support the development of a local government through the improved use of financial and human resources,

- To provide a benchmark for local government performance against established standards, and
- To inform national policy-makers on the state of development in local governance

PROMOTING A CULTURE OF SELF ASSESSMENT

The development and application of the LGPMS contributed to the transformation of the paradigm of performance measurement from a national information management to that of LGU self assessment.

LGPMS INDICATORS

As a web-based data management system, the LGPMS enables LGUs to look into five (5) performance areas and seventeen (17) service areas:

Governance

1. Local Legislation
2. Transparency
3. Participation

Administration

4. Development Planning
5. Revenue Generation
6. Resource Allocation and Utilization
7. Financial Accountability
8. Customer Service
9. Human Resource Management and Development

Social Services

10. Health and Nutrition
11. Education
12. Housing and Basic Utilities
13. Peace, Security and Disaster Preparedness

Economic Development

14. Agriculture and Fisheries Development
15. Entrepreneurship, Business and Industry Promotion

Environmental Management

16. Natural Resources Management
17. Waste Management and Pollution Control

Within these areas are 107 pre-defined indicators, categorized as input, output and outcome indicators to reflect LGU management capacity,

service delivery provision and development condition, respectively.

BENEFITS OF LGPMS TO VARIOUS STAKEHOLDERS

The primary stakeholders of LGPMS are local government officials and functionaries. Through the LGPMS, these stakeholders are provided with a better appreciation of the LGU's strengths and weaknesses in service delivery. Data and information useful in the identification of priority areas for improvement are also made available to enable them to plan and implement appropriate strategies and action plans for their constituents.

The LGPMS offers benefits to other stakeholders as well:

For National Government Agencies

1. Serves as a common national platform of information on local government performance, productivity and state of development
2. Provides benchmarks for local government performance
3. Provides a basis for capacity-building initiatives

4. Identifies good local governance and sustainable development practices
5. Provides a basis for strategic allocation of resources and assistance to local government units

For Civil Society Organizations and the Business Community

1. Serves as a medium for better awareness of LGU operations and challenges
2. Conveys citizen's agenda to local government officials
3. Stimulates effective participation in governance

For International Development Partners

1. Provides information benchmarks for local government performance
2. Facilitates a more-focused assistance to local governments

See Annex 5.10 for a list of business/labour-related indicators in LGPMS.

ACKNOWLEDGEMENTS

Department of the Interior and Local Government,
LGPMS Users Manual

RELEVANT RESOURCES

For more information, contact:

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ANNEX 5.10: LGPMS BUSINESS/LABOR-RELATED INDICATORS

1.3. SERVICE AREA

1.3.1. INPUT OR PERFORMANCE INDICATORS

1.3.1.3. Participation of different sectors in local governance and development

- Youth and children
- Women
- Agricultural or industrial workers
- Workers in the informal sector
- Migrant workers
- Differently-abled persons
- Indigenous people and cultural minorities or urban poor
- Senior citizens

2.6. SERVICE AREA: HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

2.6.1. INPUT OR PERFORMANCE INDICATORS

2.6.1.1. Effectiveness of the Human Resource Management and Development Program

- Human Resource Planning
- Recruitment and Selection
- Performance Evaluation

- Human Resource Development
- Career Development
- Incentives and Awards System
- Grievance Committee

2.6.1.2. Effectiveness of human resource recruitment, evaluation, promotion and grievance system

RECRUITMENT

- Participatory – allows participation of employee representatives, as well as other concerned individuals in the selection process
- Relevant – responds to the existing felt needs of the organization or office where a vacancy exists as defined in the Human Resource Management and Development Plan
- Transparent - provides for a mechanism to ensure that documents, as well as processes are available for public observation and reference
- Just – takes into account the protection of the interests and rights of both the prospective and existing local employees and of the organization as well
- Gender-Sensitive – gives equal opportunity to both men and women
- In accordance with existing laws or guidelines on personnel recruitment and selection

EVALUATION

- Performance appraisal is formally conducted at least twice a year for all employees

PROMOTION

- Promotions are linked to performance review and the search for most qualified employees

GRIEVANCE SYSTEM

- Gender-Sensitive – promotes sensitivity to the needs of both men and women
- Just – takes into account the protection of the interests and rights of both the prospective and existing local employees and of the organization as well
- In accordance with existing laws or guidelines as prescribed by the Civil Service Commission

2.6.2. OUTPUT OR PRODUCTIVITY INDICATORS**2.6.2.1. Percentage of plantilla staff participating in human resource development activities**

- A. Number of plantilla staff participating in staff development activities
 B. Total number of filled-up plantilla position
Percentage of plantilla staff participating in HR development activities (A/B X 100%)

2.6.2.2. Percentage of local government-initiated staff development activities

- A. Actual number of local government-initiated staff development activities
 B. Number of planned staff development activities
Percentage of local government-initiated staff development activities (A/B X 100%)

4.2. SERVICE AREA ENTREPRENEURSHIP, BUSINESS AND INDUSTRY PROMOTION**4.2.1. INPUT OR PERFORMANCE INDICATORS****4.2.1.1. Effectiveness of Enterprise, Business and Industry Promotion Council**

- Able to formulate a Local Entrepreneurship Development Plan as an integral component of the Local Development Plan
- Able to advocate local policies to create an environment that is conducive to the growth and development of local enterprises
- Able to mobilize concerned government agencies or offices and private sector organizations to support the growth and development of local enterprises
- Able to provide appropriate services to local entrepreneurs

4.2.1.2 Presence of basic infrastructure and facilities in areas zoned for business and industry

- Physical infrastructure such as roads, bridges or ports
- Communications infrastructure whether landline or mobile
- Power infrastructure
- Financial infrastructure such as banks

4.2.1.3. Quality of the Local Investment and Incentive Code

- Participatory in its formulation
- Identifies priority investment areas
- Provides fiscal and non-fiscal incentives
- Rules and procedure are clear and facilitative of investment
- Supportive of the local economic agenda

4.2.2. OUTPUT OR PRODUCTIVITY INDICATORS

4.2.2.1. Percentage of new jobs created as a result of investment promotion of the local government unit

- Total jobs that lasted for six (6) months or more and created during the profile year
- Total jobs that lasted for six (6) months or more and reported for the preceding year

Percentage of new jobs created (A-B/B x 100%)

4.2.2.2. Percentage of new enterprise, business and industry registered

- Number of new enterprise, business and industry that invested in the local government unit
- Number of enterprise, business and industry that closed
- Total number of enterprise, business and industry in the local government unit

Percentage of new enterprise, business and industry registered (A-B/C x 100%)

4.2.3. OUTCOME OR STATE OF DEVELOPMENT INDICATORS

4.2.3.1. Unemployment rate

- Total number of unemployed persons
- Total number of persons in the labor force

Unemployment rate (A/B x 100%)

4.2.3.2. Income per capita

- Average family income per year
- Average family size (total population / number of households)

Income per capita (A/B)

GLOSSARY



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Glossary

Advocacy

the pursuit of influencing outcomes, including public policy and resource allocation within political, economic, and social systems and institutions - that directly affect people's lives

Assets

in a balance sheet (accounting term), assets are positives and liabilities are negatives. The assets of communities are "economic and social wealth that relates to, or adds to the long-term net worth (of a local area).¹ It includes: human assets, social assets, financial assets, natural assets and physical assets.

Backward and forward linkages

backward linkages are the interconnection of a sector to those sectors from which a business purchases inputs, and forward linkages indicate the interconnection of a sector to those sectors to which it sells output.²

Civil Society

a term used to distinguish a third sector of society, distinct from the market or the economy and the state or government; it is ultimately about how culture, market and state relate to each other; it is a set of institutions, organisations and groups situated between the state, the business world, the tribe (in some

cases), the family and the individual; it specifically refers to forms of social participation and engagement and the values and cultural patterns associated with them; It often includes voluntary and non-profit organisations (e.g., NGOs, Community-based organisations), philanthropic institutions and social and political institutions.³

Comparative advantage

Doing what you do best. Comparative advantage is an economic theory that is based on the idea that if a country excels in one particular activity – making movies, for example, or growing grapes – it should be allowed to do it for everyone. It is assumed that each country will find some thing it is better at than the others. In this way, the country that makes the best wine can send wine abroad and get bread, cheese, or CD-ROM in return.⁴

Decentralisation

the restructuring or reorganisation of authority so that there is a system of co-responsibility between institutions of governance at the central, regional and local levels according to the principle of subsidiarity, thus increasing the overall quality and effectiveness of the system of governance, while increasing the authority and capacities at the local levels.

¹ Trousdale, W. (2004). The Manual: Strategic Planning for Local Economic Development (Vol. I: Concepts & Process), UN-Habitat and ECOPLAN INTERNATIONAL, INC.

² Larson, D. W. and Shaw, T. K. (2001). Issues of Microenterprise and Agricultural Growth: Do Opportunities Exist Through Forward and Backward Linkages?, <http://www.som.syr.edu/eee/jde/volume6-3-2001.htm>

³ Trousdale, W. (2004). The Manual: Strategic Planning for Local Economic Development (Vol. I: Concepts & Process), UN-Habitat and ECOPLAN INTERNATIONAL, INC.

⁴ Epping, R.C (2001). A Beginner's Guide to the World Economy, Vintage Books, New York.

Decent work

opportunities for women and men to obtain adequate and productive work in conditions of freedom, equity, security and human dignity; it can be paid and unpaid, wage and self-employment, formal and informal; it refers to any means of making a living.

Discrimination

any distinction, exclusion, restriction or preference which is based on any social group such as sex, race, colour, language, religion, political or other opinion, national or social origin, property birth or other status, and which has the purpose of nullifying or impairing the recognition, enjoyment or exercise by all persons, on an equal footing of all rights and freedoms.

Economic Leakage

money circulating in a local area that is re-spent outside of the local area by local residents and businesses; therefore, the money is lost from the local economy.⁵

Economy of scale

“Many hands make light work.” Economy of scale is an advantage that comes from making a lot of the same thing at once. Producing in large numbers means that the initial cost of investment is spread out over a large number of products or services.⁶

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⁵ Trousdale, W. (2004).

⁶ Epping, R.C (2001).

⁷ Epping, R.C (2001).

⁸ Kalra, K.B., (1995). Dictionary of Economics, Academic (India) Publishers, New Delhi.

⁹ Trousdale, W. (2004).

Elasticity

the measure, of how much something will change or stretch in a given situation⁷ ; the responsiveness of one variable to another, keeping other factors as constant⁸. Elasticity of demand, for example, tells how much the demand for a given product will change if there is a change in the price. A shopper with a high elasticity of demand will rush out and buy a product as soon as it goes on sale.

Employability

refers to an individual's ability to find, create, preserve, enrich a job or occupation, and go from one to another obtaining in exchange not only an economic reward but also a personal, social and professional satisfaction.

Financial assets

the cash, monetary investments and monetary instruments used in a functioning economy⁹ ; includes funds of the LGU and line agencies.

Fiscal policies

in contrast to monetary policies, which are in the hands of central bankers and other monetary authorities, a country's fiscal policies are in the hands of the elected government, which gets to decide how much to tax, how much to spend, and how much to borrow.

Governance

the system of values, policies and institutions by which a society manages its economic, political and social affairs through interactions within and among the state, civil society and private sector.

Human assets

the set of knowledge and skills that an individual acquires, through training and experience, and that increases this individual's value to society or in the marketplace.¹⁰

Impact

effect on the lives of the people of an undertaking, project or programme.

Job quality

refers to a range of inter-connected employment concerns that, between them, determine for each worker whether his or her experiences at work are positive or negative; includes both physical and non-physical work environment.

Liquidity

In the trading world, liquidity means being able to execute trades with ease. Essentially, it means that there are enough buyers and sellers to guarantee a market. Liquidity can also mean there is a ready supply of funds. In a company balance sheet, liquidity refers to the company's ability to come up with the cash to pay its debts.¹¹

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¹⁰ Trousdale, W. (2004).

¹¹ Epping, R.C (2001).

¹² Trousdale, W. (2004).

Livelihood

totality comprising the assets, the activities and the access to said assets and activities that determine the living gained by the individual or household.

Microfinance

the provision of financial services to low-income clients, including the self-employed. Financial services generally include savings and credit; however, some micro-finance organisations also provide insurance and payment services. Put simply, microfinance is banking with the poor.

Mission

a statement of purpose which acts as a governing framework for evaluating decisions and actions; vocation.

Multiplier effect

keeping money that is attracted to the local area circulating locally through the development of the non-basic sector is known as the “multiplier effect”. The lower the multiplier, the sooner money leaves the local area, resulting in fewer jobs and less income. For example, when a foreign tourist stays at a local hotel and spends money (tourism is a non-basic sector), it is in the interest of the local area to supply the hotel with goods and services, such as local art or local laundry services.¹²

Natural assets

the resources, living systems and ecosystem services required for a functioning economy.

Net worth

a community's net worth is calculated by adding up the monetary value of all assets and subtracting liabilities.

Own account workers

own-account workers are those workers who, working on their own account or with one or more partners, hold the type of job defined as a self-employed job, and have not engaged on a continuous basis any employees to work for them during the reference period. It should be noted that during the reference period the members of this group may have engaged employees, provided that this is on a non-continuous basis. The partners may or may not be members of the same family or household.¹³

Participatory research methods

research methods which focus on the local people's perspectives rather than on the outsider's perspectives.

Persuasion

an attempt to evoke a change in attitude and/or behaviour.

Physical asset

the technology, machines, tools and factories of a functioning economy.¹⁴

Principle of Subsidiarity

functions or tasks should only be devolved to the lowest level of social organisation that is capable of completing them.

Risks

events or circumstances that expose a person or groups to possible loss or injury. This term is often used interchangeably with the term vulnerability since vulnerability is defined as susceptibility or openness to attack, being hurt or injured. Vulnerability, however, covers a broader scope since the term includes those most affected by risks together with the lack of protection against the negative consequences (such as loss of income and inability to gain a living) of these risks.

Sampling

in research, sampling means selecting individuals or households (elements) to serve as respondents or source of information in such a way that findings from these respondents could represent the total population.

random sampling: Each element has an equal chance of selection independent of any other event in the selection process.

purposive sampling: Selecting a sample on the basis of the researcher's knowledge of the population, its elements and the nature or purpose of the research.

¹³ International Labour Organization (ILO) Resolutions Concerning International Classification of Status in Employment Adopted by the 15th International Conference of Labour Statisticians, January 1993, para. 10.

¹⁴ Trousdale, W. (2004).

Social assets

the organizational aspects of society such as networks, norms, social trust that facilitate coordination and cooperation for mutual benefit; includes information flows that provide social links and access to business, economic, social and environmental knowledge.¹⁵

Social dialogue

refers to all types of information sharing, information exchange, consultation and negotiation among several actors and stakeholders on issues of common interest or of conflict

Social exclusion

can be regarded as a description of individual disadvantage – a situation where one has no access (or are denied access) to resources, goods and services because of rules, practices, institutions and social relationships.

Social protection

social security which consists of public and private arrangements that help individuals and their families cope with the negative effects (such as poor nutrition, poor health, and no education) of loss of income or loss of job.

Stakeholders

individuals and groups that have an interest in, are involved with, or affected by, a policy or plan devised by government, community or business.

¹⁵ Trousdale, W. (2004).

¹⁶ Epping, R.C (2001).

Strategy

the overall scheme for attaining a vision.

Surplus

occurs whenever there is more coming in than going out. A trade surplus, for example, occurs when a country sells more abroad than it imports, which means a foreign exchange surplus. A government budget surplus occurs when tax receipts exceed expenditures.¹⁶

Tradable and non-tradable sectors

tradable sectors or industries are those which actually export a considerable portion of its production/output (export-oriented, traded), and/or could be traded internationally at some plausible variation in relative prices (tradable in export markets), and whose domestic production is substitutable with imports (import competing, can replace imports). Given “appropriate relative prices” it is optimal for an industry which is mainly export orientated or import competing to export all of its output or to only compete with imports on the domestic market.

Those that fall outside of these categories are considered “non-tradable” (for example, much of produce and activities in the poor segments of the informal economy like artisanal products, cooked food, metal fabricated tools in small foundries, subsistence farming and fishing which are primarily and largely for domestic consumption). Each country sets threshold for determining “significant” levels of export-orientation and import-substitutability. Some use the commodity approach to defining tradables and non-tradables; others

use an industry approach which is more aggregated. Tradable sectors/commodities are therefore influenced by global prices, tariffs on imports and exports and other national rules governing international trade, exchange rates and other rules governing national currency.

Value chain

a range of activities required to bring a product or service to the final consumer, which includes: producers, processors, input suppliers, exporters, retailers, etc.; includes both vertical and horizontal linkages; can be defined by a particular finished product or service e.g., wood furniture, fresh mangoes for export, etc.

Values

the worth or priority we place on people, things, ideas, or principles; these are self-chosen beliefs and ideals influenced by upbringing, society and personal reflection.¹⁷

Vision

a statement of a desired future situation

Vulnerability

greater exposure to risk and insecurity, often accompanying poverty and contributing to it; may be caused by lack of economic resources to protect persons/households from the effects of sudden shocks and contingencies

(death, drought) but often is induced by the mere fact of belonging to an ethnic group, or gender, and hence low status and limited access to social networks

Watershed

the total land area that contributes to the flow of a particular water body (e.g., river, creek or stream), including the area where the water drains out; the outlet can be a dam, irrigation system or water supply take-off point; it can be a place where the stream or river discharges into a larger water body such as a bigger river, a lake, or the sea¹⁸; it is a natural system whose boundary is determined on the ground by the highest points or ridgeline (topographic divide, separating one watershed from another) near or around a water body.¹⁹

¹⁷ Covey, F. (1998). *The Seven Habits of Highly Effective People*. Franklin Covey Co.

¹⁸ The Water Resources Development Project-Water Management Improvement Component (WRDP-WMIC) Study Team (1998). *The Philippines Strategy for Improved Watershed Resources Management*, Forest Management Bureau-DENR.

¹⁹ ____ (1997). *Forest Land Use Planning Guidelines*, Natural Resource Management Project-DENR.