



Local and Regional Economic Development in Leyte Province:  
**Report on the Action Planning 2006 /**  
**Training of Trainers II for LRED-Facilitators Mission**  
May 2006

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## ABBREVIATIONS

BDS	Business Development Services
BSO	Business Service Organizations
CARP	Comprehensive Agrarian Reform Program
CIDA	Canadian International Development Agency
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DENR	Department of Natural Resources
DST	Department of Science and Technology
DTI	Department of Trade and Industry
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
LGU	Local Government Unit
LRED	Local and Regional Economic Development
LSU	Leyte State University
MW	Mega Watts
NEDA	National Economic Development Authority
NGO	Non-governmental Organization
OCCI	Ormoc Chamber of Commerce and Industry
PACCI	Palompon Community Multi-Purpose Cooperative
PIT	Palompon Institute of Technology
SMEDSEP	Small and Medium Enterprise Development for Sustainable Employment Program
TESDA	Technical Education and Skills Development Authority

# 1 EXECUTIVE SUMMARY

This report summarizes the results of a short-term consultancy conducted on behalf of the Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP), which is jointly implemented by DTI and TESDA on the Philippine and GTZ and GFA-Management on the German side. The assignment was the fourth in a series of short-term missions with the purpose of introducing, expanding and consolidating the Local and Regional Economic Development (LRED) approach in the Province of Leyte. It took place from the 25<sup>th</sup>. March to the 7<sup>th</sup>. April 2006 and pursued the following objectives:

- Design and facilitate the 2<sup>nd</sup>. LRED action planning in the four partner LGUs in the Province of Leyte, namely Ormoc, Baybay, Palompon and Carigara;
- design and conduct and follow-up ToT for LRED-facilitators with a focus on business planning of LRED – interventions (ToT II).

The planning sessions were conducted in Baybay (28<sup>th</sup>. March), Palompon (29<sup>th</sup>. March) and Ormoc (31<sup>st</sup>. March) and the ToT II took place from April 3<sup>rd</sup>. to April 6<sup>th</sup>. 2006 in Baybay. The planning workshops were divided into two parts, one dealing with a summary of the activities carried out in the preceding phase, and the other with the action planning for the second year.

After one year of action plan implementation, the LRED – initiative in Leyte can be considered largely successful:

- Eight out of 14 interventions in Ormoc, Baybay and Palompon achieved their stated objectives, three achieved them partly and three failed. The success rate is 57% if only the “full” achievements are accounted for and 79% if also partial achievements are considered.
- In Palompon and Baybay economic development planning and monitoring turned more systematic and comprehensive and the private sector is becoming more involved in this process.
- There is evidence that the cost of doing business has, to a certain extent, decreased as a result of LRED and other activities undertaken by DTI.
- Evidence suggests that employment was generated in all the partner municipalities. Since LRED-activities have been started only recently, these achievements can be attributed to LRED only to a minor degree. However, due to its focus on improving the business environment and on very promising sub-sectors such as tourism, LRED holds the potential of accelerating employment generation in the upcoming year.
- The participatory and action-oriented approach meets a lot of commitment and active support on part of the local LGUs and SMEDSEP’s main program partner in this field, DTI. Therefore, the potential for replication and multiplication of the LRED-approach beyond Leyte can be considered high.

Notwithstanding these positive developments, the first year of LRED also demonstrated some limitations. In Ormoc, LRED is still being handled as one among several separate “projects” and not as an initiative for turning the whole

process of economic development planning and monitoring more “bottom-up”, holistic and effective. The major reason for this is that an attempt to breathe new life into the SMED-Council failed. In addition to this, despite considerable money and effort being invested in planning for cold storage facilities in Ormoc, major issues such as the ownership structure of such a venture are not yet resolved. Among other topics, these two should be tackled with high priority in the upcoming months.

Compared with the first “round” of action planning, the technical quality of the new plans improved. They became more operational and the identification of responsible persons for taking care of each of the activities was more realistic. Furthermore, for most of the activities a budget estimate could be provided. Another observation is that there was an equal representation of the public and private sectors in all the workshops. Before, some were either dominated by the private or the public side.

Strikingly, with the exception of one new field of intervention (“Enhance the economic capabilities of the poor” in Baybay), all interventions in the upcoming phase build on those of the past phase. On the one hand, this demonstrates that the first plans focused on issues deemed really important for the local stakeholders. On the other hand, it made clear that for interventions to have a tangible and attributable impact on employment generation, they need more than a year to unfold. For example, a tourism master plan can indeed be developed within one year, as happened in Baybay. However, developing tourist sites, promoting them on tourist fairs and during other occasions and finally attracting investors takes, at least, another one to two years. The same holds true for most of the other fields of intervention.

In the final part of this report, the consultant also provides some “food for thought” for the alignment of LRED with SMEDSEP’s strategic concept for the upcoming program phase (September 2006 – August 2009). The headline for this new concept reads “Improving the general investment and business climate”. In a wider sense, the activities under the meso-level category contribute to a better investment and business climate and some of the interventions carry the potential of serving as “models” for replication on a wider scale. These interventions should be considered to continue with SMEDSEP support even beyond April 2007. Another question is how to deal with LRED as a multi-stakeholder, participatory and action-oriented approach as such. The consultant proposes to consider LRED as such a model for making economic development planning and monitoring in smaller LGUs more systematic, participatory and effective.

## 2 INTRODUCTION

This report summarizes the results of a short-term consultancy conducted on behalf of the Small and Medium Enterprise Development for Sustainable Employment Program (SMEDSEP), which is jointly implemented by DTI and TESDA on the Philippine and GTZ and GFA-Management on the German side. The program comprises four components, namely enabling environment (component one), business development services/BDS (component two), financial services (component three) and demand-driven training (component four). This assignment was conducted under the auspices of component two. The program is regionally based in three provinces of the Visayas, namely Negros Occidental, Cebu and Leyte.

This consultancy was the fourth in a series of short-term missions with the purpose of introducing, expanding and consolidating the Local and Regional Economic Development (LRED) approach in the Province of Leyte. The first of these was carried out from 10<sup>th</sup> October to 5<sup>th</sup> November 2004. Rapid appraisals including validation workshops with relevant stakeholders were conducted in the two largest urban centres of the Province, namely Tacloban (the regional capital) and Ormoc. Finally it was agreed among the project's stakeholders to continue LRED-activities in Ormoc. The second mission was carried out a few months later, from 22<sup>nd</sup> January to 16<sup>th</sup> February 2005. Its prime objective was the extension of the approach to a few more municipalities in Leyte Province. As a result of a ranking done by 11 raters from DTI, NEDA and TESDA on a number of criteria such as the perceived dynamism of the LGU and their economic potential as well as some practical considerations put forward by SMEDSEP, a rapid economic appraisal was done in Baybay, Palompon and Carigara. Since the appraisal confirmed the economic potential as well as the institutional conduciveness of these areas for LRED, they became part of the LRED-approach in Leyte.

In the following months, SMEDSEP's LRED – Coordinator, Ms. Gloria M. Adapon and SMEDSEP's Component Two Manager, Mr. Markus Ehmann, were accompanying the implementation of the LRED – action plans, that had been drafted as part of the rapid economic appraisals. Two events had a significant impact on the course of the LRED – initiative:

First, the allocation of a budget of 30.000 EUR for so called “lighthouse projects” allowed the participating LGUs to speed up the implementation of some of their activities under the umbrella of the LRED - initiative. A committee consisting of the Provincial Directors of DTI and TESDA as well as SMEDSEP – representatives approved the co-funding of nine lighthouse projects, all of which were selected from a total of 19 fields of interventions as specified in the LRED action plans.

Second, a progress review of the SMEDSEP – program, conducted by a team of external consultants in October 2005, questioned the conduciveness of the program following different approaches in different regions (LRED in Leyte and sub-sector promotion in Cebu and Negros Occidental). As a result of a decision-making process within the program, which culminated in strategic planning meetings and workshops in February 2006, it was finally agreed to continue working in Leyte and align the LRED – initiative with the new thrust of phase II (September

2006 – August 2009), geared towards improving the general business and investment climate in the Visayas.

The consultant's third LRED – mission was conducted from 22<sup>nd</sup>. October to 12<sup>th</sup>. November 2005. As part of this assignment he reviewed the state-of-the-art of the implementation of the LRED - action plans by that time and moderated a ToT – course for LRED facilitators with the purpose of building the human resources necessary for the replication of the LRED – methodology. The internal review revealed that the LRED – initiative in the four participating LGUs (Ormoc, Baybay, Palompon and Carigara) was well underway. 14 out of a total of 19 interventions appeared very likely to achieve their stated objectives. The ToT represented a successful first step towards disseminating and replicating the approach within the Province of Leyte, which met a lot of acceptance on part of the participants. The training managed to enhance the methodological capacities of the trainees and increased their awareness on the necessity to become more participatory and involve the private sector more actively when dealing with economic affairs. It was also concluded, that there is still considerable scope for improving the economic know-how of the participants and equip them with tools for analysing the prospects of an LRED – intervention from a business point of view.

The objectives of this fourth assignment were twofold and built on the results of the preceding missions:

- Design and facilitate the 2<sup>nd</sup>. LRED action planning in the four partner LGUs in the Province of Leyte, namely Ormoc, Baybay, Palompon and Carigara;
- design and conduct and follow-up ToT for LRED-facilitators with a focus on business planning of LRED – interventions (ToT II).

The second “round” of action planning became necessary after the one year timeline of the first action plans had expired by October/November 2005 (Ormoc) and February 2006 (Baybay, Palompon and Ormoc). The task was to revise the existing plans, determine priorities for the upcoming year and draft a detailed plan. As during the first planning events, the criteria for good quality plans were realism (“doable” within one year), importance in terms of local income and employment generation and active involvement of both, private and public sector, in drafting them. The planning sessions were conducted in Baybay (28<sup>th</sup>. March), Palompon (29<sup>th</sup>. March) and Ormoc (31<sup>st</sup>. March). Due to the absence of important players in Carigara's LRED – initiative, it was not seen as appropriate to conduct the workshop there as initially scheduled. SMEDSEP's LRED - Coordinator, Ms. Gloria Adapon, and DTI's Provincial Director, Mr. Desiderio Belas, will hold the workshop in mid-April 2006.

Since program managers and partners identified the strengthening of the business know-how of LRED-facilitators in Leyte as a critical intervention, a follow-up ToT was conducted focusing mainly on economic and business aspects of LRED-interventions. A training needs assessment, undertaken by SMEDSEP advisor Mr. Lorenzo Templonuevo from March 22<sup>nd</sup> to 24<sup>th</sup>., validated the learning thrust of the follow-up ToT. Although, according to the report, the training needs of the LRED-facilitators are not limited to business issues, they indeed constitute a major concern of the players in Leyte. The ToT II took place from April 3<sup>rd</sup>. to April 6<sup>th</sup>. 2006 in Baybay.

### 3 IMPLEMENTATION OF LRED ACTION PLANS AS PER MARCH 2006

The first part of the planning sessions focused on a review of the achievements in each field of intervention. This was done in order to validate whether the project purpose of this sub-component was achieved. The purpose is defined as “*the LRED – approach has become an integral part of the planning and implementation procedures of selected cities/municipalities of Leyte Province*”. Apart from this, in two of the partner municipalities (Baybay and Palompon), the consultant also tried to gather information on the establishment of new businesses and the generation of employment during the preceding year, taking into account that SMEDSEP’s overall goal is contribute to employment and income generation as a precondition for poverty alleviation. Considering the relative complexity of Ormoc’s economy, asking the participants of the workshop was not deemed an appropriate method for gathering the respective data. Also for Baybay and Palompon the information cannot be considered complete and thus provides a rough idea on the local dynamics in terms of employment generation.

#### 3.1 Action Plan Implementation in Ormoc

LRED Ormoc		
Field of intervention	Activities conducted until 11/2005	Probability of achievement
1. Introduction of cold storage/ warehousing facilities	<ul style="list-style-type: none"> <li>3 consultation meetings/ focus group discussions conducted with a total of 50 participants (big and small market vendors, NGO representatives, City Council members, LGU Planning Office, Brgy. Captain) on 5<sup>th</sup> April, 12<sup>th</sup> April and 16<sup>th</sup> May 2005. Result: There is a demand from smaller vendors.</li> <li>Study tour to General Santos City.</li> <li>Space and cooperative group identified to run cold storage/ warehouse.</li> </ul>	<p><b>Partly achieved (2006).</b></p> <p>Remarks: The major problem at the moment is the ownership and management system. Running it through a co-operative may run the risk of putting too much emphasis on social targets at the expense of the economic viability. Apart from this, some stakeholders are questioning whether demand is sufficient to guarantee financial viability.</p> <p>It is important to hold a meeting with different stakeholders involving also the owners of the two existing ice plants in Ormoc. The purpose should be to critically examine the business prospects and the organizational set-up of this venture. Any further action should depend on</p>
	<ul style="list-style-type: none"> <li>Feasibility study finalized confirming viability of the cold storage. The LGU is willing to develop the site identified for the storage and provide funding for it (already earmarked in Annual Investment Plan).</li> </ul> <p>Constraints: There is no private operator identified who would invest in the project</p>	

LRED Ormoc		
Field of intervention	Activities conducted until 11/2005	Probability of achievement
	and make it run. The local proponents of cold storage think of a co-operative as owners and managers of the project.	the outcome of this meeting.
<b>2. Initiate integrated effort to address Ormoc's economic problems</b>	<ul style="list-style-type: none"> <li>LRED – plan became integral part of Ormoc City SMED – Council Operational Plan 2005; same relates to component 1 activities on enabling environment.</li> <li>Last SMED – Council meeting took place on June 8<sup>th</sup> 2005; no further meeting.</li> </ul>	<p><b>Not achieved.</b></p> <p><i>Remarks:</i> It was difficult to achieve the quorum due to a relatively large number of agencies represented in the SMED-Council without field offices in Ormoc. Another problem was that the SMED-Council Secretariat was not functional (recently, it has been reorganized). A new circular from DILG allows city and municipal SMED – Councils to operate not necessarily with line agencies. This would allow SMED-Councils to become more “localized” and agile.</p>
<b>3. Strengthen private sector associations and chambers</b>	<ul style="list-style-type: none"> <li>OCCI: Strategic planning workshop (revenue generation and capacity building) and operational planning for 2005 conducted on 23<sup>rd</sup> April.</li> <li>Website and brochure published.</li> </ul>	<p><b>Not achieved.</b></p> <p><i>Remarks:</i> Organization development of OCCI (esp. human resource management) is continuing to meet difficulties. Neither has membership nor service delivery increased. OCCI continues to focus on advocacy. Support provided through LRED cannot efficiently be absorbed.</p>
<b>4. Gathering of information on power price fixation and lobbying for lower power prices</b>	<ul style="list-style-type: none"> <li>Since 2006, Ormoc LGU channels royalties paid by PNOC to consumers in an effort to lower power prices by way of subsidization. The subsidy amounts to 698 PHP per m<sup>3</sup>. A middle class household's power bill reaches 12,000 PHP per year (rough estimate).</li> </ul>	<p><b>Achieved.</b></p> <p><i>Remarks:</i> The flat-rate subsidy contains a pro-poor bias, because, calculated as a percentage of the overall power bill, the share of the subsidy is higher, the lower the overall family income is.</p>

LRED Ormoc		
Field of intervention	Activities conducted until 11/2005	Probability of achievement
<b>5. Information exchange on possibilities of promoting high-potential agro-industries</b>	Activities were implemented without direct SMEDSEP support, LGU taking the lead in the activities. Activities included: Workshop on virgin coconut oil, technical workshop on Moscovado-Sugar, product packaging, fish processing and others.	<b>Achieved.</b> <i>Remarks:</i> According to stakeholders, marketing is a problem of developing agro-industries. Thus, future activities in this field should not deal exclusively with production but also take market and marketing into account.
<b>6. Marketing of Ormoc as a location for business and tourism.</b>	<ul style="list-style-type: none"> <li>• Official webpage of Ormoc launched in February 2005. 3<sup>rd</sup>. training workshop on webpage enhancement and maintenance for technical staff of the LGU actually being carried out. Updating and management of webpage is still a problem (presently outsourced).</li> <li>• Lighthouse project "Initiating the systematic promotion of Lake Danao" is carried out. Management plan is finalized, brochure updated and printed. Tourism reception seminar is still to be conducted .</li> </ul>	<b>Achieved.</b> <i>Remarks:</i> Although the project can be considered as achieved, there are still issues to be worked on. Regarding the webpage, management needs to be improved and updating procedures fastened. For an effective promotion of Lake Danao, the development plan has still to become operational and disseminated within the tourism industry.

*General conclusions for Ormoc:* The LRED – initiative in Ormoc passed through different stages: Whereas in the beginning, primarily private sector representatives demonstrated a keen interest in the approach (with the exception of one councillor there were only entrepreneurs and collaborators of NGOs in the first validation and action planning workshop), the LGU came in only at a later point. Relations with the LGU's point person for LRED, the City Development Planning Coordinator, developed very well and cooperation with the public sector became more intense. The lighthouse projects played a major role in spurring the interest of the local authorities. However, only rarely private and public sector representatives sat at one table to discuss LRED-related issues, until the second action planning workshop in March 2006. This event witnessed active participation of both parties, which resulted in very lively and fruitful discussions. Still, the LRED – initiative in Ormoc is one among other projects. LRED as a multi-stakeholder and "bottom-up" approach of economic planning and monitoring, is not yet fully integrated into the institutional fabric of Ormoc. The major tool for achieving this, the SMED-Council, did not yet fulfil this role, and its last convention was in June 2005. Considering that some of the constraints impeding an effective work of the council were removed in the meantime, the revival of the SMED-Council should be one of the top priorities of LRED in Ormoc. The purpose should be to turn it into the major consultative forum between public and private sector in Ormoc in

all economic matters (not only those related to the LRED action plan). Three out of the six “projects” of the first action plan were achieved, one was partly achieved and two not achieved. The LRED – initiative is meeting a lot of commitment on part of the local stakeholders and is highly welcome. Nevertheless, turning it into a real success story would still need some “push” from SMEDSEP. Aside from reviving the SMED-Council, resolving the pending issues in the establishment of cold storage facilities (management structure and finance) should be given high priority.

### 3.2 Action Plan Implementation in Baybay

<b>LRED Baybay</b>
<b>Some evidence in terms of employment generation</b>
<p>Baybay:</p> <ul style="list-style-type: none"> <li>• A 2<sup>nd</sup>. coconut oil manufacturing plant in Baybay is in a process of being set up. The owner will be the CELEBES group of companies. The company is currently acquiring the land for the establishment of the plant. Employment potential: 60 permanent workers and up to 400 during construction.</li> <li>• A group from Shenyang (China) withdrew its plan to build a coconut oil milling plant in Baybay due to security reasons (NPA insurgency).</li> <li>• A tourism operator is about to locate in Baybay. He already acquired equipment. Employment potential: 5 permanent staff.</li> <li>• LSU Sea Resort: The resort is not yet officially launched. During the construction phase, 40 workers were employed.</li> </ul>

<b>LRED Baybay: Action Plan Implementation</b>		
<b>Field of intervention</b>	<b>Activities conducted until 03/2006</b>	<b>Achievement status</b>
<b>1. Address investment promotion more systematically</b>	<ul style="list-style-type: none"> <li>• One-stop-shop reactivated. MoA between LGU and DTI for online business registrations signed.</li> <li>• Security situation improved: Random checkpoints are set-up and a Law Enforcement Auxiliary Group to help policing especially in the baranguays was established.</li> <li>• Website set up and staff trained.</li> <li>• “Baybay Tourism and Investment Promotion Office (BTIPO)” was officially opened on the 10<sup>th</sup> of December 2005 (LRED – lighthouse project). LGU provided the space and the staff (3 officers), LRED office equipment. Organizational chart approved in January 2006. In the first months of its existence, BTIPO handled 10 inquiries. Three additional inquiries were channelled through</li> </ul>	<p><b>Achieved.</b></p> <p><i>Remarks: Taking pertaining weaknesses of the BTIPO and the interest of would-be investors into account, there is a potential for continuation.</i></p>

<b>LRED Baybay: Action Plan Implementation</b>		
<b>Field of intervention</b>	<b>Activities conducted until 03/2006</b>	<b>Achievement status</b>
	<p>the Mayor's office.</p> <ul style="list-style-type: none"> <li>The BTIPO is also hosting business and loan counselling activities, thus widening its scope from "pure" promotion to direct business support.</li> </ul> <p><i>Issues to be considered: BTIPO is not yet sufficiently pro-active.</i></p>	
<b>2. Initiate the development of local tourism</b>	<ul style="list-style-type: none"> <li>Tourism council recreated and functioning.</li> <li>Proposal launched to Philippine Tourism Board for the development of a particular spot.</li> <li>Benchmarking mission to Bohol conducted on 4<sup>th</sup> – 6<sup>th</sup> October by Tourism Council. Most of the Bohol strategies also apply to Baybay.</li> <li>Tourism Plan drafted, discussed, revised and accomplished by the end of 2005. The LSU was closely involved in the master plan (e.g. documentation of tourist spots through LGU mountain climbers, participation of LSU – President in the Tourism Council).</li> <li>On-going consultation with local architects on ways and means of developing tourist spots.</li> <li>Elaboration of promotion material (folder) and broadcasting of Baybay's tourism potential.</li> </ul> <p><i>Issues to be considered: The master plan's action plan is not sufficiently detailed. Also, there should be a clearer consensus on the type of tourism to be focused on (eco vs. leisure tourism). Tourist sites need to be developed in order to be able to attract investors. Also, packaging of tourist destinations is important.</i></p>	<p><b>Achieved.</b></p> <p><i>Remarks: The master plan revealed a clear potential for tourism, so there is ample scope for continuing efforts in this field.</i></p>
<b>3. Organize the business community</b>	<ul style="list-style-type: none"> <li>Consultation meeting with local businessmen on issues affecting business in Baybay on 29<sup>th</sup> April with 30 participants. Another meeting conducted in October 2005</li> <li>Development of a "Mini-Plan" for addressing some of the concerns of the local business people. Focus on peace and order issues (creation of a</li> </ul>	<p><b>Partly achieved.</b></p> <p><i>Remarks: Local stakeholders still find it important to do something about organizing the business community. The LRED – process in Baybay is still very much LGU-driven. Any continuing</i></p>

<b>LRED Baybay: Action Plan Implementation</b>		
<b>Field of intervention</b>	<b>Activities conducted until 03/2006</b>	<b>Achievement status</b>
	<p>Law Enforcement Auxiliary Group) and removal of siltation from port in order to link Baybay with Cebu by boat.</p> <p><i>Issues to be considered: In the course of action plan implementation, the Baybay stakeholders came to focus on other issues than organizing the business community.</i></p>	<i>efforts in this respect need to be private sector-led.</i>
<b>4. Develop comprehensive economic plan</b>	Local stakeholders decided to not follow this field of intervention anymore as they already developed several other plans.	<b>Not achieved.</b>
<b>5. Provide information on the prospects of virgin coconut oil production</b>	<ul style="list-style-type: none"> <li>• Participation in DTI's VCO Investment and Marketing Forum in April 17<sup>th</sup> 2005</li> <li>• Meeting with VCO-producers in Carigara</li> </ul> <p><i>Issues to be considered: Local stakeholders abandoned the idea of going further into VCO-production, doubting the economic potential of this activity.</i></p>	<b>Partly achieved.</b>

*General conclusions for Baybay:* The conclusions of the consultant's last mission still holds true: There is a lot of momentum in Baybay, with the major driver being a councillor who is also an entrepreneur in Baybay. The Mayor continues to be very supportive and follows LRED initiatives closely. The two lighthouse projects, the establishment of the Baybay Tourism and Investment Promotion Office (BTIPO) and the development of a Tourism Master Plan were successfully concluded. The BTIPO is already operational and is very likely to make business in Baybay easier for local and outside entrepreneurs. The Tourism Master Plan needs to become operational and be treated as one of the priorities in the upcoming phase. The LRED – initiative in Baybay continues to be mainly public sector – driven, which is primarily due to an organizational weakness of the private sector. The potential for employment generation is relatively good as evidenced by plans of a private investor to construct a new coconut oil plant and by a tourism operator to start his venture in the near future. Two out of five LRED – interventions were achieved, two partly and one was not accomplished.

### **3.3 Action Plan Implementation in Palompon**

<b>LRED Palompon</b>
<b>Some evidence in terms of employment generation</b>
<p>Palompon:</p> <ul style="list-style-type: none"> <li>• 9 internet cafés were set up. Employment generated: 18</li> <li>• Sayong Beach Resort will start operations in April 2006. Employment generated: 6</li> </ul>

<b>LRED Palompon</b>
<b>Some evidence in terms of employment generation</b>
<p>permanent workers, 40 during construction.</p> <ul style="list-style-type: none"> <li>• 1 lodge (Brgy. Lomonon) and 1 resort (Brgy. Tinabilan) opened. Employment generated: 4</li> <li>• 2 VCO – operators started manufacturing. Employment generated: 10 workers, out of which 5 are part-time.</li> <li>• 1 Bakery opened up (“Duka”). Employment generated: 10.</li> <li>• 3 financial intermediaries opened a branch in Palompon: Green Bank (10 employees), OCCI (5) and Blamci (5). Employment generated: 20</li> <li>• PP-Busline established a branch locally. Employment generated: 4</li> <li>• Market upgrading resulted in 10 new spaces, occupied by 10 new businesses with an average of 3 workers. Employment generated: 30</li> </ul>

<b>LRED Palompon</b>		
<b>Field of intervention</b>	<b>Activities conducted until 03/2006</b>	<b>Achievement status</b>
<p><b>1. Improve employment/ income generation through tourism</b></p>	<ul style="list-style-type: none"> <li>• Lighthouse project “Information Materials on Tourism Promotion” with the purpose of updating existing brochure on Tabuk Reef Marine Park and of training local 5 LGU staff in web-page improvals and maintenance successfully completed (October/November).</li> <li>• Brochure is being disseminated in hotels and other tourist destinations (apart from Palompon Ormoc, Manila and Davao).</li> <li>• Website: There was a good number of clicks, but the contract expired and was not yet renewed.</li> <li>• Tabuk Marine Park: Departure area was improved, funded through revenue generated from the Park.</li> <li>• Tabuk Marine Park: Slightly more visitors are registered. They tend to stay a little longer due to improvements of the lodging facilities.</li> <li>• Tourism in Palompon is starting to become more diversified towards seminar and beach tourism. Waterfalls and beaches are becoming more recognized. Still, many beautiful spots have not yet become “discovered”.</li> <li>• Municipal Tourism Council is active</li> </ul>	<p><b>Achieved.</b></p> <p>Remarks: Very encouraging and tangible developments are going on. The local tourism industry is also starting to become more diversified. The potential does by far not seem to be fully capitalized on.</p>

<b>LRED Palompon</b>		
<b>Field of intervention</b>	<b>Activities conducted until 03/2006</b>	<b>Achievement status</b>
	<p>and meeting regularly.</p> <ul style="list-style-type: none"> <li>Linkage effects of tourism on other branches: T-shirt printing.</li> </ul>	
<b>2. Diversify use of coconut</b>	<ul style="list-style-type: none"> <li>Technical orientation on production of virgin coconut oil with resource person from the PCA and in cooperation with PACCI (local cooperative) with a total of 30 participants (April 4<sup>th</sup>).</li> <li>Participation of PACCI manager and Municipal Administrator in Investment and Marketing Forum von Virgin Coconut Oil organized by DTI (13<sup>th</sup> April, Tacloban City).</li> <li>Two entrepreneurs ventured into VCO – production in 2005. Whilst the first one is marketing the product locally, the second is marketing it to Manila/export markets.</li> </ul>	<p><b>Achieved.</b></p> <p>Remarks: Indeed, the use of coconut got diversified as is demonstrated by the creation of 10 new jobs in the field of virgin coconut oil. However, activities in this field have lost their momentum. Sceptics argue, that the solvent demand for VCO is weak. Other say, that the demand depends very much on the marketing strategies and the quality of the product. It seems, that small-scale cottage producers, of which there are already many throughout Leyte, face a competitive disadvantage. Issues are price, quality and marketing. For LRED II in Palompon, activities in this field are going to be subsumed under investment promotion.</p>
<b>3. Address investment promotion</b>	<ul style="list-style-type: none"> <li>Creation of SMEDSEP-Council under the Office of the Mayor as coordinating body for LRED-activities and investment promotion (April 2005). Monthly meetings.</li> <li>Investment Promotion Forum conducted in 08/05 with the purposes of initiating formulation of business code and identifying priority fields for investment promotion. Priority fields are: Agric/food, limestone/quarrying, infrastructure/services, tourism, industrial service facilities, engineering. Facilitated by DTI, 40 participants in total of which 15 were from the private sector.</li> <li>Lighthouse project “Establishing the Investment Promotion Business Center (IBPC) as technical support unit for the SMEDSEP-Council and one-stop-shop for municipal regis-</li> </ul>	<p><b>Achieved.</b></p> <p>Remarks: The Palompon Investment Promotion Centre is a success story. According to local business people, the centre improved the accessibility of local government services and LGU and the private sector are much closer now.</p>

LRED Palompon		
Field of intervention	Activities conducted until 03/2006	Achievement status
	<p>tration of existing and new businesses in Palompon was successfully accomplished.</p> <ul style="list-style-type: none"> <li>• Online business registration: MoA signed between LGU and DTI and business people confirming a noticeable decrease of their cost of doing business, since they do not have to travel to Ormoc for license renewals and issuing anymore.</li> <li>• Financing Forum conducted. As a result of this, 7 micro-businesses were referred to MFI, applying for 310.000 in loans. Not yet decided and/or disbursed.</li> <li>• Palompon Investment Incentives Code drafted in close consultation with DTI.</li> </ul>	

*General conclusions for Palompon:* Palompon, considered as “weakest” LRED - partner by late 2005, surprisingly turned out to be the strongest after one year of action plan implementation. All of the three fields of intervention achieved their objectives. Investment promotion became more pro-active and organized. According to local business people, the cost of doing business has tangibly decreased. Apart from this, the local tourism sector is becoming more diversified and two manufacturers of virgin coconut oil set up business in the local area. The LRED – activities have contributed to public and private sector cooperating more closely with each other. These successes also have to be credited to DTI, which is supporting economic development of the LGU in a very committed way (especially in the field of investment promotion and simplifying business registrations). Still, the LRED-initiative in Palompon is mainly public sector driven and the organization of the private sector remains an important issue on the agenda. Evidence suggests that tourism holds a considerable potential in the area and should therefore obtain special attention during the upcoming year.

### 3.4 Conclusions

After one year of action plan implementation, the LRED – initiative in Leyte can be considered largely successful:

- Eight out of 14 interventions in Ormoc, Baybay and Palompon achieved their stated objectives, three achieved them partly and three failed. The success rate is 57% if only the “full” achievements are accounted for and 79% if also partial achievements are considered.
- In Palompon and Baybay economic development planning and monitoring turned more systematic and comprehensive and the private sector is becoming more involved in this process.

- There is evidence that the cost of doing business has, to a certain extent, decreased as a result of LRED and other activities undertaken by DTI.
- Evidence suggests that employment was generated in all the partner municipalities. Since LRED-activities have been started only recently, these achievements can be attributed to LRED only to a minor degree. However, due to its focus on improving the business environment and on very promising sub-sectors such as tourism, LRED holds the potential of accelerating employment generation in the upcoming year.
- The participatory and action-oriented approach meets a lot of commitment and active support on part of the local LGUs and SMEDSEP's main program partner in this field, DTI. Therefore, the potential for replication and multiplication of the LRED-approach beyond Leyte can be considered high.

Notwithstanding these positive developments, the first year of LRED also demonstrated some limitations. In Ormoc, LRED is still being handled as one among several separate "projects" and not as an initiative for turning the whole process of economic development planning and monitoring more "bottom-up", holistic and effective. The major reason for this is that an attempt to breathe new life into the SMED-Council failed. In addition to this, despite considerable money and effort being invested in planning for cold storage facilities in Ormoc, major issues such as the ownership structure of such a venture are not yet resolved. Among other topics, these two should be tackled with high priority in the upcoming months.

Looking at the sub-component's log-frame (see annex 3 for reference), the consultant arrives at the following conclusions: Result one "*LRED-process with participation of major stakeholders initiated and implemented in pilot city/municipality*" and result two "*LRED-process with participation of major stakeholders initiated and implemented in other municipalities of Leyte Province*" were accomplished.

The sub-component's project purpose "*The LRED – approach has become an integral part of the planning and implementation procedures of selected cities/municipalities of Leyte Province*" was partly achieved. Reviving the SMED-Council in Ormoc is necessary in order to accomplish the project purpose to the full extent.

## 4 THE LRED – ACTION PLANS 4/2006 – 3/2007

As was already mentioned in the introductory section of this report, the second “round” of action planning became necessary after the one year timeline of the first action plans had expired by October/November 2005 (Ormoc) and February 2006 (Baybay, Palompon and Ormoc). The task was to revise the existing plans, determine priorities for the upcoming year and draft a detailed plan. As during the first planning events, the criteria for good quality plans were realism (“doable” within one year), importance in terms of local income and employment generation and active involvement of both, private and public sector, in drafting them.

The planning sessions were conducted in Baybay (28<sup>th</sup> of March), Palompon (29<sup>th</sup> of March) and Ormoc (31<sup>st</sup> of March). The morning of the workshop was dedicated towards reviewing the “old” action plan whereas the afternoon session dealt with drafting the “new” plan (see workshop schedules in annex 4). On average, 10 stakeholders participated in each of the events. The workshops in Baybay and Palompon were opened by the Local Chief Executives, Hon. José Carlos Cari and Hon. Marcelo Onate. Due to the absence of important players in Carigara, it was not deemed appropriate to conduct the workshop there as initially scheduled. SMEDSEP’s LRED - Coordinator, Ms. Gloria Adapon, and DTI’s Provincial Director, Mr. Desiderio Belas, will hold the workshop in mid-April 2006.

The following table provides a summary of the action plans. The complete versions are documented in the annexes 5 to 7.

Fields of intervention of LRED Action Plans in Leyte 4/2006 – 3/2007		
Ormoc	Baybay	Palompon
1. Introduce cold storage facilities	1. Address investment promotion more systematically	1. Promote local tourism
2. Revive the SMED-Council	2. Develop local tourism	2. Improve investment promotion
3. Strengthen local business organizations	3. Organize the business community	3. Organize the business community
4. Develop local tourism and improve management of Ormoc’s website	4. Enhance the economic capabilities of the poor	
5. Promote local agro-industries		

Compared with the first “round” of action planning, the technical quality of all plans improved. They became more operational and the identification of responsible persons for taking care of each of the activities was more realistic. Furthermore, for most of the activities a budget estimate could be provided in which SMEDSEP appears only as one among other potential sources of finance. The active participation of the Provincial Director of DTI in the planning sessions proved to be of great help for crafting technically better action plans. Another observation is that this time there was an equal representation of the public and private sectors in all the workshops. Before some were either dominated by the private or the public side.

Strikingly, with the exception of one new field of intervention (“Enhance the economic capabilities of the poor” in Baybay), all interventions in the upcoming phase build on those of the past phase. On the one hand, this demonstrates that the first plans focused on issues deemed really important for the local stakeholders. On the other hand, it made clear that for interventions to have a tangible and attributable impact on employment generation, they need more than a year to unfold. For example, a tourism master plan can indeed be developed within one year, as happened in Baybay. However, developing tourist sites, promoting them on tourist fairs and during other occasions and finally attracting investors takes, at least, another one to two years. The same holds true for most of the other fields of intervention.

Notwithstanding the diversity of each of the local economies, two interventions appear in all the plans: tourism development and organizing the local business communities. The former points at initial and encouraging successes of tourism promotion, while at the same time, there are still unexploited comparative advantages for this sub-sector to develop. The latter underlines some political and cultural traits difficult to change in a short time span. The fact that in most partner LGUs LRED – interventions are mainly public-sector driven, also reflects organizational weaknesses of the private sector. These result from a long history of “hacienda-style” forms of governance, which in more rural areas, such as Leyte, only quite recently started to become more open. Care must be taken, that efforts for improving the organization of the private sector do not themselves become paternalistic.

## 5 RESULTS OF THE FOLLOW-UP TOT FOR LRED FACILITATORS

In line with the third result of the sub-component's log frame, which reads "*Staff of local and provincial administrations, BDS-providers and business service organizations trained and coached in LRED – approach*", a second training of trainers (ToT) – workshop was held from 3<sup>rd</sup> to 6<sup>th</sup> April 2006 in Baybay. The venue was the Agricultural Training Centre of the Leyte State University (LSU). A total of 19 participants took part, among them two councillors (from Carigara and Baybay), seven representatives of line agencies (DTI, NEDA, TESDA and DA), eight representatives of the LGU – administrations participating in the LRED – initiative and two stakeholders from the private sector (NGOs and cooperatives). With the exception of two trainees, all of them had taken part in the preceding ToT. During the first day of the training, the audience was additionally composed of SMEDSEP's program manager, Ms. Martina Vahlhaus, who opened the event and witnessed the first exercise of the training. During the last day of the training, DTI's Provincial Director, Mr. Desiderio Belas, and SMEDSEP's component manager, Mr. Markus Ehmann acted as members of a panel providing hints for improving business plans drafted by the participants. Mr. Belas also did the closing of the training. The author of this report was the main moderator, supported by the local LRED-Coordinator, Ms. Gloria Adapon, who acted as co-moderator and organizer of the event.

The **objective** of the training was twofold:

- Participants are acquainted with basic concepts of business planning;
- Participants are able to apply basic concepts of business planning in analysing the viability of LRED - projects.

The training simultaneously intended to enhance *methodological capacities* of the trainees and improve their *economic know-how*. The rationale for this training is based on two observations made in the preceding ToT and in the LRED – interventions themselves. The first observation was that action plans crafted as a result of ToT I demonstrated a bias towards infrastructure projects. They reflected the needs and demands of the local business world only to a limited degree. The second observation relates to some of the interventions on micro-level. The introduction of cold storage facilities in Ormoc and of an organic fertilizer production unit in Carigara are hampered by the fact, that no viable management and owner structures could yet be developed. It seems that social objectives got mixed up with the business nature of these projects. These developments demonstrated a need for bringing LRED-stakeholders a little closer to the business world.

The **methodology** applied during the LRED –ToT differed from typical classroom lectures. Similarly to the preceding ToT, it was conducted in a *participatory* and *action-oriented* manner. After spending the first two days of the training with practical exercises and simulations based on the CEFÉ-methodology, the second part of the ToT was dedicated towards drafting simplified business plans on two business ideas. More specifically, the training was structured in the following way (see also the detailed schedule in annex 8):

- After the **opening** session, the participants started with the first module “**Selecting and Analysing Business Ideas**”. As a point of departure, the brainstorming exercise was conducted. It resulted in a relatively large number of promising business ideas. However, most of them were geared towards production and reflected very much the rural background of the participants. Only few innovative and service-oriented ideas had come up. After a brief reflection of the exercise, the trainees were given the task to come up with a list of ten favourite business ideas (“macro-screening exercise”). The potential for employment and income generation in their respective local areas was one of the criteria. After this, the plenary was divided into three smaller groups who had the task of conducting an analysis of five business ideas according to a set of predefined economic criteria (“micro-screening exercise”). Notwithstanding the technical know-how and experience of the participants, the presentations and discussions revealed a certain tendency towards over-optimistic assessments especially regarding the market of the respective business ideas (see also learning points in annex 9). The final step of this filtration process consisted in a SWOT – analysis to be conducted on the business idea which deemed most promising after the micro-screening. The participants chose production of virgin coconut oil, trading of organic fertilizer and cultivation of bangus, a local fish species, as their businesses. The major learning point of the discussion on the SWOT – analyses was that, for employment generation to be successful and long-lasting, businesses have to be viable and generate profits for their owners.
- The following day was dedicated to the module “**Marketing, Entrepreneurial Behaviour and Financial Aspects**”. The mini-market exercise dealt with basic aspects of marketing. The participants were asked to sell an item either produced or owned by themselves or offer a service. There were two buyers who could only purchase a limited number of items, which spurred competition among the market vendors. The exercise revealed that in real life, each business should follow a combination of price, position, product and promotion in its marketing strategy. The weight of each of these components depends on the specific characteristics of each business and needs to be carefully examined. The next exercise was the envelope game. The participants formed three groups who competed with one another in the selling of envelopes produced in accordance with quality criteria stipulated by the buyer (the main moderator). After the first round, all of the groups recorded losses, mostly due to bad quality, inadequate planning, waste of materials, low productivity and high costs. As a result of the learning obtained after the first round, all groups recorded operational profits in the second round. Besides introducing basic elements of a profit and loss statement, the exercise served to demonstrate that there are several options for raising the profitability of a business and making it viable. In this exercise, all groups opted for a mixed bag of measures consisting in improving quality and work organization, conducting more realistic planning, reducing costs and raising prices.
- The next two days dealt with the module “**Applying Business Plans to LRED-Projects**”. The task was to draft simplified business plans for businesses which play an important role in the existing LRED-action plans of the four partner LGUs. The rationale of this module was to raise awareness on the necessity to promote *viable* LRED-projects by letting participants pass through a process of coming up with a simplified business plan. After an in-

roduction into basic elements of a business plan, the group decided to work on two ideas: production of virgin coconut oil (two groups) and production of organic fertilizer (one group). In order to facilitate their work, a business plan manual had been distributed at the end of day one of the training. The moderators also provided some background material on these two kinds of businesses and assured access to two resource persons. The major challenge for the groups was to assess the market potential without being able to conduct a market study (lack of time). In the afternoon of the final day, Mr. Markus Ehmann, one of the panelists, presented some criteria on how to assess the quality of business plans. Then, the groups presented them and the plenary commented on them by making reference to the criteria introduced before. When asked whether anyone would invest in the businesses, only the first one (production of virgin coconut oil in Baybay) attracted some would-be-investors, whereas the other two businesses met some reluctance on part of the plenary. Considering the very limited time available for crafting the plans – only one and a half day – the groups did an excellent job.

The closing activities included a written **evaluation** of the training (see annex 10 for the evaluation summary). The participants were asked to rate several items related to the training such as the content, methodology, moderation, cooperation of the group and the venue on a scale from five (excellent) to one (negative). The overall average was 4.8, very close to excellent. The methodology (4.9), cooperation of the group (4.8), moderation (4.8), content (4.8) and organization (4.8) were ranked above or at par with the average. Only the venue (4.2) was rated below average. The suggestions of the participants for future events related basically to conducting future events outside Leyte.

**Conclusions:** The LRED – ToT II managed to raise awareness on part of the participants towards examining the viability of LRED – projects with more scrutiny and analyse critically the market potential as well as strategies to exploit these. It also became clear that a viable business means *profitable* business, and that social objectives such as employment and income generation cannot be pursued at the expense of profitability. The training also provided some of the participants with tools to carry out such kind of analyses. In general, it can be concluded that the ToT achieved its objectives. The commitment of the participants, their motivation and their hard working contributed immensely to the success of the event. Comparing ToT I with ToT II, it could really be seen how homogenous the group had become, and that some kind of networking and learning from one another is taking place.

## 6 LRED WITHIN THE NEXT PHASE OF SMEDSEP – SOME FOOD FOR THOUGHT

The new thrust of the next phase of the SMEDSEP – program (September 2006 – August 2009) will be on improving the general business and investment climate in the Visayas. Thus, the question arises, whether there would be a role for LRED at all in the upcoming phase, and if so, to what extent activities carried out under the umbrella of LRED would have to undergo some adjustments. In this section, the consultant would like to present some preliminary ideas as food for thought, which is not meant to be conclusive.

The activities carried out under the LRED – approach break down into two basic categories, one encompassing activities geared towards improving the general local conditions for businesses and those targeting specific issues by promoting the set-up of economic ventures. The first category can be considered as meso – level (e.g. local policies and governance, local sub-sector strategies) the other category as micro-level. Looking at the fields of intervention for the upcoming phase (excluding Carigara), it emerges clearly that the LRED thrust is on meso – level:

<b>Categories of LRED Activities in Leyte 4/2006 – 3/2007</b>	
<b>Meso – Level</b>	<b>Micro - Level</b>
1. Investment Promotion (Baybay and Palompon)	1. Introduction of cold storage facilities (Ormoc)
2. Economic planning and monitoring mechanisms (Revive the SMED-Council, Ormoc)	2. Enhance the economic capabilities of the poor (Baybay)
3. Development of local tourism (Ormoc, Baybay and Palompon)	
4. Organization of the local business community (Ormoc, Baybay and Palompon)	
5. Promote local agro-industries (Ormoc)	

In a wider sense, the activities under the meso-level category contribute to a better investment and business climate and some of the interventions carry the potential of serving as “models” for replication on a wider scale. These interventions should be considered to continue with SMEDSEP support even beyond April 2007. The main criteria for deciding upon this should be (i) the need for continued support and (ii) the potential of the particular intervention for serving as a model and (iii) the potential for generating a visible impact in terms of employment generation. The direct support for the micro – level interventions should phase out after March 2007.

Another question is how to deal with LRED as a multi-stakeholder, participatory and action-oriented approach as such. On the one hand, continuing to promote LRED in the next phase might conflict with the “corporate identity” SMEDSEP might wish to develop under the heading of “Improving the general business and investment climate”. On the other hand, LRED as an approach has created such a strong kind of commitment among the partners of the program that it would strategically be wise to capitalize on this. Maybe LRED as such could be consid-

ered as a model too for making economic development planning and monitoring in smaller LGUs more systematic, participatory and effective.

## **ANNEXES**

Annex 1: Terms of reference

Annex 2: Detailed work schedule

Annex 3: Log frame LRED in Leyte

Annex 4: Schedule of the action plan workshops

Annex 5: Action plan LRED Baybay 04/2006 – 03/2007

Annex 6: Action plan LRED Palompon 04/2006 – 03/2007

Annex 7: Action plan LRED Ormoc 04/2006 – 03/2007

Annex 8: Schedule of the ToT II

Annex 9: Learning points of the ToT II

Annex 10: Evaluation summary of the ToT II

## **Annex 1**

# Annex 1

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## **Terms of Reference: “Facilitation of 2<sup>nd</sup> LRED Action Planning and conduct of Follow up TOT in LRED”**

### **Short term mission to the Small and Medium Enterprise Development for Sustainable Employment Programme (SMEDSEP) on Local and Regional Economic Development (LRED)**

Time: The mission to the Philippines is expected to take place March/April 2006 and shall last approximately 2 weeks.

#### **Table of contents**

- 1. Background/Rationale**
- 2. Objectives of the Mission**
- 3. Scope of Work**
- 4. Expected Output**
- 5. Budget**

#### **1. Background/Rationale**

The SMEDSEP Program is an integrated approach for the development of the private sector in the Philippines with a regional focus on the Visayas. Its over-all objective is: “State-run and private institutions create general business conditions in the Philippines, particularly in the Visayas, to harness entrepreneurial potential and encourage competition”. The Program comprises of four (4) components, namely:

- 1.) SME Policy/Enabling Environment for SMEs,
- 2.) Business Development Services (BDS) for SMEs,
- 3.) Access to Financial Services for SMEs,
- 4.) Demand-driven training programs for the workforce

Component 2 and 3 are subcontracted for implementation to GFA-Consulting Group. Focus of the planned mission is component 2 which develops and implements a Local Economic Development (LED) approach for the Province of Leyte. In its pilot year of implementation, LRED Action Plans were developed and agreed upon by stakeholders in 4 pilot LGUs. Each of the LRED Action Plan has a period of 1 year. Its high time for the planning of a second cycle of LRED interventions.

Likewise, a Training of Trainers (ToT) workshop was held in October 2005. The training aimed at familiarizing public and private representatives on the general concept of LRED and equip them with target oriented/participatory tools of planning LRED strategies. Results of the training demonstrated a successful step towards disseminating and replicating the approach within the province of Leyte. However, evaluation of the training further suggested that there is still a considerable scope of improving the economic know how of the participants and equip them with tools for analysing the prospects of an LRED-intervention from a business point of view. Thus, the program together with the partners identified the “Follow up TOT” as a critical intervention to be undertaken during the 1<sup>st</sup> quarter year 2006.

# Annex 1

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## 2. Objectives of the Mission

The main objectives of the mission are:

- Design and facilitate the 2<sup>nd</sup> LRED Action Planning in 4 LGUs namely: Ormoc, Baybay, Carigara and Palompon; in collaboration with SMEDSEP team and program partner DTI 8; and
- Conduct a Follow up Training of Facilitators in LRED (focus: business/economic aspect)

## 3. Scope of Work

The consultant shall study or review available SMEDSEP LRED documents: LRED Report on the Internal Review/TOT for LRED Facilitators and LRED Operational Plan-Leyte and submit a workplan detailing steps to be taken and explaining methods and instruments to be applied to achieve the objectives.

He specifically shall conceptualize and facilitate the 2<sup>nd</sup> LRED Action Planning in 4 LGUs, in collaboration with SMEDSEP team and partner DTI. A follow up training of facilitators shall be developed and conducted for approx. 15-20 participants.

## 4. Expected Outputs

Two weeks after completion of the mission to the Philippines, a draft report will be sent to the Senior Adviser BDS. The draft report shall comprise the activities as stated under point 3.

One week after receiving the comments, the final version of the report will be submitted.

## 5. Budget

The mission is expected to last up to 15 days person, including preparation and report writing.

Proposed expert: Rolf Speit, who implemented already the first two appraisal missions with regard to the LRED approach in Leyte. His CV was part of the original GFA proposal.

Cebu City, March 10, 2006

**Markus Ehmman**  
**Senior Adviser, BDS**

## **Annex 2**

## SMEDSEP ON LOCAL AND REGIONAL ECONOMIC DEVELOPMENT (LRED)

Detailed Work Schedule of LRED Consultant: Rolf Speit

2<sup>nd</sup> Action Planning in 4 LGUs and TOT II Mission

March 26- April 7, 2006

DATE	ACTIVITY	VENUE	ATTENDEES/PERSONS INVOLVED	REMARKS/LOGISTICS REQUIRED
<b>26<sup>th</sup> March, Sunday</b>	Arrival in Cebu			Transport pick up c/o Montebello  Hotel: Montebello—booked by Cherie
<b>27<sup>th</sup> March Monday,</b> 9:00 am-10:00	Meeting with LRED team	Cebu Office	Markus, Lorenz, Rolf, Ria	
10:15	Depart for Ormoc via Supercat			Supercat ticket for Rolf Cherie
11:00- 1:00 pm	Travel to Ormoc			Hotel booking for Rolf  Sabin Beach Resort—March 27- April 6 Hotel pick up
2: 30 pm- 4:00	Meeting with DTI team	TBD		For confirmation with Director Belas ○ Action Planning ○ TOT II
<b>28th March Tuesday</b> 7:30 am	Travel to Baybay			Transport arrangements--- Ria
9:00 – 4:00 pm	Action Planning with Baybay LRED stakeholders			Confirmed

## ANNEX 2

DATE	ACTIVITY	VENUE	ATTENDEES/PERSONS INVOLVED	REMARKS/LOGISTICS REQUIRED
5:30 pm	Travel back to Ormoc			
<b>29th March, Wednesday</b> 7:00- 8:30 am	Travel to Palompon			Transport arrangements—Ria
9:00- 4:00 pm	Action Planning with Palompon stakeholders			Confirmed
4:30 pm	Travel back to Ormoc			Transport arrangements—Ria
<b>30th March, Thursday</b> 7:30 am	Travel to Carigara			Transport arrangements—Ria
9:00- 4:00 pm	Action Planning with Carigara stakeholders			Details to confirmed by DTI
4: 30 pm	Travel back to Ormoc			Transport arrangements- Ria
<b>31st March, Friday</b> 9:00 am -4:00 pm	Action Planning with Ormoc Stakeholders			Confirmed
Open debriefing for				To be discussed with ME, RS
April 1-2 Saturday & Sunday--am	<b>Preparations for TOT II</b> <ul style="list-style-type: none"> <li>✚ Meeting with DTI team?</li> <li>✚ Materials for ToT/ Training Kit</li> <li>✚ Venue preparation</li> <li>✚ Confirmation of participants/ rooming assignments----</li> </ul>			
<b>2<sup>nd</sup> April, Sunday</b>	TOT Proper- requirements refer to Rolf Speit's Matrix			

## ANNEX 2

DATE	ACTIVITY	VENUE	ATTENDEES/PERSONS INVOLVED	REMARKS/LOGISTICS REQUIRED
3:00 pm	Travel to Baybay—LSU Convention Center LSU Hostel			
April 3- 6	TOT II Proper	LSU Convention Center		<b>Role in the program</b> <ul style="list-style-type: none"> <li>○ DTI</li> <li>○ TESDA</li> <li>○ SMEDSEP</li> <li>○ EnRD</li> </ul>
6 <sup>th</sup> April, Thursday				
5:00 pm	Travel back to Ormoc		Markus, Rolf, Ria	<b>To Cebu or Ormoc--- to be discussed</b>
6:30 pm	Travel to Cebu	Team debriefing		<b>Rolf- Montebello Hotel</b> <b>Ria- Golden Peak</b>
7 <sup>th</sup> April, Friday	Depart for Germany		Rolf	<b>Transport c/o Montebello</b>

## **Annex 3**

## Logframe LRED – Leyte 11/2004 – 08/2006

Impact chain/Intervention logic	Indicators	Sources of verification	Assumptions
<p><b>Indirect benefits II/</b> <i>Long-term development goals:</i> Competitiveness of SMEs is increased and employment and income generation of SMEs has accelerated</p>	<p>Overall employment of those companies interviewed during the appraisal mission has gone up by 2% between end 2004/beg. 2005 and 2<sup>nd</sup> quarter of 2006</p>	<p>Survey of those companies that had been interviewed during appraisal in Ormoc, Baybay, Palompon and Carigara. “Summary company questionnaires” serve as baseline.</p>	<p>Macro-economic environments remains relatively business friendly.</p>
<p><b>Indirect benefits I/Overall objective:</b> The local environment of selected cities and municipalities in Leyte has become more conducive for economic growth</p>	<ul style="list-style-type: none"> <li>• The number of companies interviewed during the appraisal missions stating that their turnover is increasing, has gone up by 5% between end 2004/beg. 2005 and 2<sup>nd</sup> quarter of 2006</li> <li>• By 2<sup>nd</sup> quarter 2006, local stakeholders are able to mention at least four specific areas/examples where local environment was improved as a result of applying LRED - approach</li> </ul>	<ul style="list-style-type: none"> <li>• Survey of those companies that had been interviewed during appraisal in Ormoc, Baybay, Palompon and Carigara. “Summary company questionnaires” serve as baseline.</li> <li>• Focus group discussion in each of municipalities participating in LRED. No baseline available.</li> </ul>	<p>There are no major external “shocks” impacting negatively on the local economic environment.</p>
<p><b>Direct benefit/Purpose:</b> The LRED – approach has become an integral part of the planning and implementation procedures of selected cities/municipalities of Leyte Province</p>	<ul style="list-style-type: none"> <li>• At least 60% of the activities defined in the action plans are successfully carried out until 03/2006</li> <li>• As a result of successful plan implementation 3 out of 4 municipalities did a replanning in the 2<sup>nd</sup> quarter of 2006</li> </ul>	<ul style="list-style-type: none"> <li>• Quarterly monitoring reports of the LRED – Coordinator.</li> <li>• New plans and workshop reports.</li> </ul>	<p>The local political and administrative environment remains receptive to the LRED – approach.</p>
<p><b>Use of service or product/Result 1:</b> LRED action plans jointly developed</p>	<p>LRED action plans defined in at least 4 municipalities of Leyte until 3/2005 by private and public sector</p>	<p>Action plans and workshop documentations</p>	<p>There is a critical mass of local stakeholders interested in the LRED - approach.</p>

## Logframe LRED – Leyte 11/2004 – 08/2006

Impact chain/Intervention logic	Indicators	Sources of verification	Assumptions
by private and public sector			
<b>Use of service or product/Result 2:</b> LRED facilitation capacities are locally available	20 staff members of provincial and local administrations, BDS-providers and business service organizations from the Province of Leyte participated in a training course on LRED and facilitation techniques until 12/05	Training report and attendance sheet	Decision-makers in local and provincial administrations, BDS-providers and business service organizations are receptive to the idea of training their staff in the LRED - approach.

## **Annex 4**

## Schedule Action Planning Workshops in Leyte, 28.- 31.03.2006

The action planning workshops are going to be conducted in the participating LGU's of SMEDSEP's LRED – initiative in Leyte. The order will be Baybay (28<sup>th</sup>. March), Palompon (29<sup>th</sup>. March), Carigara (30<sup>th</sup>. March) and Ormoc (31<sup>st</sup>. March). They will take place in the respective local areas. The scope of the planning is one year (03/06 – 02/07).

The purpose is twofold:

- Conduct a participatory analysis of the state-of-the-art of the implementation of the action plans defined in late 2004 (Ormoc) and early 2005 (Baybay, Palompon and Carigara).
- Come up with a new plan for the period 03/06 – 02/07.

Participants will be local stakeholders. Apart from the local point persons and “mentors” of LRED, this may include a wider circle of representatives from the private and public sectors. The number of participants should not exceed 20. The participation of the LCE is highly welcome and would provide another boost to the LRED-activities.

Technical requirements for the workshops are the following: a room that might well accommodate up to 20 participants, space for group work, flipchart and flipchart paper, two softboards, brown paper, meta plan cards, markers and glue. The moderator does not intend to work with a beamer. If any of the stakeholders intends to do so, provisions should be made for laptop and beamer. The action plan review conducted by the moderator in October 2005 should be disseminated to the respective stakeholders before the workshop. This paper will serve as point of departure for the workshop.

5.1.	Time	5.1. Activity	5.1. Didactic Aids/Comments
5.1.	09:00 – 09:15	5.1. <b>Opening</b> <i>PD Ed Belas, LRED Coordinator Ria Adapon</i>	5.1. A few words on the program and the objectives of the workshop. Ria should also give an outlook on SMEDSEP future engagement in LRED in Leyte (e.g. availability of funds for the “next round”, EnRD involvement).
5.1.	09:15 – 09:20	5.1. <b>Review of fields of intervention</b> <i>Moderator Rolf Speit</i>	5.1. Just name the fields of intervention and have them written on flipchart paper (one for each field of intervention)
5.1.	09:20 – 10:30	5.1. <b>State-of-the-art of action plan implementation</b> <i>Moderator Rolf Speit and stakeholders</i>	5.1. The action planning review conducted by the moderator in October should serve as point of departure for the session and should be distributed before the workshop.
5.1.		5.1. Stakeholders make brief comments on the achievements and shortcomings in terms of action plan implementation for each of the fields? Guiding questions are: <ul style="list-style-type: none"> <li>• What have we achieved so far?</li> <li>• What has failed?</li> <li>• Are we going to continue working on the</li> </ul>	5.1. This will be a plenary session. The guiding questions are to be responded field by field. The answers are documented on the flipchart in form of a matrix (+ and -). Good time

## ANNEX 4

5.1.	Time	5.1. Activity	5.1. Didactic Aids/Comments
		particular field of intervention? If so, are we sticking to the initial objective or is there need to rephrase/adapt it?	management is necessary.
5.1.	10:30 – 10:45	<b>5.1. Coffee break</b>	5.1.
5.1. 5.1.	10:45 – 12:30	<p><b>5.1. Action planning I</b></p> <p>5.1. In the preceding session, participants have already responded whether they intend to continue with the respective fields of intervention. In this session, the moderator will ask them, whether they think there should be a new field of intervention. If yes and given its “doability”, it is taken up as new item in the action planning.</p> <p>5.1. Then, smaller working groups are formed (depending on number of attendees) with each one of them either working on one or several fields of intervention. They will respond to the following guiding questions:</p> <ul style="list-style-type: none"> <li>• Which are the next activities in order to achieve each field's goal(s)?</li> <li>• When are they going to be conducted?</li> <li>• Who is responsible for conducting them?</li> <li>• What will the budget (estimate) and who will fund it?</li> </ul>	<p>5.1. Didactic aids: Flipchart and brown paper, markers, meta plan cards, glue, softboards. Venue should allow group work.</p> <p>5.1. RS and RA to follow group work closely.</p>
5.1.	12:30 – 13:30	<b>5.1. Lunch break</b>	<b>5.1.</b>
5.1.	13:30 – 14:00	<p><b>5.1. Action planning II</b></p> <p>5.1. Groups prepare their presentations.</p>	<b>5.1.</b>
5.1.	14:00 – 14:45	<p><b>5.1. Action planning III</b></p> <p>5.1. Groups present their work.</p>	<b>5.1.</b>
5.1.	14:45 – 15:45	<p><b>5.1. Action planning IV</b></p> <p>5.1. Plenary discussion and validation of proposals.</p>	5.1. Ria and Rolf will not exclusively act as moderators but intervene actively according to their experience and knowledge.
5.1.	15:45	<p><b>5.1. Closing</b></p> <p>5.1. Evaluation, post action planning activities and final words by PD Ed Belas.</p>	5.1. Post action planning activities involve workshop documentations and dissemination among LRED – community in Leyte.

## **Annex 5**

## ANNEX 5

## LRED – action plan Baybay 04/2006 -03/2007

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
<b>1. Address investment promotion more systematically</b>				
1.1 Operational planning workshop of the Baybay Tourism Masterplan	27.04. – 29.04. 2006	LCE	<ul style="list-style-type: none"> <li>– 45 participants in the workshop</li> <li>– 1 operational plan drafted</li> <li>– 10 tourism investments generated</li> <li>– 150 employment generated</li> <li>– 10 million investments generated</li> </ul>	120.000 – SMEDSEP 100.000 – LGU & private sector
1.2 a) Online business registration staff training	01.04.2006	DTI & Engr. Paragatos	<ul style="list-style-type: none"> <li>– 4 staff trained</li> <li>– 5 – 10 business registrants/month</li> </ul>	2.000 – Training Fund (LGU)
1.2 b) Promulgation of ordinance on online service fee	15.05.2006	SB Veloso, BTIPO	<ul style="list-style-type: none"> <li>– 1 ordinance enacted</li> <li>– amount of registration revenue</li> </ul>	3.000 – office supplies (LGU)
1.3 Publishing of investment promotion flyers	30.04.2006	Ms. J. Duterte, BTIPO	<ul style="list-style-type: none"> <li>– 10.000 pcs. published</li> </ul>	20.000 (LGU)
1.4 Investment Promotion Officers' training	05.06.2006	BTIPO, Bol – DTI, PD Belas	<ul style="list-style-type: none"> <li>– 10 investment promotion officers trained</li> </ul>	5.000 – LGU, 25.000 – Bol/ DTI
1.5 Networking for Investment for Local Executives Seminar (NILE)	07.06.2006	Bol, DTI, BTIPO	<ul style="list-style-type: none"> <li>– 12 municipal officials trained</li> <li>– 10 department heads trained</li> </ul>	15,000 – LGU, 25,000 – Bol/ DTI
1.6 Conduct financing forum for loan applicants	05.04.2006	BTIPO, DTI – SBC	<ul style="list-style-type: none"> <li>– 30 participants</li> <li>– 10 million in loans disbursed</li> </ul>	9,000 – SBC, 5,000 – LGU 10,000 - DTI
1.7 Take part in investment mission	20.09.2006	Leyte – LGU, Baybay – LGU,	<ul style="list-style-type: none"> <li>– 10 persons/mission</li> </ul>	100,000 – LGU

## ANNEX 5

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
(Bahandi, Travel Mart)		BTIPO, DTI	– 10 million investment generation	200,000 (equipment) - LGU 50,000 – private sector 50,000 - SMEDSEP
1.8 Conduct an Investment Forum	15.07.2007	BTIPO, LGU Baybay, Baybay Chamber of Commerce, DTI	– 50 participants	20,000 – LGU 20,000 – SMEDSEP 10,000 – DTI 10,000 - BCCI
<b>2. Develop local tourism</b> <i>Note: No activities formulated under this field of intervention, because there will be a planning event to operationalize the Masterplan</i>				
<b>3. Organize the business community</b>				
3.1 Meeting with OCCI Governor and core group	30.05.2006	Hon. Veloso, PCCI Governor Blanco, LCCI President, DTI, BTIPO	– 1 initial meeting conducted – agreed schedule for organizational meeting of BCCI	10,000 – SB Veloso Special Fund
3.2 Recruitment of businessmen	15. – 20.06.2006	BTIPO, J. Granada, V. Veloso	– 20 potential members	2,000 for supplies and communication - LGU
3.3 Organizational meeting of Baybay Chamber of Commerce and Industry	20.06.2006	BTIPO, J. Granada, V. Veloso	– 1 BCCI organized	60,000 – private sector contributions
3.4 BCCI strategic planning workshop	25. 06.2006	BTIPO, PCCI, DTI, SMEDSEP	– 1 strategic plan prepared	200,000 – SMEDSEP 50,000 - BCCI
<b>4. Enhance the economic capabilities of the poor</b>			– 3 clusters with each cluster conducting 9 courses of 15 participants each trained (total of 405 trainees)	Overall budget is estimated to be 600,000. Potential sources are: 5.1.
4.1 Review target group analysis				

## ANNEX 5

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
4.2 Prepare training proposal covering 9 trade crafts 4.3 Source funds 4.4 Invite potential participants 4.5 Link with responsible agencies 4.6 Prepare/schedule trainings 4.7 Conduct trainings	May to September 2006	TESDA & V. Veloso		
4.7 a) Vegetable production, cookery, baking  4.7 b) Masonry, carpentry, small engine repairs  4.7 c) Barber, cosmetology, electricians	May 6 <sup>th</sup> . 2006  July – August 2006  September 2006	LSU Extension Unit, Pres. Milan  LGU – Mayor Cari TESDA - Perry  DSWD - Malabanan TESDA - Perry		Cong. Carmen Cari, Pres. Anti-Poverty Commission LGU Mayor Cari, LGU Gov. Petilla Mayor Cari and Cong. Cari through Vic Veloso Gov. Petilla through Perry, PAPC – Dr. Milan

## **Annex 6**

## ANNEX 6

## LRED – action plan Palompon 04/2006 -03/2007

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
<b>1. Promote local tourism</b>			By April 2007: 10% increase in tourist arrivals; 100% increase in tourism revenues; 5 new tourism SME establishments 50 new employments generated 100 new employments in other sectors generated	
1.1 Update the website	April 17 – 21, 2006	MENRO, R. Bacalla Info Officer, M. Isidro, PIRC, J. Letrondo	# number of clicks and # number of queries	30,000 LGU – Tabuk Park Trust Fund
1.2 Construct/renovate tourist cottages (Tabuk Marine Park)	April 3 – May 31, 2006	MENRO, R. Bacalla M.E.O. Engr. Licardo	2 new cottages established	85,000 - LGU
1.3 Approve municipal ordinance to increase the rates for service fees and cottage rentals (Tabuk Marine Park)	October 30, 2006	Tourism Coun. Chair: Hon. P. Rufin Vice Mayor: Hon. H. Pinon	– 100% increase in revenues – 100% increase in rates	10,000 (supplies, public hearings) – LGU
1.4 Reorganize the Municipal Tourist Council per D.O.T guidelines	April 18 – 21, 2006	Mayor Hon. M. Onate Staff: M.J. Muyano DOT Representative	P.M.T.C. reorganized according to D.O.T. guidelines	1,500 – LGU

## ANNEX 6

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
1.5 Organize Hotel, Restaurant and Tour Operators' Association/Co-operative	April 24 – 28, 2006	Mayor Hon. M. Onate Staff: M.J. Muyano core group: Sayon Garden Resort, Mrs. E. Omega-Atkinson Whispering Heights, Mrs. J. Ocubillo PACCI-Hostel, Mr. Y. Tupa J. Niang Resort, Mrs. Marquez	1 tourism operators association organized/registered	10,000 – private operators
1.6 Formulate Palompon Tourism Master Development Plan	April 18 – June 16, 2006	MPDC, Engr. R. Cartalla MENRO, R. Bacalla Mayor Hon. Onate	<ul style="list-style-type: none"> <li>– 1 Tourism Development Plan formulated</li> <li>– 1 detailed operational plan drafted</li> </ul>	200,000 – SMEDSEP 50,000 – LGU
1.7 Enhance tourism manpower capabilities	June 2006, Sept. 2006, March 2007	CTEC, Wlima Balmares TESDA Leyte, P. Abarca Livelihood Com. Chair, Hon. J. Sanchez P.T. operators association members	<ul style="list-style-type: none"> <li>– # number of pax. trained</li> <li>– # number of pax. certified by TESDA</li> </ul>	30,000 (honorarium) – LGU 15,000 (supplies) association of tourism operators 5,000 (supplies) – LGU 4,000 (certification, travelling) - TESDA
1.8 Conduct tourism convention and presentation of Tourism Master Development Plan	July 13, 2006	Mayor Hon. Onate P. Mun. Tourism Council M./O., W. Merin	<ul style="list-style-type: none"> <li>– # number of pax</li> <li>– # no. of resolutions passed</li> <li>– # no. of tourism investors identified</li> </ul>	12,500 – private pax (250 * 50) 10,000 - association of tourism operators 10,000 – LGU
1.9 Conduct local study mission and benchmarking with Bohol and Cagayan D'Oro eco-tourist spots	May 16 – 18, 2006 March 3 – 5, 2007	Mayor Hon. Onate Tourism Com, Hon. Rufin M.B.O. Mrs. L. Modina	# no. of eco-tourism best-practices and policies learned/ replicated	50,000 – LGU 50,000 – private operators 100,000 – LSM
1.10 Improve cleanliness and beauty of Palompon (incl. quality of water)	April 2006 – April 2007	Hon. Bertulfo Hon. Sanchez	Palompon as awardee "Outstanding Clean &	100,000 - LGU

## ANNEX 6

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
		Engr. Viacrusis	Green Municipality	
<b>2. Improve investment promotion</b>			At least, 3 – 5 SMEs established and 20 new jobs created	
<b>Management of strategic investment promotion</b>				
2.1 Conduct strategic investment promotion workshop	2 <sup>nd</sup> . week of May 2006	Jerry Letrondo, Palompon LGU Frank Paragatos, DTI Kathrine Laurente, private sector	1 investment promo program developed and packaged	
2.2 Follow-up approval of Palompon Investment Incentives Code	2 <sup>nd</sup> . week of April 2006	Hon. Jek Sanchez, SB member		10,000 - LGU
2.3 Disseminate information on Investment Code to business community	3 <sup>rd</sup> . week of May 2006	Jerry Letrondo, PIC Hon. Jek Sanchez, SB member Hon. M. Arevalo, SB member Hon J. Legaspi, SB member		50,000 - SMEDSEP
2.4 Capability building training for Palompon Investment Center staff and concerned private sector	2 <sup>nd</sup> . week of July 2006	Frank Paragatos, DTI Jerry Letrondo, Palompon LGU	5-7 LGU staff and private sector trained	10,000 – LGU 40,000 SMEDSEP
2.5 Conduct investment for a/opportunities seminar with prospective investors/entrepreneurs in Palompon	1 <sup>st</sup> . week of August 2006	Jerry Letrondo, Palompon LGU Frank Paragatos, DTI		5,000 – LGU 45,000 SMEDSEP
<b>Exchange of experiences and technology trough sisterhood with Makati City</b>				
2.6 Exchange/bench-marking visit with Makati City (sisterhood)	1 <sup>st</sup> . week of December 2006	Hon. Mayor Onate, LGU Palompon		5,000 – LGU 50,000 SMEDSEP
2.7 Investor's matching through sisterhood with Makati /tie up with Inv. Promo Centre)	2 <sup>nd</sup> . week of January 2007	Hon. Mayor Onate, LGU Palompon	# number of potential investors identified	

## ANNEX 6

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
<p><b>Investment Promotion Collateral Preparation</b></p> <p>2.8 Preparation of flyers, brochures, signages, interactive CD; video promo preparation</p> <p>2.9 Disseminate info promo material through radio, TV and print media.</p> <p>2.10 Investment area profiling data-based sector strengthening</p>	<p>3<sup>rd</sup>. week of June 2006</p> <p>Start by July 2007; then ongoing</p>	<p>Jerry Letrondo, Palompon LGU and PIC staff</p> <p>Jerry Letrondo, Palompon LGU and PIC staff</p>		<p>20,000 - LGU</p> <p>80,000 - SMEDSEP</p> <p>10,000 – LGU 40,000 - SMEDSEP</p>
<p><b>3. Organize the business community</b></p> <p>3.1 Talk with Mayor re: organization of core group and foundation of associations</p> <p>3.2 Identify business leaders</p> <p>3.3 Prepare invitations and initial meeting</p> <p>3.4 Hold initial meeting with core group. Sectors are: hotels&amp;restaurants, internet cafés, merchandising, construction, service sector, transportation, lending sector.</p> <p>3.5 Organize/conduct business forum - dialogue</p> <p>3.6 Create business associations per sector</p>	<p>April 3 – 7, 2006</p> <p>April 3 – 7, 2006</p> <p>April 3 – 7, 2006</p> <p>April 20, 2006</p> <p>May 09, 2006</p> <p>May - October 2006</p>	<p>Mr. J. Letrondo</p> <p>Mr. J. Letrondo</p> <p>Mr. J. Letrondo</p> <p>Mayor Hon. Onate with core group</p> <p>Core group (Mayor, Admin. Joe Pajaron, José Viacrusis.)</p> <p>Core group (Mayor, Admin. Joe Pajaron, José Viacrusis.)</p>	<p>1 core group organized</p> <p>1 initial meeting conducted</p> <p>4 business organizations created within 6 months (until Oct. 2006)</p> <p>6 meetings conducted until Oct. 2006</p>	<p>2,000 - LGU</p> <p>8,000 – LGU</p> <p>35,000 – private funds (5,000 * 7 business sectors)</p> <p>6,000 – LGU (1,000 * 6 meetings)</p>
<p>3.7 Conduct meetings with leaders of respective sectors</p>	<p>May - October 2006</p>	<p>Business leaders</p>	<p>6 meetings conducted until Oct. 2006</p>	<p>6,000 – LGU (1,000 * 6 meetings)</p>

## **Annex 7**

## ANNEX 7

## LRED – action plan Ormoc 04/2006 -03/2007

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
<p><b>1. Introduction of cold storage facilities</b></p> <p>1.1 Conduct a meeting to present and discuss the feasibility study and the business prospects of a cold storage plant. Invite owners of ice-plants.</p> <p><i>If the meeting confirms the feasibility of such a project in terms of financial viability and management structure, further activities will be defined.</i></p>				
<p><b>2. Revive the SMED-Council</b></p> <p>2.1 Secure DILG D.O. RE: Creation of City SMED Council</p> <p>2.2 Call Ormoc City SMED Council Meeting – Agenda : DILG D.O. (Inclusion of other GA's / NGAs</p> <p>2.3 Issuance of Executive Order – Re-organization of Ormoc City SMED Council</p> <p>2.4 Updating of Data Business Registration)</p> <p>2.5 Call regular SMEDC meeting &amp; invite new members</p>	<p>April 3-6</p> <p>April 20</p> <p>April 25</p> <p>April – May 06</p> <p>2<sup>nd</sup> week of May</p>	<p>DTI – Lily</p> <p>CPDO – Rauol / Epen 5.1.</p> <p>CPDO – SMED Council Secretariat / Laura (Secretary to the Mayor)</p> <p>SMEDC Secretariat / Epen / Emil</p> <p>City SMEDC Secretariat</p>	<p>DILG D.O. Copy submitted to SMED secretariat</p> <p>Meeting conducted &amp; Re-organization schedule</p> <p>Executive Order Signed by Mayor</p> <p>Updated Business Registration Data</p> <p>Reorganized SMEDC convened with 100% attendance</p>	<p>N/A</p> <p>Snack – CPDO / CMO</p> <p>N/A</p> <p>Snacks – CPDO / CMO</p>

## ANNEX 7

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
2.6 Conduct Strategic Planning Workshop 2.7 Monthly regular city smedc meeting	June – March 07	City SMEDC Secretariat	Functional City SMEDC Plan Approved (1 year Plan)	
<b>3. Strengthen local business organizations</b> 3.1 Conduct I.E.C. Activity (OCCCI) – Flyers distribution		OCCCI – Roy B.O.D.	Increase in membership by 20%	OCCI
3.2 BPLO to distribute flyers & campaign for membership 3.3 OCCCI Strategic Planning 3.4 Conduct Businessmen Forum 3.5 Include other Business Association in the City SMED Council	April – Nov 06  Last week of April 2006 Nov. 2006 May 2006	BPLO – Emil  OCCI – Roy ; DTI – Frank; BPLO - Emil  City SMEDC Secretariat	Increase in Private Business Association Participation	LGU/DTI  CPDO/CMO
<b>4. Develop local tourism and improve management of Ormoc's website</b> 4.1 Designation of permanent IT in Charge 4.2 Enhancement 4.3 Establishment of a tourist center in Ormoc 4.4 PAMBI presentation & approval of the LD Management	April 10, 2006 April – December 2006 November 2006 May 2006	Hon. Mayor Codilla c/o Roy / Raulo Cam Raulo Cam – designated IT in Charge Roy / Archt. Ebcas Engr. Daday Flores c/o Carlo	Office Order Improve website – increase number of web visitors Center Inauguration Approved Management Plan	Php 36,000.00 from LGU (?) Php 600,00 – LGU (?) Php 5,000.00 c/o LGU / PNOC

## ANNEX 7

Fields of intervention/ activities	Time frame	Responsibilities	Indicators	Budget in PHP (estimate)/ sources
4.5 Lake Danao Tourism Plan Formulation with active participation of private sector (e.g. Chamber, tourist operator)	September 2006	Carlo, Ira, Engr. Ebcas	Formulated plan approved by city council	Php 30,000.00 – from LGU / DOT
4.6 Construction of Viewing Deck	October – November 2006	Carlo, Engr. Ebcas	Completed viewing deck	Php 45,000.00 – from DOT
<b>5. Promote local agro-industries</b>				
5.1 Prepare workshop on ethanol production & marketing			1 Investor identified	
5.2 Prepare request for HISUMCO management for seminar about ethanol	April 2006	LCE – through Mr. Evangelista (City Mayor)		
5.3 Schedule workshop & invite participants	June – Sept. 2006	Mr. Evangelista		
5.4 Conduct workshop on ethanol production / marketing	June – Sept. 2006	HISUMCO in cooperation with LGU (C.P.D.O.)	1 workshop with 32 pax (Chairmen/ Officers of co-operatives) conducted	HISUMCO / LGU up to Php 25,000.00
5.5 Prepare workshop on alternative uses of coconut (shell & fibres)				
5.6 Prepare a request for Philcoa for seminar about alternative uses of coconut	April 2006	LCE through Mr. Evangelista		
5.7 Schedule workshop & invite participant	April 2006	Philcoa in cooperation with LGU (CPDO)		
5.8 Conduct workshop on alternative uses of coconut (shell & fibres)	Mid May 2006	PCA	1 seminar with 30 coconut planters conducted	CAL-EN PHP 15,000.00
5.9 Prepare seminar on hybrid rice technology and finance	Mid April 2006		1 seminar with 30 participants	
5.10 Conduct seminar on hybrid rice technology and finance	End of May 2006	LGU – CASO		LGU – CASO Php 10,00.0

## **Annex 8**

# ANNEX 8

Local and Regional Economic Development (LRED) ToT II: Tentative Schedule for Baybay Training Course, 3 <sup>rd</sup> – 6 <sup>th</sup> April 2006			
Day	Session	Time	Training method
Day 1	<b>Opening and related activities:</b>		
	– Registration of participants	08:00 – 08:30 h	
	– Welcoming by representatives of provincial government (DTI) and SMEDSEP	08:30 – 08:45 h	
	– Presentation of participants	08:45 – 09:00 h	– Quick individual presentation as the participants know each other already
	– Objectives and methodology of the training, “house rules”	09:00 – 09:15 h	– Presentation
	<b>Introduction into basic elements of business plans: Selecting and analyzing business ideas</b>	09:15 – 10:00 h	– Exercise “Brainstorming”: Purposes are the generation of business ideas and the unlocking of creativity and openness for new ideas.
	Coffee break	10:00 – 10:30 h	
	10:30 – 10:50 h	– Exercise (individual work) “Macroscreening”: Screening of business ideas by a set of individually defined criteria.	
	10:50 – 12:00 h	– Exercise (group work) “Microscreening” Introduction of economic criteria defining the viability of a business idea and screening of business ideas and narrowing down their number resulting from the macrofilter.	
	<b>Lunch break</b>	12:00 – 13:30 h	
		13:30 – 14:30 h	– Continuation of „Microscreening”: Groups present their analyses and discuss them.
	Coffee break	14:30 – 15:00 h	
		15:00 – 16:30 h	– SWOT – analysis: Apply the SWOT with the business ideas resulting from the microscreening and judge on the viability of the business ideas.
Day 2	Brief wrap-up of the activities conducted during the first training day	08:00 – 08:15 h	– Done by one or two participants who were selected the day before

# ANNEX 8

Local and Regional Economic Development (LRED) ToT II: Tentative Schedule for Baybay Training Course, 3 <sup>rd</sup> – 6 <sup>th</sup> April 2006			
Day	Session	Time	Training method
	<b>Introduction into basic elements of business plans: Marketing, entrepreneurial behaviour and financial aspects</b>	08:15 – 09:45 h	Mini-market exercise. The objectives of this exercise are that the participants <ul style="list-style-type: none"> <li>– get aware of basic elements of marketing,</li> <li>– get ware of the importance of meeting clients demands,</li> <li>– get aware of their selling and negotiation skills,</li> <li>– compare pros and contras of different marketing strategies.</li> <li>– develop individual marketing strategies.</li> </ul>
	Coffee break	09:45 – 10:00 h	
		10:00 – 12:30 h	Exercise „Envelope Game“ 1st. round: Participants form four smaller groups acting as companies producing envelopes. They are competitors. The exercise introduces them into aspects of entrepreneurial characteristics (e.g. achievement motivation, time control, risk taking) and basic elements of production (quality control, organization of work flow, specialization, time management, waste control etc.). They are also introduced into the profit and loss account
	<b>Lunch break</b>	12:30 – 13:30 h	
		13:30 – 15:45 h	– Exercise „Envelope Game“ 2nd. round: Planning, production and presentation of results. Processing of the exercise and lessons learned
<b>5.1. Day 3</b>	– Brief wrap-up of the activities conducted during the first training day	08:00 – 08:15 h	– Done by one or two participants who were selected the day before
	<b>Introduction into business plans</b>	08:15 – 09:30 h	– Presentation by main facilitator
	<b>Applying business plans to LRED - projects</b>	09:30 – 12:00 h	– Introduction into the exercise: Participants have the task to draft a simplified business plan for two LRED – projects, a production site for organic fertilizer and a plant for the manufacturing of virgin coconut oil. The exercise is conducted in four smaller groups (2x2) <ul style="list-style-type: none"> <li>– 1<sup>st</sup>. step: Organizing the work: The goupes go through the written</li> </ul>

## ANNEX 8

Local and Regional Economic Development (LRED) ToT II: Tentative Schedule for Baybay Training Course, 3 <sup>rd</sup> – 6 <sup>th</sup> April 2006			
Day	Session	Time	Training method
			materials and formulate questions to ask the resource persons, who will be present in the afternoon. In addition to this, they consult written material on these projects.
	<b>Lunch break</b>	12:00 – 13:00 h	
		13:00 – 15:00 h 15:00 – 16:30 h	– 2 <sup>nd</sup> . step: Collecting the information by interviewing resource persons. – 3 <sup>rd</sup> . step: The groups analyse the information and start writing a “rudimentary” business plan.
5.1. Day 4	Brief wrap-up of the activities conducted during the first training day	08:00 – 08:15 h	– Done by one or two participants who were selected the day before
	<b>Continuation: Applying business plans to LRED - projects</b>	08:15 – 11:00 h	– Continuation of the 3 <sup>rd</sup> . step: Groups finalize their “rudimentary” business plan
		11:00 – 12:00 h	– 4 <sup>th</sup> . step: Groups prepare their presentations.
	<b>Lunch break</b>	12:00 – 13:00 h	
	<b>Presentation of rudimentary business plans of LRED - projects</b>	13:00 – 15:00 h	– Groups present their action to a panel of 2 outside experts and obtain feedback from them (15 minutes presentation for each group and 15 minutes for questions).
		Coffee break	15:00 – 15:30 h
	<b>Closing and related activities:</b>		
– Written and verbal evaluation of the course – Handing out of certificates	15:30 – 16:00 h		

## **Annex 9**

## II. ToT on Local and Regional Economic Development, Baybay, 3<sup>rd</sup>. to 6<sup>th</sup>. April 2006

### - Learning points derived from the exercises -

#### Brainstorming exercise:

- Many ideas brought up in short time.
- The ideas are production – oriented.
- The ideas are focusing on already existing businesses and
- ... on rural/agri-based businesses.
- Mixed bag of micro, small and medium businesses.
- Few tourist activities.
- Absence of IT, telecom and BDS-services.
- Levelled-up with competition.

#### Macro- and Micro-Screening, SWOT – Analysis:

- Consider also non-traditional business ideas.
- Try not to be over-optimistic when analysing business ideas.
- Make use of “objective” sources of business information (external resource persons and statistics); try to not be “political” when analysing business prospects.
- SWOT: “Internal” or “external” depends on your reference unit (e.g. individual business, barangay, municipality).
- A SWOT is a starting point for the design of a strategy.
- For employment generation to be successful, businesses have to be viable.
- Policy-makers: Focus on the sub-sectors with the highest employment potential, considering the viability of businesses.

#### Mini-Market:

Who sold what and to whom ?		
Name of entrepreneur	Product/service	Name of client
Luz	1 Bag	Ria
Josie	1 Earring	Ria
Emil	Rug	Ria
Doreen	Massage	Ria
Jojo	1 Magazine	Ernie
Maimai	1 mineral water	Ernie

## ANNEX 9

Reasons for the buyers to choose these particular products/services:

- Ria: Presentation, sellers talking to customers and convincing; offer something free adding to the product; offer attractive products (the bag). Flexibility and customization are also important. Observation: Prices were so low, she would rather go for more quality.
- Ernie: Looking for a cheap price.

Marketing strategies of the sellers:

- Attract customers to your presentation, know your business and have a personal touch (Josie).
- Take into account price and place. Be oriented towards the customer's needs.
- Know your market, be flexible with pricing. Be compassionate with your customer (Doreen).
- Effective advertisement is important (Perry).
- Pro-active promotion is necessary, do not wait for your client to come to you (Ria).
- Be careful with offering "free" stuff. The profitability of your business must never be jeopardized (Ria).
- Persistence is necessary.
- Position your product, do not copy, so as to avoid stiff competition (Gil).
- Know your clients and the market well.

Conclusion: In designing and following a marketing strategy, entrepreneurs should have in mind *product, price, position and promotion*. Each business should have a combination of these four elements; however, the weight of each component in the marketing strategy depends on the specific characteristics of each enterprise.

### **Envelope Game:**

Learning points:

- The groups learned their lesson from round 1. Whereas in round 1 all companies recorded an operational loss, in round 2 all of them made profit.
- The lessons learned in round 1 were applied in round 2.
- Better planning in round 2.
- Costs were reduced in round 2.
- Groups were more self-critical – this was possible because they could compare between them.
- Improvements in production process: quality control and better use of available resources.
- Financial statements are a good tool for business assessments.
- Purchasing skills improved.
- Negotiation skills improved.
- One group had harsh working conditions – lesser costs.

## ANNEX 9

- More systematic production flow and introduction of new technologies (pressing)of envelopes).
- Partly wrong choice of cost-cutting measures.
- Waste management improved.

### Strategies to improve business viability:

- Reduce costs (fixed and variable).
- Improve business planning.
- Increase prices.
- Increase quality.
- Increase productivity.
- Have a financial buffer.
- Close the business.






### Criteria for judgement of success:

- Productivity
- Planning accuracy
- Sales volume
- Profit
- Profitability
- Quality standards

## **Annex 10**

## Evaluation of the LRED ToT II, Baybay 03.-06. April 2006

### 1. HOW DO I FEEL AT THE END OF THE WORKSHOP (PLEASE TICK)?

				
13 (=100%)				

### 2. HOW DO YOU RANK THE FOLLOWING ITEMS?

Item	Evaluation				
	5 Excel	4 Good	3 Fair	2 Medi- ocre	1 Nega- tive
Overall assessment: Compared to my expectations, the training was (☉ 4,8)	11 (85%)	2 (15%)			
Content: Regarding the relevance of the issues discussed during the event, I consider the training as (☉ 4,8)	11 (85%)	2 (15%)			
Content: The methodology applied during the training was (☉ 4,9)	12 (93%)	1 (7%)			
Moderation: The moderation of the workshop was (☉ 4,8)	11 (85%)	2 (15%)			
Group: The cooperation among the participants was (☉ 4,8)	11 (85%)	2 (15%)			
Organization: I regard the organization of the workshop as (☉ 4,8)	11 (85%)	1 (7%)	1 (7%)		
Venue: The venue was (☉ 4,2)	4 (31%)	8 (62%)	1 (7%)		

### 3. SUGGESTIONS FOR FUTURE WORKSHOPS

- Should take place out of town.
- Travel to other place outside the region/somewhere outside Leyte.
- That future workshops be done in Ormoc to make it more accessible.
- Exposure to various projects applicable under SMEDSEP.
- Excellent.
- An effective tool and thank you very much for organizing this training not only for me but for my beneficiaries as well.
- Possibility of documenting updates on ToT II outputs. Design of follow-up activities should be based on this.

