



CASE STUDY: INTER-MUNICIPAL COOPERATION IN THE PHILIPPINES

MUNICIPAL PARTNERS FOR ECONOMIC DEVELOPMENT PROGRAM

The Case of the PPALMA Alliance

INTRODUCTION

In Barangay Baliki, Midsayap, farmer Rudy Quiros smiles as he remembers the days when he had to pay 10 pesos (P10) per sack to haul his rice harvest to where the buyer or buyer's representative waited. Those times were difficult. During the rainy season, the road was often muddy and the public utility vehicles would get stuck. Rudy had to spend a great deal of time getting his harvest to the buyers. **Today, however, the buyer comes to the roadside to collect Rudy's sacks.** Rudy Quiros, 61, is earning much more now than he was then. Not just from the P10 a sack; now that Rudy can spend more time at the farm, his former yield of 80 sacks per hectare each harvest has increased to at least 100 sacks.

Before the road leading to her area in Panatan, Pigcawayan, was rehabilitated, Teresita Cahugong, would have to wake her children before 5 a.m. each day. This gave them enough time to walk the 1.5 km down a trail to meet the jeepney that would take them to school. The children had to walk barefoot because their shoes would get stuck in the mud and wear out quickly. Now that the road has been improved, her children are able to wear their shoes; it takes them a lot less time to get to school.

This is the kind of difference municipalities make in Cotabato Province, Philippines. This case study deals with economic development and the day-to-day changes in the lives of citizens. **It tells the story of six contiguous municipalities**

The Federation of Canadian Municipalities' (FCM) Municipal Partners for Economic Development (MPED) is a five-year program (2010-15) designed to support sustainable and equitable economic development in seven developing countries in Asia, Africa and the Americas. The program partners and direct beneficiaries are local governments and local government associations (LGAs) from these seven countries. MPED is undertaken with the financial support of the Government of Canada.

By strategically concentrating resources on local-level "demonstration projects", MPED allows partners to develop new evidence-based models and practices for effective municipal management and economic development.

While this case study focuses on a municipality in the Philippines, its primary targets are Cambodian and Vietnamese municipalities. The intention is to provide them — and other stakeholders in the decentralization and local development effort — with ideas for innovative new ways to support local economic development (LED). Its aim is to propose ideas that work, and to question the practices underlying these models with a view to triggering the discussions required to adapt and transfer these experiences to other contexts.

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that created an alliance to share resources and work collaboratively to address the rehabilitation of farm-to-market roads.

THE CASE OF THE PPALMA ALLIANCE

In the Philippines, small municipalities that are far away from big urban centres are usually highly dependent on fiscal transfers from central government; they have limited local revenues with which to purchase equipment and material to build and maintain their roads.

As a result, roads are often in a poor condition; remote farming communities face high transportation costs to bring their goods to towns and to access social services.

The PPALMA alliance was created to help address this issue by developing an inter-municipal agreement. The six local governments started sharing their heavy equipment (such as dump trucks, graders, bulldozers and backhoes) so that each member municipality could take its turn to use several units of heavy equipment at once. In this way, each member municipality gets an opportunity to open and maintain all-weather roads without using contractors,¹ which would cost them significantly more. This makes a huge difference to the communities living in remote areas, especially during the rainy season, when some roads are impassable.

CONTEXT

PPALMA is the acronym derived from the names of the six municipalities that form the Alliance. They are all neighbouring communities located in the Province of Cotabato (formerly known as North Cotabato), on the island of Mindanao, in the Southern part of the Philippines. These municipalities are Pigkawayan, Aleosan, Libungan, Midsayap, Alamada and Pikit (who joined the Alliance several years after it was first created). Cotabato province is a landlocked area of 9,008 square kilometres in central Mindanao with a common border with Davao City to its East. It is strategically linked to the major Mindanao Arterial Road System that traverses and connects the province to Davao and other major cities in the region.

Cotabato's economy is mainly agricultural, and the province is considered to be Mindanao's food basket. It is a major producer of cereals, tropical fruits, vegetables, sugarcane, coconuts, coffee, freshwater fish and live-stock. It is also one of the country's leading producers of raw and semi-processed rubber, with markets in Asia and Europe. Major investments in agricultural development over the last 10 years have transformed

Cotabato, which was once affected by the insurgency. **The availability of more stable sources of income and better living conditions have weakened the influence of former communist guerrillas.**

The six municipalities of the PPALMA alliance are representative of the province's general economic and topographic characteristics, i.e. located in mountainous terrain with many communities living in higher areas. The population of the six municipalities ranges from 43,000 to 123,000 people; the total population within the PPALMA municipalities is 368,000 inhabitants. The alliance's territory covers a total land area of 222,000 hectares — or approximately 34 per cent of the province's total land area.

DEVELOPMENT CHALLENGES

In almost all of rural areas of the Philippines, including the six municipalities of PPALMA, mountainous and remote communities often lack basic services and are almost excluded from the economic growth taking place in lowland areas. It was difficult for PPALMA residents to commute or take their farm produce to the market. Farm-to-market roads link the communities to the town centre where the markets, schools, hospitals and other amenities are located.

Before the PPALMA project was launched, each municipality was responsible for rehabilitating and constructing all-weather farm-to-market roads in their respective area. However, each of the municipalities would typically only have one or two pieces of heavy equipment; at times, these would sit idle because there were insufficient resources to operate or maintain them. The cost of road construction for individual municipalities was very high and, for this reason, little was actually undertaken. Agricultural productivity was hampered by the poor quality and high cost of transportation; residents, especially poorer residents from communities further away from the main towns, had limited access to basic services.



Equipment at work.

¹An "all-weather road" is commonly referred to as being any unpaved roadway made of material (particularly gravel) that does not create mud during rainfall. Dirt roads are not considered to be all-weather roads.

THE MUNICIPAL ALLIANCE: HOW IT STARTED

The five mayors that started the alliance and the provincial governor decided to work together to do something about the urgent need for roads in almost all of the upland and remote communities: they came up with the KABALIKAT PALMA Infrastructure Project (KPIP). “Kabalikat” is a Tagalog word meaning “putting onto each other’s shoulder” the development of each Local Government Unit (LGU); in the spirit of “bayanihan” (community cooperation), it also encompasses the principle of “big brother/sister helping his little brother/sister”. This became the name and guiding principle of their initiative.

The mayors and their staff agreed that a particular type of road in the municipalities would be rehabilitated, namely those linking remote farming communities to town centres. **This was to be achieved by pooling equipment from several municipalities and providing the equipment to each member of the alliance on a rotation basis.** Each municipality would provide staff from its engineering and public works departments, who would take part in the planning and oversee the operations of the road improvement projects.

The concept was made easier by the openness of mind of the mayor of Midsayap, the largest of the six municipi-

palities, and the leadership of the provincial governor, who contributed several pieces of the more expensive heavy equipment to the alliance. Midsayap decided to provide a larger proportion of its own resources to the alliance than its counterparts; it realized that there was a certain level of interdependence in the issues they were all facing together. Were Midsayap just to focus on its own issues and ignore the ongoing problems of the neighbouring municipalities, i.e. the social problems associated with unemployment and poverty, it would continue to be affected by the security situation in the region. Furthermore, there was a realization that economic development does not always follow a linear path, and that positive change in neighbouring municipalities could further benefit Midsayap.

An alliance, or formal agreement between several municipalities to cooperate together, was required to formalize the roads rehabilitation program. In the Philippines, the Local Government Code (1991) has introduced a provision encouraging inter-municipal cooperation through the establishment of such alliances.² KPIP was the first major project to be implemented by the PPALMA Alliance. It was conceptualized in August 2001, while the five local chief executives (LCEs) or mayors were attending a program on strategic planning and management at the Asian Institute of Management. The five LCEs met specifically to set up the mechanism for the project to be included in a Memorandum of Agreement, which was subsequently signed on October 31, 2001. The main objective was to fast-track the rehabilitation of their barangay³ roads and construct all-weather farm-to-market roads by sharing road construction equipment.

Given the collaborative nature of this initiative, involving several municipalities, each with separate leaders, administrations and constituents, **the critical first step was to build consensus and commitment between all members of the potential alliance.** For such an initiative to be successful, it must be wanted by all parties; ownership is a key success factor. The Annex of this case study explains the building blocks for this collaboration, and the steps that were taken to operationalize the arrangement.

²Ref: Chapter 3 — Intergovernmental Relations, Article 3 — Inter-Local Government Relations, Section No. 33 — Cooperative Undertakings Among Local Government Units, of Republic Act 7160, 1991, Local Government Code, stipulates the following: “Local government units may, through appropriate ordinance, group themselves, consolidate, or coordinate their efforts, services, and resources for purposes commonly beneficial to them. In support of such undertakings, the local government units involved may upon approval by the concerned council (“sanggunian”) after a public hearing conducted for the purpose, contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating local units through Memoranda of Agreement”.

³A Barangay is the smallest administrative division in the Philippines and is the native Filipino term for a village, district or ward. Barangays are led by elected officials and operate under the jurisdiction of municipal and city governments.



Road construction:



... and after

Before...

KEY BENEFITS AND RESULTS

After several years of the project, this approach to rehabilitating barangay roads has greatly benefited the residents of the participating LGUs, especially the most remote barangays.

The benefits can be summarized as follows:

- 1. Opening the upland barangays to development.** The project provided access to modern farming technology, and made government and private sector services more accessible.
- 2. Increased agricultural productivity.** After the completion of the roads, the production of traditional crops such as corn and vegetables increased by up to 20 per cent.
- 3. Reduced road construction cost.** Typically, the cost to rehabilitate a barangay farm-to-market-road is P800,000–P1 Million per km, based on national government standards. With KPIP, a 10–15 km all-weather farm-to-market road costs each LGU/barangay P350,000–P500,000 or an estimated P35,000–50,000 per km of road. Of course, there may be differences in construction standards; however, the individual PPALMA municipalities do not have the large sums required for the larger amounts of kilometres specified under the national standards costing. This resulted in many remote areas being left out.
- 4. Reduced travel distance and time.** Once the project had been implemented in the barangays, travel time was often reduced by as much as 50 per cent, which is of great benefit to the constituents.
- 5. Reduced transport and passenger fares.** Passenger fares for jeeps (six-wheelers) and “habal-habal” (single motorcycles for hire) were reduced by 20 per cent and the transportation of products/goods by as much as 60 per cent, contributing to savings for both commuters and farmers.
- 6. Accessibility of government services and assistance.** Remote barangays, especially those that had been classified as “critical” areas due to the ‘peace and order’ situation, have become more accessible to government services and assistance.
- 7. New developments and undertakings in remote communities:** Over time, farmers and other community members have been able to expand their operations, develop additional agriculture fields, take on new crops and open other small-scale commercial activities, gradually expanding their businesses and increasing the revenue base of their families.
- 8. Expansion of the Alliance activities into new collaborative ventures:** The success of the PPALMA road development project, as a practical alliance project

with demonstrated positive results, has generated much enthusiasm amongst the PPALMA municipal leaders and their communities. Various national civil society and government organizations and the international development community have taken note of PPALMA’s success. PPALMA has shared its experience in multiple forums and events, thus generating new ideas for collaboration. The six relatively remote municipalities have also gained recognition and visibility.

REFLECTIONS ON THE PPALMA ALLIANCE EXPERIENCE

In creating an alliance between six independent municipalities, the PPALMA experience clearly demonstrates the value of inter-municipal cooperation. Together these municipalities are able to make more of their resources for the benefit of their citizens. This creates an environment in which farmers have much easier access to the market (buyers) to sell their agricultural produce and directly increase their revenue. In addition, in the case of remote, mountainous communities, better roads mean better access to basic services. It contributes to poverty reduction and an overall improvement in the quality of life and prosperity. Through this initiative, municipal authorities are playing a key role in facilitating economic activity and improving the living conditions of their communities.

Inter-municipal alliances and cooperation exist in most countries around the world with various levels and forms of legal status. They are commonly created to address issues or problems that are “regional” in nature and/or for which economies of scale can be achieved. Typical areas of intervention for inter-municipal cooperation include service delivery, environmental protection and economic development. **Inter-municipal cooperation is relevant for all municipalities regardless of their size;** however, as illustrated in the PPALMA case, it is particularly relevant for small municipalities that individually do not have the required population size, capacity or resources to perform a wide range of functions efficiently and effectively.

Beyond road rehabilitation, the municipal partners of PPALMA realised that their **inter-municipal cooperation model can also benefit other initiatives such as protecting their common watershed; undertaking a joint solid waste management program; implementing livelihood programs, particularly for women; and undertaking joint tourism development planning.**

For example, PPALMA joined the Gender Responsive Economic Actions for the Transformation of Women (GREAT Women) project; this Canadian International Development Agency-funded project aims to enhance the enabling environment for women’s economic empowerment, especially those in microenterprises. A plan has been developed to increase women’s access

to and control over high-value productive resources, and enable them to enjoy benefits from wealth-creating opportunities that are equal with men. The PPALMA municipalities were supported to conduct a gender analysis and develop a Gender and Development Code, resulting in ordinances outlining the municipalities' general policies with regards to gender equality and women's empowerment.

In tourism planning, PPALMA undertook to develop an Agri-Eco Tourism Development Strategy. The municipal partners started by identifying relevant stakeholders and formed a local economic development (LED) core team comprising representatives from the PPALMA municipalities, as well as selected national government agencies, the local Chamber of Commerce, and civil society groups. Initial steps involved gathering comprehensive information and data related to agricultural activity that could be integrated into tourism, and potential eco-tourism sites, and undertaking in-depth analyses of issues and potential opportunities for tourism development.

Critical elements in sustaining a successful alliance for inter-municipal cooperation, as experienced by PPALMA, include:

- **Political will on the part of all individual alliance members and consensus on the priorities to be addressed together.** As with many unusual undertakings, one or more strong champions to continuously

explain, promote and resolve problems is often critical to achieve success.

- **Each partner municipality must see benefit and perceive that the results of the cooperative effort benefit all partners equally.** In other words, each partner has to gain something in exchange for its efforts.
- Genuine concern of the LCEs from all six municipalities about improving the lives of their constituents. The awareness and sensitivity of these leaders, setting aside political affiliations, to respond to the needs of their residents contributed to the successful and immediate implementation of the project.
- The full support and commitment of the respective barangay councils who readily enact the needed resolutions, enabling the mayors to enter into agreements and allocate funds for alliance activities.
- **A series of legal, institutional and financial arrangements to formalize the existence of the alliance and concretize its objectives and initiatives.** This would include such elements as having a MOU legally binding partners together; the harmonization of some policies of the individual municipalities to facilitate the objectives of the alliance; developing an implementing structure such as the PPALMA Steering Committee and Technical Working Group with its operational guidelines, etc.; a commitment to share financial and other resources for the use of the alliance; and transparency and timeliness in financial transactions.



Tourism potential: Crafts.

CONCLUSION

As with Rudy Quiros, from Midsayap, and Teresita Cahugong and her children, from Pigcawayan, so many other stories of transformed lives can be told. As of January 2009, the road rehabilitation project, now an institutionalized practice amongst the PPALMA partners, had made life better for residents in 151 barangays of PPALMA, and more than 454 kilometres of road had been rehabilitated or opened.

The PPALMA experience is based on a number of generic principles which are adaptable to any context. Among these are good will, leadership, recognizing common needs and potential benefits, having solid agreements and implementing arrangements. Based on its exceptional results, the PPALMA case has already inspired several other local governments in the Philippines to achieve greater results through cooperation, and there are clear indications that local government alliances will become more relevant as more local governments realize their clear potential for sharing efforts, services and resources.

APPENDIX

A ROADMAP TO INTER-MUNICIPAL ALLIANCES

1. Creation of the Alliance or Inter-Municipal Organizational Structure to Manage Projects

Any group of local governments that does not have an existing alliance organizational structure needs to create some sort of inter-municipal committee or organizational structure with representation from each municipality involved in order to manage the activities of the infrastructure project. In the case of PPALMA roads initiative, two committees were established:

- An *Infrastructure Project Steering Committee* (IPSC); and
- An *Infrastructure Project Technical Working Group* (IPTWG)

The mandate of the IPSC is to:

- oversee the establishment and implementation of the infrastructure projects
- discuss and agree on matters related to fund sourcing, appropriation of funds and equity sharing
- ensure all municipalities equitably benefit from the infrastructure projects
- approve the scheduling of projects
- settle disputes among the participating LGUs.

The mandate of the ITWG is to:

- prepare the Program of Work for each municipality
- establish and recommend project schedules
- prepare listings of heavy equipment required for the respective projects
- supervise the implementation of the respective projects
- coordinate (jointly with the respective municipalities) the logistical requirements of the projects
- monitor, evaluate and provide feedback to the IPSC.

2. At the Individual Municipality Level

Council Resolution: The respective municipal councils issue a resolution authorizing the local chief executives (mayors) to enter into a memorandum of agreement (MOA). The MOA includes the allocation of funds, inventory of heavy equipment and the specific details of the implementation mechanics.

Inter-Municipal Memorandum of Agreement and Agreement on the implementation mechanics: In PPALMA's case, agreements were confirmed through a MOA including such issues as the allocation of funds, inventory of heavy equipment and the specific details of the implementation mechanics. To operationalize this project, the mayors agreed on the following mechanics of implementation:

- a) The project shall be rotated within the six (6) member municipalities, starting from the municipality/barangay where the need is most crucial, and until such time that all the farm-to-market roads in all the barangays within the Alliance shall have become all-weather roads.
- b) Each member municipality shall provide the road construction equipment needed in the particular project.
- c) All the necessary equipment for the project shall be simultaneously mobilized and operated in the area to maximize time to ensure project completion within the specified period of time. They shall be garaged within the premises of the project area throughout the duration of the project, but may be withdrawn at any time by the LGU owner when there is an urgent need for them, especially in emergency cases.
- d) The project will have a minimum duration of ten (10) working days (under normal conditions).
- e) The host municipality shall provide for the prime mover/trailer for the transport of the heavy equipment (bulldozer, vibrator/compactor, pay loader).
- f) The drivers and operators shall be provided with P200/day⁴ honorarium each, aside from provision of food and sleeping quarters.
- g) The host municipality will provide for the fuel, oil, and lubricants for use of the equipment during the project implementation.
- h) The host municipality shall also provide security personnel or peacekeeping forces to secure the project area and its premises.
- i) Minor repairs of the equipment costing P1,000 or less shall be shouldered by the host LGU, but repair costs over P1,000 shall be borne by the LGU owner.

⁴In June 2011, 1 US \$ = Philippines Peso 43.24.

3. Implementation in Respective Municipalities

Each municipality undertakes a “pre-implementation” process including a number of preparation steps such as:

- prioritize/shortlist Barangays to benefit from projects: Establish criteria for identifying priority Barangays and propose a Barangay short list
- conduct a survey of the roads in the selected Barangays
- prepare the Program of Work
- form working committees to support the project at Barangay level
- prepare the budget/expenditures for day-to-day operations
- obtain heavy equipment from other LGUs
- prepare the opening ceremony in the Barangay.

In the actual implementation of road rehabilitation, the role of the municipality benefiting from the heavy equipment consists of the following tasks and steps:

- conducting the opening ceremony in the Barangay
- project implementation/execution
- project supervision and monitoring
- project completion and turn-over
- reporting and providing feedback to the IPSC
- submission of accomplishments report to the participating municipalities and the provincial government
- equipment check and maintenance
- initiate preparations and project cycle for the next project.