ANNUAL PERFORMANCE REPORT


Strengthening Urban Resilience for Growth with Equity (SURGE) Project

CONTRACT NO. AID-492-H-15-00001

OCTOBER 30, 2016

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ANNUAL PERFORMANCE REPORT  
(July 22, 2015 – September 30, 2016)

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<th>Description</th>
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<tbody>
<tr>
<td>ACCCRN</td>
<td>Asian Cities Climate Change Resilience Network</td>
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<td>AIP</td>
<td>Annual Investment Plan</td>
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<tr>
<td>BAHRR</td>
<td>Bohol Association of Hotels, Resorts and Restaurants</td>
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<td>BCCI</td>
<td>Bohol Chamber of Commerce and Industry</td>
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<tr>
<td>BFARCCO</td>
<td>Bohol Federation of Agrarian Reform Communities Cooperatives</td>
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<tr>
<td>B-LEADERS</td>
<td>Low Emission Alternatives to Develop Economic Resilience and Sustainability Project</td>
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<td>BLGF</td>
<td>Bureau of Local Government Finance</td>
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<td>BPLS</td>
<td>Business Permits and Licensing System</td>
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<td>BPOS</td>
<td>Business Permits and Occupancy System</td>
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<td>CCA</td>
<td>Climate change adaptation</td>
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<td>CDP</td>
<td>Comprehensive development plan</td>
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<td>CENRO</td>
<td>City Environment and Natural Resource Office</td>
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<td>CGIMS</td>
<td>Centralized Geospatial Information Management System</td>
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<td>CLUP</td>
<td>Comprehensive Land Use Plan</td>
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<td>CMCI</td>
<td>Cities and Municipalities Competitiveness Index</td>
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<td>CNA</td>
<td>Capacity needs assessment</td>
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<td>COR</td>
<td>Contract office representative</td>
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<td>CPDO</td>
<td>City Planning Development Office</td>
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<td>CPIP</td>
<td>City Public Investment Program</td>
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<td>DAR</td>
<td>Department of Agrarian Reform</td>
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<td>DBM</td>
<td>Department of Budget and Management</td>
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<td>Department of the Environment and Natural Resources</td>
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<td>DILG</td>
<td>Department of the Interior and Local Government</td>
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<td>DOF</td>
<td>Department of Finance</td>
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<td>DRR</td>
<td>Disaster risk reduction</td>
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<td>Disaster risk reduction and management</td>
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<td>Department of Trade and Industry</td>
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<td>eBPMS</td>
<td>Electronic Building Permit Management System</td>
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<td>Executive Legislative Agenda</td>
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<td>Executive order</td>
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<td>Gender Equality and Social Inclusion</td>
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<td>GHG</td>
<td>Greenhouse gas</td>
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<td>GIS</td>
<td>Geographic information system</td>
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<td>HLURB</td>
<td>Housing and Land Use Regulatory Board</td>
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<td>HRMO</td>
<td>Human Resource and Management Office</td>
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<td>ICLEI</td>
<td>International Council for Local Environmental Initiatives</td>
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<td>International City/County Management Association</td>
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<td>IPC</td>
<td>Investment Promotion Center</td>
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<td>ISSP</td>
<td>Information System Strategic Plan</td>
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<td>Information and communications technology</td>
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<td>JMC</td>
<td>Joint Memorandum Circular</td>
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<td>Liveable Cities Design Challenge</td>
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<td>Local Economic and Investment Promotion Office</td>
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<td>LGU</td>
<td>Local government unit</td>
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<td>MBBC</td>
<td>Metro Batangas Business Club</td>
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<td>M&amp;E</td>
<td>Monitoring and Evaluation</td>
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<td>Memorandum of Agreement</td>
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<td>National Competitiveness Council</td>
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<td>NEDA</td>
<td>National Economic and Development Authority</td>
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<td>PCCI</td>
<td>Puerto Princesa Chamber of Commerce and Industry</td>
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<td>PFG</td>
<td>Partnership for Growth</td>
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<td>PFM</td>
<td>Public Finance Management</td>
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PFMAT  Public Finance Management Assessment Tool
PGESIA  Participatory Gender Equality and Social Inclusion Analysis
PIS  Performance Incentive Scheme
PITEC  Panglao Island and Tagbilaran Executive Council
PLEX  Planning for Local Executives
PPP  Public-private partnership
RPT  Real Property Tax
SMV  Schedule of Market Values
STTA  Short-Term Technical Assistance
SURGE  Strengthening Urban Resilience for Growth with Equity
TWG  Technical Working Group
UDCP  Urban development capability profile
UDLC  Urban Development Learning Center
ULIS  Unified Land Information System
USAID  U.S. Agency for International Development
USG  U.S. Government
WSP  Water service providers
I. Introduction

The Strengthening Urban Resilience for Growth with Equity (SURGE) Project is an award of the U.S. Agency for International Development (USAID) to the International City/County Management Association (ICMA). The project supports the USAID/Philippines’ Cities Development Initiative (CDI), which is part of the broader Partnership for Growth (PFG), a White House–initiated agreement between the U.S. Government (USG) and the Government of the Philippines. The PFG aims to shift the Philippines to a sustained and more inclusive growth trajectory on a par with other high-performing emerging economies.

The SURGE Project’s development hypothesis is that secondary cities serve as agents of growth and contribute to the improved welfare of both urban and rural populations. To achieve this, the project has four areas or components: (1) improving local capacity in inclusive and resilient urban development, (2) promoting low-emission local economic development strategies, (3) expanding economic connectivity and access between urban and rural areas, and (4) promoting social inclusion. The SURGE Project will therefore be helping cities and adjacent areas plan effectively, guarantee basic public services, reduce business transaction costs, promote competitiveness, support sustainable development, and reduce disaster risks while ensuring inclusive and sustainable growth.

At the start of the project, USAID identified six partner cities to be included in the CDI, which will be provided with support following a “whole-of-mission” approach in which all other USAID projects are encouraged to converge for an integrated delivery of assistance. These cities are Batangas and Puerto Princesa in Luzon, Iloilo and Tagbilaran in the Visayas, and Cagayan de Oro and Zamboanga in Mindanao.

The project’s period of performance is five years, from July 27, 2015, to July 26, 2020. The total cost of the award is US$47,791,334, which consists of two parts: a Cost Reimbursement-Completion (CLIN 0001) and an Indefinite Delivery/Indefinite Quantity type contract (CLIN 0002) for supplemental technical assistance. For its first year, SURGE activities were part of CLIN 0001, and US$10,563,482 were obligated to the project.

The submission of this annual report is in compliance with Section F.6 (Reports and Deliverables) of the contract between USAID and ICMA. The analysis of project accomplishments is based on commitments in the contract and the approved first year work plan dated April 4, 2016. The report focuses on the first three components of the project, along with cross-cutting activities that have been approved by USAID. It presents a description of the work conducted by the SURGE Project to achieve the strategic objectives and priority goals during the first year of the project’s implementation.

The report, which covers the period of July 27, 2015, to September 30, 2016, has the following sections: (1) Executive Summary, 2) Correlation to the Monitoring & Evaluation Plan, (3) Accomplishments by Component and City, (4) Management and Administration, and (5) Financial Performance.

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1 No activity was approved for Component 4 on social inclusion for Year 1; hence this 4th component is not included in the report.
II. Executive Summary

During its first year of implementation, the SURGE Project laid the foundation for reform implementation over the next four years of its life. Preparatory activities consisted of organizing the project management office and the nodal offices in the partner cities; setting up institutional mechanisms to support project implementation; establishing partnerships with key stakeholders, especially relevant national government agencies and city-level private sector groups; and implementing initial project activities such as assessments, action planning, and capacity development. Although still in its first year, the project played a catalytic role in the implementation of major reform initiatives at both the national and local levels.

Key Project Accomplishments

National Level Assistance

Organized the International Conference on Urban Development

Attended by more than 1,300 participants, the two-day conference was the biggest international forum in the Philippines to trigger multidisciplinary discussions on urban development. It brought together the U.S. ambassador and USAID/Philippines officials, key officials from the Philippine government, development partners, businessmen, civil society groups, and students. ICMA sent 12 of its members to share international best practices on various aspects of urban development. The conference provided insights to participants, particularly those from local governments and communities, on solutions to recurring urban problems. Its success highlights the important role of USAID in urban development initiatives in the country.

Provided technical support in the formulation of the Joint Memorandum Circular No.1 (Revised Standards in Processing Business Permits and Licenses in All Cities and Municipalities)

Signed on August 30, 2016, this Joint Memorandum Circular (JMC) circular set stringent service standards for processing business permits, consistent with the President Rodrigo Duterte’s directive for more efficient delivery of government services. The SURGE Project assisted the Department of Trade and Industry (DTI) and the Department of the Interior and Local Government (DILG) in the determination of standards, using lessons from past USAID projects. The nationwide implementation of the reforms to cities and municipalities in the country is expected to lower the cost of doing business in the long run, leading to improved competitiveness and higher investment.

Assisted the National Competitiveness Council on the Cities and Municipalities Competitiveness Index Project

The Cities and Municipalities Competitiveness Index (CMCI) award given by the National Competitiveness Council (NCC) is often likened to the “Oscars” for local governments in the Philippines. In 2016, the NCC expanded coverage of CMCI to more than 1,300 entries, or 80 percent of cities and municipalities in the country. The SURGE Project assisted the NCC in computing and validating the ranking of local governments for the index and in organizing the award ceremony, which was held on July 12, 2016. About 1,200 local officials attended, reflecting the growing interest of local governments in making their cities competitive. This is consistent with project objectives of promoting investment and economic growth.
Support to CDI Partner Cities

Set the institutional mechanisms for project implementation
As part of its start-up activities, SURGE focused its initial efforts on introducing the project to city officials and stakeholders through meetings and the organization of a series of Stakeholders' Forums. To ensure greater coordination and ownership of project activities, SURGE Technical Working Groups (TWGs) were organized in five of the six CDI partner cities.

Established baseline information and conducted assessment studies
SURGE conducted in-depth assessments to determine existing conditions, establish baselines, and propose possible interventions to support the cities. These assessments covered the following: (1) the Business Permits and Licensing System (BPLS); (2) the geographic information system (GIS); (3) the readiness of cities to automate and implement information technology projects; (4) real property tax (RPT) and land tenure; (5) public finance management; (6) agriculture and fisheries value chains; (7) transport, infrastructure, logistics, and communication; (8) water and sanitation; (9) the business enabling environment; and (10) investment promotions. The project also conducted studies to downscale climate projections that may be used in planning and risk management. The results of these assessments served as the basis for selected interventions implemented in Year 1 and for the activities proposed for Year 2.

Conducted capacity development activities
A number of capacity development initiatives were started in Year 1, paving the way for more in-depth project interventions in Year 2. These initiatives are (1) four workshops targeted at specific groups—namely, the City Planning and Development Office (CPDO), the City Environment and Natural Resources Office (CENRO), the city’s public financial management officials (i.e., budget officers, assessors, and treasurers), and local business organizations; (2) study tours for the cities on best practices in business and construction-related permitting and in disaster reduction and management; (3) action planning sessions on the streamlining of business permits and licensing systems, GIS, and investment promotion; and (4) organization of the public-private partnership (PPP) orientation and workshop with the PPP center.

 Responded to specific technical support requests of partner cities
The project responded to specific requests for technical support. SURGE acted as a third-party reviewer for Zamboanga City in the updating of its Comprehensive Land Use Plan (CLUP). The project provided comments on the draft CLUP prepared by a private contractor, and it incorporated gender concerns into the CLUP. It also supported Zamboanga City in the preparation of its executive agenda, which served as input for the Executive-Legislative Agenda (ELA).

In Tagbilaran, the project helped the city update its CLUP. In addition, the city sought the project’s support in rehabilitating its existing slaughterhouse to regain its former triple-A rating. The project worked with Winrock International to conduct a study on the economic and technical aspects of the slaughterhouse. The study was presented to USAID and the mayor and served as basis for the city’s subsequent actions.

In Puerto Princesa, the city government and the local business chamber requested the project’s support in organizing an investment conference. SURGE responded by helping the city prepare the program for the Mindoro, Marinduque, Romblon, Palawan Investment Conference, the investment brochure, and the investment promotion video. The city government provided funds for these activities while the project provided technical input and coordination.
**Strengthened interlocal government unit and multistakeholder partnerships**

The SURGE Project promoted partnerships for local development. During the start-up phase, it conducted meetings with stakeholders to build partnerships that will facilitate formulation and implementation of reform.

The project helped the local government of Bohol institutionalize the Panglao Island and Tagbilaran Executive Council (PITEC). PITEC will harmonize the efforts of the Municipalities of Panglao and Dauis, the City of Tagbilaran, and the Province of Bohol in social and business development services, water and sanitation services, urban development, transport planning and traffic management, private sector participation, and sustainable economic development. As of September 2016, a draft provincial ordinance has been circulated and is under review for final approval by the provincial council.

The project likewise supported the organization of a Tripartite Partnership for Investment between the provincial government of Bohol, the city government of Tagbilaran, and the private sector.

**Established baseline for subsequent land tenure work**

The project sees land tenure and property rights as key elements of competitive cities. More secure property rights could spur land market activity and attract further investments. The first scoping activity on the status of land tenure and associated issues in the partner cities and Antipolo City gathered relevant land information, described the land tenure issues, and defined the scope of project support in land tenure and property rights improvement. The major findings are the following: (1) discrepancies exist in the land areas reported under the CLUPs and the Department of the Environment and Natural Resources (DENR), whose data are based on cadastral surveys; (2) old cadastral surveys were conducted prior to the Second World War and need updating; (3) Tagbilaran, Zamboanga, Iloilo, and Antipolo have more than 85 percent of parcels titled while the rest of the CDI cities have 60 percent or less; (4) land information is difficult to access; (5) the quality of land administration and management needs improvement; and (6) land conflicts need resolution. These findings were presented to the contract office representative (COR) on September 9, 2016, and a final report was submitted on September 30, 2016.

**Support to USAID Offices and Programs**

**Provided technical and logistical support to USAID in the selection of new CDI cities**

The SURGE project formulated the framework for the selection of additional cities for the CDI program and submitted an evaluation of the initial 14 cities based on the approved criteria of USAID. From this list, USAID produced a shortlist of seven cities where scoping missions will be conducted in Year 2.

**Collaborated with other USAID projects**

SURGE worked closely with other USAID projects to avoid project duplication and foster better coordination of activities. Joint activities and meetings were held with USAID/COMPETE (Advancing Philippine Competitiveness) for investment promotion and local development, with USAID/E-PESO project for business permitting reforms, with USAID/Be Secure Project for water and sanitation activities, and with USAID/B-LEADERS for low emission development. At the city level, the city program coordinators worked closely with USAID projects in specific cities and communities.

**Prepared and disseminated the CDI Newsletter**

SURGE implemented communication and information strategies to promote project activities as well as the CDI program. The project published five CDI newsletters, 16 bullet stories, Manila
Environment Weekly Update, 35 news briefs for USAID and ICMA, regular press releases, and other informational materials such as brochures, infographics, and photos. It also produced short videos.

Provided logistical support to USAID meetings in CDI partner cities
Consistent with the terms of the USAID-ICMA contract, the project arranged for logistical support to USAID officials in various meetings in the partner cities.

Leveraged USAID funding support
In its first year of project implementation, SURGE augmented USAID funding with other sources of funds. At the national level, it organized the International Conference on Urban Development and the CMCI project, which was also supported by other organizations and sponsors from the private sector and by development partners. At the local level, part of the Memorandum of Agreement (MOA) between USAID and CDI partner cities is the latter’s commitment to provide counterpart support to the project. This support comes in the form of free office rental and utilities; staff assistance to the SURGE city coordinators, especially during TWG meetings; and funds for some project activities such as local study tours. The project also succeeded in getting budgetary support from local appropriations for upcoming activities in Year 2. The leveraging of project funds enabled more activities to be implemented while deepening the sense of ownership for project activities among city government officials.

Comparison of Accomplishments with Contractual Commitments and Planned Activities
The SURGE project was generally compliant with the provisions of the contract pertaining to reports and deliverables (Section F.8). The following major reports were submitted: the first- and second-year work plans, the Branding and Marking Plan, the Baseline Assessment Report, the Monitoring and Evaluation (M&E) Plan, and four Quarterly Progress Reports. Several revisions were done on these reports in response to comments from the COR and other USAID partners.

The Year 1 approved work plan contained 37 activities and 58 outputs corresponding to 24 of the 46 tasks listed in the scope of work for SURGE, as stipulated in the contract. The project implemented 31 of the 37 activities in its first year. The remaining six did not begin for a variety of reasons, some of which were not under the control of the project (see section below on Implementation Challenges).

SURGE submitted 14 of the 58 outputs identified in Year 1. Although activities were implemented in its first year, report preparation and finalization were delayed. About 14 reports from Year 1 activities will be submitted within the first quarter of Year 2. The rest of the outputs have continuing activities in the second year of project implementation. Hence, corresponding outputs will be reported in the first quarter of Year 2.

Implementation Challenges
III. Monitoring and Evaluation

This chapter outlines the framework for M&E of the SURGE Project. During its initial year, the project aligned its institutional support to the programs and activities in each CDI partner city, considering the three main components cited earlier—improving local capacity in inclusive and resilient urban development, promoting low-emission local economic development strategies, and expanding economic connectivity and access between urban and rural areas—and the desired impacts in terms of planning, growth, and linkages. This chapter reports on the status of two contractual obligations of SURGE: the M&E Plan and the Baseline Assessment Report; the correlation between the activities implemented in Year 1 and the achievement of the proposed indicators in the M&E Plan; and the summarized accomplishments of the project in relation to work plan activities.

SURGE Project, as one of USAID’s PFG core activities, will contribute to the development objectives (DO) of and Intermediate Results under the 2012–16 USAID/Philippines Country Development Cooperation Strategy: accelerated and sustained economic growth (DO1), and resilience and the improvement of the environment (DO3).

A. Status of the Monitoring and Evaluation (M&E) Plan and Baseline Assessment Report

The SURGE M&E Plan is currently being updated on the basis of the discussions and agreements made with USAID. It has undergone several consultations throughout Year 1, which involved USAID Philippines, the SURGE Technical Team, and the city coordinators.

To date, the project submitted four revisions of the M&E Plan to USAID. The first three submissions contained more than 40 performance indicators—from the 55 indicators identified during the first submission, reduced to 43 indicators for the third submission. The latest version, which is the fourth submission, contains 15 performance indicators: one impact level indicator, 13 outcome level indicators, and one output level indicator. These were limited to what was indicated in the contract to ensure that the project meets the desired results. The M&E Plan will be updated to include two additional indicators (both at the outcome level) as discussed with USAID. The revised plan is anticipated to be submitted in the first quarter of Year 2.

The project was able to submit two versions of the Baseline Assessment Report. The initial submission was based primarily on the rapid assessments conducted per component and on secondary sources such as the NCC’s CMCI and the Bureau of Local Government Finance (BLGF). The project is anticipated to submit an updated version of the Baseline Assessment Report within the first quarter of Year 2. This will incorporate the results of the assessments/studies conducted in Year 1. The new CDI cities will also have a Baseline Assessment Report as soon as their assessments are concluded (expected by November 2016). All these reports will reflect baseline data for the 17 proposed performance indicators.

Of the proposed indicators, three—the wealth of cities, the reduction of time and cost in transporting goods, and the increase in private investments in CDI cities and peri-urban areas—have no baseline data or targets because the index or tool that will be used for them will not be developed until Year 2. The targets for these indicators will be identified in the second and third quarters of Year 2 once the baseline information has been gathered.

B. Correlation to the M&E Plan

The latest version of the M&E Plan submitted to USAID will enable the project to measure the progress of project implementation and the contribution to the desired impacts. As noted above,
there are 17 proposed performance indicators (15 from the latest M&E Plan and two additional ones from the latest set of indicators advised by USAID). These indicators are aligned with the expected impact and outcomes outlined in the latest Performance Work Statement of the project. They are all directed towards strengthening secondary cities as agents of regional growth and as economic growth hubs that create jobs for their poorest residents, deliver and improve services, and link rural agricultural producers with urban markets.

The various assessment studies and activities conducted in Year 1 were used to provide baseline data and to identify the appropriate targets for the first 15 proposed performance indicators. These are described below:

1. **Overall Impact: Economically Thriving and Resilient Growth Centers outside Metro Manila**

At this early stage of implementation, the impact of the project could not yet be fully realized. Action plans were formulated on the basis of the assessment findings, and technical assistance in urban planning, economic growth, urban-rural connectivity, and social inclusion was provided as per request of the CDI partner cities. While impact measurement is yet to be formulated, the gross regional domestic product and the CMCI were initially considered as measures for assessing project impact. Ultimately, SURGE aims to measure the “true wealth” of the cities.

In line with this, SURGE will propose a tool called the “Wealth of Cities Index.” This tool will enable the capture of overall improvement in investment and capital flows, and new wealth or income generated, as well as of the natural, human, and physical assets of the city, as they relate to the intersection of three important dimensions: environment, social equity, and economics.

2. **Desired Impact 1: Improved local capacity in inclusive and resilient urban development**

Urban development, a key function of local government, requires continuous collaboration between the LGUs and the Business Service Organizations to create a positive business environment for economic growth. Effective urban development involves a variety of planning, design, management, implementation, and operational skills from a range of LGU departments and agencies. Considering all these factors, SURGE worked with the LGUs of the different CDI partner cities to ensure that inclusive and resilient urban development is achieved.

In Year 1, preliminary actions were taken to identify the needs of the CDI partner cities in terms of building their capacities for inclusive, effective, resilient urban planning, as well identifying the baselines and targets for the following five outcome-level performance indicators.

The results were useful in the preparation of the action plans (i.e., Strategic Guide for GIS Implementation, Action Plan for the Establishment of Urban Development Learning Centers [UDLCs]), as well as in the identification of the necessary technical assistance to be provided in Year 2—all heading toward improved local capacity in inclusive and resilient urban development in the next four years of project implementation. Assessments will be continued as the greenhouse gas (GHG) management, planning, and water and sanitation activities begin in Year 2.
Outcome Indicator 1.1.1: *Number of CDI cities with risk-sensitive, socially inclusive, and gender-responsive land use plans*

Assistance to CDI partner cities in the preparation of their CLUPs is included in the initial project activities. The project activities/outputs that are relevant in generating information on land use plans include:

- Direct assistance provided to Zamboanga City in the updating of its CLUP and comprehensive development plans (CDPs) as well as in the mainstreaming of gender and social inclusion in the mayor’s security, health, and education agenda.
- Project facilitation of a Technical Assistance Development in Urban Planning Consultation-Workshop in Tagbilaran City with key technical personnel of the city’s planning office.
- Technical assistance provided to the cities of Zamboanga, Tagbilaran, and Puerto Princesa in the formulation of their ELAs.

Since most of the activities in Year 1 are focused on assessments, the following also included evaluation of the city’s land use plans:

- Development of Urban Development Capability Profiles (UDCPs) for the six CDI cities (Output 1.1.1.1.1)
- Assessment Report on Local Capacity towards Urban Resilience Building and Vulnerability Assessment (Output 1.1.1.1.2)
- Key Skills Report for the six cities (Output 1.1.1.2.1)
- GIS systems in CDI cities improved Output 1.3.1.1.2)

Outcome Indicator 1.1.2: *Number of people supported by USG to adapt to the effects of climate change*

The activities of the project that provided initial information for possible interventions that would support the indicator are the following:

- Capacity Development Workshops for City Planning Development Officers (April 2016) and City Environment and Natural Resources Officers (June 2016) of CDI cities
- The breakout sessions for climate change adaptation–disaster risk reduction (CCA-DRR) and the local emission development strategies (LEDS) in the 2016 International Conference on Urban Development (July 2016)
- Study tour of the three new CDI cities in Quezon City Disaster Risk Reduction Management Office/Command Center and Valenzuela City’s Alert Center 9 for Zamboanga
- Assessment Report on Local Capacity towards Urban Resilience Building and Vulnerability Assessments (Output 1.1.1.1.2)
- Sponsorship for the city official’s attendance at the University of the Philippines School of Urban and Regional Planning’s Planning for Local Executives (PLEX) (September 2016)

Five hundred and three stakeholders (228 men and 275 women) have increased knowledge of climate change impacts and response options through capability-building.

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2 This indicator replaces “number of stakeholders with increased capacity to adapt to the impacts of climate change as a result of USG assistance” which has been reported in past quarterly reports. Outcome indicator 1.1.2 is a new indicator suggested by USAID.
activities conducted and/or supported by SURGE. Notably, 78 percent of the total number of stakeholders for Year 1 with such increased knowledge were participants of the 2016 International Urban Development Conference.

These activities paved the way for urban planning experts to share their learnings, experiences and best practices, which can be adopted in CDI partner cities.

**Outcome Indicator 1.1.3: Number of people using climate information or implementing risk-reducing actions to improve resilience to climate change as supported by USG assistance**

The initial activities related to this indicator are the same as those described in the previous section.

**Outcome Indicator 1.1.4: GHG emissions, estimated in metric tons of CO$_2$e, reduced, sequestered, or avoided through clean energy as supported by USG assistance**

The project has yet to conduct GHG-reducing activities based on the assessment of local capacity towards urban resilience building and vulnerability assessment, which will start in Year 2. The project will assist partner cities in developing a GHG Management Plan, which includes emission regulation, avoidance, and sequestration mechanisms based on GHG accounting and inventories in new cities. SURGE has been working closely with Building Low Emission Alternatives to Develop Economic Resilience and Sustainability Project (B-LEADERS), another USAID project, for the GHG inventory of Tagbilaran and Zamboanga.

**Outcome Indicator 1.1.5: Number of people receiving improved service quality from an existing basic or safely managed drinking water service as a result of USG assistance**

For Year 1, the project conducted rapid water assessments in the cities of Batangas, Tagbilaran and Puerto Princesa. Initial findings will include provision of technical assistance to the development of water plans and programs based on climate change implications to water sources for socially inclusive delivery of water and sanitation services.

**Outcome Indicator 1.1.6: Number of people gaining access to a basic sanitation service as a result of USG assistance**

For Year 1, the project conducted rapid water and sanitation assessments in the cities of Batangas, Tagbilaran, and Puerto Princesa. Initial findings will inform the project of more in-depth interventions in Year 2, which will include provision of technical assistance to the

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3 This indicator replaces “number of stakeholders with increased capacity to adapt to the impacts of climate change as a result of USG assistance” which has been reported in past quarterly reports. Outcome indicator 1.1.3 is a new indicator suggested by USAID.

4 Formerly “GHG emissions, estimated in metric tons of CO$_2$e, reduced, sequestered, and/or avoided as a result of USG assistance” in past quarterly reports.

5 Formerly “number of people gaining access to an improved drinking water source” in past quarterly reports.

6 Formerly “number of people gaining access to an improved sanitation facility” in past quarterly reports.
development of water plans and programs based on climate change implications to water sources for socially inclusive delivery of water and sanitation services.

3. Desired Impact 2: Improved environment for local economic development

The project supports the importance of promoting economic growth through investments. Investments, in turn, will be encouraged by an enabling environment that fosters efficient government service, secure property rights, and good infrastructure facilities, along with resilient urban development planning.

Similar to the assessments conducted for Component 1, the activities for Component 2 evaluated PFM processes, revenue generation, business registrations, public and private land parcel registrations, e-readiness, and the business enabling environment in the CDI partner cities. These assessments are aligned with five proposed outcome-level performance indicators, as discussed below.

Outcome Indicator 2.1.1: CDI cities’ CMCI improved

SURGE has targeted three of the six CDI cities (Batangas, CDO, and Iloilo) to be included in the top 10 of the CMCI rankings within their region and within their category. The results of the 2016 CMCI rankings show that only the cities of Iloilo and Tagbilaran have improved overall rankings within their categories (i.e., component and highly urbanized). If they will be assessed by ranking both within the region and within category, they will all be included in the top 10. However, only Puerto Princesa City has improved its ranking within its region (refer to Table 1).

Table 1. Cities and Municipalities Competitiveness Index (CMCI) Rankings of CDI Cities

<table>
<thead>
<tr>
<th>CDI City</th>
<th>City Classification</th>
<th>Overall Competitiveness</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Ranking within Category</td>
<td>2015</td>
</tr>
<tr>
<td>Batangas</td>
<td>Component City (CC)</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Cagayan de Oro</td>
<td>HUC</td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Iloilo</td>
<td>Highly Urbanized City (HUC)</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>Puerto Princesa</td>
<td>HUC</td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>Tagbilaran</td>
<td>CC</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>Zamboanga</td>
<td>HUC</td>
<td></td>
<td>15</td>
</tr>
</tbody>
</table>

Project interventions that may lead to better CMCI rankings of CDI cities will be implemented in the coming years. However, for Year 1, the following assessments will pave the way for programs and projects to improve the competitiveness of cities, particularly in the three dimensions of competitiveness: governance, dynamism of the local economy, and infrastructure:

- Assessment of overall revenue generation and expenditure capacity and RPT systems in the CDI cities and capacities within the Assessors’ and Treasurers’ Offices, including
recommendations to develop action plans for enhancing these systems (Output 2.1.1.1.1 (a))

- Assessment reports per city, Consolidated Analytical Report and Recommendation; PMF Improvement Plan (Output 2.1.1.1.1 (b))
- Assessment of the manner by which the SMVs were updated, the methods used, and the procedures followed in order to determine the kind of support required to enhance capacities for on-time updating and adherence to standards (Output 2.1.1.1.3)
- Assessment of the cities’ business-related fees and charges (Output 2.1.4.1.1)
- BPLS and Building and Occupancy Permit Assessment for each of the six cities including the action plan for BPLS/Business Permits and Occupancy System (BPOS) streamlining (Output 2.2.1.1.1)
- E-Readiness Assessment of the CDI Cities covering its overall IT architecture. (Output 2.2.1.1.2)
- Land tenure profiles for the CDI cities (Output 2.3.1.1.1)
- Assessment of the business enabling environment of each of the six CDI cities, which will include the capacity and operations of the Local Economic and Investment Promotion Office (LEIPO), Investment Promotion Center (IPC), Negosyo Center, and local business groups (Output 2.4.2.1.1).

In the first year, the partner cities have also been provided with technical assistance in understanding the framework and indicator system followed by the NCC in computing the CMCI. The cities are planning to put up their own monitoring system for CMCI, which the project may be able to assist.

Outcome Indicator 2.1.2: **Number of newly registered businesses**

This indicator is a proxy for increased investments, which will be facilitated by easier procedures and lowered costs of doing business, better investment promotion, and an enabling environment for business. Project interventions in Year 1 that will lead to increased investment in the partner cities and new business registrations include

- GIS systems in CDI cities improved (Output 1.3.1.1.2)
- BPLS and Building and Occupancy Permit Assessment for each of the six cities including the action plan for BPLS/Business Permits and Occupancy System (BPOS) streamlining (Output 2.2.1.1.1)
- e-Readiness Assessment of the CDI Cities covering its overall IT architecture. (Output 2.2.1.1.2)
- Workshop/training/study tours on BPLS Streamlining and BPOS Automation (Output 2.2.1.1.3)
- Assessment of the cities’ business-related fees and charges (Output 2.1.4.1.1)
- Assessment of the business enabling environment of each of the six CDI cities, which will include the capacity and operations of the Local Economic and Investment Promotion Office (LEIPO), Investment Promotion Center (IPC), Negosyo Center, and local business groups (Output 2.4.2.1.1)

Outcome Indicator 2.1.3: **Percentage increase of locally sourced or municipal revenue**

The project has yet to implement interventions to increase the locally-sourced income of the CDI cities. These interventions will be based on the following assessments conducted in Year 1:

- GIS systems in CDI cities improved (Output 1.3.1.1.2)
• Assessment of overall revenue generation and expenditure capacity and RPT systems in the CDI cities and capacities within the Assessors’ and Treasurers’ Offices, including recommendations to develop action plans for enhancing these systems (Output 2.1.1.1.1 (a))
• Assessment reports per city, Consolidated Analytical Report and Recommendation; PFM Improvement Plan (Output 2.1.1.1.1 (b))
• Assessment of the manner by which the SMVs were updated, the methods used, and the procedures followed in order to determine the kind of support required to enhance capacities for on-time updating and adherence to standards. (Output 2.1.1.1.3)
• Assessment of the cities’ business-related fees and charges (Output 2.1.4.1.1)

In 2015, the average percentage increase in locally sourced income was 1.75 percent in cities. Although historical data show that the percentage income from local sources is not consistently increasing, with the interventions for implementation in the next years, local income is expected to consistently increase.

Outcome Indicator 2.1.4: Number of parcels with relevant parcel information corrected or incorporated into an official land administration system as a result of USG assistance

Land tenure and property rights are seen as key to developing more competitive cities, particularly in those that are experiencing rapid economic growth as manifested by increase in new businesses, expansion of existing ones, and ongoing construction activities. The assessment on land tenure, conducted in Year 1, showed that the roots of land tenure issues include the absence of a good records management system, inconsistencies of records among agencies, proliferation and duplication of land records among agencies because of overlapping mandates, and poor quality of surveys. Thus, a key recommendation is to set up of a unified land information system (ULIS).

The establishment of a ULIS and a digital cadastral database will be done in Year 2, along with the organization of a Land Tenure Conference and implementation of a land title adjudication process. Thus, the number of parcels with relevant parcel information corrected or incorporated into an official land administration system is expected to increase in Year 3.

Outcome Indicator 2.1.5: Number of firms receiving USG-funded technical assistance for improving business performance.

The project will improve the capacity of businesses through provision of technical assistance directed towards strengthening basic customer service skills of CDI partner cities. As an initial step, the project conducted an assessment of the business enabling environment (Output 2.4.2.1.1) as the basis for designing future interventions.

4. Desired Impact 3: Improved connectivity and access between urban and rural areas

The project aims to support the CDI partner cities in reducing connectivity costs and improving access, contributing to the overall objective of promoting investment, growth, and sustainability. The assessments conducted for Component 3, similar to those for other components, will be used to design activities or interventions that will reduce costs and improve connectivity between the CDI cities and the peri-urban areas. These assessment

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7 This indicator replaces “number of land titles formalized and awarded” which has been reported in past quarterly reports. This is a new indicator suggested by USAID.
studies for Year 1 are linked to three of the four proposed outcome-level performance indicators as described below.

**Outcome Indicator 3.1.1: Time and cost of transporting goods between CDI city and peri-urban areas reduced**

The measurement tool for assessing the time and cost of transporting goods between CDI cities and their adjacent peri-urban areas has yet to be developed, but it will be used to identify the baseline data. The chokepoints identified in the urban-rural connectivity assessment conducted will be used in assessing both the cities and the peri-urban areas.

**Outcome Indicator 3.1.2: Number of municipal regulations and administrative procedures that have been simplified as a result of USG assistance.**

The project may have focused on assessments of different key areas concerning urban-rural connectivity, which include national and local policies and regulations that commonly impede rural-urban linkages for Year 1, but it was able to provide technical assistance to the CDI cities in efforts related to streamlining LGU processes:

- JMC No. 1, Series of 2016: Revised Standards in Processing Business Permits and Licenses in All Cities and Municipalities
- Executive Order (EO) No. 075-16: An Order Directing All Concerned Offices to Implement the Electronic Building Permit Management System (eBPMS) as Designed by the Project Team of the Local Government of Cagayan De Oro and Mindanao University of Science and Technology
- EO No. 21, Series of 2016: Creating the Composition of the Technical Working Group (TWG), as well as its Joint Inspection Team to Operationalize the Streamlining in Implementing the Standards in Processing of New/Renewal of Business Permits and Licenses in the City Government of Tagbilaran
- EO No. 22, Series of 2016: Adopting the Standard Processes and Procedures of New/Renewal of Business Permits and Licenses in the City Government of Tagbilaran City

Assistance was also provided in the drafting of the EO for implementation of the BPLS reform standards as per JMC 1, Series of 2016, and revised set-up of Zamboanga City Business One-Stop Shop.

The project also helped Cagayan de Oro City create a PPP subcommittee in the Local Development Council and its secretariat relative to the development and implementation of PPP initiatives in the city. The draft EO creating the PPP Implementing Office and subcommittees was already formulated. Also, as requested by the Provincial Government of Bohol, the project facilitated the formulation of the vision, mission, goals, and objectives of the provincial Disaster Risk Reduction and Management (DRRM)/CCA office.

The project facilitated the expansion of the Panglao Island Executive Committee (PIEC) to PITEC to address common concerns in urbanization and sustainable development. There is an ongoing review of the provincial ordinance creating PITEC.

Aside from LGU issuances, the project provided assistance in the updating or formulation of Puerto Princesa City’s Local Development Investment Program/Annual Investment Plan (AIP) and Zamboanga City’s CDP. Assistance was also provided in the updating of Zamboanga’s and Tagbilaran’s CLUPs, as well as in the formulation of the ELAs of Zamboanga, Tagbilaran, and Puerto Princesa. These were complemented by the
assessments linked to planning under Component 1 on land use and infrastructure planning, GIS, water and sanitation, and urban systems.

**Outcome Indicator 3.1.3: Number of beneficiaries receiving improved transport services due to USG assistance.**

To identify gaps in transport services, the project conducted the following studies:

- Assessment Report on Local Capacity towards Urban Resilience Building and Vulnerability Assessments (Output 1.1.1.1.2)
- Key national and local policies and regulations that commonly impede rural-urban linkages in six cities identified and analyzed, with primary focus on local policies (Output 3.1.1.1.1)
- Assessment of impediments to rural-urban connectivity developed with a focus on constraints on trade, investment, acquisition, and competitiveness (Output 3.2.1.1.1) Report on possible actions to address strategic bottlenecks in rural-urban communication linkages (radio, cell phones, Internet, and informal networks) identified and presented in each of the target cities (Output 3.2.1.1.2)

The findings will be used in designing projects for Year 2.

**Outcome Indicator 3.1.4: Private investment in CDI cities and adjacent peri-urban areas increased**

Increasing private investments is related to Outcome Indicator 2.1.2. Hence, the initiatives of the project described above would also be relevant for this outcome indicator. Aside from the assessments and the BPLS streamlining trainings/workshops, meetings were initiated and/or attended by the project personnel that could contribute to the increase of private investments in the CDI cities and peri-urban areas. The project has coordinated with the Metro Batangas Business Club (MBBC), the Puerto Princesa Chamber of Commerce and Industry, and Bohol Chamber of Commerce and Industry (BCCI), which can later contribute to the increase of private investments in the CDI cities and peri-urban areas. In addition, the workshop conducted for local business groups is an attempt to coordinate the private sector groups in promoting investments.

**5. Desired Impact 4: Multisectoral capacity to ensure inclusive growth is strengthened**

For Year 1, SURGE started building partnerships with the LGUs and key stakeholders in all the CDI cities through the Stakeholders’ Forums. The partnership with five of the six CDI partner cities (all but Batangas City) were formed through EOs creating the SURGE TWG, which is composed primarily of the department heads. Some cities, such as Zamboanga and Puerto Princesa, have expanded their membership by including the private sector.

Aside from city-level partnerships, the project worked with the DTI’s NCC to conduct the 4th Regional Competitiveness Summit for the 2016 CMCI Awards in July 2016. The “2016 International Conference on Urban Development: Accelerating Resilience and Inclusive Growth,” conducted in July 2016 at the Sofitel Philippine Plaza Manila, has helped establish new partnerships and strengthen collaboration with experts, practitioners, business leaders, academe, professionals, government officials, and USAID Project Chiefs of Parties.

The project also conducted a series of capacity development activities that included workshops, forums, and learning tours in the CDI partner cities. These were

- Stakeholders’ Forums
• Regular city-level SURGE TWG meetings
• Workshop for the City Planning Development Officers (CPDO)
• Workshop for City Environment and Natural Resources Officers (CENRO)
• PFM Workshop
• Private Sector Conference
• BPLS Study Tours and Streamlining Workshops

The project uses a performance indicator from the set of USAID Gender Indicators in measuring the contribution to inclusive growth by strengthening multisectoral capacity.

**Output Indicator 4.2.1: Number of laws, policies, or procedures drafted, proposed or adopted to promote gender equality at the regional, national, or local level**

A Rapid Gender Assessment and a Participatory Gender Equality and Social Inclusion Analysis (PGESIA) were conducted during the first and second quarters of the year. The project also provided technical assistance and Gender and Development (GAD) competency building. These activities enhanced the three major components of the project by including gender-related issues.

The following technical assistance was provided in select CDI cities:

• Inputs to Zamboanga City on gender and social inclusion integration in different sectors as part of the city’s Ecological Profile Report; input to its CLUP, CDP, and ELA; development of a tool (the GESI Review Matrix) on gender and social inclusion integration per sectoral areas for the Ecological Profile Report.
• Facilitation of capacity development activities to encourage conscious efforts in gender responsive and inclusive planning in Puerto Princesa City. The city has integrated certain GAD goals in social development policies, legislative measures, and proposed programs, projects, and activities. These include enhancing economic development program/project implementation; monitoring economic policies, programs, and services for their gender responsiveness; providing a platform for discussion on facilitating greater access of micro/social-entrepreneurs to loans, markets, environment-friendly technology, training, and information; and providing health and social protection to women, men, boys, and girls in marginalized sectors. The city benefited from the judicious and strategic use of almost P200 million of GAD money as a result of SURGE technical assistance.

The following capacity development activities were also conducted and participated in by SURGE administrative and technical teams, city coordinators, and senior management:

• Gender Analysis (Output D.4.1.1)
• Gender Validation Workshop (Output D.4.1.2)
• SURGE Staff Gender Training (Output D.4.1.3)

These initial activities will facilitate the creation of laws, policies, and other procedures to promote gender equality at the regional, national, or local level.

**C. Year 1 Work Plan Activities and Outputs**

SURGE has a total of 37 activities with 58 outputs for its first year of implementation. Out of the 37 activities approved for implementation in Year 1, 31 have started. Of the 31 that have started, 14 were completed (with 14 outputs submitted and 24 outputs for report finalization) and 17 will be continued in Year 2 since some of them are initial outputs for Year 1.
Meanwhile, four activities were moved to Year 2 for the following reasons: (1) the short-term technical assistants (STTAs) for these activities were not hired in Year 1; and (2) there were outputs in Year 1 that were not completed as prerequisites to these activities. The remaining output for the organization of the National Level Advisory Committee for SURGE and the revival of the Working on Local Investment Reforms was deferred and will begin upon demand.

While some of the activities were moved to Year 2, the project was able to complete 14 out of the 37 activities and submit 14 of the 58 outputs. Sixteen of the remaining activities have started in Year 1 and will be continued in Year 2.

In terms of output submission, the project has submitted 14 of the 58 outputs. Meanwhile, 24 are already ongoing for report finalization and submission in the first quarter of Year 2; two were deleted from Year 1 of the remaining 18 that will be completed in Year 2, 7 have already started in Year 1. For the details on the outputs (please refer to Annex 1).

Year 1 of the project focused on gathering relevant data for analyzing resilient urban development planning, local economic growth, urban-rural connectivity, and social inclusion. To ensure integrity of data collected, a series of data quality assessments were done during the actual assessments across the various project components. SURGE’s monitoring and evaluation team involved the consultants in observing the process of data collection and validation.

A unified database system called SURGE Monitoring and Report Tracking-Information System will be developed and implemented within the first quarter of Year 2. The aim is to make reporting and data collection more efficient and systematic. Data quality assessments will be used continuously to maintain the high quality of data collected and reported to USAID.
IV. Accomplishments

In the approved work plan of SURGE, the first year focused on activities that established institutional support to the project in each of the partner cities, assessed initial conditions in relation to the three main project components (i.e. planning, growth and urban-rural linkages) and initiated partnerships to ensure broad-based approach to reforms.

A. Accomplishments by Component

Similar to project start-ups, the initial year of SURGE focused on conducting assessments in various aspects of planning for urban development and in the ability of cities to promote growth and investment and to improve connectivity between urban and rural areas. These assessments are important to ensure that project interventions in succeeding years have an informed and in-depth basis from which to address the cities’ conditions and needs.

Component 1: Improving Local Capacity in Inclusive and Resilient Urban Development

Component 1 of the project has four objectives: (1) strengthen local capacity in urban development, including the promotion of disaster reduction and preparedness; (2) improve climate-resilient land use planning and development following international best practices; (3) improve local climate-resilient infrastructure planning, financing, and implementation; and (4) increase access to sustainable water supply and sanitation services.

In Year 1, SURGE conducted a series of assessments to lay the groundwork for identifying the needs of CDI partner cities in the area of inclusive and resilient urban development. The project determined the local capability and competency gaps for offices concerned with climate-resilient urban planning and infrastructure development. It assessed the capability of the CPDO, CENRO, and City DRRM Office in preparing CLUPs and CDPs and in mainstreaming DRR and CCA. The objective of the assessment was to determine areas in which CDI cities would benefit from technical assistance on urban development.

Key Accomplishments and Results

Subcomponent 1.1: Strengthen local capacity in urban development, including the promotion of disaster risk reduction and preparedness

Activity 1.1.1.1: Assess the capacity of CDI partner cities to conduct urban planning, including infrastructure planning

The capacity of CDI partner cities to conduct urban and infrastructure planning is premised on the cities’ compliance with the standard process by preparing their CLUPs/CDPs in accordance with Housing and Land Use Regulatory Board (HLURB)/DILG guidelines. The objectives of the assessment are to

- review the cities’ CLUPs/CDPs according to guidelines set by the HLURB and the DILG, and with reference to aspects related to economic growth and climate-resilient land use planning
- identify the technical assistance on specific strategic areas of intervention
- identify priority development areas and their land use types, as well as current infrastructure interventions to achieve their growth potentials

There are three outputs in this activity, which are described below:

1. Preparation of UDCPs for the six CDI cities (Output 1.1.1.1.1)
The UDCP, which covers the aspects of infrastructure planning, land use planning, and GIS, will serve as the baseline for the project in future technical assistance for climate-resilient land use and infrastructure planning.

The project conducted a series of roundtable discussions with the city officials, the business sector, academe, and various civil society groups in the CDI partner cities to

- review and assess local development plans with a dedicated focus on mainstreaming CCA-DRR concerns
- assess the existing LGUs and their technical staffs with regard to their capacity to undertake climate-resilient development, including regulations such as enforcement of the zoning ordinance and other pertinent policies
- identify gaps and constraints in the development of climate-resilient policies, and recommend capacity development interventions pertinent to the locality
- facilitate a venue of interaction between and among participating entities to discuss pertinent issues and concerns.

USAID’s Climate-Resilient Framework for Development served as the overall framework for this assessment. It is consistent with the Sustainable Development Goals as adopted by the United Nations in September 25, 2015, particularly in Sustainable Cities and Communities, and with the Climate Action goals.

Two of six UDCPs were drafted in Year 1; the rest will be submitted in Year 2.

2. Assessment Report on Local Capacity Towards Urban Resilience Building and Vulnerability Assessment (Output 1.1.1.1.2)

Rapid assessment of different urban systems in the CDI partner cities was conducted to evaluate their adaptive capacities and determine how they will be affected by climate change. The assessment followed the International Council for Local Environmental Initiatives (ICLEI)–Asian Cities Climate Change Resilience Network (ACCCRN) process and was supported by a review of secondary sources, including but not limited to the CDI partner cities’ CLUPs and CDPs. The ICLEI Southeast Asia–ACCCRN process is a methodology that enables local governments to assess climate risks in the context of urbanization, poverty, and vulnerability, and eventually formulate corresponding resilience strategies.

3. Development of training modules on CCA-DRR (Output 1.1.1.1.3)

The project sought to hire a CCA-DRR specialist to conduct a capacity needs assessment (CNA) of the CDI partner cities. The CNA will systematically map out the most relevant existing capacity development activities on CCA and DRRM. Its results will serve as the basis for the design of the capacity development program that will provide guidance on content and module development. However, because of the time lag in the hiring process and USAID’s disapproval of the potential candidate for the position, the CNA was not conducted.

Nevertheless, some information on the competency of offices concerned with urban planning, DRR, and CCA, as well as on the quality of the DRRM plan and the local climate change action plan, was obtained in other assessments. For instance, the competency of the DRR/CCA offices was assessed as part of the key skills assessment for CDI partner cities, and the plans that were supposed to address climate-related hazards were tackled during the rapid analysis of urban systems. The results of these evaluations will serve as
relevant inputs for the development of the training modules, a continuing activity in Year 2.

**Activity 1.1.1.2: Prepare a key skills report for each CDI city**

A rapid appraisal of the key skills of the technical staff of the CDI partner cities, particularly in offices and departments concerned with urban development, local economic development, and rural-urban connectivity, was conducted. The assessment applied a competency-based approach to determine competency gaps and proposed capacity development interventions. The objectives of the assessment were to

- establish the competency profile of the target offices based on mandate, functions, and major final outputs
- determine the proficiency level of human resources through stratified sampling, and examine gaps between the competency profile and actual proficiency levels
- discuss issues and needs of target offices related to competency gaps, and develop proposals to address these gaps.

The results were consolidated according to trends and frequently raised issues focusing on organizational concerns, prioritized competency gaps, and common personnel matters across the six CDI partner cities. The results included competency profiles, proficiency levels, and developmental needs of target offices. The CDI partner cities will be able to use the results in designing capacity development programs that will enhance the skills and raise the competency of their technical and administrative staff and eventually contribute to higher performances of participants.

**Activity 1.1.1.3: Set up Urban Development Learning Centers (UDLCs) in selected CDI Cities**

The project conducted consultations with the LGUs, academic institutions, and professional associations in the CDI partner cities to understand sources of learning, skills, and knowledge-building initiatives that can provide capacity to stakeholders in urban planning and development. The assessment included institutional profiling, a survey of courses offered, and workshops with leading higher education institutions in CDI partner cities.

Using the results of the assessments, the project will facilitate the setting up of a virtual learning center at the Mindanao University of Science and Technology in Cagayan de Oro using the e-resources of the ICMA, especially its renowned webinar series. It will also assist in the review of programs to prepare city planners for the environmental planning board exam with the University of the Philippines Visayas–College of Management in Iloilo City.

**Activity 1.1.1.4: Develop an urban development index**

SURGE drafted a framework for a pioneering urban development index, which may provide benchmark parameters for urban development in the CDI partner cities. The index is vital in providing information to local planning, as it will point to gaps in development goals and targets, especially in the urban context; measure improvements from established baseline data and conditions over time; enable LGUs to compare performance with other LGUs; and encourage building capacities to deal with complex urban issues.

The framework, whose formulation was based on consultations with various national agencies and international organizations, will be useful in the urban development of the
CDI partner cities, as well as of the 145 cities and 285 municipalities in the Philippines. The framework considers the elements of sustainability, inclusivity, safety and resilience, and competitiveness as key dimensions for measuring urban development. A draft report has been prepared in Year 1, but the final report will be submitted in Year 2.

Activity 1.1.2.1: Develop the SURGE Performance Incentive Scheme (PIS) for CDI cities

The project designed a local government performance incentive scheme (PIS) to encourage CDI partner cities to improve their overall performance and to award exemplary and noteworthy initiatives in promoting the general welfare of its constituents, including the delivery of basic services and facilities. The PIS will cover the assessment of performance-based compliance to national mandates, level of proficiency and productivity for implementing national and local development programs and projects, and innovation and customer satisfaction on services delivered.

Using the inventory of existing national government incentive schemes, the PIS integrates the basic performance indicators of awards systems administered by the national government as minimum reference standards for local government performance. Linked to the urban development index, this incentive tool will evaluate competitiveness, resilience, and good governance as among the criteria for measuring performance. However, it has yet to be employed and operationalized. The final report has been submitted in Year 1.

Subcomponent 1.2: Improve climate-resilient land use planning and development following international practices

In Year 1, activities under this subcomponent were merged with activities under other subcomponents, as follows: (1) Original activity 1.2.4.1 (conduct of national-local dialogues) was incorporated in Output D.3.1 (Conference on Urban Development organized) (see page 39); (2) Original activity 1.2.4.2 (provision of the following information to identified CDI cities: histograms, multihazard maps, identification of vulnerable areas, assessment tool and report, downscaled climate scenarios and projections, and forum report and recommendations) was incorporated in Activity 1.3.1.1 (web-based, public domain software tool developed) (see page 22).

Subcomponent 1.3: Improve local climate-resilient infrastructure planning, financing, and implementation

Activity 1.3.3.1: Provide technical assistance to CDI partner cities in preparation of CLUPs, CDPs, and City Public Investment Programs (CPIPs)

In Year 1, SURGE coordinated with the CDI partner cities to provide technical assistance and ensure that processes related to CLUP/CDP and CPIP preparations, such as public consultations, are undertaken in planning activities. The project took part in the following activities:

- providing technical assistance in the updating of the Tagbilaran City’s CLUP
- facilitating the review of Zamboanga City’s CLUP, CDP, and zoning ordinance

In Tagbilaran City, the project assisted the CPDO in the approval of the final map for the CLUP. In Zamboanga City, upon request of the city government, the project provided third-party review of the work done by the private firm, Palafox and Associates, in these areas.

In Year 2, a more holistic and integrated technical assistance program will be developed in accordance with the results of individual city-level thematic assessment of land use and infrastructure planning, with the applicable inputs from the development of sustainable
GISs. The technical assistance will include the development of multihazard maps and a web-based public domain software tool in line with the results of the downscaled climate projections and changes in parameters, such as temperature and rainfall. Finally, the technical assistance will also cover support to cities in pursuing financial investments and accessing support from various funding sources consistent with the CPIPs.

SURGE organized two capacity development workshops to improve the capacity of key offices concerned with urban planning and environmental management in the CDI partner cities. The workshop for CENROs from the CDI partner cities to promote urban resilience took place in Batangas City in June 2016. This activity aimed to improve the competencies of environmental officers in conducting urban environmental and natural resources management planning, encourage knowledge and sharing of experiences on environment and natural resources functions. The workshop contributed particularly in the improvement of development planning, formulation of climate and environment activities, and better decision making.

In April of this year, a capacity development workshop was conducted in Puerto Princesa City and attended by city planners in CDI partner cities. Experts discussed current and innovative approaches in land use planning and urban development. Issues on mainstreaming CCA and DRR, planning analytical tools, designing public spaces, transportation planning, and access to financing were also discussed. City planners were able to share best practices that can be replicated in other areas. Activities also included a study tour in the proposed site of the Cabayugan rural services center.

**Activity 1.3.1.1: Improve GIS and disasters and impact analysis**

The GIS-CNA was conducted in all CDI partner cities to assess technical and organizational capacity; staff development programs; and standards in urban planning and development, fiscal management, and infrastructure development of target city offices. The GIS-CNA focused on

- individual competence, organizational capability, and institutional components
- gaps and challenges in terms of staff technical competency, manpower requirements, and resources
- existing data inventory and information management systems with a focus on hardware and software requirements
- legal and institutional mechanisms that support GIS implementation at the departmental and city levels.

The study identified the issues across the CDI partner cities. Some of the recommendations to address these are (1) enhance the legal and institutional mechanisms for GIS implementation; (2) establish a Centralized Geospatial Information Management System (CGIMS) using available free and open source software responsive to the city government geospatial needs; (3) formulate a training and capacity development program to support the skills and human resource requirements needed to enhance GIS capacity; and (4) conduct information, education, and communication campaigns to increase awareness of the relevance and use of geospatial data and generate acceptance of GIS.

For disasters and impact analysis, the project will develop a web-based, public domain software tool to provide policy makers and city planners with a scientific basis for assessing the socioeconomic impacts of climate change. Activities leading to this are still under way because of the delays in finalizing the results of downsampling climate projections of climate parameters, such as temperature and rainfall; these will be used to
develop climate risk scenarios, particularly hydrometeorological risks. The Monte Carlo Simulation was used to quantify optimal risk as a function of hazard, exposure, and vulnerability.

**Subcomponent 1.4: Increase access to sustainable water supply and sanitation services**

**Activity 1.4.1.1: Assess the capacity of water service providers (WSPs) in CDI cities**

SURGE provided assistance to CDI partner cities in increasing access to basic water and sanitation services. The assistance focused on the cities of Batangas, Tagbilaran, and Puerto Princesa, which are not covered by the USAID/Be Secure Project.

While Batangas City was deemed to have a sustainable water supply for the next 60 years, the assessment flagged two areas of concern: groundwater as source of water supply, and the prevalence of barangay/rural water and sanitation associations. In Tagbilaran City, saltwater intrusion and the instability of groundwater remain a challenge given the absence of a water district. In Puerto Princesa City, the water district has to use seasonal water rationing owing to a lack of water supply aggravated by climate change.

The project observed that while septage management is a mandate of water districts and cities as per the Clean Water Act, there are no existing septage management programs and services to date in the three CDI partner cities. The results of the initial scoping activities will be presented and submitted to USAID in Year 2.

Table 2 shows key results of the initial scoping activities.

**Table 2. Initial Scoping on Water Supply Management**

<table>
<thead>
<tr>
<th>Initial Observations/Findings</th>
<th>Proposed Technical Assistance</th>
</tr>
</thead>
</table>
| • The water sector is vulnerable to disaster/climate change risks  
• Drought contingency plan/business continuity plans need to be formulated | Assistance in the preparation of the vulnerability and adaptation plan that will look into the current operations and other activities of the water utilities and assess their vulnerabilities to climate change/disaster risk. The plan includes an analysis of the various adaptation measures that could be implemented to prepare for that climate change effect. |
| Issues and concerns include an inadequate supply of water in the CDI partner cities (Tagbilaran and Puerto Princesa), pressure management, water quality management, and nonrevenue water reduction | Assistance to water utilities in the preparation of a business plan. Water utilities face current and future challenges, including climate change, that require new approaches and strategies. A business plan and proactive action to better position the utilities to achieve success while meeting their mission are essential. |
| Support systems, such as capacity enhancement for personnel and the strengthening of monitoring and feedback mechanisms for personnel safety and development, are needed. | |
| All utilities need financial support to expand their systems so they can meet water demand. | |

**Table 3. Initial Scoping on Sanitation Services**

<table>
<thead>
<tr>
<th>Initial Observations/Findings</th>
<th>Possible Technical Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inadequate individual and institutional capacity at the local level on septage/wastewater management, a</td>
<td>• Technical assistance to build the awareness and support of decision makers and technical staff of CDIs of septage/wastewater management</td>
</tr>
</tbody>
</table>
major barrier to creating effective new local policies and programs. through exposure, observation visits, and training activities.
- Technical assistance to CDIs in the formulation and adoption of a model sanitation ordinance.

Desludging of septic tanks by private individuals/firm is ongoing in CDI cities but it is unclear whether treatment is being applied.
- Technical assistance in the formulation and approval of an enforcement and implementation plan.
- Technical assistance through the conduct of a multisectoral capacity development workshop.

**Activity 1.4.1.2. Provide technical support to WSPs in CDI cities**

SURGE also facilitated the participation of the water districts, WSPs, and city officials in the WaterLinks International Water Forum at Dusit Thani Manila in October 2016. This forum provided an opportunity for participants to collaborate for possible water operator’s partnerships with the Baliwag Water District, Maynilad, and Manila Water. Such partnerships are a mechanism for sharing and technical assistance that focuses on non-revenue water, water supply and quality, and septage management.

SURGE plans to conduct a learning visit for water districts/WSPs and city officials to Baliwag and Dumaguete City to learn from their experience with septage management as part of increasing access to sanitation services.

**Component 2: Promoting Low-Emission Local Economic Development Strategies**

The importance of promoting sustainable economic growth through investments has been clearly articulated in the approved work plan for Year 1. Activities for the year focused on (1) improving local revenue generation and expenditure management; (2) further reducing the cost of doing business through streamlined and automated business, building, and occupancy permitting processes; (3) improving land tenure security and land information management; and (4) strengthening local business development and facilitating investment and support services to foster low-emission growth.

By end of Year 1, the project team had accomplished the following assessments for the CDI partner cities: BPLS, RPT, SMV, PFM, land tenure, fees and charges, and business enabling environment. It also conducted a private sector learning activity and began to provide investment promotion technical assistance.

**Key Accomplishments and Results**

**Subcomponent 2.1: Improve local revenue generation and expenditure management**

**Activity 2.1.1.1: Enhance the revenue-generating measures in CDI cities**

The objective of this activity is to reduce the dependence of cities on internal revenue allotment and to identify areas for maximizing the authority of LGUs to impose taxes as provided for in the 1991 Local Government Code. The premise is that accelerated infrastructure development will be possible only when cities have sufficient financial resources. Throughout the year, SURGE conducted studies on the following:

1. Assessment of overall revenue generation and expenditure capacity and real property tax systems
   a. Assessment of overall revenue generation and expenditure capacity and RPT systems in the CDI cities and capacities within the Assessors’ and Treasurers’ Offices, including recommendations to develop action plans for enhancing these systems (Output 2.1.2.1.1(a))
The RPT system assessment aims to verify that the system can integrate manual records into the computer by reviewing its ability to produce accurate appraisal, integrate with the land tax system for the collection of real property taxes, process transactions, and generate reports required by the national agencies, particularly the BLGF and the Commission on Audit.

The assessments were undertaken from April 18 to June 16, 2016. Since the main focus of the assessment is on computer systems, the study was done in collaboration with the STTAs conducting the e-Readiness and GIS studies. Its initial findings were presented to the COR on September 9, 2016, and a report was submitted to USAID on September 30, 2016. Initial recommendations include (1) adopting a computerized system and enhancing the current RPT systems, particularly for CDI partner cities of Cagayan de Oro, Iloilo, Zamboanga, Tagbilaran, and Puerto Princesa; (2) integrating the cities’ RPT systems with those of concerned national government agencies, such as the Department of Agrarian Reform (DAR), DENR, and Registry of Deeds (RoD); and (3) integrating the GIS with the RPT.

As a result of the assessment, the following activities have been proposed for Year 2: (1) link the computer systems between treasurer’s and assessors’ offices for online assessment and collection in selected cities; (2) enhance the computer systems to enable them to detect delinquencies, prepare management reports for better planning and management of the RPTs, and produce reports required by the BLGF—a capability that will also feed into the Fiscal Sustainability Scorecard issued by the Department of Finance (DOF); and (3) develop flexibilities in the cities’ RPT computer systems to accommodate new plug-ins, and accept modifications such as adjustments in assessment levels, production of delinquency notices, and general revision in the SMV, which is mandated to be done every three years.

b. Assessment reports per city, Consolidated Analytical Report and Recommendation; PFM Improvement Plan (Output 2.1.1.1.1 (b))

While the above study focused on RPT systems of the CDI partner cities, the PFM assessment covered all the elements of the revenue and expenditure management. An STTA was contracted to do the analysis on April 21, 2016. Focused group discussions and interviews were conducted from May 23 to July 1, 2016.

The trend in revenue collections and expenditure patterns was analyzed using the electronic statement of receipts and expenditures data from the BLGF and the DOF for 2009 to 2014. The cities also conducted self-evaluations using the Public Finance Management Assessment Tool (PFMAT) for LGUs. The PFMAT was developed by the Department of Budget and Management (DBM) in coordination with other oversight agencies, such as the DOF/BLGF and the National Economic and Development Authority (NEDA) under the auspices of the European Union Local Government Unit Public Finance Management 2 Project. The tool, a self-assessment, evidence-based instrument that describes the characteristics of an open and orderly PFM system, has seven critical dimensions: policy-based budgeting; comprehensiveness and transparency; credibility of the budget; predictability and control in budget execution; accounting, recording, and reporting; internal and external audit; and citizen participation.

SURGE conducted a two-day PFM workshop in July 2016 to discuss PFM reforms with representatives from the DBM and the DOF. The workshop included the sharing of good PFM practices in the Philippines. ICMA provided an expert who shared international experience in PFM and critiqued the cities’ initial PFM assessment and improvement plans. The workshop also created synergy among the city budget officers, assessors, and treasurers of the CDI partner cities.

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Initial recommendations of the consultant were presented to the COR on September 9, 2016, and the final report was submitted on September 30, 2016. In Year 2, the project will provide technical assistance to selected cities to improve their PFM by addressing the areas where they had poor credit scores.

2. **Linking of the Department of the Environment and Natural Resources (DENR), the Register of Deeds, and the CDI cities’ tax records and setting up a mechanism to enable real-time updates of LGU records with transactions on the properties (Output 2.1.1.1.2)**

As stated in the Year 1 work plan, LGU tax records are incomplete because there is no mechanism for accessing the records of the DENR, RoD, and the concerned city offices (e.g., engineering, assessors) related to transactions of land and buildings. During the first year of implementation of activities, an initial assessment was intended to find out the extent to which the regional offices of the concerned national government agencies and the partner cities are linked. The objective was to set up a mechanism to enable real-time updates of the CDI partner cities’ records with transactions on the properties.

As part of the RPT/SMV assessments done in Year 1, sharing land information with land agencies (RoD, DENR, and DAR) will ensure that the LGU tax base is updated and accurate. For land tenure, this will guarantee tenurial security and accuracy, and access to land information, an important requirement for a robust land market seeking to attract investments.

Part of the assessments done in Year 1 informed the project of the variances existing in land records among the agencies and the LGUs. This effort will continue in Year 2 and possibly within the next four years of project implementation since it is a responsibility of the local government and national agencies. Moreover, jurisdictional issues are involved.

For Year 2, the project proposes to establish a ULIS and a digital cadastral database for both RPT and land tenure work.

3. **Assessment of the manner by which the SMVs were updated, the methods used, and the procedures followed in order to determine the kind of support required to enhance capacities for on-time updating and adherence to standards (Output 2.1.2.1.3)**

The potential to increase RPT rests in ensuring that the base values of assessments are market based. SMV updating is done every three years and entails a process that requires up-front preparation at least two to three years before the revision becomes effective. To date, only a few cities have complied with the procedures stipulated in the BLGF Mass Appraisal Guidebook and Philippine Valuation Standards for updating SMVs. The first year, therefore, examined the extent to which the partner cities have updated SMVs, and the procedures they followed, in order to determine the kind of support needed to enhance capacities for on-time updating and adherence to standards.

The LGI Consultants conducted various dialogues and focused group discussions between May 24 and June 29, 2016. The initial assessment was presented to the COR on September 9, 2016.

The recommendations of the study are to expand RPT coverage, improve the basis and method for assessing land as well as for estimating tax collectibles, and improve the manner in which taxes are collected. Since adjusting SMVs entails a rather political process, the project will not pursue further activities on SMVs in Year 2. The final report will be submitted on November 30, 2016.
Activity 2.1.2.1: Prepare action plans for (1) improving RPT tax systems, (2) improving RPT compliance, and (3) updating SMVs.

Since the ultimate objective of SURGE for Subcomponent 2.1 is to enhance revenue generation, one of the activities is to prepare action plans based on the result of the assessments conducted. This was not pursued, however, as the STTAs were required to present their findings to USAID before presenting them to the cities. Instead, the STTAs based their proposals for Year 2 activities on the results of the assessments.

For Year 2, the following has been proposed for all CDI partner cities, except Zamboanga City: conduct a tax compliance study, establish a ULIS and a digitized cadastral database, implement PFM reforms for economic growth, and explore alternative financial sources for LGUs. The preparation of an action plan for the updating of SMVs will no longer be done in Year 2.

Activity 2.1.4.1: Assess the system of fees and charges followed by the cities

Business taxes and related fees, in addition to RPTs, are the biggest sources of revenues for cities. For the first year, the project assessed the system of fees and charges in the cities of Tagbilaran, Batangas, and Iloilo. The design of the study considered the importance of having samples to represent the various businesses by asset size—that is, microenterprises (less than P3 million), small businesses (between P3 million and P15 million), medium-sized businesses (between P15 million and P100 million), and large businesses (at least P100 million). Eight business cases were considered for the survey: packaging plant, bank, construction supply company, supermarket, restaurant, medical clinic, Internet shop, and bakery.

The results of the study were submitted as part of the consolidated report on PFM. The major recommendation was to train city staff on the use of a cost accounting framework to determine the cost of setting fees and charges. This is in response to the general findings in the three cities, where the fees and charges varied extensively in each of the eight business cases, to the detriment of the businessmen. Based on these findings, the project intends to recommend measures in Year 2 for Cagayan de Oro City to streamline procedures for securing barangay clearances and to standardize fee setting.

Subcomponent 2.2: Streamline and automate local business registration and permit processes, including building and occupancy permits

Activity 2.2.1.1: Conduct assessment studies and surveys on BPLS and Building and Occupancy Permits Reform Implementation

1. BPLS and Building and Occupancy Permit Assessments

   a. Assessment of the Business Permit and Licensing System (Output 2.2.1.1.1)

   In processing business permits, the government, through the DILG and the DTI, set up service standards, such as the use of one form and limitations on the number of steps, processing time, and signatories. SURGE, in its Year 1 work plan, aimed at assisting the CDI partner cities in complying with these standards, which were set in a Joint DTI-DILG Memorandum Circular dated August 10, 2010.

   As an initial step, an assessment was undertaken through a fixed contract with four local universities or research institutions—the Central Philippines University (for Iloilo), Capitol University (for Cagayan de Oro), Development Academy of the Philippines—Mindanao (for Zamboanga), and Holy Name University (for Tagbilaran). For Batangas
City and Puerto Princesa City, the CDI partner cities with no qualified local research institution or university, two STTAs were contracted to conduct the assessment. The assessment, which was done from January to February 2016, coincided with the cities’ business renewal period. It also included the cities’ inspection system, an important aspect of business permitting in the Philippines.

A two-track methodology was adopted in the assessments: a third-party time and motion study of the process, and a customer satisfaction survey conducted through quick exit interviews of 300 respondents per city. The results showed that the original three CDI cities—Batangas, Iloilo and Cagayan de Oro—surpassed the government-set standards, with an online processing of business permits as option. The newer CDI partner cities—Puerto Princesa, Tagbilaran and Zamboanga—have longer and more complex business permit processes, which were not compliant with government service standards.

The findings, which were presented to the city mayors, were used in designing the assessment workshops undertaken in the latter part of Year 1.

b. Building and Occupancy Permit Assessments (Output 2.2.1.1.1)

Businesses have often complained of the tedious process for securing building and occupancy permits. According to the International Finance Corporation’s Doing Business Survey, it takes about 98 days to complete 24 procedures. As it did with the assessment of business permit processing, the project contracted an STTA to review the CDI cities’ construction-related permitting system.

The review, however, was not completed because the activity was only added in the third quarter (April 2016) of Year 1. Hence, hiring and fieldwork implementation started late. The project also required the consultant to submit an inception report prior to fieldwork to ensure that the proposed assessment process complied with the project’s expectations and deliverables. The review was conducted in the cities of Cagayan de Oro and Tagbilaran from August 24 to September 21, 2016. It will be completed in Year 2, and a report will be submitted on May 30, 2017.

2. e-Readiness Assessment of the CDI Cities covering its overall IT architecture (Output 2.2.1.1.2)

Automation of business-related permits, based on past studies, is critical in facilitating compliance with government standards. As an initial step, the project in Year 1 included an STTA-conducted review of the e-Readiness of CDI partner cities. The study was conducted from July 19 to September 8, 2016, to determine the information and communications technology (ICT) capacity, technology environment, and web presence maturity of the cities.

The initial findings, presented to project management on September 20, 2016, show that there is a need to strengthen information technology leadership in the cities.

The final report is expected in Year 2. For Year 2, the following activities are expected as a result of the study: develop an Information Systems Strategic Plan highlighting information technology governance, and automate the BPLS and Construction Permitting System.

3. Workshop/training/study tours on BPLS and Business Permits and Occupancy System (BPOS) automation (Output 2.2.1.1.3)
a. Study tour of business and construction permitting and licensing systems

After the assessment, a study tour was organized for Puerto Princesa and Tagbilaran on August 8–11, 2016, which covered visits to the cities of Valenzuela, Quezon City, Batangas, and Cagayan de Oro. The objectives of the study tour were to identify reform areas, processes challenges, and issues on streamlining the BPLS and BPOS. Twenty-seven participants joined the tour, mostly department heads. They were led by their city mayors (Lucilo Bayron of Puerto Princesa and John Geesnell Yap of Tagbilaran), as well as by vice-mayor Luis Marcaida III and Councilor Henry Gadiano of Puerto Princesa.

b. BPLS Workshop

After the study tours, the project led the BPLS Streamlining Workshop in Puerto Princesa and Tagbilaran. The goals of the BPLS workshop were to (1) design a streamlined business permitting processes for new and renewing businesses that will surpass the JMC No. 1-2010 national standards, including improvements in the operations of business one-stop shops, the inspection system, and the business permit application form; (2) identify automation issues that can realize the streamlined design; and (3) formulate an action plan for implementing the streamlined processes. The two cities were the first local governments to use the new service standards set by the government through Joint Circular No. 1 dated August 30, 2016. The action plan will be implemented as part of the Year 2 outputs and in coordination with another USAID project (E-PESO), which will be undertaken to assist the cities in implementing an online payment system for business permit fees.

Subcomponent 2.3: Improve local land tenure security and land information management

Activity 2.3.1.1: Generate city and land tenure profiles

There are two outputs under this activity, which are described below:

1. Land tenure profiles for the CDI cities (Output 2.3.1.1.1)

Land tenure and property rights are seen as key to developing more competitive CDI partner cities. More secure tenure and property rights could spur land market activity and attract further investments.

The first scoping activity on the status of land tenure and associated issues in the partner cities and Antipolo City gathered relevant land information, described the land tenure issues, and defined the scope of project support in land tenure and property rights improvement.

The major findings are as follows: (1) discrepancies exist in the land areas reported under the CLUPs and the DENR, whose data are based on cadastral surveys; (2) old cadastral surveys were conducted prior to the Second World War and need updating; (3) Tagbilaran, Zamboanga, Iloilo, and Antipolo have more than 85 percent of parcels titled while the rest of the CDI cities have 60 percent or less; (4) land information is difficult to access; (5) the quality of land administration and management needs improvement; and (6) land conflicts need resolution. These findings were presented to the COR on September 9, 2016 and a final report was submitted on September 30, 2016.

Given these findings, the project has proposed the following activities for Year 2: (1) develop a land tenure improvement strategy; (2) issue a special patent for government
lands; (3) implement a land title adjudication process; and (4) organize a Land Tenure Conference.

2. Training on land tenure appraisal for the city’s Rapid Land Tenure Appraisal team (Output 2.3.1.1.2)

A hands-on training on Rapid Land Tenure Appraisal scheduled in Cagayan de Oro City was postponed out of security concerns. It will, however, be done in Year 2.

**Activity 2.3.2.1: Assist LGUs in the inventory of government lands in the CDI cities and Antipolo City**

The Year 1 work plan identified the titling of government lands, particularly school sites, as one activity. LGI Consultants has so far assessed the status of these government lands in CDI partner cities. The next steps will be documentation of these properties, assistance in obtaining titles, and assistance in conducting an asset management plan.

**Activity 2.4.1.1: Develop an economic growth action plan**

Based on the government-mandated plans prepared by the cities and the assessments conducted under the project, an economic growth action plan, which will articulate a strategic direction, will be formulated in each of the cities. As an initial step, SURGE organized a Private Sector Learning Event on June 27–29, 2016, to identify growth opportunities and challenges for business. This event highlighted proposals to strengthen local business development, establish an enabling business environment in the cities, revise the infrastructure investment plans, and highlight the importance of revenue generation.

**Subcomponent 2.4: Strengthen local business development, facilitate investment, and support services that foster low-emission development**

**Activity 2.4.2.1: Assess the status and capacity of investment promotion-related organizations**

As an initial step in identifying project interventions for enhancing investment promotion, the project contracted an STTA to do the business enabling environment assessment in the CDI partner cities. Four cities—Batangas, Puerto Princesa, Iloilo, and Tagbilaran—were assessed in Year 1. The assessments for the cities of Cagayan de Oro and Zamboanga continued into Year 2. The assessments covered the status and quality of the regulatory environment and the investment climate; the institutional capacity and quality of trade, business, and investment promotion offices, enterprise support centers, and other business development support services; and the institutional capacity and quality of private sector representation and other public-private dialogue mechanisms existing in the city.

Initial findings showed that the areas that need improvement include investments attraction, tourism promotion and development, databases and analytic tools, project financing, and identification of low-emission economic generators. Specific capacity needs include development of investment promotion collaterals, website development, marketing skills, organizing investment missions and dialogues, and “after sales” service to investors.
Activity 2.4.3.1: Provide support to the LEIPO, IPC, Negosyo Center, and local business groups in CDI cities

Through an STTTA, the project provided technical assistance to three partner cities of Cagayan De Oro, Iloilo, and Tagbilaran City. A series of dialogues was conducted with the city government, private sector, and different civil society organizations on the elements of business attraction, retention, and expansion. As a result, the stakeholders in Bohol agreed to organize their promotional activities under a single entity, the Enhanced Bohol Investment Promotion, through a tripartite agreement among Bohol Province, Tagbilaran City, and the Bohol Chamber of Commerce. In Cagayan de Oro, Promote CDO, a private sector group, has been expanded to promote Northern Mindanao to widen its coverage.

Component 3: Expanding Economic Connectivity and Access between Urban and Rural Areas

Component 3 has two overarching objectives: reduce connectivity costs and improve access. Achievement of these objectives will support the overall efforts of CDI partner cities to promote investments, generate growth, and enhance sustainability.

In Year 1, the focus of activities was on conducting value chain studies, logistics assessments, and policy and regulatory reviews to identify impediments to rural urban connectivity. The project was also able to forge marketing agreements and inter-LGU collaboration in Tagbilaran to promote investment and growth.

Key Accomplishments and Results

Subcomponent 3.1: Reduce policy and regulatory barriers to productive rural-urban linkages

Activity 3.1.1.1: Identify policy and regulatory barriers to accelerate trade and investment

Local and national policy and regulatory constraints severely limit the mobilization of necessary investment capital while increasing costs and risks for producers in both urban and nearby rural areas. As a starting point, the project worked on identifying policy and regulatory constraints to accelerated trade and investment. The activity was carried out through a series of discussions with stakeholders from LGUs and representatives of key clusters or economic sectors. The process sought to identify policy and regulatory actions that could be addressed locally, as well as cross-cutting policy and regulatory concerns best addressed at the national level.

The STTTAs on fisheries, agriculture, logistics, transportation, infrastructure, and communication identified and documented relevant and critical policy and regulatory barriers in their fields. The project policy specialist, in consultation with the STTTAs, organized and analyzed the data gathered and provided recommendations to address policy concerns.

In general, assessments on policy and regulatory barriers showed the need for policy interventions to reduce the high cost of interisland shipping, improve operations and maintenance of airports, reduce traffic congestion, streamline permits processing for constructing cell sites, and prevent informal fee collection at random checkpoints. Policy interventions are also needed to encourage competition among telecommunications companies and to improve agriculture and mariculture support systems, certification, and regulation. In many of these issues, problems arise from the weak enforcement of existing laws and ordinances, especially at the local level. Thus, recommendations focus on
activities that support the development and implementation of policies and regulations that encourage trade and investment in the cities.

At the local level, the assessments recommend that existing mechanisms (e.g., subworking groups) be adopted to implement the proposals identified in each city. In Batangas, recommended interventions include offering incentives for poultry/hog operators to use farm wastes and manure instead of dumping them in Calumpang River, and conducting policy reviews for meat importation, traceability, and food standards.

The project interventions in Puerto Princesa focus on: (1) enacting local ordinances that promote good practices in sustainable mariculture, catch and processing of priority commodities (e.g., rabbit fish and seaweeds); and (2) providing incentives for agricultural investors and locators. The recommendations in Iloilo are geared towards (1) reviewing the provisions of the law creating the Metro Iloilo Guimaras Economic Development Council to make it more responsive to the needs of member municipalities, especially in the areas of logistics and infrastructure; (2) developing local policy, providing incentives for value adding and processing of bangus (milkfish) post-harvest products; and 3) reviewing truck policy for cargo trucks loading vegetables and food items.

In Tagbilaran, it is recommended that an accreditation system and the policy environment be in place to support PPPs in supplying fingerlings for stocking in cage culture systems. In Cagayan de Oro, the recommendation is to develop a local policy on certification, traceability, and food safety of vegetables. In Zamboanga, the recommendation is to support all local efforts to ensure that a new airport is developed and that military operations are relocated.

As a follow-through activity, TWGs were to be identified or organized to work on policy and regulatory concerns. However, this activity was not carried out as scheduled because a determination of appropriate working groups depends on which policy or regulations the project will decide to address, and that is part of the planning for Year 2.

In Year 2, the project will address the identified barriers in Batangas and Puerto Princesa. Improving policies and regulations on meat importation and sustainable fishing will have a high impact on relevant value chains in the cities.

Subcomponent 3.2: Reduce connectivity and information costs that inhibit flows of goods and services

Activity 3.2.1.1: Identify/formulate a diagnostic tool for assessing rural-urban connectivity

More efficient and effective connectivity should contribute to job- and opportunity-creating trade and investment. Increased connectivity will allow value-adding activities in cities to increase and become more competitive, and additional cargo traffic will justify increased infrastructure investment. Increased connectivity will also allow those in rural areas to participate more easily in the economic growth and development process.

The objective of the activity was to develop a diagnostic tool to assess rural-urban connectivity with a focus on identifying gaps in and constraints on trade, investment, acquisition, and competitiveness. The tool was then used to assess connectivity in CDI partner cities.

Using technical assistants, SURGE conducted a logistics assessment that identified regional infrastructure and chokepoints in terms of an area’s competitive advantages and auxiliary/ancillary service gaps. The assessment included discussions with telecommunication and Internet providers, print, radio and television broadcasters, producer associations, and business groups to determine how to improve communication
of relevant market and technological information.

Findings from the assessments conducted on transport, infrastructure, logistics, and communication describe current challenges faced by cities and nearby municipalities in accelerating trade and investment. Common impediments to urban-rural connectivity among CDI partner cities include poor maintenance and planning of roads, traffic congestion, unreliable public transport system, lack of planning on road-maritime transport connectivity, and slow development of airports in response to increasing traffic volume.

The assessments also identified city-specific connectivity impediments: congestion of freight trucks at the Balagtas roundabout and flooding in city streets in Batangas; noncompliance of Puerto Princesa Airport with national and international standards and congested road access to the airport; noncompliance of Tagbilaran Airport to national and international standards; road congestion caused by a fish market beside the bridge between Tagbilaran and Panglao; the unclear PPP status of Laguindingan Airport; road congestion from Laguindingan Airport to Cagayan de Oro; lack of coordination in road rehabilitation projects in Cagayan de Oro; and constricted airport expansion in Zamboanga.

Based on the results of the assessments, the project will prioritize the following activities in Year 2: (1) assist Cagayan de Oro in the preparatory activities necessary for expanding the Laguindingan International Airport and the Mindanao Container Terminal; and (2) train and assist the cities of Tagbilaran and Zamboanga in developing low-emission energy and climate-resilient transport and traffic management plans.

**Subcomponent 3.3: Strengthen supply chain linkages between urban and rural areas**

*Activity 3.3.1.1 Conduct analysis of key identified value chains in CDI cities, assessing rural-urban supply chain linkages and urban-centered constraints to growth*

To ensure sustainable long-term growth and competitiveness, cities need to strengthen value and supply chains, including those in the rural areas. The activity was conducted to identify opportunities to increase product quality, quantity, processing, and consolidation; reduce costs; improve marketing; and accelerate sales and investment. This analysis focused in part on expanding urban processing, accessing sustainable domestic and regional markets, and promoting certification to strengthen exports.

The project hired fisheries and agriculture specialists who conducted value chain studies of promising fisheries and agriculture commodities using key informant interviews, focus group discussions, and prioritization workshops. In the process, the project identified selected key economic sectors and value chains or clusters with the greatest potential for priority interventions; these include tourism, agriculture, and fisheries. The analysis also identified and prioritized high-impact interventions to improve competitiveness and increase trade and investment.

Priority agriculture value chains in Batangas City are feed supply, hog and poultry, and processed food. A potential project would be the strengthening of the animal feed production value chain and integration of hog and poultry. In Puerto Princesa City, priority agriculture value chains are cashew, mango, and banana, while the fisheries value chains are seaweed, mud crab, and lamayo. Recommended projects include multicropping and processing high-value crops such as cashew, mango, seaweed, and lamayo (rabbit fish); improving the seaweed network; and developing strategies to sustain resource stock for lamayo. Vegetables, darag (native production), and bangus are the priority value chains in Iloilo City, where recommended projects are the revival and strengthening of bangus.
value chains focusing on strengthening markets and product diversification, and marketing assistance for *darag*. Several agriculture value chains are recommended in Tagbilaran City, including highland vegetables, dairy, handicrafts, lowland vegetables, and hog/poultry. Fisheries value chains were also prioritized, namely *tilapia* and finfish for cage culture. Recommended projects include product development and marketing assistance for dairy, handicrafts, and vegetables, and development of *tilapia* mariculture industry. In Cagayan de Oro City, the priority value chain is vegetables and the recommendation is to develop a traceability system for vegetables. Cassava, banana, seaweed, and mangrove crabs are the priority value chains in Zamboanga City, where marketing and processing of cassava as animal feeds ingredient are recommended.

**Activity 3.3.1.2 Facilitate linkages between producer groups and city processors and buyers**

In line with ensuring strengthened value chains, this activity aimed to link producers, processors, distributors, and buyers to increased economic activity in both the city and adjacent areas. The project has started facilitating marketing encounters between and among producers, suppliers, and potential markets through meetings and coordination. The results of value chain assessments served as a guide in the selection of producers, processors, distributors, and partners.

Marketing agreements were then facilitated in the Province of Bohol between the Bohol Dairy Products Association and Bohol Federation of Agrarian Reform Communities Cooperatives (BFARCCO); and between the Tubigon Loom Weavers Multi-Purpose Cooperative and Bohol United Sectors Working for the Advancement of Community Concerns.

The project continued to support activities in the expedition of sales and distribution of products to boost the incomes of the organizations. These activities included an assessment of the needs of BFARCCO in managing the Provincial Agriculture Information and Marketing Center, and a vegetable market study in partnership with the BCCI, Bohol Association of Hotels, Resorts and Restaurants (BAHRR), and the Rotary Club of Panglao. The assessment with BFARCCO on September 2016 showed BFARCCO’s need for improving its business plan and operations, developing a marketing plan, and maximizing its role as distributor of vegetables owing to high demand from BAHRR.

The project also assisted stakeholders in Batangas City through coordinated meetings with prospective suppliers and markets. The Sorosoro Ibaba Development Cooperative and the Lipa Multipurpose Cooperative and Marketing were identified as potential partners in the development of processed meat and cassava value chains.

Guided by priority value chains identified in each city, SURGE will continue facilitating market linkages in the cities. In particular, the project will

- market and process cassava as animal feed ingredients for Batangas, Cagayan de Oro, and Zamboanga
- establish a seaweed network in Puerto Princesa City
- facilitate market linkages between tourism establishments and vegetable producers in Iloilo, Tagbilaran, and Bohol Province
- facilitate market linkages between *darag* chicken producers in Iloilo and institutional buyers
- facilitate market linkages between cashew and *lamayo* producers in Puerto Princesa and institutional buyers
- establish a traceability system for vegetable trading in Cagayan de Oro
• assist Puerto Princesa in developing the business and operations plan of the Puerto Princesa City Agri-Pinoy Trading Center
• facilitate business planning for the Agri-Aqua Processing Center in Iloilo City.

**Activity 3.3.1.3: Conduct a comprehensive study of the Tagbilaran City Slaughterhouse**

The project assisted Tagbilaran City in conducting a comprehensive study to assess the feasibility of upgrading the National Meat Inspection Service classification of its slaughterhouse back to its former Double A (AA) standard. Initially managed by the private sector and then by the current administration, the slaughterhouse continues to deteriorate.

A reconnaissance survey of the slaughterhouse was conducted in June 2016 in collaboration with representatives from the Winrock Cold Chain Project and the SURGE technical staff, along with key stakeholders involved in slaughterhouse operations. Results of the survey show that a new facility is not needed: the existing slaughterhouse can be rehabilitated and upgraded to Double A standard.

The repair can be done through the installation of additional equipment and the improvement of the waste disposal systems. Preparation of a prefeasibility study, detailed engineering design, and an environmental impact assessment were suggested. The representatives from Winrock and SURGE completed the prefeasibility study and detailed engineering design in September 2016. In Year 2, SURGE will assist the city in improving the slaughterhouse by developing a comprehensive plan with an environmental sustainability component.

**Subcomponent 3.4: Develop metropolitan arrangements that improve coordination and exchanges between cities and adjacent rural areas**

**Activity 3.4.2.1: Facilitate convening of the members and officers of intermunicipality institutions to identify possible collaboration with the SURGE Project**

LGUs have limited incentives to collaborate among themselves in ways that support broader growth. However, selected cities and their adjacent hinterlands, usually rural municipalities, are mutually supportive and dependent. Areawide solutions, approaches, and institutional arrangements can provide opportunities to achieve economies of scale (in production and advocacy), increased productivity and competitiveness, and improved efficiencies and effectiveness. Thus, the project identified and met with existing intermunicipal institutions in CDI partner cities to determine possible collaboration.

In the Province of Bohol, the project supported the creation of PITEC to promote intercity/municipality coordination in managing the implications of growth. PITEC was formalized through an MOA signed on January 26, 2016, among the municipalities of Dauis and Panglao and Tagbilaran City to collaboratively manage the impacts of the new Bohol International Airport, which, when completed by the end of 2017, is anticipated to boost tourist arrivals in the island of Panglao by 1.7 million.

PITEC will facilitate social and business development service delivery, urban development, transport planning and traffic management, private sector participation, and promotion of green economic development in the three municipalities. As of September 2016, a draft provincial ordinance has been circulated and is under review for the final approval by the provincial council.

Using the results of focus group discussions among stakeholders on September 2016, PITEC offers new opportunities to work on environment and tourism management, as well as to address expanding concerns of urbanization and sustainable development. Since...
PITEC is on its initial confidence-building stage as an expansion of PIEC, setting up its legal, institutional, and financial arrangements in managing and sustaining the inter-LGU alliance is crucial.

The project then suggested (1) expanding the MOA among the member LGUs that specify PITEC’s structure, policies, and mechanisms; and (2) formalizing collaboration and agreements through joint resolutions between the City of Tagbilaran and Municipalities of Panglao and Dauis for the adoption and appropriation of ordinances to facilitate the sharing of manpower, technical, and related resources. In Year 2, SURGE will continue to support PITEC in economic development planning.

In other CDI partner cities, existing metropolitan arrangements and special-purpose intermunicipal institutions have been identified. However, there was a delay in the identification of potential areas for collaboration with SURGE as it took longer than expected to hire an STTA.

Cross-cutting Areas

Set up institutional mechanisms for SURGE implementation

To set the stage for the multiyear implementation of SURGE, project management planned to organize working committees at the national and local levels, which will be tapped to generate support for the project and to better coordinate project activities.

Activity D.1.1: Organize the National Level Advisory Committee for SURGE

The project originally sought to organize a National Level Advisory Committee for SURGE, composed of representatives from national government agencies. This plan was put on hold upon guidance from USAID.

Activity D.1.2: Assist the cities in preparing the necessary issuances for the creation of a SURGE TWG within the city government

At the city level, the project worked for the organization of TWGs to facilitate coordination of SURGE activities among relevant departments and stakeholders in the private sector and regional line agencies. Based on the Year 1 work plan, the project is expected to work on creating the TWG in each of the cities, including the conduct of at least three meetings per city.

The project was able to establish the TWGs in five of the six CDI partner cities. The mayors in these cities issued EO as shown in Table 4, which also indicates the dates of the meetings of the TWGs.

**Table 4. Creation of the Technical Working Groups in Select CDI Cities**

<table>
<thead>
<tr>
<th>City</th>
<th>Executive Order</th>
<th>Order</th>
<th>Date EO Signed</th>
<th>Date of Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cagayan de Oro</td>
<td>122-15</td>
<td></td>
<td>November 2015</td>
<td>June 16, 2016&lt;br&gt;September 16, 2016</td>
</tr>
<tr>
<td>Iloilo</td>
<td>100-15</td>
<td></td>
<td>December 2015</td>
<td>January 13, 2016&lt;br&gt;January 22, 2016&lt;br&gt;April 28, 2016</td>
</tr>
</tbody>
</table>
Batangas City is the only CDI partner city where the SURGE TWG has not yet been organized. While a draft EO for the creation of the TWG was prepared, it was intentionally left unsigned before the assumption of the next administration because SURGE expected the designation of a new mayor and a new set of officials in the city council. Nevertheless, SURGE preliminary activities proceeded as planned. The EO creating the TWG is expected to be signed in the first quarter of Year 2.

**Activity D.1.3: Organize the SURGE Stakeholders’ Forum in the CDI Cities**

When the Year 1 work plan was being drafted, the Stakeholders’ Forum was envisioned as a multistakeholder committee, separate from the TWG organized with city government membership. The objective was to elicit a broad range of support for and advice on SURGE activities.

However, the first Stakeholders’ Forum organized in Iloilo, attended by more than 50 participants from different sectors and government institutions, turned out to be an event for launching the project. The format and design of succeeding forums in the remaining cities slightly changed from the first one with the addition of a signing ceremony of a commitment plaque on which participants pledged to collaborate with SURGE to meet the cities’ visions. The succeeding forums in the other cities also became workshop venues for a quick discussion of priority actions for reaching the vision, providing inputs for the city’s planning activities after the elections. The dates of the Stakeholders’ Forums are shown below:

**Table 5. Schedule of Stakeholders’ Forums**

<table>
<thead>
<tr>
<th>City</th>
<th>Date of Stakeholders’ Forums</th>
</tr>
</thead>
<tbody>
<tr>
<td>Batangas</td>
<td>January 19, 2016</td>
</tr>
<tr>
<td>Cagayan de Oro</td>
<td>March 11, 2016</td>
</tr>
<tr>
<td>Iloilo</td>
<td>December 18, 2016</td>
</tr>
<tr>
<td>Puerto Princesa</td>
<td>February 23, 2016</td>
</tr>
<tr>
<td>Tagbilaran</td>
<td>January 26, 2016</td>
</tr>
<tr>
<td>Zamboanga</td>
<td>February 4, 2016</td>
</tr>
</tbody>
</table>

Given the evolving nature of the Stakeholders’ Forum, the project management and the COR agreed that no succeeding forums will be convened for Year 1 and that the TWGs chaired by the mayor and organized by the city governments under CDI, which have multisection membership, will function as the originally envisioned Stakeholders’ Forum.

**Support national interagency committees on investment and growth**

While SURGE is mainly concerned with CDI partner cities, many reform policies emanate at the national government level. Hence, the work plan of SURGE for Year 1 includes participation in committees and activities of national government agencies whose functions and activities directly relate to SURGE’s objectives. These committees or councils include the NCC, the BPLS Oversight Committee, and the Sub-Working Group on Local Investment
Reforms under the Philippine Development Forum.

Activity D.2.1: Incorporate sustainability indicators in the CMCI

The proposal in the Year 1 work plan is to incorporate sustainability indicators in the current set of cities' and municipalities' competitiveness indicators, which are computed annually by the NCC. SURGE contracted an STTA to formulate the framework for sustainable competitiveness. The initial results were presented to USAID on September 15, 2016, where an additional pillar on resilience was proposed to be added to the existing three pillars of competitiveness: governance, dynamism of the local economy, and infrastructure.

For Year 2, the consultant is expected to present a revised version of the framework and indicator system to the Regional Competitiveness Committees, which will be an opportunity to get feedback on the availability of the proposed resilience indicators at the local level. The target is for the sustainable competitiveness framework to be adopted by the committees and data collected for the computation of the new index in time for the July 2017 award ceremonies.

Activity D.2.2: Support to the NCC

Similar to the assistance that USAID provided to the NCC through its past projects, SURGE, with USAID concurrence, has committed to support the NCC in two activities: the CMCI Project and the Liveable Cities Design Challenge (LCDC).

For Year 1, SURGE provided technical assistance to the NCC through an STTA in overseeing the finalization of the competitiveness index computations for 2016. Nearly 1,400 cities and municipalities participated in the 2016 CMCI, covering 85 percent of the total. At the same time, SURGE partly cofunded the organization of the CMCI Summit held on July 14, 2016, by hiring an event’s organizer for the award ceremonies. These ceremonies, held just after SURGE’s International Urban Conference, were attended by 1,519 participants.

The SURGE involvement in the LCDC is highly dependent on the concept of the project, which the NCC is tasked to develop. Several meetings were held with the NCC to finalize the concept and identify the role of the project in its implementation. Unfortunately, the NCC was not able to implement the LCDC in Year 1.

According to the latest version of the LCDC, which will begin in SURGE’s Year 2, the LCDC will be open to all 145 cities and will cover three categories: resiliency, mobility, and e-governance. SURGE’s role with the NCC will be discussed further.

Activity D.2.3: Support to BPLS Oversight Committee

The BPLS Oversight Committee was created through Joint DTI-DILG Department Administrative Order No. 10-07 (series of 2010), which was signed on August 6, 2010. It is the main policy-making body at the national level that approves business-permitting reforms. Since one of the project’s approved activities in Year 1 relates to the streamlining of BPLS in the CDI partner cities, active involvement of the project in the oversight committee is critical in pushing for local BPLS-related reforms.

One of the major accomplishments of committee was the signing of JMC No. 1, series of 2016, on August 30, 2016, by DILG, DTI, and the newly organized Department of Information and Communications Technology. The JMC’s salient features include (1) stricter standards for processing business permits; (2) complementary reforms on
securing Fire Safety Inspection Certificates; (3) conducting joint inspections; (4) setting up business one-stop shops and automated business permitting systems, including online processes; and (5) defining the roles and responsibilities of oversight agencies.

SURGE provided technical support in the formulation and signing of the JMC and was instrumental in convincing the DTI to push for BPLS reforms. Specifically, SURGE was involved in (1) organizing a study tour to Valenzuela and Quezon Cities for DTI Secretary Ramon Lopez, which coincided with DILG Secretary Mike Sueno’s visit to Valenzuela; (2) submitting the first draft of the JMC, which was prepared in another USAID project (the Investment Enabling Environment Project) and assisting the DILG and the NCC in finalizing the JMC with other stakeholders; (3) sharing the draft manual that can accompany the JMC implementation to DILG and the NCC; and (4) attending the third and fourth meetings of the Oversight Committee, which were held on July 7 and September 19, 2016, respectively.

In support of the JMC implementation, SURGE will prepare a coaching manual on JMC 1 as part of its Year 2 activities as well as fund a Trainers’ Training for DILG, DTI, the Department of Information, Communication and Technology, and the private sector for the rollout of the JMC nationwide.

**Activity D.2.4: Support to Sub-Working Group on Local Investment Reforms**

This committee, created by two committees under the Philippine Development Forum, was originally envisioned to be a venue for discussing and resolving issues that impede investment at the local level. Co-chaired by USAID, DTI, and DILG, the committee has been inactive in the last two years. For SURGE’s Year 1 work plan, activation of the committee was deemed important in providing a ready venue for discussing investment-related city-level issues. However, project management realized the possible reshuffling of national government officials as a result of the May 2016 elections. As of this time, the project still needs to get a sense of whether the newly designated officials from DTI and DILG are keen on reviving the committee. A clearer signal from both the COR and the National Government leadership may be secured in Year 2.

**Other urban development initiatives**

**Activity D.3.1: Holding of national conferences**

As part of its Year 1 plans, two conferences were envisioned to be organized in Year 1: the Urban Development Conference, and a Land Tenure Conference. An event organizer was hired to conceptualize, brand and manage these events.

1. Urban Development Conference Organized (Output D.3.1.1)

The “2016 International Conference on Urban Development: Accelerating Resilience and Inclusive Growth” was a two-day conference held on July 12–13, 2016, attended by a total of 87 speakers and 1,200 delegates: international and local experts, business leaders, national and local government officials, and representatives from donor agencies and professional organizations, as well as students of urban development. The conference, which was co-sponsored by DILG, the NCC, the United Nations Human Settlements Programme (UN-Habitat) and the World Bank, fostered multidisciplinary discussions on 21 urban development–related topics/sessions, such as promoting social inclusion in urban environments, improving the business climate for investments, addressing climate change and disaster risks, solving urban land tenure issues, and fostering technological solutions for urban development.
Conference partners include the University of the Philippines School of Urban and Regional Planning and the Philippine Institute for Environmental Planners, with ABS-CBN News Channel as the broadcast media partner; the sponsors included 8990 Holdings Inc., PUBLiCUS Asia Inc., Federation of Filipino-Chinese Chambers of Commerce & Industry, Inc., Globe Telecom, the Organization of Socialized Housing Developers of the Philippines, ASUS, and the Cagayan Electric Power and Light Company Inc. (CEPALCO). ICMA brought 12 of its members to the Conference to share best practices in various areas in urban development.

Conference attendance was impressive with no less than the Vice President Ma. Leonor “Leni” Robredo closing the event. The conference was also graced by Senators Cynthia Villar, Richard Gordon, and Sherwin Gatchalian; Congressman Joey Salceda from the legislature; and 228 representatives from LGUs. Officials from USAID, the U.S. ambassador, and the mission director were also present. Overall, the event was highly successful in broadening the knowledge of national and local leaders and stakeholders of the importance of urban development in pursuing equitable and sustainable economic growth in the country.

2. Land Tenure Conference organized (Output D.3.1.2)

The objective of the Land Tenure Conference is to allow stakeholders to express their assessment of the state of land services in the Philippines, to propose better approaches, and to showcase best practices and innovations that address the existing limitations. The initial concept paper was presented to the COR in September 2016. Following the COR advice, a decision was made to move the activity to Year 2, initially in December and later on in January or February 2017. ICMA is partnering with LGI Consultants in organizing the conference.

Activity D.3.2: Holding of Capacity Development Activities/Workshop

1. Training/Workshop for CPDOs organized in Puerto Princesa (Output D.3.2.1)

SURGE held the first of a series of learning activities in Puerto Princesa City on April 20–22, which was attended by 18 CPDO heads and personnel. Invited local experts discussed current and innovative approaches in land use planning and urban development. Topics included mainstreaming CCA and DRR, planning analytical tools, designing public spaces, transportation planning, and access to financing. The participants were given an opportunity to share best practices that can be replicated by city planners, conduct hands-on case studies, and participate in a study tour of the proposed site of the Cabayugan rural services center.

2. Training/Workshop for CENROs, WSPs (Output D.3.2.2)

The second leg of learning activity was conducted the six cities on June 21–23 in Batangas City for 18 CENRO officials and personnel. Local experts facilitated sessions on mainstreaming CCA and DRR, urban environmental planning and management, low-emission economic development strategies and environmental laws, among others. The sharing of best practices that can be replicated among the cities, hands-on exercises, and a study tour of Palloccan West, a flood-prone barangay in Batangas City, highlighted the discussions.

The workshops for CPDOs and CENROs opened a whole range of potential activities for SURGE to facilitate, such as networking among practitioners to adopt workable strategies, ordinances, and approaches; linkage with national agencies to conform
with policies and decentralized local government functions; and provision of technical assistance to local officers, such as in environmental planning professionalization and in establishing the local environmental offices.

3. Mayor's Retreat (Output D.3.2.3)

The Mayors Retreat is intended to be a gathering of the six mayors of the CDI partner cities, where they can share experiences and exchange views on matters related to the cities. The retreat will create an atmosphere of greater collaboration among the CDI partner cities and possibly lead to the forging of a sisterhood agreement. The activity was moved to Year 2 activities to include the three new CDI partner cities that will be identified in the coming months.

Activity D.3.3: Assistance to USAID in Selection of Next CDI Cities

USAID is planning to add more cities in its CDI program. Its initial plan was to announce the new cities before the end of Year 1. Hence, SURGE was on hand to provide technical and logistical support to the preparatory activities leading to the selection of these cities. There were three activities which SURGE was planning to organize in relation to the selection of the new CDI partner cities: formulation of the framework for selection; the organization of scoping missions for the short-listed cities; and the convening of assessment workshops once a final list of new cities is announced. Out of the 145 cities in the Philippines, USAID initially identified 14 cities based in its internal selection process which SURGE will evaluate. These cities include Angeles, Baguio, Butuan, Naga, Legazpi, Tacloban, General Santos, Tagum, Cotabato, Dagupan, Olongapo, Mati, San Fernando, Ia Union and San Fernando, Pampanga.

For Year 1, SURGE was able to assist USAID in the following: (1) organizing a meeting of 14 shortlisted cities (attended by 10 cities), which was held on July 12, 20–16, in Manila to discuss the CDI and the selection process; (2) preparing the letters to the cities that requested for the submission of expressions of interest and other relevant data on the cities; (3) formulating the framework for selection as discussed below; (4) computing for the city’s scores using the approved framework for selection; and (5) organizing the scoping missions for the short-listed cities, which is scheduled to commence in October 2016.

1. Proposed framework for selection of CDI cities (Output D.3.3.1)

The initial framework for selection was presented to USAID and the initially selected 14 cities during the meeting held on July 13, 2016. Subsequently, various revisions were made to the framework based on comments submitted by USAID officials. The latest version has eight parameters: (1) economic potential, (2) extent of urbanization, (3) good governance, (4) social development, (5) political stability, (6) resilience, (7) education, and (8) health. Several indicators may represent each parameter. Data for indicators were obtained from various official sources, such as the Philippine Statistics Authority and the NCC. The results of the computations per city were initially submitted to USAID on September 6, 2016, but were subsequently updated on September 23, 2016. A separate report will be submitted in the first quarter of Year 2.

2. Reports on Scoping Missions (Output D.3.3.2)

Based on the results of the scoring submitted to USAID, Legazpi, Angeles, Olongapo, Baguio, Tacloban (includingOrmoc), Butuan, and General Santos were selected by
USAID for further evaluation. Immediately upon selection of these seven cities, SURGE started organizing scoping visits in October 2016 in order for USAID to meet the city officials and stakeholders. Hence, the submission of the report will be part of the Year 2 activities of the project.

3. Organization of needs assessment workshops (Output D.3.3.3)

This has been moved to Year 2 of the project once the new cities have been selected.

**Gender-related Activities**

As a cross-cutting theme, gender is integrated into all the activities of SURGE by identifying and addressing gender-related disparities in the project implementation. Essential gender equality and female empowerment and social inclusion elements will be mainstreamed into the project’s policy initiatives, capacity development, assessment tools, and monitoring and evaluation.

During the year, the project conducted the PGESIA to determine evidence-based gender integration into the three components of the project, which had approved activities in Year 1, including technical assistance provided on GAD capacity development.

**Key Accomplishments and Results**

- Included gender perspectives in the project’s competency-development program for city planners and environmental officers. In May 2016, SURGE provided technical inputs on gender and social inclusion integration in Zamboanga City with participants from various sectors. The activity is part of the city’s Ecological Profile Report, an input into the CLUP and CDP.

- Developed a tool called the GESI Review Matrix, which used Zamboanga’s draft Ecological Profile Report, prepared by Palafox and Associates in accordance with HLURB guidelines.

- Provided technical assistance during the review of Zamboanga’s revised CLUP, CDP, and zoning ordinance in August 2016, wherein the project acted as a third-party plan review facilitator for the integration of GESI.

- Assisted in the integration of gender perspectives in capacity development programs. In June 2016, the project provided a brief orientation on gender analysis, including tools for vulnerability assessments, during the capacity development programs for environment officials in Batangas City. A briefing on gender analysis and gender responsive budgeting was conducted in Puerto Princesa in April 2016.

- Provided assistance on the inclusion of gender perspectives in “Integrating Gender Perspectives in Business Processing and Licensing Systems (BPLS) Workshop” conducted in August 2016 in Puerto Princesa. At the same time, the project provided GESI inputs to the business enabling environment tool for each city through the incorporation of gender-related considerations.

- Integrated gender perspectives in value chain analysis and diagnostic tools for assessing urban and rural connectivity through GESI.

- Provided technical assistance during the Promoting Gender Responsive and Inclusive Governance Workshop in Puerto Princesa in March 2016 with 55 participants, mostly women. The activity is timely as the city prepares for the submission of its GAD planning and budgeting for 2017.
• Conducted GAD competency development for project staff. The SURGE Participatory Gender Training and Gender Integration Validation Workshop was conducted in May 2016 for project staff to enhance their knowledge and skills in integrating gender in all aspects of work. The activity provided a venue to discuss SURGE gender-integration processes intended to enhance the three major components by addressing gender concerns that can improve the performance of the project. It also served as a sharing platform to present key findings and recommendations from the PGESIA report for validation, and finalization of the proposed five-year comprehensive GESI Plan for the project.

• Provided GAD-related technical assistance to Puerto Princesa. The activity conducted in May 2016 was attended by at least 73 participants from the LGUs, who discussed gender-responsive planning and the use of the Harmonized GAD Guideline Tools for the city's programs and budgets.

• Included women and historically marginalized groups in the Stakeholders’ Forums conducted through the year in the six CDI partner cities.

4.5: Communication-related Activities

The project’s major accomplishments for Year 1 in terms of implementing its communication and information strategies include the publication of the monthly CDI Newsletter; increased media mileage for USAID and SURGE; production of information materials, such as infographics, fact sheets, and a short animation about the project, the CDI partner cities, and its work on land tenure; and support for strategic project activities, such as the 2016 International Urban Development Conference, Stakeholders' Forums, technical workshops, and USG and USAID visits.

Key Accomplishments and Results

Published CDI Newsletters

The CDI Newsletter, produced monthly, is one of the project’s major communication products. It contains stories, photos, video clips, graphics, a schedule of events, and a link directing the reader to the USAID Philippines website.

The target audiences of the newsletter are heads and officials of USAID Philippines, national government agencies, LGUs, the private sector, academe, civil society, and other donor agencies, with the goal of promoting USAID’s “whole-of-mission” approach.

By end of Year 1, the project published five CDI Newsletters. The maiden issue came out in March 2016 while the July issue, in September. SURGE distributed the newsletter primarily through a mailing list with 930 recipients. The USAID Philippines Facebook fan page and the SURGE Twitter account also shared the newsletter online, which contributed to increased readership.

Based on Google analytics, the CDI Newsletters had 1,453 readers from April to September 2016 and were accessed 2,106 times. Most readers are from the Philippines (66 percent), followed by the United States (15 percent) and the United Kingdom (10 percent). More than half, or 61 percent, of Philippine readers are from Metro Manila, followed by those from the cities of Cebu and Davao. Among the CDI cities, Cagayan de Oro had the highest readership, with 4 percent of total readers.
Produced Graphics

The project’s communication work involved developing, packaging, and producing materials such as PowerPoint presentations, booklets, infographics, brochures, and videos. In April 2016, SURGE employed the services of a Manila-based graphics firm Braveworks Graphics Studio to develop and package appropriate and high-quality information and communication tools and products in support of its interventions at the national and city levels.

During the 2016 International Urban Development Conference in July, Braveworks developed a thematic design for the conference; produced visuals such as electronic opening billboard, speaker and session headers, a backdrop, a photo wall, and an interactive app for multitouch; and conceptualized designs of collaterals such as a sponsor kit, a souvenir program, and standees.

The project also provided communication assistance to two CDI partner cities, Tagbilaran and Puerto Princesa, in packaging investment promotion materials. In line with its investment promotion work under the second component, SURGE has given communication assistance in terms of guiding the City Media Bureau Team in visioning, conceptualizing a tagline, and coming up with design options for a brochure, a downloadable PDF version, and PowerPoint deck.

For Puerto Princesa, SURGE also provided communication assistance in visioning, conceptualizing a consistent tagline and peacock logo, and repackaging the city’s investment profile booklet for use in two upcoming investment promotion-related activities in October and November 2016.

Promoted SURGE Activities

SURGE was also able to increase its audience reach through news stories published by the project, USAID, and the CDI partner cities. This resulted in 120 media placements online and in print during Year 1 (refer to Annex 2). Media placements were composed of news published by national dailies such as the Philippine Star, Manila Bulletin, and Manila Times; the government news agency Philippine Information Agency; local media organizations such as the Bohol Chronicle, Daily Zamboanga, Batangas Post; television interviews or mentions by ABS-CBN and CNN Philippines; city governments’ official website posts and Facebook posts; and blogs. These stories combine news published by the project, by the six cities’ media bureaus or public information offices, and stories picked up by media practitioners.

The project also submitted 16 brief stories to USAID for the Manila Environment Weekly Update these were published in the weekly newsletter circulated within the USAID Environment Office. A
total of 35 news stories describing component activities in the six cities were also produced in Year 1 as part of SURGE’s internal information dissemination to USAID and ICMA.

The project also produced information materials, such as the Land Tenure Factsheet, six city infographics, SURGE animation, SURGE Infographic, and CDI Infographic.

The project used Twitter and USAID’s Facebook fan page to promote its activities through social media. Since the April 2016, USAID/SURGE(@USAID_SURGE) has gained 121 followers and published 329 tweets. These statistics increased when the account was publicized during the 2016 International Conference on Urban Development. Similar to CDI Newsletter readers, most of the Twitter followers are in the Philippines (65 percent), followed by the United States (17 percent) and the United Kingdom (5 percent). On average, the SURGE Twitter account earned 25 link clicks, 33 retweets, and 41 likes per month. For the USAID Facebook fan page, selected stories submitted to USAID were also featured online.

During the year, SURGE collaborated with the city public information offices, representatives of investment promotion and tourism offices, and freelance photographers in all six cities to discuss its communication-related activities, distribution of project news stories, and information on the media landscape of each city. That three offices are working hand-in-hand is crucial in supporting work to promote inclusive and resilient growth in the cities and in acquiring the buy-in of other stakeholders.

**Coordinated Events and Campaigns**

In accordance with SURGE contract requirements, the project coordinated high-level visits and events with USG officials, USAID, and key national- and city-level partners in Manila and various CDI partner cities to showcase the project’s activities. These events include the launch of the SURGE project with former USAID Mission Director Gloria Steele in Manila, visits of USAID General Counsel John Simpkins in Tagbilaran City and of Special Assistant to the Assistant Administrator of USAID’s Asia Bureau Toshiro Baum in Batangas City, and visits of USAID Mission Director Dr. Susan Brems in Zamboanga and Iloilo. Curtain raisers, speeches, backdrops, and other collaterals were prepared, and photos and story coverage were provided to the visits as part of promotion.

Communication assistance was also provided to various projectwide and component activities, such as the 2016 International Urban Development Conference attended by Vice President Ma. Leonor Robredo, U.S. Ambassador Philip Goldberg, and USAID Mission Director Dr. Susan Brems; the Stakeholders’ Forums in the six cities attended by mayors and other local officials; the CPDO and CENRO workshops; the Private Sector Conference; and the PFM Workshop attended by a various government officers and leaders from the private sector. These activities were published as news stories, photos, bullet stories, and news bits disseminated to various audiences.

An online resource library ([www.surge.org.ph/2016urbandev](http://www.surge.org.ph/2016urbandev)) was set up for the 2016 International Urban Development Conference, containing information about the conference and all the presentations of resource speakers.
B. Accomplishments by City

Year 1 activities were marked by a growing SURGE presence at the city level. The project provided institutional support for a robust agenda of reforms and promotion of inclusive and resilient growth, and for partner development activities in CDI partner cities. SURGE designed and carried out a number of assessments and studies, and provided capacity development and technical assistance to ensure that the priority needs of the CDI partner cities are aligned with the project components and their desired impact.

Batangas City

Institutional support for project implementation

SURGE was launched during the Stakeholders’ Forum in Batangas City in January. The forum provided an opportunity to push areas of reform and improvement within the LGU, including the planning and budget process of Batangas. Participants from various LGUs, the private sector, and civil society groups identified interventions such as enhancing land use plans, building green infrastructure, automating payment systems, exploring PPPs, and improving road networks. Stakeholders signed a commitment of agreement to advance broad-based, inclusive, and resilient economic growth for Batangas City.

To ensure better coordination of project activities, SURGE helped draft an EO creating the SURGE TWG chaired by the local chief executive. However, in view of the possible change in city government officials with the election of a new mayor, project managers decided to hold the organization of the TWG in abeyance until the new officials are in place. But this did not deter project activities, which proceeded as planned.

Conduct assessments

SURGE staff and consultants spent significant time conducting assessments and studies in the following areas: key skills of local officials; urban systems; use of GIS; capacity of WSPs; E-Readiness; value chains of products; logistics in the city; and potential networking and alliance building.

Forty-two key staff from various city government offices involved in planning, CCA and DRRM, environment, and investments promotions participated in the key skills assessment conducted in August 2016. The assessment recommended capacity development interventions on planning, programming, and management for inclusion in the city’s 2017 budget. SURGE also facilitated the city’s possible use of a free and computerized Human Resource Management Information System developed by the Department of Science and Technology and managed by Aklan Province.

In July 2016, SURGE conducted a rapid urban system analysis and assessment on CAA in preparation for the review and update of the city’s CLUP and CDP. Sixty-six participants from the agricultural sector, business sector, and city offices participated.

In the scoping activity on the WSPs in Batangas, held in August 2016, the findings showed the need to reduce nonrevenue water at the Batangas City Water District and to look into the possibility of improving the operations of about 70 waterworks associations. The water-quality access in Isla Verde and the development of a septage treatment facility in the city must also be addressed.

To assess the city’s adoption and application of ICT, the project conducted an E-Readiness assessment in July 2016. Various city departments and divisions have identified support needed in automating their systems, including the updating of the city’s Information System Strategic Plan
(ISSP), to support the deployment of appropriate infrastructure for automating government services. To ensure implementation, a listing of the city’s hardware and software requirements in the ISSP will be considered in the annual budget preparations.

Representatives from various government offices and stakeholders from the city participated in the value chain assessments conducted in April and September 2016. The commodities identified during the assessment included vegetables, meat products, and feeds. Vegetable producers expressed their willingness to develop the production database that will be used in determining future intervention. Close collaboration was observed among DTI, cooperatives, and the Office of the City Veterinarian and Agricultural Services in developing the value chain in terms of production by the cooperatives, technical assistance on farming and data gathering, processing or value adding by the city, and market linkages forged by DTI.

Traffic situation and infrastructure redundancy remain as top concerns in the logistical assessment conducted in July 2016. These two factors have affected the mobility of goods, disaster risk preparedness, and the business environment in the city.

The project conducted a scoping activity for assessing potential opportunities for alliance building and networking among nearby LGUs in September 2016. The meetings with the MBBC, Save the Calumpang River, DENR, San Jose Sico Landfill Cooperative, the provincial DILG and provincial planning and development coordinator identified two possible areas of activities for Calumpang River and the traffic congestion at the Bauan-San Pascual-Batangas City corridor. The MBBC acknowledged the possibility of pushing for ways to relieve the traffic congestion within the corridor should it become an accredited member of the Provincial Development Council.

In May 2016, SURGE met with representatives of the University of Batangas, Batangas State University, and the Lyceum of the Philippines-Batangas to discuss the potential for establishing a UDLC in the city. SURGE presented an overview of the local government–academe framework that can link the universities’ technical expertise with the practical experience of the local government.

Capacity development

Capacity development remains a high strategic priority of SURGE in Batangas. In Year 1, the project facilitated and assisted the city with a wide range of activities. At the same time, it also promoted the city as a model for business permitting reforms and encouraged CDI partner cities to visit Batangas. In effect, the city government provided capacity development support to new CDI cities as they reform their business permit and licensing systems.

The GIS validation and action planning conducted in July with various LGUs was able to help strengthen the city’s legal and institutional mechanisms in integrating GIS in its strategic planning and implementation, enhance skills and organizational functions in GIS, and develop a CGIMS. This activity is a follow-up of the assessment of capabilities in managing GIS held in June. The recommendations from the activity will be incorporated into the ISSP and 2017 budget preparations.

The project also assisted the MBBC in city development planning engagements, such as its membership in the City Development Council and exposure in the planning and budgeting linkages with the government. MBCC’s program focuses on the environment, transportation, infrastructure, education, and tourism sectors.

In July, SURGE facilitated the participation of key officials from various government offices to the PFM Workshop in Manila. Batangas City was able to present its PFM Improvement Plan and its objective to increase local revenue collection and improve efficiency of public spending. Approved
in July, that improvement plan highlighted the need to create the internal audit unit that will help the city improve its systems and procedures.

Batangas City, having been supported under USAID’s INVEST project, is one of the first cities to automate its business permit processes and pilot an online business registration system. The city has working backroom operations that allow the fast processing of applications and an effective inspection system. In view of this, the city hosted the three-day study tours attended by representatives from Puerto Princesa, Tagbilaran, and Cagayan De Oro on BPLS and on joint inspection team in August and September 2016.

Cagayan De Oro City

Institutional support for project implementation

Cagayan de Oro was one of the first partner cities to create the SURGE TWG through EO 122-15 issued in November 2015. Chaired by the city mayor, the TWG consists of four members from civil society, five from the business sector, five from the regional line agencies, and five from the city council. Initial TWG meetings focused on the project’s objectives and activities and on proposals to improve the city’s competitiveness ranking in the CMCI.

The Stakeholders’ Forum held in March 2016 introduced SURGE to a wider audience, with more than 120 guests from diverse sectors. During the forum, participants from the local government and private sector agreed to work together to achieve the vision of Cagayan de Oro as a logistics and trading hub that is green, livable, and inclusive. After the forum, the TWG held its initial meeting in June 2016.

The priority actions related to land use and urban planning, automation of business registration and fee payment, agricultural processing hub, land administration, transportation planning, and climate-resilient water and drainage systems will be addressed either by SURGE activities in Year 2 or by city government initiatives that will be implemented by leveraging funds from other donors.

Conduct assessments

Similar to its activities in Batangas, the project conducted several assessment studies in Cagayan de Oro. The areas covered include the city’s business permit and licensing system; GIS; PFM, including RPT and land tenure systems; and its logistics, infrastructure, and transport conditions.

The project conducted the GIS CNA, which showed that the City Engineering Office and CENRO were among the weakest in GIS capability. The analysis and recommendations to maximize the use of GIS for development purposes were presented to key city officials in May 2016.

The project also evaluated the PFM capacity using tools developed by the DBM using a seven-point dimensional scale. The assessment revealed three areas for development for the city’s public finance team: (1) creation of an Internal Control Office under the Office of the Mayor, (2) planned turnaround of economic enterprises, and (3) establishment of linkage between the CLUP and the CDIP.

SURGE helped the city conduct its RPT and land tenure assessment in April 2016. Results of the assessment reveal the need for computerization of land information, reconciliation, and integration of land information systems.

In May 2016, the project facilitated consultations with key public and private officials on the preparation of a logistics, infrastructure, and transport profile of Cagayan De Oro. Participants shared their experiences in transporting commodities from sources of raw materials, navigating the nautical highway, and dealing with increased charges at the port. The assessment identified key constraints and gaps in transportation, infrastructure, communication, and logistics in the city.
The project took into consideration that Metropolitan Cagayan de Oro is an interregional logistics hub with the potential to be a transshipment hub because of its location relative to the markets of Mindanao and its deepwater ports. To realize this potential, SURGE looked into plans for three vital logistics infrastructure: (1) the Laguindingan Airport Development (operations and maintenance); (2) the Mindanao Container Terminal; and (3) the Cagayan de Oro Port Expansion. It is vital to review the plans and validate the market projections to ensure that envisioned economic growth is not constrained by the level of development of infrastructure projects.

The Agriculture Value Chain Assessment conducted in July 2016 yielded the following recommendations: (1) vegetable integration and market linking on three levels (farmers to special market; interregional demands of Cagayan De Oro–Iloilo and Bohol; niche markets, institutional markets, and export markets); (2) integrated grain feed marketing linkages between project-supported cities and feed grains such as cassava; and (3) provision of a special area of development in barangays Besigan, Dansolihon, Tumpagon, and Tignapoloan for cultural preservation and agricultural development.

SURGE also provided some recommendations to enhance the city’s BPLS. Results from the BPLS assessment in August 2016 showed that while the city’s system has exceeded most of the prescribed government standards, there is a need to increase awareness on the use of the online platform, improve the physical facilities of the business one-stop shops, and issue inspection guidelines during registration.

SURGE facilitated a workshop in June 2016 to prepare for the establishment of the UDLC in Cagayan De Oro. It presented various models of academic involvement in urban affairs from the United States, Europe, and the Philippines. Top officials from the Mindanao University of Science and Technology, Capitol University, Liceo de Cagayan University, Xavier University–Ateneo de Cagayan, and Cagayan de Oro College–Philippine Investment Management Consultants, Inc. also shared their current engagements with the local government. Participants agreed to hold future meetings and decide on the appropriate mechanism for academic involvement in urban development.

*Capacity development*

The project provided technical support to enhance the skills and knowledge of city officials and stakeholders in the various urban development–related areas.

The city’s eBPMS, developed by the Mindanao University of Science and Technology and the LGU, was launched at the Stakeholders’ Forum. The eBPMS is the pilot system developed in the Philippines that aims to reduce building permit processing from 32 steps in 90 days to 12 steps in just 5 days to make the city more business friendly and compliant with government standards. The system, one of the city’s major accomplishments, was started in 2014 with assistance from the USAID/INVEST Project, which solicited financial support from the Department of Science and Technology to fund the system’s development.

Based on the GIS study recommendations, the project conducted an action planning workshop for city officials in May 2016. Since the self-assessment of the GIS-related offices yielded a performance rating lower than initial estimates, the participants validated the recommended programs and projects to address the gaps. The next steps included designation of a technical coordinating committee for GIS; creation of an ICT-GIS office/division under the Office of the City Mayor through a city ordinance; and an ISSP update to be approved by the city council.

SURGE facilitated a briefing of the PPP Center at NEDA-Region 10 last September 2016, which was conducted in preparation for the development and implementation of PPP projects. The initial projects proposed were the Oro Central, a school building that can be converted into an
evacuation center, which was an overall winner at the first Liveable Cities Design Challenge in 2014; and septage and wastewater management. The city had prepared a prefeasibility study under the Cities Development Initiative for Asia of the ADB and had passed a septage ordinance early in 2016 with the assistance from the USAID/Be Secure Project.

The project sponsored the participation of two city officials in PLEX, an urban development course offered in September by the University of the Philippines School of Urban and Regional Planning. Four participants were also helped to attend the private sector workshop held in Iloilo City in June 2016. The participants were able to network, particularly in competitiveness and investment promotion strategies.

The project continuously provided technical assistance to the Cagayan de Oro Trade and Investment Promotions Center in its operations and annual planning and budgeting. The annual plan was refined in a two-day workshop in March, and the budget for next year was submitted to the local finance committee in September.

The project also helped Cagayan De Oro create the PPP subcommittee in the Local Development Council and its secretariat relative to the development and implementation of PPP initiatives in the city. The draft EO creating the PPP implementing office and subcommittees was formulated as part of this project initiative.

**Assistance to USAID activities**

Since Cagayan de Oro has been a trailblazer in automating the building and occupancy permitting system, it was host to the other CDI partner cities in the study tour that was organized by the project. Officials from Tagbilaran and Puerto Princesa observed the city’s business and construction-related systems. The city’s BPLO and information technology specialists have been invited to the Streamlining Workshops of the three new CDI cities. The mentoring provided by the city, which was coordinated by the project, is a model of SURGE’s inter-LGU capacity development initiatives.

SURGE coordinated with other USAID projects in the implementation of its activities. Initial data on climate change projections for Cagayan de Oro were acquired through the forum on Downscaling Climate Change Projections organized by USAID/Be Secure during the quarter. Data gathered on rainfall patterns and sea-level rise are useful inputs for the review of the CLUP and CDP for infrastructure planning and water supply.

In June, the USAID/COMPETE Project presented the draft of the National Logistics Masterplan prepared for the DTI—Competitiveness Bureau. SURGE provided suggestions to the draft as it collaborates with local stakeholders to address issues in logistics that limit trade and investment in the city and surrounding localities.

Key city officials were invited as resource persons to the International Conference on Urban Development. The officials presented topics on investment promotion, the role of academe, the role of the private sector, technological innovations in permitting, and local governance.

**Iloilo City**

**Institutional support for project implementation**

SURGE was first introduced in Iloilo at the Iloilo City Stakeholders’ Forum, which was attended by more than 80 key officials from the national and local government offices, business and private sectors, academe, and various civil society groups. At the forum, which was held in December, SURGE presented the initial results of its rapid assessment of the city in the areas of urban planning, local economic development, and rural-urban linkages, and through a workshop and
plenary discussion, it gathered input from stakeholders on agreed-upon development projects that the city can pursue.

To ensure greater coordination of project activities, the SURGE TWG for Iloilo City was formed in December 2015 through EO No. 100-15. The group is composed of 13 members from various city government departments. In Year 1, the TWG focused its discussion on updating the city’s CLUP, tourism plan, environment code, automation, and capacity development to improve the competencies of various offices.

**Conduct assessments**

As in the other cities, assessment studies were undertaken in Iloilo. These were in the areas of development planning, business permitting, e-readiness, GIS, value chains, GAD, and PFM.

The project facilitated and conducted a value chain analysis of fisheries, agriculture, transportation, communications, and logistics. Results of the analysis showed that the sectors of milkfish, high-value crops, and vegetables and *darag* chicken needed more interventions to enhance their development. Recommendations include diversifying value-added products; improving the products’ development, packaging, and promotion; and developing market linkages. SURGE is expected to assist the stakeholders in strategic action planning to establish market arrangements for these commodities by the end of 2016.

Initial findings from the participatory gender analysis conducted in February 2016 showed that Iloilo City lacks programs on GAD, lacks awareness of the GAD concepts and Gender Sensitivity Training, has weak mechanisms for advocacy and implementation, and has few issues and policies that include gender perspectives. SURGE recommended the inclusion of gender planning and budgeting with the assistance of local GAD advocates.

On business permitting, SURGE presented the results of the BPLS Assessment Report of Iloilo City in April 2016; these showed that the city’s BPLS surpassed the business and permitting process prescribed by government standards. The recommendations of the report include further enhancements of the city’s information technology system to enable a fully integrated and computerized BPLS; optimization of the assessment and payment of taxes, fees, and charges; the upgrading of the resources and skills of the Joint Inspection Team; a review of the business one-stop shopping process layout; and consolidation of backroom operations related to business permit processing.

The initial assessment of the city’s PFM conducted in the second quarter of the year resulted in the reorganization of the PFM team in June 2016. The team, comprising members involved in revenue generation and expenditure management, was able to complete the PFM assessment tool and crafted the initial PFM Improvement Plan.

During the initial implementation period, Iloilo City expressed its support for the project to establish the automation of various government offices; this came about as a result of the GIS and E-Readiness assessment and the workshop facilitated by the project on the formulation of the city’s ISSP in September 2016.

In partnership with six local universities in the Visayas region, SURGE facilitated a meeting in June for the establishment of a UDLC in Iloilo City. In order for the center to be established, these universities need to craft an action plan, identify pilot activities, and connect with other interested learning establishments and professional organizations.

**Capacity development**

While Iloilo City has an existing CLUP and CDP, SURGE provided assistance in updating the plans arising from the assumption of a new administration and changes in national policies.
Needling to be mainstreamed into the plans are the provisions of Republic Act No.10121, or the Disaster Risk Reduction Management Law, and Republic Act No. 9729, or the Climate Change Act.

Technical assistance was also provided to the BPLS Oversight Committee to further streamline Iloilo City’s BPLS in order to comply with the new JMC. Further technical assistance will be provided to the city to streamline its BPLS automation and inspection process. In the future, SURGE will provide technical assistance for the inclusion of construction and building permitting, including the need for GIS and data generation.

SURGE assisted in the participation of the Iloilo city officials, private sector groups, academics, and civil society groups in various forums and workshops, such as the Investments Promotion Workshop with Business Support Organizations; the Private Sector Conference; the 2016 International Urban Development Conference; and the NCC’s award ceremony, where Iloilo City received the second place for government efficiency in the highly urbanized cities category.

At the Investments Promotion Workshop with Business Service Organizations, the project presented the Cebu model, which Iloilo City may consider adopting. As a follow-through to this workshop, a visioning exercise and action planning session were conducted with private sector representatives in the city. These were held after the assessment of the business enabling environment, where participants from different sectors (academe, business, city government, national government agencies, and nongovernmental organizations) reviewed the quality of the regulatory environment, institutional capacity, and performance of LGUs; quality of investment climate; and effectiveness of public-private dialogue, highlighting the role of the private sector in improving the business climate.

**Assistance to USAID activities**

In compliance with the project’s commitment to support USAID meetings/travel in the CDI cities, SURGE coordinated the visits of USAID officials to Iloilo City. In June 2016, it coordinated the visit of the Mission Director Dr. Susan Brems, who met with various city government offices, private sector representatives, and other USAID CDI project coordinators in Iloilo. The project also accompanied representatives from USAID’s Office of Education and officials from the Office of Economic Development and Growth in USAID/Higher Education and Productivity Project Dreamers’ Camp Launching.

The city program coordinator for Iloilo was also closely coordinating with other USAID projects.

- The project participated in the Water Supply-Demand Forecasting Workshop organized by the USAID/Be Secure Project in April 2016. The discussion focused on water demand management to help the national and local governments cope with El Niño and climate change. SURGE also participated in another workshop conducted by USAID/Be Secure Project, which focused on DRR and CAA.

- In coordination with the USAID/E-PESO Project, SURGE helped craft and issue an EO for the establishment of an E-PESO TWG.

- SURGE supported the USAID/COMPETE Project to strengthen access to credit and business development services with its initial workshop on the Credit Information System for rural bank representatives. The project also joined a focus group discussion to validate the draft National Logistics Master Plan of Iloilo City on June 2. The USAID/COMPETE Project presented the draft master plan, which details the challenges to and recommendations for improving road networks and airport and seaport infrastructure in the country. SURGE is working with local
stakeholders to improve connectivity and help increase trade and investment in the city and surrounding localities.

Puerto Princesa City

Institutional support for project implementation

About 100 participants gathered at the Stakeholders’ Forum in Puerto Princesa City in February 2016, during which the SURGE project was first introduced to a wide audience. At the forum, Dan Miller, former director of USAID’s Office of Economic Development and Governance, emphasized the importance of leveraging partnerships and promoting transparency, accountability, and equal participation in accomplishing the development potentials of Puerto Princesa City.

The forum served as a venue for the city in drafting its long-term vision towards attaining economic development. Issues and concerns as well as proposed interventions were integrated into the CDP, the Local Investment Program, and 2017 budget of the city. Among the priorities that were included are formulation of the Transport and Traffic Management Plan, the Tourism Master Plan, and the Environmental Management Plan; and the updating of the Environmental Code, Revenue Generation Plan, and the Road Network Development Plan.

The SURGE TWG in Puerto Princesa, which was established in February this year through EO No. 07, ensures that the project’s planned activities are on schedule, implemented, coordinated, and monitored. The membership of the TWG expanded with the inclusion of representatives from the private sector, particularly the chamber of commerce and academe. For Year 2, possible priority areas in Puerto Princesa City include strengthening the institutional capacity for investment promotion and, considering the opening of the city’s new international airport, addressing traffic congestion.

Conduct assessments

SURGE facilitated the following assessments of urban development: GIS, skills inventory, rapid urban system analysis, climate disaster-resilient community, land use, and infrastructure. In terms of local economic development, it has focused on assessment of the BPLS, RPT and land tenure, PFM, and the business enabling environment. The assessments of urban-rural connectivity, on the other hand, have focused on agriculture and fisheries value chains, transport, infrastructure, logistics, and communication.

These assessments, in which representatives from the city government, national government agencies, private sector, academe, and nongovernment organizations participated, led to the identification of strengths and weaknesses of the city in relation to the areas mentioned earlier. It also generated recommendations for Puerto Princesa and its partner agencies and organizations to address its weak areas and enhance its strengths.

While most of these recommendations are still to be implemented, the city has already taken steps to address the areas for improvement: Key Skills Inventory, BPLS, FPM, and the business enabling environment.

From the result of the Key Skills Inventory, the city’s Human Resource and Management Office (HRMO) realized the importance of formulating a human resource and development plan to address the skills and competency gaps among the technical staff of nine departments and offices. To pursue this, the city funded the benchmarking activity of its HRMO staff in three LGUs with good practices on a Human Resource and Development Planning and Human Resource Information System. For next year, the city has provided a budget for said purpose. It has also partnered with the Philippine State University to implement a communication proficiency program for addressing skill competency gaps in this area.
Using the results of the key skills evaluation, the city HRMO staff is already in the process of developing the assessment tool for replicating the skills inventory to other city departments and offices that were not covered by the SURGE project. The results of the skills inventory will be used in the development of a Human Resource Development plan.

SURGE also conducted an assessment of the BPLS, as well as providing benchmarking and a BPLS Streamlining Workshop. These activities resulted in the improvements in the city’s existing BPLS. Using the results of the assessment, the city streamlined its BPLS from 20 steps in 11 days, 4 hours, and 6 minutes down to 3 steps for the renewal of a business permit. For a new application, it has reduced the process from 20 steps in 5 days and 20 hours to 3 steps—file and assess, pay, and release—in 51 minutes. The city council has also pledged to issue an accompanying ordinance for the streamlined process in support of the EO that will be issued by the city mayor.

The city government also strengthened its BPLO with the creation of its Regulatory, Enforcement, and Monitoring Unit through EO No 38; the development of a plan for the physical reconstruction of the BPLO in accordance with the streamlined process; the creation through EO No. 39 of a Joint Inspection Team that is equipped with inspection guidelines to facilitate the year-round inspection of business establishments; and the creation of the BPLS Board through EO No. 45. The BPLS Board, composed of city government officials who are directly working with the BPLS and representatives of the Puerto Princesa City Chamber of Commerce and the Philippine Institute of Certified Public Accountants, is mandated but not limited to providing policy direction for the upscaling of BPLS reforms; overseeing the implementation of the BPLS reforms, particularly BPLS service standards; and ensuring that BPLS reforms are aligned with other reforms for enhancing the competitiveness of the Philippines in general and LGUs in particular.

The city is already working to forge an agreement with the Bureau of Fire Protection to effect its co-location during the business permitting period, ensure its participation on the Joint Inspection Team, and allow the LGU to be deputized as an assessor/and or collecting agent for business registration as provided in the JMC.

The city is also in the process of strengthening the Office of the Building Official. There is already a draft ordinance to merge that office with the City Zoning Division.

SURGE facilitated the conduct of the GIS assessment wherein the city has developed a proposed action plan for GIS Implementation in land use planning, infrastructure development and fiscal management.

Among the key strategies included in the action plan are establishment and strengthening of the legal and institutional mechanisms for integrating a sustainable GIS-ICT in strategic planning and implementation; establishment of a CGIMS as envisioned in the ISSP; establishment of a technical capacity development program that will enhance the technical knowledge of staff in GIS to promote its use in performing daily departmental functions; enhancement of hardware capability by acquiring required GIS-ICT hardware for GIS implementation and ensuring linkages of all departments to a citywide network; and formulation of an Information, Education, and Communication Campaign Program to enhance awareness and appreciation of the relevance and use of GIS.

The project also conducted an assessment of the PFM system, wherein the city has responded well in terms of addressing the gaps and weaknesses in this area. In the area of revenue generation, the city is now updating its outdated Revenue Code and Schedule of Market Value. It has also upgraded the Enhanced Tax Revenue Assessment and Collection System (eTRACS), strengthened its tax information campaigns, and finalized its Internal Rules and Regulations for the auction of delinquent RPT accounts.
The Civil Society Organizations’ participation in the local budgeting process was also enhanced. Before the assessment, it was found that these organizations are involved only during the budget authorization process but not in other phases of the budget process, such as budget preparation and execution.

An ordinance was also drafted for the creation of the City Internal Audit Office and the Procurement Unit.

In terms of investment promotion, the city council passed Ordinance No. 47 amending the Investment Code, particularly by creating a Local Economic Development Management Division. This division will perform—but not be limited to—the following functions: investor assistance and servicing to prospective investors, such as one-stop documentation services; investment counseling; incentive administration; business matching; and supervision. It has also created six positions for the office staff and allocated an annual budget for its operation.

The city government partnered with the Puerto Princesa City Chamber of Commerce for the following activities: Tourism Forum, Mindoro Marinduque Rombon Palawan Investment Conference and Weekend Night Market. The chamber is also actively involved in the City Development Council, the City Tourism Council, and the Private-Public Partnership Joint Venture Agreement Selection Committee.

The GIS that SURGE facilitated in June resulted in the development of an action plan for GIS implementation in land use planning, infrastructure development, and fiscal management of the city.

Puerto Princesa City funded the benchmarking activity of its human resource and development plan to address skills and competency gaps among the technical staff. This came after SURGE conducted its key skills assessment in the city wherein priority competency gaps were identified in data management, the formulation and integration of development plans, strategic planning, the use of ICT competencies, planning programming, and management.

SURGE presented the results of the BPLS assessment conducted in April to city officials. Results show that the city is not complying with the government standards in processing business permits. Recommendations highlight the need to use a unified form to reduce steps, interface, and signatories; employ computer-aided processing; streamline assessments and payments; create a Joint Inspection Team; and conduct year-round inspections. The city administrator requested SURGE to provide technical assistance in enhancing the draft ordinance for strengthening the BPLS system, including its Investment Promotion Office.

In Puerto Princesa City, results from the Baseline Assessment Report on water service providers showed that 37,813 individuals have access to basic drinking and sanitation services. The water district, on the other hand, has to use seasonal water rationing because of a lack of water supply aggravated by climate change.

**Capacity development**

SURGE facilitated a three-day workshop and two-day write-shop to help the city update its CDP-ELA. Ninety-nine city officials joined the activities that led to the identification and prioritization of programs, projects, and activities, including legislative support for the next three-year term of the local chief executive. The GAD plan was also incorporated in the AIP and budget for 2017, which totals around Php 228,739,935.00.

In June, SURGE met with representatives of higher education institutions and professional organizations in the city on the proposed establishment of a UDLC. The participants agreed that the UDLC would be located within the university in order to maximize the involvement of other professional experts, such as the electrical and agricultural engineers. By establishing a
partnership, the city and the universities will come up with a long-term plan, as the UDLC is conceived to be an independent institution to address issues in urban planning. SURGE will create a common framework considering all the recommendations of the universities and the private organization representatives.

Through SURGE technical assistance, the city is now enhancing its investment promotion materials, which include a video and brochures. These will be used for various investment promotion conferences and other marketing missions of the city.

SURGE also facilitated PPP orientation in Puerto Princesa City. The city has an existing ordinance on PPP that includes selecting the private sector proponent, adopting a contract management framework, and providing budget appropriations for PPP projects. The following projects were then identified for PPP financing: the slaughterhouse, Sabang Terminal Complex, an elevated highway, land reclamation, a sewerage treatment facility, and a parking building.

During the year, the project conducted seminars on the GAD system in response to the city’s request to improve its competency on gender analysis and GAD budgeting. More than 70 participants were introduced to the essential elements of gender-responsive planning and use of the Harmonized GAD Guidelines Tools for GAD attribution. The guidelines provide the city government with a common set of analytical concepts and tools to increase the gender-responsiveness of its programs, planning, and budgets.

**Assistance to USAID activities**

SURGE also collaborated with the U.S. Forest Service to demonstrate the use of “i-Tree” tools for integrating urban forestry into urban planning processes. The i-Tree software, developed by the U.S. Forest Service, is a freely available software that helps planners understand their urban forest resource and the ecosystem services it provides.

**Tagbilaran City**

**Institutional support for project implementation**

The Stakeholders’ Forum in Tagbilaran City was held in January with more than 130 participants from the city government, private sector, and academe. USAID General Counsel John Simpkins said that the forging of partnerships to further propel the province’s and the city’s development would be crucial in achieving their shared vision of inclusive and resilient economic growth.

The SURGE TWG was officially formed in November 2015 through EO No. 21-15. The team is composed of 26 members from the city government. Six TWG meetings were held throughout the year focusing on the conduct of the Stakeholders’ Forum; assessments of the forum; preparation of the TWG to conduct the series of baseline assessments; meetings to provide updates on the assessments conducted; and inputs on monitoring and evaluation.

The Stakeholder’s Forum witnessed the signing of the MOA on the establishment of PITEC. PITEC facilitates collaboration in common interests such as urban development, transport and traffic management, social and business development services, promotion of low-emission technology for tourism, enhancement of agriculture and fisheries and other micro, small, and medium enterprises (MSMEs), and ICT. The MOA revitalizes the management of the Provincial Marketing Center to support farmers and agrarian reform beneficiaries.

A Memorandum of Understanding was also signed at the Stakeholders’ Forum between the LGUs and BFARCCO to revitalize the management of the Provincial Marketing Center in support of the farmers and agrarian reform beneficiaries.

**Conduct assessments**
In March, SURGE conducted the Urban Systems Analysis and Community-level Greenhouse Gas Activity Data Assessment wherein participants learned the value of determining GHG emissions as one way to mitigate the effects of climate change. Participants, however, must learn to gather community-level GHG data.

Key officials of the universities and colleges welcome the establishment of a UDLC. The assessment conducted in June showed that higher education institutions in Tagbilaran City are willing to share information on courses being offered on urban planning and development and to collaborate more in assisting the city with urban planning course offerings and research.

Participants of the assessment on Disaster Resilient Communities, Land Use, and Infrastructure Planning conducted in July 2016 acknowledged the need to broaden their knowledge and skills in building a resilient community and fostering a sustainable business environment. Officials from the building and engineering sector indicated the importance of planning for a climate-resilient infrastructure; Bohol and Tagbilaran are especially vulnerable to sinkholes—natural disasters aggravated by climate change. A technical writer was also contracted to address the gaps identified in the land use maps and especially in the preparation of technical documentations.

Results of the assessment on GIS skills and capacity conducted in August 2016 showed that Tagbilaran lacks staff with GIS skills. A group was therefore formed to meet the needs of the city in terms of GIS capability, ICT expertise, and the automation of business registration.

The Human Resources Skills Assessment conducted in August 2016 in Tagbilaran City showed many gaps, such as the lack of technical staff in the planning, assessor, treasury, budget, and accounting departments; lack of second-liner staff; and lack of skills and competency in planning and economic development functions. One significant improvement, however, is the creation of an interdepartmental Human Resource Management Team that is trained to assist in the human resource skills registry workshop and in the conduct of a Human Resource Assessment and Skills Registry for other offices not covered in the SURGE-sponsored HR skills assessment activity.

Results from the BPLS assessment conducted during the year show that business applicants undergo a lengthy procedure. The city government recognized the lack of both knowledge of and compliance with JMC No. 1, series of 2010, but it expressed its willingness to initiate reforms and comply with the standards in the fast and smooth processing of new business permits and renewals.

According to the assessment conducted in June 2016 on RPT, land tenure is not a major problem within the city. As Tagbilaran is an old city, its land tenure systems appear to be quite mature as evidenced by the high number of titled properties at about 95 percent to 98 percent. Much has already been done regarding the city’s RPT and tax collection systems, as evidenced by the city’s repeated recognition as a top performer in the region.

The city also realized that there is a need to improve RPT systems, especially in terms of data entry and collection, acquisition of new software and hardware, use of GIS-based tax mapping, and conduct of a tax compliance study. This assessment was based on the SMV and Land Status and Presentation/Validation conducted during the year.

There is also a need to enhance the technical capability of the PMF staff and improve revenue generation from local sources, as shown in the PFM assessment conducted in June.

The E-Readiness Assessment conducted in August 2016 triggered the plan to upgrade the city’s ICT in all transactions. The mayor, for instance, envisions online payment with technical assistance from USAID/E-PESO. The interconnectivity package, which includes cabling and installation, amounted to P9 million. SURGE provided oversight and technical guidance to the service provider.
The project conducted an assessment of Tagbilaran’s business enabling environment in September 2016, focusing on the quality of the regulatory environment, investment climate, and institutional capacities. Measures were proposed to enhance the business enabling environment. Both the private and public sectors agreed to come up with a better business-friendly environment in the city.

The Value Chain and Market Assessments for Agriculture, held in March 2016, identified vegetables as the key agricultural commodity. Vegetable growers may find a market link with the BAHRR. The Value Chain Assessments for Fisheries, held in June, showed that seaweeds, mangrove mud crabs, the finfish/foodfish culture in cages, and tilapia were seen as more viable marine and fisheries products.

The Assessment of Transportation, Traffic, and Logistics conducted in March helped the city identify gaps in its infrastructure, transport, communication, and logistical needs. This includes the identification of priority projects that can be funded internally or sourced out from other donors.

With technical consultants, SURGE also facilitated an assessment of the current status of PITEC and the concerns it faces in interlocal collaboration. Several meetings were conducted to finalize the provincial ordinance in the establishment of PITEC. Bohol Governor Edgardo Chatto, the convenor of PITEC, stressed that PITEC is an expansion of the Panglao Island Executive Committee for Sustainable Environment Protection Project, which is funded by the Japan International Cooperation Agency. There are three triggering factors in PITEC: (1) eventual transfer of the Tagbilaran Airport, (2) the New Bohol Airport in Panglao, and (3) common areas of collaboration, as these areas are affected by the airport transfer.

**Capacity development**

The project facilitated a workshop in September 2016 on streamlining Tagbilaran’s BPOS to determine gaps in and issues concerning building and occupancy permitting. The city is keen to upgrade the process through automation.

SURGE facilitated the Disaster Resilient Communities, Land Use, and Infrastructure Planning assessment in July 2016, wherein participants appreciated the value of disaster-resilient infrastructure planning, especially with Bohol’s and Tagbilaran’s vulnerability to sinkholes, disasters, and effects of climate change.

A unified investment promotion will be pursued, including a tripartite partnership among the Bohol Province, Tagbilaran City, and the private sector, represented by the Bohol Chamber of Commerce and Industry. This was decided after the project facilitated the strengthening of the Investment Promotions Center meeting conducted during the last quarter of the year in Tagbilaran City.

Since the city’s CLUP has not been updated for almost a decade now, Mayor John Geesnell Yap commissioned the city planning and development office in 2013 to update it. In 2016, SURGE provided technical assistance in urban planning and development, creation of growth centers, and technical facilitation, and conducted a workshop to decide on new growth areas on the city land use map. The finalized map was presented to the BCCI’s Board of Directors last May, and in June the city council agreed to conduct a public hearing on the land use plan.

SURGE facilitated and assisted in the preparation of the ELA and AIP in August to ensure mainstreaming of gender and social inclusion, disaster and climate change resiliency plans, investments for the E-Readiness and GIS skills development, and automation of business registration. A more significant development is the inclusion of P1.5 million into the AIP for counterpart contributions to the SURGE capacity development activities.

As the city council became more aware of the intricacies of the PPP law and processes involved, SURGE provided technical assistance to review the PPP ordinance that is currently pending with
the Tagbilaran city council. The activity was timely as the city has a number of projects to be implemented using PPP approaches.

Since April, SURGE has been helping the city rehabilitate its slaughterhouse and bring it back to its former Double A standard. USAID has approved the proposal for a study considering the physical and engineering aspects, the economic and financial viability, and the legal and governance framework.

City officials were able to participate in the CPDO and CENRO Workshops held in April and June 2016. The participants suggested reorganizing the city planning office, hiring additional technical staff, reactivating the city environment office, and the institutionalizing DRRM, including the CAA office.

At the PPP Orientation Workshop conducted in September, Tagbilaran City shared a list of potential projects that may be implemented through the PPP approach.

In September, SURGE facilitated the attendance of two engineers from the CPDO to PLEX organized by the University of the Philippines School of Urban and Rural Planning. It also facilitated the attendance of three private sector representatives at the Private Sector Workshop conducted in Iloilo City in June 2016. Participants from the city drafted a 10-point partnership agenda for the private sector and Tagbilaran City, most of which was incorporated into the city’s ELA and AIP.

Participants to the Local PFM Workshop in July agreed to ensure a systematic reporting and coordination of the accounting and finance offices. The project facilitated the participation of six city officials in the workshop.

In August 2016, 10 city officials participated in the BPLS Benchmarking Activity, which visited the cities of Valenzuela, Quezon, Batangas, and Cagayan De Oro to learn more about their business registration, building permitting, and occupancy permitting systems. Led by the city mayor, participants said they are eager to implement automation for business registration and building permits.

SURGE facilitated the BPLS Streamlining Workshop held in September 2016. The streamlined process resulted in the reduction of the number of steps (from 14 to 3 steps), as well as the reduction in the processing time (from five to three days). A BPLS Action Plan, compliant with the new JMC dated July 2016 and signed by the city mayor, was the key outcome of the streamlining process. The city mayor has issued EOs creating the BPLS TWG and the Joint Inspection Team.

The project assisted Tagbilaran City and the Provincial Government of Bohol in the installation of eTRACS. This will realize full automation in the processing of business registration and building and occupancy permitting systems. Preparatory activities include meetings with the provincial eTRACS team; benchmarking in Bohol; the installation and deployment of eTRACS software in the city, and training in its use. About P450,000 was allotted for eTRACS installation, deployment, and training.

Through the technical assistance SURGE provided for the city’s interconnectivity, procurement of P9 million worth of cabling and installation cost was facilitated.

In July, six city officials participated in the International Conference on Urban Development organized by SURGE. Mayor John Yap presented the experience of the city in financing urban projects, and Bohol Governor Edgardo Chatto presented the economic development activities in the province, focusing on tourism.

The Tagbilaran city government requested SURGE’s technical assistance in the development of a tourism master plan for the city. The city needs to identify tourism products/sites and events
that can draw more tourists and to design programs that can complement beach tourism in Panglao.

Assistance to USAID activities

SURGE and the USAID/COMPETE Project collaborated for tourism-related activities in the Urban Heritage Conservation Program of Tagbilaran City. Among the matters discussed were expanding the membership of the Tourism Council to include more private sector members, conducting tourism exit surveys, presenting tourism bubbles/circuits or tourism precincts, and the need for a heritage ordinance to legislate core and buffer heritage zones. The project also helped draft a Heritage Ordinance for Tagbilaran in support of the USAID/COMPETE Project.

Zamboanga City

Institutional support for project implementation

The SURGE TWG in Zamboanga City was established in November 2015 through EO No. 21-15. It includes members from the city council, the private sector, and academe. The group oversees progress on such project activities as updates of the CLUP, the CDP, and the zoning ordinance; construction of the Business One-Stop Shop Center; the CMCI, BPLS streamlining, and proposals for technical assistance.

During the Stakeholders’ Forum conducted in February 2016 in Zamboanga, the city presented an overview of its competitive advantages, such as low electricity and water costs and higher total operating income due to the increase in internal revenue allotment and the collection of taxes. With the city’s role as a financial and economic capital, Zamboanga’s policy of attracting and welcoming local and foreign investors could result in a more equitable distribution of wealth.

Conduct assessments

Priority needs of the city focused on strengthening its transport and traffic management studies and its drainage, water, and wastewater management strategies. These needs were based on the results of the Urban and Infrastructure Planning assessment conducted during the year. They were also considered in the current planning exercises and in the ELA for budget appropriation for 2017.

In June, SURGE consulted with three universities in the city on its initiative for the establishment of a UDLC in Visayas and Mindanao. The results of the consultation were positive for the UDLC to be established in Mindanao.

Among recommendations following the Disasters and Impact Analysis in April and May of the city’s GIS capability are immediate, short-term and long-term sets of activities along five areas of intervention: (1) a legal and institutional mechanism for integrating a sustainable GIS-ICT in strategic planning and implementation; (2) a CGIMS; (3) a Technical Capacity Development Program; (4) hardware capability; and (5) the use of free and open source software for geospatial GIS software. To date, the city has appropriated counterpart funding for training and hardware support for priority departments that will produce the base maps for disaster and impact analysis.

In July, the project assessed the city’s competencies based on job functions of selected LGUs—a functional review. The tools included self-assessments and survey instruments resulting in the identification of priority capacity development needs. The results of the assessment were developed into a capacity development plan for the city.

SURGE also conducted an assessment of the RPT SMV, and land titling in May. The city said it will seek assistance from SURGE to improve its RPT assessment and collection system, update
its inventory of public lands, and enhance its capacity for using GIS in tax mapping and revenue generation activities.

In June, the project implemented a PFMAT for the city. Using the results of the assessment, the city identified its strengths and weaknesses across a variety of financial management areas.

Given the comprehensive assessment of the current BPLS by the Development Academy of the Philippines–Mindanao held in January, coupled with the issuance of the JMC of 2016 for further streamlining and automation of the BPLS, Zamboanga City initiated preparatory activities for implementing the JMC by January 2017. The city will embark on a study tour and streamlining workshop in Manila in the next quarter of this year.

The project conducted an assessment of Zamboanga’s E-Readiness in July 2016. The result prompted the city to invite the recently organized Department of Information, Communication and Technology to provide assistance in the development of the ISSP by the end of the year.

Priority projects were also identified as a result of the assessment of urban-rural connectivity conducted in April. These projects include the transfer of the Zamboanga International Airport in Barangay Mercedes, a transport and traffic management study, and the establishment of the container port in the Eco-zone area.

SURGE also facilitated the conduct of a value chain analysis in the city in May 2016. A workshop was conducted to prioritize the preferred commodities such as cassava, mud crab, and tomato paste. The City Veterinary Office also identified capacity development needs in enhancing its competencies in conducting value chain analysis on small ruminants.

The project facilitated an assessment of the status of gender inclusion and development initiatives and capabilities, which was also conducted during the year. A local gender specialist provided technical guidance in GESI in the CLUP, CDP, and zoning ordinance updating process. In addition, the city requested technical assistance in enhancing the competencies of the GAD Secretariat and Focal Points for mainstreaming GESI in the ELA, and determining the proper use of the GAD 5 percent budget allocation.

**Capacity development**

Through Zamboanga City’s initiative in updating its CLUP, CDP, and zoning ordinance, SURGE provided technical assistance by looking into the city’s Supplementary Technical Advisory for the Inception Report, providing guidance questions for a review of the draft Ecological Profile, and providing inputs on gender equality and social inclusion.

SURGE facilitated the partnership of the city with the Zamboanga City Special Economic Zone to conduct the Orientation on Public-Private Partnerships for the Private Sector and the LGUs. An exploratory meeting was held in August with the officials of the Bank of the Philippine Islands regarding the USAID financial assistance for this endeavor.

SURGE also facilitated the participation of key city officials and officials from the private sectors in various conferences and capacity development activities, such as the International Urban Development Conference held in July; and workshops for the city planning and development office, the city environment and natural resources office, the public finance offices and the local business groups conducted during the year.

**Assistance to USAID activities**

SURGE is collaborating with the following other USAID projects being implemented in Zamboanga City: USAID/Be Secure, USAID/MinHealth, USAID/MyDEV, USAID/Logistics, and USAID/Wildlife Protect.
SURGE and USAID/Be Secure worked together to provide technical assistance in updating the CLUP, CDP, and zoning ordinance and particularly in mainstreaming DRRM and CCA. Be Secure provided the various hazard maps and climate projections that serve as a basis for disaster and impact analysis. The zoning ordinance was further improved by the use of overlay zones considering the different hazards maps.

SURGE also participated in various trainings and workshops conducted by USAID/Be Secure, such as the Workshop on Understanding the Climate Change Projections for Zamboanga City in December 2015; the meeting on the Updates on Water District Developments; a presentation of the Vulnerability Assessment of Water Resources in April; and a workshop on clean water and good health in June.

The project was invited to join the USAID/ENGAGE activity in November on the “SPEAK-OUT” Forum with the youth organizations. With the phasing out of its field office, the project provides technical advices on GAD initiatives to the GAD Secretariat and Focal Points, an area previously assisted by USAID/ENGAGE.

SURGE also participated in the GHG Inventory conducted by USAID/B-LEADERS in September. Considering that the project will be taked on with the preparation of the management plan, it will assist by facilitating the LGU’s workshop on generating GHG data from the various departments starting in October.

SURGE facilitated the courtesy call with the office of the city mayor regarding the visit of the USAID/Wildlife Project.

SURGE facilitated the collaboration of the USAID/MinHEALTH and the USAID/Be Secure Projects on water and sanitation components of their projects.

The SURGE Field Office also submits its calendar of activities in the Mindanao Calendar released by USAID/Logistics on a monthly basis. It attended presentations on the Southern Philippines Perception Survey: Waves 9 and 10, a continuous survey conducted by the Center for Army Analysis on the following topics in eight post-conflict areas affecting Zamboanga City: (1) quality of life, (2) satisfaction of services, (3) migration/trafficking, (4) safety and security, (5) confidence in the Government of the Republic of the Philippines, (6) perceptions of the Philippine Security Forces, (7) perceptions of threats, and (8) perception of the BangsaMoro Basic Law.
V. Management and Administration

The SURGE project values an inclusive work environment, where one team member learns from every member and fosters his or her active engagement in delivery of project outputs and outcomes. SURGE recognizes the relationship between employee engagement and project performance.

Contract Modifications
Since the project was awarded to ICMA on July 22, 2015, it has undergone four contract modifications, resulting in

- specification of the obligated and available amount for reimbursement of allowable costs under the Cost Reimbursement Completion portion of the contract (CLIN 001) and the Indefinite Delivery/Indefinite Quantity Type Contract (CLIN 002)
- adjusted budget and contract ceilings
- adjusted levels of effort for technical assistance
- some modifications of reports to be submitted, including their deadlines and distribution
- clarification of the setting of professional and technical personnel salaries
- specified requirements for COR review of consultants
- deletion and addition of clauses in the reference table
- prescribed reporting requirements for government property.

Mobilization and Start-up Activities of the Project
The SURGE Project was successfully launched last August 14, 2015, in Makati with U.S. Ambassador to the Philippines Philip Goldberg and USAID Mission Director Gloria Steele. Also present at the ceremony were Secretary for Socio-economic Planning Arsenio Balisacan and League of Cities of the Philippines Chairman Mayor Oscar Moreno. Over 500 guests witnessed the ceremonial unveiling of the SURGE Project CDI partner cities: Batangas, Cagayan De Oro, Iloilo, Puerto Princesa, Tagbilaran, and Zamboanga.

After its launch, ICMA immediately complied with the necessary documentation for project registration with the Securities and Exchange Commission as a resident office in the Philippines. Registration was secured on October 25, 2015, as was the company’s mandatory registration with the Bureau of Internal Revenue and social security agencies such as the Social Security System, the Home Development Mutual Fund, and the Philippine Health Insurance Corporation.

The Mayor’s Permit and the Sanitary Permit for the project’s head office located in the Salcedo Towers along Salcedo Village in Makati City were secured on February 19, 2016. Initially, the project held its temporary office on Gil Puyat Avenue, also in Makati City.

Field offices within the governments have been established in five of the six CDI partner cities with the office space in Tagbilaran under construction. The city government provided space for the project’s two staff and equipment located in the CDI cities.

Hiring of Technical and Administrative Personnel and Consultants

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8 The modifications were made on the following dates: (1) Modification 1- August 21, 2015; (2) Modification 2 – August 28, 2015; (3) Modification 3- September 1; and (4) Modification 4 – Sept 2, 2015.
As of September 2016, the project has 48 long-term technical assistants (considered to be SURGE staff). Two key personnel were replaced during the year.

Thirty-nine STTAs were employed as of the end of Year 1 to provide various assessments and studies. Of these, eight were hired between July and September 2016. Most consultants were hired over between April and June 2016.

**Policies and Operations**

To ensure the smooth operation of the project during Year 1, the ICMA home office provided training and technical support to the local project staff.
VI. Financial Performance Report

[Text content]

[Additional content]

[More detailed information]
### Annex 1. Detailed Status of Year 1 Activities and Outputs.

<table>
<thead>
<tr>
<th>Component</th>
<th>Activity</th>
<th>Status of Activity</th>
<th>Output</th>
<th>Status of Output</th>
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<tbody>
<tr>
<td>COMPONENT 1: IMPROVING LOCAL CAPACITY IN INCLUSIVE AND RESILIENT URBAN DEVELOPMENT</td>
<td>Activity 1.1.1.1: Assess the capacity of Cities Development Initiative (CDI) partner cities to conduct urban planning, including infrastructure planning</td>
<td>Completed the assessment in all six CDI cities; drafted two of the six Urban Development Capability Profiles (UDCPs). Development of training modules on climate change adaptation–disaster risk reduction (CCA-DRR) to start in Year 2 since a short-term technical assistant (STTA) is yet to be hired.</td>
<td>Output 1.1.1.1.1: UDCPs for the six cities</td>
<td>Ongoing report finalization</td>
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<td>Output 1.1.1.1.2: Assessment Report on Local Capacity towards Urban Resilience Building and Vulnerability Assessment</td>
<td>Ongoing report finalization</td>
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<td>Output 1.1.1.1.3: Development of training modules on CCA-DRR</td>
<td>To begin in Year 2</td>
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<td>Activity 1.1.1.2: Prepare key skills report for each CDI city</td>
<td>Completed the assessment reports for all CDI cities</td>
<td>Output 1.1.1.2.1: Key Skills Report for the six cities</td>
<td>Submitted</td>
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<td></td>
<td>Activity 1.1.1.3: Set up Urban Development Learning Centers (UDLCs) in selected CDI cities</td>
<td>Completed the assessment for all CDI cities and the action plan on the establishment of UDLCs in selected CDI cities</td>
<td>Output 1.1.1.3.1: Report on the state of urban development course offerings in local academic institutions in the CDI cities and action plan to develop knowledge centers</td>
<td>Submitted</td>
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<td>Activity 1.1.1.4: Develop an urban development index</td>
<td>Completed consultations with the SURGE team and different stakeholders. Drafted framework of the urban development index, which considered the elements of sustainability, inclusivity, safety and resilience, and competitiveness.</td>
<td>Output 1.1.1.4.1: Framework and indicator system for an urban development index</td>
<td>Ongoing report finalization</td>
</tr>
<tr>
<td></td>
<td>Activity 1.1.2.1: Develop the SURGE Performance Incentive Scheme (PIS) for CDI cities</td>
<td>Completed the PIS Framework.</td>
<td>Output 1.1.2.1.1: Design of the SURGE PIS</td>
<td>Submitted</td>
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<tr>
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<td>Activity 1.3.1.1: Improve geographic information system (GIS) and disasters and impact analysis</td>
<td>Completed the GIS Capacity Needs Assessments and Strategic Guide for Sustainable GIS implementation for all CDI cities.</td>
<td>Output 1.3.1.1.1: Web-based public domain software tool developed</td>
<td>Moved to Year 2 but activity under way</td>
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<td>Output 1.3.1.1.2: GIS systems in CDI cities improved</td>
<td>Submitted</td>
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<td>Component</td>
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<tr>
<td>Component 1: Preparation of Comprehensive Development Plans</td>
<td>Activity 1.3.3.1: Provide technical assistance to CDI partner cities in the preparation of the comprehensive land use plans/comprehensive development plans (CLUPs/CDPs) and City Public Investment Programs (CPIPs)</td>
<td>Provided technical assistance in the updating of Tagbilaran City’s CLUP and facilitated the review of Zamboanga City’s CLUP, CDP, and zoning ordinance. Organized capacity development workshops for City Planning Development Offices (CPDOs) and City Environment and Natural Resource Offices (CENROs) of all CDI cities. Also provided assistance in formulating the Executive Legislative Agenda of three CDI cities, as well as the Local Development Investment Program/Annual Investment Plan of one CDI city.</td>
<td>Output 1.3.3.1.1: Technical assistance provided to cities for CLUPs/CDPs, CPIPs, and public-private partnership initiatives</td>
<td>Submitted</td>
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<td>Activity 1.4.1.1: Assess the capacity of water service providers (WSPs) in CDI cities</td>
<td>Conducted initial scoping activities in the three non-USAID Be Secure cities.</td>
<td>Output 1.4.1.1.1: Assessment report of WSPs in Puerto Princesa, Batangas, and Tagbilaran (non-Be Secure cities)</td>
<td>Moved to Year 2 but activity is under way</td>
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<td>Activity 1.4.1.2: Provide technical support to WSPs in CDI cities</td>
<td>Facilitated the participation of the water districts, WSPs, and city officials of all CDI cities in the WaterLinks International Water Forum in October 2016.</td>
<td>Output 1.4.1.2.1: Report on capability building activities conducted for CDI cities (WSPs)</td>
<td>To begin in Year 2</td>
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<td>COMPONENT 2: Promoting Low-Emission Local Economic Development Strategies</td>
<td>Activity 2.1.1.1: Enhance the revenue-generating measures in CDI cities</td>
<td>Completed the assessments in all CDI cities for the real property tax (RPT), public finance management (PFM), and Schedule of Market Values (SMV). Also conducted workshop for the PFM Improvement Plan. Submitted the assessment reports on RPT and PFM, while report on SMV will be submitted in Q1 of Year 2. As for the local</td>
<td>Output 2.1.1.1.1: (a) Assessment of overall revenue generation and expenditure capacity and RPT systems in the CDI cities and capacities within the Assessors’ and Treasurers’ Offices, including recommendations to develop action plans for enhancing these systems</td>
<td>Submitted</td>
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<tr>
<td>Component</td>
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<td>government unit (LGU) tax records, an initial assessment was intended to be conducted. Linking between the different agencies will be done from Year 2 until the end of project implementation.</td>
<td>Output 2.1.1.1.1 (b): Assessment reports per city, Consolidated Analytical Report and Recommendation; PFM Improvement Plan</td>
<td>Submitted</td>
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<td>Output 2.1.1.1.2: Linking of the Department of the Environment and Natural Resources (DENR), the Register of Deeds, and the CDI cities' tax records and setting up a mechanism to enable real-time updates of LGU records with transactions on the properties</td>
<td>To begin in Year 2</td>
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<td>Output 2.1.1.1.3: Assessment of the manner by which the SMVs were updated, the methods used, and the procedures followed in order to determine the kind of support required to enhance capacities for on-time updating and adherence to standards.</td>
<td>Ongoing report finalization</td>
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<tr>
<td>Activity 2.1.2.1: Prepare action plans for (1) improving RPT systems; (2) improving RPT compliance; and (3) updating SMVs</td>
<td>Completed the assessments for RPT and SMV in all CDI cities. Action planning for RPT to be done in Year 2. However, action planning for SMVs is halted since adjustments in SMVs entail a rather political process.</td>
<td>Output 2.1.2.1.1: Action plan to improve RPT system in CDI cities</td>
<td>To begin in Year 2</td>
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<td>Output 2.1.2.1.2: Action plan to improve RPT compliance in CDI cities</td>
<td>To begin in Year 2</td>
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<td></td>
<td>Output 2.1.2.1.3: Action plan to update SMVs in CDI cities</td>
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<tr>
<td>Activity 2.1.4.1: Assess the system of fees and charges followed by the cities</td>
<td>Completed the assessments on system fees and charges in all CDI cities as part of the consolidated report on PFM.</td>
<td>Output 2.1.4.1.1: Assessment of the cities' business-related fees and charges</td>
<td>Submitted</td>
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<td>Component</td>
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<tr>
<td>Activity 2.2.1.1: Conduct assessment studies and surveys on Building Permits and Licensing System (BPLS) and Building and Occupancy Permits Reform Implementation and formulation of action plans for streamlining the cities’ business, building, and occupancy permit and licensing systems</td>
<td>Completed the BPLS and E-readiness assessments in all CDI cities. The BPLS findings, which were presented to the city mayors, were used in designing the assessment workshops undertaken in the latter part of Year 1. The E-readiness assessment report was presented to project management and is being finalized for submission in Year 2. Meanwhile, the project conducted both study tours on business and construction permitting and licensing systems and workshops on streamlining business permits and licensing system for two CDI cities: Tagbilaran and Puerto Princesa.</td>
<td>Output 2.2.1.1.1: BPLS and Building and Occupancy Permit Assessment for each of the six cities including the action plan for BPLS/Business Permits and Occupancy System (BPOS) streamlining</td>
<td>Submitted (partial, for BPLS)</td>
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<td>Output 2.2.1.1.2: e-Readiness Assessment of the CDI Cities covering its overall IT architecture.</td>
<td>Ongoing report finalization</td>
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<td>Output 2.2.1.1.3: Workshop/training/study tours on BPLS Streamlining and BPOS Automation</td>
<td>Moved to Year 2 but activity is under way</td>
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<tr>
<td>Activity 2.3.1.1: Generate city land tenure profiles through review of available maps and land records from the National Mapping and Resource Information Authority, Department of Agrarian Reform, National Commission on Indigenous Peoples RoD and the DENR, particularly for Puerto Princesa and Antipolo City</td>
<td>Conducted assessment on land tenure in all CDI cities as well as Antipolo City. However, the hands-on training on Rapid Land Tenure Appraisal (RLTA) scheduled in Cagayan de Oro City was postponed to Year 2 because of security concerns</td>
<td>Output 2.3.1.1.1: Land tenure profiles for the CDI cities</td>
<td>Submitted</td>
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<td>Output 2.3.1.1.2: Training on RLTA for the city RLTA team.</td>
<td>To begin in Year 2</td>
</tr>
<tr>
<td>Activity 2.3.2.1: Assist LGUs in the inventory of government lands in the CDI cities and Antipolo City</td>
<td>Conducted assessment on the status of government lands in all CDI cities and Antipolo City. Documentation of these lands will be done in Year 2.</td>
<td>Output 2.3.2.1.1: Technical assistance to cities in documenting government properties needing special patents (will depend on the Land Tenure Profile)</td>
<td>To begin in Year 2</td>
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<td>Component</td>
<td>Activity</td>
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<tr>
<td>Activity 2.4.1.1: Develop an economic growth action plan</td>
<td>Conducted the Private Sector Learning Event in all CDI cities as an initial step for this activity to identify growth opportunities and challenges for business.</td>
<td>Outputs 2.4.1.1: Economic Growth Action Plan</td>
<td>To be continued in Year 2 but is now suspended</td>
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</tr>
<tr>
<td>Activity 2.4.2.1: Assess the status and capacity of investment promotion-related organizations, determine where assistance is most needed and will produce the greatest impact, and recommend niche technical assistance in selected cities</td>
<td>Completed the assessment on business enabling environment in four of the six CDI cities. Assessment for two remaining CDI cities will be continued in Year 2.</td>
<td>Output 2.4.2.1.1: Assessment of the business enabling environment of each of the six CDI cities, which will include the capacity and operations of the Local Economic and Investment Promotion Office (LEIPO), Investment Promotion Center (IPC), Negosyo Center, and local business groups.</td>
<td>To be continued in Year 2</td>
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<tr>
<td>Activity 2.4.3.1: Provide support to the LEIPO, IPC, Negosyo Center, and local business groups in CDI cities</td>
<td>Provided technical assistance to three of the six CDI cities.</td>
<td>Output 2.4.3.1.1: Proposals/measures to strengthen the LEIPO, IPC, Negosyo Center, and local business groups in the CDI cities</td>
<td>Moved to Year 2 but activity is under way</td>
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<tr>
<td>COMPONENT 3: EXPANDING ECONOMIC CONNECTIVITY AND ACCESS BETWEEN URBAN AND RURAL AREAS</td>
<td>Activity 3.1.1.1: Identify policy and regulatory barriers to accelerate trade and investment</td>
<td>Completed assessments in all CDI cities. Integrated assessment report is being finalized. However, Technical Working Groups (TWGs) were to be identified or organized to work on policy and regulatory concerns in Year 2.</td>
<td>Output 3.1.1.1.1: Key national and local policies and regulations that commonly impede rural-urban linkages in six cities identified and analyzed, with primary focus on local policies</td>
<td>Ongoing report finalization</td>
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<td>Output 3.1.1.1.2: TWGs identified or organized based on identified local policy and regulatory barriers and national policies identified by COMPETE and USAID</td>
<td>Ongoing report finalization for initial outputs</td>
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<td>Component</td>
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<td>Activity 3.2.1.1: Identify/formulate a diagnostic tool for assessing rural-urban connectivity</td>
<td>Formulated a diagnostic tool that focused on identifying gaps in and constraints on trade, investment, acquisition, and competitiveness. Completed assessments on logistics and transportation in all CDI cities, which served as guide in the identification of priority activities for Year 2.</td>
<td>Output 3.2.1.1.1: Assessment of impediments to rural-urban connectivity developed with a focus on constraints on trade, investment, acquisition, and competitiveness</td>
<td>Ongoing report finalization</td>
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<td>Output 3.2.1.1.2 (formerly 3.2.4.1.1): Report on possible actions to address strategic bottlenecks in rural-urban communication linkages (radio, cell phones, Internet, and informal networks) identified and presented in each of the target cities</td>
<td>Ongoing report finalization</td>
</tr>
<tr>
<td>Activity 3.3.1.1: Conduct analysis of identified key value chains in CDI cities, assessing rural-urban supply chain linkages and urban-centered constraints to growth</td>
<td>Completed value chain assessments on agriculture in all CDI cities and on fisheries for four of the six CDI cities. Included in the reports are the identified high economic impact value chain projects or programs that will be submitted in Year 2.</td>
<td>Output 3.3.1.1.1: For each CDI city, promising value chains (including for selected agriculture and fisheries/aquaculture products) identified and prioritized, and in-depth localized assessments conducted</td>
<td>Ongoing report finalization</td>
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<td>Output 3.3.1.1.2: For each CDI city, develop high economic impact value chain projects or programs</td>
<td>Ongoing report finalization</td>
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<td>Component</td>
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<td>Status of Activity</td>
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<tr>
<td>Activity 3.3.1.2: Facilitate linkages between producer groups and city processors and buyers</td>
<td>Facilitated two marketing agreements in the Province of Bohol between the Bohol Dairy Products Association and Bohol Federation of Agrarian Reform Communities Cooperatives; and between the Tubigon Loom Weavers Multi-Purpose Cooperative and Bohol United Sectors Working for the Advancement of Community Concerns. But the project assisted stakeholders in Batangas City through coordination meetings with prospective suppliers and markets. Marketing agreements for the other cities will be facilitated in Year 2.</td>
<td>Output 3.3.1.2.1: For each CDI city, at least two supply contracts or marketing agreements forged between producer groups of agricultural or fisheries or aquaculture products and city processors and buyers (with special focus on institutional buyers and consolidators)</td>
<td>Ongoing report finalization for initial outputs</td>
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<tr>
<td>Activity 3.3.1.3: Conduct a comprehensive study of the Tagbilaran City Slaughterhouse from the perspective of engineering, economics, and governance</td>
<td>Additional activity for Year 1 that was approved by USAID on June 15, 2016. Completed the prefeasibility study on the Tagbilaran City Slaughterhouse and will continue to assist the city in improving the slaughterhouse by developing a comprehensive plan with an environmental sustainability component in Year 2.</td>
<td>Output 3.3.1.3.1: Comprehensive analysis of Tagbilaran City and its slaughterhouse including market and cost-benefit analysis, and the capacity of the city government in relation to the operation of the slaughterhouse, and recommended courses of action</td>
<td>Ongoing report finalization (prefeasibility only); moved to Year 2 but activity is under way</td>
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<td>Activity 3.4.2.1: Facilitate convening of the members and officers of intermunicipality institutions to identify possible collaboration with the SURGE Project</td>
<td>Supported the creation of the Panglao Island and Tagbilaran Executive Council to promote intercity/municipality coordination in managing the implications of growth. However, there was a delay in the identification of potential areas for collaboration with SURGE as it took longer than expected to hire an (STTA)</td>
<td>Output 3.4.2.1.1: Report on possible areas of collaboration with special purpose intermunicipal institutions</td>
<td>Ongoing report finalization for initial outputs</td>
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<td>Component</td>
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<tr>
<td>CROSS-CUTTING</td>
<td>Activity D.1.1: Organize the National Level Advisory Committee for SURGE</td>
<td>Per instruction of USAID contract office representative (COR), activity will be conducted at a later period.</td>
<td>Output D.1.1.1: Organization of the Advisory Committee and conduct of at least two meetings in Year 1</td>
<td>Deleted</td>
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<td>Activity D.1.2: Assist the cities in preparing the necessary issuances for the creation of a SURGE TWG within the city government</td>
<td>TWGs created in five or six CDI cities. TWGs have met more than three times in Year 1. The TWG for the remaining city will be organized in Year 2.</td>
<td>Output D.1.2.1: Creation of the TWG in each of the six cities and conduct of at least three meetings per city</td>
<td>Moved to Year 2 but activity is under way</td>
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<td>Activity D.1.3: Organize the SURGE Stakeholders’ Forum in the CDI Cities</td>
<td>Conducted Stakeholders’ Forums in all CDI cities.</td>
<td>Output D.1.3.1: Organization of the Stakeholders’ Forum and conduct of at least two meetings of the forum in each of the six cities</td>
<td>Submitted</td>
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<td>Activity D.2.1: Incorporate sustainability indicators in the Cities and Municipalities Competitiveness Index (CMCI)</td>
<td>Presented the initial framework for the Sustainability Index, which was presented during the Asian Resilience and monitoring and evaluation Experiential Learning Event.</td>
<td>Output D.2.1.1: Framework and indicator system on Sustainable Competitiveness</td>
<td>Ongoing report finalization</td>
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<td>Activity D.2.2: Support to National Competitiveness Council (NCC)</td>
<td>SURGE provided technical assistance to NCC in overseeing the finalization of the competitiveness index computations for 2016. The SURGE involvement in the Liveable Cities Design Challenge (LCDC) is highly dependent on the concept of the project that NCC is tasked to develop. Unfortunately, NCC was not able to implement the LCDC in Year 1.</td>
<td>Output D.2.2.1.1: LCDC and CMCI activities organized</td>
<td>Ongoing report finalization</td>
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<td>Activity D.2.3: Support to BPLS Oversight Committee</td>
<td>SURGE provided technical support in the formulation and signing of the joint memorandum circular and was instrumental in convincing the Department of Trade and Industry (DTI) to push for BPLS reforms.</td>
<td>Output D.2.3.1.1: Report on technical support provided to the BPLS Oversight Committee</td>
<td>Ongoing report finalization for initial outputs</td>
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<td>Component</td>
<td>Activity D.2.4: Support to Sub-Working Group on Local Investment Reforms</td>
<td>Status of Activity</td>
<td>Output</td>
<td>Status of Output</td>
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<td>The project still needs to get a sense of whether the newly designated officials from DTI and Department of the Interior and Local Government are keen on reviving the committee. A clearer signal from both the COR and the National Government leadership may be secured in Year 2.</td>
<td>Output D.2.3.1: Activation of the Sub-Working Group on Local Investment Reforms</td>
<td>Ongoing report finalization for initial outputs</td>
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<tr>
<td>Activity D.3.1: Holding of national conferences</td>
<td>Conducted the 2016 International Conference on Urban Development: Accelerating Resilience and Inclusive Growth. The initial concept paper was presented to the COR in September 2016. The Land Tenure Conference was moved to Year 2.</td>
<td>Output D.3.1.1: Urban Development Conference organized</td>
<td>To begin in Year 2</td>
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<td>Output D.3.1.2: Land Tenure Conference organized</td>
<td>To begin in Year 2</td>
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<tr>
<td>Activity D.3.2: Holding of Capacity Building Activities/Workshops</td>
<td>Conducted the trainings/workshops for CPDOs and CENROs. The training/workshop for the WSPs and the Mayor’s Retreat will be conducted in Year 2.</td>
<td>Output D.3.2.1: Training/Workshop for CPDOs organized in Puerto Princesa</td>
<td>Submitted</td>
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<td>Output D.3.2.2: Training/Workshop for CENROs, WSPs</td>
<td>Submitted (for CENRO Workshop only); Training/Workshop for WSPs moved to Year 2</td>
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<td>Output D.3.2.3: Mayor’s Retreat</td>
<td>To begin in Year 2</td>
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<td>Activity D.3.3: Assistance to USAID in selection of next CDI cities</td>
<td>Assisted USAID in the following: (1) organizing a meeting of 14 shortlisted cities (attended by 10 cities) to discuss the CDI and the selection process; (2) preparing the letters to the cities that requested for the</td>
<td>Output D.3.3.1: Proposed framework for selection of CDI cities</td>
<td>Ongoing report finalization</td>
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<td>Output D.3.3.2: Reports on Scoping Missions</td>
<td>Moved to Year 2 but activity is under way</td>
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<td>submission of expressions of interest and other relevant data on the cities; (3) formulating the framework for selection as discussed below; (4) computing the city’s scores using the approved framework for selection; (5) and organizing the scoping missions for the short-listed cities, which are scheduled to begin in October 2016.</td>
<td>Output D.3.3.3: Organization of needs assessment workshops</td>
<td>Moved to Year 2 but activity is under way</td>
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<tr>
<td>Gender-related activities</td>
<td>Conducted the Participatory Gender Equality and Social Inclusion Analysis to determine evidence-based gender integration into the three components of the project, including technical assistance provided on GAD capacity development.</td>
<td>Output D.4.1.1: Gender Analysis</td>
<td>Submitted</td>
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<td>Output D.4.1.2: Gender Integration Validation Workshop</td>
<td>Ongoing report finalization</td>
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<td>Output D.4.1.3: SURGE Staff Gender Training</td>
<td>Ongoing report finalization</td>
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<td>Output D.4.1.4: Gender Integration Toolkit Development and Training</td>
<td>Ongoing report finalization</td>
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<td>Output D.4.1.5: Gender-related technical assistance</td>
<td>Ongoing report finalization</td>
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<td>Communication-related activities</td>
<td>Published the monthly CDI Newsletter; increased media mileage for USAID and the SURGE Project; produced information materials such as infographics, fact sheet, and short animation about the project, the CDI partner cities, the CDI’s work on land tenure, and support for strategic project activities such as the 2016 International Urban Development Conference, Stakeholders’ Forums, technical workshops, and U.S. Government and USAID visits.</td>
<td>CDI Newsletter</td>
<td>Submitted</td>
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</tbody>
</table>

The project expects to accelerate activities in Year 2 as the foundation for project implementation is in place at the city level and operation units in Makati. The work also entails an expected increase in the number of activities directed at new CDI cities. Identification and contracting of consultants involved in the various Year 2 activities began in the later part of Year 1 to ensure that there will be little delay in implementation and that outputs will be delivered on time.

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<th>No.</th>
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<th>Media Type</th>
<th>Title</th>
<th>Author</th>
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<td>05-Jul-15</td>
<td>The Bohol Chronicle</td>
<td>online news</td>
<td>City: no longer just gateway to province</td>
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<td><a href="http://boholchronicle.com.ph/2015/07/05/city-no-longer-just-gateway-to-province/">http://boholchronicle.com.ph/2015/07/05/city-no-longer-just-gateway-to-province/</a></td>
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<td>5</td>
<td>20-Aug-15</td>
<td>National Economic and Development Authority (NEDA)</td>
<td>online news</td>
<td>NED A supports USAID’s SURGE Project</td>
<td></td>
<td><a href="http://www.neda.gov.ph/2015/08/20/neda-supports-usaids-surge-project/">http://www.neda.gov.ph/2015/08/20/neda-supports-usaids-surge-project/</a></td>
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<td>12</td>
<td>13-Jan-16</td>
<td>The Bohol Chronicle</td>
<td>online news</td>
<td>LGUs brace for boom on airport completion</td>
<td>Leah Marchill Sumampong</td>
<td><a href="http://boholchronicle.com.ph/2016/01/13/lgus-brace-for-boom-on-airport-completion/">http://boholchronicle.com.ph/2016/01/13/lgus-brace-for-boom-on-airport-completion/</a></td>
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<td>14</td>
<td>25-Jan-16</td>
<td>Batangas City official website</td>
<td>online news</td>
<td>Batangas City Stakeholders Forum launched to boost city's economic growth</td>
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<td><a href="http://batangascity.gov.ph/bats2/?p=3977">http://batangascity.gov.ph/bats2/?p=3977</a></td>
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<td>15</td>
<td>25-Jan-16</td>
<td>Batangas Post</td>
<td>print news</td>
<td>Stakeholders forum aims to boost city's economic growth</td>
<td>Headline</td>
<td>Page 1 &amp; 8</td>
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<td>29-Jan-16</td>
<td>PIA</td>
<td>online news</td>
<td>USAID official visits Bohol; renews US commitment to Bohol's growth</td>
<td>Elvira Bongosia</td>
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<td>30-Jan-16</td>
<td>Provincial Government of Bohol</td>
<td>online news</td>
<td>Bohol forms urban growth centers, partners with USAID</td>
<td>Leah Marchill</td>
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<td>31-Jan-16</td>
<td>The Bohol Chronicle</td>
<td>print news</td>
<td>Bohol forms urban growth centers</td>
<td>Page 2</td>
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<td>31-Jan-16</td>
<td>The Bohol Chronicle</td>
<td>online news</td>
<td>Bohol forms urban growth centers</td>
<td><a href="http://boholchronicle.com.ph/2016/01/31/bohol-forms-urban-growth-centers/">http://boholchronicle.com.ph/2016/01/31/bohol-forms-urban-growth-centers/</a></td>
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<td>2-Feb-16</td>
<td>The Manila Times</td>
<td>online news</td>
<td>USAID official visits Bohol</td>
<td><a href="http://www.manilatimes.net/usaid-official-visits-bohol/242696/">http://www.manilatimes.net/usaid-official-visits-bohol/242696/</a></td>
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<td>10-Feb-16</td>
<td>Daily Zamboanga Times</td>
<td>print news</td>
<td>Zambo City stakeholders commit to SURGE project</td>
<td>Claudine Uniana</td>
<td>page 12</td>
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<td>21-Feb-16</td>
<td>Philippine Star</td>
<td>online news</td>
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<td>Maui planning policies featured in world conference</td>
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<td>VP Robredo: We want to address 1.4 million housing backlog</td>
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<td>Leni Robredo Official Website</td>
<td>Inclusive Communities: The Key To Our Housing Problems</td>
<td>Vice President Ma. Leonor Robredo</td>
<td><a href="https://lenirobredo.com/inclusive-communities-the-key-to-our-housing-problems/">https://lenirobredo.com/inclusive-communities-the-key-to-our-housing-problems/</a></td>
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<td>Tagbilaran Now Ready to Draw More Investors</td>
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