



Republic of the Philippines  
NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY

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**Social Development Staff**

08 December 2011

**Mr. Renaud Meyer**  
Country Director  
UNDP, 30<sup>th</sup> Floor, Yuchengco Tower,  
RCBC Plaza, 6819 Ayala Avenue  
corner Sen. Gil Puyat Avenue, Makati City

Dear Mr. Meyer:

We are pleased to submit the revised Annual Progress Report (APR) and powerpoint presentation of the Overseas Filipinos Diaspora Remittances for Development (OFs-RED) Project incorporating the comments and suggestions of Mr. Eric Lampertz of UNDP Headquarters.

Thank you and regards.

Very truly yours,

*ERM Capones*  
**ERLINDA M. CAPONES**  
Director IV

Attached: as stated

Copy Furnished: Ms. Corazon C. Urquico  
Team Leader  
Poverty Reduction and Support for the MDGs

Reporting Agency: [National Economic and Development Authority (NEDA)]  
Country: [Philippines]

## ANNUAL PROGRESS REPORT

No. and title: [Overseas Filipinos Diaspora Remittances for Development (OFs-RED): Building a Future Back Home Project ID No. 76817]

Reporting period: [January 1 – November 30, 2011]

### I. PURPOSE

This section is a résumé of the Programme Component as approved in the Country Programme document. It includes:

- Main objectives and outcomes expected as per the approved Country Programme Document and Country Programme Action Plan (CPAP).
  - The objectives of the Project are to:
    - 1) Develop mechanisms to engage diaspora communities effectively as partners of local economic development and services; and
    - 2) Support the development of policies that will tap the potential of Overseas Filipinos' remittances for savings, investments, entrepreneurship, and job creation that will contribute to economic development; government policies will be analyzed and gaps and incentives that support collective remittances for development will be identified.
- Reference to how the programme relates to UNDAF and how it aims to support national development goals including the Millennium Development Goals as pertinent.
  - The Project shall contribute in increasing incomes of both men and women among poverty groups in priority areas through enabling policies and public-private partnerships that lead to expansion of sustainable livelihoods and community enterprises, decent work and increased productivity.

The Project shall pave the development and field-testing of a model for local government units (LGUs) to tap overseas remittances for local economic development. A significant component of the initiative is to build the capacities of the pilot LGUs and critical stakeholders (including migrant families) to manage assets and revenues from overseas remittances for productive investments that would lead to job creation.

- A listing of the main implementing partners.
  - The NEDA is the main implementing partner.
  - The CFO is the main responsible partner.

### II. RESOURCES

This section includes total approved budget and summary of resources available to the programme component from core and non-core resources, identifying the donors.

- The approved budget allocation for 2011 is US\$200,000 (PhP8,749,999). The amount of US\$ 100,000 was initially made available; with the balance transferred in 2011 December after 80% had been spent. Of this amount, US\$132,056.52 (PhP5,774,923) is reflected in the revised budget for 2011 and some of the activities in the 4<sup>th</sup> quarter have been moved to 2012 AWP (i.e., field-testing of collective remittance models, funds matching for projects, awareness/marketing campaign). As of 30 November 2011, PhP 4,757,400 (US\$110,125) has been spent. The Project is sponsored by the Western Union through its philanthropy arm, the Western Union Foundation.

### III. RESULTS

Information in this section includes:

- Main activities undertaken and results.

#### **Activity 1. Creating an Enabling Environment to Harness OF Remittances for Savings and Investments for Local Development**

- **Integration of Migration in the Philippine Development Plan (PDP) 2011-2016**

Cognizant of the significant role overseas Filipinos play in national and local development, a greater focus on the protection and welfare of overseas Filipinos and their families can be found in the PDP 2011-2016. The policies and strategies in the PDP manifest a strong recognition of the contribution of OF remittances not only in cushioning the impact of economic downturns but more importantly on how they are engaged in nation building. The PDP further calls on a concerted effort in providing government assistance and interventions in addressing the social protection needs of OFs and their families. The importance of enterprise development and expanding livelihood and decent work in the homeland has also been highlighted.

- **Policy Review and Inventory of Remittance-related Laws/Policies**

As a precursor to the Project's policy review and development component, the CFO was engaged to prepare an Inventory of Remittance-related Laws/Policies with issues and gaps and corresponding policy recommendations. The identification and inclusion of programs and projects supportive of the policies were elicited to make the Inventory more comprehensive and meaningful. The focused group discussions (FGDs) undertaken by CFO with remittance stakeholders (i.e., rural and commercial banks, migrant families/associations, microfinance institutions, money transfer companies, NGOs, professional organizations and LGUs) yielded substantial insights on the fundamental issues and possible measures to address the policy and operational infirmities in harnessing remittances for development.

- **Multi-Sectoral Policy Forum on Tapping Remittances for Development**

The focused group discussions (FGDs) with different groups/players in the remittance industry validated the fundamental issues and gaps of remittance-related laws/policies and drew up possible policy measures and directions to improve the policy environment. These policy measures were presented with key stakeholders during the Multi-Sectoral Policy Forum on May 3, 2011. One of the recommendations of the policy review with remittance stakeholders was the creation of a Collective Remittance Council (CRC) which would serve as a policy-advisory and coordinating body on matters and concerns related to mobilizing remittances for development. The Council, which was renamed to Remittances for Development Council (ReDC), was officially organized on 18 November 2011 with

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CFO as Chair. The Organizational Meeting firmed-up the functions and composition of the ReDC, thus, expected to facilitate policy recommendations and advocacy on how to leverage remittances for national and local development.

## **Activity 2. Build-up of a Viable Collective Remittance Fund/Mechanism**

- **Capacity Assessment and Capacity Building of LGUs (Ilocos Norte and Taguig City) and Major Stakeholders**

A series of capacity assessments with representatives from the pilot LGUs of Ilocos Norte Province and Taguig City and critical stakeholders (rural and commercial banks, NGOs/cooperatives, migrant families, national government agencies, remittance intermediaries and academe) were held that led to the development of the capacity building program for the two pilot sites.

The capacity building trainings were held on 10-13 August 2011 in Ilocos Norte and 14-16 September 2011 in Taguig City. The capacity building program aimed to strengthen the capacity of the LGUs and communities on Financial and Investment Literacy; understanding OF Remittances for Local and National Development; Investment Promotions and Strategies; Building Streamlined Information System; and Technical and Resource Mobilization. While the initial set of stakeholders underwent the capacity development training, much is still desired insofar as covering a critical mass of the target sector is concerned. A broader and continuing capacity building/education program is therefore recommended for the OFs and their families that would focus on financial/investment literacy, business development and management and a comprehensive reintegration program.

- **Development of Collective Remittance Models**  
*(MFI, Cooperative, Rural Bank, Migrant Savings and Alternative Investment Models)*

The orientations-consultations with remittance players in Ilocos Norte and Taguig City (i.e., commercial and rural banks, cooperatives, LGUs, academe, NGOs, remittance agencies and migrant families) yielded valuable insights on the local condition and existing LGU support mechanisms. They revealed what are desired to make the remittance models work locally. The OF profile in the pilot sites provides a baseline information for evidence-based policy-making and program/project development in the pilot LGUs.

Based from the collective remittance models submitted, Ilocos Norte preferred the direct investment/migrant savings and alternative investment model and Taguig City selected the cooperative/rural bank model subject to the local needs and condition. The development of Business Plan for the pilot sites is work in progress but is expected to be part of the awareness/marketing roadshow during the 1<sup>st</sup> quarter of 2012.

- **Identification of Menu of Projects/Investment Opportunities in Taguig and Ilocos Norte**

Initiated exploratory meetings with the pilot LGUs' planning and development, trade and tourism, agriculture and public employment service offices for the development or identification of menu of investment opportunities for possible OF funding. The exploratory meetings revealed the presence of LGU support systems that would spur and attract investments. The investment options, while already identified in the pilot LGUs through their respective Small and Medium Enterprise Development (SMED)

Plans and Local Development Plan (LDP), these still require some packaging and field-testing to demonstrate their viability.

- **Awareness/Marketing Campaign in Key International Corridors**

In preparation to the full-blown awareness/marketing campaign in the 1<sup>st</sup> quarter of 2012, initial activities scheduled for 2011 include the conceptualization and development of IEC/promotional materials and audio-visual presentation centering on remittances for local development. The marketing plan is intended to effectively link diaspora funding to pilot sites through the use of information platforms and advocacy activities as part of the project localization.

- Implementation constraints, lessons learned from addressing these and knowledge gained from evaluations and studies that have taken place in the course of the year.

Many lessons and valuable insights can be drawn from the first year of implementation of the project. A host of factors can be cited which include institutional capacity, LGU and stakeholders' engagement, existence of tested or pilot models and confidence on the institutions.

- **Institutional and Stakeholders' Capacity.** The successful implementation of the Project is undoubtedly impinged on the preparedness and capacity of the pilot LGUs and critical institutions and stakeholders. It requires a purposive development of the desired competencies in the areas of financial literacy, assessment and alignment of development priorities, technical and resource mobilization, entrepreneurial development and investments promotion.

The capacity of the OFs and their families to grasp the potentials of remittances needs to be further strengthened to ensure buy-in and participation. An intensified information dissemination at all levels on the significance of remittances for job creation and livelihood expansion should be a continuing strategy and advocacy. Availability of information on the potential investment opportunities and presence of LGU support services to fast track and assist potential OF investors should be ensured (e.g. presence of LGU Investment Incentive Code, one-stop business lanes, OF service centers, among others).

The LGU's full support and commitment in undertaking Project activities is key in facilitating and mobilizing resources and manpower support towards realizing the Project objectives. Bureaucratic layers in the LGU can hamper and even result to unwieldy coordination which slows down project implementation.

- **Existence of Models.** Given the new concept of mobilizing "collective remittances" to spur local economic development, the presence or dearth of field-tested collective remittance model means greater effort and time need to be devoted to be able to determine the most appropriate mechanism considering the local condition and circumstances. A participatory and consultative approach with the LGU and stakeholders in identifying the preferred collective remittance model is a fundamental step in eliciting local ownership and accountability. This connotes an understanding of what scheme would work in the community taking into consideration the institutional arrangement, financial safeguards and social acceptability aspects.
- **Credibility of Institutions.** The issue on governance and credibility levels of the LGU and the critical institutions involved in policy-making and fund management

affect the confidence of OFs in engaging themselves and their families in investments or productive activities. Presence of functional regulations should serve as safeguards in attracting investments.

- Key partnerships and inter-agency collaboration: impact on results.
  - The partnership with the Commission on Filipinos Overseas (CFO) as main responsible partner of the Project has been productive. CFO's full support facilitated the implementation of project activities. Coordination with the pilot LGUs of Ilocos Norte and Taguig City was also influenced by the level of LGU commitment particularly in terms of mobilizing the stakeholders during the consultation-meetings, focused group discussions (FGDs), capacity assessments and capacity building exercise. These activities elicited a wider participation among the stakeholders (LGUs, government agencies, rural and commercial banks, cooperatives, NGOs, migrant families, remittance agencies and academe) in producing the expected outputs/deliverables.
  - The creation of an inter-agency Project Committee strengthened the linkage with relevant government agencies and development partners in coordinating matters and concerns related to OFs and leveraging remittances.
- Other highlights and cross cutting issues pertinent to the results being reported on.

Inasmuch as the Project intends to optimize remittances for job creation and local economic development, the alignment of LGU development requirements with the investment opportunities that the OFs and their families are willing to engage or invest in should be ensured to achieve the Project objectives.

#### IV. FUTURE WORK PLAN

Major activities to be undertaken for CY 2012:

- 1) Awareness and marketing campaign in key international corridors to promote the remittance models and potential investment opportunities in the pilot LGU sites. Promotional and IEC materials shall be developed for dissemination to media and target sectors.
- 2) Utilization of information platforms to link diaspora funding to pilot sites.
- 3) Fund management/fund matching with LGUs and other partners on the implementation of the selected investment options.
- 4) Field-testing of remittance models.
- 5) Development and dissemination of knowledge products.
- 6) Mainstreaming/localization of project activities in the pilot LGUs and CFO.

Priority actions planned for the following year to overcome constraints, build on achievements and partnerships, and use the lessons learned during the previous year:

- Given the still relatively low information on the potential investment opportunities and mechanisms to leverage the potentials of remittances, a more intensified awareness/advocacy campaign can be undertaken jointly with the media and

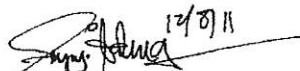
development partners to effectively reach out to migrant groups and families. This would entail a scoping of the private sector and NGOs which can directly assist in disseminating potential investment options to migrant workers and associations and how these can be accessed.

- A continuing capacity building and education program for LGUs and communities/OFs and families on financial literacy and entrepreneurial development can be among the priorities as this would provide the desired competencies for making more informed investment decisions. This can also be an opportunity for local governments to link or align their development plans and priorities to the resources that can be mobilized from OFs such as technical expertise, mentoring, volunteerism in building community enterprises.
- Need to solidify the personal engagement of local officials in sustaining the project activities. Closer technical assistance and more persistent coordination with the pilot LGUs are seen as strategies in ensuring that commitments are carried out.
- Mainstreaming of the initiative to the operations of the Commission on Filipinos Overseas (CFO), being the government agency with the core mandate to advocate and implement policies and programs for the welfare and advancement of overseas Filipinos. This is to ensure institutionalization of activities beyond the closure of the Project. The localization of project activities in the pilot sites of Ilocos Norte and Taguig City will have to be pursued to ensure local ownership and alignment with the development priorities of the communities.

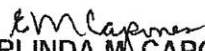
#### V. FINANCIAL IMPLEMENTATION

As of 30 November 2011, the Project has spent PhP 4,757,400.76 or 82 percent of the revised budget for the year amounting to PhP 5,774,923.89 (US\$132,056.52) for the conduct of Project activities, personnel services, equipment, supplies and communication. From a committed funding of US\$200,000, the amount of US\$ 67,944 will be spent in 2012. Planned activities in 2012 may require additional funds. This will be reflected in the project Annual Workplan (AWP) for 2012.

Prepared by:

  
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Approved:

  
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Director IV and  
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