

USAID Project No 492-0471

AMENDMENT NO 5  
TO THE  
STRATEGIC OBJECTIVE GRANT AGREEMENT  
BETWEEN THE  
REPUBLIC OF THE PHILIPPINES  
AND THE  
UNITED STATES OF AMERICA  
FOR THE  
GOVERNANCE AND LOCAL DEMOCRACY PROJECT

Dated June 15, 1999

**GOVERNANCE AND LOCAL DEMOCRACY PROJECT (GOLD)  
AMENDMENT NO 5 TO STRATEGIC OBJECTIVE  
GRANT AGREEMENT NO 492-0471**

THIS AMENDMENT NO 5, is entered into as of the 15<sup>th</sup> day of June, 1999, between the REPUBLIC OF THE PHILIPPINES (the "Grantee") and the UNITED STATES OF AMERICA, acting through the United States Agency for International Development ("U S A I D ")

WHEREAS, the Grantee and U S A I D entered into Strategic Objective Grant Agreement No 492-0471 (the "Agreement") on September 29, 1994, whereby U S A I D agreed to provide an initial increment of \$3,095,785 00 in Grant funds for the Governance and Local Democracy Project

WHEREAS, through previous amendments to the Agreement, the amount of Grant funds was increased to \$19,223,862, and a new system for obligation of funds by Strategic Objective was implemented

WHEREAS, U S A I D desires to increase further the amount of Grant funds by \$2,000,000 00, and

WHEREAS, the Parties agree to extend the Completion Date by 18 months

NOW THEREFORE, the Grantee and U S A I D hereby agree to amend the agreement as follows

- 1 Paragraph (a) of Section 3 1 (“U S A I D Contribution”) is amended in its entirety to read as follows

To help achieve the Intermediate Result and thereby make progress toward the Objective set forth in this Agreement, U S A I D , pursuant to the Foreign Assistance Act of 1961, as amended, hereby grants to the Grantee under the terms of the Agreement not to exceed Twenty One Million Two Hundred Twenty Three Thousand Eight Hundred Sixty Two United States Dollars (\$21,223,862 00) (the “Grant”)

- 2 The first sentence of Section 3 1 (b) is amended in its entirety to read as follows

“U S A I D ’s total estimated contribution to the jointly undertaken Intermediate Result in pursuit of the Objective is \$27,500,000 00 to be provided in increments ”

3 Paragraph (a) of Article 4 ("Completion Date") is amended in its entirety to read as follows

"The Completion Date, which is March 31, 2001, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all activities necessary to achieve the Intermediate Results will be completed "

4 Annex 1 (Amplified Description) and Attachment 1 (Financial Plan) of the Agreement are amended in their entirety to read as shown in the new version of Annex 1 and Attachment 1 which are attached hereto

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written

REPUBLIC OF THE PHILIPPINES

By   
\_\_\_\_\_  
Felipe M Medalla  
Director-General  
National Economic and  
Development Authority

UNITES STATES OF AMERICA

By   
\_\_\_\_\_  
Priscilla del Bosque  
Acting Mission Director  
United States Agency for  
International Development

**GOVERNANCE AND LOCAL DEMOCRACY (GOLD)  
Amplified Description**

**I INTRODUCTION**

Annex 1 describes the activities and implementing mechanisms to be applied during the 18-month extension period of the Governance and Local Democracy (GOLD) Project, and the additional results to be achieved with funds obligated under the amended Agreement between the Grantee and USAID in support of the Strategic Objective to “broaden participation in the formulation and implementation of public policies”, and its Intermediate Result 1, “effective local government with broad-based participation in selected areas” Nothing in Annex 1 shall be construed as amending any of the definitions or terms in the Agreement

**II BACKGROUND**

Since GOLD project implementation started in 1995, its 11 partner LGUs have shown a strong commitment to respond appropriately to the challenges of decentralization and local autonomy The January 1998 Project Impact Assessment noted major project accomplishments, such as 1) significant improvements in governance, 2) increased confidence of LGU leaders, 3) effective participation mechanisms, 4) effective LGU-Civil Society

networking, 5) effective environmental planning, and 6) stronger Leagues of LGUs

Additionally, the departure from conventional project-oriented assistance and the use of “demand-driven” and “assisted self-reliance” principles has motivated LGUs to unleash their creativity and energy towards better public services. These guiding principles have aroused great interest in the donor community as a way of carrying out project activities.

To build on success in initial LGU sites, GOLD recognizes the need to aggressively spread lessons learned across the country, and create a critical mass of LGUs that will take notice of GOLD learnings and put them into practice. The plan to disseminate lessons learned by GOLD is the basis for extending the Project Assistance Completion Date and developing a “Rollout Strategy”

### **III RESULTS TO BE ACHIEVED**

With the project extension, the indicators and expanded targets for achievement of the Objective are as follows

5

- A Participation in local government By the end of 2000, a total of 1,575 NGOs and peoples organization (POs) representatives will be actively participating in Local Special Bodies in approximately 211 LGUs in the 11 initial sites and 300 LGUs in expansion sites, under the 1991 Local Government Code
- B Responsiveness of local government By the end of 2000, 50 percent or more of the people in the 11 initial sites, and 35 percent of people in the expansions sites, will feel that their priority concerns are being addressed by LGUs

Intermediate indicators and targets to be used to measure progress toward meeting the Objective and Intermediate Result are

- 1) Number of LGUs implementing investment plans with effective citizen participation 160 by 1999 (original sites) and 185 by 2000 (including rollout sites)
- 2) Number of LGUs implementing environmental plans developed with effective citizen participation 170 by 1999 (original sites) and 200 by 2000 (including rollout sites)
- 3) Net amount of self-generated revenues collected with target LGUs P1,379 million in 1999 (original sites) and P2,613 million in 2000 (including rollout sites)

- 4) Number of LGUs in which the LGU has a monitoring system with NGO or PO participation 105 LGUs by 1999 (original sites) and 130 LGUs by 2000 (including rollout sites)
- 5) Number of LGUs in which information regarding resources, expenditures and operations is available to the citizenry 150 by 1999 (original sites) and 190 by 2000 (including rollout sites)
- 6) Total amount of National Revenues allocated to target LGUs Pesos 9,240 million in 1999 (original sites) and Pesos 16,332 million in 2000 (including rollout sites)
- 7) Total number of target LGUs securing credit from for-profit institutions 75 LGUs by 1999 (original sites) and 150 by 2000 (including rollout sites)

#### **IV ACTIVITIES**

The project extension will emphasize strategies for managerial and financial sustainability at current LGU partner sites, while initiating rollout of successful models and practices to LGUs across the Philippines. Sectoral Activities of the Rollout Strategy will emphasize sustaining and extending ongoing work in a) environmental planning and management, b) investment

planning and prioritization, and c) service quality improvement. Participatory mechanisms, financial management, and policy advocacy are support activities

Mechanisms to be used in the rollout strategy will include a) regional rollout workshops, b) modularization of successful LGU development models, c) development of a Partner LGU program, d) strengthening Centers for Local Governance, e) establishment of peer support networks, f) sharing good practice information, g) enhancing LGU management of technical assistance through introduction of vouchers, h) commercialization of technical assistance services provided free or at subsidized rates until now, i) further league strengthening, and j) enhancement of NGO/LGU partnership

## **V PROGRAM IMPLEMENTATION**

In order to support local government performance, a GOLD Project Steering committee has been formed to provide overall direction for policy decisions and facilitation of GOLD activities that support Intermediate Result 1. It meets at least quarterly, to review and approve proposed work plans including activities proposed for Grant funding, review progress, and recommend priority action areas for strengthening local governance. The committee includes representatives of the National Economic and Development Authority (NEDA), the Department of Interior and Local Government (DILG), the Department of

Finance (DOF), the Department of Budget and Management (DBM), the Leagues of Provinces, Cities, and Municipalities, the prime contractor, the NGO Grantees, and USAID. With the project extension, the Committee will be expanded by inviting representation from the Department of Environment and Natural Resources (DENR), Department of Health (DOH), Department of Agriculture (DA), Department of Social Welfare and Development (DSWD), and Liga ng mga Barangay.

After consultation with the steering committee, USAID will use funds provided under this Agreement to make grants to U.S. or local PVO/NGOs, and enter into contracts with U.S. and local firms, as well as contracts for personal services. The activities supported under these arrangements will support the objective through community participation activities, technical assistance, training, and other operational support for the Intermediate Result.

After consultation with the steering committee, USAID will also contract for the services of evaluation teams and personnel to manage the activities, and for case studies, training and conferences that support achievement of the Intermediate Result.

## VI FINANCIAL PLAN

The Financial Plan attached forms part of this Annex 1. As with any other portion of this Annex 1, it may be amended by written agreement of the authorized representatives of the Parties designated in Section 6.2 of the original Agreement, if such changes do not cause (1) USAID's contribution to exceed the amount specified in Section 3.1 of the Agreement, as amended, or (2) the Grantee's contribution to be less than the amount specified in Section 3.2 of the original Agreement.

The GOP contribution to the GOLD Intermediate Result is provided by the participating local governments and the Leagues of Provinces, Cities and Municipalities. The LGUs, in accordance with the assisted self-reliance philosophy of this project, are each contributing 20 percent of their Internal Revenue Allotment from the Government of the Philippines to their development program. The development funds of the participating LGUs are programmed with broad participation through the required local development councils and disbursed in accordance with standard regulations applicable to LGUs. These will be recorded annually as their contribution to the GOLD Intermediate Result. The funds collected annually by the Leagues of Cities, Provinces and Municipalities that are over and above the amounts collected in the base year of

1994, and spent by the Leagues for League activities in support of local government programs, policy development and advocacy, information sharing, or other activities will constitute the League contributions to this activity