



UrbanInnovations

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Mindanao Basic Urban Services

Development of urban services

The Mindanao Basic Urban Services Sector Project was to improve access to basic urban infrastructure and municipal services in about 40 urban local government units (LGUs) throughout Mindanao. Selection of subprojects was driven by the demand of LGUs currently lacking urban infrastructure and municipal services required for economic development. LGUs meeting selection criteria were made eligible for subproject financing. Another goal of the project was to improve the capacity of participating LGUs to develop, operate, and maintain essential urban infrastructure.

Strategic approaches to urban services development

The project is worth \$60 million, of which \$30 million was financed by the Asian Development Bank (ADB), \$6 million by the Nordic Development Fund, and \$24 million by the Philippine Government. The project was approved on 7 September 2001, became effective on 13 September 2002, and is scheduled for closing on 30 June 2009.

Project executing agencies are the Land Bank of the Philippines and the Department of the Interior and Local Government (DILG). The project aims to provide, upgrade, and rehabilitate municipal infrastructure to increase the productivity of the urban and peri-urban economy; improve access of poor urban communities to basic municipal services; and strengthen the institutional capacity of LGUs in developing, managing, and maintaining basic urban infrastructure.

The project has two components—infrastructure investment and institutional capacity building. The first component provides financing for LGU subprojects such as roads and bridges; sanitation, drainage, flood control, solid waste management, and water supply facilities; and public facilities, such as market places, bus terminals, municipal buildings, and public parks. The second component finances capacity building for project management, subproject preparation and implementation, and institutional strengthening of DILG in Mindanao.

Project activities began only in August 2003. Then in May 2004, implementation activities slowed on account of Philippine



Mati public market (top) in Davao del Sur and the Mahayag municipal hall (above) in Zamboanga del Norte

national elections. Project activities and implementation of subprojects then improved, but disbursements remained below expectations. As of 31 August 2007, cumulative contract awards amounted to \$18.18 million (82%) representing 30 subloans, and cumulative disbursements totaled \$13.21 million (60%).

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Far-reaching implications

The project financed the construction and rehabilitation of a wide array of municipal infrastructure services including public markets, gymnasiums, transport terminals, cultural centers, water supply, and municipal buildings. When completed, the project will have benefited 11 provinces and 30–40 LGUs. The capacity-building component helped LGUs in better managing and sustaining the infrastructure initiatives financed under the project.

Project beneficiaries are mainly residents of poor communities in Mindanao who have gained improved access to basic services. As a result, the benefits resulting from the project are mainly those emanating from improved access to basic infrastructure services. An additional benefit of the project was improved revenues, since facilities financed by the project were directly instrumental in improving the quality of life of beneficiaries and were thus highly visible to them. Capacity-building activities financed under the project likewise made towns and municipalities more self-sufficient by enabling them to construct their own facilities.

Initially, the pace of project implementation was slower than envisioned, but this rapidly changed. Currently a large number of subprojects are under way, in an attempt to complete these before the end of 2007. To date, 20 subprojects have been completed.



Panalso integrated transport terminal in Davao del Norte

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