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# Philippine Local Government Planning and Budgeting Framework

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PDI PRESENTATION

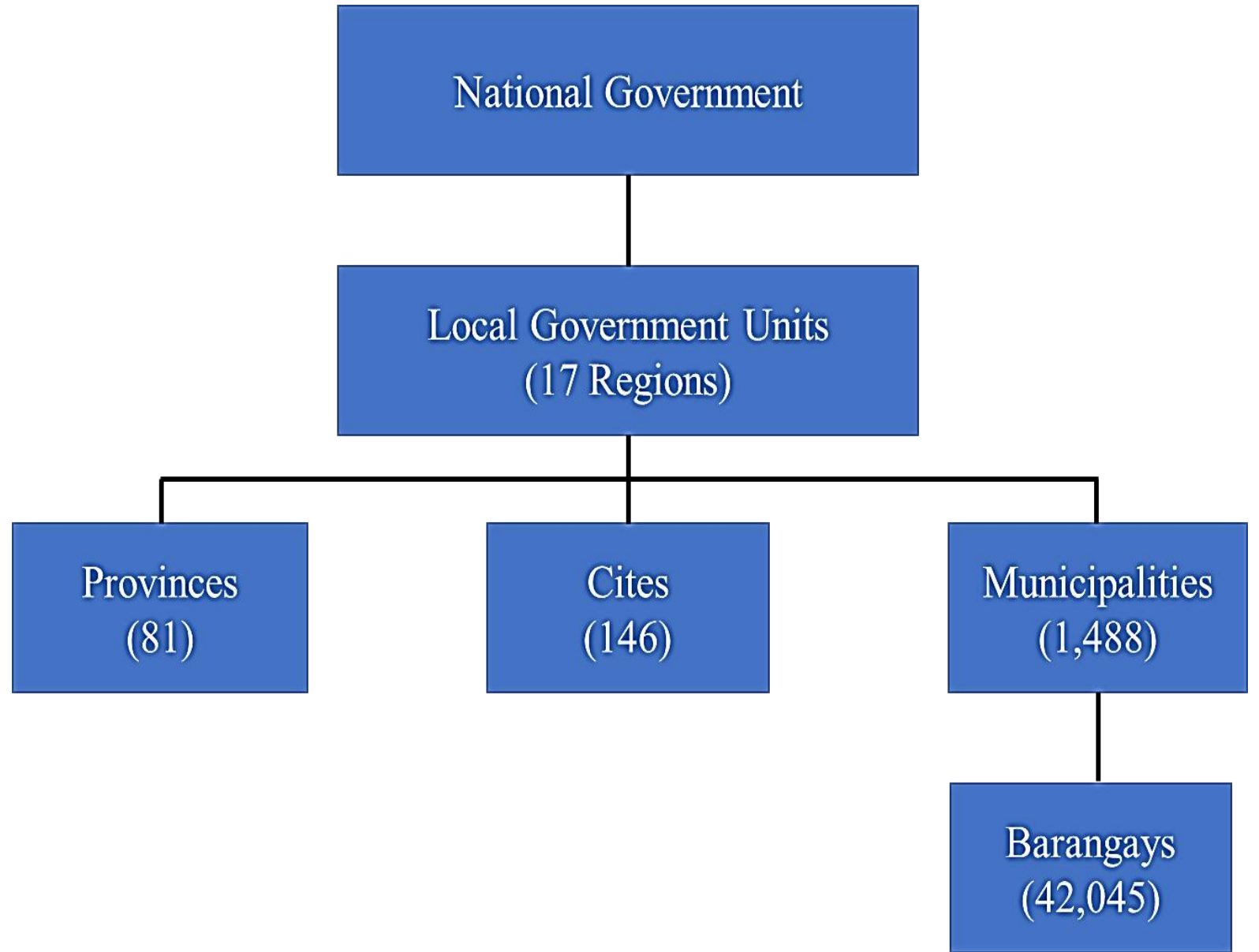




# Philippine structure of local governance

- Philippine national government (NG) does practice oversight on subnational government finances and at the same time allows local government discretion on planning and budgeting
- The most significant boost to the local government system in the Philippines was the passage of the 1991 Local Government Code or RA 7160 – it gave local government increased autonomy from the national government

# Philippine Local Government Structure



# Devolved services, facilities and powers to Local Government Units

<p>Basic Services and Facilities Devolved</p>	<ul style="list-style-type: none"> <li>- Agricultural extension and on-site research (DA)</li> <li>- Community-based forestry projects (DENR)</li> <li>- Field health and hospital services and other tertiary health services (DOH)</li> <li>- Public works and infrastructure projects funded out of local funds (DPWH)</li> <li>- School building program (DECS)</li> <li>- Social welfare services (DSWD)</li> <li>- Tourism facilities and tourism promotion and development (DOT)</li> <li>- Telecommunication services for provinces and cities (DOTC)</li> <li>- Housing projects for provinces and cities</li> <li>- Other services, e.g., investment support, industrial research and development</li> </ul>
<p>Regulatory Powers Devolved</p>	<ul style="list-style-type: none"> <li>- Reclassification of agricultural lands (DAR)</li> <li>- Enforcement of environmental laws (DENR)</li> <li>- Inspection food products (NMIC-DA)</li> <li>- Quarantine (DOH)</li> <li>- Enforcement of the national building code (DPWH)</li> <li>- Operation of tricycles (LTFRB-DOTC)</li> <li>- Processing and approval of subdivision plans (HLURB)</li> <li>- Establishment of cockpits and holding of cockfights (PGC)</li> </ul>
<p>Enhanced Governmental and Corporate Powers</p>	<ul style="list-style-type: none"> <li>- Full autonomy in the exercise of proprietary rights and management of economic enterprises</li> <li>- Authority to secure domestic or foreign grants without need of national government approval</li> <li>- Cooperative undertakings among LGUs</li> <li>- Exemption from payment of customs, duties for imported heavy equipment</li> <li>- Authority to extend loans to other LGUs and to aid calamity-stricken LGUs</li> </ul>

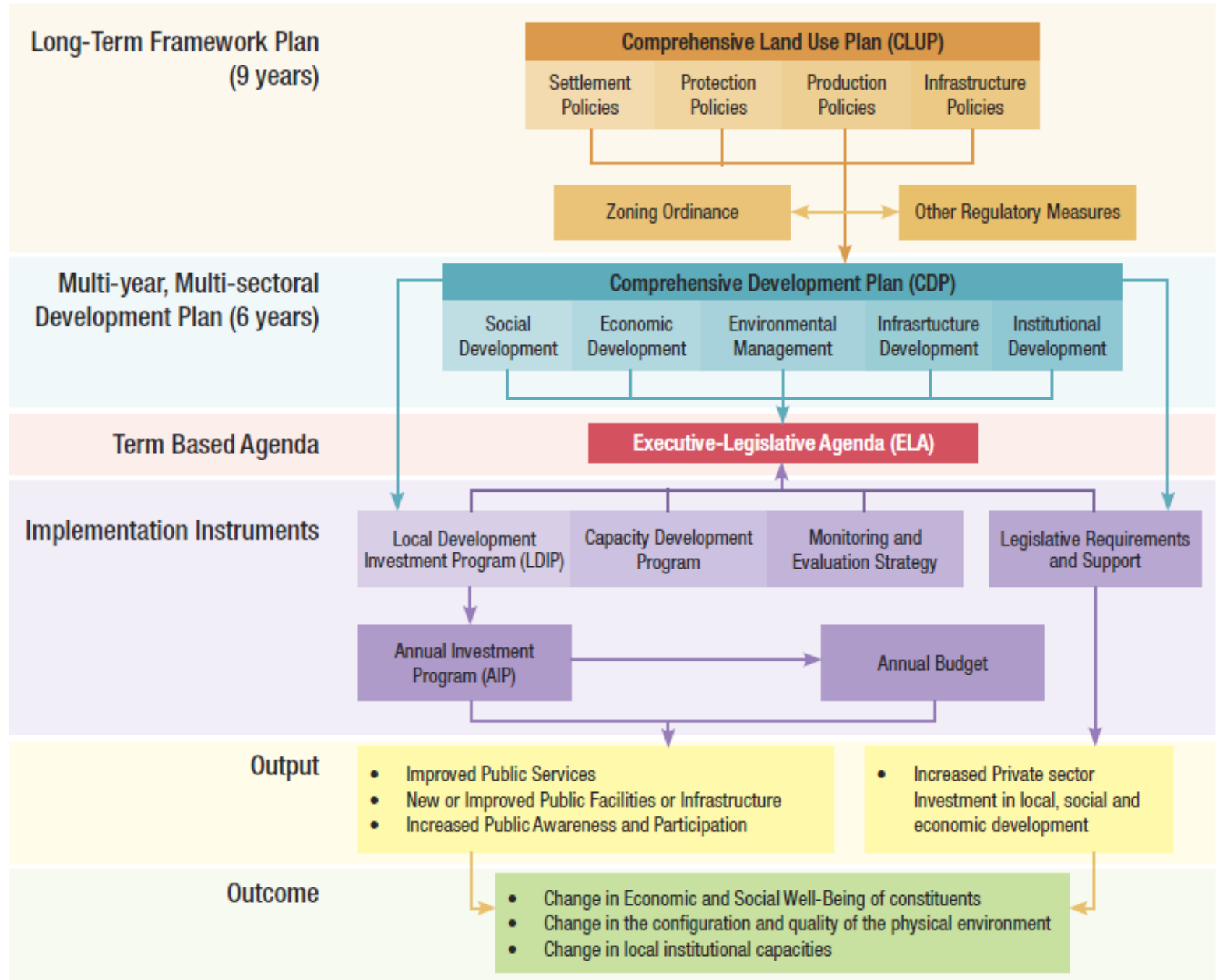
Source: (UP Department of Political Science 2006, 428)

# Composition of the Local Development Council, by LGU level

Unit	Membership
Provincial Development Council	<p>Headed by the Governor</p> <p>Members:</p> <ul style="list-style-type: none"> <li>- All mayors of component cities and municipalities;</li> <li>- The Chairman of the Committee on Appropriations of the <i>Sangguniang Panlalawigan</i>;</li> <li>- The congressman or his/her representative; and</li> </ul>
Provincial Development Council	<ul style="list-style-type: none"> <li>- Representatives of nongovernmental organizations operating in the province, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council</li> </ul>
City/Municipal Development Council	<p>Headed by the Mayor</p> <p>Members:</p> <ul style="list-style-type: none"> <li>- All <i>punong</i> barangays or barangay captains in the city or municipality;</li> <li>- The Chairman of the Committee on Appropriations of the <i>Sangguniang Panlungsod</i> or <i>Sangguniang Bayan</i> concerned;</li> <li>- The congressman or his/her representative; and</li> <li>- Representatives of nongovernmental organizations operating in the city/municipality, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council</li> </ul>
<i>Barangay</i> development council	<p>Headed by the Barangay Chairperson</p> <p>Members:</p> <ul style="list-style-type: none"> <li>- Members of the <i>Sangguniang Barangay</i>;</li> <li>- Representatives of nongovernmental organizations operating in the barangay, who shall constitute not less than one-fourth (1/4) of the members;</li> <li>- A representative of the Congressman</li> </ul>

Source: Section 106 and 107 of the 1991 Local Government Code

# Relationship of Local Government Plans



# Institutional Arrangements

<b>DILG</b>	<b>DBM/ DBM Regional Offices</b>	<b>NEDA/Regional Development Councils</b>	<b>DOF/BLGF</b>
Establish and formulate plans, policies and programs to enhance the administrative, technical and fiscal capabilities of LGUs (par. K, Rule 23 of IRR of RA 7160)	<ul style="list-style-type: none"> <li>- Review of Annual Budgets of Provinces, Cities and Municipalities in Metro Manila (Sec. 326, LGC)</li> <li>- Updating of LGU Chart of Accounts with COA</li> </ul>	Integrate approved plans of Provincial LGUs, Highly Urbanized Cities (HUC), Independent Component Cities (ICCs) in Regional Development Plans and the Philippine Development Plan (PDP); Formulate public investment program and the monitoring and evaluation of plan implementation	Supervision of revenue operations and resource mobilization of LGUs
Issue Rationalizing the Local Planning system Guidebook planning sourcebook for all LGUs; CDP Guide, RaPIDS, and CDP Illustrative Guide	<ul style="list-style-type: none"> <li>- Issue a budget operations manual (BOM) jointly with COA (Sec. 354, LGC) to be updated as the need arises</li> <li>- Manual on setting up and Operations of Local Economic Enterprises</li> <li>- CSO Handbook</li> </ul>	Local Planning and Expenditure Manual for Provinces	Issue Manual of Operations for Treasurers/Assessment Operations Manual Classification of assessment of Real Properties, Resource Mobilization Manual (RMM) eSREs
P/C/M Local Government Operations Officer	Budget officers/accountants	Planning Development Coordinator	Treasurers/assessor

Source: (DILG-NEDA-DBM-DOF 2016)



# National Development Plan

- AMBISYON NATIN 2040 – the long-term vision of the Philippines which aims Filipinos enjoy a strongly rooted, comfortable and secure life
- Though national and local government planning in the Philippines are separate activities and local governments exercise local autonomy, these were consulted in the drafting of the PDP for a “whole-of-government approach”.
- Furthermore, to highlight and operationalize the role of local governments as partners of the national government in Philippine development, the DILG and the NEDA collaborated on a program on the localization of the PDP and other commitments of the national government such as to the United Nation’s Sustainable Development Goals (DILG-NEDA 2018).



# Enhanced Philippine development planning framework for Local Government Units

Planning-budgeting Phases / activities	Key inputs	Key outputs	Notional timeline / frequency
Drafting of long-term vision		Philippine Long-term Vision 2040 (AMBISYON NATIN)	First done in 2015; every 25 years
Drafting of medium-term development plan	<ul style="list-style-type: none"> <li>• President's 0+10 – Point Socio-Economic Agenda</li> </ul>	<ul style="list-style-type: none"> <li>• Philippine Development Plan (PDP 2017-2022)</li> <li>• Philippine Investment Program (PIP 2017-2022)</li> </ul>	Every 6 years or every change in administration
Drafting of medium-term development plan	<ul style="list-style-type: none"> <li>• 2030 Agenda for Sustainable Development</li> <li>• PDP and Public Investment Program for 2017-2022</li> </ul>	<ul style="list-style-type: none"> <li>• PDP Results Matrices (PDP-RM 2017-2022)</li> </ul>	

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# Local Planning Team, CLUP, PDPFP and PDIP

- The local planning process is the same for all levels of local governments: provinces, cities and municipalities.
- There are some slight differences in provincial and highly urbanized plans and not just by nomenclature but also in the explicit mandated link between the provincial development plans, constituent municipality and city plans, as well as incorporation in higher level regional development plans and the national PDP (NEDA-ADB 2007).
- This process allows the long-term vision of the Philippines in Ambisyon Nation 2040 and the Philippine Development Plan to be aligned with the long-term and medium-term plans of provinces.

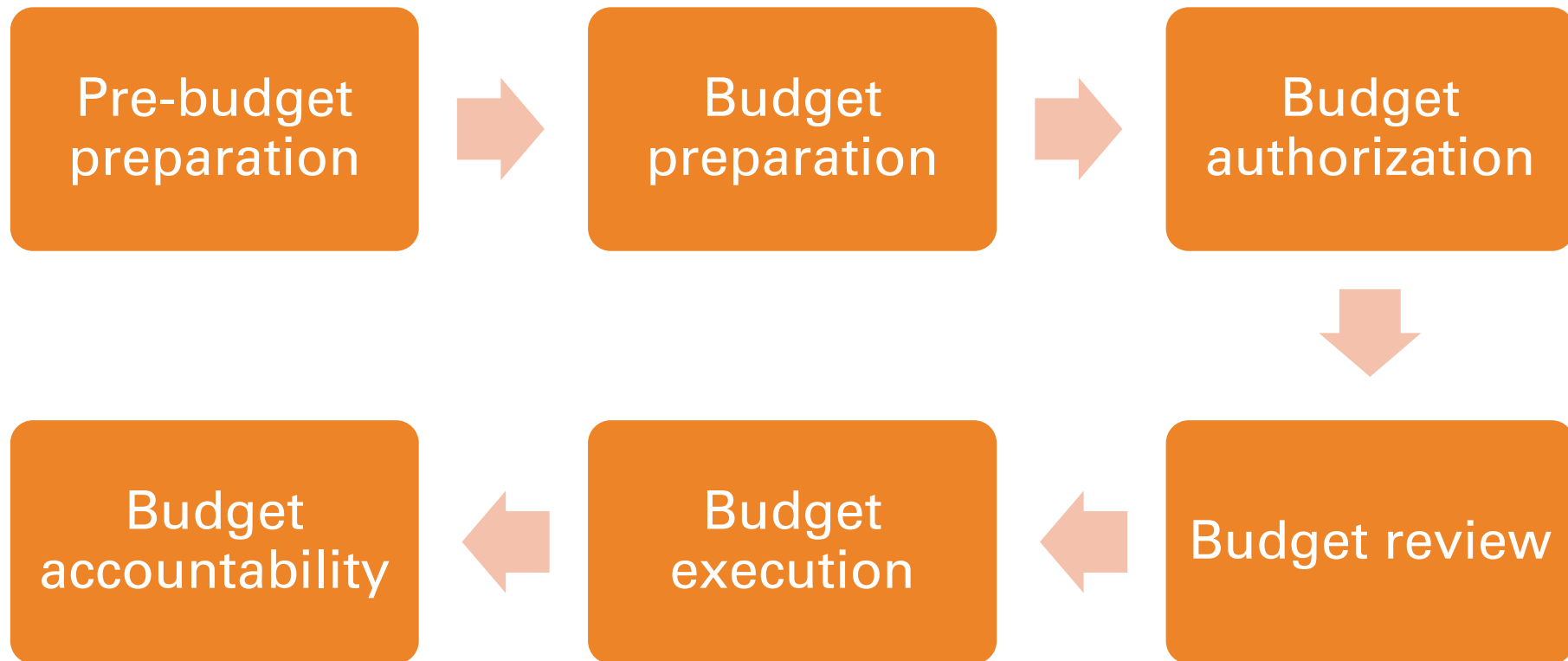
# Local Planning Team, CLUP, PDPFP and PDIP

Planning-budgeting Phases / activities	Legal basis	Key inputs	Key outputs	Notional timeline / frequency
LGUs shall reconstitute its Local Planning Team	DILG RPS Sourcebook (2008) and CDP Guide and Illustrative Guide (2016)	Executive Order	Executive Order; Workplan for Updating /Preparation of CDP	Election year (change in admin)
Setting of planning guidelines for updating of planning database  Municipal/City Mayor to present Structured List of PPAs for inclusion in the PDPFP	DILG MC No. 2016-102  CDP Guide and Illustrative Guide (2016) and DBM Budget Operations Manual for Local Government Units (2016)		Draft PDPFPs and Structured List of PPAs of Cities and Municipalities for the purpose of harmonization	Election year (change in admin)
LGUs shall prepare Comprehensive Land Use Plan (CLUP)	Art. XII (6) and XIII (1) of 1987 Constitution, Sections 20, 447, 448, 458 of the Local Government Code and EO 72	Settlement, production, protection and infrastructure policies, maps	CLUP/ Zoning Ordinance	Every 9 years
Provinces and highly urbanized cities are required to prepare Provincial Development and Physical Framework Plan (PDPFP) and Provincial Development Investment Program (PDIP)	Provincial/ Local Planning Expenditure Management (PLPEM Vol.2)	Population, economic activity and physical resources/transport data: - Regional Development Plans (RDP) - Regional Physical Framework Plans (RPFs) - Regional Development Investment Programs (RDIPs) - Philippine Development Plan (PDP)	PDPFP  PDIP	Every 6 years  Every 3 years

Planning-budgeting Phases / activities	Legal basis	Key inputs	Key outputs	Notional timeline / frequency
		- National Framework for Physical Planning (NFPP)		
BLGF generates/updates financial indicators and transmits to Provinces thru the DILG.	DILG-NEDA-DBM-DOF JMC No.1 s. 2016	Medium Term Revenue Forecasts (latest year) to be generated by Local Treasurers LGPMS (BLGF)	PDPFP/PDIP	Every 3 years
Local Finance Committees to prepare Medium Term Forecast for Current Operating Expenses			Medium Term Forecast for COE	Every year

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# Philippine Local Budgeting Framework



# Local Development Planning and its Budgeting in Practice

## Planning

- Municipal Planning Team (MPT)
- LGU Existing Plans and Visions
- Preparations of the Ecological Profile and Structures Lists of PPAs
- Preparation of the Needed Implementation Instruments for the CDP

## Budgeting

- Local Development Investment Program
- Annual Investment Program: From Planning to Budgeting



# Evidence and Takeaways

- In the early 2000s, there was some evidence of poor national government (NG), regional and local government coordination in planning and budgeting (World Bank 2004). Another more specific study highlighted the need to review the functional alignment between national government agencies and local governments in the rural development sector (Lange 2009).
- There are two agencies responsible for the alignment of local plans to national development plans: NEDA and DILG.
- Apart from the national government agency oversight agency support in planning and investment programming, there is a need to establish expertise at the provincial level to mentor municipal counterparts (DILG 2008).



# Evidence and Takeaways

- On the local development planning and budgeting practices offers other areas for improvement at the local government level. Evidence shows that the DILG-prescribed steps are generally followed by respondent municipalities, there are specific elements within the steps that could either be enhanced, better enforced or revisited to find more appropriate alternatives.
- One study observed the presence of weak institutionalized planning was attributed to evidence that less than half of LGUs had functional local development councils (World Bank 2004).
- Another area that needs improvement is ensuring the quality of PPAs by regularly preparing project briefs.

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# Evidence and Takeaways

## Strengthen planning

- Across different levels of LGUs, policy should enforce the vertical integration of plans and investment programs from the cities and municipalities to the provinces to the regional to the national
- There is a need to establish expertise at the provincial level to mentor municipal/component city counterparts.

## Financing these plans in the budget

- Need to continue the efforts of convergence in Oversight Agencies
- Continue moving towards integrated management information systems for real time monitoring of PPAs implementation and utilization
- Strengthen monitoring and evaluation functions/guidelines within the context of the convergence efforts as well.
- Ensuring that development spending follows their mandate