

DESIGN AND MONITORING FRAMEWORK

Design Summary	Performance Targets and/or Indicators	Data Sources and/or Reporting Mechanisms	Assumptions and Risks
<p>Impact Efficiency and effectiveness of basic public services delivered by LGUs to their constituent communities has increased</p>	<p>More than half of the aggregate LGU level indicators (below) improve by one-fifth to one-tenth of 2009 results by 2014: (i) ratio of health facilities to population; (ii) access to basic services such as water and electricity, (iii) sanitation condition, (iv) extent of solid waste collection and disposal, and (v) presence of sewerage facility</p>	<p>Relevant indicators of Local Governance Performance Measurement System dataset</p>	<p>Assumption LGUs use enhanced resources for investments in basic public services.</p> <p>Risk A significant share of government resources is not channeled to LGUs through IRA, official development assistance, or other means.</p>
<p>Outcome LGUs avail of enhanced capacities to plan and budget for the general welfare of their constituent communities in a transparent and accountable way</p>	<p>Real local government revenues, including access to public and private sources of credit, increase by at least 4% annually at all levels of government between 2012 and 2016 in two-thirds of all provinces and highly urbanized cities, and in the majority of fourth to sixth income class other LGUs^a</p> <p>Number of fraudulent cases reported by Commission on Audit decreases by at least 20% at all levels of government.</p>	<p>BLGF SRE data</p>	<p>Assumption Mechanisms are in place in LGUs at all levels to provide incentives to make use of enhanced resources and capacities to plan and budget for the general welfare of constituent communities.</p> <p>Risk Delays may be experienced in engaging oversight agencies and LGUs because of the elections scheduled to be held in May 2010.</p>
<p>Outputs</p> <p>1. Financial management, planning, and expenditure management at the LGU level is more efficient and accountable</p> <p>2. LGU access to public and private sources of capital for financing of policy reforms and development projects is improved</p> <p>3. Local government dependency on IRA is reduced</p>	<p>Supplemental budgeting guidelines for LGUs to harmonize the UBOM with the multiyear planning and revenue mobilization guidelines of NEDA and DOF available by January 2011</p> <p>Cash flow forecasting template available to all LGUs by January 2011</p> <p>Creditworthiness indicators established as prioritization criteria for development investment programming by January 2011</p> <p>Syndication of LGU loans with private financial institutions based on clearly established policy by January 2011</p> <p>Policy for addressing delinquent LGUs by January 2011</p> <p>Business taxpayer liabilities established based on agreed and transparent criteria</p>	<p>Budgeting guidelines</p> <p>Cash flow template</p> <p>Indicators guidelines</p> <p>Policy paper</p> <p>Policy paper</p> <p>Business tax guidelines</p>	<p>Assumption Limited understanding by oversight agencies of capacity development roles for LGUs</p> <p>Risk Incentives for coordination of capacity development activities between oversight agencies weaken over time</p> <p>Assumption Willingness of LGUs to provide quality performance data increases over time.</p> <p>Risk Private sector financing does not augment with increased availability of financial information on LGUs</p> <p>Assumption Business tax revenue base of LGUs is sufficient to justify collection costs</p>

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	Implementation details for establishing local enterprises established	Technical supplement to UBOM	
<p>Activities with Milestones</p> <p>1.1 Provide support to DBM to develop supplemental budgeting guidelines for LGUs to harmonize the UBOM with the multiyear planning and revenue mobilization guidelines of NEDA and DOF by January 2011.</p> <p>1.2 Develop a cash flow forecasting template for LGUs by May 2011.</p> <p>1.3 Design a comprehensive competency profile of local budget officers and develop a CCS for local budget officers by September 2010.</p> <p>1.4 Provide support to BLGF for refinement and rollout of SRE by August 2010.</p> <p>1.5 Provide support to BLGF for use of BLGF's fiscal capacity model for LGU revenue forecasting and target setting by December 2010.</p> <p>1.6 Provide support to BLGF for implementation of the CCS for local treasurers by April 2011.</p> <p>1.7 In collaboration with MDC, design the mechanics of an LGU learning network allowing stronger LGUs to mentor weaker ones by developing structured programs of twinning and training with performance improvement contracts possibly linked to grants and/or loans by June 2011.</p> <p>1.8 Provide support to the CCD technical secretariat through DILG by assisting in the documentation of meetings, preparation of agenda and briefing materials, providing quick-policy response to key issues, and preparation of terms of reference for research and other TA by October 2011.</p> <p>2.1 Design and conduct regional office-based trainer's training involving BLGF regional staff on the use of financing modalities and debt management manuals and BLGF's creditworthiness and debt capacity certification process by July 2011.</p> <p>2.2 Prepare guidelines on the use of creditworthiness indicators as prioritization criteria for development investment programming by October 2011.</p> <p>2.3 Support the system design and programming services for computerization of all MDFO administrative and operational functions, including loan applications and processing, by July 2011.</p> <p>2.4 Train MDFO personnel on the application of the financing modalities manual, debt management manual, and on the conduct of project financial and economic evaluation for prototype projects by October 2011.</p> <p>2.5 Provide technical advisory services to MDFO Program Governing Board for policy formulation and review especially those covering (i) policy for syndication of LGU loans with private financial institutions, (ii) revised interest rate policy, and (iii) policy for addressing delinquent LGUs by January 2011.</p> <p>3.1 Develop guidelines for building a local business taxpayer database to be issued and piloted in a province, a city, a 1st–2nd class municipality, and a 3rd–6th class municipality by June 2011.</p> <p>3.2 Develop guidelines on the use of presumptive gross sales figures to calculate the business tax liability of business establishments to be issued to LGU treasurers by June 2011.</p> <p>3.3 Develop a prototype program for LGUs for local business taxpayer database and for application of presumptive business income tax at the LGU level by May 2011.</p> <p>3.4 Develop a technical supplement to UBOM setting out implementation details for establishing local economic enterprises by July 2011.</p>			<p>Inputs</p> <p>Financed by the ADB's TA funding program: \$700,000</p> <p>Government: \$300,000</p> <p>Consultants (64 person-months national): \$384,000</p> <p>Equipment: \$80,000</p> <p>Training, seminars, and conferences: \$110,000</p> <p>Local travel, reports, communications, miscellaneous administration and support costs: \$58,000</p> <p>Contingencies: \$68,000</p>

BLGF = Bureau of Local Government Finance, CCD = Coordination Committee on Decentralization, CCS = competency certification system, DILG = Department of the Interior and Local Government, DOF = Department of Finance, IRA = internal revenue allotment, LGU = local government unit, MDC = Mayor's Development Center, MDFO = Municipal Development Fund Office, NEDA = National Economic and Development Authority, SRE = statement of receipts and expenditures, UBOM = updated budget operations manual.

^a LGUs are categorized into six classes on the basis of income; 1st class being the richest.