



Project Number: 41060
April 2009

PHILIPPINES: A Study on Results Based Planning in the Philippine Rural Development Sector (Background Paper for ADB TA 7190-PHI: Harmonization and Development Effectiveness)

Prepared by Andreas Lange
Secondee, German Development Corporation (GTZ)
Makati City, Philippines

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents.

Asian Development Bank

CONTENT

List of Tables	3
List of Figures.....	3
Abbreviations	3
Executive Summary	6
1 Background	8
2 The Rural Development Sector in the Philippines	8
2.1 Brief Functional and Organizational Assessment	8
2.1.1 Department of Agriculture (DA)	9
2.1.2 Department of Agrarian Reform (DAR)	11
2.1.3 Department of Environment and Natural Resources (DENR)	12
2.2 Budget Allocation and Expenditures of DA, DAR, DENR.....	13
3 Initiatives on Results Based Planning and Budgeting in the Philippines since the 1990s	16
3.1 Current RBM Framework.....	16
3.2 Implementation Status of Existing RBM Instruments	19
3.3 Overview on Donor-Supported RBM Initiatives	21
3.3.1 Asian Development Bank-Funded Projects.....	21
3.3.2 AusAID-Funded Projects	24
3.3.3 World Bank-Funded Projects	25
3.3.4 Projects Supported by German Bilateral Development Assistance.....	26
3.3.5 Canadian International Development Agency (CIDA)	27
4 The Convergence Initiative (CI): A Rural Development Sector Approach	27
4.1 Conceptual and Legal Framework.....	27
4.2 Implementation Status.....	31
5 Implications of Current Weaknesses in Planning and Budgeting Systems for Development Effectiveness.....	33
6 Recommendations and Potential Contribution of TA 7190.....	35
7 Annex	39
7.1 Interview Partners	39
7.2 References.....	41
7.3 Figures and Tables	43
7.4 Power Point Presentation, presented on February 26, 2009, in ADB.....	55

List of Tables

Table 1	CARP's Land Distribution Accomplishment (1972-2005).....	11
Table 2	Annual Total Expenditures of Rural Development Agencies 2006-2009, Obligations Incurred (in Thousand Pesos).....	14
Table 3	Expenditure Allocation under OPIF, 2006 – 2009 (in Thousand Pesos).....	15
Table 4	Expenditures of Rural Development Agencies as Share of GOP Total Expenditures, Obligations Incurred / Total National Government Expenditures (in Percent).....	16
Table 5	Currently Applied RBM Instruments.....	18
Table 6	Overview on Donor-Funded Projects in Results Based Management.....	22
Table 7	DA's Organizational Structure.....	47
Table 8	DAR Organizational Structure.....	50
Table 9	DENR Organizational Structure.....	51
Table 10	RBM Workshop 09 November Antipolo 2007, Common Issues and Challenges.....	53

List of Figures

Figure 1	Summary of Completed and On-going Public Financial Management Reform Initiatives (as of 2006).....	43
Figure 2	Organizational Framework of Rural Development in the Philippines (DA, DAR, DENR, LGUs).....	44
Figure 3	DAR Organigram.....	45
Figure 4	Convergence Initiative Ecosystems Approach.....	46

Abbreviations

ADB	Asian Development Bank
AENRD	Agriculture, Environment, Natural Resources and Rural Development
AFMA	Agriculture and Fishery Modernization Act
AFMP	Agriculture and Fishery Modernization Plan
APR	Agency Performance Review
ARB	Agrarian Reform Beneficiary
ARC	Agrarian Reform Community
BESF	Budget of Expenditures and Sources of Financing
BFAR	Bureau of Fisheries and Aquatic Resources
CAF	Common Assessment Framework
CapB RD/NRM	Capability Building for the Operationalization of a Plan Performance
PPMIS	Monitoring Indicator System for the Agriculture, Agrarian Reform and Natural Resource Sector
CAPE	Country Assistance Program Evaluation

CARP	Comprehensive Agrarian Reform Program
CBFMA	Community-Based Forest Management Agreement
CENRO	Community Environment and Natural Resources Officers
CI	Convergence Initiative
CIDA	Canadian International Development Agency
CIM	Center for International Migration
CO	Central Office
COA	Commission on Audit
COBP	Country Operations Business Plan
CSC	Civil Service Commission
CSP	Country Strategy and Program
DA	Department of Agriculture
DAR	Department of Agrarian Reform
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DEPED	Dept. of Education
DFA	Department of Foreign Affairs
DILG	Department of Interior and Local Government
DND	Department of National Defense
DOF	Department of Finance
DOH	Dept. of Health
DOLE	Dept. of Labor & Employment
DOST	Department of Science and Technology
DPWH	Dept. of Public Works & Highways
DSWD	Dept. of Social Welfare & Development
DTI	Department of Trade and Industry
EER	Efficiency and Effectiveness Review
EMB	Environmental Management Bureau
EnRD	Environment and Rural Development
ENRM/RD	Environment, Natural Resources Management and Rural Development
EO	Executive Order
ERDB	Ecosystems Research and Development Bureau
FMB	Forest Management Bureau
GOP	Government of the Philippines
GTZ	German Technical Cooperation
HC	Harmonization Committee
ISS	Information Sharing System
JMC	Joint Memorandum Circular
LBP	Land Bank of the Philippines
LCE	Local Chief Executive
LGC	Local Government Code
LGPMS	Local Governance Performance Management System
LGU	Local Government Unit
LMB	Land Management Bureau
LMP	League of Municipalities
M&E	Monitoring and Evaluation
MAO	Municipal Agriculture Officer
MENRO	Municipal Environment and Natural Resources Officers
MFO	Major Final Outputs
MGB	Mines and Geosciences Bureau
MOOE	Maintenance and Other Operating Expenditures

MTEF	Medium-Term Expenditure Framework
MTFP	Medium Term Fiscal Program
MTPDP	Medium-Term Philippine Development Plan
MTPIP	Medium-Term Philippine Investment Program
NAMRIA	National Mapping and Resource Information Agency
NCIP	National Commission on Indigenous People
NEDA	National Economic and Development Authority
NEP	National Expenditure Program
NGA	National Government Agency
NGO	Non-Government Organization
NIPAS	National Integrated Protected Areas System
NSC	National Steering Committee
ODA	Official Development Assistance
OMA	Office of the Municipal Agriculturist
OPA	Office of the Provincial Agriculturist
OPIF	Organizational Performance Indicator Framework
OSEC	Office of the Secretary
PADCC	Philippine Agricultural Development and Commercial Corporation
PAP	Programs/Activities/Projects
PAWB	Protected Areas and Wildlife Bureau
PCIP	Philippine Crop Insurance Corporation
PEGR	Philippines-Australia Partnership for Economic Governance Reforms
PENRO	Provincial Environment and Natural Resources Officer
PI	Performance Indicator
PPMIS	Plan Performance Monitoring Indicator System
PPMS	Project Performance Management System
RBM	Results Based Management
RD	Rural Development
RD/NRM	Rural Development/Natural Resource Management
RETA	Regional Technical Assistance
RFU	Regional Field Unit
RME	Results Oriented Monitoring and Evaluation
RPMES	Regional Project Monitoring and Evaluation System
SAFDZ	Strategic Agricultural and Fisheries Development Zones
SC	Steering Committee
SER	Socio-Economic Report
SPM	Strategy Planning Matrices
SRD	Sustainable Rural Development
SUC	State Universities and Colleges
SUD	Sustainable Upland Development
SWAP	Sector Wide Approaches
TA	Technical Assistance
TESDA	Technical Education and Skills Development Authority
TWG	Technical Working Group

Executive Summary

This study analyzes past and ongoing activities and achievements regarding the introduction of results based planning and budgeting systems in oversight and the rural development agencies in the Philippines. It aims at providing key information for the implementation of ADB Technical Assistance (TA) 7190-PHI on Harmonization and Development Effectiveness, approved on 8 December 2008.

The Philippine rural development sector is shaped by a functional and organizational fragmentation. The three rural development agencies Department of Agriculture (DA), Department of Agrarian Reform (DAR), and Department of Environment and Rural Development (DENR) are divided into a multitude of attached agencies and departments. Although their functions and mandates are defined by law, there is functional overlap in a variety of areas. The coordination of all these bodies with the Local Government Units (LGUs) has been established by law but lacks flesh and bone due to capacity constraints on both the national government and local government side.

The three analyzed agencies spend a large share of their budget on personnel. The DA and DAR can make use of special purpose funds to finance investments. The DENR mostly depends on foreign assistance to increase its capital outlay. DAR as the agency with the farthest outreach to the clients at the local level shows lesser budget concentration in the central office compared to DA and DENR. The overall share of the rural development agencies in total government expenses remains small given the importance of agriculture and natural resources for the Philippine Gross Domestic Product and for the livelihood of its people.

Although the introduction of the Medium-Term Expenditure Framework has improved the link between planning and budgeting, one of the major challenges ahead represents the reconciliation of NEDA's sector planning approach with the department-oriented Organizational Performance Indicator Framework (OPIF) in both format and content. This touches also on the issue of how the Strategy Planning Matrices can be linked closer to the OPIF and on how the budget can be transformed into a rolling budget with regular reviews.

At least 16 different donor-funded projects have been supporting the introduction and improvement of results based management systems in all sectors since 1996. This has not led to the adoption of a unified public expenditure planning and budgeting system, but to the coexistence of several systems, which need to be reconciled. The "Convergence Initiative Towards Rural Sustainable Development" of the three rural development agencies has been trying since its establishment in 1999 to develop a joint planning and budgeting approach for the sector with little success.

The observed weaknesses in the rural development sector have several implications:

- (1) The functional and organizational alignment between the national government agencies and the LGUs remains an inherent weakness of the current institutional setting in the rural development sector. DA, DAR and DENR show different degrees of devolution. The existence of a multitude of attached national agencies and corporations blurs the separation of functions between national level agencies and LGUs. Thus, there is a need to review the functional alignment between the national government agencies and the LGUs in the rural development sector. In order to improve the results orientation of the respective agencies, their functions and mandates need to be transparent and in line with the existing legal framework.

(2) The link between NEDA's sector planning and translation of sector goals into agency specific performance indicators remains weak. Sector planning and its translation into agency specific priorities and indicators should be reviewed. The introduction of Sector Wide Approaches (SWAPs) could be connected to such a review.

(3) There exists a multitude of results based management systems working in parallel at the oversight agency level, such as in sectoral planning, programming, and monitoring, in the budgeting process and in agency specific budgeting and monitoring. This leads to overlapping functions of these instruments and an unclear separation of responsibilities and tasks. When designing a pilot implementation of a common framework for the rural sector, the link to sectoral planning (under NEDA) should be taken into consideration. The role of the Department of Budget and Management (DBM) would more relate to output and activity planning and monitoring. The ultimate goal would be to merge existing RBM systems into a unified system. The harmonization committee could provide the proper venue to move towards this direction and agree on the respective modalities.

(4) There also exists a multitude of results based management systems within the different departments. Too many existing systems with overlapping or contradicting mandates and functions threaten the results orientation of an organization. A review of the current status of intra-departmental monitoring systems seems wanting.

(5) There is also a need to assess and review the links between local performance management systems and the national systems, especially in sector planning and budgeting. As the LGUs play a major role for the implementation of national sector goals, a corresponding results and/or process oriented performance measurement is needed.

(6) Transparency and accountability as identified in the Paris Declaration and the Accra Agenda for Action depend on consolidated results based management systems to unfold their full potential. Donors need to coordinate their support to results based management much more strongly than in the past. A joint donor strategy for the rural development sector would improve chances of success to strengthen results based management systems within the Philippine administration. Such a donor strategy should be aligned around a Government rural development strategy.

(7) Development effectiveness of government programs and strategies will depend on the commitment to the improvement of results orientation. The rural development agencies' track record of coordination and cooperation remains poor. A clear definition of sector goals within the convergence group and a formulation of agency specific contributions are wanting. The introduction of a common results based management system for the three agencies could help implement defined strategies and monitor success indicators. Existing donor coordination facilities should be used.

(8) As part of the TA outcome, recommendations on options for a potential future engagement of ADB in the sector should be developed based on existing strategies and documents. Some preliminary options are provided.

1 Background

1. The Technical Assistance (TA) 7190–PHI on Harmonization and Development Effectiveness was approved on 8 December 2008 with an amount of \$900,000. The TA aims at accelerating the progress in improving the efficiency and effectiveness of development in the Philippines through better coordinated and accountable management of the implementation of Paris Declaration commitments and other measures to strengthen development effectiveness in the Philippines. One of its expected outputs is to develop better integrated results based sector planning and budgeting systems, which will be initially tested in the rural development sector in close coordination with DBM and NEDA. Consultants for the component are expected to be fielded in the second quarter of 2009.

2. This study was conducted prior to fielding the consultants. The purpose of the study is to provide an analysis of past and ongoing activities and achievements regarding the introduction of results based planning and budgeting systems in the individual agencies as well as in the context of the Convergence Initiative of the Department of Environment and Rural Development (DENR), the Department of Agriculture (DA) and the Department of Agrarian Reform (DAR). The study was prepared by the author during his secondment to the Philippines Country Office (PhCO) from GTZ in January and February 2009. His stay at PhCO was supervised by Claudia Büntjen. Research was carried out in close coordination with ADB SEAE, NEDA Agriculture Staff and DBM (compare Annex 7.1). The results of the study were presented and validated during a presentation and discussion with development partners on February 26 in ADB. The power point presentation on the study is attached in Annex 7.4.

3. The introduction of results based management (RBM) concepts in the rural development sector was supported by various donors, among them the World Bank, the ADB, AusAID, and GTZ. This background paper aims at analyzing past and ongoing activities and achievements regarding the introduction of results based planning and budgeting in the rural development sector. First, the role and functions of the three participating departments DA, DAR, and DENR will be described. Second, existing RBM systems in the rural development agencies and past and ongoing systems supported by oversight agencies and donors will be reviewed. Third, the convergence initiative will be described and analyzed in detail. Forth, weaknesses of existing systems will be analyzed and recommendations for possible contributions under TA 7190 will be provided.

2 The Rural Development Sector in the Philippines

2.1 Brief Functional and Organizational Assessment

4. The rural development sector in the Philippines consists of the three agencies Department of Environment and Natural Resources (DENR), Department of Agriculture (DA) and Department of Agrarian Reform (DAR). Furthermore, agencies such as the Department of Public Works and Highways (DPWH), Department of Science and Technology (DOST), Landbank of the Philippines (LBP) or Department of Health (DOH) also play an important role in rural development but will not be included in this paper.

2.1.1 Department of Agriculture (DA)

5. DA's mandate is to ensure the productivity and modernization of the agriculture and fisheries sector in the country. This is described in the Agriculture and Fisheries Modernization Act (AFMA) of 1997 (RA8435). The AFMA is an important guiding legal document not only for the DA but for the entire sector. It contains chapters on the agriculture and fisheries modernization plan, human resource development, research development and extension, rural non-farm employment, trade and fiscal incentives, production and marketing support services, credit, the basic needs program, extension services, irrigation, training of workers, product standardization and consumer safety.

6. However, the Local Government Code (LGC) of 1991 has transferred the function of agricultural extension service provision to the LGUs (Section 17). For a municipality this refers to "extension and on-site research services and facilities related to agriculture and fishery activities which include dispersal of livestock and poultry, fingerlings, and other seeding materials for aquaculture; palay, corn, and vegetable seed farms; medicinal plant gardens; fruit tree, coconut, and other kinds of seedling nurseries; demonstration farms; quality control of copra and improvement and development of local distribution channels, preferably through cooperatives; inter-Barangay irrigation system; water and soil resource utilization and conservation". For a province, this refers to "agricultural extension and on-site research services and facilities which include the prevention and control of plant and animal pests and diseases; dairy farms, livestock markets, animal breeding stations, and artificial insemination centers; and assistance in the organization of farmers' and fishermen's cooperatives and other collective organizations, as well as the transfer of appropriate technology".

7. Hence, the DA became an indirect service provider whose main responsibility is to strengthen LGUs' capabilities to respond to the needs of farmers and fisherfolks in the areas mentioned in the LGC. Beyond these LGU mandates and LGC provisions, the DA can become active in areas defined in the AFMA.

8. Although the LGC has given the mandate of extension services to the LGUs, the DA can still offer such direct services as described in the AFMA (Section 17, paragraph g). The AFMA requires the DA to formulate a long-term Agriculture and Fisheries Modernization Plan (AFMP) to develop the entire sector, which reinforces DA's position vis-à-vis the LGUs. Thus, although the legal framework has established the mandates of the different levels of government, there seems to remain some overlap and unclear separation of functions.

9. To enable the LGUs to carry out their new functions, a substantial number of DA activities, personnel and facilities were devolved to the LGUs. As a result, the DA no longer maintains provincial and municipal offices, except for the Bureau of Fisheries and Aquatic Resources (BFAR), which had been transformed into a line bureau under the 1998 Fisheries Code. BFAR maintains regional, provincial and municipal offices. A total of 14 regional offices, 7 bureaus, 12 agencies, and 10 corporations are attached to the DA's Central Office (CO) (see Annex Table 7). The workforce totalled 35,000 in 2005, reduced from the 52,500 before devolution.¹

¹ Compare GTZ 2005.

10. DA and its bureaus, agencies and corporations are organized along 10 different services, representing a mix of commodity and function focused structure. These services represent the basis for budget allocations under OPIF.² Priority commodities include rice, corn, coconut and other high value crops, fisheries, and livestock. Support programs for these commodities are nationally funded but implemented by LGUs, as DA does not maintain provincial or municipal offices anymore. Its local representation stops at the regional level, at the so called Regional Field Units (RFUs). Although RFUs and their attached agencies can deliver extension services, lack of funds and staff poses considerable limits to fulfil this mandate. The devolved staff to LGUs can often not replace the services offered by DA prior to devolution because of lack of funds on the side of the LGUs.

11. There exists no direct operational link between the RFUs and the Office of the Provincial Agriculturist (OPA) or the Municipal Agriculture Officer (MAO), as the latter are under the respective Local Chief Executive (LCE). The devolution has interrupted the administrative "chain of command in the agricultural services delivery".³ As the DA is only represented at the regional level, it faces difficulties to fulfil its mandate to coordinate among regional, provincial and municipal units. The existing linkages between the levels of government are based on informal contacts and on initiatives of individuals. In addition, the LGUs themselves lack a clear formulation of rural development (RD) related programs and projects. There exists no administrative link between the OPA and the MAO. Given this institutional and programming weakness, most LGUs still depend on project-based funding from the national government.

12. Earlier reports indicated that there is some overlap within DA's different offices.⁴ Gaps in service delivery seem to be also related to non-performance of mandated functions. Besides inherent budget limitations, this might concern:

- Lack of clear understanding of the provisions of the LGC relating to mandates and responsibilities regarding the shift in DA's orientation from being a direct provider of support services to an indirect supporter to enhancing LGU personnel technical capabilities;
- Continuing high dependency of LGU's on DA for agricultural development and services;
- Political considerations constrain funding allocations of LGUs and NGAs.

13. Another issue concerns the incongruence of DA's emphasis on implementing major commodity national programs (rice, corn, livestock and high value commercial crops) vs. the RFU's role of enhancing LGU capability in delivering support services to farmers and fisherfolks. Many LGUs cannot deliver extension services as mandated in the LGC. DA's capacity to support LGUs remains so far limited.

² Production Services, Market Development Services, Credit Facilitation Services, Irrigation Development Services, Other Infrastructure & Post Harvest Service, Extension Support, Education & Training Service, Research and Development Service, Regulatory Service, Information Data Base System, Policy, Planning and Advocacy Services.

³ Compare Ang 2007.

⁴ This section draws on GTZ 2005, page 27.

2.1.2 Department of Agrarian Reform (DAR)

14. DAR's mandate is to implement the Comprehensive Agrarian Reform Program (CARP) to promote social justice and development. This includes interventions in sustainable agriculture, rural infrastructure, rural industrialization, investment and marketing assistance, credit assistance and community-based resource management.

15. A large part of its program consists of delivering basic support services to agrarian reform beneficiaries (ARBs) and Agrarian Reform Communities (ARCs), such as institution building, agriculture extension services and infrastructure facilities. Coordination with DA in the delivery of services remains limited. Agriculture technical support is usually delivered together with LGUs (via the municipal agriculturists) or private groups and NGOs.

16. DAR distributed most of the private and some public lands under CARP, while the DENR was responsible for the distribution of mostly public forest lands. Out of 11.28 million hectares existing agricultural lands (private or public) at the beginning of CARP in 1986, 8.064 million hectares were included in CARP in 1996. In 2005, 5.9 million hectares of land were distributed (see Table 1). More than 4 million household benefited from CARP (as of 2000).

Table 1 CARP's Land Distribution Accomplishment (1972-2005)

<i>Total Land Distribution under DAR</i>	<i>HA</i>
Private Lands	2,036,201
Government Owned Lands	1,530,790
Subtotal	3,566,991
<i>Total Land Distribution under DENR</i>	
Alienable and Disposable	1,295,559
Community Based Forest Management	1,042,088
Subtotal	2,337,647
Total Land Area Distributed	5,904,638
Total Land Area Included in CARP	8,064,000
Balance	2,159,362

Source: Borras 2008, page 11.

17. DAR has 7 services in its Central Office, 5 bureaus, 15 regional offices as well as 78 provincial offices (DAR Provincial Agrarian Reform Offices). Furthermore, it maintains 1,432 Municipal Agrarian Reform Offices in key municipalities and cities throughout the country adding to a total of 16,813 employees as of 2004 (see Annex Figure 3 and Table 8).

18. The main programmatic areas of DAR were reformulated during ADB's RETA 6096 "Supporting the Sector Approach and Results-Based Management in ADB Operations" from five major interventions to only three, which reflect their Major Final Outputs (MFO) under OPIF:

MFO 1 - Land Tenure Improvement Services

- Land Acquisition and Distribution;
- Leasehold Services;

- Other Land Tenure Improvement Services including physical transfer of land ownership and improvement of land utilization and productivity.

MFO 2 - Agrarian Justice Delivery (AJD)

- Adjudication of Agrarian Cases
- Agrarian Legal Services

MFO3 - Support Services Delivery (SSD)

- Social Infrastructure & Capability Building Services (SICBS) : supporting organizational and resource management, social enterprise operations, linking and alliance building;
- Sustainable Agribusiness & Rural Enterprises Development (SARED): providing ARCs access to capital, appropriate technology information, physical infrastructures and markets
- Access Facilitation & Access Enhancement Services: establishment of community-based social services systems, such as primary health care, water supply, disaster management, etc.

19. Compared to DENR and DA, DAR has the farthest outreach to the communities as it is not a devolved agency. Its provincial and municipal offices provide a direct link to the beneficiaries and enable the department to implement its programs independently of other actors, although DAR coordinates its interventions with LGUs and other line agencies wherever feasible and wanted.

2.1.3 Department of Environment and Natural Resources (DENR)

20. DENR's mandate is to manage and protect the country's environmental resources in a sustainable manner. It combines regulatory power over natural resources and land with the requirement to intervene, protect and promote the environmental resources of the Philippines. The department consists of a variety of offices and attached agencies.

21. The Office of the Secretary (OSEC) is the largest entity and retrieves the bulk of the budget. Under the OSEC, four staff bureaus operate, namely the Protected Areas and Wildlife Bureau (PAWB), the Forest Management Bureau (FMB), the Land Management Bureau (LMB), and the Ecosystems Research and Development Bureau (ERDB). At the local level, 170 Provincial and Community Environment and Natural Resources Offices (P/CENRO) are operating nationwide. As of 2004, the DENR employed 22,127 workers (Annex Figure 2 and Table 9).

22. Two bureaus and one agency are attached: the Environmental Management Bureau (EMB), the Mines and Geosciences Bureau (MGB), and the National Mapping and Resource Information Agency (NAMRIA). These three entities together with OSEC are currently included in DBM's Organizational Performance Indicator Framework (OPIF).

23. Additional agencies attached are the Laguna Lake Development Authority (LLDA), the National Water Resources Board (NWRB), the Natural Resources Development Corporation (NRDC), and the Natural Resources Mining Development Corporation (NRMDC).

24. DENR is partly devolved but still maintains offices at the regional (Regional Office), provincial (Provincial Environment and Natural Resources Office – PENRO) and municipal level (Community Environment and Natural Resources Office – CENRO). The LGUs also maintain

environment offices, such as the Provincial ENRO in the case of the provinces or the MENRO (Municipal Environment and Natural Resources Office) in the municipalities. Both structures mostly work parallel, although coordination arises due to personal contacts or because offices are located at the same compound or building.

25. Yet, despite 18 years of decentralization and government reform, the devolution of DENR functions to LGUs remains limited. Devolved functions primarily involve functions, which are underfunded, costly for DENR to carry out or minor to DENR's authority.⁵ Devolved functions include, among others, the supervision of communal watersheds and forests, the supervision of community-based forestry projects, the regulation of the environmental impact of SMEs, and the regulation of fishing in municipal or provincial waters. The whole area of community forestry regulation, for instance, still remains under DENR's regulatory power. Thus, the devolved functions are the least essential functions, which do not cover core tasks such as environmental impact assessments or the regulation of forests and large-scale mining.

26. In summary, it seems that the Philippine rural development sector is shaped by a functional and organizational fragmentation. As can be seen in the organizational chart (Annex Figure 2), the three rural development agencies are divided into a multitude of attached agencies and departments. Although their functions and mandates are defined by law, there is functional overlap in a variety of areas. The coordination of all these bodies with the LGUs has been established by law but lacks flesh and bone due to capacity constraints on both the national government and local government side. The introduction of new or improvement of existing results orientation systems in planning and budgeting has to take this weakness into account.

2.2 Budget Allocation and Expenditures of DA, DAR, DENR

27. The devolution of functions and personnel of the Department of Agriculture resulted in drastic budget cuts in the 1990s. Yet, the implementation of major commodity support programs continued to preoccupy much of DA's operations and its fund allocation. The shift to the new paradigm as an indirect program service provider was missed. With the adoption of the AFMA and the establishment of an additional fund (Agriculture and Fisheries Modernization Program - AFMP), DA reversed the trend of decreasing budget allocations and has since 2006 slightly increased its share in the total GOP expenditures (Table 4). Most of the budget is administered by the OSEC at the central office where the decisions on their field allocations are also made.⁶

28. The budgets of DA and DAR consist of two major funds: the annual allocations by department and the allocations from special purpose funds. In 2009, DA receives 40.4 billion Pesos combining the two. 35.9 billion alone stem from the AFMP special purpose fund.⁷ The departmental budget allocation of DA accounts for only 3.8 billion Pesos (Table 2). In terms of distribution of expenses, most of the genuine budget funds of the DA in 2008 went into personnel services (2.5 billion). Capital outlay represented only 153 million.

⁵ Compare Ang 2007.

⁶ GTZ 2005, page 64.

⁷ DBM, General Appropriations Act, 2009.

Table 2 Annual Total Expenditures of Rural Development Agencies 2006-2009, Obligations Incurred (in Thousand Pesos)

Department	2009 (NEP)	2008 (Programmed)	2007 (Actual)	2006 (Actual)
DA	40,359,113	25,843,111	24,961,720	18,122,983
Department	3,822,163	3,387,087	3,385,948	3,372,574
AFMP	35,850,179	22,060,524	21,224,591	14,406,448
Support to GC's	686,771	395,500	351,181	343,961
DAR	16,147,207	13,105,883	11,371,599	10,251,414
Department	10,978,600	2,482,086	11,371,599	10,251,414
Agrarian Reform Fund	-	8,919,202	-	-
AFMP	5,168,607	1,704,595	-	-
Support to GC's	-	-	-	-
DENR	12,478,367	8,491,296	7,930,281	7,761,882
Department	12,478,367	8,491,296	7,930,281	7,761,882
Support to GC's	-	-	-	-
TOTAL	68,984,687	47,440,290	44,263,600	36,136,279

Source: DBM, BESF Tables for FY 2008 and 2009

29. Investments are mostly financed out of the AFMP special purpose fund. This fund accounted for 23.3 billion in 2008. 20.5 billion were allocated to DA. 16.4 billion went into capital outlay and 6.8 billion into maintenance costs.⁸ In 2009, the AFMP will allocate 42.4 billion Pesos in total. 35.9 billion Pesos will be allocated to DA, 5.2 billion to DAR, 686.7 million will go to DA government corporations (PCA, PhilRice, PCIP), another 700 million Pesos will be transferred to the LGUs. Capital outlay will account for 24.1 billion.

30. The regional distribution of AFMP fund allocation is fairly unequal. Unfortunately, the DBM data does not differentiate between different departments. It only provides the regional distribution of the entire funds of the AFMP. The DA received the largest share (20.2 billion out of 23.6 billion). Out of the 23.6 billion, 16.4 billion went to the central offices of DA and DAR (69.4 percent of total AFMP).⁹ 6.2 billion were allocated nation wide without specification of the receiving unit (26.6 percent). Only the remaining small share of 948 million (4 percent) was allocated to DA and DAR regional offices directly. Most of the regional offices received between 25 and 50 million Pesos out of the AFMP each with the exception of Region XII, which received 534 million Pesos (all 2008).

31. With the establishment of the Organizational Performance Indicator Framework (OPIF), DBM aimed at rationalizing the allocation of expenditures to all government agencies and

⁸ DBM, General Appropriations Act 2008. XXXVI Agriculture and Fisheries Modernization Program.

⁹ DBM, General Appropriations Act. BESF Table B.8 Regional Allocation of the Expenditure Program, By Department/Special Purpose Fund, CY 2008.

attached bodies. As Table 3 shows, all the expenses of the departments are allocated under the framework. The OPIF book of outputs provides for a detailed listing of inputs, outputs and goals.

32. The OPIF FY 2009 allocates 39.7 billion Pesos to the DA, with 55.5 percent allocated to OSEC, 31.6 percent allocated to National Irrigation Administration (NIA), 6 percent to the Bureau of Fisheries and Aquatic Resources (BFAR), 3.4 percent to National Agricultural and Fishery Council (NAFC), 1.7 percent to Philippine Carabao Center (PCC), while another 7 attached agencies and bureaus share in the remaining funds. Again, the Office of the Secretary disposes of more than half of the allocated funds.

Table 3 Expenditure Allocation under OPIF, 2006 – 2009 (in Thousand Pesos)

<i>Department</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>
Department of Agriculture	39,672,342	25,447,611	24,610,539
Department of Agrarian Reform	16,147,207	12,518,868	15,888,645
Department of Environment and Natural Resources	11,841,788	6,288,339	6,033,763
Total	67,663,346	44,256,826	46,534,954

Source: DBM, OPIF FY 2009

33. The OPIF book 2008 has specified indicators of the attached agencies. It can be assumed that they remain valid for the OPIF 2009, as no new indicators were specified. The OPIF does also not differentiate expenditures according to staff bureaus. No statement can be therefore made about which of the bureaus receives the largest budget. Some of the attached agencies are not mentioned in OPIF. It remains unclear on what basis their expenditure allocation is made (see also Table 7).

34. With 2.5 billion Pesos departmental allocations, the budget of the Department of Agrarian Reform has the smallest budget of the three agencies (2008). However, DAR receives additional funds from the AFMP as well as the Agrarian Reform Fund amounting to 10.6 billion Pesos in 2008. Of the department budget, 2 billion went into personnel, 343 million went into maintenance, and 21 million into capital outlay. In terms of central-regional distribution, DAR shows a more balanced pattern due to its devolved structure. Of the 2.5 billion Pesos budget, merely 291 million (12.2 percent) were allocated to the Central Office, while 510 million (21.5 percent) were spent nationwide. The remaining funds (66.3 percent) were directly allocated to the regional offices (2008).¹⁰ Compared to DA, DAR did not significantly increase its share of total national government expenditure between 2006 and 2009 (Table 4).

35. In terms of expense class, DAR spent 2 billion out of its general budget of 2.5 billion on personnel (84.7 percent). Investments were mainly financed with the help of the Agrarian Reform Fund.¹¹

¹⁰ DBM, General Appropriations Act. Table B.8 Regional Allocation of the Expenditure Program, By Department/Special Purpose Fund, CY 2008.

¹¹ DBM, General Appropriations Act. BESF Table B.10 Expenditure Program, By Department/Special Purpose Fund, By General Expense Class, CY 2008.

36. The budget of the DENR increased by 62 per cent between 2006 and 2009. Also its share of total national government expenditure increased slightly (Table 4). Yet, the DENR's share of total public investment has declined at least between 2001 and 2005 despite increasing demand to its mandate. Its budget appropriations declined by almost 30 percent between 2001 and 2005 from 4.79 billion Pesos to 3.93 billion Pesos (in constant 2000 prices).¹²

Table 4 Expenditures of Rural Development Agencies as Share of GOP Total Expenditures, Obligations Incurred / Total National Government Expenditures (in Percent)

<i>Department</i>	<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2006</i>
Department of Agriculture	2.9	2.1	2.2	1.7
Department of Agrarian Reform	1.1	1.1	1.0	1.0
Department of Environment and Natural Resources	0.9	0.7	0.7	0.7

Source: DBM, BESF Tables for FY 2008 and 2009

37. Of the 8.5 billion Pesos allocated to DENR in 2008, 3.4 billion went to the Central Office (41 percent). The remaining 59 percent were directly allocated to the regional offices. In terms of expense class, 4.3 billion were spent on personnel (51.7 percent), 2.7 billion on maintenance and operating expenses (32 percent), and 1.3 billion on capital outlay (16.2 percent).¹³

38. Based on the above presented data, the following conclusions can be drawn. First, all three agencies spend a large share of their budget on personnel. DA and DAR can make use of special purpose funds to finance investments. DENR mostly depends on foreign assistance to increase its capital outlay. Second, DAR as the agency with the farthest outreach to the clients at the local level shows also lesser budget concentration in the central office compared to DA and DENR. Third, the overall share of the rural development agencies in the GOP expenses remains small given the importance of agriculture and natural resources for the Philippine GDP and for the livelihood of its people.

3 Initiatives on Results Based Planning and Budgeting in the Philippines since the 1990s

3.1 Current RBM Framework

39. Key initiatives in results based planning and budgeting have been undertaken by DBM and NEDA since the 1990s. NEDA as the lead planning agency has promoted a sector planning perspective in the Philippines as reflected in the Medium-Term Philippine Development Plan (MTPDP). It has spearheaded a variety of donor-funded projects to introduce results orientation, planning and budgeting based on a sector approach, such as rural development. DBM, on the other hand, is more concerned with the rationalization of budget management and expenditures of individual government agencies and departments. With the help of several donors, it has

¹² Compare GTZ 2006.

¹³ Based on figures in: DBM, General Appropriations Act. BESF Table B.10 Expenditure Program, By Department/Special Purpose Fund, By General Expense Class, CY 2008.

successfully introduced the OPIF system and is currently attempting to improve the system especially with regard to a more performance based measurement of agency specific outputs.

40. A variety of donors have supported the initiatives and projects by NEDA and DBM to tackle the issue of results based management and managing for development results in the Philippines. At least 16 different projects have been contributing directly to reforms in public financial management and/or results based management since 1996 (Table 6). These initiatives have over the years helped develop a wide range of different RBM systems or instruments to translate national sector priorities and planning into budgeting and expenditures. 12 main RBM systems or instruments exist today at the national level and are used by the oversight agencies to structure the overall planning and budgeting framework (Table 5).

41. One of the major steps represented a reform of public expenditure management. Three main components were introduced:

- The Medium Term Expenditure Framework (MTEF);
- The Efficiency and Effectiveness Review (EER) (formerly called Sector Efficiency and Effectiveness Review SEER);
- The Organizational Performance Indicator Framework (OPIF).

42. The GOP introduced the MTEF and the OPIF in the FY 2000. The MTEF is a three-year rolling expenditure framework, which provides support to budget formulation by linking the investment programming process with the annual budget call. This multiyear budgeting includes forward estimates of expenditures to complement the medium-term revenue estimate and top-down choices of spending priorities. This is based on medium-term sector goals derived from the MTPDP and the Medium-Term Public Investment Program (MTPIP). The MTEF aims at achieving aggregate fiscal discipline, strategic allocation of limited resources, and operational efficiency at the department or agency level (Annex Figure 1).

43. The EER of programs and projects is conducted as part of the MTEF. It is intended to update the rolling MTPIP and to generate program and project level information for the DBM Technical Budget Hearings and Congressional budget reviews to tests the consistency of proposals with sector priorities. The EER became a mandatory instrument for the Executive as prescribed by Executive Order 391 of 2004. It allows for prioritization of expenditures and corresponding budgeting at the sector, regional or agency level and is supposed to increase transparency and accountability in public expenditure management.

44. The OPIF expenditure management approach directs resources towards results or Major Final Outputs (MFOs). The OPIF consists of three elements: the department or agency log frames, the OPIF budget, and the MFO indicators. MFOs measure agency performance according to certain key quality and quantity indicators. The OPIF establishes a result-oriented framework with corresponding budgets and indicators to achieve sector and societal goals as defined in MTPDP and MTPIP.

45. The following RBM instruments are also related to expenditure management:

- Medium Term Fiscal Program (MTFP);
- Program/Activity/Project (PAP) formulation;
- Agency Performance Review (APR).

46. The MTFP is an integral part of the MTPDP and the budget process and contains fiscal deficit reduction targets. The MTFP had a key influence over the budget process for the MTPDP 2004-2010. The APR is an instrument used by DBM to review the performance of departments and agencies. The formulation of PAPs is also part of the budget process and translates mandates and functions into specific programs, activities. In the OPIF log frame, PAPs are classified as components of the MFOs.

Table 5 Currently Applied RBM Instruments

<i>Instrument</i>	<i>Executing Agency</i>
1. Medium Term Philippine Development Plan (MTPDP)	NEDA
2. Strategy Planning Matrices (SPM)	NEDA
3. Medium Term Public Investment Program (MTPIP)	NEDA
4. Medium Term Expenditure Framework (MTEF)	NEDA, DBM
5. Medium Term Fiscal Program (MTFP)	DBM
6. Efficiency and Effectiveness Review (EER)	DBM
7. Organizational Performance Indicator Framework (OPIF)	DBM
8. Agency Performance Review (APR)	DBM
9. Socio-Economic Report (SER)	NEDA
10. Official Development Assistance (ODA) Performance Review	NEDA
11. Program/Activity/Project (PAP) formulation	All agencies covered by OPIF
12. Regional Project Monitoring and Evaluation System (RPMES)	NEDA

Source: own compilation

47. With regard to sector planning and monitoring, the following RBM instruments are of importance:

- Strategy Planning Matrices (SPM);
- Socio-Economic Report (SER).

48. The SPMs are prepared by NEDA during the updating of the MTPDP and contain sector goals, outcomes, and indicators with a medium-term perspective over the respective planning period. The SPMs translate sector goals developed in the MTPDP into measurable targets and outputs for implementation. Each chapter of the MTPDP has a corresponding chapter on SPMs and they include all agencies with a mandate in the respective sector. The Socio Economic Report (SER) summarizes and monitors the government's achievements during each year to meet the goals and targets set in the MTPDP. It also spells out the outlook and policy directions for the following year. The last SER was published in 2006.

49. The SPMs, like the MTPIP, are not operationalized by the agencies and there exists an apparent disconnect between these and the budget. The SPM covers over 200 parameters, which are difficult to measure. The SER has not been able to monitor the achievements of these.

50. As far as LGU monitoring is concerned, there exist five commonly used instruments:¹⁴

- (1) Local Productivity and Performance Measurement System (LPPMS) – self assessment of LGU performance by measuring multisectoral impact and presence/number of services, facilities, projects, plans, programs and policies, as well as good governance and administration.
- (2) Local Governance Performance Management System (LGPMS) – self assessment of LGU performance by measuring multisectoral impact and effectiveness/quality of services, facilities, projects, plans, programs and policies with emphasis on good governance and administration (including people participation, equity, service orientation, and human capital).
- (3) Minimum Basic Needs Survey (MBN) – assessment of presence of basic services and facilities at the barangay level, and their impact to residents.
- (4) Integrated Rural Accessibility Program (ILO-IRAP) – assessment of accessibility of facilities and services, especially in the primary industry.
- (5) Population Development (POPDEV) Indicators – assessment socioeconomic characteristics based on demographic information;

51. The LGPMS is the most encompassing system and is administered by DILG with the assistance of donors and other organizations, such as the CIDA (through Local Government Support Program - LGSP), ADB, UNDP, or the Leagues (Provinces, Cities, Municipalities). The LGPMS has been piloted since 2004 in 110 selected LGUs nationwide and was launched in 2005. It is a LGU management system, which enables LGUs to monitor and assess their state of governance (in terms of assessing performance and productivity) and development (in terms of measuring the outcome or progress in the locality). The LGPMS has five performance areas, which are covered by a variety of indicators: Governance, Administration, Social Services Economic Development, and Environmental Management.

3.2 Implementation Status of Existing RBM Instruments

52. As Table 5 shows, there exist at least 12 different instruments or systems used in the planning and budgeting process by the oversight agencies and respective government departments. AusAID under its PEGR program has provided a detailed description and evaluation of the first 11 instruments.¹⁵ This program worked very closely with NEDA and DBM to strengthen the existing planning and budgeting systems, including the implementation of results based budgeting under the OPIF. At the local level, at least five systems are commonly used by LGUs, although with differing quality and quantity.

53. Three donors supported the implementation of OPIF (World Bank, ADB, AusAID), although with different approaches, for example in methods used for the formulation of the log frames. Since 2000, OPIF has been gradually integrated into DBM's budget allocation process. Yet, the PEGR final report states, that OPIF implementation can only be maintained, if the

¹⁴ This section draws on ADB 2006c.

¹⁵ Compare AusAID 2006b.

control of DBM over inputs will be step by step loosened, while the internal performance management and financial performance monitoring at the department level is strengthened. This could, for instance, involve allowing agencies to move funds between personnel services and maintenance and other operating expenditures (MOOE) between PAPs within the same MFO. This would transfer more responsibility to the line agencies, provide more flexibility, and increase their support of OPIF.¹⁶

54. Although the system is in place, "much remains to be done to transform OPIF into Results Based Budgeting and Performance Management."¹⁷ This includes continued reforms of the Medium-Term Expenditure Framework, the improvement of the link between the Medium-Term Public Investment Program and the budget, more effective budget execution, and the improvement and integration of IT systems (especially the Budget Preparation and Management System - BPMS).

55. In 2007, OPIF covered only 20 agencies and departments. In its third year of complete roll-out in 2009, OPIF included all 63 departments and government agencies. One of the suggestions of PEGR was to develop success indicators at the outcome level, as DBM provided only indicators for outputs (MFOs). This is not achieved yet.

56. In addition to the introduction of OPIF, the Medium-Term Expenditure Framework (MTEF) was introduced in the 2007 budget. Linking the MTPDP and MTPIP to budgeting, this represented a major step towards an improvement of budget allocation. MTEF and OPIF are closely connected and reinforcing each other. OPIF can only be successful if the MTEF is implemented properly and vice versa. If the MTEF cannot provide for reliable estimates, departments will face unpredictable funding and will have difficulties in adopting a results based budgeting approach. The OPIF, ensures that strategic priorities and sector goals are reflected in budgets and log frames and can be monitored and evaluated.

57. Although the introduction of the MTEF has improved the link between planning and budgeting, one of the major challenges ahead represents the reconciliation of NEDA's sector planning approach with the department-oriented OPIF in both format and content. This touches also on the issue of how the Strategy Planning Matrices can be linked closer to the OPIF and on how the budget can be transformed into a rolling budget with regular reviews. To this end, the full computerization and interconnectivity of internal NEDA and DBM operating systems was suggested by AusAID.¹⁸

58. Several projects attempted to tackle this issue of a lack of integration of the two systems. One of them was the Plan Performance Monitoring Indicators System (PPMIS) Project of the World Bank, which specifically looked into rural development. The outcome of the PPMIS project will be reviewed in the next chapter.

59. ADB's TA Supporting the Sector Approach and Results Based Management in ADB Operations (RETA 6096) suggested introducing an integrated performance management

¹⁶ AusAID2006a.

¹⁷ AusAID2006a, page 7.

¹⁸ AusAID. 2006c. Reform Agenda 001 Phase 04. Audit of NEDA and DBM Operating Systems and Procedures Related to Plan-Budget Management. Prepared under Philippines-Australia Economic Governance Reform Project (PEGR), 10 May 2006.

framework. OPIF would stand at the center of a framework, in which agencies manage their log frames, performance indicators, and departmental planning on a performance basis. This would include annual reporting and individual performance agreements. A system for measuring performance on the individual level was developed by the Civil Service Commission (CSC) and piloted internally. A roll-out to other agencies was planned in 2007.¹⁹

3.3 Overview on Donor-Supported RBM Initiatives

3.3.1 Asian Development Bank-Funded Projects

60. In 1997, ADB supported the introduction of a Project Performance Management System (PPMS) in NEDA, DA and Department of Health (DoH) (TA2782-PHI). The PPMS was field tested in three regions of the Women's Health and Safe Motherhood Project of DoH and in three provinces of the Cordillera Highlands Agricultural Resources Management Project of DA. Several issues affected the success, such as lack of project coordination within the implementing agencies, poor compliance with project reporting requirements, lacking integration of PPMS indicators and results monitoring in NEDA's regional project M&E system, no enforcement power for compliance with reporting requirements, perception of monitoring and evaluation (M&E) as a fault finding process, just to name a few.²⁰

61. In working together with the World Bank's initiative to introduce results oriented monitoring and evaluation (RME) some useful results were achieved to prepare the ground for the introduction of a national RME system. The TA helped raise awareness among GOP officials of the merits of results based M&E of projects. PPMS together with the World Bank assistance established a mechanism to integrate RME in the project development cycle.

62. The results were taken up by the TA Strengthening Results Monitoring and Evaluation (TA3308-PHI) in 1999. This project aimed at introducing a more cost-effective and responsive RME system built upon existing M&E systems, particularly the ODA Review and the Regional Project Monitoring and Evaluation System (RPMES).²¹ The RPMS is mostly conducted by NEDA's regional offices to monitor ODA-funded projects. Also this TA encountered considerable difficulties, especially on the political front. The inception report notes, that the TA team only met "...once with one of two NEDA Director Generals under two administrations. This meant that while outputs were largely delivered ... the degree of commitment at top level to use the RME output in decision making remains uncertain".²²

¹⁹ ADB. 2006b. Technical Assistance for Supporting the Sector Approach and Results-Based Management in ADB Operations (RETA 6096). Towards an Integrated Performance Measurement Framework. Final Report. April 2006.

²⁰ ADB. 1999. Technical Assistance Completion Report. IN.320-99, 17 December 1999. Technical Assistance to the Philippines for the Pilot Implementation of the Project Performance Management System (TA2782-PHI), Asian Development Bank.

²¹ The RPMES was established by Executive Order No. 376 November 2, 1989, Establishing the Regional Project Monitoring and Evaluation System (RPMES).

²² ADB. 2003. Technical Assistance Completion Report. IN.24-03, 10 February 2003. Technical Assistance to the Republic of the Philippines for Strengthening Results Monitoring and Evaluation (Philippines) (TA3308-PHI), Asian Development Bank.

63. Around the same time, ADB supported the DA in capacity building to review its organization, role and functions with regard to the LGC, to strengthen policy analysis, formulation and advocacy capacity as well as to improve participatory processes in project planning, implementation, monitoring, and evaluation, among others (TA 2733).²³ The main output was to introduce changes in institutional practices in DA and LGUs to facilitate participatory processes in planning, project implementation and M&E. Although the TA was considered to be a success as it introduced a methodology for participatory processes, the DA was not enabled to fully adapt both organizationally and in terms of interventions to the new roles and functions the LGC requires, especially with regard to support to LGUs.

64. In 2003, ADB started a Regional TA Supporting the Sector Approach and Results Based Management in ADB Operations (TA 6096-REG). This TA has supported China, the Philippines and Sri Lanka to initiate sector-wide approaches and adopt results based methodologies to enable government agencies to take leadership in their respective sector. In the Philippines, two readiness assessments were conducted (DBM, DSWD) for the implementation of OPIF. A main output was the preparation of the OPIF indicators for DA, DENR, DAR, DFA and DILG. The support to OPIF was continued under TA Harmonization, Alignment and Managing for Results (TA 4686).

65. This TA preceded TA 7190 focusing on a similar agenda. It assisted the Philippines Harmonization Program under the leadership of the Harmonization Committee (HC), chaired by DOF with NEDA as co-chair. It also aimed at the preparation of an integrated harmonization framework including monitoring framework and action plan, improvements in the procurement and public financial management for synchronization with donors' system and processes, deepening results orientation of the bureaucracy, and assistance in social safeguard issues (i.e. environmental assessment). This contributed, among others, to the roll-out of the OPIF system to 20 different government agencies in 2007.

Table 6 Overview on Donor-Funded Projects in Results Based Management

<i>Project</i>	<i>Partner Agency</i>	<i>Donor</i>	<i>Period</i>
1. Technical Assistance to the Republic of the Philippines for the Pilot Implementation of the Project Performance Management System (TA2782-PHI)	NEDA	ADB	1997-1999
2. Institutional Capacity Building for Policy Formulation, Planning, Monitoring and Evaluation for the Agriculture Sector (TA-2733 PHI)	DA	ADB	1997-1998
3. Technical Assistance to the Republic of the Philippines for Strengthening Results Monitoring and Evaluation (Philippines) (TA3308-PHI)	NEDA	ADB	1999-2002
4. Supporting the Sector Approach and Results-Based Management in ADB Operations (TA 6096-	DBM	ADB	2003-2007

²³ ADB. 2000. Technical Assistance Completion Report. IN.111-00, 26 May 2000. Institutional Capacity Building for Policy Formulation, Planning, Monitoring and Evaluation for the Agriculture Sector (TA-2733-PHI), Asian Development Bank.

REG)			
5. Technical Assistance Republic of the Philippines: Harmonization and Managing for Results (TA4686-PHI)	Harmonization Committee (DoF, NEDA, DBM, CoA), DENR	ADB	2005-2007
6. Technical Assistance Republic of the Philippines: Harmonization and Development Effectiveness (TA7190-PHI)	Harmonization Committee (DoF, NEDA, DBM, CoA), DENR, DA, DAR	ADB	2009-2011
7. Philippines-Australia Partnership for Economic Governance Reforms (PEGR) RA001 Phase 1: Coordination and Harmonisation of Plan Budget Management and Organisational Change RA001 and RA002 Phase 2: Establishing a Performance-Based/Output Oriented Culture in Fiscal Management, Phase 2: Consolidating and Embedding Current Reforms in Fiscal Management RA002-05 Institutionalizing a Performance/Outcome Oriented Culture in the Department of Budget and Management (DBM) and Government Departments and Further Strengthening the Capacity of DBM to Embed and Operationalize the Organizational Performance Indicator Framework (OPIF)	DoF, DBM, NEDA, various line agencies	AusAID	Phase 1 1999 - 2003 (A\$23m) Phase 2 2005-2010 (A\$30m) Total: US\$ 33.5 million
8. Advisory Support to National Economic and Development Authority (NEDA)	NEDA	GTZ	1996-2003
9. Support to Agrarian Reform and Rural Development (SARRD)	DAR	GTZ	2002-2005
10. Advisory Support to the Environmental Sector	DENR	GTZ	2004-2005
11. Environment and Rural Development Program (EnRD)	DA, DAR, DENR	GTZ	2005-2012
12. Strengthening the Capacity of the Philippine Harmonization Committee (PHC) in Planning, Managing and Implementing the Philippine Harmonization Program (PHP)	DoF	KfW	Phase 1 ended
13. Capacity Building for Development Assistance Results Monitoring (CBDARM)	NEDA	World Bank	1997-1998
14. Capability Building for the Operationalization of a Plan Performance Monitoring Indicator System (PPMIS) for the Agriculture, Agrarian Reform and Natural Resource (AARNR) Sector (CapB RD/NRM PPMIS Project).	NEDA, DA, DAR, DENR	World Bank	Ended 2003
15. Results Monitoring and Evaluation System (RMES) Project	DA	World Bank	Ongoing
16. Local Government Support Program (LGSP)	DILG, LGUs, Leagues	CIDA	2006-2015 Total: US\$ 14.3 million

3.3.2 AusAID-Funded Projects

66. Since 2005, AusAID has been implementing the Philippines-Australia Partnership for Economic Governance Reforms (PEGR). This has been one of the most encompassing programs in the area of public financial management and results oriented planning, budgeting and monitoring, given its considerable resources spent (US\$33.5 million over 10 years). A variety of individual projects were funded by the PEGR facility, which focused on almost all of the existing RBM systems within the Philippine administration as displayed in Table 5.

67. One of the main focuses of PEGR was on DBM's OPIF system and the promotion of a performance-based budgeting system. It was intended for DBM to devolve its responsibilities to line agencies, shifting its control over inputs to control over outputs. It was hoped that this would increase line agencies' operational efficiency and improve performance management. Under reform agenda RA001 phase 1, the program worked on the strategic link between planning and budgeting. In RA001 and RA 002 phase 1 and 2, the project aimed at strengthening the link between the Medium Term Expenditure Framework (MTEF) of NEDA and the Organizational Performance Indicator Framework (OPIF) of DBM. The needed harmonization of the MTEF and OPIF system in relation to plan-budget management was recommended under PEGR but not resolved. It became also apparent, that monitoring and evaluation of line agencies was fragmented and that there were significant overlaps among the oversight agencies and their various systems. Especially NEDA's involvement as an oversight in the OPIF implementation was and is weak.²⁴

68. AusAID assisted DBM first in a limited roll-out of OPIF in 2000. Under RA002 phase 3, OPIF was eventually rolled-out to a majority of government institutions including the State Universities and Colleges and the Fiscal Autonomous Agencies (e.g. legislature) in 2009. The following gaps were identified under phase 3:²⁵

- The quality of OPIF log frames needs to be improved, particularly the articulation of MFOs and performance indicators (PI);
- Performance indicators need to be incorporated to facilitate budget tracking and decision-making concerning the budget;
- Conflict between the PAP and OPIF approach: PAPs tend to focus on individual processes and outputs, while OPIF focuses on the group of activities to produce MFOs linked to agency and sector outcomes. This created difficulties in costing MFOs as a number of budget appropriations items contribute to one or more MFOs. PAPs should improve their links to the MFOs. A "clean up" of current appropriations to remove inconsistencies and misclassifications will be necessary.
- DBM's budget reporting, monitoring and evaluation framework has to be modified to make it consistent with OPIF. A framework should be developed for the analysis of OPIF performance information for budget preparation of Congress.

It was recommended to tackle the following issue in the next phase of the program:

²⁴ AusAID 2006a and 2006b.

²⁵ AusAID 2008.

- (1) fully operationalize OPIF in all agencies government wide;
- (2) determine the cost allocation per MFO given existing PAPs through the restructuring of the PAPs; and
- (3) measure and rate agency budget performance and link results to updating the Forward Estimates by enhancing the budget reporting, monitoring and evaluation system.

69. These recommendations will be tackled by PEGR in a new attempt to translate OPIF MFO indicators into agency-specific performance monitoring systems and to improve reporting and monitoring and evaluation. To this end, PEGR has tendered a project on "Institutionalizing a Performance/Outcome Oriented Culture in the Department of Budget and Management (DBM) and Government Departments and Further Strengthening the Capacity of DBM to Embed and Operationalize the Organizational Performance Indicator Framework (OPIF)". This project will start in February 2009 for a period of 12 months.

70. It was determined, that the following government agencies besides DBM as oversight will participate in the roll-out of the PEGR supported interventions and reforms: DA, DENR, DBM, DoF-BIR/BOC, DEPED, DOH, DND, DILG, DOT, and DPWH. PEGR will not touch on the links between the MTEF and the OPIF, especially the translation of sectoral goals into agency-specific budgets and performance indicators. Thus, NEDA is not a project partner.

3.3.3 *World Bank-Funded Projects*

71. The World Bank started in 1997 to support the Philippines in RBM. One of the first initiatives was the Capacity Building for Development Assistance Results Monitoring (CBDARM) project, which aimed to strengthen the capacity of oversight and implementing agencies in monitoring and evaluating the impact of ODA-assisted projects.

72. This was followed by the Capability Building for the Operationalization of a Plan Performance Monitoring Indicator System (PPMIS) for the Agriculture, Agrarian Reform and Natural Resource (AARNR) Sector (CapB RD/NRM PPMIS Project), which ended in 2003. This project was specifically designed to establish an integrated monitoring system to provide information for the design of more effective interventions in the rural development sector. The PPMIS model was aimed to be used as an econometric model to derive sector outcomes and agency outputs from defined sectoral development goals based on a theoretical and conceptual framework for rural development in the Philippines. The model could be then used to translate sector outcomes and agency specific outputs into MFOs or to review specific MFOs and their compliance or consistency with sectors outcomes and agency outputs.

73. Hence, the model intended to translate the complexity of rural development into sectoral and agency specific interventions and budgets including the establishment of performance indicators. The final report (NEDA component) has provided an entire set of MFOs for the three RD agencies. The results of this exercise including the sectoral log frames still await an in-depth review especially in regards to their integration with the currently used OPIF MFOs. Thus, it seems that the model has not been pursued lately.

74. In 2007, the World Bank started the Results Monitoring and Evaluation System (RMES) Project, funded by its institutional development fund. This project intends to establish an IT based results monitoring and evaluation system in DA including a pilot-testing in region 6, 7, 10

and CAR. The project has already developed a multi-level results oriented M&E system for agriculture and pre-tested it in Iloilo City with participation of DA's regional field unit (RFU) as well as the office of the provincial agriculturist (OPA). The computerized M&E system became available in April 2008. The roll-out to the four mentioned regions is supposed to start in February 2009. No further information on the linkages to other mentioned initiatives and especially to GTZ's information sharing system (ISS) was available as of writing (see below).

3.3.4 Projects Supported by German Bilateral Development Assistance

75. Germany's support to public expenditure management and results based management started in 1996 with the project on Advisory Support to National Economic and Development Authority by GTZ. The project laid the ground for the introduction of the Medium Term Expenditure Framework and the Efficiency and Effectiveness Review (EER) providing for the link between planning and budgeting. The EER became mandatory in 2004.

76. In the following years, GTZ supported the improvement of service delivery of the RD agencies both at the local and the national level. This also included support to agrarian reform and to the PPBIM (planning, programming, budgeting, implementation, monitoring) system under the Support to Agrarian Reform and Rural Development (SARRD) project. RBM support was provided to DENR under the Advisory Support to the Environmental Sector Project between 2004 and 2005. This support was consolidated in the Environment and Rural Development (EnRD) Program of GTZ in 2005.

77. The EnRD Program has been supporting the introduction of a computer-based information sharing system (ISS) in the RD agencies including a roll-out to the regional level. This system establishes a common MFO database for DA, DAR and DENR and allows aggregation or breaking down of MFOs by PAPs and by location. This accelerates the planning, target setting and updating of accomplishments. It also allows planners of DA, DAR and DENR to systematically share information on MFOs. Hence, existing plans could be better harmonized to respond to local needs and provide more equitable distribution of support across geographical locations. The ISS was completed and accepted by RD agencies in 2007 and is fully functional, but has not been used and implemented by DENR and DA due to non-completion of data production into the system. Only DAR has started to roll out the system so far.

78. The EnRD program also introduced the Common Assessment Framework (CAF) to undertake self assessment of DENR's institutional capability based on European Foundation for Quality Management (EFQM) principles. Weaknesses and areas for improvement have been prioritized in a quality report in 2005 and were, to a certain extent, implemented with GTZ support, such as plan and budget harmonization in 2006 - 2007. GTZ also assisted DENR in formulating a Rationalization Framework Plan and corresponding proposals for rightsizing of the bureaucracy in 2007. The rationalization plan has been accepted by DENR senior management and will be implemented pending the approval by DBM. In 2007, GTZ introduced the competency-based assessment to complement the rationalization plan and prepare for its implementation. This instrument reviews and assesses the job competency profiles of each unit and serves as the basis for a new human resources placement and development system.

79. Since 2005, GTZ has also been supporting the Convergence Initiative of DA, DAR, DENR. This will be discussed in more detail below.

80. KfW has provided funding for a TA "Strengthening the Capacity of the Philippine Harmonization Committee (PHC) in Planning, Managing and Implementing the Philippine Harmonization Program (PHP)". This was mainly limited to provide some support to the PHC. DOF has prepared and submitted a proposal for a next funding phase to KfW. As of writing, the approval is still pending.

3.3.5 Canadian International Development Agency (CIDA)

81. The Canadian International Development Agency supported the development of local monitoring systems. Under its Local Government Support Program (LGSP), CIDA together with ADB, UNDP, the Philippine Leagues and DILG supported the introduction of the LGPMS. CIDA's program will run until 2015.

4 The Convergence Initiative (CI): A Rural Development Sector Approach

82. Sectoral planning in the Philippines dates back to the origins of the Medium-Term Philippine Development Plan prepared by NEDA. This document explicitly promotes a sectoral perspective reflected in the chapter structure. The convergence initiative is meant to help the RD agencies to conform to this idea of a sectoral approach and to undertake joint planning and budgeting. The MTPDP 2004-2010 contains chapters on agribusiness as well as environment and natural resources. Both topics represent key intervention areas for the three RD agencies. Nevertheless, the convergence initiative struggles to meet the expectations. Although designed to respond to sectoral goals, the initiative finds itself still in the process of defining its role and functions.

4.1 Conceptual and Legal Framework

83. The "Convergence Initiative Towards Rural Sustainable Development" of the three rural development agencies DA, DAR and DENR was established by virtue of the Joint Memorandum Circular (JMC) No. 1 Series of 1999.²⁶ The Steering Committee (SC) and the Technical Working Group (TWG) established by this JMC were to formulate a common development framework of the agencies to converge their programs and resources towards the objectives described in the Sustainable Rural Development (SRD) Framework. This JMC defined the Steering Committee as the political steering mechanism consisting of the secretaries and undersecretaries of the respective agencies. The members of the TWG are the assistant secretaries and their alternates.²⁷

84. The Sustainable Rural Development framework underlines two major causes of poverty: lack of food security along with low growth rates in the sector and the over-exploitation of the

²⁶ Joint Memorandum Circular No. 1 Series of 1999 "Creation of an Inter-Departmental Steering Committee and Technical Working Group for the Application and Monitoring of a Common Sustainable Rural Development (SRD) Framework", Malacanang, January 26, 1999.

²⁷ Assistant Sec. for Policy and Planning, DA; A.Sec. for Support Services, DAR; A.Sec. for Planning and Policy, DENR.

natural resource base in both uplands and coastal areas. It defines the government's "comprehensive approach to agriculture modernization and rural development" and proposes three broad reform areas:

- Policy reforms (trade, agrarian reform, rural credit, management of resources, etc.);
- Public investment (rural infrastructure, upland resource infrastructure);
- Institutional reforms (LGU capacity building, rationalizing roles of the RD agencies, etc.).

85. The SRD further outlines six specific intervention areas, on which the government and other stakeholders should focus their programs and activities:

- (1) Sourcing, development and effective dissemination of appropriate technology;
- (2) Market access, development and establishment of processing facilities;
- (3) Mobilizing financial resources (with the involvement of the Landbank of the Philippines, including ODA);
- (4) Upgrading people capabilities (with the involvement of Department of Science and Technology – DOST, Department of Trade and Industry – DTI, State Universities and Colleges - SUCs, Department of Public Works and Highways – DPWH, Technical Education and Skills Development Authority – TESDA, Department of Education – DepEd, Department of Labor and Employment - DOLE);
- (5) Re-aligning government and private commitments towards country side development (including Department of Interior and Local Government which is to ensure LGU collaboration);

This item provides for the core of the framework. It spells out the identification of "convergence zones", where the RD agencies shall converge in their interventions:

- DENR will focus on an ecosystems development strategy;
- DA will together with DOST concentrate on the technological productive aspects;
- DAR will ensure equity in land distribution and shall be at the forefront of social capital formation.

That means, DAR "champions the people issue, DA the economy issue and DENR the ecosystems issue".²⁸

- (6) Setting up mechanisms to ensure participation of major stakeholders (LGUs, civil society, NGOs, private business, academe).

86. The definition and establishment of convergence zones throughout the country was prescribed by the 1999 JMC. Criteria for these model sites were further elaborated in an Addendum to the JMC. The seven criteria are based on policy and technical considerations, such as the existence of a development-oriented local leadership or areas with special importance for ecosystems, agriculture or rural development. The Memorandum also provided

²⁸ Compare "Convergence Towards Sustainable Rural Development. A Shared Framework. DAR, DA, DENR."

for the establishment of an “Interface Mechanism” in SRD model sites to plan, implement, monitor and evaluate convergence activities and programs.²⁹

87. After a period of political changes and decreasing commitment on the part of the political leadership of the three departments, the initiative was revived in 2004, when newly elected President Arroyo issued the Ten-Point-Agenda. The Joint Memorandum Circular No. 1 Series of 2004³⁰ reconvened the TWG and the Steering Committee and extended the initiative from a convergence site approach to a nation wide coverage following the advice of the President. Yet, as the RD agencies were not able to mobilize any additional budget means for the implementation of this program, they decided to select focus areas within each province and to implement their convergence efforts within the regular budget. In 2004, GTZ's EnRD Program became a partner of the initiative mainly to provide trainings and assistance in RBM and quality management. At that time, the initiative was already seen as a vehicle to respond to the Ten-Point-Agenda, which meant to produce 2 out of the 10 million jobs targeted and to develop 1 million hectare of agribusiness land.

88. In 2005, the initiative started to identify those focus sites, which should then develop provincial action plans. At a national planning workshop conducted in Tagaytay in August 2005, the initiative revisited the work done so far and developed next steps. It became clear at the workshop, that the local initiatives did not implement any convergence projects so far, although some provinces started to develop local action plans.³¹

89. In the Joint Memorandum Circular No.1 of 2006, the initiative became officially tasked to develop 2 million ha of land for agribusiness including coastal zones and land for aquaculture (until 2010).³² The JMC also adopted a guide for implementation and created the National Steering Committee (NSC), composed of the secretaries, and the National Convergence Technical Working Group (NCTWG), advising the NSC. Equally, at the regional and local level, Convergence Technical Working Groups (CTWG) were created, which were supposed to be headed by the regional director or the respective local chief executive. Other existing bodies were foreseen to be likewise tapped, if feasible.³³

90. This implementation guide defined four convergence areas:

- (1) Development of agribusiness areas;

²⁹ “Addendum to the Joint DAR-DA-DENR Memorandum Circular Creating an Inter-Departmental Steering Committee and Technical Working Group for the Application and Monitoring of a Common SRD Framework”. The model sites were: Cagayan Valley River Basin, Central Luzon, Bicol River Basin, Negros Island, Panay Island, Bohol, Zamboanga Peninsula, CARAGA, Davao del Norte/Oriental.

³⁰ Joint Memorandum Circular No. 1 Series of 2004. Guidelines for the Operationalization of the Reactivated DA-DAR-DENR Convergence Program Towards Sustainable Rural Development. 18 October 2004.

³¹ DA-DLR-DENR National Strategic Planning Workshop on Convergence Program Towards Sustainable Rural Development. 24-26 August 2005. Development Academy of the Philippines, Tagaytay City.

³² Joint Memorandum Circular No. 1 Series of 2006. Adopting the Guide for Implementation of DA-DAR-DENR Convergence Initiatives Towards Sustainable Rural Development.

³³ GTZ's EnRD Program has supported the Provincial Environment and Natural Resources Management-Rural Development (PENRM-RD) Sub-committee in the Province of Leyte since 2006. Created by Executive Order No. 05-013 Series of 2005 signed by Governor Carlos Jericho L. Petilla, it is chaired by a Mayor with members from the heads of the various provincial offices & regional line agencies (DA, DENR, DAR).

- (2) Knowledge Management;
- (3) Capability development;
- (4) Communication.

It further defined detailed activities to be carried out by the respective TWG to implement and monitor the convergence areas.

91. Additional emphasis to the whole issue of rural development and natural resources management was given by Executive Order 606 of 27 February 2007.³⁴ This document established the Sustainable Upland Development (SUD) program of DENR. It sets out the objective to improve the life of upland communities and boost their economic development, while ensuring sustainable resource use. The EO established a Sustainable Upland Development Steering Committee chaired by DENR with DA, DAR, DILG, the Presidential Adviser on Agrarian Reform, and the various leagues (municipalities, provinces, barangays) as members. At the regional and local level, parallel committees to the already established convergence committees shall be created with the active participation of the LGUs. Section 8 prescribes that the DENR shall seek technical assistance especially from the convergence initiative.

92. Pursuant to EO 606, Joint Memorandum Circular DA-DAR-DENR-DILG-LMP No. 2007-02 operationalizes the provisions and develops guidelines for implementation. It specifies that the Steering Committee shall be chaired by DENR with DA, DAR, DILG, the League of Municipalities (LMP), and the Presidential Adviser on Agrarian Reform as secretary members. Likewise, a TWG was created, chaired by LMP, to undertake the tasks prescribed in EO 606, such as reviewing the impact of convergence activities on uplands, review of effectiveness of projects, review of policies, etc. The upland interventions shall be based on DENR's framework in Sustainable Forest Management (SFM) and Community-Based Forest Management (CBFM).

93. DA shall provide its expertise on Upland Agricultural Extension Delivery (UAED), among others, and support DENR in the upland areas. DAR shall be responsible for capacity building, DILG shall ensure cooperation of LGUs, and the National Commission on Indigenous People (NCIP) will oversee upland development activities with regard to ancestral domains and the protection of indigenous people's rights.

94. Hence, this document provides for similar interventions and programs like the convergence initiative. Although it has a special focus on uplands, it also touches on the whole gamut of issues, such as land-use planning, upland agriculture, the issue of ancestral domains, buffer zones under the law of National Integrated Protected Areas System (NIPAS), rural infrastructure, policy reforms, capacity building, extension services, monitoring, etc.

95. In summary, there exist two parallel initiatives: the convergence initiative of DA, DAR, and DENR as well as DENR's Sustainable Upland Development (SUD) concept. Both strongly overlap in many aspects. Yet, compared to the convergence initiative, DENR's SUD initiative is supported by an Executive Order, which reinforces its political importance.

³⁴ Executive Order 606, Feb 27, 2007. Pursuing Sustainable Upland Development Anchoring on Food, Wood and Non-Wood Security and Economic Productivity and Providing the Mechanisms for its Implementation and for other Purposes. Malacanang.

96. Conceptually, the three agencies still pursue their own frameworks. DAR focuses on the uplifting of Agrarian Reform Communities (ARCs) and their basic needs in rural development. DA implements its Strategic Agricultural and Fisheries Development Zones (SAFDZ) concept, which defines areas suitable for production or marketing of agriculture or fisheries. The DENR adopted an ecosystem approach and is currently redefining it with support from USAID (under Economic Governance 2). Nevertheless, the convergence initiative has developed its own ecosystems approach and attempted to integrate the various departmental concepts (Annex Figure 4). This approach defines coastal and marine areas, lowlands, uplands, and forest ecosystems. What is still lacking is a joint approach of how to divide tasks and intervention of the agencies based on this concept.

4.2 Implementation Status

97. In November 2007, the convergence initiative organized a workshop in Antipolo to take stock of the activities following the JMC of 2006 and the therein defined implementation steps resulting from the outputs of the 2005 workshop in Tagaytay. Although this planning workshop helped the participants to discuss the various problems encountered during implementation, it did not provide sufficient information on the actual implementation status. The workshop report notes, that the "... workshop outputs clearly showed too much detail in the administrative and implementation issues of the agencies related to the general RBM framework [...] but was a little short in laying down the premises whether they are on track".³⁵

98. The following items were among the most important issues discussed at the workshop: First, agencies aired their dissatisfaction with the lack of systemized and simplified M&E systems within their own agencies, as different offices and services require different reporting. Second, there is a lack of integration and consistency of national and local planning and budgeting targets. Third, sectoral targets are still not sufficiently discussed and agreed upon. While DAR follows a clear target defined in CARP, DA and DENR struggle to define their sectoral objectives. Fourth, the different organizational structures of the three agencies pose problems in field implementation. For instance, while DAR maintains municipal offices, DA only reaches up to the regional level.

99. It was also highlighted, that at least three major RBM initiatives coexist and have to be linked to the initiative's efforts: (1) the GOP's Paris declaration and harmonization agenda supported by ADB and World Bank, (2) DBM's OPIF system, and (3) NEDA's MTPDP review and corresponding revisions of sectoral targets and outcomes.

100. Against this background, the workshop recommended to define clear and agreed upon sectoral outcomes and indicators consistent with MTPDP and agency targets, to standardize the MFO definitions and compositions, and to operationalize RBM sectoral outcomes and objectives at the local level (see Annex Table 9 for complete output).

101. The workshop was one of the last big activities of the convergence initiative. Although another workshop followed in May 2008 in Subic Bay, no substantial results were produced

³⁵ Workshop Report. Results-Based Management in the Rural Sector. Workshop for Information Sharing and Exchange of Experiences. Antipolo 2007.

towards the implementation of the planned targets. This 2008 workshop once more underlined supporting and hindering factors for the initiative's targets, yet failed to produce sizeable outputs and concrete next steps.

102. Since 2005, GTZ's EnRD Program has supported the introduction of a computer-based information sharing system (ISS) in the three agencies to accelerate the implementation of results oriented planning and budgeting. Although the system is fully functional, delays in implementation occurred on the side of the partners. In a new attempt, GTZ has proposed the secondment of a RBM expert to the initiative under its CIM program (Center for International Migration). NEDA has made a proposal how to accommodate the expert within NEDA and to second her/him to the RD agencies. The proposal is still being discussed among the agencies.

103. As of writing, the roll-out of the initiative to the identified sites is still missing. The initiative has also not agreed on a specific framework or concept on how to share responsibilities and resources and how to proceed towards converged planning and budgeting. The GTZ EnRD Program review mission noted in September 2008 that the initiative's members themselves conceded that the initiative does not function as initially designed. Continued departmental self-interest dominates the discussions and hampers the implementation of a common strategy on sustainable rural development.³⁶

104. One of the main political stumbling blocks represents the precarious institutional existence of DAR. The Congress' decision to discontinue compulsory acquisition of land under CARP seemed to be the beginning of the end of CARP. It remains unclear, whether DAR will be allowed to continue any Land Acquisition and Distribution (LAD) scheme after June 2009. As long as DAR's existence as autonomous institution remains threatened, its willingness and commitment to cooperate in the convergence initiative remains limited.

105. DENR's position towards the CI remains also questionable. Although the department has the mandate following EO606 to develop the uplands and draw on DA and DAR for support, SUD did not become a topic for the CI so far. Field experience also shows that DENR has a limited track record of cooperation with DA in agribusiness or agro forestry in upland development. Given the alarming deforestation rate of the Philippines, alternative concepts for reforestation and sustainable resource use need to be implemented urgently.

106. In addition, the implementation of CI at the local level faces a lack of steering and support from the central offices of the three agencies. Although the regional offices have started to hold planning workshops, the initiative has not progressed in defining convergence sites and implementing projects. Available documents from Region VIII show, that the initiative started to define available land for agribusiness development, as prescribed in the MTPDP, but has not entered the stage of actual land development.³⁷

107. As an alternative to regional TWGs, GTZ supported the Provincial Environment and Natural Resources Management-Rural Development (PENRM-RD) Sub-committee in the Province of Leyte. The sub-committee conforms to the provisions of JMC No. 1 2006, which

³⁶ GTZ 2008. Project Progress Review. Main Report. September 2008. Environment and Rural Development Program.

³⁷ Operational Framework. Development of New Lands for Agribusiness. TWG Region VIII. Power Point Presentation, February 28, 2005.

allowed the use of existing parallel structures at the local level. The sub-committee reports to the Environment Committee of the Provincial Development Council (PDC). All relevant service providers became a member of the sub-committee. Regular meetings provide the opportunity to coordinate projects and activities within the sector. However, as the three RD agencies have still not identified the joint convergence areas including joint planning and budgeting, the regional offices can only coordinate their projects with LGUs or other agencies based on their predefined programs and budgets. Informal and personal contacts remain of importance at the local level given the limited scope for joint planning and budgeting.

108. Since mid 2008, NEDA has become more actively involved in the convergence initiative. To accelerate the process, NEDA suggested to follow-up the Antipolo 2007 workshop and to revisit the log frame for the ENRM/RD sector created under the Plan Performance Monitoring Indicator System (PPMIS) project funded by the World Bank in 2003.

109. Despite the slow implementation of the initiative as a whole, several individual initiatives have taken place especially in the area of agribusiness to conform to the President's development agenda. One of the recent activities was the foundation of the Philippine Agribusiness Lands Investments Center (PhilAgriBizLands Center) under the commercial arm of DA, the Philippine Agricultural Development and Commercial Corporation (PADCC).³⁸ This Center is chaired by Under Secretary Parras and Mr. Marriz Agbon, the latter also chairing the convergence technical working group. The center aims at providing investors in agribusiness with all kind of services including databank services, investment facilitation, and consultancy services. One of the main targets is the promotion of biofuels, as the center manages the Biofuel Feedstock Development Program of DA. The center also maintains a website with available land for agribusiness. However, it remains unclear what the status of the offered land is and in how far the convergence agencies will provide coordinated services in those areas.

5 Implications of Current Weaknesses in Planning and Budgeting Systems for Development Effectiveness

110. The functional and organizational alignment between the national government agencies and the LGUs remains an inherent weakness of the current institutional setting in the RD sector. DA, DAR and DENR all show different degrees of devolution. The existence of a multitude of attached national agencies and corporations blurs the separation of functions between national level agencies and LGUs. The devolution of functions following the LGC of 1991 without corresponding financial and manpower capacities continues to cause problems on the part of the LGUs.

111. The link between NEDA's sector planning and translation of sector goals into agency specific performance indicators remains weak. Instead of linking the MTPIP closer to budgeting, the SPMs were introduced as another layer to sector planning. The SER cannot measure the achievements of the SPMs accurately, as there are too many categories defined and no sufficient monitoring capacities in place. As long as the link between sector planning and agency

³⁸ <http://philagribiz.com/index.php>.

specific budgeting is not strengthened, "there may be at the end a 'spaghetti bowl' effect with too much unconnected information".³⁹

112. There exists a multitude of RBM systems working in parallel at the oversight agency level, such as in sectoral planning, programming, and monitoring (MTPDP, MTPIP, SPM, SER), in the budgeting process (MTEF, EER, MTFP) and in agency specific budgeting and monitoring (OPIF, PAP, APR). This leads to overlapping functions of these instruments and an unclear separation of responsibilities and tasks.

113. There also exists a multitude of RBM systems within the different departments. A World Bank study of 2004 cites at least 12 different RBM systems being used in DAR.⁴⁰ Also the 2007 report of the convergence initiative workshop mentions the confusion of staff how the existing intra-departmental RBM systems are to be used, as they all require different reporting and data formats. Again, too many existing systems with overlapping or contradicting mandates and functions threaten the results orientation of an organization.

114. The OPIF system has introduced results orientation, but continues to have difficulties in monitoring results and achievements. The current OPIF system exercises strong control on budget allocations, thus inputs, but fails to provide for more departmental flexibility in reaching expected outputs. Departments are bound to allocations made during the budgeting process. OPIF also still lacks the formulation of sharp results oriented performance indicators. The MFOs are still strongly oriented on outputs not non results. In addition, the RBM systems in place are not yet sufficiently adapted to monitor the existing MFO indicators.

115. The extension of RBM systems to attached agencies and corporations remains a challenge. For instance, the OPIF 2009 does not specifically incorporate agencies such as the Philippine Agribusiness Lands Investments Center under the PADCCC, although they play a key role in reaching the goals of the President's 10-Point Agenda.

116. Limited availability of investment funds threatens the orientation of RD agencies towards their sectoral goals and ultimately poverty reduction. As a large part of their expenses is tied to personnel and maintenance costs, financial means for investments remain limited and are mostly provided by donors. The only exception represents the Agriculture and Fisheries Modernization Fund, which mobilizes most of DA's and DAR's investment resources.

117. Despite the existence of sectoral planning, sector wide approaches (SWAPs)⁴¹ have not been introduced yet for the RD sector. Budget support and sector-wide approaches illustrate support by the donors for a country's development agenda. Although budgetary support has been given to the Philippines since the 1980s (World Bank, ADB) the SWAP is quite recent to the Philippines and was used, for instance, in the judicial reform or in the health sector.. The lack of a sector approach for the RD/NRM sector causes difficulties for the development effectiveness of interventions. Non-coordinated and activity-based policy planning and budgeting

³⁹ See AusAID 2006b, page 19.

⁴⁰ World Bank. 2004b. Assessment of the Existing Monitoring and Evaluation (M&E) of the Department of Agrarian Reform (DAR). Final Report. Prepared under CapB RD/NRM PPMIS Project.

⁴¹ SWAP: sector policy targets defined in qualitative and quantitative terms, a formalized process of donor coordination, a medium term expenditure program, matching sources and uses of funds, a results-based management system, common implementation systems (if possible).

of the RD agencies represents a hurdle for the intended harmonization of sector planning, budgeting, implementation, and monitoring.

118. Transparency and accountability as identified in the Paris Declaration and the Accra Agenda for Action are threatened as long as the different RBM systems cannot be consolidated and unfold their full potential.

119. Development effectiveness of government programs and strategies will depend on the commitment to the improvement of results orientation. The RD agencies' track record of coordination and cooperation remains poor. Despite their joint orientation towards poverty reduction, rural development and natural resource protection and management, joint strategies and approaches are missing. While DA and DAR continue to provide services to the lowlands based on their existing experience and approaches, DENR focuses on the uplands and the coastal areas with little coordination between them. DENR has in the past mostly adopted a conservationist and protectionist approach with little support to agro forestry and sustainable resource use, as the slow progress in Community Based Forestry Management shows. Despite these efforts, deforestation continues at an alarming pace. DA's focus on certain crops and large scale irrigation has not always shown the desired poverty reduction impact. The support of LGUs needs to be strengthened. DAR's institutional existence remains threatened given the recent changes in CARP. A clear definition of sector goals within the convergence group and a formulation of agency specific contributions are wanting. The introduction of a common RBM system for the three agencies could help implement defined strategies and monitor success indicators.

6 Recommendations and Potential Contribution of TA 7190

120. There is a need to review the functional alignment between the national government agencies and the LGUs in the RD sector. The three RD agencies differ in their organizational structure and their level of decentralization and devolution. The functional separation between LGUs and the national government appears suboptimal. In order to improve the results orientation of the respective agencies, their functions and mandates need to be transparent and in line with the existing legal framework. The rationalization exercises undertaken pursuant to EO 444⁴² might prove to be a promising starting point.

121. In the natural resources sector, delivery of services needs to become more effective on the part both of DENR and LGUs. Although additional functions were transferred to LGUs under the Clean Water Act (CWA), the process of devolution remains incomplete. The over-extended mandates of DENR and its attached agencies and its limited capacity to deliver those tasks require therefore an institutional assessment of the priorities and functions of the DENR.⁴³

⁴² Executive Order 444, 2005, Directing the Department of the Interior and Local Government to conduct a strategic review on the continuing decentralization and devolution of the services and functions of the national government to local government units in support of the rationalization program of functions and agencies of the executive branch.

⁴³ ADB 2008. Country Environmental Analysis 2008. Philippines. Draft (October 2008), Asian Development Bank.

122. There is a need to review the current status of intra-departmental monitoring systems. The final report of the CapB RD/NRM PPMIS project of the World Bank, which consists of a NEDA, DA, DAR, and DENR component, provided an overview of M&E systems the RD agencies use internally. Stocktaking of the still used systems and their compatibility with new or proposed systems would help decide how to reform or reorganize existing systems. It should be also reviewed in how far attached agencies are already or can become part in the future of existing RBM instruments (especially OPIF and SPM).

123. There is also a need to assess and review the links between local performance management systems, such as the LGPMS, and the national systems, especially in sector planning and budgeting. As the LGUs play a major role for the implementation of national sector goals, a corresponding results and/or process oriented performance measurement seems wanting.

124. The adoption of Sector Wide Approaches (SWAPs) should be promoted. The convergence initiative and the working group on sustainable rural development of the PDF provide promising venues for the introduction of SWAPs with the GOP being in the driver's seat. When designing a RBM system for the RD agencies, a sector perspective should play a strong role. Existing common priorities of the RD agencies within the convergence initiative may be a starting point to define or further narrow down such SWAPs, if the commitment of the initiative allows for such a step.

125. The introduction of SWAPs should be connected to a review of sector planning (MTPIP, SPM) and its translation into agency specific priorities and indicators under OPIF. This issue has been taken up by PEGR intensively, but could not be resolved yet. When designing a pilot implementation of a common RBM framework for the RD/NRM sector, the link to sectoral planning (under NEDA) should be taken into consideration. NEDA wants to remain responsible for the formulation of sectoral goals and respective impact and outcome indicators. DBM's role would more relate to output and activity planning and monitoring (including performance indicators). This division of labor seems to represent a political compromise of the two oversight agencies at the moment. It remains to be seen, however, if DBM and NEDA will compromise on the more difficult questions how to merge their existing RBM systems into a unified system. The harmonization committee could provide the proper venue to move towards this direction and agree on the respective modalities.

126. Work towards a harmonization of OPIF between DA, DAR, DENR. The OPIF of the three agencies should be harmonized in a way that it contributes to common sectoral goals translated into MFOs and PAPs. This should also include to better link the Agency Performance Review (APR) to OPIF. If MFOs and PAPs become more performance and outcome oriented under OPIF, APR will be a valuable instrument to monitor these indicators.

127. The pilot testing concept should assess options how to incorporate a regional or local element in the implementation. Lessons can be drawn from GTZ's information sharing system implemented in the three agencies as well as the recent pilot roll-out of the World Bank's RMES project in DA.

128. As part of the TA outcome, recommendations on options for a potential future engagement of ADB in the sector should be developed. Existing strategies described in the CSP 2005-2007, the COBP for 2009-2010, CAPE, the AENRD Sector Road Map, and the Agricultural and Irrigation Sector Profile, have already outlined potential ADB support.

- For the RD/NRM sector, the CSP 2005-2007 identified knowledge products and services including technical assistance to continue dialogue on sustainable development. The issues of governance (especially at the local level) and results orientation play also a major role in the country partnership.
- The CAPE⁴⁴ has recommended maintaining a sector focus in the six key constraints areas (fiscal imbalance, weak investment climate, inadequate infrastructure, poor management of assets, land, and resources, low institutional capacity, geographical inequalities). In particular, infrastructure (especially small-scale rural infrastructure) and management of land and resources represent highly relevant areas for the RD/NRM sector on which a future ADB involvement could be based.
- The Agricultural and Irrigation Sector Profile⁴⁵ recognizes the importance of rural investment, as the majority of the poor live in rural areas. Investments in infrastructure for rural transport, irrigation and water systems, microfinance, natural resource management and climate change are recommended.
- The AENRD Sector Road Map⁴⁶ indicates agriculture and rural development as well as environment and natural resources as two possible intervention areas. Specifically, it is recommended to support measures directly impacting on access to markets, public services, as well as employment and commercial opportunities to reduce poverty. For natural resources, water resource and water quality management is identified (including river basin management, watershed management), which complements ongoing activities in coastal zone management.

129. Donors need to coordinate their support to RBM much stronger than in the past. A joint donor strategy for the RD sector would improve chances of success to strengthen results based management systems within the Philippine administration. This would greatly contribute to the harmonization of donor strategies as demanded by the Paris Declaration. In order to reach a rapprochement of the three existing different RBM systems (OPIF - DBM, SPM for MTPDP - NEDA) and the ADB/WB supported MfDR agenda, a joint effort has to be undertaken. The Philippine context provides a variety of existing systems, which need to be further consolidated into one or few functioning and well orchestrated results oriented instruments. Again, one of the main challenges ahead will be the reconciliation of the MFOs used in OPIF and the SPM.

130. Existing institutions to strengthen donor coordination should be used. Although the commitment of NEDA and DBM to the strengthening of existing and the introduction of new systems seems high, political priorities within the legislative and executive are likely to change given the upcoming elections. Securing government co-funding during the next budget call in September might also be difficult. As a consequence, strong donor coordination and effective and efficient use of available donor and partner resources is a must. AusAID (PEGR), World Bank (RMES), GTZ (EnRD, CIM), and ADB (TA 7190) should arrive at a joint understanding, what sectors and areas can be supported to avoid overlapping work and funding. The PDF working group on sustainable rural development provides one possible venue to coordinate for

⁴⁴ Compare ADB 2008f.

⁴⁵ Compare ADB 2008d.

⁴⁶ Compare ADB 2008e.

the RD sector. As AusAID also supports other sectors than RD, the harmonization committee would certainly provide the most encompassing venue to define the RBM needs and decide on division of tasks of the donors.

7 Annex

7.1 Interview Partners

The following actors/informants were consulted:

Walter Salzer, Linda Dolatre, GTZ EnRD Program
 Katherine D. Firmeza, NEDA Agriculture Staff
 Lirio Abuyuan, NEDA consultant
 Mercedes Navarro, DBM
 Ahsan Tayyab, ADB SEAE
 Manoshi Mitra, ADB SEAE
 Chris Moris, ADB SEAE
 Ian Makin, ADB SEAE
 Armin Bauer, ADB RSDD
 Joven Balbosa, ADB SEGF
 Ian Porter, PEGR AusAID
 Joey Virtucio, World Bank

The following persons attended the study presentation at 26 February, 2009 in ADB:

	Participants	Agency
1.	Linda Dolatre	GTZ EnRD Program
2.	Susan Bulan (Ian Porter)	PEGR AusAID
3.	Violeta S. Corpuz	NEDA PMS
4.	Wilfredo M. de Perio	NEDA PMS
5.	Rosalina G. Almendral	NEDA PMS
6.	Jesse T. David	NEDA PMS
7.	Michael R. Dumlao	NEDA PMS
8.	Ma. Lourdes Lopez	NEDA PMS
9.	Katherine D. Firmeza	NEDA Agriculture Staff
10.	Gina V. Aljecera	NEDA Agriculture Staff
11.	Nheden Amiel D. Sarne	NEDA Agriculture Staff
12.	Adonis P. delos Reyes	NEDA Agriculture Staff
13.	Raquel B. Mendiola	NEDA Agriculture Staff
14.	Myra Anson R. Pablo	NEDA Agriculture Staff
15.	Rory Jay S. Dacumos	NEDA Agriculture Staff
16.	Serwynne B. Agub	NEDA Agriculture Staff
17.	Carmela Perez	COA
18.	Bato Ali	COA
19.	Marriz Agbon	TWG Convergence Initiative
20.	Cynthia Cardenas	DAR
21.	Lourdes Ferrer	DENR FASPO
22.	Glría ARce	DENR FASPO
23.	Ian Makin	ADB SEAE
24.	Claudia Buentjen	PhCO
25.	Andreas Lange (Presenter)	PhCO
26.	Joel Mangahas	PhCO
27.	Dulce Zara	PhCO
28.	Carmie Ricerra	PhCO
29.	Tess Mendoza	PhCO
30.	Noriko Ogawa	SPRU
31.	C. C. Yu	SPRU

32.	Walter Kolkma	SPRU
33.	Patrick Safran	SPRU
34.	Josie Balane	SPRU
35.	Ireen Baylon	SPRU
36.	James Mata (w/ C. Cardenas)	DAR Planning
37.	Lita Rosales (w/ C. Cardenas)	DAR SSO
38.	Liza Repotente (w/ C. Cardenas)	DAR SSO
39.	Gloria Arce (w/ Lourdes Ferrer)	DENR-PMED
40.	Roel Limbo (w/ C. Cardenas)	DAR SSO
41.	Lirio Abuyuan	NEDA consultant
42.	Lourdes Adriano	ADB RSDD-AR
43.	Rodolfo Vicerra	CBPO
44.	Novel Bangsal	CBPO
45.	Jasminda Lumang	IBON

7.2 References

ADB. 1999. Technical Assistance Completion Report. IN.320-99, 17 December 1999. Technical Assistance to the Philippines for the Pilot Implementation of the Project Performance Management System (TA2782-PHI), Asian Development Bank.

ADB. 2000. Technical Assistance Completion Report. IN.111-00, 26 May 2000. Institutional Capacity Building for Policy Formulation, Planning, Monitoring and Evaluation for the Agriculture Sector (TA-2733 PHI), Asian Development Bank.

ADB. 2003. Technical Assistance Completion Report. IN.24-03, 10 February 2003. Technical Assistance to the Republic of the Philippines for Strengthening Results Monitoring and Evaluation (Philippines) (TA3308-PHI), Asian Development Bank.

ADB. 2005. Technical Assistance Republic of the Philippines: Harmonization and Managing for Results (TA4686), Asian Development Bank.

ADB. 2006a. Stocktaking Report on the Philippine Harmonization, Alignment and Managing for Results. Prepared under Technical Assistance to the Philippines for Harmonization and Managing for Results (TA4686-PHI) by Lirio Abuyuan, Asian Development Bank.

ADB. 2006b. Technical Assistance for Supporting the Sector Approach and Results-Based Management in ADB Operations (RETA 6096). Towards an Integrated Performance Measurement Framework. Final Report. April 2006.

ADB. 2006c. Philippines. Performance Measurement at the Local Level. Final Report. May 2006, Asian Development Bank.

ADB 2008a. Country Environmental Analysis 2008. Philippines. Draft (October 2008), Asian Development Bank.

ADB 2008b. Technical Assistance to the Republic of the Philippines for Harmonization and Managing of Results (PHI 35166/4686). Completion Report. Department of Finance (DOF), Republic of the Philippines and Philippine Country Office (PhCO), Asian Development Bank. June 2008.

ADB. 2008c. Technical Assistance Republic of the Philippines: Harmonization and Development Effectiveness (TA7190), Asian Development Bank.

ADB. 2008d. The Philippines: An Overview of Agriculture and Irrigation Sector Profile and Assistance from the Asian Development Bank. Prepared by staff of SEAE and SERD.

ADB. 2008e. ADB-PHI Agriculture Sector Partnership Including the Impact of Food Price Inflation and ADB's Response (Agriculture, Environment, Natural Resources and Rural Development (AENRD) Sector Road Map). Asian Development Bank.

ADB. 2008f. Philippines Country Assistance Program Evaluation (CAPE). Increasing Strategic Focus for Better Results (CAP: PHI 2008-20). Operations Evaluations Department, Asian Development Bank.

Ang, Alvin P. 2007. Management of Devolved Services, in: Local Government Development Foundation (LOGODEF), Strategic Studies Council (SSC) (ed.), Center and Localities: Dynamics of Intergovernmental Relations (www.logodef.org/logodef/sscCenterAndLocalities, last access 19 Jan 2009).

AusAID. 2006a. Reform Agenda 002: Establishing a Performance-Based/Outcome-Oriented Culture in Fiscal Management. Phase 1. Final Report on OPIF Activities. Prepared under

Philippines-Australia Economic Governance Reform Project (PEGR) by P.D.P AUSTRALIA PTY LTD, 25 May 2006.

AusAID. 2006b. Reform Agenda 002: Establishing a Performance-Based/Outcome-Oriented Culture in Fiscal Management. Phase 1. Assessment of Planning and Budgeting Systems (All Systems). Prepared under Philippines-Australia Economic Governance Reform Project (PEGR) by P.D.P AUSTRALIA PTY LTD, 10 March 2006.

AusAID. 2006c. Reform Agenda 001 Phase 04. Audit of NEDA and DBM Operating Systems and Procedures Related to Plan-Budget Management. Prepared under Philippines-Australia Economic Governance Reform Project (PEGR), 10 May 2006.

AusAID 2008. RA002–05. Institutionalizing a Performance/Outcome Oriented Culture in the Department of Budget and Management (DBM) and Government Departments and Further Strengthening the Capacity of DBM to Embed and Operationalize the Organizational Performance Indicator Framework (OPIF). Terms of Reference, Prepared under Philippines-Australia Economic Governance Reform Project (PEGR).

Borras, Saturnio M. Jr. 2008. Competing Views and Strategies on Agrarian Reform. Volume II: Philippine Perspective. Ateneo de Manila University Press.

Convergence Towards Sustainable Rural Development. A Shared Framework. DAR, DA, DENR. DA-DLR-DENR National Strategic Planning Workshop on Convergence Program Towards Sustainable Rural Development. 24-26 August 2005. Development Academy of the Philippines, Tagaytay City.

DA, DAR, DENR. 2007. Results-Based Management in the Rural Sector. Workshop for Information Sharing and Exchange of Experiences. Workshop Report. Antipolo, 2007.

GTZ 2004. Baseline Study on Planning Structures, Systems and Procedures: Towards an Improved Strategy for Sustainable Rural Development. Prepared under Support to Agrarian Reform and Rural Development (SARRD), German Technical Cooperation (GTZ) by Benedicto R. Rayco and Cesar B. Umali Jr. (Consultants).

GTZ. 2005. Service Delivery and Support Study Leyte & Southern Leyte. German Technical Cooperation (GTZ), EnRD Program. Prepared by Eleanora E. Tan, Reynaldo B. Almenario, Dennis Craggs. December 2005.

GTZ. 2006. Reconciled Planning/Resource Allocation and Expenditure Management System at DENR. Final Report. German Technical Cooperation (GTZ), EnRD Program, DENR. Prepared by Lirio Abuyuan, September 2006.

GTZ. 2007. Reconciled Planning/Resource Allocation and Expenditure Management System at DENR. Results-Based Management System (RBMS) for DENR. A Guidebook. German Technical Cooperation (GTZ), EnRD Program, DENR. Prepared by Lirio Abuyuan, July 2007.

GTZ 2008. Project Progress Review. Main Report. September 2008. Environment and Rural Development Program, German Technical Cooperation (GTZ), Manila.

World Bank. 2004a. Capability Building for the Operationalization of a Plan Performance Monitoring Indicator System (PPMIS) for the Agriculture, Agrarian Reform and Natural Resource (AARNR) Sector (CapB RD/NRM PPMIS Project). NEDA Component. Final Report.

World Bank. 2004b. Assessment of the Existing Monitoring and Evaluation (M&E) of the Department of Agrarian Reform (DAR). Final Report. Prepared under CapB RD/NRM PPMIS Project.

7.3 Figures and Tables

Figure 1 Summary of Completed and On-going Public Financial Management Reform Initiatives (as of 2006)

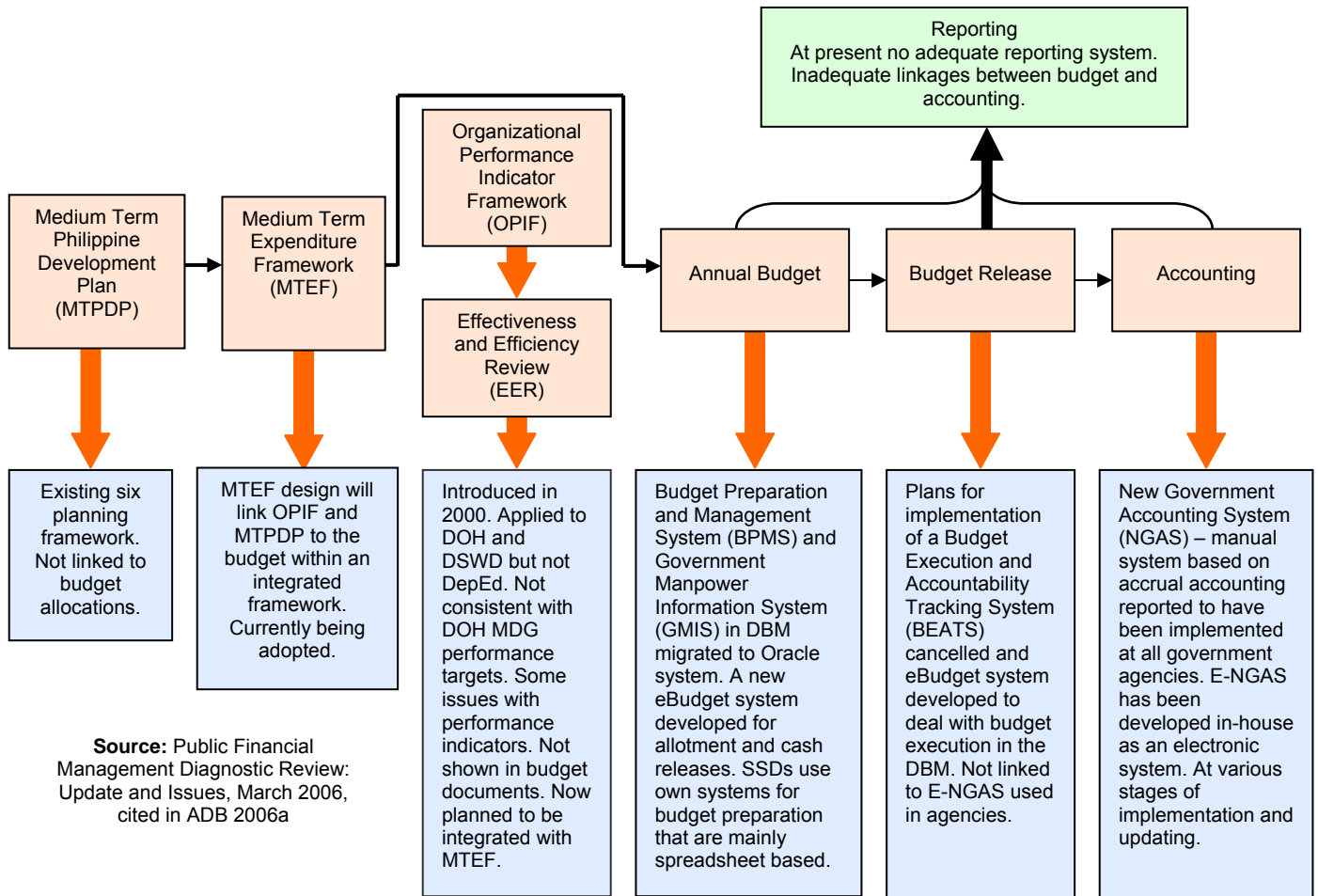


Figure 2 Organizational Framework of Rural Development in the Philippines (DA, DAR, DENR, LGUs)

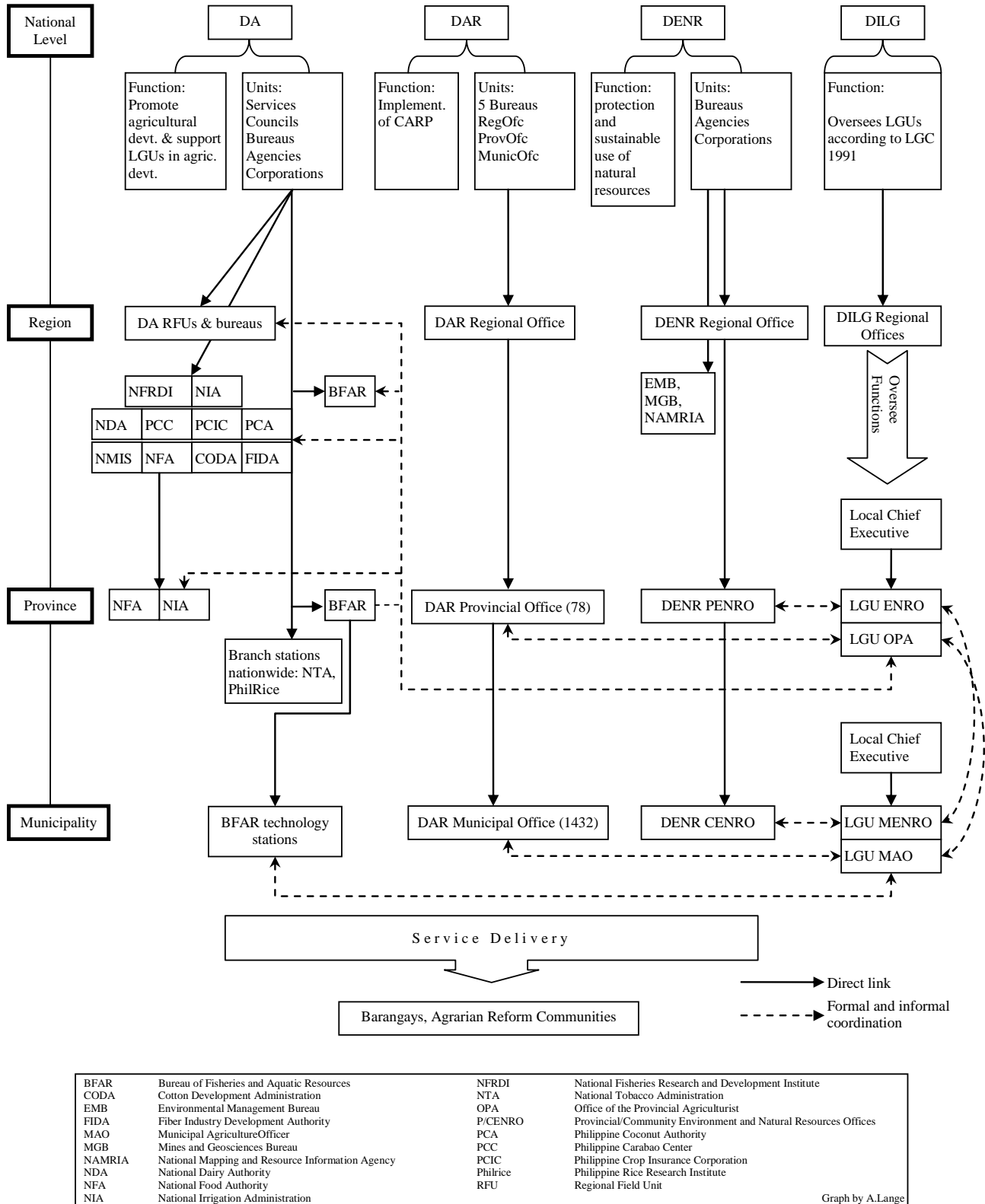
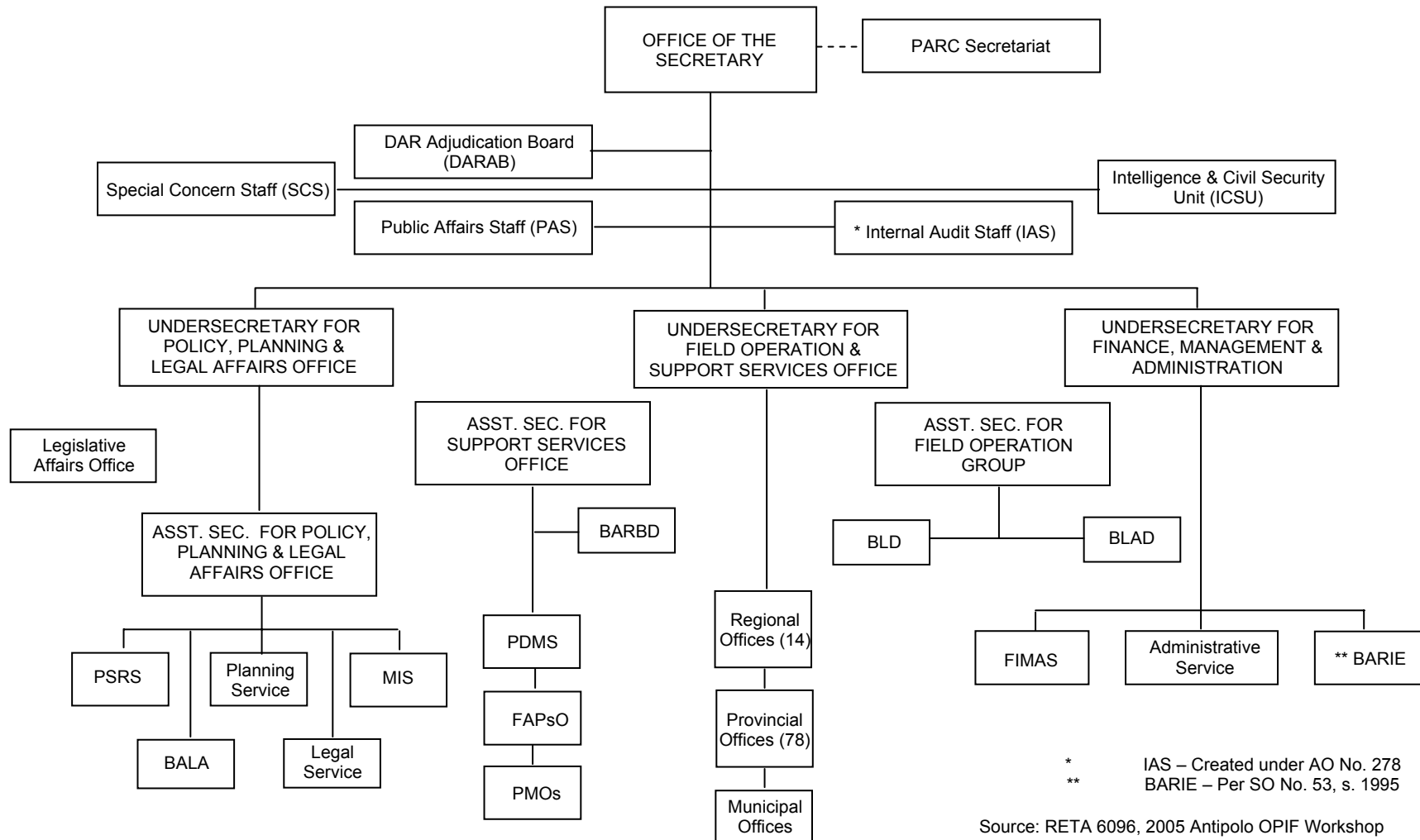


Figure 3 DAR Organigram

- BALA Bureau of Agrarian Legal Assistance
- BARBD Bureau of Agrarian Reform Beneficiaries Development
- BARIE Bureau of Agrarian Reform Information and Education
- BLAD Bureau of Land Acquisition and Distribution
- BLD Bureau of Land Development
- FAPsO Foreign Assisted Projects Office
- FIMAS Finance, Management and Administrative Service
- MIS Management Information Service
- PDMS Project Development and Management Service
- PMO Project Management Office
- PSRS Policy and Stratetic Research Service

DEPARTMENT OF AGRARIAN REFORM
Actual Organization Chart
 (Submitted Dec. 2003)



* IAS – Created under AO No. 278
 ** BARIE – Per SO No. 53, s. 1995

Figure 4 Convergence Initiative Ecosystems Approach

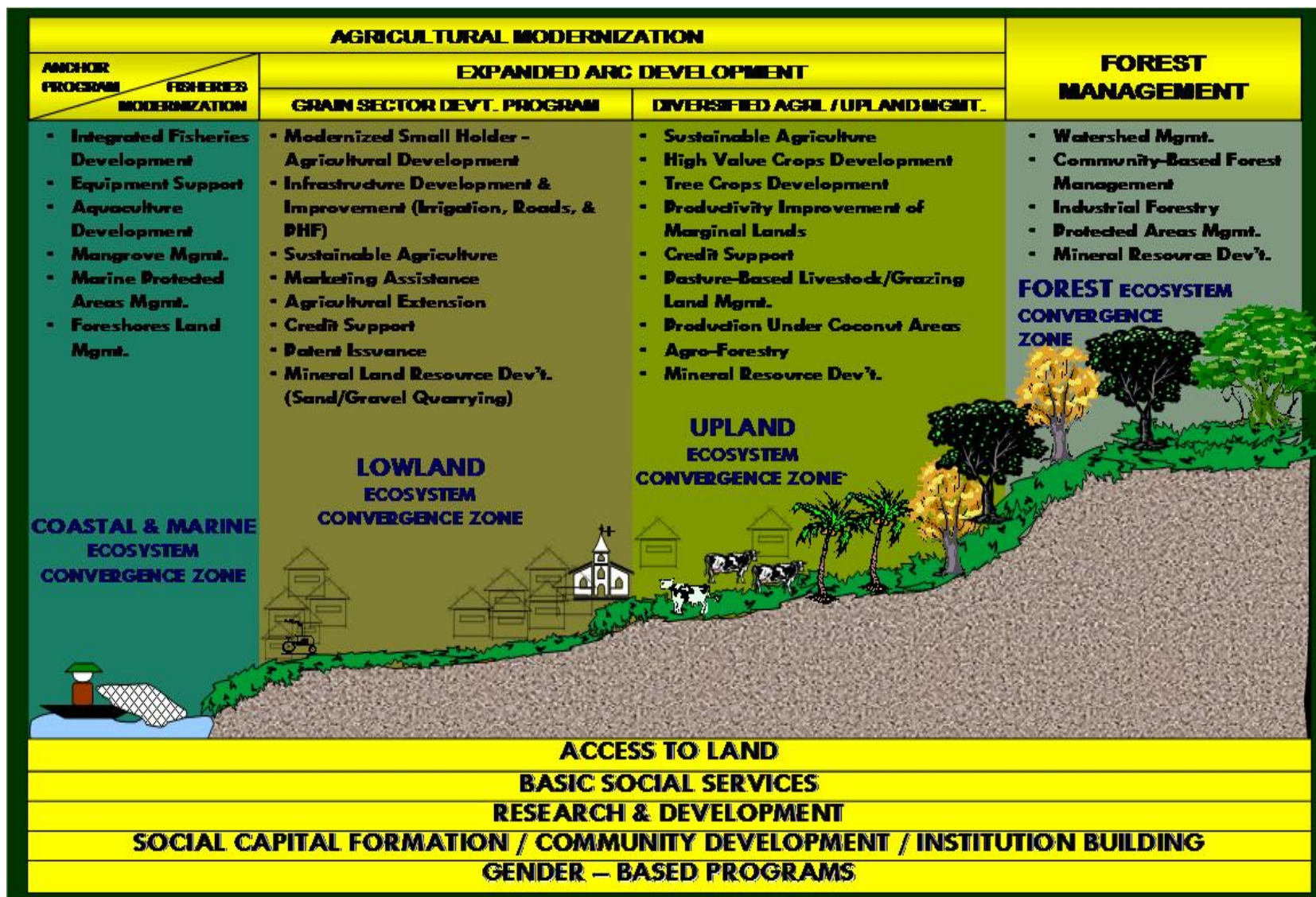


Table 7 DA's Organizational Structure

<i>Central Office Services</i>	<i>Function</i>	<i>OPIF 2009</i>
Administrative Service (AS)	Provides general housekeeping functions such as personnel, records, information, training, logistics and other general administrative services	Yes
Agribusiness & Marketing Assistance Service (AMAS)	Identifies markets for Philippine agricultural products; and assists in the planning of market centers and distribution networks	Yes
Agribusiness & Fisheries Information Service (AFIS)	Conducts research, data gathering, feasibility studies; and packages information on agri-business investment opportunities	Yes
Financial and Management Service (FMS)	Provides budgeting, accounting and management services	Yes
Project Development Service (PDS)	n.a.	Yes
Policy Research Service (PRS)	n.a.	Yes
Planning Service (PS)	Formulates, integrates and monitors the implementation of the plans and programs of the Department including its regional field units, staff bureaus and attached agencies	Yes
Field Operations Service (FOS)	n.a.	Yes
Information Technology Center for Agriculture and Fisheries (ITCAF)	Develops and maintains the Department's electronic data processing requirements	Yes
14 Field Offices (RFUs) for 16 Regions (Region IVa and IVb is located in Main Office, Quezon City)	Implementation of projects and programs	Yes
<i>Attached Bureaus</i>	<i>Function</i>	<i>OPIF 2009</i>
Agricultural Training Institute (ATI)	Develops and conducts trainings designed to address the needs of the agricultural sector; operates, maintains and supervises regional training centers	Yes
Bureau of Agricultural and Fisheries Product Standards (BAFPS)	sets and implements standards for fresh, primary- and secondary- processed agricultural and fishery products	Yes
Bureau of Agricultural Research (BAR)	mandated to ensure that agricultural research are coordinated and undertaken for maximum utility to agriculture	Yes
Bureau of Agricultural Statistics (BAS)	Develops, conducts and maintains surveys and censuses on farm production, agricultural marketing, rural welfare, and other areas of agricultural activities	Yes
Bureau of Animal Industry (BAI)	Formulates/develops long- and short-term programs on livestock, poultry and dairy industries; conducts research on animal production and health; promulgates policies, guidelines, standards and rules governing animal quarantine, handling/sale of livestock, poultry and allied products	Yes
Bureau of Plant Industry (BPI)	Conducts research on crop variety improvement; develops and improves farm equipment and other structures related to the plant industry; promulgates plant quarantine rules for the prevention and control of pests, diseases and other injuries to plant and plant products	Yes
Bureau of Soils and Water Management (BSWM)	Formulates, develops and adopts measures and guidelines for effective soil, land and water resources utilization in	Yes

	croplands and other agricultural areas	
<i>Attached Agencies</i>	<i>Function</i>	<i>OPIF 2009</i>
Agricultural Credit and Policy Council (ACPC)	Manages the Comprehensive Agriculture Loan Fund (CALF) including the accreditation of participating banks, operation of the guarantee system, and administration of special financing programs and investment of CALF Funds	Yes
Bureau of Fisheries and Aquatic Resources (BFAR)	responsible for the development, improvement, management and conservation of the country's fisheries and aquatic resources (became line bureau by RA 8550, Philippine Fisheries Code of 1998)	Yes
Bureau of Post-Harvest Research and Extension (BPRE)	Generates and extends improved postharvest and processing technologies that minimize quantity and quality losses of agricultural and fishery commodities	Yes
Cotton Development Administration (CODA)	Administers and regulates the cotton industry in the Philippines; (Per proposed rationalization plan, the function of CODA shall be limited to the administration of the cotton industry)	Yes
Fertilizer and Pesticide Authority (FPA)	Monitors fertilizer and pesticide distribution, importation and exportation; enforces rules on the importation, exportation and distribution of these agricultural inputs	Yes
Fiber Industry Development Authority (FIDA)	Conducts research and development of fiber crops, fiber technology and utilization development; provides extension services to fiber producers; designs plans and strategies for fiber trading and market diversification; formulates and enforces standards and rules on fibers, and fiber licensing, trade monitoring and surveillance	Yes
Livestock Development Council (LDC)	Formulates and establishes a comprehensive policy guidelines for the livestock industry	Yes
National Agricultural and Fishery Council (NAFC)	Coordinates food production and agricultural development activities, conducts studies on agricultural production, marketing and socio-economics to serve as inputs to the policy and decision-making process	Yes
National Fisheries Research and Development Institute (NFRDI)	created by law under RA 8550 (fisheries code of 1998); R&D in fisheries outside of comparative advantage of the State Colleges and Universities (SCU's) in National Fisheries Germplasm and Seed System, technical assistance to BFAR in National Fishery Health Advisory Services (NAFAS) closely linked to the LGU's and Farmers	No
National Meat Inspection Service (NMIS)	Conducts meat inspection and accreditation services including meat hygiene services	Yes
Philippine Carabao Center (PCC)	conservation, propagation and promotion of water buffalo through carabao, genetic improvement, technology development and dissemination, and establishment of carabao-based enterprises	Yes
Aquaculture Department (AQD) part of Southeast Asian Fisheries Development Center (SEAFDEC)	established in 1973 to conduct research, develop technologies, disseminate information, and train people in the farming of fishes, crustaceans, mollusks, and seaweeds; SEAFDEC is a regional treaty organization established in December 1967 with 11 member states	No
<i>Attached Corporations</i>	<i>Function</i>	<i>OPIF 2009</i>
National Dairy Authority (NDA)	mandated to ensure the accelerated development of the Philippine dairy industry through policy direction and program implementation.	Not available (n.a.)
National Food Authority (NFA)	promoting the integrated growth and development of the grains industry covering rice, corn, feed grains and other grains like sorghum, mungo, and peanut; management of	n.a.

	food programs to the poor (including subsidised rice)	
National Irrigation Administration (NIA)	Responsible for irrigation development	Yes
National Tobacco Administration (NTA)	Promulgate and enforce rules and regulations on the production, standardization, classification, grading and trading; R&D in support of tobacco industry	n.a.
Philippine Coconut Authority (PCA)	promote development program for the coconut and other palm oil industry, establish quality standards for coconut and palm products, increase farm productivity	n.a.
Philippine Crop Insurance Corporation (PCIC)	provide insurance protection to agricultural producers, particularly the subsistence farmers	n.a.
Philippine Rice Research Institute (Philrice)	coordinate, and fund a national R&D program for rice and rice-based farming systems, promote rice-based technologies, training	n.a.
Quedan Rural Credit and Guarantee Corporation (QUEDANCOR)	n.a.	n.a.
Philippine Fisheries Development Authority (PFDA)	n.a.	n.a.
Sugar Regulatory Administration (SRA) <i>Under DA Leadership</i>	n.a.	n.a.
National Nutrition Council (NCC)	Formulates national food and nutrition policies and strategies; coordinates planning, monitoring, and evaluation of the national nutrition programs; and coordinates the release of funds, loans grants from government organizations and non-governmental organizations; members: 10 GOP agencies	n.a.

Source: own compilation/ RETA 6096, 2005 Antipolo OPIF Workshop

Table 8 DAR Organizational Structure

<i>Department Proper</i>	<i>Offices and Services</i>	<i>OPIF 2009</i>
Office of the Secretary Offices of the Undersecretary Offices of the Assistant Secretaries	Policy and Planning Office Finance, Management and Administrative Services Legal Affairs Office Public Affairs Staff Special Concern Staff	Yes
<i>DAR Bureaus</i>	<i>Functions</i>	<i>OPIF 2009</i>
Bureau of Agrarian Legal Assistance	<ul style="list-style-type: none"> ▪ Implement all agrarian laws; ▪ Establish and promulgate operational policies, rules and regulations and priorities for AR implementation; ▪ Coordinate program implementation with the Land Bank of the Philippines (LBP) and other relevant civilian and military government agencies mandated to support AR; ▪ Call upon any government agency, including the NGOs to extend full support and cooperation; ▪ Acquire, administer, determine value, distribute, and develop agricultural lands for AR purposes; ▪ Undertake surveys of lands covered by AR; ▪ Issue land titles; ▪ Provide free legal services to ARBs, and resolve agrarian conflicts and land tenure problems; ▪ Approve/disapprove the conversion, restructuring or readjustment of agri-lands into non-agriculture uses; ▪ Develop and implement alternative land tenure systems such as cooperative farming and agro-industrial estates, etc; ▪ Undertake land use management and land development studies and projects in AR areas; ▪ Promote the organization and development of cooperatives and other associations of ARBs; ▪ Institutionalize the participation of farmers, farmworkers, other beneficiaries and AR advocates in AR policy formulation, program implementation and evaluation; and ▪ Monitor and evaluate the progress of AR implementation. 	Yes
Bureau of Land Acquisition and Distribution		Yes
Bureau of Agrarian Reform Beneficiaries Development		Yes
Bureau of Land Development		Yes
Bureau of Agrarian Reform Information and Education		Yes
Department Regional Offices (15 ROs), the provincial offices (79) the municipal agrarian reform offices (1,432)	Field implementation and coordination	Yes

Source: own compilation/ RETA 6096, 2005 Antipolo OPIF Workshop

Table 9 DENR Organizational Structure

<i>Department Proper</i>	<i>Offices and Services</i>	<i>OPIF 2009</i>
Offices of the Undersecretaries	Planning and Policy Office Mining and Legal Affairs Land Management Office Management and Technical Services Office Environment and Forestry	Yes
Offices of the Assistant Secretaries	Field Operations Muslim Affairs Office Foreign-Assisted and Special Projects Office General Legal Service Office Legislative Liaison and Administrative Legal Services Office	Yes
Field Offices	DENR Regional Offices (16) EMB Regional Field Units (16) MGB Regional Offices (16) Provincial Environment and Natural Resources Offices (74) Community Environment and Natural Resources Offices (170)	Yes
Staff Offices/Services	Public Affairs Office Special Concerns Office Foreign-Assisted and Special Project Office Planning and Policy Service Financial and Management Service Administrative Service Human Resources Development Service Legal Service Coastal and Marine Management Office Community-Based Forest Management Program Office	Yes
<i>DENR Bureaus</i>	<i>Functions</i>	<i>OPIF 2009</i>
Forest Management Bureau (FMB)	Matters pertaining to forest development and conservation	Yes
Lands Management Bureau (LMB)	Rational land classification, management and disposition	Yes
Ecosystems Research and Development Bureau (ERDB)	The generation of technologies and provision of scientific assistance in the research and development of technologies relevant to the sustainable use of Philippine ecosystems and natural resources;	Yes
Protected Areas and Wildlife Bureau (PAWB)	The establishment and management of national parks, wildlife sanctuaries, marine parks and biospheric reserves, as well as the preservation of biological diversity. Genetic resources and the endangered Philippine flora and fauna.	Yes
<i>Agencies and Coporations</i>	<i>Functions</i>	
Environmental Management Bureau (EMB)	Pollution Control Law (PD 984); Environmental Impact Assessment Waste Management Act (RA 6969); Ecological Solid Waste Management Act (RA 9003); and the newly signed Clean Water Act (RA 9275)	Yes
Mines and Geosciences Bureau (MGB)	Administration and disposition of the country's mineral lands and mineral resources	Yes
NAMRIA	The Authority shall act as the central mapping agency, which will serve the needs of the line services of the Department and other government offices with regard to information and researches, and shall expand its capability in the production and maintenance of maps, charts, photogrammetry and cartography	Yes
Pollution Adjudication	The Board shall assume the powers and functions of the	Information

Board	Commission/Commissioners of the National Pollution Control Commission with respect to the adjudication of pollution cases under Republic Act 3931 and Presidential Decree 984, particularly with respect to Sections 6.	n.a.
Natural Resources Development Corporation	It shall promote the enhancement of forest renewal rate through intensified Industrial Tree Plantation promotion including the provision of incidental services such as extension of assistance on equity/capital, credit line/facilities, marketing and management.	No
National Electrification Administration	Act and operate as the principal implementing arm of the DENR in matters of energy farming and aspects and components of energy policies, programs, and plan which cannot be carried out by the private sector.	No
Laguna Lake Development Authority	n.a.	No
Natural Resources Mining Development Corporation	conduct and carry on the business of exploring, developing, mining, smelting, and producing, transporting, storing, distributing, exchanging, selling, disposing, importing, exporting, trading and promotion of gold silver, copper, iron, and all kinds of mineral deposits and substances; Ownership: Natural Resources Development Corporation (NRDC) (55%) and Philippines National Oil Company Energy Development Corporation (PNOC-EDC) (45%)	No
National Water Resources Board	Formulation and coordination of policies, programs and standards relating to water sector; management and regulation all water-related activities; regulation and monitoring of water utilities	No

Source: own compilation/ RETA 6096, 2005 Antipolo OPIF Workshop

Table 10 RBM Workshop 09 November Antipolo 2007, Common Issues and Challenges

Area	Issues	Recommendations	Agency	Prioritisation
Sectoral Outcomes	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Review and identification of clear sectoral outcomes and indicators (consultation) and agency outcomes <input checked="" type="checkbox"/> Enhanced link of outcome and outputs through PPMIS 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Define clear and agreed upon sectoral outcomes and indicators consistent with MTPDP and agency targets 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> NEDA/oversight agencies and sectoral agencies 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Ongoing until end of the year (for the sectoral outcomes and indicators)
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Review of MFOs, Programs/Projects/Activities and OVIs of sectoral agencies to sectoral outcomes 		<ul style="list-style-type: none"> <input checked="" type="checkbox"/> NEDA/DBM and sectoral agencies 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> c/o DBM
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> OPIF-based budget nomenclatures for PPAs; MFO composition 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Standardized definition of nomenclatures, MFO definitions and composition 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> DBM/NEDA and sectoral agencies 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> c/o DBM
Planning and Budgeting	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Integration of central and field planning and budgeting procedures 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> sectoral agencies with NEDA/DBM 	
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cascading of RBM framework to the field level 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Develop a road map for cascading the RBM framework 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Sectoral agencies 	Immediate (6-12 mos.)
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Harmonization of agency (DA & DENR) strategic plans or planning methods and objectives with the annual operational plan 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Stronger linkage between strategic plans and annual operations plan 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Sectoral agencies 	Intermediate
Operationalisation	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Weakness in translation of national objectives and targets at the field level 	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Cascading and capacity building for field/local staff; <input checked="" type="checkbox"/> Continuing advocacy and IEC; orientation and briefings/trainings <input checked="" type="checkbox"/> Development of operations modules and manuals for RBM planning 	Sectoral agencies	Intermediate
	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Rationalisation of organisational structure, functions, staffing, and 		<ul style="list-style-type: none"> <input checked="" type="checkbox"/> c/o DBM 	Immediate

	field personnel			
	<input checked="" type="checkbox"/> Operationalisation of Convergence at the local levels between agencies and LGU partners/other partners <input checked="" type="checkbox"/> Synchronization of implementation plans among agencies and LGUs at the field level	<input checked="" type="checkbox"/> Operationalise RBM sectoral outcomes and objectives at the local (convergence) level <input checked="" type="checkbox"/> Review convergence implementation arrangements at the local level <input checked="" type="checkbox"/> Amend IRR of convergence to include DAR as co-chair at provincial and local level	<input checked="" type="checkbox"/> DA as chair of convergence group with DAR and DENR, DILG and LGUs	Immediate
Monitoring and Evaluation	<input checked="" type="checkbox"/> Agencies have distinct targets and objectives but not clear how this contribute to expected sectoral outcomes and how this should be monitored	<input checked="" type="checkbox"/> Establishment of common monitoring and evaluation system; clear baselines that directly related to RBM targets	<input checked="" type="checkbox"/> NEDA/DBM/sectoral agencies	<input checked="" type="checkbox"/> Intermediate
	<input checked="" type="checkbox"/> Lack of support/understanding of agency management and other stakeholders on importance of RBM M&E	<input checked="" type="checkbox"/> Advocacy with top management, field offices and other stakeholders <input checked="" type="checkbox"/> Capacity building	<input checked="" type="checkbox"/> NEDA/DBM/Sectoral agencies	<input checked="" type="checkbox"/> Immediate
	<input checked="" type="checkbox"/> Multiple/overload in monitoring and report requirements by oversight and external agencies, i.e. DBM, NEDA, Congress, Malacanang, etc.	<input checked="" type="checkbox"/> Develop and formulate simplified monitoring and reporting systems for agencies	<input checked="" type="checkbox"/> DBM/NEDA/Sectoral agencies	<input checked="" type="checkbox"/> Intermediate
	<input checked="" type="checkbox"/> Lack of integrated and simplified monitoring systems/limited capacities (or time) for effective monitoring, i.e. analysis, feedback, etc	<input checked="" type="checkbox"/> Systems development and capacity building for all agencies <input checked="" type="checkbox"/> Establishment of effective database system	<input checked="" type="checkbox"/> DBM/NEDA/Sectoral agencies	<input checked="" type="checkbox"/> Immediate

7.4 Power Point Presentation, presented on February 26, 2009, in ADB




Results Based Planning and Budgeting Systems in the Philippine Rural Development Sector

TA 7190-PHI "Republic of the Philippines: Harmonization and Development Effectiveness"

**Claudia Büntjen, Team Leader
Sr. Governance and Capacity Development Specialist**


**Andreas Lange
Secondee**

Philippines Country Office, 26 February 2009



Background

- Paris Declaration on Aid Effectiveness (2005)
- Accra Agenda for Action (2008)
- ADB TA to the Philippines for Harmonization and Managing for Results (2006-2008)
- TA 7190 approved on 8 December 2008 with an amount of \$900,000



(please refer to PDF version for full power point presentation)