

ASIAN DEVELOPMENT BANK

TAR: PHI 37759

TECHNICAL ASSISTANCE

TO THE

REPUBLIC OF THE PHILIPPINES

FOR

**STRENGTHENING PROVINCIAL AND LOCAL PLANNING AND
EXPENDITURE MANAGEMENT**

December 2004

CURRENCY EQUIVALENTS

(As of 7 December 2004)

Currency Unit	–	Peso (P)
P1.00	=	\$0.0179
\$1.00	=	P56.00

ABBREVIATIONS

ADB	–	Asian Development Bank
AIP	–	annual investment plan
ARMM	–	Autonomous Region for Muslim Mindanao
BOT	–	build-operate- and- transfer
CDF	–	Congressional Development Fund
CEO	–	chief executive officer
DBM	–	Department of Budget and Management
DILG	–	Department of the Interior and Local Government
DOF	–	Department of Finance
EA	–	executing agency
IRA	–	Internal Revenue Allotment
LCE	–	local chief executives
LDC	–	local development council
LGC	–	Local Government Code
LGU	–	local government unit
NEDA	–	National Economic and Development Authority
NRO	–	NEDA Regional Office
PDAF	–	Priority Development Assistance Fund
PDP	–	provincial development plan
PDIP	–	provincial development investment program
PHI	–	Philippines
PhCO	–	Philippines Country Office
PPDO	–	Provincial Planning Development Office
PPFP	–	provincial physical framework plan
RDCS	–	Regional Development Coordination Staff of NEDA
RPDO	–	Regional Planning Development Office
SP	–	Sangguniang Panlalawigan
SPPEM	–	Strengthening Provincial/ Local Planning and Expenditure Management
TA	–	technical assistance
TOR	–	terms of reference

TECHINICAL ASSISTANCE CLASSIFICATION

Targeting Classification	–	General Intervention
Sector	–	Law, Economic Management and Public Policy
Subsector	–	Public finance and expenditure management and subnational government administration
Themes	–	Sustainable Economic Growth and Governance
Subthemes	–	Promoting macroeconomic stability and public governance

NOTES

(i) Fiscal Year of the Government of the Philippines is from 1 January to 31 December.

(ii) In this report, “\$” refers to US dollars.

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I. INTRODUCTION

1. The Government of the Philippines (the Government), through the National Economic and Development Authority (NEDA), requested the Asian Development Bank (ADB) to provide an advisory technical assistance (TA) for Strengthening Provincial and Local Planning and Expenditure Management. The TA is included in the 2004 country program for the Philippines. A preparatory work to investigate the problems and issues in provincial planning and expenditure management has been prepared.¹ A Fact-Finding Mission was fielded 14-30 July 2004 and reached understanding with the Government on the objective, scope, cost estimate, financing and implementation arrangements of the TA. This builds on the ADB-World Bank-Government report “Public Expenditure, Procurement and Financial Management Review”, jointly conducted in 2003. The TA framework is in Appendix 1.²

II. ISSUES

2. Given the devolved responsibilities of local government units (LGUs) at all levels under the 1991 Local Government Code (LGC)³ of the Philippines, LGUs, especially the provincial planning and development offices, can play a crucial role in local economic development, poverty reduction and regional development. Currently, the provincial/local planning work is relatively weak and lacks the fundamental linkages to expenditure management, revenue collection and project investments at the provincial, regional and national levels. There is a need to strengthen capabilities for provincial planning and expenditure management to link the provincial development plan (PDP) with the annual investment plan (AIP), budget preparation and investment financing; to streamline institutional management, consolidate several provincial development guidelines into an integrated guideline; and to provide follow-up training to help provincial planners and development coordinators use the new guidelines in their work. These activities will contribute significantly to bridging the gap between LGU resource capacities and expenditure needs. To streamline the procedures for national and local planning, budgeting, revenue collection, and investment financing, it is also necessary to strengthen institutional collaboration and cooperation at the national level, especially among the National Economic and Development Authority (NEDA), the Department of Budget Management (DBM), the Department of the Interior and Local Government (DILG), and the Department of Finance (DOF). The current fragmented management system has adversely affected overall management of these processes. Strengthening the planning-investment financing can also help improve the Government’s efficiency. The TA supports ADB’s Philippine country strategy in poverty reduction, decentralization, regional development, and good governance.

3. The PDP, which is mandated under the LGC for laying out provincial planning, has little influence on eventual provincial investment decisions, budgeting and project implementation. It is essentially a technical document that is not usually used in the AIP preparation. In the provinces where links are close between the PDP and the AIP, projects are normally implemented smoothly and coincide with development priorities highlighted in the PDP. Otherwise, the AIP preparation is not directly linked with the PDP and usually provinces end up implementing projects that differ from the priorities specified in the PDP. LGUs use alternative processes in preparing the PDP and the AIP. In some provinces, the planning office prepares both the PDP and the AIP, while in others the PDP and the AIP are prepared separately with or without collaboration of the planning office and the budget office. Obviously the former process is more effective and has normally led to good investment financing, while the latter process requires collaboration between the provincial

¹ “Preparatory Work for the Proposed Technical Assistance on Strengthening Provincial Planning and Expenditure Management”. www.adb.org/phco.

² The TA was first listed in *The ADB Business Opportunities* on 28 June 2004.

³ Based on the Local Government Code 1991, currently there are 79 provinces, 115 cities, 1495 municipalities and 41,956 barangays.

planning and budget offices with support from local chief executives (LCEs) (including provincial governors, city and municipal mayors). Insufficient interface among agencies at various levels results in poor investment financing decision and wastage. There is a need to influence LCEs to better understand technicalities and be more involved in provincial/local planning, budgeting, revenue collection and investment financing. If LCEs adopt more rigorous and coordinated development plans and programs, the PDP process and its implementation will be effective.

4. There are multiple and outdated development guidelines and formats issued by various agencies and institutions and these confuse planning offices in PDP preparation and make coordination of the PDP formulation complex. Some guidelines that were issued before 1991 are not attuned to the reforms introduced under the LGC. There is need to streamline administrative procedures and arrangements, and to prepare an integrated set of guidelines to strengthen provincial planning and expenditure management. The new guidelines should be well integrated, simple and user friendly.

5. The quality of the PDP among the LGUs is uneven. Key areas for improvement include giving more dynamic dimensions to situation analyses by adopting sound assumptions for trends and growth rates; and developing projections effectively. There is further need for strengthening linkages between analysis on one hand, and identification of objectives, strategies, programs, and projects on the other; and prioritizing identified problems and issues, as well as proposed programs and projects. Provincial planning capacity is generally inadequate. Although provincial planning development offices (PPDO) understand the planning process, a major constraint is that few PPDO technical personnel have formal planning expertise (less than 2% have any formal planning degree). PPDO productivity is also hampered by additional assignments unrelated to the planning mandate. Moreover, development priorities are not clearly defined in the PDP, mainly because of the lack of capacity of planning officers.

6. Heavy reliance on the internal revenue allotment (IRA)⁴ makes LGUs reluctant to search for other financial resources for local development. LGUs rely on the IRA for more than 55% of their budget revenue. Major financial resource allocation distortion in the planning system is the congressional development fund (CDF) or Priority Development Assistance Fund (PDAF), which is allocated to members of Congress for discretionary spending within LGUs. These funds have been channeled to local developments in a nontransparent way for projects not necessarily aligned with the PDPs, and dilute the already limited public resources. This implies that only a limited portion of the CDF serves local development purposes. Moreover, this trend has been adopted by members of Sanggunian⁵ at various levels, further depriving the limited resources for development.

7. Local expenditure management and revenue collection capacity should be strengthened. Currently, more than 50% of IRA has been used for personnel services and local revenue collection accounts for less than 10% of total expenditures. Unless provinces can significantly improve their own-source revenue effort and/or tap non-traditional financing sources, they will remain dependent on their IRA to finance provincial development funds. The ability of the provinces to increase own-source revenue is hampered by the poor linkage between planning and budgeting, weak tax administration, large allocations for personnel services and contracted persons, and constraints in LGU credit/capital financing framework.

⁴ The IRA is the inter-government financing mechanism by which 40% of revenues collected by the National Government are channeled to LGUs for development spending.

⁵ Local congresses.

III. THE TECHNICAL ASSISTANCE

A. Purpose and Output

8. The goal of the TA is to help provinces and some selected cities improve their capacities for effective planning and budget management to strengthen LGU service delivery and pro-poor economic development. The TA will help develop approaches and methods for strengthening provincial/local planning and expenditure management by establishing efficient provincial/local planning, budgeting, revenue collection and investment financial framework.

9. The TA will consist of four interrelated components: (i) enhancing cooperation and collaboration of national agencies and LGUs to consolidate the planning-budgeting-investment linkages; (ii) preparing new planning, budgeting and investment guidelines; (iii) capacity-building training for governors and city mayors, and planning, budgeting and treasury officers at provincial/local levels; and (iv) enhancing local expenditure management, revenue collections and project evaluation. The TA will target LGUs at provincial and city levels. However, consultations will be focused on five pilot regions: Cordillera Administrative Region, Cavite-Laguna-Batangas-Rizal-Quezon Region, Western Visayas, Eastern Visayas, and Western Mindanao. The pilot regions were selected after full consultation with national and local government agencies with consideration of geographic distribution, poverty incidence, responsiveness to the TA preparatory work and capacity to benefit from the TA.

B. Methodology and Key Activities

10. **Strengthening the Planning-Budgeting-Investment Linkages.** The first set of activities pertains to strengthening linkages of the PDP, the Provincial Physical Framework Plan (PPFP), budget and the AIP. Strengthening these linkages will help ensure that projects are derived from technically sound planning processes that involve medium term perspectives and appropriate prioritization.

11. To address the above issue, advocacy activities, along with institutional cooperation, training, capacity building, and performance incentives for LGUs are needed. Early in the TA program, a consultation workshop will be conducted to brief LCEs on best practice for local fiscal management, including planning, budgeting, revenue generation, investment programming, and project evaluation. The workshop will cover three aspects that will subsequently be developed by the TA: (i) a proposal for performance-based incentives that will be given to LGUs that are able to achieve improved PDP-PPFP-budget-AIP linkages; (ii) a proposal for a new set of integrated planning guidelines, merging the PDP and the PPFP, and taking into consideration the sectoral and existing planning frameworks, including budgeting, revenue generation, investment programming and project evaluation, and (iii) based on consultations, a report on institutional linkage strategies will be prepared and discussed by the steering committee. If the proposals are found acceptable and feasible, corresponding legal issuances, executive order or administrative order will be drafted.

12. **Preparation of New Planning Guidelines.** This covers the preparation of a new set of planning guidelines to ensure that provincial plans respond to needs for provincial development. The guidelines will be suitable for preparing the development planning documents and should offer a better alternative to existing guidelines for local development planning. More specifically, the guidelines should: (i) cover the steps involved in the entire planning-budgeting-investment programming process including alternative approaches to promote the LCEs' commitment to the process and its outputs; (ii) provide links for preparation of plans, budgets and investment programs; (iii) define the components and dimensions of the single local plan document; and (iv) consider existing and potential planning capabilities. Preparation of the guidelines will require

consultations with selected provinces and cities. Public and community-based consultations with civil society, NGOs and the private sector will be organized in the process. Consultations with key officials from the steering committee will also be undertaken. Prior to finalization, a draft of the guidelines will be given to the steering committee, and to selected NROs and PPDOs for review and comments.

13. **Capacity Building.** Activities for the capacity building component of the TA are designed to help ensure that LGU planning capabilities match requirements for the new set of planning guidelines. For purposes of the TA, the capability program will be focused on the dissemination and use of the new planning guidelines. Relevant LGU personnel (planning coordinators, budget officers and treasurers) as well as regional development planners will be trained in applying the new guidelines. They are expected to assess and make use of the guidelines in their actual planning and expenditure management work. To strengthen gains from this TA, other programs that may be undertaken include (i) training in project implementation; and (ii) improving databases for provincial planning, budgeting, revenue collection and investment financing. This can also lay the foundation for continued assistance by other donor agencies.

14. **Enhancing Local Expenditure Management and Revenue Collection.** The study and activities under this TA component are designed to ensure that administrative arrangements and resources match requirements of planning guidelines and legal issuances. The TA has proposed a focused plan to enhance revenue collection and project evaluation to finance and implement plans. Enhancing revenue collection may have implications on roles and functions of local tax authorities and on delineation of responsibilities among agencies. Legal mandates may also have to be reviewed to ensure linkages of the planning, programming and budgeting processes. Similarly, proposals should be strengthened to improve the financial status and autonomy of provinces. These proposals will be drawn mainly from the results of previous studies.

15. The proposed TA should result in: (i) a new set of guidelines on preparation of local development planning, budgeting, revenue generation, investment programming, and project evaluation that are well-integrated, useful, and user-friendly. The guidelines will be widely used in provinces and cities after pilot testing; (ii) training workshops on use of the new planning guidelines; (iii) through the TA, improved institutional linkages, administrative arrangements and financial resources of LGUs for plan preparation, budgeting, revenue collection, and investment programming. In the long term, the TA will contribute to (i) establishing efficient planning, budgeting, revenue collection, investment financing and project evaluation framework at local levels; and (ii) better collaboration among national and local government agencies in planning and expenditure management.

C. Cost and Financing

16. The total cost of the TA is estimated at \$500,000 equivalent, comprising \$104,000 in foreign exchange and \$396,000 equivalent in local currency. ADB will provide a grant of \$350,000 to cover the entire foreign exchange cost and \$246,000 equivalent of the local currency costs. The TA will be financed on a grant basis by ADB's TA funding program. The Government will contribute the remaining \$150,000 equivalent in kind, including office space in Manila, counterpart staff remuneration, and secretariat support. The Government assured the availability of counterpart services, facilities and funds by the TA's expected commencement date. Details of cost estimates and financing plan are in Appendix 2.

D. Implementation Arrangements

17. A steering committee, chaired by the NEDA Director-General with participation of DILG, DBM, DOF and LCEs, will oversee the TA implementation. The NEDA will be the TA Executing Agency (EA) and will coordinate with DILG, DBM and DOF. The NEDA-Regional Development Coordination Staff (RDSCS) will be the project coordination group, and will assign counterpart staff to work with ADB and the consultants. The RDSCS will enlist a team of ADB staff and consultants to carry out the tasks and activities in the proposed TA. An Inception Mission will be fielded when the TA begins. The consultants will be engaged by ADB in accordance with its *Guidelines on the Use of Consultants* and other arrangements satisfactory to ADB for the engagement of international and domestic consultants.

18. The TA will be carried out over 12 months, starting in January 2005 for completion by January 2006. The consultants' inputs will amount to about 12 intermittent person-months. The international consultants will comprise: (i) a team leader with extensive experience in local and regional development planning (3 person-months); and (ii) a local/regional planning specialist who can take the lead in preparing the new development guidelines (3 person-months). The domestic consultants will comprise: (i) an expenditure management specialist to help draft the part on improving LGU expenditure management (2 person-months); (ii) a local revenue management/investment programming specialist to help LGUs increase revenues and provide guidelines on investment programming (2 person-months); and (iii) a project evaluation specialist to help LGUs improve their project implementation capacities (1.5 person-months). All consultants will be recruited individually because the TA requires profound understanding and experience at local government levels. Detailed terms of reference for consultants are attached as Appendix 3.

19. The team of consultants will submit three major reports: (i) an inception report within 3 weeks after the TA commences, (ii) an interim report of TA progress within 5 months, and (iii) a draft final report toward the end of the TA. In addition, the monthly progress report will be prepared. After receiving the inception report, ADB will undertake an inception mission to the selected provinces and cities to discuss and agree with the EA, the steering committee, LGUs and consultants on various milestones of the TA implementation. A consultation workshop with participation of LCEs will be held in February 2005. A TA review mission will be fielded after receipt of the interim report to monitor the progress of the TA implementation and make necessary adjustments. A tripartite meeting will be held among the consultants, ADB and Government agencies at the end of the TA implementation. Training workshops on the new guidelines will be held in the selected regions. The consultants will prepare the final report within 15 days after the tripartite meeting has taken place among the steering committee, the consultants and ADB to discuss the draft final report.

IV. THE PRESIDENT'S DECISION

20. The President, acting under authority delegated by the Board, has approved the provision of technical assistance not exceeding the equivalent of \$350,000 on a grant basis to the Government of the Philippines for Strengthening Provincial and Local Planning and Expenditure Management, and hereby reports this action to the Board.

TECHNICAL ASSISTANCE FRAMEWORK

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
<p>Development Goal</p> <ul style="list-style-type: none"> Enhance the capacity of national and local governments to manage provincial and local planning, budgeting and investment programming, thus providing better service delivery, and facilitating provincial and local economic development and poverty reduction. 	<ul style="list-style-type: none"> Reduced fiscal deficit Improved revenues Improved service deliveries of local government units (LGUs) 	<ul style="list-style-type: none"> Annual fiscal reports Provincial/Local Development Plans 	<ul style="list-style-type: none"> Increasing quality of provincial/ local development plans Increasing LGU revenues
<p>Project Purpose</p> <ul style="list-style-type: none"> Help the Government strengthen provincial planning and expenditure management by establishing an efficient provincial/ local planning, budgeting, revenue generation and investment programming/project evaluation framework. 	<ul style="list-style-type: none"> Improved provincial / local development planning and expenditure management Newly prepared guidelines for provincial/ local development planning, budgeting, revenue generation and investment programming/project evaluation. 	<ul style="list-style-type: none"> Regular economic reports New provincial/local development plans The Steering Committee will enhance institutional collaboration on provincial planning, budgeting and investment decision making 	<ul style="list-style-type: none"> Efficiently improving collaboration of national agencies with LGUs in planning, budgeting and investment New Guidelines on provincial/local planning, budgeting, investment programming, project evaluation, and revenue generation
<p>Outputs</p> <ul style="list-style-type: none"> Advocacy activities to improve appreciation and understanding among national and local government officials of the importance of medium term planning and its impacts on provincial development; A new set of guidelines on planning, budgeting, investment programming/project evaluation, and revenue generation; Capability-building programs on use of the planning guidelines; Proposals to improve institutional linkages, administrative arrangements, and financial resources of the provinces for plan preparation, budgeting and investment 	<ul style="list-style-type: none"> ADB and NEDA will ensure fielding consultants per the terms of reference by November 2004 Submission of the final report by the consultants by August 2005 and the TA completion report by September 2005 Final report reviewed and accepted by the Government and ADB in accordance with the TOR 	<ul style="list-style-type: none"> Consultants' reports TA review missions TA completion report New guidelines for provincial/ local planning 	<ul style="list-style-type: none"> Availability of Government counterpart support

Design Summary	Performance Indicators/Targets	Monitoring Mechanisms	Assumptions and Risks
programming			
Activities <ul style="list-style-type: none"> • Enhancing cooperation and collaboration of national agencies designed to consolidate the planning-budgeting-investment programming linkage • Preparation of the new planning, budgeting, investment programming/ project evaluation and revenue generation guidelines • Capacity-building training for governors and city mayors, planning, budgeting and treasury officers • Enhancing local expenditure management and revenue collection 	<ul style="list-style-type: none"> • ADB and NEDA to ensure fielding and provision of consultants as per the TOR by November 2004 • Submission of the final report by the consultation in July 2005 and completion of TA by August 2005 • Final report reviewed and accepted by the Government and ADB in accordance with the TOR 	<ul style="list-style-type: none"> • Consultants' reports • TA review missions • TA completion report • New guidelines for provincial/local planning, budgeting, investment programming/ project evaluation, budgeting and revenue generation. 	<ul style="list-style-type: none"> • Selection of qualified consultants in accordance with ADB's <i>Guidelines on Use of Consultants</i>
Inputs <ul style="list-style-type: none"> • Inputs from five Consultants 	<ul style="list-style-type: none"> • About 12 person-months intermittently of consultancy work costing \$141,500. • ADB and NEDA to ensure fielding and provision of consultants as per the TOR by November 2004 • Submission of the final report by the consultation in September 2005 and completion of TA by October 2005 	<ul style="list-style-type: none"> • Consultants' reports • TA review missions • TA completion report • New guidelines for provincial/local planning, budgeting, investment programming/ project evaluation and revenue generation 	<ul style="list-style-type: none"> • Selection of qualified consultants in accordance with ADB's <i>Guidelines on Use of Consultants</i>

COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Foreign Exchange	Local Currency	Total Cost
A. Asian Development Bank Financing^a			
1. Consultants			
a. Remuneration and Per Diem			
i. International Consultants	76.5	0.0	76.5
ii. Domestic Consultants	0.0	45.0	45.0
b. International and Local Travel	10.0	10.0	20.0
2. Preparation of TA Report	11.0	0.0	11.0
3. Meetings and Consultations	0.0	28.0	28.0
4. Training and Workshops ^b	0.0	157.0	157.0
5. Software and Equipment ^c	0.0	2.5	2.5
6. Printing of Planning Guidelines	0.0	3.5	3.5
7. Contingency	6.5	0.0	6.5
Subtotal (A)	104.0	246.0	350.0
B. Government Financing			
1. Office Accommodation and Facilities	0.0	79.0	79.0
2. Remuneration of Counterpart Staff	0.0	36.0	36.0
3. Other Administration and Support Costs, including Contingency	0.0	35.0	35.0
Subtotal (B)	0	150.0	150.0
Total	104.0	396.0	500.0

TA = technical assistance.

^a The technical assistance will be financed by ADB's TA funding program on a grant basis.

^b Includes the validation workshops and the utilization-workshops on the use of the new guidelines.

^c Relevant computer software and hardware will be acquired to support computer-based revision and reproduction of the new provincial planning guidelines. The software and hardware will be left to the National Economic and Development Authority after completion of the TA.

Source: ADB estimates.

OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. Local/Regional Planning Specialist/Team Leader (International, 3 person months)

1. As the team leader, the local/regional planning specialist, should have experience working with LGUs and be able to write guidelines, frameworks and case studies. He/she should be able to effectively to communicate with local officials. He/she will undertake the following tasks:

- (i) Assume overall responsibility for the technical assistance (TA) stipulated in the technical assistance report including the production and packaging of reports;
- (ii) Coordinate the TA implementation, including consultations with the national and local government agencies; preparation of the new planning guidelines; organization of training and workshops; and preparation of TA reports such as inception, interim and draft final reports;
- (iii) Design and lead the consulting team work, together with ADB to conduct the institutional coordination work and send progress reports to ADB, NEDA, members of the steering committee and selected LGUs;
- (iv) Provide overall framework for the set of guidelines particularly establishing the linkages of the various sets of guidelines (guidelines on local planning, budgeting and investment programming; on prioritizing local projects; on revenue projection and forecasting sound capital budgeting and associated case studies) as well as linkages of provincial planning outputs with regional and lower level plans;
- (v) Design and develop implementation plans that are consistent with the overall framework of the TA. Develop a proposed schedule of work for the team;
- (vi) Develop the outline per component/section in coordination with team members. Determine the institutional implications of the new guidelines, giving special attention to merging the PDP and the PFP and propose policy reforms, if necessary. Ensure internal consistency of the guidelines and the linkages of the different sections (i.e. planning, budgeting, revenue generation, investment programming, and project evaluation) of the guidelines;
- (vii) Review and provide inputs to the outputs of team members, using the TOR and TA design as a basis. Furnish ADB and NEDA with the comments/inputs. The team leader shall also integrate findings of team members into a coherent completion report;
- (viii) In coordination with team members, prepare and formulate the activity design/workshop design of the following activities: (a) advocacy meetings with LCEs, leagues and national government agencies; (b) workshops to validate of draft guidelines in selected provinces and cities; and (c) utilization-workshops for all provinces and cities on use of the guidelines;
- (xii) Prepare case studies, presentation materials and lecture notes on local planning (at least 2 case studies per major area)
- (ix) Act as resource person or deliver lecture and prepare presentation materials in the major TA activities (advocacy sessions with governors, leagues and national government agencies; workshops on validation of the draft guidelines; utilization workshops for provinces and cities; PSC meetings);
- (x) Provide links among team members, NEDA and ADB;
- (xi) Undertake field visits to, and consultations with, the selected provinces and cities, with NEDA as the Executing Agency and the other concerned institutions such as DILG, DBM, NEDA Regional Offices, and the League of Governors;

- (xii) Proposed policy reforms addressing the institutional implications of the guidelines (if necessary); In consultation with team members, recommend directions for change and improvements in provincial planning and expenditure management; and
- (xiii) Prepare and submit the inception, interim, regular implementation and integrated/final TA reports for ADB.

2. Local/Regional Planning Specialist (International, 3 person months)

2. As a team member, the local/regional planning specialist should have experience working with LGUs and be able to write guidelines, frameworks and case studies. He/she should be able to effectively to communicate with local officials. He/she will undertake the following tasks and deliver the following outputs:

- (i) Assist the team leader in preparing the outline and work schedule for the TA. Assist the team leader in undertaking the technical assistance and other related tasks;
- (ii) Prepare the new set of guidelines on integrated PDP and PFP at the local level, including case studies on this topic; The guidelines should provide LGUs with ways and means to formulate a single planning document (merged the PDP and the PFP) at local levels, and cover the entire planning process (i.e., analysis of the planning environment up to identification of interventions);
- (iii) Integrate existing planning frameworks (e.g., poverty alleviation, population and development, gender and development, children's welfare, the elderly, sustainable development, millennium development goals) in the guidelines;
- (iv) Ensure that provincial planning documents provide meaningful inputs to national/regional planning, serve as a framework for lower-level planning (e.g., municipal) and are consistent with national/regional development thrusts;
- (v) Act as resource person or deliver lecture/ prepare presentation materials in the major TA activities (advocacy sessions with governors, leagues and national government agencies; workshop on the validation of the draft guidelines; utilization-workshop for provinces and cities; PSC meetings);
- (vi) Undertake field visits to and consultations with the selected provinces and cities, with NEDA as the Executing Agency and the other concerned institutions such as DILG, DBM, DOF, NEDA regional offices, and the League of Governors;
- (vii) Assist the Team Leader to conduct the technical assistance stipulated in the technical assistance report, including the production of reports;
- (viii) Assist the Team Leader in design of the new set of planning guidelines suitable for requirements of a single provincial planning document that integrates sectoral and spatial considerations and the training of governors and mayors, local planning, budgeting and treasury officers;
- (ix) Prepare case studies, presentation materials and lecture notes on local planning, particularly on integrating the PDP and the PFP;
- (x) Assist the Team Leader to formulate recommendations on the directions for change and improvements in provincial planning and expenditure management; and
- (xi) Assist the Team Leader to prepare the inception, interim, regular implementation and integrated/final TA reports for ADB.

3. Local Expenditure Management Specialist (Domestic, 2 person months)

3. As a team member, the local expenditure management specialist should have experience working with LGUs and be able to write guidelines, frameworks and case studies.

He/she should be able to effectively to communicate with local officials. He/she will undertake the following tasks and deliver the following outputs:

- (i) Prepare a new development outlines and work schedule in provincial/local expenditure management and investment programming, including budget preparation, linking the PDP/PPFP with investment programs;
- (ii) Design scopes and ranges for preparing the new provincial/local planning guidelines and other related areas, and for identifying respondents in expenditure management and investment programming;
- (iii) Undertake field visits to and consultations with the selected provinces and cities, with NEDA as the executing agency and the other concerned institutions such as the DILG, DBM, DOF, NEDA Regional Offices, and the League of Governors;
- (iv) Undertake overall responsibility for, and prepare the guidelines on the budgeting and expenditure management components of provincial planning and implementation as stipulated in various sections of the TOR. These include the following:
 - a. Preparing the guidelines on how to link provincial planning, and the processes involved in investment programming and budgeting, including the institutional/organizational arrangements involved in the financing of the development and investment plan;
 - b. Provide detailed guidelines on how to properly budget current expenditures and capital expenditures and on how to forecast and develop the medium-term expenditure program;
 - c. Provide guidelines on how LGUs can translate development strategies into priority programs and projects;
 - d. Provide guidelines on the formulation of a rolling PDIP, with emphasis on the 3-year slice, and how this can be linked with the AIP and the budget;
 - e. Formulate a framework for LGU fiscal policy reforms;
 - f. Jointly with the revenue specialist make projection and assessment of the full revenue potential of the provinces especially in respect to financing capital expenditures, taking into account current and untapped sources of revenue;
 - g. Jointly with the consultant team, conduct consultation workshops for provincial and local officials and conduct the training for using the new guidelines in expenditure management and investment programming.
- (v) Assist the Team Leader in formulating recommendations to improve the provincial planning system;
- (vi) Assist the Team Leader in formulating the recommendations on the scope, activities and nature of assistance to be provided under the TA and in developing the new guidelines;
- (vii) Jointly with the project evaluation specialist, prepare the guidelines on how to prepare the AIP for investment programs and how to implement the investment programs: project design, fund allocation, project selection and implementation. Suggest a prioritization mechanism for LGUs in firming up the PDIPs, and propose institutional and policies reforms in the local budgeting system;
- (viii) Act as resource person or deliver lecture and prepare presentation materials in the major activities of the TA (advocacy sessions with governors, leagues and national government agencies; workshop on the validation of the draft guidelines; utilization-workshop for provinces and cities ; PSC meetings); and
- (ix) Assist the Team Leader to prepare the inception, interim, regular implementation and integrated/final TA reports for ADB.

4. Local Revenue Management/Investment Programming Specialist (Domestic, 2 person months)

4. As a team member, the local revenue management specialist should have experience working with LGUs and be able to write guidelines, frameworks and case studies. He/she should be able to effectively communicate with local officials. He/she will undertake the following tasks and deliver the following outputs:

- (i) Together with the local expenditure management specialist, prepare guidelines on how LGUs can project expenditures and forecast revenues, as well as prepare budgeting guidelines to ensure sounder capital budgeting by matching expenditures with likely available revenues;
- (ii) As part of this effort, the specialist will prepare guidelines on possible means to deal with revenue shortfalls that threaten the viability of ongoing projects, and in coordination with the project evaluation specialist suggest a prioritization mechanisms for LGUs to firm up the PDIPs and prepare guidelines on prioritizing projects at the local level;
- (iii) Examine non-traditional revenue sources to finance local development. These resources may include build-operate-transfer (BOT) options, joint ventures with the private sector and bond flotation. Identify external sources of financing (e.g. BOT, loans, grants) available to LGUs, indicating the advantages and disadvantages of each;
- (iv) Examine and review traditional revenue sources for provinces and cities, including taxes, fees, and income of local government owned and controlled companies, and identify possible untapped revenue sources (e.g., cost recovery of LGU services). Identify obstacles to effective LGU revenue collection;
- (v) Prepare case studies, presentation materials and lecture notes on local investment programming, and revenue management. Jointly with local expenditure specialist, prepare the guidelines on how to link provincial planning, and the processes involved in investment programming and budgeting, including the institutional/organizational arrangements involved in the financing of the development and investment plan;
- (vi) Jointly with the project evaluation specialist, prepare the guidelines on how to prepare the AIP for investment programs and how to implement the investment programs: project design, fund allocation, project selection and implementation. Suggest a prioritization mechanism for LGUs in firming up the PDIPs, and propose institutional and policies reforms in the local budgeting system;
- (vii) Act as resource person or deliver lecture/ prepare presentation materials in the major TA activities (advocacy sessions with governors, leagues and national government agencies; workshop on the validation of the draft guidelines; utilization-workshop for provinces and cities; PSC meetings);
- (viii) Undertake field visits to and consultations with the selected provinces and cities, with NEDA as the executing agency and the other concerned institutions such as the DILG, DBM, NEDA Regional Offices, and the League of Governors;
- (ix) Assist the Team Leader to formulate the recommendations on the scope, activities and nature of assistance to be provided under the TA, and in developing the new guidelines; and
- (x) Assist the Team Leader to prepare the inception, interim, regular implementation and integrated/final TA reports for ADB.

5. Project Evaluation Specialist (Domestic, 1.5 person months)

5. As a team member, the local project evaluation specialist should have experience working with LGUs and be able to write guidelines, frameworks and case studies. He/she should be able to effectively to communicate with local officials. He/she will undertake the following tasks and deliver the following outputs:

- (i) Provide guidelines to LGUs on how to conduct project evaluations, covering market, technical, financial, economic and social analysis, etc. at the local level (not the usual ICC-type evaluation). The project evaluation guidelines should be simple enough for easy use by LGUs;
- (ii) Prepare guidelines for prioritizing projects and prepare case studies on project evaluation for LGUs;
- (iii) Together with the local expenditure management specialist, design a prioritization mechanism for LGUs in deciding projects to be included in the PDIP, the budget and the AIP;
- (iv) Act as resource person or deliver lecture and prepare presentation materials in the major TA activities (advocacy sessions with governors, leagues and national government agencies; workshop on the validation of the draft guidelines; utilization-workshop for provinces and cities; PSC meetings);
- (v) Prepare case studies, presentation materials and lecture notes on local project evaluation;
- (vi) Undertake field visits to and consultations with the selected provinces and cities, with NEDA as the executing agency and the other concerned institutions such as the DILG, DBM, NEDA Regional Offices, and the League of Governors;
- (vii) Assist the Team Leader to formulate the recommendations on the scope, activities and nature of assistance to be provided under the TA, and in developing the new guidelines; and
- (viii) Assist the Team Leader to prepare the inception, interim, regular implementation and integrated/final TA reports for ADB.