



Validation Report

Reference Number: PVR-374
Project Number: 39516
Loan Numbers: 2387 and 2584
December 2014

Philippines: Local Government Financing and Budget Reform Program Cluster

Independent Evaluation Department
Asian Development Bank

ABBREVIATIONS

ADB	–	Asian Development Bank
AFD	–	Agence Française de Développement
DOF	–	Department of Finance
LGFB	–	Local Government Financing and Budget Reform
LGFFDR	–	Local Government Finance and Fiscal Decentralization Reform
LGU	–	local government unit
MPI	–	multidimensional poverty index
PCR	–	program completion report
RRP	–	report and recommendation of the President
TA	–	technical assistance

NOTE

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

Key Words

adb, asian development bank, budget reform, intergovernmental fiscal relations, internal revenue allotment, local government financing, performance management, philippines

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PROGRAM BASIC DATA

Project Number:	39516	PCR Circulation Date:	Jan 2013	
Loan Numbers:	2387 and 2584	PCR Validation Date:	Dec 2014	
Project Name:	Local Government Financing and Budget Reform Program Cluster			
Country:	Philippines		Approved (\$ million)	Actual (\$ million)
Sector:	Public Sector Management	Total Project Costs: Subprogram 1 (L2387) Subprogram 2 (L2584)	300.00 441.00	337.55 441.00
ADB Financing: (\$ million)	ADF: 0.00	Loan: Subprogram 1 (in ¥ million) Subprogram 2	300.00 34,253.00 225.00	337.55 34,253.00 225.00
		Borrower:	0.00	0.00
		OCR: Subprogram 1: 300.00 Subprogram 2: 225.00	Beneficiaries:	0.00
		Others:	0.00	0.00
	Cofinancier:	(Subprogram 2) Agence Française de Developpement	Total Cofinancing: Subprogram 2	216.00
Approval Date: Subprogram 1 Subprogram 2	13 Dec 2007 26 Nov 2009	Effectiveness Date: Subprogram 1 Subprogram 2	7 Apr 2008 28 Dec 2009	7 Apr 2008 28 Dec 2009
Signing Date: Subprogram 1 Subprogram 2	22 Feb 2008 8 Dec 2009	Closing Date: Subprogram 1 Subprogram 2	31 Mar 2008 31 Mar 2010	9 Apr 2008 31 Mar 2010
Project Officers:	Subprogram 1: T. Niazi Subprogram 2: T. Niazi	Location ADB headquarters ADB headquarters	From Dec 2007 Nov 2009	To Dec 2008 Dec 2010
Validator:	E. Gozali, Principal Evaluation Specialist, IED1	Peer Reviewer:	H. Van Rijn, Principal Evaluation Specialist, IEOD	
Quality Reviewer:	B. Nguyen, Senior Evaluation Specialist, IED2	Director:	W. Kolkma, IED1	

ADB = Asian Development Bank; ADF = Asian Development Fund; IED1 = Independent Evaluation Department, Division 1; IED2 = Independent Evaluation Department, Division 2; IEOD = Independent Evaluation Department, Office of the Director General; OCR = ordinary capital resources; PCR = program completion report.

I. PROJECT DESCRIPTION

A. Rationale

1. The Local Government Financing and Budget Reform (LGFBF) program cluster was a part of the capacity building and reform programs being undertaken by the local governments in the Philippines since the enactment of the Local Government Code of 1991.¹ Before the LGFBF

¹ ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Program Loan and Technical Assistance Grant to the Republic of the Philippines for the Local Government Financing and Budget Reform Program Cluster (Subprogram 1)*. Manila; and ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loan for Subprogram 2 to the Republic of the Philippines for the Local Government Financing and Budget Reform Program*. Manila.

program, a number of local government units (LGUs) had been performing well. Yet, to sustain poverty reduction, the country needed a more robust economic development and higher level public sector performance at the local level.

2. Reforms at the local level were needed to attain (i) clearer and more streamlined expenditure assignments between national government agencies and LGUs; (ii) wider alternatives for mobilizing LGU resources; (iii) increased capacity of LGUs in financial management (including budgeting and tax administration); (iv) better structures, procedures, and information systems for national government agencies to exercise their mandated oversight of LGU activities; and (v) a stronger legal and institutional framework for decentralization. The need for more robust local finances increased after the global financial crisis in 2008. The crisis had reduced revenues and financing for the public sector (reduced access to borrowing and decreased remittances) and weakened demand for exports. Growth in gross domestic product slowed and poverty reduction stagnated, which brought to the forefront the potential role of LGUs to stimulate domestic demand and improve the efficiency of budget utilization for channeling assistance to the poor and to effective projects. External assistance would help the national government to strengthen its fiscal stimulus in response to the crisis. The LGFBR program was possible because of a sense of urgency and an improved understanding of the LGUs' role in the Philippines' national development outlined specifically in the Medium Term Philippine Development Plan 2004–2010.²

3. The LGFBR program was implemented during 2007–2010. Its program completion report (PCR) was completed on 23 January 2013 and is the subject of this validation.³ Subsequently, the thrust of its reforms was further sustained by a follow-on program loan by the Asian Development Bank (ADB) for the Local Government Finance and Fiscal Decentralization Reform Program (LGFFDR) that was approved on 13 February 2014.⁴

B. Expected Impact

4. The envisaged impact of the LGFBR program cluster was improved efficiency and effectiveness of basic public services delivered by LGUs to their constituent communities. Proxy target for the intended impact was more than half aggregate LGU performance indicators to improve by 10%–20% between 2007 and 2012. These indicators were (i) ratio of health facilities to population, (ii) access to basic services such as water and electricity, (iii) sanitation condition, (iv) extent of solid waste collection and disposal, and (v) presence of sewerage facility.

C. Objectives or Expected Outcome

5. The anticipated outcomes of the LGFBR program were enhanced resources and capacity of LGUs to plan and budget for the general welfare of their constituent communities in a transparent and accountable way. Achievement of the outcomes was to be evidenced by three targets. First, the real local government revenues (including access to public and private sources of credit) were to increase by at least 4% annually beginning in 2007 for (i) two-thirds of

² Government of the Republic of the Philippines, National Economic and Development Authority. 2004. *Medium-Term Philippine Development Plan 2004–2010*. Manila.

³ ADB. 2013. *Completion Report: Local Government Financing and Budget Reform Program Cluster in the Philippines*. Manila.

⁴ ADB. 2014. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach and Policy-Based Loan for Subprogram 1 to the Republic of the Philippines for the Local Government Finance and Fiscal Decentralization Reform Program*. Manila. Under the program, subprogram 1 was approved for \$250 million.

all provinces and highly urbanized cities, and (ii) most LGUs in the 4th to 6th income classes.⁵ The report and recommendation of the President (RRP) did not specify the exact duration of monitoring, so this validation adopts 2007–2010 since implementation of the program ended in 2010. The second target was real expenditures for service delivery to increase by at least 2% annually from 2008 for areas (i) and (ii) above. Third, to decrease by at least 20% at all subnational levels the number of fraudulent cases reported by the Commission on Audit.

D. Outputs

6. The program outputs encompassed five reform areas: (i) intergovernmental fiscal relations, focusing on the complete, timely, and transparent release of LGU shares in national government revenues; (ii) fiscal management, planning, and public expenditure management (including improving the financial reporting system); (iii) LGU performance measurement and service delivery, better measurement system for local government performance; (iv) better LGU access to public and private sources of capital to finance reforms and development; and (v) strengthening the local revenues, primarily local business and real property taxes. Subprogram 1, approved in December 2007 and disbursed in April 2008 for January 2006–December 2007,⁶ was composed of 48 actions, including 23 core actions.⁷ These were completed before Board approval. Subprogram 2, approved in November 2009, covering January 2008–December 2010, had 54 actions, of which 22 were core actions. Actions under subprogram 2 were the same as the actions tentatively identified during preparation of subprogram 1, which suggested consistency and a commitment to the reform thrusts overall. Policy measures under the subprogram cluster are summarized in Appendixes 2 and 3 of the PCR.

E. Provision of Inputs

7. Each subprogram had a single-tranche loan. Subprogram 1 was for ¥34,253 million (\$300 million equivalent) from ADB's ordinary capital resources. The amount was fully disbursed on 9 April 2008, about 4 months after loan approval. Subprogram 2 was for \$441 million. ADB provided \$225 million and Agence Française de Développement (AFD) provided \$216 million (see Program Basic Data). The funds were fully disbursed on 29 December 2009, about 1 month after loan approval. Each subprogram in the cluster was designed as a separate engagement for policy dialogue and assistance. Approval of subprogram 1 did not commit the government or ADB to implement subprogram 2.

8. The program implementation was supported by two advisory technical assistance (TA) projects. The technical assistance for the Local Government Financing and Budget Reform Program⁸ accompanied subprogram 1 and supported (i) capacity building and reform implementation in local government financing and governance; (ii) the provision of timely policy advice to the national government; and (iii) the facilitation of delivery targets and commitments for subprogram 2. The TA project was completed in August 2010 and the TA completion report found it *successful*.⁹ The technical assistance for the Support to Local Government Financing¹⁰

⁵ Municipalities are classified into six classes, depending on their average annual incomes.

⁶ Equivalent to \$337.552 million due to exchange rate changes.

⁷ Core or trigger actions are actions that trigger the eventual release of funds.

⁸ ADB. 2011. *Technical Assistance to the Republic of the Philippines for the Local Government Financing and Budget Reform Program*. (TA 7019) Manila.

⁹ ADB. 2011. *Technical Assistance Completion Report: Local Government Financing and Budget Reform Program*. Manila.

¹⁰ ADB. 2009. *Technical Assistance to the Republic of the Philippines for Support to Local Government Financing*. (TA 7451) Manila. ADB provided \$0.7 million.

accompanied subprogram 2 and provided analytical inputs, system development, and institutional capacity building to national agencies to strengthen their capabilities in supporting LGUs. The second TA project was completed in September 2012. The PCR (para. 31) considers the TA successful in continuing the reforms incorporated in the LGFBR's post program partnership framework.

F. Implementation Arrangements

9. The Department of Finance (DOF) was the program executing agency responsible for the overall implementation of the LGFBR program. Collaborating implementing agencies for the program were the Bureau of Local Government Finance, Municipal Development Fund Office, Department of Interior and Local Government, Department of Budget and Management, and the National Economic and Development Authority. Members of implementing agencies comprised a program coordination committee that was chaired by DOF and established at the start of subprogram 1.

10. This validation notes that besides compliance with policy triggers, the government had complied with all covenants for both subprograms on administering the program (PCR, Appendix 4).

II. EVALUATION OF PERFORMANCE AND RATINGS

A. Relevance of Design and Formulation

11. The PCR rated the program *highly relevant*. The program's expected outcomes—enhanced LGU resources and capacity to plan and budget in a transparent and accountable way—were consistent with the Medium Term Philippine Development Plan 2004–2010 and the Philippine Development Plan 2011–2016,¹¹ which covered the periods of project processing and closing. The program also supported ADB's strategic thrust for the Philippines as contained in its Country Strategy and Program, 2005–2007 and country partnership strategy, 2011–2016.¹² ADB's Country Assistance Program Evaluation¹³ supported the program's focus on strengthening decentralization and local government finance and improving overall governance practices.

12. From the design perspective, the program cluster modality was optimal as the use of prior actions allowed the government, ADB, and the AFD to be flexible in engaging with each other in the context of a medium-term reform framework. The size of the program provided a good platform for ADB and the AFD to engage with the government on a higher-level strategic dialogue. The program results framework as designed was robust (i.e., identified outputs and program actions were appropriate and adequate for the intended outcomes). The design appropriately assessed the institutional capacity of the various agencies and, as such, the program was implemented in a timely manner. Based on the foregoing, this validation rates the program *highly relevant*.

¹¹ Government of the Republic of the Philippines, National Economic and Development Authority. 2011. *Philippine Development Plan 2011–2016*. Manila.

¹² ADB. 2005. *Country Strategy and Program: Philippines, 2005–2007*. Manila; ADB. 2011. *Country Partnership Strategy: Philippines, 2011–2016*. Manila.

¹³ ADB. 2008. *Country Assistance Program Evaluation: Philippines*. Manila.

B. Effectiveness in Achieving Project Outcome and Outputs

13. The PCR rated the LGFBR program *effective*. On output achievement (policy actions), 48 prior actions in five program areas (para. 6) were completed before the approval of subprogram 1. All 22 core actions under subprogram 2 were accomplished before the subprogram approval in 2009; 19 of the 22 actions were originally identified when subprogram 1 was prepared. By the time the PCR was finalized in 2013, a few core subprogram 2 targets were exceeded. However, neither the RRP nor the PCR provided updates on 32 non-core actions under subprogram 2. The PCR's design and monitoring framework (PCR, Appendix 1) also provided information on how action accomplishments were verified.

14. This validation assessed the extent of the attainment of the LGFBR program outcomes to improve the LGUs' capacity for transparent and accountable planning and budgeting. This validation found that the PCR reporting on the three outcome indicators (para. 5) was generally imprecise and aggregated or not sufficiently updated. However, additional data were furnished during the validation process.¹⁴ This validation confirmed that the targets of the first two outcomes were achieved (increase in real local revenues by 4% per annum and real expenditures by 2% for service deliveries in two-thirds of provinces, and highly urbanized cities in most LGUs of the 4th and 6th classes). The third outcome indicator—reduced number of fraud cases reported by the Commission of Audit on LGU finances—was likewise met. The number of cases had declined by 22.6% in 2008 (PCR, para. 43 and Appendix 1) as compared with the target of 20%.¹⁵ Additional data provided during this validation show that in 2011, there was only one fraud case. Despite this progress, the Philippines needs to continue being vigilant against backtracking. The RRP of the follow-on LGFFDR program (2014) reported that growth in subnational expenditures of the subnational government during 2001–2011 lagged behind the growth in GDP and total public sector expenditure. The disparity in the coverage of public services and resources among regions and LGUs has remained large (RRP of the LGFFDR, paras. 3 and 4). Given the aforementioned consideration, the LGFBR program is rated *effective*.

C. Efficiency of Resource Use in Achieving Outcome and Outputs

15. The PCR rated the implementation of the LGFBR program *efficient*. As the LGFBR was a program operation, the efficiency of its implementation was assessed based mainly on the timeliness of its processes and output achievements. Under subprogram 1, all actions required were approved before LGFBR program approval. All trigger actions under subprogram 2 were accomplished on schedule about 2 years after subprogram 1 approval. Moreover, this validation notes that there was no change between the 19 core policy actions tentatively identified in 2007 for subprogram 2 (during subprogram 1 preparation) and those accomplished in 2009 as triggers for subprogram 2. This signaled a steady commitment to reform during the period. Another three additional core actions were accomplished as prior actions for subprogram 2 approval in 2009 (Appendix 5, RRP of subprogram 2). Given the aforementioned, this validation rates the program *efficient*.

D. Preliminary Assessment of Sustainability

16. The PCR assessed the program initiatives *most likely sustainable*. The PCR (para. 46) reported that subnational governments have further strengthened the institutional framework to

¹⁴ E-mail of J. L. Reino (Southeast Asia Department) to B. Nguyen (Independent Evaluation Department) dated 4 November 2014.

¹⁵ Appendix 4 of the RRP for subprogram 2 reported outcome progress up to 2008.

increase the efficiency and effectiveness of basic public services. Among the follow-on actions reported were (i) system enhancements (e.g., competency certification of local officials, and improved performance management and financial reporting); and (ii) introduction of new regulations to expand LGU access to financing and increase local revenues. The more comprehensive and structured data on follow-on actions completed between 2010 and 2013 are presented in the RRP of the LGFFDR program, which aims to (i) create a conducive framework for inclusive growth, (ii) develop adequate and equitable resource framework for fiscal sustainability, (iii) strengthen public financial management, and (iv) foster good local governance. Given the completion of 35 reform actions in the four areas under subprogram 1 of the LGFFDR program, this validation considers the momentum of the reforms *most likely sustainable*.

E. Impact

17. The PCR did not provide a rating on its preliminary assessment of program impact, which was expected to be increased efficiency and effectiveness of basic public services by the LGUs (para. 4). In place of the original impact indicators comprising performance ratios in health, water, sanitation, sewerage, electricity, and solid waste services (para. 4), the PCR used multidimensional poverty indexes (MPIs) as impact metrics. The MPIs were developed jointly by the National Economic and Development Authority and the United Nations Development Programme (PCR, para. 47). Three MPIs from the annual poverty indicator survey, the family income and expenditure survey, and the national demographic and health survey showed a decline during 2003–2008. These indexes indicated progress in poverty reduction nationwide (in breadth and depth), but not necessarily greater effectiveness and efficiency in delivering LGU services. Given the progress in the accomplishment of outcomes and impact indicators, this validation rates the impact of the LGFBR program *significant*.

III. OTHER PERFORMANCE ASSESSMENTS

A. Performance of the Borrower and Executing Agency

18. The PCR rated the performance of the government *highly satisfactory* largely based on the government's ability to follow through in a timely manner the fulfillment of core policy actions, especially the 22 core actions under subprogram 2. These actions signaled the national government's continuing commitment to improve the finances of the subnational government and build their capacity. This validation notes that the actions to improve fiscal and expenditure management and planning, performance management, access to credit financing, and local own-source revenue were steps under the purview of the DOF, the Department of Budget and Management, the Department of Interior and Local Government, and the LGUs. Actions under subprogram 2 did not involve initiatives that were too ambitious such as those requiring legislative approval and broad public consultations. Nonetheless, their accomplishments have proven that the coordination among the departments in the Coordinating Committee on Decentralization was effective. As suggested in the RRP for the LGFFDR program and in para. 14 above, more overt or ambitious actions and perhaps more time—beyond 2006–2010—are needed to bring about the expected LGFBR program outcomes. Based on the timely output and action achievements, this validation generally concurs with the PCR's assessment and rates the borrower's performance *highly satisfactory*.

B. Performance of the Asian Development Bank

19. The PCR rated ADB performance *highly satisfactory*. The PCR highlighted that during the processing of both subprograms, ADB conducted ample policy dialogue and consultations with the DOF and implementing agencies to ensure the program was demand-driven. This validation notes that a development partners' coordination matrix was introduced for subprogram 2 (RRP, Appendix 7) to better harmonize external support. Subprogram 2 was subsequently cofinanced with the AFD. Because disbursements were carried out based on completion of prior actions, no loan review mission was fielded for the LGFBR program other than the program completion review mission. Essentially, implementation reviews were replaced with processing missions for subprogram 2 preparation, mostly during 2009. This validation observes that after ADB approval of subprogram 2 in November 2009 and its full disbursement in December 2009, the LGFBR program was closed in March 2010. This left little chance to discuss and monitor its outcomes. This was perhaps an issue with the program modality. This validation recognizes that many forums and platforms were available for ADB to conduct follow-up policy dialogue and outcome tracking for the LGFBR such as the Coordinating Committee on Decentralization, the Philippine Development Forum, and ongoing advisory TAs. These should touch upon the progress of critical results in local government financial reforms. But critical subnational level data seemed to be sketchy and not updated even by the end of 2012, when the PCR was prepared. This suggests either a weakness in the government's system of data gathering or lack of ADB's continuing interest to monitor the bottom-line progress in decentralizing financial management. This validation recognizes the efforts of the PCR team to introduce alternative outcome and impact indicators and to survey the opinion of the national agencies. Considering these and the satisfactory performance in the program design and implementation, this validation rates ADB performance *satisfactory*.

IV. OVERALL ASSESSMENT, LESSONS, AND RECOMMENDATIONS

A. Overall Assessment and Ratings

20. This validation rates the program *successful*. It found the LGFBR program *highly relevant* in its design and continued importance to the development needs of the Philippines. The program was effective in achieving its intended outcomes and it was efficiently implemented. Reform initiatives facilitated under the program are very likely to be sustained since the government had carried out further comprehensive reforms since the program closing (2010–2013). These triggered the follow-on LGFFDR program. This validation assesses that more time and overt actions may be needed for the national and subnational governments to bring about the local level capacity strengthening and progress envisaged in the program's outcome and impact statements. At closing, the program's preliminary impact is assessed *significant*.

Overall Ratings

Criteria	PCR	IED Review	Reason for Disagreement and/or Comments
Relevance:	Highly relevant	Highly relevant	
Effectiveness in achieving project outcome and outputs:	Effective	Effective	
Efficiency in achieving outcome and outputs:	Efficient	Efficient	

Preliminary assessment of sustainability:	Most likely sustainable	Most likely sustainable	
Overall assessment:	Highly successful	Successful	
Impact:	Not rated	Significant	Para. 17
Borrower and executing agency:	Highly satisfactory	Highly satisfactory	
Performance of ADB:	Highly satisfactory	Satisfactory	Monitoring on bottom-line outcomes and impacts weakened after subprogram 2 disbursement (para. 19).
Quality of PCR:		Less than satisfactory	The PCR on its own does not provide adequate information on the outcome and impact achievements of the LGFBR program. Most indicator data are up to 2009. There is no update on progress in non-core actions (subprogram 2) (para. 24).

ADB = Asian Development Bank, IED = Independent Evaluation Department, LGFBR = Local Government Financing and Budget Reform, PCR = program completion report.

Note: From May 2012, the Independent Evaluation Department views the PCR's rating terminology of "partly" or "less" as equivalent to "less than" and uses this terminology for its own rating categories to improve clarity.

Source: ADB Independent Evaluation Department.

B. Lessons

21. The PCR reinforced generally known lessons on program lending. The experience of the LGFBR program highlighted the critical importance of an accurate and careful assessment of government ownership of reform initiatives. This was especially valid for a complex program, such as the LGFBR program, which involved multiple national agencies and layers of governments. Demand-driven facilitation of reforms was cited as the main reason for the LGFBR program's timely and successful implementation, which was a substantial achievement. The LGFBR program experience also showed that the flexibility afforded the cluster modality—in dialogue, pacing of reforms, and borrowing—was well suited and liked by the borrower, although the cluster flexibility was not required at the end in designing subprogram 2. This program can serve as a good practice example of how to address public sector reform, in substance as well as in incorporating the political economy environment (i.e., the pace of the reforms). Selective capacity-building TA activities remain relevant and necessary to assist complex program operations. This validation concurs with these lessons.

C. Recommendations for Follow-Up

22. The PCR recommended the government and ADB to sustain key reforms and initiatives started under the LGFBR program. This validation supports this and notes that recommended areas for further support (rationalization of the functional and revenue assignments of the LGUs, and incorporating performance and equity in intergovernmental transfers) were included in the LGFFDR program in 2014. The PCR suggested that a follow-on program should continue to espouse cofinancing and close collaboration with ADB's development partners. This was followed through with the AFD's parallel financing of the LGFFDR program. An updated development coordination matrix was also reconfirmed during the processing of the LGFFDR program. Based on the lessons from the LGFBR program, this validation recommends that the LGFFDR program implementation protocol include closer and more routine monitoring on the

progress of the program's outcomes and impact (expansion and equity of LGU resources and spending; and better funding, coverage, and quality of LGU services).

V. OTHER CONSIDERATIONS AND FOLLOW-UP

A. Monitoring and Evaluation Design, Implementation, and Utilization

23. The monitoring of the LGFBR program implementation by the executing agency, ADB, and TA consultants focused on ensuring that outputs were accomplished, particularly the policy triggers for subprogram 2. Broader monitoring of progress of the LGFBR program outcomes was presumably done by the government such as through the Coordinating Committee on Decentralization. However, there is no information in the PCR that suggests a mechanism or routine exercise was in place to manage the program outcomes and impact progress. Updating the DMF outcomes and impact indicators were done during the processing of subprogram 2 (reported in the RRP) and at loan closing, but not in a robust way. This validation recommends that the follow-on LGFFDR program takes a fuller advantage of the higher-level dialogue platform afforded by the program so that ADB and development partners can further assist and engage the government to better attain the program's intended impacts (para. 22).

B. Comments on Project Completion Report Quality

24. The PCR is well organized and prepared as per the requirement of ADB's project administration instructions. The PCR's review of TA implementation clearly explained how TA activities had enhanced program implementation. This validation appreciates the PCR's effort to survey the government. However, on output reporting, Appendix 2 appears to be incomplete, showing no accomplishment status for some policy actions that were supposedly achieved before subprogram 1 approval. Rows between required actions and accomplishment were also misaligned. As discussed in paras. 14 and 17, the PCR does not provide adequate information on the LGFBR program outcome and impact achievements. There has been no updated data beyond 2009—even though the PCR was prepared in late 2012—and no data on the progress in non-core actions (outputs) under subprogram 2. Given these issues, the circulated draft validation downgraded the rating on effectiveness. This validation found that the failure to gather updated figures was mainly due to the time constraint faced by the PCR team in finalizing the PCR, presumably because of the need to urgently prepare the follow-on LGFFDR program. This type of circumstance sometimes becomes a factor that impedes good PCR preparation. Overall, the quality of the PCR is rated *less than satisfactory*.

C. Data Sources for Validation

25. Data and information sources relied on for this validation were the two RRP for the LGFBR subprograms and its PCR, the TA Completion Report for the accompanying TA, the RRP for the follow-on the LGFFDR program cluster, ADB's Country Strategy and Program for the Philippines (2005–2007), country partnership strategy (2011–2016) and the Country Assistance Program Evaluation of 2008.

D. Recommendation for Independent Evaluation Department Follow-Up

26. Given that the LGFFDR program is ongoing and this validation of the LGFBR program does not identify any issue and assessment that require urgent follow up, other than the need for improved outcome and impact assessment under the LGFFDR program, this validation recommends that a program performance evaluation be undertaken to assess the combined results of both the LGFBR and the LGFFDR programs.