

TECHNICAL ASSISTANCE COMPLETION REPORT

Division: Philippines Country Office (PhCO)

TA No., Country and Name			Amount Approved: \$350,000	
TA 4512-PHI: Strengthening Provincial and Local Planning and Expenditure Management			Revised Amount: \$350,000	
Executing Agency: National Economic Development Authority (NEDA)		Source of Funding TASF	Amount Undisbursed: \$17,839.40	Amount Utilized: \$332,160.60
TA Approval Date: 20 Dec 2004	TA Signing Date: 3 Feb 2005	Fielding of First Consultant(s): 7 April 2005	TA Completion Date Original:31 Jan 2006 Actual: 30 June 2007	
			Account Closing Date Original: 31 Jan 2006 Actual: 29 Nov 2007	
Description				
<p>The Government of the Philippines, through the National Economic and Development Authority (NEDA), requested the Asian Development Bank (ADB) to provide technical assistance (TA) towards strengthening provincial planning and expenditure management. Such a request is in accordance with NEDA's mandate to provide assistance to the Department of Interior and Local Government (DILG) in formulating guidelines for local development planning, as well as to ensure the linkage of the network of local plans with corresponding plans at the regional and national levels.</p> <p>The rationale of the TA is firmly based on the results of the Preparatory Work for the Proposed Technical Assistance on Strengthening Provincial Planning and Expenditure Management which uncovered, among others, that the Provincial Development Plan (PDP) has virtually no influence on provincial investment and budget decisions and consequently, on local development. A related finding is that there is little linkage among plans at the provincial level with corresponding plans at higher (national and regional) and lower (city and municipal) levels. The absence of such fundamental linkages is exacerbated by such factors as generally low levels of provincial planning capacity, the consequent poor quality of plans, and the insufficient interface between provincial-level offices on one hand, and national government agencies, on the other.</p> <p>ADB's Country Strategy and Program (CSP) 2005 – 2007 recognizes these issues and supports the Philippine government's decentralization and good local governance agenda. The CSP recognizes the need for local government units (LGUs) to strengthen and coordinate their development planning, institutionalize proper budgeting against approved plans and targets, and enhance their resource mobilization capacities.</p>				
Expected Impact, Outcome and Outputs				
<p>With the province as focus, the overall objective of the TA is to improve provincial/local capacities for effective planning and expenditure management in order to strengthen service delivery and pro-poor economic development. The TA was also designed to help strengthen the relationship between provincial/local planning and expenditure management on one hand, and local development on the other, by developing a framework for linking planning, investment programming and revenue generation, budgeting and expenditure management, and project evaluation and development. Improving local revenues to provide more resources for project implementation and, at the same time, enhance the accountability of provincial/local officials also form part of the overall objective of the TA.</p> <p>To achieve its objectives of strengthening provincial/local capacities in planning and expenditure management, and to address the issues noted above, critical activities were carried out under four (4) major components of the TA: a) training/capacity building of concerned provincial/local officials and key personnel on provincial planning and expenditure management; b) as a major tool for the training/capacity building programs, the formulation of a set of guidelines on planning, investment programming and revenue generation, budgeting and expenditure management and project evaluation and development; c) through the guidelines and training programs, enhancing revenue generation, expenditure management, and project evaluation and development; and d) enhancing cooperation and collaboration between national agencies and LGUs to strengthen the planning-investment programming-budgeting linkage.</p> <p>TA outputs logically emanate from the above components and activities, as follows: a) a new set of guidelines on planning and expenditure management; b) with the guidelines as major tools, trained provincial/local officials on the subjects covered by the guidelines; c) improved institutional linkage, administrative arrangements, and financial standing of LGUs for planning and expenditure management; and d) in the long term, a more efficient framework and better collaboration among national and local government agencies in planning and expenditure management.</p>				

Delivery of Inputs and Conduct of Activities

The TA required a total of 12 person-months, including six person-months of two international consultants and six person-months of three national consultants over a period of 12 months.

A number of initial activities were conducted as inputs to the preparation of the integrated framework and the four (4) sets of guidelines. These activities were followed by the actual preparation of the initial drafts of the guidelines and case studies. The initial drafts were then subjected to review workshops, resulting in further revision and refinement of the draft guidelines which then served as the major reference for the subsequent conduct of the nation-wide capability building programs for key provincial/city officials and selected representatives of national government agencies.

Feedback from the training programs, together with a detailed review by a technical editor and the NEDA staff, as well as subsequent consultations and discussions among key representatives of national agencies, particularly the NEDA, Department of Budget and Management (DBM), Department of Finance (DOF) and DILG, provided the bases not only for the finalization of the guidelines and case studies, but also for addressing policy and institutional issues to enhance the application and use of the guidelines by the LGUs. The preparation of the guidelines and case studies entailed, on the part of the consultants, the gathering of secondary data, review of previous manuals and guidelines on the topics covered, as well as interviews with key representatives of relevant national government agencies (e.g., NEDA, DILG, DBM, etc.) and of selected LGUs.

The consultants made substantial inputs in line with the terms of reference. The executing agency (EA) provided very intensive supervision over the consultants' tasks and activities. The consultants' performance is rated fully satisfactory. The EA closely monitored TA activities and effectively undertook coordination with the consultants and ADB. The performance of the EA is rated fully satisfactory. Having closely monitored TA activities, the performance of ADB is rated satisfactory.

Evaluation of Outputs and Achievement of Outcome

To provide overall coordination and direction to the activities of the TA, a Project Steering Committee (PSC) was formed with the NEDA Director General as Chair. Members of the PSC include key representatives of the DBM, DILG, DOF, as well as Governors of selected LGUs.

The Provincial/Local Planning and Expenditure Management (PLPEM) guidelines developed in this TA have precisely been designed to address the key issues in planning and expenditure management. More specifically, the guidelines have been crafted to help ensure that the plan document, as the major source of projects to be implemented, is appropriate by merging the traditionally separate Provincial Development Plan (PDP) and the Provincial Physical Framework Plan (PPFP) into what is now referred to as the Provincial Development and Physical Framework Plan (PDPFP). In turn, the PLPEM guidelines highlight the need to ensure that only Programs, Projects and Activities (PPAs), or at least a substantial proportion of them, derived from a technically sound plan document that involves at least a medium term perspective and appropriate prioritization process are included in the multi-year Provincial Development Investment Program (PDIP) and the Annual Investment Plan (AIP). This will, in turn, ensure that the PPAs that will be implemented form an integral part of an overall strategy for provincial/local development.

Early feedback indicates that the PLPEM guidelines are technically sound, relatively simple and user-friendly. Especially since local officials are prone to adhering to official guidelines both for convenience and legal reasons, every effort must be exerted to institutionalize the use of the new guidelines (and replace existing ones) through endorsement by the League of Provinces and/or through appropriate action by the Sanggunian.

In general, however, the training programs had been productive (covering a total of 350 trainees) and this accomplishment lays the foundation for the more intensive and extensive capacity building programs that are planned for the future. Such programs must obviously address the issues that have surfaced in the current TA. Clearly, however, there is as much a need to institutionalize training as there is to institutionalize the use of the guidelines. Beyond training programs aimed at the wider application of the guidelines, there is a need to consolidate gains made in the TA through sustained efforts at constantly identifying and targeting prospective trainees, developing more specialized modules based on the guidelines, improving data-bases for provincial/local planning, conducting more intensive training in project evaluation and development, and orienting local political actors on the need for medium-term and strategic perspective in planning and decision-making.

The signing of the Joint Memorandum Circular No. 1, Series 2007 (JMC), is a landmark achievement of the TA. Among others, the JMC strengthens the collaborative arrangements among concerned national agencies and, consequently, provides institutional support for the often missing planning-investment-programming-budgeting linkage. It institutionalized the PDP and PPFP merger and helps ensure that PPAs that are derived from the plan and subsequently included in the PDIP and AIP form part of an overall strategy for provincial/local development.

Overall Assessment and Rating

The overall objective of the TA is to improve provincial/local capacities for effective planning and expenditure management in order to strengthen service delivery and pro-poor economic development. Undoubtedly, the various activities and outputs of the TA have contributed towards the achievement of that objective, although the exact magnitude of the TA's impact on provincial/local development may be difficult to measure at this early stage. The TA has succeeded in preparing the groundwork for improved local investments and service delivery, and for achieving greater economic productivity. The TA is rated successful.

Major Lessons

The major lessons learned are as follows: 1) training and capacity building among local government chief executives, officials and staff is a continuing process, thus, must be institutionalized with strong commitments from local chief executives; 2) strong coordination and collaboration among the local government oversight agencies (i.e., NEDA, DILG, DBM and DOF) is critical for a consistent, efficient, and effective good local governance policy, thus, the JMC must always be supported to strengthen its capacity; and 3) advocacy activities must be given emphasis to enhance wider acceptance of proposed institutional and policy reforms for good local governance. Building strong local governments requires a long process of sustained reform initiatives. Thus, the ownership and commitment to reforms by stakeholders must be strengthened through continued advocacy work.

Beyond the institutionalization of the PLPEM guidelines, there is a need to achieve consistency with the guidelines that are to be issued by the other oversight agencies, and especially with the Rationalized Planning Sourcebook for cities and municipalities of the DILG. The groundwork for this to happen has been laid with the signing of JMC No.1, Series 2007. However, the continuing task of gearing up the system for the synchronized and effective use of the guidelines fall squarely on the interagency body composed of the NEDA, DILG, DBM and the DOF. Continuing dissemination of information on the Guidelines as well as harmonization with local government guidelines from other agencies [e.g., DBM's Budget and Operations Manual and Bureau of Local Government Finance's (BLGF) Treasury Manual] are the main challenges facing the signatories to the JMC.

Preparation and dissemination of the PLPEM was conducted through training programs and workshops. To some extent, the training programs were constrained by time and resources resulting in less than ideal conditions for their conduct. The large size of the training batches was not conducive to effective communication and learning. There were also observed deficiencies in structure and content. Because of the short 5-day duration of the training programs, simultaneous sessions had to be resorted to, resulting in less than optimal appreciation of the linkages among the processes covered. It has also been noted that the use of a single case study and exercise that cut across the guidelines (as opposed to the numerous case studies and exercises used) may have been a more effective tool in enhancing understanding of the relationships of the processes covered.

It is important that the interagency body envisioned in the JMC actively function to work out operational details, and ensure that subsequent policy pronouncements, issuances and activities are consistent with the framework established by the JMC. It should also take the lead in undertaking advocacy activities among local political actors to help inculcate the planning-investment programming-budgeting and project evaluation and development discipline and culture at LGU levels.

To backstop all these efforts, it seems imperative to identify an institutional vehicle to host and sustain the training activities. The individual and collective efforts of the members of the interagency body (NEDA, DILG, DBM and DOF) will no doubt be helpful. What is probably required, however, is a more permanent, full-time training institution that will manage the logistics and equipment, mobilize or undertake the training activities and provide the necessary pre- and post-training support.

Recommendations and Follow-Up Actions

The TA has laid the foundation to strengthen the links, institutionally and technically, of the LGUs' plans and programs with the national programs and priorities under the Medium Term Philippines Development Plan (MTPDP). The PLPEM and the signing of the JMC are the major contributions of the TA in strengthening local governance. The tasks at hand is to continue the effort by: 1) implementing the PLPEM in selected provinces; 2) duplicating the inter-agency collaboration at the regional and provincial level, strengthening coordinative tasks and activities among the member-agency under the JMC; and 3) working with the Leagues of Provinces/cities/municipalities in documenting and coordinating implementation of PLPEM.