



HARMONIZING LOCAL AND NATIONAL PLANS AND BUDGETS



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*PAGBA 1st Quarterly Seminar and Meeting
February 9, 2018 : The Mansion, Iloilo City*

HARMONIZING NATIONAL AND LOCAL PLANS AND BUDGETS



Legal Framework

Current Status, including Challenges to Harmonization

Current Efforts to Strengthen Vertical Linkages of National and Local Plans and Budgets

Opportunities for Greater Harmonization and Integration

HARMONIZING NATIONAL AND LOCAL PLANS AND BUDGETS

**NATIONAL DEVELOPMENT PLANS,
INVESTMENT PROGRAMS AND
BUDGETS**



**LOCAL DEVELOPMENT PLANS,
INVESTMENT PROGRAMS AND
BUDGETS**

George went on a vacation to the Middle East with most of his family, including his mother-in-law. During their vacation, and while they were visiting Jerusalem, George's mother-in-law died.

With the death certificate in hand, George went to the Philippine Consulate Office to make arrangements to send the body back to the Philippines for proper burial. The Consul, after hearing of the death of the mother-in-law, told George, "My friend, the sending of a body back to our country for burial is very, very expensive.





It could cost as much as \$5,000 dollars." The Consul continued, "In most of these cases, the person responsible for the remains normally decides to bury the body here. This would only cost \$150 dollars". George thinks for some time, and answers the Consul, "I don't care how much it will cost to send the body back. That's what I want to do."

The Consul, after hearing this says, "You must have loved your mother-in-law very much, considering the difference in price between \$5,000 and \$150 dollars." "No, it's not that," says George.

"You see, I know of a case many, many years ago of a person that was buried here in Jerusalem, and on the third day he was resurrected. Consequently, I do not want to take that chance!"





LEGAL FRAMEWORK

- **Administrative Code of the Philippines**

- **Section 3, Chapter II, Book VI**

“Section 3. Declaration of Policy. - It is hereby declared the policy of the State to formulate and implement a National Budget that is an instrument of national development, reflective of national objectives, strategies and plans. The budget shall be supportive of and consistent with the **socio-economic development plan** and shall be oriented towards the achievement of explicit objectives and expected results, to ensure that funds are utilized and operations are conducted effectively, economically and efficiently. **The national budget shall be formulated within the context of a regionalized government structure** and borrowings of all levels of government and of government-owned or controlled corporations. **The budget shall likewise be prepared within the context of the national long-term plan and of a long-term budget program.**”





LEGAL FRAMEWORK

- **Administrative Code of the Philippines**

- **Section 4, Chapter II, Book VI**

“Section 4. Planning and Budgeting Linkage. - The budget shall be formulated as an instrument for the attainment of national development goals and as part of the planning-programming-budgeting continuum. Levels of revenue, expenditure and debt shall be established in relation to macro-economic targets of growth, employment levels, and price level change, and shall be developed consistent with domestic and foreign debt, domestic credit and balance of payments objectives for the budget period. The aggregate magnitudes of the budget shall be determined in close consultation among the planning and fiscal agencies of government. Budgetary priorities shall be those specified in the approved national plans, keeping in mind the capability and performance of the implementing agencies concerned. Agency budget proposals shall explicitly state linkage to approved agency plans.”







LEGAL FRAMEWORK

- **Administrative Code of the Philippines**

- **Section 6, Chapter II, Book VI**

“Section 6. Regional Budgeting. - The budgets of national government agencies shall take into full and explicit consideration the goals, plans and requirements of their respective regional offices, in the interest of full government response to local thinking and initiative. The budget preparation process shall originate at regional and local levels, and shall be consolidated and reviewed by the central offices of the various national agencies. The regional development strategies and plans, including physical framework and resource-use plans, shall be considered in the preparation of the budget.”





LEGAL FRAMEWORK

- **Local Government Code of 1991**

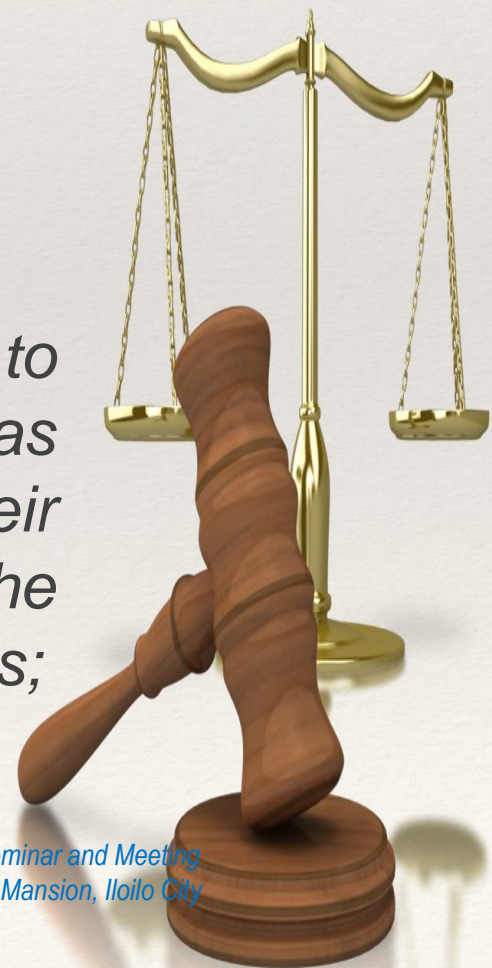
- **Section 305**

“(h) Local budget plans and goals shall, as far as practicable, be harmonized with national development plans, goals, and strategies in order to optimize the utilization of resources and to avoid duplication in the use of fiscal and physical resources;

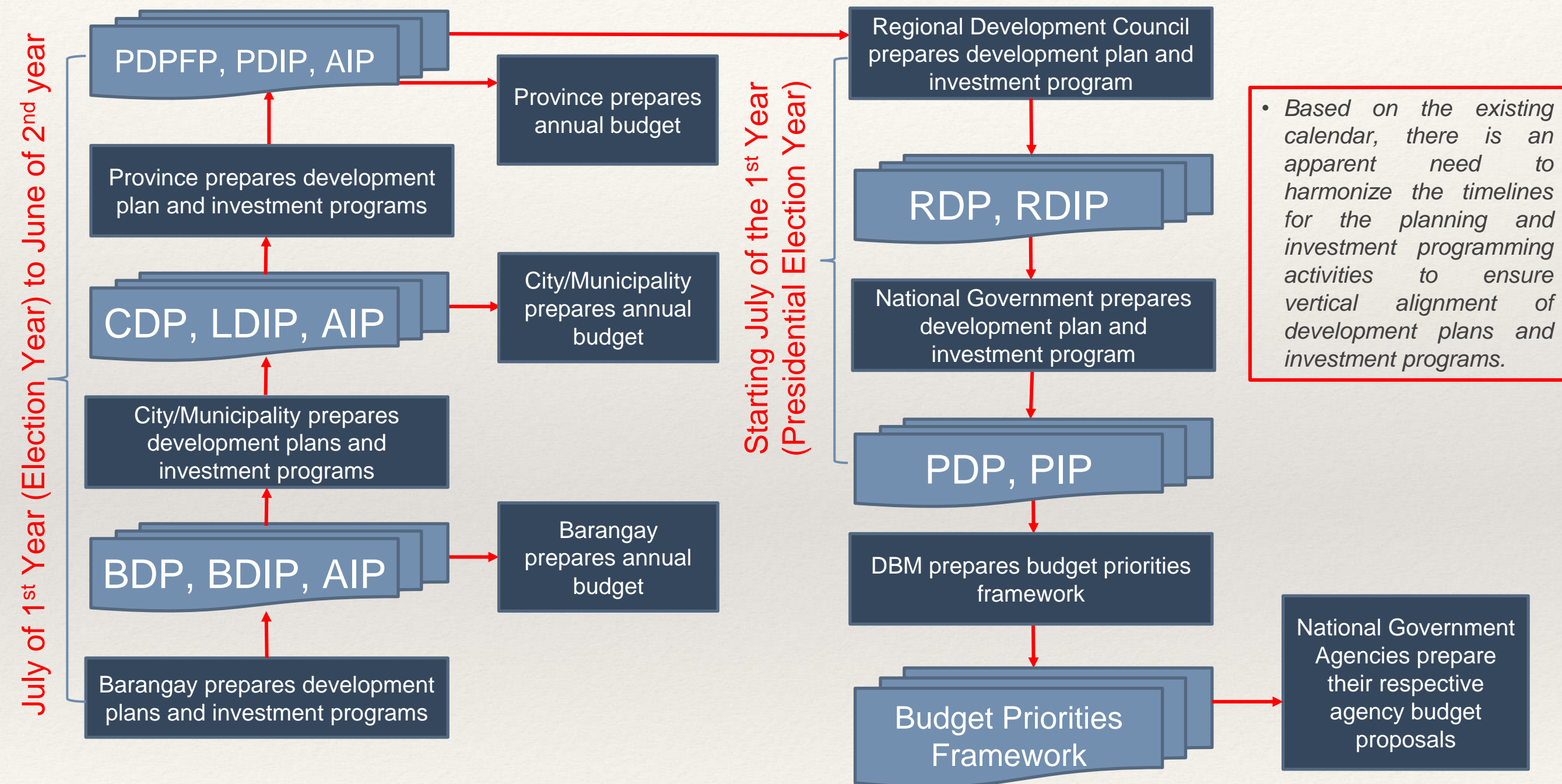
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(k) National planning shall be based on local planning to ensure that the needs and aspirations of the people as articulated by the local government units in their respective local development plans are considered in the formulation of budgets of national line agencies or offices;

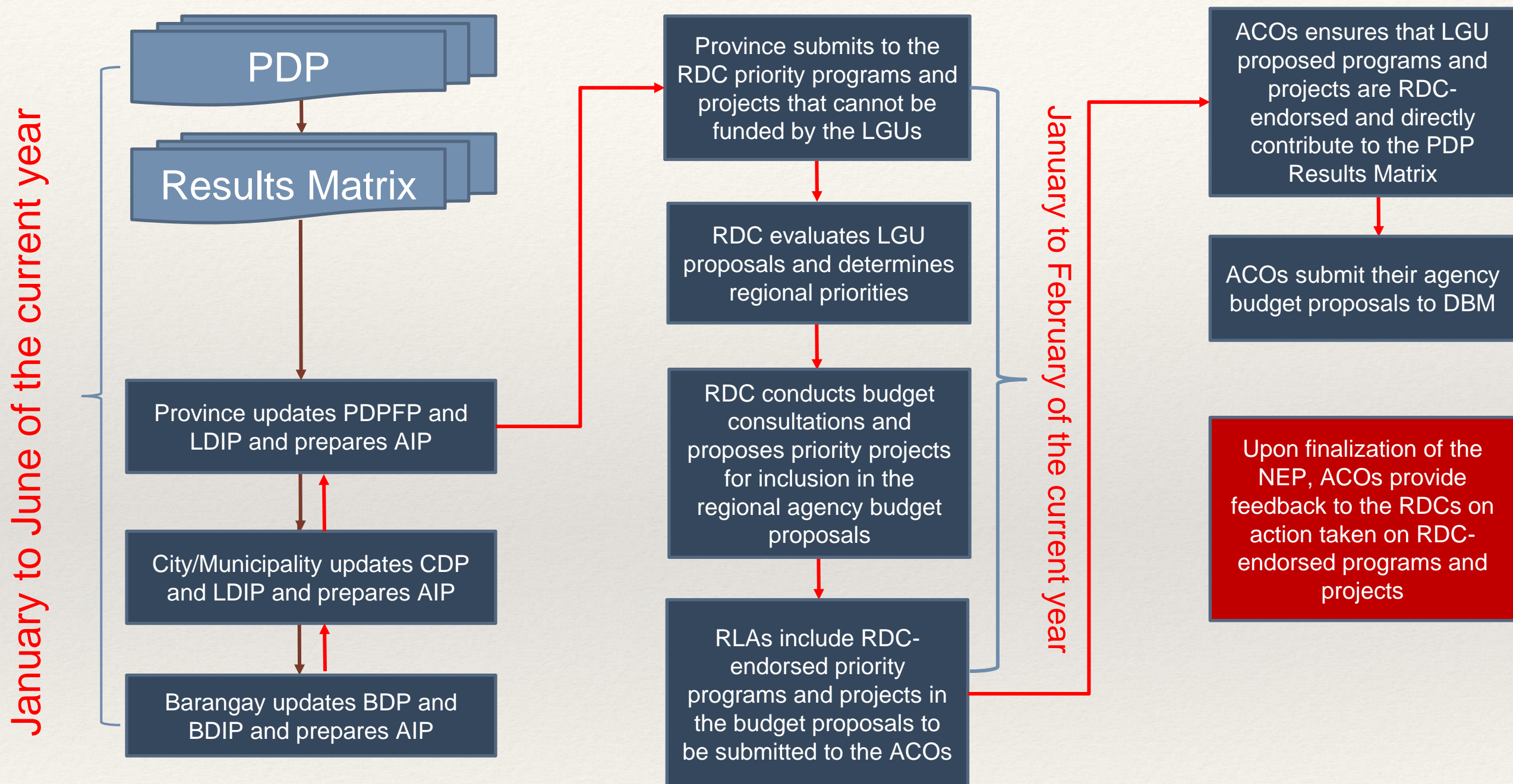
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INTEGRATED LOCAL AND NATIONAL PLANNING AND INVESTMENT PROGRAMMING PROCESS



INTEGRATION OF PDP RESULTS-MATRIX RESPONSIVE LGU PROGRAMS AND PROJECTS IN THE NATIONAL BUDGET





CURRENT STATUS AND CHALLENGES

- Low number of LGUs preparing development plans and medium-term investment programs
 - As of 2015, only 48.71% of cities and municipalities formulated their CDPs
 - Multiplicity of sectoral plans at the local level
- Weak vertical linkage of local plans, as well as of local and national plans
 - Overlaps in the Planning and Budgeting Calendar
- Duplication/overlapping of fund allocation
- Lack of predictability of funding
 - Propensity for “fund shopping”



CURRENT EFFORTS

- Inclusion in the FY 2019 Budget Call

“FY 2019 budget proposal shall incorporate, among others, the strengthening of the vertical linkage between national and regional/local government development plans and budgets. To this end, in the preparation of their respective agency budget, the Agency Central Offices (ACOs) shall take into consideration the Agency Regional Offices’ (AROs) evaluation of the Regional Development Council (RDC) proposals, ensuring consistency with the priority programs and projects of the national government.

Pursuant to Section 305 (k) of the Local Government Code of 1991, and in support of the localization of the Philippine Development Plan (PDP) 2017-2022, only priority programs and projects that can directly contribute to the Results Matrices of the PDP 2017-2022 shall be considered in the budgets of the Regional Line Agencies (RLAs).

The ACO shall also provide feedback to the RDC on the actions taken relative to the proposals and the reasons therefor, **by furnishing RDC of the copy of BP Form C as submitted to DBM.**”

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CURRENT EFFORTS

- Issuance of supplemental guidelines:
 - The Department of the Interior and Local Government (DILG) shall endorse to the RDC concerned, the list of the priority programs and projects to be considered for funding and implementation by the National Government (NG), as identified in the Local Development Investment Programs of Local Government Units (LGUs);



CURRENT EFFORTS

- Issuance of supplemental guidelines:
 - The programs or projects should fall under any of the following NG programs:
 - ✓ Health Facilities Enhancement Program (HFEP) of the Department of Health (DOH);
 - ✓ Farm-to-Market Roads (FMRs) of the Department of Agriculture (DA);Sagana at Ligtas na Tubig sa Lahat (SALINTUBIG) Program of the DILG;
 - ✓ Communal Irrigation System (CIS) of the National Irrigation Authority (NIA);
 - ✓ Level III Water Supply System of the Local Water Utilities Administration (LWUA); and/or
 - ✓ Local Roads and Bridges program of the Department of Public Works and Highways (DPWH).



CURRENT EFFORTS

- Issuance of supplemental guidelines:
 - The RDCs shall evaluate the list of programs and projects taking into consideration their alignment with regional development goals and their direct contribution to the PDP 2017-2002 Results Matrix.
 - The RDCs shall endorse their list of priority programs and projects to the appropriate RLAs for inclusion in the latter's budget proposal to be submitted to the ACOs.
 - The ACOs shall take into consideration the AROs' evaluation of the RDC-endorsed programs and projects.
 - The ACO shall also provide feedback to the RDC on the actions taken relative to the proposals and the reasons therefor, **by furnishing RDC of the copy of BP Form C as submitted to DBM.**



OPPORTUNITIES FOR GREATER HARMONIZATION AND INTEGRATION

- Operational Local PFM Teams, RIATs and NIAT
 - DILG-NEDA-DBM-DOF Joint Memorandum Circular No. 1 series of 2016
- Conditional Transfers to LGUs
 - LDC Functionality
 - Conduct of PFM assessments and adoption of PFM improvement measures
- Budget Reform Bill
 - Synchronization of National and Local Planning and Budgeting
- Issuance of Joint Circular re integrated national and local planning and budgeting



LOCAL GOVERNMENT SUPPORT FUND – FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS

- **P7.030 Billion** under the FY 2018 GAA
- To fund priority programs and projects of LGUs:
 - Assistance to Indigent Patients
 - Purchase of Ambulance
 - Assistance to Indigent Individuals and Families – medical, burial, transportation, food assistance, cash for work, educational assistance
 - Purchase of mini dump trucks, firetrucks, multicabs, police patrol cars
 - Construction, concreting, rehabilitation, repair or improvement - local roads and/or bridges, public markets, slaughterhouses; multipurpose buildings, multipurpose pavements, pathways and footbridges, drainage canals, seawalls/riverwalls, water systems, evacuation centers, public parks, public cemeteries, sports facilities
 - Purchase and installation of barangay electrification (street lights) and traffic lights
 - Insurance coverage under GSIS for LGU facilities



LOCAL GOVERNMENT SUPPORT FUND – FINANCIAL ASSISTANCE TO LOCAL GOVERNMENT UNITS

- **Cannot be used:**
 - For any other purpose other than program/project, including location;
 - To fund projects already fully covered by other funds under LGSF
 - For payment of Personal Services – salaries, including honoraria, allowances, bonuses, other similar compensation
- Specific guidelines provided under Local Budget Circular No. 117 dated February 5, 2018

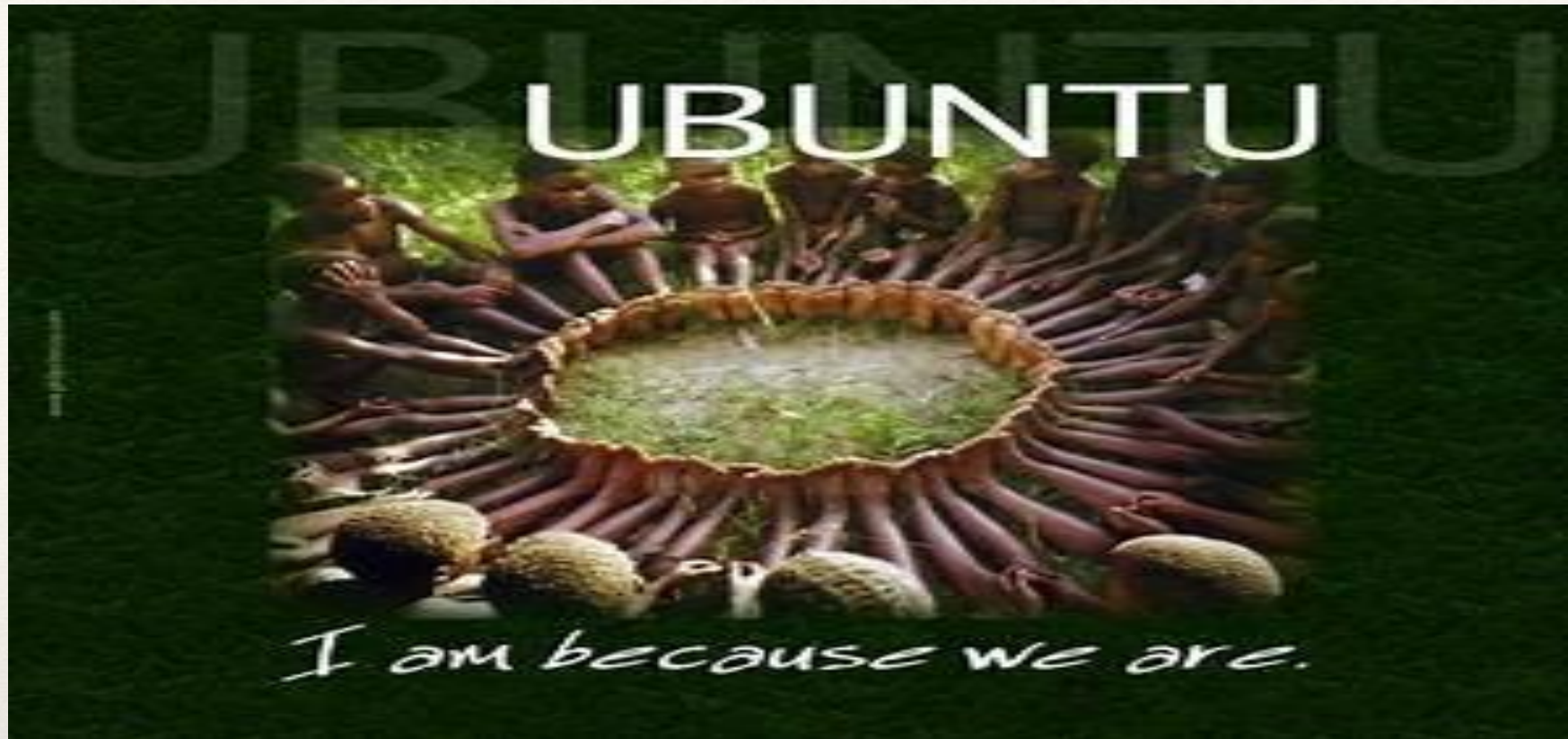
There is a story of an anthropologist who proposed a game to the kids in an African tribe. He put a basket full of fruit near a tree and told the kids that whoever got there first won the sweet fruits.



When he told them to run they all took each other's hands and ran together, then sat together enjoying their treats.



When he asked them why they had run like that as one could have had all the fruits for himself, they said: "**UBUNTU**, *how can one of us be happy if all the other ones are sad?*"



'UBUNTU' is an African philosophy which can be best summarized as: ***“I am because we are.”***

We think of ourselves far too frequently as just individuals, separated from one another, whereas you are connected and what you do affects the whole world. When you do well, it spreads out; it is for the whole of humanity.

– Desmond Tutu



THANK YOU



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