

**PHILIPPINE GOVERNMENT-DEVELOPMENT PARTNERS
WORKING GROUP ON DECENTRALIZATION AND LOCAL GOVERNMENT**

Table 3. Comparison of Technical Assistance on Local Government Finance

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
1. Title	Local Government Finance and Budget Reform Project	Local Governance and Fiscal Management Project	Economic Policy Reform Agenda - LGU Financial Management Sector	PEGR Reform Agenda	<ul style="list-style-type: none"> • GTZ Program to Support Decentralization
2. Objectives/Components	<p>The project is composed of two components with the following objectives:</p> <p>2.1 <u>Component A</u> – provide an analytical overview and detailed studies of key issues that will help DOF and BLGF design and implement reform of LGU finance and budget process; and</p> <p>2.2 <u>Component B</u> – enhance the capacity of NGAs particularly BLGF to provide LGUs with services to improve their finances and create and maintain LGU financial performance databases that will strengthen credit markets.</p>	<p>The project has three components:</p> <p>2.1 <u>Component A</u> – support a clearer and more effective legal framework fro decentralization;</p> <p>2.2 <u>Component B</u> – support an effective and transparent LGU budget processes and public expenditure management; and</p> <p>2.3 <u>Component C</u> – strengthen LGU financial; capacity to mobilize revenues and facilitate the diversification of local borrowings.</p>	<p>To improve local autonomy in local fiscal and financial planning and management through policy development and advocacy</p>	<p>To support on-going fiscal reforms at the local level via the formulation of policy recommendations on specific aspects of local revenue and expenditure management, and in the production of practical guides, manuals and templates that can be disseminated to other LGUs. The project has four components:</p> <p>2.1 <u>LGU Fiscal Management Modeling/Framework Development</u> – to synthesize lessons from best/successful practices and deriving a framework for good local fiscal management</p> <p>2.2 <u>Expenditure Management</u> – focus on current weaknesses in the system;</p> <p>2.3 <u>Resource Mobilization</u> – identify priority financing strategy;</p> <p>2.4 <u>Knowledge Dissemination</u> - support documentation of experiences</p>	<p>The project has 3 components:</p> <p>2.1 <u>Component 1 on Political Decentralization and good governance</u> – modes of operation and cooperation between selected executives, civil servants, and citizens are improved regarding principles of good governance ;</p> <p>2.2 <u>Component 2 on fiscal decentralization and improved financial management-</u> provinces, municipalities and cities use their financial resources efficiently and generate additional or alternative resources;</p> <p>2.3 <u>Component 3 on institutional decentralization and improved services</u></p>

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
3. Outputs					
3.1 Policy Reforms					
3.1.1 Revenue Mobilization 3.1.1.1 Improve revenue mobilization of LGUs from traditional sources		<ul style="list-style-type: none"> Develop proposals for the reform of intergovernmental fiscal relations among different levels of LGUs 	<p>Draft administrative order, executive issuances and congressional bill rationalizing and making more transparent the delineation of functions and unfunded mandates</p>		
	<ul style="list-style-type: none"> Identify new revenue sources for LGUs and review tax rates, including drafting new LGU tax bill Studies of problems in LGU revenue mobilization, including tax policy and tax administration issues and recommendations for reform (in the project document but not Tasks) 	<ul style="list-style-type: none"> Revenue mobilization action plans for participating LGUs Action plans for improved LGU tax administration 		<ul style="list-style-type: none"> Inventory of successful own-source revenue initiatives/ strategies highlighting lessons learned and innovations introduced List of own-source revenue opportunities for pilot LGUs Improved tax policy and administration developed and pilot-tested for pilot LGUs 	
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Draft consolidated bill for LARA, NAA, RESA that incorporates the position of the Leagues 	<ul style="list-style-type: none"> An assessment of local tax rulings and opinions rendered by BLGF and a set of policy recommendations to amend certain tax policies 	
	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Review of IRA as part of the study on decentralization 	<p>Draft administrative order, executive issuances and congressional bill on increasing the IRA from 40% to 50% of national internal revenue collections of two years prior and timeliness of the IRA release (amendment to the LGC)</p>		<ul style="list-style-type: none"> JICA is seriously considering funding a study on IRA
			<ul style="list-style-type: none"> Draft administrative order, executive issuances and 		<ul style="list-style-type: none">

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
			congressional bill on the following: - make more transparent and predictable the computation and release of the LGUs share in national wealth - making more transparent the release of the share of LGUs in VAT • - making the SEF based on LGU criteria		
			• Draft policy amendments on the SITUS of Tax rule		•
3.1.1.2 Limited access of LGUs to private capital	<ul style="list-style-type: none"> • Study of obstacles to LGUs' access to credit from government and PFIs and bond issuers • Creditworthiness assessment of all participating LGUs • Creditworthiness action plans for all participating LGUs 			<ul style="list-style-type: none"> • LGU models on credit financing 	
					<ul style="list-style-type: none"> • Harmonization of on-lending terms of LGUs (WB)
	<ul style="list-style-type: none"> • Assistance with the development of investment proposals and financing packages fro LGUs (for pilot provinces) 			<ul style="list-style-type: none"> • Project proposal plus documentary requirements for loan financing and loan package secured for the project proposal 	
3.1.1.3 Limited private sector participation in LGU projects		Assistance with the development of investment proposals and financing packages for LGUs		<ul style="list-style-type: none"> • LGU models on private sector participation in local public infrastructure development 	
				<ul style="list-style-type: none"> • Review of /diagnostic study on the local regulatory environment for private sector participation in the pilot LGUs 	
				<ul style="list-style-type: none"> • Project financing plan via private-public partnership for a priority public infrastructure project in the pilot LGUs 	
3.1.2 Expenditure					

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
Management					
3.1.2.1 Personnel Management		<ul style="list-style-type: none"> Development of an improved personnel services expenditure policy for LGUs Action plans on more effective use of revenues from LGU GOCCs 			
3.1.2.2 Procurement Issues		<ul style="list-style-type: none"> More efficient procurement process and improved quality of procurement outputs (output is procurement manuals) 	<ul style="list-style-type: none"> Draft Administrative Order on localized implementation of Government Procurement Reform Act (GRPA) 		
3.1.3. Financial Management	<ul style="list-style-type: none"> Determine LGU financing strategy 			<ul style="list-style-type: none"> Templates for financial plan/resource mobilization plan which will lead to the formulation of such a plan in pilot LGUs 	
	<ul style="list-style-type: none"> Review local government accounting standards and introduce better budgeting 	<ul style="list-style-type: none"> Action plan to implement e-LGAS and LGPMS 	<ul style="list-style-type: none"> Administrative Order on a standardized and uniform implementation of NGAS 		
		<ul style="list-style-type: none"> Action plan for creating an effective internal audit function in LGUs where one is lacking 			
3.2 Capacity Building 3.2.1 Model Building	<ul style="list-style-type: none"> Design a financial and economic model for determining LGU fiscal capacity 			<ul style="list-style-type: none"> Revenue and expenditure forecasting which will involve producing templates for revenue and expenditure estimation and forecasting 	
				<ul style="list-style-type: none"> Financial Capacity estimation which will produce templates on estimating LGU financial capacity and estimates of the financial capacity of the pilot LGUs 	
3.2.2 Planning/Investment Programming				<ul style="list-style-type: none"> A model for LGU Local Development/Capita Investment Programming including: (1) tools 	<ul style="list-style-type: none"> ADB TA on provincial planning already includes a module in

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
				and techniques on LGU investment Programming; (2) a local develop investment program for pilot LGUs	investment programming
3.2.2 Trainings 3.2.2.1 Tax and Expenditure policy	<ul style="list-style-type: none"> • Training workshop for BLGS regional officers for technical assistance to LGUs on resource mobilization • Draft training modules for LGU officials on tax policy and administration 	<ul style="list-style-type: none"> • Design and implement a resource mobilization training programs; 			
		<ul style="list-style-type: none"> • Training in revenue and expenditure estimation 		<ul style="list-style-type: none"> • Training on financial forecasting for budgetary and treasury staff 	
		<ul style="list-style-type: none"> • Training in the use of medium-term expenditure frameworks and output-based budgeting 			
3.2.2.2 Financial management	<ul style="list-style-type: none"> • Training on financial modalities for LGUs 	<ul style="list-style-type: none"> • Assistance with the development of investment proposals and financing packages for LGUs 		<ul style="list-style-type: none"> • Capacity building for local legislations and regulatory staffs within LGUs on creating environment for private sector participation in local public infrastructure development 	
				<ul style="list-style-type: none"> • Capacity building for pilot LGU Local Finance Committee on financial capacity estimation and capital investment programming 	
			<ul style="list-style-type: none"> • Training of NGOs and existing center for local governance units in policy development and advocacy and financial management orientation on key principles of local finance management 		
			<ul style="list-style-type: none"> • Develop a participatory framework fro NGO-LGU partnership in local 		

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
			financial management		
			<ul style="list-style-type: none"> Develop and revive NGO Reform Coalition 		
	<ul style="list-style-type: none"> Training for MFC on credit analysis and borrower assessment 				
3.2.3. Preparation of Manuals					
3.2.3.1 Revenue Generation	<ul style="list-style-type: none"> Review the harmonization of the treasurers' manual with the NGAS 				
		<ul style="list-style-type: none"> New LGU Tax Manual 		<ul style="list-style-type: none"> A reference manual on local tax administration, including a synthesis, compilation and case studies of tax opinions and rulings rendered by BLGF in the past 	
3.2.3.2 Expenditure Management		<ul style="list-style-type: none"> Updating of the budget operations manual to reflect improved personal expenditure policy Development and issuance of local procurement manuals 			
3.2.3.3 Financial Management	<ul style="list-style-type: none"> Draft LGU Debt Management Manual Improve Statement of Income and Expenditures Draft financing modalities manual 	<ul style="list-style-type: none"> Debt management manual for LGUs 			
				<ul style="list-style-type: none"> A self-guided manual or template or checklist that will guide LGUs in making decisions on serviced delivery and financing options for specific types of LGU projects 	
				<ul style="list-style-type: none"> A guide to credit borrowing fro LGUs 	
3.2.4 Others		<ul style="list-style-type: none"> Develop integrated manuals for planning, revenue and expenditure management (proposal of DBM) 			
			<ul style="list-style-type: none"> Promote exemplary practices on local fiscal management among LGUs through benchmarking and awards project 		

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
				<ul style="list-style-type: none"> • LGU Fiscal Management Model Building which consists of (1) inventory of local and international best practices; (2) deriving elements of best practices; (3) pilot testing of models in selected LGUs 	
3.3 Institutional Strengthening/Improved Coordination					
3.3.1 Institutional Strengthening of Oversight Agencies	<ul style="list-style-type: none"> • Reorganize BLGF 				
	<ul style="list-style-type: none"> • Institutional strengthening of BLGF thru study on the qualifications of treasurers (proposed) 				
	<ul style="list-style-type: none"> • Economic and financial modeling for determining LGU fiscal capacity 				
	<ul style="list-style-type: none"> • Review legal impediments to the establishment of the MFC • Bank product development 				
	<ul style="list-style-type: none"> • Rationalization of DILG LGA Training Functions 				
3.4 Database Development					
	<ul style="list-style-type: none"> • Improve/create taxpayers' database and billing and collection system 				
	<ul style="list-style-type: none"> • LGU debt monitoring system and database 				
	<ul style="list-style-type: none"> • LGU financial services providers database 				
	<ul style="list-style-type: none"> • Design LGU credit information database consisting of LGU financial statements 				
				<ul style="list-style-type: none"> • Development of web-based portal on LGU fiscal management to include publications, research studies, resource persons 	

Details of the Grants (1)	ADB TA 4556 (DOF) (2)	ADB TA 4778 (DILG) (4)	USAID EPRA (5)	AusAID (6)	Others (7)
4. Coverage		3 provinces		<ul style="list-style-type: none">• San Carlos, Urdaneta, Dagupan and Alaminos	<ul style="list-style-type: none">• GTZ selected areas in regions 6, 7 and 8, selected LGUs in Mindanao