REVIEW OF UTILIZATION OF REVENUES FROM NATURAL RESOURCES AND APPLICATION OF BEST PRACTICES AND MEDIA STRATEGY
REVIEW OF UTILIZATION OF REVENUES FROM NATURAL RESOURCES AND APPLICATION OF BEST PRACTICES AND MEDIA STRATEGY

PHILIPPINES POVERTY ENVIRONMENT INITIATIVE
The Philippines Poverty Environment Initiative is a collaborative programme of the United Nations Development Programme (UNDP), United Nations Environment Programme (UNEP) and the Government of the Philippines (GoP), with the Department of the Interior and Local Government (DILG) as the Implementing Partner (IP). The PPEI supports the GoP, civil society and the business sector to utilize revenues and benefits from sustainable environment and natural resources (ENR) management for poverty reduction through improved capacity and enabling conditions at national and local levels.

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This review was conducted and prepared with funding from the United Nations Development Programme (UNDP). The review aimed at establishing mechanisms of mainstreaming Environment and Natural Resources (ENR) management for poverty alleviation within the Local Government Unit (LGU). This is the Component 4: Review of Utilization of Revenues from Natural Resources and Application of Best Practices and Media Strategy of the first phase (2011-2012) of the Philippines Poverty Environment Initiative (PPEI).

The Poverty Environment Initiative in the Philippines started in 2011 and operates to influence institutions, policies and investments. It primarily focuses on mainstreaming poverty environment concerns (P/E) into national plans, sectoral strategies, environmental policies, economic decision-making and sub-national planning.

The PPEI aims to ensure that ENR revenues be equitably shared by the communities and re-invested to preserve social and natural capital while effectively enforcing regulatory measures to prevent and minimize environmental impacts of the extractive industries.

This review was conducted and written by Mr. Noel C. Duhaylungsod. The lead implementing agency is the Department of the Interior and Local Government (DILG). The responsible parties are the Department of Finance (DOF), Department of Budget and Management (DBM), National Economic and Development Authority (NEDA), Department of the Environment and Natural Resources (DENR) particularly the Mines and Geosciences Bureau (MGB), and Department of Energy (DOE). A technical workshop was held on August 9, 2011 during which the responsible parties drew up their respective action plans together with the consultants. Workshops were held on December 2, 2011 and May 17, 2012 to discuss the findings and recommendations of the consultants.
This review could serve as a reference and guide to engage LGUs to adopt good practices on utilizing revenues from sustainable ENR management for poverty reduction; and institutionalize the benefit sharing scheme for poverty reduction through integration in planning, budgeting and programming system for a green economy. Any comments and enquiries should be directed to:

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1. Review Purpose and Key Recommendations

Phase One (2011-2012) of the Philippines Poverty Environment Initiative (PPEI) had four components, each of which was carried out by a group of stakeholders who act as responsible parties. Each group was assisted by a consultant. The four components are the following:

- Review of Collection and Distribution of Revenues from Natural Resources;
- Public Environmental Expenditure Review at National and Local Levels;
- Advocacy and Support for the Introduction/Implementation of the Extractive Industry Transparency Initiative (EITI) for the Minerals and Energy Resources Industry in the Philippines, and
- Review of Utilization of Revenues from Natural Resources and Application of Best Practices and Media Strategy.

This report is on Component 4: Review of Utilization of Revenues from Natural Resources and Application of Best Practices and Media Strategy, led by the Department of the Interior and Local Government (DILG).

1.1 Rationale and Methodology

This report analyzes the collection and utilization of revenues by the Local Government Units (LGUs) generated from the extractive industries with focus on mining and geothermal energy, and reviews the existing policies on the release of LGUs shares from national government. Among the major outputs of the study are strategies to engage the LGU to adopt good practices on utilizing revenues from sustainable Environment and Natural Resources (ENR) management for poverty reduction; and institutionalize the benefit sharing scheme for poverty reduction through integration in planning, budgeting and programming system for a greener economy.

This report covers the following:

A. Policy Reforms

The study seeks reforms in the policy environment of National Government (NG)-LGU sharing of the wealth, with an end view of optimizing the utilization of the generated funds to address poverty, and ENR protection and sustainability. Cases on mining (Province of Benguet, Municipality of Tuba, Barangay Camp 3) and geothermal energy (Municipality of Kananga, Barangay Tongonan and City of Ormoc) were the primary sources of information to develop policy recommendations, field procedures, and guidelines. Many of the suggestions of the LGU officers during the fieldwork that involve amendment in laws, modification of operational policies, and on the governance processes of the LGU, were considered in seeking pragmatic solutions to problems of downloading delays and
variable amounts. Reviews on the core laws guaranteeing the rightful share of the LGU from mining and geothermal energy extraction and utilization; profile of the host communities as cases; synthesis and proposed corrective measures for improved governance were presented in this report. Three policy proposals were developed.¹

B. PED integration and method development

The study views the integration of the Poverty-Environment-Development (PED) linkage within the agenda of the Rationalized Local Planning System (RPS).² The RPS has been promoted by the DILG seven years ago (2005) as a scheme to improve the effectiveness of the Comprehensive Land Use Plan (CLUP), Comprehensive Development Plan (CDP), Executive and Legislative Agenda (ELA), Local Development Investment Program (LDIP), and Annual Investment Program (AIP) in addressing poverty and environmental degradation.

The AIP is the most appropriate venue for integrating PED concerns for efficient budgeting and implementation of development interventions. Several policy and procedural and/or methodological issues were substantially reviewed and synthesized in this report.

C. PED Best Practice

PED best practices, when systematically documented, are excellent basis for modeling, as well as serving as exemplars for other LGUs to emulate. The cases used in the review show promise in linking poverty with environment and development, but these have to be documented. An appraisal criterion has been formulated as basis in process documenting PED best practice. The guide is thematic. In the proposed PED Best Practice criteria, process and location with the Gawad Pamana ng Lahi was proposed.³

D. PED Advocacy Education

The study considers both media planning and the building of an action platform as aspects of development advocacy education, which encompass tasks such as building of foundational knowledge, honing of skills, and managing PED knowledge.⁴

Overall, the defined tasks above to achieve the objectives were clustered as activities of reviewing and formulating, respectively.

- **Review**
  - Collection and utilization of revenues from natural resources extraction including mining;
  - Policies on the release of LGU shares from national government;
  - Potential development of a green economy, and
  - Integration of sustainable ENR management for poverty reduction in the synchronized planning, programming and budgeting system of the LGU

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¹ See Chapter 2 for further details and Annexes 1-3 for the draft policy proposals.
² The discussions substantially refer to the voluminous document published by the BLGD-DILG. “Rationalized Local Planning System of the Philippines.” 2005.
³ See Chapter 3 for further details.
⁴ See Chapter 4 for further details.
- **Formulate**
  - Strategy to pilot test select good practices on utilizing revenues from sustainable ENR management for poverty reduction;
  - Upscale and institutionalize good practices on benefit sharing from sustainable ENR management for poverty reduction, and
  - National media plan for disseminating and advocating knowledge products

Figure 1 is a flow diagram of steps taken to develop the policy proposals. The approach started with a review on the relevant policies, processes, and structures as regards to the sharing of the national wealth from the extraction and development of natural resources between the LGU and the NG. The fieldwork provided factual information. Other outputs of the study as cited above were conceptualized and developed during the course of conducting field reviews, desk studies, meetings and consultations with various stakeholders.

**Figure 1.** Approach taken to develop a policy reform paper
Universal fieldwork research techniques were employed, where appropriate, such as the following:

- Key informant interview/one-on-one discussion
- Small group discussion
- Unobtrusive random interview with the LGU officials and community members
- Relevant information on the LGU was gathered through the facilitation of the Local Chief Executive (LCE)
- The Treasurer, Planning Officer, Budget Officer, Accountant, and the Implementing Officers were the priority LGU informants
- Community leaders were met to hear their experience on the fund utilization

On the whole, the concerned NGAs and LGU officers were receptive to the study and volunteered documents. Dedicated senior DILG Regional/Provincial officers were partners in the study process, rendering efficient coordination and facilitation in the fieldwork. Informational protocols were observed and the important exit conferences were conducted with heads of offices.

### 1.2 Organization

The next three chapters of the report cover and discuss the following:

- Policy proposal on ENR revenue utilization for poverty alleviation (Chapter 2);
- Locating the Poverty-Environment Development nexus in local planning and budgeting and PED best practice (Chapter 3), and
- Poverty-Environment Development Advocacy Education and Action Platform (Chapter 4).

### 1.3 Key Recommendations

Key recommendations for national and local governments to optimize the utilization of revenues from sustainable ENR management for poverty reduction and environmental sustainability; and institutionalize the benefit sharing scheme for poverty reduction through integration in planning, budgeting and programming system for a greener economy are as follows:

- **Effecting policy reforms.**
  Reform is necessary in the current policies of downloading the share of revenues from mineral extraction to the host LGU. Firstly, a hastening approach is recommended by regionalizing implementation of Joint Memorandum Circular (JMC) 2009-1, which involves automatic release of the LGU share without circumventing established protocols of the DOF and DBM. Additionally, an LGU monitoring form is suggested for adoption to track the release of local shares. To bring in all the endowed LGUs into the discussion on the NG-LGU wealth sharing from extraction and development of ENR, a National Policy Forum is recommended.

  Secondly, the intent of the Implementing Rules and Regulations (IRR) of the Republic Act 9513 was re-visited. The presentation of the Alliance of Geothermal Energy Producing LGUs (AGEPL) has to be transparently discussed. Accordingly, the IRR “will result in diminishing the already inadequate share of LGUs from existing and new RE development projects, ... constitutes

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5 See Annex 1 for the proposed JMC on Regionalized Processing of the Sharing of National Wealth from Natural Resource Extraction and Development.
nothing less than a prejudicial and unwarranted reversal of the present provision of the LGC, ... moreover, the computation ... inequitably and prejudicially reduces the royalty share of the LGUs derived from the development and utilization of national wealth by a very substantial percentage of 67.17%6 ...” The presented comparative computations for the LGU share under RA 7160 and RA 9513, respectively, is disturbing, a probable case of an adverse effect of law interpretation.

Thirdly, the study proposed a legislative amendment to Title III, Chapter 2, Section 294 of Republic Act 7160, which states that “at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located,” since this percentage appropriation is no longer logical and responsive to the LGU development needs.

### Integrating PED nexus in LGU planning and management.

Integrating the PED nexus in LGU planning and management could be done during the early stages of the formulation of the CLUP and the CDP, hinging on the core poverty indicators. The JMC s2007 issued by the DILG, DBM, DOF and the National Economic and Development Authority (NEDA), which advocates for harmonious local planning and programming based on the Rationalized Planning System, needs to be assessed on compliance by the LGUs. A requisite issue in the integration is methodological, that is, a unified technique in generating data and analysis for planning and programming with bias on poverty alleviation. Among the main instruments that have to be fused into this singular technique are the Ecological Profile, Community-Based Monitoring System (CBMS), National Housing Targeting System-Poverty Reduction, and even the Local Government Performance Management System (LGPMS). A “unified” planning and programming tool, indeed is a softer discussion point among bearers of specific methodologies like the Housing and Land Use Regulatory Board (HLURB), National Anti-Poverty Commission (NAPC), NEDA, DILG, DBM, and DOF. Henceforth, the resulting tool, which buys-in PED concerns, will be available for LGUs which are updating their CLUP-CDP-ELA-LDIP and/or for LGUs which only now are formulating their CDP separately from the CLUP.

In the meantime however, the incorporation of PED concerns into the Annual Investment Program (AIP) ushers in the biggest prospect. The AIP, a yearly translation of the LDIP and the ELA, is the primary operational instrument for implementation of development. In other words, it programmatizes the CDP, ELA, and LDIP into investible and implementable projects and activities. The typical AIP matrix has been transformed to contain poverty alleviation indicators7, thus effectively becoming the Local Anti-Poverty Program. The scheme will avoid the formulation of another operational plan document by the LGU. A support capacity development program on PED approaches is suggested.

### Establishing a PED Best Practice Award.

The Poverty Alleviation-Environment Protection-Development Best Practice (PED Best Practice) is conceived as part of the major awarding system for the LGUs. While having distinct features, the PED Best Practice could be integrated in one or two present awards that the DILG is spearheading. The “rider design” is sensible because of the cross-relevance

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6 A position paper of the AGEPL dated 10 September 2010 was lodged with the appropriate governmental agencies implementing energy laws, rules and regulations and issuances.

7 See discussion on Chapter 3 for further details and Figure 12 for the enhanced AIP matrix containing poverty alleviation indicator.
of poverty, environment and development to any of the present awards. The award that shows promise of integration of the PED framework and indicators is the Gawad Pamana ng Lahi.

The PED Best Practice aims to do the following:

(a) To document PED best practices and campaign for wider participation of LGUs in documenting cases as part of the pursuit for sustainable development,
(b) To provide incentives to the LGU best practice, and
(c) To model PED cases as sustainable development.

- **Designing and Implementing a PED Advocacy Education and Action Platform.**
PED Advocacy Education schema for the PPEI/Bureau of Local Government Development (BLGD)-DILG may contain activities for different purposes, as follows:

(a) Building of foundational knowledge refers to activities like understanding frameworks, concepts, legal environment, socio-cultural context, developmental context, procedures, and processes;
(b) Honing of skills refers to training, seminars, orientation, consultation, conference, meetings, exchange, exposure, mentoring, education materials preparation, and anchoring advocacy education, and
(c) Managing knowledge refers to setting-up of a development-oriented management information system, building capacities to transform information into valuable information for LGU executives and officers, and networking.
2. **Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability**

This chapter is an analysis of the sharing of national wealth generated from the extraction and development of minerals and geothermal energy between the National Government (NG) and the Local Government Unit (LGU). It is timely to study the cases on mining in Benguet, and geothermal energy in Kananga and Ormoc because these are priority investment projects of the government. On the basis on the host community definition, the cases included: Benguet Province, Tuba Municipality, Camp 3 Barangay; and Leyte Province, Kananga Municipality, Tongonan Barangay and Ormoc City.

The chapter is organized by briefly discussing the core laws guaranteeing the rightful share of the LGU from mining and geothermal energy extraction and utilization; presentation of cases of host communities; synthesis on findings; and the proposed corrective measures for improved governance.

### 2.1 Core laws guaranteeing rightful share and operational policies on mining and geothermal energy

The foundational law of the Republic of the Philippines defines the rightful share of the LGU on the national wealth, and its corresponding duties and obligations as purveyor of progress. Consequent sectoral laws have referred to the basic principles enshrined in the Constitution, although progressively contextualized as changes occur in governance and society, in general. The spirit of the law remains steadfast, however.

Laws pertaining to the sharing and utilization of national wealth generated from the extraction and development of natural resources are presented in Table 1. The often cited basic law is the Local Government Code of 1991 or RA 7160, which defines in detail the apportionments, computations, release of share, and scope of utilizations. Sectoral laws characterize for mining and energy, respectively. In the foregoing, discussion on law will be delineated from operational policy.

<table>
<thead>
<tr>
<th>Resource</th>
<th>Core law</th>
</tr>
</thead>
</table>
| **(Basic)** | a) Constitution of the Philippines  
  b) RA 7160, Local Government Code of the Philippines;  
  c) PD 1586, Establishing An Environmental Impact Statement System, Including Other Environmental Management Related Measures and for Other Purposes |
| **Minerals** | RA 7942, Philippine Mining Act of 1995                                      |
| **Energy** | a) RA 7638, Department of Energy Act of 1992  
  b) RA 9136, Electric Power Industry Reform Act of 2001  
  c) RA 9513, Renewable Energy Act of 2008 |
A. Laws

1. The Philippine Constitution and the Local Government Code (RA 7160)

The 1987 Constitution of the Republic of the Philippines, particularly, Article X (Local government; General Provisions), scopes the powers bestowed on functional bodies in government as regards natural resource extraction, development and creation of wealth, therein. It ensures equity and freedom to all.

“The territorial and political subdivisions shall enjoy local autonomy; The Congress shall enact a local government code which shall provide for a more responsive and accountable local government structure instituted through a system of decentralization with effective mechanisms of recall, initiative, and referendum, allocate among the different local government units their powers, responsibilities, and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of the local units; Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local governments; Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them; Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits; Local government units may group themselves, consolidate or coordinate their efforts, services, and resources for purposes commonly beneficial to them in accordance with law.” (Sections 2,3,5,6,7,13)

In the Article XII: National Economy and Patrimony, the statist position asserts that all natural resources are its ownership and their use is solely its domain in pursuit of sustainable development of the country, to wit;

“The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the under-privileged... In the pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of their ownership; All lands of the public domain, waters, minerals, coal, petroleum, and other mineral oils, all forces of potential energy, fisheries, forests or timber, wildlife, flora and fauna, and other natural resources are owned by the State. With the exception of agricultural lands, all other natural resources shall not be alienated. The exploration, development, and utilization of natural resources shall be under the full control and supervision of the State.” (Sections 1 & 2)

Article X, Section 2 prescribes that Congress formulates a Local Government Code which shall be the basis of governance relationships between national governmental units and the regional, provincial, city, municipal, and barangay, including their aggregations. Therefore, in 1991, the government passed RA 7160, otherwise known as the Local Government Code of the Philippines. Particularly, Title III, Chapter II, Sections 289-294 set the coverage on the LGU shares from national wealth.

“LGUs shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits.

LGUs shall, in addition to the internal revenue allotment, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related
surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

LGUs shall have a share based on the preceding fiscal year from the proceeds derived by any government agency or government-owned or controlled corporation engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the local government unit:

(a) One percent (1%) of the gross sales or receipts of the preceding calendar year; or
(b) Forty percent (40%) of the mining taxes, royalties, forestry and fishery charges and such other taxes, fees or charges, including related surcharges, interests, or fines the government agency or government owned or controlled corporation would have paid if it were not otherwise exempt.

The share in the preceding Section shall be distributed in the following manner:

(a) Where the natural resources are located in the province:
   (1) Province - Twenty percent (20%);
   (2) Component City/Municipality - Forty-five percent (45%); and
   (3) Barangay - Thirty-five percent (35%)

Provided, however, That where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities or in two (2) or more barangays, their respective shares shall be computed on the basis of:

(1) Population - Seventy percent (70%); and
(2) Land area - Thirty percent (30%)

(b) Where the natural resources are located in a highly urbanized or independent component city:
   (1) City - Sixty-five percent (65%); and
   (2) Barangay - Thirty-five percent (35%)

Provided, however, That where the natural resources are located in such two (2) or more cities, the allocation of shares shall be based on the formula on population and land area as specified in paragraph (a) of this Section.

The share of local government units from the utilization and development of national wealth shall be remitted in accordance with Section 286 of this Code: Provided, however, That in the case of any government agency or government-owned or controlled corporation engaged in the utilization and development of the national wealth, such share shall be directly remitted to the provincial, city, municipal or barangay treasurer concerned within five (5) days after the end of each quarter.

The proceeds from the share of local government units pursuant to this chapter shall be appropriated by their respective sanggunian to finance local government and livelihood projects: Provided, however, That at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located."

The principle of national-local interlocking fiscal relationship is expressed in Article X, Section 7 of the Philippine constitution, which states that, the “Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits.” This understanding of shared wealth is scoped by RA 7160, to wit;

"Share in the Proceeds from the Development and Utilization of the National Wealth. - Local government units shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits.

LGUs shall, in addition to the internal revenue allotment, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production
sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

Local government units shall have a share based on the preceding fiscal year from the proceeds derived by any government agency or government-owned or controlled corporation engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the LGU:

(a) One percent (1%) of the gross sales or receipts of the preceding calendar year; or

(b) Forty percent (40%) of the mining taxes, royalties, forestry and fishery charges and such other taxes, fees or charges, including related surcharges, interests, or fines the government agency or government owned or controlled corporation would have paid if it were not otherwise exempt.

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(1) Population - Seventy percent (70%); and
(2) Land area - Thirty percent (30%)

(b) Where the natural resources are located in a highly urbanized or independent component city:

(1) City - Sixty-five percent (65%); and
(2) Barangay - Thirty-five percent (35%)

Provided, however, That where the natural resources are located in such two (2) or more cities, the allocation of shares shall be based on the formula on population and land area as specified in paragraph (a) of this Section.

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The proceeds from the share of local government units pursuant to this chapter shall be appropriated by their respective sanggunian to finance local government and livelihood projects: Provided, however, That at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located."

(Chapter II. Share of Local Government Units in the National Wealth, Sections 289-294)

2. The Philippine Mining Act of 1995 (RA 7942)

The Law describes the various provisions on extracting minerals in the country, as well as the system of sharing of the revenues between the governmental bodies. The several sections as quoted contain the arrangements.

"The total government share in a mineral production sharing agreement shall be the excise tax on mineral products as provided in Republic Act No. 7729, amending Section 151(a) of the National Internal Revenue Code, as amended.

The share of the Government in co-production and joint-venture agreements shall be negotiated by the Government and the contractor taking into consideration the:
2. Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability

(a) Capital investment of the project;
(b) Risks involved;
(c) Contribution of the project to the economy; and
(d) Other factors that will provide for a fair and equitable sharing between the Government and the contractor.

The Government shall also be entitled to compensations for its other contributions which shall be agreed upon by the parties, and shall consist, among other things, the contractor's income tax, excise tax, special allowance, withholding tax due from the contractor's foreign stockholders arising from dividend or interest payments to the said foreign stockholders, in case of a foreign national, and all such other taxes, duties and fees as provided for under existing laws.

The Government share in financial or technical assistance agreement shall consist of, among other things, the contractor's corporate income tax, excise tax, special allowance, withholding tax due from the contractor's foreign stockholders arising from dividend or interest payments to the said foreign stockholder in case of a foreign national and all such other taxes, duties and fees as provided for under existing laws.

The collection of Government share in financial or technical assistance agreement shall commence after the financial or technical assistance agreement contractor has fully recovered its pre-operating expenses, exploration, and development expenditures, inclusive.

The Government share as referred to in the preceding sections shall be shared and allocated in accordance with Sections 290 and 292 of Republic Act No. 7160 otherwise known as the Local Government Code of 1991. In case the development and utilization of mineral resources is undertaken by a government-owned or -controlled corporation, the sharing and allocation shall be in accordance with Sections 291 and 292 of the said Code.”

(Chapter XIV, sections 80-82)

3. The Renewable Energy Act of 2008 (RA 9513)

The Law has effectively increased the government share from 1 to 1.5% of gross income of geothermal energy extraction and development, however, did not scope the computation of gross income. This in part caused the current controversy because the Implementing Rules and Regulations (DOE C2009-05-0008) made a list of variables that have to be considered in determining gross income. The LGUs believe that this was not the intent of the law.

Chapter V. Government Share
Sec. 13. Government Share – The government share on existing and new RE development projects shall be equal to one percent (1%) of the gross income of RE resource developers resulting from the sale of renewable energy produced and such other income incidental to and arising from the renewable energy generation, transmission, and sale of electric power except for indigenous geothermal energy, which shall be at one and a half percent (1.5%) of gross income.

To further promote the development of RE projects, the government hereby waives its share from the proceeds of micro-scale projects for communal purposes and non-commercial operations, which are not greater that one hundred kilowatts (100 kW).

(Chapter V, section XIII)

B. Operational policies

The usual cascade of operational policies is shown in Figure 2. Every level has a discrete purpose, of which the policy is drawn, but the articulation conforms to the spirit of the law; otherwise, the policy can be contested as violation. The easiness of amendment in the policy is its distance from
the law. It means that a first generation policy of a law will be more difficult to amend than a set of Guidelines. In the example, Guidelines, Manual and Field Guide are methods in implementing the law. While the LGU Ordinance No. 12L77 constitutes a policy formulation, it already included the method of implementation, at least in broad strokes like the manner of distributing the 80% share from royalty tax. The Kananga Electrification and Energy Cost Subsidy Program (KEESCSP) provide the implementation scheme of the utilization policy on the 80% share from geothermal energy extraction and development as embodied in the Ordinance. The Kananga Electrification Service Staff Office (KESSO), on the one hand, administers the processes for claiming for the First Cost Subsidy, reimbursement for direct cost subsidy, and payment for power bills.

Figure 2. The Policy Cascade

A complex situation arises when a policy is operationalized contravening implementation of another policy because of interpretation. Even as it maybe exceptional, the effect is confusion on the part of the LGU.

The policies for natural resource extraction and development, whether solely invested by nationals, foreign-national, or foreign capitalists are available. Rights are vested on the parties through a process as required by the policies for particular resource extraction and development proposal. For mining and energy investment, the process involves multi-agencies in government. Therefore, to streamline the process and encourage investors, Joint Memorandum Circulars are issued.

As claimed, there is a case of negative impact, i.e., IRR of RA7160 vs. IRR of RA 9513. This will be discussed in the succeeding sections.
2. Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability

The policy roots for the sharing between the NG and the LGU on national wealth is the IRR of RA 7160. In sequence, the IRRs and circulars on mining and energy are as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>IRR of RA 7160 (Local Government Code)</td>
</tr>
<tr>
<td>1995</td>
<td>IRR of RA 7942 (Philippine Mining Act)</td>
</tr>
<tr>
<td>1995</td>
<td>JC 95-01 (DILG-DOE)</td>
</tr>
<tr>
<td>1998</td>
<td>JC 98-01 (DILG-DOE)</td>
</tr>
<tr>
<td>2006</td>
<td>JC 2006-1 (DBM-DOF-DENR-DOE)</td>
</tr>
<tr>
<td>2008</td>
<td>IRR of RA 9513 (Renewable Energy Act)</td>
</tr>
<tr>
<td>2009</td>
<td>JMC 2009-1 (DOF-DBM-DILG-DENR)</td>
</tr>
</tbody>
</table>

1. IRR of RA 7942

The IRR of RA 7942 defines the roles of the MGB and the LGU. The MGB is a Line Bureau which has administrative jurisdiction and responsibility over its regional offices. This will ensure efficiency and flexibility in managing limited resources and technical expertise.

"The authorities/responsibilities of the MGB are as follows:

a) Management and administration of mineral lands and resources, including the granting of mining permits and mineral agreements;
b) Enforcement and monitoring of Environmental Work Programs (EWP) and Environmental Protection and Enhancement Program (EPEP);
c) Establishment and operationalization of the Contingent Liability and Rehabilitation Fund (CLRF), as well as the mandatory Final Mine Rehabilitation and Decommissioning Plan;
d) Cancel mining applications and mining rights violating the provisions of the Mining Act, its implementing rules and regulations, and/or the terms and conditions of a mining permit/contract/agreement;
e) For the Regional Directors to impose Cease-and-Desist Orders (CDO);
f) Deputize the PNP, LGUs, NGOs and other responsible entities to police mining activities;
g) Assist the Environmental Management Bureau (EMB)/DENR Regional Offices in processing/evaluation/conduct of EIA in mining projects, and
h) Manage and administer Mineral Reservation area. (Note: Mineral Reservations, under the New Act, include offshore marine areas)

"The IRR highlights the role of LGUs in mining projects, both as beneficiaries and as active participants in mineral resources management, in consonance with the Constitution and government policies on local autonomy and empowerment. As such, the Mining Act provides the following:

a) In consonance with the LGC, LGUs have a share of forty percent (40%) of the gross collection derived by the National Government from mining taxes, royalties and other such taxes, fees or charges from mining operations in addition to the occupational fees (30% to the Province and 70% to the Municipalities concerned);
b) In consonance with the LGC and the People Small-Scale Mining Act (RA 7076), the LGUs shall be responsible for the issuance of permits for small-scale mining and quarrying operations, through the Provincial/City Mining Regulatory Boards (PMRBs/CMRBs);
c) To actively participate in the process by which the communities shall reach an informed decision on the social acceptability of a mining project as a requirement for securing an Environmental Compliance Certificate (ECC);
d) To ensure that relevant laws on public notices, consultations and public participation are complied with;
e) To participate in the monitoring of mining activities as a member of the Multipartite Monitoring Team, as well as in the Mine Rehabilitation Fund Committee;
f) To act as mediator between the Indigenous Cultural Communities (ICCs) and the mining contractor as may be requested/necessary;
2. Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability

g) To be the recipients of social infrastructures and community development projects for the utilization and benefit of the host and neighboring communities; and
h) To coordinate with and assist the DENR and the MGB in the implementation of the Mining Act and the IRR.

2. DILG-DOE Circular No. 98-01

The Circular was issued as additional guidelines and procedures for host communities on energy projects, implementing Sections 289-294, RA 7160 and Articles 388-392 of its IRR. The criteria on host LGUs and options on the use of the fund for electricity reduction are detailed.

“The host LGU is the area where the producing geothermal reservoir is located as delineated by detailed geochemical, geophysical, and exploration surveys. The apportionment of the shares shall be based on the areas located within the technically delineated energy resource area pursuant to Section 292 of RA 7160...arrangements between the host LGUs and the DOE/project proponent on the allocation of national wealth that are in place prior to this Circular shall be respected without precluding the parties from adopting the prescription in this Circular.

Section 294 of the Local Government Code states that, at least 80% of the national wealth proceeds derived from the development and utilization of energy resources shall be applied solely to lower the cost of electricity in the LGU where the source of energy is located. Either one or a combination of two approaches can be adopted in the reduction of electricity, namely subsidy and non-subsidy schemes.

The non-subsidy benefits may take the form but not limited to electrification, the technical upgrading and rehabilitation of distribution lines to reduce electricity losses, the use of energy saving devices, and support of the electrical consumption of the infrastructure facilities servicing the public which can all redound to the reduction of electricity rates of the area.

Areas that cannot be energized directly from the grid due to technical or economic constraint shall be provided alternative power sources (e.g., generator, solar panel, wind, etc.). The cost of the installation as well as the maintenance of the facility shall be taken from the LGU royalty share. The activity shall require the endorsement of the concerned LGU council.

Any use of the national wealth proceeds outside the prescriptions in the DILG-DOE Circular 95-01 of October 31, 1995 and this Circular shall require the approval of the DILG Secretary.

In the event of a boundary dispute, the national wealth proceeds shall be deposited in a government bank under escrow. The DILG shall exert all efforts to resolve the conflict guided by Section 118 of the Local Government Code, with the assistance of the Land Management Bureau of the Department of Environment and Natural Resources.

The DILG shall monitor the compliance of the LGUs with the provisions of this Circular and other relevant issuances. To assist in the monitoring of compliance, all host LGUs of energy projects are required to submit the following:

(i) The scheme of electricity rate reduction adopted by the host LGU (with proper documentation) based on the prescription in the DILG-DOE Circular 95-01 of October 31, 1995 at the start of the use of the fund or upon the amendment of the scheme by the respective LGU councils; and
(ii) Summary of transactions thirty (30) days after the end of each quarter

3. DOE Circular No. 2009-05-0008

The IRR has a specific interpretation of the “gross income” provision of the Law. Reportedly, this has decreased substantially the LGU share. Rule 7A&B scoped the “gross income” rule.

Sec. 20. Government Share
A. Government Share in General
The government share on existing and new RE development projects shall be equal to one percent (1%) of the gross income of RE developers except for indigenous geothermal energy, which shall be at one half percent (1.5%) of gross income of the preceding fiscal year.

For purposes of determining the government share, the gross income of RE developers shall include the proceeds resulting from the sale of RE produced and such other income incidental to and arising from RE Generation, transmissions and sale of electric power.

As used in this IRR, “Gross Income” derived from business shall be equivalent to gross sales less sales return, discounts and allowances, and cost of goods sold, consistent with Section 27, Paragraph A(7) of the NIRC of 1997, as amended by Republic Act No. 9337.

“Cost of Goods Sold” shall include all business expenses directly incurred to produce the merchandise to bring them to their present location and use, consistent with Section 27, Paragraph A(7) of the NIRC of 1997, as amended by Republic Act No. 9337.

B. Share from Geothermal Energy Resources
   (1) For an integrated geothermal operation, the Government Share of one and a half percent (1.5%) shall be based on the Gross Income from the sale of electricity generated from geothermal energy. The Cost of Goods Sold shall be the direct cost of the generation of electricity.
   (2) For streamfield development and production only, the Government Share of one and a half percent (1.5%) shall be based on the Gross Income from the sale of the geothermal steam. The Cost of Goods Sold shall be the direct cost of the geothermal steam production.
   (3) For geothermal power plant operation only, the Government Share of one and a half percent (1.5%) shall be based on the Gross Income from the sale of electricity generated from geothermal energy. The Cost of Goods Sold shall be the direct cost of electricity generated from geothermal energy and the direct cost of the geothermal steam.

D. Remittance of the Share of LGUs
   In accordance with Sections 286 and 293 of Republic Act No. 7160, as amended, the share of LGUs from the utilization and development of national wealth shall be released, without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the National Government for whatever purpose.

4. Joint Memorandum Circular 2009-01

To clarify and increase the efficiency of the process of collection, allocation, and distribution of the national wealth generated from mineral extraction, the DOF, DBM, DILG and DENR issued a joint memorandum circular. Table 2 summarizes the timelines of the tasks, which presumes that the roles are effectively played by the agreeing parties. Not included in the table are the prerequisite inputs from the LGU-DILG, the LMB/MGB-DENR, and the NSO, which are periodic in nature.

<table>
<thead>
<tr>
<th>Period</th>
<th>BIR Submission of Joint Certification to BTr</th>
<th>BTr Validation and Submission of Joint BIR and BTr Certification to DBM</th>
<th>Release of Funds by DBM</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Qtr. Collection (March 31 of the current year)</td>
<td>June 15 of current year</td>
<td>July 31 of current year</td>
<td>Within February of ensuing year</td>
</tr>
<tr>
<td>2nd Qtr. Collection (June 30 of the current year)</td>
<td>September 15 of current year</td>
<td>October 31 of current year</td>
<td></td>
</tr>
<tr>
<td>3rd Qtr. Collection (September 30 of the current year)</td>
<td>December 15 of current year</td>
<td>January 31 of ensuing year</td>
<td></td>
</tr>
<tr>
<td>4th Qtr. Collection (December 31 of the current year)</td>
<td>March 15 of ensuing year</td>
<td>April 30 of ensuing year</td>
<td>Within May of ensuing year</td>
</tr>
</tbody>
</table>
2.2 Cases on utilization of share from national wealth

In separate time and venues, the discussions were held with the officers of the host communities. Hardcopies and/or ecopies of information were gladly volunteered, with hope that some improvements on the current process of sharing national wealth could be attained from the review. Regional and provincial officers of the DILG similarly anticipate that the LGU’s position on good governance, i.e., deliberate development planning, budgeting and implementing Poverty-Environment-Development projects takes an emphasis after reviewing the cases below:

<table>
<thead>
<tr>
<th>Extractive industry</th>
<th>Host Community</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining</td>
<td>Benguet Province</td>
</tr>
<tr>
<td></td>
<td>Municipality of Tuba</td>
</tr>
<tr>
<td></td>
<td>Barangay Camp 3</td>
</tr>
<tr>
<td>Geothermal energy</td>
<td>Municipality of Kananga, Leyte</td>
</tr>
<tr>
<td></td>
<td>Barangay Tongonan</td>
</tr>
<tr>
<td></td>
<td>Ormoc City</td>
</tr>
</tbody>
</table>

To put things in their proper perspective, the angst of the host communities, picked up during the conduct of the review, should be viewed positively as part of the desire to hasten sustainable development of their territories, while recognizing the protocols of administration in Philippine bureaucracy. At least, there was no perceived element of “politicking” while surfacing frustrations and disappointments. These reactions were genuinely human as if one is left in limbo and at the same time expected by constituents to propel development because there are resources available.
2.2.1 Mining

A. Province of Benguet

1. Basic information

**Brief history**
The information in the enumeration contains the sequential dates of the formation of the Province of Benguet. In 22 November 1900 when it was established, the province was comprised of nineteen (19) municipalities. Nine years after, this number of municipalities was reduced to thirteen (13) coinciding with the carving of Baguio as a chartered city. In the same year, the Municipality of Tuba was created as the 13th town of the province. The three major ethnolinguistic groups in the province are the Ibalois, Kankana-eyes and the Kalanguyas, sharing similar cultures, beliefs and rituals.

<table>
<thead>
<tr>
<th>Historical date</th>
<th>Law</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 Nov 1900</td>
<td>Act No. 48</td>
<td>Established the local civil government of Benguet with the following townships: La Trinidad, Galiano, Itoyon, Tuba, Atok, Kapangan, Balakbak, Palina, Ampusongan, Loo, Kabayan, Buguias, Adaoay, Bokod, Daclan, Sablan, Kibungan and Ambuklao.</td>
</tr>
<tr>
<td>23 Nov 1900</td>
<td>Act No. 49</td>
<td>Established a civil government for the province of Benguet</td>
</tr>
<tr>
<td>29 June 1901</td>
<td>Act No. 155</td>
<td>A proviso was inserted in Act no. 155 providing that a popular representative of Benguet Province be elected on July 4 of that year.</td>
</tr>
<tr>
<td>14 Sept 1905</td>
<td>Act No. 1396</td>
<td>Special Government Act repealed Act No. 49 reorganizing the Province of Benguet.</td>
</tr>
<tr>
<td>1909</td>
<td>Baguio Charter</td>
<td>19 towns to 13. The town of <strong>TUBA</strong> was created. Eventually, the towns of Ambuklao, Adaoay, Balakbak, Daclan, Galiano, Palina and Loo were abolished under Executive Orders issued by the Governor General of the Philippines.</td>
</tr>
<tr>
<td>15 May 1907</td>
<td>Act No. 1646</td>
<td>Authorized the election of delegates to the constitutional convention to be held on 13 July 1907.</td>
</tr>
<tr>
<td>13 Aug 1908</td>
<td>Act No. 1876</td>
<td>A sub-province of Mountain Province. The other sub-provinces are: Amburayan, Apayao, Bontoc, Ifugao, Kalinga and Lepanto.</td>
</tr>
<tr>
<td>4 Feb 1920</td>
<td>Act No. 2877</td>
<td>Boundary of Benguet sub-province was amended resulting in the abolition of the sub-provinces of Amburayan and Lepanto, part of Amburayan was placed under La Union and part of Lepanto was placed under Ilocos Sur.</td>
</tr>
<tr>
<td>18 June 1966</td>
<td>RA No. 4695</td>
<td>Old Mt. Province into the provinces of Benguet, Mt. Province, (referring to the sub-province of Bontoc) Kalinga-Apayao and Ifugao, Benguet province consist of the municipalities of Atok, Bakun, Bokod, Buguias, Itoyon, Kabayan, Kapangan, Kibungan, La Trinidad, Mankayan, Sablan, Tuba and Tublay, with La Trinidad as capital.</td>
</tr>
<tr>
<td>3 Sept 1966</td>
<td></td>
<td>A Provincial Governor was appointed</td>
</tr>
<tr>
<td>1 April 1967</td>
<td></td>
<td>Secretary of Finance issued an implementing directive to the effect that all the four created provinces shall initially cause the enactment of their respective budgets as operational effective.</td>
</tr>
<tr>
<td>22 Mar 1967</td>
<td></td>
<td>First Provincial Board took oath of office. The first board meeting was held 27 Mar 1967.</td>
</tr>
<tr>
<td>12 Nov 1967</td>
<td></td>
<td>Elected first Provincial Board</td>
</tr>
</tbody>
</table>

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Location & physiography

The Province of Benguet is located at the Southern portion of the Cordillera Mountain Range. It is bound by Pangasinan at the south, La Union and Ilocos Sur at the west, Mountain Province at the north, and Ifugao and Nueva Vizcaya at the east. The capital town, La Trinidad, is 256 kilometers north of Manila and 4 kilometers north of Baguio City. The province name probably came from the heavy head covering which the people wore as protection from the searing cold and wind termed “benget”. The first recorded interaction between the Igorots and Spaniards on the use of the term benget took place in the swampy valley of La Trinidad.

The highest elevation in the province is 5,000 feet above sea level characterized by rugged slopes with jutting ridges and valleys of the Cordillera Mountains. By large, the landscape is an unconsolidated mass showing uplifts in many areas. Valley floors are narrow. By the nature of its physiography and stratigraphic character, it is expected that the landscape is endowed with minerals.

Development and economy

The land area of Benguet is 276, 908 hectares covering 140 barangays. As of 2007, the population is 372, 533 with a growth rate of 1.86%. The population density is 135 persons per square meter. Currently, it is a 2nd class province on the basis of income (Table 3).

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income, Php</td>
<td>2,164,550</td>
<td>8,966,899.35</td>
<td>33,766,000.00</td>
<td>312,956,581.00</td>
<td>367,123,778.58</td>
</tr>
<tr>
<td>Income class</td>
<td>1st</td>
<td>1st-B</td>
<td>2nd</td>
<td>2nd</td>
<td>2nd</td>
</tr>
</tbody>
</table>

Source: Provincial Planning and Development Office

Agriculture is the major source of employment. About 54% of the labor force is engaged in vegetable and cutflower farming. The agricultural crops include cabbage, Chinese cabbage, broccoli, cauliflower, potatoes, carrots and others. Eighty percent of the grown vegetables are marketed in urban centers, principally Metro Manila. Also, it is a dominant source of roses, mums, lilies, carnation, Shasta and others. Loom weaving, knitting, fruit processing, bamboo craft, woodcarving and tiger grass craft are fast developing.

The mining industry (large and small scale) employs 30% of the work force of the province. Aside from Mining and vegetable farming, manufacturing is likewise a major activity in the province. However, a big source of income is from tourism and the downstream economy generated from the influx of visitors. It is still a favorite destination especially during summer months.

2. Utilization of share

Incorporated in General Fund

The LGU share is lumped in the general budgeting scheme of the Province of Benguet. Accordingly, it is the practice of the Province to incorporate the fund so that development priorities are

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3 Ibid.
4 Ibid.
equitably allotted with monetary support. While the fund sources are clearly identified, the annual budgetary outlay does not distinguish where the fund is coming from. At this stage, it is unfeasible to determine whether the money from the shared national wealth is earmarked for environmental protection, poverty alleviation, or for livelihood development.

Unlike other LGU systems, a supplemental budget ordinance is passed by the Council/Board for monies outside of the IRA, and treated as a Special Fund. In the case of the Benguet Province, however, the provincial officers argued that a supplemental budgetary allocation is necessary only in situations of monetary excess or surplus.

Planning and budgeting: Delays and unpredictable amounts

The LGU officers observed an improvement on the receipts of the LGU shares after the DOF-DBM-DILG-DENR JMC 2009-1 was issued. However, through the years, the record of the receipts provides no sensible trend, and could not be used as a basis for calculated planning and budgeting for development. Thus, provincial planning and budgeting had been conservative especially with respect to the expected LGU share. For example, projects with low financing cost are prioritized. That, the projects with wider impacts but requiring bigger initial monetary input, will have to wait until adequate budgets are generated.

Table 4 is the three-year statement of estimated receipts and collections (2009-2011). The percentage of collection pictures the variances. Indeed, the LGU complaint of tardiness and non-predictability of amount is valid upon knowledge on the timely payment of taxes from 2006-2010 by the three mining companies operating in the province. The twin problems of delays and the amounts are shown, making the comment “doubtful amounts,” understandable in context. Nevertheless, the LGU assumes that the balances are assumed to be remitted in the future. In the meantime, the LGU reiterates that some explanations are necessary for the disparities of the reports.

<table>
<thead>
<tr>
<th>Year Shares from National Wealth</th>
<th>Estimated receipts</th>
<th>Actual collections</th>
<th>Over (under) collection</th>
<th>% of collection</th>
</tr>
</thead>
<tbody>
<tr>
<td>01 January to 30 September 2011</td>
<td>25,000,000</td>
<td>29,636,085.29</td>
<td>4,636,085.29</td>
<td>119</td>
</tr>
<tr>
<td>01 January to 31 December 2010</td>
<td>25,000,000</td>
<td>21,025,351.99</td>
<td>(3,974,648.01)</td>
<td>84</td>
</tr>
<tr>
<td>01 January to 31 December 2009</td>
<td>15,000,000</td>
<td>42,507,029.41</td>
<td>27,507,029.41</td>
<td>283</td>
</tr>
<tr>
<td>01 January to 31 December 2008</td>
<td>10,000,000</td>
<td>50,220,919.91</td>
<td>40,220,919.91</td>
<td>5.02</td>
</tr>
</tbody>
</table>

The Governor lamented the substantial loss of time and resources associated with follow-ups. This act is done despite the “wrongness” of the practice, tracking where the provincial money is locked up, and comprehending the situation even with the issuance of JMC 2009-1. Hence, the reasons for not treating the shared wealth as a Special Fund are easily appreciated.

Measures are set in place for anticipated variances in the estimated budget and expected collections. In the event that the estimate is not reachable, the Treasurer sends the signal through channels to the Provincial Council to issue a general policy on spending. Efforts to get the money

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5 See Annexes 4-6 for the authenticated actual dates of release of the LGU shares by the NG as evidenced by the Notice of Funding Check Issued (NCFI).

6 This was how the LGU officers described the records.
are also exerted. A case in point, in 27 August 2010, the Provincial Treasurer in itemized manner (Table 5), wrote the DBM to release the shares of the province, municipalities, and the barangays for the 2nd and 3rd quarters of 2009 amounting to thirty eight million nine hundred seventy four thousand six hundred sixteen pesos (Php 38,974,616.29), forming part of the payments made by the Philex Mining Corporation. A year before in 5 March 2009, the Treasurer wrote the DBM for the release of the shares from the Philex Mining Corporation payment made in 15 January 2007 and the payments made by Benguet Corporation covering 2nd, 3rd, and 4th quarter of 2007.

<table>
<thead>
<tr>
<th>Period of operation</th>
<th>Date of payment to the BIR</th>
<th>Amount remitted to the BIR</th>
<th>40% LGU share</th>
<th>20% Provincial share</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>4th Qtr. 2008</td>
<td>15 Jan 2009</td>
<td>36,511,844.83</td>
<td>14,604,737.93</td>
<td>2,920,948.00</td>
<td>Released 8 Jun 2010</td>
</tr>
<tr>
<td>1st Qtr. 2009</td>
<td>31 March 2009</td>
<td>15,742,270.95</td>
<td>6,296,908.38</td>
<td>1,259,382.00</td>
<td>Released 18 Jun 2010</td>
</tr>
<tr>
<td>2nd Qtr. 2009</td>
<td>15 July 2009</td>
<td>47,650,417.42</td>
<td>19,060,166.97</td>
<td>3,812,033.39</td>
<td>No release*</td>
</tr>
<tr>
<td>3rd Qtr. 2009</td>
<td>15 October 2009</td>
<td>49,786,123.29</td>
<td>19,914,449.32</td>
<td>3,982,889.86</td>
<td>No release*</td>
</tr>
</tbody>
</table>

* In the penciled notes of the Treasurer in the letter request, the amount was released 19 November 2010 and 20 April 2011, respectively.

3. Issues

The Governor and most of the provincial officers contend that the current process discourages decentralization and fiscal autonomy potentials for good governance as enshrined in the Constitution and detailed by the LGC. The province was hopeful with the issuance of the JMC 2009-1, but to date, this policy has not helped solve the operational problems of targeted local planning and budgeting for development. Adopting the principles forwarded by the Full Disclosure Policy (FDP) of governance, the Officers believe that the national agencies must attach explanations on the delays and the erratic amounts downloaded as share of the LGUs. “They have to be accountable to instructions, and not just us at the local level.”

The following management questions were raised:

(i) The regional offices of national agencies are microcosm of the national, and therefore believed to be vested with similar or the same authority to govern the region as accorded to a national body.

Is there a governmental policy procedure that disallows the amount be directly released to the LGU following the norms of recording and reporting of the collecting and releasing agencies in government at the regional offices? Can that LGU share stay in the locale upon tax payment by the extractive industry and clearances by the regional offices?

(ii) So that planning and budgeting become more deliberate with good information, correspondingly, could the extractive industries furnish a copy to the LGU of their tax payments? The current practice necessitates the LGU to request the industry. If this is possible, what are the checks and balances that the “report” copy to the LGU represents the reality? Similarly, must also a copy of the base information on the extraction volumes and value by the MGB monitoring be provided to the LGU?

The other quick option is for the regional office of the collecting agency to provide without delay, an authenticated copy of the tax payment to the LGU.
(iii) Is it better governance if the host LGU is required to maintain a Special Development Fund facility for the shared national wealth along with detailed schema of utilizing the fund?

(iv) If the LGU share from national wealth is a rightful share, why should this be “budgeted or appropriated by the national government; is this not akin to having somebody hold your money with understanding that you give back the amount on scheduled basis and without delay.”

B. Municipality of Tuba, Benguet

1. Basic information of the locale

The vision of the Municipality of Tuba is emphatic: “a well-developed and peaceful community.” Its mission are; (1) to generate a vibrant economic atmosphere; (2) to adhere to a participative, transparent, responsive, effective and efficient governance; (3) to develop its officials and employees to the utmost degree of competence, integrity, dedication and professionalism; and (3) to develop the youth as future leaders.

Physiography
The 44,926 hectares of Tuba is situated at 16°08’ to 16°28” north latitude and 120°26’ to 120°39’ east longitude. It is boundary of the Province of Benguet with the Provinces of La Union on the west and Pangasinan on the south. Tuba is part of the lower section of the Cordillera mountain range but still characterized by rugged terrain. Slightly over half of the area has a slope greater than 50%; one fifth with slopes 19-30%; one sixth with slopes 31-50%; one eight with slopes 9-18% and one tenth with slopes less than 9%. This slope distribution reflects the existing land use, as follows; forest areas (53.66%); agricultural areas (30.47%); industrial areas (8.49%); other special uses (4.10%); residential area (2.74%); institutional areas (0.51%); and commercial areas (0.03%) of total land area, respectively.

The highest elevated portion adjacent to the municipality is 2,252 meters above mean sea level while the lowest is 134 meters above mean sea level. Thus, Tuba’s climate is influenced by its orography and the warm moist air of the floodplains and coastal areas of Pangasinan and La Union.

Demography
There are 13 barangays under the municipality: Ansagan, Camp 1, Camp 3, Camp 4, Nangalisan, Poblacion, San Pascual, Tabaan Norte, Tabaan Sur, Tadiangan, Taloy Norte, Taloy Sur and Twin Peaks. Based on National Statistics Coordination Board Resolution No. 9 s. 2003, barangays Camp 3,  

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7 Specifically, pointing this from experience in following up the provincial share, the Governor has argued that something perhaps can be done to articulate the “automatic remittance” phrase in the policy without necessarily going against standard financial rules in government.

8 Lifted from the Annual Report. 2010. "Brief Tuba Profile".
Camp 4, Poblacion and Tadiangan are classified as urban areas constituting 62.55% of the 40,008 population as of 2007. Comparatively, the initial head count in 1918 was 2,764. The crude birth rate of the municipality is 5 per 1000 population while the mortality rate is 3 per 1000 population. The average household size is 5 members. Population density is 89 persons per square kilometer.

Based on the 2000 NSO census report, the literacy rate for Tuba is 92.83%, which is a little higher than the literacy rate of the Province of Benguet at 91.15%. About 52.36% or 13,864 of the literates are male while 47.64% or 12,612 are female. The inhabitants of the municipality belong to divergent ethno-linguistic groups such as Ibaloi, Ilocano, Kankana-ey, Ifugao, Kalinga, Pangasinan, Tagalog, Kalanguya, and others. They are also affiliated to varied religious sect, majority (73.76%) of which, are Roman Catholic. Others are affiliated either to Iglesia ni Cristo, United Church of Christ in the Philippines, Philippine Episcopal church, Jehovah’s Witness, Evangelicals, Tribal religious, other Protestant or other religious sect. While they belong to divergent dialects and ethnicities as well as religious affiliations, they live harmoniously.

**Revenues and expenditures**
The economic activities contributing to growth are in the order:

Agriculture | Services | Mining | Cottage Industry | Tourism

The total income of Tuba is Php 93,959,720 as of 2010 according to the municipal Treasurer. Php 69,809,508 is derived from the Internal Revenue Allotment; Php 12,355,957 from local sources and Php 11,794,255 from other sources. On the other hand, the 2010 total expenditures amounted to Php 48,407,813.92 (53%) for Personal Services; Php 16,956,427.03 (18%) for Maintenance and other Operating Expenditures; while Php 26,712,693.03 (29%) for Public Infrastructure (formerly classified as Capital Outlay).

**Development priorities**
Tuba is strategically located to absorb activities of the urban city of Baguio and other neighboring towns. It could serve as a major source of water for these areas and the extensive land area could service as centers for housing for settlements and commerce. The municipality’s natural landscape offers the location as an Ecotourist destination.

The LGU leadership has prioritized development strategies of Tuba recognizing both its inherent capacities and potentials for sustainable development. This set of leaders is comprised of professionals and a mixture of upcoming and veteran politicians, and development workers.

The municipal banner programs include the following:

- a) Ecological solid waste management,
- b) Segregation of road lots from individual lot owners,
- c) Delineation of forest lands,
- d) Revision of Comprehensive Land Use Plan, and
- e) Plotting of road and government facilities.
2. Utilization of share

**Appropriation Ordinance**

The utilization of the share of Tuba from the national wealth generated from mining is normally scoped by an Appropriation Ordinance passed by the Municipal Council, traditionally numbered as Supplemental Budget\(^9\) No. 2 or 3. Every aspect that is required to utilize the fund is defined. In the past three years, the Supplemental Budget pictures an LGU endowed with money for development (Table 6). These levels of development budgeting are probably true for host municipalities of mining industries rendering them the “richer” LGUs of many impoverished LGUs in the countryside. It is then expected that the host LGU will be classified as a 1\(^{st}\) class municipality like Tuba.

<table>
<thead>
<tr>
<th>Year</th>
<th>LGU share</th>
<th>Date passed by Municipal Council</th>
<th>Date given force and effect by Province</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>17,922,101.00</td>
<td>September 2011</td>
<td>July 2011</td>
</tr>
<tr>
<td>2011a</td>
<td>12,056,935.16</td>
<td>May 2011</td>
<td>October 2011</td>
</tr>
<tr>
<td>2010</td>
<td>11,085,010.16</td>
<td>August 2010</td>
<td></td>
</tr>
<tr>
<td>2010a</td>
<td>4,352,870.00</td>
<td>November 2010</td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td>19,399,816.00</td>
<td>June 2009</td>
<td>July 2009</td>
</tr>
</tbody>
</table>

**Notice of Funding Check Issued (NFCI): Delays and unpredictable amounts**

The time dilemma of fund releases parallel the experienced delays in the province. Table 7 shows the NFCIs by the DBM which contains the share from the national wealth. These irregular NFCIs constrain planning, budgeting, consequently, de-railing implementation of development projects. Disturbingly, there were releases made 2-3 years past the coverage year, thus appreciating the comments from the planning and budget officers, when asked about the regimen for utilizing the funds, that “ballpark amounts for planning budgets are plucked from the air or without reliable basis.”

\(^9\) "A supplemental budget is a financial plan authorized by a legislative body through the enactment of an ordinance or law that authorizes the changes in the annual appropriation ordinance or law. It is prepared under the following circumstances: \(^\circ\) when funds are actually available as certified by the Barangay Treasurer, \(^\circ\) when new revenue sources (other than those identified in the annual budget) can support the additional budgetary requirements, and \(^\circ\) in times of public calamity.

Funds are actually available when realized income exceeds estimated income as of any given day, month or quarter of the fiscal year. Funds are likewise deemed actually available when there are savings. For this purpose, savings refer to portions or balances as of any given point in the fiscal year of any programmed or allotted appropriation which remain free of any obligation or encumbrances and which are still available after the satisfactory completion or the unavoidable discontinuance or abandonment of the work, activity or purpose for which the appropriations was originally authorized. Savings may also result from unobligated compensation and related cost pertaining to vacant positions and leaves of absence without pay of local personnel receiving salaries."
Table 7. Delays in the issuance of NFCIs

<table>
<thead>
<tr>
<th>Date</th>
<th>Coverage</th>
<th>Amount</th>
<th>Appropriation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CY 2009</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 April</td>
<td>CY 2008 (1st batch)</td>
<td>15,140,749.00</td>
<td>Supplemental Budget No.2, CY 2009</td>
</tr>
<tr>
<td>4 May</td>
<td>2nd, 3rd, 4th Qtr of CY 2008 (3rd batch)</td>
<td>4,259,067.00</td>
<td>SB No.2, CY 2010</td>
</tr>
<tr>
<td>28 September</td>
<td>CY 2006 (19th batch)</td>
<td>4,386,834.00</td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>23,786,650.00</td>
<td></td>
</tr>
<tr>
<td><strong>CY 2010</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 June</td>
<td>2nd Qtr of CY 2009</td>
<td>1,416,804.00</td>
<td>SB No.3, CY 2010</td>
</tr>
<tr>
<td>18 June</td>
<td>1st Qtr of CY 2009</td>
<td>3,286,066.00</td>
<td>4,352,870.00</td>
</tr>
<tr>
<td>19 November</td>
<td>3rd Qtr of CY 2009</td>
<td>4,288,538.00</td>
<td>SB No.2, CY 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4,638,538.00</td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>8,991,408.00</td>
<td></td>
</tr>
<tr>
<td><strong>CY 2011</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) 20 April</td>
<td>4th Qtr of CY 2009</td>
<td>4,480,751.00</td>
<td>SB No.3, CY 2011</td>
</tr>
<tr>
<td>b) 5 May</td>
<td>1st and 2nd Qtr of CY 2010</td>
<td>8,906,361.00</td>
<td>17,922,101.00</td>
</tr>
<tr>
<td>c) 23 May</td>
<td>3rd and 4th Qtr of CY 2009, and 1st-3rd Qtr of CY 2010</td>
<td>4,534,989.00</td>
<td></td>
</tr>
<tr>
<td>d) 11 Aug</td>
<td>4th Qtr of CY 2010</td>
<td>3,279,849.00</td>
<td></td>
</tr>
<tr>
<td>Sub-total</td>
<td></td>
<td>21,201,950.00</td>
<td></td>
</tr>
</tbody>
</table>

**Book of accounts**

Tuba’s Statement of Income and Expenses reveal fluctuating LGU shares from national wealth, e.g., CY2009 at Php 24,062,061.18; CY2010 at Php 9,376,284.66; and CY2011 at Php 21,462,206.96. On the one hand, the Report of Revenue and Receipts expose the problem of the lack of adequate information for budgeting purposes as the disparity between budget estimates and actual receipt of funds could be huge, as below. “It is nobody’s fault, said the municipal officers, and not unexpected” that the variance of the estimates from actual receipts is wide. There simply are no trends in the transfer of these shares from national agencies. The timing and the amounts are non-predictable. The Statement of Cash Flows depicts the same irregularities.

Table 8. Disparity between budget estimates and actual receipt of funds, 2009-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimate</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5,138,538.00</td>
<td>21,201,950.00</td>
</tr>
<tr>
<td>2010</td>
<td>4,352,870.00</td>
<td>8,991,408.00</td>
</tr>
<tr>
<td>2009</td>
<td>19,399,816.00</td>
<td>8,991,408.00</td>
</tr>
</tbody>
</table>

**Annual Investment Plan**

By measure, the AIP is the best information indicating the sustainable development perspective of the current leaders of Tuba municipality. The range of investable projects of Tuba suggests the emphasis of the Tuba municipality to address poverty, environmental protection and livelihood development. The so-called banner programs broadly categorized into ecological solid waste management; segregation of road lots from individual lot owners; delineation of forest lands; revision of CLUP, and plotting of road and government facilities; are assumed to have been detailed in terms of their impact to poverty alleviation and environmental protection. The expected outputs maybe considered as the verifiable indicators, so that by examining the list, the annual focus is known.
The 2009 and 2011 AIPs contain development projects categorized as either social or economic services. Most of the 2011 social service projects were improvement/repairs/rehabilitation of buildings, canals, footbridges, and footpaths, with constructions of water facilities, materials recovery facilities and the purchase of a sanitary landfill site. Under the economic service projects in the same year, the projects were largely improvement of farm-to-market roads which are basic ingredients to getting reasonable prices for home gardens and farm products. The 2009 AIP is focused in repairs/rehabilitation of infrastructure and farm-to-market road improvement.

More projects on livelihood development that also promotes environmental protection are needed. The Municipal Environment and Natural Resources Office which is relatively a new creation of the LGU, shall lead on environmental protection aspect. It is noted that the Mine Rehabilitation Fund Committee for the Philex Mining Corporation has been functioning as mandated. A typical agenda of its regular meetings would have a topic on the presentations of the Quarterly Multi-Partite Monitoring Team Report and the Quarterly Environmental Protection and Enhancement Program Monitoring Report, and the financial component. These reports are excellent sources for planning investable environmental protection cum livelihood projects.

**Conflict resolution**
The LGC recognized disputes in territorial boundaries of LGUs, so that it included the process of distributing the benefits amongst the host communities within the principle of equity.

The municipalities of Tuba and Itogon sorted out their dispute by entering into a tripartite agreement which included the Province of Benguet in 1996. At this point, the share from national wealth is split 50:50 between the municipalities. The Memorandum of Agreement was in effect until 2002. The Municipality of Tuba resolved that since there is no more a boundary dispute with the Municipality of Itogon, it rescinded the MOA. The share from the national wealth is currently received in full by Tuba.

3. **Issues**

“The tardiness and the unpredictable amounts in the NFCIs are the most difficult issues to contend with”, so said the Treasurer, Planning, and Budget Officers. “We don’t know what is there that keeps the national agencies to follow the instructions of the policy, the JMC 2009-1 being the latest. Compounding the confusion is the fact that there are no offered explanations on the delay and the amount.” On this regard, the LGU suggested that their share is retained outright while the journal booking are sent to the national office concerned.

In so far as the actual utilization of this LGU share is concerned, it is clear that deliberate projects on environmental protection cum livelihood development, have to be prioritized. This link in the paradigm of sustainable development requires that both resource exploiters and host communities take positive actions in ensuring that the environment is kept in balance and poverty alleviated. The AIP being a powerful tool for distributing the money may include these types of investable projects which shall push further governmental efforts on poverty eradication vis-à-vis environmental protection. The inclusion of capacity development activities in the AIPs that hones skills and knowledge on resource development by the household members could improve the income generation of families whose primary source of living is farming.

On the positive side of governance, the municipality resolved to spread out the benefits (municipal share) to the barangays except Barangay Camp 3, which gladly accepted the distribution formula.
This adopted policy is another model of inter-LGU subsidiarity or simply good governance applying the equity principle.

C. Barangay Camp 3, Tuba, Benguet

1. Basic information of locale

Location
Barangay Camp 3 is located 35 kms. south of the municipality and traversed by all-weather road for various types of vehicles. At its east is Camp 4, west is Twin peaks, north is Itogon municipality, south is Camp 1. Its elevation is higher than urban Baguio. At 2pm, the entire barangay is blanketed by fog.

Socio-economy
Twenty four (24) sitios are within the mining community and 22 sitios are in the outlying areas. The barangay is a melting pot of working people from as far as Visayas and Mindanao. Despite the mixture, the indigenous pattern of leadership is kept and operational with the Council of Elders actively engaged in community discussions, decisions and conflict resolutions. They work hand-in-hand with the elected Barangay Council. There are Peoples’ Organizations.

Traditional culture is practiced like canao for death and thanksgiving. Small social gatherings and neighborhood discussions are still a common feature. The co-optation of both traditional and current governance won the barangay as a Hall of Fame lister for being the Most Outstanding Lupong Tagapamayapa in the country for three (3) consecutive years.

The average family size is six (6). There are 2,085 households or a total population of 10,851 as of 2007. The barangay has three (3) health centers and a hospital. The health centers are located at Camp 3 Proper, Torre, and Padcal, which also houses the hospital. The mining company operates the hospital providing free medical and dental services to employees, dependents, bona fide residents of the barangay and even from neighboring communities. The community is endowed with the following facilities, thanks to the share from national wealth:

1) Five Multi-purpose Halls
2) Two Livelihood Centers
3) Two barangay Reading and Information Centers
4) Three Health Centers
5) Six Day Care Centers
6) Satellite market along Kennon road
7) Four computer units
8) Cell phone to all members of the Barangay Council
9) Six barangay vehicles

The area is zoned for efficiency. Zone I-VI is the central mining site and where the mining office and processes are located. The company employs about 3,000 persons, which supports more or less 15,000 dependents. Zone VII is the farming region of the barangay. Rice farm production level at 5.5 tons/ha is reasonable compared to the national average of 8 tons (Table 9).

### Table 9. Yields of crops grown in Tuba municipality

<table>
<thead>
<tr>
<th>Crop</th>
<th>Hectarage</th>
<th>Production</th>
<th>Disposal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beans</td>
<td>37.4</td>
<td>92,250 tons (3 cropings)</td>
<td>Domestic market; Baguio City</td>
</tr>
<tr>
<td>Mango</td>
<td>23</td>
<td>458,730 tons (1 year)</td>
<td>Domestic; Baguio City</td>
</tr>
<tr>
<td>Rice</td>
<td>14</td>
<td>77,000 kgs (1 year)</td>
<td>Consumed by household</td>
</tr>
</tbody>
</table>

Padcal is the commercial center of the barangay. Retail marketing is vibrant catering to about 20,000 people demanding food and other household needs. There is a multi-million peso Community Credit Cooperative. The observed briskness of business reflects the cash flowing from the company to the employees and eventually to the stores and social services. Some of the monies go to Baguio City through daughters and sons sent on student scholarship by the mining company. For more intensive care and medical treatment of cases that the in-situ hospital could not administer, these patients are treated in Baguio City hospitals and care centers.

### 2. Utilization of share of national wealth

The sequences of receipt of the share are shown in Table 10. Note the dates of the monies representing the quarters that these should have been released. The delays are expected since there had been delays in the downloading of the funds to the province and municipality, respectively. The challenge remains in looking for the most appropriate anticipatory planning under the situation.

### Table 10. Delays in receipt of the LGU share

<table>
<thead>
<tr>
<th>Appropriation date</th>
<th>Represented quarter</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplemental Budget No. 2 – 2011 (July 2010)</td>
<td>4th quarter 2009</td>
<td>3,485,029.00</td>
</tr>
<tr>
<td></td>
<td>1st &amp; 2nd quarter 2010</td>
<td>6,927,169.00</td>
</tr>
<tr>
<td></td>
<td>3rd &amp; 4th quarter 2009; 1st-3rd quarter 2010</td>
<td>3,527,214.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>13,939,412.00</td>
</tr>
<tr>
<td>Supplemental Budget No. 1 – 2010 (September 2010)</td>
<td>1st quarter 2009</td>
<td>1,101,959.00</td>
</tr>
<tr>
<td></td>
<td>2nd quarter 2009</td>
<td>2,555,829.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>3,657,788.00</td>
</tr>
<tr>
<td>Supplemental Budget No. 01 – 2009 (August 2009)</td>
<td>1st batch 2008</td>
<td>11,776,139.00</td>
</tr>
<tr>
<td></td>
<td>2nd, 3rd, 4th quarter 2008 (3rd batch)</td>
<td>3,312,607.00</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>15,088,746.00</td>
</tr>
</tbody>
</table>

The information provided by the barangay demonstrates the effort of the officials to get a balance between expenditures and the projected needs of the constituency. The intention of objectifying the Supplemental Budget by identifying the expected output per expenditure item is well-meaning. The general picture of the changes in priorities of the barangay is shown in Table 11 over the last three (3) years.
For 2011, positive adjustments could have been made for climate change associated items like flood control (getting the biggest), nursery maintenance, riprapping (negative), and livelihood development. The entries on nursery management and construction of bagsakan are forward looking. The adjustments are maybe the result of conscious acceptance that climate change adaptation measures have to be prioritized or that these are reactions to the worsening weather phenomena. Allocation for public infrastructure spending was reduced by about 19%.

The allocations for 2010 and 2009 for economic services differ slightly, particularly with fund increase for flood control.

### Table 11. Balancing expenditures with needs and priorities

<table>
<thead>
<tr>
<th>Allotment</th>
<th>Year, % of total Supplemental Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2011</td>
</tr>
<tr>
<td>Social services</td>
<td></td>
</tr>
<tr>
<td>Family and community welfare; Women and children welfare</td>
<td>1.2</td>
</tr>
<tr>
<td>Day care services</td>
<td>1.3</td>
</tr>
<tr>
<td>Peace and order services</td>
<td></td>
</tr>
<tr>
<td>Health and nutrition services</td>
<td></td>
</tr>
<tr>
<td>Economic services</td>
<td></td>
</tr>
<tr>
<td>Livelihood program</td>
<td>6.27</td>
</tr>
<tr>
<td>Public infrastructures</td>
<td>68.9</td>
</tr>
<tr>
<td>Nursery maintenance</td>
<td>1.9</td>
</tr>
<tr>
<td>Waiting shed/bagsakan/bodega</td>
<td>4.3</td>
</tr>
<tr>
<td>Flood control</td>
<td>14.4</td>
</tr>
<tr>
<td>Riprapping</td>
<td>4.0</td>
</tr>
<tr>
<td>Water system</td>
<td>1.8</td>
</tr>
</tbody>
</table>

### 3. Issues

The barangay is the direct impact area of the mining activities. It is the first wall of defense against the rebound of nature. Integrating the climate change factors in barangay development will be critical in exploring interventions to attend to the needs of the LGU, and of the desire to anticipate impact of climate change. The climate change drivers have to be identified and their management defined.

A case in point is flooding, riprapping and farm-based livelihood. Engineering for flooding and riprapping (constituting 18.5% of the budget in 2011) shall require technical information from deliberate conduct of geotechnical studies of flood occurrences, physiographic structures of flood prone areas, slope stabilities, and the like. Scenario of production losses have to be imputed from flooding or erosion of farm slope faces where gardens are located. These are specialist demanding activities which are not resident in Camp 3 and are expensive to acquire.

With the erratic process of downloading the share and the urgency of ensuring the community is kept safe from environmental hazards, and economically productive, the following questions could surface:

(i) How could the barangay source the technical input of experts to address the sustainability concerns of the landscape? This is urgent because of the continuing destabilization of the landscape, and on the one hand, putting up the usually time-consuming measures before optimal defense is attained.
(ii) Corollary to point above, a systematic scenario planning will prepare the community for eventualities like closures (temporary, permanent) of operation of the mining company. The closures may be caused by economic slowdown, bankruptcy, etc. and/or environmental impacts, or even political. What and how will the community deflect the impacts to lives, properties and livelihood, and to know the alternatives are substance concerns? In other words, the barangay will need to evolve different sustainability scenarios. The task entails specialist knowledge and skills. How shall the community source these experts?

(iii) The projects listed in the AIP will necessitate precursor examinations on the paying capacities of the community and industry vis-à-vis resource extraction and development of mineral resources. Issues like how much (broadly meaning) should the environmental payments be; shall these be imputed in the tax payment, at the allocation system, utilization of wealth or all in combination; whose responsibility is environmental payment; what are their roles; and other concerns abound. Even more complex is identifying which model the PES must be based on. These are intricate questions that urgently demands answers especially in context of the increasing climate change threats.
2.2.2 Geothermal energy

A. Municipality of Kananga,¹¹ Leyte

1. Basic information of locale

Locational access and land use
The Municipality of Kananga is located at coordinates 124° 30' 00" to 124° 41'00" north and 11° 06' 00" to 11° 16' 00 east. It is southwest of Region VIII. Kananga is within the 4th congressional district. It is accessible via the 86 kilometers of paved road or two hours ride to the City of Tacloban. Thirty minutes away is City of Ormoc. The Municipalities of Capoocan and Leyte bound the northern part of the municipality, Carigara and Jaro in the eastern portion, the City of Ormoc in the southern part and Matag-ob in the western part. Figure 3 is the map of Kananga municipality.

¹¹ Information used in this section was taken from the Municipality of Kananga Ecological Profile.
History
It is important to cite individuals who served as the core residents of the Municipality of Kananga and sought signatures for the creation of the town as a full-fledged LGU. The name “Kananga” is believed to have come from the scent of the proliferous Ilang-Ilang trees akin to the Spanish perfume Agua Cananga, but could have been taken also from a place frequented for bahalina wine, called Kan Anga. The colorful past of Kananga shares the great historical events that happened in Leyte. The place was haven of the “Pulahanis”, a movement of Filipino nationalist group resisting American colonial takeover of the country in the turn of the 19th century. During the Japanese occupation, the eastern side mountain range, form part of Yamasita defense which stretched towards the “Buga- Buga” mountain of adjacent Villaba town, a Japanese stronghold. On its Northwestern ranges, some of the Pulahanis turned outlaws after the war. They terrorized barrio residents prompting the establishment of their municipal government so they could put up their police force against lawless elements roaming the mountain range. Thus, RA 542 created the Municipality of Kananga in the Province of Leyte in 17 June 1950. The town was organized from the barangays of Lonoy, Kananga, Rizal, Tugbong, Montebello, Aguiting, Agayayan, Montealegre, Libungao, Naghalin, and Masarayag, which were barangays then of Ormoc City. At present, there are 23 barangays composing the 2nd class Municipality of Kananga.

Physiography
Typical of coastal karstic landscapes, the mountainous region is with peaks of only 300-450 meters above sea level with the eastern segment as the most elevated. The barangays Mahawan, Lim-ao, and Tongonan are situated in the peaks. A fault line runs through Barangays Lonoy, Mahawan, Rizal, Hiloctogan, Lim-ao and Tongonan. The landscape slopes through vast productive coconut, rice and sugar lands in the southern part adjoining Ormoc City. Natubgan, Libongao, Aguiting, Rizal, Hiloctogan, Masarayao and San Ignacio have slopes 18-30% rendering an undulating terrain utilized for coconut and sugarcane production.

Kananga has twelve (12) big rivers with several brooks and creeks. The surface waters from the uplands are drained to Bao River, at the lower stretches captures the Mahi-ao and Malitbog Rivers. Kanawagan and Natubgan rivers take the waters of Barangays Mahawan and Rizal. Barangays Sto. Domingo and Lonoy drains to Agay-ayan River. The Pagsanga-an River in the southwest catches surface waters of Barangays Lonoy, Natubgan, Kanawagan and Agay-ayan. These fluvial system created floodplains which are narrow fans belting several rivers and streams (Kanawagan, Natubgan, Loony, Pagsanga-an, and Tugbong), and eventually dissecting the low lying areas of Kananga. Floods frequently occur at the northwest section of the municipality particularly in the Barangays Cacao, Sto. Nino, Tugbong and Montealegre. On heavy rain events, the roads of these Barangays are impassable. Reportedly, flood waters last for three to five days.

In essence, the Kananga landscape is a natural drainage catchment, explaining the occurrences of floods in the past. The flood prone centers in the area were mapped (unfortunately, there is no digitized copy) showing a wide area at the center of the municipality. The vulnerability to periodic flooding of the community increases with extreme weather events, as experienced in the last five years. In fact, during the conduct of the review, a downpour of 30 minutes flooded the streets fronting the municipal building.

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12 Marcelo Bonite, Gregorio Rabanos, Fausta Campo, Segunda Rabanos, Felix Cotiangco, Sr., Pascual Reyes, Pastor Dasigan, Liberato Taganas, Jose Macauba, Dionisio Terencio, Apolonia Malinao, Servando Veloso, Sr., Francisco Malinao.
2. **Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability**

**Natural endowments**

The dissecting rivers and streams have large deposits of sand and gravel. The area is dominating the supply of materials for the infrastructure program of both local and national projects of the government and the private sector as well. Copper deposits were found in the northeastern side of the mountainous region, but the biggest resource that Kananga has is the geothermal fields.

The slopes in the geothermal fields are gently undulating with some exceptions, and are not far from the inhabited townsite. The distances of these uplands are, Mount Catabaran (9.8km); Mount Cabungangan (11.9km); Mount Pina (13.5km); Mount Lubiran (14.9km); Mount Banajan (16.8km); and Lake Lunay (12.8km). Kananga has a total forest land/timberland of 5,356.39 hectares. A 1995 satellite photo shows that almost 28% of the forest area had been denuded.

**Socio-economy**

Kananga has 16,330.20 hectares covering 23 barangays, three of which are considered urban. The total population as of 2000 is 42,866 in 8,665 households or an average family size of five (5) persons. From 1990 to 2000, the growth rate has decreased (Table 12). School-going children constitute 43.92% while the working age group (15-64 yrs old) is 52.87% of the total population.

### Table 12. Decreasing population growth rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
<th>Increase or Decrease</th>
<th>Average Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960</td>
<td>18,318</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1970</td>
<td>22,218</td>
<td>3,900</td>
<td>1.95%</td>
</tr>
<tr>
<td>1975</td>
<td>24,897</td>
<td>2,679</td>
<td>2.30%</td>
</tr>
<tr>
<td>1980</td>
<td>28,426</td>
<td>3,529</td>
<td>2.69%</td>
</tr>
<tr>
<td>1990</td>
<td>36,288</td>
<td>7,862</td>
<td>2.47%</td>
</tr>
<tr>
<td>1995</td>
<td>39,795</td>
<td>3,507</td>
<td>1.86%</td>
</tr>
<tr>
<td>2000</td>
<td>42,866</td>
<td>3,071</td>
<td>1.50%</td>
</tr>
</tbody>
</table>

*Source: NCSO 2000 Report*

Urbanization level is 26.98%, so that the place is eyed as a center of industrialization of the Province of Leyte, also due to its cheap rate of electricity. Besides, it is also grown to commercial crops such as sugarcane and coconuts which are processed in situ (Table 13). The literacy rate at 88.61% supports the urbanization process. The teacher-student ratio for elementary is 1:44, 1:48 for high school, and 1:21 for college.

### Table 13. Local milling industries in Kananga

<table>
<thead>
<tr>
<th>Industry</th>
<th>Type</th>
<th>Capital</th>
<th>Material</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>HIDECO Sugar Milling Corp. (HISUMCO)</td>
<td>Large</td>
<td>1.0 Billion</td>
<td>Sugarcane</td>
<td>Kananga and others</td>
</tr>
<tr>
<td>Borela Rice Mill</td>
<td>Cottage</td>
<td>2.0 Million</td>
<td>Palay</td>
<td>Natubgan</td>
</tr>
<tr>
<td>BL Rice Mill</td>
<td>Cottage</td>
<td>2.0 Million</td>
<td>Palay</td>
<td>Natubgan</td>
</tr>
<tr>
<td>Torita Rice Mill</td>
<td>Cottage</td>
<td>2.0 Million</td>
<td>Palay</td>
<td>Natubgan</td>
</tr>
<tr>
<td>LEM Rice Mill</td>
<td>Cottage</td>
<td>2.0 Million</td>
<td>Palay</td>
<td>Natubgan</td>
</tr>
<tr>
<td>EDC</td>
<td>Large</td>
<td>Multibillion</td>
<td>energy</td>
<td>Lim-ao/Tongonan</td>
</tr>
</tbody>
</table>

However, the spread of serviced population with water and electricity reflect the actual levels of urbanization. The situation questions the claim that Kananga is a center of urbanization.
Accordingly, nearly all of the urban centers are powered, but overall, only thirteen percent (13%) of total households are served with electricity. Far flung sitios are so expensive to energize (Table 14) and could not be afforded by the LGU share.

<table>
<thead>
<tr>
<th>Barangay</th>
<th>Total household</th>
<th>Served, %</th>
<th>Unserved, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Poblacion</td>
<td>800</td>
<td>26.8</td>
<td>73.2</td>
</tr>
<tr>
<td>2. Montebello</td>
<td>237</td>
<td>19</td>
<td>81</td>
</tr>
<tr>
<td>3. Naghalin</td>
<td>352</td>
<td>8.2</td>
<td>91.8</td>
</tr>
<tr>
<td>4. Libongao</td>
<td>218</td>
<td>2.8</td>
<td>97.2</td>
</tr>
<tr>
<td>5. Natubgan</td>
<td>295</td>
<td>6.4</td>
<td>93.6</td>
</tr>
<tr>
<td>6. Lonoy</td>
<td>259</td>
<td>12.7</td>
<td>87.3</td>
</tr>
<tr>
<td>7. Tugbong</td>
<td>353</td>
<td>9.1</td>
<td>90.9</td>
</tr>
<tr>
<td>8. Montealegre</td>
<td>254</td>
<td>5.1</td>
<td>94.9</td>
</tr>
<tr>
<td>9. Kawayan</td>
<td>109</td>
<td>17.4</td>
<td>82.6</td>
</tr>
<tr>
<td>10. Masarayao</td>
<td>284</td>
<td>9.5</td>
<td>90.5</td>
</tr>
<tr>
<td>11. Sto. Nino</td>
<td>160</td>
<td>26.9</td>
<td>73.1</td>
</tr>
<tr>
<td>12. Rizal</td>
<td>546</td>
<td>4.6</td>
<td>95.4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,867</strong></td>
<td><strong>13.1</strong></td>
<td><strong>86.90</strong></td>
</tr>
</tbody>
</table>

Thirty percent (30%) of the population is with water taps in kitchen sinks, hence, classifying Kananga by standards, as a waterless municipality (Table 15). This is maybe an irony considering the intrinsic volume of surface waters that it has, and the electricity coming from the geothermal energy industry. Or this is maybe a case of limiting interpretation on the provision of the law that money from shared national wealth must be used for reducing electricity cost. In a suppositional mode, what if one has to decommission a water pump, instead utilize gravity water from a facility built in the uplands via the LGU share. This could hit two concerns, i.e., water requirement and saving money which otherwise is spent to run the water pump, and this could also lower electricity cost.

<table>
<thead>
<tr>
<th>Population Served/Unserved</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population served with safe water supply</td>
<td>62.50%</td>
</tr>
<tr>
<td>Population served with pipeline</td>
<td>30.00%</td>
</tr>
<tr>
<td>Population served with public deep wells</td>
<td>19.75%</td>
</tr>
<tr>
<td>Population served with private deep wells</td>
<td>12.75%</td>
</tr>
<tr>
<td><strong>Population served with unsafe water</strong></td>
<td><strong>37.50%</strong></td>
</tr>
<tr>
<td>Population served with unimproved spring</td>
<td>10.75%</td>
</tr>
<tr>
<td>Population served with open dug wells</td>
<td>14.25%</td>
</tr>
<tr>
<td>Population served with other unsanitary sources</td>
<td>12.50%</td>
</tr>
</tbody>
</table>

Fishing and agriculture remain the main occupations of residents. The fish production and production outputs of crops are within national levels of expectations (Tables 16a&b). For example, irrigated rice production is 8.5 tons/ha which is the national average. However, the coconut yield is at the lower limit of national average production of 30 nuts/tree/year. Most of the coconuts are aged.
Table 16a. Fish production value, 2005

<table>
<thead>
<tr>
<th>Location</th>
<th>Area (Has.)</th>
<th>Catch (Kgs)</th>
<th>Value (Php)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tagaytay</td>
<td>0.143</td>
<td>286</td>
<td>14,300.00</td>
</tr>
<tr>
<td>Natubgan</td>
<td>0.039</td>
<td>78</td>
<td>3,900.00</td>
</tr>
<tr>
<td>Lonoy</td>
<td>0.064</td>
<td>128</td>
<td>6,400.00</td>
</tr>
<tr>
<td>Libongao</td>
<td>0.010</td>
<td>20</td>
<td>1,000.00</td>
</tr>
<tr>
<td>Naghalin</td>
<td>0.069</td>
<td>138</td>
<td>6,950.00</td>
</tr>
<tr>
<td>Montebello</td>
<td>0.015</td>
<td>30</td>
<td>1,500.00</td>
</tr>
<tr>
<td>Poblacion</td>
<td>0.030</td>
<td>60</td>
<td>3,000.00</td>
</tr>
<tr>
<td>Tugbong</td>
<td>0.047</td>
<td>93</td>
<td>4,650.00</td>
</tr>
<tr>
<td>Libertad</td>
<td>0.100</td>
<td>200</td>
<td>10,000.00</td>
</tr>
<tr>
<td>Rizal</td>
<td>0.200</td>
<td>400</td>
<td>20,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.717</strong></td>
<td><strong>1,433</strong></td>
<td><strong>71,700.00</strong></td>
</tr>
</tbody>
</table>

Table 16b. Area, Production value, 2005

<table>
<thead>
<tr>
<th>Crop</th>
<th>Cultivable area (Hectares)</th>
<th>Production area, %</th>
<th>Production Total (mt.)</th>
<th>Value (Php)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>3,926.65</td>
<td>40.43%</td>
<td>29,206.73</td>
<td>233,683,006.73</td>
</tr>
<tr>
<td>Irrigated</td>
<td>2,884.20</td>
<td>29.69%</td>
<td>24,516</td>
<td>196,125,600.00</td>
</tr>
<tr>
<td>Non-Irrigated</td>
<td>1,042.45</td>
<td>10.73%</td>
<td>4,691</td>
<td>37,528,200.00</td>
</tr>
<tr>
<td>Corn</td>
<td>517.50</td>
<td>5.33%</td>
<td>2,329</td>
<td>13,972,500.00</td>
</tr>
<tr>
<td>Coconut</td>
<td>2,859.61</td>
<td>29.44%</td>
<td>57,192</td>
<td>457,537,600.00</td>
</tr>
<tr>
<td>Banana</td>
<td>156.56</td>
<td>1.61%</td>
<td>1,566</td>
<td>15,656,000.00</td>
</tr>
<tr>
<td>Mango</td>
<td>86.00</td>
<td>0.89%</td>
<td>430</td>
<td>8,600,000.00</td>
</tr>
<tr>
<td>Rootcrops</td>
<td>192.24</td>
<td>1.98%</td>
<td>3,076</td>
<td>30,758,400.00</td>
</tr>
<tr>
<td>Vegetables</td>
<td>92.75</td>
<td>0.95%</td>
<td>974</td>
<td>9,738,750.00</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>1,725.64</td>
<td>17.77%</td>
<td>8,628</td>
<td>86,282,000.00</td>
</tr>
<tr>
<td>Legumes</td>
<td>63.00</td>
<td>0.65%</td>
<td>662</td>
<td>13,230,000.00</td>
</tr>
<tr>
<td>Abaca</td>
<td>91.43</td>
<td>0.94%</td>
<td>457</td>
<td>9,143,000.00</td>
</tr>
<tr>
<td>Others</td>
<td>1.60</td>
<td>0.02%</td>
<td>8</td>
<td>80,000.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,712.98</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>104,070.69</strong></td>
<td><strong>869,538,256.73</strong></td>
</tr>
</tbody>
</table>

2. Utilization of share

Share

From 1992-2008, the downloading of the LGU share from the extraction and development of geothermal energy in the Municipality of Kananga corresponded with law prescription, that is, the LGU share is directly remitted by the GOCC. The LGU officers observed the regular receipt of the share and the predictable amounts. Table 17 lists the remittances of the PNOC-EDC to LGU. Interestingly, the Municipality of Kananga received the share early in the industry operation while Ormoc City received its share only from 2003.
Since the industry privatized in 2008, the transmission of the LGU share in the following year was done on the basis of the regional-national route. From then on, six months to 1 year delays have been experienced.

Table 17. Regular remittances of the LGU share under the GOCC environment, CYs 1992-2008

<table>
<thead>
<tr>
<th>Year Remitted</th>
<th>Municipality of Kananga</th>
<th>Ormoc City</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1992</td>
<td>3,555,374.00</td>
<td>3,555,374.00</td>
<td></td>
</tr>
<tr>
<td>1993</td>
<td>4,916,784.00</td>
<td>4,916,784.00</td>
<td></td>
</tr>
<tr>
<td>1994</td>
<td>5,107,243.00</td>
<td>5,107,243.00</td>
<td></td>
</tr>
<tr>
<td>1995</td>
<td>5,351,058.00</td>
<td>5,351,058.00</td>
<td></td>
</tr>
<tr>
<td>1996</td>
<td>5,488,379.00</td>
<td>5,488,379.00</td>
<td></td>
</tr>
<tr>
<td>1997</td>
<td>1,424,780.00</td>
<td>1,424,780.00</td>
<td></td>
</tr>
<tr>
<td>1998</td>
<td>4,529,728.00</td>
<td>4,529,728.00</td>
<td></td>
</tr>
<tr>
<td>1999</td>
<td>11,695,191.00</td>
<td>11,695,191.00</td>
<td></td>
</tr>
<tr>
<td>2000</td>
<td>9,202,627.44</td>
<td>9,202,627.44</td>
<td></td>
</tr>
<tr>
<td>2001</td>
<td>9,159,835.00</td>
<td>9,159,835.00</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>15,993,878.00</td>
<td>15,993,878.00</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>42,654,160.08</td>
<td>49,932,213.06</td>
<td>92,585,373.14</td>
</tr>
<tr>
<td>2004</td>
<td>19,471,379.00</td>
<td>13,040,752.00</td>
<td>32,512,131.00</td>
</tr>
<tr>
<td>2005</td>
<td>19,268,938.00</td>
<td>13,043,651.00</td>
<td>32,312,589.00</td>
</tr>
<tr>
<td>2006</td>
<td>21,493,690.00</td>
<td>14,045,641.00</td>
<td>35,539,331.00</td>
</tr>
<tr>
<td>2007</td>
<td>20,374,267.00</td>
<td>12,318,556.00</td>
<td>32,692,823.00</td>
</tr>
<tr>
<td>2008</td>
<td>14,538,900.00</td>
<td>8,804,371.00</td>
<td>23,343,271.00</td>
</tr>
<tr>
<td>Total</td>
<td>214,226,211.52</td>
<td>111,184,184.06</td>
<td>325,410,395.58</td>
</tr>
</tbody>
</table>

Table 18 shows the remittances of the share from privatization of the industry in 2008 (in part) until 2011. The LGU asserts that the decreases in the share are already the impact of the provision of the DOEC 2009-05-0008.

Table 18. Irregular remittances of the LGU share under a privatized industry environment

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount, Php</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>6,280,921.00</td>
</tr>
<tr>
<td>2009</td>
<td>26,173,490.40*</td>
</tr>
<tr>
<td>2010</td>
<td>18,041,856.30</td>
</tr>
<tr>
<td>2011</td>
<td>18,041,866.80</td>
</tr>
<tr>
<td>Total</td>
<td>68,538,134.50</td>
</tr>
</tbody>
</table>

* In the Kananga Statement of Income and Expenses for the year ended December 31, 2010, the entry is 32,454,411.00 pesos

Appropriation Ordinance
From the period that Kananga received share from the extraction and development of geothermal energy, the municipality has legalized utilization of its share through an Ordinance for a Supplemental Budget No. 1. Usually, the Ordinance says,

“The following are hereby appropriated out of the actual income of 80% of Municipality’s share of the royalty tax derived from the utilization and development of the geothermal resources found within the territorial jurisdiction of Kananga, Leyte for the continued
operation and maintenance of the Electrification and Energy Cost Subsidy Program, of the Municipality of Kananga, Leyte”

Earlier in 23 June 1993, the municipal government of Kananga passed the Ordinance No. 12L77 establishing the Kananga Electrification and Energy Cost Subsidy Program (KEESCSP), thereafter creating the Local Energy Board13 (Article IV, Sections 7-8). Furthermore, the Ordinance organized the Kananga Electrification Service Staff.14 Currently titled as KESSO, it is the implementing group of the Local Energy Board.

The Ordinance (Article V, Section 9-10) defines the Schedule of Apportionment of the Special Fund, that in the first year, 42% is for the direct subsidy; 5% is for personal services of KESSO; 5% is for power bill payments; 30% is for supplies and materials; 15% is for the first cost payment; and 3% for calamity fund. For the second and subsequent year, percentages maybe adjusted.15 Specifically, the Ordinance refers to the Supplementary Budget as the “supplementary budget for the Kananga Electrification and Energy Cost Subsidy Program.” Its preparation follows the standard guidelines of planning and budgeting.

**Pattern of revenue collection, expenditures, and budgeting**

Local revenue has generally increased from 2001-2008 on top of the share that the municipality gets from geothermal energy extraction. As of 2008, the revenue collected was 124,634,293.61 pesos which is almost twice as much from the generated revenue of 61,757,865.05 in 2004. For 2007-08, the Aids and Allotment reached 34,644,374.00 which picture the amount of money resources the municipality generates from the private sector industry investments.

Table 19 shows the expenditure pattern of Kananga. About 58% is used for general administration and the rest for economic development, operation of economic enterprise, and social development. A sample of detailed breakdown is shown in Table 20 of estimated expenditures by PPA and by sector for 2008. The economic sector accounts for 24% of the total budget while general administration is 67%.

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Expenditures</th>
<th>Surplus/Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>39,310,576.28</td>
<td>31,931,356.97</td>
<td>7,379,219.31</td>
</tr>
<tr>
<td>2002</td>
<td>55,882,998.11</td>
<td>39,917,701.59</td>
<td>15,965,296.52</td>
</tr>
<tr>
<td>2003</td>
<td>83,118,035.35</td>
<td>52,250,054.96</td>
<td>30,867,980.39</td>
</tr>
<tr>
<td>2004</td>
<td>61,757,665.05</td>
<td>55,486,445.23</td>
<td>6,271,219.82</td>
</tr>
<tr>
<td>2005</td>
<td>84,649,693.33</td>
<td>53,755,309.19</td>
<td>30,894,384.14</td>
</tr>
</tbody>
</table>

**Source:** Kananga LGU/MTO/Budget/Accounting

---

13 “Local Energy Board- The Board created under this Ordinance whose task is to study, determine and prepare the budget for the operation and maintenance of the electrification and energy cost reduction program of the municipality based on the general principle and guideline prescribed by the Sangguniang Bayan”

14 “Kananga Electrification Service Staffs- The personnel whose positions are created under the Kananga Electrification and Energy Cost Subsidy Program composed of qualified electricians and clerks whose specific functions are directly centered on the technical and actual implementation of the electrification program of the municipal government.”

15 See Annex 7 for the section of ordinance defining the appointment of the LGU share.
As provided by law, the municipal government prepares its yearly budget within the timeframe prescribed by the LGC. The budget proposals are prepared by the respective heads of offices and are reviewed and finalized by the Local Finance Committee considering the statement of income and expenditures provided by the Treasurer's Office. The list of projects and program (Annual Investment Plans) to be funded out of the 20% Development Fund are also prepared and forms part of the yearly budget. Annual budget has been increasing by 13.78 percent on the average until 2005.

Table 20. Estimated expenditures by PPA and by sector

<table>
<thead>
<tr>
<th>Program/Projects/Activities</th>
<th>Office/Department</th>
<th>Budget Year (Estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Public Services Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Monitoring &amp; Supervision</td>
<td>Mayor' Office</td>
<td>19,050,486.33</td>
</tr>
<tr>
<td>• Capability building</td>
<td>Mayor' Office</td>
<td>1,500,000.00</td>
</tr>
<tr>
<td>• NHIP Program</td>
<td>Mayor' Office</td>
<td>3,172,800.00</td>
</tr>
<tr>
<td>• DSWD Program</td>
<td>Mayor' Office</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>• Peace and Order Program</td>
<td>Mayor' Office/BFP</td>
<td>2,072,000.00</td>
</tr>
<tr>
<td>• Scholarship Program</td>
<td>Mayor' Office</td>
<td>4,150,000.00</td>
</tr>
<tr>
<td>• Clean &amp; Green Program</td>
<td>Mayor' Office</td>
<td>3,000,000.00</td>
</tr>
<tr>
<td>• Public Employment Service Program</td>
<td>Mayor' Office</td>
<td>2,100,000.00</td>
</tr>
<tr>
<td>• Socio-Cultural Activities</td>
<td>Mayor' Office</td>
<td>500,000.00</td>
</tr>
<tr>
<td>• Sports Activities</td>
<td>Mayor' Office</td>
<td>300,000.00</td>
</tr>
<tr>
<td>• Elderly and Youth Welfare</td>
<td>Mayor' Office</td>
<td>200,000.00</td>
</tr>
<tr>
<td>• Issuance of Permits &amp; Licenses</td>
<td>Mayor' Office</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>• Procurement of Permits &amp; Licenses</td>
<td>Mayor' Office</td>
<td>170,000.00</td>
</tr>
<tr>
<td>• Legislative Services</td>
<td>Vice Mayor's Office</td>
<td>11,207,725.00</td>
</tr>
<tr>
<td>• Procurement of furnitures &amp; fixtures</td>
<td>Vice Mayor's Office</td>
<td>165,000.00</td>
</tr>
<tr>
<td>• Procurement of IT Equipment</td>
<td>Vice Mayor's Office</td>
<td>470,000.00</td>
</tr>
<tr>
<td>• Planning and Development Coordination Services</td>
<td>MPDO</td>
<td>1,571,925.00</td>
</tr>
<tr>
<td>• Preparation of 2011 Municipal AIP</td>
<td>MPDO</td>
<td>20,000.00</td>
</tr>
<tr>
<td>• Civil Registry Services</td>
<td>Mun. Registrar's Office</td>
<td>1,596,567.00</td>
</tr>
<tr>
<td>• Procurement of IT Equipment</td>
<td>Mun. Registrar's Office</td>
<td>40,000.00</td>
</tr>
<tr>
<td>• Budgeting Services</td>
<td>Mun. Budget Office</td>
<td>1,032,752.00</td>
</tr>
<tr>
<td>• Procurement of IT Equipment</td>
<td>Mun. Budget Office</td>
<td>40,000.00</td>
</tr>
<tr>
<td>• Accounting Services</td>
<td>Mun. Accounting Office</td>
<td>2,615,795.00</td>
</tr>
<tr>
<td>• Procurement of IT Equipment</td>
<td>Mun. Accounting Office</td>
<td>170,000.00</td>
</tr>
<tr>
<td>• Supervision on Collection and Disbursement of Local Government Funds</td>
<td>Mun. Treasurer's Office</td>
<td>1,297,156.00</td>
</tr>
<tr>
<td>• Mun. Treasury Operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tax Collection Campaign</td>
<td>Mun. Treasurer's Office</td>
<td>508,692.00</td>
</tr>
<tr>
<td>• Collections, Remittances and Deposits</td>
<td>Mun. Treasurer's Office</td>
<td>974,642.00</td>
</tr>
<tr>
<td>• Administrative Functions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Segregation and Posting of all Treasury Transactions</td>
<td>Mun. Treasurer's Office</td>
<td>217,579.00</td>
</tr>
<tr>
<td>• Check Preparation process</td>
<td>Mun. Treasurer's Office</td>
<td>202,157.00</td>
</tr>
<tr>
<td>• Procurement of IT Equipment</td>
<td>Mun. Treasurer's Office</td>
<td>85,000.00</td>
</tr>
<tr>
<td>• Tax Mapping Operations</td>
<td>Mun. Assessor's Office</td>
<td>1,488,351.67</td>
</tr>
</tbody>
</table>
Eighty percent (80%) of royalty fee share

The utilization of the 80% of the royalty fee share of Kananga from the extraction of geothermal energy is straight forward. The money is spent for two types of subsidies:

a) **First Cost Subsidy of electricity** *(Municipal electrification of remaining unenergized sitios)*

   Based on the Ordinance, “First Cost of Electricity – is the cost or amount of money required to pay for the electrical wiring and lighting materials, electric service meter, the service entrance cable, receptacles and other accessories including the service fee for the electrician in order to complete the house wiring installation preparatory to the energization of the house or building.” These costs are shouldered by the municipality.

   To avail of the subsidy, the resident pays P190.00 application fee (mayor's permit, electrical certificate permit, final inspection certificate, clearance from the Municipal Planning and Development Office and for the clearance from Bureau of Fire and Protection).

b) **Direct subsidy: KEESCSP**

   The Ordinance defines, "Direct Rate Reduction – as the lowering of the rate of electricity by subsidizing a percentage of the prevailing energy charge per kilowatt hour." The scheme involves two types:
i) Direct cost subsidy to all electric consumers

ii) Power bills

Rules are set in place to ensure fairness and equity, i.e.,

a) Only one electric meter per household is allowed. If the household has more than one electric meter, the owner/registered occupant must elect which of the meters should be enrolled in the KEECSP.

b) For registered and licensed commercial buildings, only one electric meter must be enrolled in the KEECSP.

The computation for the direct cost of electricity subsidy is based on the official receipt issued by the LEYECO V, as,

\[
[\text{Php} \ 3.00/\text{kilowatt hour}] \times [\text{electricity consumption}]
\]

Where, 1 kWh up to the maximum limit of 150 kWh per month\(^{16}\) over 12 months or one-year period;

For victims of natural calamity, they could avail of the subsidy without the official receipt considering the requirements, as follows;

- Certification of the Barangay Chairperson
- Certification of the Chairperson of the Municipal Disaster Coordinating Council
- Affidavit of loss
- Certified Transcript of Electric Bill payment record from LEYECO V
- Approval of the Local Chief Executive

For victims of accidental fire, they could avail of the subsidy without the official receipt considering the requirements, as follows;

- Certification of the Local Fire Marshall or Chief of the Bureau of Fire Protection
- Affidavit of loss
- Certified Transcript of Electric Bill payment record from LEYECO V
- Approval of the Local Chief Executive

The subsidy is by refund basis because the LGU is not certain when the share will come. On the safe side, refund is done once a year. The KESSO assists the Treasury Office in preparing the invoices for the refund. Certification from the LEYECO V is necessary for lost electricity bills.

Power bills of the LGU are subsidized, especially for the street lighting and strategic buildings.

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\(^{16}\) Chapter VIII, Section 31 defines the types of subsidy that the LGU and pertinent agency could use as incentive by way of utilizing the 80% of the share from national wealth for electricity costs of consumers. Importantly, the law provides the maximum monthly electricity consumption at 100 kWh as subsidizable.
Table 21 is the Supplemental Budget No. 1 for fiscal Year 2011. Highlighted in the budget is the allocation for the Local Energy Board, particularly KESSO, which is its hatchet group. A portion of the declared expenditures are in the nature of P.S. and MOOE. When asked about this and its implications to the LGC instruction, the LGU Officers explained the context of the establishment of the KESSO and its subsequent support.

Firstly, the Ordinance was passed before the Circular 1995 guiding the utilization of the LGU share was issued. The ordinance was coursed through channels as standard procedure, and since there was no response or comment on the document, the Sanggunian deemed the Ordinance as approved given the 30-day prescription period. Second, the LGU argues that reduction of the cost of electricity is not equal to price of energy, instead could include other ways of reducing. For instance, the KESSO provides free service to the people, which in effect is an indirect subsidy. Thirdly, the Office administers the subsidy program of the municipality along with the tasks of maintaining and repairing energy infrastructures, power bill payments, and installing of energy facilities under the first cost subsidy scheme. All of the tasks will require warm bodies, hence the allocation for personal services and MOOE.

The LGU contends that the manner of spending the LGU share is within the bounds of law and that everything is legal and accounted for.

Elsewhere, it was said that the First Cost Subsidy for 2011 was discontinued for lack of funds. Total Direct Subsidy for the year is 10,000,000 pesos while payment to power bills for streets and strategic buildings is 2,645,512.80 pesos.
### LBP Form No. 10

**STATEMENT OF SUPPLEMENTAL APPROPRIATION**

<table>
<thead>
<tr>
<th>Implementing Office</th>
<th>Particulars/Purpose</th>
<th>Object of Expenditures</th>
<th>Account Code</th>
<th>Amount Php</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Motor Vehicles</td>
<td>MOOE</td>
<td>841</td>
<td>50,000.00</td>
</tr>
<tr>
<td></td>
<td>Sub-total</td>
<td></td>
<td></td>
<td>575,000.00</td>
</tr>
<tr>
<td></td>
<td>II. Cost Subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Direct Cost Subsidy</td>
<td></td>
<td></td>
<td>10,000,000.00</td>
</tr>
<tr>
<td></td>
<td>First Cost Subsidy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Power Bills</td>
<td></td>
<td></td>
<td>2,645,512.80</td>
</tr>
<tr>
<td></td>
<td>Sub-total</td>
<td></td>
<td></td>
<td>12,645,512.80</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL APPROPRIATION</strong></td>
<td></td>
<td></td>
<td><strong>14,433,484.80</strong></td>
</tr>
</tbody>
</table>

#### 20% of royalty fee share

The LGU believes that education is a development undertaking which generates income by way of employment after completing a training program. The Ordinance No. 28-08 describes the joint venture between the Kananga municipality, Technical Education and Skill Development Authority, and the Energy Development Corporation, as a “Study Now Pay Later Scheme”, the details of which are not clear.

The Kananga municipality commits four million pesos annually. The money commitment is channeled through the Kananga-EDC Educational Foundation, the governing body of the technical institution of learning. This institution is the Kananga Institute of Technology (KAITEC). A copy of the “new” Memorandum of Agreement stipulates that the LGU allocates “not less than four million pesos (Php 4,000,000.00) annually for a period of three years, in no case shall exceed the amount equivalent to the 20% of the share of the royalty tax of the LGU...” Accordingly, the commitment is equivalent to all of the 20% of the royalty fee share. For 2012, the LGU anticipates that some money will have to come from own source to cover the deficit since the 4 million pesos as 20% from share of national wealth will not be met as evidenced by the pattern of decreases of amounts released as LGU share.

Deserving students from poor families are prioritized in the program. Students in the Institute are in full scholarship for 10 months (tuition, matriculation, accommodation, board), but the term used by the LGU during the fieldwork was subsidy. Enrollees are housed in the Institute, and a 100 peso allowance for transportation is given during weekends to allow students to visit their families.

The Institute has graduated the first batch of 135 graduates. About 80% of which are already OFWs and the rest are also slated to work abroad. For the second batch, 75% of the students will come from Kananga while Ormoc City will get 25%. Also, two students came from Kidpawan and five from Sorsogon.

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17 As claimed by the discussants during the data gathering visit to Kananga last September 2011.
18 Known as “Kananga-EDC Educational Foundation Partnership.”
3. Issues

The position of the Alliance of Geothermal Energy Producing LGUs (AGEPL) has to be transparently discussed, particularly on the claim that RA 9513 is detrimental to the host LGU, to wit:

"will result in diminishing the already inadequate share of LGUs from existing and new RE development projects, as the 1% share mentioned therein already constitutes the share of both the national government and the LGUs. This constitutes nothing less than a prejudicial and unwarranted reversal of the present provision of the LGC, which mandated that the 1% share of the gross income from existing and new RE development projects accruing solely to LGUs.”

Moreover, “the basis in the computation of their share in the royalty should properly be 1.5% of the gross income, and should not be subject to any other interpretation or condition as found in the IRR...that for integrated Geothermal System, the government share of 1.5% shall be based on the difference between the price of electricity generated from the system, valuated per kilowatt hour basis, and the cost of geothermal steam produced...inequitably and prejudicially reduces the royalty share of the LGUs derived from the development and utilization of national wealth by a very substantial percentage of 67.17% “...

It is clear that the reduction of the downloaded share is already caused by the new computations. The discussions on the comparative columns for the LGU share within RA 7160 and RA 9513, respectively is disturbing, a case of adverse effect of law. This view of the host LGUs through AGEPL will be worth an examination and re-visiting of the IRR. The practical concern of Kananga is the scenario that they will have to draw money every year from other sources to cover the deficit in the 4M peso commitment. Four hundred thousand pesos (PhP400,000) have been allotted from the general fund to satisfy the commitment to KAITEC in 2011.

B. Tongonan, Kananga

1. Basic information of locale

**Area and location**

The vision of the Barangay Tongonan is;

“By 2013 and beyond, Tongonan shall emerge as an ecological tourist destination in the Province of Leyte and with God-loving, united, empowered, well-educated, healthy citizenry and living in a peaceful, well-managed and ecologically sustained environment.”

Its mission is that “the barangay officials and the community shall unite and work together in order to attain the vision through the support of government, private and civil society groups”

Tongonan has a total land area of 562 hectares located 21 kms north of the town center of Kananga. The place is bound by Barangays San Ignacio in the south, Limao in the north, Aguiting in the west, and a swampy area in the east. Seven sitios comprise the barangay. About 6 hectares is the built up

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19 A position paper dated 10 September 2010 was lodged with the “appropriate Agencies of the Government Implementing Energy Laws, Rules and Regulations and issuances.
20 See Annex 8 for the comparative quotations of LGU share based on RA 7160 and RA 9153.
area, 531 hectares of forest and rest are rivers and creeks. The Geothermal Reservation Area is 109.51 hectares.

**Socio-economy**

The population is 1,418 in 291 households. The average family size is six (6). Females constitute 48% of the population. Technically, the barangay is a waterless community since only 43% is receiving adequate and safe water at level 3. Another 43% is serviced with level 2 water system while 8% at level 1. As regards sanitation, 66% of the households have water sealed toilets but 21% households do not have sanitary toilets.

The working ages 15-59 comprise 47% of the population while the aged is only 4.5% of the population. Thus, the labor force participation rate is 94%. It is a young community. Thirty four percent (34%) of the population has farming as the main source of living and 24% is employed with government and private enterprises. About 18% is employed by community associations (i.e. BATORCA, TOKAFA) which are sub-contracted by the geothermal energy company.

Since the barangay is endowed with share from geothermal energy extraction and development, the residents are provided with basic infrastructure facilities such as for sports, community gathering, roads and bridges, multi-purpose centers, health centers, school buildings, and others. These are well maintained. The means of transportation are the jeepney and habal-habal. The roads are paved.

The major community activities include Purok meetings and Pintakase every month, and Orientation on Makamasang Tugon Program (June), Annual Fiesta (June), and Barangay Assemblies (February).

**2. Utilization of share of national wealth**

From 2006-2007, Tongonan received 3,536,080.00 pesos as share from national wealth. This amount appears large but when overlain with the priority programs, projects and activities of the barangay, its potential support is far from adequate. The barangay has twenty one (21) projects ranging from street lighting to mini zoo, livelihood projects, flood/river control, solid waste management, telecommunications, etc. The river channelling is the most expensive at 9.9 million peso appropriation.

Fifty percent (50%) of the electricity consumption of household is subsidized by the LGU. The first 50 kw/hr is free; three pesos kw/hr in excess of up to 100kw/hr; and two pesos and fifty centavos for 150kwhr. The money was/is also used for Barangay hall construction, covered court, spillway, concreting of canals, street lighting, de-clogging of canals, foot bridges, level 3 water system, support to upland farming, speech laboratory in a public school, training (i.e. leadership, handicraft, etc.), solid waste management and disaster management. The vibrancy of the community earned them several awards in 2009: Regional Champion on solid waste management model, 2nd place Most Outstanding Barangay Council, and Tongonan, Kananga Elementary School for Excellence.
C. Lim-ao

1. Basic information of locale

Brief history
In the early 60s, the barangay of Lim-ao was among the poor communities of Tongonan. Upland farming was the sole source of livelihood of the residents. The 14.5 kms road from the town center is not paved and treacherous at some points. Social services are inadequately provided and there was only a teacher and later assisted by another new professional when the primary school was opened.

The situation drastically changed from the early 80s with the entry of the geothermal energy company. Within 10 years, it became an endowed community, to the envy of others because of the share that they receive from energy extraction and development. At one point, it administered its own electric utility to power the barangay of Hiluctogan at cost lower that the electric cooperative.

However, it is a laidback community.

Socio-economy
The spoken languages are Cebuano and Waray, although the dominant people are Warays.

Nine (9) sitios compose the barangay with a total area of 752 hectares of rugged mountainous slopes. Total population is 2,029 with 48% females in 494 households. There are 1,075 registered voters of the barangay. Thirty three percent (33%) of households have water sealed toilet and 14% households have none. Half of the number of households is made of makeshift and light materials. Two hundred ninety seven (297) or 60% of the households are served with level 3 water system while 40% is just serviced by level 1 water system.

The work force of the community is about 57%. The presence of the Lim-ao National High School which was opened in 2002 increased the number of professionals in the locality. Eight sari-sari stores, two bakeshops, four restaurants and a metal craft are the main commerce of the barangay. Based on information, the community is essentially agricultural (Table 22).

Table 22. Land uses in the barangay

<table>
<thead>
<tr>
<th>Land use</th>
<th>Land area (hectares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>10.47</td>
</tr>
<tr>
<td>Commercial</td>
<td>8.25</td>
</tr>
<tr>
<td>Industrial</td>
<td>5.23</td>
</tr>
<tr>
<td>Institutional</td>
<td>5.23</td>
</tr>
<tr>
<td>Agricultural</td>
<td></td>
</tr>
<tr>
<td>a. Cropland</td>
<td></td>
</tr>
<tr>
<td>b. Fishing</td>
<td></td>
</tr>
<tr>
<td>c. Livestock</td>
<td></td>
</tr>
<tr>
<td>d. Forest</td>
<td></td>
</tr>
<tr>
<td>Open space</td>
<td>9</td>
</tr>
<tr>
<td>Total</td>
<td>796</td>
</tr>
</tbody>
</table>
The main source of living is farming followed by employment with EDC-contracted groups. Accordingly, there are few directly hired professionals by the company. Table 23 indicates an obviously low production yield of crops in Lim-a0.

**Table 23. Yields of crops produced (2009)**

<table>
<thead>
<tr>
<th>Crops</th>
<th>No. of cropping season/year</th>
<th>Yield/yr. (kg)</th>
<th>Production value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rice</td>
<td>2</td>
<td>6,000</td>
<td>4,800</td>
</tr>
<tr>
<td>Corn</td>
<td>3</td>
<td>3,000</td>
<td>1,800</td>
</tr>
<tr>
<td>Cassava</td>
<td>2</td>
<td>1,500</td>
<td>7,500</td>
</tr>
<tr>
<td>Coconut</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Farmers also grow poultry and livestock for home consumption. For example, a survey observed 30 turkeys, 3 cows, 200 carabaos, 150 swine, and 92 goats being raised in the community.

On the average, the annual share from national wealth is 13,000,000 pesos, a huge amount for a small community. The influx of migrants increased the need for a high school, hence in 2003; the Lim-a0 National High School was opened. Currently, it is servicing the children of Tongonan barangay.

### D. Ormoc City

#### 1. Brief information of the locale

**Location, physiography and endowments**

The city is located at Lat. 11° 00’ 26.59” N, Long. 124° 36’ 28.46” E, in the northwest region of Leyte island. Usually, it rains intensely from June to February. Mean monthly temperature range between 21.1°C to 34°C during the dry months of January to May.

Sited along Ormoc Bay, the city is bound by the towns of Matag-ob and Merida, in the northwest, Kananga in due north, Jaro, Pastrana and Dagami in the northeast, and Albuera at the south. High mountain ranges, notably Mt. Mindiwin, separate Ormoc from the eastern portion of Leyte. It is an ideal and popular jump off point for Cebu Island, the rest of the Visayas, and the northern portion of Mindanao. One hundred nine (109) kilometers away is Tacloban City. The Ormoc Valley floodplains sprawl the north-northeast to south-southeast of the city. Rivers and streams dissect the valley floor vital for agricultural production. Cultivable agricultural areas constitute 57% (26,298 hectares) of the city.

By land area, the city is largest local government subdivision in the province of Leyte at 464.30 km². Approximately 50% of the area is mountainous and hilly, of these; about 32% (15,034 hectares) is classified as forest land. Mount Mandiwin peaking at 1,000 masl is the largest mountain range

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21 Extracted from Ormoc City Ecological Profile 2010.
where the Tongonan hot springs and Lake Danao are situated. The soil types are clayey to fine loamy. Clay soils like Luisiana clay, Guimbalaon clay, Palompon clay, and Medellen clay dominate the fringes of the floodplains and low relief basaltic hills. These soils are moderately deep with fine to medium texture. These are fertile but are poorly drained in contrast to the well-drained fertile uplands. The San Manuel silt loam is the main valley floor and the gently sloping piedmont slopes which are fine loamy, moderately deep and well-drained soils.

Ormoc City together with the town of Kananga is host to the EDC geothermal energy. The combined geothermal energy reserve was estimated at 801,000 k/cal (1987). The Mines and Geosciences Bureau (MGB) disclosed peat reserves with reserve of about 2.1 million metric tons. Coastal and marine resources are vast (Table 24). About 935 hectares are mangrove/swamp lands.

### Table 24. Coastal and marine resources of Ormoc City

<table>
<thead>
<tr>
<th>Resources</th>
<th>Total area covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mangroves (CBF)</td>
<td>260 hectares</td>
</tr>
<tr>
<td>Seagrasses</td>
<td>0.82 sq. km.</td>
</tr>
<tr>
<td>Coral Reef</td>
<td>0.410 sq. km. (2002)</td>
</tr>
<tr>
<td>Live Coral</td>
<td>0.13 sq. km. (2006)</td>
</tr>
<tr>
<td>Dead Coral</td>
<td>0.10 sq. km. (2006)</td>
</tr>
<tr>
<td>Fish sanctuary</td>
<td></td>
</tr>
<tr>
<td>Macabug</td>
<td>21.57 hectares</td>
</tr>
<tr>
<td>Ipil</td>
<td>70.2 hectares</td>
</tr>
<tr>
<td>Camp Downes</td>
<td>25.48 hectares</td>
</tr>
<tr>
<td>Marine reserve</td>
<td></td>
</tr>
<tr>
<td>Bantigue</td>
<td>20.6 hectares</td>
</tr>
<tr>
<td>Batuan</td>
<td>7.71 hectares</td>
</tr>
</tbody>
</table>

The City Waterworks is presently utilizing about seventeen (17) production wells with a combined capacity of about 8,000 cu.meters/day. There are also natural springs with approximated total capacity of 6,500 m³/day. These sources account almost 50% of the total water supply of the whole service area of the local waterworks, and the remaining 50% was treated surface water.

**History**

The name Ormoc could have evolved from an old Visayan term “ogmok” referring to lowland or depressed plain and a spring located between the present barangays of Donghol and Mahayag. The Spanish historian Pigafetta mentioned “ogmok” in his chronicles. Its mother town is Palompon, but on 26 February 1834, Ormoc was established as a distinct municipality. During the Philippine Revolution, the government represented by General Vicente Lukban controlled Leyte. A civil government was established in Leyte in April 22, 1901 after the Philippine-American war. An Ormocanon, Faustino Ablen organized the pulahanes movement, a resistance group against the Americans. The Resistance Government in the 1940s made a decisive victory, with support from the American army, on 6 November 1944 to free Ormoc "Corridor" from the Japanese forces.

Ormoc became a city through Republic Act No. 179 in 21 June 1947 but proclaimed by the President of the Philippine Republic on the 4th September 1947. By virtue of Presidential Proclamation No. 42, Ormoc was formally inaugurated as a city on 20 October 1947, exactly three years after the famous Leyte Landing.
A flashflood which killed about 8,000 people (including those missing until today) occurred on 5 November 1991 also brought massive destruction to the city. It was a very expensive wake up call. Since then, the government and the private sector have embarked on a concerted effort directed towards full-scale reforestation of the denuded areas, and the construction of mitigative infrastructures. Today, Ormoc City is a picture of progress. It was judged as the 2005 Most Business-Friendly City in the Visayas by the Philippine Chamber of Commerce and Industry. It has kept a strong advocacy and work on environmental protection rendering the city as a consistent Cleanest and Greenest City awardee in Region VIII and one of the Cleanest and Greenest City in the country.

**Socioeconomy**

The population growth is listed in Table 25. The urban population increased by 1,118 from 57,271 in 2009 to 58,389 in 2010. The rural sector grew from 124,812 in 2008 to 129,737 in 2010. The population density is 405 persons per km². Household size is 5 persons.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total population</th>
<th>Number of household</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995</td>
<td>144,003</td>
<td>29,395</td>
<td>NSO</td>
</tr>
<tr>
<td>2000</td>
<td>154,297</td>
<td>31,542</td>
<td>NSO</td>
</tr>
<tr>
<td>2001</td>
<td>156,599</td>
<td>32,011</td>
<td>CPDO</td>
</tr>
<tr>
<td>2002</td>
<td>158,933</td>
<td>32,487</td>
<td>CPDO</td>
</tr>
<tr>
<td>2003</td>
<td>161,302</td>
<td>32,947</td>
<td>CPDO</td>
</tr>
<tr>
<td>2004</td>
<td>163,705</td>
<td>33,433</td>
<td>CPDO</td>
</tr>
<tr>
<td>2005</td>
<td>166,144</td>
<td>33,930</td>
<td>CPDO</td>
</tr>
<tr>
<td>2006</td>
<td>168,620</td>
<td>34,506</td>
<td>CPDO</td>
</tr>
<tr>
<td>2007</td>
<td>177,524</td>
<td>-</td>
<td>NSO</td>
</tr>
<tr>
<td>2008</td>
<td>180,989</td>
<td>36,925*</td>
<td>NSO, *CPDO</td>
</tr>
<tr>
<td>2009</td>
<td>184,521</td>
<td>37,350</td>
<td>CPDO</td>
</tr>
<tr>
<td>2010</td>
<td>188,126</td>
<td>38,383</td>
<td>CPDO</td>
</tr>
</tbody>
</table>

Regardless of the types of watering, about 91% of households have access to water. Probably because of the availability of water, 83% of households have sanitary toilets. Other health statistics include:

- Total number of births: 4,671
- Total number of deaths: 1,138
- Total number of infant deaths (Under 5 yrs. old): 63
- Total number of maternal deaths: 3
- Total number of neo-natal deaths (0-28 days old): 29
- Crude Birth Rate: 25.06/1,000 pop’n
- Crude Death Rate: 6.06/1,000 pop’n
- Infant Mortality Rate: 3.90/1,000 live birth
- Maternal Mortality Rate: 64.23/1,000 live birth

On literacy, for 2010, the literacy rate is 97.18%. Participation rate for elementary schooling is 78.45% while for high school students is 55.66%.
The city supports livelihood projects like the SEA Kaunlaran on capital assistance, Tindahan Natin on assisted clients in coordination with DSWD Region VIII and NFA, SEA Kabayan considered as 2nd level category was extended beneficiaries who were successful in their projects and were able to fully pay the 1st loan, skills training on “Bags and Burloloy” from recyclable materials, and food processing and cosmetology in the barangays.

There are 26,298.28 hectares of cultivable lands. The widest grown crops are sugarcane (9,900 hectares), rice (4,000 hectares), coconut (3,160 hectares), and abaca (2,800 hectares). About 161 hectares are inland fisheries and another 125 hectares of fishponds. The rest of the fishing industry is municipal fishing.

Table 26 records an “undulating” local revenue generation over the past five years indicating problems of local economic performance. It may have been caused by downtrends in the production and income of sugarcane, coconut and abaca industries. Collapsing unemployment with underemployment, the level shoots up to 52.7% of the labor force.

<table>
<thead>
<tr>
<th>Year</th>
<th>Local revenue</th>
<th>Internal revenue allotment</th>
<th>Total income</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>328,730,886.49</td>
<td>367,443,985.00</td>
<td>695,909,151.49</td>
</tr>
<tr>
<td>2007</td>
<td>164,543,071.76</td>
<td>405,076,917.00</td>
<td>569,619,988.76</td>
</tr>
<tr>
<td>2008</td>
<td>356,051,542.49</td>
<td>410,674,198.00</td>
<td>766,725,740.49</td>
</tr>
<tr>
<td>2009</td>
<td>623,303,062.94</td>
<td>35,504,382.80</td>
<td>658,807,445.74</td>
</tr>
<tr>
<td>2010</td>
<td>157,398,281.14</td>
<td>589,490,445.00</td>
<td>746,888,726.14</td>
</tr>
</tbody>
</table>

Source: Office of the City Treasurer (2010)

The city has complied with RA 9003 (solid waste management) with a sanitary landfill at Barangay Green Valley. Also, it has a good supply of vermin-compost produced from a facility for biodegradables, which are given free to farmers. The garbage collection percentage (barangays covered) is 54%, the volume of which is 35 tons/day with biodegradables constituting 49%.

2. Utilization of share

Executive Order No. 2005-5 (31 January 2005), reorganized the City Electrification Subsidy Council (CESC), with two city councilors co-chairing, and members coming from the private and service sectors. Also, the EO defined the functions and purposes of the Council. Following logic, the formation of the CESC must have been through an EO. Currently, it is administering the utilization of the LGU share. Towards the end of the year, in 10 November 2005, the city adopted Resolution No. 2005-200 “authorizing the city mayor to enter into and sign the Memorandum of Agreement between the city and LEYECO V for the utilization of the royalty.”

The subsidy amount has steadily decreased due to increasing number of users/households availing of the grant: Php 698.00 (2005), Php 572.00 (2006), Php 536.00 (2007).

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22 See Annex 9 for the Executive Order on re-organizing CESC and detailing its functions.
2. Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability

**Receipt and budgeting**
Summary of duly authenticated City information on the receipt of LGU shares from 2003 until 2011 by the Treasurer can be found on Annex 10, as well as the Accountant’s copy on the LGU share 2003-2011 including the interest gained. The pending case G.R. No. 141375 with the Third Division of the Supreme Court stalled the receipt of Ormoc City of its share from 1992-2002, which explains the no-entry in the table.

In the Capital Investment Plan for 2006-2014, Technical Assistance constitutes 0.84% to support a 1.6 billion pesos investment for nine years. Particularly, capacity building allocation is 33% of total TA or 0.28 of grand total capital investment. The sustainability concern is real under this type of investment portfolio.

With clustering, the investment for economic development is 74% while investment for environment is 26% (including ecotourism) of the total capital investment. Specific investments for livelihood activities could be imputed in the investment for ecotourism, post-harvest facilities, and bagsakan and cold storage and warehouses.

**Conflict resolution**
In the desire to reach a win-win solution and harmonious relationship with the neighboring town of Kananga, the Sangunian Panglunsod of Ormoc passed Resolution No. 2003-034 “Authorizing the Honorable City Mayor Carmelo J. Locsin, to enter into an amicable Settlement with regards to the boundary dispute involving the City of Ormoc and the Municipality of Kananga, Leyte, subject to the terms and conditions”, dated 27 February 2003. Three aspects in the terms and conditions are highlighted. In a the City of Ormoc waives its rights over an estimated 325 hectares more or less, the technical description of which shall be determined after a joint survey has been conducted by the parties. The g terms and condition says "that the escrow account deposited as royalty by the Philippine National Oil Company shall be divided at the rate of:

- Fifty two point five percent (52.5%) in favor of the City of Ormoc, and
- Forty seven point five (47.5%) in favor of the Municipality of Kananga.”

Moreover, in d, as regards the Malitbog Plant, all income derived from one unit supplied from a well situated in Ormoc City shall be for the city while income from two other units will accrue to Kananga municipality. Also, Ormoc City recognizes the right of Kananga municipality over Upper Mahiao and Tongonan 1 Power Plants, while Ormoc City’s rights over Mahanagdong A and B Power Plants are recognized.

Thereafter, an Amicable Settlement was executed by the agreeing parties in 27 March 2003, basically upholding the terms and conditions stipulated in the Ormoc City Resolution No. 2003-034. This means that income derived from the respective areas will pertain to each of LGU to the exclusion of the other.

At the moment, the Amicable Settlement stands.

**Utilizing the accumulated amount**
With the LGU share in accumulated amount of 49,931,213.06 pesos came in 2003, the city passed Resolution No. 2004-069 “authorizing the city treasurer to open a separate current account and
high yield savings account specifically for royalties”, dated 27 May 2004. This task was accomplished by the treasurer.

The chronological actions pertinent to the eventual utilization of the accumulated amount are listed as follows:

**18 February 2008:** The City Mayor wrote Sec. R.V. Puno on its request to utilize the 80% royalty share of Ormoc City for the repair and rehabilitation of Ormoc City water system. This is following the procedures under DILG-DOE Circular 98-01, that the city is obliged to get the approval of the DILG to utilize the LGU share for projects other than subsidy or which decreases the cost of electricity.

The justifications given by the city are the following:

a) The water facility which was built several decades ago needs urgent repair and rehabilitation,

b) The water supplying capacity of the water system is inadequate for the increasing demands of the growing population, and

c) A big percentage of the population has resorted to installing electric water pumps adding to their household expenses.

**6 March 2008:** A reply letter from the Bureau of Local Government Supervision-DILG indicated an exhaustive review on the provisions of DILG-DOE Joint Circular No. 95-01 and DOE Circular 98-01, both entitled "Guidelines and Procedures on the Utilization of the Share of National Wealth Taxes, Fees Royalties and Charges Derived from energy Resources", in relation with the letter-request of Ormoc City.

It said that the "request for approval of the SILG in the utilization of the 80% share to finance the rehabilitation of the city's water system is no longer needed” per inference from Section 2.4 of DOE Circular No. 98-01, thus falling under non-subsidy benefits. Thereafter, the city was advised to observe the provisions on monitoring specified in the guidelines, particularly Section 2 Items 2.3 and 2.4.

**11 March 2008:** The City Mayor wrote the Vice Mayor and Presiding Officer of the 11th Sanguniang Panglunsod, Ormoc City through the Chairperson, City Electrification Subsidy Council and Secretary of the Sanguniang Panglunsod, requesting for amendment to SP Resolution No. 2005-111 in order to conform with the city’s plan to utilize the 80% royalty share for the repair and rehabilitation of the city’s water system.

It advised the SP that the BLGS-DILG has replied to the city’s letter request for approval, stating that the proposed utilization of the share is under the non-subsidy scheme and is deemed legally correct within the prescribed guidelines and procedures of DILG-DOE Circular 98-01.

**25 March 2008:** The City Electrification Subsidy Council passed a Resolution No. 2008-01 approving the proposal to utilize the 80% royalty share deposited in a bank, in an amount not exceeding fifty million (Php 50,000,000,00) pesos to finance the repair and rehabilitation of the city water system.

It specifically cited the letter request of the city and the letter reply of the BLGS-DILG advising the correctness of the proposed utilization as it is within the non-subsidy scheme.

**30 April 2008:** The Committee on Energy of the Sanguniang Panglunsod convened a public hearing on the proposed utilization of the 80% royalty share of Ormoc City for the repair and rehabilitation of Ormoc City water system.
Apart from the City Councilors present, 77 persons participated in the public hearing. A Barangay Chairperson moved to approve the proposal to utilize the 80% royalty share for the repair and rehabilitation of Ormoc City water system. This was seconded and unanimously carried by the public hearing. A verbatim record of the discussions from 9:35 am to 11:35 am is attached.

15 May 2008: The 11th Sanguniang Panglunsod passed a Resolution No. 2008-094 approving the proposal to utilize not more than fifty million (Php 50,000,000.00) pesos of the royalty share to finance the repair and rehabilitation of the Ormoc City water system.

It cited the sequence of actions undertaken on the proposal, i.e., letter request of the city to DILG; letter reply of the BLGS-DILG; letter request of the city to the Sanguniang Panglunsod; City Electrification Subsidy Council resolution; and the Committee on Energy conduct of a public hearing, all of which endorsed/approved the proposal to utilize the royalty share to repair and rehabilitate the Ormoc water system.

### 2.3 Summary of Findings

Significant concerns were surfaced in the analysis of the experiences on the sharing of national wealth by the host communities. The problems on timing and the uncertainty of the amount expected were crucial in the delivery of services especially with respect to projects alleviating poverty. Apart from the operational dilemma, the linkages between poverty-environment-development are not deliberate but the overall intention to provide development services to the community is obvious. "We are aware that we have to do systematic planning and budgeting, and to pursue environmental protection with poverty alleviation as major goals. But, the failure of policy implementation is the culprit, and is now creating a wedge between us and the national agencies."24

The community members and leaders are well informed of the requirements and processes in laws and policies attendant to the utilization of the LGU share from national wealth, in fact, have argued mainly on the full implementation of the policies. The most cited policies are the Joint Memorandum Circular 2009-01 for mining, and the Department of Energy Circular No. 2009-05-0008 and Joint Memorandum Circular 2008 for energy extraction and development. Accordingly, the policies have slightly improved the collection, distribution and utilization of the shares of national wealth generated from resource extraction activities. However, the persistent delays in the remittance of the "erratic" amounts have raised alarms on the prescribed processes. The exasperations on the current arrangements in the transmittal of the LGU share are understandable because LGU constituencies expect continuing development assistance from the revenues. Adding to the ill-feeling is the fact that in the inquiries made with the extractive industry, the LGUs were informed that fees and taxes are paid to the government on time and in defined amounts. The impact of the inefficiency is the LGU’s inability to systematically plan, budget and implement sustainable development interventions on occasions most appropriate in their locales.

The clamor for increased efficiency and effectiveness will mean adjustment in current multi-partite issuances or legislative action. Others are a matter of pragmatic following of policies.

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24 Overall, this side of the argument has been aired all along in the policy discussions with the LGUs.
A. Utilization of LGU share

In general, the utilization of the LGU share from the extraction and development of natural resources considered the rules stipulated by law and their operational policies. Some actions taken by the LGU are non-conventional and may appear as not in consonance with instructions. However, on analysis of the context or justifications, these actions follow the regulations on the utilization of the LGU share from national wealth. The spending were legal and within the bounds of law.

The process of planning and budgeting of the LGU is defined, so that the rational utilization of the LGU share must conform to the scheme. For instance, the planning function is led by the Planning and Development Office using the CDP and the AIP as base planning documents where the utilization of the LGU share could be integrated. In the case of LGU ordinance passed to justify a Supplemental Budget, the supported projects and actions are listed. Adherence to the procedure of LGU budgeting are observed closely by the Finance Committee (Figure 4a&b) with indicated schedules of outputs and throughputs. However, since the LGU share is by large, unpredictable, its utilization plan will be incidental. The records of the LGUs which used the “Supplemental Budget” pattern, shows no trend in the period of promulgation of the ordinance. Consequently, the linking of poverty-environment-development on purpose, with respect to the LGU share, is not currently recognizable.

**Figure 4a.** The LGU Budget Process
2. Policy Proposal on ENR Revenue Utilization for Poverty Reduction and Environmental Sustainability

Figure 4b. The LGU Budget Process

- **Local Chief Executive**: Executive budget* (Oct 16)
- **Sanggunian**: Public hearings
- **Local Finance Committee**: Readings (2x)
- **Approval by Sanggunian**: (Dec 31)
- **Budget review**: (DBM, respective Sanggunian)
- **Department/Unit Heads**: Office's objectives, functions and projects; organizational charts and staffing patterns, showing plantilla positions with their corresponding salaries; and accomplishment reports for the preceding two years.

* Includes, (1) a budget message/significance in relation to the local development plan, (2) a summary of planned activities, and (3) a summary of financial statements showing the actual and estimated income and expenditures in the preceding, current and ensuing year (obligations, indebtedness, summary of statutory & contractual obligations, other financial statements that show financial condition)

B. Regular and automatic release of LGU shares in national wealth (Title III, Chapter 1, Sec 286; Chapter 2, Section 293, RA 7160)

On mining, the JMC 2009-1 describes a complete loop, but gauging by the reactions of the LGUs, the route has to be modified. The NSO, LMB, MGB, BIR, BTr, and DBM have specific tasks sequencing the release of the LGU share, and that everything is legally prompted. “It would have been helpful if the process diagram was shown as many have difficulty understanding the sequential process. Unless one is privy to the bureaucratic financial process at the national level, the instructions maybe interpreted as circuitous and time consuming. Under the circumstance, the LGU which is the eventual recipient of the benefit could only wait.”

The schematic diagrams following separate the planning phase from implementation. At the planning phase (Figure 5), the input-output process is clear. The input data from the LGU to LMB and the NSO are periodic but information coming from the MGB is regular for tax computation by the BIR. The penultimate system demands data from previous years of tax payments. In other words, the information flowing from the agencies is being used to project and plan for releases by the DBM.
During implementation, Figure 6 traces the information flow between the agencies responsible for collecting, distributing/allocating and releasing of the LGU share. Notice that the flows are straightforward and if followed, there is no reason that the transmittal of the LGU share is not known early enough or actually remitted. The JMC has stipulated the number of days that the processing of documents could be done, and the plausible reason for the lengthy time allocations maybe due to the “transfers of information” from the regional offices to national offices.
Accordingly, the JMC 2009-1 is a “one-way policy” providing the LGU no basis for programming for development priorities as the collection activities are not known to them. The only time that there is feedback is when the LGU receives the NFCI from the DBM. This means that the pertinent information necessary to conduct detailed programming of the AIP is not supplied or given so late in the LGU process. Perhaps, to establish a more iterative and responsive planning and budgeting is for the LGU to establish a monitoring system, but drawn from a transparent system of feedback from the BIR, BTr and the DBM.

By experience, the process of downloading of the LGU share from geothermal energy extraction is akin to the JMC 2009-1 process minus the inputs from the MGB and the LGU, and the joint certification. The basis of computation for the sharing between the province, municipal, city, and barangay is the same, and so are the delays and the unpredictable amounts but at lesser degree like six to twelve months delays.

C. Taking further the Full Disclosure Policy (FDP)

The FDP’s goal is to increase the efficiency of the LGU. However, in the same vein, the policy could be tailor-fitted to the role that national agencies provide in downloading the share. The LGUs believe that explanations must accompany the delayed release of the LGU monies. The NFCI could contain a paragraph explaining the delay and the amount of the transmittance.

Similarly, since the present system provides no indication as to how much the LGU share will be, the DBM should provide an explanation for the variance of the share from the previous level of receipt. Accordingly, these measures following the Full Disclosure Policy in governance will clear out doubts and assumptions of malpractice.

The disclosure principles could be extended effectively. The core functional capacity in public-private partnership is the capacity to account, be responsible, and be transparent in actions by parties which have entered into the partnership. Policies are usually set for the partnership to prosper, epitomized by the corporate social responsibility of the private sector, and the full-disclosure-policy in the governance of the public sector.

D. Share from national wealth is not appropriated

Since the laws and policies are clear on the sharing scheme between the national government and LGU, the release of the LGU share should not experience delays, as the LGUs assert. "We expect the national government bodies to calculate the sharing, record, ergo; remit our share immediately as there is no other activity pertinent to the sending of the LGU share. It is as if slicing the pie and serving the LGU slice, pronto." It is obvious from the comments that the LGU perception on the process is direct. The LGU’s idea is that their share should not be “appropriated” because by law, this has been determined.
2.3.1 Re-visiting the effect of policy

**One percent to one and a half percent (1 - 1.5%)**

The energy sector is concerned on the apparent negative effect of RA 9513 to local sustainable development. The resulting confusion has become a disincentive to host LGUs on geothermal energy. The LGU study concludes on the implementation of RA 9513 via the DC2009-05-0008 (IRR of the law), that the LGU will receive less from the sharing of the national wealth. It is a case of an adverse effect of a recent Law passed with the supposed intention of enhancing an older version. Specifically, while RA 9513 increased the RA 7160 prescribed 1% government share from the extraction and development of geothermal energy to 1.5% of gross income, the actual amount received is less from the expected level.

The AGEPL claims that there is reduction by 63.17% on the LGU share with implementation of the IRR of RA 9513. In the meantime, the position paper written September 2010 has not been answered by any of the national agencies concerned. The AGEPL computation argues that the provision on 1.5% of the gross sales or receipts (as used in RA 7160) has become gross income under RA 9513, which the DC2009-05-0008 (IRR) defined in Rule 7, Section 20A, as below.

For purposes of determining the government share, the gross income of RE Developers shall include the proceeds resulting from the sale of RE produced and such other income incidental to and arising from RE generation, transmission and sale of electric power.

As used in the IRR, “Gross Income” derived from business shall be equivalent to gross sales less sales returns, discounts and allowances, and cost of goods sold, consistent with Section 27, Paragraph A(7) of the NIRC of 1997, as amended by Republic Act No. 9337.

“Cost of Goods Sold” shall include all business expenses directly incurred to produce the merchandise to bring them to their present location and use, consistent with Section 27, Paragraph A (7) of the NIRC of 1997, as amended by Republic Act No. 9337.

Therefore, the AGEPL believes that the government share of 1.5% was interpreted as the difference between the prices of electricity generated from the system, valuated per kilowatt hour basis, and the cost of geothermal steam produced, which caused the substantial decrease of the LGU take home share.

**Eighty percent (80%)**

The RA 7160 provision “that at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located” demands re-assessment, the LGU would assert.

Since there are equally important development projects that need to be implemented at the community, it is logical to use the LGU share on priorities apart from applying solely to lower electricity cost. As in extraction of minerals, the LGU share derived is not solely appropriated to rehabilitate or develop mine sites. In fact, in the study cases, the fund is used to finance priority sustainable development projects. Still others have suggested lowering the percentage to 40% rationalizing that consumers should get the direct benefit through other projects. Regardless of the proposition, it is becoming a major contention that the law provision is no longer appropriate for the present challenges of sustainable development.

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25 See Annex 8 for comparative calculations.
Direct subsidy by way of shouldering the electricity consumption of community residents, maybe a disincentive in the long term as this will not encourage the household to reduce their carbon footprint. So that spreading the monetary gain for the range of development projects other than subsidizing electricity cost is more empowering. The First Cost subsidy appears a sensible form of benefit sharing.

2.3.2 Payment of ecosystem services for poverty alleviation and development, and scenario planning

In both cases studied for the policy review, the concept of valuating for poverty-environment-development impacts is not in the perspective of planning and management. Nonetheless, some of the development interventions carried the “unconscious design” for environmental rehabilitation and/or protection and poverty alleviation.

Perhaps, this lack of context is reflective on the dismal situation of scientific valuation research in the country. While several methodological developments have evolved through the years of economic resource valuation research, only the forestry sector was studied at length with few on the marine sector. The Laguna Lake water had a study. Unfortunately, there is a sprinkling of valuation studies conducted for the mining and energy sectors. Environmental Impact Assessments, which are required for critical industries like mining and energy, are not adequate to foresee the net contribution of an extractive industry to social welfare, essentially because environmental impacts rely on the technical judgments of the assessors and do not measure actual costs and benefits attendant to the extraction.

The present PPEI could embark on valuation studies with the twist, i.e., payment for poverty alleviation cum environmental protection from resource extraction services. The formulation of the AIP could be a target. A thrust is to identify sustainable development indicators for locales with extractive industries and, given the national wealth sharing schema as provided by law. Depending on which sustainability frameworks are adhered to, the generation of SD indicators for an extractive industry will be biased. In the conception, though, the indicators of poverty take a large view in the overall equation of sustainability. Under a strong ecological sustainability paradigm, the threshold level(s) for extraction where the system is able to regenerate or provide balance in the ecosystem is stressed. The measures may include:

- Carrying capacity incorporating supply/demand ratios for resources;
- “Distance to goal” taking into account deviations of the current ecological state from the sustainability “targets,” and
- Resilience.

In general, valuation techniques will be useful for development work, including in the mainstreaming of poverty-environment-development nexus, such as the following:

- On project planning, valuation allows comparison of the costs of impacts and mitigation, respectively, thus the least cost option for mitigation is identified.

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On project appraisal, valuation compares the opportunity costs associated with environmental impacts, and other costs and benefits.

On project appraisal, valuation could estimate the cumulative environmental impacts of projects.

On policy appraisal, “information on the economic value of policy change can assist in setting policy and sectoral priorities. A cost-benefit valuation analysis could identify the best policy option to be taken.

On inter-sectoral investment decisions, valuation analysis could provide the vantage view of development vis-à-vis scarcity or fragility of resources.

On determining financial responsibilities of project proponents, valuation can aid in measuring the amounts for rehabilitation and/or protection, in liabilities after disaster, and probable hazards and risks of a project.

The PES techniques can be used for scenario planning for scenes of “no industry, economy-forced industry termination, or disaster-driven termination”.

2.3.3 Strategic planning

Uncertainties associated to operation stoppage or even closures of investments could not be set aside even if there are steady flows of monies over the past 2 decades. The belief that the presence of the extractive industries will continue is evidenced by “new contracts” entered by the industries and government. However, the twin threats emanate from the fact that these types of revenue generation are dependent on world prices, and are intrinsically exhaustible. The world market could dip any moment and shall determine the slow down or even closure of the industry. In the immediate past, several extractive industries have been significantly affected by the movement of world economy. On the one hand, the impacts on the environment are regional making it unpredictable in terms of the normative functions of ecosystems’ balancing. Science and technology could only predict to reading levels of the symptoms of imbalances in the system. The predicament of the system non-predictability is compounded by the effects of global economic slowdowns and turns, which affect local economic performances or even survival.

The cases studied do not have anticipatory planning and budgeting for industry closures, although accordingly, there had been discussions on the need to prepare for worse scenarios. The LGU needs assistance on the process.

2.4 Recommendations: Way forward to improve governance

The analysis concludes the need to re-visit current policies defining the manner of downloading to the host LGU, the share of revenues generated from the extraction and development of natural resources. The clamor of the LGU is clear, to respect their rightful share, with timely and well-informed amounts of fund transfer so that sustainable development planning, budgeting, and implementation are hastened. Given this, policy reforms have to be instituted in three corrective measures as follows:

(i) Adjustment in the operational policies of laws,
(ii) Amendment to the present law, and
(iii) Integrating the P-E-D nexus in governance regimen of the LGU.
A. Regionalize JMC 2009-1

Recently, in a news release, the “mining companies belonging to the Chamber of Mines of the Philippines (CoMP) are asking the government to allow them to directly pay host LGUs their share in mining taxes.”28 The DILG Secretary agreed in principle “to remove many of the irritants that have plagued the industry...also, because it has been the common complaints of our mayors and governors that they have to wait for a long time to get their share of the mining revenues.” However, the Secretary cited implications such as amendment of RA 7942.29 Obviously, the companies’ proposal is a reaction to the LGU demands for its share to be regularly and automatically released, citing the provision of the law. However, the CoMP knows that this will require recasting of at least the JMC 2009-1. On the one hand, the LGU is educated that the bureaucracy delineates collection from releasing of monies for checks and balances purposes in governance. On this regard, automatically remitting or retaining the LGU share must be consistent with the financial demarcations.

So the question arises, whether it is possible to do local payment. In the previous section, the process of “automatically releasing” the LGU share was explored. On this aspect since the regional office is considered as a microcosm of the functions of a national agency, it is believed that the regional office is vested with authority akin to their mother unit. Therefore, the JMC 2009-1 route of collection and releasing of LGU share could be done at the regional level. All of the flows of information and money illustrating JMC 2009-1 in Figure 10 are possible at the regional level, with the checks and balances accounted for.

Figure 7. The process governing the actions of national agencies in releasing the LGU share from national wealth (Source: Component 3, PPEI-DILG)

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In the meantime, the local officials suggested practical ideas, but without contravening policy (Table 27). Significant in the proposed action is the identification of a lead agency amongst agencies.

### Table 27. Proposed actions to enhance efficiency in the release of LGU share

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regular and automatic release of LGU shares in national wealth</td>
<td>The DILG, DENR (LMB, MGB), NSO, and extractive industry to copy furnish the host LGU of the documents required for taxation purposes, every time that industry payment of tax to the government has to be made.</td>
</tr>
<tr>
<td>Implementation of the essence of the Full Disclosure Policy</td>
<td>The national agency is encouraged to provide explanations on the delay of remittance and/or variance of amounts from the expected. Accordingly, the LGUs in this study will appreciate much the gesture.</td>
</tr>
<tr>
<td>There is not a national agency orchestrating the process</td>
<td>From among the agreeing national agencies, a lead coordinator must be identified to receive and coordinate answer to communications of the host LGU, industry and other concerned parties.</td>
</tr>
<tr>
<td></td>
<td>Additionally, a policy of monitoring and assessment on the collection of tax and downloading of LGU shares should be set in place.</td>
</tr>
</tbody>
</table>

**B. Re-visit DC2009-05-0008**

The Alliance of Geothermal Energy Producing LGUs\(^30\) position that the DC2009-05-0008 (IRR of RA 9513), particularly, Part IV, Rule 7, Section 20A, has mis-interpreted the provision on government sharing. Accordingly, the reduction in the 2011 receipt of share of the Kananga municipality resulted to 400,000 pesos deficit in their commitment to the KAITEC. Money had to be drawn against the general fund.

If the AGEPL is correct, there will be need to amend the IRR because it does not represent the intention of RA 7160. At the law level, there appears no contradiction between RA 7160 and RA 9513.

**C. LGU to use a monitoring matrix**

Table 28 proposes that the LGU develops the sample matrix below as monitoring form which could be used as basis for systematic planning and budgeting. The matrix presupposes that the BIR provides the LGU of its collection and the BTr of its releases.

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\(^{30}\) A 10 September 2010 position paper was sent to the “Appropriate Agencies of the Government Implementing Energy Laws, rules and Regulations and Issuances”. It questioned the IRR of RA 9513 as contravening the spirit of the Constitution and RA 7160.
### Table 28. A monitoring matrix for tracking LGU share

<table>
<thead>
<tr>
<th>Period</th>
<th>BIR</th>
<th>BTr</th>
<th>Expected Date for LGU Receipt</th>
<th>Projected Tax (BIR) in Php</th>
<th>Actual Receipt (BIR) in Php</th>
<th>Release (LGU) in Php</th>
<th>Actual Date of receipt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Qtr 2011</td>
<td>2 Qtr 2011 June 15</td>
<td>3 Qtr 2011 31 July</td>
<td>Feb 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Qtr 2011</td>
<td>3 Qtr 2011 Sept 15</td>
<td>4 Qtr 2011 31 Oct</td>
<td>Feb 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Qtr 2011</td>
<td>4 Qtr 2011 Dec 15</td>
<td>1 Qtr 2011 31 Jan 2012</td>
<td>Feb 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Qtr 2011</td>
<td>1 Qtr 2012 March</td>
<td>2 Qtr 2012 2nd Qtr, May 2012</td>
<td>Feb 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual Total</td>
<td></td>
<td></td>
<td>Feb 2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note**

### D. Legislative action

The LGUs suggest amendment of Title III, Chapter 2, Section 294 of RA 7160, which states that “at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located.” This prescription is reiterated in RA 9513 along with other provisions.

As argued, the LGU must be given the opportunity to decide the best development option for the community. Therefore, it is proposed that the 80% provision be scrapped *in toto*, instead the provision will read as,

“... The proceeds from the share of local government units pursuant to this chapter shall be appropriated by their respective sanggunian to finance local development and livelihood projects; provided, that lowering electricity cost is a priority undertaking”

### E. Mainstream poverty-environment-development nexus via systematic capacity development

Table 29 is a list of possible actions that shall increase the mainstreaming of PED approaches in LGU governance. These include capacity development on topics which will strengthen their competencies in fiscal and financial management and in sustainable development, in general. As a starter, existing training modules have to be assessed for their coverage on PED measures.
Table 29. Mainstreaming poverty-environment-development linkages

<table>
<thead>
<tr>
<th>Issue</th>
<th>Proposed action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity development on P-E-D linkage planning and management</td>
<td>Focused fiscal and financial management emphasizing balance between spending for infrastructure for social services, and production-associated infrastructure. Core competencies in sustainable development. Training modules.</td>
</tr>
<tr>
<td>Improve vertical and horizontal coordination between and among national agencies and LGUs</td>
<td>• Facilitate dialogue with COA. • Provide tax advisory updates to LGUs. • Timely preparation and disclosure of uniform and accurate financial reports, including outstanding debt stock of LGUs.</td>
</tr>
<tr>
<td>Increase access to Philippine PED models</td>
<td>• Prototyping experience of LGUs through systematic documentation. • Knowledge platform. • Advocacy education.</td>
</tr>
</tbody>
</table>

Coordination among oversight agencies (DOF, DBM, DILG, DENR, NAPC) and with LGUs have to be improved. Facilitated dialogues and consultations among the key players on issues associated with the LGU share necessitate openness and positive attitude for change. At the field level, procedures which will guide the LGU to integrate PED approaches in AIP formulation will be beneficial. In like manner, timely advisories such as tax updates and financial reports shall all hasten the process of good governance of the LGU.
3. Locating the Poverty-Environment-Development Nexus in Local Planning & Budgeting and PED Best Practice

This chapter has two parts. Part 1 views the integration of the poverty-environment-development (PED) linkage within the agenda of the Rationalized Local Planning System (RPS). The proposed system has been promoted by the DILG seven years ago (2005) as a scheme to improve the effectiveness of the CLUP, CDP, ELA, LDIP, and AIP in addressing poverty and environmental degradation. The RPS reasons that national government agencies’ needing sectoral or topical plans have to integrate into the CDP, most especially because this Plan sets the boundaries of development given the spatial capacities of the locale, and the AIP for efficient budgeting and implementation of development interventions. While admittedly, not all topical plans could be anticipated, the socio-ecological perspective (1st law of ecology) of the framework plans will connect whatever topical plan there is to formulate for the locale.

In Part 2, the criteria for the poverty-environment-development best practice will be discussed.

PART 1: Locating the PED Nexus in Local Planning and Budgeting

3.1 Local Plans, Agenda and Investment Programs

The significance of deliberate development planning and programming is described in the Constitution of the Republic of the Philippines, which instructs to “give highest priority to ... protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequities by equitably diffusing wealth and political power for the common good” (Article XIII, Section 1). The State appropriates the right to regulate acquisition, ownership, use and disposition of property and its increments, for purposes of order and harmony.

The essence was further emphasized in the LGC, declaring that the “use of property bears a social function and all economic agents shall contribute to the common good... have the right to own, establish and operate economic enterprises” (RA 7160, Article XII, Section 6). To ensure positive contribution of everyone, the LGC defines the process of local planning, legislation, implementation, including budgeting, and monitoring, prescribing the LGU to “exercise the powers expressly granted, those necessarily implied there from, as well as powers necessary, appropriate or incidental for its efficient and effective governance, and those which are essential for the promotion of the general welfare”. Within its respective territorial jurisdiction, the LGU shall ensure and support, among other things, the preservation and enrichment of culture, promote health and

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1 The discussions in the present paper will substantially refer to the voluminous document published by the BLGD-DILG. “Rationalized Local Planning System of the Philippines.” 2005.
safety, enhance the right of the people to a balanced ecology, encourage and support the
development of appropriate and self-reliant scientific and technological capabilities, improve public
morals, enhance economic prosperity and social justice, promote full employment among their
residents, maintain peace and order and preserve the comfort and convenience of their inhabitants
(Section 16)… In conformity with existing law, the LGU prepares its CLUP and enacted through a
Zoning Ordinance which shall be the primary and dominant bases for the future use of land
resources (Section 20)… that the CDP which follows the CLUP framework brings in all interest
groups or sectors into the promotion of general welfare by comprehensively planning for
sustainable development of the locale. It consolidates the programs and projects of the sectors.
Subsequently, the LGU is mandated to craft investment programs to ascertain that the
recommendations of the CDP are set to be implemented guided by the LDIP and eventually in the
AIP and budget (Section 106-115).

Several policy issuances expanded from these laws. Table 30 enumerates the policies which have
become the guide for the CLUP-CDP process. The Housing and Land Use Regulatory Board
(HLURB), among many agency of governance, is a pivotal player in local planning. On this regard, it
published in 2006 a 4-volume CLUP Guide Book (CGB) to facilitate production of the document by
the LGU.

<table>
<thead>
<tr>
<th>Law/Policy</th>
<th>Article/Section</th>
<th>Prescription</th>
</tr>
</thead>
<tbody>
<tr>
<td>RA 7160</td>
<td>Sections 447(2)(vii) /458(2)(vii)</td>
<td>“Adopt a Comprehensive Land Use Plan for the municipality (Sec. 447(2)(vii)/city, (Sec.458(2)(vii): Provided, that the formulation, adoption, or modification of said plan shall be in coordination with the approved Provincial Comprehensive Land Use Plan.”</td>
</tr>
<tr>
<td></td>
<td>Sections 447(2)(ix) /458(2)(ix)</td>
<td>Enact integrated zoning ordinances in consonance with the approved Comprehensive Land Use Plan, subject to existing laws, rules and regulations…”</td>
</tr>
<tr>
<td></td>
<td>Sections 447(a)(2)(vi or ix) /458(a)(2)(vi)</td>
<td>Prescribe reasonable limits and restraints on the use of property within the jurisdiction of the municipality</td>
</tr>
<tr>
<td></td>
<td>Sections 444(b)(3)(vii) /455(b)(3)(vii)</td>
<td>Adopt measures to safeguard and conserve land, mineral, marine, forest, and other resources of the municipality</td>
</tr>
<tr>
<td>Article VI Section 476 (b)(1), (b)(5)</td>
<td>The Planning and Development Coordinator shall (a) formulate integrated economic, social, physical and other development plans and policies for consideration of the local development council; (b) prepare comprehensive plans and other development planning documents for the consideration of the local development council</td>
<td></td>
</tr>
<tr>
<td>Other related legal bases on CLUP formulation provided for under RA 7160 are found under Sections 106(a); 109, a,1,2 and 458(2)(ix), 476(7).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chapter 3, Book III, Article III, Section 468, 2, (vii)</td>
<td>Mandates the HLURB to review the Comprehensive Land Use Plans and zoning ordinances of component cities and municipalities and adopt a Comprehensive Provincial Land Use plan, subject to existing laws</td>
<td></td>
</tr>
<tr>
<td>EO 72</td>
<td>Sections 1(a,c) and 2(a,e,f)</td>
<td>The HLURB and the Sangguniang Panlalawigan to review and approve the prepared CLUP of the LGU (a) Cities and municipalities shall continue to prepare or update their Comprehensive Land Use Plans, in conformity with the land use planning standards and guidelines prescribed by the HLURB and to national policies (c) Cities and municipalities of Metro Manila shall continue to formulate or update their respective land use plans, in conformity</td>
</tr>
<tr>
<td>Law</td>
<td>Section</td>
<td>Description</td>
</tr>
<tr>
<td>-----</td>
<td>---------</td>
<td>-------------</td>
</tr>
<tr>
<td>RA 7279</td>
<td>Section 3(k)</td>
<td>The law defines Land Use Plan as the rationale approach of allocating available land resources as equitably as possible among competing user groups and for different functions consistent with the development plan of the area and the program. The extent of comprehensiveness and the focus of land use planning process as well as the preparation of the CLUP document are defined within the bounds of land resources which must be consistent with the development plan of the area.</td>
</tr>
<tr>
<td>EO 648</td>
<td>Article II, Section 5(a)</td>
<td>The HLURB is mandated by the following issuances to formulate land use planning guidelines and standards: Promulgate zoning and other land use control standards and guidelines which shall govern land use plans and zoning ordinances of local governments.</td>
</tr>
</tbody>
</table>

### A. Rational planning

A way of systematically orchestrating development is by cohering the plans and programs, which the LGUs have been citing as problematic. Such is rational planning that ascertains a continuous flow of directed local development efforts. In the schema, NGAs will harmonize or dovetail their plans/programs with those of the locale to avoid further confusing the LGU and de-load the LGU of too much local planning. The proposal asserts that rationalization of local planning means that development agents should comply with the provisions of RA 7160. This being the case, everyone must gravitate their needs for local plans into the CLUP, which is the spatial framework, and the CDP, which is the master development framework of the locale; and promote meaningful participatory planning with the different local development stakeholders.

Rational planning also relate to the planning process that produces two distinct instruments, the CLUP and a CDP based on interpretation of specifically Sections 106 and 109 of the LGC.

The LGU has dual planning functions. As a political body, it has the legal authority over its territorial endowments, including their disposal provided the process is within the laws of the Republic of the Philippines. Since it is a local microcosm of the national polity, national development programs and projects are implemented in the LGU territory, although, ensuring that these augment, add on, or up-scale the local development initiatives. The actions need to be purposeful and within the prescription of a framework plan of sustainable development. As a corporate body, it “represents its residents, the inhabitants within its territory, therefore is endowed with powers and resources necessary for its efficient and effective governance, and to deliver basic services and facilities to enable inhabitants to develop fully into self-reliant communities.” Importantly, the LGU has the
power to conduct investments and/or wealth generating activities to finance its programs and projects of development. This fiscal autonomy of the LGU as enshrined in the laws assures the support required for local development.

Rationalizing local planning is a challenge given the myriad of plans produced by the LGU, not of their making but because of the requirement of most NGAs. The RPS cited two ways, however in this discussion, three more areas are added to complete the rationalization for sustainable development. In fact, the additional rationalizing acts are the core intentions of locating the PED nexus into the planning regimen of the LGU. This is to say that by the end of the day, a concrete gauge of local sustainable development is how much poverty is alleviated; the environment protected, and how well are the processes of empowerment supportive of the previous.

1) **Delineate and define a CDP, meaning that the CDP should be a distinct plan document from the CLUP.**

   The conceptual base of the CLUP as it is packaged is adapted to environments which have reached certain levels of sufficiency or satisfaction development. In economic measures, it means that the per capita income or the Gross Domestic Product (GDP) are sufficient to support the basic needs of the population, and provides surplus for leisure and entertainment. In a short synthesis: science outputs flow fluidly into development for use, and that development outputs demarcates the challenges of future scientific work.

   Unfortunately, these twin general factors of sufficiency or satisfaction development are yet to be realized in the Philippines. In another view, the general population lacks the capacities to control and manage the intrinsic hazards of the dynamics of the natural landscape. The present state of tropical and sub-tropical environmental science is unable to provide the information that development is requiring. A collapsed CLUP-CDP therefore makes the connection blurred and baffling to the LGU, the eventual user, especially because many of these countryside municipalities, are technically wanting.

   The CDP is of course development-oriented which reasons its focus on the multi-sectoral interest demands for local sustainable development. To the extent that information is provided from the data gathering of the CLUP, the meticulous sieving of sectoral and inter-sectoral interactions are comprehensively covered by the CDP. Interventions from the national or any higher administration could thus be incorporated with a sector or in combination of sectors.

   The immediate impact is the reduction of work load of the LGU as well as the Provincial Land Use Committee, which shall now focus on the review on the CLUP. Currently, both the CLUP and CDP are formulated as a single document following the CGB.

2) **Plan horizons are held on check.**

   A continuity of rational development intervention in the locale is ensured, that is, if national agencies requesting for plans and programs recognize the primacy of local plans. The plan horizons are considered: CLUP (10-15, others opt for 20 years); CDP (6 years coinciding with the Medium Term Philippine Development Plan, MTPDP); ELA (3 years); LDIP (3 years), and the annual term AIP.

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2 This will be discussed in the latter sections, but in brief, landscape is a generic term which refers to the endowments on the upper stratum or the geosol.
This pragmatic way of timetabling plans will lead to full-orchestration of local development, and in the end, national development.

3) **Take a defined “collaborative method” for data generation and analysis; place no accommodation for methodological development**

In this review, the Ecological Profile (EP), Community-Based Monitoring System (CBMS), and the National Housing Targeting System - Poverty Reduction (NHTS-PR) were examined and identified small confluences of method. In the minimum, the planning and programming tasks adopt a method which could generate the information for poverty alleviation, environmental protection, and empowerment of peoples. While more work must accompany this attempt to integrate, the paper’s suggestion to entertain an “easier and less policy-oriented integration” may propel further serious study on methodological development.

Methodological development is a continuing process, although it is illogical to make this as a development objective of work for local sustainable development. Academics and theorists are enjoined to use other venues for “pure methodological development” rather than on the local development process, which could have the slightest understanding and appreciation on the nature of methodic line. However, the “post-modern approaches in method development” is a fertile arena for such theoretical work, and the local experience is indeed, an excellent source for reflection.

4) **AIP as the integrating point for year-projects and annualized programs.**

Annualized NGA programs and projects should be integrated in the AIP, and exception to this rule is not allowed. The forcing of efforts into the AIP is to gravitate development in a stroke, in so doing, the impacts created on poverty alleviation; environmental protection and empowerment process are escalated. A bigger development dent is achieved. In ecology, this is bio-magnification of influences of coalesced factors.

Section 3.4 assesses the potential of the integration, particularly utilizing the AIP matrix vis-à-vis the poverty indicators. It should be a good start at finding more practical ways of integration.

5) **Development policies are for people**

Perfectly understandable is the fact that LGU packages the CLUP and CDP as a single plan instrument. For several reasons the mandated HLURB has guided the development of the document. This process has gone through decades of use by the LGU, which will then question attempts to dis-aggregate the system, like the RPS proposal. LGUs are expected to follow the CGB.

However, with the concern for climate change impacts, disaster risk management, global marketing economy, etc., it is becoming a need rather than a requirement that LGUs evolve their master development plan to absorb the challenges and opportunities brought about by these urgent issues. On this regard, policies have to adjust to the requirements of peoples and their environment, thus, reform policy.
B. Local Planning Bodies

The following are the planning institutions in the LGU, which can be delineated as political and technical bodies. Their functions are specific to the nature of participation in the planning process. For example, the Local Sanggunian legislates a Zoning Ordinance, and the Local Planning and Development Office as the key technical arm of the planning activity. Civil Society Organizations (CSOs) and the Private Sector Representatives bring into the planning process the interest of the general public including the business and commerce.

**Political**
1) Local Sanggunian
2) Local Development Council
3) Congressman’s Representative
4) Civil Society Organizations

**Technical**
1) Local Planning and Development Office
2) LGU Department Heads
3) Local Special Bodies
4) LDC Sectoral/Functional Committees
5) NGA Office Chiefs in the locality
6) Private Sector Representatives

Of the planning bodies, the Local Development Council (LDC) is central to the process largely because it represents a populist characterization of the locale, thereby it could effectively promote broad-base and bottom-up participatory planning. As designed, the key players of development are members of the Council. A multi-party interest features the voice of the Council as it initiates the production of the comprehensive multi-sectoral development plan. In this context, the LDC must be strengthened and accorded with support and respect for deciding the priorities for development intervention in the locale. Section 106-115, Title VI of the LGC defines the structure, functions and authorities of the LDC.

The different bodies of the LDC participate in the planning activity. The representation of the parties and their active participation will virtually determine the quality of the development response that the CDP carries for the spatial units for development as profiled by the CLUP.

C. Base concepts

**Landscape ecology**
In the earth sciences, the concept of land is collective to encompass the natural resources found on the surface. For example, the Land System modelling in Australia refers to land as the pedogeomorphic and biogeographic characteristics of the landscape, also sometimes technically known as geosol. Therefore, in its pristine state, land includes the soil, water, physiography, vegetation, fauna, and all other geomorphic features.

The combined interaction of each of the sub-system influences the eventual soil landform. Climate elements also factor in the dynamics of land formation. The combined interplays of these internal and external variables virtually determine the intrinsic capacities of the land, to include its

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3 See Annex 12 for the LDC functions in the planning process.
constraints and inabilities to assist human habitation and her/his activities. A large percentage of these natural constraints or liabilities are insurmountable by the present state of scientific capacity. The AR5 of the UNFCCC attests facts which strongly indicate the rebound of nature, which are characterized by devastation of lives, properties and everything at the landscape.

Landscape is the anthromorphic term. This is the segment of the earth which is utilized for human usage or land use, either for personal gain or for the public, a property which can be owned, sold, rights transferred or waived, and conserved.

**Landscape economics**
The value of land is a function of several “use speculations”, which explains the escalating and later undulating prices associated to a zoned land. Where the demand is high, land value becomes exorbitant even more so with scarcity. Urban centers for this matter are the most valued land on earth. For example, the Bonifacio High Street at the Global City in Metro Manila has the most valued piece of land in the Philippines, at least in terms of dollars and cents of mainstream economics. This was not so in recent past.

A best land use may be obscured with present land uses, so that the price of land could be conservatively low. With speculation though, the same land spot could cost thousands times over the current value in only few years with speculative economics. These are seen with the retail industry proliferating in the countryside.

But, an often neglected variable in land pricing are the intrinsic character of the landscape and its response to externalities.

**Land utilization**
The anthropocentric perspective of CLUP & CDP asserts that the inherent land constraints and inabilities can be addressed with engineering. Land is meant to be used by humans. The Philippine constitution protects a citizen’s right to own and use his/her property within the conditionality of the permits issued by government setting the scope and limitations on its use.

A requisite process in land utilization is land use planning. “Land use planning refers to the rational and judicious approach of allocating available land resources to different land using activities, (e.g. agricultural, residential, industrial) and for different functions consistent with the overall development vision/goal of a particular locality.

It entails the detailed process of determining the location and area of land required for the implementation of social and economic development, policies, plans, programs and projects. It is based on consideration of physical planning standards, development vision, goals and objective, analysis of actual and potential physical conditions of land and development constraints and opportunities. Accordingly, land use planning is done to (1) promote the efficient utilization, acquisition and disposition of land and ensure the highest and best use of land; (2) direct, harmonize and influence discussions and activities of the private and public sectors relative to the use and management of land; (3) reconcile land use conflicts and proposals between and among individuals, private and government entities relative to the present and future need for land; (4) promote desirable patterns of land uses to prevent wasteful development and minimize the cost of public infrastructure and utilities and other social services; and (5) conserve areas of ecological, aesthetic, historical and cultural significance.”

However, the intrinsic constraints of the active land forming mass of the Philippines will every now and then threaten or even dispel development, and no amount of engineering could stop what nature deems as its corrective measure to re-establish balance. The caution to human development is to be aware of the threshold limits of the biophysical landscape and never to hit the tipping point of the landscape.

**Planning for sustainable development**

The alleviation of poverty is the focus of development requiring the creation of an economic environment for sustained and broad-based growth; equity in opportunities for employment, increased productivity and income; and food security (PA 21, 1998). Utilization and allocation of resources are efficiently and equitably channeled to concerns generating greater benefits (and accumulating), which are distributed to beneficiaries based on needs. Under the system, biodiversity is sustained with implementation of environmental laws on resource conservation and environmental restoration. An end-goal of the sustainable process is democratic institutions participated by stakeholders, claiming development as they empower through good governance with accountability, transparency, responsibility, and respect to multi-culture peoples. Only then shall peace and solidarity are achieved.

**Policy**

The policy coverage of the CLUP approximates a notion of landscape ecology, leaving no area in the landscape without governance policy (Figure 8). Internal influences on the physical development and conservation are considered in the planning. As to the external influences, these are locally correlated with the re-generative capacity and self-growth of the landscape, akin to climate change adaptation which is locale specific.

The four (4) policy domains include the, protected areas, settlement areas, infrastructure areas, and production areas. For the settlement area are land uses and physical resources with degrees of urban or rural concentration vis-à-vis demand and supply requirements. Production areas are land uses for the range of economic activities while protection areas are resources requiring protection, conservation, rehabilitation, and nooks that should be considered in relation with disaster risk reduction measures. The infrastructure area of policy pertains to capital investments enhancing spatial integration, production efficiency and social service delivery.

Planning is an activity of empowerment of stakeholders when the activity is participatory, transparent, accountable, legitimate and acceptable to the community, and promoting equity and equality. The resulting plans uphold two principles in resource utilization and allocation, i.e., co-management and gender sensitivity.
D. Cascade of Plans, Agenda, and Program

The sequence of planning-programming is discussed in the RPS in four modules. An idea is causal modality, which divides planning into spatial planning and development planning, respectively, from investment programming.\(^5\) It is essential to locate consistency with regional and national development directions. On the main, it will be more beneficial as elaborated in later sections of the paper, that the CLUP is completed before hand so it could serve as the spatial framework of the CDP formulation. Thereafter, the CDP is translated into concrete investment programs, projects and activities.

Module 1 is database building or updating for established systems. The profiling work in the existing system utilizes the ecological profiling methodology. A long-standing issue deliberated on profiling methodologies is the level of fineness (minuteness) that the profiling will delve into given that there are no all-encompassing methodologies. As argued, the completeness of a method is gauged by the holonic data it could provide for a holarchical analysis.\(^6\) Simply, this refers to putting

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5 See Annex 13 for the typical cascade of local planning and programming instruments.
6 This is a borrowed concept from environmental pedogeomorphology which refers to intrinsically complete holons nested in a hierarchical modality of relationships.
a reasonable boundary on the variable(s) from which data is generated. The system of using process and state indicators in pressure-state-response model could effectively define the boundary. In which case, the resulting information from data collation must be adequate for defining local development indicators, and an accomplished problem-solution analysis. Map production is a mainstay activity.

In Module 2, goals are formulated or revalidated along with possible amendment to the vision, as the case maybe. The operative factors are the so-called success variables. Module 3 is the formulation of the spatial framework with outputs as the draft CLUP or the PPFP for the province; policy maps; and the draft Zoning Ordinance. Module 4 is the formulation of the CDP and the ELA. The plan horizons are 6-years for the CLUP, and 3-years for ELA. Corresponding with the ELA is the 3-year LDIP.

### 3.2 Brief on the Formulation of Local Plans and Programs

#### A. Comprehensive Land Use Plan (CLUP)

The CLUP formulation assumes that the Ecological Profile (EP) has made full use of the barangay information where planning is active, and that these have been part of the process in detailing the EP and its use in the problem-solution analysis. The vision is revisited in consonance with the goals of higher plans (provincial, regional, and national), especially in the four areas of settlements, infrastructures, production areas, and protected areas, respectively. Usually, these goals as the RPS suggests, are to “effect rational population distribution; to ensure access by the population to basic social services and economic opportunities; to promote sustainable utilization of resources, and to protect the integrity of the environment.”

In general, the CLUP formulation is staged in 5 parts, such as:

1. Projecting good balance of demand and supply of land for urban development;
2. Prototyping spatial strategies/urban forms;
3. Evaluating the alternative spatial strategies and choosing the best option;
4. Detailing the preferred spatial strategy; and
5. Formulating the landscape policy framework

The planning horizon varies, although the CGB suggests 10 years in the minimum with possible reviews every three years coinciding with the terms of office of elected officials. RPS says 15 years. As regards the structure and contents, the CGB is followed since the HLURB is the mandated institution and has the biggest voice in the approval sequence. For purposes of standardizing the reviewing of CLUPs, a structured formatting of the content is suggested, as below:

**VOLUME 1 – The COMPREHENSIVE LAND USE PLAN**

PRELIMINARY PAGES
RESOLUTION adopting the CLUP and enacting the ZO
FOREWORD
BRIEF PROFILE OF CITY/MUNICIPALITY (GENERAL INFORMATION)
  Brief History

7 The HLURB Guide for the LGUs combines the CLUP and CDP into a singular document. Admittedly, there is an on-going discourse amongst planners whether to separate the two plans into two distinct but interconnected documents. The RPS argues for separate documents.
3. Locating the PED Nexus in Local Planning & Budgeting and PED Best Practice

Human Resource
Physical Features
Physical/Infrastructure Resources
The Economic Structure
Existing Land Use and Land Use Trends
Comparative/Competitive Advantages
Weaknesses: Priority issues and concerns
Functional Role of the City/Municipality

THE COMPREHENSIVE LAND USE PLAN
Vision / Mission
Goals, Objectives, Strategies
The Concept/Structure Plan (text and map)
The Land Use Plan (Text and Map Format)
Priority Programs and Projects

GLOSSARY OF TERMS AND ABBREVIATIONS AS NEEDED

THE CLUP BROCHURE (Suggested as a page of information material which contains the Vision/Mission, Goals, Objectives, Land Use Plan Map and Priority Programs and Projects)

VOLUME 2
A. THE ZONING ORDINANCE (text)
SB/SP Resolution enacting the ZO
Title and objectives of the Ordinance
Substantive elements comprising articles on the following:
- Definition of Terms
- Zone Classifications
- Zone Regulations
- General District Regulation
- Innovative Techniques
- Miscellaneous Provisions
- Mitigating Devices
- Administration and Enforcement

B. THE ZONING MAP
This is the Official Zoning Map enacted by the LGU and duly ratified and authenticated by the approving body (Sangguniang Panlalawigan/HLURB) which is an integral part of the Zoning Ordinance. It is the graphic presentation of the zone classifications/designations, location and boundaries of the districts/zones that were duly established in the zoning ordinance.

VOLUME 3 – THE SECTORAL STUDIES
Sector analysis, both technical and participatory, shall be summarized in a matrix form emphasizing on the findings/observations and their causes, effects/implications, and possible interventions. In its final form, an integrated listing of priority issues and problems concerning the sector and across sectors, shall be highlighted together with the recommended policies, strategies and priority programs and projects.

B. Comprehensive Development Plan (CDP)

The strongest proponent for a CDP is the RPS which states that the term comprehensive means multi-sectoral, covering five development sectors, i.e., social, economic, physical/land use, environmental management, and institutional development. While promoting the general welfare of the constituents, the CDP could provide a convergence mechanism to integrate all existing topical and thematic plans required by NGAs such as disaster risk management plan, anti-poverty plan, and others. This functional character of the CDP justifies that this be produced separately from the CLUP. It states that “development is both a product and a process.

The four-chapter “Enhanced Guide to Comprehensive Development Plan for Local Government Units” produced by the BLGD-DILG includes tools and techniques for the conduct of the comprehensive development planning.
Chapter I – Organizing and mobilizing the planning structure
The process organizing the Planning Team, criteria for membership and responsibilities are explained in the section. The participatory planning framework is discussed and used as foundation idea along with the how to’s, for the training of the Planning Team and orientation of the Local Chief Executive (LCE) and members of the Sanggunian.

Chapter II – Preparing the Plan
Every step of the sectoral planning process is meticulously discussed. Easy-to-use-and-follow tools and techniques are made user-friendly without diminishing the robustness of the method.

Chapter III – Implementing the Plan
The three principal instruments in implementing the CDP, namely, the LDIP, Legislative Agenda (LA), and the ELA, are discussed. Also, it shows a process of formulating a Capacity Development Agenda.

Chapter IV – Plan Monitoring and Evaluation
The participatory monitoring and evaluation process is discussed highlighting its importance in iterating the plans by way of responding to emerging challenges of development.

An overall illustration of the comprehensive development planning is shown in Figure 9. The sequence of the cyclic process depicts the input-output-throughput system of progressive work. There may be sub-routes created along the process particularly for situations of clogged control valves, but on the main the major activities (boxed) must be done before the throughput is realized.

Figure 9. An input-output-throughput relationship of major activities in CDP formulation
The LDC which plays the most important role in the CDP formulation serves as the lead convenor of the sectoral committees created on the basis of RA 9003, RA 8335, and the LGC. For a comprehensive coverage, the LDC organize these sectoral committees, ensuring multi-stakeholder membership in technical committees, to include government, private, academe, religious, professions, civil society, members of the Sanggunian, and individuals.

C. Executive and Legislative Agenda (ELA)

The LCE is expected “to present the program of government and propose policies and projects for consideration of the Sanggunian Bayan, and initiate and propose legislative measures to the sanggunian (LGC, Sec 444, 1iii, iv).” The ELA must emanate from the approved and budgeted CDP.

The ELA contains the three-year priorities of the executive and legislative departments of the LGU. With it are the prioritized programs, projects, as well as development thrusts not included in the CDP. It is a term-based document which is assumed as co-terminus with the elective officials’ appointment terms of three years. The instrument is a powerful tool since it is legislated.

The Manual on the Local Planning Process Formulating the CDP and ELA in ARRM produced presented a stepwise procedure for the formulation of the ELA. The task could be overwhelming but necessary for the programs and projects to get approved by the legislature which is of course a politically charged body of the LGU.

D. Local Development Investment Program (LDIP)

The LDIP is the instrument implementing the CDP, principally. It links the plan to the budget with identified programs and projects that expresses the exercise of powers of the LGU and the discharge of duties and functions for effective governance and promotion of general welfare. These may also include the devolved roles and functions from the national government as prescribed by the LGC. “The LDIP therefore is not simply a list of programs and projects that the LGU wants to carry out. It should also contain a program for planned financing or for using the investible portion of the local budget to finance the implementation of those programs and projects and/or raise additional funds utilizing the LGU’s fiscal management powers and authority. Necessarily, two important bodies in the local planning structure are involved in the LDIP preparation, the LDC and the Local Finance Committee.”

E. Flows of Plans and Programs

RPS presents an eloquent sequence of the four modules in the preparation of the plans and programs. The CLUP-CDP-LDIP Process Flow appears daunting, and it is because the tasks will eventually determine the future scenario of development, a responsibility of the present generation to the upcoming residents of the locale.

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8 See Annex 14 for the CLUP-CDP-LDIP process flow.
3.3 Knowledge Management for Poverty Alleviation Planning

The data generation methods or techniques examined in this report use indicators although in varying intensities, and espouse time-series information. The discussions following clearly confirm this bias. There is a sense though, that the synthesized information is not a reasonable representation of the voluminous character of the data generation processes. The other interpretation is that there has not been adequate collection of data on the core variables. Both inadequacies are serious in spatial planning, but the former could be corrected by lessening the “reductionist errors”, firstly, on the framework, and secondly, in the sieving of data.

Approaches in data generation and analysis

A. CLUP

The general approach of the CGB is depicted on the manner that information is packaged in the CLUP based on the population-environment-development framework (Figure 10). It is suggested that the framework imbibes some aspects of ecologic models of interaction so that the variables of intrinsic weakness and regenerative capacities of the landscape are determined in line with thresholds or limits of use. But on the main, the framework is a good representation of the interactions of the drivers of spatial utilization.

![Figure 10](source: CGB, 2007)

The two sets of information as listed below include; (1) a brief profile of the LGU which is at the level of general information, and (b) sectoral studies which are descriptions of the capacities of the sectors.
**BRIEF PROFILE OF CITY/MUNICIPALITY (GENERAL INFORMATION)**

Brief History

Human Resource
- Population (size, growth rate, density, distribution, labor force)

Physical Features
- Geographic location, territorial jurisdiction, barangay subdivision

Physical/Infrastructure Resources (Inventory of Maps and Tables)
- Transportation Network (internal and external linkages)
- Social Services facilities/utilities/amenities

The Economic Structure
- Revenue sources (Industries, agriculture, etc.)
- Employment
- Average Family Income and Expenditure vis-à-vis Poverty Level

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**VOLUME 3 – THE SECTORAL STUDIES**

1. Demography
2. Physical/ environment
3. Social sector
   - Housing
   - Health
   - Education
   - Protective Services
   - Sports and Recreation
   - Social Welfare
4. Economic Sector
   - Industry
   - Commerce and Trade
   - Agriculture
   - Forestry
   - Tourism
5. Infrastructure and Utilities Sectors
   - Transportation
   - Power
   - Water
   - Communication
   - Solid Waste Management

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On the economic sectoral studies, the amount of data to be collected is enormous on agriculture, commerce and trade, industry, and tourism. The CGB has recommended integrated analyses of the voluminous data (pages 192-200) with use of quantitative and qualitative analysis. However, missing in the analytical tool are resource valuation techniques, perhaps owing to the weak study framework on the biophysical profiling. The areas of data generation are extensive, enumerating the biophysical data that the CLUP formulation will need. However, considered deficient are data on physiography especially because the landscape is under serious threat of climotogenetic and physiologic changes that shall gravely impact on spatial management, in many times in recent past, control the system. This part of the framework-methodology is the weakest in the current CLUP preparations.

**B. CDP and LDIP**

The information requirement for the formulation of the CDP and LDIP would be drawn from the sectoral studies unless new challenges have surfaced after the biophysical and sectoral studies have been conducted. The other situation is when the CDP and LDIP have to be renewed after six years for the CDP and three years for the LDIP or just after the local elections. It is likely that there will be specialized information requirements on the basis of the MTPDP prescriptions which the CDP must consider. For LDIP, it is expected that few information sets will be needed. Largely, these are situational information.

**C. Community-Based Monitoring System (CBMS), and the National Household Targeting System for Poverty Reduction (NHTS-PR)**

The data and information generated from “unrelated” methodologies have problematized anti-poverty intervention programs. Some adjustments have been made to converge the methodologies, principally for those into the CLUP and CDP formulation, although will argue that the socio-

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9 CGB, 2007, Table4-1, pp 41-42.
ecological profiling activity is the important information base for comprehensive planning. The RPS recommended that the Socio-Economic Profile is adjusted into an Ecological Profile (EP) supposedly for “completeness of coverage, and to give due recognition and proper space for the bio-physical or ecological dimension. The EP should have as its basic minimum content the five development sectors, namely, population and social services, the local economy, bio-physical base, the existing infrastructure support, and the institutional capability of the LGU. For consistency, these five sectoral headings are retained to allow comparison between sectors across time.”

The periodicity of the EP is a pre-condition. This means that the EP contains time-series information showing both quantitative and qualitative measures on the different variables identified as the best representation of the landscape system for development. Conceptually, this requirement ushers a complex of methodological issues such as benchmarks and instruments or gauges for change in the variable. The two ways to skirt around the dilemma is to use popular labels as “markings (some will opt for milestones) and the use of an indicator system.” An example is to use the “1999 marking” as the base year since it is the close of the century, and the local poverty indicators, as above.

The issuance of MC2003-092 is a classic attempt to provide integration for local poverty indicators as part of the profiling activity. After examination of the Minimum Basic Needs-Community Based Indicator System (MBN-CBIS), Minimum Basic Needs-Community Based Poverty Indicator and Monitoring System (MBN-CBPIMS), Integrated Rural Accessibility Planning (IRAP), and the CBMS, the policy enumerates the local poverty indicators (Table 31) which should guide the data generation and collation activities for planning. The set of poverty indicators was adopted by the 6th NAPC En Banc Meeting through an En Banc Resolution No. 6, however advising the LGUs to add other indicators specific to their locale.

### Table 31. Local poverty indicators (MC 2003-092)

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Survival</strong></td>
<td></td>
</tr>
<tr>
<td>Health</td>
<td>1. Proportion of children aged 0-5 years old who died to the sum of children aged 0-5 years old</td>
</tr>
<tr>
<td>Nutrition</td>
<td>2. Malnutrition prevalence/Proportion of children aged 0-5 years old who are malnourished to the total number of children 0-5 years old</td>
</tr>
<tr>
<td>Access to Basic</td>
<td>3. Proportion of Households without access to safe water</td>
</tr>
<tr>
<td>Amenities</td>
<td>4. Proportion of Households without access to sanitary toilet facilities</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td></td>
</tr>
<tr>
<td>Shelter</td>
<td>5. Proportion of Households who are squatting</td>
</tr>
<tr>
<td></td>
<td>6. Proportion of Households living in makeshift housing</td>
</tr>
<tr>
<td>Peace and Order</td>
<td>7. Proportion of Households with members victimized by crimes</td>
</tr>
<tr>
<td><strong>Enabling</strong></td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>8. Proportion of Households with income less than the poverty threshold</td>
</tr>
<tr>
<td></td>
<td>9. Proportion of Households with income less than the food threshold</td>
</tr>
<tr>
<td></td>
<td>10. Proportion of Households who eat less than 3 meals a day</td>
</tr>
<tr>
<td>Employment</td>
<td>11. Unemployment Rate</td>
</tr>
<tr>
<td>Education</td>
<td>12. Elementary participation rate</td>
</tr>
<tr>
<td></td>
<td>13. Secondary participation rate</td>
</tr>
</tbody>
</table>

Recently, the NAPC has recommended the utilization of the combined CBMS and the NHTS-PR of the Department of Social Welfare and Development (DSWD), to target and monitor progress of communities under the Pantawid Pamilyang Pilipino Program (PPP) of the Aquino administration.
In the system, the CBMS core indicators basically adopted the MC2003-092 indicators of local development, and added an indicator “female deaths due to pregnancy-related causes” for health and nutrition.

Targeting of anti-poverty interventions should be ideally error-proof or errors are reduced to the barest minimum. Reportedly, about Php 20-30 billion are wasted due to faulty targeting, so that the need to focus the data generation and information collation to the poor is desired given the limited resources. It is believed that combining the NHTS-PR and CBMS approaches will reduce leaks in the anti-poverty efforts.

**The NHTS-PR**
The NHTS-PR is a data management system that identifies the poor and their location. It unifies criteria for the selection of the poorest population, facilitates the sharing of solid database for public and private social protection stakeholders, and reduces leakages (exclusion and under-coverage of poor, as well as inclusion of non-poor).

At least three policy issuances support the NHTS-PR, namely, EO 867 s2010 (Providing for the Adoption of the National Household Targeting System for Poverty Reduction as the Mechanism for Identifying Poor Households who shall be Recipients of Social Protection Programs Nationwide); NAPC MC No. 1 s2009 (Directing All Anti-Poverty Programs and Projects to Focus on the One Million Poor Households as Beneficiaries); and the NSCB Resolution No. 18 s2009 (Recognizing and Enjoining Support to the National Household Targeting System for Poverty Reduction being Implemented by the Department of Social Welfare and Development as a Tool to Identify Beneficiaries of Social Protection Programs).

About 10,078,232 households (April 2011) were assessed and their household characteristics stored in the targeting database using a four-phase methodology. First, is the selection of areas based on poverty incidence by provinces, municipalities and barangays, i.e. geographical targeting, using the 2006 Family Income and Expenditure Survey (FIES) of the NSO, and the 2003 Small Area Estimates (SAE) of NSCB. When the poverty incidence in a municipality is higher than 50%, all barangays are to be assessed, otherwise, the target barangays are selected based on local socioeconomic indicators for pockets of poverty. Second, is the household assessment through house-to-house interviews using the 2-page 34-variable Household Assessment Form. The HAF is a two-page questionnaire with 34 variables (household composition, education of household members, employment, housing structure (construction materials of the roof and walls), and ownership of assets, etc.) considered as good proxies for income. The data are encoded via the softwares (PhP and MySQL) followed by calculating the income of the households using the Proxy Means Test. The households could then be ranked with reference to the municipal/provincial poverty threshold.

Third, is the validation and finalization of the list of poor households through the Local Verification Committee that will manage errors in the results. The activity ensures the integrity of data. Fourth, is report-generation and information-sharing with potential end-users, such as government agencies and private social protection stakeholders. The information is in database.

**The CBMS**
The CBMS is an older methodology dating back to the 1980s of community-based instruments which then proliferated. Believed to be an organized way of collecting ongoing or recurring information at the community level, the local governments, national government agencies, NGOs, and civil society, could use the information for planning, budgeting, and implementing local
development programs, as well as for monitoring and evaluating performance. Just like other community based methodologies, it promotes local governance and democratic decision-making that advances transparency and accountability in resource allocation. The target users are policymakers and program implementers monitoring impacts of anti-poverty efforts and policy shocks on socially vulnerable groups. The campaign for its use is that “CBMS implementation is in itself a poverty-reduction policy.”

The policy is supported by several MCs and policy issuances, such as the NEDA Board Social Development Committee Resolution No. 3, s2006, (Enjoining All National Government Agencies and LGUs to Adopt the CBMS as the Systematic Monitoring Tool to Diagnose the Poverty Situation at the Local Level); NAPC En Banc Resolution No. 7, s2003 (Directing LGUs to Adopt the 13 Core Local Poverty Indicators as the Minimum Set of Community-Based Information for Poverty Diagnosis and Planning at the Local Level); DILG MC 2003-92 (Setting Policy Guidelines for the Adoption of the 13 Core Local Poverty Indicators for Planning, April 2003), and MC 2004-152 (November 2004) encouraging LGUs to intensify their efforts towards the achievement of the MDGs. This Circular also enjoins LGUs to use monitoring systems such as MBN-CBIS, CBMS, IRAP, etc., in monitoring the nature and extent of poverty; NSCB Resolution No. 6 s2005, which recognizes and enjoins support for the CBMS as a tool for strengthening the statistical system at the local level. It also directs NSCB technical staff to initiate and coordinate an advocacy program for the adoption of CBMS by LGUs through the Regional Statistical Coordinating Committee, the technical arm of the NSCB Executive Board in the regions; and the League of Municipalities of the Philippines MCs 027-2006 and 027-2006B enjoining member LGUs to adopt (or sustain the adoption of) the CBMS as a tool for local poverty diagnosis and to institutionalize them as part of the system of local governance. At the same time, the League has issued these circulars to ensure the incorporation of the MDG targets and employment of CBMS data in local development plans at the municipal and barangay levels for focused poverty targeting.

Sixty two (62) provinces (32 of which were conducted province-wide), seven hundred twenty nine (729) municipalities and forty four (44) cities (total of 19,065 barangays) have implemented CBMS as of April 2011. The core indicators capture multidimensional aspects of poverty, and with customized software, data encoding, and processing will allow poverty-mapping. The 8-steps of the methodology include the following:

Step 1: Advocacy/Organization
Step 2: Data Collection and Field Editing (Training Module 1)
Step 3: Data Encoding and Map Digitizing (Training Module 2)
Step 4: Processing and Mapping (Training Module 3)
Step 5: Data Validation and Community Consultation
Step 6: Knowledge Database Management
Step 7: Plan Formulation (Training Module 4)
Step 8: Dissemination/Implementation and Monitoring

CBMS is a complete enumeration census of a community tapping LGU personnel and community members. Additional indicators, like natural calamities and disaster management, environment protection, women’s well-being, child labor, migration, disability and community service delivery could be integrated in the set of indicators. Since it is a total profiling of the household and the barangay, the data generated will be voluminous. For the household profiling, there is the 12-page questionnaire, and for the barangay profiling is another 6-page form. The expected outputs in using the CBMS are the database, quantified and qualified indicators for poverty diagnosis, MDG attainment, targeting, and intervention impacts of programs and shocks. Poverty maps maybe developed from the information.
Co-optation of the CBMS and NHTS-PR

The co-optation of the CBMS and NHTS-PR methodologies is possible. The following are suggested, however recognized, is the need to work out methodological juxtapositioning through the use of “integrative instruments” for macro and micro data sources. These have yet to be evolved.

“(1) CBMS and NHTS-PR are using the same set of 34 variables except for income, which is not being used in NHTS-PR because of possible manipulation. CBMS could provide the data for different models because it is not solely income-based. CBMS is also a rich source of information at the provincial level that could complement the data generated by NHTS-PR; (2) CBMS undertakes poverty mapping of households to provide the necessary measurement tools to identify where the poor are, analyze their poverty status and needs, and determine how poverty assistance can be delivered effectively. The poverty mapping approach intends to provide the means to help government in locating the poor, identifying their characteristics and describing their conditions to carry out poverty-reduction programs effectively. This method is not only approachable; it also appears to capture the multidimensionality of human wellbeing fairly accurately. In comparison, NHTS-PR only undertakes the processing of data. Mapping could also be done in NHTS-PR by adopting the CBMS experience; (3) data from CBMS will prove useful in validating the accuracy of NHTS income predictors, thus minimizing inclusion and exclusion errors due to data collection; (4) NHTS-PR can take off from the CBMS experience on the partnership between and among local communities, local governments, and trained local researchers in an institutionalized system of regular data collection, validation, and analysis for local program development; and (5) considering that CBMS is still wanting in terms of geographical reach, NHTS holds great promise in terms of centralizing information on the beneficiaries of poverty reduction programs nationwide.”

D. Information Management

An often neglected part of the continuum of data generation-analysis is information management. The LGU could no longer escape digitizing information as an integral component of good governance, most especially for development planning and programming purposes. In a properly established system is nested information over a defined landscape, thus making development planning and programming immersing yet enjoyable technical, political, social, and democratic tasks of systematically formulating solutions to constraints or even persistent and emerging problems. Several systems are available and most of these are compatible, meaning could straddle from one to another. For the more expensive systems, these tend to be esoteric and put limitations to this straddling process which must be encouraged under a globalizing world of development.

The Local Development Indicators System of the RPS has the topical or sectoral, temporal, and geographical or spatial information. In general strokes, parts of the system were discussed, although the structure of the LDIS itself needs to be evolved as yet. The list below of the world of the sectors should be built into the structure of the LDIS for it to be readily available for planning and programming, and even for policy work.

Some biases in data collation were suggested and an innovative approach that it has is the use of indicators. “Processing is needed to transform raw data into standardized measures or indicators such as ratio, proportion, percentage, average, per capita share, and the like, to ensure comparability across time and across space... Indicators serve, (a) for cognition (to know what the situation is), (b) for analysis (to understand the factors determining this situation), (c) for policy
making (to design interventions best suited to the situation), and (d) monitoring and evaluation (to assess the effectiveness of policy interventions and whether the situation is changing)... show, among other things, the level of development or underdevelopment of the area, the potentials and problems of each sector or subsector, the success indicators for the vision, and the different indicators that national agencies are pushing such as the “Millennium Development Goals”, the core local poverty indicators, and the sustainable development indicators.”

1.0 Social Development
   1.1 Population (size, growth, distribution)
   1.2 Social services and status of well-being
      1.2.1 Health
      1.2.2 Education, culture, recreation
      1.2.3 Welfare
      1.2.4 Housing
      1.2.5 Protective services
   1.3 Gender equity concerns

2.0 Economic Development
   2.1 Primary sector
      2.1.1 Agricultural crops
      2.1.2 Livestock
      2.1.3 Fisheries (inland, brackish, marine)
      2.1.4 Forestry
   2.2 Secondary sector
      2.2.1 Mining and quarrying
      2.2.2 Manufacturing
      2.2.3 Construction
      2.2.4 Electricity, water, gas utilities
   2.3 Tertiary sector
      2.3.1 Wholesale and retail trade
      2.3.2 Transportation and communication
      2.3.3 Finance, insurance and related activities
      2.3.4 Real estate
      2.3.5 Personal and community services
      2.3.6 Tourism
   2.4 The Informal Sector

3.0 Infrastructure Development
   3.1 Economic support
      3.1.1 Irrigation systems
      3.1.2 Power generation (mini-hydro)
      3.1.3 Roads, bridges, ports
      3.1.4 Flood control and drainage
      3.1.5 Telecommunications

3.2 Social support
   3.2.1 Hospitals
   3.2.2 Schools
   3.2.3 Waterworks and sewerage
   3.2.4 Public socialized housing
   3.2.5 Facilities for aged, infirm disadvantaged
   3.3 Public administrative support
      3.3.1 Government buildings
      3.3.2 Jails
      3.3.3 Freedom parks
      3.3.4 Public assembly areas

4.0 Environment and Natural Resources
   4.1 Lands
      4.1.1 Lands of the public domain
      4.1.2 Private and alienable and disposable lands
      4.1.3 Ancestral domain
   4.2 Forest lands
      4.2.1 Protection forests
      4.2.2 Production forests
   4.3 Mineral lands
      4.3.1 Metallic mineral lands
      4.3.2 Non-metallic mineral lands
   4.4 Parks, wildlife and other reservations
   4.5 Water resources
      4.5.1 Freshwater (ground, surface)
      4.5.2 Marine waters
   4.6 Air quality
   4.7 Waste management
      4.7.1 Solid waste
      4.7.2 Liquid waste
      4.7.3 Toxic and hazardous

5.0 Institutional Development
   5.1 Organization and Management
   5.2 Fiscal Management
   5.3 Legislative Output
   5.4 LGU-NGO-PO linkages
3.4 Harmonizing Local Planning, Procedures, and Methodologies for Programming Poverty Alleviation Actions

The perspective of the discussion (from beginning page up to this point) is tailored on the need to locate the connection of natural resource extraction and development with poverty alleviation and sustainable development of the locale. However, in the cases studied, the LGUs do not fit as marginalized communities as they receive substantial income from the sharing of the national wealth. Possibly, this will be true for all LGUs endowed with extractable natural resources. Nonetheless, the study has seen challenges of poverty alleviation in relation to the biophysical fact that these are rugged and not appropriate habitable landscapes. The threat of natural hazards exacerbated with land mass wasting and climate change is real, and could in an instant erase development in the locale. Poverty does exist.

Therefore, the directed utilization of the added income opportunity is relevant and timely. The expenditures should increase the empowerment process for resiliency of the community. The targeting of the supplemental programming and budgeting into the AIP is the best option.

A. JMC No. 1, s2007

The policy was passed on March 8, 2007 by the DILG, NEDA, DBM, and DOF. It is meant to synchronize and harmonize local planning, investment programming, revenue administration, budgeting, and expenditure management. The policy considered the practical solution of focusing as well as reducing the planning activities of the LGU with the end view of hastening the different aspects of effective governance. This is a highly charged policy on LGU administration. The prospects of confluence are spelled out in the joint circular. Some major changes will also be realized at various levels.

JMC No. 1, s2007 provides that in provincial planning, the physical framework and the development plan is formulated as one document while at the city and municipal level, the production of the CDP is staged from the CLUP. In effect, the CLUP and CDP are distinct documents. The AIP constitutes the annual slice of the LDIP indicating the expenditure requirements of the LGUs’ programs, projects and activities for the annual budgeting process. Every program/project/activity (PPA) is budgeted for regular operational budget items broken down into Personal Services, Maintenance and Other Operating Expenses and Capital Outlay.

Strategically, the policy delves into the following: (a) re-definition of the AIP for planning and for budgeting purposes; (b) synchronized local planning and budgeting calendar; (c) interface between NGAs and LGUs; and (d) complementation between the province and its component cities and/or municipalities expenditure management. Synchronized planning and budgeting mean that timelines for planning as well as budgeting, investment programming and revenue administration are all funneled into the annual budgeting calendar. The synchronized plan and budget further suggest a timeframe for actions on the needed revenue mobilization. The NGA–LGU interfacing could involve technical and funding assistance, and consideration and inclusion of LGU priorities in

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11 Cases of mining in Municipality of Tuba, Province of Benguet, and the “geothermal” Municipality of Kananga and the City of Ormoc, discussed in Chapter 2.


13 The RPS document reports 22 plans formulated by the LGU; at UP SURP, it counted 30 plan and program formulations; unfortunately, the HLURB was not a signatory of the joint communiqué.
NGA programs and vice versa in conceptualization, legislation and implementation. Complementation activities between the province and its component cities/municipalities, on the one hand, maybe conducted given the requirements of the budget calendar.

The policy recommends the following timetables for the activities:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Database updating</td>
<td>January to March every year</td>
</tr>
<tr>
<td>Planning context analysis</td>
<td>April to May every year</td>
</tr>
<tr>
<td>Vision, Goals and Strategic</td>
<td>First week July and every 3-6 years thereafter</td>
</tr>
<tr>
<td>Direction re-casting or formulation</td>
<td></td>
</tr>
<tr>
<td>PPA Prioritization</td>
<td>July every year</td>
</tr>
<tr>
<td>PPA complementation</td>
<td>July of every year</td>
</tr>
<tr>
<td>Budget preparation, authorization and review</td>
<td>July to December</td>
</tr>
</tbody>
</table>

In other words, as far as the LGU is concerned, it is the CLUP and CDP that should serve as the foundation plans. This policy of adherence is stressed in the several other issuances, i.e., DILG MC2003-092; and the NEDA/Social Development Committee Resolution No. 3, s2006 (Adopting the CBMS as the Prescribed Tool for the Generation of the core Local Poverty Indicator Database).

The succeeding figures lifted from the GTZ document show the opportunities for synchronizing the planning and budgeting functions of the LGU, and NGA-LGU complementation. At this juncture, it may be assumed that an updated “CLUP with CDP” has been formulated by the municipality and city, according to the HLURB guidelines. If the LGU toed the line of the 2007 JMC, the prerequisite task of drawing out the CDP from the CLUP as a separate document is non-existent, otherwise, is a major activity that has to be done through participatory manner. The LDC is the main player, which must be strengthened especially because it is the institutional convergence tract of stakeholders of sustainable development. Its provision for broad-base and bottom-up approaches in governance shall allow ownership of decisions on how must development proceeds in the locale.

Annex 15 cites the integration of methodologies and data sharing between the LGUs on one side of the planning spectrum and the LGU-NGA connections on the other pole. Not shown in the figure is the interaction between the provincial LGU with the LGA, which happens as it is the holder of the provincial spatial framework plan.

As will be elaborated, a difficult hurdle, but doable, is the harmonization of methodologies generating macro and micro data. Particular to the current thinking on municipal and city local anti-poverty programming, this fitting of methodologies will harmonize the program with the AIP. This is a critical first step of the harmonization of topical/thematic/sectoral programs into the LGU system of planning and programming. The indicators of poverty, for instance, maybe further classified as process and state indicators which could then neatly fit into the AIP structure.

With aggregated data on hand, the AIP could then be formulated with anti-poverty indicators. At this stage, the AIP could pick up NGA priorities as well. 14

Figure 11 proposes the interconnections of players in the CDP formulation with a July timeline. Ideally, the CDP emanates from the CLUP, and the usual time allotment for municipal and city planning is lengthy, in the range of 4-6 months. Hence, the activity must commence no later than

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14 See Annex 16 for further details.
January. Disruptions on the process due to elections of officials could not be avoided, so that, it is important to time the update of the CLUP and CDP during a non-election year or perhaps, during the first year of the elected officials.

With plans and programs in place by July, the budgeting activity could be conducted until end August. There may be spill over in schedules, but ample time is left for legislative action to cap the process and ready the LGU for program implementation.

Figure 11. Budgeting for the implementation of the AIP cum Local Anti-Poverty Program

Source: GTZ, 2008

B. Methodological problems

The scientific tradition of conflicting methodologies dates back to the debates in the olden times of the social and bio-physical sciences. While current co-optation of certain methodologies occurs, the continuing discourse is still raging in academic circles which unfortunately, hold the reign of methodological development. For planners and programmers, aside from the technical argumentations, is the issue on which law or policy takes precedence in planning and programming for anti-poverty alleviation actions. The LGU believes that issuances on this aspect that come from the DSWD, DBM, DOF, NAPC, NEDA, and DILG must correlate with the provisions of RA 7160, as this is law governing the LGU.

The methods that were chosen by agencies mandated to orchestrate LGU planning and programming, are results of research, testing and validation. The HLURB presented the protocols for the formulation of the CLUP and CDP, defining methodologies for generating data and processing into information for planning. This methodological prescription stirs difficulty because there are certainly limitations of the EP instrumentation. The reason for the suggestion to consider other methodologies is addressing the gaps of the EP.

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15 See Annex 17 for the timeframe for CDP Formulation.
The CBMS and the EP methods have prospects of integration because the subject environment is the locale. To put it differently, the burden of integration is on EP as it will necessitate tight ecological analysis of interconnectedness of the biophysical data with poverty data which are mainly socio-economic in nature. Moreover, since the CBMS is barangay and household-oriented, the fineness of the sampling scheme of the EP will likely establish the connections, such as narrower contour, and elevation intervals, otherwise, will result to another “smoothening” of data. For LGUs benefitting from the sharing of national wealth from the extraction and development of natural resources, require greater emphasis on the biophysical components of the EP on environmental rehabilitation and protection. The methodological adjustment will certainly entail more expenses to those formulating the CLUP and CDP.

The integration of NHTS-PR, on the one hand will be difficult because data generated from the method is macro. The proposed combination of the CBMS and NHTS-PR demands more pointed refinements of the “integrated instrumentations that still have to be evolved,” and even becoming complex with integration with the EP.

Therefore, where would this integration lead to is the practical concern of the development planner and programmer, respectively. A policy position on this respect is timely and relevant at this stage of readiness to dispense of anti-poverty funds from government. Late last year (2011), the suggestion that the over 600 LGUs targeted for anti-poverty funds will be required to formulate their local anti-poverty program using the CBMS in tandem with the NHTS-PR, to receive the funds, is a good idea. However, whether this is plausible given the HLURB guidelines remains a gray area of planning and programming.

It is on this institutional context that the NAPC could consider utilizing the Annual Investment Program as the base document to evolve the Annual Local Anti-Poverty Program.

C. Poverty-Environment-Development Integration Opportunity with the AIP

Earlier, the CLUP framework was shown to cover the PED connection with population as a main variable of development. Viewing this framework in a problem-oriented view will fit the poverty alleviation as espoused by the NAPC. At the method level, the core poverty indicators which are social variables are also encompassed, in fact many other indicators are included in the long list of variables that have to be profiled in the CLUP process. In effect, the fourteen (14) core poverty indicators should have the information to craft anti-poverty projects.

The AIP, a yearly translation of the LDIP and ELA, is the primary operational instrument for implementation of development. In other words, it programmatizes into investible and implementable projects and activities the development imperatives of the CDP, ELA, and LDIP. It is believed that it is at the AIP that a parallel Local Anti-Poverty Program could be formulated with a comprehensive context, and relating with the hierarchy of plans and programs. The AIP links the tedious and long process of CLUP-CDP-ELA-LDIP with budgeting as the identified PPAs are the basis for budgeting.

Usually, the thrusts of the AIP will include the following which correspond with the traditional sectoral categorization.

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16 See Annex 18 for the interconnections of planning and programming inputs leading to the crafting of the AIP.
3. Locating the PED Nexus in Local Planning & Budgeting and PED Best Practice

- Competitive Trade, Industry and Tourism
- Vibrant Agribusiness
- Sustainably Managed Environment
- Social Development
- Infrastructure Support
- Better Governance

D. One-year program: Local Anti-Poverty Program

In August 2001, the DILG issued MC 2001-109 advising the designation of Local Poverty Reduction Officer (LPRAO) for municipalities, cities and provinces, who were tasked to oversee the poverty reduction efforts and facilitate in the formulation of the Local Poverty Reduction Action Plan (LPRAP) of the locale. Thereafter, a Guidebook on Local Poverty Diagnosis and Planning was developed for the purpose. It was meant to be a planning and monitoring tool.

The data requirement for the plan should be collected, preferably in May of the year, and for the LPRAO and the Planning Coordinator to lead a multi-stakeholder analysis and interpretation of data. The process allows a broad-base and bottom-up approach of data synthesis. First, purok or sitio data is aggregated as barangay data, and then followed by aggregation of barangay data into the municipal data. After this diagnostic process, the Municipal LPRAP could be formulated utilizing focus group discussions and workshops involving the different stakeholders of the locale. The LPRAO and MPDC keep the data. Similar process of data aggregation applies for the cities and provinces.

Conceptually, the MC 2001-109 could swiftly fit with the current NAPC-sponsored Local Anti-Poverty Programming. However, until to date, there has been no assessment made on the policy implementation since 2001, unless this has been superseded by another policy which effectively demolished MC 2001-109. Therefore, there is no measure on the effectiveness of the policy for this to be re-casted given the present challenges of anti-poverty efforts.

A typical AIP matrix transformed as Figure 12 as used by the LGU is a good starting point of integration. This opens possibilities for the CBMS/NHTS-PR generated information or better still, extracted from the EP and sectoral studies of the CLUP. In the figure, lest skipped, the AIP Reference Number must be ensured for efficient digitized tracking of each of the entry in the matrix. For the sector/sub-sector column, the level of focus could be pulled down to the barangay and even up to the household levels under the traditional categories of Social Services, Economic Services, and General Public Services, that is, if the sub-sector categories are carefully classified. The column on the description of program, project, and activity could be expressed in terms of process indicators\(^\text{17}\) of poverty alleviation. In correlation, the state indicators of poverty alleviation may be used to identify the column on expected outputs, although when referring to progressive indicators, the outcomes could be process-oriented.

In other words, where poverty alleviation indicators are fully utilized in the matrix, and following the prescribed process of formulation which involve the various stakeholders as represented in the Local Development Council, then the AIP becomes the Local Anti-Poverty Program. The scheme would have minimized the formulation of another document by the LGU.

\(^{17}\) Others term these as “running indicators” allowing a progressive attainment of goals.
### Table 32

<table>
<thead>
<tr>
<th>ARN</th>
<th>DO/T</th>
<th>S-SS/PPA Description</th>
<th>SI</th>
<th>EO</th>
<th>IG</th>
<th>FS</th>
<th>FR</th>
<th>R</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Legend:**
- **ARN:** AIP Reference Number
- **DO/T:** Development Outcome/Thrust
- **S/PPA:** Sector and sub-sector/Program/Project/Activity
- **SI:** Schedule of Implementation, S (start), C (completion)
- **EO:** Expected Outputs
- **IG:** Implementing Group
- **FS:** Funding Source
- **FR:** Funding Requirement, PS (personal services), MOE (maintenance and operating expenses), CO (capital outlay), T (total)
- **R:** Remarks

Two columns were extracted from the previous table to draw a sample Table 32 below, to show the relationship between S-SS/PPA and EO for the “Poverty Dimension of Survival”, which is considered as part of the Social Services Sector, herein directed for Barangay X.

The left column lists the “Poverty Descriptors (health, nutrition, and access to basic services)” and the corresponding “process indicators.” For example, for the Health Poverty Descriptor, this is indicated by immunizing children ages 0-5 in Barangay X. The right column lists the state indicators or the expected output, which is a 15% reduction of deaths amongst children ages 0-5.
Table 32. Establishing process and state indicators that could be introduced early in the CLUP formulation

<table>
<thead>
<tr>
<th>Sector-Subsector/Program, Projects, Activities Description</th>
<th>Expected Output</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Social Services Sector</td>
<td></td>
</tr>
<tr>
<td>(a1) Survival of the population in Barangay X</td>
<td></td>
</tr>
<tr>
<td>(a11) Health</td>
<td></td>
</tr>
<tr>
<td>Immunization of 0-5 children</td>
<td>15% reduction of death of ages 0-5 due to diseases</td>
</tr>
<tr>
<td>(a12) Nutrition</td>
<td></td>
</tr>
<tr>
<td>Production of nutritious crops in 5,000 m² to complement a feeding program</td>
<td>15% reduction of malnutrition cases of ages 0-5</td>
</tr>
<tr>
<td>(a13) Access to basic services</td>
<td></td>
</tr>
<tr>
<td>Construction of level 1 water supply system</td>
<td>70% of HH have level 1 safe water supply</td>
</tr>
<tr>
<td>Construction of sanitary toilets</td>
<td>70% of HH have sanitary toilets</td>
</tr>
<tr>
<td>(a.2) Security</td>
<td></td>
</tr>
<tr>
<td>(a21) Shelter</td>
<td></td>
</tr>
</tbody>
</table>

All of the 14 core poverty indicators\(^\text{18}\) are classified within the Social Services Sector except for the “Peace and Order Poverty Descriptor” currently listed in the “Security Poverty Dimension.” This is pertinently classified in the Governance Services Sector. It is stressed here that everyone is better off if the AIP matrix with its categorizations are retained rather than insisting on the use of another matrix with different categorization. Doing an entirely new matrix will make the integration difficult within the planning and programming of the LGU.

The successive debacles that the country has experienced in the past 20 years since the adoption of MC2001-109 and MC2003-092 demand a re-visit of the 14 core poverty indicators. Poverty incidence could not be dissociated from environmental degradation, climate change, disaster risks, and governance.

PART 2: Criteria for PED Best Practice

3.5 Caveat

The Poverty Alleviation-Environment Protection-Development Best Practice or known as (PED Best Practice) is conceived as part of the major awarding system for the LGUs. While having distinct features, the PED Best Practice could be integrated in one or two present awards that the DILG is spearheading. The “rider design” is sensible because of the cross-relevance of poverty, environment and development to any of the present awards.

The quest for PED Best Practice is greater than an incentive because it is showing how much sustainable development is being done in the Philippines. The added value of the PED Best Practice is its socio-ecological strength, a connection that advocates strongly sustainable development as the road to tread. A couple of major awarding systems were reviewed. The award that shows promise of integration of the PED framework and indicators is the Gawad Pambansa ng Lahi. Akin to the

\(^{18}\) Included in the MC2003-092 of DILG.
Performance Challenge Fund (PCF), a PED Best Practice maybe part of the “rated” distinctions received by the LGU, thus adds to the overall computation of the Gawad Pamana ng Lahi.

3.5.1 Brief Review of Current Awards

A. Galing Pook Award

Winners of the Galing Pook Awards which initiated in 21 October 1993 are conferred by the President of the Republic of the Philippines. Such speaks of the significance of the LGU “contest” on innovative practices of governance. Today, 230 programs of 152 LGUs were awarded the Galing Pook.

Model LGU

The awardees become ardent advocates in stimulating and inspiring LGUs to innovative governance practices and provide a fertile environment for the reproduction of success stories. The awardees also serve as models of good governance giving insights and strategies to innovative on solutions to problems of administration, planning and implementation.

Award Criteria

The evaluation of candidate awardees is rigorous and done at multi-level determination of the positive results and impact of innovation, promotion of people's participation and empowerment, transferability and sustainability of the introduced innovation, and efficiency of program service delivery. For a program to be eligible in the awarding system, it must have the following minimum requirements:

- It must have involved or engaged processes within a local government unit (barangay, municipality, city, or province) even if the program might have been initiated (either independently or jointly) by an NGO, CSO and/or an LGU;
- It must have been in operation for at least one (1) year before the deadline of submission, and
- It must have verifiable and significant results

To objectify the determination process, a set of valuation is attached for the criteria, as follows:

<table>
<thead>
<tr>
<th>Positive Results and Impact</th>
<th>30%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of People's Participation and Empowerment</td>
<td>30%</td>
</tr>
<tr>
<td>Innovation</td>
<td>15%</td>
</tr>
<tr>
<td>Transferability and Sustainability</td>
<td>15%</td>
</tr>
<tr>
<td>Efficiency of Program Service Delivery</td>
<td>10%</td>
</tr>
</tbody>
</table>

Gradation of Awards

1) Ten Outstanding Local Governance Programs

Ten Galing Pook Awards are conferred to outstanding local governance programs every year.

2) Award for Continuing Excellence

The Award for Continuing Excellence (ACE Award) is conferred to an LGU which has sustained and demonstrated significant achievements along the various Galing Pook local governance criteria. An LGU qualifies if it garnered in the past at least three Galing Pook.
awarded programs. The ACE Award requires that the awarded programs are sustained and improved and that a culture of excellence is manifested in the locality.

3) Special Citations
Special Citation Awards on key advocacy themes or governance performance areas are given based on its current development thrusts.

a. **Local Capacity Incentive Mechanisms for Good Governance.** This is conferred to a program in recognition of its innovative approaches and investments in capacity development to improve local governance systems for professionalism and performance in public service delivery. The award is given in partnership with the UNDP, and the Netherlands Development Organization.

b. **Local Fiscal Management.** This is conferred to an LGU which has shown commendable management of its fiscal resources as shown by declining dependence on the Internal Revenue Allotment and increasing percentage of local revenue, among other indicators. The award is given in partnership with the Development Bank of the Philippines, Economic Policy Reform and Advocacy Project, and the United States Agency for International Development (USAID).

c. **Local Capacity Innovations for the Millennium Development Goals.** This was conferred in 2006 to LGUs selected from previous recipients of the Galing Pook Award that demonstrated positive innovative approaches towards achieving any of the eight Millennium Development Goals (MDGs). The award is given in partnership with the UNDP, and the Capacity 2015 Programme.

d. **Child Rights Responsive Local Governance.** This is awarded to LGUs demonstrating exemplary initiatives that respond to child rights concerns. The award is given in partnership with the United Nations Children’s Fund.

e. **Gender Responsive Local Governance.** This is awarded to LGUs that have developed best practices that respond to the gender and development issues. The award is given in partnership with the National Commission on the Role of Filipino women, Canadian International Development Agency (CIDA), and the UNDP.

f. **Good Urban Local Governance.** This is awarded to outstanding LGUs for responding to urban governance issues. The award is given in partnership with the UNDP, Philippine Urban Forum, and the United Nations Human Settlement Programme.

g. **Local Initiatives for Population, Health and Development.** This is awarded to outstanding LGUs for innovation on population, health and development approaches which show effective linkage mechanisms in sustainable development efforts.

h. **Local Peace Building Initiative.** This is awarded to outstanding LGUs in conflict areas that show initiatives in peace building amongst contending parties.

i. **Productivity and Quality Responsive Local Governance.** This is awarded to outstanding LGUs showing improved productivity and response to local governance.
Selection Process

1) Eligibility Screening: The GPF secretariat reviews whether the program submissions meet the eligibility criteria.

2) Levels of Screening
   a. First, the National Selection Committee (NSC) goes over all applications to initially screen and identify programs with high potential. These programs will be turned over to the Regional Selection Committee (RSC) for a more in-depth assessment and review.
   b. Second, the RSC evaluates and recommends programs for elevation to the next screening level.
   c. Third, the NSC reviews the RSC recommendations and identifies the programs for site validation.

3) Site Validation: Assigned NSC members and (as necessary) selected RSC members and GPF personnel validate program claims and clarify concerns raised in previous screening levels. Results of the validations serve as basis for the NSC to select the programs to be subjected to the final presentation.

4) Panel Interview: The Local Chief Executives (LCEs) and/or program officers of qualified entries present and defend their programs before the NSC members and their co-finalists.

5) Awards Ceremony: The Galing Pook Award is conferred by the President of the Philippines in a ceremony held at the Malacañang Palace.

B. Gawad Pamana ng Lahi

The Gawad Pamana ng Lahi is a comprehensive award concept of governance excellence. It is conferred to LGUs for their commendable performance in administrative governance, social governance, economic governance, and environmental governance. Transparency, accountability, responsibility, and performance are valued foundation principles of good governance. Also known as the Presidential Local Government Heritage Award, this gives recognition to the invaluable support and contributions of LGUs on building a national heritage of sustainable development working machinery in government. The advocacy “Biyaheng Pinoy: Tapat na Palakad, Bayang Maunlad” captures this distinguishing mark of LGU good performers.

Criteria/Qualification

1) Seal of Good Housekeeping
   The candidate LGU must have won the Seal, which refers to two tenets of governance, namely, (a) on sound fiscal management, that shows the absence of an “adverse” or “disclaimer” COA opinion on the financial statements on the immediately preceding year prior to the roll-out of the Seal assessment and validation, and (b) on accountable and transparent governance, which means compliance to the Full Disclosure Policy on local budget and finances, bids and public offerings, as stipulated in DILG Memorandum Circulars 2010-83 and 2011-08, and as prescribed in Section 90 of RA10147 or the General Appropriations Act of FY 2011.\(^\text{19}\)

\(^{19}\) This will be updated with reference to the 2012 GAA.
2) Local Government Performance Management System (LGPMS)

The candidate LGU should have an overall LGPMS index of 4.0-5.0 conducted recently. The LGPMS is a self-assessment tool that enables to monitor and evaluate performance based on the continuum of input, output and outcome. It utilizes an indicator system that reflects the governance and development concerns of the LGU. Governance indicators are collected and reported annually, while development indicators are collected and reported every three years.

Governance is composed of five performance areas and 20 service areas as listed in Table 33.

<table>
<thead>
<tr>
<th>Performance Area</th>
<th>Service Area</th>
</tr>
</thead>
</table>
| 1. Administrative Governance | 1. Local Legislation  
|                               | 2. Development Planning  
|                               | 3. Revenue Generation  
|                               | 4. Resource Allocation and Utilization  
|                               | 5. Customer Service  
|                               | 6. Human Resource Management & Development |
| 2. Social Governance          | 1. Health Service  
|                               | 2. Support to Education  
|                               | 3. Support to Housing and Basic Utilities  
|                               | 4. Peace, Security and Disaster Risk Management |
| 3. Economic Governance        | 1. Support to Agriculture Sector  
|                               | 2. Support to Fishery Services  
|                               | 3. Entrepreneurship, Business and Industry Promotion |
| 4. Environmental Governance  | 1. Forest Ecosystem Management  
|                               | 2. Freshwater ecosystem Management  
|                               | 3. Coastal Marine Ecosystem Management  
|                               | 4. Urban Ecosystem Management |
|                               | 2. Participation  
|                               | 3. Financial Accountability |

The sectors may be clustered, as below, composed of three sectors and 11 sub-sectors. Obviously, a big digression from the 5-sectors of the CLUP manner, this will meet difficulties from the planners and programmers, although understandable from the point of view that the assessment focuses on the performance of the LGU.

<table>
<thead>
<tr>
<th>Development Sector</th>
<th>Development Subsector</th>
</tr>
</thead>
</table>
|                                 | 2. State of Education  
|                                 | 3. State of Housing and Basic Utilities  
|                                 | 4. Peace and Order Condition |
| 2. Economic Development         | 1. State of Income  
|                                 | 2. State of Employment |
| 3. Environmental Development    | 1. State of Agricultural Ecosystem  
|                                 | 2. State of Forest Ecosystem  
|                                 | 3. State of Coastal Marine Ecosystem  
|                                 | 4. State of Freshwater Ecosystem  
|                                 | 5. State of Urban Ecosystem |
3) Awards or distinctions received by the LGU in the previous year

The Gawad Pamana ng Lahi is awarded to LGUs which have excelled most in the key activities or areas of local governance, as below. Many of these local governance concerns have associated awards, so that a good measure of governance is a won award. Apart from the list, international awards are also included in the rating scheme.

- Implementation of Katarungang Pambarangay Program (Lupong Tagapamayapa Economic Incentives Awards)
- Environmental Management/Clean and Green Program (Presidential Awards for the Cleanest and Greenest LGU of the Philippines)
- Innovations in Local Governance (Gantimpalang Panlingkod Pook or Galing-Pook)
- Maintenance of Peace and Order (Peace and Order Award)
- Sports Development Program (Siglakas Bayan Award)
- Population Management (Population Management Award)
- Promotion and Implementation of Nutrition Program
- Poverty Alleviation Initiative
- Financial Resource Management

Awarding

The President of the Republic of the Philippines confers annually the Gawad Pamana ng Lahi to winning LGUs to stress the significance placed on the award.

Target

The Gawad Pamana ng Lahi is for Provinces, Highly Urbanized Cities, Component Cities, First to Third Class Municipalities and, Fourth to Sixth Class Municipalities.

C. Performance Challenge Fund

Policy

In line with the Performance Based Incentive Policy, the DILG initiated the Performance Challenge Fund (PC Fund) to stimulate the LGU to substantially increase performance so these could avail of financial support which could either jumpstart or sustain local economic development that targets poverty reduction.

On 18 January 2011, the Office of the President issued a Presidential Directive mandating NEDA, DILG, DA, and DTI to create a system of incentives (e.g. grants, concessional loans) and disincentives to ensure that LGUs local projects are aligned with national priorities. The Government Appropriations Act of 2011 provides the DILG P500M appropriation for “PC Fund under LGPM Program to cover financial subsidy to qualified LGUs. The Fund shall be used for the implementation of the priority projects of the national government in order to achieve the MDG, maintain core road network to boost tourism and local economic development and comply with Philippine Disaster Risk Reduction and Management Act of 2010 and Solid Waste Management Act of 2000. The policy framework rationalizes national government intergovernmental transfers to LGU towards improving LGU performance in governance and delivery of basic services. It seeks improvement in LGU performance by linking incentives to the achievement of a set of performance targets.”

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20 This policy was issued by the Development Budget Coordinating Committee (DBCC) on 20 February 2009.
In short, the PC Fund is an incentive fund considered as counterpart fund to high-impact capital investment projects in the AIP funded by the 20% Local Development Fund, and consistent with national goals and priorities.

**Target**
The PC Fund is open to LGUs awarded with the Seal of Good Housekeeping, and have allocated fund to implement projects listed in their AIP which are aligned with the national development agenda and priorities. The targeting is based on income class or alternative indicators of fiscal need (e.g., income/IRA per capita, poverty incidence) of the LGU. Priority is given to low-income LGUs with high poverty incidence. The initial target is listed below.

<table>
<thead>
<tr>
<th>LGU</th>
<th>Target number of recipients</th>
<th>Amount of award (million pesos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td>303</td>
<td>1.0</td>
</tr>
<tr>
<td>City</td>
<td>25</td>
<td>3.0</td>
</tr>
<tr>
<td>Province</td>
<td>16</td>
<td>7.0</td>
</tr>
</tbody>
</table>

**Aims**
- Recognize good governance performance particularly in the adoption of “good housekeeping” along the areas of governance and link with incentives and grants;
- Encourage alignment of local development investments program with national development goals and priorities to achieve the Millennium Development Goals, boost local economic development and comply with Philippine Disaster Risk Reduction and Management Act of 2010 and Climate Change Adaptation Act of 2009; and
- Assist poor LGU in developing and implementing project for local economic development and poverty reduction.

**Conditions and Eligibility Criteria**
The candidate LGU has complied with the eligibility criteria of the Seal of Good Housekeeping focused on two very important criteria, i.e., (a) Sound Fiscal Management, and (b) Transparent and Accountable Governance.

### 3.5.2 Framework of the PED Best Practice

The PED Best Practice “piggy backs” with the Gawad Pamana ng Lahi, so that it is not a distinct conferment. Since it is primarily hinge on planned development propelled by poverty alleviation in environmental conservation, the indicators for best practice would classify as “outcomes” of the LGPMS modality. A best practice is an outcome. An essential gauge is the integration of PED in the plans and programs of the LGU.

**Goal-oriented interconnections**
The PED Best Practice is socio-ecological, and is founded on the basic paradigm of sustained interconnected efforts for development of the people and their environments. It does not work on a factor dominance precept, rather, conveys the holarchy of the drivers of change and their impacts to the other factors of change. Many of these holons are strategic and known to be changing over eons of time while others have immediate perturbations created in the interconnected relationships. The reason for bringing this discussion is to emphasize the perspective that the PED
Best Practice could not be disaggregated, although, weighting maybe associated to the main variables during the award appraisal process.

The PED Best Practice defines goals in context of the pursuit for sustainable development in the country, hinging on the periodicity of national, regional, provincial, and local direction of development. Assuming NGA-LGU coherence of plans and programs, the performance of the LGU is the measure of best practice. Thus, the fulcrum of the interaction is institutional development and promotion of good governance that will sustain sustainable development actions by the different actors of society through the LGU given the influences of the progress variables which are in dynamic equilibrium. Such is socio-ecology (Figure 13). Environment here means nature and climate change, the economy in globalized market, science and technology that anchor approaches on climate change adaptation and disaster risk reduction management, global commitments on sustainable development in a flat world, and the integrity of social and cultural fabric of society.

Figure 13. The Socio-Ecology of the PED Best Practice

Reproducibility of Practice
The PED Best Practice aims to propagate best practices by LGUs so that others will pick these as samples depending on their relevance and appropriateness to their circumstance. Whatever is adopted from the samples is expected to be reproduced by the LGU, usually with the objective of innovating or improving from the cases. The PED Best Practice therefore anticipates persistent iterations of so-called success factors. By the day of reckoning, the Philippines shall have several of these cases, an opportune period for modeling sustainable development.
The experience of the model LGU is reproduced, certainly with adjustments associated with the demands of the locale.

A. Goals
   1) To document PED best practices and campaign for wider participation of LGUs in documenting cases as part of the pursuit for sustainable development,
   2) To provide incentives to the LGU best practice, and
   3) To model PED cases as sustainable development.

B. Criteria/Qualification

An LGU PED best practice is considered an on-going process in much the same way as plans iterate to address recurring problems, emerging issues and even for anticipated issues. Therefore, nearly all of the criteria described are process-orientated. These are linked with the planning and programming of the LGU.

   1) Shall have updated CLUP and CDP as separate plan documents through participatory process and sound technical, corporative, and political approaches
   2) Shall have used an indicator system for the CLUP preparation by combining techniques of EP, LGPMS, and CBMS
   3) Shall have measured poverty with the use of the core poverty indicators
   4) Shall have systematically evolved the ELA, LDIP, and AIP from the CDP
   5) Shall have shown clearly the PED nexus in the AIP
   6) Shall have implemented projects on poverty alleviation and environmental protection and comprehensively documented the PED practice
   7) Shall be able to showcase the LGU as a PED best practice
   8) Shall be able to mentor other LGUs

C. Selection Process

1) Submissions
   To democratize capacities so that best practice cases are submitted; proformas will be used to entice those with lesser capacities on the English language. These forms are easy guides in writing down the LGU submissions. The questions asked are self-explanatory, and that information needed as attachments are quick to comply. The submission could either be accomplished by emailing the document or by sending through fax. However, all submissions will be in English.

2) Appraisal
   The PPEI serving as a secretariat will initially screen the submissions after the deadline of submission. Only complete submissions will be endorsed for appraisal. An appraisal panel established by the BLGD-PPEI composed of experts and practitioners will be tasked to conduct the appraisal of the documents through an agreed system of objective evaluation. Table 6 is proposed. Each of the PED criteria is indicated with assigned value.

   Three winning candidate entries will be called for an interview by the appraisal panel. The interview schedule is universal for all the candidates. After the interview, the winning candidate case will be endorsed to the institution handling the PED Best Practice. Hereon, the task of the appraisal panel ceases.
### 3) Awarding
The institution handling the PED Best Practice is responsible in processing the endorsed winning candidate case. The contest will be conducted every two years.

#### Table 35. PED Best Practice rating scheme

<table>
<thead>
<tr>
<th>PED Best Practice Criteria</th>
<th>VC</th>
<th>Indicator</th>
<th>VI</th>
<th>AR (0-1)</th>
<th>(VC)(VI)(AR) X (100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shall have an updated CLUP and CDP as separate plan documents through participatory process and sound technical, corporative, and political approaches</td>
<td>0.15</td>
<td>Updated CLUP</td>
<td>0.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Updated CDP</td>
<td>0.35</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>LDC with its full membership was the main facilitator of the planning process</td>
<td>0.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall have used an indicator system for the CLUP preparation by combining techniques of EP, LGPMS, and CBMS</td>
<td>0.10</td>
<td>The EP production used the LGPMS and CBMS indicators</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>An LDI database is generated</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall have systematically evolved the ELA, LDIP, and AIP from the CDP</td>
<td>0.10</td>
<td>Followed and recorded the proper sequence of ELA formulation</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Followed and recorded the proper sequence of investment program formulation</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall have shown clearly the PED nexus in the AIP</td>
<td>0.15</td>
<td>Listed concrete investible projects on poverty alleviation and environmental protection</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Up-scaling plan is described</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall have implemented projects on poverty alleviation and environmental protection and comprehensively documented the PED practice</td>
<td>0.20</td>
<td>Filled out monitoring and evaluation system</td>
<td>0.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment reports are available</td>
<td>0.25</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Documentation of practice is available</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall be able to showcase the LGU as a PED best practice</td>
<td>0.20</td>
<td>Best practice is present in LGU</td>
<td>0.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Best practice is up-scaled</td>
<td>0.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shall be able to mentor other LGUs</td>
<td>0.10</td>
<td>Pool of resource persons available</td>
<td>0.40</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Willing to mentor LGUs on volunteer basis</td>
<td>0.60</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sub-total, %</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Where,

VC – maximum percentage value of criteria
VI – maximum percentage value of indicator
AR – actual rating with values 0 to 1.0
3.5.3 Incentives

A. Financial incentives

In principle, the BLGD-DILG will earmark some funds for the PED Best Practice winners on condition that the amount is added to the PED projects in the AIP.

The Philippine government may locate some funds for the Best Practice since it is a central concern of the Aquino administration. If the PED Best Practice is a rider to an existing award, the pot incentive will increase to the benefit of the LGU.

B. In-kind Incentives

The best practice will be produced in print and as an audio-visual material.

At the world scale, the PPEIs of different countries may set up an award schema wherein country cases could vie, akin to the awards set up by the UN for sustainable cities, gender sensitiveness, good governance, etc. None on this type is known to be discussed, but drawing from past experiences of innovative UN programs, providing incentives is not a far fetch reality.

Global conferences on PED best practice may be initiated by the PPEI Philippines through the electronic conferencing system, and perhaps, later could move to parallel session conferences of regional presenters. The UN Habitat has shown this route in its then Sustainable Cities Program. Building this first will be a boost to the Philippines’ effort towards sustainable development.

3.6 Summary of Findings

A. Well Established CLUP-CDP-ELA-LDIP-AIP Process

The guidelines for the formulation CLUP, CDP, ELA, LDIP, and the AIP are available; a recent example is the JMC No. 1 s2007. As argued, plans and programs of agencies and development institutions should be integrated in these LGU plans and programs, effectively reducing the time used for planning and programming. It will also increase coherence of development work by the various stakeholders.

The “insistence” of some LGUs to produce a CLUP-CDP as a single document should not pose as a constraint in locating the PED in the planning and programming tasks. However, with the 10-15 year time horizon of the CLUP and the usually 6-year timeframe of the CDP, a combined document is complicated to use for integrating PED nexus. Indeed, the LGU will handle the integration of PED concerns easier with separate CLUP and CDP documents. The RPS has since been advocating separate plan documents which some LGUs agree, although many more are toeing the CGB process. The suggested variables which constitute the EP are extensive, and these need to be reflected on the analysis of data. There are reductionist errors found in handling the voluminous information.

The RPS suggestion of a 4-module scheme in developing the CLUP, CDP, ELA, and LDIP is well taken. The various stakeholders are engaged through the systematic process which relies on the

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21 The fourth chapter of this report tackles the need to establish a knowledge platform on PED practice in the country. The Asian connection is a possibility.
institutional strength of the multi-stakeholder LDC as a facilitator of participatory governance. The Council could either encourage full participation or restrict contribution of stakeholders in the planning activity. Thus, this institution being the fulcrum of decision making in planning and programming, need to be strengthened to respond to the demands of sustainable development challenges.

The integration of Poverty Dimension, Poverty Descriptors, and indicators (process, state) into local planning could be done comprehensively. While there are methodological issues as regards the EP production with indicator-based methods such as the CBMS-NHTS-PR, LGPMS, etc., the prospects for integration is possible. Nevertheless, the evolution of an appropriate method which combines the strengths of each technique remains a task of practitioners, but principally with academics. The experiences of users are excellent field of data for methodological development.

B. Anti-Poverty Dimensions in Planning and Programming

The primacy of the CLUP-CDP-ELA-LDIP-AIP procedure is asserted, suggesting other processes in planning and management at the LGU level to cultivate through this prescribed operational policy. The current CLUP formulation correlate with the environment and development segments of the PED nexus without constraint as it employs the EP methodology for its data generation. It is not clear, however with respect to anti-poverty perspective, although conceptually, it is said that everything there is at the LGU is addressing poverty.

Several policies have focused on the utilization of poverty indicators in local planning and programming. Particularly, the fourteen (14) core poverty indicators will have been integrated with coalesced methodologies (EP/CBMS/NHTS-PR) at the onset of the CLUP formulation, but more work is required to develop a technique and its instrument which draws from the methodologies. The Poverty Dimension\(^{22}\) of Survival with Poverty Descriptors on health, nutrition, access to basic amenities; Poverty Dimension of Security with Poverty Descriptors on shelter, peace and order; and the Poverty Dimension of Enabling environment with Poverty Descriptors on income, employment, education, along with the process and state indicators will find a good fit with the AIP. The state indicators are qualitative and quantitative measures of poverty alleviation. The process of integration is illustrated (see Figure 12). An important segment is the “tactical” approach of integrating in the AIP procedure. The detailing of the AIP matrix shows the logical continuum of process (running) and state indicators, respectively. More indicators could be added in consideration of the current challenges of global economy and climate change adaptation. Tool development is called for at this stage.

C. Potentials of PED Best Practice

There is no rationale for a separate PED Award. In the paper, a PED Best Practice introduction that rides on the Gawad Pamana ng Lahi has more sense especially because the indicators introduced are all “outcomes” in the LGPMS classification. The scheme has been developed, including the process required to select the best practice. The packaging of the criteria into a tool for appraising the best practice LGU candidates has to be examined as it brings to fore the bias on the RPS (see Table 35). The stress on the need to systematically document PED experience is highlighted.

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\(^{22}\) Included in the MC 2003-092.
The DILG is a main player in nearly all of the awards discussed in the paper, so that a “piggy back” on the Gawad Pamana ng Lahi will be less institutionally demanding. Nevertheless, it recognizes the fact that selection of a best practice should not add burden to the candidate LGU on the major award.

**D. Case Documentation**

A conscious effort at documenting PED best practices is called for not because of the contest being proposed but of the hunger to understand the various faces of sustainable development in the country. The documentation is higher than documenting success of programs or projects on development, due to its critical examination on the quality of interconnections of variables, particularly locating the effort with the planning, programming, and budgeting of the LGU. It is a zooming out exercise (academicians term this activity as theory construction) that requires a good grasp of the tenets of sustainable development vis-à-vis the directions of efforts of the different stakeholders, the LGU being the main player.

**3.7 Way Forward**

**A. Assess Implementation of Joint Memorandum Circular No1 s2007, and the 14 poverty indicators**

The implementation of JMC No1 s2007 ought to be assessed to get the extent of compliance by the LGU, but recognizing that they are equally accountable to the HLURB guidelines for CLUP-CDP formulation. It will be instructive to learn the adaptation of the LGU with the seemingly “varied” impositions of policy. The demand for unified planning and programming approach could be quantified from the assessment process. Moreover, the results will signify whether the single document CLUP-CDP issue could be re-tabled for discussion by key agencies, principally, NEDA, HLURB, and DILG. Five years of advocacy on the CLUP and CDP separate documentations should be settled for the benefit of real good governance. People should be served by policies and not the other way around.

In the same plane, the successive policy issuances to conduct poverty-focused planning and the use the 14 core poverty indicators need to be assessed if indeed, their use has been complied with in LGU planning and programming. Topping the list is the MC 2001-109 and the MC 2003-92.

**B. Tool Development**

A unifying tool which combines the EP/CBMS/NHTS-PR/LGPMS methods for LGU planning and management has to be developed. The resulting tool, which buys-in PED concerns, has to be available for LGUs which are updating their CLUP-CDP-ELA-LDIP and/or for LGUs which only now are formulating their CDP from the CLUP. The task is corollary to 7.1, in fact, a better alternative is to develop this unified tool first before the assessment of the “CLUP and CDP policy and core poverty indicators” so that, the methodological issue is forced to be settled. In this way, the government will use only a manual or guide for the local planning and programming, including budgeting.
C. Work out Integration of PED nexus with AIP

A Joint Memorandum Circular amongst the different key players (DILG/NEDA/DBM/DOF/NAPC/HLURB), recognizing the need to integrate PED nexus with the AIP may hasten the process of eventually utilizing a unified LGU process for planning and programming. The use of the innovated AIP matrix could serve as a sample of integration.

To hasten the process of targeting the 600+ LGUs targeted for anti-poverty intervention, these municipalities could be required to develop the innovated AIP matrix as pre-requisite to receive funds.

D. Initiate a PED Best Practice Contest

The paper has presented a scheme to select a PED Best Practice and suggested that this be assimilated by the current system of the Gawad Pamana ng Lahi. While this PED Best Practice is not a requirement, if it is listed as a “sub-award” with a corresponding weight in the overall computation of the Gawad Pamana ng Lahi, then it shall have achieved the purpose.

Institutionally, the integration of the PED Best Practice with the Gawad Pamana ng Lahi will entail adjustment in the current appraisal procedure. The DILG as the main player could consider the suggestion.

E. Documentation

There are two ways of documentation. First, is for the absence of systematic documentation of experience, and second, is to sieve through documented experience. The former is what is known as process documentation and the latter as a reflexive documentation. Ideally, the two techniques are correlating. With established criteria, the documentation framework maybe developed to guide LGUs. A documentation framework should cover the context, content, and process of the experience. The recording and reflection are structured to convey the PED nexus.

A PED process documentation field guide drawn from the documentation framework will provide the procedure of actual documentation of the experience. The guide is thematic and therefore will have specific items on the interactions of poverty, environment and development. For those which have been process documenting their experience, a procedure for content analysis of documentations will assist the documentation cum reflection on PED nexus.

This chapter has two parts: the Poverty-Environment Development (PED) advocacy education and PED action platform. The first part discusses the approaches that may be applicable to PED advocacy education. Both media planning and the action platform are considered as aspects of development advocacy education. A PED advocacy education schema may contain activities for different purposes, as follows:

(a) Building of foundational knowledge refers to activities like understanding frameworks, concepts, legal environment, socio-cultural context, developmental context, procedures, and processes;
(b) Honing of skills refers to training, seminars, orientation, consultation, conference, meetings, exchange, exposure, mentoring, education materials preparation, and anchoring advocacy education, and
(c) Managing knowledge refers to setting-up of a development-oriented management information system, building capacities to transform information into valuable information for LGU executives and officers, and networking.

The second part on PED action platform is akin to a management information system or aptly regarded as an executive referencing system on PED matters, and proposed to be housed in the Department of the Interior and Local Government’s (DILG) Knowledge Management Center (KMC).

PART 1. Poverty-Environment Development Advocacy Education

4.1 Frameworking PED Advocacy Education

A PED Advocacy Education is required to take an institutional development framework to effectively integrate PED concerns in planning and management of the LGU. The ensuing partnership is best anchored by governmental institutions with direct or associated role in planning and management in pursuit of local sustainable development. Hence, Figure 14 presents a framework that routes the mainstreaming of PED with the LGU. Systematic work is sequenced, although the suggested steps maybe re-positioned.

A. Build institutional partnerships

Partnership amongst key players of sustainable development is vital in PED advocacy education. The institutions could include national and regional agencies, academes, civic organizations, civil society groups, and peoples’ organizations. The participation of regional and global institutions also
will be important for enhancing Philippine PED models. These institutions will be the movers of the PED mainstreaming in LGU governance. Up until 2011, the cudgel has been with the PPEI/BLDG-DILG drawing inputs from the DOF, DBM, NAPC, and UNDP. The systematic approach that the Initiative has lain (to include this document) will be expanded further in the next couple of months with other main agencies converging. In other words, PED mainstreaming could only be possible with institutions leading the role of facilitation.

**Figure 14. Institutional Partnership for PED Advocacy Education**

The general objective of the institutional partnership is to sustain support for PED processes at national and regional levels, with the LGU as the eventual receiver of the support. Specifically, the partnership shall;

Strengthen national and regional connections so that documented lessons are systematically disseminated to promote replication by the LGU, and optimize application of PED tools;

1) Influence PED policy dialogues and legislative agenda by integrating lessons and insights into national policy and legislative frameworks;
2) Provide systematic capacity-development support to LGUs to implement PED process; and
3) Improve documentation of local experiences, feeding lessons into global processes.

Oftentimes, the learning environment in the locale is “contest of development turfs” representing different development interventionists. This renders learning as discontinuous or episodic creating unconnected learning sessions, besides being activity-oriented and missing out the logical
progression of upgrading concepts and skills on SD governance. Given the multiplicity of players and the past experience of work immobility because of the inter-connected development mandates, the partnership could “assign roles” to specific institutions and expect the partnership to respect and abide by the initiatives of the assigned institutions.

Target audiences of capacity development vary but the following priority list is by far the most logical for PED advocacy education (Table 36).

### Table 36. Prioritized key stakeholders for PED Advocacy Education

<table>
<thead>
<tr>
<th>Description of Stakeholders</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGUs with their three main bodies: the mayor, Sanggunian and the Development Council. They are the principal bodies for planning, law making and policy-making, within their administrative jurisdiction. While the Sanggunian is authorized to enact local environmental and development ordinances, the Development Council is mandated to enforce and supervise their implementation through the Office of the Local Chief Executive – the Mayor – and the various departments of local government. The bodies are responsible for overall development (economic, environmental, social and cultural).</td>
<td>1</td>
</tr>
<tr>
<td>Local Business and Industry that play a crucial role in establishing the economic base of the LGUs. They are engaged in a variety of businesses ranging from agro-industries, sand and gravel mining, food and beverage manufacturing, textile manufacturing, shipping and ports operations, and cargo handling and distribution. In environmental terms, the local people perceive these businesses as sources of pollution, but they make up the economic engine of the locality, thus income. Another type of businesses, although relatively few and underdeveloped, are those performing environmental protection activities (e.g., cart-driven waste paper and bottle collection, junk shop operation). This latter type requires further development, which can encompass such operations as wastewater treatment, landfill operation, etc.</td>
<td>2</td>
</tr>
<tr>
<td>Local Media such as newspapers, radio and TV broadcasting supply daily information about the major development programs and activities of the LGU to practically all stakeholders. This distinct role in creating and raising public awareness and education can be vital to the long-term success and sustainability of development programs.</td>
<td>3</td>
</tr>
<tr>
<td>Civil Society groups include non-government organizations, civic clubs, associations, foundations and religious organizations, which have a broad range of activities and interests. These groups play a significant role (educating and organizing local communities, conducting advocacy work, etc.) in managing, developing and conserving resources in cooperation or partnership with local governments.</td>
<td>4</td>
</tr>
<tr>
<td>The Local People who are the primary beneficiaries of various development programs. They have the right to be informed about the state of the natural resources and development programs. They can be both effective partners in managing and sustaining development, on the one hand, as critics of unsustainable development programs.</td>
<td>5</td>
</tr>
<tr>
<td>Financial Institutions and Intermediaries provide financial support for major development and environmental management projects at LGU levels.</td>
<td>6</td>
</tr>
<tr>
<td>National Government and its line agencies. The quasi-governmental LGU leagues also serve as critical national organizations.</td>
<td>7</td>
</tr>
<tr>
<td>Scientific Community (educational and research institutions) consists of the local universities and colleges, and their faculty members that can provide the necessary knowledge and expertise to local governments, civil society groups, the local people and other stakeholders. On the one hand, they need to be oriented on the field experiences of the LGUs.</td>
<td>8</td>
</tr>
</tbody>
</table>

B. Identify Anchor Institutions

Anchor Institutions (AI) perform a variety of tasks that include short and long term capacity building, technical support including infrastructure development, curricula development,

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1 The concept was adapted from the local experience of the LEPM-UN Habitat.
tool/method development or adaptation, and documentation of experiences. Two relevant lessons from past experience in anchoring development, suggest for partnering institutions to,

1) Define the different roles and possibly even activities which are appropriate to each partner institution, and
2) Define an “Institutional Development Scheme” used as a management tool to gauge partnership contribution or progress in anchoring PED mainstreaming in the LGU.

Institutions are typed as: (i) technical support & training, (ii) specialized service providers, and (iii) academic institutions. These institutions produce guides, sourcebooks, field procedures, etc which are made available as resources for work such as curriculum development, training module formulation, and practical guides. The PPEI/BLGD-DILG is of the first type.

The continuous synthesis of PED experiences are picked up depending on their expertise and exposure. In a sense therefore, a success criterion in anchoring is the extent of collectivized information and where these are made to full use by the LGU, being the main user of the materials. However, there is an array of qualified AIs; so that the partnership concept has to decipher what measures can bolster the chances of success in anchoring PED. For example, focus could be placed on technical support & training institutions with traditional linkage with the LGU. This group has a mix of competencies for cross cutting and specific technical support to the LGU. They are knowledgeable on the local environment and likely have specialized expertise. The candidates here are the BLGD, BLGS, LGA and their regional counterparts; NAPC; and the HLURB, the latter two are with limited exposure since they have no regional representation. At the periphery are the academic institutions with their curricular development function ensuring the sustainability of production of professionals with the worldview of PED in sustainable development. The other potential anchor institution is the specialized service provider which is usually a private sector entity. Also, there are the civil society organizations.

The anchoring process involving many institutions can be rationalized by examining the manifested relevance of the institutions according to the proposed criteria, as below. While the list is still general, this may be used to eventually attach the “Anchor Institution (AI)” label to the identified organization, at least for PED advocacy education.

(a) As regards mandate and goals
   (i) Mandated to support and/or supervise local planning and management of the LGU
   (ii) Adopt multi-partite participatory approaches in local planning

(b) As regards capacity building
   (i) Capable to provide competency training to municipal, city and provincial officials, and other professionals
   (ii) Experienced on training module development, strategic planning, program development, and LGU coaching
   (iii) Sufficiently flexible and interested to work with a variety of partners
   (iv) Experienced on policy development and reform
   (v) Experienced on multi-partite advocacy activities

(c) As regards information and knowledge management and exchange
   (i) Experienced on information needs assessment of stakeholders
   (ii) Experienced on information management and knowledge reuse
   (iii) Experienced on documentation and production of publications
   (iv) Existence of a knowledge management center
(v) Capacity to transform information into knowledge products which are utilizable for LGU planning and management

(d) As regards networking and partnership building
   (i) Recognized leadership and expertise on working relationships with diverse partners at national, regional and/or international levels
   (ii) Experienced on developing and implementing strategic partnerships at local level
   (iii) Clear institutional networking objectives

(e) As regards methodology/approach
   (i) Experienced on participatory processes in LGU planning and management
   (ii) Recognized leadership and expertise in sustainable development
   (iii) Experienced on research, documentation or implementation of field initiatives
   (iv) Familiarity and interested on gender mainstreaming
   (v) Experienced on monitoring and development of indicators
   (vi) Experienced on institutional strengthening of other organizations Multicultural sensitive approach
   (vii) Innovated on the approaches emerging from decentralization
   (viii) Experienced on strategic planning processes
   (ix) Experienced on GIS and MIS

A fair anticipation on being an AI is the increasing inflow of resources since major activities will gravitate with these institutions. To avoid tugging, the partnering AIs execute a Terms of Reference akin to a Memorandum of Agreement detailing the participation and expectations.

C. Focus on capacity development

AIs on PED capacity development roles have to identify a couple of institutions from their ranks to be charged to orchestrate the intertwining capacity development activities. On this aspect, the DILG by virtue of its affinity with the LGU is perceived in a vantage position to take a major position in the same manner are the NAPC and the HLURB. However, particular bureaus or offices within the agencies have to be on “Special Orders” to faithfully accomplish capacity development activities. Even as this AI concept is government-centered, the participation of other major stakeholders on ground must be ensured.

A general thrust of strengthening the LGU is to effectively and efficiently alleviate poverty alongside measures on environmentally-sensitive resource management. The LGU shall be equipped with the SD attitude, skills and tools for the integration of PED in the organization, so that the intermediate goal of increasing the pace of transformation towards a sustainable LGU can be built by specifically gearing capacity development to;

- Systematize the learning process on the paradigm of sustainable development;
- Provide a systematic approach for assessment, planning and management skills development, and
- Enhance the administrative capacity of the LGU towards SD governance.

The Philippine SD blueprint (PA 21) stressed local administration with equity vis-à-vis poverty alleviation, compelling the LGU for the active participation of stakeholders in the formulation, implementation and evaluation of policies and programs. Hence, the LGU is duty bound to set up avenues for participation within the policy on broad-base and bottom-up planning and management. The PED capacity development approach will consider the emphasis but shall have a
wider perspective than training, although, it is the main component. It includes conventional activities of LGUs such as a continuing legislative advocacy, conduct of spatial and management planning, scholarship and exchange, and coordination and networking.

1) **Training.**
A training theme could deal on the concepts and principles vis-a-vis local planning and management, and the other theme concentrating on a detailed understanding of the local process of planning and management and tailor fitting with innovative policies such as the RPS and the use of core poverty indicators in establishing development programs. Expertise on training has become specialized, therefore there is need to prioritize training and select trainees, develop training design-plans, and determine training equivalence standards to optimize attendees.

2) **Module development.**
A task related to training is development of modules and manuals on poverty and environment-oriented local planning, management, as well as on PED prototyping/modeling. The modules could be used as resource books or self-teaching guides.

Als which have the expertise on developing capacity development modules will be pivotal for the task. The likes of the LGA, UP SURP, and BLGD/PPEI are good candidates in facilitating the development of modules. As a precautionary measure against re-hashing existing modules, is for the PPEI to direct initially the themes that need to be covered within the framework that the Initiative was developed. It is significant that the PPEI evolve the modules from the recommendations/way forward suggestions of the studies conducted in 2011. The modules may not be originals, instead even better, are enhancements of the available modules around.

The possible crafting of a PED Toolkit can form part of the strategic development of more PED Best Practice amongst LGUs. This PED Toolkit scoping means that it has to be handy for the LGU use even with minimum assistance or without the physical presence of an AI or a coach. It should be self-instructive especially for the LGU trainers.

3) **Exposure, exchange.**
Educational exposure and exchange will be mainstay activities in building PED Best Practices. There shall also be conferences and consultative meetings for sharing of experiences and models of PED.

4) **Sustainable development planning.**
Serious institutionalizing effort of SD planning in the country has progressed with the professionalization of environmental planners through the Civil Service Commission, which administers examinations for prospective candidates. While the subject coverage of SD planning is broader, professionalizing spatial and development planning is a head way since this will improve the quality of the planning process and documents. The CLUP and CDP documents have to be signed by these professionals, burdening these persons with increased competition or survival as providers of knowledge and skills on planning.

5) **Shell building.**
The approach is designed to achieve capacities by learning skills, broadening perspectives and evolving positive behavior, building productive relationships within and outside of institutions, strengthening structures and processes so that the group could function effectively and efficiently. The end result would be bringing in innovative and constructive ideas and methods into the governance of LGUs.

The concern for process is significant in the framework, so that capacity development maybe indicated empirically by the; (i) produce which refers to the capacities developed, (ii) performance which refers to the outcomes, and (iii) permanence which refers to the sustainability of the positive changes in capacities. The hierarchical layers of the capacity development targets are shown in Figure 15, which is biased at developing champions within the LGU and in various levels of governance. Conceptually, it
parallels the “anchoring approach” to up-scale the PED concerns nationwide. The LGU planning staffs are the first recipients, followed by the other LGU units, and finally, the private sector and other stakeholders representing the outer shell in the diagram.

Four clusters of factors are to be considered (economic, political, social, environmental), because these influence the worldviews and processes of the LGU.

**Figure 15. Dimensions of Capacity**

6) **Social change.**

Capacity development and social change are mutually reinforcing processes which could mean that an on-going social change is influenced by knowledge and skills of change actors. For LGUs to transform, it shall require constituencies which are equipped with skills and knowledge on PED, and an in-depth appreciation that there is multiplicity of factors that influence SD process. Capacity building therefore, becomes a major facilitating venue in bringing about social change. Particularly, the social change could take place in combination of different modes such as:

(i) With training, opportunities for personal changes are provided by knowing their strengths and weaknesses as well as their potential role for social change;

(ii) Acquisition of relevant knowledge and skills;

(iii) Learning opportunity for effective team playing through collective thought process;

(iv) Understanding of appropriate socio-cultural values and attitudes necessary to propel social change; and

(v) Bringing in the elements of participatory democracy in social change through creative pedagogy.

**D. Knowledge Management**

The setting up of databases have become expensive in terms of resources (money, people, time, maintenance), yet there is little benefit to derive from especially when none to minimal “new” data enter into the system. Compounding the situation is the very slow pace of translating data into readily usable information formats. Thus, more thinking on the type of knowledge management system should be developed. Some LGUs have benefited from other programs, which focused on knowledge management, although most of them would be saddled with maintaining the knowledge management system. The current trend has been to relegate the need with the private sector investors, which also provide specialist services to the LGUs, but at steep costs. The universities, which could have been an option, have likewise reduced their intellectual investments commensurate to the reduction of budgets.

In this paper ideas on how the management of knowledge can be evolved for the PPEI are suggested, although much of it is requiring specialized skills on information technology and management.

1. **Sources of data**

   - **PPEI Component 1-4**
     Using concrete cases, Phase 1 of the PPEI/BLGD-DILG’s 4 components have generated data on the collection, allocation and utilization of shared national wealth from the extraction and development of natural resources. Bulk of local data comes from Component 4.

   - **PED Best Practice**
     In deliverable no. 3 of Component 4, the concept of a PED Best Practice was floated as a “rated winnable” of the current Gawad Pamana ng Lahi. The rationale, criteria and process in determining the PED Best Practice were described. Even if this PED Best Practice is not a requirement of the Gawad Pamana ng Lahi, when listed as among the chosen accomplishment with a corresponding weight in the overall computation of the Gawad Pamana ng Lahi, then it shall have achieved the purpose of putting weight on linking PED in local planning and management. The resulting expectation is more documentation of PED cases, which will add up to the data sets that could be stored as referrals or prototypes.
4. PED Advocacy Education and Action Platform

A conscious effort at documenting PED best practices is significant in understanding the various faces of sustainable development in the country. This particular documentation is weightier than documenting success of programs or projects on development, due to its critical examination on the quality of interconnections of variables, and locating the effort with the planning, programming, and budgeting of the LGU. It is a zooming out exercise (academicians term this activity as theory construction) that requires a good grasp of the tenets of sustainable development vis-à-vis the directions of efforts of the different stakeholders, the LGU being the main player.

There are two ways of documentation. First, is for the absence of systematic documentation of experience, and second, is to sieve through documented experience. The former is what is known as process documentation and the latter as a reflexive documentation. Ideally, the two techniques are correlating. With established criteria, the documentation framework maybe developed to guide LGUs. A documentation framework should cover the context, content, and process of the experience. The recording and reflection are structured to convey the PED nexus.

A PED process documentation field guide drawn from the documentation framework will provide the procedure of actual documentation of the experience. The guide is thematic and therefore will have specific items on the interactions of poverty, environment and development. For those which have been process documenting their experience, a procedure for content analysis of documentations will assist the documentation cum reflection on PED nexus.

- **Other sources**
  
  Apart from the PPEI, efforts of development workers, research studies, academic inquiries, contextual analyses, etc. are data sources that should form part of the overall work to synthesize information on PED initiatives. Experience has shown that storing these could be unwieldy and requiring so much resources to build and maintain. An alternative system is presented below.

  There will be two types of storage vaults which shall be installed, i.e., the (1) data bin, and (2) information bin. IT professionals would have systems for such an arrangement.

2. **Transforming data to useful information**

The education campaign for good governance at the LGU may be characterized by a continuous bombardment of information of sorts through multi-media technologies. In an open environment of dissemination, there is no way that information could be blocked to reach the LGU. Development interventionists can freely flood the locale with information, although this “shotgun approach” has been shown to be ineffective and costly, besides confusing the recipients of information. The PPEI will not be another information-adding organization. To do this, some rational or directed delivery of information has to be done to elicit positive actions from the LGUs.

Firstly, the generated data should be representing local reality of need. Being so, the transformation of data into information packages is always for an intended use, rendering information as developmental in nature. The basic thought offered is that where data is collected for a development purpose, the information that will come out from data collation most likely will be usable by agencies, organizations and the LGU. Also, it will find greater chances of being adopted by the LGU. The PPEI has illustrated the generation of data by need
basis in the case of the geothermal energy. The Component Consultant was asked to evolve clear recommendations to address the inquiry of the Congressional Representative. Some of the proposals will be immediately implementable whereas others shall require further work. For example, the Best Practice Process, Policy reforms, PED mainstreaming in local planning, recommendations on methodological development and PED Advocacy Education Work Plan (this document) are future activities in various urgencies. Another is Component 3 which has suggested the track for transparency in mining activities in the country.

Using the coverage on mining and geothermal energy, Component 4 has developed the following:

- Macro understanding on the policy on national wealth sharing
- Case analysis on communities in mining and geothermal energy industry projects
- Locating poverty-environment-development nexus in local planning
- Establishing ways for the LGU to document and/or develop PED best practices
- Establishing a systematic PED Advocacy Education (part of this paper)
- Establishing a knowledge management system for PED linkage (part of this paper)

### 4.2 Key PED messages

#### A. Competition for attention

The advertising approach of business and industry are able to connect with communities in far flung places because of technology and their aggressiveness to market their products and services. At the LGU, the market competition of ideas to serve goods and services has grown into complex structures of selling and buying through various means, especially media. In parallel, the development playing field has improved greatly in terms of using techniques in reaching the general population or targeted audiences. The use of multi-media as vehicle of transport is already a necessity. However, on the main, development workers and their organizations have been slow to optimize the media such as television and radio airtime because of costs. The use of internet is a least cost alternative although in LGUs which are far from centers of internet connectivity, accessing the internet could be exasperating. The costlier way of physically transmitting the information by land or sea transport remains a backup method. Unfortunately, the country’s intrinsic capacity of internet interconnections is largely inadequate. Nonetheless, it is a good alternative in transmitting of information by nearly all urban communities.

PPEI products and services have to be disseminated to the LGU in most effective ways. The DILG has established the protocols of the process for its products and services that could benefit the LGU, and these could be on various themes and purposes. Besides the DILG, other agencies and organizations are transmitting their products to the LGU. In other words, the information/offers received by the LGU are voluminous. The concern therefore is how to create a PED niche that the LGU will demand to regularly access for innovative and responsive governance methodologies, techniques and sustainable development ideas, in general.

The utilization of multi-media is an open option, although the most practical at this stage of project resources is printed news, but even this is expensive. There is of course the PIA that could be explored with much lower funding requirements, and the internet.
B. Messages

For more focused delivery to the LGU, it is advised that the PPEI come up with key PED messages which could serve as rallying points. These can reflect the prioritized aim of mainstreaming anti-poverty measures and environmental protection in local development. Below are examples:

1) **It is PED equals to sustainable development.** This message asserts that an effort that links poverty-environment-development means a sustainable development effort. It encourages LGUs for more documentation of PED practices so that the faces of Philippine sustainable development work maybe pictured comprehensively.

2) **Emulate a PED Best Practice.** This message puts importance in documenting PED experience as a candidate best practice. Of course, the procedure for getting recognized as a PED Best Practice has to be complied by the prospective LGU. Since a PED Best Practice is a weighted award under the Gawad Pamana ng Lahi, a candidate for the Gawad will be boosted with the PED Best Practice in the same manner as when it gets the Seal of Good Housekeeping and others. Moreover, because a PED effort is sustainable development, a PED Best Practice holder will be worth emulating by the LGUs.

3) **Conducting poverty alleviation measures coupled with environmental protection will surely move you closer to sustainable development.** This message speaks of the fact that doing a program on anti-poverty with clear environmental protection cum climate change adaptation mode is a big leap towards sustainable development. The action must be a real candidate as PED Best Practice.

4) **It is perfect to use anti-poverty indicators to enhance your AIP.** This message centers on the best option to integrate anti-poverty measures in local planning and programming, principally in the Annual Investment Program.

5) **A poverty-oriented AIP is your Local Anti-Poverty Action Plan.** This message says that a poverty-oriented AIP of the LGU is your document to source development funds from the national government. Integration of the enhanced poverty indicators will result to an AIP which is equivalent to a Local Anti-Poverty Plan, that is, when the results of the CBMS-NHTS-PR shall have been used to modify the 14 poverty indicators. This claim however, needs to be accepted and agreed by the NAPC, DSWD, and DILG since these national agencies oversee the People Empowerment fund. If adopted, the LGU doesn’t have to formulate a separate Local Anti-Poverty Plan.

6) **You are better off with CLUP and CDP separate documents.** This message emphasizes to rationalize LGU planning by formulating separate CLUP and CDP documents. It is an advocacy that demands the requesting agencies and organizations for local plans to integrate into the CDP and its programmatic expressions (LDIP/AIP). Besides, the LGU will handle better and more effectively these requests with a separate CDP. The AIs are sought to assess the policy JMC No. 1 s2007, which encourages the LGU to produce separate plan documents, and reflect the continuing discussions with the different agencies that are associated with local planning.

7) **PED toolkits are urgently needed.** This message calls for the partnership to prioritize work by developing self-instructing PED Toolkits for the LGU. The kits maybe used for the documentation of PED experience or to assist the LGU in actually linking poverty, environment, and development in local governance planning.

8) **Harmonize policies.** This message calls for the partnership to harmonize policies especially those that influence local planning and management. Several issues on policy coherence have been raised in the Component 4 reports which require response from the AIs.
4.3 Regional and global sharing

In due time, the region and global community will call for conference papers, publications, learnings, insights, and concrete cases on the link up of poverty alleviation with environmental protection and local development. The documented cases will be source for the papers. As said, the PED Philippine cases will show the various faces of sustainable development in a world setting where poverty and environmental degradation are occurring. Perhaps, along the process, the AIs shall have drawn some “equations of sustainable development” from the cases.

While most of the SD approaches are locale specific, many more insights could be derived from experiences of countries of the same footing as the Philippines. Participation in regional and global exchanges on PED will surely enhance the current PPEI perspective and approach.

PART 2. Poverty-Environment Development Action Platform

4.4 Managing information

The PED information collected from the national and local level reviews, studies, and documentation of best practices will be stored in the DILG Knowledge Management Center (DILG-KMC). The main originators of data and information are the AIs and the LGUs.

The scheme suggests that the PPEI/BLGD-DILG “rent a space” in the DILG-KMC to establish a “PED folder” within it. There will be sub-folders on themes defined by the AIs. The PED Folder shall be creatively formatted to attract potential users, and in recognition of the competition posed by the proliferating websites. This will be the main source of the subject matter for the various fora (best practice, policy, methodological, modeling) that the PED Action Platform will convene, either as eforum or sit-in forum. Conceptually, a forum could take activities like workshop, consultation, meeting, planning, and similar interaction styles.

The BLGD/PPEI-Project Management Office shall serve as the PED Knowledge Administrator (Figure 16).

A. PED Folder

A protocol will be available to all registered users, first by the AIs, stakeholders, then by the general public on specific sites of the home page. The protocol will describe, among others, registration to the system, rights and privileges of contributors, the manner of storing data and information, access, transformation of data into usable information, and the PED Action Platform.

The PED Knowledge Administrator shall have the following responsibilities:

1) Ensure the integrity of the PED Folder system
2) Sustain an active partnership (AIs, others) to ensure the continuous inflow of data and information on PED concerns
3) Supervise the PED Folder Manager
4) Supervise the transformation of data into information
5) Supervise the PED Action Platform
On the one hand, the PED Folder Manager working under the supervision of the PED Knowledge Administrator is responsible for the following tasks:

1) Secure the PED Folder system
2) Keep the PED Folder active at all times
3) Manage the updating, cleaning, formatting, and the general management of the system
4) Supervise access to information
5) Implement the PED Action Platform according to the design provided by the PED Knowledge Administrator
   - Provide support in transforming data into information and formatted into friendly formats for use by the LGU executives
   - Implement PED Knowledge Administrator-assigned specific tasks
B. PED Action Platform

The PED Knowledge Administrator is anticipated to be conscientious in packaging PED information for the types of forum. The depth of the package will be influenced on how much data/information the PED Folder could provide. Therefore, the effectiveness of the PED Action Platform is dependent on the PED Folder’s supply capacity of information that must reach the LGU executives for their mainstreaming of PED concerns in planning and management.

The PED Action Platform will convene national and local fora. There shall be calls for attendance to a forum, but formal invitations will be sent to prospective attendees, which could vary in relation to the forum. Hardcopies and/or ecopies on the forum will accompany forum notices, and advising that information packages are available in the PED Folder. The user-forum participant could freely download the packaged information following the prescribed process.

It is possible that fora may be held in parallel sessions, although the Administrator shall ascertain the participation of identified stakeholders and open slots for the general public. On this point, it is practical that a forum is held one-at-a-time so that it gets a maximum level of participation. The periodic, preferably yearly conduct of consultations, workshops and the like will be in different modalities. For instance, the emode of the forum could be explored for LGUs and AIs which are digitally interconnected. Interactive style of consultation and learning may be done with thematic chairs synthesizing discussions during specific time of the day. The AIs and the LGUs are expected to be hooked to the forum. An overall chair will sum up the discussion after usually two hour forum. Another form is the usual "sit-in forum".

The conduct of fora will be the major schema for an active build-up of information. Attendees are expected to throw in ideas, proposals, and recommendations on themes that the PPEI could consider implementation after the activity. In other words, the PPEI will be in continuous motion of:

| data gathering >>> data storing >>> data analysis >>> information packaging >>> information dissemination >>> reflection >>> planning >>> back to data generation |

The use of languages will be liberal. In the minimum, there will be Tagalog, Visayan, and Ilokano speakers and writers helping out the chairs. In other words, through the forum, it is perfect for the exchanges to have mixtures of languages.

Separately, the PED Knowledge Administrator will organize specialized sessions which will be participated by the AIs and the PED Best Practice LGUs. The presenters in these sessions will be the LGUs mainly. The reflection synthesis shall be significant to the PPEI planning.

Aggressive marketing of the PED Folder will be done to compete with organizations and individuals ushering innovative ideas and approaches as well. Brochures, flyers, and write ups will be regularly sent out to entice the LGUs to routinize access to the site. A critical part in the administration of the PED Folder is to sustain interest of the users. This can be done with the PED Folder Manager...
posting new items at least every month. The Annual Work Plan of the PED Folder Manager should contain the details of sustainability.

4.5 Building PED Models

A requisite for an unbroken process of enhancing PED mainstreaming in local planning and management is PED model building as the LGU continuously seeks new forms of innovation in governance. They will want to know how the current PED model could be moved forward by upscaling in reach or in the increase of efficiency. This task will be demanded with the AIs figuring out importantly in the process. However, AIs will depend heavily on the PED Folder to deliver the information such as LGU documentations of experiences (Figure 17). Also, the fora are indication of the volume and quality of information necessary for the modeling work.

The two documentation guides will be available for LGU cases which have not documented their experience in integrating PED in their local planning, and for those which have conducted continuing documentation of experience in mainstreaming PED, respectively. The former is what is known as process documentation and the latter as a reflexive documentation. Ideally, the two techniques are correlating.

**Figure 17. A Generalized Modeling Process**

A. Process documentation of PED cases

The documentation guide should cover the context, content, and process of the experience. The recording and reflection are structured to convey the PED nexus. The guide is thematic and therefore will have specific items on the interactions of poverty, environment and development. General process documentation guides are available, rendering with no difficulty the task of modifying for the PPEI need. The catch is the use of previously agreed indicators.
B. Reflexive documentation

For those which have been process documenting their experience, a procedure for content analysis of documentations will assist the documentation cum reflection on PED nexus. The activity is specific for an intended purpose, meaning that there will be variations in the indicators for reflection.

The formulation of this guide is challenging, and will require specialist knowledge and skills on sustainable development.

C. PED indicator system in local planning and management: an Anchor Institution task

Crucial to the entire process of modeling PED mainstreaming in local planning and management is the generation of appropriate indicator system which must form part of the “routinized system of work by the LGU.” In the Chapter 3 of this report, it was pointed out that it is strategic that PED indicators are integrated in the method for formulating the Ecological Profile. It is in effect saying that the EP should be indicator oriented with focus on poverty alleviation and environmental protection. The task is technically demanding besides the knowledge requirement on scientific methodological development. The academic AIs will be the main purveyors which may also bring in the expertise of development practitioners.

As anticipated, the task will be a long process and requiring resources, but nonetheless perceived as relevant to be prioritized. In fact, in the contrary, a modified method for formulating the EP will set the downstream development of the CLUP, CDP, ELA, LDIP, and AIP in lesser expense to the LGU. Moreover, the anti-poverty and environmental direction of development is tracked properly.

D. PED Tool Kit development: an Anchor Institution task

Corollary to method modification is tools development which the LGU can use for local governance. The PED Tool Kit will be similar to a guide with added features on the “how to’s”. Three different tools are herein listed, although the need for other tools may surface as work progresses:

- Generating appropriate indicators for poverty alleviation, climate change adaptation, and sustainable development (process and state indicators),
- Poverty and Climate Change Adaptation-oriented Ecological Profiling for CLUP and CDP (a challenging methodological development), and
- Indicator-oriented Development Programming
4.6 Way Forward: Work Plan

Apart from the items raised in this chapter, which will be considered in the work planning, there were several suggestions that surfaced as way forward points in Chapters 2-3. These will be integrated as well in the overall work planning vis-à-vis PED Advocacy Education.

Work planning for PED advocacy education

Annex 19 is a suggested 24-month Work Plan for PPEI products and activities in context of the recommendations above. Central to the Work Plan is forging an institutional partnership amongst the key players, the identification and agreement of ALs, and the mobilization of the PED Knowledge Administrator and PED Folder Manager. The Work Plan is structured showing the objectives, major activities, output indicator, budget, and schedule.
## Abbreviations and Acronyms

### A
- **ACE**: Award for Continuing Excellence
- **AGEPL**: Alliance of Geothermal Energy Producing LGUs
- **AI**: Anchor Institution
- **AIP**: Annual Investment Program

### B
- **BC**: Benguet Corporation
- **BIR**: Bureau of Internal Revenue
- **BTr**: Bureau of Treasury
- **BLGD**: Bureau of Local Government Development
- **BLGF**: Bureau of Local Government Finance

### C
- **CBMS**: Community-Based Monitoring System
- **CDP**: Comprehensive Development Plan
- **CDO**: Cease-and-Desist Orders
- **CESC**: City Electrification Subsidy Council
- **CGB**: CLUP Guide Book
- **CIDA**: Canadian International Development Agency
- **CLPI**: Core Local Poverty Indicator
- **CLRF**: Contingent Liability and Rehabilitation Fund
- **CLUP**: Comprehensive Land Use Plan
- **COA**: Commission on Audit

### D
- **DBCC**: Development Budget Coordinating Committee
- **DBM**: Department of Budget and Management
- **DENR**: Department of Environment and Natural Resources
- **DILG**: Department of the Interior and Local Government
- **DOE**: Department of Energy
- **DOF**: Department of Finance
- **DRM**: Disaster Risk Management
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<tr>
<td>ECC</td>
<td>Environmental Compliance Certificate</td>
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<td>ELA</td>
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<td>EP</td>
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<td>FDP</td>
<td>Full Disclosure Policy</td>
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<td>FIES</td>
<td>Family Income and Expenditure Survey</td>
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<td>GOCC</td>
<td>Government Owned and Controlled Corporations</td>
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<td>HLURB</td>
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<td>ICCs</td>
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<td>Integrated Rural Accessibility Planning</td>
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<td>IRR</td>
<td>Implementing Rules and Regulation</td>
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<td>JMC</td>
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<td>KEECSP</td>
<td>Kananga Electrification and Energy Cost Subsidy Program</td>
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<td>LPRAO</td>
<td>Local Poverty Reduction Officer</td>
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<td>LPRAP</td>
<td>Local Poverty Reduction Action Plan</td>
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<td>Poverty-Environment Development</td>
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<td>PCF</td>
<td>Performance Challenge Fund</td>
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<td>PMC</td>
<td>Philex Mining Corporation</td>
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<td>PPA</td>
<td>Program/Project/Activity</td>
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<td>PPFP</td>
<td>Provincial Physical Framework Plan</td>
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<td>PPPP</td>
<td>Pantawid Pamilyang Pilipino Program</td>
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<td>RA</td>
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<td>Socio-Economic Profile</td>
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<td>SGH</td>
<td>Seal of Good Housekeeping</td>
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<td>UNDP</td>
<td>United Nation Development Programme</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<td>ZO</td>
<td>Zoning Ordinance</td>
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ANNEXES
Republic of the Philippines

Department of Finance
Department of Budget and Management
National Anti-Poverty Commission
Department of Energy
Department of the Environment and Natural Resources
Department of the Interior and Local Government

DOF-DBM-NAPC-DOE-DENR-DILG Joint Memorandum Circular No. xxxx-xx
January xx, 2012

For: The Governors, Municipal and City Mayors, Barangay Chairpersons, Sangunian Members, and Other Local Government Officials; All Others concerned

Subject: Regionalized Processing of the Sharing of National Wealth from Natural Resource Extraction and Development

1.0 This Joint Memorandum Circular (JMC) is issued to implement the provision of the Constitution of the Republic of the Philippines (Article X, Sections 2,3,5,6,13), particularly with respect to the automatic release of the share of the Local Government Unit (LGU) from the proceeds generated from the extraction and development of natural resources.

2.0 Further, Title III, Chapter II, Sections 289-294 of RA 7160, set the coverage on the LGU share from national wealth, and reiterating that the LGU share must be immediately remitted without delay.

3.0 On the mining sector, Sections 80-82 of RA 7949 describes the provisions attendant to extraction of minerals in the country, as well as the sharing of the revenues between the NG and the LGU, stating that the release of the shares correspond with the process prescribed under RA 7160, stressing the automatic downloading of the LGU share.

4.0 On the energy sector, Chapter V, Section 13 of RA 9513, which increased the government share to 1.5% from the extraction and development of geothermal energy, restating the congruence with RA 7160 in the manner of automatic downloading of the LGU share.

5.0 The process of downloading the LGU share from the proceeds of extraction and development of natural resources is defined by several operational policies, namely, the Implementing Rules and Regulations; and since the process requires multi-NG inputs, Joint Memorandum Circulars, specifically JMC 2009-1 and DILG-DOE C98-01 were issued for the mining and energy monies, respectively.

6.0 The Philippine Poverty Initiative (PPEI), a joint undertaking between the DILG, DOF, DBM, NAPC, DENR, and the UNDP, has empirically established the problem on non-patterned delays and amounts covering the claims of the LGU arising from the proceeds in the utilization and development of national wealth.

7.0 Moreover, while the JMCs have improved the speed of the downloading of the LGU share, the interlocking processes involving regional and national offices have constrained the overall process, the impact of which to the LGU is the inability or the inefficient and ineffective utilization of the money because deliberate planning, budgeting and implementing projects addressing poverty and environmental protection could not be accomplished.
8.0 Therefore, this Joint Memorandum Circular prescribes that the processes stipulated in the JMC 2009-1 and DILG-DOE C98-01 shall be conducted in the regional offices; that the LGU share be downloaded immediately after processing; and that the 60% NG share including the records and books pertinent to the sharing shall be remitted and submitted to the NGs, respectively.

9.0 A regional office is microcosm of an NG, hence is vested with power and authority akin to their mother units; that at the field level, the DILG as supervisor of the key development player, the LGU, is crucial to the overall Philippine governance, is in the vantage position to orchestrate the regionalization process; that, it is the point regional office pertinent to the process of sharing of national wealth from extraction and development of natural resources.

10.0 The PPEI/DILG serving as Secretariat, shall pilot the regionalization for two years, and thereafter draw the scheme of nationalizing the process for existing and upcoming investments involving extraction and development of natural resources.

11.0 This JMC shall take effect upon signing of the national government agencies.

Department of Finance
Secretary

Department of Budget and Management
Secretary

National Anti-Poverty Commission
Secretary

Department of Energy
Secretary

Department of the Environment and Natural Resources
Secretary

Department of the Interior and Local Government
Secretary
Republic of the Philippines

Department of Finance
Department of Budget and Management
National Anti-Poverty Commission
Department of Energy
Department of the Environment and Natural Resources
Department of the Interior and Local Government

DOF-DBM-NAPC-DOE-DENR-DILG Joint Memorandum Circular No. xxxx-xx
January xx, 2012

For: The Governors, Municipal and City Mayors, Barangay Chairpersons, Sanggunian Members, and Other Local Government Officials; All Others concerned

Subject: National Policy Forum on Sharing of National Wealth from Extraction and Development of Natural Resources

1.0 This Joint Memorandum Circular (JMC) is issued to harmonize understanding and processes attendant to the Local Government Unit (LGU) and the National Government (NG) sharing system from the proceeds generated from the extraction and development of natural resources.

2.0 Ensuing discussions will be guided by the provision of the Constitution of the Republic of the Philippines (Article X, Sections 2, 3, 5, 6, 13), particularly with respect to the sharing between the LGU and the NG, and the automatic release of the share to the LGU. Furthermore, this JMC applies to the provisions in Title III, Chapter II, Sections 289-294 of RA 7160; Sections 80-82 of RA 7949; Chapter V, Section 13 of RA 9513.

3.0 The process of downloading the LGU share from the proceeds of extraction and development of natural resources is defined by several operational policies, namely, the Implementing Rules and Regulations; and since the process requires multi-NG inputs, Joint Memorandum Circulars, specifically JMC 2009-1 and DILG-DOE C98-01 were issued for the mining and energy monies, respectively.

4.0 That there are claims of incongruence between operational policies as regards the understanding on transparency in mining activities, and scope of terms defining the sharing in energy generation and development activities; specifically, that there are contrapositing issues on open pit mining, remittance of LGU share from mining, and the computational variables in the case of geothermal energy extraction and development; that the Philippine Chamber of Mines has taken a position to opt for direct remittance of the LGU share, and that the Association of Geothermal Energy Producing LGUs has issued a position paper stating that the LGU share is substantially reduced because of the interpretation given by the Implementing Rules and Regulations of RA 9513.

5.0 The LGUs and other governmental agencies argue that the RA 7160 provision which defines that at least 80% of the proceeds derived from geothermal energy extraction and development to be applied solely to lower the cost of electricity in the LGU is constraining and no longer appropriate to the push for sustainable development at the local level.

6.0 There is need to mainstream the poverty-environment-development input, particularly in the planning and budgeting regimen of the LGU.
7.0 The Philippine Poverty Initiative (PPEI), a joint undertaking between the DILG, DOF, DBM, NAPC, DENR, and the UNDP, has empirically established the problem cited above. That, the DILG as supervisor of the key development player, the LGU, is crucial to the overall Philippine governance, is in the vantage position to orchestrate the National Policy Forum on Sharing of National Wealth from Extraction and Development of Natural Resources.

8.0 The PPEI/DILG shall facilitate amendment proposals, where necessary, on respective Republic Acts constituting as legislative agenda, and in the questioned operational policies.

9.0 This JMC shall take effect upon signing of the national government agencies.
Republic of the Philippines

Department of the Interior and Local Government

DILG Memorandum Circular No. xxxx-xx
January xx, 2012

For:  The Bureau of Local Government Development (BLGD)
The Bureau of Local Government Supervision (BLGS)
The Local Government Academy (LGA)

Subject:  **Capacity development on Poverty-Environment-Development approaches**

1.0 This Memorandum Circular (MC) is issued to enjoin the Department of the Interior and Local Government though the BLGD, BLGS, and LGA to direct support to the Local Government Unit (LGU) to integrate poverty-environment-development approaches in the planning, budgeting and implementation of development projects.

2.0 The triune functions of planning and policy development, LGU supervision, and capacity development are the mandated tasks of BLGD, BLGS, and LGA, respectively.

3.0 That the planning and budgeting processes of LGU are well established, although these do not emphasize the poverty-environment-development nexus, a main perspective of sustainable development. Therefore, the LGA will lead in the formulation of capacity development modules on the integration of PED approaches in LGU governance, the BLGS in providing the supervision of consequent capacity development activities of the LGU using the modules developed by the LGA, and the BLGD in providing assistance in establishing a policy environment for integrating the PED approaches in LGU governance.

4.0 The Philippine Poverty Initiative (PPEI), a joint undertaking between the DILG, DOF, DBM, NAPC, DENR, and the UNDP, has empirically established that the revenues generated from the extraction and development of natural resources are not effectively utilized for environmental rehabilitation/protection and for poverty alleviation.

5.0 That, the DILG as supervisor of the key development player, the LGU, is crucial to the overall Philippine governance, is in the vantage position to orchestrate the poverty-environment-development linkage for sustainable development. The PPEI/DILG while serving as the Secretariat of the three DILG agencies shall facilitate action planning and coordination of capacity development activities.

6.0 This MC shall take effect immediately.

Department of the Interior and Local Government
Secretary
# Date of Releases of LGU Quarterly Share Computed from Philex Mining Corporation (PMC)

## Republic of the Philippines

**Province of Benguet**

La Trinidad

**Office of the Provincial Treasurer**

### Philex Mining Corporation

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<tr>
<th>Period of Operation</th>
<th>Date Released by National Government Thru NFCI</th>
<th>40% LGU Share</th>
<th>20% Provincial Share</th>
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<td>CY 2010 2nd qtr. 2010</td>
<td>May 5, 2011</td>
<td>18,659,104.65</td>
<td>3,731,820.93</td>
</tr>
<tr>
<td>CY 2010 3rd qtr. 2010</td>
<td>May 23, 2011</td>
<td>20,155,508.80</td>
<td>4,031,101.76</td>
</tr>
<tr>
<td>CY 2010 4th qtr. 2010</td>
<td>August 11, 2011</td>
<td>26,503,827.04</td>
<td>(55% Release) 2,915,420.97</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td><strong>86,243,159.84</strong></td>
<td><strong>14,863,287.53</strong></td>
</tr>
</tbody>
</table>

Prepared by: 

[Signature]

Lourdes S. Fukai

LREO IV

Noted by: 

[Signature]

Imelda I. Macanes

Provincial Treasurer
**Date of releases of LGU quarterly share computed from Lepanto Consolidated Mining Corporation (LCMC)**

<table>
<thead>
<tr>
<th>PERIOD OF OPERATION</th>
<th>DATE RELEASED BY NATIONAL GOVERNMENT THRU NFCl</th>
<th>40% LGU SHARE</th>
<th>20% PROVINCIAL SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2006 1st qtr. 2006</td>
<td>April 14, 2008</td>
<td>4,877,116.27</td>
<td>975,423.30</td>
</tr>
<tr>
<td>2nd qtr. 2006</td>
<td>May 19, 2008</td>
<td>3,314,792.60</td>
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</tr>
<tr>
<td>3rd qtr. 2006</td>
<td>May 19, 2008</td>
<td>3,934,047.91</td>
<td>2,185,452.00</td>
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<tr>
<td>4th qtr. 2006</td>
<td>May 19, 2008</td>
<td>3,892,726.84</td>
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</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>15,818,683.62</td>
<td>3,160,875.30</td>
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<tr>
<td>CY 2007 1st qtr. 2007</td>
<td>September 24, 2008</td>
<td>3,679,798.25</td>
<td>735,960.00</td>
</tr>
<tr>
<td>2nd qtr. 2007</td>
<td>November 3, 2008</td>
<td>3,422,261.45</td>
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</tr>
<tr>
<td>3rd qtr. 2007</td>
<td>November 3, 2008</td>
<td>2,094,081.42</td>
<td>1,720,776.00</td>
</tr>
<tr>
<td>4th qtr. 2007</td>
<td>November 3, 2008</td>
<td>3,087,537.98</td>
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</tr>
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<td>TOTAL</td>
<td></td>
<td>12,283,679.10</td>
<td>2,456,736.00</td>
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<tr>
<td>CY 2008 1st qtr. 2008</td>
<td>April 20, 2008</td>
<td>4,199,820.45</td>
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<tr>
<td>2nd qtr. 2008</td>
<td>April 20, 2008</td>
<td>6,046,464.43</td>
<td>1,209,292.89</td>
</tr>
<tr>
<td>3rd qtr. 2008</td>
<td>April 20, 2008</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th qtr. 2008</td>
<td>no release</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>10,246,284.88</td>
<td>2,049,256.98</td>
</tr>
<tr>
<td>CY 2009 1st qtr. 2009</td>
<td>no release</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd qtr. 2009</td>
<td>June 8, 2010</td>
<td>3,380,706.60</td>
<td>676,141.32</td>
</tr>
<tr>
<td>3rd qtr. 2009</td>
<td>November 19, 2010</td>
<td>3,662,180.00</td>
<td>732,436.00</td>
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<tr>
<td>4th qtr. 2009</td>
<td>May 23, 2011</td>
<td>2,400,000.00</td>
<td>480,000.00</td>
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<tr>
<td>TOTAL</td>
<td></td>
<td>9,442,886.60</td>
<td>1,888,577.32</td>
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<tr>
<td>CY 2010 1st qtr. 2010</td>
<td>May 23, 2011</td>
<td>2,523,215.00</td>
<td>504,643.00</td>
</tr>
<tr>
<td>2nd qtr. 2010</td>
<td>May 23, 2011</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd qtr. 2010</td>
<td>May 23, 2011</td>
<td>2,885,291.00</td>
<td>577,058.22</td>
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<tr>
<td>4th qtr. 2010</td>
<td>August 11, 2011</td>
<td>5,847,238.28 (55% release)</td>
<td>643,196.21</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>11,255,744.28</td>
<td>1,724,897.43</td>
</tr>
</tbody>
</table>

Prepared by: LOURDES S. FUKAI
LRCO IV

Noted by: IMELDA I. MACANES
Provincial Treasurer

national wealth tax comparative/s
Date of releases of LGU quarterly share computed from Benguet Corporation (BC)

<table>
<thead>
<tr>
<th>PERIOD OF OPERATION</th>
<th>DATE RELEASED BY NATIONAL GOVERNMENT THRU NFCI</th>
<th>40% LGU SHARE</th>
<th>20% PROVINCIAL SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>CY 2006 1st qtr. 2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd qtr. 2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd qtr. 2006</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th qtr. 2006</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY 2007 1st qtr. 2007</td>
<td>September 8, 2008</td>
<td>12,389,570.00</td>
<td>2,477,914.00</td>
</tr>
<tr>
<td>2nd qtr. 2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd qtr. 2007</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th qtr. 2007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>12,389,570.00</td>
<td>2,477,914.00</td>
<td></td>
</tr>
<tr>
<td>CY 2008 1st qtr. 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd qtr. 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd qtr. 2008</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4th qtr. 2008</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CY 2009 1st qtr. 2009</td>
<td>none</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2nd qtr. 2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3rd qtr. 2009</td>
<td>November 19, 2010</td>
<td>222,490.00</td>
<td>44,498.00</td>
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<tr>
<td>4th qtr. 2009</td>
<td>April 20, 2011</td>
<td>237,095.70</td>
<td>47,419.14</td>
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<tr>
<td>TOTAL</td>
<td>459,585.70</td>
<td>91,917.14</td>
<td></td>
</tr>
<tr>
<td>2nd qtr. 2010</td>
<td>May 5, 2011</td>
<td>462,520.35</td>
<td>92,504.07</td>
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<tr>
<td>3rd qtr. 2010</td>
<td>May 23, 2011</td>
<td>576,983.00</td>
<td>115,396.60</td>
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<tr>
<td>4th qtr. 2010</td>
<td>August 11, 2011</td>
<td>684,613.05 (55% Release)</td>
<td>75,312.44</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,141,967.05</td>
<td>366,783.24</td>
<td></td>
</tr>
</tbody>
</table>

Prepared by: Lourdes S. Fukai

Noted by: Imelda I. Macanes

Provincial Treasurer
Section of the Ordinance (Article V, Section 9-10) defining the apportionment of the LGU share

ARTICLE V
SCHEDULE OF APPORTIONMENT OF THE SPECIAL FUND

SECTION 9. The Local Energy Board shall base the budgetary preparation for the operation and maintenance of the Municipal Electrification and Energy Cost Reduction Program according to the criteria below provided:

(9a) First Year of implementation year 1993:

Based on the actual Eighty Percent (80%) of the share from Royalty Fees received by the municipality in the immediately preceding year as certified by the Municipal Treasurer, the following apportionment shall be complied with:

(9a.1) 42% shall be allocated for the direct reduction by subsidizing eighty centavos (80c) of the prevailing rate of energy charge per kWh by the existing Electric Cooperative; however, the demand charge is excluded from the computation of the subsidy. For the first year of implementation one person, firm or corporation shall be entitled only up to the maximum privilege limit equivalent to the amount of the ten percent (10%) of the total yearly allocation intended to the direct rate reduction subsidy. These privilege limit shall be subject to change upon recommendation of the Local Energy Board on the subsequent year of implementation, depending on the financial capability of the municipality on this particular program.

(9a.2) Five (5%) percent for personal services for the Kananga Electrification Service Staffs and compensation and remuneration for the member of Local Energy Board and for procurement of office cabinet, table and chairs and office supplies.

(9a.3) Five (5%) percent power bill for street lights and government buildings and other facilities.

The year end unexpended balances of the above allocations (9a.1), (9a.2), (9a.3) shall be reverted to the special fund and be subject for appropriation for the next annual budget preparation or if for any reason the LEB failed to include these balances to the regular annual budget the Sanggunian may appropriate the same thru a supplemental budget.
Ordinance No. 12L-77 - Cont’d.

(9a.4) Thirty percent (30%) Supplies and materials for the construction, installation and maintenance of street lights, maintenance of electrical installation at Municipal Hall and other government building and facilities including tools and other necessary equipments.

(9a.5) Fifteen percent (15%) for subsidy of the first cost of electricity particularly either for the rental or purchase of electric service meters and purchase of entrance service cable. These subsidized materials shall be awarded to qualified applicants according to priority and criteria herein below provided:

First Priority: Applicants living in the barangay proper without electrical connection but located nearest to the source of energy or the existing electric plant and situs within this barangay with at least twenty (20) qualified applicants whose houses are closely clustered or are situated along or near the electric distribution lines. Provided that each awardee shall be entitled only up to the maximum of 20 meters of entrance service cable and rent free electric service meter.

Next Priority: Are applicants from barangay proper with existing electrical connection but whose energy consumers are far lesser than what is the minimum required by the electric cooperative.

Other Priorities shall be studied by the Local Energy Board who shall formulate the guidelines in the program of activities subject to the approval of the Sangguniang Bayan.

(9a.6) Three percent (3%) for calamity fund.

SECTION 10. For the second and subsequent year of implementation the Local Energy Board if necessary may adjust the percentage of allocation in any of the items specified under Section (9) to meet the needs and changes in statistics bring about by the impact of the electrification program subject to the approval of the Sangguniang Bayan.

ARTICLE VI
KANANGA ELECTRIFICATION SERVICE STAFFS (KESI)

SECTION 11. Creation – There shall be created the positions of:

(11a) One (1) Electrician Foreman; salary grade 9
(11b) Two (2) Electrician 1; salary grade 4
(11c) One (1) Utility Worker; salary grade 1
(11d) One (1) Clerk II; salary grade 4
(11e) One (1) Clerk I; salary grade 3

To be known as the Kananga Electrification Service Staffs. The salary levels indicated above shall be the starting salary for the first year of implementation, it is subject to change upon the recommendation of the IES in accordance with civil service rules and regulations.

SECTION 12. Qualifications:

(12a) Common to all positions — must be a Filipino citizen, a resident of the municipality, of good moral character.

(12b) Individual qualifications for each position:
### Comparative computations of LGU share based on RA 7160 and RA 9513

(Source: Minutes of the AGEPL Summit held in Sorsogon City, 10 September 2010, pages 12-13)

Board Member Tejada of Cotabato expressed his appreciation to the alliance and with that he said that he is willing to join the group.

Mayor Eric said that SB Member Sanchez of Kananga has also something to share with the group.

SB Member presented to the body his personal observation on the possible effects of RA 9513 to the share of the LGUs in the utilization of national wealth, known as Royalty Tax, to wit:

Comparative Computation of the Share of Local Government Unit based on the Provision of Section 291 (b) of R.A. 7160 otherwise known as the Local Government Code of 1991 to the provision of Section 13 of R.A. 9513 known as the “Renewable Energy Act of 2008”

The Computation below is based on the Actual Royalty Fee for the period ended December 31, 2005 for Kananga, Leyte, released from PNOC-Energy Development Corporation. (Deduction for Cost of goods sold not yet included)

<table>
<thead>
<tr>
<th>Data</th>
<th>Section 291 (a) R.A. 7160 (Example Only)</th>
<th>Section 291 (b) R.A. 7160 (Modified by Sec. 66 R.A. 9136)</th>
<th>Section 13 Chapter V R.A. 9513 known as “Renewable Energy Act Of 2008”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue</td>
<td>1,231,887,828</td>
<td>1,231,887,828</td>
<td>1,231,887,828</td>
</tr>
<tr>
<td>Less: Recoverable Expenses</td>
<td>(90%) 1,108,659,045</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Proceeds</td>
<td>123,188,783</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Contractors Share (40%)</td>
<td></td>
<td>49,275,513</td>
<td></td>
</tr>
<tr>
<td>Government Share (60%)</td>
<td>73,913,270</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Income Tax</td>
<td>23,743,892</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net: Government Share</td>
<td>50,167,378</td>
<td>(1.5%) 18,478,317,420</td>
<td></td>
</tr>
<tr>
<td>DOE Share</td>
<td>60% 30,100,426</td>
<td>11,086,990,452</td>
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</tr>
<tr>
<td>LGUs Share</td>
<td>(1%) 12,318,878</td>
<td>40% 20,066,951</td>
<td>7,391,326.00</td>
</tr>
</tbody>
</table>

Herein attached, for your perusal are the actual records of Royalty fee received by the Municipality of Kananga inclusive four quarters of the year 2005.

**PNOC –EDC** Computation of Royalty fee actually received by the Municipality of Kananga, Leyte for the year 2005, in accordance with the provision of Section 291 paragraph (b) of R.A. 7160 (LGCC-1991) with comparison to the result of the Computation using the provision of Section 13 of R.A. 9513 of the same figures.

<table>
<thead>
<tr>
<th>Data - Date</th>
<th>Section 291 (b) R.A. 7160 (LGCC) the usual computation adopted by DOE and PNOC-EDC up to the present</th>
<th>Result of the Computation Using the provision of Section 13 of R.A. 9513</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less: Recoverable Exp - 256,618,250</td>
<td>Less: Contractor Share 40% - 11,405,254</td>
<td>1.5% Government Share - 4,276,970.34</td>
</tr>
<tr>
<td></td>
<td>Net Proceed - 28,513,136</td>
<td>Government Share 60% - 17,107,882</td>
<td>National Gov’t. Share - 2,276,970.10</td>
</tr>
<tr>
<td></td>
<td>Less: Contractor Share 40% - 5,367,178</td>
<td>Net Government Share 40% - 11,740,704</td>
<td>LGUs share - 1,710,788.24</td>
</tr>
<tr>
<td></td>
<td>Government Share 60% - 7,044,422</td>
<td>DOE Share 40% - 4,696,282</td>
<td>2,985,493.76</td>
</tr>
<tr>
<td></td>
<td>Less: Recoverable Exp. - 559,843,375</td>
<td>Less: Contractor Share 40% - 23,993,039</td>
<td>1.5% Government Share - 8,997,389</td>
</tr>
<tr>
<td></td>
<td>Net Proceed - 59,982,597</td>
<td>Government Share 60% - 35,989,558</td>
<td>National Gov’t. Share - 4,276,970.34</td>
</tr>
<tr>
<td></td>
<td>Less: Contractor Share 40% - 17,107,882</td>
<td>Net Government Share 40% - 11,740,704</td>
<td>LGUs share - 1,710,788.24</td>
</tr>
<tr>
<td></td>
<td>Government Share 60% - 7,044,422</td>
<td>DOE Share 40% - 4,696,282</td>
<td>2,985,493.76</td>
</tr>
</tbody>
</table>
Annex 8. Comparative computations of LGU share based on RA 7160 and RA 9513

<table>
<thead>
<tr>
<th></th>
<th>Less Income Tax</th>
<th>Net Government Share</th>
<th>DOE Share</th>
<th>LGUs Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross Revenue (Sept. 30, 2005)</td>
<td>$11,299,842</td>
<td>$24,698,716</td>
<td>$14,819,230</td>
<td>$9,879,487</td>
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<tr>
<td>Net Proceeds (Sept. 30, 2005)</td>
<td>$90,785,278</td>
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</tr>
<tr>
<td>Gross Revenue (Dec. 31, 2005)</td>
<td>$1,231,877,828</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Proceeds (Dec. 31, 2005)</td>
<td>$123,188,783</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Revenue (R.A. 7160)</td>
<td>$49,595,588</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Revenue (R.A. 9513)</td>
<td>$18,148,185</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Difference (1 year)</td>
<td>$31,447,402</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mr. Fronda said that the observation is from the provisions of the law itself. In the IRR, there is that deduction of the cost of goods sold.

Mayor Eric asked Mr. Fronda which is maybe beneficial to the LGU.

Mr. Fronda said that the RA 9513 may bring disadvantage to the LGU but it has the advantage being an attraction of potential investors.

Mayor Eric said that the computation as presented by SB Member Sanchez shall be included in the Position Paper of the Alliance.

Atty. Huab suggested that with regards to the problem in the release of the funds, we are going to make a resolution that the power producers shall prepare two checks, one for the DOE and one for the LGU.

Mayor Eric that since we have already the draft resolution, perhaps that will be the first one to be submitted, and the proposed resolution of Atty. Huab shall be reserved if the request cannot be granted. We have the resolution where the title is more or less the same, as presented, but the whereas are still going to be refined. He asked if it is alright that somebody will move for the approval of the resolution because perhaps the next summit might be next year.

Atty. Huab said that time is of the essence and we need to approve the resolution during this summit.

Atty. Olbes said that it is alright to approve the resolution if it is not yet finalized so long as the context is still the same.

Atty. Aparis said that he believes that when the proposed resolution is added with that of the proposal of Atty. Huab, we might be giving an option to them, and of course they may prefer to choose the second one. We should approve one with only one option.

Atty. Capahii said that he thinks there is no problem with that as long as it is decided with the consensus of the majority.

Mayor Eric said that the final resolution will come out for the signature of the Local Chief Executives.

On motion of the City Councilor ofOrmoc Atty. Reuben Capahii, seconded by Hon. Mayor Enrique Gonzalez and Hon. Mayor Elmer C. Codilla, it is:

RESOLVED, as it is hereby resolved, to respectfully request the Honorable Jose Rene D. Almedias, Secretary of Energy, Honorable Cesar V. Purisima, Secretary of Finance, Honorable Ramon Paje, Secretary of Environment and Natural Resources, and Honorable Florencio B. Abad, Secretary of Budget and Management for the resumption of direct remittance of Royalty Tax due for the Local Government Units hosting geothermal energy by amending DBM-DOE- DENR-DOE Joint Circular No. 2006-1 dated February 13, 2006.

On motion of Mr. Gerry Avorque, seconded by Atty. Glenn Olbes, the Position Paper was adopted.

The approval of the Resolution and the adoption of the Position Paper was so ruled by the Chair.

On motion of Vice Mayor Macario V. Lumangtad, Jr. of Kananga, Leyte, seconded by SP
Executive Order re-organizing CESC and detailing its functions

Republic of the Philippines
OFFICE OF THE CITY MAYOR
Ormoc City

EXECUTIVE ORDER NO. 2005-5

REORGANIZING THE CITY ELECTRIFICATION SUBSIDY COUNCIL

SECTION I. Reorganization; The City Electrification Subsidy Council is hereby reorganized, hereinafter referred to as CESC;

SECTION II. COMPOSITION: The CESC is composed of the following:

Chairman : Hon. MARIANO CORRO
Co-chairman : Hon. Eduardo Tan

Members : Hon. Sotero M. Pepito
Hon. Jose Alfaro
Engr. Raoul Cam
Atty. Roy Bernard Fiel
Mr. Fidel Banzon
Mr. Melchor Sia Sr.
Engr. Domondoni Cayanong
Engr. Ulyssis Abucay
Mr. Jovenal Alesna
Mr. Ram F. Capahi
Mr. Meneleo Dilao

SECTION III. Functions and Purposes: The CESC will exercise the functions and purposes but which are not limited to the following:

a. Evaluate and formulate plans for an effective, systematic and sustainable subsidy program for bonafide beneficiaries / consumers.
b. Determine the class beneficiaries / consumers who will benefit from the electrification subsidy program to be granted by the City Government in consonance with the provisions of the Local Government Code.
c. To monitor the implementation of the electrification subsidy program and ensure that its desired results and benefits are attained.
d. To conduct periodic review of the program and recommend changes if such are deemed necessary in order to improve the same and to maximize the benefits that could be enjoyed by the beneficiaries / consumers.
e. To perform such other functions as necessary related to the program.
f. To submit your recommendation to the Office of the Mayor within a period of 30 calendar days.

SECTION IV. The Executive order shall take effect immediately.

Done this 31st day of January 2005 at the City Hall, Ormoc City.

ERIC C. CODILLA
City Mayor
Summary of Ormoc City share from geothermal energy extraction and development (2003-2011)

<table>
<thead>
<tr>
<th>SHARE FROM NATIONAL WEALTH FUND UTILIZATION REPORT</th>
<th>JANUARY 2003 TO OCTOBER 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING BALANCE SOURCES OF FUNDS SHARE</td>
<td>P 27,586,852.19</td>
</tr>
<tr>
<td>2003</td>
<td>49,931,213.06</td>
</tr>
<tr>
<td>2004</td>
<td>13,040,752.00</td>
</tr>
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<td>2005</td>
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<td>BREAKDOWN OF SHARE FROM NATIONAL WEALTH FUND AS OF OCTOBER 31, 2011</td>
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Rosalinda S. Muyuela
City Accountant
## ANNEX 1

### CAPITAL INVESTMENT PLAN

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<tr>
<th>TYPE</th>
<th>PROJECT TITLE</th>
<th>Indicative Cost</th>
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<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
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<th>2013</th>
<th>2014</th>
<th>Funding Source</th>
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<tr>
<td>TA</td>
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<td>DPWH/Grants</td>
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### City Development Strategies Report
**Ormoc City**

#### Annex 11: Ormoc City Capital Investment Plan, 2006-2014

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<th>TYPE</th>
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<td>12</td>
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**Sub-Total Capital Investment**: 1590.992  178.157  241.9  200  97  112  205  166  158  202

**Grand Total**: 1524.972  179.137  242.8  201  104.6  113  206  119  158  203

**Funding Source**
- LGU: 175.537  198.8  196  180  108  126  114  118  178
- National Government: 14.0  5  5  5  5
- Loans: 3.5
- Grants: 10
- Private Sector: 0.1  30.0  80  10
The LDC functions in the planning process

*(RPS, 2005)*

- **Primary Functions**
  - **LDC:**
    - Formulate development plans and policies;
    - Formulate public investment programs;
    - Appraise and prioritize programs and projects;
    - Formulate investment incentives;
    - Coordinate, monitor and evaluate implementation of development programs and projects.
  - **Barangay Development Councils:**
    - Mobilize people’s participation in local development functions;
    - Prepare barangay development plans;
    - Monitor and evaluate implementation of national or local programs and projects.
  - **Executive Committee:**
    - Represent the LDC when it is not in session;
    - Ensure that the LDC decisions are faithfully carried out and act on matters needing immediate attention by the LDC;
    - Formulate plans, policies and programs based on principles and priorities laid out by LDC.
  - **Secretariat:**
    - Provide technical support to the LDC;
    - Document proceedings;
    - Prepare reports;
    - Other support functions as may be necessary.
  - **Sectoral or Functional Committee:**
    - Assist the LDC in the performance of its functions;
    - Provide the LDC with data and information essential to the formulation of plans, programs and activities;
    - Define sectoral or functional objectives, set targets and identify programs, projects and activities;
    - Collate and analyze data and conduct studies;
    - Conduct public hearings on sectoral planning, projects and activities;
    - Monitor and evaluate programs and projects; and
    - Perform functions assigned by the LDC.
The typical cascade of local planning and programming instruments

*(RPS, 2005)*

---

**LONG-TERM FRAMEWORK PLAN**

- Comprehensive Land Use Plan
  - Settlement Policies
  - Protection Land Policies
  - Production Land Policies
  - Infrastructure Policies

**ZONING ORDINANCE**

**MULTI-YEAR MULTI-SECTORAL DEVELOPMENT PLAN**

- Social Development Component
- Economic Development Component
- Physical & Infrastructure Component
- Environmental Management Component
- Admin. & Financial Development Component

**COMPREHENSIVE DEVELOPMENT PLAN**

**IMPLEMENTATION INSTRUMENTS**

- Local Development Investment Program
  - Non-capital “soft” projects
  - Capital “hard” projects

- AIP & Annual Budget

**OUTPUTS**

- Improved public services
- New or improved public facilities / infrastructure
- Increased public awareness and participation

**OUTCOMES**

- Change in social and economic well-being of residents
- Change in configuration and quality of the physical environment
- Change in local institutional capabilities

**LEGISLATIVE SUPPORT MEASURES**

- Other planning laws
- Taxation / fiscal measures
- Incentives to private investors
- Environmental laws

**ELA**

---

*Annex 13. The typical cascade of local planning and programming instruments*
The CLUP-CDP-LDIP Process Flow

Chart prepared by Ernesto M. Serote

Legend:
- Indicates a process or activity
- Indicates input to, or output from a process or activity
- Indicates overlap with the next module

MODULE I
- Initial Characterization by Area & by Sector
- Statistical Compendium
- Inter- and Intra-Area Analysis

MODULE II
- Vision & Aspirations for the City
- Alternative Spatial Strategies
- Public Consultation No. 2

MODULE III
- Detailed Land Use Mapping
- Public Consultation No. 3

MODULE IV
- Draft Zoning Ordinance
- Development Regulation
- Annual General Fund Budget

Integration of methods and data sharing within January-March

(*GTZ 2008*)
Slicing the LDIP for the AIP, April-June

(*GTZ 2008*)
The Timeframe for CDP formulation

*GTZ, 2008*
The interconnections of planning and programming inputs leading to the crafting of the AIP

*(RPS, 2005)*

*NOTES:*
1. PFP = (N/R/P) Physical Framework Plan
2. CLUP = (P/C/M) Comprehensive Land Use Plan
3. MTP = Medium Term Philippine (DPand IP)
4. CDP = (P/C/M) Comprehensive Development Plan
## Work Plan for Poverty-Environment-Development Mainstreaming

(24 months)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Major Activity</th>
<th>Output Indicator</th>
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<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 To establish development partnership</td>
<td>1.1 Formulate Terms of Reference</td>
<td>Terms of Reference for PED Partnership</td>
<td>PPEI</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Terms of Reference for PED Anchor Institutions</td>
<td>PPEI</td>
<td>X</td>
</tr>
<tr>
<td>1.2 DILG, HLURB, NEDA, DENR, DOE, DOF, DBM, NAPC, LMP, LCP, NGOs, POs, and academic institutions to agree as partners in PED mainstreaming</td>
<td>Partnership Memorandum of Agreement executed</td>
<td>Multi-party</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>1.3 BLGD, LGA, NAPC, HLURB to accept as AIs</td>
<td>AI Memorandum of Agreement executed</td>
<td>Multi-party</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>2.0 To systematically conduct PED advocacy education through a PED Knowledge Management Schema</td>
<td>2.1 Mobilize warm bodies for PED concerns</td>
<td>Special Order for PPEI to serve as PED Knowledge Administrator</td>
<td>PPEI</td>
<td>X</td>
</tr>
<tr>
<td></td>
<td></td>
<td>PED Folder Manager appointed</td>
<td>PED-KA</td>
<td>X</td>
</tr>
<tr>
<td>2.2 Establish the PED Folder</td>
<td>Space rented in the DILG-KMC as a PED Folder</td>
<td>PED-KA/PED-FM</td>
<td>X X X X</td>
<td></td>
</tr>
<tr>
<td>2.3 Store PPEI data and information generated starting 2011</td>
<td>PED Folder habited</td>
<td>PED-FM</td>
<td>X X X X</td>
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</tr>
<tr>
<td>2.4 Maintain operation of the PED Folder</td>
<td>Active PED Folder</td>
<td>PED-FM</td>
<td>X X X X</td>
<td></td>
</tr>
<tr>
<td>2.5 Establish the PED Action Platform and mobilize</td>
<td>Various types of fora conducted</td>
<td>PED-KA/AIs/PED-FM</td>
<td>X X X X</td>
<td></td>
</tr>
<tr>
<td>2.6 Transform data into usable information formats</td>
<td>Available PED information</td>
<td>PED-FM</td>
<td>X X X X</td>
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</tr>
<tr>
<td>2.7 Sustain packaging of PED information for the LGUs and other stakeholders</td>
<td>Packaged PED education materials</td>
<td>PED-KA/PED-FM</td>
<td>X X X X</td>
<td></td>
</tr>
<tr>
<td>2.8 Establish key PED messages for systematic advocacy education</td>
<td>Key PED messages</td>
<td>PED-KA/AIs</td>
<td>X X</td>
<td></td>
</tr>
<tr>
<td>2.9 Utilize multi-media for PED advocacy</td>
<td>Brochures, flyers</td>
<td>PED-FM</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Printed materials (newspaper, magazine; hardcopies)</td>
<td>PED-FM</td>
<td>X X X X</td>
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<tr>
<td></td>
<td>Radio interviews</td>
<td>PED-FM</td>
<td>X X X X</td>
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<tr>
<td></td>
<td>Materials on compact disks</td>
<td>PED-FM</td>
<td>X</td>
<td></td>
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<tr>
<td>2.10</td>
<td>Formulate Training Plans</td>
<td>Annual PED Training Plans</td>
<td>PED-KA/PED-FM</td>
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<tr>
<td>2.11</td>
<td>Develop training modules</td>
<td>PED training modules</td>
<td>PED-KA/Als</td>
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</tr>
<tr>
<td>2.12</td>
<td>Emphasize training on competencies for improved LGU governance like fiscal and financial management, and in sustainable development aspects</td>
<td>Trained LGUs and other stakeholders</td>
<td>PED-KA/Als</td>
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<tr>
<td>2.13</td>
<td>Assimilate PED Best Practice with the Gawad Pamana ng Lahi</td>
<td>PED Best Practice as part of the Gawad Pamana ng Lahi</td>
<td>PED-KA</td>
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<tr>
<td>2.14</td>
<td>Systematic documentation of the LGU experience as PED cases</td>
<td>Documentation Guides (2x) developed</td>
<td>PED-KA/Als</td>
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<tr>
<td></td>
<td></td>
<td>PED Best Practice documentations</td>
<td>PED-FM/Als</td>
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<tr>
<td>3.0</td>
<td>To develop tools for local planning and management</td>
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<td></td>
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<tr>
<td>3.1</td>
<td>Unify tools which combine the EP/CBMS/NHTS-PR/LGPMS, and other methodologies</td>
<td>Modified EP methodology</td>
<td>PED-KA/Als</td>
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<tr>
<td>3.2</td>
<td>Develop PED tools</td>
<td>PED Toolkits</td>
<td>PED-KA/Als</td>
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<tr>
<td>3.3</td>
<td>Integrate PED nexus with the AIP</td>
<td>JMC amongst DILG/NEDA/DBM/DOF/NAPC/HLURB executed</td>
<td>PED-KA</td>
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<tr>
<td></td>
<td></td>
<td>Poverty and environment-oriented AIP matrix for municipalities serving as the Local Anti-Poverty Plan</td>
<td>LGU</td>
<td>X</td>
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<tr>
<td>3.4</td>
<td>Use a monitoring form for tracking LGU share</td>
<td>Tracked LGU shares from national wealth</td>
<td>LGU</td>
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<tr>
<td>4.0</td>
<td>To enhance relevance of policies</td>
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<tr>
<td>4.1</td>
<td>Regionalize JMC 2009-1</td>
<td>JMC amongst DILG/NEDA/DBM/DOF/NAPC/HLURB executed to pilot implementation of JMC 2009-1 in two Regions</td>
<td>PED-KA/LGU/multi-party</td>
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<tr>
<td>4.2</td>
<td>Re-examine DC2009-05-0008</td>
<td>Reviewed Part IV, Rule 7, Section 20A (IRR of RA 9513)</td>
<td>PED-KA/Als</td>
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<td>4.3</td>
<td>Assess implementation of Joint Memorandum Circular No1 s2007</td>
<td>Status on LGUs compliance in formulating a separate CLUP and CDP</td>
<td>PED-KA/Als</td>
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<td>4.4</td>
<td>Assess...</td>
<td>Status on...</td>
<td>PED-KA/AIs</td>
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<td>4.5</td>
<td>DILG to...</td>
<td>Memorandum...</td>
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<td>5.0</td>
<td>To develop...</td>
<td>Amendment...</td>
<td>PED-KA</td>
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<td>6.0</td>
<td>To share...</td>
<td>Publishable...</td>
<td>PED-KA/AIs</td>
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<td>Attendance...</td>
<td>PED-KA/LGU/AIs</td>
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<tr>
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<th>Philippines’ Poverty-Environment Initiative</th>
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<tr>
<td>PED-KA</td>
<td>Poverty-Environment-Development Knowledge Administrator</td>
</tr>
<tr>
<td>PED-FM</td>
<td>Poverty-Environment-Development Folder Manager</td>
</tr>
<tr>
<td>AI</td>
<td>Anchor Institution</td>
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</table>
Philippines Poverty Environment Initiative