

## PART III – IMPLEMENTING THE PLAN

### Chapter 1 - Local Development Investment Programming

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#### 1.1 *What is the Local Development Investment Program (LDIP) and the Annual Investment Program (AIP)?*

The **Local Development Investment Program (LDIP)** is the principal instrument for implementing the Comprehensive Development Plan. It is a document that translates the CDP into programs and projects and selects those that will be picked up by the LGU for funding in the annual general fund budget or through special fund generation schemes.

As provided for under Joint memorandum Circular No. 001 series of 2007, issued by the DILG, NEDA, DBM and DOF, the **Annual Investment Program (AIP)** is defined according to purpose:

1. For *planning and investment programming purposes*, it is the annual slice of the LDIP, referring to the indicative yearly expenditure requirements of the LGU's programs, projects and activities (PPAs) to be integrated into the annual budget.
2. For budgeting purposes, it constitutes the total resource requirements for the budget year, including the detailed annual allocation for each PPA in the annual slice of the LDIP and the regular operational budget items broken down into Personal Services, Maintenance and Other Operating Expenses and Capital Outlay.

(The investment program) serves as the link between the plan and the budget, thus putting into effect the directive of the Local Government Code that says: "local budgets shall operationalize approved local development plans" (Sec. 305i, RA 7160)

The LDIP should have a time frame of three (3) years.

#### 1.2 *What is meant by "local development"?*

**Local development** pertains to the mandates and responsibilities of LGUs as defined in Sections 16 and 17 of the Local Development Code (RA 7160). The local development component of the LDIP, therefore, consists of the following:

1. projects that are in pursuance of the LGU's exercise of its powers and discharge of its duties and functions necessary for effective governance and essential for the promotion of the general welfare;
2. projects that are in pursuance of functions traditionally performed by national government agencies but which have already been devolved to LGUs; and
3. projects that are necessary, appropriate or incidental to the effective and efficient provision of the basic services and facilities enumerated in Section 17 of RA 7150.

#### 1.3 *What is meant by "investment program"?*

Investment program in public finance is a program for utilizing the investible portion of the local development fund.

The **investible portion** of the local development fund is that component of the development fund which will be earmarked for financing the priority programs and projects in the AIP; while the remaining portion will go into financing the costs of functions and services of the different LGU offices and departments.

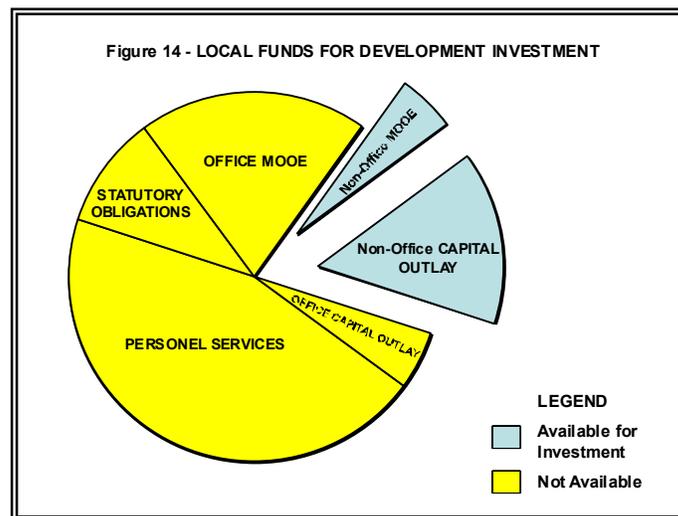
The **local development fund** is that portion of the local budget that is “plowed back” to the people in the form of programs, projects and services. It consists of the following:

1. 20% of the IRA
2. Non-office maintenance and other operating expenses
3. Non-office capital outlay

The 20% of IRA share is **NOT** the only source of development funds. It is intended to be the floor, not the ceiling, when it comes to determining the LGU’s development fund.

The local development fund **DOES NOT INCLUDE** that portion of the local budget which is consumed by the local government machinery for salaries, wages and other personnel costs, office maintenance and other operating expenditures, and office capital outlay.

The local development fund is conceptually illustrated in the following pie chart.



#### 1.4 What comprises “investment” in LGU finance?

Investment in LGU finance is **what remains** after deducting all expenses necessary to:

1. run government machinery,
2. satisfy claims of creditors, and
3. comply with statutory reserves

It is a regular outlay that has to be funded whether or not excess over operations (savings) is realized.

### 1.5 *What is investment programming?*

Investment programming in the context of the LGU's planning and development function involves generating the programs and projects derived from the detailed elaboration of the CLUP and the CDP. Specifically, this form of public spending will modify, guide, direct, control or otherwise elicited the desired private sector response in order to accelerate local economic development, raise the level of socio-cultural well-being, improve the standard of public services, utilities and infrastructures, and, on the whole, attain the desired urban form in the CLUP and the general welfare goals of the CDP.

Investment programs must be spatially, rather than merely sectorally focused. The projects must therefore be selected not only for their potential to satisfy sectoral requirements but also for their impact on the direction and intensity of urban growth geared toward the realization of the desired urban form. Some examples of investment projects are listed below:

- a. Investment projects that encourage growth
  - “anchor” facilities like a university, hospital, public market
  - Interchanges, bus terminals, transit stops
- b. Investment projects that discourage development in the vicinity
  - Waste disposal site
  - Sewage treatment plan
  - Prison or mental hospital
- c. Investments that limit growth in the urban fringe
  - Land reservation or acquisition for conservation
  - Utility extension limits
  - Low-density institutional uses such as military camps, university campuses, research/science parks
  - Reservations for open space and outdoor recreation areas

### 1.6 *How is the LDIP prepared?*

#### **Pre-LDIP Activities:**

Before the actual preparation of the LDIP, certain activities have to be undertaken first:

Step 1: Using the suggested form (Form 1) below call for and compile project ideas or proposals taken from any or all of the following sources:

- a. CLUP or CDP
- b. Sectoral and functional committees



- e. Delete from the list proposed projects which are identical to, or are in fact projects to be funded by other sources e.g. central or regional offices of government line agencies.

**Table 23 - NATIONAL GOVERNMENT FUNCTIONS DEVOLVED TO LOCAL GOVERNMENT UNITS PURSUANT TO SECTION 17 OF THE LOCAL GOVERNMENT CODE OF 1991**

FUNCTIONAL AREA	BARANGAY	MUNICIPALITY	PROVINCE	CITY
<b>AGRICULTURE</b>	<ul style="list-style-type: none"> <li>• Agricultural support services, e.g. Planting materials distribution, farm produce collection, buying station</li> </ul>	<ul style="list-style-type: none"> <li>• Extension &amp; on-site research for agriculture, fishery, livestock &amp; poultry (mainly seed production &amp; distribution)</li> <li>• Quality control of copra</li> <li>• Improvement &amp; development of local distribution channels, e.g. cooperatives</li> <li>• Inter-barangay irrigation systems</li> <li>• Soil &amp; water use and conservation</li> <li>• Enforcement of fishery laws in municipal waters</li> <li>• Conservation of mangroves</li> </ul>	<ul style="list-style-type: none"> <li>• Extension &amp; on-site services &amp; facilities including control of pests &amp; diseases</li> <li>• Dairy farms, livestock markets, animal breeding &amp; artificial insemination centers</li> <li>• Assistance to farmers &amp; fishermen organizations</li> <li>• Transfer of appropriate technology</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>PUBLIC BUILDINGS &amp; OPEN SPACES</b>	<ul style="list-style-type: none"> <li>• Multi-purpose hall, multi-purpose pavement, sports center, plaza, etc</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal buildings, cultural centers, public parks, playgrounds, sports facilities &amp; equipment</li> <li>• Public cemetery</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial building, freedom parks &amp; similar public assembly areas</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>TRANSPORT &amp; COMMUNICATIONS</b>			<ul style="list-style-type: none"> <li>• Inter-municipal telecommunications services</li> </ul>	<ul style="list-style-type: none"> <li>• Adequate communication &amp; transportation facilities</li> </ul>
<b>HOUSING</b>			<ul style="list-style-type: none"> <li>• Low cost &amp; other mass dwelling projects</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of province</li> </ul>

**Table 23 - NATIONAL GOVERNMENT FUNCTIONS DEVOLVED TO LOCAL GOVERNMENT UNITS UNDER THE LOCAL GOVERNMENT CODE OF 1991 (Sec. 17)**

FUNCTIONAL AREA	BARANGAY	MUNICIPALITY	PROVINCE	CITY
<b>HEALTH</b>	<ul style="list-style-type: none"> <li>• Maintenance of barangay health center &amp; day care center</li> <li>• Services &amp; facilities on general hygiene &amp; beautification</li> <li>• Solid waste collection</li> </ul>	<ul style="list-style-type: none"> <li>• Maternal &amp; child care</li> <li>• Control of communicable &amp; non-communicable diseases</li> <li>• Access to secondary &amp; tertiary health services</li> <li>• Purchase of medicines, medical supplies &amp; necessary equipment</li> <li>• Solid waste disposal system</li> <li>• Services &amp; facilities related to general hygiene &amp; sanitation</li> </ul>	<ul style="list-style-type: none"> <li>• Hospitals &amp; other tertiary health services &amp; facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>INFRASTRUCTURES</b>	<ul style="list-style-type: none"> <li>• Maintenance of barangay roads &amp; bridges &amp; water supply system</li> </ul>	<ul style="list-style-type: none"> <li>• Municipal roads &amp; bridges</li> <li>• School buildings &amp; facilities for elementary &amp; secondary levels</li> <li>• Clinics, health centers, etc.</li> <li>• Communal irrigation, simple water impounding projects, etc.</li> <li>• Fish ports</li> <li>• Artesian wells, spring development, rain water collection systems, etc.</li> <li>• Seawalls, dikes, drainage &amp; sewerage &amp; flood control</li> <li>• Traffic signals &amp; road signs</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial roads &amp; bridges</li> <li>• Inter-municipal waterworks, drainage, sewerage, flood control &amp; irrigation projects</li> <li>• Reclamation projects</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>PUBLIC ENTERPRISES</b>		<ul style="list-style-type: none"> <li>• Public markets, slaughterhouses &amp; other municipal enterprise</li> </ul>		<ul style="list-style-type: none"> <li>• Same as those of the municipality</li> </ul>

**Table 23 - NATIONAL GOVERNMENT FUNCTIONS DEVOLVED TO LOCAL GOVERNMENT UNITS UNDER THE LOCAL GOVERNMENT CODE OF 1991 (Sec. 17)**

FUNCTIONAL AREA	BARANGAY	MUNICIPALITY	PROVINCE	CITY
<b>TOURISM</b>		<ul style="list-style-type: none"> <li>• Tourism facilities &amp; other tourist attractions including acquisition of equipment</li> <li>• Regulation &amp; supervision of business concessions</li> <li>• Security services for tourism facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Tourism development &amp; promotion program</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>WELFARE</b>		<ul style="list-style-type: none"> <li>• Program on child &amp; youth welfare, family &amp; community welfare, welfare of elderly &amp; disabled persons</li> <li>• Community-based rehabilitation programs for beggars, street children, scavengers, juvenile delinquents, &amp; victims of drug abuse</li> <li>• Livelihood &amp; other pro-poor projects</li> <li>• Nutrition services</li> <li>• Family planning services</li> </ul>	<ul style="list-style-type: none"> <li>• Welfare services for rebel returnees and evacuees</li> <li>• Relief operations</li> <li>• Population development services</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>JUSTICE &amp; PROTECTIVE SERVICES</b>	<ul style="list-style-type: none"> <li>• Maintenance of Katarungang Pambarangay</li> </ul>	<ul style="list-style-type: none"> <li>• Sites for police &amp; fire stations &amp; substations</li> <li>• Municipal jail</li> </ul>	<ul style="list-style-type: none"> <li>• Provincial jails</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>

**Table 23 - NATIONAL GOVERNMENT FUNCTIONS DEVOLVED TO LOCAL GOVERNMENT UNITS UNDER  
THE LOCAL GOVERNMENT CODE OF 1991 (Sec. 17)**

FUNCTIONAL AREA	BARANGAY	MUNICIPALITY	PROVINCE	CITY
<b>NATURAL RESOURCES &amp; ENVIRONMENT</b>		<ul style="list-style-type: none"> <li>• Community-based forestry projects</li> <li>• Management &amp; control of communal forest</li> <li>• Establishment of tree parks, greenbelts, etc.</li> <li>• Environmental management system</li> </ul>	<ul style="list-style-type: none"> <li>• Enforcement of community-based forestry laws, pollution control law, small-scale mining law &amp; other laws on environmental protection</li> <li>• Establishment of mini-hydro electric projects for local purposes only</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>
<b>INFORMATION SERVICES</b>	<ul style="list-style-type: none"> <li>• Information &amp; reading centers</li> </ul>	<ul style="list-style-type: none"> <li>• Maintenance of public library</li> <li>• Information on investments &amp; job placements</li> <li>• Tax &amp; marketing information systems</li> </ul>	<ul style="list-style-type: none"> <li>• Upgrading &amp; modernization of tax information &amp; collection services</li> <li>• Industrial research &amp; development services &amp; technology transfer</li> <li>• Investment support services including access to credit financing</li> </ul>	<ul style="list-style-type: none"> <li>• Same as those of provinces &amp; municipalities</li> </ul>



<b>FORM 3 – CONFLICT – COMPATIBILITY – COMPLEMENTARITY MATRIX</b>						
<b>PROPOSED PROJECTS</b>	PROJECT 1	PROJECT 2	PROJECT 3	PROJECT 4	PROJECT 5	PROJECT n..
PROJECT 1						
PROJECT 2						
PROJECT 3						
PROJECT 5						
PROJECT n..						

**INSTRUCTIONS:**

- Indicate the relationships among the proposed projects.
  - If the relationship is one of conflict, mark the appropriate cell with "X". The relationship is one of conflict where the expected benefits of the projects tend to nullify each other, or when the implementation of one obstructs the implementation of another.
  - If the relationship is one of complementarity, mark the appropriate cell with an "O".
  - If the relationship is one of compatibility, or if it is neutral, leave the cell blank.
- Remove from the initial list projects which conflict with many or most of the other projects.
- Projects which conflict with some but are compatible or complementary with others may be reformulated to resolve the conflict/s.

**Table 24**  
**Criteria for Determining Level of Urgency**

<b>LEVEL OF URGENCY</b>	<b>GENERAL CRITERIA</b>
Urgent	<ul style="list-style-type: none"> <li>• Projects that cannot be reasonably postponed</li> <li>• Projects that would remedy conditions dangerous to public health, safety and welfare</li> <li>• Projects needed to maintain critically needed programs</li> <li>• Projects needed to meet emergency situations</li> </ul>
Essential	<ul style="list-style-type: none"> <li>• Projects required to complete or make usable a major public improvement</li> <li>• Projects required to maintain standards as part of an on-going program</li> <li>• Desirable self-liquidating projects</li> <li>• Projects for which external funding is available</li> </ul>
Necessary	<ul style="list-style-type: none"> <li>• Projects that should be carried out to meet clearly defined and anticipated needs</li> <li>• Projects to replace obsolete or unsatisfactory facilities</li> <li>• Repair or maintenance projects to prolong life of existing facilities</li> </ul>
Desirable	<ul style="list-style-type: none"> <li>• Projects needed for expansion of current programs</li> <li>• Projects designed to initiate new programs considered appropriate for a progressive community</li> </ul>
Acceptable	<ul style="list-style-type: none"> <li>• Projects that can be postponed without detriment to present operations if budget cuts are necessary.</li> </ul>
Deferrable	<ul style="list-style-type: none"> <li>• Projects recommended for postponement or elimination from immediate consideration in the current LDIP</li> <li>• Projects that are questionable in terms of over-all needs, adequate planning, or proper timing</li> </ul>

### Box 9 - CONTENTS OF A PROJECT BRIEF

1. Name and type of project and activity components
2. Proponent of originator of the project idea
3. Justification for the project (derived from the CLUP or CDP)
4. Intended beneficiaries (population sectors or geographical areas)
5. Estimated cost or resource inputs by activity component
6. Target outputs or succeed indicators
7. Expected private sector response after this public investment is completed
8. Possible risks that may impede the success of the project.

### Box 10 - SAMPLE PROJECT BRIEF

<b>Name of Program:</b>	Socialized Housing and Resettlement Program								
<b>Brief Description:</b>	This program involves the development of 3 hectares of the 20-hectare site in Bonuan Boquig into housing units for the homeless and the less privileged.								
<b>Program Components:</b>	<b>Phase I</b> <ol style="list-style-type: none"> <li>1. <b>Land Acquisition</b> 6 months</li> <li>2. <b>Plan Preparation</b> 12 months <ul style="list-style-type: none"> <li>▶▶ Survey</li> <li>▶▶ Documentation</li> <li>▶▶ Detailed Architectural Engineering</li> <li>▶▶ Community Organization</li> <li>▶▶ Social Preparation</li> </ul> </li> <li>3. <b>Program Implementation</b> 18 months</li> </ol>								
<b>Proponents:</b>	City Government -Task Force on Housing, CMD, CEO, CPDD, NHA in partnership with the Private Sector								
<b>Justification:</b>	The less privileged, particularly men and women living in danger zones such as river easements, railroad tracks, near open dump sites, etc. shall have the opportunity to safe and decent housing.								
<b>Intended Beneficiaries:</b>	Landless Dagupeno men and women, legitimate squatters, and government employees								
<b>Estimated Cost:</b>	<b>Phase I</b> <table border="0" style="margin-left: 40px;"> <tr> <td><b>Land Acquisition (10 hectares)</b></td> <td><b>P 58 Million</b></td> </tr> <tr> <td><b>Land Development /Plan Preparation</b></td> <td><b>100 Million</b></td> </tr> <tr> <td><b>Cost of Construction (1,000 units/ha)</b></td> <td><b>600 Million</b></td> </tr> </table>			<b>Land Acquisition (10 hectares)</b>	<b>P 58 Million</b>	<b>Land Development /Plan Preparation</b>	<b>100 Million</b>	<b>Cost of Construction (1,000 units/ha)</b>	<b>600 Million</b>
<b>Land Acquisition (10 hectares)</b>	<b>P 58 Million</b>								
<b>Land Development /Plan Preparation</b>	<b>100 Million</b>								
<b>Cost of Construction (1,000 units/ha)</b>	<b>600 Million</b>								
<b>Program Term:</b>	Phase I: 3 Years								
<b>Target Output/ Indicators:</b>	<b>Success</b>	<ol style="list-style-type: none"> <li>1. Increased number of families with housing</li> <li>2. Reduced number of squatters</li> </ol>							
<b>Possible Risks:</b>	<ol style="list-style-type: none"> <li>1. Lack of funds</li> <li>2. Opposition from affected stakeholders (i.e., landowners, squatters. Etc.)</li> <li>3. Lack of political will</li> </ol>								
<b>Expected Private Sector Response:</b>	Their involvement is expected in program implementation								

**LDIP Proper:**

The process of preparing the LDIP consists of three (3) streams:

1. Stream 1 – This involves the preparation of a ranked list of programs and projects with their individual and cumulative cost estimates.
2. Stream 2 – This has to do with determining available funds for investment; and
3. Stream 3 – This necessitates matching the fund requirements with projected funds available and deciding on financing options should the funds available are insufficient.

The process flow is illustrated in the chart below:

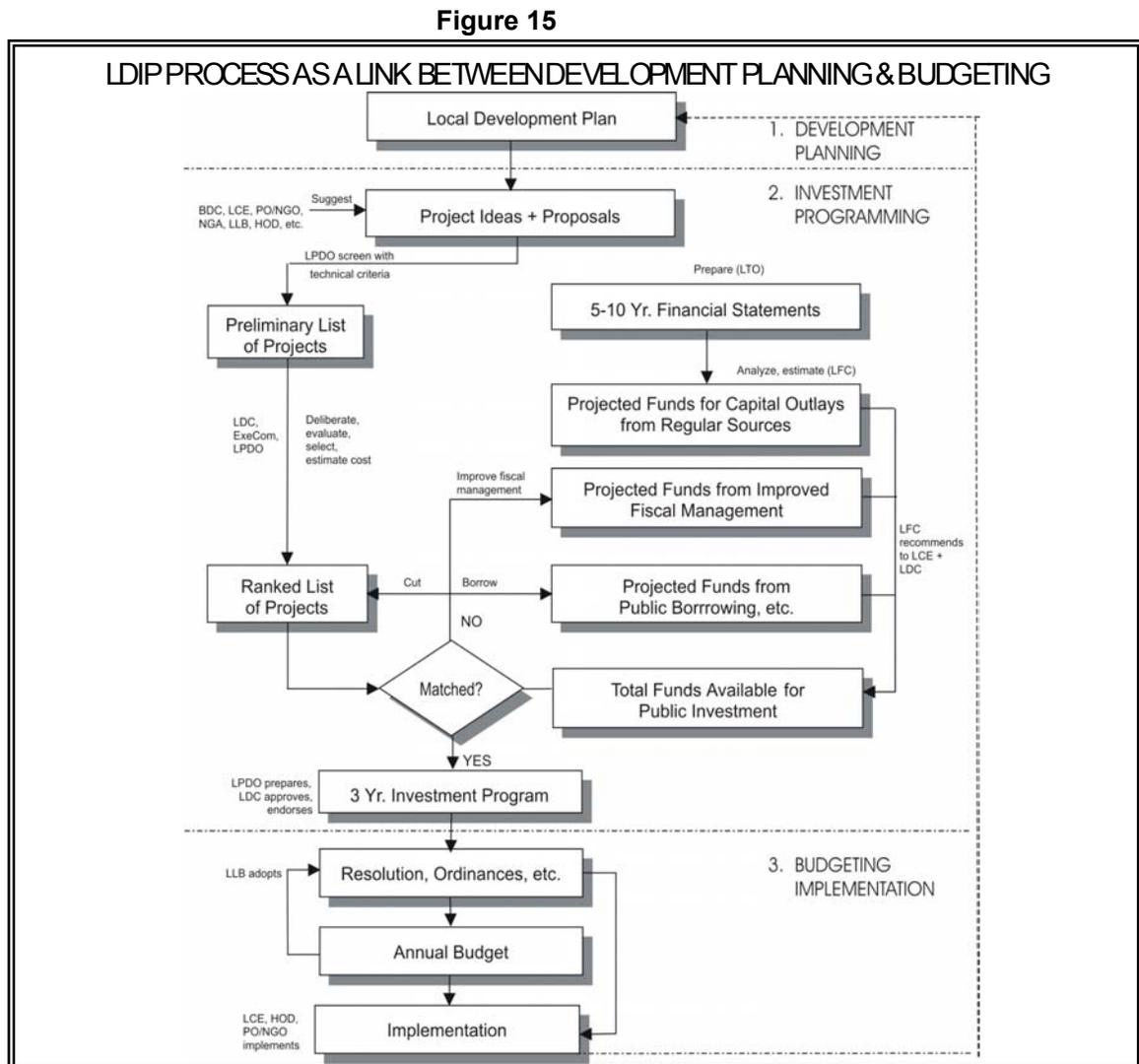


Chart designed by: Prof. Ernesto M. Serote

### *Stream 1: Preparing the ranked list of projects*

The ranking of proposed projects included in the preliminary list resulting from the pre-LDIP activities allows for social and political considerations to be inputted into the project identification and prioritization process. It facilitates the trimming down and modification of the project list in subsequent streams of the LDIP process. For these purposes, a Goal Achievement Matrix (GAM) is utilized.

#### *What is the Goal Achievement Matrix?*

The **Goal Achievement Matrix (GAM)** is essentially a listing of the LGU's social and political goals, weighed according to the local administration's priorities and commitments and consensus – based sectoral goals set by the community. The extent to which proposed projects contribute to the attainment of these goals is then estimated.

***Each LGU, through its LDC, should formulate its own GAM according to its development goals.***

The GAM method is highly participatory because it allows various sectors of the community to express their bias through the weighing of each goal according to their perception of its relative importance to their sector.

#### *How is GAM used for ranking projects?*

The rating of each project according to its perceived contribution to the achievement of each goal is quite simple.

- Step 1: Call and organize a workshop with participants representing various societal sectors in the LGU, e.g. business, academe, farmers and fisherfolk, women, religious, government, indigenous peoples, youth, elderly, etc.
- Step 2: Select any ten (10) or more projects as may be determined by the LDC from the preliminary list of projects submitted by the sectoral committees which are classified as "Urgent".
  - a. Make sure your projects are really projects, not services, not legislation.
  - b. Make sure your projects are LGU-owned, or co-owned with the national government or private sectors.
- Step 3: List the 10 or more projects corresponding to the numbers in the GAM Form. (See Table 25 - Sample GAM Form 1 and Table 26 - Sample GAM with Inputs from One Societal sector)
- Step 4: Based on the perceived importance of each goal to the interests of the sector a group represents, assign weights to each goal. The numerical total of the weights should be 1 or 100%.
- Step 5: Rate each proposed project using the following scale:
  - 3 - Project contributes greatly to the fulfillment of the goal.
  - 2 - Project contributes moderately to the fulfillment of the goal
  - 1 - Project contributes slightly to the fulfillment of the goal.
  - 0 - Project does not contribute to the fulfillment of the goal.
  - -1 - Project slightly inconsistent with the goal.

- -2 - Project moderately inconsistent with the goal.
- -3 - Project greatly contradicts the goal.

SECTOR: <u>Women</u>		SAMPLE GAM FORM 1																							
GENERAL WELFARE GOALS	SECTOR – ASSIGNED WEIGHT	PROJECTS																							
		1	2	3	4	5	6	7	8	9	10														
1. Preservation & enrichment of culture																									
2. Promote health and safety																									
3. Enhance the right of the people to a balanced ecology																									
4. Encourage & support the development of appropriate & self-reliant scientific & technological capabilities																									
5. Improve public morals																									
6. Enhance economic prosperity & social justice																									
7. Promote full employment among their residents																									
8. Maintain peace & order																									
9. Preserve the comfort & convenience of the inhabitants																									
TOTAL	(1) or 100																								

Table 25- Sample GAM with Inputs from One Societal Sector

GOAL	WEIGHT	PROJECT NUMBER																										
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	16	17	18	20	21	22	23	24	25	26	27		
1	0.12	0.24	0.12	0.24	0.00	0.36	0.24	0.24	0.24	0.24	0.12	0.36	0.24	0.12	0.36	0.24	0.00	0.36	0.12	0.12	0.36	0.24	0.24	0.12	0.24	0.24	0.24	
2	0.12	0.24	0.36	0.24	0.24	0.24	0.24	0.24	0.36	0.24	0.12	0.36	0.24	0.24	0.36	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24	0.24
3	0.11	0.22	0.22	0.11	0.11	0.22	0.22	0.22	0.22	0.22	0.11	0.22	0.33	0.22	0.11	0.22	0.22	0.22	0.22	0.11	0.22	0.11	0.22	0.22	0.22	0.22	0.22	0.11
4	0.10	0.10	0.10	0.10	0.20	0.20	0.20	0.10	0.10	0.20	0.10	0.10	0.20	0.10	0.10	0.20	0.10	0.30	0.11	0.00	0.10	0.10	0.10	0.20	0.10	0.10	0.10	
5	0.11	0.33	0.11	0.00	0.00	0.11	0.11	0.22	0.33	0.11	0.11	0.11	0.22	0.00	0.33	0.11	0.00	0.11	0.00	0.11	0.33	0.00	0.11	0.11	0.11	0.11	0.22	
6	0.11	0.22	0.11	0.22	0.22	0.33	0.22	0.22	0.22	0.33	0.22	0.22	0.22	0.33	0.22	0.33	0.11	0.11	0.22	0.00	0.22	0.22	0.22	0.11	0.11	0.11	0.22	
7	0.11	0.11	0.11	0.11	0.22	0.22	0.11	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.33	0.22	0.11	-0.11	0.00	0.11	0.11	0.22	0.11	0.22	0.11	0.22	
8	0.12	0.12	0.00	0.12	0.12	0.12	0.22	0.24	0.36	0.24	0.12	0.24	0.24	0.24	0.24	0.12	0.12	0.24	0.12	0.24	0.24	0.12	0.12	0.00	0.00	0.12	0.12	
9	0.10	0.10	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.10	0.20	0.30	0.20	0.10	0.20	0.20	0.10	0.00	0.20	0.20	0.20	0.20	0.20	0.20	0.20	0.10	
Total	1.00	1.68	1.33	1.34	1.31	2	1.76	1.9	2.25	2	1.22	2.03	2.21	1.67	2.04	1.99	1.21	1.79	0.81	1.13	1.91	1.45	1.67	1.31	1.44	1.46		

- Step 6: Multiply the rating you gave by the corresponding weight of the goal and enter the product (score) in the appropriate cell. Add the scores for each project proposal. Then add all sectoral group scores as presented in the summary of GAM scores. (See Sample GAM Form 2 and Table 25 - Example of Summary of Societal Ratings)
- Step 7: Finally, arrange projects according to their total scores. The project with the highest total score is ranked as number one, the next number two, and so on. Two columns for estimated costs are displayed. One column shows the individual cost of each project and the other reflects the cumulative or running total.
- Step 8: Estimate project cost. The cost of each project must first be estimated before the list of proposed projects can be matched with the estimated available funds (Stream 2). For some projects, cost estimates may already be available as may be shown in their project briefs. In this case, the LPDO only needs to validate or refine

the estimates. A ranked list of proposed projects with cost estimates and other information may be shown using Form 4.

Table 25 - SAMPLE GAM FORM 2 SUMMARY OF SOCIETAL SECTOR SCORES								
PROPOSED PROJECTS	SECTORS						TOTAL SCORE	RANK
	A (Women)	B (Business)	C (Fisherfolk)	D (Elderly)	E (Agriculture)	F (Government)		
Project 1								
Project 2								
Project 3								
Project 4								
Project 5								
Project n								

INSTRUCTIONS:

- List all sector scores for each project.
- Sum the scores for each project and list the total score in the column provided.
- List the rank of each project based on the total scores in the last column.

*Interpretation: The resulting ranking represents the collective evaluation of the project proposals by the LDC.*

Table 26- Example of Summary of Societal Sectors' Ratings (Dagupan City CDP)													
No.	PROJECT	Ratings by Societal Groups									Total Score	Rank	
		1	2	3	4	5	6	7	8	9			
1	Bulilit Ko Pan-Aralan Ko: A Pre-School Education Access Program	1.68	1.77	2.73	0.8	0.8	1.57	1.36	0.75	0.58	12.04	23	
2	Dagupan City Ecological Waste Management Plan	1.33	2.71	2.49	1.91	1.2	1.55	1.36	1.63	1.49	15.69	9	
3	Upgrading of Water Transport Facilities	1.34	.15	2	1.51	1.62	1.72	1.09	1.96	1.13	12.37	20	
4	Modern Slaughterhouse	1.31	1.31	1.65	1.13	1.03	1.48	1.66	1.01	1.46	11.98	22	
5	Panangidaungay Bangus (Dagupan City Wholesale Fish Trading Center)	2	1.42	2.49	1.22	1.51	1.69	1.74	1.83	1.3	15.2	12	
6	Information and Education Campaign on the CLUP/Zoning Ordinance	1.76	1.66	1.8	2.3	1.56	1.38	1.24	2.22	1.36	15.18	13	
7	Redevelopment of Tondaligan People's Park	1.9	1.11	2.22	1.24	0.89	1.97	1.79	2.05	2.01	15.18	13	
8	Droga Ed Pantal Agko Gabay	2.25	2.33	1.84	1.64	1.29	1.78	1.57	1.1	1.64	15.44	11	
9	MIS for Zoning and Tax Mapping Project	2	1.17	1.53	1.31	1.27	0.96	1.38	0.44	0.93	10.76	25	
10	Skills Training for Trading, Services and Livelihood Opportunities	1.22	1.54	1.58	1.58	1.24	1.74	1.85	1.61	1.47	13.63	17	
11	Malimgas Tan Marakep Ya Ilog (Pantal Riverside Redevelopment)	2.03	1.86	2.44	2.28	1.33	1.66	1.5	1.65	1.49	16.24	7	
12	Transportation and Traffic Management Plan for Dagupan City	2.21	2.36	2.48	1.88	1.43	1.44	2.37	2.19	1.73	17.39	5	
13	Market Expansion Project	1.67	1.21	1.81	1.48	1.13	1.2	1.98	1.53	1.11	13.12	19	
14	merged with 15												
15	Katipunan Kakasilan Na Too Ed Dagupan	2.04	2.96	2.62	2.22	0.85	3	1.56	2.15	1.71	19.11	2	
16	Dagupan Bangus Processing Plant	1.99	1.77	3	1.68	1.35	2.2	2.2	1.8	1.5	17.49	3	
17	Construction and Rehabilitation of Drainage System along Don Jose Calimlim Street, Pogo Chico	1.21	1.16	3	1.23	0.43	1.28	1.39	1.07	1.46	12.23	21	
18	Dagupan City Tourism Master Development Plan and Promotion	1.79	2.07	2.58	1.4	1.37	2.36	1.87	1.88	2.12	17.44	4	
19	merged with 10										0		
20	Development of an Information System on Establishments	0.81	1	2.13	1.68	0.63	1.42	1.55	1.07	1.3	11.59	24	
21	CBD Sidewalk Recovery and Improvement	1.13	1.37	2.4	1.69	0.43	1.33	2.24	1.56	1.5	13.65	16	
22	Moral Renewal & Capability Building Program	1.91	1.55	2.67	2.02	2.49	1.45	1.13	1.22	1.22	15.66	10	
23	Comprehensive Urban Disaster Preparedness and Management Plan	1.45	1.84	2.18	1.89	1.26	1.34	1.85	1.62	1.51	14.94	15	
24	River Study Project	1.67	1.95	2.82	2.12	1.26	1.4	2	2.18	1.28	16.68	6	
25	Water Quality Monitoring and Assessment	1.31	1.55	2.13	1.86	1.26	1.5	1.73	0.78	1.28	13.4	18	
26	Urban Green Space Enhancement & Rehabilitation of Dagupan City	1.44	2.12	2.42	2.55	1.26	1.66	1.66	1.28	1.41	15.8	8	
27	Abong Ko Lusek Ko (My Home, My Pillar): A Comprehensive Concrete Values Training Program	1.46	2.96	1.95	2.19	0.85	1.59	2	0.84	1.23	15.07	14	
28	Socialized Housing and Resettlement Program	2	2.38	2	1.9	2.3	2.07	2	2.42	2.37	19.44	1	

FORM 4 (Stream 1) – RANKED LIST OF PROPOSED PROJECTS FOR INVESTMENT PROGRAMMING				
RANK	PROPOSED PROJECT/ FILE NO.	LOCATION / SECTOR	COST ESTIMATE	
			INDIVIDUAL	CUMULATIVE
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				

Table 27 - Example of Ranked List of Projects with Cost Estimates

Rank	Project Title	Type	Sector	Cost Estimate (Pesos)	
				Individual	Cumulative
1	Socialized Housing and Resettlement Program	Hard	Social	758,000,000	758,000,000
2	Katipunan Kakasilan Na Too Ed Dagupan	Soft	Social	5,900,000	763,900,000
3	Dagupan Bangus Processing Plant	Hard	Economic	150,000,000	913,900,000
4	Dagupan City Tourism Master Development Plan and Promotion	Soft	Economic	4,000,000	917,900,000
5	Transportation and Traffic Management Plan for Dagupan City	Soft	Land Use & Infrastructure	940,000	918,840,000
6	River Study Project	Hard	Environment	2,000,000	920,840,000
7	Malingas Tan Marakep Ya Ilog (Pantal Riverside Redevelopment)	Hard	Land Use & Infrastructure	8,606,000	929,446,000
8	Urban Green Space Enhancement & Rehabilitation of Dagupan City	Hard	Environment	5,300,000	934,746,000
9	Dagupan City Ecological Waste Management Plan	Soft	Environment	26,700,000	961,446,000
10	Moral Renewal and Capability Building Program	Soft	Institutional	1,620,000	963,066,000
11	Droga Ed Pantal Agko Gabay	Soft	Social	393,000	963,459,000
12	Panangidaungay Bangus (Dagupan City Wholesale Fish Trading Center)	Hard	Land Use & Infrastructure	104,580,000	1,068,039,000

## Stream 2: Determining Investible Funds

### 1.6 Who is in charge of determining investible funds?

The Local Finance Committee, composed of the LPDC, the Budget officer and the Treasurer, is charged with the setting of the level of the annual expenditures and the ceilings of spending for economic, social and general services based on the approved local development plans. (Sec. 316 (c), RA 7160).

The LDC, in close coordination with the LPDC, should undertake the required financial plan development for consideration and approval of the Sanggunian.

### 1.7 How is the level of investible funds determined?

The process of determining the level of investible funds must be done in a transparent manner with all the assumptions and considerations clearly defined.

The number of public projects that an LGU can finance depends on the following:

1. Revenue level of the LGU
2. Level of recurring local government operating expenditures
3. Current public debt level
4. Statutory debt ceiling
5. Potential sources of additional revenue available for investment project financing

Step 1: Collect appropriate revenue data and determine historical trends

*Revenue* is defined as any inflow of funds to the LGU regardless of whether the source is repayable or not.

1. Collect data on revenue and expenditures for the past 3 – 5 years.
2. Analyze the historical trends in terms of the average annual growth rate.

In more specific terms, historical analyses need to be done on the following revenue items using the suggested forms.

1. Recurring Revenue Sources:
  - a. Real Property Taxes (Form 5: Sample RPT Data Collection and Historical Growth Trend Analyses Table)
  - b. Business Fees and Licenses (Form 6: Time Series Record of Revenues Other Than Property Tax)
  - c. Other taxes (Form 6)
  - d. Service and Operations Income (Form 6)
  - e. Internal Revenue Allotment (Form 6)

FORM 5: TIME SERIES RECORD OF PROPERTY TAX REVENUE										
YEAR	(1) ASSESSED VALUATION		(2) TAX RATE			(3) TAX LEVY		(4) COLLECTION AS % OF LEVY	(5) TOTAL REVENUE FROM PROPERTY TAXATION	
	<i>(a)</i> Amount	<i>(b)</i> % Change	<i>(a)</i> General	<i>(b)</i> SEF	<i>(c)</i> Total	<i>(a)</i> Amount	<i>(b)</i> % Change		<i>(a)</i> Amount	<i>(b)</i> % Change
1										
2										
3										
4										
5										

*(Note: The exercise will require 3 – 5 years of historical data to be used as the basis for a 3 – year projection)*

**INSTRUCTIONS:**

1. Enter Assessed Valuation in Column 1a and the property tax Revenue Collected in column 5a.
2. Enter the Tax rates in Column 2a and 2b and enter the total in Column 2c.
3. Multiply the Assessed Valuation (Column 1a) by the Total Tax Rate (Column 2c)
4. Compute the Tax Collections as % of Levy (Column 4), by dividing the Total Property Tax Revenue (Column 5a) by the Tax Levy (Column 3a).
5. Compute the % change over the preceding year and enter the results in the appropriate columns.

2. Non – recurring revenue sources (Form 6)
  - a. Grants – in – aid from local and foreign sources
  - b. Special appropriations or transfers from Congress or other units of government
  - c. Inter – fund transfers
  - d. Inter – local government transfers

<b>FORM 6: TIME SERIES RECORD OF REVENUE OTHER THAN PROPERTY TAX</b>														
<b>Y E A R</b>	<b>(1) BUSINESS FEES &amp; LICENSES</b>		<b>(2) OTHER TAXES</b>		<b>(3) SERVICES &amp; OPERATIONS</b>		<b>(4) TOTAL LOCAL REVENUE</b>		<b>(5) IRA</b>		<b>(6) ALL OTHERS</b>		<b>(7) GRAND TOTAL</b>	
	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change
1														
2														
3														
4														
5														

*(Note: The exercise will require 3 - 5 years of historical data to be used as the basis for a 3 - year projection.)*

**INSTRUCTIONS:**

1. Enter the amount of revenue from each source in the appropriate column.
  - a. Operating and service income covers public markets, slaughterhouses and other LGU economic enterprises.
  - b. IRA refers to the Internal Revenue Allotment.
  - c. All others include Other Grants, and inter-government and inter-fund transfers.
2. Compute the % change over the preceding year and enter the results in the appropriate columns.

Step 2: Collect appropriate operating expenditure data including existing debt service and determine historical trends.

- a. Operating expenditures include the following:
  - i. Personal Services, including social charges (PS)
  - ii. Maintenance and other operating expenses (MOOE), such as office supplies, utilities (power, water, telecommunications), office equipment and miscellaneous expenses.
- b. Historical analyses need to be done on the following expenditure items using the suggested form. (Form 7).
  - i. General Public Services
  - ii. Social Services
  - iii. Economic Services
  - iv. All Others

## FORM 7 – TIME SERIES RECORD OF LGU OPERATING EXPENDITURES

YEAR	(1) GENERAL PUBLIC SERVICES		(2) SOCIAL SERVICES		(3) ECONOMIC SERVICES		(4) ALL OTHERS		(7) GRAND TOTAL	
	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change	(a) Amount	(b) % Change
1										
2										
3										
4										
5										

*(Note: The exercise will require 3 – 5 years of historical data to be used as the basis for a 3 – year projection.)*

**INSTRUCTIONS:** For each year,

- c. The amount of debt service payments for existing and other anticipated LGU obligations must be established and compared to the relevant, if any, statutory debt service ceilings. The suggested form (Form 8) may be used for this purpose.

## FORM 8 – OBLIGATED DEBT SERVICE EXPENDITURE

YEAR	(1) PRINCIPAL	(2) INTEREST	(3) TOTAL (1+2)
1			
2			
3			
4			
5			

**(NOTE: This exhibit presents existing debt service requirements and, therefore, involves no projections.)**

**INSTRUCTIONS:**

1. Simply compile the total debt service requirements for local general debt obligation for each of the 3 – year projection period for all LGU obligations from existing accounting records.
2. Enter these amounts in the appropriate columns.

In the case of expenditures, election years result in abnormally high expenditure levels. Usually, such “abnormal” years need to be taken out of the projection exercise.

- Step 3: Establish structural relationships of revenue and expenditure items to population and economic development.

Among the key factors that must be considered in assessing structural relationships between revenue and expenditure items are the following:

- a. Overall national and regional economic picture, including development trends;
- b. Demographic shifts; and
- c. Changes in the local market, particularly in the local labor market.

**TIPS AND NOTES FOR CONDUCTING HISTORICAL TRENDS ANALYSES**

1. Distinguish between recurring revenue sources and non-recurring ones. The LDIP needs a stable source of financial resources that depend on revenue sources which are assured of being collected every year.
2. Distinguish between the impact on revenue volume of the:
  - a. Changes in the tax base, such as increases in the number of taxable structures or business; and
  - b. Changes in tax rates
3. Take into consideration an unusually large increase in particular revenue source for a particular year which may be attributed to:
  - a. Change in rates,
  - b. New system of billing and collection, or
  - c. Other procedural and systems improvements, e.g., granting of tax amnesty, enactment of new tax laws and ordinances

Increases attributed to the above cannot be expected to continue in the future. Therefore, their impact must be segregated in the analyses.

**Step 4: Project future recurring revenue and operating expenditure levels**

**Future recurring levels can be projected based on a careful assessment of all probable factors that affect each revenue source.**

- a. RPT collection should be projected separately because of its large contribution to LGU revenue sources; and because real properties will be the main beneficiary of LGU investments in terms of increased values. (See Form 9 for Sample Projection Form)

**FORM 9 – PROJECTION OF PROPERTY TAX REVENUE**

YEAR	(1) PROJECTED ASSESSED VALUATION	(2) TENTATIVELY PROJECTED TAX RATE			(3) PROJECTED TOTAL TAX LEVY	(4) COLLECTION AS % OF LEVY	(5) PROJECTED TOTAL REVENUE FROM PROPERTY TAXATION
		(a) <i>General</i>	(b) <i>SEF</i>	(c) <i>Total</i>			
1							
2							
3							
4							
5							

**INSTRUCTIONS:**

1. Enter the Projected Assessed Valuation in Column 1 and the estimated Collection as % of Levy in Column 4.
2. Enter the tentatively Projected Tax Rates in Columns 2a and 2b and enter the total in Column 2c.
3. Multiply the Projected Assessed Valuation indicated under Column 1 by the Total Tax Rate Column in column 2c to obtain the Total Tax Levy and enter the result in Column 3.
4. Multiply Column 3 by the Collection as % of Levy as shown in Column 4 and enter the result in the Total Property Tax Revenue in Column 5.

**Note:** *In developing this revenue base for preliminary testing, different assumptions may be used regarding the projected tax rate. For example:*

1. *The current tax rate can be used for the entire projection period; or*
2. *Some change in the tax rate can be assumed over the projection period depending on the adopted LDIP financing package.*

- b. Business fees and licenses, other taxes, services and operations, and all others can be projected using either the historical growth rates (with or without adjustments) or using computed elasticities and assumed per capita income growth rates. (See Form 10 for Sample Projection form for these revenue items)

The IRA projections should already consider the increases provided for in RA 7160.

<b>FORM 10 – PROJECTION OF TOTAL REVENUE</b>							
YEAR	(1) PROJECTED RAL PROPERTY TAX	(2) BUSINESS FEES & LICENSES	(3) OTHER TAXES	(4) SERVICES & OPERATIONS	(5) IRA	(6) ALL OTHERS	(5) PROJECTED TOTAL REVENUE
1							
2							
3							
4							
5							

**INSTRUCTIONS:**

1. Get the RPT projection from Form 9.
2. Project business fees and licenses, other taxes, services and operations, and all others using either the historical growth rates (with or without adjustments) or using computed elasticities and assumed per capita income growth rates.
3. For the IRA projections, consider the increases provided for in RA 7160.
4. Enter the sums of Columns 1 to 6 to get the result for Column 5.

- c. Future normal recurring expenses can be projected using either of the following techniques:
  - i. the historical 3 to 5 – year annual average expenditure increase; or
  - ii. the historical average expenditure per unit of output in the case of LGU business enterprises. (See Form 11 for the Sample Projection Table)

In using either of the two techniques, factor into the projections the effects of political and organizational developments within the LGU on the future growth of various departments.

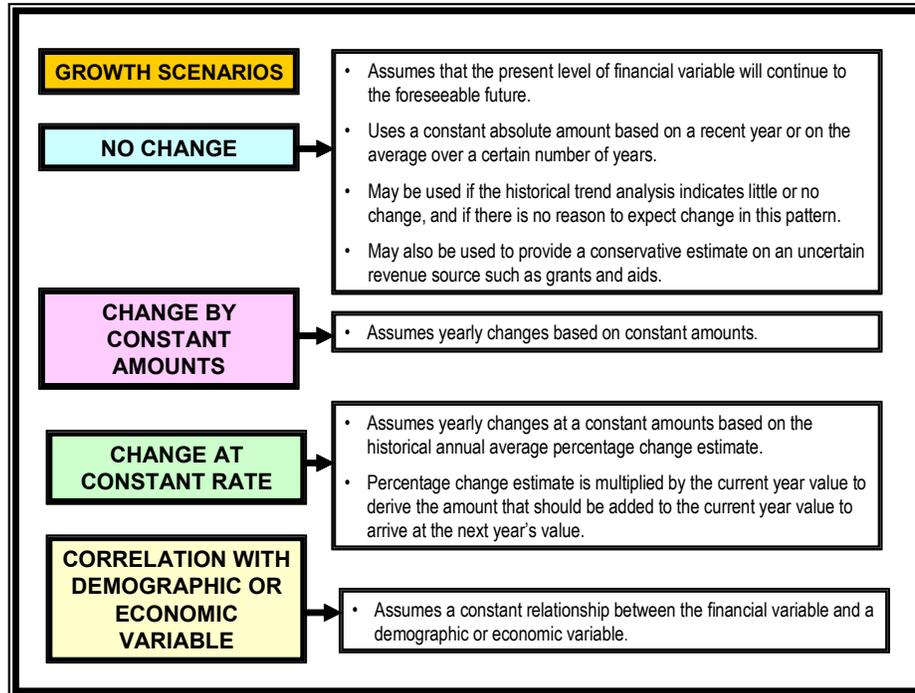
<b>FORM 11 – PROJECTION OF LGU OPERATING EXPENDITURE</b>					
YEAR	(1) GENERAL PUBLIC SERVICES	(2) SOCIAL SERVICES	(3) ECONOMIC SERVICES	(4) ALL OTHERS	(5) GRAND TOTAL

**INSTRUCTIONS:**

1. Project business fees and licenses, other taxes, services and operations, and all others using either the historical growth rates (with or without adjustments) or using computed elasticities and assumed per capita income growth rates.
2. Get the RPT projection from Form 10.
3. Enter the sums of Columns 1 -4 and enter the result in Column 5.

Four alternative growth scenarios can be used by the LGU in coming up with the required financial projects. (See Figure 16)

**Figure 16 - Financial Growth Scenarios**



Step 5: Compute the financial surplus available for the financing of new investments.

**After determining the future revenue inflows and the corresponding revenue outflows, the new investment financing capacity of an LGU can be established.**

The following computational procedure can be used to establish the new investment financing capacity of the LGU. (See Form 12 for the Sample Projection of New Investment Financing Potential Table)

<b>Box 10 COMPUTING NEW INVESTMENT FINANCIAL CAPACITY OF AN LGU</b>	
<b>Projected Revenues</b>	
<b>Less:</b>	<b>Projected Operating Expenses</b>
<b>Less:</b>	<b>Existing Debt Service Requirements</b>
<b>Equals:</b>	<b>Amount available for new investment financing</b>

### Stream 3: Formulating the Financing Plan



A 3 – year planning horizon shall be adopted to coincide with the tenure of local officials.

Step 1: 1<sup>st</sup> Round Matching – The purpose of this matching is to determine:

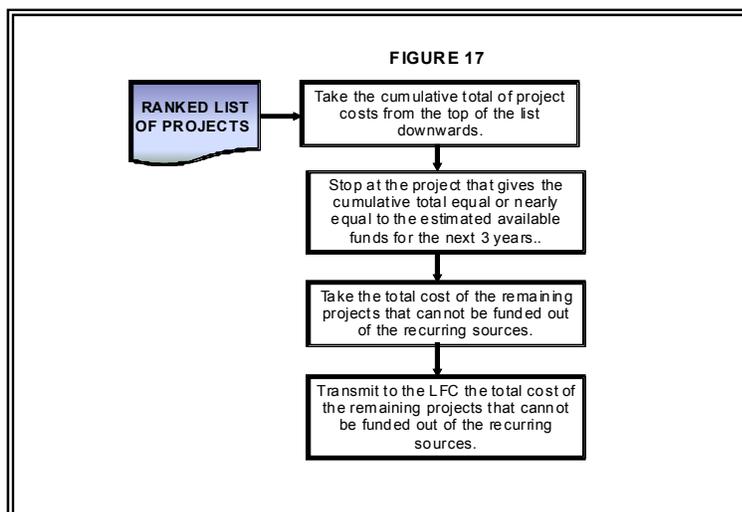
- a. how many of the approved projects can be funded from regular sources for the 3 – year period; and
- b. how many may have to be financed from other sources.

FORM 12 – PROJECTION OF NEW INVESTMENT FINANCING POTENTIAL						
ITEM NO.	ITEM	YEAR				
1	Projected Revenue	1	2	3	4	5
2	Less: Projected Operating Expenditures					
3	Sub – Total (Item 1 minus Item 2)					
4	Less: Obligated Debt Service					
5	New Investment Potential (Item 3 minus Item 4)					

**INSTRUCTIONS:**

1. Item No. is to be taken from Form 10.
2. Item No. 2 is to be taken from Form 11.
3. Item No. 4 is to be taken from Form 8.

The procedure in undertaking this exercise is illustrated in Figure 17:



Step 2: LDC approves the ranked list of projects - The LDC, through a vote or resolution approves the ranked list of projects with their individual and aggregate cost estimates.

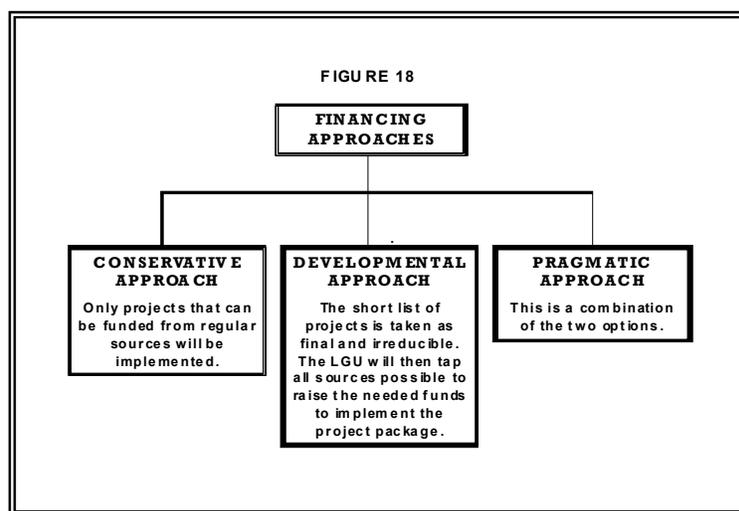
Step 3: The LDC deliberates on and decides what financing approach to take.

Three financing approaches are available to LGUs (Figure 18.) These include the following:

- a. The Conservative Approach
- b. The Developmental Approach
- c. The Pragmatic Approach

If the LDC chooses the **Conservative Approach**, this will involve the following actions:

- a. The LDC further trims down the project list.
  - i. The trimming process starts with the grouping of projects following the ranked list and taking a running total of the cost.
  - ii. When the total cost equals or nearly equals the available funds for the 1<sup>st</sup> year, the corresponding group of projects comprises the 1<sup>st</sup> year capital investment program.
  - iii. The same procedure is repeated for the 2<sup>nd</sup> and 3<sup>rd</sup> year investment programs.
  - iv. The LDC approves the final list of projects when a proper match is attained between total project cost and available funds on a year-by-year basis through a vote or consensus.
- b. The final project list is to be formally adopted by the Sanggunian through an appropriate resolution.
- c. The LPDO prepares the investment program.



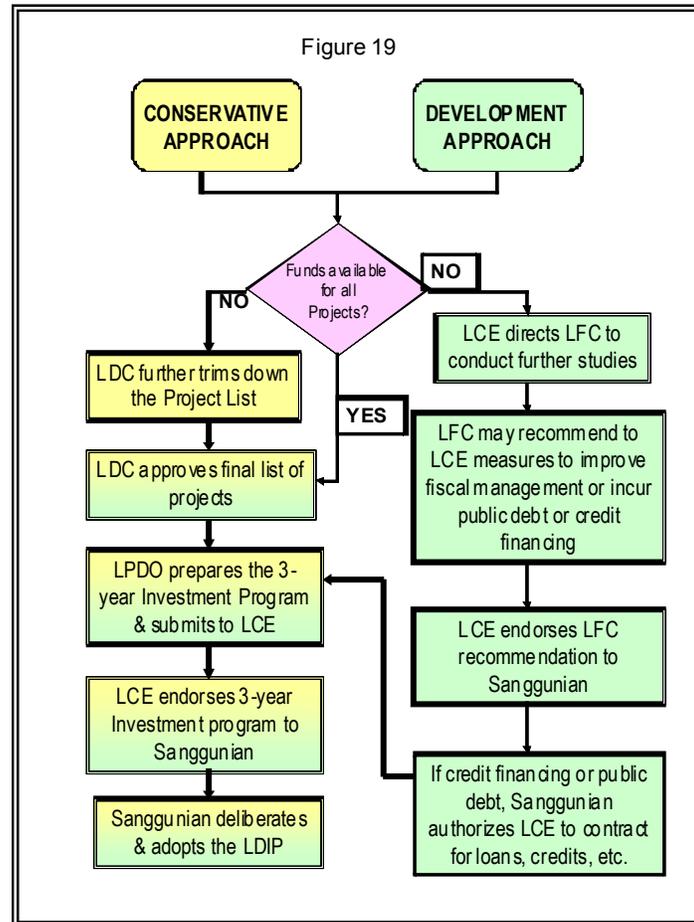
If the LDC chooses the **Development Approach**, the following strategies may be investigated to determine their impact on savings for the next two to three years.

- a. Improve fiscal management by:
  - i. Increasing the collection efficiency;
  - ii. Curbing some expenditures which may not be absolutely necessary e.g. freeze on hiring of new personnel, stopping the allocation of district funds for Sanggunian members, or reducing the number of official travels;
  - iii. Imposing betterment levy (Sections 240 – 245 of RA 7160);
  - iv. Imposing tax on idle lands (Sections 236 – 239, RA 7160).
  - v. Incurring public debt or financing using any of the following modalities allowed by the Local Government Code:
- b. Contracting for loans, credits and other forms of indebtedness with any government or domestic private bank and similar lending institutions (Sec. 297, RA 7160) - Title IV of the Local Government Code provides the legal basis for the LGUs to create indebtedness and avail of credit facilities with any government or domestic private bank and other lending institutions to finance infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.
  - i. Deferred payment and similar financial schemes for land acquisition, among others (Sec. 298, Sec. RA 7160)
  - ii. Issuance of bonds, debentures, securities, collaterals, notes and other obligations, to finance the LGU's self-liquidating, income producing development or livelihood projects pursuant to the priorities established in the approved local development plan and subject to the rules and regulations set by the Central Bank and Securities and Exchange Commission. (Sec. 299, RA 7160)
  - iii. Contracting for loans, credits and other obligations with other LGUs (Sec. 300, RA 7160)

Concerned LGUs may extend loans, grants or other subsidies to other LGUs under such terms and conditions as may be agreed upon by the contracting parties. These may be agreed upon by provinces, cities and municipalities, upon the approval of the majority of the local sanggunian concerned in amount not exceeding their surplus funds.

A compilation of information on non-traditional sources of funds may be found in the Resource Finder, a publication of the DILG with assistance from the Local Government Support Program (LGSP).

- iv. Borrowing from the national government through its re-lending institutions using funds secured from foreign sources (Sec. 301, RA 7160).
- v. Pre – financing by the private sector through the build – operate – transfer (BOT) scheme (Sec. 302, RA 7160 and RA 6957).



vi. Accessing Official Development Assistance

Official development assistance (ODA) is defined as those flows to developing countries which are provided by official agencies, including state and local governments, or by their executive agencies. It can be bilateral or multilateral technical assistance and loans.

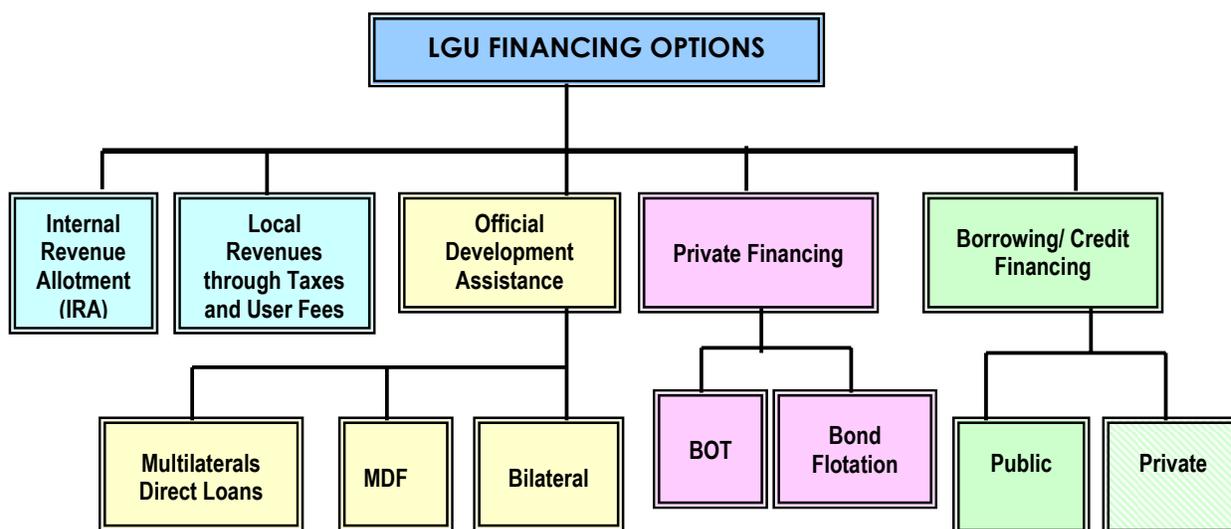
Bilateral transactions are those undertaken by a donor country directly with an aid recipient. Multilateral contributions are those made to a recipient institution which is an international agency, institution or organisation whose members are governments, or a fund managed autonomously by such an agency.

The ODA is administered with the promotion of the economic development and welfare of developing countries as its main objective. ODA flows are either loan or grant. ODA loans are concessional in character (low interest rate if loans) and sometimes, contain a grant element of at least 25%.

After assessing the amount of project financing that could be generated from each of the above modes the actions listed below follow:

- a. The LFC recommends one or two modes to the LCE;
- b. The LCE endorses the LFC's recommendation to the Sanggunian;
- c. The Sanggunian may, by resolution, authorize the office of the LCE to enter into contracts for loans, credits and other forms of indebtedness;
- d. The LPDO prepares the 3 – year investment program and submits the draft LDIP to the LCE;
- e. The LCE endorses the draft LDIP for adoption;
- f. The Sanggunian deliberates on the draft LDIP;
- g. The Sanggunian, through a resolution adopts the 3 – year investment program or LDIP.

Figure 20  
LGU Financing Options



### 1.8 *What is the role of the province in local development investment programming of its component LGUs?*

- a. Identify areas for complementation of PPAs between and among provinces and their component cities/municipalities
- b. Exercise by the Sangguniang Panlalawigan of its power of automatic review of all policies and actions of the component LGUs to effect reconciliation and integration of programs, projects and activities.
- c. Province may develop and undertake joint programs or augment the financial resources of its component cities and municipalities in implementing programs and projects that have significant impacts on the province as a whole; and
- d. The province may enjoin component cities and municipalities to provide counterpart resources to implement programs and projects initiated by the province that have significant impacts on the entire province.

### *1.9 How can national government agencies participate in local development investment programming?*

- a. Provide guides on making LDIP responsive to specific issues and concerns;
- b. Influence LDIP by resources leveraging, lobbying and other techniques for pushing their programs, concerns and advocacies;
- c. Promote the participation of concerned sectoral groups in the preparation of AIP;
- d. Pick-up relevant programs and projects for inclusion in NGA programs;
- e. Offer definite resource inputs to augment LGU resources;
- f. Lobby for the integration of NGA programs/projects/services addressing concerned development / sectoral issues in the AIP; and
- g. Urge LGUs to give priority to local projects identified by or addressing the needs of marginalized and vulnerable groups and to those that are mandated by/ consistent with national laws and/or that will reinforce the effects of particular national programs

### *1.10 How is an AIP prepared?*

In accordance with the provisions of JMC No. 001 series of 2007, the “LDC shall cull out the AIP from the current slice of the LDIP, which upon approval of the Sanggunian, shall serve as the basis for preparing the Executive Budget. The LDC shall endorse the AIP to the local budget officer for the budget preparation and in determining the annual budgetary allocations for PPA vis-à-vis allocations for other purposes as indicated in the AIP Summary Form. (see Table 28)

SUMMARY FORM

**Table 28**  
**CY \_\_\_\_\_ Annual Investment Program (AIP)**  
 By Program/Project/Activity by Sector  
 As of \_\_\_\_\_

Province/city/Municipality/Barangay \_\_\_\_\_

AIP REFERENCE CODE  (1)	PROGRAM/PROJECT/ACTIVITY DESCRIPTION  (2)	IMPLEMENTING OFFICE/ DEPARTMENT  (3)	SCHEDULE OF IMPLEMENTATION		EXPECTED OUTPUTS  (6)	FUNDING SOURCE  (7)	AMOUNT (in thousand pesos)			
			STARTING DATE  (4)	COMPLETION DATE  (5)			Personal Services (PS)  (8)	Maintenance and other Operating Expenses (MOOE)  (9)	Capital Outlay  (10)	Total  (11)
General Public Services (10)										
Economic Services (80)	<div style="border: 2px solid black; padding: 10px;"> <p><b>Instructions:</b> this form shall be prepared by the Planning and Budget officers of the local government unit based on the approved Local Development Plan of the LGU as approved by the Sanggunian. The annual components of the Capital Expenditure (Capex) shall be inputted by the planning Officer and shall be integrated by the Budget Officer together with the Personal Services (PS), Maintenance and Other Operating Expenses (MOOE) and other Capital Outlay (CO) into the total resource Annual Investment Program as the basis for the preparation of the Annual Budget.</p> <p>Column 1: Indicate the reference code for the sector/sub-sector as per UBOM in order to facilitate consolidation of requirements.                      Column 2: Describe briefly the program/project/activity to be implemented and accomplished by the LGU (i.e. infrastructure projects, programs or activities)                      Column 3: Identify the office/department that will implement the program/project/activity.                      Columns 4 &amp; 5: Specify the targeted starting and completion date.                      Column 6: Describe the output or results in quantified term (e.g. 3 kilometers of concrete road, 200 cavans of palay per hectare, 10 hectares of forested area, 400 pupils functionally literate, 5% reduction in infant mortality rate.                      Column 7: Indicate the funding source of the program/project/activity. Specify is sourced locally from the General Fund or grant/loan from outside sourcing or subsidy from the national government.                      Column 8: Indicate the estimated amount of the program/project/activity broken down into PS, MOOE and CO.</p> <p>This form has to be signed by the Local Planning and Development Officer and Budget Officer and attested by the Local Chief Executive or his duly authorized representative.</p> </div>									
Social Services (30)										

Prepared By:

Attested by:

\_\_\_\_\_  
 Local Planning and Development Officer  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 Budget Office  
 Date: \_\_\_\_\_

\_\_\_\_\_  
 Local Chief Executive  
 Date: \_\_\_\_\_