



DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 4
November 26, 2013

FOR : Heads of Departments (DA, DAR, DEPED, DOE, DENR, DOH, DILG, DOLE, DSWD, DOT, DTI and TESDA) and the Administrator of NEA, All City/Municipal Mayors and Members of the Sanggunian Panlungsod/Bayan, and All Others Concerned

SUBJECT : POLICY GUIDELINES AND PROCEDURES IN THE IMPLEMENTATION OF THE GRASSROOTS PARTICIPATORY BUDGETING PROCESS (FORMERLY CALLED BOTTOM-UP BUDGETING) FOR THE FY 2015 BUDGET PREPARATION

1. STATEMENT OF POLICY

In pursuit of attaining the Philippine Development Plan's goal of inclusive growth and poverty reduction, and promoting good governance at the local level, the Human Development and Poverty Reduction Cluster (HDPRC), through the Grassroots Budgeting Oversight Agencies, shall implement the Grassroots Participatory Budgeting Process (Grassroots Budgeting), formerly called Bottom-up Budgeting, to ensure the inclusion of the funding requirements for the development needs as they are identified at the local level in the budget proposals of participating agencies.

2. PURPOSE

To provide participating agencies and local government units (LGUs) with the policy guidelines, processes, responsibilities and timelines in the Grassroots Budgeting approach to be applied in the preparation of the FY 2015 National Expenditure Program.

3. COVERAGE

This Circular shall cover the following participating agencies:

- National Government Agencies (NGAs):
 - Department of Agrarian Reform (DAR)
 - Department of Agriculture (DA)
 - Department of Education (DepEd)
 - Department of Energy (DOE)

Department of Environment and Natural Resources (DENR)
 Department of Health (DOH)
 Department of the Interior and Local Government (DILG)
 Department of Labor and Employment (DOLE)
 Department of Social Welfare and Development (DSWD)
 Department of Tourism (DOT)
 Department of Trade and Industry (DTI)
 Technical Education and Skills Development Authority (TESDA)

- Government Owned and Controlled Corporations (GOCCs):
 National Electrification Administration (NEA)
- For Coordination and Oversight
 Department of Budget and Management (DBM)
 DILG
 DSWD
 National Anti-Poverty Commission (NAPC) Secretariat
 National Economic and Development Authority (NEDA)
 Office of the NAPC Vice-Chair for the Basic Sectors
- Beneficiaries
 All cities and municipalities

4. **DEFINITION OF TERMS**

- 4.1. **Basic Sector Organizations (BSOs)** - refer to organizations of the marginalized sectors of Philippine society, namely: farmers and landless rural workers, artisanal fisherfolk, formal labor and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, persons with disabilities, senior citizens, victims of calamities and disasters, youth and students, children, cooperatives, and urban poor.
- 4.2. **Grassroots Participatory Budgeting Process or Grassroots Budgeting (formerly called Bottom-Up Budgeting)** - an approach to preparing the budget proposal of agencies, taking into consideration the development needs of cities/municipalities as identified in their respective local poverty reduction action plans that shall be formulated with strong participation of basic sector organizations and other civil society organizations.
- 4.3. **Civil Society Organizations (CSOs)** - include non-government organizations (NGOs), People's Organizations (POs), basic sector organizations, cooperatives, trade unions, professional associations, faith-based organizations, media groups, indigenous peoples movements,

foundations, and other citizen's groups which are non-profit and are formed primarily for social and economic development to plan and monitor government programs and projects, engage in policy discussions, and actively participate in collaborative activities with the government.

- 4.4. **Civil Society Assembly** - an inclusive meeting of all CSOs, POs, community/grassroots organizations facilitated by DILG at the municipal level, with the support of DSWD and NAPC (where present), to gather, analyze and share results of poverty situation and other local poverty data in their locality, identify strategies to address poverty and present them to the Local Development Council or the Local Poverty Reduction Action Team (LPRAT), and local special bodies. CSOs shall also be oriented on their role in local governance and select CSO representatives to the LPRAT.
- 4.5. **Local Poverty Reduction Action Plan (LPRAP)** - the LGU plan which contains programs and projects collectively drawn through a participatory process by the LGU with CSOs and other stakeholders, and which will directly address the needs of the poor constituencies and the marginalized sectors in the city or municipality.
- 4.6. **Local Poverty Reduction Action Team (LPRAT)** - the group to spearhead the formulation and monitoring of the LPRAP.

Under the Regular Grassroots Budgeting Process, the LPRAT shall be composed of the following members:

Chairperson: Local Chief Executive (LCE)

Co-Chairperson: A CSO representative

Members:

Representatives from Government, to wit:

- Sangguniang Panlungsod/Bayan Member who is the Chairperson of the Committee on Appropriation;
- All local government department heads such as the Planning Officer, Budget Officer, Fishery and Agriculture Officer, Social Welfare and Development Officer, Health Officer, Community, Environment and Natural Resource Management Officer (CENRO) and Public Employment Service Office (PESO) Manager;
- Representatives of NGAs such as the DSWD municipal links, the DILG City/Municipal Local Government Operations Officer, the School District Supervisor and Agrarian Reform Officer; and

Representatives from CSOs (must be residents of the city or municipality), that can come from the following groups/organizations:

- Pantawid Pamilya Parent-Leaders recognized by DSWD;
- Leaders from DOH organized Community Health Teams;
- Leaders of the Parent-Teacher Associations;
- Leader of CSOs accredited by LGUs;
- Leaders of CSOs accredited or recognized by any NGA;
- Leaders of a women's group;
- Leaders of a basic sector organization;
- Leaders of a basic sector organization recognized by NAPC;
- Leaders of other community or grassroots organizations;
- In cities/municipalities where Indigenous Peoples comprise over twenty-percent (20%) of the population, one of the elected representatives must come from the IP sector.

[Elected officials, their immediate relatives (spouse, parent, sibling, child), and LGU employees are ineligible to be elected as CSO representatives.]; and

A representative from a local business group or association

Municipalities that have graduated from or are currently implementing the KALAHY-CIDSS Program shall undergo the Enhanced Grassroots Budgeting Process, wherein the LPRAT shall perform its functions as the technical working group of the Enhanced Local Development Council (LDC). It shall be composed of the following members:

- 10 representatives from government (may come from government members or observers of the Enhanced LDC)
- 5 Barangay Development Council Vice-Chairpersons selected through the KALAHY-CIDSS program
- 5 CSO representatives in the Enhanced LDC who are elected during the CSO assembly

The LPRAT under the Regular or Enhanced Grassroots Budgeting Process shall always be composed of an equal number of government (including the LCE) and non-government representatives. All CSO representatives should be residents of the city/municipality. The LPRAT should also be composed of at least 40% women.

- 4.7. Enhanced Local Development Council – refers to the Local Development Council (LDC) with an expanded membership to include the regular

members of the LDC with the addition of all the Vice-Chairs of the Barangay Development Councils who are to be elected from among the KALAHY-CIDSS community volunteers.

Chairperson: Local Chief Executive (LCE)

Vice-Chairperson: A CSO representative

Members:

Representatives from Government, to wit:

- All punong barangays in the city or municipality
- Chairperson of the Committee on Appropriation of the Sangguniang Panlungsod/Bayan
- District Representative or his/her representative

Representatives from Civil Society Organizations and Communities, to wit:

- All Vice-chairs of the barangay development councils (elected through the KALAHY-CIDSS program)
- At least five CSO representatives elected by CSOs during the CSO assembly [Elected officials, their immediate relatives (spouse, parent, sibling, child), and LGU employees are ineligible to be elected as CSO representatives.]

A representative from a local business group or association

The Enhanced LDC shall be composed of at least 40% women.

All local government department heads such as the Planning Officer, Budget Officer, Agriculture Officer, Social Welfare and Development Officer, Health Officer and Peso Manager and representatives of national government agencies (NGAs) such as the DSWD municipal links, KALAHY-CIDSS Area Coordinator, the DILG City/Municipal Local Government Operations Officer, the school district supervisor and Agrarian Reform Officer shall be invited to sit as observers and resource persons in the Enhanced LDC.

4.8. **KALAHY-CIDSS** - refers to the Kapit Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services. which is a poverty reduction program of DSWD. It seeks to empower poor communities to have better access to quality basic services and to participate in more inclusive local planning, budgeting, and implementation at the barangay level.

4.9. **National Poverty Reduction Action Team** - the group that shall discuss and address policy and implementation issues and provide guidance to the RPRATs throughout the Grassroots Budgeting process. It shall be chaired by

DILG and composed of representatives from all Grassroots Budgeting oversight and participating agencies.

4.10. **Parent Leaders** - Pantawid Pamilyang Pilipino Program (4Ps) grantees chosen by their co-grantees/fellow parents to lead a cluster of family-grantees. Their role and function is to ensure the compliance to the conditionalities of the 4Ps program by the grantees. They preside over meetings during community assemblies; disseminate information and updates, follow-up/monitor commitment, and compliance to conditionalities on health and education. They also act as the bridge of the community in communicating to the municipal link assigned in the area and to other stakeholders in the municipality or city.

4.11. **Participating Agencies** - refers to the twelve (12) NGAs (DAR, DA, DepEd, DOE, DENR, DOH, DILG, DOLE, DSWD, DTI, DOT and TESDA) and NEA through which funding for Grassroots Budgeting programs will be allocated.

4.12. **Public Financial Management Improvement Plan** - refers to the set of programs/projects/activities (PPAs) that will be undertaken by the LGU to address the areas in Public Financial Management (PFM) that need to be further improved and/or sustained based on the assessment by the LGU of the different critical dimensions of an open and orderly PFM system provided under the PFM Assessment Tool for LGUs.

4.13. **Regional Poverty Reduction Action Teams (RPRATs)** - the group that shall provide support and guidance to LGUs throughout the Grassroots Budgeting process and monitor the implementation of the Grassroots Budgeting Projects, composed of the following:

Chairperson :	DILG Regional Director
Vice-Chairperson :	DBM Regional Director

Members :

- Regional Directors of DA, DAR, DENR, DOH, DEPED, DOLE, DSWD, DTI, DOT, NEDA and TESDA
- Representatives from DOE and NEA
- The provincial CSO representative as elected in the process facilitated by NAPC (This does not refer to the elected members of the basic sector councils of NAPC at the national level.)

5. HARMONIZATION OF THE PLANNING PROCESSES FOR GRASSROOTS BUDGETING, KALAHI-CIDSS AND LOCAL DEVELOPMENT PLANNING

5.1. The harmonization of the planning processes being undertaken for Grassroots Budgeting, KALAH-CIDSS and Local Government Development Planning will be implemented in two modalities.

5.1.1. The first mode will institutionalize the LPRAT as a committee of the local development council. This will be referred to as the regular Grassroots Budgeting process which will be implemented in all cities and municipalities that have not yet participated in the KALAH-CIDSS program. In situations wherein the local development council does not meet regularly or is not functional, the LPRAT may be constituted independently from the LDC.

5.1.2. The second mode will integrate the Grassroots Budgeting Process into the processes of the local development council. It will also integrate barangay level planning into the city/municipal level planning process. This process will be referred to as the *Enhanced Grassroots Budgeting Process*. It will be implemented in all two hundred seventy one (271) municipalities that have graduated from or are currently implementing the KALAH-CIDSS Program. The list of municipalities that shall undergo the Enhanced Grassroots Budgeting Process can be found in Annex A.

5.2. Local government units that do not adopt the regular or Enhanced GRASSROOTS BUDGETING Process, whichever is applicable, in their local development planning process will not be eligible to participate in the Grassroots Budgeting, KALAH-CIDSS and National Community Driven Development Program (NCDDP) for FY 2015.

6. GUIDELINES FOR FY 2015 BUDGET PREPARATION AT THE LOCAL LEVEL IN NON-KALAH-CIDSS CITIES AND MUNICIPALITIES (REGULAR GRASSROOTS BUDGETING PROCESS)

The following processes shall serve as the main components to implement Grassroots Budgeting in non-KALAH-CIDSS cities and municipalities: 1) CSO assemblies, 2) LPRAP Workshops, 3) Submission of the list of priority projects to the DILG Regional Office (RO), 4) Consolidation of the projects by the DILG RO, 5) Validation of projects by the RPRAT and the NPRAT, 6) Submission of the revised list of priority projects together with a Sanggunian Resolution to the DILG RO, 7) Integration of the LGU projects in the budgets of participating agencies, 8) Provision of LGU Counterpart and 9) Project Implementation.

6.1. *Conduct of Civil Society General Assembly.* DILG will convene the general assembly of CSOs at the city/municipal level to select CSO representatives in the LPRAT.

To ensure broad participation of CSOs, NAPC and DSWD shall assist DILG in convening the general assembly. The LCE and/or City/Municipal Planning Development Coordinator (C/MPDC) shall also be invited to observe in the CSO assembly.

6.1.1. *Orientation.* DILG shall give an orientation to CSOs on local governance, highlighting the role of CSOs in Local Development Councils (LDCs) and Local Special Bodies (LSBs), as well as explain the rationale for and process of Grassroots Budgeting.

6.1.2. *Election of LPRAT representatives.* The CSOs shall independently select the organizations that will represent CSOs in the LPRAT. Elected officials, their immediate relatives (spouse, parent, sibling, child), and LGU employees are ineligible to be elected as CSO representatives.

- The assembly will also elect a representative among the CSO representatives to serve as LPRAT co-chair
- The LCE or the C/MPDC shall not influence the election of the CSO representatives during the CSO assembly
- The number of CSO representatives in the LPRAT shall equal the number of government representatives.

6.1.3. *Selection of the LPRAT co-chairperson and CSO signatories of the LPRAP.* The elected CSO representatives shall also elect among themselves the co-chair of the LPRAT (or the vice-chair in the case of Enhanced LDCs) and the two other CSO representatives who will sign the LPRAP. The three signatories must include:

- a Pantawid Pamilya parent leader, the selection of whom shall be facilitated by the DSWD municipal link (If the city or municipality has no Pantawid Pamilya beneficiaries, a Parent Teacher Association representative can serve as an alternative);
- a representative from a basic sector organization or cooperative of any of the following sectors: farmers and landless rural workers, artisanal fisherfolk, formal labor and migrant workers, workers in the informal sector, indigenous peoples and cultural communities, women, persons with disabilities, senior citizens, victims of calamities and disasters, youth and students, children, or urban poor, the selection of which shall be facilitated by the LPRAP facilitator to be identified by DILG; and
- a third CSO representative who is a member of the city or municipal local development council.

6.1.4. *Reporting on the approved list of 2013 Grassroots Budgeting Projects and their status of implementation.* The DILG City or Municipal Local

Government Operations Officer (MLG00) shall report on the status of the Grassroots Budgeting 2013 Projects and the approved list of 2014 Grassroots Budgeting Projects during the CSO Assembly.

- 6.1.5. *Poverty Situation Analysis.* After the selection of representatives, the assembly should review, validate and analyze social and economic data of the city/municipality and propose solutions to its concerns and problems. The City/Municipal Planning and Development Coordinators (C/MPDC), with the local finance committee (LFC) and other department heads of the LGU, will provide technical assistance to the CSO assembly in doing the local poverty situation analysis. These include presentation of updated, consolidated, relevant social and economic data.
- 6.2. *Conduct of LPRAP Workshop.* The conduct of the LPRAP workshop shall be guided by modules which will be provided by DILG to all MLG00s and MPDCs.
- 6.2.1. The LCE shall constitute or reconstitute the LPRAT based on the members as identified in Section 4.6 and based on the process undertaken pursuant to Section 6.1. The LCE must ensure the active participation of the elected CSO representatives in the LPRAT during the LPRAP workshop.
- 6.2.2. The RPRAT shall provide technical assistance to the LPRATs in the formulation of the LPRAP. The DILG RO shall ensure that at least one member of the RPRAT or representatives of participating agency regional offices will participate in each LPRAP Workshop.
- 6.2.3. The Grassroots Budgeting Project Management Office (PMO), housed within DILG, may also deploy mentors/facilitators in coordination with the RPRAT to assist selected LPRATs in the conduct of the LPRAP workshop to ensure that an adequate poverty analysis be done before identifying poverty reduction strategies.
- 6.2.4. The C/MPDC with the assistance of the local finance committee (LFC) and other department heads of the LGU, shall present the poverty situation of the city/municipality for validation of the LPRAT.
- 6.2.5. The LPRAT shall identify the specific poverty reduction strategies to be undertaken by the LGU and other stakeholders, including the national agencies, and incorporate the same in the LPRAP. Identification of strategies should be based on the results of the poverty situational analysis.
- 6.2.6. The LPRAT shall also identify priority poverty reduction projects through a consensus among its members. If consensus cannot be reached, the decision will be made through a majority vote. The list of priority projects will be submitted to the national government for funding consideration in its proposed FY 2015 budget, using the format provided in Annex B-1.
- 6.2.7. A multi-year planning approach shall be undertaken for Grassroots Budgeting to come up with a more comprehensive plan to address poverty

and to identify poverty reduction projects that will have a greater impact. The LPRATs shall also identify the list of priority projects for FYs 2016 and 2017 which should be included in the list of priority projects to be submitted.

6.2.8. All projects that will be submitted to the national government for funding must contribute to the following national government priorities:

- Provision of Basic Social Services and Attainment of the Millennium Development Goals, including poverty reduction;
- Hunger Mitigation and Elimination;
- Job Generation and Inclusive Local Economic Development; and
- Climate Change Adaptation/Mitigation and Disaster Preparedness

6.2.9. The following projects shall **NOT** be proposed as Grassroots Budgeting Projects:

- Projects below **five hundred thousand pesos** (such projects cannot be funded by national government, however, they can be proposed as LGU implemented projects to be funded through the LGU counterpart for Grassroots Budgeting), **except for Gulayan sa Paaralan projects under DepEd**;
- Expansion of Pantawid Pamilya Program beneficiaries (since identification of beneficiaries is done through NHTS) and Social Pension for Indigent Senior Citizens;
- Housing Projects (due to the substantial cost requirement; such projects should be requested from NHA/NHMFC which have the necessary funding);
- Materials Recovery Facility and Landfills;
- Vaccination program and National Health Insurance Program (since universal coverage is already provided by DOH and PhilHealth);
- Construction of new school buildings and classrooms, deployment of additional teachers and construction of Rural Health Units (since this will be provided for in the FY 2013 and 2014 National Budget);
- Farm-to-market roads (since network plans will be required for such and current standards for FMRs will be too costly given available Grassroots Budgeting funding)
- Projects related to law enforcement, fire protection, and jail management (since these are not poverty reduction projects);
- Construction of city/municipal hall, training centers, and other multi-purpose buildings, and procurement of furniture and fixtures, (since these are not poverty reduction projects);
- Purchase of motor vehicles (i.e. ambulances, trucks, fire trucks, vehicles to be used for monitoring purposes), except for those to be used for rescue in times of disaster; and
- International trainings/scholarships

6.2.10. In identifying priority projects, the LPRAT must allocate at least eighty percent (80%) of their budget cap for projects included in the Menu of Programs attached as Annex D.

6.2.11. Up to twenty percent (20%) of their budget cap may be allocated for new programs proposed by the LPRAT in accordance with Section 6.2.8 and 6.2.9. If none, proposals will be one hundred percent (100%) included in the Menu of Programs.

6.2.12. Total funding for proposed priority poverty reduction projects requested by each city and municipality from national government shall not exceed the cap set for each of them as indicated in Annex A. The same budget cap will be used for FYs 2015, 2016 and 2017.

6.3. *Submission of the List of Priority Poverty Reduction Projects.* The list of priority poverty reduction projects duly endorsed by the LPRAT shall be submitted to the RPRAT through the DILG RO by **December 16, 2013**.

6.3.1. The submission should include:

- Cover letter signed by the city / municipal mayor;
- List of Priority Projects for FY 2015 and indicative projects for FYs 2016 and 2017, using the attached format (Annex B-1) and with all pages signed by the 3 CSO representatives identified in Section 6.1.3; and
- Project brief for each proposed project (using template in Annex C)
- Report on compliance with the required participatory processes under Grassroots Budgeting as detailed in Section 6.4.3

6.4.2 The list of priority projects that will be submitted must be signed by the three elected CSO members of the LPRAT on every page.

6.4.3 The report on compliance with the required Grassroots Budgeting participatory processes shall include the following documents:

CONDITION	DOCUMENTARY EVIDENCE
Conduct of CSO assembly and election of CSO representatives	- Attendance sheet of CSO assembly; - Photo of participants of CSO assembly; - Documentation of Election Results - LGU report on status of Grassroots Budgeting projects, including LGU implemented projects
Conduct of LPRAP workshops	- Photo of LPRAP workshop participants; - Minutes of the CSO assembly or attendance sheet of LPRAP workshop

6.4.4 **Both printed and electronic copies of these documents should be submitted** to the DILG RO. Electronic copies should be submitted through e-mail. The list of priority projects must be submitted in both PDF and word/excel format.

6.4. *Consolidation of the List of Priority Poverty Reduction Projects by Region* – the list of priority poverty reduction projects will be consolidated by the DILG RO, which will then provide the consolidated list to all members of the RPRATs and to NAPC by **December 23, 2013**. Copies of the list of priority projects, including all attachments submitted by the LPRATs should also be forwarded to NAPC on this date.

6.5. *Validation, review and revision of Priority Poverty Reduction Projects*

6.5.1. The DILG Regional Director shall convene the RPRAT to review and validate the proposed projects which are included in the Menu of Programs. The RPRAT shall also identify the appropriate implementing agency for each project.

6.5.2. A National Poverty Reduction Action Team (NPRAT) composed of the Grassroots Budgeting oversight and participating agencies will be convened by the Grassroots Budgeting PMO to review and validate proposed projects outside the Menu of Programs.

- NAPC shall provide all members of the NPRAT with a copy of the list of proposed projects outside the Menu of Programs.
- The NPRAT will identify new programs to be established to cater to identified needs not addressed by current programs. It shall also recommend an agency to implement such a program.
- It shall also provide RPRAT with information on these new programs, to guide them in the replacement of projects that have not been accepted by national government.

6.5.3. The RPRAT shall meet with the duly authorized LPRAT representatives (equal number of government and CSO representatives) to inform them about their proposed projects which have not been accepted by the RPRAT and the NPRAT and to select replacement projects.

6.6. *Submission of revised list of priority projects.* The LPRAT shall submit its revised list of priority poverty reduction projects, with all pages signed by the 3 CSO representatives identified in Section 6.1.2, together with project briefs for each project, to the DILG RO by **February 28, 2014**. The submission shall include a Sangguniang Panlungsod/Bayan Resolution adopting the revised list of priority projects. A sample resolution is attached as Annex E.

6.6.1. The RPRAT must ensure that rejected projects are replaced before submission of the final list of Grassroots Budgeting Projects to NAPC and the Regional Development Council (RDC).

6.6.2. The RPRAT, through the DILG RO, shall then submit the revised list of validated Grassroots Budgeting Projects to NAPC, the RDC and all cities and municipalities by **March 7, 2014**.

6.6.3. NAPC shall in turn consolidate all the submissions of the RPRAT and forward it to all participating Agency Central Offices (ACOs) by **March 14, 2014**.

6.7. *Integration of the LGU projects in the budgets of participating agencies.* The ACOs shall review and integrate in their proposed budget for FY2015 all Grassroots Budgeting projects that have been submitted to them.

6.7.1. Projects under the Menu of Programs shall be included in the "within ceiling" budget proposal while projects outside of the menu will be included in the "above the ceiling" budget proposal.

6.7.2. All agencies should ensure that Grassroots Budgeting Projects are not duplicated in their regular programs, in the PAMANA program or in the ARMM Stimulus Fund.

6.8. *Provision of LGU Counterpart.* See Section 8.

6.9. *Project Implementation.* See Section 9.

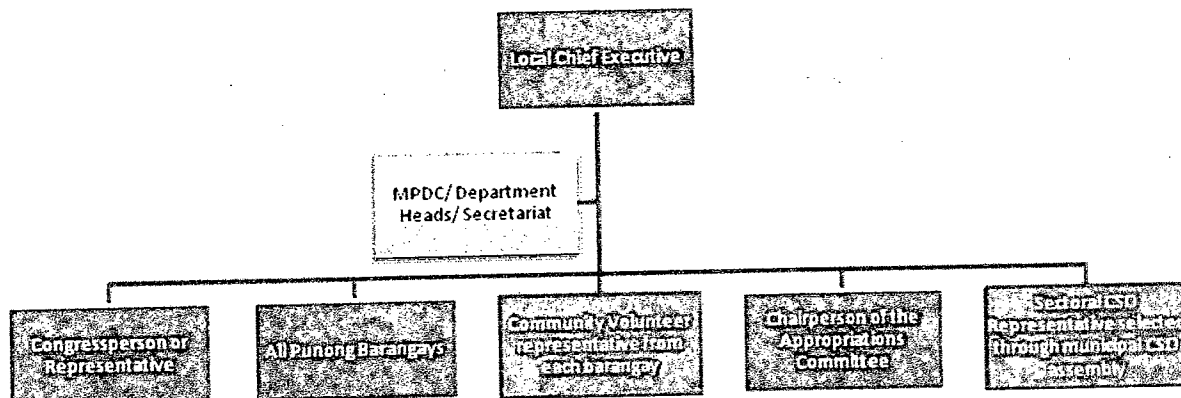
7. GUIDELINES FOR FY 2015 BUDGET PREPARATION AT THE LOCAL LEVEL IN KALAH-CIDSS CITIES AND MUNICIPALITIES (ENHANCED GRASSROOTS BUDGETING PROCESS)

Municipalities that have graduated from or are currently implementing the KALAH-CIDSS Program (see Annex A for the list of municipalities) will have to follow the Enhanced Grassroots Budgeting Process. Under this process, the following modifications are made to the regular Grassroots Budgeting Process: a) Integration of Participatory Barangay Development Planning and b) Enhancement of the composition of the Local Development Council. The detailed steps for the Enhanced Grassroots Budgeting Process is provided under Annex F.

7.1. *Integration of Participatory Barangay Development Planning.* Prior to the conduct of CSO assemblies at the municipal level, DSWD with support from DILG shall facilitate the conduct of participatory barangay development planning in all barangays in municipalities with KALAH-CIDSS.

7.2. *Integration of the LPRAT into the Enhanced Local Development Council (LDC) structure.* The LCE shall convene the Enhanced LDC to approve the LPRAP, the Comprehensive Development Plan (CDP), Local Development Investment Plan (LDIP), Executive-Legislative Agenda (ELA) and Annual Investment Plan (AIP), and identify the priority poverty reduction projects to be funded by Grassroots Budgeting, NCDDP and the LGU. To make the planning more manageable, the Enhanced LDC shall constitute an LPRAT to serve as its technical working group, which shall undertake the formulation of the plans and present it for the approval of the Enhanced LDC.

7.2.1. The Enhanced LDC shall include the vice-chairpersons of all barangay BDCs, who are selected from the KALAHI-CIDSS community representatives in the Barangay Development Council. Its composition shall be consistent with Section 4.7. The Enhanced LDC shall have the following structure:



7.2.2. The Enhanced LDC shall form an LPRAT to serve as its technical working group. The LPRAT shall draft the plans, including the identified priority poverty reduction projects. It shall be composed of 20 members of or observers in the LDC:

- 10 coming from government (may include observers in the LDC),
- 5 from the BDC Vice-Chairpersons, selected by them from among themselves, and
- 5 from the CSO representatives elected during the CSO assembly.

7.2.3. For municipalities that have already reconstituted and convened their LDCs after the May 2013 elections, CSO representatives who sit in the newly reconstituted LDC and LSB shall be recognized so long as they were elected in a CSO assembly conducted after June 30, 2013 and before the issuance of this JMC and so long as the requirements and the procedures provided for by law and by the applicable guidelines of DILG were fully complied with. The BDC Vice-chairs shall be added to the composition of the Enhanced LDC.

- Further, such municipalities may still decide to change the CSO representatives in the newly reconstituted LDC and LSBs following the provisions of this JMC upon approval of the JMC.
- The DILG may require any such city/municipality to change the CSO representatives in the newly reconstituted LDC and LSBs following the provision of this JMC if it finds that the requirements and procedures provided by law and by applicable DILG guidelines were not fully complied with in the reconstitution of their LDC and LSBs.

- The Vice-Chairs of Barangay Development Councils identified through KALAHI-CIDSS shall be added to the membership of the existing LDC.

7.3. Annex F provides a step-by-step explanation of the Enhanced Grassroots Budgeting Process.

8. COUNTERPART REQUIREMENTS

8.1. LGUs must provide a percentage of their Local Development Fund (LDF) as cash counterpart for the Grassroots Budgeting program. For LGUs which are also part of the KALAHI-CIDSS/NCDDP program, the Grassroots Budgeting and the KALAHI-CIDSS/NCDDP program will have a common and combined cash counterpart requirement.

8.2. The percentage shall be based on the proportion of the GRASSROOTS BUDGETING and KALAHI-CIDSS funding provided to the LDF as follows:

	Required Cash Counterpart
Municipalities (Based on proportion of Grassroots Budgeting and KALAHI-CIDSS funding to LDF)	
Up to 100% of the LDF	10% of the LDF
Over 100% up to 150% of the LDF	15% of the LDF
Over 150% of the LDF	20% of the LDF
All Cities	40% of the Budget Cap

*The required counterpart for each LGUs is detailed in Annex A.

Sample Computation:

Municipality A (part of KALAHI-CIDSS)

Grassroots Budgeting Budget Cap Allocation	P15 Million
<u>KALAHI-CIDSS Grant</u>	<u>5 Million</u>
Total Funding	P20 Million

Local Development Fund	P15 Million
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Proportion of Grassroots Budgeting and KALAHI-CIDSS Funding to LDF:
 = (Grassroots Budgeting Cap + KALAHI-CIDSS) / LDF
 = 20 Million / 15 Million
 = 133%

Required Cash Counterpart:

= 15% of LDF
 = 15% of 15 Million
 = **2.25 Million**

Municipality B (not part of KALAHI-CIDSS)

Grassroots Budgeting Budget Cap Allocation	P15 Million
<u>KALAHI-CIDSS Grant</u>	<u>0 Million</u>
Total Funding	P15 Million

Local Development Fund P 8 Million

Proportion of Grassroots Budgeting and KALAHI-CIDSS Funding to LDF:
= (Grassroots Budgeting Cap + KALAHI-CIDSS) / LDF
= 15 Million / 8 Million
= 187.5%

Required Cash Counterpart:

= 20% of LDF
= 20% of 8 Million
= 1.6 Million

City A

Grassroots Budgeting Budget Cap Allocation: P30 Million

Required Cash Counterpart:

= 40% of Budget Cap
= 40% of P30 Million
= P12 Million

- 8.3. For LGUs not included in the KALAHI-CIDSS program, the counterpart will be solely based on their Grassroots Budgeting Budget cap allocation.
- 8.4. For LGUs currently undergoing KALAHI-CIDSS program, additional non-cash counterpart shall be required from the Local Government Units as provided for in the KALAHI-CIDSS NCDDP Community Finance Manual.
- 8.5. The Grassroots Budgeting Counterpart Funds from the LGU shall be added to the funding available for Grassroots Budgeting Projects. Its use shall be determined by the LPRAT or the Enhanced LDC, whichever may be applicable, provided that funds for monitoring and evaluation of Grassroots Budgeting Projects and the conduct of quarterly LPRAT or Enhanced LDC meetings shall be included.
- 8.5.1. Counterpart funding need not be allocated on a per project basis. Identified counterpart funds may be used to fund projects that are 100% funded by the local government unit.
- 8.5.2. National programs that require a counterpart, as indicated in the Menu of Programs, shall be included as part of the LGU counterpart.
- 8.6. The counterpart to be provided must be sourced from LGU funds. This shall be formalized and included by the LGU in its 2015 AIP and annual budget.
- 8.6.1. The LGU shall submit a copy of its 2015 AIP and annual budget to the DILG Regional Office to provide evidence that the required counterpart funding has been included in the LGU budget.

8.6.2. Failure to provide counterpart funds in the Appropriation Ordinance authorizing the local Annual Budget for FY 2015 will result in the non-release of the national government funding for the city or municipality's Grassroots Budgeting projects.

8.7. Specific guidelines governing the computation, mobilization, use and accounting and reporting of Local Counterpart Funds under the Enhanced Grassroots Budgeting process shall be issued by the DSWD within 30 days of the issuance of these guidelines.

8.8. Projects to be funded out of the local government counterpart should be consistent with the DILG-DBM Joint Memo Circular 2011-1 dated April 13, 2011 on the Amended Guidelines on the Appropriation and Utilization of the 20% of the Annual Internal Revenue Allotment for Development Projects.

8.8.1. The cost for the operation of the LPRAT or the Enhanced LDC, vis-a-vis its role in crafting the LPRAP and monitoring/evaluating its implementation (including meeting and travel costs) may be shouldered through the LGU counterpart.

9. PROJECT IMPLEMENTATION

9.1. Funding for Grassroots Budgeting Projects in a city or municipal government shall only be released if the LGU achieves the following:

9.1.1. Attainment of the Seal of Good Housekeeping (at least Bronze) under the CY 2013 or CY 2014 assessment;

9.1.2. Submission of the PFM Improvement Plan to DBM and accomplishment of the 2014 targets or undergo the DBM PFM assessment and develop an Improvement Plan, whichever is applicable;

9.1.3. Required counterpart has been provided in the LGU Annual Budget; and

9.1.4. Submission of proper financial and physical accomplishment reports to the concerned NGAs (for LGU implemented FY2014 Grassroots Budgeting Projects).

9.1.5. Compliance with the intent of Grassroots Budgeting for meaningful participation of CSOs and communities in Grassroots Budgeting. This includes:

- conduct of CSO assembly and election of CSO representatives in the LPRAT or in the Enhanced LDC,

- conduct of participatory planning through the LPRAP workshops (or through Enhanced LDC meetings), and
- conduct of quarterly LPRAT or Enhanced LDC meetings to report on the status of Grassroots Budgeting projects

9.2. Funding under agencies where LGUs have unliquidated cash advances beyond the reglamentary period will also not be released and the identified Grassroots Budgeting projects for FY 2015 will not be implemented.

9.3. LGUs that poorly implement their Grassroots Budgeting projects in 2014, as determined by the RPRAT based on guidelines that will be subsequently issued, will not be provided funding for their priority projects under the 2015 Grassroots Budgeting Program.

10. ROLES AND RESPONSIBILITIES

10.1. The LCE shall:

10.1.1. Organize and convene the LPRAT or the Enhanced LDC;

10.1.2. Make available information and data sets about unmet needs, the CDP, LDIP, ELA and AIP;

10.1.3. Ensure the conduct of LPRAP workshop/s or Enhanced LDC meetings with strong CSO and basic sector participation and ensure that only project proposals included in the LPRAP and prioritized by the LPRAT are submitted to the RPRAT;

10.1.4. Ensure the conduct of quarterly LPRAT or Enhanced LDC meetings; and

10.1.5. Mobilize the LGU to comply with the requirements of the DILG's Seal of Good Housekeeping, undergo the PFM assessment (if not yet undertaken), and develop and implement a PFM Improvement Plan.

10.2. The LPRAT (for the Regular Grassroots Budgeting Process) shall :

10.2.1. Organize and facilitate the conduct of a Local Poverty Reduction Action Planning workshop for the formulation of the LPRAP and the identification of priority poverty reduction projects;

10.2.2. Agree on a list of priority poverty reduction projects for FY2015 based on a thorough poverty analysis and submit the LPRAP to the RPRAT using the template provided in Annex B-2; and

10.2.3. Conduct quarterly meetings to monitor the status of the approval and integration of the priority poverty reduction projects into the budgets of participating agencies and monitor the implementation and status of the projects.

10.3. The **Enhanced LDC** (for the Enhanced Grassroots Budgeting Process) shall :

10.3.1. Organize and facilitate the conduct of planning workshops for the formulation or the updating of the CDP, LDIP, and identification of priority poverty reduction projects;

10.3.2. Create an LPRAT to serve as its technical working group in the initial preparation of the CDP, LDIP and identification of poverty reduction projects;

10.3.3. Agree on a list of priority poverty reduction projects for FY2015 based on a thorough poverty analysis and submit the LPRAP to the RPRAT using the template provided in Annex B-2; and

10.3.4. Conduct quarterly meetings to monitor the status of the approval and integration of the priority poverty reduction projects into the budgets of participating agencies and monitor the implementation and status of the projects.

10.4. The **Sangguniang Panlungsod/Bayan** shall:

10.4.1. Accredite all local CSOs, including those recognized by any national government agency such as Basic Sector Organizations recognized by NAPC and volunteer groups in the KALAHI-CIDSS program; and

10.4.2. Review and adopt the List of Priority Poverty Reduction Projects to be submitted to the RPRAT. It shall pass a Sanggunian Resolution using the prescribed form (see Annex E) endorsing the list of priority poverty reduction projects.

10.5. The **CSO members of the LPRAT or the Enhanced LDC** shall:

10.5.1. Actively participate in the formulation of LPRAP and identification of the priority poverty reduction projects;

10.5.2. Through their elected representatives identified in Section 6.1.2, endorse the LPRAP and list of priority poverty reduction projects for approval of the Sangguniang Panlungsod/Bayan;

10.5.3. Advocate for the local *sanggunian's* adoption of the list of priority poverty reduction projects, when necessary; and

10.5.4. Remind and demand that the LCE convene the quarterly meeting to report on the status of the implementation of the priority poverty reduction

projects so that they can monitor the implementation of the projects. They may also undertake monitoring activities independent of the LGU.

10.6. The Area Coordination Teams of KALAHI-CIDSS shall:

- 10.6.1. Facilitate barangay level processes for municipalities undertaking the Enhanced Grassroots Budgeting Process;
- 10.6.2. Conduct orientation workshops for the LPRAT of focus municipalities/cities on the Grassroots Budgeting process; and
- 10.6.3. Assist DILG in the municipal level planning activities, including in the preparation and conduct of the Enhanced LDC and LPRAT meetings and ensure the active participation of the BDC Vice-Chairs in these meetings; and

10.7. The RPRAT shall:

- 10.7.1. Require each member agency to assign a permanent and alternate representatives to the RPRAT;
- 10.7.2. Conduct orientation workshops for the LPRAT of focus municipalities/cities on the Grassroots Budgeting process which will discuss the following:
 - Rationale for Grassroots Budgeting;
 - FY 2015 Grassroots Budgeting guidelines;
 - Tools for LPRAP development; and
 - Menu of Programs for Grassroots Budgeting, including technical requirements for projects by participating agencies;
- 10.7.3. Provide technical assistance in the development of LPRAPs and monitor the activities of the LGUs and the progress of submission of project proposals and LPRAPs;
- 10.7.4. Consolidate, review and validate the proposed LPRAPs submitted by the LPRATs and ensure that proposed projects do not exceed the LGU budget cap;
- 10.7.5. Inform the RDCs and the concerned LCEs on the final LPRAP projects for the focus cities and municipalities which are included in the budget proposal of the participating agencies; and
- 10.7.6. Monitor and evaluate the performance of the LPRAT and the implementation of Grassroots Budgeting Projects. **It shall give recommendations or actions to be taken by LRPATs or Enhanced LDCs which are not responsive or non-compliant with this JMC.**

10.8. The **Grassroots Budgeting-PMO (DILG)** shall:

- 10.8.1. Lead the conduct of regional orientation for the RPRATs on the formulation of LPRAPs;
- 10.8.2. Facilitate mapping of the approved project of LGUs and their posting in the Grassroots Budgeting / empowerment portal; and
- 10.8.3. Monitor the progress of the implementation of Grassroots Budgeting Projects and undertake internal evaluation of the program for program management purposes.

10.9. The **NAPC** shall:

- 10.9.1. Create a helpdesk at the national level for the purpose of direct communication between the local community and NGAs/GOCCs with regard to LPRAP implementation status and issues;
- 10.9.2. Establish a grievance and redress system where various stakeholders can communicate their concerns regarding the implementation of Grassroots Budgeting;
- 10.9.3. Facilitate the overall external evaluation of the Grassroots Budgeting initiative.

10.10. The **Central Offices of Participating Agencies** shall:

- 10.10.1. Incorporate the list of priority projects submitted by NAPC in their proposed 2015 budget;
- 10.10.2. Submit to DBM, the department's budget proposal for FY 2015 which includes the project proposals from the focus cities/ municipalities by **April 15, 2014**. In filling-up BP201-ABC of the FY 2015 National Budget Call, LGU project proposal shall be tagged as "9" to facilitate tracking and monitoring, as shown in the example.

Example: Farm to Market Road, Department of Agriculture

<u>PAPs</u>	<u>Key Program Code</u>	<u>Amounts</u>
B.1.b Farm to Market Roads	3	
Region 1		XXXXXXX
Regular		xxxxxxx
Grassroots Budgeting	9	xxxxxxx

- 10.10.3. Give feedback to the RDC and the LGUs on the status of the proposals through their Agency Regional Offices (AROs); and
- 10.10.4. Monitor the implementation of Grassroots Budgeting projects under their respective agencies.

10.11. The **NPRAT** shall:

- 10.11.1. Review the proposals for projects which are outside the Menu of Programs;
- 10.11.2. Create new programs to address unmet needs as identified through the Grassroots Budgeting Process; and
- 10.11.3. Discuss and provide recommendations on policy and implementation issues that may arise.

11. **FUND SOURCE**

Funding for the implementation of approved Grassroots Budgeting projects shall be incorporated by the participating agencies and DBM into the FY 2015 National Expenditure Program.

12. **GRASSROOTS BUDGETING CALENDAR**

Participating agencies and LGUs are enjoined to adhere to the Grassroots Budgeting budget preparation calendar as specified in the table below.

	Activity	Responsible Party	Period
	For KALAHI-CIDSS areas only: Selection of BDC Vice-Chairs and Barangay-level poverty situational analysis	DSWD Area Coordination Teams for KALAHI-CIDSS	Prior to Sept 2013
1	Orientation of the RPRATS	DILG PMO	Sep
2	Conduct of Civil Society Assemblies		Oct
3	Orientation workshops for LPRATs	RPRATS	Nov 1 - 15
4	Conduct of LPRAP Workshops / Enhanced LDC and LPRAT meetings	LGUs	Nov 16 - Dec 15
5	Submission of LPRAPs and list of priority projects / LDIPs to the DILG RO	LGUs	Dec 16
6	Forward copies of all LPRAPs with consolidated list of projects / LDIPs to NAPC and participating regional	RPRAT	Dec 23 Dec 30 out to

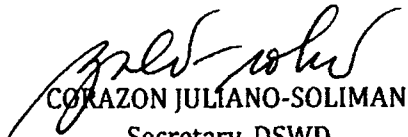
	Activity	Responsible Party	Period
	offices; NAPC to forward to all participating Agency Central Offices		NGAs
7	Convening of RPRAT to validate LGU proposals; clarify proposals with LGUs if necessary	RPRAT	Jan 20 - 31
8	Convening of NPRAT to review outside of the menu programs	DILG PMO and participating agencies	Jan 20 - 31
9	Submission of accepted and rejected outside of the menu projects to the RPRATs together with revised Menu of Programs	DILG PMO	Feb 3
10	Inform LPRATs of rejected projects for replacement	RPRAT	Feb 6
11	Validation workshop to replace projects with LPRATs	RPRATs	Feb 10 - 21
12	Submission of consolidated revised LPRAPs/ LDIP to RPRATs together with Sangunian Resolution	LGUs	Feb 28
13	Submission of consolidated list of validated projects to NAPC	RPRATs	Mar 7
14	Endorsement of proposed Grassroots Budgeting Projects to participating agencies	NAPC	Mar 14
15	Integration of Grassroots Budgeting Proposals with NGA budget proposals in the NEP	DBM and Agency Central Offices	Mar 15 - April 14
16	Submission of agency proposed budget to DBM	Participating agencies	April 15


13. **GOVERNING CLAUSE.** Issues arising from the implementation of this Circular shall be resolved by the oversight agencies of the program.

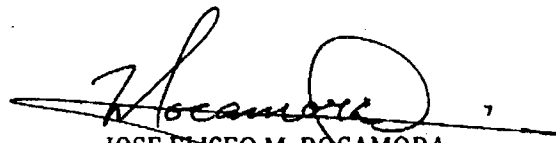
14. **REPEALING CLAUSE.** All provisions of existing issuances that are inconsistent with this Circular are hereby repealed/amended accordingly.


15. **EFFECTIVITY.** This circular shall take effect immediately.

For compliance.


CORAZON JULIANO-SOLIMAN
Secretary, DSWD


FLORENCIO B. ABAD
Secretary, DBM


JOSE ELISEO M. ROCAMORA
Lead Convenor, NAPC


MAR ROXAS
Secretary, DILG



DILG-OSEC OUTGOING 13-02891