

ANNEX F

GUIDELINES FOR THE ENHANCED GRASSROOTS BUDGETING PROCESS

The following processes shall serve as the main components to implement Grassroots Budgeting in KALAHI-CIDSS municipalities: 1) Participatory Barangay Development Planning, 2) CSO assemblies, 2) Participatory Municipal Development Planning, 3) LPRAP Endorsement of CSOs, 4) Submission of the list of priority projects to the DILG Regional Office (RO), 5) Consolidation of the projects by the DILG RO, 6) Validation of projects by the PFAT and the NPRAT, 7) LPRAP Adoption of Sanggunian, 8) Integration of the LGU projects in the budgets of participating agencies, 9) Provision of LGU Counterpart and 10) Project Implementation.

Participatory Barangay Development Planning. Prior to the conduct of CSO assemblies at the municipal level, the Area Coordination Teams (ACT) of the KALAHI-CIDSS program with support from DILG shall facilitate the conduct of participatory barangay development planning for all barangays in the municipality. This shall be accomplished through the KALAHI-CIDSS program. However, in case the barangay assemblies cannot be conducted prior to the CSO assemblies, the barangay level planning process can be conducted parallel to the municipal level planning process.

- 1.1. *Conduct of barangay assemblies.* The ACT and/or DILG shall brief the assembly on the Grassroots Budgeting and KALAHI-CIDSS programs, the structure and the process of doing participatory planning and budgeting at the barangay level.
- 1.2. *Selection of sitio community representatives and vice-chair of the barangay development council (BDC).* The participants in the barangay assembly shall select two (2) representatives, at least one of whom shall be female, from each sitio to be part of the expanded BDC. The representatives shall be selected based on the following minimum criteria:
 - Ability to communicate effectively
 - Strong community standing
 - Willingness to serve without monetary compensation
 - Currently not a barangay or local government official
 - In barangays where Indigenous Peoples comprise more than twenty-percent (20%) of the population, one of the representatives should be an IP leader to be selected in accordance with indigenous practices and systems

The community representatives (volunteers) from each sitio shall now sit as the CSO representatives in the expanded BDC. They shall choose among themselves one (1) representative to act as co-chairperson of the expanded BDC.

The following diagram summarizes the structure of the expanded BDC.

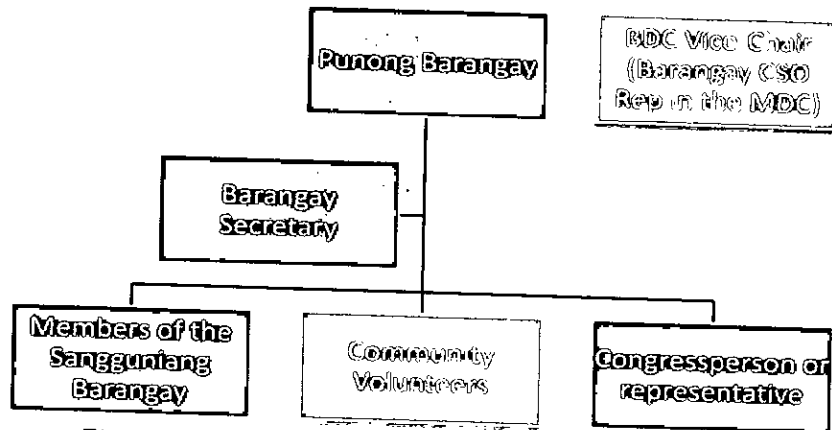


Figure 1. Expanded Barangay Development Council

3. *Conduct of participatory situation analysis (PSA) and preparation of the barangay development plan (BDP).* The barangay chairperson, as the chairperson of the BDC, shall convene the expanded BDC to conduct the participatory situation analysis and prepare the BDP through a workshop or series of workshops. The expanded BDC shall discuss poverty problems affecting their communities and prioritize programs, projects and activities that will potentially address these problems.

1.3.1. The PSA process shall include gathering and updating of relevant economic and social data to be used as basis for discussion and prioritization of PPAs.

1.3.2. The municipal/city planning and development office and national agencies like the DSWD, and DILG shall assist in the conduct of the PSA and formulation of the BDP.

1.3.3. The expanded BDC shall produce a BDP, a medium term (3 year) development plan which reflects the anti-poverty strategy of the community.

1.3.4. From the BDP, the expanded BDC shall identify the barangay investment plan, a one year plan that shall reflect the priority projects for the year with the corresponding amount and source of funding for every item in the plan.

Validation of the BDP. The expanded BDC through the Punong Barangay shall present the BDP and barangay investment plan to the barangay assembly for validation. The validated BDP and barangay investment plan shall be approved by the barangay council for submission to the municipal planning and development coordinator for incorporation in the municipal development plan.

Monitoring and evaluation. The barangay is encouraged to conduct at least four (4) barangay assemblies a year for the selection and assessment of performance of sitio volunteers, validation of the barangay development and investment plans, mid-year

reporting/updating of barangay programs, PPAs and the end of the year reporting. The expanded BDC may form sub-committees for the monitoring of barangay development projects.

Conduct of the Municipal Civil Society General Assembly. DILG will convene the general assembly of CSOs at the municipal level to select CSO representatives in the Enhanced Local Development Council (LDC). To ensure broad participation of CSOs, NAPC and DSWD shall assist DILG in convening the general assembly. DSWD shall ensure that the Elected Vice-Chairs of BDCs participate in the municipal CSO assembly

2.1. *Orientation.* DILG shall orient participants of the CSO assembly 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 and the harmonization of Grassroots Budgeting and KALAHI-CIDSS.

2.2. *Election of Enhanced LDC representatives.* The CSOs shall independently select the organizations that will represent CSOs in the enhanced LDC.

2.2.1. The CSO assembly shall elect at least 5 representatives to sit as CSO representatives in the Enhanced LDC. Since BDC Vice-Chairs are already automatically members of the enhanced LDC, they are no longer eligible to be elected as a CSO representative.

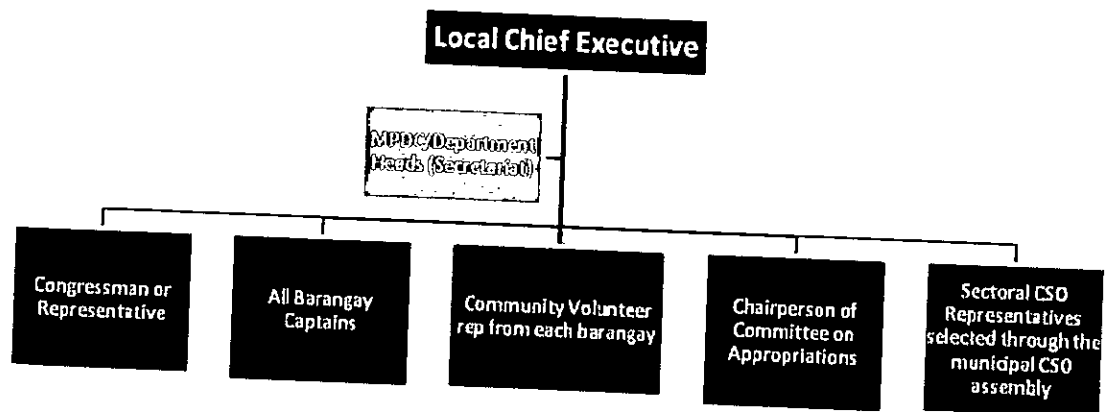
2.2.2. For municipalities that have already reconstituted and convened their LDCs after the May 2013 elections, CSO representatives who sit in the newly reconstituted LDC shall be recognized so long as they were elected in a CSO assembly conducted after June 30, 2013 and before the issuance of this JMC 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 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 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.
- The Vice-Chairs of Barangay Development Councils identified through KALAHI-CIDSS shall be added to the membership of the existing LDC.

- 2.3. *Selection of the Enhanced LDC Vice-Chair and CSO signatories of the LDIP.* The assembly shall also elect the Enhanced LDC Vice-Chair and two other representatives (one BDC Vice-Chair and one elected CSO representative) who will sign the LDIP.
- 2.4. *Reporting on the status of the approved list of 2013 Grassroots Budgeting Projects and the KALAHI-CIDSS funded projects.* The City or Municipal Local Government Operations Officer shall report on the status of the Grassroots Budgeting 2013 Projects and the approved list of 2014 Grassroots Budgeting Projects during the CSO Assembly. The Area Management Team of KALAHI-CIDSS shall likewise report on the status of KALAHI-CIDSS projects.
- 2.5. *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.

Convening of the Enhanced LDC for local development planning. The LCE shall convene the Enhanced LDC to formulate or update the Comprehensive Development Plan (CDP), Local Development Investment Plan (LDIP), Executive-Legislative Agenda (ELA) and Annual Investment Plan (AIP), as well as the priority poverty reduction projects to be funded under Grassroots Budgeting and the barangay projects to be funded under KALAHI-CIDSS.

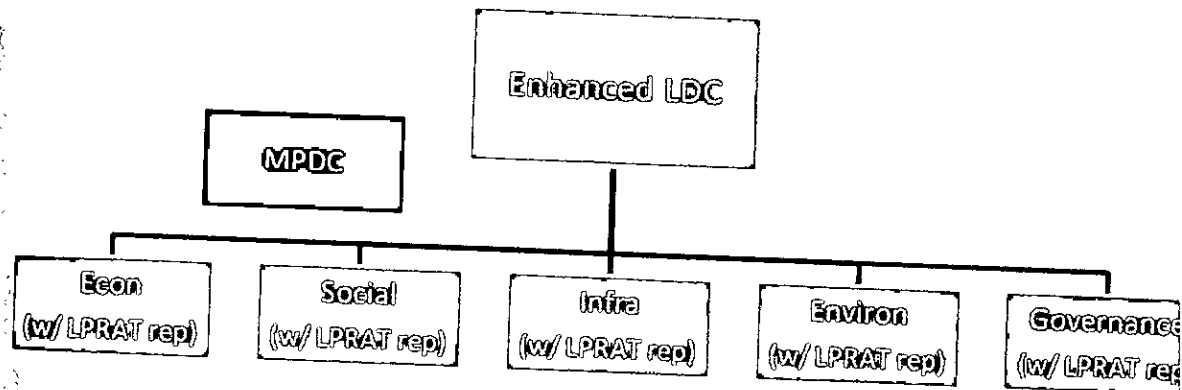
- 3.1. The Enhanced LDC shall include the vice-chairpersons of all barangay BDCs, who are selected from the community representatives in the BDC. Its composition shall be consistent with Section 4.7. The Enhanced LDC shall have the following structure:



3.1.1. 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 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.

3.1.2. The Enhanced LDC shall form sub-committees according to the 2007 DILG-NEDA-DBM-DOF Joint Memorandum Circular No. 1 (Guidelines on the Harmonization of Local Planning, Investment Programming, Revenue Administration, Budgeting and Expenditure Management). The vice-chairpersons of BDCs and the sectoral representatives in the Enhanced LDC shall now be active members of its sub-committees.



3.1.3. Each sub-committee may conduct a workshop or series of workshops to identify a list of priority projects and programs and to identify anti-poverty projects for Grassroots Budgeting funding.

3.2. The City/Municipal Planning and Development Coordinators (C/MPDC) with the assistance of the ACT, 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.

3.3. The LPRAT shall identify the specific poverty reduction strategies to be undertaken by the LGU and other stakeholders, including national agencies, and incorporate the same into the draft CDP. The LDC shall identify possible source of funding for the programs and projects listed in the CDP. This shall be the LGU's LDIP.

3.4. The LPRAT shall also initially prioritize the anti-poverty strategies, programs and projects through a consensus among its members. If consensus cannot be reached, the decision will be made through a majority vote. Identification of strategies should be based on the results of the poverty situational analysis.

3.5. The LRPAT shall then present the draft CDP, LDIP and priority anti-poverty programs to the Enhanced LDC for its confirmation.

3.5.1. Projects that will be proposed to national government for funding under the Grassroots Budgeting program should comply with the requirements stipulated under Section 4 of this Annex.

3.5.2. Projects that will be funded by the KALAHI-CIDSS program should comply with guidelines issued by the KALAHI-CIDSS program.

3.6. The RPRAT shall provide technical assistance to the Enhanced LDC in the formulation of its plans. The DILG RO shall ensure that at least one member of the RPRAT will participate in the meeting of the Enhanced LDC.

4. *Identification of Priority Poverty Reduction Projects for Grassroots Budgeting*

4.1. 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

4.2. Projects below **five hundred thousand pesos cannot be proposed for funding by national government.** Such projects can be proposed as LGU implemented projects to be funded through the LGU counterpart for GPB.

4.3. Total funding for proposed priority poverty reduction projects requested by each municipality from national government shall not exceed the cap set for each of them as indicated in Annex A.

5. *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 **November 15.**

5.1. The submission should include:

- Cover letter signed by the city / municipal mayor;
- List of Priority Projects to be considered for funding in the next proposed budget, using the attached format (Annex B) and with all pages signed by the 3 CSO representatives - the Enhanced LDC Co Chair, a BDC Vice-Chair and a CSO representative selected during the CSO assembly; and
- Project brief for each proposed project (using template in Annex C)

- Report on compliance with the required participatory processes under GPB as detailed in Section 5.3

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

5.3. 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	<ul style="list-style-type: none"> - Attendance sheet of CSO assembly; - Photo of participants of CSO assembly; - Highlights of the CSO assembly - Documentation of Election Results - LGU report on status of Grassroots Budgeting projects, including LGU implemented projects
Conduct of LPRAP workshops	<ul style="list-style-type: none"> - Attendance sheet of the LPRAP workshop - Photo of LPRAP workshop participants; - Minutes of the CSO assembly or attendance sheet of LPRAP workshop

5.4. 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.

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 DBM. Copies of the list of priority projects, including all attachments submitted by the LPRATs should also be forwarded to DBM and NAPC by **November 30**. In addition, copies of the report on compliance with required GPB participatory processes shall also be forwarded to NAPC for review and validation.

Validation and review of Priority Poverty Reduction Projects

7.1. 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.

7.2. The RPRAT shall meet with the duly authorized LPRAT representatives (equal number of government and CSO representatives) to inform them of the need to replace proposed projects which have not been accepted by the RPRAT.

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 5.1, together with project briefs for each project, to the DILG RO by **January 16**. The submission shall include a Sangguniang Bayan resolution adopting the revised list of priority projects. A sample resolution is attached as Annex D.

8.1. 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).

8.2. 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 **January 21**.

9. *Integration of the LGU projects in the budgets of participating agencies.* The ACOs shall review all Grassroots Budgeting projects that have been submitted to them for funding consideration.

9.1.1. DBM shall consolidate all the submissions of the RPRAT and forward it to all participating Agency Central Offices (ACOs) **on or before January 31**

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

9.1.3. DBM shall provide all RPRATs a copy of the list of GPB projects which has been incorporated into the proposed budget.

10. *Provision of LGU Counterpart.*

10.1. LGUs must provide a percentage of their Local Development Fund (LDF) as a common and combined counterpart for the Grassroots Budgeting and KALAHI-CIDSS Program.

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

Proportion of Grassroots Budgeting and NCDDP funding to LDF	Required Counterpart
Up to 100% of the LDF	10% of the LDF
From 100% to 150% of the LDF	15% of the LDF
More than 150% of the LDF	20% of the LDF

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

- 10.3. The Grassroots Budgeting Counterpart Funds from the LGU shall be added to the funding pot 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.
 - 10.3.1. 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.
 - 10.3.2. National programs that require a counterpart, as indicated in the Menu of Programs, shall be included as part of the LGU counterpart.
- 10.4. The counterpart to be provided must be sourced from LGU funds. This shall be formalized and included by the LGU in its AIP and annual budget.
 - 10.4.1. The LGU shall submit a copy of its AIP and annual budget to the DILG Regional Office to provide evidence that the required counterpart funding has been included in the LGU budget on or before the end of the calendar year.
 - 10.4.2. Failure to provide counterpart funds in the Appropriation Ordinance authorizing the local Annual Budget will result in the non-release of the national government funding for the city or municipality's GPB projects.
- 10.5. 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.
- 10.6. 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.
 - 10.6.1. 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 and sourced from its general fund.