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## Bottom-up Budgeting Process Assessment: Agusan del Norte

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## Bottom-up Budgeting Process Assessment: Agusan del Norte

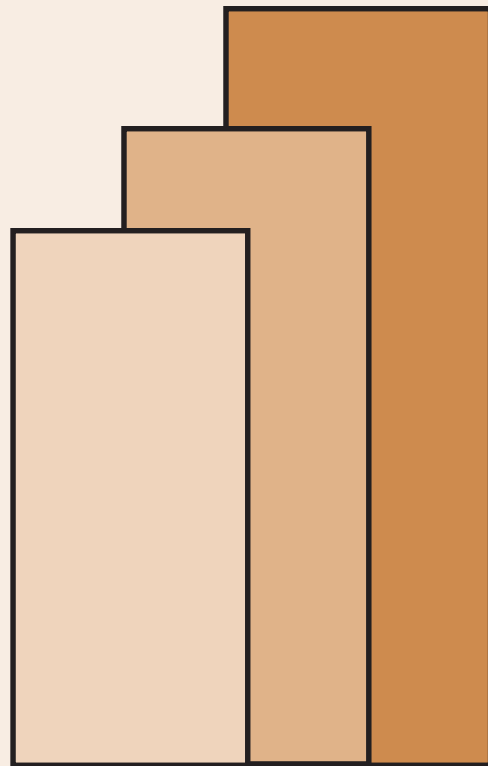
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July 2014*

### **Abstract**

The Aquino administration through the Human Development and Poverty Reduction Cluster (HDPRC) and Good Governance and Anti-Corruption Cluster (GGACC) launched the Bottom up Budgeting (BUB) exercise in 2012. The strategy hopes to empower civil society organizations and citizens' groups to engage local government and national government agencies and make them more responsive to people's needs. The program is desirable not only because of the additional funds it provides, but because it promotes transparency in governance. Furthermore, the BUB not only improves CSO-LGU relations, but also gives CSOs a sense of empowerment and heightens their political efficacy. Since the first round, the BUB process has improved significantly in terms of level of CSO participation, clarity of guidelines, and the process as a whole. It has made planning and budgeting more inclusive and reflective of the local needs from the grassroots level. Despite these improvements, some issues and concerns still need to be addressed in terms of CSO engagement, process facilitation, social preparation, project identification and prioritization, sub-project implementation and service delivery. This paper assesses the FY2015 planning process as well as the FY2013 sub-project implementation in three municipalities in Agusan del Norte, and explores areas for further improvement in the implementation of the subsequent rounds of the BUB.

*Keywords: participatory planning, bottom-up budgeting, Agusan del Norte, Butuan City, Buenavista, Las Nieves, poverty alleviation, civil society organizations, local governance, grassroots, budget reform*

## Table of Contents

List of Tables.....	iii
List of Figures.....	iii
1. Introduction .....	1
1.1. Objectives of the Study .....	2
1.2. Methodology .....	2
1.3. Scope and Limitation of Study.....	3
2. Socio-economic Profile.....	4
2.1. Land and People.....	4
2.2. Financial Profile.....	5
2.3. Priority Needs and Development Goals .....	7
2.3. Civil Society Organizations .....	8
3. Assessment of the Bottom-up Budgeting Process .....	9
3.1. 2015 BUB Planning Cycle .....	9
3.2. CSO Assembly.....	11
CSO Invitation and Participation .....	11
Selection of LPRAT Members .....	13
Poverty Situation Analysis and Issue Identification.....	14
3.3. LPRAP Workshop.....	15
Participation .....	15
Timing of the LPRAP Workshop.....	16
LPRAP Prioritization Process .....	16
Quality of projects identified .....	18
3.4. 2013 Sub-Project Implementation .....	19
Status of implementation .....	19
Information sharing and monitoring.....	20
3.5. General assessment .....	21
Usefulness of the BUB.....	21
Joint Memorandum Circular No. 4 .....	21
Facilitation.....	23
Adoption of the Enhanced BUB Process.....	23
On Rules of Organization, Social Preparation and Capacity Development .....	24
CSO Accountability .....	25
Political Interference .....	25
Involvement of Other Government Institutions.....	25
4. Conclusion and Recommendations .....	26

## List of Tables

Table 1. LGU Profiles.....	5
Table 2. Priority Needs of the LGUs .....	7
Table 3. CSO Participation, 2012 SLGPR.....	8
Table 4. Comparison of the Three Rounds of the BUB .....	10
Table 5. Invitation and Participation in CSO Assembly .....	12
Table 6. Sectoral Representation in the CSO Assembly .....	13
Table 7. Sectoral Representation in the LPRAT .....	14
Table 8. Basis for Prioritization of Projects .....	17
Table 9. Beneficiaries of 2015 Projects .....	19
Table 10. Status of the 2013 Sub-Project Implementation .....	19
Table 11. Deviations to the Letters of the JMC No. 4 .....	22
Table 12. Summary of Issues and Recommendations .....	25

## List of Figures

Figure 1. Maps of Study Sites.....	4
Figure 2. Sources of Income.....	6
Figure 3. Shares of Expenditures on Social Services to Total Expenditure.....	6
Figure 4. CSO Profiles.....	9
Figure 5. 2015 BUB Planning Cycle Timeline.....	11
Figure 6. Proponents of 2015 Projects.....	17

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The Aquino administration through the Human Development and Poverty Reduction Cluster (HDPRC) and Good Governance and Anti-Corruption Cluster (GGACC) launched the Bottom up Budgeting (BUB) exercise in 2012. The strategy hopes to empower civil society organizations and citizens' groups to engage local government and national government agencies and make them more responsive to people's needs. The Empowerment of the Poor Program (EPP) developed by the National Anti-Poverty Commission (NAPC) in cooperation with the Department of Interior and Local Government (DILG) complemented the BUB initiative by strengthening civil society organizations' (CSO) capacity to engage with the local government units (LGUs). For the 2012 planning exercise, EPP built on the approaches and lessons from various community-driven development processes such as the Kapit-Bisig Laban sa Kahirapan – Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) implemented by the Department of Social Welfare and Development (DSWD) and the Mindanao Rural Development Program (MRDP).

For the FY 2015 round, the coverage of the BUB was expanded to include all the municipalities/cities across the country. The 2015 BUB planning cycle, which started in September 2013, is guided by the Joint Memorandum Circular (JMC) No. 4. It sets separate guidelines for municipalities in KALAHI-CIDSS (KC) cities and municipalities, from those which are not. For non-KC areas, the main components in the grassroots budgeting planning cycle are as follows:

- a. *Preparation of poverty reduction planning and budgeting.* NAPC and DILG to organize social preparation activities for CSOs and LGUs on participatory planning and budgeting. Activities include Regional Poverty Reduction Action Teams (RPRATs) orientation, CSO assembly, selection of Local Poverty Reduction Action Teams (LPRATs) consisting of both LGU and CSOs, LPRATs orientation, and updating of and validation of socio-economic data which informs the Local Poverty Reduction Action Plans (LPRAPs).
- b. *Conduct of LPRAP workshop and priority project identification.* LPRAP workshops are to be conducted with active participation of CSOs to formulate LPRAPs and to identify priority poverty reduction projects with budget based on relevant socio-economic data.
- c. *Endorsement of CSOs* on the list of priority projects and budget as proof of genuine participation.
- d. *Approval by the Sanggunian* before the list is given to national government.
- e. *Submission of list of priority projects.* LPRATs to submit the list, endorsed by the CSOs and approved by the Sanggunian, to the RPRATs through DILG Regional Offices (ROs).
- f. *Consolidation of the list of priority projects by Region.* DILG ROs will consolidate the lists and send the consolidated lists to RPRATs and NAPC.
- g. *Validation and review of priority projects by RPRAT.* RPRATs will review and validate the proposed projects. Once approved, RPRATs will submit the list of validated projects to NAPC and the Regional Development Council (RDC). NAPC will then consolidate all the submissions of RPRATs and present it to the BUB oversight agencies for approval.
- h. *Integration of LGU projects* in the budgets of participating agencies and submission to DBM.
- i. *Provision of counterpart funds.* LGUs will provide counterpart funds as stipulated in the JMC.

- j. *Project implementation.* LGUs that meet the requirements stipulated in the JMC, such as being the recipient of DILG’s seal of good housekeeping and implementation of Public Financial Management Improvement Plan as determined by the Department of Budget and Management (DBM), will implement the priority projects.

Additionally, Guidelines for FY2015 budget preparation aim to integrate the barangay level bottom-up budgeting under KALAHI-CIDSS (KC) program and the BUB process. Municipalities that have graduated from or are currently implementing KC will follow the Enhanced Grassroots Budgeting Process. Under this process, following additional steps have been added:

- k. *Integration of Participatory Barangay Development Planning:* Prior to the conduct of CSO assemblies at the municipal level, DSWD, with support from DILG, will facilitate the participatory barangay development planning in all barangays in KC municipalities.
- l. *Integration of the LPRAT into the Enhanced Local Development Council (LDC):* The Enhanced LDC, which comprises vice-chairpersons of all Barangay Development Councils, congress person or representative, Punong Barangays, community volunteer representatives from each barangay, chairperson of the appropriations committee, and CSOs, will form an LPRAT which will serve as its technical working group.

### **1.1. Objectives of the Study**

The study focuses on measuring and analyzing the extent of “representation” and “voices” of the target group, i.e. poor households, through CSOs and basic sector groups in the decision-making process in FY2015 round and sub-project implementation of BUB for FY2013 round. It aims at examining how the LPRAP planning process and prioritization of the projects are being implemented on the ground and explore areas for further improvement for the subsequent rounds. Findings of this process evaluation will result in a set of practical recommendations on possible adjustments in the BUB JMC guidelines.

### **1.2. Methodology**

The project utilized Focus Group Discussions (FGDs) and Key Informant Interviews (KIIs) with various stakeholders in twelve municipalities in four provinces. To get a panel data, 2 municipalities in Agusan del Norte and Camarines Sur which were surveyed for FY2013 and FY2014 process assessment were automatically included. In addition to this, the other municipalities were selected according to the following criteria:

- a. The site should have had two rounds of BUB prior to the FY2015 round and have ongoing sub-project implementation;
- b. Variation in the geographical context – urban vs. rural;
- c. Variation in the presence of KALAHI-CIDSS program – enhanced vs. standard BUB process; and
- d. Variation in the presence of LPRAP facilitators.

This paper covers the assessment of the process in the three municipalities in Agusan del Norte, namely Butuan City, Buenavista and Las Nieves. Key Informant Interviews conducted were as follows:

- a. Local Chief Executive
- b. MLGOO (LGOO and City Director in the case of Butuan City)
- c. City Planning and Development Office (CPDO)
- d. City Treasurer, City Budget Officer, and Sectoral heads

- e. Sanggunian Chair of Appropriations Committee
- f. Head of Barangay Confederation of Barangay Chairmen
- g. Local BUB Facilitator
- h. NAPC Provincial focal person
- i. Regional DILG focal person
- j. CSO co-chair of LPRAT, 2015 round
- k. CSO leader not involved in CSO assembly
- l. CSO leader not involved in LPRAT DILG BUB focal person at the region

Focus group discussions were conducted for the following groups:

- a. CSOs involved in CSO Assembly (in the case of the KC municipality, distinction was made between BDC vice-chairs and POs)
- b. CSOs not involved in CSO Assembly
- c. Barangay Captain with and without BUB Projects

Special interviews were conducted as needed:

- a. Executive Management Services (EMS), which is the new BUB secretariat in Butuan City
- b. BUB focal person in the Office of the Mayor in Buenavista
- c. CSO co-chair of LPRAT, 2014 round in Butuan City, as suggested by CPDO

### **1.3. Scope and Limitation of Study**

Butuan City (urban) and Buenavista (rural, non-KC), which are areas covered by the assessment conducted by the IPC for the FY 2013 Cycle of the BUB were automatically included in this round of assessment. Las Nieves (rural, KC), on the other hand, was selected on the basis of it being a KALAHI-CIDSS area which adopted the enhanced BUB process, with consideration to its location relative to the other study sites.

Analyses in all three municipalities were limited to the information gathered from the focus group discussions and key information interviews, as well as the analyses of several documents provided by various stakeholders in the study sites. Due to time constraint and coordination problems with the DILG and provincial BUB local facilitator regarding the schedule of the BUB activities, the team was not able to observe the CSO assemblies in all three municipalities, as well as the LPRAP workshops in Buenavista and Las Nieves. Further, the evaluation does not include social mapping of CSOs and participant observations in the selected sites before the start of the process assessment.

Identification of CSO representatives to be included in KIIs and FGDs was done by the team using the informations gathered from the MLGOOs, LGU officials and other CSO representatives. KIIs and FGDs with the CSOs in Butuan were conducted in a neutral area for the team to be able to elicit raw and unfiltered responses from the respondents. Although this was ideal, the team was not able to do the same in Buenavista (where the interviews were conducted at the DA office) and Las Nieves (where the interviews were conducted at the office of the mayor) due to logistical issues.



## 2. Socio-economic Profile

### 2.1. Land and People

Agusan del Norte, is a province in the CARAGA region located in the northeastern part of Mindanao. It is bounded by Butuan Bay and Surigao del Norte on the north, Surigao del Sur on the east, Misamis Oriental on the west and Agusan del Sur on the South. The province occupies a total land area of 2,730.24 sq km, reaching 3,546.86 sq km when Butuan City is included. Of the total land area (excluding Butuan City), 72.96% is considered forestland, while 25.43% is intended for agriculture, which is the main source of income of the province. Only 1.62% is considered built-up areas, which are used for settlement, Special Economic Zones, and infrastructure and utilities.

In 2010, population of Agusan del Norte (excluding Butuan City) reached 332,487, higher than the 314,027 inhabitants in 2007. This makes the Agusan del Norte the 63<sup>rd</sup> most populous province in the country. The province has an average population density equal to 120person/sq km. When Butuan is included, population of the city reaches 642,196, with a population density of 181 persons/ sq km.

Agusan del Norte is comprised of 10 municipalities and one chartered city, Cabadbaran City, which is also the provincial capital. Butuan City, a highly-urbanized city, is traditionally grouped with and is geographically located in Agusan del Norte, but is governed independently from it.<sup>1</sup> Butuan City, the regional center of the CARAGA region, is situated in the north eastern part of Agusan Valley and is located at the center of Agusan del Norte. It is bounded by the Butuan Bay on the north, Sibagat on the east, Buenavista on the west and Las Nieves on the south.

Among the 10 municipalities of Agusan del Norte is Buenavista, a coastal town which is the second largest municipality in the province. It is 16 km away from Butuan City and is bounded on the north by Butuan Bay, on the west by Nasipit and Misamin Oriental, on the south by Las Nieves, and on the east by Butuan City.

Also part of Agusan del Norte is Las Nieves, a second class municipality located 42 kilometers south of Butuan City. It is bordered on the east by Sibagat and Bayugan, Agusan del Sur, on the west by the Province of Misamis Oriental, and on the north by Butuan City and Buenavista. The municipality is divided into the eastern and western parts by the Agusan River.

**Figure 1. Maps of Study Sites**



<sup>1</sup> For the purpose of this paper, Butuan City will be considered part of Agusan del Norte.

**Table 1. LGU Profiles**

	Butuan City	Buenavista	Las Nieves
<b>Rounds of BUB/BUB</b>	3	3	3
<b>Geographical context</b>	Urban	Rural	Rural
<b>KC area</b>	No	No	Yes
<b>BUB process adopted</b>	Regular	Regular	Enhanced
<b>Income Classification<sup>(1)</sup></b>	First class (HUC)	First class	Second class
<b>Land area (ha)</b>	81,728	54,690	58,269
<i>Agriculture</i>	52%	13.5%	-
<i>Forestland</i>	33%	85.3%	91%
<i>Built-up</i>	4%		9%
<i>Others</i>	11%	1.3%	
<b>Number of Barangays</b>	86	25	21
<i>Rural</i>	71	15	20
<i>Urban</i>	15	10	1
<b>Distance from regional center</b>	7 km	15 km	36 km
<b>Population<sup>(2)</sup></b>	309,709	56,139	26,856
<b>Population density (persons/sq km)</b>	379	103	46
<b>Status of SGH</b>	Silver	Silver	Silver
<b>Main source of income</b>	commercial and service activities, agriculture, fishery and mining	farming and fishing	farming and forestry
<b>Poverty incidence</b>	26.7% <sup>(3)</sup>	54.2% <sup>(4)</sup>	89.6% <sup>(5)</sup>
<b>Unemployment rate</b>	11.5% <sup>(3)</sup>	3.2% <sup>(4)</sup>	4.7% <sup>(4)</sup>

(1) BLGF; As of 2008

(2) Census of Population and Housing; As of May 1, 2010

(3) 2009 Butuan City Poverty Monitoring Information System (BPMIS)

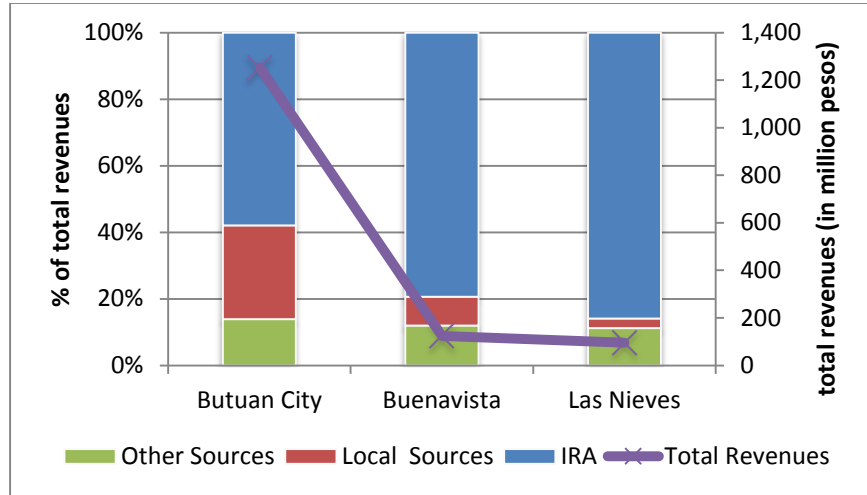
(4) 2010 CBMS

(5) 2011 DILG-CARAGA

## 2.2. Financial Profile

In terms of income classification, Butuan and Las Nieves have been classified as first class LGUs in 2012, while Buenavista remains to be classified as a second class municipality. Of the three municipalities, Las Nieves is the most IRA-dependent (86%), followed closely by Buenavista (79%). Although there has been a slight decline in IRA dependency since 2010 (90% in both municipalities), both values are still higher than the provincial average IRA dependency of 70% in 2012 (**Figure 2**).

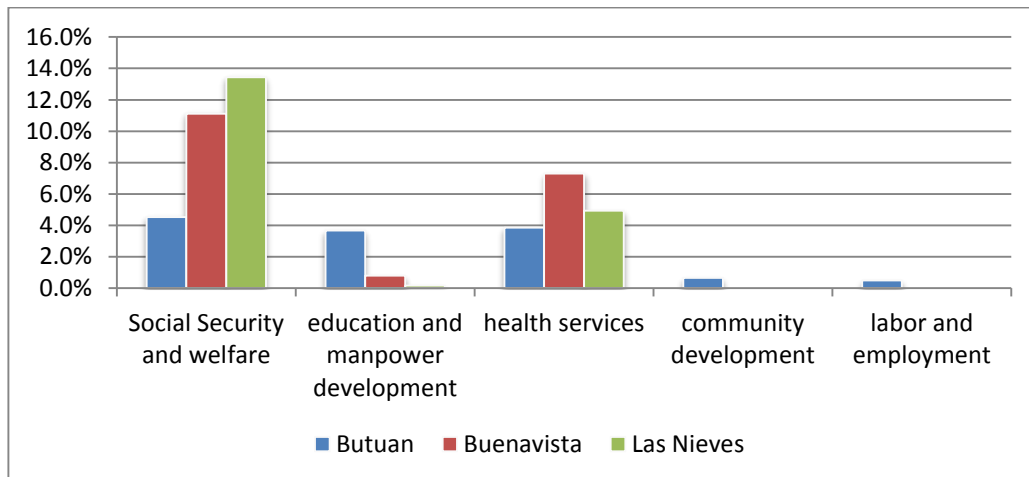
**Figure 2. Sources of Income**



Source: SRE, 2012

Expenditures of Butuan and Buenavista have increased since 2010. In the case of Las Nieves, expenditures declined from 2010 to 2012, with expenditures in 2011 being the lowest. Bulk of the expenditures in all three municipalities in 2012 is allocated to public services and economic services. Social Services only account for 13.2%, 19.2% and 18.5% of total expenditure in Butuan City, Buenavista and Las Nieves, respectively. Shares of various social services to total expenditure are provided in **Figure 3**. Expenditures on social security and welfare account for a large share of total expenditure relative to other social services, especially in Las Nieves and Buenavista. This is followed by the provision of health services. Community development and housing, and labor and employment have been allocated the least in all three municipalities. In fact, these two areas have not been provided budget in Las Nieves and Buenavista at least in the last four years.

**Figure 3. Shares of Expenditures on Social Services to Total Expenditure**



Source: SRE, 2012

### 2.3. Priority Needs and Development Goals

The current administration of Butuan envisions the city to be a model for sustainable forest-based economy by 2020. Within a span of six years, Butuan is targeted to be identified as the first Forest City in the country. At present, a number of pressing issues in the city are environment-related. The city is prone to four environmental hazards, namely, flood, landslide, liquefaction and tsunami. Given these, the city identifies Land Use and Development Policies, agro-forestry productivity, solid waste management, watershed protection, disaster risk reduction management, and climate change adaptation measures as the main focus of its Executive Agenda for 2014-2016. Further to this, projects related to the presence of families in danger zones are currently being undertaken by the city.

Buenavista, on the other hand, focuses on infrastructure projects, as can be observed in its large budget share. Other development goals of the municipality as enumerated in their Executive-Legislative Agenda include health-related services, education and governance.

In the case of Las Nieves, its 2013-2016 ELA reflects the municipality's need for transport infrastructure to better maximize economic activity generated by the agriculture sector. The road network that is supposed to support the agriculture-based commodities in the area is inadequate and poorly maintained. Thus, farmers are placed at a great disadvantage when transporting and marketing the crops. The lack of transport infrastructure compounds to the natural constraints posed by the geography of the municipality. The absence of a bridge that connects the eastern and western parts of the locality adds to the accessibility problems. Intra-trading or trading within the municipality is difficult because of this. Another need of the LGU is a source of potable water. The municipality has 22.5% of its households that did not avail the services of safe water. This figure is slightly higher compared to 19.8% national average of those areas that have no access to safe water. Among the 21 barangays, Lawan-Lawan has no supply of safe water. Evidently, most cases of diseases recorded in this area are water-borne related.

In addition to the pressing concerns being focused by the LGUs, key informants cited urgent needs that are felt on the ground. **Table 2** summarizes these concerns:

**Table 2. Priority Needs of the LGUs**

	Butuan (urban)	Buenavista (rural non-KC)	Las Nieves (rural KC)
Disaster relocation areas	✓		
Livelihood and employment	✓	✓	✓
Support to agriculture	✓	✓	
Healthcare	✓	✓	
Education services	✓	✓	
Agro-forestry productivity	✓		
Disaster risk reduction management and climate change adaptation measures	✓		
Road Networks (FMR/ brgy access roads)		✓	✓
Poverty	✓	✓	
Water systems		✓	✓

### 2.3. Civil Society Organizations

The role of CSO participation in local governance has already been recognized as can be observed in its inclusion in the State of Local Governance Performance Report (SLGR). **Table 3** provides the rating of the three municipalities and the province as a whole in terms of engaging citizens and CSOs in local governance. This is measured through the CSO participation in the Local Special Bodies, CSO involvement in local development projects, and Citizens Feedback. Of the three municipalities, Butuan fared best in terms of CSO participation. This is followed by Buenavista, which is at par with the provincial average. Las Nieves rated the lowest among the three municipalities and lower than the provincial average.

**Table 3. CSO Participation, 2012 SLGPR**

LGU	Rating
<b>AGUSAN DEL NORTE</b>	4.33
Butuan City	5.00
Buenavista	4.33
Las Nieves	4.00

NOTE: 5 being the highest

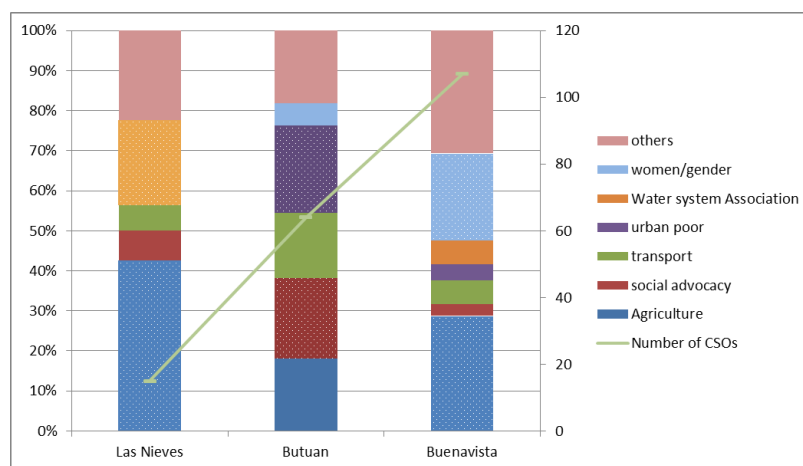
Community organizing is typically associated with large urban areas. This may be due to higher needs and challenges that citizens need to address as a result of urbanization. Thus, it is not surprising that areas like Butuan has a higher level of community organizing compared to others. Due to the perceived importance of CSOs in the previous rounds of the BUB, a People's Summit was held in August 2013 to have a sense of the number of CSOs currently present in the city and to provide information on LGU affairs. This event was estimated to have been attended by hundreds of organized groups in the city, while only 64 CSOs are accredited by the LGU. Although there are a lot of organized groups in the city, CSO participation in the various local government affairs is observed to be biased towards accredited CSOs. Despite the evident advantages that can be drawn from accreditation, a large number of CSOs have yet to undergo the process. Most respondents note that the strict requirements serve as hindrance for some CSOs to undergo accreditation. Some argue that requirements should be softened like what other LGUs are currently doing. In addition to the tedious process, some CSOs, especially those who are newly formed/ organized, have yet to appreciate the advantages of accreditation. Further, they have minimal knowledge on how to go about the process, hence explaining non-registration. Although the process and requirements for accreditation have been discussed during the People's Summit and are posted in the city hall, there is still a need for the LGU to encourage accreditation and extend assistance to CSOs.

On the other hand, CSOs in Buenavista are generally organized and already active in LGU affairs. There has been a noticeable increase in the number of accredited CSOs in the municipality, despite the need to renew their accreditation every administration. From around 20, the current number of accredited CSOs now stands at 107. This may be attributed to the active encouragement and assistance that the LGU provides to the CSOs, which include quicker accreditation process, relative ease in the documentary requirements, and the provision of training and orientation to the newly accredited CSOs. In addition to the relative ease in the accreditation process, the increase in the number of accredited CSOs may also be attributed to the division of the CSOs according to alliance, i.e. pro-municipal government and pro-provincial government. CSO representatives noted that at the onset of the new municipal administration, the CSOs were actively encouraged by the LGU to be registered and accredited in the municipality, resulting to having two groups per basic sector per barangay, i.e. one which is pro-mayor and one which is pro-governor.

Lastly, organizations in Las Nieves are observed to be organized because of necessity. However, despite having organized basic sector groups in each barangay which are recognized both by the barangay and local government, only 15 CSOs are LGU-accredited. Time consideration has been identified to be a major constraint deterring organizations from undergoing the accreditation process. In addition to this, other constraints include transportation costs and documentary requirements. Despite the fact that only a few are accredited, according to the CSO co-chair, it does not entail that the non-accredited CSOs are not active in their respective communities. The main reason why these organizations are even considering accreditation is for them to receive projects from the LGU and the RLAs.

**Figure 4** provides the CSO composition in the three municipalities. Butuan City, which has 64 accredited CSOs, is dominated by the urban poor sector (19%), organizations with social advocacy (17%), agriculture sector (16%), and transport sector (15%). Buenavista, which has 107 accredited CSOs, is largely composed of the agriculture sector (27%) and gender-related organizations (21%). Finally, Las Nieves, which only has 15 accredited organizations, is dominated by the agriculture sector (40%) and water system associations (20%).

**Figure 4. CSO Profiles**



### 3. Assessment of the Bottom-up Budgeting Process

#### 3.1. 2015 BUB Planning Cycle

The LGUs covered in this assessment have been part of the BUB since the first round. Generally, there has been observed improvements since the first round in terms of CSO participation, clarity of guidelines, and the conduct of the process as a whole. A number of respondents view the first round of the BUB as LGU-initiated. Since CSOs were unaware of this process then, there was a need for community organization and mobilization. But despite this, representatives from the LGU and CSO hold that the BUB was treated as a government planning process, and that CSOs were just involved because it was required. After two cycles of the BUB, the role of CSOs especially in project identification has already been realized.

BUB budget in all three LGUs are provided in **Table 4**. While the budget from the NGAs remains constant in Butuan City in all three years, there has been a significant increase in the LGU-counterpart. According to LGU officials, the differing trend in LGU counterpart is due to the increased clarity in the guidelines as provided by the JMC. There is

also an increasing trend in the number of projects, which can be attributed on the one hand to the increasing budget, and on the other, to the shift from bigger projects to relatively smaller ones. Livelihood projects account for a large percentage of total budget in all three rounds. Further, it can be observed that in 2014, a large amount is intended for construction purposes, while in 2015, bulk of the budget is allocated to agro-forestry projects, which is the development focus of the current administration.

In the case of Buenavista, NGA budget have decreased from 2013 to 2014, while LGU counterpart have been increasing since 2013. Similar with that in Butuan, this may be due to clarity in the guidelines for counterparts. In 2015, projects seem to focus more on bigger projects compared to the projects in 2013 and 2014. In terms of the kind of projects, there appears to have a shift from livelihood projects to infrastructure projects, primarily related to construction and road rehabilitation.

Finally, in Las Nieves, BUB funds increased from 2013 to 2014. BUB funds remained constant while LGU counterpart declined from 2014 to 2015. Upon the adoption of the enhanced BUB process for the 2015 cycle, no distinction was made between the BUB and KC funds, at least during project identification and prioritization. All barangays were allocated funds resulting in many smaller projects compared to the previous years. In terms of the type of projects, it can be observed that there has been a shift from road projects in 2013 and 2014, to water projects in 2015, probably due to the changes in the menu of eligible projects as provided by the JMC.

**Table 4. Comparison of the Three Rounds of the BUB**

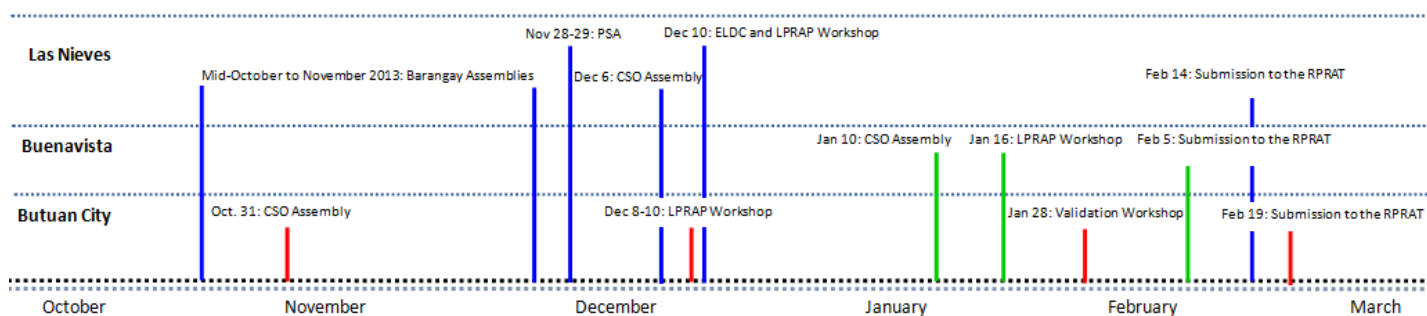
	2013	2014	2015
<b>Butuan City</b>			
<b>No of projects (proposed)</b>	19	28	54
<b>Total budget</b>	53,730,000	65,000,000	80,000,000
- NGA	50,000,000	50,000,000	50,000,000
- Counterpart	3,730,000	15,000,000	30,000,000
<b>Type of project (% of total budget)</b>			
- Livelihood	31%	36%	25%
- Road		4%	8%
- Water systems		6%	6%
- Construction	7%	39%	11%
- Equipment and facilities		7%	3%
- Health	18%		1%
- Training, programs, meetings	11%	3%	6%
- Agro-forestry	9%	5%	41%
- Electrification	14%		
- Education	9%		
<b>Buenavista</b>			
<b>No of projects (proposed)</b>	14	14	7
<b>Total budget</b>	17,987,500	17,250,000	18,780,000
- NGA	16,750,000	15,000,000	15,000,000
- Counterpart	1,237,500	2,250,000	3,780,000
<b>Type of project (% of total budget)</b>			
- Livelihood	32%	19%	12%
- Road	39%	13%	31%
- Water systems	13%	17%	-
- Construction	6%	28%	47%
- Equipment and facilities	3%	19%	6%
- Health	8%	4%	4%
- Training	-	-	-

Las Nieves			
<b>No of projects (proposed)</b>	3	9	25
<b>Total budget</b>	10,300,000	17,250,000	22,100,000
- <b>NGA</b>		15,000,000	20,000,000*
- <b>Counterpart</b>		2,250,000	2,100,000
<b>Type of project (% of total budget)</b>			
- <b>Livelihood</b>		7%	23%
- <b>Road</b>	92%	62%	-
- <b>Water systems</b>			68%
- <b>Construction</b>		6%	-
- <b>Equipment and facilities</b>	8%	13%	9%
- <b>Health</b>		3%	-
- <b>Training</b>		1%	-

\* Combined BUB and KC funds

The 2015 regular BUB cycle starts with the conduct of the CSO assembly, which was ideally set to be conducted in October 2013. In the case when the LGU is a KC municipality, the enhanced BUB process is adopted where process starts with the conduct of the KC Community Empowerment Activity Cycle prior to the CSO assembly. The CSO assembly in both the enhanced and regular BUB is followed by the conduct of the LPRAP workshop, where the LPRAT is tasked to formulate the LPRAP. This is where identification and prioritization of projects are done. List of projects that are finalized in this workshop should then be submitted by the LGU to the RPRAT for consideration to be included in the budgets of the NGAs. **Figure 5** provides the timeline of activities of the BUB 2015 planning cycles in the three sites under study.

**Figure 5. 2015 BUB Planning Cycle Timeline**



### 3.2. CSO Assembly

#### *CSO Invitation and Participation*

Due to the delay in the release of the JMC that will serve as guidelines for the 2015 Planning cycle, as well as the deferral in the release of the funds for the CSOs assembly by the DILG, the target date for the conduct of CSO assembly was not followed except for Butuan City, where the city government released local funds for them to be able to comply with the deadline. Las Nieves conducted its CSO assembly in December 6, 2013, after the conduct of barangay assemblies and PSA workshops. Buenavista conducted its CSO assembly later than Butuan and Las Nieves because of lack of funding source for the CSO assembly.



Invitations to the CSO assembly were sent to accredited CSOs in all three municipalities, although the invitation remained open to other non-accredited organizations. Buenavista and Butuan were able to release invites at least a week prior to the event. However, in the case of Buenavista, some organizations claimed to have received invitations only a day before the event, which may have affected CSO attendance. In the case of Las Nieves, invitations were signed by the mayor and were sent to barangay chairpersons for distribution 2 to 4 days before the activity.

The gap between the release of the invitations and the actual assembly may be too short for CSOs to consult their sectors regarding the pressing issues that need to be addressed by the BUB, except of course for Las Nieves, which went through the KC's Community Empowerment Activity Cycle- a requirement for the enhanced process. Furthermore, although invitations were kept opened to non-accredited CSOs, the lead time is not enough to disseminate the information to all CSOs especially in Butuan City, where group organizing is high. **Table 5** provides details on invitation and participation in the CSO assembly.

**Table 5. Invitation and Participation in CSO Assembly**

LGU	TOTAL NUMBER OF ACCREDITED CSOs	NUMBER INVITED	LEAD TIME	ESTIMATED % OF CSOs INVITED	NUMBER ATTENDED	PERCENT ATTENDANCE (AS % OF INVITED)	LGU OFFICIAL THAT SENT OUT INVITATION
<b>Butuan (Urban)</b>	64	53 accredited CSOs; but invitation was open	1 week	83% of accredited CSOs	47 (57% accredited; 43% non-accredited)	49% of invited CSOs plus other CSOs not invited	LGOO and City Director
<b>Buenavista (Rural non-KC)</b>	107	104 accredited CSOs; invitation was open	1 week	97.2% of accredited CSOs	66	63.46%	MLGOO, Mayor's Office, Municipal BUB Secretariat
<b>Las Nieves (KC)</b>	15	Open Invitation	2-4 days	100% of all the accredited CSOs	98 attendees. 15 accredited CSOs plus other CSOs	100% accredited CSOs	MLGOO

CSO Assembly in Butuan City was dominated by the farmers (19%), urban poor (15%) and transport sector (13%), which are also the dominant sectors in the city (**Table 6**). Advocacy groups, although considered to be one of the more dominant and significant sectors in Butuan when it comes to local planning, were not able to actively participate in the CSO assembly. Main reason provided by respondents for non-attendance to CSO assembly is the lack of information about the event. While the invitation to the CSO assembly is argued to be open to all, other organizations especially those who are not accredited argue that information regarding the CSO assembly was not extended to them. Furthermore, other organizations which were active during the first round of the BUB, and which even acted as community mobilizers, were completely out of the loop. Such organizations include the People Power Volunteers for Reform (PPVR) and ALTERDEV.

In the case of Buenavista, attendance to the CSO assembly is dominated by the women's (30%), senior citizens' (18%), and farmers' sectors (14%), which are also the most dominant sectors in the municipality (**Table 6**). According to the CSOs, reasons for the inability to attend the assembly include the failure to receive invites, transportation and logistical concerns, and the short notice to the event. Interestingly, most of the CSOs who did

not attend the assembly were not allied with the local government. This may be due to the fact that pro-provincial organizations take the BUB as a municipal/mayor’s event.

Number of organizations which participated in the CSO assembly in Las Nieves reached 98, far exceeding the number of LGU-accredited CSOs. This includes CSOs which are not accredited but are active and recognized in their respective communities. The MLGOO believes that no sector was left uninvited or unrepresented. In addition to the people’s organizations, BDC vice-chairpersons were also invited to the assembly. What can be observed, however, is the confusion of roles or personalities that the participants carried heading into the CSO assembly. Though various sectors were present across all the barangays, the representatives were participating as residents of their respective barangays and not as members of a specific organization. According to some CSO representatives and BDC vice-chairs, the paradigm is that basic sectors that organizations represent are already in the confines of the barangays. Hence, all sectors would benefit from the projects as proposed by the EBDC during the PSA workshops.

In general, the lack of CSO mapping in all three areas has led the LGUs to resort to the use of the LGU-accredited CSOs list as basis for identifying the invitees to the CSO assembly. Despite maintaining an open invitation to assembly, the use of this list for the formal invites may send a wrong signal to the organizations on who are allowed to participate.

It is also important to note the lack of participation of advocacy groups in all three areas. This, according to the NAPC focal person, is one of the factors that determine the quality of projects that could be proposed for BUB funding. While the whole process might be participatory because it involves the involvement of the basic sectors, the importance of having organizations with development perspective is yet to be realized. For projects to target sustained poverty alleviation, participation of advocacy groups needs to be encouraged.

**Table 6. Sectoral Representation in the CSO Assembly**

BUTUAN	BUENAVISTA	LAS NIEVES
19 % Farmers	30% Women	40% Farmers
15% Urban Poor	18% Senior Citizen	20% Water Systems Association
13% Transport	14% Farmers	40% others: multipurpose coops, IP, religious, senior citizen, advocacy group, youth
7% Advocacy	9% Youth	
7% PWD	8% Fisherfolk	
7% Religious	5% Water Systems	
7% Cooperative	5% Transport	
6% Senior	3% Cooperative	
4% Women	3% Labor	
4% Youth	3% PWD	
11% Others (4Ps, business, health workers, IP, PTA, purok leaders)	1% Social Advocacy	
	1% Homeowner	

*Selection of LPRAT Members*

Selection of LPRAT members in all three municipalities was done through direct votation by all CSO representatives in the CSO assembly, while the selection of the three signatories was done through votation by the elected CSOs members in the LPRAT. However, unlike in the case of Buenavista were there was an internal arrangement amongst participants that there should be one representative per sector in the LPRAT, Butuan and Las Nieves selected LPRAT members among all participants regardless of the sector they represent. This posed a problem in

Butuan, where some organizations argued that overrepresented sectors had control over the results of the selection. However, LPRAT composition in Butuan does not provide evidence for this argument. On the other hand, as can be seen in the LPRAT composition in Las Nieves, all CSOs representatives are all 4Ps Parent Leader. This, however, did not create any serious problems in this cycle of the BUB primarily due to the manner by which they prioritized the projects. LPRAT compositions in all three municipalities are shown in **Table 7**.

**Table 7. Sectoral Representation in the LPRAT**

Butuan City		Buenavista		Las Nieves	
4Ps	1	Youth	1	4Ps Parent Leader	5
Business sector	1	General PTA	1	(from various barangays)	
BHW	1	MDC CSO Rep	1	BDC Vice-Chairperson	5
PTA	1	4Ps	1	(from various barangays)	
PWD	1	Transport	1		
OFW	1	Women	1		
Urban poor	1	Senior Citizen	1		
Farmers	1	Indigenous People	1		
IP	1	Upland Farmers	1		
Development/advocacy	1	Lowland Farmers	1		
Women	3	Fisherfolk	1		
Cooperative	1	PWD	1		
		Migrant Workers	1		
		Health	1		
		Business	1		
		Urban poor	1		
		LGBT	1		
		Cooperative	1		

While the JMC does not provide guidelines on the sectoral composition of the LPRAT, it must be noted that overrepresentation of some sectors in the BUB process might not only create a problem in the LPRAT composition, but would consequently have an effect on the outcome of project identification and prioritization. It may be possible that the sectors which are more organized and more dominant in the locality would have greater representation in the BUB process, hence resulting in identifying projects that are concentrated not only in the sectors they represent, but also in the barangays where these groups are organized. Because of this, it might be useful to ensure equal representation of the sectors in the LPRAT as in the case of Buenavista.

#### *Poverty Situation Analysis and Issue Identification*

Issues that will serve as reference for the LPRAP formulation should be identified during the CSO assembly. As per JMC, the assembly should review, validate and analyze social and economic data and propose solutions to its concerns and problems. In the case of non-KC areas- Butuan and Buenavista, which adopted the regular BUB process, pressing issues of the LGU were identified through discussions among participants. Although data sources such as the NHTS and CBMS were presented, there was no evidence that these data are utilized in project identification. Furthermore, while there are other sources of data (like the SLGR, LGPMS, barangay profiles, and sectoral data compiled by sectoral heads in Butuan City) that could be excellent bases for problem identification, these were not used effectively. Rather, problem identification was observed to be identified on the basis of mutual felt needs of the citizens.

On the other hand, Las Nieves, which adopted the enhanced BUB process, demonstrated extensive level of social preparation through the KALAHI-CIDSS' Community Empowerment Activity Cycle. Being a KC community in the

past, Las Nieves is already well-versed with the grassroots consultations through barangay assemblies and PSA workshops. The participation of citizens in the barangay assemblies was commendable since the people have already recognized the importance of such assemblies in the provision of projects to their barangays. The barangay assemblies were followed by the Participatory Situation Analysis workshops where identification and prioritization of the needs of the barangays were conducted. It can be noted that no significant database was used as basis for the needs identified, and that, PSA results were also based on the common felt needs of the members. Although the same process can be observed in the non-KC areas, it can be said that the problems identified in the KC areas are more representative of the problems of the LGU as a whole due to the participation of barangay chairmen, Barangay Development Council (BDC) vice-chairs, and the CSOs as part of the barangays they represent.

Unlike in the KC areas which are more familiar on how to go about the Poverty Situation Analysis at the Barangay level, it appears that other areas have minimal knowledge on what should be done and what is expected during this stage of the process. Because of this, issues identified during the CSO assembly which would serve as the basis for project identification during the LPRAP workshop may have been broad, like in the case of Butuan. While the JMC states that a Poverty Situation Analysis should be done, it might be important to refine the guidelines and provide (1) information on how PSA can be conducted and (2) in-depth explanation on the expected outcome during this stage of the process.

### **3.3. LPRAP Workshop**

#### *Participation*

During the LPRAP Workshop, the LPRAT shall identify specific poverty reduction strategies to be undertaken by the LGU and other stakeholders based on the poverty situational analysis and shall prioritize projects through consensus among its members. Despite the guidelines provided by the JMC 4, it is unclear to the LGUs who should participate in the workshop and who should formulate the LPRAP. Of the three LGUs, Buenavista was the sole municipality whose LPRAP workshop was limited to the LRPAT members, representatives from the LGU and NGAs.

In the case of Butuan, for example, invitation was not limited to the members of the LPRAT, but at the same time, the attendance of the CSOs was also far from expected. From the 80 invited CSOs, more or less only 50% attended. This is probably due to the late dissemination of information regarding the workshop. It was noted by CSOs that invitations were only sent via text message two to three days prior the event. A number of organizations interviewed hold that although they were invited to the CSO assembly, they did not receive any information thereafter. Due to the delayed and inefficient dissemination of invitation, as well as the limited attendance of CSOs to the LPRAP workshop, it can be inferred that the projects during the workshop were only identified by a few CSOs, probably without consultation with their sectors, and may not be reflective of the needs of the majority.

In the case of Las Nieves, while the LPRAT was convened, it did not really formulate the LPRAP per se. Rather, the body agreed that the whole EMDC would discuss, identify and prioritize the projects in plenary. This may probably explain why the sectoral composition of the LPRAT did not create problems in project identification and prioritization.

### *Timing of the LPRAP Workshop*

Of the three municipalities, Butuan City has the widest time gap between the CSO assembly and LPRAP workshop, giving them ample time to consult their sectors as to the projects they will propose based on the issues identified during the CSO assembly (**Figure 5**). However, because of the delayed dissemination of invitation to the LPRAP workshop, CSOs may not be able to clear up their schedules and/or may not have time to come up with substantial write-ups and proposals. Thus, it can be said that preparation for the workshop may not be extensive.

As in the case of Buenavista and Las Nieves, time gap between CSO assembly and LRPAP workshop is less than a week. This may be due to the tight revised deadlines provided by the DILG. In such cases, it can be said that LGUs may have gone through the process just for the sake of compliance, possibly compromising the quality of outputs that should be produced in the process. Time gap might not be enough for sectoral consultations, translating to the use of already available information like the outputs of the CSO assembly. This may not be a problem in the case of Las Nieves, which went through a tedious process of social preparation through the KC process prior to the assembly. Problems arise, however, when the outputs from the CSO assembly is not extensive, giving those who are present in the workshop power over project identification and decision making. By not having time for sectoral consultations prior to the conduct of the workshop, there is an increased risk of exclusion of those sectors not represented in these events.

### *LPRAP Prioritization Process*

The three municipalities have undertaken different approaches in project identification and prioritization. In the case of Butuan City, role of CSOs in project identification has increased since the first round of the BUB. Projects proposed, at least during the LPRAP workshop, were all from the CSO side. Project identification was done per sector, i.e. CSOs were grouped per sector during the workshop and were tasked to come up with projects to be proposed for BUB funding. Due to high volume of projects proposed, these went through several prioritization processes (**Table 8**). What sets Butuan apart from other municipalities is the conduct of a special validation workshop because of the issues surrounding the LPRAP workshops and the legitimacy of a number of projects identified. The validation workshop resulted in the dropping of a number of projects proposed by the CSOs, which went through the normal process of prioritization, and the inclusion of a number of LGU-identified agro-forestry projects. After the validation workshop, LGU projects account for 29.39% of the total BUB fund while CSO projects account for 70.61% (**Figure 5**).

In contrast with Butuan City where project identification during the LPRAP workshop was done by CSOs, both CSOs and LGUs identified projects for BUB funding in Buenavista. After the presentation of projects, the CSOs and LGUs together discussed and prioritized the projects to be included in the 2015 LPRAP (**Table 8**). Considering similarity in issues identified by the CSOs during the assembly with the issues provided by the LGU, it is evident that the perspective of both parties on the municipality's needs is alike. This may either provide proof that the felt needs of the citizens are the same as the priorities of the LGU, or show that CSO participation is limited to those organizations which are politically affiliated with the municipal government. After the joint prioritization between the CSO and LGU, LGU projects account for 85% of the total BUB fund while only 15% are intended to finance the selected CSO projects (**Figure 6**).

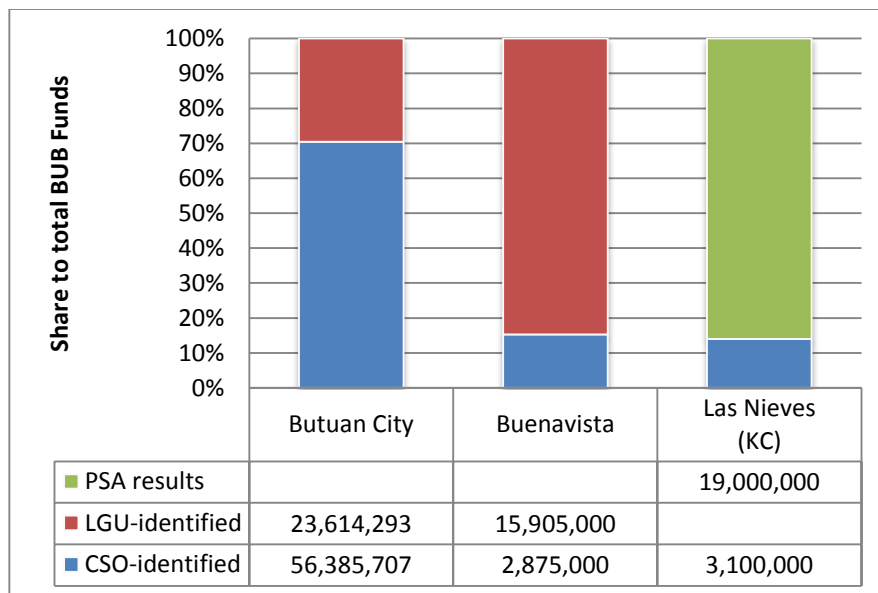
In the case of Las Nieves, the EMDC as a body agreed to divide the combined BUB funds and KALAHI-CIDSS funds equally among all 20 barangays. This basically removed the complexities of prioritization as the projects per barangay were already identified and prioritized during the PSA workshop and CSO assembly. In addition to this, the CSOs do not seem to have power or right over the funds. Instead of asserting their right to identify projects separate from the projects identified by the barangays during the PSA, the CSOs gently requested whether they

could have their own projects if there are still remaining funds. The role of the LGU in the process is limited to facilitation and provision of guidance, and did not include the proposal of projects to be funded by the BUB (at least for the 2015 planning cycle). Both the LGU and the CSO representatives have the conception that the BUB is really for the people- that the general public should be the one to identify the projects, and not the LGU. This is supported by the observations during the 2016-2017 LPRAP formulation, where the entire EMDC as a whole again was tasked to formulate the plan. During this event, the proposed eco-tourism project proposed by the LGU was rejected by majority of the CSOs and Barangay representatives. For some CSO representatives, despite the recognized usefulness of the project, the fact that the LGU proposed the project defeated the purpose of “grassroots” budgeting, hence resulting in their voting against the project. In essence, a sense of ownership has been embedded within the CSOs’ conception of “grassroots” budgeting.

**Table 8. Basis for Prioritization of Projects**

Butuan	Buenavista	Las Nieves
1 <sup>st</sup> Stage	- Menu	Prioritization only at the barangay level (PSA). BUB fund was agreed to be divided equally among 20 barangays
- Viability of the Project	- Need	
2 <sup>nd</sup> Stage	- Feasibility	
- menu and guidelines	- Alignment with other LGU Projects	
3 <sup>rd</sup> stage	- Extent of assistance it can deliver to the poor	
- relevance of project		
- urgency		
- coverage and scope		
- importance to the Community		
- doability		

**Figure 6. Proponents of 2015 Projects**



### *Quality of projects identified*

While data were presented during the LPRAP workshops, there is minimal proof that these data were used in project identification. In the case of Las Nieves and Buenavista, inputs used for project identification are the PSA outputs and projects identified during the CSO assemblies, which are based on common felt needs of the participants. While the use of the common felt needs as basis for issue identification is valid, these issues should be complemented with the use of data which are readily available. This is to ensure that the projects identified by the participants are representative of the needs of the majority, and to justify that projects are targeted to the proper beneficiaries.

Most projects prioritized during the LPRAP workshops seem to be responsive to the needs of the LGU. In Butuan, for example, 80% of the projects address the needs identified during the KIIs and FGDs, while 88% address the needs identified during the ELA formulation. Projects prioritized in Buenavista, on the other hand, are generally responsive to the LGU's need as identified by both the CSO and the LGU. In the case of Las Nieves, however, while the projects still address the LGU's problems, it does not cover the issue which is identified by most as the top priority, that is, lack of road networks. While a number of barangays proposed roads in their PSAs, it was not considered as it is not in the menu of projects. Hence, it can be said that project selection is almost always menu-driven.

While projects identified are responsive to the needs as identified by CSOs and LGU representatives, these projects do not appear to be well targeted to the poorer areas, which is one of the objectives of the BUB. To illustrate, while almost half of the projects prioritized in Butuan City would benefit a larger population, (i.e. the whole city, specific sectors, urban or rural areas), projects intended for specific barangays are generally concentrated in the northern areas near the city center which are relatively well off. More than half of the projects are intended for areas whose poverty incidences are lower than the city average. Further to this, while some of the relatively well-off barangays are identified as beneficiaries of more than one project in this planning cycle and/or have been beneficiaries in the past planning cycles, some of the poorer barangays have not been identified as beneficiaries in any of the rounds of the BUB. **(Table 9)**

Similarly, in the case of Las Nieves, the agreement that projects should be divided equally among the barangays provides proof that projects are not well-targeted. Most of the participants prefer equality over necessity, i.e. all benefit from the limited funds the BUB provides. This way, however, the BUB process might not be able to achieve its objective of sustained poverty alleviation.

In the case of Buenavista, most of the projects have not identified beneficiaries for its projects. Of the total projects, only two have identified its beneficiaries, one with high poverty incidence and one which is relatively well off. The fact that most of the projects identified in Buenavista have no selected beneficiaries may be problematic because target locations should be one of the considerations in the prioritization of projects. **(Table 9)**

In general, while participatory planning generally means the inclusion of citizens in local planning, who should be considered "grassroots" should be defined. Furthermore, the objectives of the BUB should be clarified because everything else is anchored on what is really intended to be achieved by the program.

**Table 9. Beneficiaries of 2015 Projects**

Beneficiaries	
Butuan*	<ul style="list-style-type: none"> <li>- Projects (since the first round) are generally concentrated near the city center which is relatively well off</li> <li>- 31 of the 86 barangays (36%): identified as beneficiary for 2015                             <ul style="list-style-type: none"> <li>▪ 12 are poor, 19 are non-poor</li> <li>▪ 9 barangays have more than 3 projects</li> </ul> </li> <li>- 28 poor brgys have not been identified as beneficiary in 2015</li> <li>- 15 poor barangays <u>have not been identified as beneficiary since the first rnd</u> <ul style="list-style-type: none"> <li>▪ 7 of which are extremely poor (i.e. lower quartile)</li> </ul> </li> <li>- 4 non-poor barangays have been identified as beneficiary more than once since the first round</li> </ul>
Buenavista	<ul style="list-style-type: none"> <li>- In the 2015 LPRAP, only 2 barangays have been specified as beneficiaries, one is a poor barangay (i.e. part of the 1<sup>st</sup> quintile) and the other an average barangay (i.e. 3<sup>rd</sup> quintile). (beneficiaries of other projects are yet to be identified)</li> <li>- Farmers and irrigators, which make up 36.18% of the labor force in Buenavista, are identified as beneficiaries of 5 out of 7 projects (which account for 93.1% of the total BUB fund).</li> </ul>
Las Nieves	<ul style="list-style-type: none"> <li>- The combined KC and BUB funds were divided equally amongst all barangays, regardless of poverty situation</li> <li>- Most respondents prefer <u>equality over necessity</u></li> </ul>

\*barangays whose poverty incidences are below the city’s poverty incidence are considered poor

### 3.4. 2013 Sub-Project Implementation

#### *Status of implementation*

While the interest on the BUB process is concentrated on project identification and planning, sub-project implementation is equally important because it influences CSO trust and participation in subsequent BUB planning cycles. **Table 10** provides an overview of the status of the 2013 sub-project implementation.

**Table 10. Status of the 2013 Sub-Project Implementation**

Status	Butuan (19)	Buenavista (14)	Las Nieves (3)
<b>On-going</b>	5- DA 2- DENR 2-DSWD	4- DA 1 -DOH 1- DTI 1- DILG	1- DA
<b>On-going; remaining funds realigned</b>	1- DSWD		
<b>Part of a national program</b>	2- NEA		
<b>Funds downloaded; to be implemented</b>	1- DOLE 1- DSWD		
<b>Waiting for turnover schedule</b>		1- DOLE	
<b>On canvass of materials</b>		2- DA	



<b>Approved for 2015 implementation</b>	1- DA
<b>Completed</b>	1- DENR
<b>No SARO</b>	2- DepEd
<b>No information</b>	2- DOH
<b>Will not be implemented</b>	3-DOH 2-DepEd

\* As of the time of interviews

The implementation of the 2013 sub-projects is generally slow. Of the total projects approved, 10 projects (53%) have started implementation in Butuan City, 8 projects (57%) in Buenavista and 1 project (33%) in Las Nieves. Further, only one project in Buenavista, and none in Butuan City and Las Nieves have been completed. In all three municipalities, projects under DOH and DepEd appear to be problematic. Specifically, problems encountered include the following:

1. For DepEd projects in Butuan City, no funds will be downloaded to the LGU because the agency is not aware of these BUB projects
2. For DOH projects in Butuan City, no funding will be downloaded because the agency argues that even before the BUB, the agency has been giving the LGU funds for MOOE from its regular budget
3. For the DepEd projects in Buenavista, SARO of the agency was not released, hence the project cannot be implemented. DepEd, however, will try to negotiate a later implementation of the project
4. For the DOH projects in Las Nieves, there is no information as to when funds will be downloaded to the LGU

While projects for the 2014 implementation are already approved, there are no updates yet on the release of the funds at least during the time of the field visits. The implementation of the 2014 projects, according to LGU officials, is dependent on the completion of the 2013 project implementation.

#### *Information sharing and monitoring*

All line agencies fared well in terms of information sharing, facilitation and consultation with the LGU during the 2013 implementation of projects. Although minor coordination problems still exist between LGUs and the funding agencies in all three municipalities. Particularly, the LGUs encounter some problems in complying with the requirements of some agencies. It was suggested that the process be simplified to facilitate the easier downloading of funds and implementation of the projects.

Despite the fair ratings in information sharing, it can be said that in most cases, information is limited to the line agency and sectoral heads of the LGU. Although CSOs were given a major role in project identification, they have a reduced role in project implementation and monitoring. In Butuan, for instance, although a CSO representative is required to sign the monitoring sheet of the LGU, there is no information whether it is shared with other CSOs, the LPRAT or even the proponents of the projects. Unless the CSOs, through their own initiatives, follow up with the LGU or the RLAs on the status of the projects, they remain completely uninformed and uninvolved in the whole process. In the case of Buenavista, while the status of the BUB projects is circulated through the LGU newsletter, there remains to have a need for a faster mechanism to gather updates.

Apart from the respective sectoral heads and representatives from line agencies who keep track of the progress of the projects, there are no formal bodies in-charge of project monitoring and inspection in all three municipalities.

Most respondents recognize the need for an autonomous monitoring team where there is CSO involvement. This, however, would require funds for mobilization. Recent initiatives have been already been undertaken in Butuan City to establish a committee tasked to implement, monitor and coordinate with various stakeholders. While some agree to include LGU representatives as part of the monitoring team, others think the team should be independent from the LGU.

### **3.5. General assessment**

#### *Usefulness of the BUB*

From the perspective of LGUs, the Bottom-up Budgeting process is desirable because of the additional funds it provides. On the side of the local government, the BUB is desired because it unloads (frees up/ creates fiscal space) the 20% development fund of the LGU. In addition to the provision of projects that are deemed important to the citizens, the LGU has additional funds to finance projects which are in line with its priorities. However, the importance of such program lies beyond this. In general, the BUB process increases transparency in governance. Usual planning and budgeting process prior to the BUB can be characterized as a “black box” where information and decision-making is only limited to a small number of individuals. While the CSOs are already involved in policy planning through its membership in the Local Development Council, the difference lies in the fact that in the LDC, the planning is more detached. While CSOs are allowed to propose projects and are given voting powers, they are usually outnumbered because CSOs only account for 25% of the LDC. In contrast, in the BUB, CSO involvement and empowerment is fostered through the role given to them in project identification. They have a sense of entitlement and ownership over the projects they propose. The CSOs (and BDC vice-chairs in the case of KC areas) have the capacity to heavily influence the projects to be identified in their area. In the case of Las Nieves, the BUB has empowered the CSOs/BDC vice-chairs to the extent of not allowing municipal officials to vote over the approval of a project.

Further, through the BUB, people in the society have become more involved, thus improving policy making by making sure that the more vulnerable and marginalized population has a voice on projects that will be included in the budgets of national agencies. For this reason, most respondents still prefer going through the BUB process despite the tedious social preparations that it entails, instead of treating the fund as an additional IRA or as a block grant. If, however, a block grant be provided instead, it should be treated like a trust fund, where it is earmarked for projects identified through the usual process of the BUB.

#### *Joint Memorandum Circular No. 4*

Although the planning cycle happens at least a year before the implementation of the projects, the timelines provided in the JMC are insufficient to come up with substantial and significant insights and projects. For one, the timelines are too tight to implement, plan and gather CSOs. Further, according to the respondents, initial deadlines set are unreasonable considering there was a delay both in the release of the JMC and the funds for the CSO assembly. Because of this, stakeholders merely go through the process for compliance’s sake, giving less attention to the quality of their outputs. To add, the JMC is not clear as to the expected output and the crucial features of each of the process.

Some of the guidelines provided by the JMC No. 4 seem unclear explaining differences in the conduct of the BUB in the three municipalities, as well as a number of deviations from the letters of the JMC No. 4 as summarized in **Table 11**.

**Table 11. Deviations to the Letters of the JMC No. 4**

Actual Process	Provision of the JMC No. 4
<b>Conduct of Poverty Situation Analysis Workshop</b>	
<p>Due to time constraint, PSA workshops in Las Nieves were conducted per cluster instead of per barangay. The PSA per cluster, however, did not have negative impact on the whole BUB process in the municipality</p>	<p>As per Annex F Section 1, 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.</p>
<b>Selection of the Signatories</b>	
<p>In Buenavista, the co-chair and the LPRAP signatories were voted upon by the CSO attendees (each having voting power). Also, the co-chair was not elected as an LPRAP signatory</p>	<p>As per Section 6.1.3., the elected representatives shall also elect among themselves the co-chair of the LRPAT... and the two other CSO representatives who will sign the LRPAP.</p>
<b>Invitees to the LPRAP Workshop</b>	
<p>In the case of Butuan and Las Nieves, formulation of LPRAP was not limited to the LPRAT.</p>	<p>As per Section 6.2.6., the LPRAT shall identify the specific poverty reduction strategies to be undertaken.</p>
<p>For Butuan, LPRAT together with the CSOs attended the workshop, identified and prioritized the projects. The number of CSOs who attended, however, was not representative of all the CSOs in the City.</p>	
<p>In Las Nieves, the whole EMDC, in plenary, formulated the LPRAP.</p>	
<b>Conduct of the Validation Workshop</b>	
<p>Due to issued surrounding the LPRAP workshop in Butuan, a validation workshop was called by the LCE. While it is not prohibited, a validation workshop may not be necessary since project identified during the LPRAP workshop went through the process of prioritization</p>	<p>As per Section 6.2.6, the list of priority projects (identified during the workshop) will be submitted to the national government for funding consideration.</p>
<b>Institutionalizing of LPRAT as a committee of the LDC</b>	
<p>In Butuan, there was no evidence that the LPRAT has been institutionalized as a committee of the LDC. Further, the LPRAT has not convened since the LPRAP workshop because of some issues between some CSOs and the LGU</p>	<p>As per Section 5.1.1., the first mode will institutionalize the LPRAT as a committee of the local development council</p>
<p>In Buenavista, LPRAT has yet to be institutionalized as part of the MDC</p>	
<p>In Las Nieves, EMDC is only convened solely for the purposes of the BUB. The regular MDC is still convened for other matters</p>	
<b>Multi-year Planning Approach</b>	
<p>In Butuan and Buenavista, the third planning cycle involves project identification only for 2015 implementation</p>	<p>As per Section 6.2.7., a multi-year planning approach shall be undertaken for grassroots budgeting to come up with a more comprehensive plan... The LPRAT shall also identify the list of priority projects for FY 2016 and 2017</p>
<p>In Las Nieves, the project identification for 2016 and 2017 implementation was done on a separate EMDC meeting after the submission of the 2015 LPRAP</p>	

While the JMC would still need refinement and should demonstrate more clarity, revisions should just be minimal to avoid further confusion among stakeholders. In some instances during the LPRAP workshop in Butuan, there has been confusion as to the version of JMC that should be used. Particularly, changes in the menu of projects resulted in further lengthening of the process of project identification and prioritization. Participants usually take a while to get used to the guidelines, thus, constantly revising the JMC might result in serious deviations from the guidelines year after year.

### *Facilitation*

Due to the increasing interest and participation of various stakeholders in the BUB, the success of the process is highly depended on the ability of the facilitating body to hold things together. In the case of Las Nieves, where the MLGOO is strong and has good control over the whole process, the enhanced BUB has been undertaken fairly well despite the tight timeline provided by the DILG. Similarly, an LGU-appointed BUB focal person in Buenavista, together with the MLGOO, has somehow smoothened the BUB process despite the political situation of the municipality.

However, in the case of a highly urbanized area like Butuan City where there are more stakeholders involved and where competing interest over the funds the BUB provides is higher, a lack of a functional secretariat has resulted in serious issues during the 2015 BUB planning cycle of the city. The transfer of the secretariat duties from the CPDO to the EMS, a special department of the office of the mayor, did not involve proper turnover and ample time for adjustment, creating gaps and inefficiencies in the system. This brought about confusion both on the LGU and CSO side on who should assume the role and take over the tasks that the secretariat should have performed. This resulted in issues including the losing of project briefs, which in turn led to some CSOs to reconstruct the LPRAP to be submitted to the RPRAT. Issues regarding this reconstructed list resulted in the conduct of an LGU-initiated special validation workshop intended to verify the legitimacy of the identified projects. During this workshop, a number of projects, which according to most CSOs went through the normal process of prioritization, were replaced with LGU-identified projects. This has negatively affected CSO-LGU relationship in the city. This may not have happened if a functional secretariat was present to ensure transparency in the whole process.

In addition to the MLGOO and the LGU-assigned BUB focal person, at least one DILG-appointed local facilitator and NAPC-affiliated focal person are assigned per province to facilitate, provide guidance, and ensure the process has been undertaken properly. However, lack of clarity in the responsibilities of both is evident in the province. There is a need to delineate the tasks that each is expected to perform to ensure that areas where facilitation is needed are covered. By doing so, process will be smoother, redundancies in the system could be minimized, and gaps in facilitation can be bridged.

In addition to this, the local facilitator, which is tasked to provide technical assistance to the areas assigned, was not able to successfully provide assistance to a fairly significant number of municipalities in the province. This may partly be due to the large number of areas assigned to each facilitator. Hence, there is a need to limit the area of responsibility of each local facilitator. Further, the local facilitators need to undergo workshops and trainings for them to be able to contribute significantly in the BUB processes in the areas assigned.

### *Adoption of the Enhanced BUB Process*

The adoption of the enhanced BUB process can make the process not only more targeted to the grassroots because it goes all the way down to the sitio level, but also more inclusive because of the participation of barangay chairmen and barangay representatives, who are more knowledgeable of the needs in their areas. The involvement of the BDC vice-chairs plays an important role for checks and balances as they have no political

identity. The involvement of community volunteers within the barangays increases transparency, and ultimately the CSO-LGU relations. However, it should also be noted that by involving barangay officials in project identification, there is a threat that the process might be politicized. It could be possible that some barangay officials have control over the BDC vice-chairs, giving them more power in the process.

Applying the enhanced process to Buenavista might be beneficial. Currently, selection bias based on political alliance exists in CSO participation in the municipality. Adopting the enhanced BUB can minimize the selection bias because all barangays need to participate regardless of political alliance. However, despite the perceived advantages of the enhanced process, one must be wary in applying it in a larger scale. While it has been observed to be successful in relatively smaller municipalities like Las Nieves, it may pose problems and complications when applied to larger areas like Butuan. In addition to having 86 barangays, it currently has a large number of organized groups, both accredited and not. There will not only have problems disseminating information and gathering all in one venue, but will also further increase competition among interest groups. Only when additional guidelines to address these concerns are set can the enhanced process be successful in areas like Butuan City.

While the enhanced BUB process is beneficial because it makes the process more inclusive and participative, it may have implications on the type of projects that will be proposed. By involving the barangay representatives in project identification, projects will most likely be focused on felt needs, resulting in short- to medium-term public works projects which are not targeted to sustainable poverty reduction.

#### *On Rules of Organization, Social Preparation and Capacity Development*

The need for extensive social preparation is needed because it affects the quality of CSO participation in the BUB. The goal is not just to increase CSO participation to make the process more inclusive, but to improve the quality of participation as well. For one, there is still a need to realize the importance of networking, organizing and the provision of orientation on the role of CSOs in community development. At present, the CSOs have this concept that the BUB is for them, missing the bigger picture and ultimate goals of the whole process. For them, increasing CSO participation would mean greater competition over the limited funds the BUB provides. In the case of Butuan, for instance, the more active CSOs had an internal agreement prior to the conduct of the CSO Assembly to limit CSO participation to at most three representatives per sector<sup>2</sup>. This is without the agreement that the sectors would meet beforehand to select their representative to the assembly and discuss development issues that the representatives will present in the assembly. For this reason, the process of identifying the three representatives is subject to personal biases of the more active CSOs. In the case of Buenavista, CSOs have a concept that the BUB is a mayor's event. Hence, organizations not politically affiliated with the mayor may not have been invited or did not participate by choice. Because of all these issues, there is a need to invest on creating rules of organizations to increase CSO participation in the BUB while not disregarding the value added provided by already existing social networks.

Social preparation, however, is not cost-free. If quality participation is to be promoted, it needs to be investment upon. Take for example the KALAHI-CIDSS process where funds are allocated to finance the Community Empowerment Activity Cycle. If, however, a similar social preparation cycle be required in all areas for the purposes of the BUB, the source of funds needs to be determined. This may be a problem in municipalities with relatively lower IRA and/or which are IRA-dependent.

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<sup>2</sup> This was not complied by all resulting in the overrepresentation of some sectors

In addition to social preparation, the quality of participation can be improved in the long run through CSO empowerment and capacity building. At present, none of the three municipalities have invested extensively on these. While the LGU is continuously providing technical assistance to the CSOs in project identification, the need to provide them with the skills and knowledge that they can use in the longer term is yet to be realized. There is a need for CSOs to be capacitated through project development trainings, which include drafting of project briefs, and provision of technical information that they can use in identifying projects that are both essential and viable.

In addition to costs that will be incurred from social preparation and capacity building, there are other economic costs for CSO participation. On the one hand, to make the process more inclusive, funds will be needed for community organization and mobilization. Further, there are direct costs to those CSOs who opt to participate, e.g. transportation costs and opportunity costs. While the DILG argues that funds are provided to finance CSO participation in the assembly, the LGUs hold that the amount is not enough to finance all expenses incurred. To add, expenses incurred during the LPRAP workshop are against the accounts of the LGU.

#### *CSO Accountability*

While CSOs are given power to identify and prioritize projects in the BUB process, they are almost completely dissociated in project implementation. They are not held accountable for any problems that may arise during implementation. CSO responsibility should not end in the planning process. Rather, they should have ownership of the projects they propose. Some key informants argue that the BUB should not be a dole out. CSOs should also be required to provide counterparts, which may not necessarily be monetary in nature. This can be in the form of labor in project implementation and maintenance. This would not only improve service delivery but could also contribute to CSO empowerment.

#### *Political Interference*

There is very minimal evidence of political interference in Las Nieves. LGU representatives, CSOs and BDC vice-chairs believe that the BUB is for the people and that, project identification and decisions shall be made by the citizens. During the 2015 planning cycle, no projects were proposed by the LGU; while for the 2016 and 2017 LPRAP, although the LGU proposed a project, decision for its inclusion in the LPRAP was done through votation by the EMDC excluding local government representatives. However, political interference was evident on the influence of some barangay chairmen on the decisions and votes of some of the BDC vice-chairs.

More serious political interference was observed in the case of Butuan and Buenavista. This is evident in the conduct of a special validation workshop in Butuan where some CSO projects which went through the normal process of prioritization were replaced with LGU-identified projects. In the case of Buenavista where CSOs and barangay chairmen are divided according to political alliance, participation is limited to those which are allied with the mayor. Further, LGU projects account for 85% of the total BUB fund for FY2015.

#### *Involvement of Other Government Institutions*

In the current process, inputs from the local level are submitted to the Regional DILG to be evaluated by the Regional Poverty Reduction Team (RPRAT). The current process does not involve the provincial DILG in any stage of the process. While the system in place is working well, the provincial DILG may be involved through the technical assistance it can provide to the MLGOO and the LGU. Further, the provincial DILG can be an additional layer to check the documents submitted by the LGUs before it reaches the region. This, however, may further lengthen the process and may not work well given the already tight timeline.

On the other hand, the provincial government currently has no role in the BUB process, as well. While some agree in keeping the provincial government in the loop for coordination purposes and to ensure that no duplication of projects will take place, others argue that the system should be streamlined, which entails involving less bureaucratic steps. The participation of the provincial government may increase the risk of politicking and undermine the autonomy of the LGUs.

#### **4. Conclusion and Recommendations**

The Bottom-up Budgeting (BUB) exercise, initially launched in 2012 hopes to empower civil society organizations and citizens' groups to engage local government and national government agencies and make them more responsive to the people's needs. The program is desirable, not only because of the additional funds it provides, but because it promotes transparency in governance. Furthermore, the BUB not only improves CSO-LGU relations, but also gives CSOs a sense of empowerment and heightens their political efficacy. Now on its third round, the BUB has improved significantly in terms of CSO participation, clarity of guidelines, and the process as a whole. It has made planning and budgeting more inclusive and reflective of the needs from the ground. However, despite these improvements, some issues and concerns still need to be addressed in terms of CSO engagement, process facilitation, social preparation, project identification and prioritization, and sub-project implementation and service delivery. **Table 12** provides a summary of issues and some recommendations that may be useful to future initiatives in participatory planning and budgeting.

While CSO participation has increased through time, representation should be an area to be looked at. Mechanisms need to be undertaken to ensure that CSOs are not biased to a selected few but should be a representative of the various sectors in the locality. Increased participation would, however, mean higher challenges and competition among CSOs, and with other stakeholders, i.e. LGU and RLAs. For this reason, a strong facilitating body needs to be existent to ensure transparency and accountability.

Project identification should also be geared towards the ultimate goal of the BUB process, i.e. sustained poverty reduction. Projects identified at present are based on common felt needs of the participant, and in most cases, are focused on short- to medium- term public works projects. Further, project identification is not evidence-based, despite the availability of various data. Participation of organizations with development vision still needs to be realized. More importantly, a social preparation process similar to the KC's Community Empowerment Activity Cycle should be adopted by all LGUs. Although this would mean additional costs and further lengthening of the process, it would also translate to improved quality of projects that are in line with the overall goals of the program.

Finally, while the attention is focused towards project identification, the importance of service delivery should not be underestimated as it determines trust of stakeholders in the projects and affects the quality of participation in subsequent planning cycles. A clear monitoring and tracking mechanism should be in place. Further, CSOs should also have a role in project implementation and monitoring.

In totality, the importance of such exercise has been realized by the various stakeholders. Essentially, the impact of the BUB program goes beyond the financial assistance it gives to the LGUs. More than the projects, the long-term impact of the BUB process can be measured on how aware, active, and participatory the citizenry is with regards to how public funds are budgeted and used. Moreover, heightened involvement in the political affairs of the community forges trust and could lead to a better CSO-LGU relationship. Provisions of livelihood programs and infrastructure projects to facilitate economic activity are an integral part of the BUB process, but empowerment of the poor through the "participatory" aspect of the BUB program is a vital component for poverty reduction to become sustainable, and ultimately, realized.

**Table 12. Summary of Issues and Recommendations**

Category	Issue	Best Practices and Recommendation
<b>CSO Engagement and CSO-LGU Relationship</b>	<p>CSO Participation in the CSO assembly might not be a representative of all CSOs in the area</p> <p>CSO participation is biased towards the accredited CSOs</p> <p>Issues on the overrepresentation of sectors were evident especially in the selection of LPRAT members in Butuan City</p>	<p>Conduct events like the <b>People’s Summit in Butuan City</b>, which was intended to have a sense of the number of CSOs in the City. And disseminate information in various CSO-LGU affairs.</p> <p>In the case of big municipalities with large numbers of CSOs presents, there is a need to <b>federate organizations or establish umbrella organizations for the respective sectors</b> to ensure equal representation in the CSO assembly</p> <p>Invitation to the assembly <b>should not be limited to LGU-accredited CSOs</b>. Like in the case of other countries, <b>formal registration process</b> for the purpose of the BUB should be enforced to ensure participants represent the local population</p> <p>There is still a need for <b>community organizers and mobilizers</b>.</p> <p><b>LGU should encourage better the CSOs to go through the process of accreditation and designate a focal person</b> that would help the CSOs in complying with the documentary requirements.</p> <p>Like in the case of Buenavista, it is best to have an agreement prior to the selection of the LPRAT members that <b>each sectors would have equal representation in the LPRAT</b></p>
<b>Facilitation</b>	<p>Increased challenges as a result of increased participation and interest</p> <p>Confusion in the role of the DILG-hired local facilitator and NAPC focal person</p>	<p><b>Strong secretariat</b>, like in the case of Las Nieves (MLGOO) and Buenavista (BUB focal person) to ensure transparency and accountability. Secretariat should have the competence, and technical and administrative capability.</p> <p><b>Complementarity in the roles</b> of the two must be established. There is a need to delineate the tasks between the LF and NAPC focal person to ensure that all areas where facilitation is needed is covered.</p> <p>Involvement of the Local BUB facilitator should be improved. <b>Limit the area of responsibility</b> of each local facilitator.</p> <p>Local facilitator should undergo <b>workshops and trainings</b> for them to be able to provide technical assistance to their assigned areas</p>



<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Social Preparation</b></p>	<p>Lack of social preparation especially in non-KC areas</p> <p>Inadequate time to undergo extensive social preparation needed for the proper conduct of the BUB process</p>	<p><b>Social preparation similar to the KC process should be applied to non-KC areas</b> to ensure identified problems are the real problems being experienced in the ground. This, however, would need investment on the part of the LGU or the NG to finance such process.</p> <p>The <b>JMC should be released earlier</b> to allow the facilitators to prepare for the consultative leg and allow proper consultation with the constituents in the barangay level. Further, <b>ample time frame</b> would also be beneficial for the CSOs as they can conduct meetings with their own sectors to identify and align their proposed projects with that of the barangay and the LGU.</p>
<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Project Identification and Prioritization</b></p>	<p>Project identified by the CSOs leaders might not have undergone consultation and deliberation with the CSO/sector members</p> <p>Knowledge of CSOs is especially in drafting project briefs is very limited. They depend highly on technical assistance provided by the LGU</p> <p>Beneficiaries of the projects (including the barangay chairman) are not informed of the proposed projects for their barangays. In some cases, projects identified are not needed or viable in the target location.</p> <p>Political Interference</p> <p>The formulation of the LPRAP is not limited to the LPRAT</p> <p>Menu was found to be restrictive. In some cases, projects which are identified as the top priority in the municipality are not in the menu, hence, settling with projects in the menu</p> <p>Projects were almost solely based on the most 'common felt need' especially in the KC area. Although data/information is readily available, these are not used effectively</p>	<p>Butuan co-chair suggested that a <b>sanggunian or board resolution</b> must be obtained to ensure that projects went through community consultation.</p> <p>In addition to technical assistance provided by sector heads, CSOs need to undergo training which will be beneficial in the long run. This could include:</p> <ol style="list-style-type: none"> <li>1. Trainings on drafting project briefs</li> <li>2. Technical information on various projects (requirements, specifications, etc)</li> <li>3. Proper use of data in identifying projects and beneficiaries</li> </ol> <p><b>Consultations with barangay chairmen</b> should be done prior to the proposal of the project. Furthermore, <b>official site inspection</b> prior to the finalization of the project prioritization might be useful to ensure viability of projects identified</p> <p>A facilitator which is not connected with the LGU is needed to minimize political interference.</p> <p>Rules as to <b>who should be formulating the LPRAP should be established</b> and should be strictly enforced.</p> <p>There is a need to <b>expand the menu</b> of eligible projects for the BUB and provide more clarity on what is allowed and what is not.</p> <p><b>Project identification should be evidence-based</b>, that is, data/information readily available should be made available by the LGU at the disposal of the EBDC/LPRAT before and during the conduct of PSAs and LPRAP formulation</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>Sub-Project Implementation and Service Delivery</b></p>	<p>Delay in the release of project funds</p> <p>Low level of feedback and monitoring. In addition, there is a lack of participation of CSOs in implementation and monitoring</p> <p>Lack of CSO accountability</p>	<p>A clear mechanism within the LGU should be defined with the goal of <b>tracking and monitoring the release of funds</b> from the RLAs.</p> <p><b>A focal person can be assigned</b> to identify the cause of delays in the release, and help facilitate the release of funds especially in preparing the documentary requirements</p> <p>A <b>monitoring team separate from the LPRAT</b> needs to be created. Some suggested the inclusion of the co-chair of the previous year in the LPRAT to lead monitoring of the sub-project implementation. Others suggested that <b>monitoring team outside the LGU</b> should be created to ensure objectivity.</p> <p><b>CSOs should be given a role in implementation</b> for them to have a sense of ownership and accountability of the projects they propose.</p>
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