



Philippine Institute  
for Development Studies  
*Surian sa mga Pag-aaral  
Pangkaunlaran ng Pilipinas*

Policy

Notes

ISSN 1656-5266

No. 2014-23 (December 2014)

# Process assessment of the Bottom-up Budgeting: The case of Quezon Province

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## Introduction

The Bottom-up Budgeting (BUB) aims to “ensure the inclusion in the agency budget proposals, funding requirements for the development needs of municipalities and cities as identified in their local poverty reduction action plans”.<sup>1</sup> It promotes inclusive participation in community development by empowering civil society organizations (CSOs) to be engaged in the budgeting process.

The BUB process for fiscal year (FY) 2015 is the third of its round of implementation. It started on March 8, 2012 for the FY 2013 budget preparation and covered 609 selected cities and municipalities identified by the Human Development and Poverty Reduction Cluster. The second round started in December 2012 for the FY 2014 budget in which the

coverage was expanded to 1,233 cities and municipalities. On November 26, 2013, Joint Memorandum Circular (JMC) No. 4, Series of 2013 was released for the FY 2015 budget preparation. All the local government units (LGUs) were already covered and two modalities were observed, the Regular BUB for the areas not covered by the Kapit-Bisig Laban sa Kahirapan-Comprehensive and Integrated Delivery of Social Services-National Community-Driven Development Program, otherwise known as KALAHI-CIDSS, and the Enhanced BUB for LGUs that have graduated

<sup>1</sup> DBM-DILG-DSWD-NAPC Joint Memorandum Circular No. 4 “Policy Guidelines and Procedures in the Implementation of the Grassroots Participatory Budgeting Process for FY 2015 Budget Preparation” dated November 26, 2013. Bottom-up Budgeting was named Grassroots Participatory Budgeting when this joint memorandum circular was issued.

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from or have ongoing KALAHY-CIDSS (KC) areas.<sup>2</sup>

This *Policy Note* presents the results of a process assessment of the BUB in Quezon Province. Commissioned by the Department of Budget and Management to the Philippine Institute for Development Studies, it was part of a bigger study that covered 12 municipalities and cities in four provinces representing Luzon, Visayas, and Mindanao. The qualitative study had three major objectives, namely: (a) to examine how the BUB FY 2015 planning process and prioritization of projects are being implemented on the ground by looking at aspects such as CSOs' participation, LGU-CSO engagement, and integration of BUB process into the local planning process; (b) to identify bottlenecks in the implementation of subprojects identified in the FY 2013 and FY 2014 BUB process; and (c) to provide insights on areas for further improvement in the subsequent rounds. Three municipalities were selected as study sites in Quezon Province, namely, Gumaca (urban LGU), Mauban (rural non-KC), and San Antonio (rural KC LGU).

Data were gathered through key informant interviews (KIIs) and focus group discussions (FGDs) conducted from March 17 to April 5, 2014. Interview guides were used in the conduct of the KIIs and FGDs. Respondents

<sup>2</sup> DSWD's KALAHY-CIDSS is a poverty reduction program that seeks to empower poor communities through more inclusive local planning, budgeting, and program implementation at the barangay level.

<sup>3</sup> Refers to the number of CSO groups and not persons who attended.

were selected LGU officials and CSO leaders who were involved, and those who were not involved, in the CSO assemblies and Local Poverty Reduction Action Plan (LPRAP) workshops and a mixture of barangay captains in areas with or without projects in the LPRAP. Validation of findings was done by interviewing the Department of the Interior and Local Government (DILG) Region 4-A focal person on the BUB, the DILG provincial director, two local facilitators for Quezon, and the provincial representative to the Regional Poverty Reduction Action Team (RPRAT).

## Results

### *CSOs' participation in the BUB process*

The CSO assembly and LPRAP workshop are the two main components of the BUB process as specified in the JMC No. 4-2013. Based on available data for Mauban and Gumaca, 73 percent of the total number of CSOs on the average were invited to the CSO assembly; attendance rate was estimated at 63 percent.<sup>3</sup> Gumaca (with 59 barangays) had only 24 CSOs in attendance while San Antonio (with 20 barangays) registered 22 CSO attendees. Mauban (with 40 barangays) gathered only 19 CSO groups in the assembly. Mobilizing the CSOs in a smaller LGU like San Antonio was easier than in Mauban and Gumaca. The latter have larger barangays, have a mountainous terrain, and have island barangays.

The invitation to the assembly was issued to the CSOs one to five days (average of three days) prior to the assembly. There were

complaints from the CSO respondents that the notice was too short and gave them little time to consult with their respective members and prepare for the assembly.

Various reasons were given by the CSOs who did not attend the assembly, such as conflict with other meetings, lack of money for transport especially for those in the upland areas, need to earn income, conflict in political affiliation, no communication received, lack of interest, lack of confidence to speak, and bad weather. Conflict with other meetings as a reason also reflects the late issuance of invitation.

The active CSOs that attended the assembly were the farmers and women fisherfolk in Mauban; the farmers, fisherfolk, urban poor, and Tricycle Operators and Drivers Associations (TODA) in Gumaca; and the Multipurpose Cooperatives in San Antonio. In Gumaca, there were many TODA chapters that attended the assembly (10 out of the 24 CSOs present). In San Antonio, not invited were the active groups under the KALAHI-CIDSS, namely the Barangay Subproject Management Committees (BSPMC) and the Organization and Management (O & M) groups. According to the Local Government Operations Officer (LG00), this was due to their late receipt of the JMC No. 4 guidelines resulting to their lack of awareness that the LGU is under the Enhanced BUB Modality and that the Barangay Development Council (BDC) vice-chairs or the BSPMC/O & M groups under the KALAHI-CIDSS should be invited to the CSO assembly.

Both accredited and non-accredited CSOs were invited to the assemblies. Most of the CSOs interviewed said both types of CSOs should attend. Some were of the opinion that only the accredited CSOs should be invited to set a standard and to encourage others to get accreditation.

While there was a favorable CSO attendance rate in the assembly, deviations from the JMC No. 4-2013 were evident in the selection of CSO representatives to the Local Poverty Reduction Action Team (LPRAT), CSO co-chairperson, and CSO signatories of the LPRAP.

For example, where the KC participatory processes were working well, the BDC vice-chairs were not invited to participate in the CSO assembly and the LPRAP workshop. Yet, without their knowledge, they were included as members in the LGU executive order on the reorganization of the LPRAT. Late receipt of the signed JMC was pinpointed as the main reason for this drawback. Another observation was the placement of one CSO leader as the LPRAT co-chair when he was absent during the CSO assembly.

In another LGU, a voting process for CSO representatives was not done because of the LGU's decision to include all CSO attendees in the assembly as members of the LPRAT. But too many TODA groups that attended became members of the LPRAT and thus outnumbered the other CSO and LGU representatives.

Generally, the identification of subprojects was dominated by the LGUs. In Mauban, projects that amounted to 94.5 percent of the total cost of LPRAP were identified by the LGU. This is because most of the subprojects identified by the CSOs were “fast or easy money” projects that were not accommodated in the LPRAP but were decided by the LGU to be included under the 20-percent development fund. In Gumaca, projects that cost 81.6 percent of the total cost of LPRAP subprojects were identified by the LGU. In most cases, the LGU-identified subprojects were confirmed by the CSOs. In San Antonio, there seemed to be a balanced share of subprojects identified by the LGU (55.24%) and the CSOs (44.76%). The CSO share was largely contributed by the farm-to-market road concretization project (PHP 5 million) identified under the KALAHI-CIDSS by the BSPMCs. Although the BSPMCs were not invited to the LPRAP workshop, projects identified under the KALAHI-CIDSS were brought forward by the Municipal Planning and Development Coordinator (MPDC) in the workshop.

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### **LGUs’ integration of the BUB structures and processes into their local development plans**

The LGUs should reflect their LPRAP projects, particularly those that are to be funded by local funds, in their Annual Investment Programs (AIPs). These projects must be consistent with their Comprehensive Local Development Plans. Moreover, under the enhanced local development councils (LDCs) modality in the KALAHI-CIDSS areas, the LPRATs, which may be subsumed under the enhanced LDC or created as a technical working group (TWG), should review other LGU plans aside from the LPRAP. The LPRATs, either in the Regular BUB modality or in the Enhanced BUB modality, are also tasked to meet quarterly to discuss project status and implementation.

Two of the three LGUs had not convened the LPRATs since the preparation of the LPRAPs. In San Antonio, the LPRAT met twice after the LPRAP workshop to discuss needed revisions. There was no effort seen yet in making the LPRAT a regular committee of the LDCs either under the Regular BUB modality or as a TWG of the Enhanced LDC under the Enhanced BUB modality.

Comparing the LPRAPs with the available AIPs,<sup>4</sup> it was found that LPRAP projects were reflected in the AIPs for 2013 and/or 2014 but there were differences in the project costs. LGU counterparts were also appropriated.

Mauban's Salintubig Program and Rehabilitation of Classrooms are consistent with projects identified under its Comprehensive Land Use Plan (CLUP).<sup>5</sup> In the case of San Antonio, the CLUP's development vision of attaining agri-tourism development is translated into the 2015 LPRAP through the Dagatan Lake Development and Industry and Clustering Development Training. Moreover, the identified LPRAP Barangay Health Station project partly addressed the absence of health stations mentioned in the CLUP.

The integration of BUB into the local planning process is a work in progress. While the LGUs have been able to harmonize the LPRAP with their existing local development plans, the integration of BUB structures into their local planning bodies is still a big challenge.

### **Responsiveness of the proposed FY 2015 LPRAP projects to LGUs' development needs**

Many barangays were not covered as beneficiaries of area-specific projects under the LPRAP 2015 as shown by the following figures: Mauban: 24 out of 40 barangays (60%); Gumaca: 35 out of 59 barangays (59.3%); and San Antonio: 7 out of 20 barangays (35%). There were no available

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data on barangay-level poverty incidence to determine whether the LPRAP projects are located in the poor barangays.

The most common needs of the three LGUs include poor road networks, lack of livelihood, lack of potable water system, and lack of access to health and education services.

In general, the identified projects in the LPRAPs were responsive to the identified development needs. The DILG's Sagana at Ligtas na Tubig (Salintubig) Project addresses the potable water problem in Mauban and Gumaca. The DILG's road concretization project and the KALAHI-CIDSS farm-to-market road project address poor road networks. The Sustainable Livelihood Program of the Department of Social Welfare and Development (DSWD) offers alternative livelihood to low-income farmers and fishermen in Gumaca and San Antonio. The lack of access to health services especially in distant barangays can be addressed by the identified Health Facility Development in Gumaca and San Antonio.

<sup>4</sup> The team worked on the AIPs for 2013 and 2014, since there were no available 2015 AIPs yet at the time of the study.

<sup>5</sup> For Mauban and San Antonio only, since Gumaca is still completing its CLUP.

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There were identified priority projects not listed in the LPRAP that the LGU of San Antonio intends to include in the 2015 AIP instead, which was not yet prepared at the time of the study. There were also projects listed in the LPRAP that did not correspond to any of the identified development needs as articulated during the KIIs and FGDs (for example, the expansion of public market and the day care center construction in Gumaca).

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#### **Outcomes of the 2013 and 2014 LPRAPs at the LGU and community levels**

The government invested substantial resources in the BUB. The preparatory process (starting from the CSO assembly and LPRAP workshop to the submission of the LPRAP to national government agencies or NGAs) and the integration of BUB proposals into the NGAs' budget proposals have been tedious.

Since the first BUB in 2012, the preparatory process has become longer starting from three to five months in the second round and then eight months in the latest round. Considering the investments that have been placed in the BUB, have the LGUs and the communities felt results on the ground?

No projects under the LPRAP 2013 have been completed in the selected LGUs as of April 5, 2014. More than two years after the approval of the projects, only 3 out of 16 approved projects are being implemented. As a result, the LGUs felt embarrassed to face their constituents in another round of BUB process. It also made the CSOs frustrated and impatient about the process. During the KIIs/FGDs, the study team heard clichés like “Maghintay ka lamang”, “Walang bayad ang mangarap”, and “Nahihiya na kaming humarap sa mga tao dahil wala pang nangyayari”.

Moreover, the LGUs did not receive information either from the regional or national agencies about the changes made in their submitted LPRAPs. In Mauban, cassava, which was originally proposed under the high-value crops project, was replaced with another crop without the LGU's knowledge. The LGU was also not informed about the implementation of a greenhouse project in an island, the project cost of which was charged to the high-value crops project. It was implemented by a CSO that never participated in the BUB process. In Gumaca, the farm-to-market road project that was identified as first priority was replaced with communal

irrigation and rice production. Respondents felt these changes that took place without their knowledge were contrary to the spirit of the BUB.

There were mixed outcomes on the participation of the CSOs in the implementation of ongoing projects; in general, participation was limited. In Mauban, while a CSO was heavily involved in the implementation of a greenhouse project, it was not a participant in the BUB process. In Gumaca, the Municipal Fisheries and Aquatic Resources Management Council (MFARMC) was involved in following up the release of boat and fishing accessories from the LGU and the distribution of these among the indigent fisherfolk. In San Antonio, CSOs were not involved in the construction of the proposed health facility.

There were no projects implemented yet from the LPRAP 2014. Notices of the approval of 2014 projects came earlier. Still there were a few problems encountered like in Gumaca where there is need to clarify with the Department of Education the activities allowed under the “Innovative Programs to Promote Access to Education” as reflected in the agency’s menu of projects.

### **Policy recommendations**

The government is advised to invest time and resources in social preparation. To encourage genuine participation (and not only compliance) of the CSOs in the CSO assembly and LPRAP workshop, CSOs should be given ample time to consult with their members and

prepare for the BUB activities. LGUs should inform CSOs and send invitations ahead of time. The need for a thorough mapping of CSOs (who they are and where they are located) is recommended.

At the national level, the DILG, in coordination with concerned NGAs, should first issue the signed guidelines before the start of any activity to minimize confusion among the LGUs and to ensure that proper institutions/processes are put in place (e.g., enhanced LDC modality). The issuance of guidelines should be augmented by proper and adequate orientation of stakeholders at the regional, provincial, and municipal levels, who, in turn, are responsible for the orientation of the CSOs and the conduct of the CSO assembly and LPRAP workshop.

It is expected that the volume and coverage of BUB work will increase considerably with the implementation of more projects under the LPRAP 2013, 2014, and 2015 as well as the planning and budgeting activities for 2016. The guidelines therefore should be made clearer and more specific about the roles of the LGUs, the DILG, and other concerned NGAs in monitoring the progress of implementation of the LPRAP projects. The involvement of the CSOs in the implementation and monitoring of LPRAP subprojects should be clarified.

There may be a need to further lengthen the timelines in the BUB process to allow LGUs to internalize the BUB process but there is a need to ensure it is synchronized with the local planning and budgeting cycle.

On communication matters, a more efficient and timely flow of information and feedback is critical from the national and regional to the provincial offices down to the local facilitators/community mobilizers and the LGU/Municipal Local Government Operations Officer (MLGOO) and back to minimize delays in the receipt of information. The LPRATs should meet with the CSOs regularly to give the latter greater engagement in the process and clearer set of information on the status of the LPRAP subprojects.

CSOs should be capacitated on leadership skills, project proposal development, monitoring, and getting accreditation to be better equipped in engaging with the LGUs and other CSOs.

CSOs will be encouraged to genuinely participate in BUB activities and less frustrated about the shortcomings of the process if they can see the results of the projects that they have planned. With the implementation of more LPRAP projects, the next round of BUB process assessment should take a cursory look at the benefits gained by

the communities from these projects. The quality of projects identified by the CSOs may also be considered in the assessments in terms of sustainability. 📄

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