



Support to the Local Government Units for More Effective and Accountable
Public Finance Management (LGU PFM 2)



FC 2: OPERATIONALIZING THE LGU PFM REFORM THROUGH THE PFMIPs

Nov 11&12 Visayas cluster: Iloilo

Nov 18&19 Luzon 1 cluster: Clark

Nov 25&26 Luzon 2 cluster: Manila

Dec 2&3 Mindanao cluster: Davao

BREAKOUT GROUPS

Visayas	Luzon 1	Luzon 2	Mindanao
Reg 6: Gerrie	CAR: Norman	Reg 4A: Gerrie	Reg 9: Gerrie
Reg 7: Minette	Reg 1: Ian	Reg 4B: Minette	Reg 10: Norman
Reg 8: Ian & Norman	Reg 2: Minette	Reg 5: Ian	Reg 11: Minette
	Reg 3: Gerrie	NCR: to join 4A	Reg 12: Ian
			Reg 13: Ian



BREAKOUT SESSION 1

(1:00-2:00PM)

Sharing different modalities of OA's in
providing TA/support to the LGUs



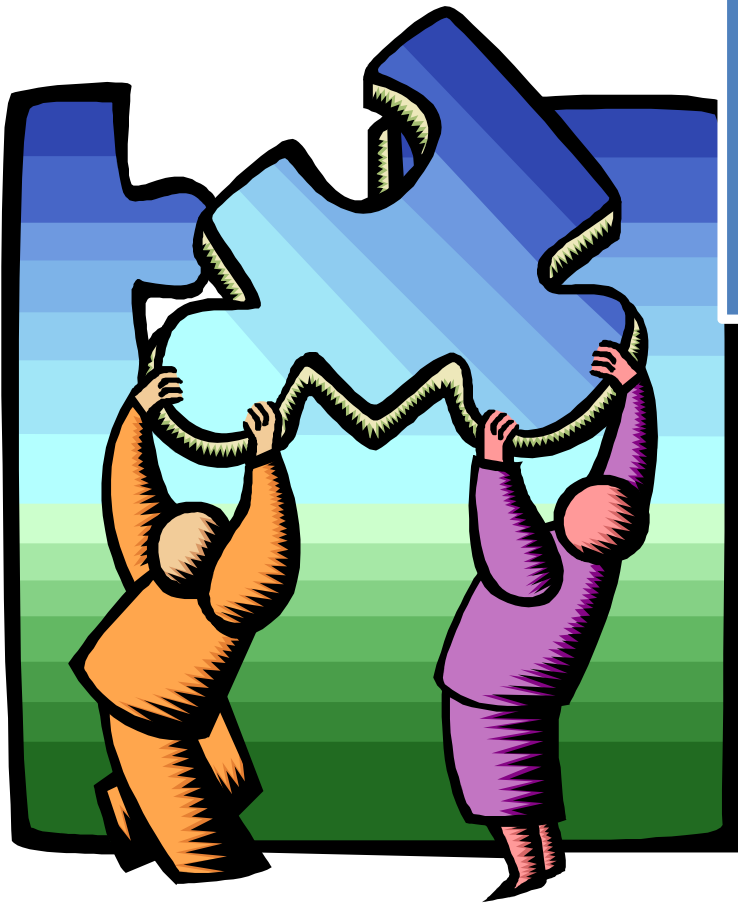
Objectives:

For the participants to

- Identify the core processes in providing technical assistance;
- Identify suppliers, inputs, outputs and customers of each step in the TA process

GTKY a Little Better...

How do you provide technical assistance/support to LGUs?



Activity: SIPOC

S-Supplier of the input

I – Input to the process

P-Process of providing technical assistance to the LGUs

O- Output of the specific step in the process

C- Customers or users of the output

Each OA fills up a SIPOC template

Activity: Do we have a BINGO?

Supplier	Input	Process	Output	Customers
		Assess		
		Design/Scope		
		Deliver/Implement		
		Monitor and Evaluate		
		Report findings and take action		

An example of filling up the SIPOC

Supplier(s)	Inputs	Process	Outputs	Customers
LGU	PFMAT	Assess	PFMAT ratings	LGUs OAs
Not being done	Not being done	Design and Scope	Not being done	Not being done

Defining our process of providing technical assistance to the LGUs



Assess

- Assessment is the process of understanding how an organization is currently functioning.
- The process engages targeted stakeholders to define its desired and current performance level, establish the causes of performance gaps or drivers of organizational effectiveness.





Why it is done

This step is important in analyzing root causes of performance issues and serves as basis for gaining a shared understanding of generating and prioritizing solutions/ interventions;

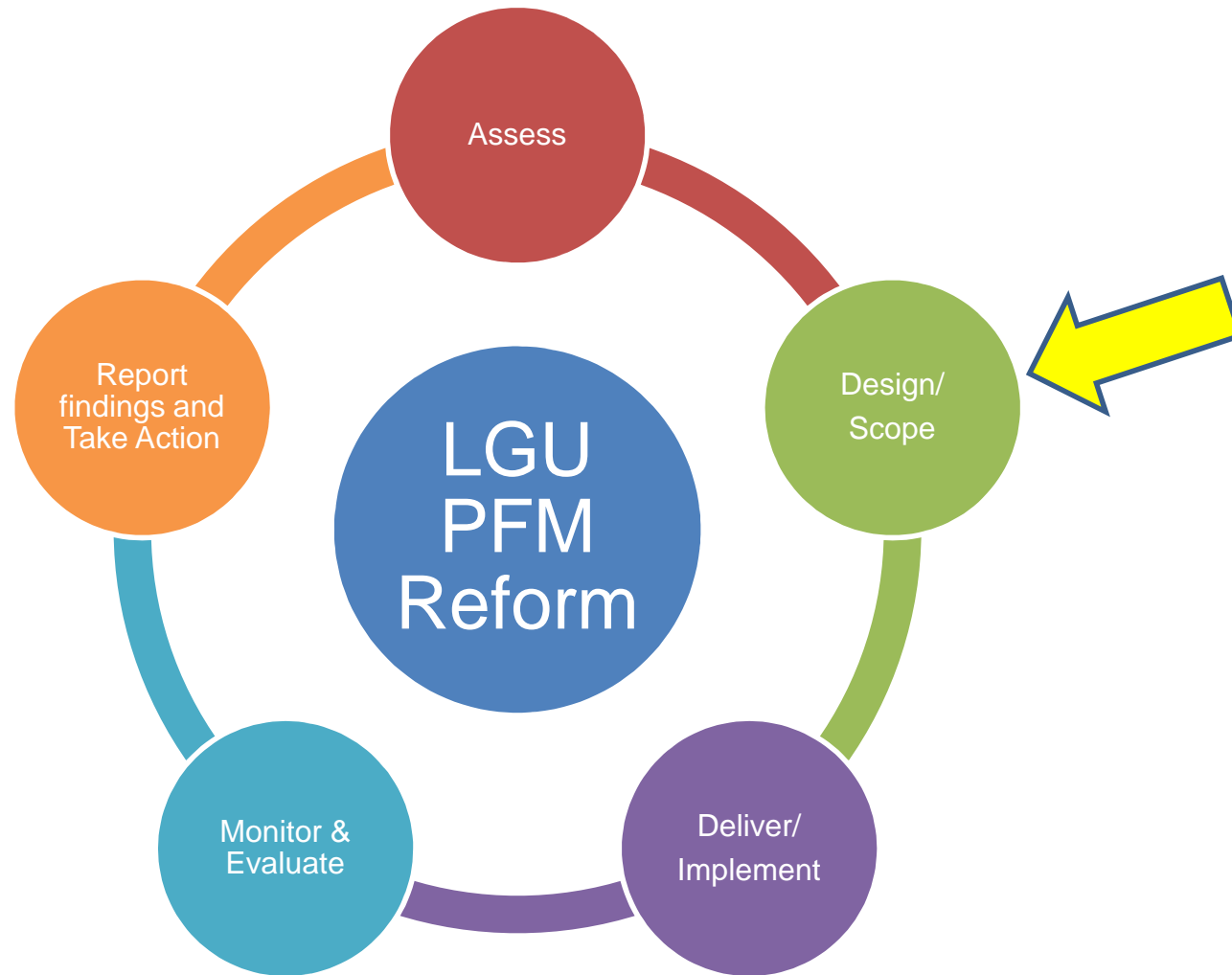
Activity

1. Fill up your SIPOC table on “assess” by describing how you assess the PFM issues /concerns of LGUs
2. Identify your role in the SIPOC by posting a sticker dot in the cell where you play a role in the assessment stage.

Activity

Supplier(s)	Inputs	Process	Outputs	Customers
LGU	PFMAT 	Assess	PFMAT ratings 	LGUs OAs
Not being done	Not being done	Design and Scope	Not being done	Not being done
		Deliver/ Implement 		
		Monitor and Evaluate 		
		Report and Act		

Defining our process of providing technical assistance to the LGUs



Design and Scope interventions

- OAs and LGUs agree on the PFMIPs and roles/support/ TA to be provided by the different stakeholders. e.g OAs etc.
- OAs and LGUs reflect the scope of interventions and other agreements in a Memorandum of Understanding.

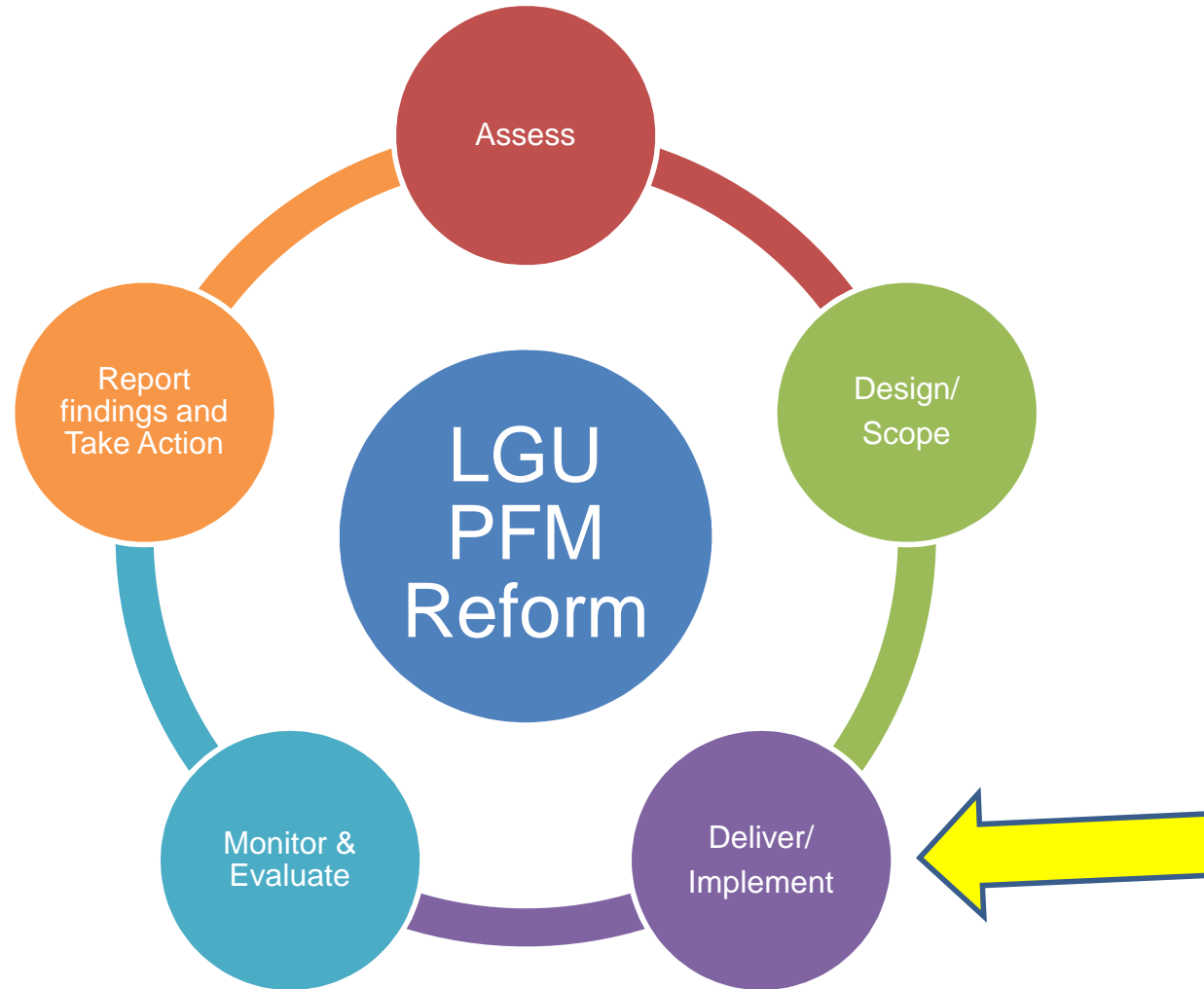
Why it is done

- OAs and LGUs gain a shared understanding of their roles, deliverables and reflect this in a formal document e.g MOU.
- OAs have a clear picture of the requirements of the LGUs and the roles of each OA in responding to their needs;
- OAs can define the scope of their interventions;

Activity

1. Fill up your SIPOC table on design and scoping and describe how you currently design and scope your interventions /TA to LGU 2.
2. Identify your role in the SIPOC by posting a sticker dot in the cell where you play a role in the design/scoping stage.

Defining our process of providing technical assistance to the LGUs



Deliver

- Implementation of the technical assistance or capacity development interventions.
- Possible entry points are:
 - Process enhancements
 - System improvements
 - Structural change
 - Improvements in competencies
 - Leadership strengthening
 - Strategy formulation

Deliver

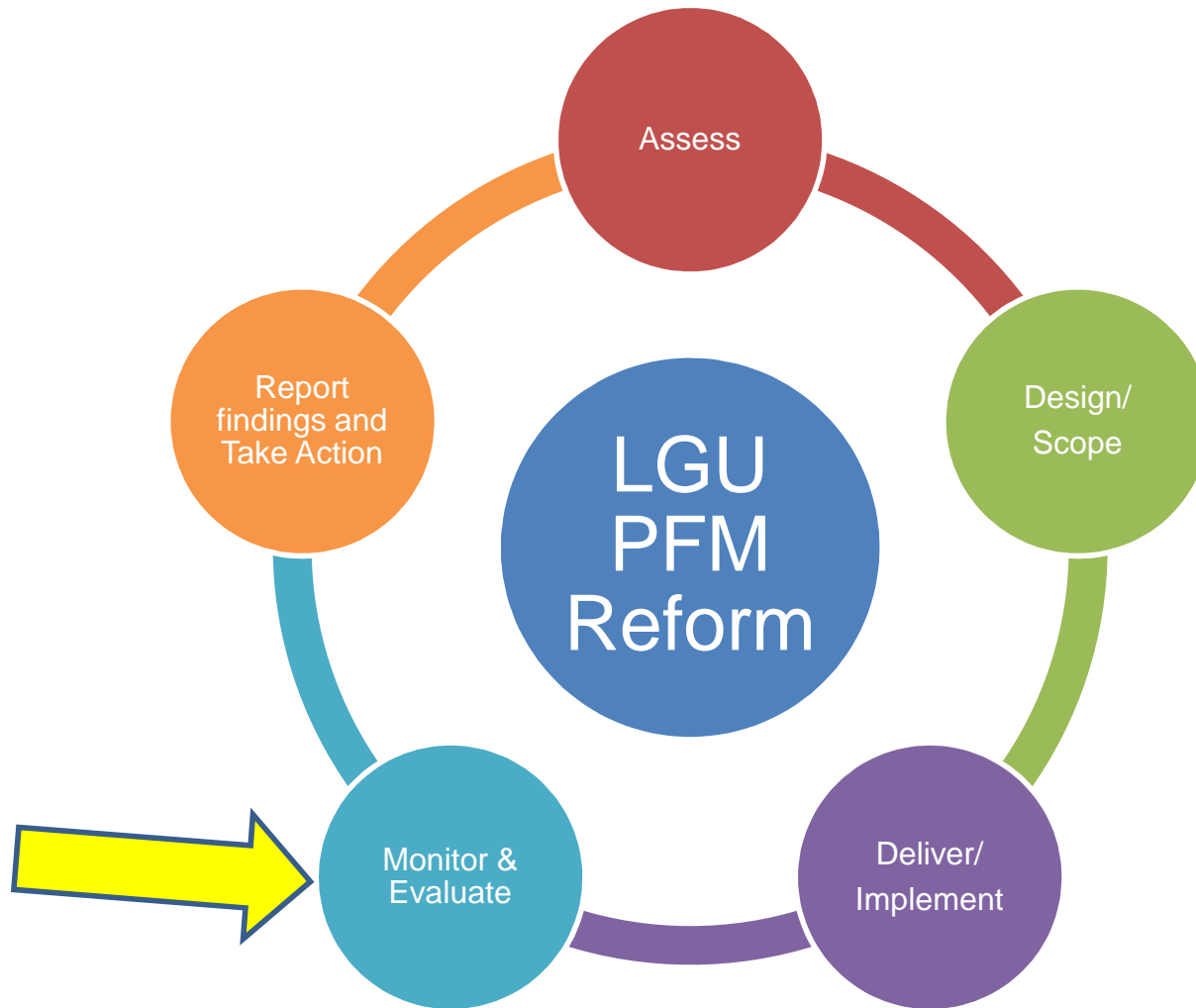
Why it is done

- Help LGUs achieve their performance targets;

Activity

1. Fill up your SIPOC table on Delivery and describe how you currently deliver your interventions/TA to LGUs;
2. Identify your role in the SIPOC by posting a sticker dot in the cell where you play a role in the delivery stage.

Defining our process of providing technical assistance to the LGUs



Monitor and evaluate

- During the monitoring and evaluation phase, data are collected and information gathered on the extent of attainment of targets;
- Information is used as basis for continuously improving the technical assistance provided to the LGUs

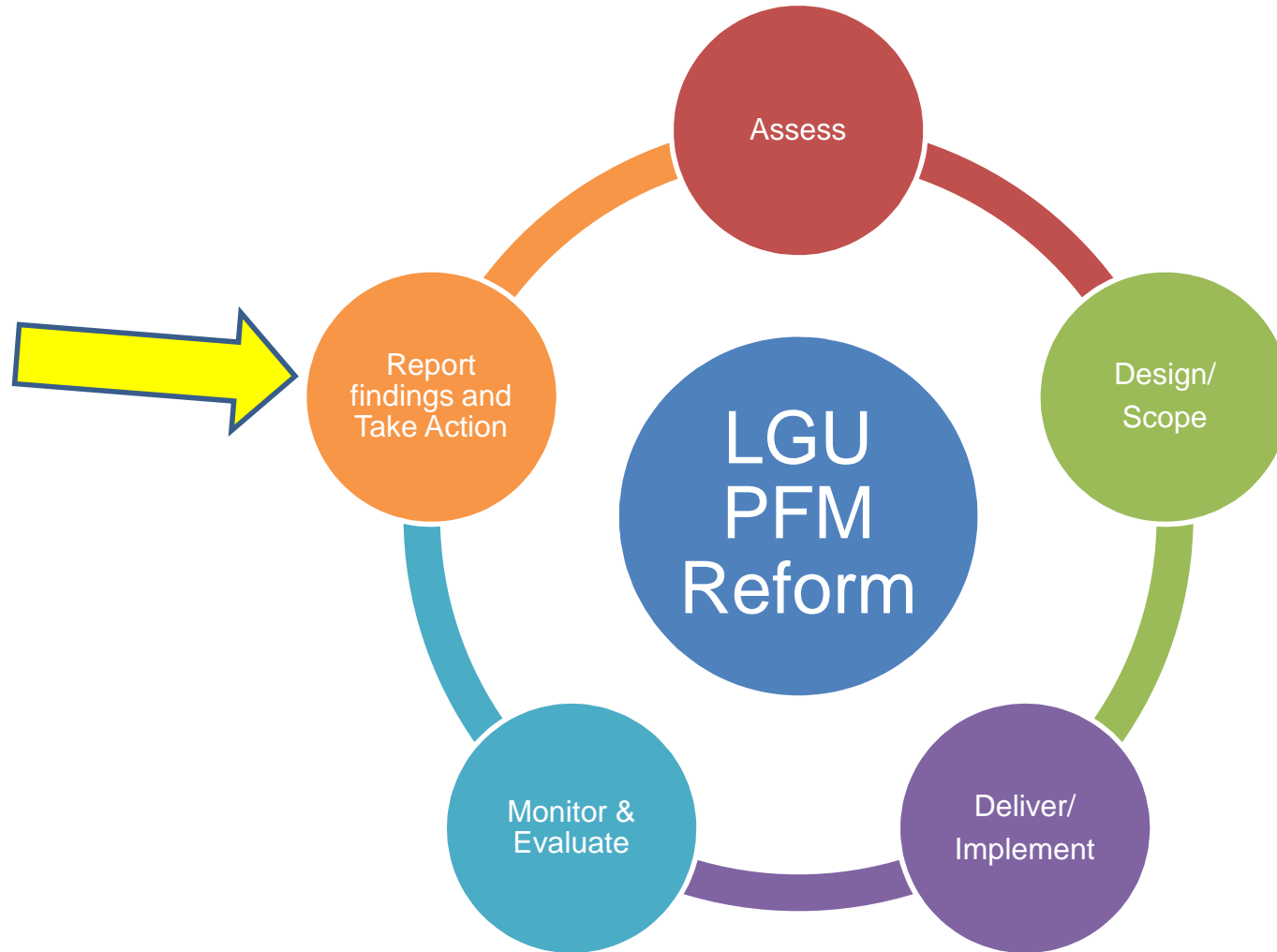
Why it is done

- We monitor and evaluate the learning assistance provided to continuously improve the process of providing TA to LGUs

Activity

1. Fill up your SIPOC table on M&E and describe how you currently M&E your interventions /TA to LGUs;
2. Identify your role in the SIPOC by posting a sticker dot in the cell where you play a role in the M&E stage.

Defining our process of providing technical assistance to the LGUs



Report findings and take action

- Process of disseminating actions taken by the OAs/RIATs
- in responding to the requirements of the LGUs;

Why it is done

- Build the credibility of the RIATs/OAs as providers of solutions and technical support to the LGUs;
- Build body of knowledge on TAs being provided to LGUs on PFM

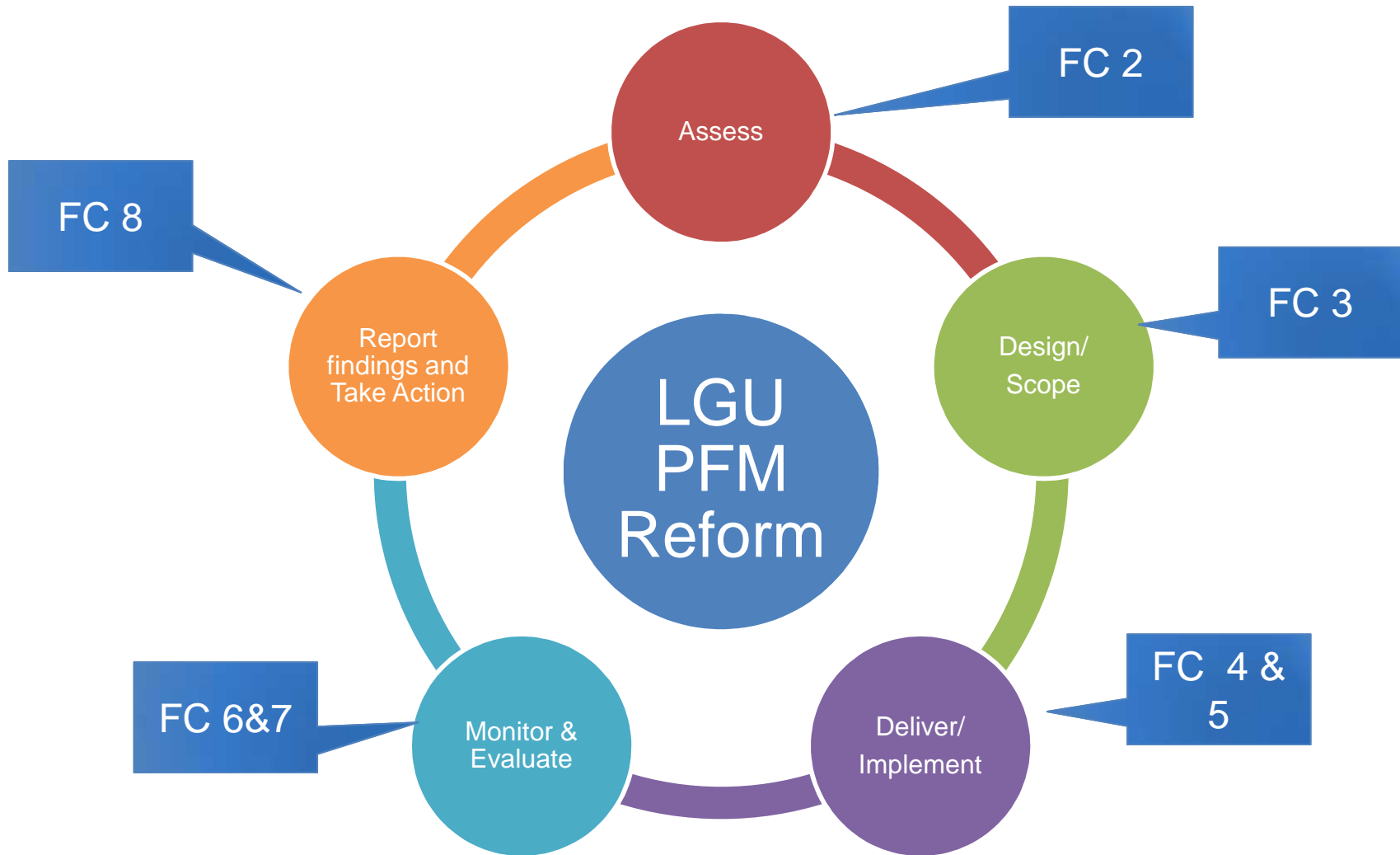
Activity

1. Fill up your SIPOC table on report findings and describe how you currently report and act on the M&E findings of your interventions /TA to LGUs
2. Identify your role in the SIPOC by posting a sticker dot in the cell where you play a role in the reporting of the findings and taking action stage

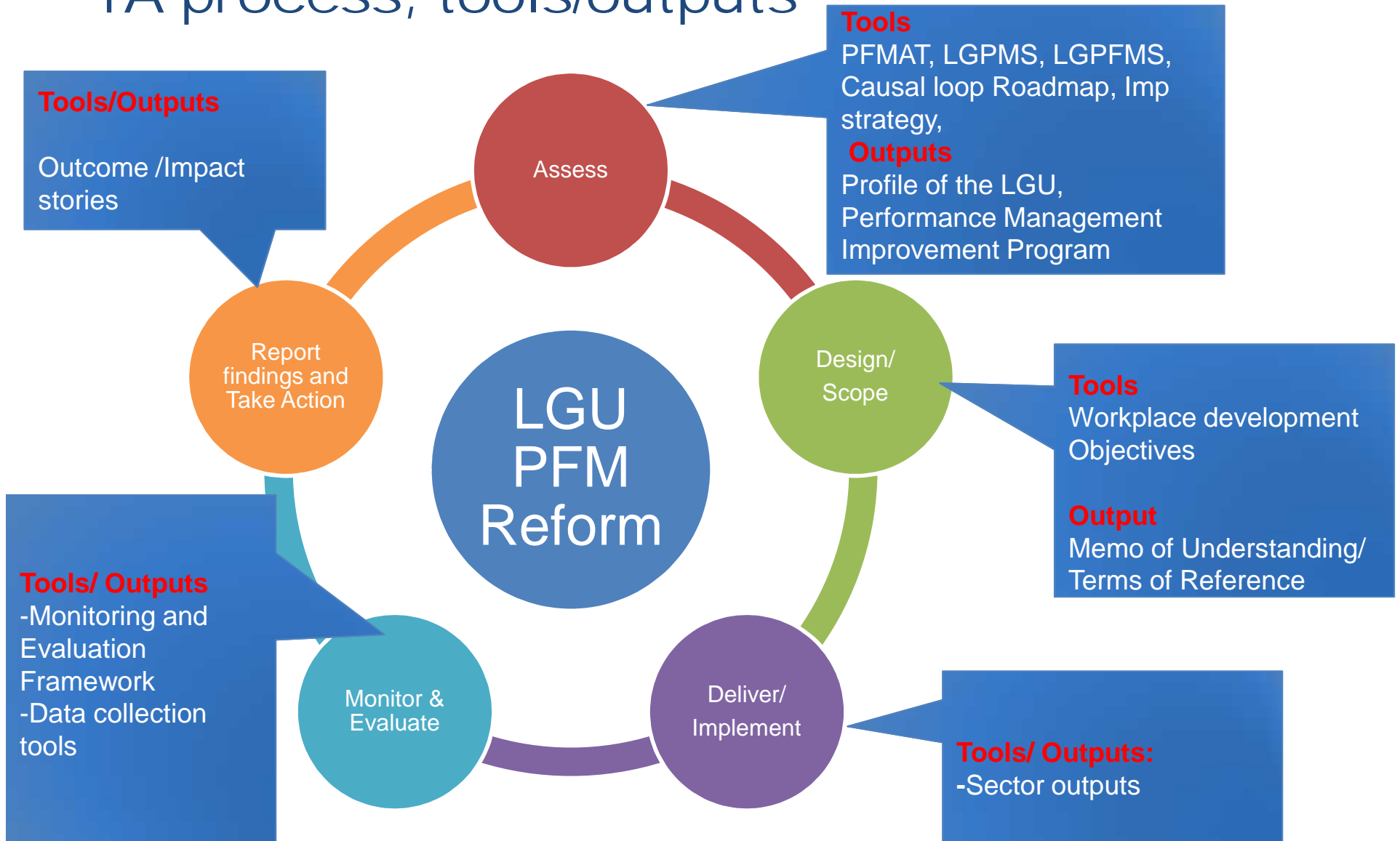
Analysis

- What is this telling us about our process?
- What are our strengths? Opportunities for improvement?
- What are the roles we play in the process of providing technical assistance to LGUs?
- What are our stakes?

TA process and CapDev interventions to be provided by the project



TA process, tools/outputs





BREAKOUT SESSION 2

(2:00-3:00PM)

Sharing the experience in preparing the
Profile of the Focus LGUs

Objectives

- Gain a shared understanding of the profile of the focus LGU by reviewing /revisiting currently used assessment tools by the RIATs;
- Gain insights on the strengths and opportunities for improvement of the team in providing technical assistance to a focus LGU;



How did we work on our assignments?

Sharing results of PFM diagnostic & performance measurement tools

Critical Dimensions	PFMAT	LGPMS	LGFPMS
CD1: Policy-based budgeting			
CD2: Comprehensiveness & Transparency			

Sharing results of PFM diagnostic & performance measurement tools

Critical Dimensions	PFMAT	LGPMS	LGFPMS
CD3: Credibility of the budget			
CD4: Predictability and Control in Budget Execution			

Sharing results of PFM diagnostic & performance measurement tools

Critical Dimensions	PFMAT	LGPMS	LGFPMS
CD5: Accounting, Recording & Reporting			
CD6: Internal & External Audit			
CD7: Citizens' Participation			

Implications for moving forward: strengthening the team

What needs to be done	Actions taken	Schedule
Choose a leader		
Define time lines		
Leader to call for meetings		
Have a directory/ viber group/ FB group		
Set a meeting time		



BREAKOUT SESSION 3

(3:00 – 6:00 PM)

Understanding the PFMAT thru the Causal
Loop Diagram (CLD)

Objectives:

For the participants to

Content:

- Gain a shared understanding of factors or determinants of improved performance in each critical dimension;
- Identify the effects of improved performance in each critical dimension;
- Establish the link between the assessment tools and the PFM Improvement Plan;

Process

- Engage targeted stakeholders in the assessment phase;

Activity: Causal Loop (20 mins)

Given the shared knowledge on our focus LGU, we will now try to understand more our focus LGUs PFMAT rating thru the CLD.....

1. Divide the RIATs (Assign the pax to the different CDs).

Critical Dimensions	Description
CD 1	Policy-based budgeting
CD 2	Comprehensiveness & Transparency
CD 3	Credibility of the Budget
CD 4	Predictability & Control in budget execution
CD 5	Accounting, recording & reporting
CD 6	Internal & External Audit
CD 7	Citizens' Participation

2. Tapetes of each CD are on the walls.
3. Use metacards for the causal loop.
4. After 20 mins, we will go around each CD and prepare powerful questions

What is the Causal loop

- An analytical tool used to understand complex issues or problems.
- Can be used to trace the causes and effects of a problem, or a series of problems, and how they link or interact with each other.
- It identifies what variables the local government units and oversight agencies can effectively influence and what actions are beyond their ability to change.

Why do a causal loop

- Provides a coherent picture of the issue, having incorporated the views of different stakeholders;
- Provides an opportunity for stakeholder engagement;
- Provides an array of entry points for change;

NOTE: RIATs to coach LGU PFM teams of their respective focus LGUs in preparing more responsive PFMIPs using the causal loop diagram

Activity:

1. Define starter statement: CD rating in the PFMAT of your focus LGU.

CD 1: Policy-Based budgeting



Activity:

2. Identify factors or enablers or determinants of the CD.

What are the factors/enablers or determinants that will improve the rating of your focus LGU in this CD. State the determinants of performance in a neutral term instead of a problematic phrase.

Example : level of competency of LGUs in CDP formulation

Mechanics

Write our ideas

- Concise
- Complete idea
- Use neutral language
- 1 concise, complete, neutral idea per card

Mechanics

3. Identify sub-factors

- For each factor contributing to the improved CD rating of focus LGUs, identify sub-factors contributing to the main factor

Mechanics

4. Identify the effects if CD rating is improved

Use neutral statements or phrases for stating cause and effect variables.

Example: quality of vertical and horizontal linkage of plans

Mechanics

5. Show the links between variables by identifying what is influencing what

- Identify the cause –effect relationship of the variables by drawing the arrows



Lets firm up our causal loop

- Lets review other factors/capacity areas for attaining our desired level of TA/support to the LGUs.

Possible entry points for improving ratings in PFMAT

Environment Protective, Climate Change Adaptive and Disaster Resilient LGUs

Socially protective and Safe LGUs

Competitive and Business Friendly LGUs

Accountable, transparent governance

Improved capacities of Oversight Agencies to provide Support/technical assistance

Leadership

Process and Systems

Structure

Knowledge and Learning

Enabling policies

Competencies

Strategy: Convergence, Collaboration, Integration, Complementation



1. Leadership

- Presence of mechanisms for:
 - Defining **vision, mission** and **values**, and setting **strategic directions towards the improvement of PFM in the LGUs/ implementation of PFM reforms**;
 - Developing **talent and inspiring people in LGUs to improve its PFM performance**;
 - **Engagement of leaders in improving PFM of the LGU**
- **Pointers for assessment**
 - **Level of engagement of LCEs in the implementation of LGU PFM Reform**;

2. Process and systems

- **Procedures** for implementation of the LGU PFM reform /
Pointers for assessment:
 - Strategic?
 - Documented? (manual, flowchart, plan, protocols, SOP)
 - Approved?
 - Standardized?
 - Streamlined?
 - User-friendly/ customer-focused?
 - Implemented/ used?
 - Participatory?
 - Transparent?

3. Structure

- Presence of **appropriate structure** (office, committee or work group) with **defined authority, roles and accountability** for implementing PFM reforms;

Points for assessment:

- Is the structure functional?
- Is it helpful in providing TA to the LGUs?

4. Knowledge and Learning

- Mechanisms for **generating, analyzing , using and sharing data** and information as basis for **decision-making** and **continuous improvement**
- **Pointers for assessment:**
 - Data or database is accessible to and used
 - Pooled M&E data are used
 - Continuously improving processes of generating, analysing, using and sharing data, information and knowledge

5. Enabling Policies

- Presence of **policy related to implementing PFM reforms**

Points for assessment:

- Presence/ absence?
- Sufficient/ effective/ with gaps?
- Conflicting?
- Up-to-date?
- Disseminated?
- Enforced?

6. Competency

- **Knowledge and skills** of targeted stakeholders of PFM reforms who need to perform their assigned functions in the implementation of PFM reforms

Technical competencies

- Leadership competencies
 - Project /Change management competencies
-
- **Points for assessment:**
 - Level of proficiency
 - Level of motivation/ productivity

7. Strategy: Convergence / collaboration

- Establishes convergence mechanisms as a strategy for implementing PFM reforms

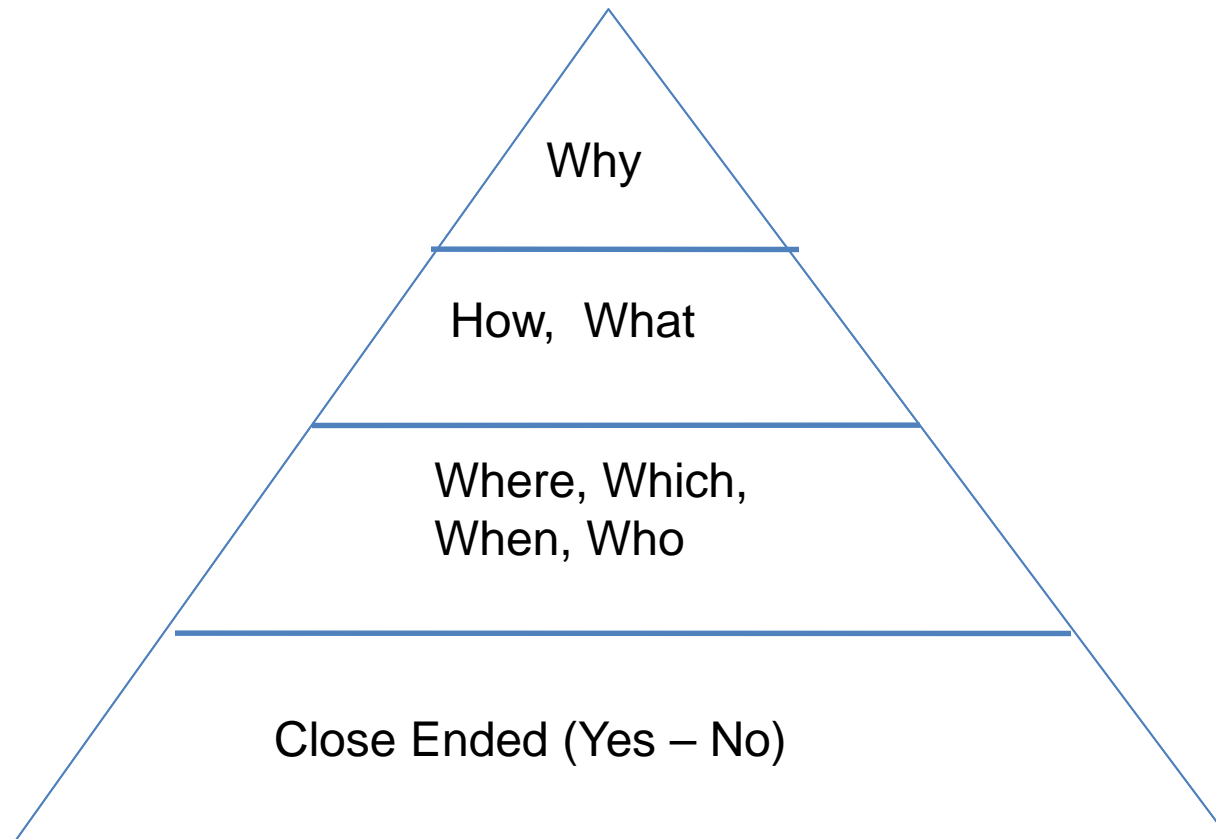
Pointers for assessment:

- Does the LGU espouse convergence in the implementation of PFM reforms

Activity (Cybernetics)

1. You will now get a chance to review the CLD of the other CDs. (10 mins per CD)
2. Ask powerful questions by writing in post its and placing these questions opposite the metacards you have clarifications on.
3. You are not allowed to change the other CLD as changes will only be done by the one originally assigned to that CD.
4. Once you are back in your original CD, review the powerful questions and respond to them by revising your CLD.

Powerful Questions



SOURCE: Vogt, Eric. "The Art and Architecture of Powerful Questions."

Examples

- How does revenue mobilization affect policy-based budgeting?
- How does service delivery affect credibility of the budget
- How does attainability of revenues contribute to credibility of the budget?
- What factors affect support of local officials?



Receiving powerful questions

- You do not have to answer;
- Work back on tapetes to address the questions/ clarifications and report in plenary

Application

- What do you like about the process we just did?
 - Easy?
- Challenging?
- Why did we do it this way?
- How can we apply this when we deepen our assessment of our focus LGU?



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Public Finance Management (LGU PFM 2)



FC 2: OPERATIONALIZING THE LGU PFM REFORM THROUGH THE PFMIPs (Day 2)

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Nov 18&19 Luzon 1 cluster: Clark

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BREAKOUT SESSION 4

Crafting PFMIPs based on CLDs using the
Roadmap and Implementation Strategy as
Guide



Management of learning

- What did we do yesterday?
- What struck you the most?
- Aha moments?

Objectives:

For the participants to

Content:

- Understand and appreciate the link between the assessment tools and the PFM improvement tool;
- Prioritize policy agenda and implementation strategies by 2016;

Process

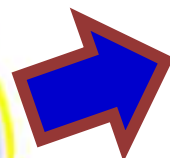
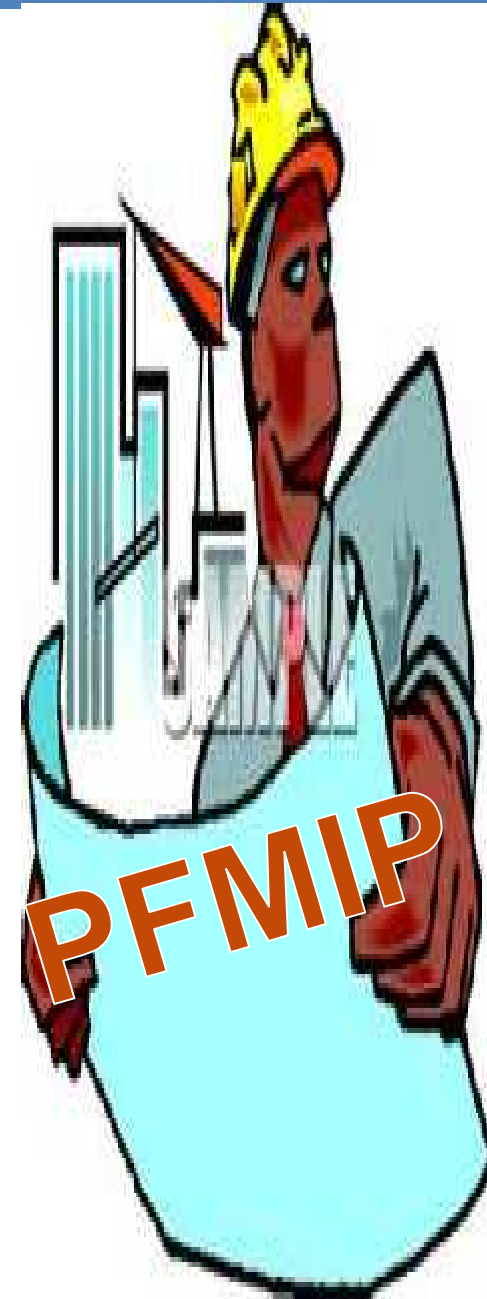
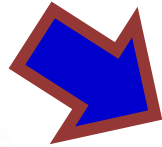
- Engage targeted stakeholders in the assessment phase;



PFMAT



PFMAR





LGFPMS

○ Revenue Indicators

- Revenue Potential
(Possible revenue collections over time)
- Revenue Stability and Reliability
(Revenues under LGU control)
- Revenue Mobilization Efficiency
(Collection efficiency)

○ Expenditure Indicators

○ Debt and Investment Indicators



LGPMMS

○ Financial Indicators

- Cost to collect revenues
- Locally-sourced revenues to total income
- Regular revenues to total income
- Locally sourced revenue level
- Locally-sourced revenue per capita
- Real Property Tax Accomplishment Rate
- PS Expenditure Ratio
- Total expenditures per capita
- Debt service ratio
- Revenue Growth
- Growth in locally-sourced revenue per capita



PFMAT

PFMAR



LGFPMS

PFMIP



LGU PFM REFORM ROADMAP AND IMPLEMENTATION STRATEGY



The PFM Improvement PLAN / Program (PFMIP)

LGU: Municipality of San Julian for Fiscal Year 2015

PROBLEM	INTERVENTIONS	OUTPUTS	SCHEDULE	RESP. UNIT	BUDGET
Weak link between development plans and budget due to absence of a CDP	Issue Sanggunian Resolution making the CDP/LDIP/AIP as requirements in budget preparation	Sanggunian Resolution	Jan- Mar 2015	Sanggunian	P 20,000
	Conduct Training on the Updated CDP Guide	Training provided to LDC	Feb-June 2015	MPDO	P 400,000
	Conduct Workshops to prepare CDP and update LDIP	CDP and updated LDIP	June - Sept 2015	LDC	P 800,000



PFMAT

PFMAR



PFMIP

LGU PFM
REFORM
ROADMAP
AND
IMPLEMENTATION
STRATEGY



LGFPMS



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	Conduct Training on the Updated CDP Guide	Training provided to LDC	Mar-June 2015	MPDO	P 400,000
	Conduct Workshops to prepare CDP and update LDIP	CDP and updated LDIP	June - Aug 2015	LDC	P 800,000



THE LGU PFM REFORM ROADMAP

POLICY AGENDA	POLICY TOOL	OUTCOMES	INDICATORS	RESP. UNITS
Link between PDPFP/CDP-LDIP-AIP and Budget	Strengthen the linkage between PDPFP/CDP - LDIP-AIP and Budget	<p>2016: All LGUs capacitated to prepare and update their CDPs and matching LDIPs from which AIP is culled</p> <p>2019: LGUs prepare and update their CDPs and matching LDIPs from which AIP is culled</p>	<p>2016: Proportion of LGUs with enacted or draft PDPFPs/CDPs and LDIPs prepared and harmonized according with DILG/NEDA Guidelines</p>	DILG NEDA DBM BLGF LGUs

The PFM Improvement PLAN / Program (PFMIP)

LGU: Municipality of San Julian for Fiscal Year 2015

PROBLEM	INTERVENTIONS	OUTPUTS	SCHEDULE	RESP. UNIT	BUDGET
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	Conduct Training on the Updated CDP Guide	Training provided to LDC	Mar-June 2015	MPDO	P 400,000
	Conduct Workshops to prepare CDP and update LDIP	CDP and updated LDIP	June - Aug 2015	LDC	P 800,000



THE LGU PFM IMPLEMENTATION STRATEGY					
POLICY AGENDA	POLICY TOOL	IMPLEMENTATION STRATEGY (OA)	OUTCOMES	RISK REGISTER	
		IMPLEMENTATION STRATEGY (LGU)		RISKS	MITIGATION
Link between PDPPP/CDP-LDIP-AIP and Budget	Strengthen the linkage between PDPPP/CDP-LDIP-AIP and Budget	Enhance CDP / LDIP Manual	2016: All LGUs capacitated to prepare and update their CDPs and matching LDIPs from which AIP is culled 2018: LGUs prepare and update their CDPs and matching LDIPs from which AIP is culled 2022: Strong linkage between PDPPP/ CDP-LDIP-AIP and Budget ensured	Capacity of ROs' technical personnel to provide TA to LGUs	CapDev for ROs on PFM tools
		Issue policy reiterating compliance with Balanced CDP Manual			

WHY PFMIP?



Do you agree that the allocation of resources should be based on a comprehensive plan?



Do you agree that revenue collections and expenditures by any government agency should be disclosed to the public?



government transactions should be recorded in the books of accounts and

repe

lebo

naoys o



Do you agree that increased civic participation will help curb irregularities in government transactions?



Do you agree that local economic enterprises should be viable?

pe AISP163



Do you agree that revenue generation is critical to the LGUs?

70223



Do you agree that all government transactions should be scrutinized?

210210 26 2011111263

Remember....

- These PFMIPs are not meant to replace the PFMIPs prepared by the focus LGUs
- It is only meant to expose the RIATs as to the form, content and how best to coach the LGUs in improving their PFMIPs

Why do the PFMIP of Ipil?



To know and not to do, is really not to know.

To learn and not to do is not to learn.

In other words, to understand something but not apply it is really not to understand it.

It is only in the *doing*, the *applying*, that knowledge and understanding are *internalized*.

© Stephen R. Covey

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Process in preparing the PFMIPs

1. Review your Causal loops. Prioritize the CDs that will help improve the PFM system in your focus LGU based on the inputs on the technical and non technical considerations sessions in Day 1.
2. After you have prioritized, look at Roadmap Implementation Strategy matrix found on pp 6-28. Use excel template provided which identifies which CDs address the policy agenda.
3. Work on the prioritized CDs and identify activities, outputs, Responsible units
4. In prioritizing activities, identify activities that are doable, implementable, measurable and acceptable by critical SH by December 2015. You may use the Risk Matrix to guide you.

Sequencing example: Internal Audit

Example of PFM reform activity	Scope and complexity	Behaviour change	Number of institutions	Time required	Visibility and impact	Degree of risk
Establish internal audit unit and service	High	High	Low	High	Low	High

Sequencing to reduce risk and improve PFM (change management)

Customize PGIAM for LGUs	Low	Low	Low	Low	Low	Low
Conduct TOT on LGUs IAM	Low	Low	Low	Low	Low	Low
Conduct internal audit and produce report	Medium	Low	Low	Medium	Medium	Low
Dialogue with LGU management on report findings	Medium	Medium	Low	Medium	Medium	Low

Benefits

: Internal audit manual tool and LGU capacitation in use of tool
 Management appreciation of importance of internal audit improved
 Creates demand for internal audit unit to house tool



PROFILE of <<Focus LGU>>

Plenary Presentation of Outputs

Basic Profile

Location	
Income Classification	
Land Area	
Population	
Population Density	
Economic Area	
Other Facts	

LGU PERFORMANCE

Local Governance Performance Management System

#	Survey Year	Administrative	Social	Economic	Environment	Good Governance	Over All Rating
1							
2							

LGU PERFORMANCE

Awards Received

Number	Award Title	Award Giving Body
1		
2		
3		
4		
5		

LOCAL OFFICIALS

#	Name	Position	Term of Office
1		CITY MAYOR	
2		CITY VICE-MAYOR	
3		SANGGUNIANG PANLUNGSOD	
4		SANGGUNIANG PANLUNGSOD	
5		SANGGUNIANG PANLUNGSOD	
6		SANGGUNIANG PANLUNGSOD	
7		SANGGUNIANG PANLUNGSOD	

LOCAL OFFICIALS

#	Name	Position	Term of Office
8		SANGGUNIANG PANLUNGSOD	
9		SANGGUNIANG PANLUNGSOD	
10		SANGGUNIANG PANLUNGSOD	
11		SANGGUNIANG PANLUNGSOD	
12		SANGGUNIANG PANLUNGSOD	



Revenue Generation Capacity



Resource allocation and expenditure data

Legislative and Development Planning Profile

	Period/Dates
Revenue Code	
Local Investment and Incentive Code	
Zoning Ordinance	
Environmental Code	
Comprehensive Development Plan	
Comprehensive Land Use Plan	
Local development Investment Program	
Annual Investment Program	

LCE Profile

Mayor	
Party	
Term of Office	
Other Pertinent Data	

PFM Critical Dimensions

Strengths	Areas for Improvement

Prioritized Critical Dimensions and Policy Agenda

Prioritized Critical Dimension	Policy Agenda



Application

- What are your thoughts on the tool we just completed?
- Easy? challenging
- How will you apply this in your focus LGU?

Prepare for Plenary

1. Each RIAT will present the ff in 15 mins:
 - Profile of their focus LGUs
 - Prioritized PFMIPs
2. The next 15 mins will be an Open Forum to clarify matters
3. The next 15 mins will be comments from the Panelists.
 - Dir July Pacificador
 - Mr Ian Collins
 - Dr Norman Ramos
4. After all the RIATs have presented , we will give each RIAT time to review their PFMIPs and prepare for their FC 3 assignments.

Next steps

1. Revisit and fill up the remaining columns of your PFMIP (modified version as prerequisite for FC 3)

Validation done	Level of readiness of LGU to perform the policy agenda	Data Source	Level of readiness of RIATs to provide support needed from the RIATs

2. Based on your completed PFMIP of your focus LGUs, prepare a draft TOR/MOU to reflect:

- Scope of TA from assessment, scope and designing , delivery , M&E and report and acting on findings;
- Design of TA;
- Roles, deliverables of LGUs & RIATs
- Timetable of TA
- Resources/counterpart to be provided by LGUs

PLENARY

Atty Leila Magda Rivera

Process

1. Each RIAT will present the ff in 20 mins:
 - Profile of their focus LGUs
 - Prioritized PFMIPs
2. The next 10 mins will be an Open Forum to clarify matters
3. The next 15 mins will be comments from the Panelists.
 - Dir July Pacificador
 - Mr. Ian Collins
 - Dr Norman Ramos
4. After all the RIATs have presented , we will give each RIAT time to review their PFMIPs and prepare for their FC 3 assignments.

CLOSING MESSAGE

Dir July Pacificador