



**Republic of the Philippines**  
**NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY**  
NEDA SA Pasig, 12 Blessed Josemaria Escrivá Drive, Ortigas Center Pasig City 1605  
P.O. Box 419 Greenhills • Tels. 631-0945 to 64  
[http: www.neda.gov.ph](http://www.neda.gov.ph)

**MEMORANDUM**

**FOR:** HONORABLE MEMBERS OF THE CABINET  
REGIONAL DEVELOPMENT COUNCIL CHAIRS

**FROM:** The Secretary of Socio-Economic Planning

**SUBJECT:** **PLANNING GUIDELINES ON THE FORMULATION OF THE MEDIUM-TERM PHILIPPINE DEVELOPMENT PLAN AND THE ACCOMPANYING MEDIUM TERM PUBLIC INVESTMENT PROGRAM BASED ON THE NATIONAL DEVELOPMENT/10-POINT AGENDA**

**DATE:** 26 July 2004

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1. In line with the Cabinet Memorandum dated July 1, 2004 which directs the NEDA Secretary to issue the circular for the formulation of the Medium-term Philippine Development Plan (MTPDP) based on the 10-point agenda, we are providing for your guidance the Planning Guidelines.
  2. The Guidelines contain the contents and the planning process and organizational framework to be followed in preparing the MTPDP and the accompanying investment program, the Medium-term Public Investment Program (MTPIP).
  3. The MTPDP and the MTPIP shall be presented to the Cabinet/NEDA Board-LEDAC for approval on October 11, 2004. The Regional Development Plans/Investment Program shall be submitted to the President on November 25, 2004.
  4. The NEDA shall make use of existing NEDA Board and other inter-agency committees as venues for discussion. Where appropriate inter-agency committees are non-existent, the NEDA shall create new committees, as well as sub-committees. An inter-agency committee may refer/endorse related issues to other committees for further discussion and recommendation.
  5. All members of the Cabinet and their respective agencies/organizations are hereby requested to prioritize this undertaking to meet the President's instruction to complete the Plan in 100 days.

For action.

  
**ROMULO L. NERI**  
Secretary of Socio-Economic Planning

Cc: Executive Secretary Alberto G. Romulo  
Cabinet Secretary Ricardo L. Saludo

## **GUIDELINES FOR THE FORMULATION OF THE MEDIUM-TERM PHILIPPINE DEVELOPMENT PLAN AND MEDIUM- TERM PUBLIC INVESTMENT PROGRAM, 2005-2010**

These guidelines, which are integral to the Memorandum Circular, are issued to guide the formulation of the Medium-Term Philippine Development Plan (MTPDP), Medium Term Public Investment Program (MTPIP) and the Regional Development Plans/Investment Programs for the period 2005-2010.

The MTPDP and the MTPIP shall substantially focus on achieving the President's 10-point agenda which she enunciated on June 30, 2004 and further elaborated in the National Development Agenda that was presented and approved by the Cabinet in its meeting held July 1, 2004.

Supplemental guidelines shall be issued by the NEDA to the Regional Development Councils (RDCs) on the formulation of the Regional Development Plans/Investment Programs which shall serve as accompanying documents to the MTPDP and MTPIP.

### **I. RATIONALE AND LEGAL BASIS**

As the government's national planning agency, the NEDA coordinates the formulation of the country's national and regional development plans and the accompanying investment programs, and monitors their implementation.

As the MTPDP, 2001-2004 and its accompanying priority programs and projects come to a close, a successor plan and investment program to build on the gains made under the previous Plan need to be drawn up.

Cabinet Memorandum dated July 1, 2004 (File 070104-05) thus directs the NEDA to coordinate the formulation of the MTPDP and the MTPIP which shall substantially contain activities to achieve the 10-point Agenda and the National Development Agenda .

### **II. VISION**

President Arroyo has laid out the vision for the next six years in her inaugural speech on June 30, 2004 as follows:

“Our unity as a people will be defined by a strong vision for the nation, built on common values of hard work, shared sacrifice, and love of country. The unity we seek is not one of conformity but unwavering respect for the rules and institutions of democracy. A modern country founded on social justice and enjoying economic prosperity. To achieve a united country, we need to face the deep division of our nation squarely not only the truth but also the solution. The solution must engage all segments of society in a new government of political reform and economic change.

Our nation must embrace a vision of economic opportunity, social cohesion, and always and ever democratic faith.”

### III. DEVELOPMENT AGENDA

The Plan shall substantially focus on meeting the President's 10-point Agenda which was further fleshed out in the National Development Agenda approved by the President.

To achieve this vision, President Arroyo laid out a specific program of action in a 10-point Agenda:

1. Creation of 10 million jobs or 1.7 million jobs per year by tripling the loans for small business (from 1 million to 3 million micro, small, and medium enterprises) and developing 2 million hectares of agribusiness land to generate 1 job per hectare.
2. Education for all by constructing 3,000 classrooms every year, providing college/vocational/technical scholarship to qualified poor families, and providing books and computers in every school.
3. Balance the budget.
4. Decentralization of progress and development through the development of transportation networks/roll-on and roll-off ferries and digital infrastructure to connect the entire country.
5. Provision of clean water to all 45,000 barangays and electricity to 1,500 barangays every year
6. Decongestion of Metro Manila by developing new centers of government, business, and housing in Luzon, Visayas, and Mindanao.
7. Development of Subic and Clark as the best international service and logistics center in Asia.
8. Automation of the electoral process.
9. Just completion of the peace process
10. Just closure to the divisions resulting from EDSA 1,2, and 3.

The 10-point Agenda was further fleshed out in the National Development Agenda in a series of Cabinet meetings. Cabinet Memorandum dated July 1, 2004 (File 070104-02) and Cabinet Memorandum dated July 8, 2004 (File 070804-11) further instructed all agencies and the NEDA to prioritize their plans and activities based on the 10-point/National Development Agenda. The National Development Agenda identified fighting targets in support of the 10-point Agenda:

1. bring down the incidence of poverty from 34 percent to 17 percent by 2010 (at least 20 percent);
2. aim for a sustainable growth of 7 percent (at least 6 percent), which shall enable the economy to generate 10 million jobs in 6 years;
3. bring investments to 28 percent of GDP in two years (at least 25 percent by 2010) from the current rate of 19 percent of GDP; and
4. increase exports to \$ 50 billion in two years.

To achieve these fighting targets, the National Development Agenda laid out five main strategies: (1) stabilizing the economy and promoting higher economic growth by reducing the public sector deficit and strengthening the financial system; (2) generating jobs through more globally competitive agriculture, industry, and service sectors; (3) improving the provision of social services and protecting and empowering the vulnerable groups; (4) decentralizing development; and (5) improving governance and promoting national harmony

## **A. Stabilizing the economy and promoting growth through fiscal and financial strength**

Macroeconomic stability is essential for sustained and higher economic growth. With the large public sector deficit as the main source of macroeconomic instability and currently the main drag to higher growth, macroeconomic management shall mainly be focused on fiscal consolidation through revenue measures, expenditure management and addressing the massive losses of the National Power Corporation. The government will seek to balance the budget by 2009. Specific measures to ensure the efficiency of public spending shall also be implemented through the operationalization of the Medium Term Public Investment Program as the critical link between planning, programming and budgeting. The National Government will also veer away from providing devolved services through its national programs.

Private sector financing needs to be mobilized to finance the higher rate of investment. The government will identify measures to strengthen the banking system and continue to reforms made to reduce the banks' non-performing loans. Measures to stimulate the capital market as a source of funds, encourage fresh listings, and attract the savings of overseas Filipinos shall be pursued. At the same time, the government will give greater push to improve the access of small and medium enterprises to financing.

Resources will be mobilized to fund infrastructure projects. This shall include creative methods such as project based financing to avoid imposing further fiscal burden in terms of budget cover and financial guarantees while reducing the moral hazard risks associated with BOT projects.

## **B. Job generation and Global Competitiveness**

Under the philosophy of free enterprise, the way to fight poverty is to create jobs by attracting investments. The government is targeting to create 10 million jobs in six years. To attract investments, the government shall focus on four strategic measures. First is to make food plentiful at reasonable prices to make our labor cost globally competitive. Next is to reduce the cost of electricity to make the cost of running our machines and our manufacturing process competitive with other countries in the region. Third is to modernize our physical infrastructure and logistics system in the least costly manner to ensure the efficient movement of goods and people. Fourth is to mobilize and disseminate knowledge to upgrade our technologies and increase our people's productivity.

To make food plentiful, the government will focus its efforts on developing 2 million hectares for agribusiness and on modernizing the agriculture sector. The government shall allot at least P 20 billion in resources for agricultural modernization and shall use the coconut levy fund to finance the development of coconut-based agribusiness and the Marcos wealth for the development of agribusiness lands in land reform communities.

In agriculture, the policies shall be specifically directed to reducing the high cost of rice, corn, sugar, and other food products through greater productivity and efficient transport, logistics, and irrigation. The government shall continue to fight for self-sufficiency in rice production through gains in productivity, quality, and price

competitiveness. Mariculture shall be developed through extensive mangrove replanting and nurturing of fish sanctuaries.

In industry, reforms shall focus on the following industries which support the achievement of the strategic measures to increase investment and which shall generate high-skill, medium-skill, and low-skill jobs: information and communications technology; fashion garments and jewelry; mining; tourism; construction/housing to address housing backlog; power generation, mining, airlines, shipping and ports, pharmaceuticals, telecommunications, and micro, small, and medium enterprises.

In a knowledge-based economy, the generation and exploitation of knowledge play the predominant role in the creation of wealth. Knowledge creation shall entail the improvement of the educational system and the system's ability to meet industry requirements. Knowledge should also be disseminated to improve productivity across a wide spectrum of sectors as possible. The dissemination of knowledge is especially important to the poor because poverty is linked to their low productivity. Efforts to mobilize knowledge will be directed to disseminating knowledge to the rural poor using extension models such as PCCARD and PhilRice. State universities and colleges (SUCs) shall be tapped for demonstration services, with funds from DBP and LBP. A program to disseminate free patents to SMEs will be launched.

### **C. Social development and direct-anti poverty measures**

The lack of jobs and low productivity, which result in low levels of income, are the major determinants of poverty. Hence, social development and direct anti-poverty measures need to be directed to enhancing the capability of the poor to find gainful income and employment.

To enable the poor to participate in market-oriented and income-generating activities and improve their productivity, efforts shall be directed to basic education, primary health care and nutrition, and housing, which enhances the main assets of the poor: their mind and their body. Under the 10-point agenda, the government shall pursue an education for all policy and shall provide clean water and electricity to all barangays. It will also continue to reduce by half the price of medicine. Given fiscal constraints, the government shall seek to achieve its millennium development goals (MDGs) in the areas of poverty reduction and human development through a broad and strategic partnership among all concerned stakeholders, especially local government units. Kalahi-CIDSS-type measures will continue to be pursued.

The government will also pursue policy reforms that will increase the access of the poor to land and microfinancing.

The poor are generally found in agriculture. One factor accounting for this relationship is the volatility in agriculture income arising from vagaries of weather. Due to the risky character of agriculture, it is equally important to look at measures that will diversify the sources of income of the poor from agriculture alone. This will entail providing seasonal, productive livelihood activities, provision of knowledge extension services and microfinancing.

Given the high incidence and severity of poverty in Mindanao, Muslim Mindanao shall be prioritized in the implementation of affirmative action policies.

## **D. Decentralizing Development**

With 73% of the country's poor reside in rural areas, development must spread to the rural areas and outside Metro Manila. This will not only decongest Metro Manila, but will also slow the pace of migration to Manila and other congested urban centers.

In view of the significant contribution of the regions to national growth, the government shall maximize the region's growth potentials by harnessing their comparative advantages while providing minimum desirable levels of welfare. Improving the efficiency of public spending on infrastructure and securing from LGUs a more active role in the provision of infrastructure and basic services, especially devolved services, will be major strategies. Under the 10-point agenda, Clark and Subic will be developed as logistics centers in Asia.

The decentralization of development is conditioned on the economic and physical integration among regions through efficient transportation and communication. To connect the country, the government shall expand the transportation networks/roll-on and roll-off ferries as well as the country's digital infrastructure. This will reduce transport costs, increase mobility of goods and people across regions, and disseminate information and knowledge efficiently.

Spatial planning will consider the archipelagic nature of the economy and its ecosystem and natural resources. To ensure that development is sustainable over time and does not put undue and irreversible strain on the country's natural resources, natural resources also need to be managed effectively, especially mangrove areas/fish sanctuaries and forests.

## **E. Good Governance and National Harmony**

To attract investments, the government shall continue to improve the business environment by strengthening national security and improving the rule of law. It shall also pursue a sound regulatory regime where rules of the game are fair and predictable, and when their implementation is consistent and transparent. The government shall adopt civil service reforms to make the bureaucracy more responsive and efficient. Procedures shall be simplified to reduce the avenues for corruption and red tape and the cost of doing business.

The government shall seek national harmony through the peace process and healing of wounds arising from EDSA I, II, and III.

It will pursue a societal value formation program (such as the TV civics program) through the formal and non-formal educational system, the media and civic organizations to deliver the message of societal reform to educate our people in values and ways of doing things that make for a better-ordered and enlightened society.

In the implementation of policies and programs, the Plan shall be guided by the principle of respect for human rights and gender equity in development. The gender-specific needs of men and women shall be recognized and addressed to enable them to participate in, contribute to, and benefit in the course of development.

Policies shall be gender-responsive so that all persons shall have equitable access to opportunities for upward mobility.

The Plan shall also be guided by the principles of sustainable development espoused in Philippine Agenda 21 which seeks to ensure that development benefits both the current and future generation.

Achieving these goals will require significant collaboration effort among the national government, LGUs, the government corporate sector, the private business sector, and reform-oriented civil society groups.

In light of the fiscal constraints, agencies shall prioritize their agency budgets to attain the 10-point agenda and the national development agenda. In the event that fiscal resources are not sufficient to meet the Plan targets, agencies shall identify alternative sources of financing to meet the Plan targets. This shall include BOT-type projects, which shall minimize or avoid financial guarantees from the national government.

The national government shall veer away from engaging in implementing activities already devolved to local government units. Hence, local government units are expected to undertake and finance devolved services.

#### **IV. CONTENTS**

Based on the development agenda, the MTPDP/MTPIP shall have the following chapters:

Theme 1: Macroeconomic stability anchored on Fiscal and Financial Strength (Ch. 1)

- Fiscal Reforms
- Financial Sector Reforms

Theme 2: Job creation through Global Competitiveness

- Microeconomic Thrusts in Agriculture and Natural Resources (Ch. 2)
- Microeconomic Thrusts in Industry and Services (Ch. 3)
- Mobilizing Knowledge to Increase Productivity (Ch. 4)

Theme 3: Social Development and Direct Anti-Poverty Measures

- Improving Social Services (Ch 5)  
(basic education, health, nutrition, population,)
- Protecting and Empowering the Vulnerable Groups (Ch 6)
  - Asset Reform (land, housing for the poor)
  - Livelihood and Microfinance
  - Social Security and Social Safety Nets
  - Affirmative Action
    - Muslim Mindanao
    - Conflict-affected areas
    - Specific Vulnerable Groups

Theme 4: Decentralized Development

- Improving Physical/Spatial Planning and Sustainably Managing the Environment (Ch 7)
  - Decogesting Metro Manila
  - Defining Urban and Rural Linkages
  - Managing the Fragile Ecosystem
- Infrastructure to Connect the Country (Ch 8)
  - Transportation (roads, bridges, ports, water and air transport)

- Telecommunication
- Power

Theme 5: Good Governance and National Harmony

- Promoting a Culture of Performance, Results and Accountability in Public Sector Institutions (Chapter 9)
  - Improving the Business of Government through Civil Service Reforms
    - Fostering Sound Regulatory Regime and Level-Playing Field
    - Professionalizing the Civil Service
    - Improving the Business of Government
  - Laying the Foundation for Sustained Political and Electoral Reforms
    - Strengthening the Political Environment
    - Harnessing the Role of Private Sector and Civil Society Organizations
    - Closure to the divisions due to EDSA 1,2 and 3
  - Establishing Reliable Financial and Expenditure Management Systems
- Strengthening National Security and Upholding the Rule of Law and Human Rights (Chapter 10)
  - National Security
  - Judicial Effectiveness and Improved Access to Justice
  - Human Rights and Development
- Upholding the Peace Process in Mindanao (Chapter 11)
  - Implementation of the GRP-MNLF Final Peace Agreement
  - Resumption of Peace talks with the MILF
  - Institution of Confidence-Building Measures Among Conflict-Affected Groups

Each MTPDP chapter shall contain the following:

1. 2-page (including tables) overview of performance revolving around the major challenges (i.e., problems, gaps) to be addressed by the Plan;
2. 1-2 page strategic framework; and
3. Strategy planning matrix (SPM) (Matrix 1). This section shall include the desired outcomes, priority strategies and activities (PSAs), and quantitative targets to achieve the 10-point agenda. The PSAs shall cover:
  - (a) Policy and legislative measures;
  - (b) Activities that require budgetary allocation to achieve the 10-point agenda.

The **MTPDP** shall include more comprehensive set of PSAs, which shall be jointly undertaken by the national government, LGUs, GOCCs, private sector, and civil society.

The **MTPIP**, on the other hand, shall contain the priority programs and projects to be carried out by the national government (NG) in support of the Plan. It is an instrument to target and monitor NG commitments and resources over the medium-term in support of the MTPDP. The MTPIP, as a core set of

programs and projects, supports the desired sector outcomes and corresponding priority strategies and activities (PSAs) identified in the Plan. These desired outcomes are, in turn, underpinned by department/agency major final outputs (MFOs) and fleshed out through agencies' programs and projects (PAPs). As such, they have clear and measurable outputs, targets and expected costs over the medium-term.

The MTPIP shall be consistent with the fiscal program and prioritized through the Sectoral Efficiency and Effectiveness Review (SEER) criteria approved and adopted by the high-level planning committees. (Attachment II provides detailed MTPIP guidelines.)

The **Regional Development Plans/Investment Programs** will include the growth strategies of the regions together with the programs, projects, and activities that support the 10-point agenda. While primarily consisting of programs and projects to be funded by the national budget, the region's own projects which could be funded by NGOs/private sector or other sources, and major projects to be funded by LGUs will also be included.

## V. ORGANIZATIONAL SETUP

Existing inter-agency committees shall serve as the technical working groups while the Cabinet Clusters on Economy, Social and Security, shall serve as the clearing bodies of the MTPDP and MTPIP. An inter-agency committee may refer/endorse related issues to other committees for further discussion and recommendation. The Cabinet Clusters shall then endorse the Plan for approval of the Cabinet and LEDAC. These inter-agency committees shall be supported by lead NEDA Staffs which shall act as secretariats.

During the plan formulation period, the inter-agency committees can invite representatives from the private sector, academe, legislature, and civil society as members or as resource persons.

Themes	Inter-agency Committees and Cabinet Clusters	Lead NEDA Secretariat
Theme 1: Macroeconomic stability Anchored on Fiscal and Financial Strength 1.1 Fiscal Reforms 1.2 Financial Sector Reforms	DBCC (Chair: DBM; Co-chair: NEDA) and Cabinet Cluster on Economy	National Planning and Policy Staff
Theme 2: Job Creation through Global Competitiveness 2.1 Microeconomic Thrusts in Agriculture and Natural Resources  2.2 Microeconomic Thrusts in Industry and Services	Cabinet Cluster on Economy  Inter-agency Committee on Agriculture (to be created) Chair: DA; Co-Chair: NEDA  Small and Medium Enterprise Development Council, Export Development Council Executive Committee	Agriculture Staff  Trade, Industry, and Utilities Staff

Themes	Inter-agency Committees and Cabinet Clusters	Lead NEDA Secretariat
2.3 Mobilizing knowledge to Increase Productivity	(Chair: DTI)  Commission on Information and Communications Technology (Chair: CICT; CO-Chair: NEDA)	Information Technology Coordination Staff
Theme 3: Social Development and Direct Anti-Poverty Measures 3.1 Improving Social Services 3.2 Protecting and Empowering the Vulnerable Groups	SDC Technical Board and Cabinet Cluster on Social Sector (Chair: DOLE; Co-chair: NEDA)	Social Development Staff
Theme 4: Decentralized Development 4.1 Improving Physical/Spatial Planning and Sustainably Managing the Environment 4.1.1 Decongesting Metro Manila 4.1.2 Defining Urban and Rural Linkages 4.1.3 Managing the Fragile Ecosystem 4.2 Infrastructure to Connect the Country	Cabinet Cluster on Economy INFRACOM (Chair: DPWH; Co-chair: NEDA) Committee on Regional Development (to be created)  Inter-agency Committee on Agriculture (to be created) Chair: DA; Co-Chair: NEDA	Regional Development Coordination Staff     Agriculture Staff  Infrastructure Staff
Theme 5: Governance and National Harmony 5.1 Promoting a Culture of Performance, Results and Accountability in Public Sector Institutions 5.2 Strengthening National Security and Upholding the Rule of Law and Human Rights 5.3 Upholding the Peace Process in Mindanao	Inter-Agency Committee on Development Administration (Chair: CSC; Co-chair: NEDA)   Office of the Presidential Adviser on the Peace Process (OPAPP) and Cabinet Cluster on Security	Management Staff  Legal Staff  Regional Development Coordination Staff

## VI. PLAN FORMULATION PROCESS

The MTPDP and MTPIP shall be completed in 100 days to end on October 20, 2004. The Regional Development Plans/Investment Programs shall be completed in November. However, all RDC-endorsed programs, projects and activities in support of the agenda shall be submitted by end of August (see Timetable). To meet this deadline, the following process shall be followed:

- (a) The NEDA Director-General shall issue the Memorandum Circular and the Planning Guidelines (as attachment) to all government agencies and the RDCs.
- (b) NEDA shall prepare a draft of the Strategy Planning Matrix (Matrix 1 of MTPDP) which shall be substantially focused on outcomes, priority strategies and activities, and targets in support of the 10-point agenda and the national development agenda. It can include other strategies not identified in the 10-point and development agenda, but which are deemed important to meet critical gaps. The draft SPM shall be refined by the inter-agency committee.
- (c) Once approved by the inter-agency committee, the agencies shall fill up the Medium term Public Investment Program (MTPIP) (Matrix 2) which contains program and projects (PAPs) consistent with the agencies' MFOs and that support the PSAs outlined in the Strategy Planning Matrix<sup>1</sup>.

To ensure consistency between the priorities of the agency central offices (ACOs) with regional priorities, ACOs shall identify central office/agency programs and projects in consultation with their respective regional line agencies (RLAs). RLAs shall submit their RDC-endorsed programs and projects to their respective central offices for consideration in the agency priority investment list. NEDA Regional Offices shall submit the consolidated list of proposed programs and projects to the NEDA Central Office. ACOs shall inform RLAs, with a copy furnished to the concerned Regional Development Councils and the NEDA (Central Office), on the actions taken on proposed regional projects, programs and activities.

- (d) Agencies shall also identify PAPs consistent with fiscal resources. The DBCC shall provide the inter-agency committees its medium-term fiscal program to guide them in prioritizing programs and projects.

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<sup>1</sup> As a guide, the following are defined:

- (i) The **PSAs** are results-oriented, priority physical and human capital forming activities, including policy reforms and regulatory initiatives as outlined in the Administration's 10-point agenda and National Development Agenda.
- (ii) An **MFO** is a public good or service that a department/agency or corporation is mandated to deliver to external clients through the implementation of its PSAs and PAPs.
- (iii) **Programs** are regular NG activities that are designed to maintain present levels of desired societal outcomes while **projects** are incremental NG activities to improve upon present societal outcomes or embark on new desired outcomes; at the end of project life, these may be expected to graduate into continuing programs. The programs and projects (PAPs) contained in the MTPIP shall then be the basis of the annual Budget of Expenditures and Sources of Financing (BESF).

- (e) Matrix 2 shall be submitted to the NEDA Secretariat for evaluation and screening using the Sectoral Efficiency and Effectiveness (SEER) process. This shall ensure that only PAPs consistent with the development agenda, regional priorities, and fiscal constraints are incorporated in the MTPIP. An internal consultation will be conducted between the NEDA Secretariat Central Office and NEDA Secretariat Regional Offices on the SPM (Matrix 1) and MTPIP (Matrix 2).
- (f) After the NEDA Secretariat's SEER review of Matrix 2, this shall be presented to the inter-agency committee for discussion and approval.
- (g) The MTPDP and MTPIP shall be presented to the Cabinet Cluster for approval prior to the latter's endorsement of the same for joint Cabinet/NEDA Board and LEDAC approval.

The Plan formulation activities and milestones shall be in accordance with the following timetable:

**TIMETABLE OF ACTIVITIES FOR THE  
FORMULATION OF MTPDP-MTPIP, 2005-2010**

Activities	Implementation Date
(1) Issuance of the Memorandum Circular and Planning Guidelines by the NEDA Secretary;	July 26
(2) Issuance by the DBCC of medium-term fiscal targets and agency budgetary ceilings	July 30
(3) Conduct of inter-agency meetings to finalize the 2005-2010 MTPDP Strategic Planning Matrix (SPM, Matrix 1) and 3-year MTPIP (Matrix 2)	Last week of July to August
(4) Submission to NEDA Central Office by the NEDA Regional Offices of the following RDC-endorsed programs and projects: <ul style="list-style-type: none"> <li>• Those to be funded by the national budget</li> <li>• Region's own which could be funded by NGOs/private sector or other sources</li> <li>• Those to be supported/funded by LGUs</li> </ul>	August 15 August 31  August 31
(5) Meeting between NEDA Central Office and NEDA Regional Offices on the draft 2005-2010 MTPDP/MTPIP	September 9
(6) Presentation of the draft 2005-2010 MTPDP/MTPIP to the Cabinet clusters	September 13-15
(7) Refinement of the 2005-2010 MTPDP/MTPIP based on comments of Cabinet clusters	September 16-24
(8) Presentation of the draft 2005-2010 MTPDP/MTPIP to the Joint-Cabinet/NEDA Board-LEDAC	September 27-29
(9) Refinement of the 2005-2010 MTPDP/MTPIP based on comments of Joint Cabinet/NEDA Board-LEDAC	September 30-October 7
(10) Final Joint Cabinet/NEDA Board-LEDAC clearance of the 2005-2010 MTPDP/MTPIP	October 11
(11) Publication and distribution of the 2005-2010 MTPDP/MTPIP	October 25
(12) Publication and distribution of RDPs/Investment Programs	November 25

## **VII. PLAN IMPLEMENTATION AND MONITORING**

Agencies shall submit to the NEDA Board, through the NEDA Secretariat, annual agency reports consistent with the Matrix 1 and Matrix 2 (MTPIP) format. The report shall show actual performance vis-à-vis the PSAs, MFOs, PAPs, and targets. The NEDA Secretariat shall report the key accomplishments in the annual Socioeconomic Report (SER).

The annual technical budget hearing shall also be a venue to strategically monitor agencies' implementation of the Plan and the MTPIP. The RDCs shall likewise conduct regional budget consultations annually. Agency regional offices shall submit their RDC-endorsed programs and projects to their central offices, for consideration in the agency budget.

**MATRIX 1**

**The 2005-2010 MTPDP: Priority Strategies and Activities**

**Table 1. Strategy Planning Matrix**

<b>Outcome</b>	<b>Priority Strategies</b>	<b>Priority Activities</b>	<b>Responsible Agency/ies</b>	<b>Measurable Output Targets</b>					
				<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>

# THE 2005-2010 MEDIUM-TERM PUBLIC INVESTMENT PROGRAM (Linking the MTPDP/MTPIP to Annual Budget)

## **1. Background**

As the Philippine Government nears the end of the 2001-2004 planning period, the National Economic and Development Authority (NEDA) has been tasked to undertake the formulation of the successor Plan, the 2005-2010 Medium-Term Philippine Development Plan (MTPDP or the Plan). Along with the Plan is the formulation of the 2005-2010 Medium-Term Public Investment Program (MTPIP), which translates the Plan into a three- year rolling core set of priority programs and projects to be implemented by the National Government (NG) within the medium-term. In turn, the Regional Development Investment Program (RDIP), translates the Regional Development Plans into priority regional programs and projects for funding by the NG. These regional programs and projects should find their way into the MTPIP.

## **2. Essential Elements of the MTPIP**

The 2005-2010 MTPIP is an instrument to monitor NG targets, commitments and resources over the medium-term. It serves as a critical input to the annual NG budget formulation guided by the Medium-Term Expenditure Framework (MTEF) as facilitated through the Development Budget Coordination Committee (DBCC). The MTPIP also sets the tone in resource programming by the Investment Coordination Committee (ICC). It is a mechanism to improve resource mobilization and channel resources to priority investment areas.

The MTPIP is a rolling list of core programs and projects supportive of the new MTPDP. This list shall be consistent with the fiscal program and prioritized through the Sectoral Efficiency and Effectiveness Review (SEER) criteria approved and adopted through the planning process. The MTPIP shall be guided by the approved department/agency major final outputs (MFOs).

The following are elements of the MTPIP:

### ***2.1. Major final outputs (MFOs) and the prioritized programs and projects***

An MFO is a public good or service that a department/agency or corporation is mandated to deliver to external clients through the implementation of the priority strategies and activities (PSAs) and programs and projects (PAPs).

Programs are defined as activities necessary for the performance of a major purpose for which the department/agency or corporation is established, as well as for the basic maintenance and provision of staff support to the department/agency or corporation's administrative operations and functions. Projects are special undertakings which are to be carried out within a definite time frame and which are intended to result to some pre-determined measure of goods and services given by the OVIs. To contrast, programs are regular NG activities that are designed to maintain present levels of desired societal outcomes while projects are incremental NG activities to improve upon present societal outcomes or embark on new desired outcomes; at the end of project life, these may be expected to graduate into continuing programs.

The departments/agencies or corporations shall review and define the final outputs of ongoing PAPs and ascertain whether each program and project and their final outputs are linked to/contribute substantially to the achievement of a sector outcome that is consistent with the legal basis for the operation of a department/agency or corporation. As such, the expected outputs of PAPs are linked with the approved MFOs and the PSAs outlined in the Plan. Any program and project and their final outcome that are not linked with the Plan shall not form part of the department/agency or corporation priority, if not altogether cancelled. Certain outputs may be best delivered by the private sector or by the local government units. Other considerations for PAP prioritization may include operational efficacy, demonstrated impact, and compliance to project readiness filters.

In addition, where information on unit cost is available, the departments/agencies or corporations shall assess the cost efficiency of continuing the implementation of ongoing PAPs. A project may be appropriate and potentially effective but when suffering from inefficiency, the project's contribution to achieving the desired sector outcome could be negated. In this case, alternative delivery mechanisms should be opted.

New PAPs shall be identified upon complete review of the ongoing PAPs and shall be shortlisted according to their relevance and consistency with the MTPDP and subject to the SEER.

## **2.2. Sector Efficiency and Effectiveness Review (SEER)**

The SEER provides for a process of reviewing and classifying PSAs and PAPs as to their appropriateness and effectiveness in attaining desired outcomes. It aims to achieve an efficient system of resource allocation and public expenditure management, that is, being able to align and allocate government resources towards programs, activities and projects that contribute most effectively in attaining the country's development goals and set targets.

As such, the SEER focuses on three basis principles:

- (a) Responsiveness/appropriateness of national government intervention given the development goals and targets (Are the PSAs and programs/projects deemed an appropriate undertaking of national government or should they be abolished, de-prioritized or transferred to local government units?);
- (b) Effectiveness to achieve a desired outcome (Will the PSAs and programs/projects' output achieve the desired outcomes?); and
- (c) Cost efficiency determined by the evaluation of feasible alternatives (Are the PSAs and programs/projects producing the outputs at competitive cost?).

The criteria serve as the tool for the ordinal ranking of the PSAs and PAPs. The SEER prioritization criteria for each Sector shall be subject to the Planning Committee approval prior to its application in prioritizing PSAs and PAPs.

### **2.3. Department/Agency Budget Ceilings**

The DBCC shall provide the medium-term fiscal program to guide the departments/agencies and corporations in prioritizing their strategies and activities and PAPs. The FY2005 National Budget Call Guidelines and the resulting 2005 General Appropriations Act shall define the hard budget ceilings for 2005 and serve as the indicative planning figure for 2006 and throughout the medium-term.

Other priority PAPs that cannot be funded within the budget ceilings will be lined up for funding under a supplemental budget as additional resources become available. The strategy formulation on how to match the unfunded priority PAPs and the available NG resources shall be facilitated through regular Plan-Investment Program implementation reviews and budget preparation exercises.

## **3. Formulating the 2005-2010 MTPIP**

### **3.1. Submission of Department/Agency and Corporation Three-Year Rolling Public Investment List (PIL)**

Guided by the 2005-2010 MTPDP (see attached **Table 1. Strategy Planning Matrix**) and applying the SEER criteria and annual budget ceilings, the department/agency and corporation shall draw up a three-year rolling list of its PAPs, along with their profiles, which should include information on spatial coverage, targets, OVIs and annual financing requirement throughout the medium-term, irrespective of financing source (see attached **Table 2. Agency Three-Year Rolling Public Investment List**).

To ensure the effective listing of prioritized PAPs, the department/agency and corporation will endeavor to confer with their respective regional/local offices, consistent with the Regional Development Plans (RDPs), with a view of identifying specific locations for each program and project.

For a stronger operational linkage of the investment priorities with the annual budget preparation process, the departments/agencies and corporations shall regularly update their submissions according to the schedule of the three-year rolling PIL. Only the PAPs evaluated as economically sound and are clearly ready for implementation should be shortlisted and included in the three-year rolling PIL. For 2005, only ready programs and projects are to be included, as evidenced by available, validated and favorable economic analysis. Also, the PAPs should be consistent with the National Expenditure Program -NEP (for departments/agencies) or Capital Expenditure Program (for government corporations). For later years in which concrete PAPs are not yet defined by the NG agencies, the formulation of PSAs shall suffice.

### **3.2. Review and Approval**

The organizational set up and the formulation process identified in the MTPDP and MTPIP guidelines shall facilitate the review and approval of the MTPIP.

### **3.3. MTPIP Updating**

The MTPIP will be updated annually, in parallel with the preparations of the annual NG budget such that the emerging Budget of Expenditures and Sources of Financing (BESF) and the MTPIP for the same year should exactly be the same. Said updating exercise shall be the basis for preparing the NEP and the subsequent passage of the GAA. Likewise, this exercise translates to the annual updating of the rolling PIL.

#### **4. Timeline**

The timetable of activities identified in the MTPDP and MTPIP guidelines shall be adhered to.

The 2005-2010 MTPDP: Priority Strategies and Activities

Table 1. Strategy Planning Matrix

Outcome	Priority Strategies	Priority Activities	Responsible Agency/ies	Measurable Output Targets					
				2005	2006	2007	2008	2009	2010

## The 2005-2010 Medium-Term Public Investment Program

**Table 2. Agency Three-Year Rolling Public Investment List (PIL)**

Priority Strategies and Activities (PSAs)	MFO	Programs and Projects (PAPs)	Spatial Coverage	2005			2006			2007			Later years
				Target	OVI	Cost Estimate	Target	OVI	Cost Estimate	Target	OVI	Cost Estimate	

**TOTAL**

**Application of SEER**

**Application of annual budget ceiling**

- Notes:
- MFO – Major final output
  - OVI – objective and verifiable indicators
  - Spatial Coverage - indicate whether the PAP is located nationwide or inter-regional or region specific. If region specific, indicate the region and province/s

**NOTE:**

To view the presentation, “The National Development Agenda: The Task Ahead,” in your Acrobat Reader (ver. 6), Click **Document**, Select **File Attachments**, Select **MTPDP Presentation**, then click **Open**.