

*Direct costs of integration.* Combined operations, training for new integrative roles, new monitoring systems, and expanded clinics all involve start-up costs. The evidence suggests that without higher levels of funding, the integration of health and family planning services often fails.<sup>77</sup>

*Indirect managerial costs.* Almost every category listed in the framework is encountered in Korten's review and elsewhere in the literature.<sup>78</sup> The managerial tasks of integrated clinics are often an anathema to physician-administrators. "Due to a variety of factors, however, physicians do not actively perform their supervisory and coordination role. As a result, there is little or no direction or coordination at the clinic team level."<sup>79</sup> More generally, Korten concludes:

Basically each more advanced level of integration places greater demands on the supporting management systems and depends for its success on the meeting of a greater number of pre-conditions. All too little attention has so far been given to the managerial and organizational implications and requirements of different integration models, with the result that program design decisions are often made without full recognition of their implications.<sup>80</sup>

*Foregone specialization.* The lesson of much experience with integrated clinics is apparently that they are most successful when family planning services are left in the hands of specialists.<sup>81</sup> Integration that foregoes specialization in family planning risks failure. Giving multiple

tasks to clinic staff often "tends to overload the workers, requires stronger supervision than their program has been able to provide, and lumps together tasks which in reality tend to be incompatible in their requirements."<sup>82</sup>

### Conclusion

As noted above, applications of this paper's framework are intended to help policymakers think hard about the costs and benefits of integration, to sensitize them to possible pitfalls, and to take the first step toward a detailed consideration of particular cases. There is no intention to argue for or against "integration," the merits of which clearly depend on a host of situationally specific considerations. In the case of integrated health and family planning clinics, no doubt many successful examples exist. Without careful attention by policymakers to the integration's costs as well as its benefits, it is easy to understand Korten's grim appraisal of past efforts:

The emerging experience suggests that, at least in the clinic-based programs, integration has a mixed history. Integration in itself is not likely to improve the acceptance of family planning and indeed may result in serious deterioration in program performance.... It should be clear that integration is not a panacea for poor program performance.... Indeed I would suggest as a tentative hypothesis that on the whole, integrated programs require stronger management to maintain the same level of performance as a comparable vertical program.<sup>83</sup>

<sup>77</sup>Korten, *op. cit.*, pp. 21-25.

<sup>78</sup>*Ibid.*, p. 36.

<sup>79</sup>Korten and Korten, *op. cit.*, pp. 239-240.

<sup>80</sup>Korten, *op. cit.*, pp. 31-32.

<sup>81</sup>*Ibid.*, p. 25.

<sup>82</sup>*Ibid.*, p. 9; and In-Joung Whang, "Implementation of the National Family Planning Program of Korea: 1962-1971," in Gabriel U. Iglesias (ed.), *Implementation: The Problem of Achieving Results* (Manila: Eastern Regional Organization for Public Administration, 1976).

<sup>83</sup>Korten, *op. cit.*, p. 24.

## Development Planning and Management Under the New Society

EMMELINE S. HUANG AND ALFONSO S. NAANEP\*

*During the Martial Law regime significant changes in development planning and management were made to improve the economic and social conditions of the country. Foremost among these changes were the strengthening of the administrative machinery for development planning, institutionalization of an effective process, and the adoption of innovative approaches that are most appropriate to Philippine environment. Most problems existing prior to 1972 were solved but since planning is a continuous process, there is a need to continuously review and introduce changes in the system to keep abreast with prevailing conditions.*

### **Administrative Machinery For Development Planning and Management Under The New Society**

One of the major thrusts initiated at the start of the New Order was the strengthening of the organizational machinery to improve development planning and management at all levels of the executive branch of government. The basic deficiencies and problems in the old setup which needed reforms include:

- (1) the dispersal of planning functions among several economic planning bodies and ad hoc councils;

- (2) the lack of effective coordination among economic planning bodies;
- (3) the weak link between development planning and government budgeting;
- (4) the need for a closer link between plan formulation and program execution; and
- (5) the need to improve the capacity for sectoral and regional planning.<sup>1</sup>

These deficiencies underscored the need to restructure the old administrative setup and arm it with a strong capability

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<sup>1</sup>Philippines (Republic), Commission on Reorganization, *Reorganization of the Executive Branch of the National Government* (Manila: Bureau of Printing, February 1972), Vol. II, Part VI-1.

for designing and implementing development plans and policies involving all sectors of the economy in a more effective and efficient manner. Moreover, the government recognized that managing the country's development process means the establishment of a dynamic and politically strong administrative machinery. This provides the institutional smith which forges the links in the chain of planning activities and sets the proper momentum and rhythm in the plan formulation and implementation process.<sup>2</sup>

Accordingly, the restructuring of the administrative machinery for economic planning and program implementation proceeded along two assumptions. One, national development is essentially also a political responsibility and can best be achieved if it secures the active involvement of the country's top political leadership; and two, that for better implementation, planning and execution should be closely linked.<sup>3</sup>

#### *The National Economic and Development Authority (NEDA)*

The creation of a single and strong government agency which integrated the widely dispersed economic planning and policy formulation functions of the government was a major breakthrough in Philippine development planning. This was made possible through the issuance of Presidential Decree (PD) No. 1 on 24 September 1972, which implemented the Integrated Reorganization Plan (IRP)

which was prepared and submitted by the Commission on Reorganization. The IRP, under Part VI, Article IV, abolished:

- (1) the National Economic Council,
- (2) the Presidential Economic Staff (PES),
- (3) the Fiscal and Financial Policy Committee,
- (4) the National Development Council,
- (5) the Inter-agency Technical Committee on Foreign Economic Policy, and
- (6) the Committee on Regional Development.

They were superseded by the National Economic and Development Authority (NEDA) which assumed all the pertinent functions of the abolished entities. The IRP originally provided that NEDA be composed of nine members, with the Secretary of Finance as Chairman. Subsequent amendments through Presidential Decree No. 1-A changed the composition of the NEDA thereby making the President chairman and the Executive Secretary a member of the governing board.<sup>4</sup>

After the new Philippine *Constitution* was ratified on 17 January 1973, the President created the NEDA on 24 January 1973 through Presidential Decree No. 107. This newly-constituted body absorbed the NEDA as provided for in the IRP and assumed wider responsi-

<sup>2</sup>Manuel S. Alba, *Planning Management and Decision-Making: The Philippine Case, 1976.*

<sup>3</sup>Philippines (Republic), Commission on Reorganization, *op. cit.*

<sup>4</sup>The change in the form of government from presidential to parliamentary system correspondingly changed the title of cabinet member from Secretary to Minister.

lities and functions in all socioeconomic planning and policy formulation.

The creation of NEDA provided the proper setting for the effective coordination of various social and economic plans, policies, programs, and projects of the country on a national and sectoral basis thereby ensuring consistency and cohesiveness in Philippine economic development planning.

NEDA was given the primary responsibility to recommend to the National Assembly continuing, coordinated, and fully-integrated social and economic plans and programs of the country.<sup>5</sup> Presidential Decree No. 107 further vested the NEDA with the power and functions stated under the IRP, ranging from daily technical assistance in day-to-day decision-making to the execution of well-programmed planning and policy formulation activities.<sup>6</sup> NEDA's more important functions include:

- (1) advise the President on matters concerning the status and progress of the economy;
- (2) formulate, in consultation with the private sector and other appropriate government agencies, definite and consistent long-range and annual economic and social development plans and programs;
- (3) coordinate the formulation and implementation of national policies on fiscal, budgetary, monetary, credit, tariff, investment, production, price, manpower, trade, pop-

ulation, land use, water resources use, and other economic matters;

- (4) establish and maintain working relationships with the various international financial institutions and assist government and private entities in tapping foreign resources for credit or other forms of assistance; and
- (5) coordinate statistical activities of all government agencies, formulate statistical standards and methodology and prescribe their use by government agencies, and prepare the national income account<sup>7</sup>

Additional functions and responsibilities were vested on NEDA by the succeeding issuance of Presidential Decrees to make the body more responsive to the urgent need to improve the life of the Filipinos.

The NEDA organization has two levels, the NEDA Board and the NEDA Technical Staff. At the top of the organizational structure is the NEDA Board, a policy and decision-making unit chaired by the Prime Minister, with Cabinet level and other high officials of the government as members.<sup>8</sup> Membership in the NEDA Board is increased whenever

<sup>7</sup>*Ibid.*, Vol. I, Part VI-3.

<sup>8</sup>The members of the NEDA Board are: Chairman, Prime Minister; Members: Director General of the NEDA (Minister of Economic Planning); the Ministers of Finance; of Foreign Affairs; of Agriculture; of Trade; of Public Works, Transportation and Communications; of National Defense; of Labor; of Education and Culture; of Industry; of Natural Resources; of Public Highways; of Energy; of the Budget; of Human Settlements; and the Governor of the Central Bank.

<sup>5</sup>Article IV of the *Constitution* of the Republic of the Philippines.

<sup>6</sup>Philippines (Republic), Commission on Reorganization, *op. cit.*, Part VI-4.

needed to reflect the continuing improvements in the planning management system.

The direct involvement of the Prime Minister in plan formulation and policy making process ensures authoritative decisions on plans and policies for national development. Likewise, the membership of the Cabinet officials in the board fosters the desired linkage between plan formulation and project implementation.

The functions of the NEDA Board are:

- (1) to review and recommend long-range and annual economic and social development plans for adoption and approval by the Prime Minister;
- (2) to review and recommend national economic policies for adoption and approval by the Prime Minister;
- (3) to develop guidelines and adopt measures for the coordination of the development efforts of the various agencies of the government;
- (4) to adopt policies to carry out the goals and objectives of the NEDA;
- (5) to approve the *Annual Economic Report* as prepared and submitted by the Director General; and
- (6) to perform such other functions as may be provided by law or assigned by the President.<sup>9</sup>

The NEDA Technical Staff, comprising the second level of the NEDA organizational structure, is headed by the Di-

<sup>9</sup>Letter of Implementation No. 22 provides the complete list of the functions of the NEDA Board and the various staffs of NEDA.

rector-General who also holds the title of Minister of Economic Planning. The NEDA Technical Staff is divided into four main offices, namely, the Offices on Planning and Policy; on Programs and Projects; on Statistical Coordination; and on Operations, each headed by a Deputy Director-General, and assisted by an Assistant Director General.

#### *Interagency Coordination Committees*

The IRP also created several standing committees attached to NEDA to facilitate the performance of its plan/policy formulation and coordination functions concerning development plan preparation and implementation. These committees are the Development Budget Coordination Committee, the Investment Coordination Committee, and the Statistical Advisory Board.

*The Development Budget Coordination Committee (DBCC).* The DBCC is the former ad hoc Presidential Development Budget Committee created by Executive Order 232 under the Office of the President before 1972. With the implementation of IRP under the New Society, however, it assumed its present name and was attached to NEDA.<sup>10</sup> The DBCC is headed by the Minister of the Budget, with the Ministers of Economic Planning and of Finance, and the Governor of the Central Bank as members.

The functions of the DBCC are:

- (1) to establish the level of the annual government expenditure program;
- (2) to establish the ceiling of government spending for economic

<sup>10</sup>Philippines (Republic), Commission on Reorganization, *op. cit.*, Vol. II, Part VI-5.

and social development, national defense, general government, and debt service:

- (3) to determine the proper allocation of expenditures for each development activity between current-operating expenditures and capital outlays, provided that not more than 85 percent of the total annual government expenditure program will be allocated for current operating expenditures and at least 15 percent for capital outlays;
- (4) to allocate the amount set for capital outlays under each development activity for the various capital or infrastructure projects;
- (5) to assess the reliability of revenue estimates;
- (6) to recommend appropriate tax or other revenue measures and the extent and type of borrowings;
- (7) to conduct periodic review and general examination of costs, accomplishments, and performance standards applied in development projects; and
- (8) to perform such other functions as may be necessary to carry out its responsibilities.<sup>11</sup>

The institutionalization of DBCC into a permanent body has ensured the conformity of the annual budget to the approved development plan. It has also created the proper working ground for fiscal and economic planning agencies, premised on the idea that the reciprocal relationship between these two types of bodies can be productive.

<sup>11</sup>*Ibid.*, Vol. I, Part VI-7.

*The Investment Coordination Committee (ICC)*. The ICC was created to coordinate the investment policies of government financial institutions and direct investments in priority areas defined in the development plan. More specifically, the powers, duties, and responsibilities of the Committee are:

- (1) to formulate and coordinate the investment policies of government financial institutions to secure the optimum use of their resources within the context of approved development plans and programs, and consistent with their individual limitations and primary functions;
- (2) to serve as a general clearing house of information on projects for member institutions so that applications for financial support may be evaluated simultaneously; and
- (3) to develop a coordinated and consistent budgeting system of the resources of government financial institutions; review and coordinate the annual program of sources and application of the funds of member institutions. The aim is to formulate an integrated annual program of capital transfer supportive of the approved development plans and programs.<sup>12</sup>

The creation of the ICC has given greater impetus on the importance of proper management of the financial investment of government institutions to optimize their contribution in the attainment of development goals and objectives.

<sup>12</sup>*Ibid.*, Part VI-8 to VI-9.

*Statistical Advisory Board (SAB).* The SAB was created in response to the growing need of the government for a decentralized but well-integrated system of statistical activities. The SAB performs the following functions:

- (1) to advise the NEDA in the formation of a unified system of statistical services and in the formulation of basic policies for government statistical operations;
- (2) to review the statistical aspects of the draft of the *Annual Economic Report*;
- (3) to formulate and develop policies and programs that will ensure adequate supply of technically- and professionally-trained statisticians; and
- (4) to perform such other activities necessary to carry out its responsibilities.<sup>13</sup>

On 20 September 1977, several coordinating committees were created to supplement the activities of DBCC and ICC in the management and allocation of important planning resources, such as budgetary, credit, and foreign exchange. Letter of Instructions (LOI) No. 22 created the Committees on Social Development, on Trade, Tariff and related matters, on Infrastructure and on Statistical Development, to facilitate an effective and a more efficient coordination of their respective plans and policies. The Minister of Economic Planning was made the chairman of these committees.

*The Committee on Social Development.* This committee coordinates the formula-

<sup>13</sup>*Ibid.*, Part VI-13.

tion, review, and monitoring of various government policies, and the programs and projects of all agencies and instrumentalities concerned with social development. The members of the committee are the Ministers of Education and Culture, of Labor, of Health, of Social Services and Development, of Local Governments and Community Development, of Agrarian Reform, and of Human Settlements.

*The Committee on Trade, Tariff, and Related Matters.* This committee advises the President and the NEDA Board on the country's bilateral and multi-lateral economic negotiations and on the effects to the economy of the developments in the international scene. It likewise oversees the country's position in economic negotiations including the preparation of negotiating panels and the continuous rationalization of the tariff structure. The members of the Committee are the Ministers of Trade, of Foreign Affairs, of Finance, of Industry, of Agriculture, and of Natural Resources, the Governor of Central Bank, and the Tariff Commissioner.

*The Committee on Infrastructure.* This committee coordinates the formulation, review, and monitoring of government policies, programs, and projects of all agencies, including government-owned and-controlled corporations, dealing with infrastructure development. The Committee is composed of the Ministers of Public Works, of Transportation and Communications, of Public Highways, of Finance, and of the Budget.

*The Committee on Statistical Development.* This committee coordinates the formulation of policies and makes the

necessary recommendations on statistical development. It provides the venue for the resolution of problems in statistical coordination. The committee is composed of the Ministers of Labor, of Finance, of Agriculture, of Natural Resources, of Industry, of Health, of Education and Culture, of the Budget, the Governor of the Central Bank, and the Chairman of the SAB.

### *Planning Units*

Planning and programming units were established in most offices of the executive branch of the government, including government-owned or government-controlled corporations. The creation of these planning units have ensured that the programs and projects of the various implementing line agencies meet the technical criteria and are consistent with the objectives and priorities set in their respective sectoral plans.

The participation of these agencies, through their planning units, have underscored the importance of their programs and projects in the country's development effort. The activities of these planning units are likewise developed through participation in sectoral planning exercises of the government and by attaching agencies to major ministries.

### *Strengthening the Organizational Machinery for Regional Planning*

The government, likewise, has given importance to regional planning and has laid down the foundation towards the institutionalization of regional planning process, taking into account the existing planning process at the national and local levels. This was an offshoot of past de-

velopment efforts which tended to concentrate economic and social development on a few and relatively advanced regions of the country leaving other areas behind.

Although it is recognized as one of the principal means in attaining widespread economic development, regional development planning before 1972 was not fully implemented because of the following reasons:

- (1) Being a relatively new concept in the Philippines and having been formally introduced only in the early 1970s, the government lacked a clear understanding of regional development planning under local prevailing conditions;
- (2) There were no comprehensive studies made to properly delineate or classify the various part of the country into composite areas for regional development planning; thus, there was no strong basis for subdividing the country into distinct planning regions; and
- (3) There were no regional government bodies capable to undertake, integrate, and/or coordinate and implement plans, policies, and other social and economic activities at the regional level

Since the establishment of the New Society, however, several measures were undertaken to pave the way for the vigorous implementation of regional development planning. Foremost of these was the creation of an institutional machinery for regional development and the political subdivision of the country into 13



regions. Today, the basic objective in the development of regions is to effect equity of opportunity for each region, and exploit its full potential with respect to its demographic, economic, social, political, and environmental resources.<sup>14</sup>

*The Regional Development Council (RDC).* The creation of regional government planning bodies to take charge of economic and social planning and policy formulation at the local level is another important achievement in the management of the country's development planning activities. Foremost among these is the Regional Development Council for each of the country's regions.

The creation of the RDC was also mandated in the IRP. The RDC is responsible for translating national development goals into specific regional objectives and for formulating and adopting development plans for the region. It also coordinates all planning and programming activities of both national and local entities at the regional level.<sup>15</sup>

The RDC is composed of the governors of the provinces, the mayors of chartered cities comprising the region, the heads of the regional offices of line or implementing ministries represented in the policy board of the NEDA, and regional and subregional development authorities existing in the region. This setup provides for the immediate political validation of regional priorities and programs and promotes citizen participation in the social and economic activities of the region.

<sup>14</sup>Philippines (Republic), *Five-Year Philippine Development Plan, 1978-1982* (Manila: September 1977), p. 49.

<sup>15</sup>Philippines (Republic), Commission on Reorganization, *op. cit.*, Vol. II, Part VII-2.

The creation of the RDC has decongested the national government agencies with the heavy burden of conducting economic and social planning at all levels. Such planning, in the past, has been highly centralized on the national bodies. The direct participation of local officials in the overall management of the social and economic development in their localities has established a more effective and efficient development approach mechanism based on actual needs and priorities. It has also started using the bottom-up approach in planning which had not been implemented in the previous decades.

*The NEDA Regional Office (NEDA RO).* The NEDA RO, headed by a director, has two main divisions, namely, the plan and policy formulation division, and the programs and projects division.

It provides technical assistance to the RDC and coordinates the formulation of annual, medium and long-term regional development plan, in consultation with other government bodies and local officials in the regions. The NEDA RO also acts as a liaison agency between the NEDA Central Office and the regional bodies on all matters affecting the national economy, with implications on regional development.

*The National Council on Integrated Area Development (NACIAD).* The need to upgrade the standard of living of the people in the rural areas within the shortest time feasible, in view of the country's limited financial resources, calls for a shift from the traditional and piecemeal project approach to a concerted and systematic approach of project imple-

mentation geared towards an integrated area development. Towards this end, the NACIAD was created through Presidential Decree No. 1378 to integrate the execution of developmental projects within a given area. Its task is to minimize costs and maximize benefits which can be derived from complementary projects.

As the central planning and implementing body charged with the development of an integrated plan of action for integrated rural development, the NACIAD performs the following specific functions:

- (1) to institutionalize the implementing mechanism for integrated area development through formal planning, monitoring, and budgetary controls;
- (2) to formulate an integrated framework plan to guide the development of depressed areas;
- (3) to rationalize the participation of the rural people, through their local governments, in development planning and implementation;
- (4) to initiate small-scale, high-impact integrated projects using existing indigenous resources; and
- (5) to efficiently mobilize multisectoral resources and properly channel these into integrated rural development projects.<sup>10</sup>

The creation of NACIAD has given greater importance to the improvement,

<sup>10</sup>Presidential Decree No. 1378 (17 May 1978).

growth, and development of the countryside through the integrated area approach, consistent with the principles of self-help and self-reliance.

#### *Strengthening the Government's Capability in Program and Project Monitoring*

The growing concern for government program and project monitoring was dictated by the number of cases involving wasteful use of public funds allotted for capital development programs and projects of the government. This reflects the inadequacies and basic deficiencies of the past program and project monitoring systems, foremost of which are the following:

- (1) lack of a central government body to coordinate project monitoring activities in all sectors of the economy, at the national and regional levels. In the past, monitoring the progress of development programs and projects was done by various government agencies and the type of projects included were mostly those pertaining to major infrastructure projects where misuse of public funds was rampant;
- (2) the type and level of aggregation of information being monitored in the previous and existing monitoring systems have largely served the needs of economic planning and policy formulation; however, the system of project monitoring must also check and eliminate graft and corruption in public works project implementation;

- (3) the data collection and evaluating process take a long time from data generation up to report preparation, such that upon completion, the completed report is no longer useful; and
- (4) most indicators have not spelled out the real impact of government programs but have merely reflected physical and work accomplishment relative to established budgetary programs.

The government initiated several measures to correct these deficiencies. Most important of these were the integration of a monitoring unit within NEDA to oversee the implementation of various government programs and projects, and the improvement of tools and procedures of the monitoring system at the agency level.

Likewise, several government corporations and other institutions were created to oversee and monitor the implementation of critical projects in basic services, such as irrigation, power and energy, electrification, and mass transportation. It is recognized, however, that such creation is intended to complement the effect of the private sector.

*The Project Monitoring Staff (PMS) of NEDA.* The PMS of NEDA was created through NEDA Special Order No. 233-75, pursuant to Section 25 of Presidential Decree No. 458 issued on 16 May 1974. The integration of the monitoring function within NEDA answered the growing need to institute a feedback mechanism on the implementation of the development plan.

Actually, the PMS was the former Infrastructure Operation Center (IOC) under the administrative supervision of the former Executive Committee for the Implementation of the Infrastructure Programs. Today PMS monitors, evaluates, and periodically analyzes the status of major programs and projects implemented by the government in terms of their cash disbursements vis-a-vis physical accomplishments.<sup>17</sup> It also undertakes a continuing inventory of existing and available resources in support of project implementation, and identifies and recommends solutions to various problems which impede the smooth implementation of programs and projects.

To continuously upgrade the capability of the PMS in national and regional monitoring, each region was provided its own regional monitoring unit; and existing monitoring units at the national level were strengthened.<sup>18</sup>

The institution of the project monitoring system in the development planning and management process completes the whole Philippine planning cycle: from plan project formulation to evaluation and review process, which, in the past, suffered from the absence of an organizational unit to establish and coordinate the required feedback mechanism.

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<sup>17</sup>Only major development projects (highway projects costing P500,000 and above; other projects costing P100,000 and above) are being initiated by PMS.

<sup>18</sup>See Letter of Instructions, No. 542 and Letter of Instructions No. 830 issued on 20 May 1977 and 19 March 1979, respectively.

## Development Planning Process

### *Organizational Machinery for Development Plan Preparation*

The organizational machinery for plan preparation is composed of the Cabinet committees and subcommittees, and sectoral technical committees.

*The Cabinet Committee.* This committee is composed of government officials with cabinet ranks. Its primary task is to formulate a national development framework that will serve as a guide in plan preparation at all levels, and act as an advisory body of all other committees created for this purpose.

The committee facilitates the direct participation of cabinet officials in plan formulation to evolve more coherent and substantive economic plans for the country. It likewise ensures consistency in the technical content of the plan.

*The Cabinet Subcommittee.* The Cabinet subcommittee was created during the formulation of the Five-Year Plan CY 1978-1982 to assist the Cabinet committee when the members of the Cabinet are engaged in other important matters to ensure prompt accomplishment of work. The members are officials next in rank to the heads of ministries represented in the cabinet committee and who are most involved in planning.

*The Sectoral Planning Committees.* Inter-agency working committees on a sectoral level are likewise created to formulate, integrate, and refine the sectoral components of the development plans. In the 1978-1982 Development Plan, 17 sub-committees were formed, each respon-

sible for a sectoral plan and/or a portion of the plan document.<sup>19</sup>

The sectoral committees are responsible for preparing the substantive and technical drafts of sectoral plans in accordance with the guidelines set by the Cabinet committee in coordination with NEDA. The members of this committee usually come, from the ministries, line agencies, and agencies under the Office of the Prime Minister. The members are those identified within the sector, with a rank of at least division chief.

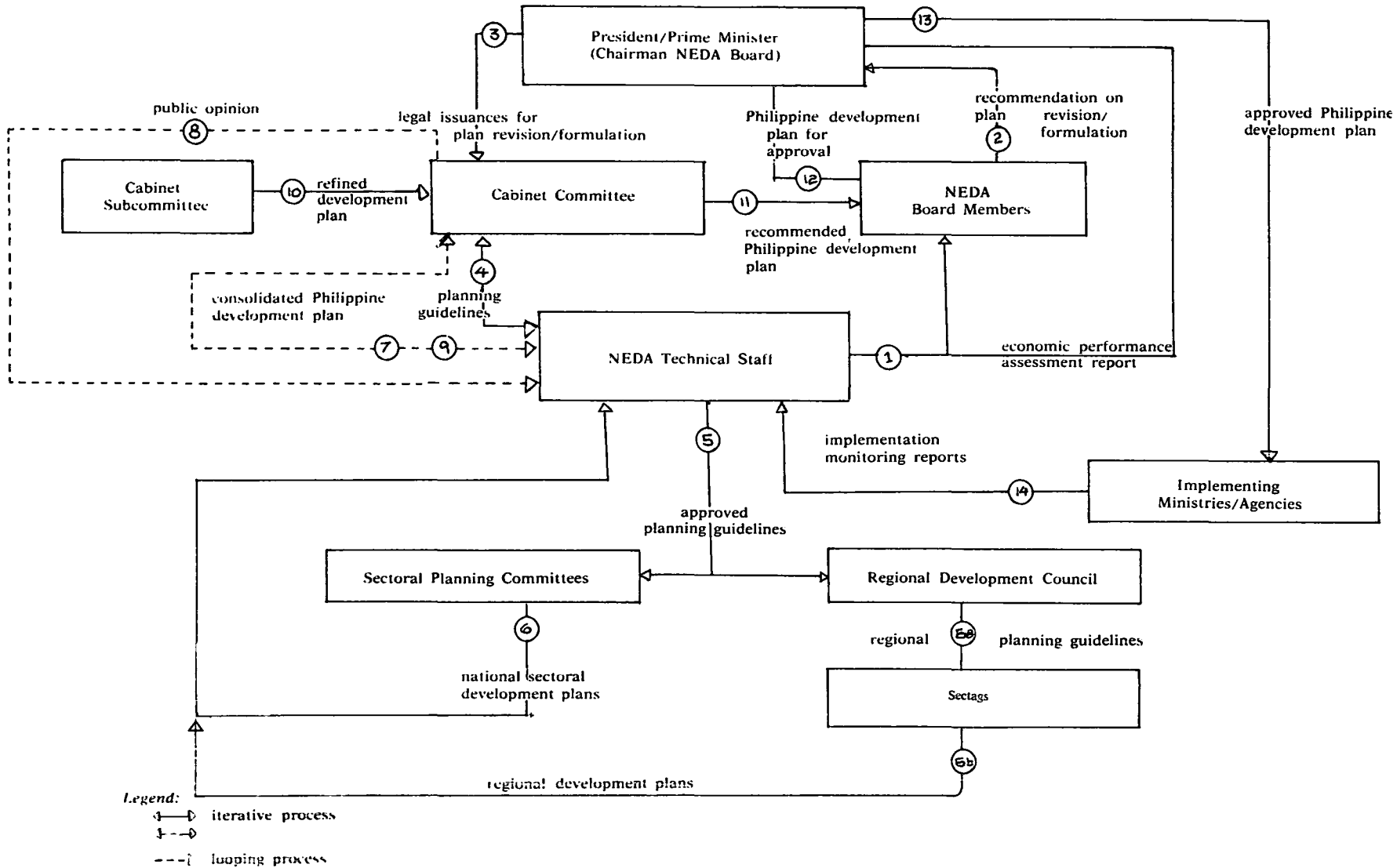
### *Development Plan Preparation*

The formulation of a national development plan basically follows several distinct stages. Each stage is properly timed and sequenced to maximize coordination of all concerned agencies (see Figure 1).

*Assessment of Previous Economic Development Performance.* The Philippine development planning process starts with an assessment of the country's economic performance during the preceding year. These assessments are contained in various reports on major development programs and projects prepared by NEDA,

<sup>19</sup>These are the Subcommittees on: National Development Framework and Macro-economic Targets; Regional Development Framework; Natural Resources; Agriculture; Agrarian Reform and Co-operative Development; Industry; Foreign Trade; Tourism, Health; Nutrition and Family Planning; Education and Manpower; Housing; Social Services and Community Development; Transportation and Communication; Power and Water Resources; Government Resources and Expenditures; Credit Resources; External Financing; and Development Administration.

Figure 1. Philippine Development Planning Process



covering the areas of general economy on a macro-economic and sectoral bases.<sup>20</sup> These periodic reports ensure continuous monitoring of the Philippine development performance and become one of the bases for plan review and revision for the succeeding plan period.

The reports assess the policies and the administrative changes that took place during the period, the progress in programs/projects implementation, the major problems encountered, and the economic prospects in the remaining period of plan implementation. This periodic assessment has institutionalized a system of reporting and assessing the efficiency and effectiveness of government funds and property utilization in accordance with the development plan and budgetary appropriations.

*Issuance of a Legal Basis for Plan Formulation.* The preparation and/or revision of development plans is formally initiated through the issuance of a legal authority, usually a letter of instructions or an executive order, directing NEDA to undertake the necessary steps; for instance, Presidential Decree No. 1200 gave NEDA the authority to formulate and conduct periodic review of the Five-Year Philippine Development Plan, 1978-1982.

The President/Prime Minister issues such directives as deemed appropriate, taking into account developments in the international and domestic scenes which

have direct impact upon the economy. This information is given through the periodic economic development reports submitted by NEDA.

The formulation of an economic plan or program through a presidential directive has established a highly authoritative mechanism which can promptly provide corrective measures to any deviation in the country's economic development plan. This process likewise enhances NEDA's coordination function with sufficient authority so that agency participation can be sought with minimal moral suasion.

*Issuance of Planning Guidelines.* On the basis of this legal authority, NEDA issues planning guidelines to various government agencies in consultation with the Cabinet Committee. These guidelines usually specify, among others, the broad national objectives, policies, strategies and preliminary macroeconomic, sectoral and regional targets for the plan period, based upon an estimate of the country's resources. These guidelines are used in the preparation of the Philippine development plan.

NEDA also issues guidelines relative to the membership, responsibilities, and functions of different interagency committees that it may create in connection with plan preparation, standard operating procedures of such committees, as well as the time frame of their activities.

The issuance of planning guidelines minimizes the problems of coordinating the various plans and programs of agencies operating at the national, regional, and local levels. It likewise maximizes

<sup>20</sup>These include the annual *Philippine Development Report* (formerly the *NEDA Report on the Economy*) and the *Report to the President on the Implementation of Major Development Projects*, prepared quarterly and annually, respectively.

the utilization of plan resources through the proper selection of agency activities geared towards national development priorities.

*Preparation of Macro and Sectoral Plans.* NEDA convenes the various macro and sectoral inter-agency committees to formalize the preparation of the development plan. The initial meetings of the committees, particularly the macro-economic group, are usually devoted to finalize the targets set in the planning guidelines. Reactions are sent back to the concerned committees for deliberations until final development targets are arrived at. The process is usually iterative and involves the participation of the whole administrative machinery of the government.

The agreed guidelines and targets are used in the formulation of the development plans on sectoral, regional, and macroeconomic levels. Participating agencies are likewise bound to use the same guidelines in their plan preparations. Consistency checks on the technical contents of the plan are assured through the periodic consultative meetings between the chairman of each committee with the members of the Cabinet committee, and the meetings of the NEDA technical personnel who are also members of the various committees.

*Preparation of Regional Plans.* At the regional level, the RDCs translate the planning guidelines into a regional scope for the use of the sub-national development bodies, ministry regional offices, and local government units in the region. On the basis of these guidelines, regional offices of the various ministries prepare

their plans for submission to the RDCs. Sectoral Task Groups (SECTAGS), or inter-agency committees whose functions are similar to those of sectoral and macro inter-agency committees operating at the national level, are created for the primary purpose of integrating agency plans into sectoral plans at the regional level.

There are four primary SECTAGS, namely, agriculture, industry tourism, infrastructure utilities, and social services. The technical staff of the NEDA ROs serve as the overall coordinator of the activities of the SECTAGS in checking the cross-sectoral consistency of regional sectoral plans and the integration of these plans into a regional development plan.

Upon approval by the RDCs, the draft copies of the integrated regional development plans are forwarded to the NEDA Central Office for review and integration with the rest of the regional plans. The integrated regional plans serve as the basis for the formulation of the overall regional development framework of the national plan.

*Consolidation of the Macroeconomic, Sectoral, and Regional Plans.* The NEDA Central Office consolidates the macroeconomic, sectoral, and regional plans to form the *Philippine Development Plan*. The most critical activity at this stage is to ensure that all objectives, policies, strategies and targets spelled out in various plans are consistent with each other. Hence, NEDA maintains close consultations with the committee chairmen and the different bodies which prepare the plans.

The achievement of proper balance among sectoral, macroeconomic, financial and regional development framework plans and their policies and targets enhances the chances for approval and implementation. Thus, by actively exercising its coordinative role, NEDA's function becomes doubly significant.

*Public Consultations.* Prior to the approval of the draft of the integrated national development plan, public consultations are conducted at the national, regional, and sectoral levels to get the reactions and suggestions of the private sector and the general public. Public hearings and consultative meetings are usually headed by the President/Prime Minister in his capacity as chairman of the NEDA Board. In these hearings, representatives from the business sector, professional societies, academe, church, media, farmers' groups, youth, and other interested parties are invited to present their views and suggestions on how to improve the substance and implementation of the development plan.

The inclusion of this step into the overall planning process has established the mechanism for the participation of the private groups in plan formulation. Such mechanism, however, has to be expanded to institute a more direct, and continuous involvement of the private sector in Philippine development inasmuch as they control a sizable portion of investment resources in the country.

*Plan Review, Approval, and Adoption.* After the public hearings, the NEDA Technical Staff, in collaboration with members of the concerned committees, make the necessary adjustments and re-

visions in the draft plan. The Cabinet Committee reviews the revised plan for further refinements and recommends its approval to the NEDA Boards.

Upon the recommendation of the NEDA Board, the President/Prime Minister issues a legal instrument approving and adopting the newly-formulated *Development Plan*. The legal authority specifies, among others, that all development activities of the government, including its agencies and instrumentalities, should conform and be in accordance with the approved *Philippine Development Plan*.

*Plan Implementation.* This process starts upon the plan's approval. It includes annual identification of various programs and projects in support of the *Development Plan* and the actual execution of the projects or delivery of the service. Plan implementation is carried out by the national and local governments who largely rely on the capability of their executive bodies.

### **Plan Objectives and Approaches: A Comparison**

#### *Goals and Objectives*

The overriding goals and objectives of the post-1972 plans have emphasized the attainment of maximum feasible economic growth, more equitable distribution of income, maximum utilization of the labor force, maintenance of stability not only in the domestic but also in the international front, industrialization, and regional development.



All the plans bear witness to the reality that material prosperity is only a means to the attainment of social development. They, however, differ in the degree of elaboration of social development as a basic goal. There were likewise additions to overall objectives as time went on which were primarily offshoots of the prevailing situations of the time.

The 1972-1975 Plan set the following as its long-run goals: attainment of a high per capita income, wide spread employment, more equitable income distribution, regional industrialization and development, and internal stability. The intermediate objectives were identified as export expansion, labor intensity, and the development of industrial linkages.

The succeeding plan for 1974-1977 established the objectives of: maximum economic growth feasible; maximum utilization of the labor force, specifically the promotion of employment and minimization of underemployment; more equitable distribution of income and wealth; regional development and industrialization; promotion of social development; and the maintenance of an acceptable price level and balance of payments stability.

The plan period 1978-1982 contains the most comprehensive set of goals encompassing new areas of concern. Briefly, they are as follows: promotion of social development and social justice with the creation of productive employment opportunities; reduction of income disparities, improvement of living standards of the poor, enrichment of social and cultural values; attainment of self-suffi-

ciency in food; greater self-reliance in energy; attainment of a high and sustained economic growth; maintenance of an acceptable price level and improvement in domestic resource mobilization and balance of payments position; increased development of lagging regions especially the rural areas, improvement of habitat through the development of human settlements and proper management of environment; and maintenance of internal security and harmonious international relations.

Over time, the evolution of national goals has been characterized by an increasing emphasis on social development and social justice, self-reliance, regional and rural development, human and manpower resource development, environmental management, and harmonious international relations.

This evolution confirms the fact that development should not be limited to mere economic advancement in terms of growth in the country's gross national product (GNP) and per capita GNP, but should encompass the more salient objective of improving the general well-being of the majority of the people.

The fruits of development must therefore reach the poorest segments of society who are the unemployed and underemployed, the homeless, the landless worker, the out-of-school youth, the *sacada*, and the sustenance fisherman. Moreover, the ill effects of the process of industrialization like water and air pollution on the environment and consequently on the populace's well-being, must be kept to a minimum or better still, totally eradicated.

While the basic goals of the economy appear to have become more optimistic in nature, they are premised on the conviction that the Philippines has the capability to achieve the stated goals both in terms of resources, and management and utilization of these resources.

### *Problems and Challenges*

The goals of the various plans were premised on the problems and foreseen challenges of the period. These are briefly discussed in the following sections.

*Inadequacy in Basic Needs.* Notwithstanding the growth in the country's GNP over time, the conditions of the urban and rural poor have not improved significantly. A large number still continue to be wanting in the basic needs of life, such as food, clothing, shelter, access to adequate health facilities, and minimum education. While this situation is largely a consequence of various crises during the times, it remains a pressing problem.

*Income Inequality.* Limitations in the purchasing power on the majority likewise indicates the existence of personal and geographical income inequality across the country. An example is the 1975 survey on family income which revealed that the top 30 percent of income recipients accounted for 63.9 percent of the total income.

*Unemployment and Underemployment*  
The continuing problem of unemployment and underemployment indicates a shortage of employment opportunities, especially of productive opportunities.

Hence, even those who are employed do not earn enough to liberate them from poverty.

*High Population Growth Rate.* Although the population growth rate and fertility have somewhat fallen in recent years, they still remain at fairly high levels. This has resulted in an ever-increasing cost of absorbing and supporting the country's growing population; e.g., in the provision of basic needs.

*Balance of Payments and Price Instability.* As an open economy the country is invariably affected by external disturbances. The impact of outside events is heavily felt in the country's balance of payments and international reserve position, and consequently on domestic prices.

*Energy Constraint.* The maintenance and support of growth of the various sectors require a stable supply of energy. The country has always depended on imported oil. A rise in oil prices immediately puts pressure on the country's balance of payments and the result is an increase in production costs in a wide area of economic activities.

*Environmental Problems.* The expansion of human settlements and development activities in agriculture, mining, forestry, and manufacturing has resulted in a number of environmental problems. Among these are air and water pollution, drying lakes and rivers, soil erosion, and floods.

*Regional Disparities.* Some regions lag behind the others in terms of growth, employment, and the provision of basic needs to their respective populations. In

many instances, depressed regions, especially the rural areas, have become the seats of discontent.

### *Strategies and Policies*

The nature and scope of the strategies after 1972 have been dictated by the situation of the times and by the national goals and objectives. Their evolution has likewise corresponded to that of the goals and objectives. The broad strategies and policies of the 1972-1975 plan placed more emphasis on economic development. The plan contained suggested reforms with specific proposals for legislative action in the areas of wages, interest rates, tax and tariff, exports and imports, foreign investments, government expenditures, and rice prices.

The succeeding plan for 1974-1977 contained an expanded set of development policies which gave more support to the goals of social and regional development. Specifically, these were: private sector participation within government-defined guidelines; greater labor utilization through the institution of reforms in labor laws, regulations, and practices; institution of monetary, credit, and fiscal policies; granting of incentives to industries in established areas of priority; coalescence of agriculture with industry so as to expand agricultural production, attain self-sufficiency, maintain a realistic exchange rate to promote exports and external stability; liberalization of laws and regulations covering foreign investments to encourage foreign investments in defined priority areas; streamlining of administrative machinery for coordinated planning and implementation; restructur-

ing of the educational machinery system to develop manpower skills required by future development; emphasis on infrastructure development; better cost management by price control covering only basic commodities; promotion of international cooperation compatible with national interest to ensure understanding and collaboration with other Asian countries; and diversification of the country's sources of imports and of its export markets.

The approach to development is basically to raise rural incomes; achieve self-sufficiency in food production; develop industry through the employment of labor-intensive technology; develop manufacturers for export; develop vital and necessary infrastructure support; and promote social development.

The latest plan, for the period 1978-1982, embodies an even more comprehensive set of policies and is more explicit on its basic strategies for development. For one, it divided its strategies into two: balanced growth across sectors with due emphasis on a proper management of environment, and development of human resources.

Balanced growth refers to a growth among sectors and among regions that mutually reinforce each other. Industrial and agricultural development are envisioned to complement each other. In further support of this, efforts are to be geared towards trade diversification, rational transformation of the energy source structure, application of science and technology, and environmental management. Human resource development, on the other hand, calls for the improve-

ment in the physical, intellectual, and material well-being of the people.

Development policies are likewise spelled out at the start of the plan and embrace a wide area of concern, specifically: private and public sector cooperation to achieve desired development goals; maintenance of population growth at acceptable levels; employment, that is, the encouragement of activities which promote effective utilization of manpower; incomes, meaning, to effect a balance in the growth of incomes, wages, prices, and productivity; agrarian reform; social welfare; prices; savings such as the mobilization of domestic savings; maintenance of a liberal but selective credit policy to stimulate investments in productive sectors; tax and tariff, public expenditure, subsidy, and debt; international relations; resource use; energy, science and technology; human settlements, and regional development.

Basic strategies and policies of these series of plans are more comprehensive and cover a wider area of concern. They have been expanded to the areas of human settlements, regional development, resource use, energy, and science and technology, among others. Whereas in previous years these areas were considered inconsequential, they are now recognized as vital inputs to economic and social development programs and strategies.

#### *Approaches to Planning*

Through the years, a number of significant development in the planning ap-

proaches have evolved. These developments were offshoots primarily of the pressing need to come out with a plan that is relevant and offers timely guidelines to the solution of economic and social problems.

*Sectoral Planning.* The national plan is the summation and integration of sectoral plans. The economy has been divided into sectors to facilitate the formulation of a development plan that is relevant and responsive to the needs of the country.

Planning by sector enables one to identify more easily the various needs of the country, both economic and social. The sectoral plans aid in the assessment of the status of existing government programs and help ensure unified planning and action. They likewise indicate the resource requirements of the integrated plan with respect to manpower and financial resources, and the necessary policies that should be implemented. This follows the sectoral plan which identifies the goals, targets, strategies, programs, and resource requirement for each particular area of concern.

The manner with which the economy has been divided reflects the various major areas of concern of the planner. Each of these sectors must be planned for because of the important role each plays in the development of the economy. Of the three plans, it is the third plan that discusses the sectors more explicitly. It may be noted that sectoral planning was hardly discussed in the first two plans.

This situation is again an offshoot of the needs of the time. To cite, the 1978-1982 plan discussed to a great extent the strategy for infrastructure development, not only in terms of public works and transport, but also in terms of the development of water resources and telecommunication system, as well as power and energy sources.

All sectoral plans have a general plan of action as follows: assessment of performance; identification of goals; setting of targets; and the identification of supporting policies, programs, and projects.

These plans make up the development plan. The process of integration involves the consolidation of plans consistent with national goals, as well as with available resources.

To strengthen the base for sectoral planning, the government conducted a series of sectoral planning exercises in 1974 and 1975 to provide an update on the situation in identified sectors concerned. These covered the sectors of Agriculture, Education, Health, Housing, Industry, International Trade, Social Welfare, Tourism, and Utilities/Infrastructure. These studies were, in addition, prepared as a component of the implementation process of the plan for 1974-1977.

The study was an inter-agency effort involving the various ministries, agencies, and instrumentalities of government concerned with the particular sectors. Briefly, the task of each committee was to review the existing resources, objectives, strategies and targets, policies, programs and projects, and the organizational setup of each sector, as well as its

regional dimension. In other words, each group was to inventory government activities in each of the sectors.

In addition to these exercises, sectoral planning subcommittees were created during the preparation of the plan for 1978-1982 and during its subsequent midterm assessment and revision. These were inter-agency committees supported by the NEDA technical staff. There were subcommittees to individually plan for the different sectors.

A subcommittee was created to work on the macroeconomic targets and national development framework that contained the country's national development goals and strategies and ensured consistency among the various chapters of the Plan. A subcommittee was also formed to oversee the regional development framework to ensure that the Plan includes strategies for the development of the regions.

To facilitate the preparation of the plan and to ensure its relevance, several indicators were identified on a sectoral basis. These indicators served as the basis for target setting in the different sectors and provided consistency among the different chapters on the plan.

Planning methodologies have likewise been developed on a sectoral basis to enable a more systematic and rationale setting of sectoral targets, and more importantly a sectoral plan consistent with national goals and strategies. These methodologies are still being improved through the search for alternative feasible models employed by other countries.

*Regional Planning.* Prior to 1972, no special significance was placed on the regional dimension of planning; it was then generally aggregative. It only took into consideration broad macroeconomic parameters. This was compounded by the fact that planning was characterized by confusion as evidenced by the existence of too many plans.

Experience has, however, shown that aggregative or national level planning, while it provides an indispensable framework for overall management of the national economy, is in itself inadequate for purposes of translating gross increases in production into real improvements in the material living conditions of the population, particularly the very large marginal low-income groups in urban and rural areas.

It is in this context that regional planning as an approach assumes a major importance. While regional development is a basic goal of development, it cannot be attained without proper regional planning. The goal of regional planning is really to minimize imbalances across regions, particularly with respect to economic and social development, through the coordination of all development activities in the regions.

Regional planning is of particular importance in that it appears to be the most practical available means of: (1) translating macroeconomic and macrosocial targets into concrete terms relevant to the regional and subregional levels; (2) providing coordination and communication linkages between local and national planning; (3) horizontally integrating development programs and projects carried

out within the various vertical sectors of the Plan and under the corresponding agencies of national and local government; (4) creating spatial framework within which the claims of investment efficiency and socioeconomic equity can be substantially reconciled and unified; (5) facilitating the timely and coordinated implementation and management of priority development projects; and (6) providing an effective, continuous monitoring and information feedback on the development of the nation as a whole.

Accepted as a necessary dimension of planning in the *Five-Year Philippine Development Plan, 1978-1982* a regional dimension was incorporated into each sectoral plan to reflect particular sectoral needs of each region. The approach is to develop all regions by sectors, giving due emphasis to particular sectors whenever the situation calls for it.

In the preparation of the *1978-1982 Development Plan*, efforts were made to incorporate and coordinate all development activities in the regions. This called for the creation of a separate subcommittee to oversee and coordinate the preparation of the various regional development plans, as well as to prepare a section on the overall plan for regional development. The activities of these particular subcommittees were conducted simultaneously with those of the other subcommittees. The preparation of the regional and sectoral plans were done simultaneously. In the preparation of future plans however, it is envisioned that regional plans be prepared before the sectoral plans to facilitate integration of the former into the latter.

The basic format of the regional development plans follows that of the national plan in order to facilitate integration. Each regional plan is thus subdivided into sectors and has, in addition, a chapter on macro targets, such as regional gross domestic product (GDP), population, and employment. The variables, as well as the sectoral indicators also follow those of the national plan except that these are on a regional level.

Other activities have also been undertaken to enrich the regional development plans. Foremost among these is the introduction of the integrated area development (IAD) approach in planning.

The IAD approach is used to plan for the development of identified depressed areas. It sets out the development goals and objectives of the said areas; the corresponding strategies and targets; and the policies, programs, and projects to achieve the said objectives.

In addition to the preparation of these plans, the IAD approach is also used to formulate development investment programs for the regions. The regional development investment programs (RDIPs) are meant to translate the regional development plans into more specific programs and projects. The municipality is the basic spatial unit and building block for project identification. These programs will then be consolidated, integrated, and programmed at the provincial level, primarily by the provincial development councils through their respective planning and development offices and will form the bases of the investment programs prepared for the regions.

*Human Settlements and Environmental Management Planning.* As stated in Letter of Instructions No. 729 development activities should promote and enhance a whole relationship between the citizens and their civic and physical environment. It was for this purpose that the Ministry of Human Settlements (MHS) was created. In addition, the National Coordinating Council for Town Planning, Housing, and Zoning was conceived to update, harmonize and synchronize development activities in major urban and urbanizable areas. Human settlements planning embraces the interdependence of man's environment, human shelters and structures, and the design and organization of human communities consistent with a national framework plan.

Presidential Decree No. 933, define human settlements approach as the physical planning, improvement, and management of human settlements. This includes the consideration of shelter and related facilities which affect habitability and efficiency from the viewpoints of quality of life and economic and social opportunity.

Integral to the process of developing human settlements is the proper management of the environment to ensure healthy living conditions, as well as a rational development and utilization of the country's vast natural resources. To oversee these activities, the National Environment Protection Council (NEPC) and the Natural Resources Management Council (NRMC) were created.

A complementary activity therefore to the preparation of the national development plan is the preparation of a multi-

year integrated national plan on human settlements which will identify and develop the spatial implications and components of national and regional development plans, policies, and programs. The MHS, NEDA, and the line ministries at the national and regional levels are concerned with this plan. The plan is then submitted to the NEDA Board for consideration and integration into the national development plan.

In addition to these plans are the town plans, land use plans, and zoning implementation and enforcement guidelines for urban and urbanizable areas.

### Concluding Remarks

The established administrative machinery for development planning and management after 1972 has been successful in meeting some of the challenges of the period.

One of its most important characteristics is the provision of organizational links between central, sectoral, and regional planning agencies and the central statistical agency. Since planned development calls for the timely availability of data required for decision-making, the existing administrative arrangements were made to ensure that such data are timely and adequate. Further improvements, however, can be achieved if biases in the collection of statistics were minimized and the data collected, widely circulated to all concerned organizations.

Another important aspect is the re-orientation in its development planning approach wherein government agencies in plan formulation activities are also

bound to vigorously pursue its implementation. This is based on the widely-recognized observation that plan formulation and implementation cannot be arbitrarily segregated without deviating from their true objectives. Thus, effective implementation under the present setup starts at plan preparation and formulation stages.

Moreover, an organizational link between plan formulation, budgeting and implementation has been established through the membership of the heads of the ministries in various boards and inter-agency committees for the government. This system provides for a closer coordination of plans, programs, and projects at all levels, making national, regional, and project planning activities mutually reinforcing.

Equally important is the President's/Prime Minister's assumption of responsibility and control in the formulation and implementation of plans, policies, programs, and projects through his chairmanship of the NEDA Board. It ensures authoritative and prompt decisions on plans and policies affecting national development and provides the top political leadership with direct line supervision in the management of the country's social and economic life.

The full support and commitment of the President/Prime Minister in the administration of development activities is a crucial factor in the realization of the national objectives and aspirations of the people. It creates the necessary atmosphere conducive to the people's active participation in the development effort. This situation is made more significant



by the fact that economic development is hardly possible without increased participation of the masses. Studies in administrative theories show that greater participation of the public in decision-making results in improved outputs. In fact, citizen participation in governmental affairs has been one of the cornerstones of democratic management.<sup>21</sup>

While the present administrative machinery in development planning has significantly solved many of the problems of past administration, it has some deficiencies. Since the economy is founded on private enterprise, the private sector will continue to play a dominant role in nation building and remain a dynamic component of Philippine development. In the past, the organizational machinery for development planning, particularly in the former National Economic Council, had a representative from the private sector. Ironically, the private sector is not represented in any of the newly-reconstituted or created bodies for economic planning and program implementation under the present system. This is contrary to the well-pronounced policy that the private sector will continue to be the prime mover of development.

While it is recognized that the creation of inter-agency committees facilitates coordination and integration of various plans and policies of the government, it has also the disadvantages of being expensive and time consuming in the delibera-

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<sup>21</sup>Renato G. Canto, "The Economic Planning Machinery in the Philippines," *The Philippine Economy Bulletin*, Vol. 6, No. 5 (May-June 1968), p. 6.

tion process. Often, it is totally dependent upon combined efforts for the fulfillment of certain activities, thus creating dispersed responsibilities. Since not one activity can be done without the cooperation of other member agencies, there is a strong tendency for the work to be delayed and fragmented.

Although efforts have been made to decentralize Philippine development planning through the establishment of the RDCs, the national government bodies are likely to continue to play the major role in regional development. This is primarily due to the fact that national government bodies are still vested with the responsibility for public investment in the regions, particularly in the execution of large-scale programs and projects that require foreign financing. Hence, if all decisions in the utilization of these resources have to be concentrated on national government entities, local participation will be severely constrained.<sup>22</sup>

There is a need for a more decentralized authority in public expenditures, consistent with the local capacity to absorb such responsibility while the national government must retain minimum centralized control of operation for security and coordination purposes.

Recognizing this problem, the top political leaders and decision makers are working on the inclusion of regional budgeting activities in the main functions of the regional development bodies. Likewise, regional representatives are being

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<sup>22</sup>International Bank for Reconstruction and Development, *The Philippines: Priorities and Prospects for Development* (Washington, D.C.: IBRD, 1976), pp. 124-125.

considered for a bigger role in the allocation of resources in their regions during the budgeting period.

The newly-constituted organizational arrangements for development planning and program execution has given NEDA and the various government committees the responsibility to undertake effective coordination in ensuring the successful implementation of the present system. Effective coordination, however, requires much more than an organization framework.<sup>23</sup> Cooperation, good human relations, perception of common goals, setting up of collective targets, understanding, and communications are the major built-in plus factors within the technical staff of NEDA and the various committee members which make them viable working organizations. Similarly, perceptions of common goals and setting up of collective targets are two important points for effective coordination.

#### *Planning Process*

Some major improvements in the planning process can be summarized as follows: (1) active participation of the en-

<sup>23</sup>Lawrence L. Bethel, Franklin S. Atwater, George H.E. Smih and Harvey A. Stackman, Jr., *Industrial Organization and Management*, 5th ed. (New York: McGraw Hill Book Co., 1971), p. 53.

tire Cabinet in the plan preparation through periodic consultative meetings; (2) consultation with the private sector at the national and regional levels to enhance plan implementation; (3) periodic and midterm appraisal and revision of the plan to make it more responsive to prevailing conditions; (4) preparation of agency plans to be used as input on the formulation of the national development plan; (5) evolvement and application of planning standards and indicators, such as social indicators.

#### *Approaches*

The regional planning, sectoral planning and human settlements and environmental management planning seek to bring about a wholesome type of living where the economic growth has an identifying effect on the residents and where the siting does not run counter to the growth of industry and other economic sectors. The major approaches used in the formulation of the national development plan comprise an important phase in planning necessary for the making of an effective and relevant plan.

The evolution of approaches should not end here. If plans are to be dynamic, continuous improvements must be made to enrich its contents.