



Republic of the Philippines

**DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT**

November 21, 2017

**MEMORANDUM CIRCULAR  
NO. 2017 - 159**

**TO : ALL LOCAL CHIEF EXECUTIVES (LCEs), HEADS OF PROVINCIAL PLANNING AND DEVELOPMENT OFFICES AND OTHER OFFICES CONCERNED OF THE PROVINCIAL LOCAL GOVERNMENT UNITS**

**SUBJECT : GUIDELINES ON THE DEVELOPMENT OF THE LOCAL ROADS NETWORK DEVELOPMENT PLAN (LRNDP)**

---

## **I. BACKGROUND**

The Local Roads Network Development Plan (LRNDP) is an integrated 5-year development plan for the sustainable development and maintenance of local road networks. The LRNDP supports efforts of provincial governments to improve local competitiveness through adequate and well-maintained roads infrastructure and better roads connectivity to ease movement of people and goods, and spur local economic development.

The LRNDP contains priority road development activities over a rolling 5-year period supported by a multi-year financing plan or investment program and a capacity development program to improve Local Government Units (LGUs) systems and processes and skills.

## **II. PURPOSE**

This policy is issued to guide Provincial Local Government Units (PLGUs) in preparing the LRNDP, in collaboration with city/municipal governments, business sector organizations and other local stakeholders.

## **III. LEGAL COMPLIANCE**

Section 17 (a) and 17(b)(3)(vii) of Republic Act (RA) No. 7160 or the Local Government Code (LGC) of 1991 mandates the Local Government Units (LGUs) to provide basic services and facilities, including infrastructure such as roads and bridges.

Section 17(f) of the LGC, however, provides that the National Government (NG) may augment the basic services and facilities assigned to an LGU when these are inadequate to meet the requirements of its inhabitants.

To address the decades-long underinvestment in local roads, CMGP funding shall come from the approved General Appropriations Act (GAA). Appendix 4, No. 2 of DILG-DBM Joint Memorandum Circular No. 2017-2, s. 2017, provides the key performance indicators on Conditional Matching Grant to Provinces (CMGP).

## IV. SCOPE/COVERAGE

All Provinces, Cities and Municipalities except LGUs in the National Capital Region.

## V. DEFINITIONS

For purposes of this Memorandum Circular, the following definitions shall apply, unless otherwise stated:

1. *Agriculture as one of the economic drivers* of the province, which includes crops, livestock, poultry, forestry and forest products, inland fishing and fishing, and mariculture.
2. *Core Road Network* is a strategic road link or chain of connected road segments that may be under the administrative responsibility of different bodies or LGUs but connect important locations and/or components of the economic drivers of the province such as agro-industry and other key production areas, logistics hubs, eco-tourism, and social services, among others.
3. *Conditional Matching Grant to Provinces (CMGP)* addresses underinvestment in local roads and improves national-local roads connectivity by improving capacities of PLGUs for local roads management (LRM) and public financial management (PFM).
4. *Economic Drivers* refer to either or combination of agriculture, industry and services that provide the most optimal potential of the province to support local economic development, sustainable growth, and/or poverty reduction, aligned with the strategic goals and directions of the province.
5. *Industry* is one of the economic drivers of the province, which includes manufacturing, mining and quarrying, water, light and energy, and construction.
6. *Investment Program* refers to a set of priority local roads interventions or activities drawn from the LRNDP, including the timelines and funding support from all sources, among other information.
7. *Local Road Network Development Plan (LRNDP)* – is an integrated 5-year plan for the sustainable management of local road networks, supported by multi-year Investment Program and Capacity Development Program to improve skills, processes and systems in LRM and PFM.
8. *Local Roads Management (LRM)* is one of the two key reform areas of CMGP that covers Local Road Information Management, Local Road Network Development Planning, Local Road Construction and Maintenance, and Local Road Asset Management.
9. *PAMANA (Payapa at Masaganang Pamayanan)* is the National Government's focused development program for isolated, hard to reach, conflict-affected/conflict-vulnerable communities.

10. *Provincial Development and Physical Framework Plan (PDPFP)* is a 6-year document that integrates, synchronizes, and relates the most rationale use of land resources and socio-economic programs in a single document. The Plan capitalizes on the six economic drivers, namely: Economic, Population and Settlement, Physical Resources, Income/Access to Services and Poverty, Land Use, and Local Governance.
11. *Public Financial Management (PFM)* is another key reform area of CMGP that includes Internal Audit, Budgeting, Revenue Generation and Expenditure Management and Procurement.
12. *Services* is a sector that is one of the economic drivers of the province, which includes banking; commerce and trade; finance and insurance; transport, storage, and communication; real estate; community, social and personal services; and tourism.
13. *Value Chain Analysis* is the process of analyzing a set of activities to determine the most benefit, advantage, impact or value that an intervention or activity produces, which helps local decision-makers agree on the best value of a peso investment. In the case of local road investments under CMGP, the analysis generates information and consensus as to which roads intervention or activity produces the best value for the PLGU, in support of its key economic drivers that an organization carries out to create value for its customers.

## **VI. POLICY CONTENTS AND GUIDELINES**

1. The following general principles shall govern the formulation of LRNDPs with multi-year local roads investment funded by CMGP, as well as other national and local sources indicated in item 6.7 hereof:
  - 1.1 *Principle of local roads connectivity.* Emphasis is given on connectivity of all roads within the Province. As such, the local road investment priorities include improvement, rehabilitation and maintenance of Provincial Roads, City, Municipal and Barangay Roads, that comprise a segment of, or vital to the core local road network/s, supporting province-wide economic drivers and/or connected with national road networks.
  - 1.2 *Principle of sustainable local roads.* Building capacities of LGUs for sustainable maintenance of local roads, in collaboration with local communities and other local partners, is paramount.
  - 1.3 *Principle of local economic development.* Emphasis is also given on local roads, whether provincial, city, municipal or barangay roads, that support local agriculture, industry and/or services driving the Province's economic development, sustainable growth, and/or poverty reduction.
  - 1.4 *Principle of good local governance.* Improving local roads management is not only about infrastructure provision to raise local competitiveness, but also a good local governance commitment in the pursuit of LRM and PFM reforms.
2. The LRNDP shall be informed by:
  - 2.1 The objectives of the Provincial Development and Physical Framework Plan (PDPFP), which sets out the strategic development directions of the Province.

The LRNDP is an elaboration of the Road Sector Plan focusing on developing and maintaining local roads in support of the development priorities of the Province.

- 2.2 Road investment priorities with strategic value to the economic drivers of the Province.
- 2.3 Adequate, accessible and reliable local roads information, including an assessment of the road network, including the performance and state of connectivity between national and local roads to support local economic development, as well as road development activities and financing from different sources, including but not limited to national and local governments, donors and other partners.
- 2.4 Holistic and informed investment and budget allocation decisions for new road construction, road improvement or rehabilitation, and road maintenance, including bridge construction and supporting infrastructure.

3. The objectives of the LRNDP are to:

- 3.1 Support the objectives of the PDPFP by developing and maintaining core local roads over a rolling 5-year period that connect with national road networks in support of local economic development and poverty reduction;
- 3.2 Increase economic activity and improve public access to infrastructure and basic services by strategically developing and maintaining selected roads as part of an integrated provincial road network encompassing city, municipal, and barangay roads;
- 3.3 Develop capacity of PLGUs to sustain and improve the existing road network through investment planning and budgeting, systems improvement, human resource development and community involvement;
- 3.4 Develop systematic, repeatable and transparent selection processes and mechanisms to determine priority road investments with local stakeholders through community consultations as part of inclusive decision-making; and
- 3.5 Institutionalize a system for road rehabilitation and maintenance as a critical service of PLGUs so that the road network is sustained in optimal condition with the efficient use of available resources.

4. Developing the LRNDP requires:

- 4.1 A Provincial Development and Physical Framework Plan (PDPFP) that describes key local economic drivers and development strategies, including transport priorities;
- 4.2 A road inventory and map based on Geographic Information System (GIS) that identifies the extent, use, connectivity, and condition of the local road network/s;
- 4.3 Maps that show at the minimum, economic drivers and activities, population centers and/or hierarchy of settlements, and demographics, land uses, dominant landscape features, terrain, hydrology, and environmentally sensitive and hazard prone areas;

- 4.4 Processes guides, survey tools and/or templates to guide information gathering and the development of the plan.
- 4.5 A committed and capable Local Road Management Team (LRMT), designated by the PLGU, with expertise in developing all components of the LRNDP and facilitating its development;
- 4.6 Application of Value Chain Analysis to sectors that drive the economy of the Province and maps that show the location of significant value chain components, for each economic driver; and
- 4.7 Participation of City/Municipal LGUs in the formulation of LRNDP, especially completing the roads database in shape file format with a minimal table using the Unified Mapping Program (UMP) data of the National Mapping and Resource Information Authority (NAMRIA) and the digitization of road network map.
- 4.8 Participation and representation of the business sector (identified by the PLGU) in the formulation of LRNDP and the application of value chain analysis per economic driver to determine core road networks for investment.
- 4.9 Approval of the Plan by the Governor; presentation to and ratification/approval by the Provincial Development Council (PDC); and adoption by Sangguniang Panlalawigan.

## 5. Limitations and Assumptions

- 5.1 The availability of a road database containing updated local roads conditions preferably in the form of a Geographic Database (Geodatabase) that can be accessed and analyzed in a Geographic Information System (GIS), is essential in the preparation of the LRNDP.
- 5.2 Considering that PLGUs have uneven exposure and limited capacities on GIS and road database, there may be limitations to data availability.
- 5.3 However, recent initiatives by the National Government, particularly the National Economic and Development Authority (NEDA) in training PLGU personnel in geo-tagging infrastructure projects, including provincial roads, supports the assumption that there is ready information on local roads at the provincial level.
- 5.4 Another assumption is that PLGUs will be fully implementing the Open Roads Portal, otherwise also called the Route Shoot Portal in [www.openroads.gov.ph](http://www.openroads.gov.ph), which contains the uploaded provincial road network maps, as well as other road projects so that the public can check which roads are being rehabilitated or improved
- 5.5 There will be limited time to undertake accessibility and proximity analyses using quantitative data, such as traffic volume, modes, and origin/destination. It is assumed that these analyses will be undertaken when each PLGU has developed skills in spatial modelling techniques, using GIS and will be applied in subsequent updates of the plan.

5.6 The LCE shall designate a Local Road Management Team (LRMT) thru an executive order, preferably composed of the following: Provincial Planning and Development Coordinator, PPDO Technical Staff, GIS Personnel, Provincial Engineer, Provincial Budget Officer or Treasurer, SP Chair of Infrastructure or Appropriations Committee and a representative from a local business association. To carry out the formulation of the LRNDP, the DILG completed the training of not more than seven key PLGU officials per province, among the PLGU officers and officials above, in July 2017.

6. Specifically, the LRDNP must contain the following:

- 6.1 A process for the selection and prioritization of local road investments that is systematic, repeatable, transparent and inclusive. The selection criteria may include, but not limited to, accessibility to services, contribution to economic activity, environmental protection, building social capital, peace, and social cohesion, and gender equality, among others (**see Annex A**).
- 6.2 Identification of sectors and sub-sectors that drive the economy of the province, as well as emerging and potential economic drivers.
- 6.3 A GIS data set of roads within the Province, regardless of administrative ownership or delegation, reflecting an updated road inventory that details road names and road condition, and showing sections proposed for investment through rehabilitation, upgrading, and maintenance.
- 6.4 A listing of key players for each economic driver of the Province, and an accompanying map showing the location of these key players.
- 6.5 Identification of “core road networks” linking players of each of sectors or sub-sectors that are driving the economy of the Province, consistent with and in support of the PDPFP and/or the Philippine Development Plan.
- 6.6 Identification of segments in the core road network, and new road openings, that are prioritized in the Investment Program, including, but not limited to, bridges, slope protection, drainage, road safety, PWD access, etc. These proposed investments may “service” existing economic drivers, or “shape/lead” emerging and potential economic drivers.
- 6.7 Investment Program over a 5-year period, including the source of funds for each activity in the Plan, such as CMGP for provincial roads; Assistance to Municipalities (AM) program for municipal roads, and PAMANA for municipal and barangay roads as well as locally-generated funds, among others.
  - 6.7.1 Identification of service delivery mechanism and procurement requirements to implement the Plan.
  - 6.7.2 Results-based monitoring and evaluation shall be observed with the following processes: defining results chain, identifying performance indicators, formulating M & E Plan, collecting and managing performance data, analyzing performance data, and using analyses to inform management decisions.
  - 6.7.3 A capacity development program addressing organizational issues, human resource development, and improvements in systems and processes for

LRM and PFM, in order for the Provincial Government to implement the Plan efficiently and effectively.

- 6.7.4 The LRNDP shall be considered one of the documentary evidence for the competitive and business-friendly dimension of the Seal of Good Local Governance (SGLG) for provinces in 2018 and thereafter. The PLGU's budget for roads maintenance shall also be included in future runs of the SGLG. In addition, the functionality of Local Development Councils will also be considered in the assessment of LGUs for the Seal.
- 6.7.5 Strategic local roads that have inter-provincial linkages and/or national-local connectivity with intra- and inter-regional development implications are encouraged to be submitted to the Regional Development Council (RDC) for reference/programming support either through national infrastructure or sector-based priorities in the said region.

## **VII. Amendment/s**

The DILG may amend or supplement this Memorandum Circular as may be necessary.

## **VIII. Repealing Clause**

Any and all DILG issuances, which are contrary to or inconsistent with any of the provisions herein, are hereby deemed repealed.

## **IX. Separability Clause**

If any part or provision of these guidelines shall be held invalid or illegal by any competent authority, other provisions thereof, which are not affected thereby, shall continue to be in full force and effect.

## **X. Effectivity Clause**

This guideline shall take effect immediately upon approval by DILG and after its publication in the official gazette or newspaper of general circulation.

  
**Catalino S. Cuy**  
Officer-in-Charge



## General and Local Road Project Prioritization Criteria

### General Criteria

#### 1. Economic Impact on an Economic Driver (Up to 20%)

1. High volume use or increases potential for high volume by linking two main roads to improve travel times – reduces transportation costs
2. Increases access of workforce to employment centers
3. Increases access to economic activity – commercial/retail and industrial centers
4. Links production areas to markets and other part of the value chain framework
5. Increases access to ports and transport hubs – links transport terminals / hubs
6. Proximity to growth centers and population centers
7. Improves access to tourism assets

#### 2. Impact on Multiple Economic Drivers (Up to 30%)

1. The more economic drivers that are expected to be affected by a proposed road project, the higher its weight assignment.

#### 3. Environmental (Up to 10%)

1. Avoids environmentally sensitive areas such as wetlands or sensitive habitats
2. Avoids impacting on protected areas
3. Minimizes impact on culturally sensitive areas
4. Avoids natural and human induced hazards – flood areas, landslides, coastal surges, conflict
5. Contributes to Disaster Risk Reduction
6. Helps the Province to adapt to Climate Change

#### 4. Physical (Up to 10%)

1. Avoids inaccessible terrain, steep slopes, geographic barriers (gullies, rivers, etc.)
2. Avoids costly drainage issues and the potential for creating flood problems

#### 5. Endorsement by a Business Service Organization (5%)

1. A Business Service Organization must be involved in all activities related to the identification and prioritization of road investments.

#### 6. Local Criteria (Up to 20%)

1. Other Criteria that might be added by the Provincial Government and its partners. May include:

##### 1. Legal

1. Avoids right of way issues and potential compensation claims
2. Avoids displacement of communities
3. Avoids impacts on indigenous values and communities
4. Avoids disputes over access and easements
5. Avoids tree and vegetation clearance



2. Condition acceptable for rehabilitation and maintenance - costs commensurate with benefits delivered.

7. Social (5%)

- Increases access to health services
- Increases access to education services
- Provides emergency access to remote areas for emergency evacuation
- Increases access to public transport
- Improves employment opportunities for the poor and disadvantaged
- Improves access to cultural and community assets; builds social capital
- Improves access to recreational activities
- Improves road safety

## LRNDP BASIC DEVELOPMENT GUIDE

Section	Title	Description
1	Executive summary	A concise discussion of the key features of the plan
2	Introduction	Briefly explains the plan context in terms of period, coverage and process
3	Provincial development direction and spatial framework	Takes off from the PDPFP, explaining the development framework of the province in terms of vision, mission, goals, objectives and preferred alternative spatial development scenario
4	Situation analysis	Discusses in detail the baseline condition and development scenarios of the subsector, specifically existing and projected supply and demand characteristics of the province's road network (including city, municipal and barangay roads) in accordance with PLPEM guidelines on internal circulation and external linkages; supported by analytical tables and maps
4-A	Economic Drivers	Listing of the top Economic Drivers, description, and explanation of why these have been selected.
4-A.1	Value Chain Analysis Framework	Inventory and Mapping of Key Players for Economic Drivers
4-A.2	Economic Drivers' Core Roads	Identification and mapping of the roads that connect the key players (businesses, organizations, facilities, etc.) of an Economic Driver.
4-A.3	Road Investments Selection	Identification of road segments that need investment.
4-A.4	Road Investments Prioritization	Compilation of Core Road Segments that require investment.
5	Development issues	Based on analytical tools such as trend and alternative scenario analyses as well as qualitative stakeholder inputs from the situation analysis above, this section identifies the specific supply and demand gaps as well as institutional and financing challenges affecting the road subsector; presented in the context of the province's spatial development thrusts
6	Subsector goals, objectives and targets	Discusses in detail the operational results that are meant to be attained within the planning period within the context of specific objectives and a broad goal aligned with the province's infrastructure development plan as contained in the PDPFP
7	Road network strategies	Identifies the best possible means by which the development targets for the road subsector could be attained within the planning period, fully considering the institutional and financing challenges and opportunities of the province

<b>Section</b>	<b>Title</b>	<b>Description</b>
8	Investment Program	Presents a shortlist of road subsector PPAs in a five-year road investment program, specifying required investment and funding sources within the planning period. Contains priorities as a result of Value Chain Analysis, etc.
9	Monitoring and Evaluation	Contains the crucial elements that would operationalize the plan, including the M&E system and institutional mechanisms for implementation (Results-based M&E)