

# Chapter 4

## IMPLEMENTATION STRATEGIES AND POLICIES

The local government units, along with the national government, are given the task of building the nation through their respective territorial jurisdiction. This is clearly provided in the various legislative provisions as provided below, which hence serve as basis for the LGUs in crafting and implementing interventions in line with their development –building mandate. But as the task of advancing local development is daunting and entails substantial cost, the LGUs are nonetheless provided with the tools by which to pursue and deliver their mandate of providing the services essential for building communities and the nation. Said tools may be tapped by the local government units as they find them necessary especially in times where available resources are inadequate to finance the required investments.

The above-said legislative framework is as provided below with the specific provisions:

### 4.1. Relevant National Strategies and Policies

#### 4.1.1. 1987 Philippine Constitution

Article II of the 1987 Constitution provides that the State shall ensure the autonomy of local governments (Section 25), encourage non-governmental, community-based or sectoral organizations that promote the

welfare of the nation (Section 23), and maintain honesty and integrity in public service (Section 27).

#### **4.1.2. Section 2(a) of the Local Government Code of 1991**

Declaration of Policy. – It is hereby declared the policy of the State that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the national government to the local government units.

#### **4.1.3. Section 3 of the LGC**

(b) There shall be established in every local government unit an accountable, efficient, and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities;

(c) The vesting of duty, responsibility, and accountability in local government units shall be accompanied with provision for reasonably adequate resources to discharge their powers and effectively carry out their functions; hence, they shall have the power to create and broaden their own sources of revenue and the right to a just share in national taxes and an

equitable share in the proceeds of the utilization and development of the national wealth within their respective areas;

(d) Local government units may group themselves, consolidate or coordinate their efforts, services, and resources for purposes commonly beneficial to them;

(e) The participation of the private sector in local governance, particularly in the delivery of basic services, shall be encouraged to ensure the viability of local autonomy as an alternative strategy for sustainable development.

#### **4.1.4. Local Government Code of 1991 on Resource Mobilization Tools**

Volume 3 of the Guidelines on PLPEM highlighted that the 1991 LGC provides LGUs with powerful resource mobilization tools that can be grouped into five distinct classes of potential revenue sources. These tools are as follows:

1. **Land-Based Tools.** These are prospective revenue sources that are dependent on real property, to wit:
  - Basic Real Property Tax (Sec. 232);
  - Special Education Fund – SEF Real Property Tax (Sec. 235);
  - Land Transfer Tax (Sec. 135);
  - Idle Land Tax (Sec. 236);
  - Public Land Use Tax (Sec. 235a);
  - Land Sale of Foreclosed Real Properties (Sec. 257, 258 and 260);

- Land Investment<sup>1</sup>;
  - Land Reclassification (Sec. 20);
  - Land Development Permit Fee (557 and 558); and,
  - Tax on Sand, Gravel, and other Quarry Resources (Sec. 138).
2. **Community Activity-based Tools.** These are revenue sources that rely on the flow of economic activity within the territorial jurisdiction of an LGU, such as:
- Business Tax (Sec. 143);
  - Community Tax (Sec. 156);
  - Franchise Tax (Sec. 137);
  - Tax on Business of Printing and Publication (Sec. 136);
  - Professional Tax (Sec. 139);
  - Amusement Tax (Sec. 140);
  - Annual Fixed Tax on Delivery Trucks or Vans (Sec. 141);
  - Fees and Charges (Sec. 147);
  - Fees for Sealing and Licensing of Weights and Measures (Sec. 148);
  - Fishery Rentals, Fees and Charges (Sec. 149); and,
  - Service Fees and Charges (Sec. 153).
3. **Infrastructure-Based Tools.** These are revenue sources based on the “user” or “beneficiary”-pay principle:
- Special Levy (Sec. 250);
  - Toll Fees or Charges (Sec. 155); and,
  - Public Utility Charges (Sec. 155).
4. **Debt-Based Tools.** These are tools that allow LGUs to secure debt finance for so called “income-generating projects” (IGP) and to make

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<sup>1</sup> An LGU may acquire and develop land using its ordinary corporate power (Sec. 18), through purchase of foreclosed real properties (Sec 263) or through joint ventures (Sec. 302) with the private sector, or through build-operate-transfer (BOT) scheme. Such investment in land development provides direct revenues to the LGUs in terms of profits upon disposition and also in terms of enhanced property value and higher property tax base.

investment in financial debt instruments like securities (e.g., Treasury bills, commercial papers, and shares of stock).

- Debt Financing (Sec. 297-302); and,
- Financial Investment (Sec. 18).

5. **Revenue Sharing-Based Tools.** These are tools based on national government revenues shared with LGUs as provided for in the 1991 LGC. These are:

- Share in Mining, Fishery, and Forestry Taxes (Sec. 290);
- Share in the Gross Sales or Taxes of Government-Owned and Controlled Corporation (Sec. 291); and,
- Congressional Funds<sup>2</sup>.

Annex G of the abovementioned guideline presents a more detailed presentation of this revenue tool kit for LGUs.

#### **4.1.5. Administrative Code of 1991**

The Administrative Code of 1987 provides that: "The State shall ensure the autonomy of local governments. For this purpose, it shall provide for a more responsive and accountable local government structure instituted through a system of decentralization. The allocation of powers and resources to local government units shall be promoted and inter-local government grouping, consolidation and coordination of resources shall be encouraged." (Book III, Title XII, Chapter 1, Section 1, Administrative Code of 1987).

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<sup>2</sup> Members of the House of Representatives as well as members of the Senate are allocated funds that may allocate for development projects within their respective districts or in the case of the Senators, in any location within the country that they may so choose. Congressional funds have both "hard" and "soft" components. The infrastructure funds are for identified hard capital projects such as roads, bridges, schools, hospitals, etc while the Priority Development Assistance Funds (PDAF) are for soft type projects such as medical expenses of indigent patients or for scholarships.

## **4.2 Implementing the Investment Program**

### **4.2.1 Investment Programming and Budgeting**

After the investment program has been formulated, this goes through review and validation by the Local Finance Committee, composed of the city planning and development coordinator, city treasurer and city budget officer, and the Sangguniang Panlungsod. This is in line with the regular budget process where the imprimatur for the projects' financing and implementation is deliberated and handed down.

Nonetheless, prior to the local budget process, there may be need for the forthcoming elected officials in the 2010 elections to review the indicative list of priority projects as contained in this volume. This is to give them the opportunity to identify what to them should be given priority attention and therefore implemented. The process shall entail firming up the three-year projects that would cover the first term of the elected officials and then legally adopting the LDIP (Step 6). The LDIP, however, is not cast in stone and as such may have to be reviewed periodically, updated and adjusted to meet the needs and demands of the times.

### **4.2.2 Improving Local Fiscal Management**

LGUs should not waste their "IRA boon", but instead leverage their IRA to finance strategic income generating and revenue-anticipating capital investment projects.

Figure 4-1 presents the following possible options that may be explored by Angeles City Government in augmenting its locally generated resources, to wit:

### **1. Official Development Assistance (ODA)**

Section 2 of RA 8182 otherwise known as ODA Act of 1996, defines ODA as a loan or loan and grant which meets all of the following criteria:

- a) It must be administered with the objective of promoting sustainable social and economic development and welfare of the Philippines;
- b) It must be contracted with governments of foreign countries with whom the Philippines has diplomatic, trade relations or bilateral agreements or which are members of the United Nations, their agencies and international or multilateral lending institutions;
- c) There are no available comparable financial institutions; and,
- d) It must contain a grant element of at least twenty-five percent (25%).

Official development assistances (ODAs) are resource flows provided by the following bilateral sources and multilateral institutions with the objective of promoting the economic development and welfare of the recipient country, to wit:

### **Bilateral Donors**

- Australia
- Austria
- Belgium
- Canada
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Italy
- Japan
- Korea, South
- Kuwait
- Netherlands, The
- New Zealand
- Norway
- Spain
- Sweden
- United Kingdom
- United States of America

### **Multilateral Donors**

- Asian Development Bank (ADB)
- European Union
- Food and Agriculture Organization (FAO)
- International Atomic Energy Association (IAEA)
- International Fund for Agriculture Development (IFAD)
- International Labor Organization (ILO)
- United Nations Children's Fund (UNICEF)
- United Nations Development Programme (UNDP)
- United Nations Industrial Development Organization (UNIDO)
- United Nations Population Fund (UNFPA)
- World Bank, The

ODA may either take the form of soft loans or grants. Soft loans have interest rates, which may range from zero to seven percent, and maturity periods ranging from ten to 50 years and grace periods of five to ten years. ODA grants, on the other hand, have no repayment obligation and are mainly provided in the form of experts, consultancy services, equipment, commodities and training.

Annexes D and E provide the ODA Terms and Conditions of Loans/Grant Assistance; and, ODA Facilities for LGUs, respectively.

## **2. Credit Market Options**

As noted<sup>3</sup>, LGUs may responsibly access the credit market to finance vital development investment projects, especially so called income generating and revenue-anticipating projects. These credit market options include the following:

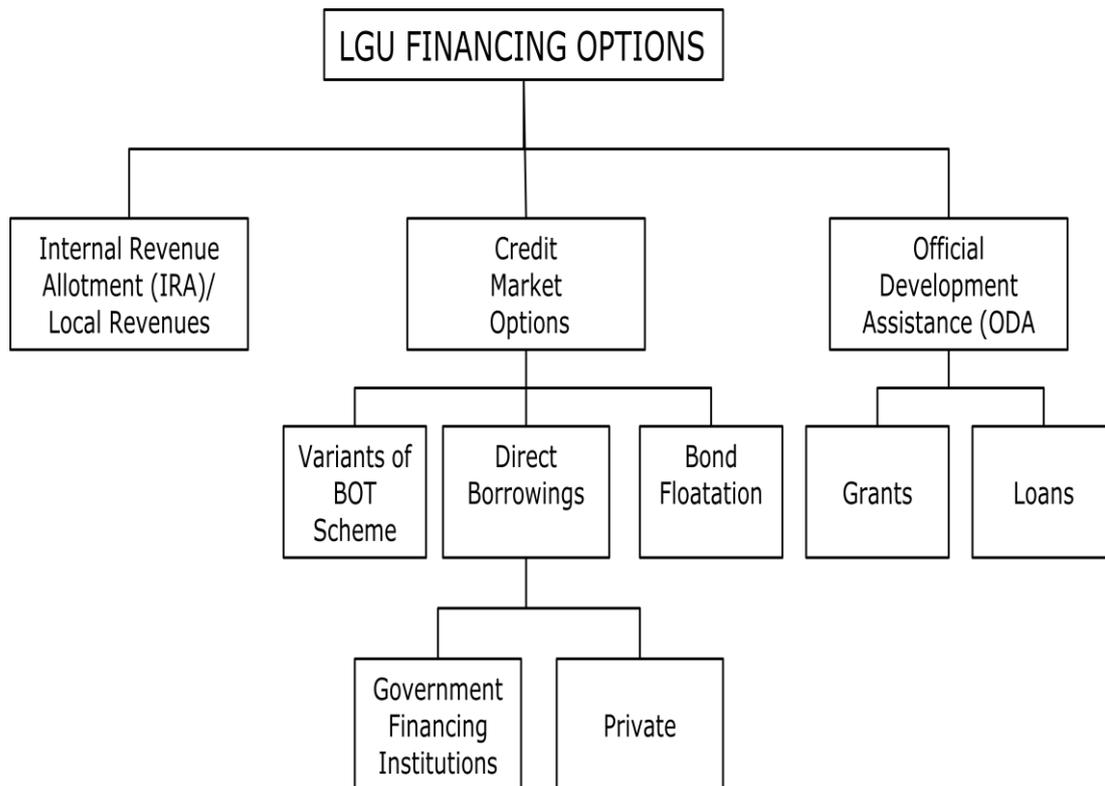
- a. Variants of Build-Operate-Transfer (BOT) Scheme. BOT variants offer an alternative to LGUs whose financial resources cannot meet their fast-growing economies' capital investment needs.
- b. Bond Floatation.
- c. Direct Borrowings from Private and Government Financing Institution (GFI). GFIs include (i) commercial banks; (ii) specialized GFIs like the Development Bank of the Philippines (DBP) and Land Bank of the Philippines (LBP); and, (iii) from government-managed specialized lending lines like the Municipal Development Fund (MDF).

The nature of the project to be financed and its financial circumstances must be given in-depth evaluation before entering into the abovementioned modes of credit financing.

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<sup>3</sup> Annex F, Guidelines on PLPEM, Volume 3

Figure 4-1 LGU FINANCING OPTIONS



## 4.3 Institutional Development

Hereunder are the identified programs during the series of workshops and public consultations and believed to be suitable as strategies in PPs implementation.

### 4.3.1 Strengthen City Government Structure Program

This program involves the following:

- a. **Capability Building.** This focuses on (i) conduct of in-house and external trainings/seminars for personnel of the city government to make them more effective in their field and consequently advance an efficient and effective bureaucracy; and, (ii) formulation of city career and human resource development program.
- b. **Personnel Complementation Review.** This involves: (i) inventory of plantilla and non-plantilla positions as basis for personnel management improvement; (ii) evaluation of individual personnel performance; (iii) development of review criteria for employee selection; and, (iv) provision of cash incentives, plaques and certificates of recognition.
- c. **Personnel Complementation Review.** This reviews policies/procedures on the provision of services preferentially to people/residents of Angeles City particularly the indigents.

- d. **Improve physical condition and appearance of City Hall.**  
This involves upgrading of various offices in accordance with existing laws or planning standards;
- e. **Computerization Program/ Management Information System Program.** This includes: (i) adoption of IT systems and productivity enhancement schemes in the conduct of city operation and administration, and (ii) purchase of information technology (IT) equipment such as computers, communication gadgets, etc.
- f. **Protective Services' Equipment/Logistics Enhancement.**  
This involves: (i) hiring, training and deployment of additional policemen and firemen; (ii) participation of the community in emergency situation; (iii) acquisition of vehicles and logistical support (patrol cars, fire trucks, ambulance, firefighting equipment and communication equipment); and (iv) installation of additional fire hydrants especially in highly congested areas.
- g. **City Development Council Strengthening Program.** This includes advocacy on the role of CDC, and accreditation of NGO/PO organizations.
- h. **Indexing and monitoring of various legislations passed.**  
The review of all existing and legislations and executive orders will be the focus of this activity.

### **4.3.2 Moral Renewal and Capability- Building Program**

This program comprises (i) restoration of moral dignity and good governance seminar, and (ii) value formation training wherein participants shall include all personnel in the City government.

### **4.3.3 LGU-NGO/PO Linkage Strengthening Program.**

This includes: (i) coordination with the local network of federated NGOs or key stakeholders, (ii) NGO/PO Accreditation Seminar, and (iii) conduct of continuing dialogue with private business groups to ensure city government support for business expansion.

### **4.3.4 Operation of the Executive and Legislative (ELAC) System**

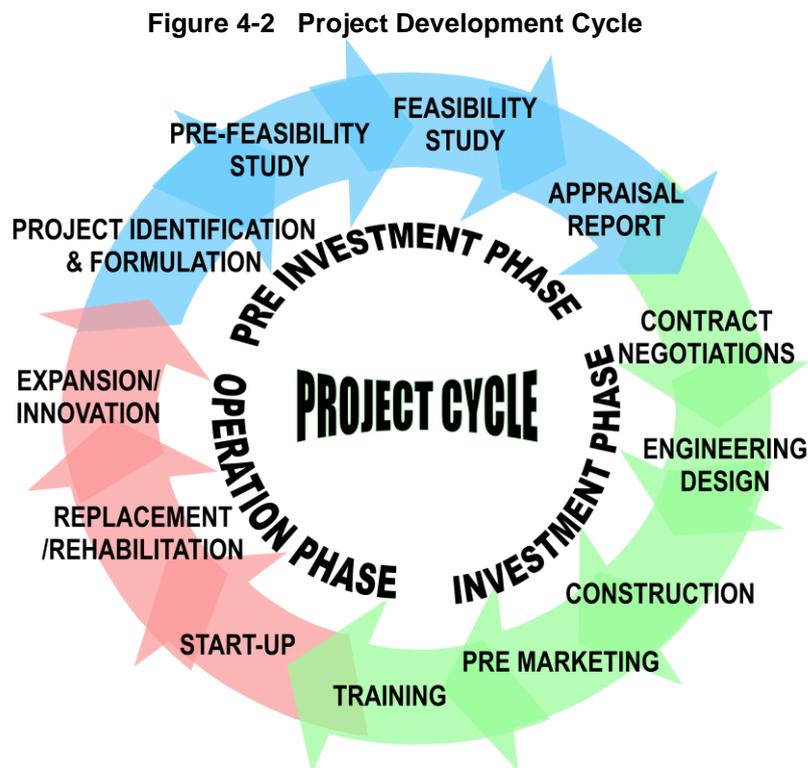
This involves the two branches of the city government.

## 4.4 Technical Capability

### 4.4.1 Project Development

A number of projects identified in this LDIP cannot be implemented immediately. Some may be initiated in later years of this programming period. The project briefs that were prepared, screened and evaluated represent only the first step in the project preparation stage. This means that the concerned projects still have to go through the various stages of project development as shown Figure 4-2.

The CPDO and other concerned departments shall build up their capability in project development as a prerequisite to the full implementation of the LDIP.



## 4.4.2 Project Management

Project management<sup>4</sup> is the discipline of planning, organizing, and managing resources to bring about the successful completion of specific project goals and objectives. It is often closely related to and sometimes used interchangeably with program management.

Project implementation is part of the project development process which requires a specific skill altogether. The approaches to project implementation usually come in two ways: by contract and by administration. Whichever approach is selected, the local officials must be proficient with both the techniques of contract administration and the skills to manage the project themselves.

Provision of training and seminars for all local planning staff and those of other departments is imperative to strengthen their capability in project development, contract administration, and, project monitoring and impact evaluation.

## 4.4.3 Monitoring and Evaluation

The term “monitoring and evaluation” are likely to get run together as if they are only one thing, but monitoring<sup>5</sup> and evaluation<sup>6</sup> (M&E) are, in fact, two distinct sets of organizational activities, related but not identical.

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<sup>4</sup> [http://en.wikipedia.org/wiki/Project\\_management](http://en.wikipedia.org/wiki/Project_management)

<sup>5</sup> Monitoring is the systematic collection and analysis of information as a project progresses.

<sup>6</sup> Evaluation is the comparison of actual project impacts against the agreed strategic plans

M&E is important because it (i) ensures that projects are carried out according to approved quality standards, within budget and on time, and (ii) checks if a project achieved its preferred objectives and purpose.

In local governance, this can be a separate discrete function from project management. Being project implementors one way or the other, LGU departments ought to be able to monitor and evaluate their own projects.

To facilitate project implementation, monitoring and evaluation at the regional and subregional levels, a Regional Project Monitoring and Evaluation System (RPMES) was established through EO 376 dated 2 November 1989.

The system provides for a scheme for monitoring and evaluating projects at the national, regional, provincial/ city and municipal levels, with the extensive and active participation of various government agencies, local government units and non-government organizations (NGOs) at all levels.

Through the system, generation of information on the overall status of project implementation at each level and the detection of problems that impede implementation is essentially facilitated, which helps in the identification and implementation of timely remedial actions.

The Angeles City Project Monitoring Committee (PMC) is one of the organized Local PMCs in Central Luzon.

## 4.5 Legislative Support

### 4.5.1 Supplemental Legislative Acts

This is one of the PPAs identified and it includes legislative acts that may be pursued to achieve the institutional development and revenue generation goals of the city:

- Zoning Ordinance adopting the new “Comprehensive Zoning Regulation for Angeles City”;
- Local Tax Ordinance which provides bases for local taxation and citing some local planning implications, particularly on multi-sectoral development planning and local development investment programming;
- Special Levies on Real Property Ordinance pursuant to Sec. 235-245, RA 7160; and,
- Local Investment Incentive Ordinance to provide an attractive environment for local investment in Angeles City.

### 4.5.2 Revenue Generation and Financing Program

A legislative act to support this program is crucial in the LDIP implementation. This includes (i) creation of task force to identify, review and update local fees and charges, (ii) Mapping and Assessment Updating Project, (iii) tie-up with agencies of the national government like the Bureau of Internal Revenue (BIR) on increasing tax consciousness and advocacy, and (iv) forging tie-ups with local and foreign funding institutions.