INSTITUTIONAL DEVELOPMENT SECTOR

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OUTLINE

- PART 1: Preliminaries
- PART 2: General Local Administration
- PART 3: Powers, Mandates, and Structures
- PART 4: Local Fiscal Administration
- PART 5: Local Legislation/Policy-Making
- PART 6: Networks and Relations
PART 1: PRELIMINARIES: AN OVERVIEW OF THE INSTITUTIONAL DEVELOPMENT SECTOR
WHAT ARE INSTITUTIONS?

INSTITUTIONS
✧ “rules of the game”
✧ those that constrain or regulate (on a positive note, promote) certain behaviors
✧ “Meaning” and “Control”

ORGANIZATIONS
✧ “the players”
✧ work within, or are influenced by, the institutional context
✧ “Association” and “Action”

WHY ARE INSTITUTIONS IMPORTANT?

- **Institutional quality** as a key ingredient to development
- **Development** is mostly about transforming institutions – cultural values, legal frameworks, market mechanisms and political processes (Woodrow, 2007)
- Current development themes emphasize the role of institutions
WHY ARE INSTITUTIONS IMPORTANT?

Part 1: PRELIMINARIES

INSTITUTIONAL DEVELOPMENT PLAN

• Strengthening the capability of the local government bureaucracy as well as elected officials to plan and manage the development of the municipality

• Manpower development, fiscal management and program/project management are the vital components of this sectoral plan

• Promote the involvement of voluntary groups or civil society organizations in the preparation, implementation, monitoring and evaluation of the different sectoral programs, projects and activities
INSTITUTIONAL AND ORGANIZATIONAL ANALYSIS

- **INSTITUTIONAL AND ORGANIZATIONAL ANALYSIS (IOA)** refers to the research and analysis of, and generation of understanding about, institutions and organizations.

- **INSTITUTIONAL ASSESSMENT**: assessing the formal and informal ‘rules of the game’ that influence society, organizations and individuals.

- **ORGANIZATIONAL ASSESSMENT**: focused on the nuts and bolts of how organizations are structured and organized, their values and culture, their capacity and performance, and so on.

**Part 1: PRELIMINARIES**

- **CAPACITY** signifies the right combination of: human, technical and financial resources, leadership, institutions (rules of the game) and practices (Mathauer 2004)

- **CAPACITY-BUILDING** is a complex process that goes beyond simply training individuals in certain new skills or techniques.
  - a **complex process** that involves changes in power, identity and relationships.
  - an ‘endogenous process’ (formed from within), that involves the main actor taking responsibility for the process of change (Walters 2007).
1987 CONSTITUTION directs the government’s economic and planning agency to “implement continuing and coordinated programs and policies for national development” (Article VII, Section 9)
INSTITUTIONAL MECHANISMS FOR PLANNING

PART 1: PRELIMINARIES

NATIONAL

REGIONAL

LOCAL

NEDA BOARD

RDCs

LDCs

NEDA SECRETARIAT

NEDA REGIONAL OFFICES

P/C/M PDO/Cs

INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

PART 1: PRELIMINARIES

NEDA BOARD

ATTACHED AGENCIES

NEDA BOARD INTERAGENCY COMMITTEES

NEDA BOARD EXECUTIVE COMMITTEE

DBCC INFRACOM ICC SDC CTRM RDCom NLUC
### INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

#### Part 1: Preliminaries

#### NEDA Board

<table>
<thead>
<tr>
<th>COMPOSITION</th>
<th>FUNCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>President (Chairman)</strong></td>
<td><strong>Primarily responsible for formulating continuing, coordinated and fully integrated social and economic policies, plans and programs</strong></td>
</tr>
<tr>
<td><strong>Secretary of Socio-Economic Planning and NEDA Director-General (vice-chairman)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Members:</strong> the Executive Secretary and the Secretaries of Finance; Trade and Industry; Agriculture; Environment and Natural Resources; Public Works and Highways; Budget and Management; Labor and Employment; Interior and Local Government; Health, Foreign Affairs; Agrarian Reform; Science and Technology; Transportation and Communications; Energy and, the BSP Deputy Governor</td>
<td></td>
</tr>
</tbody>
</table>

#### NEDA Board Executive Committee

<table>
<thead>
<tr>
<th>COMPOSITION</th>
<th>FUNCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Executive Secretary (Chairman)</strong></td>
<td><strong>resolves policy issues without the necessity of convening the entire NEDA Board</strong></td>
</tr>
<tr>
<td><strong>Secretary of Socio-Economic Planning and NEDA Director-General (Co-Chairman)</strong></td>
<td><strong>facilitates the decision-making process at the NEDA Board to ensure that projects or issues requiring NEDA Board discussion and decision are immediately acted upon</strong></td>
</tr>
<tr>
<td><strong>Members:</strong> Chairpersons of the Development Budget Coordination Committee, Investment Coordination Committee, Committee on Tariff and Related Matters, Social Development Committee; Co-chair of the Infrastructure Committee; and the Governor of the Bangko Sentral ng Pilipinas</td>
<td></td>
</tr>
</tbody>
</table>
### INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

#### PART 1: PRELIMINARIES

#### DBCC

<table>
<thead>
<tr>
<th>COMPOSITION</th>
<th>FUNCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Secretary of Budget and Management (Chairman)</td>
<td>The DBCC recommends to the President the following:</td>
</tr>
<tr>
<td>• NEDA Director-General (Co-chairman)</td>
<td>• Level of annual government expenditures and the ceiling of government spending for economic and social development, national defense, and government debt service;</td>
</tr>
<tr>
<td>• Members: the Executive Secretary, Secretary of Finance and the Governor of the Bangko Sentral ng Pilipinas</td>
<td>• Proper allocation of expenditures for each development activity between current operating expenditures and capital outlays; and;</td>
</tr>
<tr>
<td></td>
<td>• Amount set to be allocated for capital outlays broken down into the various capital or infrastructure projects</td>
</tr>
</tbody>
</table>

### INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

#### PART 1: PRELIMINARIES

#### INFRA Com

<table>
<thead>
<tr>
<th>COMPOSITION</th>
<th>FUNCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• NEDA Director-General (Chairman)</td>
<td>Advises the President and the NEDA Board on matters concerning infrastructure development, including highways, airports, seaports and shore protection; railways; power generation, transmission and distribution; telecommunications; irrigation, flood control and drainage, water supply and sanitation; national buildings for government offices; hospitals and related buildings; state colleges and universities elementary and secondary school buildings; and other public works:</td>
</tr>
<tr>
<td>• Secretary of Public Works and Highways (Co-chairman);</td>
<td>• Coordinates the activities of agencies, including government-owned or controlled corporations involved in infrastructure development; and</td>
</tr>
<tr>
<td>• Members: the Executive Secretary and the Secretaries of Transportation and Communications; Finance; and Budget and Management</td>
<td>• Recommends to the President government policies, programs and projects concerning infrastructure development consistent with national development objectives and priorities</td>
</tr>
</tbody>
</table>

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## INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

### COMPOSITION

<table>
<thead>
<tr>
<th>ICC</th>
<th>SDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretary of Finance (Chairman)</td>
<td>Secretary of Labor and Employment (Chairman)</td>
</tr>
<tr>
<td>NEDA Director-General (Co-chairman)</td>
<td>NEDA Director-General (Co-chairman)</td>
</tr>
<tr>
<td>Members: the Executive Secretary and the Secretaries of Agriculture; Trade and Industry; Budget and Management; and the Governor of the Bangko Sentral ng Pilipinas</td>
<td>Members: the Executive Secretary, and the Secretaries of Education; Health; Interior and Local Government; Agrarian Reform; Agriculture; Social Welfare and Development; and, Budget and Management</td>
</tr>
</tbody>
</table>

### FUNCTION

<table>
<thead>
<tr>
<th>ICC</th>
<th>SDC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluates the fiscal, monetary and balance of payments implications of major national projects, and recommends to the President the timetable of their implementation on a regular basis;</td>
<td>Advises the President and the NEDA Board on matters concerning social development, including education, manpower, health and nutrition, population and family planning, housing, human settlements, and the delivery of other social services.</td>
</tr>
<tr>
<td>Advises the President on matters related to the domestic and foreign borrowings program; and</td>
<td>Coordinates the activities of government agencies concerned with social development; and</td>
</tr>
<tr>
<td>Submits a status of the fiscal, monetary and balance of payments implications of major national projects</td>
<td>Recommends appropriate policies, programs and projects consistent with the national development objectives.</td>
</tr>
</tbody>
</table>
### INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

#### PART 1: PRELIMINARIES

#### CTRM

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Secretary of Trade and Industry (Chairman)</td>
<td>Advises the President and the NEDA Board on Tariff and related matters and on the effects on the country of various international developments;</td>
</tr>
<tr>
<td>NEDA Director-General (Co-chairman)</td>
<td>Coordinates agency positions and recommends national positions for international economic negotiations;</td>
</tr>
<tr>
<td>Members: the Executive Secretary, the Secretaries of Foreign Affairs; Agriculture; Transportation and Communications; Environment and Natural Resources; Budget and Management; and Finance; the Governor of the Bangko Sentral ng Pilipinas; and; the Chairman of the Tariff Commission.</td>
<td>Recommends to the President a continuous rationalization program for the country’s tariff structure.</td>
</tr>
</tbody>
</table>

#### RDCom

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>NEDA Director-General (Chairman)</td>
<td>Formulates and monitors the implementation of policies that reduce regional growth disparities, and promote rational allocation of resources among regions;</td>
</tr>
<tr>
<td>Members: Secretary of Budget and Management; Secretary of Interior and Local Government; Three (3) RDC Chairs one each representing Luzon, Visayas and Mindanao; and, Four (4) regional development experts from the private sector and academe</td>
<td>Serve as clearing house for key regional development policy/programs proposals which impact on two or more regions;</td>
</tr>
<tr>
<td></td>
<td>Formulates and monitor implementation of the framework for regional development of the Medium Term Philippine Development Plan;</td>
</tr>
<tr>
<td></td>
<td>Directs the formulation and review guidelines for the regional allocation of agency budgetary resources;</td>
</tr>
<tr>
<td></td>
<td>Periodically reviews the viability of the regional configuration of the country and recommend to the President the redelineation of regions, as may be necessary; and</td>
</tr>
<tr>
<td></td>
<td>Periodically reviews the composition, structure and operating mechanism of the Regional Development Councils and recommend to the President changes as may be necessary</td>
</tr>
</tbody>
</table>
INSTITUTIONAL MECHANISMS FOR PLANNING: National Level

### COMPOSITION

- **NLUC**
  - NEDA Director-General (Chairman)
  - Members:
    - Secretaries of Environment and Natural Resources; Agriculture; Agrarian Reform; Trade and Industry; Public Works and Highways; Transportation and Communications; Tourism; Interior and Local Government; Justice; Science and Technology; Energy;
    - Chairpersons of the HUDCC/HLURB; and the NCIP
    - Presidents of the League of Provinces, Municipalities and Cities.
  - Two private sector representatives

### FUNCTION

- Advise the President on matters concerning land use and physical planning;
- Formulate a national physical framework plan and other inter-sectoral policies and programs that guide the rational utilization and management of the country’s land and other physical resources, and the preparation of sub-national physical framework plans. The national physical framework plan shall integrate relevant sectoral as well as regional socio-economic and physical framework plans and policies;
- Promote the integration of land use and physical planning policies, plans and programs, including disaster risk management, into national socio-economic plans and programs;
- Decide and resolve land use policy conflicts among agencies of the national government;
- Establish and maintain, in conjunction with the various appropriate government agencies, a database system which would identify and classify the present and possible uses of specific land areas, public and private, comprising the total land resources of the nation; and
- Provide policy directions to the Regional Land Use Committees in the performance of their physical planning functions in the performance of their physical planning functions.

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INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

- Section 14, Article X of the 1987 Constitution provides that the President shall create regional development councils (RDCs) and other similar bodies composed of local government officials, regional heads of departments and other government offices and representatives from non-governmental organizations within the regions.
- The RDC shall be the primary institution in the region which shall set the direction of economic and social development of the region and through which regional development efforts shall be coordinated.
INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

PART 1: PRELIMINARIES

Regional Development Council

NEDA Regional Office

Advisory Committee
Sectoral Committees
Affiliate Committees
Executive Committee

Economic Development
Social Development
Infrastructure Development
Development Administration
Ad Hoc Committees

INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

PART 1: PRELIMINARIES

Regional Development Council

Local Government Units

Regional Line Agencies

Private Sector and NGOs

- All provincial governors and city mayors, mayors of municipalities designated as provincial capitals, and mayors of municipalities designated as regional centers;
- All presidents of the provincial league of mayors;
- Regional Directors of agencies represented in the NEDA Board (NEDA, DAR, DA, DBM, DENR, DOF, DFA, DOH, DILG, DOLE, DPWH, DOST, DTI, DOTC, BSP)
- Regional Directors of DepEd, DSWD, DOT, CHED, and TESDA
- Representatives of the accredited private sector and NGOs based in the region.
- At least one PSR shall come from the labor sector (EO No. 384, 1996)
- Their total representation shall comprise one-fourth of the members of the fully constituted Council
INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

**PART 1: PRELIMINARIES**

**Regional Development Council**

**Chair** (Government/LCE)

**Co-Chair** (PSR)

**Ex Officio Vice Chair** (NEDA RD)

**Ex-officio Secretary** (NEDA Asst. RD)

**Members**

**Special Non-Voting Members**

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**INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level**

**COMPOSITION**

**FUNCTION**

Regular Members:
- all provincial governors
- all city mayors
- mayors of municipalities designated as provincial capitals
- all presidents of the provincial league of mayors
- the mayors of the municipality designated as the regional center
- the regional directors of agencies represented in the NEDA Board and private sector representatives who shall comprise one-fourth of the members of the fully-constituted council

- Coordinate the preparation, implementation, monitoring and evaluation of short and long-term regional development plans and investment programs, regional physical framework plan and special development plans, including the formulation of policy recommendations;
- Integrate approved development plans of provinces and cities, line agencies, state universities and colleges, government owned and controlled corporations and special development authorities in the region into the regional development plan;
- Review, prioritize, and endorse to the national government the annual and multi-year sectoral investment programs of the region for funding and implementation;
- Review and endorse to the national government the annual budgets of agency regional offices, state colleges and universities and special development authorities;
- Promote and direct the inflow and allocation of private investments in the region to support regional development objectives, policies and strategies;
- Review and endorse national plans, programs and projects proposed for implementation in the regions;
- As required by the Investment Coordinating Committee (ICC), review and endorse projects of national government agencies that have impact on the region and projects of LGUs in the region requiring national government financial exposure which may come in the form of guarantees, national government budget appropriations or subsidies, among others.

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### INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

#### PART 1: PRELIMINARIES

<table>
<thead>
<tr>
<th>COMPOSITION</th>
<th>FUNCTION</th>
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</table>
| **Full Council**  | - Initiate and coordinate the development, funding and implementation of regional and special development projects such as those involving several agencies or LGUs;  
                   - Coordinate the monitoring and evaluation of development projects undertaken by government agencies, local government units, state colleges and universities, government-owned and/or -controlled corporations and special development authorities in the region; and  
                   - Perform other related functions and activities as may be necessary to promote and sustain the socio-economic development of the regions. |
| **Executive Committee** | - comprise one-fourth of the total membership of the fully-constituted Council, the membership to be determined by the Council, provided that all sectoral committee chairmen created under Section 7 of this Executive Order, shall automatically become members of the Executive Committee  
                   - to act on matters that require immediate attention for and on behalf of the RDC when it is not in session |

**EO 325, s. 1996**

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INSTITUTIONAL MECHANISMS FOR PLANNING: Regional Level

**PART 1: PRELIMINARIES**

### COMPOSITION

- **RLUC**
  - NEDA Regional Director (Chair)
  - HUDCC (Vice Chair)
  - Members:
    - Regional Directors of Environment and Natural Resources; Agriculture; Agrarian Reform; Trade and Industry; Public Works and Highways; Transportation and Communications; Tourism; Interior and Local Government; Justice; Science and Technology; Energy; HLURB; and the NCP
    - Presidents of the League of Provinces, Municipalities and Cities.
    - Two private sector/NGOs/POs representatives

### FUNCTION

- Formulate and periodically update the Regional Physical Framework Plan (RPFP), taking into consideration national, interregional, regional and local plans and policies;
- Review, prior to SP approval, the PDPFPs and CLUPs (HUCs/ICCs) for consistency with RPFP and NB-NLUC policies/standards/guidelines;
- Primarily responsible for the evaluation of priority development areas for land conversion as identified by the DTI, DA and DOT (E.O 124, s. 1993);
- Promote the integration of land use and physical planning policies, plans and programs, including disaster risk management into the regional socio-economic plans and programs;
- Decide and resolve region-specific land use policy conflicts among government agencies;
- Review and recommend appropriate actions to the NB-NLUC on land use policy conflicts between or among national government agencies;
- Assess changes in land use and other physical resources in the regional and the implementation of RPFP policies;
- Evaluate consistency of major programs and projects with the RPFP and their impact on land use and the environment;
- Undertake the gathering, updating and maintenance of a regional database system; and
- Perform other related functions as may be directed by the NB-NLUC.

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INSTITUTIONAL MECHANISMS FOR PLANNING: Local Level

**PART 1: PRELIMINARIES**

- LOCAL CHIEF EXECUTIVE
- LOCAL DEVELOPMENT COUNCIL
- EXECUTIVE COMMITTEE
- LOCAL SPECIAL BODIES
- LPDO
- OTHER LGU DEPARTMENTS
- SECTORAL DEVELOPMENT COMMITTEES
- TECHNICAL WORKING GROUPS
- SOCIAL
- ECONOMIC
- ENVIRONMENTAL
- PHYSICAL
- INSTITUTIONAL
## INSTITUTIONAL MECHANISMS FOR PLANNING: Local Level

### PART 1: PRELIMINARIES

#### LOCAL DEVELOPMENT COUNCIL

**Body**

- **BARANGAY**
  - SB members
  - Representatives of NGOs who shall constitute **not less than ¼** of the members
  - Congressman rep

- **CITY/MUNICIPALITY**
  - SB members
  - All punong barangays
  - Chairman of the committee on appropriations
  - The congressman or his representative
  - NGO reps who shall constitute **not less than ¼** of the members

- **PROVINCIAL**
  - All mayors
  - Chairman of the committee on appropriations
  - The congressman or his representative
  - NGO reps who shall constitute **not less than ¼** of the members

**LGU Level**

- **Province**
  - City/Municipality
  - Barangay

**Functions**

- Provincial, city, and municipal
  - Formulate long-term, medium-term, and annual socio-economic development plans and policies
  - Formulate the medium-term and annual public investment programs
  - Appraise and prioritize socio-economic development programs and projects
  - Formulate local investment incentives to promote the inflow and direction of private investment capital
  - Coordinate, monitor, and evaluate the implementation of development programs and projects

- Barangay
  - Mobilize people's participation in local development efforts
  - Prepare barangay development plans based on local requirements
  - Monitor and evaluate the implementation of national or local programs and projects

#### LOCAL DEVELOPMENT COUNCIL

**Body**

- **LDC's EXECUTIVE COMMITTEE**
  - Province
  - Governor as chairman
  - Representative of mayors to be chosen from among themselves
  - Chairman of the committee on appropriations
  - President of the provincial league of barangays
  - NGO rep
  - City/Municipality
  - Mayor as chairman
  - Chairman of the committee on appropriations
  - President of the city or municipal league of barangays
  - NGO rep
  - Barangay
  - Punong barangay as chairman a representative of the sangguniang barangay
  - A representative of non-governmental organizations

**LGU Level**

- Province
  - City/Municipality
  - Barangay

**Functions**

- Ensure that the decision of the council are faithfully carried out and implemented
- Act on matters requiring immediate attention or action by the council
- Formulate policies, plans, and programs based on the general principles laid down by the council; and
- Act on other matters that may be authorized by the council.
**INSTITUTIONAL MECHANISMS FOR PLANNING: Local Level**

<table>
<thead>
<tr>
<th>Body</th>
<th>Composition</th>
<th>LGU Level</th>
<th>Functions</th>
</tr>
</thead>
</table>
| **SECRETARIAT** | • Planning and Development Coordinator/Office                                 | Province City/Municipality Barangay | • Provide technical support to the LDC  
• Document proceedings  
• Prepare reports  
• Other support functions as may be necessary |
| **SECTORAL OR FUNCTIONAL COMMITTEES** | • Social  
• Economic  
• Physical/Land Use  
• Environment  
• Institutional | | • Assist the LDC in the performance of its functions  
• Provide the LDC with data and information essential to the formulation of plans, programs, and activities  
• Define sectoral or functional objectives, set targets and identify programs, projects, and activities  
• Collate and analyze data and conduct studies  
• Conduct public hearings on sectoral planning, projects and activities  
• Monitor and evaluate programs and projects  
• Perform functions assigned by the LDC |

**PART 2: GENERAL LOCAL ADMINISTRATION**
Local governments and municipal corporations have dual nature: governmental or public and proprietary.

- **Public character**: LGs serve as instrumentalities of the State in carrying out the functions of the government.
- **Proprietary**: LGs act as agencies of the community in the administration of local affairs.
  - act as business corporations and as separate entities for the furtherance of their own interests and not as subdivisions or units of the State (Lidasan vs. COMELEC, 1967).
  - As private corporate entities, local governments manage public utilities

Local governments constitute the foundation of the entire structure of the government.
Decentralization of Administration

Deconcentration: the distribution of requisite and necessary authority and power to the appropriate regional or field office whose major functions are not devolved to local government units (§528, LGC)

Devolution: is the act by which the national government confers power and authority upon its various local government units to perform specific functions and responsibilities (§17[E], LGC)

Decentralization of Power

Basics of Local Governance

Part 2: General Local Administration

National Government

ARMM

Provinces

Municipalities

Component Cities

HUCs and ICCs

Barangays

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CITY CLASSIFICATION

- **Highly Urbanized Cities** - Cities with a minimum population of two hundred thousand (200,000) inhabitants, as certified by the National Statistics Office, and with the latest annual income of at least Fifty Million Pesos (P50,000,000.00) based on 1991 constant prices, as certified by the city treasurer (e.g. Metro Manila cities, Cebu, Mandaue and Davao).

- **Independent Component Cities** - Cities whose charters prohibit their voters from voting for provincial elective officials. Independent component cities are independent of the province. (Naga, Santiago [Isabela],Ormoc [Leyte], Cotabato City [Maguindanao], Dagupan [Pangasinan].

- **Component Cities** - Cities which do not meet the above requirements are considered component cities of the province in which they are geographically located. If a component city is located within the boundaries of two (2) or more provinces, such city shall be considered a component of the province of which it used to be a municipality (e.g. San Fernando, Alaminos, Tarlac, Dipolog)

INCOME: must be sufficient, based on acceptable standards, to provide for all essential government facilities and services and special functions commensurate with the size of its population, as expected of the local government unit concerned.

POPULATION: shall be determined as the total number of inhabitants within the territorial jurisdiction of the local government unit concerned.

LAND AREA: must be contiguous, unless it comprises two (2) or more islands or is separated by a local government unit independent of the others; properly identified by metes and bounds with technical descriptions; and sufficient to provide for such basic services and facilities to meet the requirements of its populace.
### BASICS OF LOCAL GOVERNANCE

#### PART 2: GENERAL LOCAL ADMINISTRATION

<table>
<thead>
<tr>
<th>Province</th>
<th>HUC</th>
<th>City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Role</strong></td>
<td>The province, composed of a cluster of municipalities, or municipalities and component cities, and as a political and corporate unit of government, serves as a dynamic mechanism for developmental processes and effective governance of local government units within its territorial jurisdiction (§459)</td>
<td>The city, consisting of more urbanized and developed barangays, serves as a general purpose government for the coordination and delivery of basic, regular, and direct services and effective governance of the inhabitants within its territorial jurisdiction (§448)</td>
<td>The municipality, consisting of a group of barangays, serves primarily as a general purpose government for the coordination and delivery of basic, regular and direct services and effective governance of the inhabitants within its territorial jurisdiction (§440)</td>
<td>As the basic political unit, the barangay serves as the primary planning and implementing unit of government policies, plans, programs, projects, and activities in the community, and as a forum wherein the collective views of the people may be expressed, crystallized and considered, and where disputes may be amicably settled (§384)</td>
</tr>
</tbody>
</table>

#### Requisites for Creation: Income

<table>
<thead>
<tr>
<th>Province</th>
<th>HUC</th>
<th>Component City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td>average annual income, as certified by the Department of Finance, of not less than Twenty million pesos (₱20,000,000.00) based on 1991 constant prices (§461[a])</td>
<td>latest annual income of at least Fifty Million Pesos (₱50,000,000.00) based on 1991 constant prices (§452[a])</td>
<td>a locally generated average annual income, as certified by the Department of Finance, of at least One hundred million pesos (₱100,000,000.00) for the last two (2) consecutive years based on 2000 constant prices (§450a as amended by RA 9209)</td>
<td>average annual income, as certified by the provincial treasurer, of at least Two million five hundred thousand pesos (₱2,500,000.00) for the last two (2) consecutive years based on the 1991 constant prices (§442)</td>
<td>N/A</td>
</tr>
</tbody>
</table>
# Basics of Local Governance

## Part 2: General Local Administration

### Requisites for Creation:

<table>
<thead>
<tr>
<th>Province</th>
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</tr>
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<tbody>
<tr>
<td>250,000 (§461[a][ii])</td>
<td>200,000 (§452[a])</td>
<td>150,000 (§450[a][iii])</td>
<td>25,000 (§442)</td>
<td>5,000 (in NCR and HUCs) 2,000 (in other cities and municipalities (§386)</td>
</tr>
</tbody>
</table>

| Land Area | 2,000km² (§461[a][ii]) | 100km² (§450[a][i]) | 100km² (§450[a][i]) | 50 km² (§442[a]) | n/a |

### Manner of Creation:

<table>
<thead>
<tr>
<th>Province</th>
<th>HUC</th>
<th>Component City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td>By law (§480)</td>
<td>By presidential proclamation (§453)</td>
<td>By law (§449)</td>
<td>By law (§441)</td>
<td>By law or by an ordinance (§385)</td>
</tr>
</tbody>
</table>

### Total No. (as of 9/30/2013)

<table>
<thead>
<tr>
<th>Province</th>
<th>HUC</th>
<th>Component City</th>
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</tr>
</thead>
<tbody>
<tr>
<td>80</td>
<td>33</td>
<td>105</td>
<td>1,491</td>
<td>42,028</td>
</tr>
</tbody>
</table>

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<td>33</td>
<td>105</td>
<td>1,491</td>
<td>42,028</td>
</tr>
</tbody>
</table>

### Provincial Taxes

<table>
<thead>
<tr>
<th>Provinces</th>
<th>Cities</th>
<th>Municipalities</th>
</tr>
</thead>
<tbody>
<tr>
<td>First</td>
<td>P450M or more</td>
<td>P400M or more</td>
</tr>
<tr>
<td>Second</td>
<td>P360M or more but less than P450M</td>
<td>P320M or more but less than P400M</td>
</tr>
<tr>
<td>Third</td>
<td>P270M or more but less than P360M</td>
<td>P240M or more but less than P320M</td>
</tr>
<tr>
<td>Fourth</td>
<td>P180M or more but less than P270M</td>
<td>P160M or more but not less than P240M</td>
</tr>
<tr>
<td>Fifth</td>
<td>P90M or more but less than P180M</td>
<td>P80M or more but not less than P160</td>
</tr>
<tr>
<td>Sixth</td>
<td>Below P90M</td>
<td>Below P80</td>
</tr>
</tbody>
</table>
PART 3: POWERS, MANDATES, AND STRUCTURES

INHERENT POWERS OF THE STATE

Police Power  Eminent Domain  Taxation
MANDATES OF LOCAL GOVERNMENTS

General Welfare Clause
- Shall ensure and support
  - preservation and enrichment of culture
  - promotion of health and safety
  - enhancement of the right of the people to a balanced ecology
  - development of appropriate and self-reliant scientific and technological capabilities
  - improvement of public morals
  - economic prosperity and social justice
  - promotion of full employment among residents
  - maintenance of peace and order
  - preservation of the comfort and convenience of inhabitants

The General Welfare Clause has 2 branches:
- The general legislative power, which authorizes municipal councils to enact ordinances and make regulations not repugnant to law as may be necessary to carry into effect and discharge the powers and duties conferred upon it by law.
- The police power proper, which authorizes the municipality to enact ordinances as may be proper and necessary for the health and safety, prosperity, morals, peace, good order, comfort and convenience of the municipality and its inhabitants, and for the protection of their property.

Examples of ordinances/acts under the General Welfare Clause:
- Ordinance prescribing the zonification and classification of merchandise and foodstuff sold in the public market
- Proclamation reserving certain parcels of the public domain for street widening and parking space purposes
- Condemnation and demolition of buildings found to be in a dangerous or ruinous condition within the authority provided for by municipal ordinances
- Declaration of an area as a commercial zone through a municipal ordinance
MANDATES OF LOCAL GOVERNMENTS

DA
• Agricultural support services
• Extension and on-site research services and facilities to agriculture and fishery activities
• Enforcement of fishery and environmental laws

DENR
• Forest management
• Protected areas and wildlife
• Environmental management
• Mines and geosciences development
• Land management

DOH
• Health services delivery
• Operation and maintenance of local health
• Regulatory functions (e.g., ordinances related to health, nutrition, sanitation and other related concerns)

DPWH
• Exercise control and supervision over infrastructure facilities funded locally
• Construction of infrastructure facilities intended to service the needs of the residents of the locality

DSWD
• Establishment, operation, and maintenance of various social welfare facilities
• Carry out emergency measures during and the aftermath of disasters and calamities
• Programs and projects on rebel returnees

PART 3:
POWERS, MANDATES, & STRUCTURES

DAO 30-92
DSWD AO 5-92

MANDATES OF LOCAL GOVERNMENTS

<table>
<thead>
<tr>
<th>Function</th>
<th>Province</th>
<th>City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGRICULTURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural extension and on-site research services and facilities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Prevention and control of plant and animal pests and diseases;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Establishment and maintenance of dairy farms, livestock markets, animal breeding stations, and artificial insemination centers;</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>• Assistance to the organization of farmer’s and fisherman’s cooperatives and other collective organizations; and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transfer of appropriate technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All the services and facilities of the municipality and province...</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Extension and on-site research services and facilities related to agriculture and fishery activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Dispersal of livelihood and poultry, fingerlings, and other seeding materials for agriculture;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Establishment and maintenance of dairy farms, livestock markets, animal breeding stations, and artificial insemination centers;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Assistance to the organization of farmer’s and fisherman’s cooperatives and other collective organizations; and</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Transfer of appropriate technology</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agricultural support services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• PLB and operation of farm produce collection and buying stations</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>
### MANDATES OF LOCAL GOVERNMENTS

#### PART 3: POWERS, MANDATES, & STRUCTURES

**Environment**
- Enforcement of forestry laws limited to community-based forestry projects
- Pollution control law
- Small-scale mining law, other laws on the protection of the environment
- Mini-hydroelectric projects for local purposes
- All the services and facilities of the municipality and province...
- Integrated social forestry programs and similar projects
- Management and control of communal forests with an area not exceeding fifty (50) square kilometers;
- Establishment of tree parks, greenbelts, and similar forest development projects
- Solid waste disposal system or environmental management system and services or facilities related to general hygiene and sanitation
- Services and facilities related to general hygiene and sanitation, beautification, and solid waste collection

**Health**
- Health services which include hospitals and other tertiary health services
- All the services and facilities of the municipality and province...
- Implementation of programs and projects on primary health care, maternal and child care, and communicable and non-communicable disease control services
- Access to secondary and tertiary health services
- Purchase of medicines, medical supplies, and equipment needed to carry out the devolved health services
- Health services which include maintenance of barangay health center
### Mandates of Local Governments

#### Public Works

<table>
<thead>
<tr>
<th>Function</th>
<th>Province</th>
<th>City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public works</td>
<td>Provincial buildings, provincial jails, freedom parks and other public</td>
<td>All the services and facilities of the municipality and province,</td>
<td>Municipal buildings, cultural centers, public parks including freedom</td>
<td>Maintenance of barangay roads and bridges and water supply systems</td>
</tr>
<tr>
<td></td>
<td>assembly areas, and similar facilities</td>
<td>and in addition thereto, the following:</td>
<td>parks, playgrounds, and other sports facilities and equipment, and other</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adequate communication and transportation facilities;</td>
<td>similar facilities</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Support for education, police and fire services and facilities</td>
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</tbody>
</table>

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### MANDATES OF LOCAL GOVERNMENTS

#### Function

<table>
<thead>
<tr>
<th>Province</th>
<th>City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SOCIAL WELFARE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social welfare services</td>
<td></td>
<td>All the services and facilities of the municipality and province...</td>
<td>maintenance of barangay day-care center</td>
</tr>
<tr>
<td>- programs and projects on rebel returnees and evacuees</td>
<td>- relief operations</td>
<td>- programs and projects for the welfare of the youth and children, family and community, women, the elderly, and the disabled</td>
<td></td>
</tr>
<tr>
<td>- population development services</td>
<td></td>
<td>- community-based rehabilitation programs for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- livelihood and other pro-poor projects;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- nutrition services;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- family planning services</td>
<td></td>
</tr>
</tbody>
</table>

#### OTHER SERVICES

<table>
<thead>
<tr>
<th>Province</th>
<th>City</th>
<th>Municipality</th>
<th>Barangay</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>All the services and facilities of the municipality and province...</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Information services which include investments and job placement information systems, tax and marketing information systems, and maintenance of a public library</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- information and reading centers</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Administration and maintenance of the Katarungang Pambarangay</td>
<td></td>
</tr>
</tbody>
</table>

- Upgrading and modernization of tax information and collection services through the use of computer hardware and software and other means
- Investment support services, including access to credit financing
- Industrial research and development services, as well as the transfer of appropriate technology

§17(b)(3) §17(b)(4) §17(b)(2) §17(b)(1)
ORGANIZATIONAL STRUCTURE

TYPICAL ORGANIZATIONAL STRUCTURE: PROVINCE

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TYPICAL ORGANIZATIONAL STRUCTURE: CITY

PART 3: POWERS, MANDATES, & STRUCTURES

SECRETARY TO THE SANGGUNIAN

TREASURER

ASSessor

ACCOUNTANT

BUDGET OFFICER

PLANNING & DEVElOPMENT COORDINATOR

LEGAL OFFICER

INFORMATION OFFICER

ENGINEER

AGRICULTURIST

ARCHITECT

HEALTH OFFICER

SOCIAL WELFARE & DEVELOPMENT OFFICER

COOPERATIVES OFFICER

CIVIL REGISTRAR

GENERAL SERVICES OFFICER

VETERINARIAN

TYPICAL ORGANIZATIONAL STRUCTURE: MUNICIPALITY

PART 3: POWERS, MANDATES, & STRUCTURES

SECRETARY TO THE SANGGUNIAN

TREASURER

ASSessor

ACCOUNTANT

BUDGET OFFICER

PLANNING & DEVElOPMENT COORDINATOR

LEGAL OFFICER

INFORMATION OFFICER

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SOCIAL WELFARE & DEVELOPMENT OFFICER

COOPERATIVES OFFICER

CIVIL REGISTRAR

GENERAL SERVICES OFFICER

VETERINARIAN

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In the design of organizational structure and staffing pattern, LGU shall take into consideration its service requirements and financial capability, subject to the minimum standards and guidelines prescribed by the Civil Service Commission (§76).

LCE shall be responsible for human resources and development in his unit and shall take all personnel actions in accordance with the Constitutional provisions on civil service, pertinent laws, and rules and regulations (§77).

Establishment of personnel selection board with membership determined by a local resolution (§80).

Compensation of local officials and personnel shall be determined by the sanggunian concerned (§81).

LGUs may create optional positions provided all mandatory positions were created in accordance with budgetary limitations.

Tenure of Administrator, Information Officer, and Legal Officer shall be co-terminus with LCE.

Heads of departments and offices shall be appointed by the LCE subject to civil service law, rules and regulations.

Qualification requirements provided in the Code shall be applied; no substitution for deficiency in education and/or experience shall be allowed.
Limitations on Appointments

◊ No person shall be appointed in the career service of the local government unit if he/she is related within the 4th civil degree of consanguinity or affinity to the appointing or recommending authority.

◊ Post notices of vacancy in at least 3 conspicuous public places in the LGU concerned for a period of not less than 15 days.

<table>
<thead>
<tr>
<th>Body</th>
<th>Composition</th>
<th>LGU Level</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local School Board</td>
<td>• LCE (co-chair)</td>
<td>Province</td>
<td>• Determine annual supplementary budgetary needs for the operation</td>
</tr>
<tr>
<td></td>
<td>• Division superintendent/city superintendent/district supervisor (co-chair)</td>
<td></td>
<td>and maintenance of public schools within the province, city, or</td>
</tr>
<tr>
<td></td>
<td>• EDCOM chair</td>
<td>City</td>
<td>municipality</td>
</tr>
<tr>
<td></td>
<td>• Treasurer</td>
<td>Municipality</td>
<td>• Authorize SEF fund disbursement</td>
</tr>
<tr>
<td></td>
<td>• SK rep</td>
<td></td>
<td>• Serve as an advisory committee to the sanggunian</td>
</tr>
<tr>
<td></td>
<td>• PTA President</td>
<td></td>
<td>• Recommend changes in the names of public schools</td>
</tr>
<tr>
<td></td>
<td>• Teacher organization rep</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rep of non-academic personnel</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Local Health Board</td>
<td>• LCE (chair)</td>
<td>Province</td>
<td>• Propose, in accordance with standards and criteria set by the DOH,</td>
</tr>
<tr>
<td></td>
<td>• Health Office (vice-chair)</td>
<td></td>
<td>annual budgetary allocations for the operation and maintenance of</td>
</tr>
<tr>
<td></td>
<td>• Chair of Committee on Health</td>
<td>City</td>
<td>health facilities and services</td>
</tr>
<tr>
<td></td>
<td>• PrivateNGO rep</td>
<td>Municipality</td>
<td>serve as an advisory committee</td>
</tr>
<tr>
<td></td>
<td>• DOH rep</td>
<td></td>
<td>create committees which shall advise local health agencies on</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>personnel matters</td>
</tr>
</tbody>
</table>
### LOCAL SPECIAL BODIES

#### Body: Local Development Council
- Barangay
- SB members
- Representatives of NGOs who shall constitute **not less than ¼** of the members
- Congressman rep
- City/Municipality
- SB members
- All punong barangays
- chairman of the committee on appropriations
- The congressman or his representative
- NGO reps who shall constitute **not less than ¼** of the members
- City/Municipality
- All mayors
- Chairman of the committee on appropriations
- The congressman or his representative
- NGO reps who shall constitute **not less than ¼** of the members

#### LGU Level: Province
- Province
- City/Municipality
- Barangay

#### Functions:
- **Provincial, city, and municipal**
  - Formulate long-term, medium-term, and annual socio-economic development plans and policies
  - Formulate the medium-term and annual public investment programs;
  - Appraise and prioritize socio-economic development programs and projects
  - Formulate local investment incentives to promote the inflow and direction of private investment capital;
  - Coordinate, monitor, and evaluate the implementation of development programs and projects
- **Barangay**
  - Mobilize people’s participation in local development efforts;
  - Prepare barangay development plans based on local requirements;
  - Monitor and evaluate the implementation of national or local programs and projects

---

### LOCAL SPECIAL BODIES

#### Body: LDC’s Executive Committee
- Province
  - Governor as chairman
  - representative of mayors to be chosen from among themselves
  - chairman of the committee on appropriations
  - president of the provincial league of barangays
  - NGO rep
- City/Municipality
  - mayor as chairman
  - chairman of the committee on appropriations
  - president of the city or municipal league of barangays
  - NGO rep
- Barangay
  - punong barangay as chairman
  - a representative of the sangguniang barangay
  - a representative of non-governmental organizations

#### LGU Level: Province
- Province
- City/Municipality
- Barangay

#### Functions:
- Ensure that the decision of the council are faithfully carried out and implemented;
- Act on matters requiring immediate attention or action by the council;
- Formulate policies, plans, and programs based on the general principles laid down by the council; and
- Act on other matters that may be authorized by the council.
# Local Special Bodies

## Local Peace and Order Council

**Composition:**
- LCE

**LGU Level:** Provincial City/Municipality

**Functions:**
- Formulate plans and recommend such measures which will improve or enhance peace and order and public safety in their respective areas of responsibility.
- To monitor the implementation of peace and order programs and projects at the provincial, city or municipal levels and the operation of Civilian Volunteer Self-Defense Organizations and such other counter-insurgency programs and activities.
- Make periodic assessments of the prevailing peace and order situation in their respective areas of responsibility and submit a report thereon with recommendations to the Chairman of the National Peace and Order Council.
- Perform all other functions assigned by law, the President, or the National Peace and Order Council.

## Local Disaster Risk Reduction and Management Council

**Composition:**
- The Local Chief Executives, Chairperson;
- The Local Planning and Development Officer;
- Local Social Welfare and Development Officer;
- Local Health Office;
- Local Agriculture Office;
- Gender and Development Office;
- Local Engineering Office;
- Local Veterinary Office;
- Local Budget Office;
- Division Head/Superintendent of Schools of the DepED, member;
- Highest-ranking officer of the AFP assigned in the area;
- Provincial Director/City/Municipal Chief of the PNP;
- Provincial Director/City/ Municipal Fire Marshall of the BFP;
- President of the Association of Barangay Captains;
- Philippine National Red Cross;
- 4 accredited CSOs;
- 1 private sector representative, member.

**LGU Level:** Provincial City/Municipality (BDC)

**Functions:**
- Approve, monitor and evaluate the implementation of the LDRRMPs and regularly review and test the plan consistent with other national and local planning programs;
- Ensure the integration of disaster risk reduction and climate change adaptation into local development plans, programs and budgets as a strategy in sustainable development and poverty reduction;
- Recommend the implementation of forced or preemptive evacuation of local residents, if necessary; and
- Convene the local council once every three (3) months or as necessary.
### LOCAL SPECIAL BODIES

<table>
<thead>
<tr>
<th>Body</th>
<th>Composition</th>
<th>LGU Level</th>
<th>Functions</th>
</tr>
</thead>
</table>
| Bids and Awards Committee    | • Chairman of the BAC shall be at least a third ranking permanent official of the procuring entity  
• one (1) representative each from the regular offices under the Office of the Local Chief Executive such as, but not limited to the following: Office of the Administrator, Budget Office, Legal Office, Engineering Office, General Services Offices  
• end user office is always be represented in the BAC  
• OBSERVERS:  
  • representative of the COA  
  • At least two (2) observers | Provincial City/Municipality | • advertise and/or post the invitation to bid  
• conduct pre-procurement and pre-bid conferences, determine the eligibility of prospective bidders  
• receive bids, conduct the evaluation of bids  
• undertake post-qualification proceedings, resolve motions for reconsideration,  
• recommend award of contracts to the head of the procuring entity or his duly authorized representative  
• responsible for ensuring that the procuring entity abides by the standards set forth by RA 9184 Act and its IRR-A |
PART 4: LOCAL FISCAL ADMINISTRATION

- Conduct and management of financial affairs, transactions, and operations of LGUs (§304)

LOCAL FISCAL ADMINISTRATION

Revenue Generation
- All aspects of local taxation
- Loan and its management
- Operation of public enterprises
- Revenue enhancement measures
- Revenue planning, forecasting and accounting

Revenue Allocation and Utilization
- Synchronized planning and budgeting system and processes
- Accounting and auditing of expenditures

Management and Control
- Property and supply management
- Internal Control in all fiscal functions
- Organization
- Computerization of systems related to public finance (Sta. Maria, et al., 2011)
**KEY PLAYERS IN LOCAL FISCAL ADMINISTRATION**

- **LOCAL CHIEF EXECUTIVE**
  - Executive Direction and Control
  - Licensing and Issuing Permits

- **LOCAL SANGGUNIAN**
  - Taxing Authority
  - Enactment of Annual Budget, Policies, and IRRs

- **LOCAL FINANCE CLUSTER**
  (Assessor, Accountant, Budget Officer, Treasurer, and LPDO)
  - Income Projections
  - Recommendations on Tax and other Revenue Measures
  - Recommend on the annual expenditures and the ceilings for spending

**REVENUE GENERATION AND MOBILIZATION**

- Increased financial resources available to local government units
- Broadened the taxing powers of local governments (*See also, Art. X, Sec. 5, CONST*)
- Provides for a specific share of the LGUs from the national wealth exploited in their areas
- Increases their share from the national taxes (Internal Revenue Allotment)
- What's the trend?
  - Most local government units are heavily dependent on the IRA
  - “Control” of the national government over IRA
Power to Generate and Apply Resources

- create their own sources of revenues and to levy taxes, fees, and charges which shall accrue exclusively for their use and disposition and which shall be retained by them;
- to have a just share in national taxes which shall be automatically and directly released to them without need of any further action
- to have an equitable share in the proceeds from the utilization and development of the national wealth and resources within their respective territorial jurisdictions including sharing the same with the inhabitants by way of direct benefits
- to acquire, develop, lease, encumber, alienate, or otherwise dispose of real or personal property held by them in their proprietary capacity (§18)
REVENUE GENERATION AND MOBILIZATION

PART 4: LOCAL FISCAL ADMINISTRATION

LGU Income

Local Sources
External Sources
Loans and Borrowings

Extraordinary Receipts
Inter-Local Transfers
Capital/Investment Receipts

Internal Revenue Allotment
Share from the National Tax Collection
Share from GOCCs (PAGCOR and PCSO)

Grants & Donations
Other Subsidy Income
Subsidy from other LGUs
Subsidy from other Funds

Gain on Sale of Assets
Gain on Investments

External Sources

Loans from Private Banks
Loans from GFIs
Cost-Sharing Scheme
Receipts from Government Agencies

Local Sources

Local Government Units (LGUs) Income

External Sources

Loans and Borrowings

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REVENUE GENERATION AND MOBILIZATION

Authority to Negotiate and Secure Grants

- Local chief executives may, upon authority of the Sanggunian, negotiate and secure financial grants or donations in kind, in support of the basic services or facilities from local and foreign assistance agencies without necessity of securing clearance or approval therefor from any department, agency, or office of the national government or from any higher local government unit:
- EXCEPT: Projects financed by such grants or assistance with national security implications shall be approved by the national agency concerned: Provided, That when such national agency fails to act on the request for approval within thirty (30) days from receipt thereof, the same shall be deemed approved
- The local chief executive shall, within thirty (30) days upon signing of such grant agreement or deed of donation, report the nature, amount, and terms of such assistance to both Houses of Congress and the President (§23)

<table>
<thead>
<tr>
<th>Province</th>
<th>Municipality</th>
<th>City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tax on transfer of real property ownership</td>
<td>1. Tax on business as • Manufacturers, assemblers, repackers, etc. • Wholesalers, distributors, dealers • Exporters &amp; manufactures, millers, etc. • Retailers; • Contractors; • Banks &amp; other financial institutions; • Peddlers; • Any business, which the sanggunian concerned, may deem proper to tax</td>
<td>The city may levy the taxes, fees and charges, which the province of municipality may impose</td>
</tr>
<tr>
<td>2. Tax on business of printing and publication</td>
<td>2. Fees for sealing and licensing of weights and measures</td>
<td></td>
</tr>
<tr>
<td>3. Franchise Tax (despite exemption by any law or other special law)</td>
<td>3. Fishery rentals, fees and charges</td>
<td></td>
</tr>
<tr>
<td>4. Tax on sand, gravel and other quarry resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Professional tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Amusement tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Annual fixed tax for every delivery truck or van of manufacturers, producers, wholesalers, dealers or certain products</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
If the RPT tax payment is up to date, the taxpayer gets a 10% discount.

- Basis for assessment of real property: actual use
- The appraisal and assessment is based on the current and fair market value of the property prevailing in the locality.
  - **FMV**: is the price at which a property may be sold by a seller who is not compelled to sell and bought by a buyer who is not compelled to buy.
- The computation of RPT is based on the assessed value of the property.
  - **Assessed value**: is the fair market value multiplied by the assessment level; synonymous to taxable value.
  - **Assessment level**: the percentage applied to the fair market value to determine the taxable value of the property.

### Assessment Level: Agricultural Land

<table>
<thead>
<tr>
<th>FMV</th>
<th>Assessment Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-300000</td>
<td>25%</td>
</tr>
<tr>
<td>300001-500000</td>
<td>30%</td>
</tr>
<tr>
<td>500001-750000</td>
<td>35%</td>
</tr>
<tr>
<td>750001 and up</td>
<td>40%</td>
</tr>
</tbody>
</table>

- Solve for the assessed value of an agricultural land with a market value of 500000:
  - \( MV \times AL = AV \)
A province may impose an ad valorem tax on real property such as lands, buildings, machineries, and other improvements.

**TAX RATE**
- The province may impose RPT not exceeding 1% of the assessed value of the real property (Basic RPT).
- The city may impose RPT not exceeding 2% of the assessed value of the real property (basic RPT).
- SEF. In addition to the basic RPT, there is an additional 1% tax for the SEF intended for schools.

**Illustration:**
- Lot 21, a real property located in Province Y has an assessed value of PhP10,000. Compute the basic RPT, the SEF, and the total annual real tax due.
- Basic RPT: PhP10,000 x 1% = 100
- SEF: PhP10,000 x 1% = 100
- Total annual due: PhP2000

**Exemptions from Payment of RPT**
- Real property owned by the Republic of the Philippines or any of its political subdivisions, except when the beneficial use thereof has been granted, for consideration or otherwise, to a taxable person;
- Charitable institutions, churches, parsonages, or convents appurtenant thereto, mosques, non-profit or religious cemeteries, and all lands, buildings, and improvements actually, directly, and exclusively used for religious, charitable or educational purposes;
- All machineries and equipment that are actually, directly and exclusively used by local water districts and government-owned or–controlled corporations (GOCCs) engaged in the supply and distribution of water and/or generation and transmission of electric power;
- All real property owned by duly registered cooperatives as provided for under R.A. No. 6938; and
- Machinery and equipment used for pollution control and environment protection.
Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them (Art. X, Sec. 6, CONST.)

IRA shall be automatically and directly released to them without need of any further action (Sec. 18, LGC)

- in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the liga, to make the necessary adjustments in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) (Sec. 284, LGC)

- The share of each local government unit shall be released, without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the national government for whatever purpose (Sec. 286[a], LGC)

IRA plays an important role in local autonomy

- LGUs receive the IRA as a means to help defray the costs of their new responsibilities under the Code

- LGUs receive a yearly share of 40% of the national internal revenue taxes collected three years earlier (“3-year lag”) (See Section 284 of the LGC)

IRA is distributed in two (2) stages

- Distribution to local governments according to type
- Allocation following a predetermined set of criteria

<table>
<thead>
<tr>
<th>First Stage: Among LGUs</th>
<th>Share</th>
<th>No. of LGUs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provinces</td>
<td>23%</td>
<td>80</td>
</tr>
<tr>
<td>Cities</td>
<td>23%</td>
<td>143</td>
</tr>
<tr>
<td>Municipalities</td>
<td>34%</td>
<td>1,491</td>
</tr>
<tr>
<td>Barangays</td>
<td>20%</td>
<td>42,028</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Stage: Through Weighted Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
</tr>
<tr>
<td>Land Area</td>
</tr>
<tr>
<td>Equal Sharing</td>
</tr>
</tbody>
</table>
### FISCAL DATA ANALYSIS TOOL
#### REVENUE POTENTIAL

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Definition</th>
<th>Benchmark</th>
<th>Concerns Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue Level</td>
<td>Total Revenues</td>
<td>Total revenues as compared to the average value for the LGU income class to which the LGU belongs</td>
<td>LGU Revenue ≥ income class average</td>
<td>Also a creditworthiness ranking indicator. Used as evidence for the availability of an appropriate revenue level.</td>
</tr>
<tr>
<td>Revenue Growth</td>
<td>( \frac{(TR_{yr1} - TR_{yr0})}{TR_{yr0}} \times 100 )</td>
<td>Revenue growth or the trend in revenue across time</td>
<td>The average annual % increase in LGU revenues ≥ Annual inflation rate(^1) + Annual population growth rate(^2)</td>
<td>Also a creditworthiness ranking indicator. Used as evidence for the sustainability of an appropriate revenue level.</td>
</tr>
</tbody>
</table>

\(^1\)Annual inflation rate – Calculated as the average annual increase in the Gross Regional Domestic Product (GRDP) Implicit Price Index (1985=100) for the region to which the LGU belongs as published by the National Statistical Coordination Board (NSCB).

\(^2\)Annual population growth rate – Annual compound growth rate of the LGU population calculated from the formula \( P_n = P_0(1+r)^t \) where \( P_n \) = population at year \( n \), \( P_0 \) = base year population, \( t \) = number of years elapsed between the base year and year \( n \), and \( r \) is the annual growth rate. The appropriate population levels may be taken from the National Statistical Office (NSO).
## PART 4: LOCAL FISCAL ADMINISTRATION

### REVENUE MOBILIZATION EFFICIENCY

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Definition</th>
<th>Benchmark</th>
<th>Concerns Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total RPT Collection Cost to Total RPT</td>
<td>RPT Collection Cost [\text{RPT}] [\times 100] \text{Total RPT Collected}</td>
<td>The cost of collecting a peso of RPT</td>
<td>RPTCC &gt; average for the LGU income class to which the LGU belongs</td>
<td>This reflects the cost effectiveness of the local revenue generation efforts of LGU. The cost of collecting RPT can be considered highly indicative of the cost effectiveness of the local revenue efforts of an LGU.</td>
</tr>
<tr>
<td>Total Revenue Collection Cost to Total Revenues Collected (TRCC)</td>
<td>All Other Revenues Collection Cost [\text{TRCC}] [\times 100] \text{All Total Other Revenues}</td>
<td>The cost of collecting a peso of revenues.</td>
<td>TRCC &gt; average for the LGU income class to which the LGU belongs</td>
<td>This reflects the cost effectiveness of the local revenue generation efforts of an LGU. The cost of collecting taxes can be considered highly indicative of the cost effectiveness of the local revenue efforts of a LGU.</td>
</tr>
<tr>
<td>Real Property Tax Accomplishment Rate (RPTAR)</td>
<td>Actual RPT Collection [\text{RPTAR}] [\times 100] \text{Targeted RPT Collections}</td>
<td>% of current RPT collected within the year to the total RPT due for the year as estimated from the assessed value of taxable real properties</td>
<td>RPTAR ≥ 100%</td>
<td>Also a creditworthiness ranking indicator and is used as evidence of the collection efficiency of the LGU.</td>
</tr>
</tbody>
</table>

### EXPENDITURE AND RESOURCE ALLOCATION

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Definition</th>
<th>Benchmark</th>
<th>Concerns Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditures per Capita</td>
<td>\text{Total Expenditures} [\text{Per capita}] [\times 100] \text{Population}</td>
<td>Average amount spent by the LGU per constituent.</td>
<td>Per capita total LGU expenditure ≥ average for the income class to which the LGU belongs</td>
<td>This is indicative of the amount of services extended by the LGU to its constituent as a per capita basis.</td>
</tr>
<tr>
<td>Personnel Services Expenditure Ratio (PSER)</td>
<td>Personnel Services Expenditures [\text{PSER}] [\times 100] \text{Total Expenditures}</td>
<td>The ratio of LGU expenditures for personal services to total expenditures</td>
<td>PSER ≤ 45% for 1st to 3rd class LGUs and 55% to 4th or lower class LGUs and should exhibit a decreasing trend</td>
<td>Also creditworthiness ranking indicator; regarded as the most rigid expenditure category for an LGU.</td>
</tr>
<tr>
<td>Debt Service Expenditure Ratio (DSER)</td>
<td>Debt Service Payments [\text{DSER}] [\times 100] \text{Total Expenditure}</td>
<td>The ratio of LGU Expenditures for debt service to total LGU expenditures, Where: Debt Service = Interest + Loan Amortization</td>
<td>DSER ≤ average for the LGU income class to which the LGU belongs and should be decreasing</td>
<td>Debt service is regarded as an equally rigid expenditure category for an LGU. Also a recommended creditworthiness ranking indicator.</td>
</tr>
</tbody>
</table>
### Indicator: Social Expenditure Ratio (SER)

**Formula:**

\[
\text{SER} = \frac{\text{Social Services Expenditure}}{\text{Total Expenditures}} \times 100
\]

**Definition:**

The ratio of LGU social expenditures to total LGU expenditures.

**Benchmark:**

SER ≥ average for the LGU income class to which the LGU belongs and should be increasing.

**Concerns Addressed:**

The level of LGU social expenditures has a high degree of relationship with poverty alleviation and improvement in the human development index.

### Indicator: Economic Expenditure Ratio (EER)

**Formula:**

\[
\text{EER} = \frac{\text{Economic Services Expenditure}}{\text{Total Expenditures}} \times 100
\]

**Definition:**

The ratio of LGU economic expenditures to total expenditures.

**Benchmark:**

EER ≥ average for the LGU income class to which the LGU belongs and should be increasing.

**Concerns Addressed:**

The level of LGU economic expenditures also has a high degree of relationship with poverty alleviation and improvement in the human development index.

### Indicator: Debt Service Ratio (DSR)

**Formula:**

\[
\text{DSR} = \frac{\text{Debt Service Payments}}{\text{Regular Revenues}} \times 100
\]

**Definition:**

The ratio of LGU expenditures for debt service to total LGU annual regular income.

**Benchmark:**

DSR ≤ 20% of income and ratio annual regular should at least be stable if not decreasing across time.

**Concerns Addressed:**

The debt service cap is a statutory limitation imposed under §324, LGC. Also a recommended creditworthiness ranking indicator. This indicator defines the extent to which a local government could engage additional debt, taking into account the debt limits provided by the law. These limits give decision autonomy to the local government as long as the expenditures related with the debt service remain within the prudent acceptable limits.

### Indicator: Gross Operating Surplus to Debt Service Ratio (GOSDSR)

**Formula:**

\[
\text{GOSDSR} = \frac{\text{Operating Surplus (Deficit)}}{\text{Debt Service Payments}}
\]

**Definition:**

The ratio of LGU operating surplus to debt service, where:

\[
\text{Operating Surplus} = \text{Operating Revenues} - \text{Operating Expenditures}
\]

**Benchmark:**

GOSDSR ≥ average for the LGU income class to which the LGU belongs and should be increasing.

**Concerns Addressed:**

The gross operating result represents the main and essential source that could be mobilized by the LGU in order to finance the public service infrastructure investments or the servicing of loans contracted for these purposes. This is also a creditworthiness ranking indicator.
### Debt and Investment Capacity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Definition</th>
<th>Benchmark</th>
<th>Concerns Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Net Asset Ratio (DAR)</td>
<td>Total Debts $\frac{\text{Total Debts}}{\text{Total Assets - Depreciation}} \times 100$</td>
<td>The ratio of an LGU’s debt to its depreciated asset base (or Net assets=Total Assets less Accumulated Depreciation)</td>
<td>DAR should be $\leq 1$ indicating that an LGU has a sufficient asset base to back up its debt.</td>
<td>This reflects the value at risk of lenders to a LGU in case of a default.</td>
</tr>
<tr>
<td>Capital Investments to Total LGU Revenue Ratio (CITRR)</td>
<td>Capital Investments $\frac{\text{Capital Investments}}{\text{Total Revenues}} \times 100$</td>
<td>The % share of capital investments to total LGU Revenues</td>
<td>CTTRR $\geq$ average for the LGU income class to which the LGU belongs and should be stable if not increasing</td>
<td>Measures the extent to which the LGU considers the importance of capital expenditures</td>
</tr>
</tbody>
</table>

### Financial Management Capacity

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Definition</th>
<th>Benchmark</th>
<th>Concerns Addressed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Operating Surplus to Total LGU Revenue Ratio (NOSTRR)</td>
<td>Net Operating Surplus $\frac{\text{Net Operating Surplus}}{\text{Total Revenues}} \times 100$</td>
<td>The ratio of LGU net operating surplus to total LGU revenues</td>
<td>NOSTRR $\geq$ average for the LGU income class to which the LGU belongs and should be increasing on case of operating surplus and decreasing in case of operating deficit</td>
<td>This indicator shows the ability of the local governments to be sure their budget will be balanced. The NOSTRR is also a recommended creditworthiness ranking indicator.</td>
</tr>
<tr>
<td>Uncommitted Cash Balance to Total LGU Expenditure Ratio (UCBTER)</td>
<td>Uncommitted Cash Balance $\frac{\text{Uncommitted Cash Balance}}{\text{Total Expenditures}} \times 100$</td>
<td>The calculated figure reflects the uncommitted cash portion of government equity in the LGAs. This is roughly equivalent to a sort of an annual financial reserve.</td>
<td>UCBTER $\geq$ average for the LGU income class to which the LGU belongs and should be increasing</td>
<td>Few LGUs explicitly provide for financial reserve, and the nearest equivalent will be the uncommitted or free cash balance of LGUs. This indicator shows the ability of the LGU to ensure their budget will be balanced even in the face of financial uncertainties. Also a creditworthiness ranking indicator.</td>
</tr>
</tbody>
</table>
Ordinance vs. Resolution

- A municipal ordinance is different from a resolution.
- An ordinance is a law, but a resolution is merely a declaration of the sentiment or opinion of a lawmaking body on a specific matter.
- An ordinance possesses a general and permanent character, but a resolution is temporary in nature. Additionally, the two are enacted differently – a third reading is necessary for an ordinance, but not for a resolution, unless decided otherwise by a majority of all the Sanggunian members.
LEGISLATIVE POWER

Essential requisites of a valid ordinance

- For an ordinance to be valid, it must not only be within the corporate powers of the municipality to enact but must also be passed according to the procedure prescribed by law, and must be in consonance with certain well established and basic principles of a substantive nature.

- These principles require that a municipal ordinance:
  1. must not contravene the Constitution or any statute
  2. must not be unfair or oppressive
  3. must no be partial or discriminatory
  4. must not prohibit but may regulate trade
  5. must be general and consistent with public policy
  6. must not be unreasonable

PART 6: NETWORKS AND RELATIONS
National Supervision over Local Government Units

- Consistent with the basic policy on local autonomy, the President shall exercise general supervision over local government units to ensure that their acts are within the scope of their prescribed powers and functions.
- The President shall exercise supervisory authority directly over provinces, highly urbanized cities, and independent component cities; through the province with respect to component cities and municipalities; and through the city and municipality with respect to Barangays.

National Supervision over Local Government Units

- National agencies and offices with project implementation functions shall coordinate with one another and with the LGUs concerned in the discharge of these functions. They shall ensure the participation of LGUs both in the planning and implementation of said national projects.
- The President may, upon request of the LGU concerned, direct the appropriate national agency to provide financial, technical, or other forms of assistance to the local government unit. Such assistance shall be extended at no extra cost to the LGU concerned.
- National agencies and offices including GOCCs with field units or branches in a province, city, or municipality shall furnish the LCE concerned, for his information and guidance, monthly reports including duly certified budgetary allocations and expenditures (§25).
INTERGOVERNMENTAL RELATIONS

Provincial Relations with Component Cities and Municipalities

- The province, through the governor, shall ensure that every component city and municipality within its territorial jurisdiction acts within the scope of its prescribed powers and functions. Highly urbanized cities and independent component cities shall be independent of the province (§29)

City and Municipal Supervision over Their Respective Barangays

- The city or municipality, through the city or municipal Mayor concerned, shall exercise general supervision over component Barangays to ensure that said Barangays act within the scope of their prescribed powers and functions (§32)

Cooperative Undertakings Among Local Government Units

- Local government units may, through appropriate ordinances, group themselves, consolidate, or coordinate their efforts, services, and resources for purposes commonly beneficial to them. In support of such undertakings, the local government units involved may, upon approval by the Sanggunian concerned after a public hearing conducted for the purpose, contribute funds, real estate, equipment, and other kinds of property and appoint or assign personnel under such terms and conditions as may be agreed upon by the participating local units through Memoranda of Agreement (§33)
**INTEGOVERNMENTAL RELATIONS**

- Inter-Local Government Loans, Grants, and Subsidies
  - Provinces, Cities and Municipalities may, upon approval of the majority of all members of the Sanggunian concerned and in amounts not exceeding their surplus funds, extend loans, grants, or subsidies to other local government units under such terms and conditions as may be agreed upon by the contracting parties.
  - Local government units may, upon approval of their respective Sanggunian, jointly or severally contract loans, credits, and other forms of indebtedness for purposes mutually beneficial to them. (§300)

**RELATIONS WITH THE THIRD SECTOR/CSOs**

- Promote the establishment and operation of POs and NGOs to become active partners in the pursuit of local autonomy (§34)
- Link with POs and NGOs through joint venture agreements and other cooperative arrangements (§35)
- Assist in terms of financial support and other means to POs and NGOs for economic, socially-oriented, environmental, or cultural projects to be implemented within the LGU’s territorial jurisdiction (§36)
### RELATIONS WITH THE THIRD SECTOR/CSOs

#### NON-GOVERNMENTAL ORGANIZATION
- A non-stock, non-profit organization that works with different sectors and communities, promoting their general welfare and development.

#### PEOPLE’S ORGANIZATION
- An association of residents in a barangay, or barangays, established to promote public interest and with an identifiable leadership structure and membership.

#### INDIGENOUS PEOPLE’S ORGANIZATION
- A private, non-profit, voluntary organization of members of ICCs or IPs which are accepted as representatives of such IPs/ICCs.

#### COOPERATIVE
- An autonomous and duly registered association of persons with a common bond of interests who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations.

#### CIVIC ORGANIZATION
- Any local service club, fraternal society or association, volunteer group, or local civic league or association not organized for profit but operated exclusively for educational or charitable purposes, including the promotion of community welfare.

#### SOCIAL MOVEMENT
- A large informal grouping of individuals or organizations that aims to affect social change through sustained, organized and collective action.

#### PROFESSIONAL GROUP
- A duly incorporated non-stock corporation of registered professionals established for the benefit and welfare of the professionals of one discipline, for the advancement of the profession itself and for other professional ends.

#### BUSINESS GROUP
- A non-stock corporation composed of businesses in the same industry established to pursue the interest of the industry.
RELATIONS WITH THE THIRD SECTOR/CSOs

✓ Is the mandatory representation of non-government sectors properly complied with?

SECTORAL REPRESENTATION IN THE SANGGUNIAN

WOMEN

WORKERS

URBAN POOR IPS/ICCS/DISABLED PERSONS/OR ANY OTHER SECTOR
RECAPITULATION

Part 1: PRELIMINARIES

INSTITUTIONAL SECTOR

Powers, Mandates & Structure
Local Fiscal Administration
Local Legislation/Policy-Making
Networks & Relations

THANK YOU FOR YOUR ATTENTION!

Teaching is more than imparting knowledge, it is inspiring change. Learning is more than absorbing facts, it is acquiring understanding.

William Arthur Ward