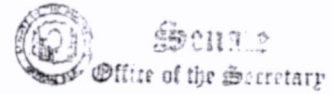


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



'18 APR 26 P 3:43

SENATE
S.B. No. 1790

RECEIVED BY: _____

Introduced by Senator **SONNY ANGARA**

**AN ACT
TO RATIONALIZE THE FUNCTIONAL ASSIGNMENTS OF LOCAL
GOVERNMENT UNITS BY AMENDING CERTAIN PROVISIONS IN REPUBLIC
ACT 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF
1991**

EXPLANATORY NOTE

In the 26 years since the passage of the Local Government Code (R.A. 7160), many studies have shown that based on Section 17, local service delivery has not improved significantly on the average except maybe for some cities. LGUs have often complained that there is a mismatch between the functions devolved them and the intergovernmental fiscal transfers and revenue raising powers provided to them under the Code.

This clear case of "finance not following function" has been a rallying cry of LGUs wishing to increase the share of the Internal Revenue Allotment (IRA) to equal that of the National Government.

However, the problem is not simply solved by bridging the finance gap. All things equal (e.g., capacity of LGUs to implement projects), there is an equally great mismatch in the functions of local public goods and services and the level of the LGUs. Many functions devolved to LGUs like the Barangay and Municipality have clear externality effects or benefits outside the boundaries of the LGUs. For example, health objectives and programs are more national than local although their implementation can be local. Because of this, the devolved functions do not have the explicit or implicit incentives built in.

Consequently, there is a need to qualify what functions should be left to the national government, what should be shared, and what should be fully devolved based on a clear understanding of who are included in the LGU's scope of beneficiaries so that they will have built in incentive mechanisms that will encourage the LGUs to make the investment or finance the function. The delineation of functions are not only between the LGUs and the National Government but equally important among LGUs at different levels.

In view of the foregoing, approval of this bill is earnestly requested.



SONNY ANGARA

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



'18 APR 26 P3:43

SENATE

RECEIVED BY: _____

S.B. No. 1790

Introduced by Senator SONNY ANGARA

AN ACT
TO RATIONALIZE THE FUNCTIONAL ASSIGNMENTS OF LOCAL
GOVERNMENT UNITS BY AMENDING CERTAIN PROVISIONS IN REPUBLIC
ACT 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF
1991

*Be it enacted by the Senate and House of Representatives of the Philippines in
Congress assembled:*

1 **SECTION 1.** Section 3 (a) of Republic Act No. 7160, otherwise known as the
2 Local Government Code of 1991, hereinafter referred to as the "Code", is hereby
3 amended to read as follows:

4 "**SEC. 3. Operative Principles of Decentralization.** – The formulation and
5 implementation of policies and measures on local autonomy shall be guided
6 by the following operative principles:

7 (a) There shall be an effective allocation **BETWEEN THE NATIONAL**
8 **GOVERNMENT AND** among the different local government units of their
9 respective powers, functions, responsibilities, and resources **INTO**
10 **NATIONAL GOVERNMENT, FULLY-DEVOLVED, AND SHARED**
11 **FUNCTIONS BASED ON THE SCOPE OF BENEFITS, EFFECTS OR**
12 **IMPACTS EXTERNAL TO THE LOCAL GOVERNMENT UNIT AND**
13 **RESPONSIBILITY FOR THE SETTING OF POLICIES AND STANDARD,**
14 **PLANNING AND PROGRAMMING, IMPLEMENTATION AND EXECUTION,**
15 **AND ORIGIN AND OWNERSHIP OF THE FUNDING SOURCE;**

1 (b) x x x
2 x x x ”

3 **SEC. 2.** Section 17 of the Code is hereby amendment to read as follows:

4 **“SEC. 17. Basic Services and Facilities.** – (a) Local government units shall
5 endeavor to be self-reliant and shall continue exercising the powers and
6 discharging the duties and functions currently vested upon them. They shall
7 also discharge the functions and responsibilities of national agencies and
8 offices devolved to them pursuant to this Code. Local government units shall
9 likewise exercise such other powers and discharge such other functions and
10 responsibilities as are necessary, appropriate, or incidental to efficient and
11 effective provisions of the basic services and facilities enumerated herein.

12 (b) Such basic services and facilities include, but are not limited to, the
13 following:

14 (1) *For a Barangay:*

15 ~~[(i) Agricultural support services which include planting materials~~
16 ~~distribution system and operation of farm produce collection and buying~~
17 ~~stations;~~

18 ~~[(ii) Health and social welfare services which include maintenance of~~
19 ~~barangay health center and day care center;]~~

20 (iii) (i) Services and facilities related to general hygiene and sanitation,
21 beautification, and solid waste collection;

22 (iv) (ii) Maintenance of katarungang pambarangay;

23 ~~[(v) Maintenance of barangay roads and bridges and water supply~~
24 ~~systems;]~~

25 (vi) (iii) Infrastructure facilities such as multi-purpose hall, multipurpose
26 pavement, plaza, sports center, and other similar facilities;

27 (vii) (iv) Information and reading center; and

28 (viii) (v) Satellite or public market, where viable;

29 (2) *For a Municipality:*

30 (i) Extension and on-site research services and facilities related to
31 agriculture and fishery activities which include dispersal of livestock
32 and poultry, fingerlings, and other seedling materials for aquaculture;

1 palay, corn, and vegetable seed farms; medicinal plant gardens; fruit
2 tree, coconut, and other kinds of seedling nurseries; demonstration
3 farms; quality control of copra and improvement and development of
4 local distribution channels, preferably through cooperatives;
5 interbarangay irrigation system; water and soil resource utilization and
6 conservation projects; and enforcement of fishery laws in municipal
7 waters including the conservation of mangroves;

8 (ii) Pursuant to national policies and subject to supervision, control and
9 review of the DENR, implementation of community-based forestry
10 projects which include integrated social forestry programs and similar
11 projects; management and control of communal forests with an area
12 not exceeding fifty (50) square kilometers; establishment of tree parks,
13 greenbelts, and similar forest development projects **WHOSE**
14 **IMPLEMENTATION MAY BE SHARED WITH THE PROVINCE**
15 **AND/OR A NATIONAL GOVERNMENT AGENCY;**

16 (iii) Subject to the provisions of Title Five, Book I of this Code, health
17 services which include the implementation of programs and projects on
18 primary health care, maternal and child care, and communicable and
19 non-communicable disease control services, access to secondary and
20 tertiary health services; purchase of medicines, medical supplies, and
21 equipment needed to carry out the services herein enumerated
22 **WHOSE IMPLEMENTATION MAY BE SHARED WITH THE**
23 **PROVINCE AND/OR A NATIONAL GOVERNMENT AGENCY;**

24 (iv) Social welfare services which include programs and projects on
25 child and youth welfare, family and community welfare, women's
26 welfare, welfare of the elderly and disabled persons; community-based
27 rehabilitation programs for vagrants, beggars, street children,
28 scavengers, juvenile delinquents, and victims of drug abuse; livelihood
29 and other pro-poor projects; nutrition services; and family planning
30 services;

31 (v) Information services which include investments and job placement
32 information systems, tax and marketing information systems, and
33 maintenance of a public library;

1 (vi) Solid waste disposal system or environmental management system
2 and services or facilities related to general hygiene and sanitation
3 **WHOSE IMPLEMENTATION MAY BE SHARED WITH THE**
4 **PROVINCE OR THROUGH INTER-LGU COOPERATION;**

5 (vii) Municipal buildings, cultural centers, public parks including
6 freedom parks, playgrounds, and other sports facilities and equipment,
7 and other similar facilities;

8 (viii) Infrastructure facilities intended primarily to service the needs of
9 the residents of the municipality and which are funded out of municipal
10 funds including but not limited to, municipal roads and bridges; school
11 buildings and other facilities for public elementary and secondary
12 schools; clinics, health centers and other health facilities necessary to
13 carry out health services; communal irrigation, small water impounding
14 projects and other similar projects; fish ports; artesian wells, spring
15 development, rainwater collectors and water supply systems; seawalls,
16 dikes, drainage and sewerage, and flood control; traffic signals and
17 road signs; and similar facilities;

18 (ix) Public markets, slaughterhouses and other municipal enterprises;

19 (x) Public cemetery;

20 (xi) Tourism facilities and other tourist attractions, including the
21 acquisition of equipment, regulation and supervision of business
22 concessions, and security services for such facilities; [~~and~~]

23 (xii) Sites for police and fire stations and substations and municipal jail;

24 **(XIII) MAINTENANCE OF BARANGAY ROADS AND BRIDGES AND**
25 **WATER SUPPLY SYSTEMS;**

26 **(XIV) HEALTH AND SOCIAL WELFARE SERVICES WHICH**
27 **INCLUDE MAINTENANCE OF BARANGAY HEALTH CENTER AND**
28 **DAY-CARE CENTER; AND**

29 **(XV) AGRICULTURAL SUPPORT SERVICES WHICH INCLUDE**
30 **PLANTING MATERIALS DISTRIBUTION SYSTEM AND**
31 **OPERATION OF FARM PRODUCE COLLECTION AND BUYING**
32 **STATIONS WHOSE IMPLEMENTATION MAY BE SHARED WITH**
33 **THE BARANGAY.**

1 (3) *For a Province:*

2 (i) Agricultural extension and on-site research services and facilities
3 which include the prevention and control of plant and animal pests and
4 diseases; dairy farms, livestock markets, animal breeding stations, and
5 artificial insemination centers; and assistance in the organization of
6 farmers and fishermen's cooperatives, and other collective
7 organizations, as well as the transfer of appropriate technology;

8 (ii) Industrial research and development services, as well as the
9 transfer of appropriate technology;

10 (iii) Pursuant to national policies and subject to supervision, control and
11 review of the DENR, enforcement of forestry laws limited to
12 community-based forestry projects, pollution control law, small-scale
13 mining law, and other laws on the protection of the environment; and
14 mini-hydroelectric projects for local purposes;

15 (iv) Subject to the provisions of Title Five, Book I of this Code, health
16 services which include hospitals and other tertiary health services;

17 (v) Social welfare services which include programs and projects on
18 rebel returnees and evacuees; relief operations; and population
19 development services;

20 (vi) Provincial buildings, provincial jails, freedom parks and other public
21 assembly areas and similar facilities;

22 (vii) Infrastructure facilities intended to service the needs of the
23 residence of the province and which are funded out of provincial funds
24 including, but not limited to, provincial roads and bridges; inter-
25 municipal waterworks, drainage and sewerage, flood control, and
26 irrigation systems; reclamation projects; and similar facilities;

27 (viii) Programs and projects for low-cost housing and other mass
28 dwellings, except those funded by the Social Security System (SSS),
29 Government Service Insurance System (GSIS), and the Home
30 Development Mutual Fund (HDMF): *Provided*, That national funds for
31 these programs and projects shall be equitably allocated among the
32 regions in proportion to the ratio of the homeless to the population;

33 (ix) Investment support services, including access to credit financing;

1 (x) Upgrading and modernization of tax information and collection
2 services through the use of computer hardware and software and other
3 means;

4 (xi) Inter-municipal telecommunications services, subject to national
5 policy guidelines; and

6 (xii) Tourism development and promotion programs;

7 (4) *For a City:*

8 All the services and facilities of the municipality and province, and in
9 addition thereto, the following:

10 (i) Adequate communication and transportation facilities;

11 (ii) Support for education, police and fire services and facilities;

12 (c) Notwithstanding the provisions of subsection (b) hereof, public works and
13 infrastructure projects and other facilities, programs and services funded by
14 the national government under the annual General Appropriations Act, other
15 special laws, pertinent executive orders, and those wholly or partially funded
16 from foreign sources, are not covered under this Section, except in those
17 cases where the local government unit concerned is duly designated as the
18 implementing agency for such projects, facilities, programs, and services.

19 (d) The designs, plans, specifications, testing of materials, and the
20 procurement of equipment and materials at from both foreign and local
21 sources necessary for the provision of the foregoing services and facilities
22 shall be undertaken by the local government unit concerned, based on
23 national policies, standards and guidelines.

24 (e) National agencies or offices concerned shall devolve to local government
25 units the responsibility for the provision of basic services and facilities
26 enumerated in this Section within six (6) months after the effectivity of this
27 Code.

28 As used in this Code, the term "devolution" refers to the act by which the
29 national government confers power and authority upon the various local
30 government units to perform specific functions and responsibilities.

31 (f) The national government or the next higher level of local government unit
32 may provide or augment the basic services and facilities assigned to a lower
33 level of local government unit when such services or facilities are not made

1 available or, if made available, are inadequate to meet the requirements of its
2 inhabitants **BASED ON GUIDELINES ISSUED BY THE DEPARTMENT OF**
3 **THE INTERIOR AND LOCAL GOVERNMENT.**

4 (g) The basic services and facilities hereinabove enumerated shall be funded
5 from the share of local government units in the proceeds of national taxes and
6 other local revenues and funding support from the national government, its
7 instrumentalities and government-owned or controlled corporations which are
8 tasked by law to establish and maintain such services or facilities. Any fund or
9 resource available for the use of local government units shall be first allocated
10 for the provision of basic services or facilities enumerated in subsection (b)
11 hereof before applying the same for other purposes, unless otherwise
12 provided in this Code.

13 (h) Regional offices of national agencies or offices whose functions are
14 devolved to local government units as provided herein shall be phased out
15 within one (1) year from the approval of this Code. Said national agencies and
16 offices may establish such field units as may be necessary for monitoring
17 purposes and providing technical assistance to local government units. The
18 properties, equipment, and other assets of these regional offices shall be
19 distributed to the local government units in the region in accordance with the
20 rules and regulations issued by the oversight committee created under this
21 Code.

22 (i) The devolution contemplated in this Code shall include the transfer to local
23 government units of the records, equipment, and other assets and personnel
24 of national agencies and offices corresponding to the devolved powers,
25 functions, and responsibilities.

26 Personnel of said national agencies or offices shall be absorbed by the
27 local government units to which they belong or in whose areas they are
28 assigned to the extent that it is administratively viable as determined by the
29 said oversight committee: *Provided*, That the rights accorded to such
30 personnel pursuant to civil service law, rules and regulations shall not be
31 impaired: *Provided, further*, That regional directors who are career executive
32 service officers and other officers of similar rank in the said regional offices
33 who cannot be absorbed by the local government unit shall be retained by the
34 national government, without any diminution of rank, salary or tenure.

1 (j) To ensure the active participation of the private sector in local governance,
2 local government units may, by ordinance, sell, lease, encumber, or otherwise
3 dispose of public economic enterprises owned by them in their proprietary
4 capacity.

5 Costs may also be charged for the delivery of basic services or facilities
6 enumerated in this Section.

7 **SEC. 3. Repealing Clause.** – All general and special laws, acts, city charters,
8 decrees, executive orders, proclamations and administrative regulations, or part or
9 parts thereof which are inconsistent with any of the provisions of this Act are hereby
10 repealed or modified accordingly.

11 **SEC. 4. Separability Clause.** – If, for any reason or reasons, any part of
12 provision of this Act shall be held unconstitutional or invalid, other parts or provisions
13 hereof which not affected thereby shall continue to be in full force and effect.

14 **SEC. 5. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
15 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,