



SHIFTING GEARS IN DEVOLUTION

An Analysis of the Fiscal Implications of Reassigning Devolved
Functions, Services, and Facilities among LGUs



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Shifting Gears In Devolution

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ACRONYMS

BARMM	Bangsamoro Autonomous Region in Muslim Mindanao
BLGF	Bureau of Local Government Finance
CO	Capital Outlay
ComDev	Committee on Devolution
DA	Department of Agriculture
DBCC	Development Budget Coordination Committee
DBM	Department of Budget and Management
DENR	Department of Environment and Natural Resources
DepEd	Department of Education
DILG	Department of the Interior and Local Government
DOF	Department of Finance
DOH	Department of Health
DPWH	Department of Public Works and Highways
DSWD	Department of Social Welfare and Development
DTI	Department of Trade and Industry
DTP	Devolution Transition Plan
ES	Economic Sector
EO	Executive Order
FG	Fiscal Gap
FSF	Functions, Services, and Facilities
GEF	Growth Equity Fund
KII	Key Informant Interview
IRA	Internal Revenue Allotment
LCP	League of Cities of the Philippines
LGC	Local Government Code
LGU	Local Government Unit
LMP	League of Municipalities of the Philippines
LPP	League of Provinces of the Philippines
MOOE	Maintenance and Other Operating Expenses

MSS	Minimum Service Standard
NEDA	National Economic and Development Authority
NG	National Government
NGA	National Government Agency
NIA	National Irrigation Administration
NRO	NEDA Regional Office
NTA	National Tax Allotment
PPP	Public-Private Partnership
PS	Personal Services
RDC	Regional Development Council
SHF	Special Health Fund
SS	Social Sector
SOE	Statement of Expenditures
SRE	Statement of Receipts and Expenditures
SC	Supreme Court
ULAP	Union of Local Authorities of the Philippines
WB	World Bank

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EXECUTIVE SUMMARY

Local government units (LGUs) have raised issues on the policy approach of Executive Order (EO) 138, s. 2021 including the lack of readiness of LGUs to fully assume all the devolved FSFs. In response, the President instructed NEDA to analyze the DILG-ULAP list of proposed reassignment of devolved FSFs. Also, to recommend ways to better implement a phased-in devolution process, which will guide the national government in formulating the appropriate devolution policy.

Building on the DILG-ULAP list, this NEDA study analyzes the fiscal implications of reassigning devolved FSFs across LGU levels (province, city, and municipality). The primary metric used is the LGU fiscal gap (FG), defined as the difference between the LGU's incremental or available revenues and the incremental costs of the devolved FSFs reassigned to it. Both revenues and costs were estimated based on the LGU's statement of expenditures sourced from BLGF and data from selected NGAs on the costs of implementing and upgrading of devolved FSFs that are mostly capital outlays.

The fiscal gaps of provinces, cities, and municipalities both at the aggregate by LGU level and by individual LGUs were estimated under two scenarios, *SLOW GO* and *BIG BANG*.

SLOW GO simulates the fiscal implications of implementing the DILG-ULAP proposed reassignment of the devolved FSFs among LGUs. Results indicate that most LGUs will not incur fiscal gaps; that is, most will have enough fiscal resources to absorb the reassigned FSFs. While feasible fiscal-wise and seemingly easy to execute, *SLOW GO* may widen the inequality in the availability and quality of service delivery, unless the reassigned FSFs are also upgraded to meet minimum service standards.

BIG BANG factors in the costs of upgrading the reassigned FSFs to meet minimum service standards under this scenario reveals significant fiscal gaps for many LGUs, particularly provinces and municipalities. These findings suggest that the proposed devolution including both reassignment and upgrades of devolved FSFs should be implemented in phases. It should adjust to the current and evolving fiscal and technical capacity of LGUs to absorb and enhance additional FSFs.

The phased implementation of the full devolution process is projected over five years (2024-2028). Each year, LGU incomes are expected to grow based on projected increase in their national tax allotments (NTAs), while the full costs of one-time upgrades are spread evenly in the first four years (i.e., no more upgrades needed by the fifth year). Moreover, any fiscal gaps incurred each year will be carried over to the next. Under these assumptions, by the fifth year, the provinces will still have fiscal gaps, although much narrower than in previous years. In contrast, municipalities and cities especially will not incur fiscal gaps in any year. Thus, the simulations indicate that greater attention and assistance should be directed to provinces, even as FSFs are reassigned and upgraded gradually.

The social sector FSFs may be reassigned and upgraded first before economic sector FSFs. Doing so will lead to lower fiscal gaps, possibly even to fiscal surpluses, for the provinces, cities, and municipalities.

To facilitate the phased-in implementation, it is recommended to establish the necessary policies and mechanisms. In the medium-term, EO 138, s. 2021 should be amended to provide the legal framework for reassigning the devolved FSFs and upgrading them to meet minimum service standards. Also, during the transition period, the capacity of LGUs need to be strengthened to financially and technically prepare them to assume the devolved FSFs. Along with capacity-building interventions, other policies that will help LGUs manage fiscal gaps include enhancing the Growth Equity Fund (GEF) under the EO 138 and the execution of the National Government (NG)-LGU cost sharing scheme for local infrastructure projects.

A longer-term reform agenda should include amending the Local Government Code (LGC) of 1991 (Republic Act No. 7160) to institutionalize the reassignment of FSFs across LGU levels and those that are proposed to be reverted to the NG. This will allow the responsibility over school buildings, which are currently assigned but never fully carried out by LGUs, to be reconsidered and possibly assigned back to the NG. The amendment is also needed to reconfigure the devolved health services to suit the objectives and effective implementation of the Universal Health Care (UHC) Law (RA 1123). Moreover, reforms should also include the establishment of a fiscal equalization grant scheme to incentivize LGUs in providing adequate and quality local public services by utilizing majority of the revenues they generate.

I. BACKGROUND

The Supreme Court (SC) En Banc in its April 10, 2019, Resolution in the case of “*Hermilando I. Mandanas, et al. vs Executive Secretary Paquito N. Ochoa, Jr., et al.*,” resolved that the internal revenue allotment (IRA) shares of LGUs should be computed based on all national taxes, encompassing national internal revenue taxes and custom duties. This new computation resulted to an increase in the IRA and corresponding reduction in the fiscal resources of the national government starting fiscal year 2022.

Executive Order No. 138 and status of its implementation

To manage the fiscal impact of the said SC ruling, EO 138, s. 2021, or the *Full Devolution of Certain Functions of the Executive Branch to Local Governments, Creation of a Committee on Devolution, and for Other Purposes*, was issued. The EO reaffirmed that the LGUs are primarily responsible for the delivery of services and performance of functions devolved under Section 17 of the Local Government Code (LGC) while the national government will assume more strategic and steering functions to address persistent development issues.

EO 138 also mandates the concerned NGAs and LGUs to prepare their respective Devolution Transition Plans (DTP), which focuses on the proposed phasing of devolution of FSFs that are devolved to LGUs under the LGC but in practice are still being implemented by NGAs.

Specifically, the NGAs were instructed to include in their DTPs, the following: (a) list of FSFs or specific components of NG programs to be assigned to each level of local government; (b) standards for service delivery; (c) capacity development strategy for NGAs and LGUs; and (d) LGU performance assessment and monitoring framework. As of April 2023, a total of 18 NGAs have submitted their DTPs to the DBM, but only three of them were approved by DBM.

The LGU DTPs, on the other hand, are expected to contain: (a) proposed phasing and timing of the full assumption of devolved FSFs; (b) capacity development agenda and requirements to fully absorb, manage, and sustain the devolved FSFs; and (c) forecast for key local revenue sources to address possible fiscal gaps (FG). As of April 2023, all LGUs (except for one province and one barangay) have submitted their respective DTPs to the DILG.

Most LGUs that submitted their DTPs have raised issues on the policy approach of EO 138 including their lack of readiness to fully assume all the devolved FSFs. As evidenced by the DILG's LGU DTP Analytics Report, all LGU levels, except cities that either fully or partially implement FSFs, have yet to fully assume the FSFs specified in the LGC across the five development sectors (i.e., social, economic, infrastructure, environment, and institutional), despite the full LGU assumption target by 2024. Furthermore, the report mentioned that "most LGUs still lack the technical and financial capacity to fully implement these functions and services...thus, the need not only for additional technical positions and budget, but also capacity development from national government and further assistance from other stakeholders."

ULAP, in a press release in May 2023, called on the NG to shift from the proposed devolution approach under EO 138, s. 2021 to "a service delivery enhancement-centered approach" where LGUs are given the flexibility to utilize their additional national tax allotment (NTA). This will upgrade the FSFs already assigned to them for improved service delivery tailored to the needs of their constituents. This also means allowing the NG to continually extend assistance to LGUs in the implementation of some devolved FSFs. Further, ULAP emphasized the need to review all government services to determine the essential ones that should be performed at each level of government, taking into consideration LGU's capacity, efficiency, and effectivity of service delivery, and the concept of complementation and supplementation among different levels.

President's directives and actions taken by concerned government agencies

During the latter part of 2022, the ComDev, an inter-agency group responsible for overseeing and monitoring the implementation of the devolution policy, revisited EO 138 following the President's instruction to review the functions that should be devolved to the LGUs and those that should remain with the NG. The output of this review includes an assessment of the implementation of EO 138, s. 2021 and a proposed draft amendatory EO. This was presented by DBM, Chair of the ComDev, to the President during a Sectoral Meeting on March 21, 2023.

In the meeting, the President underscored the varying capacities of LGUs, even those belonging to the same income level, that should be considered in amending the executive order. He then instructed NEDA and DOF through Presidential

Directive No. PBBM-2023-263 to draft a conceptual paper to serve as guide in defining the functions and services that should be retained with the NG and those that should be devolved to LGUs based on their capacity. Moreover, the President also ordered the execution of EO 138, s. 2021 suspended through Presidential Directive No. PBBM-2023-264-265, considering the challenges encountered during its implementation.

To carry out the President's directive, NEDA sought the WB for technical support in conducting a study that would formulate and validate detailed recommendations for the proper delineation of functions between the NG and LGUs as well as among different LGU levels. In September 2023, the WB's team of consultants commenced in building a database of the types and costs of FSFs proposed to be devolved using information from concerned NGAs and the LGU statement of expenditures from BLGF. The team presented their analytical framework and initial results to the ComDev Technical Working Group on November 6, 2023.

Using the same database and building on the initial results of the WB consultants, the NEDA study team refined the analytical framework and methodology to estimate the costs of devolution and resulting fiscal gaps of provinces, cities, and municipalities. The study team presented its initial findings first to the ComDev on December 14, 2023 and then to the President on December 21, 2023.

One critical limitation of the initial NEDA results is that they largely reflected the NGAs' proposed list of FSFs for further devolution and do not account the LGUs views on the same. The President, through Presidential Directive No. PBBM-2023-765-766, instructed DILG and ULAP to come up with a list of basic functions and services that the LGUs should be performing considering their absorptive capacities, and for NEDA to conduct sensitivity analysis of the fiscal implications of the list and recommend ways for a phased-in devolution. This is to provide a balanced assessment of the issues and to provide a better guide to policy.

DILG shared its list of proposed reassignment of devolved functions, services and facilities with NEDA on March 1, 2024. NEDA then used the list in its simulation and analyses of different devolution scenarios, the results of which are presented in this report.

It should be noted that, unless otherwise indicated, the devolution process or scenario referred to in this study is simply the reassignment of the already devolved FSFs among LGUs and the upgrades of the devolved FSFs. This is in keeping with the President's directive to NEDA. No new FSFs will be transferred from NGAs to LGUs, which is the traditional connotation of fiscal decentralization or devolution.

II. SCOPE AND LIMITATION

The study covered all provinces, cities, and municipalities, except those of the Bangsamoro Autonomous Region in Muslim Mindanao (BARMM), which are excluded from EO 138. Barangays were not included because the required fiscal, demographic, and other data for each of them were not available.

For the quantitative analysis of the fiscal capacity of LGUs, the 2022 Statement of Receipts and Expenditures (SRE) of LGUs was used. Ideally, a “stable” fiscal capacity, averaged over several succeeding years, should be used. However, the LGU fiscal capacity and behavior during years 2020-2021 were unusual because of the COVID-19 pandemic. Their fiscal capacity and behavior in earlier years might be even more different from the current ones, given the changes in economic conditions, leadership, and other factors.

The 2022 SRE is the latest available complete record from the BLGF when the study was conducted in early 2024. Note that the same SRE already captures the adjustments in the NTA, since 2022 is the first year when the Mandanas-Garcia ruling took effect.

While the study intended to cost out all the devolved FSFs that the DILG proposed to be reassigned among LGUs, some costs were not estimated for various reasons. In particular, the FSFs transferred from barangays and are proposed to be shared between cities and municipalities are not costed out since the barangays are not included in the study. Furthermore, certain FSFs are not applicable to some LGUs (e.g., quality control of copra) with some FSFs involve site development (e.g., sites for police stations and substations) where land is usually donated rather than procured (i.e., cost-free).

III. MAIN OBJECTIVES

The study aims to:

- a. Assess under different devolution scenarios the potential fiscal implications of the proposed reassignment of devolved FSFs across LGU levels (province, city, and municipality);
- b. Recommend options for phasing in the devolution of combinations of FSFs based on the fiscal capacity of LGUs; and
- c. Provide inputs in the design of a system for monitoring the devolution process and other policies to facilitate the implementation of the devolution policy.

IV. APPROACH

The following are the steps and activities undertaken in the conduct of the study:

A. Build on the List of FSFs for Reassignment

The study takes-off from:

1. DILG-ULAP list of the devolved FSFs proposed for reassignment

Following the President's directive, DILG-ULAP prepared an initial list of devolved FSFs under Section 17 of the LGC and recommended to be retained with LGUs where these were originally assigned, reassigned to another LGU level/s and/or shared by a group of LGUs, or recentralized to the national government. The list also includes FSFs that may be reassigned at the option of the recipient LGU.

In recommending the reassignments of FSFs across LGUs, DILG-ULAP considered the recipient LGU's fiscal capacity, area or population coverage, economies of scale, and ability to contain spillover effects, relative to that of the source LGU. To ascertain the relevance of these factors in the reassignment of FSFs, DILG-ULAP conducted consultations with concerned NGAs on January 22, 2024, and a nationwide survey of provinces, cities, and municipalities in February-March 2024. In the survey, the LGU respondents—mostly the local planning and development coordinators—were asked if their LGUs have already assumed or are willing to assume the FSFs proposed to be reassigned. Annex C shows DILG-ULAP's final list of FSFs and the proposed reassignments across LGUs and to NG.

The same DILG-ULAP final list of FSFs is used in the NEDA study as basis for estimating the incremental spending to each province, city, or municipality arising from their respective newly transferred or absorbed FSFs.

2. NGAs' list of devolved FSFs for upgrade to meet minimum service standards

The NGAs' list contains selected FSFs supposedly devolved but are still partially provided or administered by NGAs. These FSFs include school buildings by DepEd, some facilities and health services by DOH, local roads by DPWH, and

local irrigation facilities by NIA. Moreover, the NGAs provided the list of FSFs, requirements, and the cost parameters for their upgrading to meet the MSS.

Annex D enumerates the indicators that were used in the computation of cost of upgrading the FSFs to meet the MSS and, for comparison, those used in the Cuenca Study (2024).

B. Construct Dataset

The study team constructed an LGU database, whose core is the 2022 SRE of each province, city, and municipality obtained from BLGF. Added to it are LGU-level population, land area, poverty rates, and inflation obtained from PSA, and performance and governance indicators from DILG. The full list of secondary data and their sources are reported in Annex E.

The database also includes the costs of reassigned or upgraded FSFs, computed as follows:

General costs of devolved FSFs

The actual expenditures in 2022 of the source LGUs for the reassigned FSFs were used to proxy for the costs that the recipient LGU will incur to provide or operate the same FSFs. In particular, the cost of each FSF is based on the reported expenditures by the concerned LGU office or unit (e.g., Health, Agriculturist, and Engineering Offices). This is only an approximation given the true cost of the same FSF will vary between the source LGU and the recipient LGU due to differences in local prices or procurement practices. Estimating the costs to the recipient LGUs, however, would be difficult since they have yet to absorb and provide for the reassigned FSFs.

Given that the local cost variations among LGUs would be narrower if they belong to the same province than if they are not, NEDA estimated the local costs of FSFs. Through the NEDA Regional Offices (NROs) and Regional Development Staff, several KIIs with 150 LGUs in 16 regions (except BARMM) were conducted. Specifically, the responsible officials from select units/offices within each LGU were asked to approximate the percentage share in their unit's annual budget that is typically allocated to each core function or service. To derive the cost of a function or service, its percentage share is multiplied against the actual expenditures of the office or unit as reported in their LGU's Statement of Expenditures (SOEs). Other

subcore functions not covered in the KIIs were estimated in consultation with selected LGU officials of Region III on March 14, 2024, at the NEDA Regional Office in San Fernando City, Pampanga. Note that the estimated costs for the reassigned FSFs are only for one year (2022).

Annex F describes the sampling methodology for the KIIs, Annex G presents the KII instrument used, while Annex H contains the overall results of the KIIs.

Cost of devolved FSFs to meet service delivery standards

The computation of the costs of upgrading FSFs to meet the MSS are based on the assumptions and parameters provided by the concerned NGAs (Annex I). Note that the cost computations are limited to a few capital outlays due to the unavailability of locally disaggregated data from NGAs.

Relative to the estimates of the costs of reassigned functions, the costs of upgrading the devolved FSFs are much greater. Thus, while the former costs are estimated for one year, the latter costs are spread evenly over four years in the simulation exercises, as explained below.¹

C. Simulate Devolution Scenarios

Simulation exercises were conducted to determine and analyze the potential fiscal impact of the reassignment and possible upgrade to meet the MSS of devolved FSFs across LGU levels (province, city, and municipality). The specific activities undertaken include:

- 1. Estimation of the Fiscal Gap.** Essentially, the potential fiscal impact is measured here as the difference between the LGU's incremental expenditures for the reassigned FSFs and their possible upgrades, and the availability of fiscal revenues. The difference is called the fiscal gap,² which is estimated on annual basis for each province, city, and municipality. Note that the fiscal gap is only a notional amount, since the FSFs are yet to be transferred and given a budget. Once transferred, the FSFs will possibly be adjusted in size, scope, or coverage to better suit the LGU's needs, preferences, and capabilities. Moreover, the costs

¹ The assumption is that the devolution implementation will commence in 2024 and completed in 2028.

² Ideally, the FG should adjust for possible differences in local prices or costs, and other potential revenues (e.g., by increasing the real property tax rates or improving collection rates). These adjustments were not included due to lack of data and time.

of procurement or construction may be higher than estimated due to higher local prices or tighter local supplies. For these reasons, the resulting fiscal gaps following devolution may be different from the ones presented here.

Two frameworks are adopted to compute for the fiscal gap of each LGU:

- **Framework 1** only considers the incremental spending and incremental revenues. The incremental spending is the additional costs due to the proposed reassignment or upgrading of the FSFs, while the incremental revenues is the increase in national tax allotment due to the Mandanas-Garcia ruling.³ Comparing the incremental spending with the incremental revenues is fair since, as it were, LGUs are expected provide for the new FSFs by using only their incremental revenue or “new money.”

However, some LGUs have excess revenues from previous years that they can use to deliver or upgrade their additional FSFs. As an indicator of excess revenues, the ending cash balance from the previous year (as reported in the SRE) is used. Meanwhile, the ending cash balance for the year is the difference between the available fund balance at year’s end and the payment of prior year’s accounts payable.⁴

Under Framework 1, there are two FG formulas:

Fiscal Gap₁ = Incremental Spending – Incremental Revenues

Fiscal Gap₁₊ = Incremental Spending – Incremental Revenues + Previous year’s Ending Cash Balance

- **Framework 2** considers the total expenditures and total revenues. Total expenditure pertains to the total current operating expenditure and the incremental spending (as defined above). On the other hand, total revenue pertains to the total current operating income which comprises locally

³ More precisely, the LGU’s incremental revenues is the NTA in 2022 minus what the IRA in 2022 would have been sans Mandanas-Garcia Ruling. The actual NTA in 2022 is already reported in the SREs from BLGF. To derive the IRA in 2022, we applied the IRA formula on the aggregate incremental revenue for 2022 for all LGUs (including those in BARMM), which is PHP185.17 billion according to DBM. In estimating the IRA, the population and land area figures were used from PSA.

⁴ Some views that using the previous year’s ending cash balances for the reassigned or upgraded FSFs may inadvertently penalize the LGU who are efficient in using their budgets. It can also be argued, however, that LGU budget surpluses are better spent than saved to provide more or better services, including the new FSFs.

sourced income (taxes and fees), local transfers (NTA, inter-local transfer) and other external sources.

Recall that the SRE used is 2022, which already reports the NTA. Beginning in 2022, the NTA already incorporates both the amount due of the LGUs under the old IRA formula and their additional revenue shares following the SC's Mandanas-Garcia ruling.

Under Framework 2, there are also two FG formulas:

Fiscal Gap₂ = (Incremental Spending + Total Current Operating Expenditures) – Total Current Operating Income

Fiscal Gap₂₊ = (Incremental Spending + Total Current Operating Expenditures) – (Total Current Operating Income + Previous Year's Ending Cash Balance)

In all the four formulas above, a positive fiscal gap indicates inadequate fiscal resources, while zero or negative fiscal gap indicates adequate or more than adequate fiscal resources, respectively.

2. Simulation of devolution scenarios. A devolution scenario refers to a specific design and implementation of devolution of FSFs. As mentioned, the design is limited to the DILG-ULAP list of FSFs to be reassigned and their possible upgrade to meet the MSS. No new or additional FSFs will be devolved from NGAs to LGUs. There are two devolution scenarios considered here:

- *SLOW GO* refers to the full and immediate reassignment of the FSFs in the DILG-ULAP list.
- *BIG BANG* refers to the full and immediate reassignment of FSFs in the DILG-ULAP list, and the upgrade of some of the FSFs to meet the MSS over a four-year period (more specifically, the cost of upgrade will be spread evenly over four consecutive years).

The fiscal gap by LGU under the different devolution scenarios were aggregated by LGU level and by clusters (i.e., income terciles).

3. Other Simulations

To test the sensitivity of the results, the fiscal gaps and devolution scenarios were simulated using:

- A new clustering of LGUs based on the total current operating income per capita (based on 2015 census of population); and
- A breakdown of the costs of the FSFs into social and economic sectors.

4. Other Analyses

The following were also undertaken to further analyze the LGU incremental spending and fiscal gaps resulting from the proposed reassignment of FSFs and their upgrades to meet the MSS:

- **Equity and Efficiency Analysis.** To assess the fairness and efficiency of the sizes and distribution of the fiscal gaps, they were correlated with select indicators.

To assess equity, the association between (a) the fiscal gaps and incremental spending, and (b) the LGU total current operating incomes and 2018 poverty rates were examined. The association is deemed equitable when the fiscal gaps or incremental spending tend to be smaller for LGUs with low incomes or high poverty rates compared to their more prosperous counterparts.

To assess efficiency, the fiscal gaps and incremental spending were correlated with the LGU institutional capacity and performance. As proxies for institutional capacity and performance, the LGU overall capacity score and the LGU overall performance score, as computed in the DILG-LGA's 2021 LGU Segmentation Study, were used.

The LGU's overall capacity score is a quantitative assessment of the local government's compliance with planning and budgeting procedures, functionality of key strategic bodies, and presence of key plantilla officials. Meanwhile, the LGU overall performance is a quantitative assessment of the LGU's financial administration and management of disaster risks. A positive correlation between either of these scores and the fiscal gap or incremental spending will indicate efficiency. This is since the LGUs with greater institutional capacity or superior performance are deemed in a better position than their lesser counterparts to absorb and discharge additional expenditure responsibilities.

- **Computation of Projected Fiscal Gap.** An important consideration in the phasing of the transfer or upgrade of FSFs is the length of time it would take until the fiscal gaps are closed. This may be expected in the medium term, at least for some LGUs, since the normal annual growth in NTA will eventually enable the LGU to catch up with the costs of providing for the reassigned or upgraded FSFs. To ascertain this, the fiscal gaps were projected over five years.

In the analysis, the corresponding annual incremental NTA used by the Development Budget Coordination Committee (DBCC) was estimated using the actual tax revenue growth rates for 2019 and 2022, and the projected rates for 2023, 2024, and 2025. To account for the possible disincentive or stimulative effects of the incremental NTAs on local revenue mobilizations, estimates of NTA elasticities of locally sourced income by LGU level are used. The elasticities are 0.67 for provinces, 0.28 for cities, and 0.94 for municipalities.⁵ Meanwhile, the annual incremental spending was adjusted based on DBCC's inflation outlook for 2024-2028.

In the annual projection of incremental spending, the fiscal gap from the previous year is carried over to the current year. This means that each year, the LGU must account for any outstanding obligations that remains from the previous year due to inadequate revenues. Note that since the cost of upgrading the FSFs is spread evenly over four consecutive years, no such costs will be imputed anymore in the fifth year. This will explain the drop in the fiscal gaps in the fifth year.

D. Stakeholder/experts consultations

To validate the initial results and solicit comments, inputs and recommendations feedback, consultations with the other members of the ComDev (DILG, DBM, DOF, and LGU leagues), selected NGAs, and LGUs were conducted during the course of the study. In the early stages of the study, prior to the December 21, 2023 meeting with the President, ComDev members and NGAs met several times to discuss the study's design, framework for analysis, NGA data used, and initial results. To ensure that LGU perspectives are considered and that the study remains consistent with

⁵ Capuno, Joseph. "Full Devolution in 2022: Expectations ahead." Online Orientation Meeting for the Aboitiz Equity Ventures, December 1, 2021.

the President's directive, two other major public consultations were held in the first quarter of 2024:

1. Validation with selected LGUs of the NEDA determined percentage allocation for sub-FSFs that were proposed to be reassigned

Ten LGUs⁶ from Region III, mostly represented by those who participated in the NRO's February 2024 KII, were invited to a focus group discussion (FGD) on March 14, 2024. During the FGD, the participants shared their opinions and suggestions about the percentage allocations of office/division/unit budgets on the FSFs that NEDA initially assigned.

2. Presentation to the members of ComDev and selected NGAs of the preliminary results and initial recommendations on the phased-in devolution.

On March 15, 2024 a consultation meeting with the eight concerned NGAs (covered by the study) and other members of the ComDev was held to elicit inputs and comments on the preliminary results and recommendations. Among the points raised and suggestions made were to: (a) present the fiscal gaps by sector (i.e., health, education, and agriculture) to identify the specific NGAs that need to extend further assistance to LGUs; (b) use alternative/additional indicators to improve the costing of devolved FSFs of some NGAs, such as those of DOH and DepEd; (c) identify the specific type of LGUs to be covered by the phased-in recommendations; and (d) suggest bigger roles for the RDCs in the monitoring of the devolution process. The outputs of the consultation meetings were considered in the refinement of the computations and simulations and drafting of the final report.

⁶ Province of Tarlac; Province of Zambales; Angeles City, Pampanga; City of San Fernando, Pampanga; Balanga City, Bataan; Floridablanca, Pampanga; Plaridel, Bulacan; Baler, Aurora; San Isidro, Nueva Ecija; Guagua, Pampanga.

V. RESULTS OF THE ESTIMATIONS AND SIMULATIONS

A. LGU Income and Expenditure

1. Framework 1: Incremental revenue and spending

The total incremental revenue or the additional revenue that the LGUs (provinces, cities and municipalities) received in 2022 due to the Mandanas-Garcia ruling amounted to PHP140.21 billion.⁷ This amount comprised of PHP40.26 billion for provinces, PHP41.90 billion for cities, and PHP58.05 billion for municipalities.

The total cost of implementing the devolution has two components: the additional costs due to reassignment of FSFs in the DILG-ULAP list, and the additional costs of upgrading these FSFs to meet MSS. Table 1 shows the estimated net additional spending due to the FSF reassignments by LGU level. Provinces are expected to offload PHP9.04 billion in expenditures for their FSFs to be transferred to the NG, but in turn incur an additional PHP 13.67 billion for the FSF they will absorb from cities and municipalities. Thus, on the net, they will have an additional spending of PHP 4.63 billion. In contrast, cities will transfer about PHP 25.47 billion to provinces and NG, but absorb no additional expenditure responsibilities from other LGUs. Municipalities will offload about PHP10.12 billion to provinces and NG. But since municipalities will also take up an additional PHP3.22 billion-worth of FSFs from barangays, their reduction in expenditures will only be about PHP6.89 billion. On the aggregate, thus, LGUs can expect a reduction in their expenditures by as much as PHP27.73 billion following the proposed reassignment of FSFs. This amount also represents the costs of FSFs transferred to the NG.

The other cost component of implementing the devolution will bring up the expenditures of provinces, cities and municipalities. As shown in Table 2 below, the total costs of upgrading the FSFs in the social sector and economic sector to meet MSS will be about PHP 94.2 billion and PHP157.75 billion, respectively.

⁷ Excluding the incremental revenues of BARMM LGUs and barangays. Computed based on data provided in the DBM Local Budget Memoranda Nos. 82 and 82-A.

Of the total of PHP251.95 billion, about 60.1% will be shouldered by the provinces, 21.5% by the municipalities, and the rest (18.4%) by the cities.

The two cost components amount to a total of PHP224.22. For the provinces, the combined total is PHP156.14 billion, which is nearly four times their incremental revenues (due to the Mandanas-Garcia ruling) in 2022. For either the cities or municipalities, the combined cost of FSF reassignment and upgrades are not much different from their incremental revenues due to the same.

Table 1. Costs of reassigning FSFs based on DILG/ULAP list

LGU Level	FSFs to be transferred to another LGU Level (in PHP billion)	Additional FSFs to be implemented (in PHP billion)	Net Spending** (in PHP billion)
Provinces	9.04	13.67	4.63
<i>PS and MOOE</i>	8.75	8.74	(0.01)
<i>CO</i>	0.29	4.94	4.65
Cities	25.47	*	(25.47)
<i>PS and MOOE</i>	16.50	*	(16.50)
<i>CO</i>	8.97	*	(8.97)
Municipalities	10.12	3.22	(6.89)
<i>PS and MOOE</i>	8.15	2.33	(5.82)
<i>CO</i>	1.97	0.89	(1.08)
TOTAL**	44.63	16.90	(27.73)

*All costed FSFs for cities are to be transferred to another government level so they have no costed additional functions.

**Total may not equal due to rounding off

Table 2. Annual costs of upgrading FSFs to meet minimum service standards based on NGA list

LGU Level	Social Sector (in PHP billion)	Economic Sector (in PHP billion)	Total* (in PHP billion)
Provinces	70.75	80.77	151.51
Cities	7.74	38.60	46.35
Municipalities	15.71	38.38	54.09
TOTAL*	94.20	157.75	251.95

*Total may not equal due to rounding off.

2. Framework 2: Total current operating income and expenditure

As shown in Table 3, for 2022, the combined current operating income of the provinces, cities, and municipalities was about PHP1,059.94 billion.⁸ Meanwhile, their combined current operating expenditure was around PHP641.28 billion.⁹

Table 3. Total current operating income and expenditure of provinces, cities, and municipalities (2022)

LGU Level	Total Current Operating Income (in PHP billion)	Total Current Operating Expenditure (in PHP billion)
Provinces	257.79	137.82
Cities	418.05	266.12
Municipalities	384.10	237.35
TOTAL*	1,059.94	641.28

*Total may not equal due to rounding off.

3. Previous year's ending cash balance

The combined ending cash balances in 2022 of the provinces, cities, and municipalities amounted to PHP733.21 billion.¹⁰ This amount comprises PHP208.98 billion for provinces, PHP293.71 billion for cities, and PHP230.52 billion for municipalities.

B. Overall Fiscal Gap

The following are the computed fiscal gaps under Frameworks 1 and 2 for each of the devolution scenarios:

1. SLOW GO: DILG/ULAP list

As shown in Table 4, under the SLOW GO scenario, the proposed DILG-ULAP reassignment of FSFs generally will not result in fiscal gap for provinces, cities, or municipalities. All LGU levels will have a fiscal surplus, with the cities together consistently generating the biggest surplus—ranging from PHP67.37 billion to PHP471.11 billion—regardless of the frameworks used or whether the previous year's ending cash balances are included or not.

⁸ Excluding the total current operating income of BARMM LGUs.

⁹ Excluding the total current operating expenditure of BARMM LGUs.

¹⁰ Excluding the previous year's ending cash balance of BARMM LGUs.

Only four municipalities under either Frameworks 1 or 2 are expected to have fiscal gaps, all of them from third to sixth income classes (i.e., cluster 2 or 3). Meanwhile, one high income city can be expected to incur a fiscal gap under Framework 2. no provinces are expected to have fiscal gaps under either framework.

Table 4. Fiscal gaps of LGUs under SLOW GO

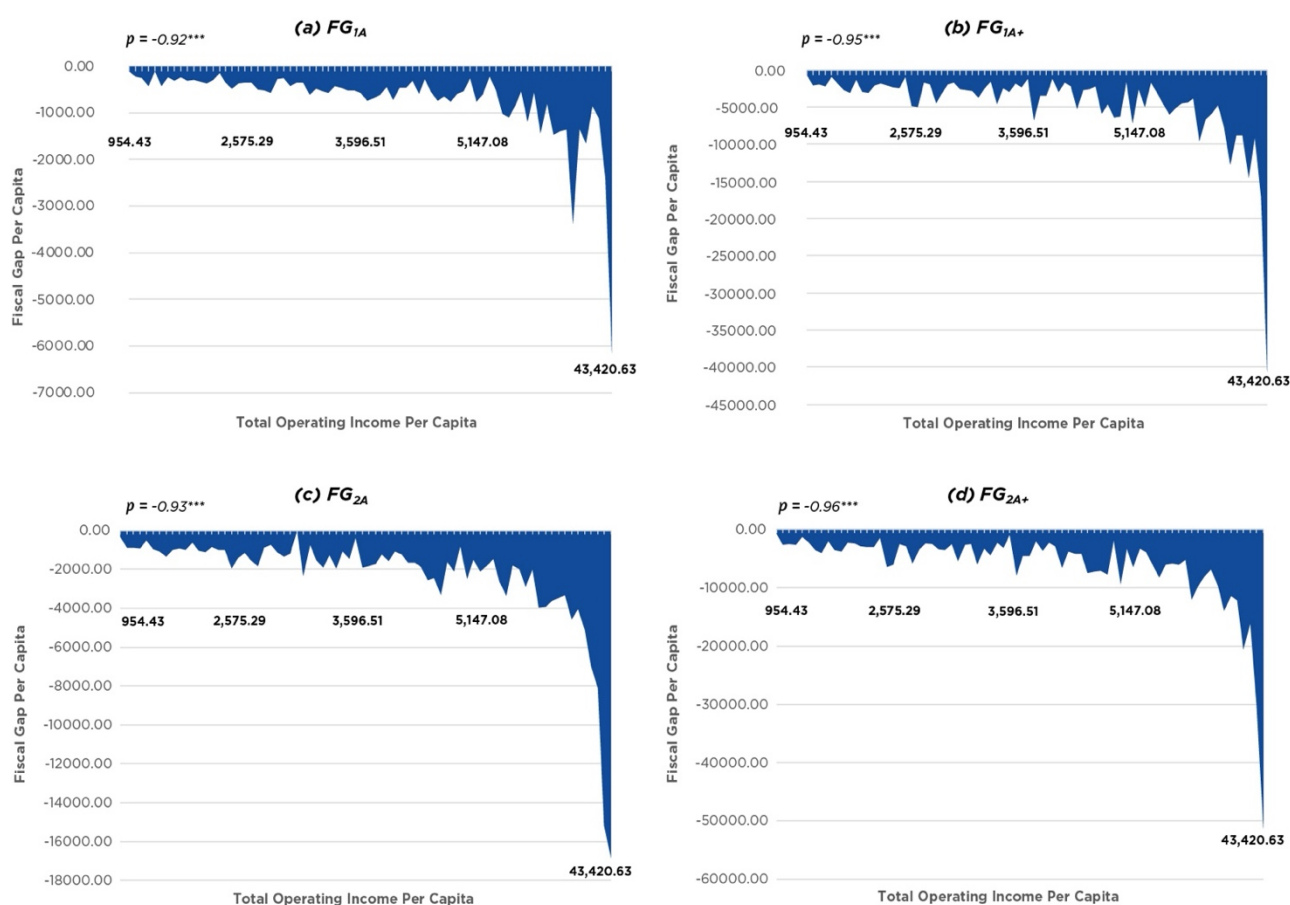
LGU Level	FG (in PHP billion)		Number and Proportion of LGUs with Positive FGs	
	Excluding previous year's ending cash balance	Including previous year's ending cash balance	Excluding previous year's ending cash balance	Including previous year's ending cash balance
FRAMEWORK 1: Incremental revenue and spending				
Provinces	(35.63)	(244.60)	0 [0.00%]	0 [0.00%]
Cluster 1	(20.58)	(151.27)	0 [0.00%]	0 [0.00%]
Cluster 2	(8.74)	(56.17)	0 [0.00%]	0 [0.00%]
Cluster 3	(6.30)	(37.16)	0 [0.00%]	0 [0.00%]
Cities	(67.37)	(361.08)	0 [0.00%]	0 [0.00%]
Cluster 1	(33.87)	(201.84)	0 [0.00%]	0 [0.00%]
Cluster 2	(15.39)	(63.86)	0 [0.00%]	0 [0.00%]
Cluster 3	(10.32)	(47.82)	0 [0.00%]	0 [0.00%]
HUC	(7.79)	(47.56)	0 [0.00%]	0 [0.00%]
Municipalities	(64.95)	(295.47)	0 [0.00%]	4 [0.29%]
Cluster 1	(34.02)	(174.67)	0 [0.00%]	0 [0.00%]
Cluster 2	(19.02)	(77.24)	0 [0.00%]	1 [0.07%]
Cluster 3	(11.91)	(43.56)	0 [0.00%]	3 [0.22%]
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	(115.34)	(324.32)	0 [0.00%]	0 [0.00%]
Cluster 1	(69.35)	(200.04)	0 [0.00%]	0 [0.00%]
Cluster 2	(28.17)	(75.60)	0 [0.00%]	0 [0.00%]
Cluster 3	(17.81)	(48.67)	0 [0.00%]	0 [0.00%]
Cities	(177.40)	(471.11)	1 [0.70%]	0 [0.00%]
Cluster 1	(95.80)	(263.77)	1 [0.70%]	0 [0.00%]
Cluster 2	(35.41)	(83.88)	0 [0.00%]	0 [0.00%]
Cluster 3	(22.61)	(60.12)	0 [0.00%]	0 [0.00%]
HUC	(23.58)	(63.34)	0 [0.00%]	0 [0.00%]
Municipalities	(153.65)	(384.17)	4 [0.29%]	4 [0.29%]
Cluster 1	(91.56)	(232.22)	0 [0.00%]	0 [0.00%]
Cluster 2	(40.55)	(98.76)	1 [0.07%]	1 [0.07%]
Cluster 3	(21.54)	(53.19)	3 [0.22%]	3 [0.22%]

Notes: Fiscal gaps in parentheses are negative values (i.e., fiscal surpluses). Figures in brackets are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

Figure 1 shows the distribution of provinces by size of fiscal gaps vis-à-vis current operating income. The height of the graph indicates the number of provinces that have the same fiscal gap per capita (as measured along the vertical axis) per level of total operating income per capita, arranged from lowest (leftmost) to highest (rightmost). The desired relationship is negative – that is, fewer provinces with smaller fiscal gaps and smaller operating incomes, and more provinces with bigger fiscal gaps and bigger operating incomes.

Yet, the converse can be observed from Figure 1, where all the charts indicate negative fiscal gaps (i.e., fiscal surplus). Regardless of the fiscal gap measure used under the SLOW GO scenario, the fiscal surpluses tend to be bigger among the richer provinces. On the one hand, this reflects the greater fiscal capacity of rich provinces to absorb additional responsibility. It may also suggest the implied fiscal costs of proposed reassignment or sharing of FSFs in the DILG-ULAP list could be heavier among the low-income provinces than for their high-income counterparts.

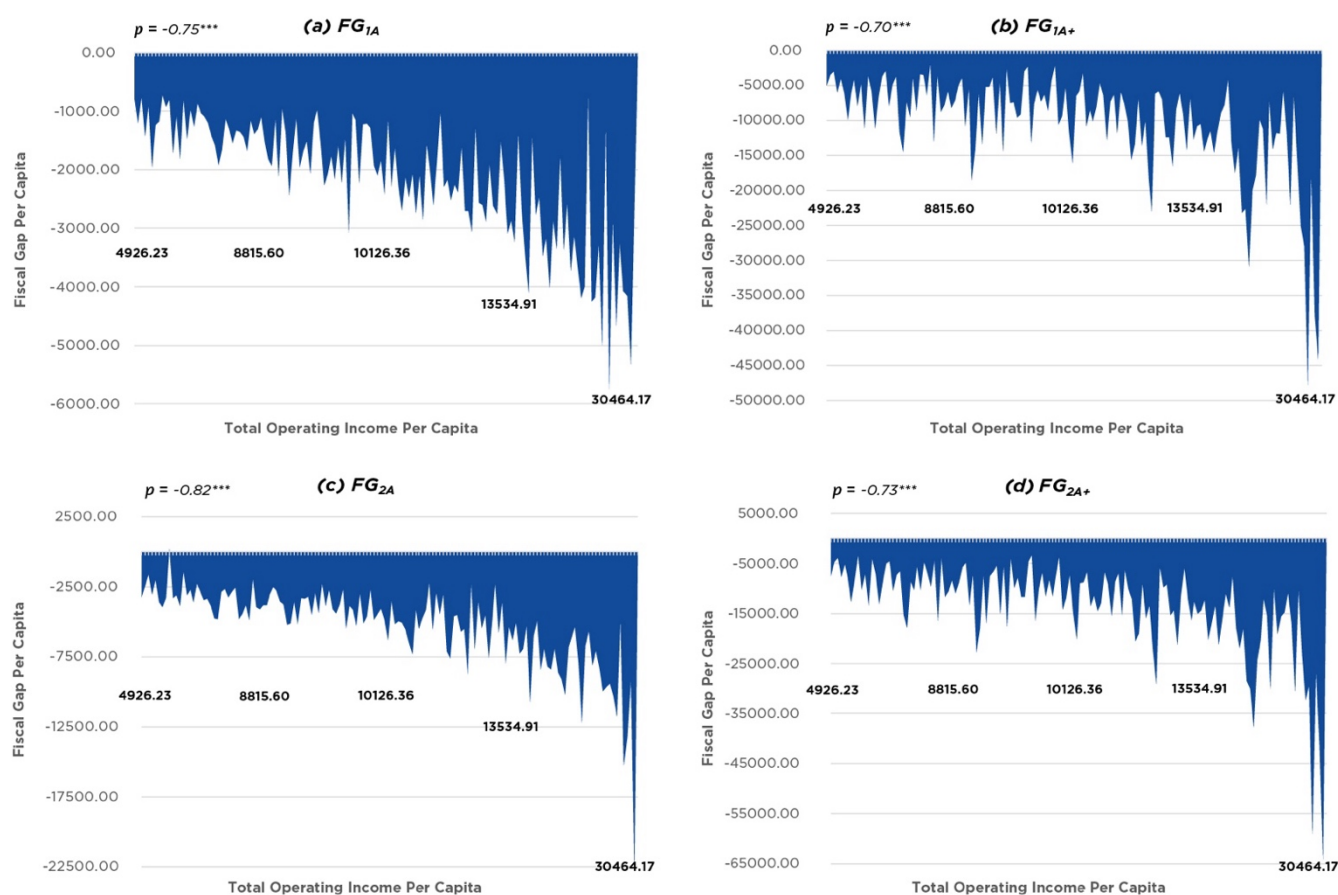
Figure 1. Fiscal gaps and operating income (in pesos per capita) of provinces



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

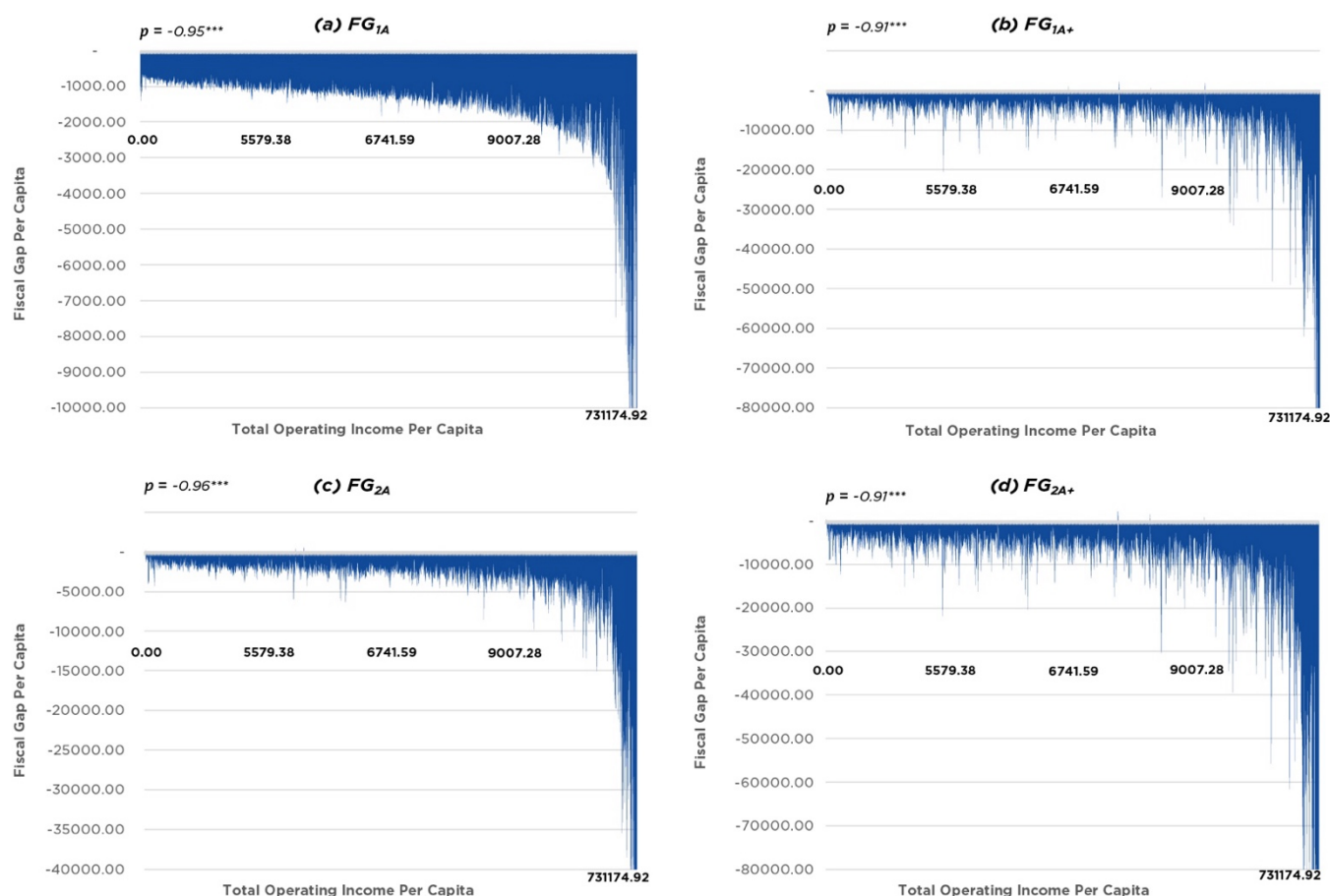
The same observations can be made in the case of cities and municipalities. In the four area charts in Figure 2, the fiscal gaps of the cities are all negative, and the height of the charts tend to be taller as one moves from those with low to high operating income. The large fiscal surpluses among the rich LGUs appear prominently in the case of municipalities (Figure 3).

Figure 2. Fiscal gaps and operating income (in pesos per capita) of cities



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

Figure 3. Fiscal gaps and operating income (in pesos per capita) of municipalities



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

2. BIG BANG: DILG/ULAP list + NGA list

Generally, the proposed upgrading to meet the MSS of existing and those proposed DILG-ULAP reassigned FSFs will result in fiscal gaps for provinces, cities, and municipalities (Table 5). As many as 74 provinces, 35 cities, and 358 municipalities under Framework 1, while 57 provinces, 7 cities, and 132 municipalities under Framework 2, will have fiscal gaps if ending cash balances from the previous year are not counted as part of their fiscal resources available for the additional FSFs and their upgrades. Many of these with fiscal gaps belong to the middle- or low-income LGUs.

It should be noted, however, while some cities and municipalities will still incur fiscal gaps, the cities altogether or the municipalities altogether will generally

have fiscal surpluses under either framework. This implies some cities and municipalities will absorb disproportionate share of FSFs following the DILG-ULAP list. In contrast, the provinces as a whole will not have sufficient revenues to absorb the proposed FSFs in the DILG-ULAP list and their enhancement to meet the MSS.

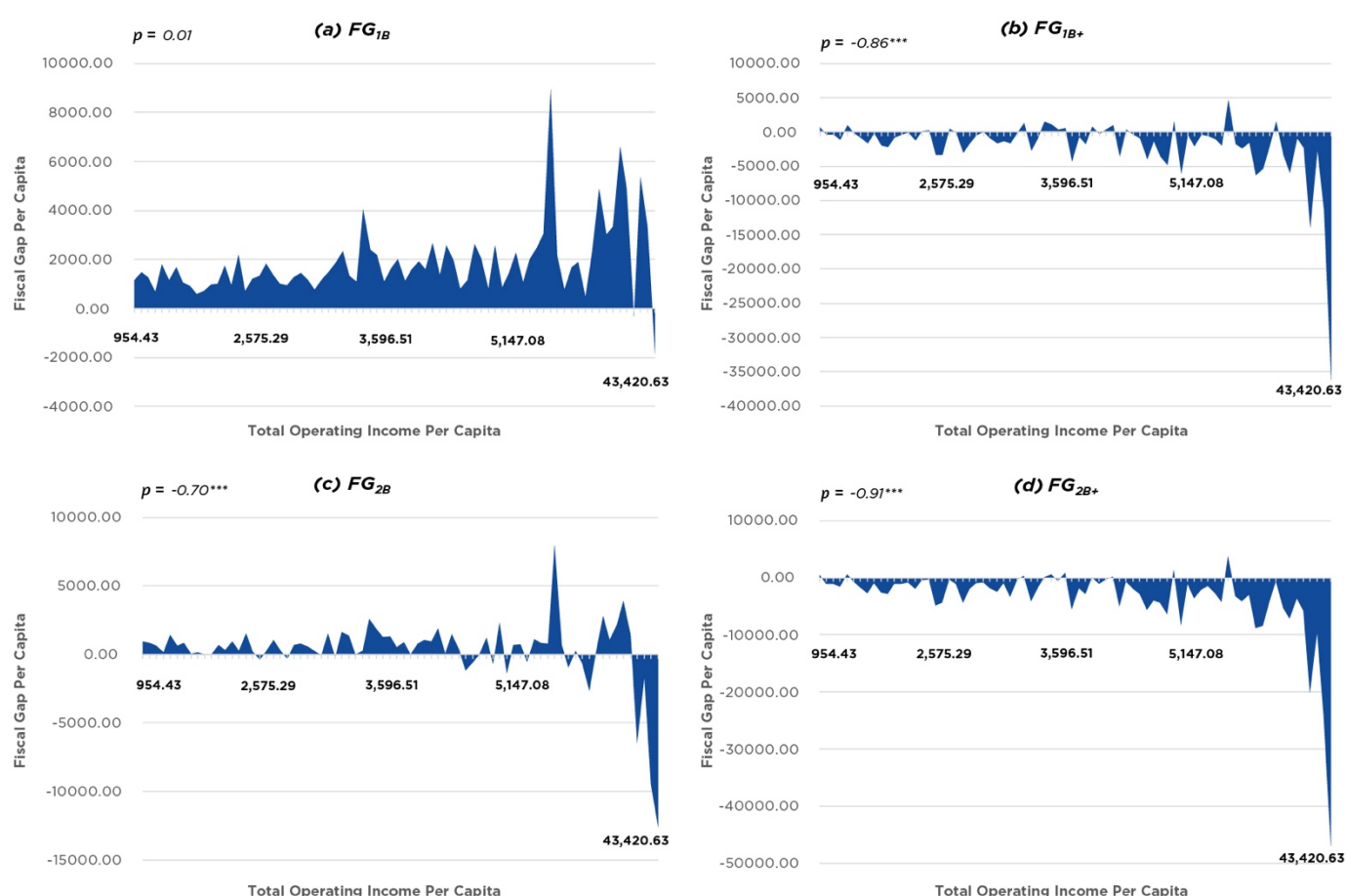
Table 5. Fiscal gaps of LGUs under BIG BANG

LGU Level	FG (in PHP billion)		Number and Proportion of LGUs with Positive FGs	
	<i>Excluding previous year's ending cash balance</i>	<i>Including previous year's ending cash balance</i>	<i>Excluding previous year's ending cash balance</i>	<i>Excluding previous year's ending cash balance</i>
FRAMEWORK 1: Incremental revenue and spending				
Provinces	115.89	(93.09)	74 [97.37%]	18 [23.68%]
Cluster 1	56.68	(74.00)	24 [31.58%]	1 [1.32%]
Cluster 2	38.51	(8.92)	26 [34.21%]	11 [14.47%]
Cluster 3	20.69	(10.17)	24 [31.58%]	6 [7.89%]
Cities	(21.03)	(314.74)	35 [24.48%]	1 [0.70%]
Cluster 1	(14.75)	(182.71)	5 [3.50%]	0 [0.00%]
Cluster 2	(3.81)	(52.28)	12 [8.39%]	1 [0.70%]
Cluster 3	(1.61)	(39.12)	12 [8.39%]	0 [0.00%]
HUC	(0.87)	(40.63)	6 [4.20%]	0 [0.00%]
Municipalities	(10.85)	(241.38)	358 [26.09%]	54 [3.94%]
Cluster 1	(11.60)	(152.25)	59 [4.30%]	8 [0.58%]
Cluster 2	(0.65)	(58.87)	125 [9.11%]	17 [1.24%]
Cluster 3	1.40	(30.26)	174 [12.68%]	29 [2.11%]
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	36.17	(172.80)	57 [75.00%]	10 [13.16%]
Cluster 1	7.91	(122.77)	15 [19.74%]	0 [0.00%]
Cluster 2	19.08	(28.34)	23 [30.26%]	7 [9.21%]
Cluster 3	9.18	(21.68)	19 [25.00%]	3 [3.95%]
Cities	(131.05)	(424.76)	7 [4.90%]	1 [0.70%]
Cluster 1	(76.67)	(244.64)	1 [0.70%]	0 [0.00%]
Cluster 2	(23.83)	(72.30)	2 [1.40%]	1 [0.70%]
Cluster 3	(13.90)	(51.41)	4 [2.80%]	0 [0.00%]
HUC	(16.65)	(56.41)	0 [0.00%]	0 [0.00%]
Municipalities	(99.56)	(330.08)	132 [9.62%]	51 [3.72%]
Cluster 1	(69.15)	(209.80)	23 [1.68%]	9 [0.66%]
Cluster 2	(22.18)	(80.40)	34 [2.48%]	14 [1.02%]
Cluster 3	(8.23)	(39.89)	75 [5.47%]	28 [2.04%]

Notes: Fiscal gaps in parentheses are negative values (i.e., fiscal surpluses). Figures in brackets are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

Under the BIG BANG scenario, the associations between the fiscal gaps and operating incomes of provinces do not follow simple patterns as those observed under the SLOW GO scenario. In contrast to Figure 1, Figure 4 shows some of the area charts are entirely above the horizontal axis (a) or partly below or above it (b and c). These underscore the importance of the size of the previous year's ending cash balance in the ability of provinces to carry out the additional FSFs under the DILG-ULAP list and possibly their upgrade. Such carryover cash balances appear to be bigger for the richer provinces, as shown in Figure 4 (b to d).

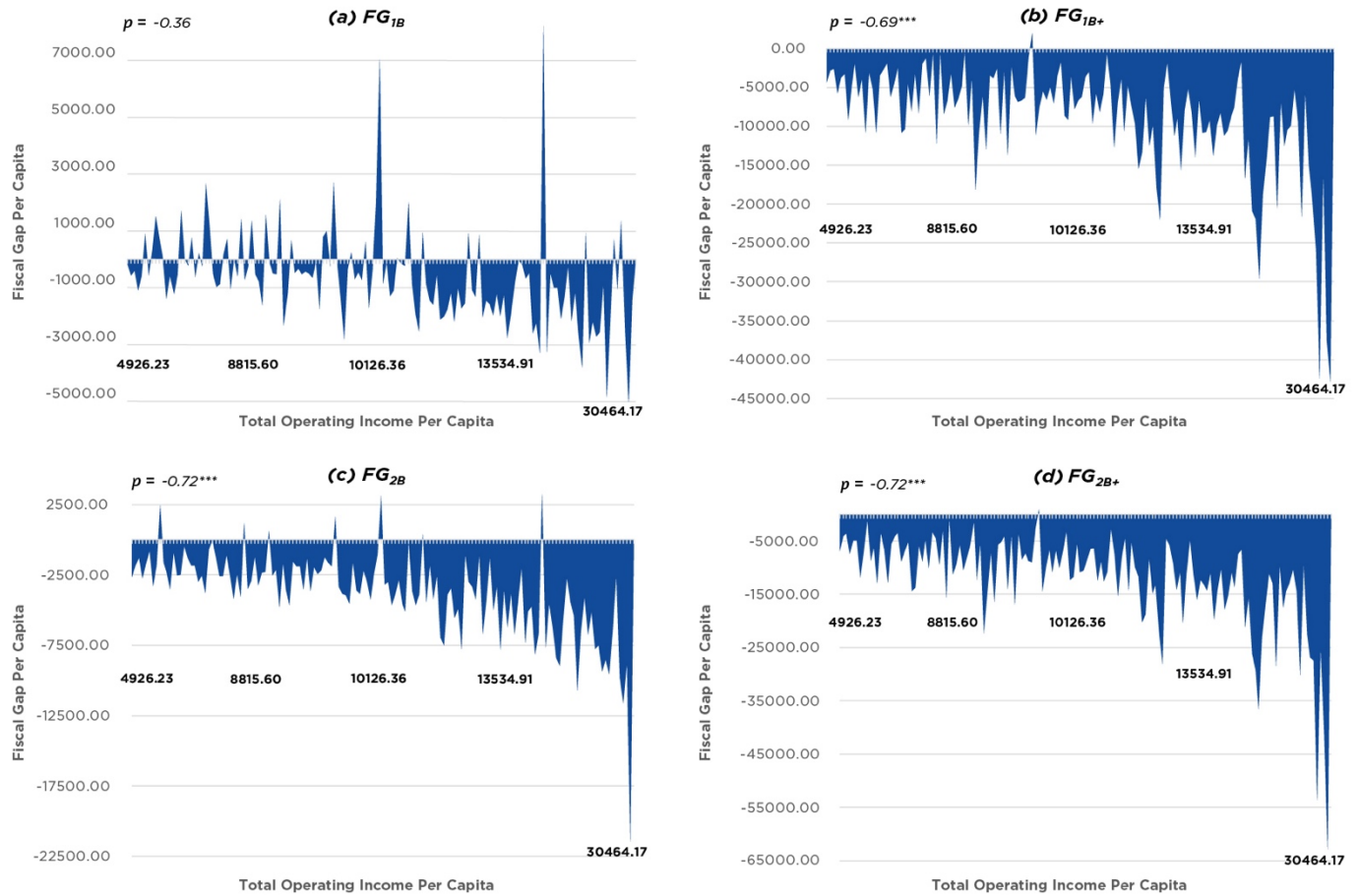
Figure 4. Fiscal gaps and operating income (in pesos per capita) of provinces



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

In the case of cities, the area charts in Figure 5 (a and c) suggest that, excluding the previous year's cash balance, both the low-income and some of the middle-income cities can be expected to incur fiscal gaps under the BIG BANG scenario. However, including the previous year's ending cash balances will put nearly all the cities back to black (Figure 5 [b and d]).

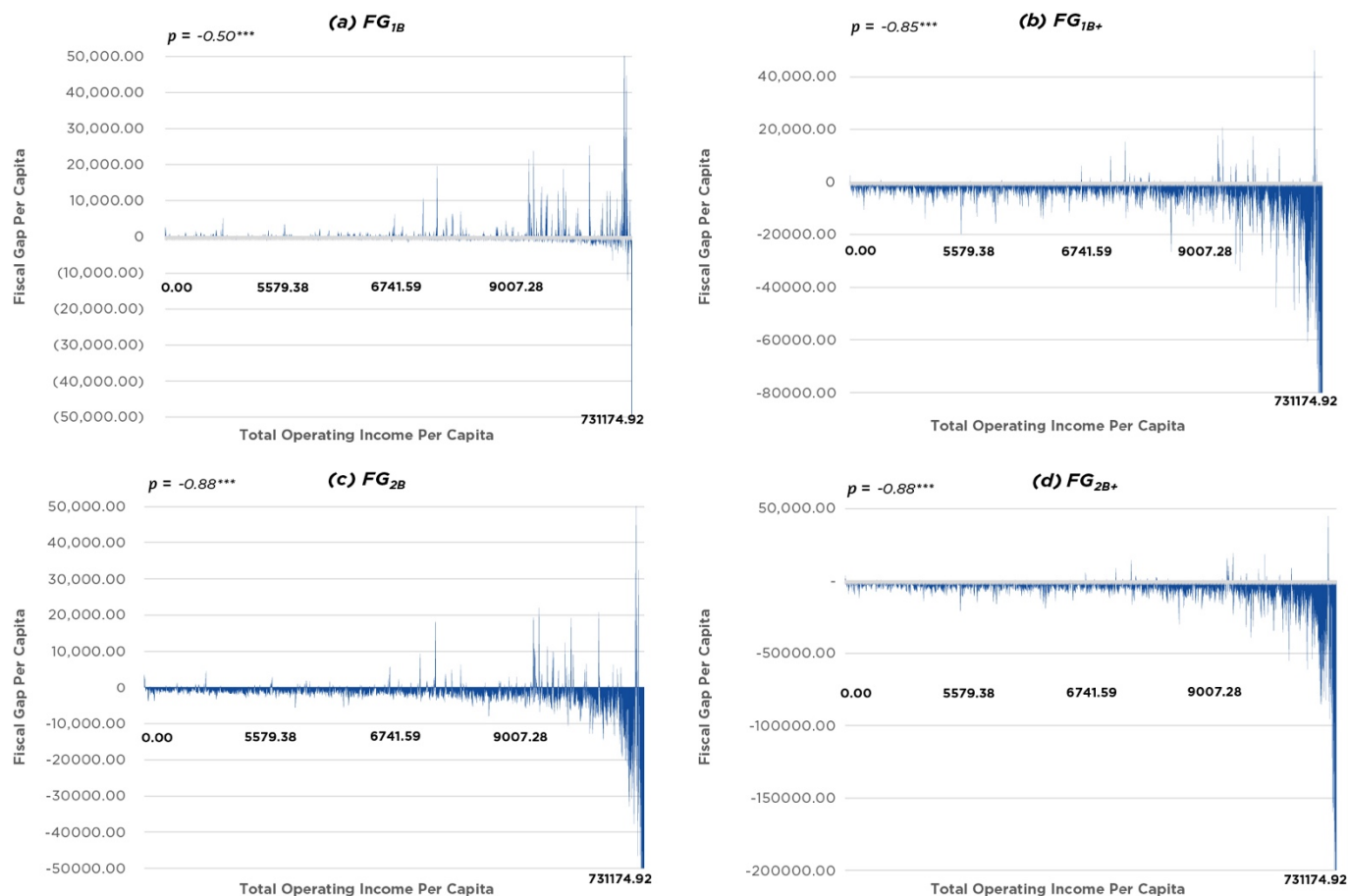
Figure 5. Fiscal gaps and operating income (in pesos per capita) of cities



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

The size of the previous year's ending cash balance appears more important in the case of municipalities under the BIG BANG scenario. Excluding such cash balances, most municipalities can be expected to be in the red (Figure 6 [a]). Including it, however, will put most of them back in the black, as indicated by the area charts below the horizontal axis (Figure 6 [b and d]). Interestingly, most municipalities appear to have large enough current operating incomes to generate fiscal surpluses even under the BIG BANG scenario (Figure 6 [c]).

Figure 6. Fiscal gaps and operating income (in pesos per capita) of municipalities



Notes: p is the correlation coefficient. *** significant at the 1-percent level.

C. Fiscal Gap Per Capita

The general results will not change even when the LGUs are re-clustered based on their total current operating income per capita. There will still be at least one LGU per province, city, or municipality that will incur fiscal gaps under the BIG BANG scenario regardless of the framework used. Majority of the LGUs with fiscal gaps belong to clusters 2 and 3. Table 6 and Table 7 show the amount of fiscal gaps per capita and the number and proportion of LGUs with fiscal gap per capita under the SLOW GO and BIG BANG scenarios, respectively.

Table 6. Fiscal gaps per capita under SLOW GO

LGU Level	FG (in PHP million)		Number and Proportion of LGUs with FG>0	
	Excluding previous year's ending cash balance	Including previous year's ending cash balance	Excluding previous year's ending cash balance	Including previous year's ending cash balance
FRAMEWORK 1: Incremental revenue and spending				
Provinces	(0.054)	(0.344)	0 [0.00%]	0 [0.00%]
Cluster 1	(0.032)	(0.202)	0 [0.00%]	0 [0.00%]
Cluster 2	(0.013)	(0.080)	0 [0.00%]	0 [0.00%]
Cluster 3	(0.009)	(0.062)	0 [0.00%]	0 [0.00%]
Cities	(0.304)	(1.482)	0 [0.00%]	0 [0.00%]
Cluster 1	(0.134)	(0.669)	0 [0.00%]	0 [0.00%]
Cluster 2	(0.088)	(0.380)	0 [0.00%]	0 [0.00%]
Cluster 3	(0.063)	(0.320)	0 [0.00%]	0 [0.00%]
HUC	(0.019)	(0.113)	0 [0.00%]	0 [0.00%]
Municipalities	(2.217)	(10.353)	0 [0.00%]	4 [0.29%]
Cluster 1	(1.203)	(6.472)	0 [0.00%]	1 [0.07%]
Cluster 2	(0.575)	(2.113)	0 [0.00%]	3 [0.22%]
Cluster 3	(0.438)	(1.767)	0 [0.00%]	0 [0.00%]
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	(0.173)	(0.463)	0 [0.00%]	0 [0.00%]
Cluster 1	(0.106)	(0.276)	0 [0.00%]	0 [0.00%]
Cluster 2	(0.040)	(0.106)	0 [0.00%]	0 [0.00%]
Cluster 3	(0.027)	(0.081)	0 [0.00%]	0 [0.00%]
Cities	(0.747)	(1.925)	1 [0.70%]	0 [0.00%]
Cluster 1	(0.344)	(0.879)	0 [0.00%]	0 [0.00%]
Cluster 2	(0.204)	(0.496)	0 [0.00%]	0 [0.00%]
Cluster 3	(0.148)	(0.406)	1 [0.70%]	0 [0.00%]
HUC	(0.051)	(0.145)	0 [0.00%]	0 [0.00%]
Municipalities	(5.808)	(13.943)	4 [0.29%]	4 [0.29%]
Cluster 1	(3.833)	(9.102)	1 [0.07%]	1 [0.07%]
Cluster 2	(1.133)	(2.671)	0 [0.00%]	2 [0.15%]
Cluster 3	(0.841)	(2.171)	3 [0.22%]	1 [0.07%]

Notes: Fiscal gaps in parentheses are negative values (i.e., fiscal surpluses). Figures in brackets are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

Table 7. Fiscal gaps per capita under BIG BANG

LGU Level	BIG BANG			
	Fiscal Gap (in PHP million)		Number and Proportion of LGUs with FG>0	
	Excluding previous year's ending cash balance	Including previous year's ending cash balance	Excluding previous year's ending cash balance	Including previous year's ending cash balance
FRAMEWORK 1: Incremental revenue and spending				
Provinces	0.140	(0.150)	74 [97.37%]	18 [23.68%]
Cluster 1	0.064	(0.106)	23 [30.26%]	3 [3.95%]
Cluster 2	0.045	(0.022)	25 [32.89%]	9 [11.84%]
Cluster 3	0.032	(0.022)	26 [34.21%]	6 [7.89%]
Cities	(0.089)	(1.267)	35 [24.48%]	1 [0.70%]
Cluster 1	(0.064)	(0.598)	4 [2.80%]	0 [0.00%]
Cluster 2	(0.021)	(0.313)	10 [6.99%]	1 [0.70%]
Cluster 3	(0.005)	(0.263)	15 [10.49%]	0 [0.00%]
HUC	0.000647	(0.094)	6 [4.20%]	0 [0.00%]
Municipalities	0.000391	(8.135)	358 [26.09%]	54 [3.94%]
Cluster 1	0.113	(1.567)	122 [8.89%]	29 [2.11%]
Cluster 2	(0.029)	(1.567)	135 [9.84%]	20 [1.46%]
Cluster 3	(0.084)	(1.413)	101 [7.36%]	5 [0.36%]
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	0.021	(0.268)	57 [75.00%]	10 [13.16%]
Cluster 1	(0.010)	(0.180)	15 [19.74%]	2 [2.63%]
Cluster 2	0.019	(0.048)	19 [25.00%]	6 [7.89%]
Cluster 3	0.013	(0.041)	23 [30.26%]	2 [2.63%]
Cities	(0.532)	(1.711)	7 [4.90%]	1 [0.70%]
Cluster 1	(0.274)	(0.808)	1 [0.70%]	0 [0.00%]
Cluster 2	(0.137)	(0.429)	3 [2.10%]	1 [0.70%]
Cluster 3	(0.090)	(0.348)	3 [2.10%]	0 [0.00%]
HUC	(0.031)	(0.126)	0 [0.00%]	0 [0.00%]
Municipalities	(3.590)	(11.726)	132 [9.62%]	51 [3.72%]
Cluster 1	(2.516)	(7.784)	53 [3.86%]	22 [1.60%]
Cluster 2	(0.587)	(2.125)	44 [3.21%]	20 [1.46%]
Cluster 3	(0.487)	(1.817)	35 [2.55%]	9 [0.66%]

Notes: Fiscal gaps in parentheses are negative values (i.e., fiscal surpluses). Figures in brackets are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

D. Fiscal Gap by Sector

Two general observations can be made from Table 7, which shows the fiscal gaps by sector under the BIG BANG scenario. The first major observation is that the fiscal gaps (or fiscal surpluses) tend to be bigger for the social sector FSFs than for the economic sector FSFs. This is true under either framework. The other major observation is that provinces altogether will still incur the biggest fiscal gaps

compared to the cities altogether or municipalities altogether, regardless of whether only the social sector FSFs or economic sector FSFs are considered.

Table 7. Fiscal gaps of LGUs under BIG BANG, by sector

LGU Level	Social Sector (in PHP billion)		Economic Sector (in PHP billion)	
	<i>Excluding previous year's ending cash balance</i>	<i>Including previous year's ending cash balance</i>	<i>Excluding previous year's ending cash balance</i>	<i>Including previous year's ending cash balance</i>
FRAMEWORK 1: Incremental revenue and spending				
Provinces	26.49	(182.49)	49.14	(159.84)
Cluster 1	20.44	(110.25)	15.51	(115.18)
Cluster 2	6.74	(40.69)	19.69	(27.74)
Cluster 3	(0.69)	(31.55)	13.94	(16.92)
Cities	(52.49)	(346.20)	(10.44)	(304.15)
Cluster 1	(27.63)	(195.60)	(4.23)	(172.20)
Cluster 2	(12.01)	(60.48)	(2.96)	(51.43)
Cluster 3	(7.84)	(45.35)	(1.77)	(39.28)
HUC	(5.01)	(44.77)	(1.48)	(41.24)
Municipalities	(45.34)	(275.86)	(23.56)	(254.08)
Cluster 1	(26.39)	(167.04)	(15.10)	(155.75)
Cluster 2	(11.94)	(70.16)	(5.74)	(63.96)
Cluster 3	(7.01)	(38.66)	(2.72)	(34.37)
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	(52.23)	(262.20)	(30.58)	(239.55)
Cluster 1	(28.33)	(159.02)	(33.26)	(163.95)
Cluster 2	(12.69)	(60.12)	0.26	(47.17)
Cluster 3	(12.20)	(43.06)	2.43	(28.43)
Cities	(162.51)	(456.22)	(120.46)	(414.17)
Cluster 1	(89.56)	(257.53)	(66.16)	(234.13)
Cluster 2	(32.03)	(80.50)	(22.98)	(71.45)
Cluster 3	(20.13)	(57.64)	(14.06)	(51.57)
HUC	(20.79)	(60.55)	(17.27)	(57.03)
Municipalities	(134.05)	(364.57)	(112.27)	(342.79)
Cluster 1	(83.93)	(224.59)	(72.64)	(213.30)
Cluster 2	(33.47)	(91.69)	(27.27)	(85.49)
Cluster 3	(16.64)	(48.29)	(12.35)	(44.00)

Notes: Fiscal gaps in parentheses are negative values (i.e., fiscal surpluses). Figures in brackets are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

A detailed examination reveals the numbers of LGUs in each level that can be expected to incur fiscal gaps. Upgrading the economic sector FSFs to meet the MSS will result in up to 71 provinces with fiscal gaps, compared to 41 of them if only the social sector FSFs are enhanced. (Table 8)

Table 8. Number and percentage of LGUs with FGs under BIG BANG, by sector

LGU Level	Social Sector		Economic Sector	
	Excluding previous year's ending cash balance	Including previous year's ending cash balance	Excluding previous year's ending cash balance	Including previous year's ending cash balance
FRAMEWORK 1: Incremental revenue and spending				
Provinces	41 (53.95%)	2 (2.63%)	71 (93.42%)	6 (7.89%)
Cluster 1	19 (25.00%)	0 (0.00%)	22 (28.95%)	0 (0.00%)
Cluster 2	17 (22.37%)	1 (1.32%)	26 (34.21%)	3 (3.95%)
Cluster 3	5 (6.58%)	1 (1.32%)	23 (30.26%)	3 (3.95%)
Cities	0 (0.00%)	0 (0.00%)	41 (28.67%)	1 (0.70%)
Cluster 1	0 (0.00%)	0 (0.00%)	8 (5.59%)	0 (0.00%)
Cluster 2	0 (0.00%)	0 (0.00%)	14 (9.79%)	1 (0.70%)
Cluster 3	0 (0.00%)	0 (0.00%)	12 (8.39%)	0 (0.00%)
HUC	0 (0.00%)	0 (0.00%)	7 (4.90%)	0 (0.00%)
Municipalities	0 (0.00%)	4 (0.29%)	198 (14.43%)	43 (3.13%)
Cluster 1	0 (0.00%)	0 (0.00%)	47 (3.43%)	8 (0.58%)
Cluster 2	0 (0.00%)	1 (0.07%)	63 (4.59%)	14 (1.02%)
Cluster 3	0 (0.00%)	3 (0.22%)	88 (6.41%)	21 (1.53%)
FRAMEWORK 2: Total current operating income and expenditure				
Provinces	9 (11.84%)	0 (0.00%)	32 (42.11%)	2 (2.63%)
Cluster 1	1 (1.32%)	0 (0.00%)	4 (5.26%)	0 (0.00%)
Cluster 2	7 (9.21%)	0 (0.00%)	14 (18.42%)	1 (1.32%)
Cluster 3	1 (1.32%)	0 (0.00%)	14 (18.42%)	1 (1.32%)
Cities	1 (0.70%)	0 (0.00%)	8 (5.59%)	1 (0.70%)
Cluster 1	1 (0.70%)	0 (0.00%)	1 (0.70%)	0 (0.00%)
Cluster 2	0 (0.00%)	0 (0.00%)	3 (2.10%)	1 (0.70%)
Cluster 3	0 (0.00%)	0 (0.00%)	4 (2.80%)	0 (0.00%)
HUC	0 (0.00%)	0 (0.00%)	0 (0.00%)	0 (0.00%)

Municipalities	15 (1.09%)	9 (0.66%)	96 (7.00%)	43 (3.13%)
<i>Cluster 1</i>	2 (0.15%)	0 (0.00%)	18 (1.31%)	7 (0.51%)
<i>Cluster 2</i>	4 (0.29%)	2 (0.15%)	25 (1.82%)	12 (0.87%)
<i>Cluster 3</i>	9 (0.66%)	7 (0.51%)	53 (3.86%)	24 (1.75%)

Notes: Figures in parentheses are the proportions of LGUs with positive fiscal gaps. HUC refers to highly urbanized cities.

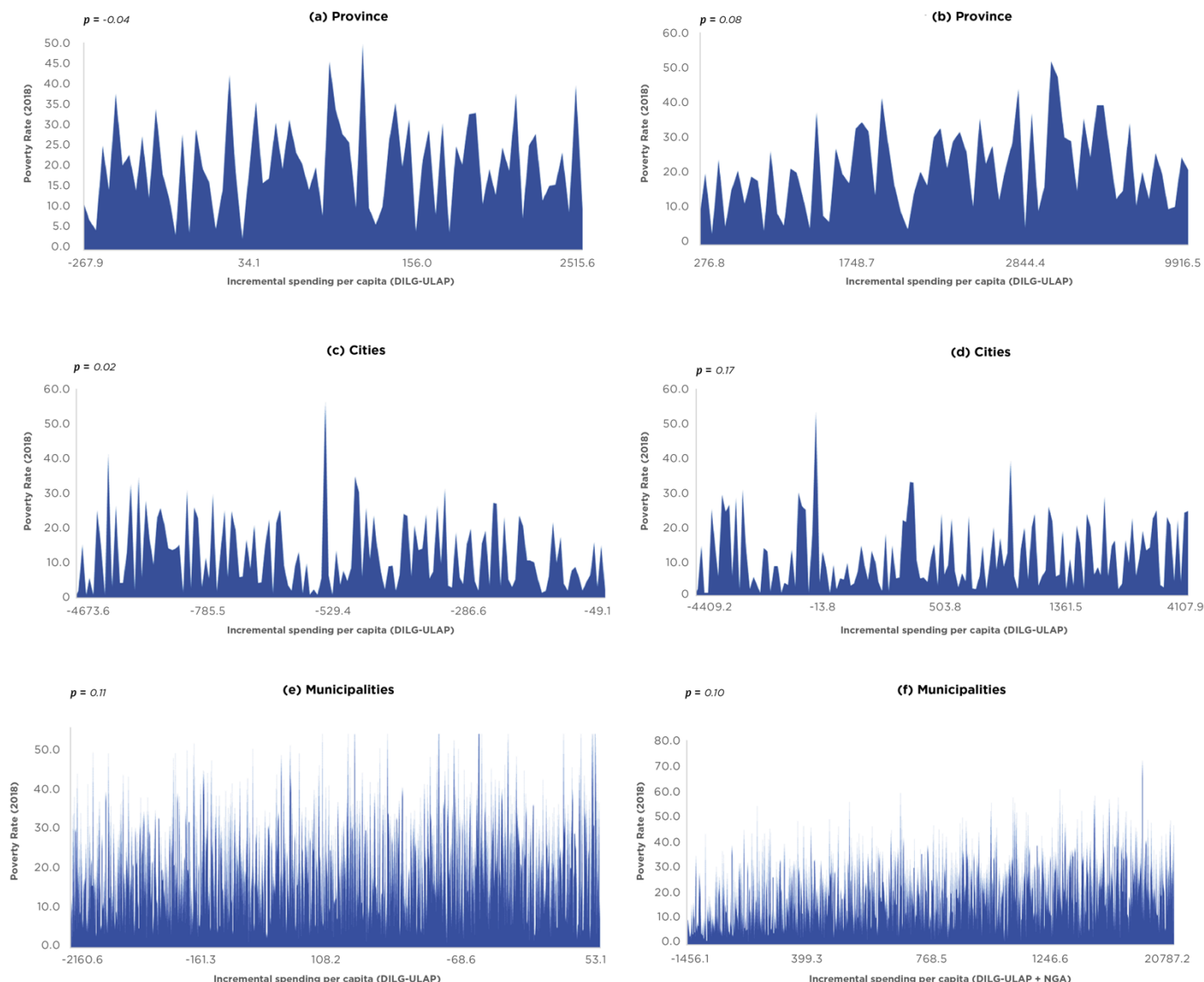
Meanwhile, up to 41 cities and 198 municipalities will incur fiscal gaps if economic sector FSFs are upgraded. In contrast, only one city and 15 municipalities are projected to have fiscal gaps if social sector FSFs alone are improved.

E. Fiscal Gap, Equity, and Efficiency

1. Incremental spending, fiscal gap, and poverty rate

The area charts in Figure 7 depict the association between poverty rates and the incremental spending due to the DILG-ULAP proposal alone or in combination with the NGA proposal to upgrade selected services and facilities. It can be observed that the heights of the area charts are not rising or falling in a single direction as one moves from the lowest to highest incremental spending per capita. This suggests that the burden of financing of reassigned or upgraded FSFs, as planned, does not discriminate between areas with large and small population of poor people. Put differently, the distribution of the incremental spending is unlikely to be progressive – i.e., heavier on the rich than the poor LGUs.

Figure 7. Relationship between incremental spending per capita and poverty rates, by LGU level



Note: p is the correlation coefficient.

In the case of provinces, the correlations between poverty rates and various measures of fiscal gaps, under either the SLOW GO or BIG BANG scenarios, are positive, but generally statistically insignificant (Figure 8). Except in the case of poverty rate and FG_{2B+} , the correlation coefficient is 0.25 and significant at the 5 percent level. This implies that under the BIG BANG scenario the poorer provinces will tend to have bigger fiscal gaps, even after factoring in all their incomes in the current year and cash balances accrued from the previous year.

In contrast, the correlations in the case of cities for the same variables are negative, although most are also not significant. Interestingly, the correlations between poverty gaps and FG_{1A} or FG_{1B} are -0.44 and -0.21, respectively, and statistically significant. These indicate that, excluding the previous cash balance, poorer cities will tend to have smaller fiscal gaps. This suggests some degree of equity in the reassignment of FSFs in the case of cities.

The case of municipalities is notable. The correlations between various fiscal gap measures and poverty rates are all statistically significant and generally positive. Unlike in the case of cities, these results imply that poorer municipalities will tend to incur bigger fiscal gaps than their richer counterparts.

Table 9. Correlations between fiscal gap per capita and poverty rates (2018)

FG by Scenario	Provinces	Cities	Municipalities
SLOW GO			
Fiscal Gap _{1A}	0.10	-0.44*	-0.14*
Fiscal Gap _{1A+}	0.14	-0.08	0.09*
Fiscal Gap _{1B}	0.01	-0.21*	0.08*
Fiscal Gap _{1B+}	0.21	-0.08	0.10*
BIG BANG			
Fiscal Gap _{2A}	0.16	-0.10	0.08*
Fiscal Gap _{2A+}	0.18	-0.04	0.13*
Fiscal Gap _{2B}	0.05	-0.11	0.14*
Fiscal Gap _{2B+}	0.25*	-0.05	0.13*

Notes: Figures are correlation coefficients. *Significant at the 5-percent level.

2. Fiscal gap and capacity

Under the SLOW GO scenario, there is no statistically significant relationship between fiscal gaps and capacity in the cases of provinces and cities. Largely similar results are obtained for provinces and cities under the BIG BANG scenario. One exception for provinces is the correlation between FG_{2A} and capacity, which is -0.27 and significant at the 5-percent level (Table 9).

The case of municipalities is again notable. The correlations under the SLOW GO scenario are all positive, and generally significant at the 5-percent level. Moreover, the correlation between FG_{2A+} and capacity is 0.06 and significant at the 5-percent level. These results suggest that high-capacity municipalities will tend to have greater fiscal gaps under both scenarios (Table 9).

Table 10. Correlations between incremental spending per capita, fiscal gaps per capita and overall capacity scores (2019)

FG by Scenario	Provinces	Cities	Municipalities
Incremental spending per capita under SLOW GO	-0.01	-0.12	-0.01
Incremental spending per capita under BIG BANG	-0.26*	-0.02	-0.06
SLOW GO			
Fiscal Gap _{1A}	0.09	-0.01	0.06*
Fiscal Gap _{1A+}	0.08	0.11	0.07*
Fiscal Gap _{1B}	-0.05	0.01	0.05
Fiscal Gap _{1B+}	0.05	0.09	0.06*
BIG BANG			
Fiscal Gap _{2A}	-0.27*	0.02	0.00
Fiscal Gap _{2A+}	-0.01	0.11	0.06*
Fiscal Gap _{2B}	-0.16	0.03	0.03
Fiscal Gap _{2B+}	-0.09	0.09	0.05

*Notes: Figures are correlation coefficients. *Significant at the 5-percent level.*

3. Fiscal gap and performance

The direction and strength of relationship between fiscal gaps and performance scores (measured in 2019) of provinces, cities, and municipalities under the SLOW GO and BIG BANG scenarios can be inferred from the correlation analyses summarized in Table 11. The desired relationship here is positive – that is, those that have shown strong performance prior to the reassignment of FSFs are presumably better prepared than those with weak performance to shoulder larger fiscal gaps following the reassignment.

Save for two cases, the estimated correlations for provinces under the SLOW GO and BIG BANG scenarios are not significant. However, FG_{1A} and FG_{1A+} appear to be strongly and positively correlated with performance. These results suggest that high-performing provinces will tend to have bigger fiscal gaps if the proposed reassignment of FSFs is carried out under the SLOW GO scenario.

Somewhat the same encouraging results can be deduced for cities and municipalities. All their respective correlations between fiscal gaps and performance scores, either under the SLOW GO or BIG BANG scenarios, are positive, and even some of the correlation coefficients are statistically significant. In the case of cities, the correlations become significant when the previous year's cash balances are counted in to cover the fiscal gaps under the SLOW GO or BIG BANG scenarios. In the case of municipalities, the correlations

are all significant under the SLOW GO scenario and most under the BIG BANG scenario. These results suggest that the proposed reassignment of FSFs is efficient in the sense that, the resulting fiscal gaps will tend to be greater for those who exhibited strong performance in terms of financial administration and management of disaster risks.

Table 11. Correlations between incremental spending per capita, fiscal gap per capita and overall performance scores (2019)

FG by scenario	Provinces	Cities	Municipalities
Incremental spending per capita under SLOW GO	-0.08	-0.10	-0.03
Incremental spending per capita under BIG BANG	-0.12	-0.04	-0.05
SLOW GO			
Fiscal Gap _{1A}	0.23*	0.06	0.07*
Fiscal Gap _{1A+}	0.24*	0.20*	0.09*
Fiscal Gap _{1B}	-0.11	0.05	0.06*
Fiscal Gap _{1B+}	0.22	0.17*	0.07*
BIG BANG			
Fiscal Gap _{2A}	0.00	0.03	0.02
Fiscal Gap _{2A+}	0.22	0.20*	0.08*
Fiscal Gap _{2B}	-0.13	0.05	0.04
Fiscal Gap _{2B+}	0.16	0.17*	0.07*

Notes: Figures are correlation coefficients. *Significant at the 5 percentage level.

F. Projected Fiscal Gap

Figure 8 illustrates the projected fiscal gaps, incremental spending, and incremental NTA over five years under the BIG BANG scenario for each LGU level. It reveals that while provinces will receive larger NTAs each year (between PHP40 billion and PHP68 billion), these will not be enough to close their fiscal gap (between PHP47 billion and PHP225 billion). However, the gap is expected to narrow by the fifth year when the upgrade of all the services and facilities in the NGA list is assumed to be completed. For both cities and municipalities, their respective incremental NTAs (between PHP41 billion and PHP71 billion, and between PHP58 billion and PHP98 billion, respectively) will be enough to cover the additional cost of upgrades.

The incremental spending for provinces will reach a peak of PHP180.5 billion in Year 4 before it falls to PHP15.39 billion in Year 5, when no additional costs for upgrades are imputed anymore. For cities, it will increase from PHP46.35 billion in Year 1 to PHP50.64 billion in Year 4 and will be zero in Year 5 without the upgrades. For

municipalities, it will reach PHP62.63 billion in Year 4 from PHP57.32 billion in Year 1 and will decrease to PHP3.63 billion in Year 5.

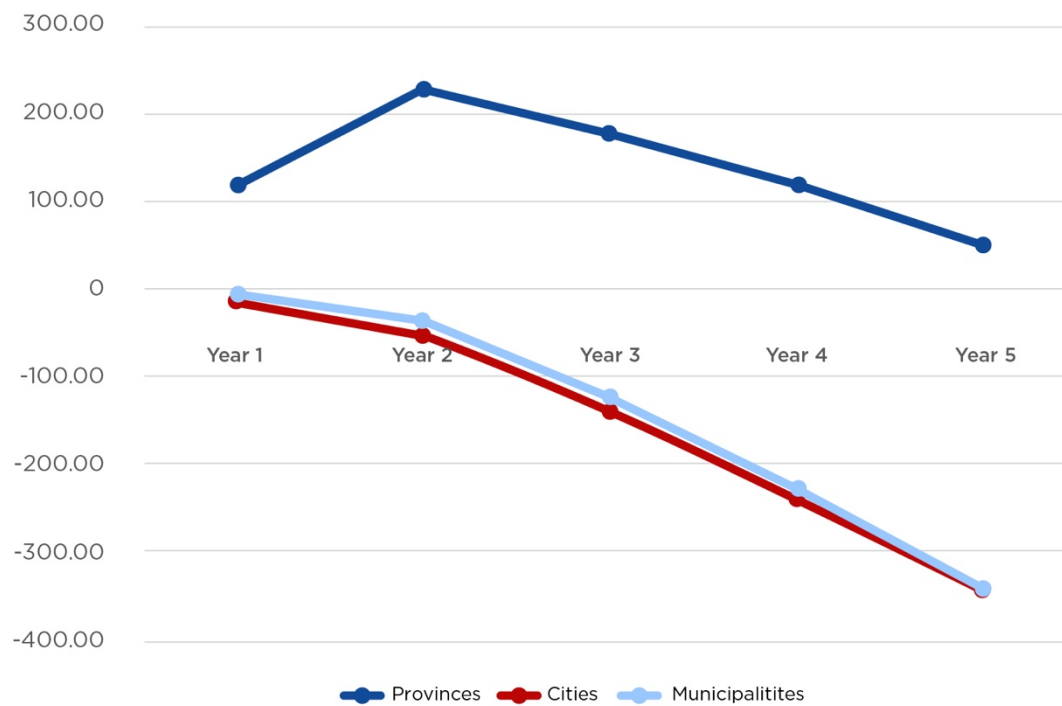
Figure 8. Projected Incremental Spending, Incremental NTA, and Fiscal Gap for 5 Years, in PHP billion



Figure 9 shows the five-year projection of fiscal gaps for each LGU level. In these projections, whatever fiscal gaps incurred annually in Years 1-4 are carried over to the succeeding year. For provinces, the overall fiscal gap is around PHP115.89 billion in Year 1, then it will rise to PHP224.33 billion in Year 2, then decline thereafter. By Year 5, it will be down to around PHP47.75 billion.

Cities and municipalities will not incur fiscal gaps over the five-year period. From the get go, they are even expected to gain fiscal surpluses instead. In Year 1, their respective fiscal surpluses are about PHP21.03 billion and PHP10.85 billion. By Year 5, these will be about PHP351.41 billion for cities and PHP348.55 billion for municipalities.

Figure 9. Projected Fiscal Gap for 5 Years, in PHP billion



VI. CONCLUSIONS & RECOMMENDATIONS

1. Conclusions

- a. The DILG-ULAP list of FSFs proposed to be reassigned or shared among LGUs is fiscally feasible to implement, even at Year 1 of the devolution process, in that it will not lead to fiscal gaps in provinces, cities, or municipalities. Put differently, these three LGU levels have enough revenues, derived from all sources or from NTAs alone, to shoulder the cost of providing the reassigned FSFs. However, since the distribution of FSF vary widely across the LGU levels and among LGUs within the same level, the resulting levels and qualities of service delivery across LGUs may vary widely as well.
- b. Implementing the DILG-ULAP list of FSFs and upgrading some of these to meet the MSS prescribed by select NGAs will help ensure the availability of quality services to more population. However, it will lead to significant fiscal gaps in as many as 97 percent of provinces, 24 percent of cities, and 26 percent of municipalities.
- c. The costs of meeting the prescribed MSS for some of the FSFs are the main contributor to the fiscal gap. For all LGU levels, the costs of upgrading far exceed their incremental revenues (increase in NTA shares of LGUs).
- d. Among the three LGU levels, the cities can generally assume full devolution (whether under SLOW GO or BIG BANG) even at Year 1 of the devolution process, while the same is challenging for provinces.
- e. The social sector FSFs may be reassigned and upgraded first before economic sector FSFs. Doing so will lead to lower fiscal gaps, possibly even to fiscal surpluses, for the provinces, cities, and municipalities.
- f. Middle-income class (Cluster 2) and low-income class (Cluster 3) LGUs may need financial assistance as they will likely incur higher fiscal gaps, regardless of scenario and framework used.
- g. Municipalities with high poverty rates will likely experience larger fiscal gaps, regardless of the framework and scenario used. The implementation of the devolution in these LGUs may need to be combined with effective anti-poverty programs.
- h. SLOW GO should be implemented in municipalities with low institutional capacity, as these LGUs tend to have smaller fiscal gaps in this scenario.

2. Recommendations

On what FSFs to assign to which LGU

- a. Adopt and implement the DILG-ULAP list of proposed reassignments, for the following reasons:
 - i. No new FSFs will be devolved to LGUs;
 - ii. Limited to FSFs in Section 17 of the LGC and other laws;
 - iii. Proposed reassignments have buy-in from LGUs;
 - iv. Consistent with economies of scale and spill-over effects; and
 - v. The fiscal gaps are manageable as the incremental costs of reassigned FSFs are smaller than the incremental NTAs.
- b. Upgrade critical FSFs to meet minimum service standards prescribed by NGAs to ensure the adequacy and quality of basic services.
- c. In implementing the proposed reassignment of FSFs to NG and provinces in the DILG-ULAP list, the LGC may be amended along the following lines:
 - i. For the education sector, the NG should assume full responsibility of the basic education system, including the construction of school buildings, for two reasons: (a) everybody should have equal access to basic education; and (b) provision and quality of basic education should not depend on the preferences or fiscal capacity of LGUs. Moreover, the NG has been responsible for constructing and maintaining more school buildings than LGUs in the 30-plus years since the LGC of 1991.
 - ii. For the health sector, the reassignment of hospitals and other tertiary health services should be aligned with the UHC Law. The UHC Law, primarily aims to provide equitable access to quality health care goods and services for all Filipinos by introducing reforms in the health systems. The law provides for the reorganization of the public health system into province- or city-wide health systems. Under this planned setup, municipal local governments will transfer the administrative and technical supervision, health service delivery, and local health system management to the cities and/or their respective provincial governments. Bringing most if not all the devolved health FSFs under the control of the province will result in economies of scale and scope in service delivery, internalization of spillover effects (arising from the local control disease outbreaks), better coordination and deployment of scare

health professionals (especially doctors), and integrated health information and surveillance operations.

- d. The provinces should be primarily responsible for local infrastructure assigned to both NG and provinces. Following the NEDA Board policy on NG-LGU cost sharing scheme on infrastructure projects, NG can provide subsidies to provinces.
 - i. The NEDA Board approved, in principle, a policy on NG-LGU sharing of costs and responsibilities for local infrastructure on September 2023. Under this policy, NG shall provide continued assistance to LGUs for: (a) projects that have national significance; (b) infrastructure projects of low-income LGUs; and (c) programs or projects that address gaps in attaining national objectives or international commitments.
 - ii. The DPWH program on NG-LGU cost sharing scheme for the concreting of unpaved roads, access roads to public markets, or barangay roads may be revived for this purpose. In 2004, the League of Municipalities entered a Memorandum of Agreement (MOA) with the DPWH for road concreting projects. The MOA provided that LGUs may directly submit proposals to the DPWH District Engineering Office for the implementation of eligible infrastructure projects if the cost shall not exceed PHP1 million.

On when to implement the devolution process

- a. The transition period for the full implementation is proposed to be from 2025 to 2028. This will enable the current administration to handle the transition issues and may form part of its legacy.
- b. The devolution process can be phased-in (i.e., gradual) but may vary across LGU levels and sectors.
- c. The provinces and municipalities can proceed with the SLOW GO initially, and then slowly adopt the BIG BANG as they improve their fiscal and institutional capacities. This will presumably lead to greater efficiency in resource use and the delivery of public services.
- d. The cities, on the other hand, can proceed to the BIG BANG. The immediate assumption by cities of all reassigned FSFs under the DILG-ULAP list along with the FSFs for upgrading to minimum service standards will give a positive impression on their readiness to meet the needs of their constituents and assist the provinces and municipalities that may not have the same capacities as the

cities. At the same time, this will relieve NG of the budgetary burden given the cities' already large fiscal capacity plus their net gains from the NTA.

- e. Implementation of the SLOW GO must consider the differences in capacity and performance of the LGUs.
- f. Devolution may improve service delivery but not directly address poverty, for which other interventions will be more effective.

On how to implement the devolution process

- a. Amend EO 138, s. 2021 and other related laws and policies to establish the legal framework for the reassignment of FSFs and their upgrading to meet minimum service standards.

EO 138, which is the devolution policy following the Mandanas-Garcia ruling, requires amendment to integrate changes and recommendations on the implementation of a phased-in devolution. The amendment should include the legal framework for the reassignment of FSFs within the LGU levels and their upgrading to meet minimum service standards. It can focus on the preparatory steps towards the full implementation of the proposed reassignment. These include capacity-building interventions for LGUs, both technical and financial, for them to assume the new FSF assigned to their LGU level, and other forms of financial assistance to the LGUs in anticipation of issues and challenges in the policy implementation.

As a long-term agenda, the LGC should be amended to institutionalize the proposed reassignment of FSFs across LGU levels as well as those that are proposed to be assumed by the NG. While an amendatory EO may be issued, it is still constrained by existing laws such as the LGC. Ideally, the amendment of the LGC should be completed during the transition period so that the legal instrument will be in place during the time of full implementation.

- b. The following are the proposed measures to address concerns of limited technical capacity of LGUs:
 - Extend technical support to the LGUs within the transition period to enable them to absorb the reassigned FSFs to meet NG standards. The DILG and other concerned NGAs, Local Government Academy, and the Development

Academy of the Philippines may provide such technical support and capacity building interventions.

- Support the health sector policy that increase the number and productivity of the health workforce to meet health care needs of the population and to address shortage of health workforce (44.5 health workers per 10,000 population). Policies for the improvement of public and private health workers' welfare should be promoted, particularly those that will encourage them to work in local health facilities and in the Philippines in general. These include policies on (a) provision of competitive compensations, benefits, and incentives; (b) better access to training opportunities; and (c) conducive work environment and job security including the development of career paths.
- c. The following are the proposed measures to address concerns of limited financial capacity of LGUs:
 - Expand the Growth Equity Fund created under EO 138, s. 2021 to assist directly the low income LGUs and those with fiscal gaps arising from devolution during the transition period. It may also be used to augment provincial resources for inter-municipal programs, projects, and activities. The guidelines for the GEF shall be formulated by the DBM, in coordination with the NEDA Board DBCC. This shall take into consideration the issues and challenges in the implementation of the GEF in 2022 and 2023.
 - Consider a fiscal equalization grant scheme after the transition period to help LGUs provide standardized quantity and quality of basic services.
 - Promote public-private partnerships programs for the delivery of certain devolved functions and services as allowed under Republic Act No. 11966 or the Public-Private Partnership (PPP) Code of the Philippines. LGUs, as PPP implementing agencies, may identify infrastructure or development projects or services to be financed, designed, constructed, maintained, or operated by a private partner, such as: sanitary landfill, export processing facilities, public market, transport system, solid waste management facilities, bulk water supply, slaughterhouse, and transport terminal among others.
 - Operationalize the Special Health Fund (SHF), through the Provincial and City Health Boards, as provided in the DOH-DBM-DOF-DILG-PhilHealth Joint Memorandum Circular 2021-0001 on the SHF allocation, utilization, and monitoring. The SHF, as mandated by Republic Act No. 11223 or the UHC Law, is composed of financial grants and subsidies from the national government;

income from PhilHealth payments; civil society organizations donations; Official Development Assistance; and other local sources that can be used to augment LGU funds for health-related services (e.g., health services, health system operating costs, capital investments, remuneration of additional health workers, and incentives for health professionals) particularly those under the integrated local health system.

d. Monitoring

The Committee on Devolution (ComDev) shall oversee the monitoring of the implementation of the devolution process for purposes of uniformity and consistency in reporting across agencies and LGUs.

A monitoring system should be designed and focused on the DILG/ULAP reassigned FSFs, and the NG devolved FSFs and service standards. The time frames should follow the earlier recommendations on SLOW GO and BIG BANG devolution process.

The DBM, as ComDev secretariat, shall manage the monitoring system particularly in generating reports from the agencies and LGUs. It shall prescribe the templates and guidelines for the submission of monitoring reports. Additionally, the agencies and the DILG-ULAP shall be requested to provide input to help construct the monitoring system. For this to be operational, the DILG/ULAP should facilitate the transfer/reassignment of FSFs to the concerned LGUs. Likewise, the concerned NGAs should implement the transfer of their devolved FSFs and provide the indicators for their respective service standards as well as their sectoral targets.

The Regional ComDev, on the other hand, shall facilitate problem-solving of devolution issues and challenges encountered on the ground and raise to the National ComDev those needing policy interventions. The NEDA Regional Offices as RDC secretariats shall take up in their RDC sectoral committees relevant issues and concerns to ensure that regional sectoral outputs and targets based on their RDPs are met, and to elevate to NEDA Central Office those concerns needing interventions at the national level. Additionally, the initial results of the monitoring may inform the next PDP and RDP midterm updating exercises.

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ANNEXES

Annex A. Study Team

The core study team is composed of the following officials and staffs of the NEDA Regional Development Group and Investment Programming Group:

- Undersecretary Joseph J. Capuno
- Undersecretary Carlos Bernardo O. Abad Santos
- OIC-Assistant Secretary Remedios S. Endencia
- OIC-Director Cynthia A. Villena
- OIC-Assistant Director Claire Michelle G. Balde
- Mr. Karl Christian D. Abalos
- Ms. Ma. Narcielyn R. Tanchiatco
- Ms. Clarissa E. Escasinas

Former Assistant Secretary Greg L. Pineda was also part of study team until his retirement in February 2024 and Mr. Marc Shervin Ignacio provided research assistance.

The following officials from the Committee on Devolution member-agencies also played key roles in the conduct of the study:

- DBM Director John Aries S. Macaspac
- DILG Undersecretary Marlo L. Iringan
- DILG Director Anna Liza F. Bonagua
- DOF Assistant Secretary Eufrocinio M. Bernabe Jr.
- DOF-BLGF OIC-Director Maricar M. Pimentel

Annex B. List of participants in the consultations

NGA and other stakeholders' consultation

(March 15, 2024 | NEDA Central Office, Mandaluyong City)

- Department of Budget and Management (DBM)
- Department of the Interior and Local Government (DILG)
- Department of Finance (DOF)
- Department of Health (DOH)
- Department of Social Welfare and Development (DSWD)
- Department of Agriculture (DA)
- Department of Education (DepEd)
- Department of Environment and Natural Resources (DENR)
- Department of Trade and Industry (DTI)
- National Irrigation Authority (NIA)
- Union of Local Authorities of the Philippines (ULAP)

LGU consultation with select Region III LGUs

(March 14, 2024 | NEDA Regional Office III, Pampanga)

- Province of Tarlac
- Province of Zambales
- San Fernando City, Pampanga
- Balanga City, Bataan
- Angeles City, Pampanga
- Floridablanca, Pampanga
- Guagua, Pampanga
- Plaridel, Bulacan
- Baler, Aurora
- San Isidro, Nueva Ecija

Annex C. DILG-ULAP proposed list of FSFs for reassignment

FSFs	N	P	C	M	B
COMPLETELY reassigned					
On-site research service	✓	✓	R*	X	
Agricultural extension	✓	✓	R*	X	
Quality control of copra and improvement and development of local distribution channels, preferably through cooperatives	✓	✓	R*	R*	
Establishment and maintenance of local distribution channels, operation of farm produce collection and buying station & livestock market	✓	✓	R*	R*	
School buildings and other facilities for public elementary schools	✓	✓	R*	X	
School buildings and other facilities for secondary schools	✓	✓	R*	X	
Communal irrigation and small water impounding projects and other similar projects	✓	✓	R*	R*	
Flood control	✓	✓	X	X	
Bridges	✓	✓	R*	X	
Health services which include hospitals	✓	✓	R*	R*	
Other tertiary health services	✓	✓	R*	R*	
PARTIALLY reassigned					
Community-based rehabilitation programs for victims of drug abuse		✓	R	R	
Support for education services and facilities		✓	R		
Communicable disease control services	✓	✓	R	R	
Nutrition services	✓	✓	R	R	
Inter-barangay irrigation system	✓	✓	R	R	
Irrigation systems	✓	R	X		
Reclamation projects	✓	R	X		
Seawalls	✓	✓	R	R	
Dikes	✓	✓	R	R	
Drainage and sewerage	✓	✓	R	R	
Adequate communication facilities		✓	R	✓	
Adequate transportation facilities		✓	R	✓	
Prevention and control of plant pest and diseases	✓	R	R*		

FSFs	N	P	C	M	B
Prevention and control of animal pests and diseases	✓	R	R*		
Provincial jails	✓	R	R		
Sites for police stations and substations		✓	R	R	
Sites for fire stations and substations		✓	R	R	
Sites for municipal jail		✓	R	R	
Support for police services and facilities		✓	R		
Support for fire services and facilities		✓	R		
Solid waste disposal system		✓	R	R	
Solid waste collection			✓	✓	R
Enforcement of pollution control law	✓	R	R	✓	✓
Enforcement of other laws on the protection of the environment		R	R	✓	✓
Programs and projects for low-cost housing and other mass dwellings, except those funded by the Social Security System (SSS), Government Service Insurance System (GSIS), and the Home Development Mutual Fund (HDMF)	✓	R	R*	R*	
Tourism development		R	R	✓	
Promotion programs		R	R	✓	
Maintenance of Barangay roads			✓	✓	R
Maintenance of Barangay bridges			✓	✓	R
Maintenance of Barangay water supply systems			✓	✓	R
Multipurpose hall			✓	✓	R
Multipurpose pavement			✓	✓	R
Plaza			✓	✓	R
Sports center			✓	✓	R
Other similar facilities			✓	✓	R
Legend:					
N – National Government Agency	B – Barangay		R – Retained		
P – Provinces	✓ – Newly assigned		R* – Retained but optional		
C – Cities	X – Removed		RED – Not costed		
M – Municipalities					

Annex D. Indicators in computing the cost of devolved functions based on NGA service delivery standards

(Comparison between the indicators used by Dr. Cuenca in the computation of cost of devolved functions and by NEDA in the computation of cost of upgrading of FSFs to minimum service standards)

NGA	Cuenca Study (2024)	NEDA Study
DepEd	Provinces, Cities, Municipalities <ul style="list-style-type: none"> – No. of classrooms to be constructed – Seat requirement with 5 percent replacement – No. of classrooms needing repair – No. of schools needing electrification – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	Provinces <ul style="list-style-type: none"> – No. of classrooms to be constructed – Seat requirement with 5percentage replacement
NIA	Provinces, Municipalities <ul style="list-style-type: none"> – No. of communal irrigation system (CIS) for restoration – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	Provinces <ul style="list-style-type: none"> – No. of CIS for restoration
DENR	Provinces, Cities, and Municipalities <ul style="list-style-type: none"> – No. of materials recovery facility (MRF) to be established – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	Cities and Municipalities <ul style="list-style-type: none"> – No. of MRF to be established
DOH	Provinces, Cities, Municipalities <ul style="list-style-type: none"> – No. of rural health units and barangay health stations to be constructed – No. of Level 1 and 2 beds to be procured – Hospital recurrent costs (PS and MOOE) – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	Cities and Municipalities <ul style="list-style-type: none"> – No. of rural health units and barangay health stations to be constructed – Provinces and Cities – No. of Level 1 and 2 beds to be procured

NGA	Cuenca Study (2024)	NEDA Study
DPWH	Provinces, Cities, and Municipalities <ul style="list-style-type: none"> – Length of roads for rehabilitation/upgrading/improvement/preventive maintenance – PS costing based on DPWH's proposed local organizational structure for LGUs to be able to deliver the devolved functions 	Provinces, Cities, and Municipalities <ul style="list-style-type: none"> – Length of roads for rehabilitation/upgrading/improvement/preventive maintenance
DTI	Cities, Municipalities <ul style="list-style-type: none"> – No of Negosyo Centers to be established – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	<i>Not included in the costing; Not in the Local Government Code</i>
DA	Provinces, Cities, Municipalities <ul style="list-style-type: none"> – PS costing based on DA's proposed local organizational structure for LGUs to be able to deliver the devolved functions/PAPs 	<i>Not included in the costing as there is no CO component</i>
DSWD	Provinces, Cities, Municipalities <ul style="list-style-type: none"> – Total amount for the implementation of supplementary feeding program – PS and MOOE costing based on average SOE data of relevant LGU office/s from 2014-2019 	<i>Not included in the costing as there is no CO component</i>

Annex E. List of local data and sources

Source	Data
Socioeconomic data/indicators	
Philippine Statistics Authority	
<i>Census of Population</i>	<ul style="list-style-type: none"> 2015 population count summary for the Philippines and its regions, provinces, and highly urbanized cities 2013 Land Area (square kilometers) of the Philippines by region, province, highly urbanized city, and city/municipality based on the DENR - Land Management Bureau master list
<i>Poverty incidence</i>	<ul style="list-style-type: none"> 2018 updated annual per capita poverty incidence by region, province, and highly urbanized cities
Financial data	
Bureau of Local Government Finance	
<i>2022 LGU Statement of Expenditures</i>	<p>Actual expenditure (in PHP) of Provinces, Cities, and Municipalities for:</p> <ul style="list-style-type: none"> Personal Services (PS) Maintenance and Other Operating Expenses (MOOE)
<i>2022 LGU Statement of Receipts and Expenditure</i>	<p>Local Sources (in PHP) including:</p> <ul style="list-style-type: none"> Tax revenues including: Real Property Tax; Tax on Business; and other taxes (e.g., Community Tax, Professional Tax, fines and penalties imposed on tax) Non-tax revenues to include: regulatory fees; service/user charges; receipts from economic enterprises; and other receipts (e.g., interest income; sale of confiscated/abandoned/seized goods and properties) <p>External Sources (in PHP) including:</p> <ul style="list-style-type: none"> NTA share Other external sources (e.g., share on EVAT; share from PAGCOR/PCSO/Lotto; share from Tobacco Excise Tax) Inter-local transfers (i.e., subsidy from LGUs and other funds) Extraordinary receipts/grants/donations/aids (e.g., domestic or foreign grants and donations, subsidy from GOCC) <p>Cash Balance, End (in PHP)</p> <p>Total Current Operating Expenditure (in PHP)</p> <p>Total Non-Operating Expenditure (in PHP)</p>

Source	Data
	LGU Income Classification
<i>LGU NTA share</i>	Change in NTA share using NEDA's own computation based on the 2022 NTA share of LGUs
Local governance performance	
Department of the Interior and Local Government	
<i>Local Government Units (LGU) Segmentation for Capacity Development Support – Technical Notes</i>	<p>Overall score for:</p> <ul style="list-style-type: none"> ○ Capacity on planning, budgeting, and reporting; functionality of local bodies; and availability of selected Plantilla Officers ○ Performance on fund utilization and audit

Annex F. Sampling for LGU KIs

The LGUs in each level are ranked from highest to lowest current operating income, and then grouped into terciles. The richest tercile is labelled as Cluster 1, the middle tercile as Cluster 2, and the poorest tercile as Cluster 3. Cluster 1 for cities includes the Highly Urbanized Cities (HUCs).

Total sample size was determined by getting the proportion of the total LGUs, 150:1591, which is 10 percent of the total LGUs in the country (excluding BARMM). Sample size per LGU level and cluster was determined following the proportion below. The range allows for adjustments among LGU levels and clusters.

	Total	Target Sample	Cluster 1	Cluster 2	Cluster 3
Province	76	27 (35%)	9 – 10 (35% - 40%)	9 – 10 (35% - 40%)	9 – 10 (35% - 40%)
City*	143	43 (30%)	16 – 19 (30 - 35%)	13 – 15 (30% - 35%)	14 – 16 (30% - 35%)
Municipality	1372	82 (6%)	24 – 29 (5% - 6%)	23 – 27 (5% - 6%)	22 – 27 (5% - 6%)

*Note: *Cluster 1 includes HUCs. Figures in parentheses are percentage share in total.*

For the actual respondents, NEDA was able to interview a total of 157 LGUs (105% response rate), with all regions and clusters represented.

	Per LGU level	Cluster 1	Cluster 2	Cluster 3
Province	32 (42%)	10 (40%)	11 (42%)	11 (44%)
City*	48 (38%)	16 (30%)	17 (39%)	15 (33%)
Municipality	77 (5.6%)	28 (6%)	26 (6%)	23 (5%)

*Note: *Cluster 1 includes HUCs. Figures in parentheses are percentage shares in total.*

Annex G. KII Tool

This page and succeeding ones provide the interviewer guide, introductory remarks, profile page, and actual questionnaire for the KII. The sample questionnaire provided is for the Office of the Health Officer. The FSFs for each part of the questionnaire change depending on the LGU office being interviewed.

Introductory Remarks

*Good morning/afternoon. My name is **[state your name]** and I am from the **[indicate the NEDA Regional Office]**. We are here to conduct interviews with selected offices in your local government unit (LGU).*

To give context on this activity, let me share a short background. As you know, Executive Order No. 138, s. 2021 was issued to provide the policy on devolution. The President instructed NEDA to initially prepare an operational framework that will guide the implementation of this devolution policy. Furthermore, the President instructed NEDA to conduct an analysis of the functions and services to be performed by local government units (LGUs) based on the list to be provided by DILG and ULAP and recommend ways to better implement a phased-in devolution.

In line with this, NEDA is gathering data to estimate the cost of devolved functions, services, and facilities (FSFs) from national government agencies (NGAs). This interview is intended to supplement the initial data gathered from the NGAs, including the Statement of Expenditures from the Bureau of Local Government Finance (BLGF). In particular, our objective is to be informed on the estimated expenditures of LGUs on certain FSFs including the number of personnel employed for each FSF.

We are conducting the interviews with selected provinces, cities, and municipalities across 16 regions (except BARMM). Your LGU is one of the 150 sample LGUs. Rest assured that information gathered here will only be used for its intended purpose.

Before we proceed with the one-on-one interview, may we know if you have any questions or clarifications?

Profile

Name of enumerator/s: _____

NRO: _____

Date: _____ Time Started: _____

Time Ended: _____

1.1 LGU Level

- ☐ Province
- ☐ City
- ☐ Municipality

1.2 LGU Name: _____

1.3 LGU Cluster

- ☐ 1 - (high income LGU)
- ☐ 2 - (middle income LGU)
- ☐ 3 - (low income LGU)
- ☐ HUC

1.4 LGU Location/Address: _____

Office of the Health Officer

Part 1: Profile of the Respondent from the PHO/CHO/MHO

Name of Respondent/s: _____

Current position: _____ Years in current position: _____

Contact number: _____

Part 2. Expenditure share of FSFs

Functions, Services, Facilities <i>(Items in bullets are some examples under each FSF)</i>	1. Does your office perform the functions and services (listed in the column on the left)?		2. For items marked YES in question 1, what is the percentage share of each FSF in the total office's expenditure? (the percentage shares should total to 100%)	3. For items marked YES in question 1, what is the percentage share of each FSF in your office's TOTAL expenditures for PS, MOOE, and CO in FY 2022? Give us your best estimate. <i>(the percentage shares per expenditure item should total to 100%)</i> <i>For PS expenditures, in case the respondent could not provide the estimate, the alternative question can be, "What is the percentage share of the time devoted by your office to functions and services?"</i>			4. Are there projects funded for your FSFs under the Local Development Fund (LDF) in FY 2022? If YES, provide the estimated cost of such projects. If NO, leave it blank.	
							General Fund	
	YES	NO	% share in TOTAL expenditure	PS	MOOE	CO	MOOE	CO
				% share in PS expenditure	% share in MOOE expenditure	% share in CO expenditure	Amount in PHP for MOOE	Amount in PHP for CO
1. Communicable disease control services <ul style="list-style-type: none"> • ORS and zinc, amoxicillin, filariasis topical creams, leprosy medicines except those distributed by WHO, rabies vaccines, STI meds, dengue NS1 kits • Implementation/ Distribution of commodities/medicines 	<input type="checkbox"/>	<input type="checkbox"/>						
2. Non-communicable disease control services <ul style="list-style-type: none"> • Meds and cardio-vascular diseases and diabetes • Implementation/ Distribution of commodities/medicines 	<input type="checkbox"/>	<input type="checkbox"/>						
3. Nutrition services	<input type="checkbox"/>	<input type="checkbox"/>						

Functions, Services, Facilities <i>(Items in bullets are some examples under each FSF)</i>	1. Does your office perform the functions and services (listed in the column on the left)?		2. For items marked YES in question 1, what is the percentage share of each FSF in the total office's expenditure? (the percentage shares should total to 100%)	3. For items marked YES in question 1, what is the percentage share of each FSF in your office's TOTAL expenditures for PS, MOOE, and CO in FY 2022? Give us your best estimate. <i>(the percentage shares per expenditure item should total to 100%)</i> <i>For PS expenditures, in case the respondent could not provide the estimate, the alternative question can be, "What is the percentage share of the time devoted by your office to functions and services?"</i>			4. Are there projects funded for your FSFs under the Local Development Fund (LDF) in FY 2022? If YES, provide the estimated cost of such projects. If NO, leave it blank.				
							General Fund			Local Development Fund	
							PS	MOOE	CO	MOOE	CO
	YES	NO	% share in TOTAL expenditure	% share in PS expenditure	% share in MOOE expenditure	% share in CO expenditure	Amount in PHP for MOOE	Amount in PHP for CO			
4. Maternal care <ul style="list-style-type: none"> Procurement of pherosulfate with follic acid and calcium carbonate for pregnant women 	<input type="checkbox"/>	<input type="checkbox"/>									
5. Childcare <ul style="list-style-type: none"> Procurement of micronutrient powder, and mid-to-upper arm circumference (MUAC) tape Implementation of immunization program Warehousing 	<input type="checkbox"/>	<input type="checkbox"/>									
6. Purchase of medicines and medical supplies <ul style="list-style-type: none"> Purchase of male condoms, COC pills Forecasting and procurement of supplies Logistics management 	<input type="checkbox"/>	<input type="checkbox"/>									

Functions, Services, Facilities <i>(Items in bullets are some examples under each FSF)</i>	1. Does your office perform the functions and services (listed in the column on the left)?		2. For items marked YES in question 1, what is the percentage share of each FSF in the total office's expenditure? <i>(the percentage shares should total to 100%)</i>	3. For items marked YES in question 1, what is the percentage share of each FSF in your office's TOTAL expenditures for PS, MOOE, and CO in FY 2022? Give us your best estimate. <i>(the percentage shares per expenditure item should total to 100%)</i> <i>For PS expenditures, in case the respondent could not provide the estimate, the alternative question can be, "What is the percentage share of the time devoted by your office to functions and services?"</i>			4. Are there projects funded for your FSFs under the Local Development Fund (LDF) in FY 2022? If YES, provide the estimated cost of such projects. If NO, leave it blank.				
							General Fund			Local Development Fund	
							PS	MOOE	CO	MOOE	CO
	YES	NO	% share in TOTAL expenditure	% share in PS expenditure	% share in MOOE expenditure	% share in CO expenditure	Amount in PHP for MOOE	Amount in PHP for CO			
7. Purchase of infrastructure and equipment needed to carry out the services	<input type="checkbox"/>	<input type="checkbox"/>									
8. Family planning (FP) services <i>(may be an FSF of the Health Office or Social Welfare and Development Office)</i> <ul style="list-style-type: none"> Forecasting, procurement, warehousing, and distribution of supplies Databases and information systems on Responsible Parenthood and Family Planning (RPPF) 	<input type="checkbox"/>	<input type="checkbox"/>									
9. Other services of the office <i>(all other FSFs not attributable to the above items)</i>	<input type="checkbox"/>	<input type="checkbox"/>									
TOTAL			100%	100%	100%	100%	___Php	___Php			

Part 3.A. Number of Permanent and Casual Personnel

1. What are the positions/ job titles in your office?		2. For each of the position/job title you mentioned, provide the following:				3. What is the percentage share of the time devoted to the functions and services by each position (list on the left) during typical work week? (the percentage shares per row should total to 100%) (provide an aggregate estimate if there are multiple personnel per position)										
Position/ Job Title	No. of Personnel	SG	Appointment Status (Plantilla, Casual)	Position item is lodged in:		Communicable disease control services	Non- communicable disease control services	Nutrition services	Maternal Care	Childcare	Purchase of medicines and medical supplies	Purchase of infrastructure and equipment	Family Planning Services	Other service within the office	Other service outside the office	TOTAL
				Within the office	Other Office											
1.				<input type="checkbox"/>	<input type="checkbox"/>											100%
2.				<input type="checkbox"/>	<input type="checkbox"/>											100%
3.				<input type="checkbox"/>	<input type="checkbox"/>											100%
4.				<input type="checkbox"/>	<input type="checkbox"/>											100%
5.				<input type="checkbox"/>	<input type="checkbox"/>											100%
6.				<input type="checkbox"/>	<input type="checkbox"/>											100%
7.				<input type="checkbox"/>	<input type="checkbox"/>											100%
8.				<input type="checkbox"/>	<input type="checkbox"/>											100%
9.				<input type="checkbox"/>	<input type="checkbox"/>											100%
10				<input type="checkbox"/>	<input type="checkbox"/>											100%

Use another sheet if there are more positions.

Part 3.B. Job Order (JO) and Contract of Service (COS) Personnel

1. What are the positions/ job titles in your office? <i>(include only the JO and COS personnel whose salaries are charged under the office's MOOE)</i>	2. For each of the position/job title you mentioned, provide the following:		
Position/ Job Title	No. of Personnel	SG	Appointment Status (JO, COS)
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10			

Use another sheet if there are more positions.

3. What is the percentage share of the time devoted to the functions and services by each position (list on the left) during typical work week? <i>(the percentage shares per row should total to 100%)</i> <i>(provide an aggregate estimate if there are multiple personnel per position)</i>										
Communicable disease control services	Non- communicable disease control services	Nutrition services	Maternal Care	Childcare	Purchase of medicines and medical supplies	Purchase of infrastructure and equipment	Family Planning Services	Other service within the office	Other service outside the office	TOTAL
										100%
										100%
										100%
										100%
										100%
										100%
										100%
										100%
										100%
										100%

Annex H. Percentage allocation for FSFs and sub-FSFs

The following tables provide the average percentage shares of PS, MOOE, and CO used in the study. The percentage shares were assigned to the: (a) three clusters of LGUs; (b) major FSFs identified under the LGU offices interviewed in the KII; and (c) sub-FSFs of some LGU offices consulted during a validation exercise.

Provinces

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
Office handling the Special Education Fund									
1. School buildings and other facilities for public elementary schools	0.04	0.04	0.00	0.18	0.11	0.30	0.30	0.31	0.58
a. Construction of school buildings and other facilities					0.70				
b. Maintenance and repair of school buildings and other facilities					0.30				
2. School buildings and other facilities for secondary schools	0.01	0.05	0.00	0.12	0.09	0.18	0.16	0.27	0.00
c. Construction of school buildings and other facilities					0.70				
d. Maintenance and repair of school buildings and other facilities					0.30				
3. Support for education services and facilities	0.46	0.28	0.24	0.68	0.72	0.63	0.24	0.28	0.35
4. Other services of the office	0.35	0.19	0.14	0.32	0.24	0.35	0.02	0.05	0.00
Office of the Agriculturist									
1. Agricultural extension	0.54	0.43	0.38	0.55	0.45	0.31	0.26	0.17	0.20
a. Conduct of training needs assessments and analyses, selection and invitation of farmer leaders and RBO managers and conduct of trainings in provincial scope and for two or more municipalities					0.10				
b. Setting of strategic extension directions, agenda, and plans of the province consistent with national and regional plans and roadmaps					0.10				
c. Provision of relevant assistance and support such as starter kits, livelihood assistance, and after training support to ensure the proper implementation of capacity-building activities for farmer beneficiaries in the provincial level or for two or more municipalities					0.60				
d. Conduct of School-on-the-Air programs in collaboration with the DA in the provincial level or for two or more municipalities					0.10				

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
e. Promotion of Learning Site for Agriculture in the city level or two or more barangays					0.10				
2. On-site research service	0.12	0.16	0.12	0.11	0.17	0.15	0.05	0.04	0.06
a. Crafting of RDE agenda in the provincial level consistent with the national and regional agenda					0.10				
b. Conduct of technology transfer and upscaling/outscaling activities for the results and outputs of on-station research activities in the provincial scope level or for two or more municipalities					0.90				
3. Prevention and control of plant pests and diseases	0.10	0.16	0.10	0.10	0.10	0.21	0.12	0.12	0.09
4. Quality control of copra and improvement and development of local distribution channels, preferably through cooperatives	0.02	0.05		0.05	0.05		0.25	0.05	
5. Other services of the office	0.26	0.31	0.53	0.25	0.23	0.46	0.21	0.25	0.71
a. Establishment and Maintenance of Local Distribution Channels, Operation of Farm Produce Collection and Buying Station & Livestock Market									
i. Identification and acquisition of area for the construction of market-related infrastructure including facilities, equipment and hauling vehicles including livestock markets					0.30				
ii. Preparation of FS/business plan/ detailed engineering design (DED) and program of works (POW) for the establishment of market-related infrastructures including livestock markets					0.10				
iii. Construction of market-related infrastructure including livestock markets					0.60				
Office of the Engineer									
1. Flood control	0.18	0.05	0.05	0.08	0.02	0.04	0.11	0.00	0.03
2. Roads and Bridges	0.40	0.40	0.38	0.45	0.65	0.50	0.28	0.35	0.23
3. Seawalls	0.04	0.02	0.06	0.00	0.02	0.03	0.02	0.02	0.00
4. Dikes	0.01		0.06	0.00		0.09	0.01		0.00
5. Drainage and sewerage	0.04	0.05	0.06	0.01	0.03	0.06	0.04	0.01	0.04
6. Irrigation Systems		0.05			0.00			0.00	

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
7. Inter-barangay irrigation system									
8. Communal irrigation and small water impounding projects and other similar projects	0.03	0.08	0.37	0.00	0.07	0.07	0.03	0.00	0.01
9. Communication facilities			0.01			0.00			0.00
10. Transportation facilities	0.05	0.10	0.10	0.00	0.00	0.10	0.11	0.00	0.10
11. Other services of the office	0.39	0.58	0.35	0.42	0.34	0.34	0.32	0.47	0.35
Office of the Environment and Natural Resources Officer									
1. Enforcement of pollution control law	0.10	0.09	0.12	0.12	0.07	0.11	0.00	0.02	0.02
2. Enforcement of small-scale mining law	0.32	0.32	0.29	0.25	0.27	0.19	0.36	0.09	0.13
3. Enforcement of other laws on the protection of the environment	0.18	0.15	0.14	0.20	0.17	0.14	0.15	0.02	0.02
4. Solid waste disposal system	0.12	0.11	0.17	0.12	0.15	0.31	0.08	0.02	0.15
a. Construction of sanitary landfill/ Tipping for the use of sanitary landfill					0.65				
5. Implementation of community-based forestry projects which include integrated social forestry programs and similar projects	0.15	0.10	0.16	0.18	0.09	0.14	0.03	0.03	0.03
6. Management and control of communal forests with an area not exceeding fifty (50) square kilometers	0.11	0.12	0.14	0.09	0.16	0.13	0.00	0.03	0.08
7. Other services of the office	0.29	0.23	0.32	0.31	0.26	0.31	0.15	0.14	0.16
Office of the Health Officer									
1. Communicable disease control services	0.19	0.15	0.12	0.28	0.15	0.14	0.04	0.00	0.01
a. Assist in the dissemination through localization and enforcement of national policies, rules, and regulations on the control of communicable diseases					0.20				
Identification, operation, maintenance, and sustainability of isolation facilities									
Lead the conduct of province-wide outbreak/epidemic investigations									

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
b. Procurement and warehousing of ORS and zinc, amoxicillin, filariasis topical creams, leprosy medicines except those distributed by WHO, rabies vaccines, STI meds, dengue NSI kits					0.80				
2. Non-communicable disease control services	0.08	0.10	0.07	0.10	0.10	0.12	0.03	0.01	0.01
3. Nutrition services	0.06	0.14	0.07	0.09	0.14	0.08	0.00	0.14	0.00
a. Conduct of Infant and Young Child Feeding (IYCF) projects and activities for the families, mothers and children					0.15				
b. Establishment of breastfeeding stations					0.10				
c. Nutrition services in schools					0.15				
d. Nutrition assessment of children, adults and elderly in the communities					0.05				
e. Establishment and maintenance of school, community and workplace gardens					0.10				
f. Dietary supplementation					0.25				
g. Establishment of facilities for physical activities					0.10				
h. Regulation of marketing of unhealthy food and beverages					0.05				
i. Food fortification (rice, wheat flour, cooking oil)					0.05				
4. Maternal care	0.06	0.05	0.10	0.05	0.05	0.09	0.00	0.00	0.00
5. Childcare	0.05	0.09	0.13	0.04	0.09	0.09	0.00	0.00	0.00
6. Purchase of medicines and medical supplies	0.10	0.13	0.07	0.08	0.13	0.10	0.00	0.00	0.03
7. Purchase of infrastructure and equipment needed to carry out the services	0.04	0.03	0.07	0.02	0.03	0.06	0.67	0.40	0.72
8. Family planning (FP) services	0.13	0.04	0.05	0.05	0.04	0.05	0.00	0.00	0.00
9. Other services of the office	0.34	0.32	0.44	0.40	0.32	0.37	0.03	0.10	0.31
Office of the Hospital									
1. Access to secondary health services	0.76	0.69	0.89	0.77	0.84	0.86	0.53	0.72	0.42
2. Access to tertiary health services	0.33	0.50		0.30	0.48		0.00	0.45	
3. Other services of the office	0.45	0.09	0.30	0.44	0.09	0.33	0.22	0.02	0.54

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
a. Health services which include hospitals									
i. Provide all basic services and facilities	1.00								
Office of the Social Welfare and Development Officer									
1. Community-based rehabilitation for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse	0.08	0.07	0.12	0.07	0.15	0.06	0.04		0.16
2. Programs and projects on rebel returnees	0.08	0.06	0.06	0.05	0.02	0.02	0.01	0.04	0.01
3. Relief operations	0.30	0.12	0.11	0.30	0.15	0.09	0.13	0.04	0.04
4. Child and youth welfare	0.16	0.16	0.08	0.16	0.09	0.18	0.12	0.00	0.18
5. Family and community welfare	0.11	0.08	0.08	0.12	0.12	0.11	0.01	0.05	0.03
6. Welfare of the elderly and disabled persons	0.16	0.12	0.12	0.21	0.22	0.29	0.17	0.04	0.03
7. Family planning (FP) services	0.05	0.06	0.06	0.05	0.01	0.08	0.03	0.04	0.21
8. Other services of the office	0.31	0.40	0.37	0.28	0.33	0.26	0.09	0.00	0.11
Office of the Veterinarian									
1. Prevention and control of animal pests and diseases	0.45	0.53	0.42	0.48	0.61	0.30	0.27	0.03	0.13
2. Animal breeding stations	0.21	0.17	0.27	0.29	0.25	0.26	0.16	0.29	0.29
3. Other services of the office	0.37	0.37	0.28	0.28	0.23	0.32	0.18	0.09	0.27
Tourism Office									
1. Tourism development	0.30	0.18	0.38	0.20	0.19	0.18	0.00	0.06	0.01
2. Promotion of tourism products and attraction	0.32	0.30	0.26	0.43	0.38	0.44	0.08	0.18	0.16
3. Tourism facilities and other tourist attractions	0.23	0.24	0.12	0.19	0.17	0.07	0.26	0.22	0.23
4. Security services for such facilities		0.04	0.09		0.05	0.04		0.00	0.18
5. Acquisition of equipment	0.04	0.08	0.03	0.04	0.06	0.00	0.70	0.50	0.80
6. Regulation and supervision of business concessions	0.13	0.06	0.16	0.04	0.06	0.00	0.00	0.00	0.00
7. Other services of the office	0.24	0.25	0.30	0.30	0.20	0.39	0.07	0.00	0.01

Cities

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
Office handling the Special Education Fund									
1. School buildings and other facilities for public elementary schools	0.00	0.05	0.23	0.00	0.08	0.21	0.19	0.41	0.38
a. Construction of school buildings and other facilities					0.70				
b. Maintenance and repair of school buildings and other facilities					0.30				
2. School buildings and other facilities for secondary schools	0.00	0.05	0.05	0.00	0.07	0.16	0.62	0.17	0.24
b. Construction of school buildings and other facilities					0.70				
c. Maintenance and repair of school buildings and other facilities					0.30				
3. Support for education services and facilities	0.10	0.33	0.46	0.99	0.54	0.55	0.09	0.13	0.17
4. Other services of the office	0.81	0.16	0.03	0.02	0.32	0.19	0.21	0.02	0.13
Office of the Agriculturist									
1. Agricultural extension	0.14	0.36	0.46	0.18	0.52	0.33	0.23	0.27	0.16
a. Conduct of training needs assessments and analyses, selection and invitation of farmer leaders and RBO managers and conduct of trainings in provincial scope and for two or more municipalities					0.10				
b. Setting of strategic extension directions, agenda, and plans of the province consistent with national and regional plans and roadmaps					0.10				
c. Provision of relevant assistance and support such as starter kits, livelihood assistance, and after training support to ensure the proper implementation of capacity-building activities for farmer beneficiaries in the provincial level or for two or more municipalities					0.60				
d. Conduct of School-on-the-Air programs in collaboration with the DA in the provincial level or for two or more municipalities					0.10				
e. Promotion of Learning Site for Agriculture in the city level or two or more barangays					0.10				
2. On-site research service	0.10	0.09	0.09	0.15	0.12	0.16	0.05	0.11	0.01

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
a. Crafting of RDE agenda in the provincial level consistent with the national and regional agenda					0.10				
b. Conduct of technology transfer and upscaling/outscaling activities for the results and outputs of on-station research activities in the provincial scope level or for two or more municipalities					0.90				
3. Prevention and control of plant pests and diseases	0.09	0.09	0.11	0.04	0.10	0.12	0.07	0.02	0.03
4. Quality control of copra and improvement and development of local distribution channels, preferably through cooperatives	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Other services of the office	0.29	0.32	0.14	0.20	0.35	0.43	0.33	0.30	0.38
a. Establishment and Maintenance of Local Distribution Channels, Operation of Farm Produce Collection and Buying Station & Livestock Market									
i. Identification and acquisition of area for the construction of market-related infrastructure including facilities, equipment and hauling vehicles including livestock markets					0.30				
ii. Preparation of FS/business plan/ detailed engineering design (DED) and program of works (POW) for the establishment of market-related infrastructures including livestock markets					0.10				
iii. Construction of market-related infrastructure including livestock markets					0.60				
Office of the Engineer									
1. Flood control	0.15	0.09	0.09	0.04	0.15	0.08	0.00	0.12	0.03
2. Roads and Bridges	0.31	0.26	0.23	0.23	0.26	0.19	0.07	0.25	0.33
3. Seawalls	0.00	0.00	0.05	0.00	0.03	0.01	0.00	0.04	0.00
4. Dikes		0.00	0.03		0.00	0.03		0.00	0.02
5. Drainage and sewerage	0.13	0.12	0.12	0.05	0.11	0.06	0.00	0.09	0.04
6. Irrigation Systems	0.00	0.02	0.02	0.00	0.00	0.01	0.00	0.00	0.01
7. Inter-barangay irrigation system	0.00	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
8. Communal irrigation and small water impounding projects and other similar projects	0.00	0.02	0.05	0.00	0.01	0.03	0.00	0.01	0.05
9. Communication facilities	0.01	0.04	0.01	0.00	0.03	0.01	0.00	0.03	0.01
10. Transportation facilities	0.02	0.05	0.05	0.00	0.04	0.02	0.01	0.11	0.02
11. Other services of the office	0.48	0.18	0.37	0.89	0.56	0.31	0.86	0.33	0.30
Office of the Environment and Natural Resources Officer									
1. Enforcement of pollution control law	0.03	0.10	0.05	0.01	0.06	0.08	0.00	0.01	0.00
2. Enforcement of small-scale mining law	0.03	0.05	0.02	0.01	0.04	0.03	0.00	0.00	0.01
3. Enforcement of other laws on the protection of the environment	0.11	0.09	0.07	0.00	0.08	0.12	0.00	0.03	0.00
4. Solid waste disposal system	0.31	0.27	0.29	0.52	0.60	0.38	0.66	0.32	0.24
a. Construction of sanitary landfill/ Tipping for the use of sanitary landfill					0.80				
b. Solid waste collection					0.15				
c. Clustering					0.05				
5. Implementation of community-based forestry projects which include integrated social forestry programs and similar projects	0.09	0.12	0.07	0.05	0.18	0.10	0.00	0.03	0.01
6. Management and control of communal forests with an area not exceeding fifty (50) square kilometers	0.00	0.04	0.07	0.00	0.08	0.10	0.00	0.00	0.02
7. Other services of the office	0.11	0.13	0.29	0.08	0.12	0.49	0.00	0.27	0.20
a. Prevention and control of plant pest and diseases									
i. Assist in the dissemination and enforcement of policies, rules, and regulations on quarantine protocols					0.05				
ii. Construction and establishment of village type bio-con laboratories in the city level or for two or more barangays					0.50				
iii. Procurement and production of organic and inorganic pesticides, pheromones lures, and chemical reagents and production of plant biological control agents & supplies for city level or in two or more barangays					0.25				

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
iv. Establishment of local quarantine checkpoints that cut across two or more barangays					0.10				
v. Establishment of immediate/emergency response to localized pest outbreak in the city level and for two or more barangays					0.10				
Office of the Health Officer									
1. Communicable disease control services	0.20	0.13	0.09	0.16	0.16	0.16	0.26	0.04	0.04
2. Non-communicable disease control services	0.19	0.11	0.07	0.18	0.14	0.11	0.03	0.04	0.01
3. Nutrition services	0.08	0.06	0.04	0.04	0.07	0.11	0.01	0.02	0.01
4. Maternal care	0.13	0.11	0.10	0.08	0.08	0.08	0.04	0.03	0.03
5. Childcare	0.13	0.11	0.10	0.12	0.10	0.09	0.04	0.03	0.02
6. Purchase of medicines and medical supplies	0.04	0.05	0.05	0.22	0.12	0.20	0.05	0.02	0.09
7. Purchase of infrastructure and equipment needed to carry out the services	0.04	0.03	0.03	0.02	0.07	0.03	0.29	0.20	0.55
8. Family planning (FP) services	0.08	0.05	0.06	0.05	0.06	0.06	0.01	0.02	0.00
9. Other services of the office	0.13	0.14	0.27	0.13	0.25	0.14	0.03	0.21	0.13
Office of the Hospital									
1. Access to secondary health services	0.65	0.73		0.64	0.70		0.63	0.77	
2. Access to tertiary health services	0.08			0.12			0.85		
3. Other services of the office	0.96	0.97	1.00	0.96	0.90	1.00	0.24	0.30	0.00
a. Health services which include hospitals									
i. Provide all basic services and facilities					1.00				
Office of the Social Welfare and Development Officer									
1. Community-based rehabilitation for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse	0.09	0.09	0.16	0.05	0.12	0.12	0.05	0.05	0.27
2. Programs and projects on rebel returnees	0.00	0.02	0.04	0.00	0.01	0.14	0.00	0.00	0.02
3. Relief operations	0.05	0.03	0.08	0.03	0.04	0.06	0.00	0.00	0.01
4. Child and youth welfare	0.44	0.17	0.26	0.30	0.27	0.29	0.10	0.21	0.07

Office/FSF	Ave. of PS % Share Cluster			Ave. of MOOE % Share Cluster			Ave. of CO % Share Cluster		
	1	2	3	1	2	3	1	2	3
5. Family and community welfare	0.15	0.13	0.15	0.15	0.17	0.13	0.10	0.06	0.01
6. Welfare of the elderly and disabled persons	0.10	0.07	0.14	0.10	0.23	0.24	0.10	0.06	0.27
7. Family planning (FP) services	0.05	0.03	0.06	0.05	0.02	0.06	0.00	0.02	0.00
8. Other services of the office	0.15	0.12	0.14	0.35	0.18	0.14	0.15	0.05	0.11
Office of the Veterinarian									
1. Prevention and control of animal pests and diseases	0.40	0.41	0.48	0.17	0.61	0.53	0.40	0.22	0.10
a. Procurement of animal biologics, supplies & equipment (endemic diseases) in city level or for two or more barangays					0.80				
b. Distribution of biologics and supplies for endemic diseases in city level or in two or more barangays					0.05				
c. Establishment of local quarantine checkpoints that cut across two or more barangays					0.10				
d. Assist in the dissemination and enforcement of policies, rules, and regulations on prevention and control of animal pests and diseases					0.05				
e. Mass production and distribution of biocon agents in the city level and for two or more barangays					0.00				
2. Animal breeding stations	0.19	0.13	0.12	0.48	0.29	0.24	0.10	0.11	0.20
3. Other services of the office	0.07	0.28	0.39	0.15	0.28	0.33	0.00	0.21	0.26
Tourism Office									
1. Tourism development	0.08	0.20	0.17	0.13	0.26	0.12	0.00	0.00	0.06
2. Promotion of tourism products and attraction	0.55	0.18	0.29	0.50	0.20	0.48	0.50	0.10	0.05
3. Tourism facilities and other tourist attractions	0.12	0.10	0.13	0.10	0.11	0.18	0.00	0.02	0.08
4. Security services for such facilities	0.02	0.03	0.04	0.02	0.02	0.08	0.00	0.00	0.01
5. Acquisition of equipment		0.03	0.04		0.03	0.09		0.12	0.23
6. Regulation and supervision of business concessions		0.07	0.15		0.05	0.03		0.00	0.00
7. Other services of the office	0.24	0.19	0.18	0.26	0.38	0.13	0.00	0.11	0.11

Municipalities

Office/FSF	Ave. of PS % Share			Ave. of MOOE % Share			Ave. of CO % Share		
	Cluster			Cluster			Cluster		
	1	2	3	1	2	3	1	2	3
Office handling the Special Education Fund									
1. School buildings and other facilities for public elementary schools	0.18	0.08	0.00	0.40	0.37	0.31	0.32	0.20	0.22
a. Construction of school buildings and other facilities					0.00				
b. Maintenance and repair of school buildings and other facilities					1.00				
2. School buildings and other facilities for secondary schools	0.08	0.07	0.00	0.24	0.12	0.16	0.23	0.18	0.05
a. Construction of school buildings and other facilities					0.00				
b. Maintenance and repair of school buildings and other facilities					1.00				
3. Support for education services and facilities	0.28	0.22	0.21	0.43	0.47	0.40	0.24	0.15	0.30
4. Other services of the office	0.10	0.12	0.09	0.18	0.21	0.26	0.15	0.07	0.06
Office of the Agriculturist									
1. Agricultural extension	0.44	0.47	0.39	0.38	0.40	0.36	0.19	0.22	0.22
a. Conduct of training needs assessments and analyses, selection and invitation of farmer leaders and RBO managers and conduct of trainings in provincial scope and for two or more municipalities					0.10				
b. Setting of strategic extension directions, agenda, and plans of the province consistent with national and regional plans and roadmaps					0.10				
c. Provision of relevant assistance and support such as starter kits, livelihood assistance, and after training support to ensure the proper implementation of capacity-building activities for farmer beneficiaries in the provincial level or for two or more municipalities					0.70				
d. Conduct of School-on-the-Air programs in collaboration with the DA in the provincial level or for two or more municipalities					0.00				
e. Promotion of Learning Site for Agriculture in the city level or two or more barangays					0.10				
2. On-site research service	0.16	0.13	0.20	0.12	0.14	0.08	0.07	0.05	0.04
a. Crafting of RDE agenda in the provincial level consistent with the national and regional agenda					0.30				

Office/FSF	Ave. of PS % Share			Ave. of MOOE % Share			Ave. of CO % Share		
	Cluster			Cluster			Cluster		
	1	2	3	1	2	3	1	2	3
b. Conduct of technology transfer and upscaling/outscaling activities for the results and outputs of on-station research activities in the provincial scope level or for two or more municipalities					0.70				
3. Prevention and control of plant pests and diseases	0.18	0.15	0.19	0.18	0.19	0.12	0.12	0.12	0.09
4. Quality control of copra and improvement and development of local distribution channels, preferably through cooperatives	0.10	0.03	0.10	0.10	0.03	0.11	0.25	0.00	0.03
a. Acquisition of area for establishment of facilities in municipality scope level					0.40				
b. Establishment and maintenance of facility in municipality scope level					0.60				
5. Other services of the office	0.37	0.32	0.34	0.45	0.40	0.48	0.46	0.33	0.27
Office of the Engineer									
1. Flood control	0.11	0.10	0.16	0.07	0.09	0.11	0.06	0.06	0.08
2. Roads and Bridges	0.34	0.35	0.36	0.30	0.38	0.29	0.16	0.21	0.25
3. Seawalls	0.15	0.11	0.07	0.03	0.09	0.07	0.00	0.09	0.01
4. Dikes	0.04	0.09	0.10	0.01	0.05	0.10	0.01	0.00	0.00
5. Drainage and sewerage	0.12	0.10	0.13	0.09	0.09	0.08	0.03	0.05	0.06
6. Irrigation Systems	0.07	0.05	0.10	0.06	0.06	0.03	0.02	0.00	0.05
7. Inter-barangay irrigation system	0.08	0.07		0.00	0.09		0.00	0.00	
8. Communal irrigation and small water impounding projects and other similar projects	0.08	0.08	0.10	0.04	0.11	0.10	0.00	0.04	0.10
a. Review technical specification of FS/POW/DED for projects within the province or that cut across two or more municipalities					1.00				
9. Communication facilities	0.05	0.08	0.05	0.01	0.06	0.12	0.01	0.00	0.00
10. Transportation facilities	0.07	0.06	0.08	0.07	0.05	0.07	0.02	0.01	0.04
11. Other services of the office	0.43	0.42	0.42	0.47	0.41	0.50	0.45	0.28	0.42
Office of the Environment and Natural Resources Officer									
1. Enforcement of pollution control law	0.12	0.11	0.12	0.05	0.15	0.08	0.02	0.02	0.01
2. Enforcement of small-scale mining law	0.07	0.05	0.08	0.09	0.04	0.04	0.00	0.01	0.04

Office/FSF	Ave. of PS % Share			Ave. of MOOE % Share			Ave. of CO % Share		
	Cluster			Cluster			Cluster		
	1	2	3	1	2	3	1	2	3
3. Enforcement of other laws on the protection of the environment	0.18	0.15	0.20	0.13	0.09	0.21	0.04	0.11	0.03
4. Solid waste disposal system	0.40	0.36	0.45	0.49	0.61	0.59	0.39	0.28	0.14
a. Construction of sanitary landfill/Tipping for the use of sanitary landfill					0.80				
5. Implementation of community-based forestry projects which include integrated social forestry programs and similar projects	0.07	0.07	0.11	0.15	0.06	0.08	0.04	0.03	0.04
6. Management and control of communal forests with an area not exceeding fifty (50) square kilometers	0.06	0.04	0.10	0.15	0.04	0.06	0.04	0.01	0.03
7. Other services of the office	0.18	0.13	0.31	0.23	0.15	0.26	0.05	0.13	0.11
Office of the Health Officer									
1. Communicable disease control services	0.16	0.17	0.17	0.14	0.16	0.15	0.03	0.09	0.00
a. Assist in the dissemination through localization and enforcement of national policies, rules, and regulations on the control of communicable diseases					0.30				
Identification, operation, maintenance, and sustainability of isolation facilities									
Lead the conduct of province-wide outbreak/epidemic investigations									
b. Procurement and warehousing of ORS and zinc, amoxicillin, filariasis topical creams, leprosy medicines except those distributed by WHO, rabies vaccines, STI meds, dengue NSI kits					0.70				
2. Non-communicable disease control services	0.14	0.14	0.15	0.13	0.12	0.15	0.07	0.02	0.01
3. Nutrition services	0.09	0.08	0.10	0.09	0.11	0.12	0.04	0.01	0.01
4. Maternal care	0.12	0.12	0.11	0.08	0.09	0.11	0.04	0.02	0.00
5. Childcare	0.11	0.11	0.11	0.07	0.08	0.08	0.02	0.01	0.01
6. Purchase of medicines and medical supplies	0.06	0.09	0.05	0.17	0.23	0.13	0.02	0.00	0.01
7. Purchase of infrastructure and equipment needed to carry out the services	0.04	0.03	0.05	0.11	0.04	0.04	0.30	0.62	0.39
8. Family planning (FP) services	0.09	0.08	0.08	0.04	0.06	0.05	0.00	0.00	0.00

Office/FSF	Ave. of PS % Share			Ave. of MOOE % Share			Ave. of CO % Share		
	Cluster			Cluster			Cluster		
	1	2	3	1	2	3	1	2	3
9. Other services of the office	0.16	0.16	0.26	0.17	0.17	0.24	0.09	0.01	0.00
Office of the Hospital									
1. Access to secondary health services									
2. Access to tertiary health services									
3. Other services of the office		1.00	1.00		1.00	1.00		0.00	0.00
Office of the Social Welfare and Development Officer									
1. Community-based rehabilitation for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse	0.11	0.12	0.14	0.07	0.14	0.07	0.07	0.05	0.06
2. Programs and projects on rebel returnees	0.05	0.06	0.05	0.03	0.01	0.04	0.00	0.03	0.00
3. Relief operations	0.13	0.12	0.10	0.11	0.11	0.09	0.03	0.04	0.01
4. Child and youth welfare	0.22	0.26	0.21	0.22	0.29	0.25	0.10	0.18	0.03
5. Family and community welfare	0.15	0.20	0.22	0.20	0.18	0.23	0.05	0.08	0.07
6. Welfare of the elderly and disabled persons	0.13	0.17	0.18	0.23	0.25	0.19	0.11	0.10	0.04
7. Family planning (FP) services	0.06	0.09	0.09	0.01	0.03	0.05	0.02	0.01	0.01
8. Other services of the office	0.21	0.13	0.14	0.14	0.13	0.20	0.12	0.05	0.23
Office of the Veterinarian									
1. Prevention and control of animal pests and diseases	0.56	0.21	0.63	0.51	0.62	0.95	0.16	0.00	0.23
2. Animal breeding stations	0.16	0.01	0.27	0.14	0.16	0.13	0.22	0.25	0.03
3. Other services of the office	0.42	0.13	0.23	0.52	0.33	0.27	0.04	0.00	0.00
Tourism Office									
1. Tourism development	0.24	0.16	0.17	0.23	0.25	0.15	0.11	0.03	0.02
a. Preparation of local tourism development plan					0.40				
b. Compilation, generation, and submission of local tourism statistical report					0.60				
2. Promotion of tourism products and attraction	0.24	0.22	0.26	0.34	0.41	0.35	0.04	0.05	0.01
3. Tourism facilities and other tourist attractions	0.18	0.15	0.13	0.24	0.14	0.23	0.16	0.06	0.06

Office/FSF	Ave. of PS % Share			Ave. of MOOE % Share			Ave. of CO % Share		
	Cluster			Cluster			Cluster		
	1	2	3	1	2	3	1	2	3
4. Security services for such facilities	0.21	0.07	0.07	0.10	0.10	0.13	0.00	0.11	0.01
5. Acquisition of equipment	0.05	0.04	0.06	0.13	0.14	0.05	0.42	0.09	0.51
6. Regulation and supervision of business concessions	0.06	0.04	0.07	0.07	0.09	0.06	0.00	0.04	0.01
7. Other services of the office	0.14	0.17	0.20	0.27	0.22	0.42	0.01	0.09	0.01

Annex I. Unit costs for costing of FSFs for upgrading to minimum service standards

NGA		Unit Costs (in PHP)
DepEd		
Classroom shortage (based on the number of classrooms in K-10)	1,500,000	(Single-storey)
Classroom shortage (based on the number of classrooms in SHS)	2,500,000	(Single-storey)
Number of classrooms needing major repair	650,000	
Number of schools needing electrification	3,000,000	
Number of seat requirement, with 5% replacement	3,100	
NIA		
Non-operational CIS/hectare	400,000	
DENR		
Number of existing Materials Recovery Facility based on DENR data	1,000,000	
DTI		
Gap in the number of existing Negosyo Centers	543,000	(Model B)
	267,000	(Model C)
DOH		
Gap in the number of RHU (based on existing RHUs as of Jan. 2023)	14,872,000	
Gap in the number of BHS (based on existing BHS as of Jan. 2023)	2,223,000	
Gap in the number of Level 1 Beds (based on existing Level 1 Beds as of Jan. 2023)	4,038,222	
Gap in the number of Level 2 Beds (based on existing Level 2 Beds as of Jan. 2023)	4,366,944	

NGA		Unit Costs (in PHP)	
DPWH			
Total Cost of Asphalt/Concrete Road Overlay/km	CAR	- 10,794,103.89	VI - 10,411,802.45
	I	- 9,590,122.52	VII - 10,332,916.12
	II	- 10,130,132.46	VIII - 12,041,398.84
	III	- 8,369,698.16	IX - 14,163,731.94
	IVA	- 8,241,166.48	X - 11,961,734.61
	MIMAROPA	- 12,566,957.59	XI - 12,410,988.88
	V	- 12,468,117.51	XII - 11,645,721.74
			XIII - 16,446,188.91
Total Cost of Asphalt Road Corrections/km (Ratio: 0.5)	CAR	- 11,528,805.67	VI - 11,099,080.50
	I	- 10,306,593.84	VII - 11,027,026.16
	II	- 10,801,360.53	VIII - 12,707,393.18
	III	- 9,047,178.94	IX - 14,903,175.82
	IVA	- 8,977,377.69	X - 12,719,008.03
	MIMAROPA	- 13,299,325.35	XI - 13,089,429.98
	V	- 13,216,565.44	XII - 12,356,627.12
			XIII - 17,167,082.36
Total Cost of Concrete Roads Reblocking/km (Ratio: 0.3)	CAR	- 15,744,640.24	VI - 15,365,425.05
	I	- 14,226,289.94	VII - 16,018,607.22
	II	- 15,291,274.76	VIII - 17,424,509.07
	III	- 13,008,041.42	IX - 19,722,886.79
	IVA	- 12,702,274.73	X - 17,451,484.98
	MIMAROPA	- 18,309,281.33	XI - 17,278,719.64
	V	- 17,734,206.40	XII - 16,504,717.35
			XIII - 22,039,004.19

Note: The NGAs concerned provided the units costs reflected in this table



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