



# THE UNION OF LOCAL AUTHORITIES OF THE PHILIPPINES

**National President/Gov. Dakila Carlo Cua**

**Liveable Cities the Lab on Mandanas Ruling**  
3:00 PM, 20 October 2021

# IRA & THE SC RULING IN THE MANDANAS-GARCIA PETITIONS

## 1987 Constitution, Article II Section 25

“The State shall ensure the autonomy of local government units.”

## 1987 Constitution, Article X Section 6

LGUs “shall have a just share, as determined by law, in the national taxes which shall be automatically released to them”

## Local Government Code (RA 7160), Section 284

LGUs Forty percent (40%) of the national internal revenue taxes (NIRT) based on the collection of the 3<sup>rd</sup> fiscal year preceding the current fiscal year will be given to LGUs

# IRA & THE SC RULING IN THE MANDANAS-GARCIA PETITIONS

## Supreme Court Ruling

- Just share of LGUs from national taxes is not limited to national internal revenue taxes collected by the BIR but also includes collections (customs duties) by the Bureau of Customs (BOC)
- Nullified the pertinent LGC provision and directed the concerned NGAs to rectify the error prospectively
- Expected share of LGUs (FY2022) will increase by PhP234.39B, a 27.61% higher than their entitlement using existing computation

# FULL DEVOLUTION TO MITIGATE THE FISCAL IMPACT OF THE SC RULING

- **Local Government Code (RA 7160), Section 17 mandates the devolution of specific functions, services and facilities to LGUs.**
- **Due to inadequacy of local funds, many of these functions were implemented by NGAs to complement public service delivery.**
- **In view of reduced NG funds, henceforth NGAs must give up all of such functions and LGUs must be empowered to perform them at standard levels of quality and sustainability.**

# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Increase in LGU Share of NT

- P234 B only in FY2022

## Cost of Devolved Functions

- P1.3 T based on FY2021

# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Proposed NEP for FY2022

P5.024T or P500B higher  
than FY2021 National Budget,  
enough to cover newly  
devolved functions

# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Devolution Transition Plans (DTPs)

- **Programs and projects NG-LGU alignment**
  - (incongruent deadlines)
- **Service delivery standards**
  - (minimum cost, scope and quality)

# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Capacity Development for LGUs

- LGUs have different contexts that require customized capacitation
  - (No to One-Size-Fits-All Approach)



# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Growth Equity Fund (GEF)

- Beneficiaries initially defined according to concentration of poverty incidence & low income classification among LGUs
  - IRA-dependent LGUs may be included but performance-based, time-bound
- LGU share for FY2023-2024 expected to decline given lower revenue collections in FY 2020 and possibly in FY 2021 due the pandemic

# FULL DEVOLUTION IMPLEMENTATION CONCERNS

## Support from CSOs

- Formulation of plans, policies & issuances;
- Push for various advocacies & initiatives;
- Feedback Mechanism on local programs, activities and projects;
- Capacity development programs;
- Third Party Monitors



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# THANK YOU!