



July 2016 - June 2019

#### NATIONAL OFFICERS

GOV. RYAN LUIS V. SINGSON  
National President

GOV. AL FRANCIS C. BICHARA  
National Chairman

GOV. ANTHONY G. DEL ROSARIO  
Executive Vice President

GOV. EDGARDO M. CHATTO  
Secretary-General

GOV. JUNIE E. CUA  
Vice President for Luzon

GOV. DAVID C. SUAREZ  
Vice President for Luzon

GOV. ROEL R. DEGAMO  
Vice President for Visayas

GOV. ADOLPH EDWARD G. PLAZA  
Vice President for Mindanao

GOV. FAUSTINO G. DY III  
Deputy Secretary-General for Luzon

GOV. IMEE R. MARCOS  
Deputy Secretary-General for Luzon

GOV. EDUARDO C. FIRMALO  
Deputy Secretary-General for Luzon

GOV. ZALDY S. VILLA  
Deputy Secretary-General for Visayas

GOV. IMELDA Q. DIMAPORO  
Deputy Secretary-General for Mindanao

GOV. HERMINIA M. RAMIRO  
Treasurer

GOV. SUSAN A. YAP  
Assistant Treasurer

GOV. MARIA JOCELYN V. BERNOS  
Auditor

Publication and Public Information Officers

GOV. ELIAS C. BULUT, JR. (Luzon)

GOV. EDGARDO A. TALLADO (Luzon)

GOV. RHODORA J. CADIAO (Visayas)

GOV. STEVE C. SOLON (Mindanao)

#### NATIONAL EXECUTIVE BOARD MEMBERS

Region I GOV. RYAN LUIS V. SINGSON

Region II GOV. JUNIE E. CUA

CAR GOV. JOCEL C. BAAC

Region III GOV. WILHELMINO M. SY-ALVARADO

Region IV-A GOV. DAVID C. SUAREZ

Region IV-B GOV. EDUARDO C. FIRMALO

Region V GOV. AL FRANCIS C. BICHARA

Region VI GOV. ANTONIO A. DEL ROSARIO

NIR GOV. ROEL R. DEGAMO

Region VII GOV. EDGARDO M. CHATTO

Region VIII GOV. LEOPOLDO DOMINICO L. PETILLA

Region IX GOV. ANTONIO H. CERILLES

Region X GOV. HERMINIA M. RAMIRO

Region XI GOV. ANTHONY G. DEL ROSARIO

Region XII GOV. DAISY AVANCE-FUENTES

CARAGA GOV. ADOLPH EDWARD G. PLAZA

ARMM GOV. ESMUEL G. MANGUDADATU

#### BOARD MEMBERS-AT-LARGE

Luzon GOV. ALBERT RAYMOND S. GARCIA  
GOV. MARIO GENE J. MENDIOLA

Visayas GOV. HILARIO P. DAVIDE III

Mindanao GOV. EMMYLOU J. TALIÑO-MENDOZA

#### COUNCIL OF ADVISERS

Members GOV. ARTHUR D. DEFENSOR, SR.

GOV. AMOR D. DELOSO

GOV. DAISY AVANCE FUENTES

GOV. HERMILANDO I. MANDANAS

GOV. ALFREDO G. MARAÑON, JR.

GOV. CARLOS M. PADILLA

GOV. CARMENCITA O. REYES

GOV. ALFONSO V. UMALI, JR.

# LEAGUE OF PROVINCES OF THE PHILIPPINES

Unit 1510, West Tower, Philippine Stock Exchange Centre, Exchange Road

Ortigas Center, Pasig City, Philippines

Trunk lines: (632) 631-0170, 631-0197, 687-5399 | Fax No: (632) 687-4048

Email: lppsec2007@yahoo.com | Website: www.lpponline.org

## ANNEX A OF LPP GA RESOLUTION NO. 2018-004 THE LPP OFFICIAL POSITION PAPER ON THE PROPOSED SHIFT FROM A UNITARY TO A FEDERAL FORM OF GOVERNMENT THROUGH CHARTER CHANGE

1. The LPP fully supports the President's call for a shift from a Unitary to a Federal form of Government through Charter Change to accelerate local development equitably and spread the economic gains throughout the country.

*We believe in its fundamental objective to bring Government closer to the people to be able to immediately address local issues and concerns and effectively implement programs that will enhance the delivery of basic services to the Filipino people.*

**How?** By giving LGUs more power, responsibilities AND adequate RESOURCES through Charter Change to truly make them **“more effective partners in the attainment of national goals”**.

**Why?** To ensure a *“genuine and meaningful local autonomy”* making governance more transparent and accountable to the people since LGUs are at the frontline of service delivery. This will relieve the central government of the burden of managing local affairs and enable it to concentrate on national and international issues and concerns.

**When?** 25 years after the enactment of the 1991 Local Government Code, which already transferred most of the functions and responsibilities to LGUs through devolution, the logical next step to fully decentralize is to federalize. As former Senate President *Aquilino “Nene” Pimentel* said, *“Federalism is the natural next step after local autonomy.”*

LPP has continuously lobbied for the amendment of vital provisions of the LGCode that will: (1) increase the IRA and transfer more funds from the National Government to LGUs for the devolved services; (2) ensure genuine fiscal autonomy by levelling the playing field for all LGUs and capacitate them to impose local taxes to augment its revenues, but to no avail. Previous administrations opposed to let go of its fiscal control to LGUs. Hence, the time to change our Constitution is NOW while President Rodrigo Duterte, a former Mayor himself, has the political will, determination and commitment to bring this much-needed change for our country and people.

2. The Provinces are pro-federalism but are also deeply concerned of the many ramifications of a sudden shift in the system and structure of Government. Hence, we need to determine the Roadmap through prior consultations with LGUs that will provide a gradual transition that will be to the best interest of the country.

An abrupt and rapid change may only result to rushed or hasty policy decisions that may run counter to the very objectives we want to achieve under a Federal system of governance.

The operative transition will need more time inasmuch as Government, national and local, will have to adopt major fiscal policy changes. Foremost of this would be capacitating all stakeholders for the shift in powers, functions and responsibilities from the national to the sub-national levels.

*Enhancing the Gains of Decentralization and Local Autonomy...*

Correlated to this is the shift in fiscal policy that will transfer more funds from the central to the local governments and allow the LGUs to participate more significantly in the country's economic development, through a more viable contribution to the GDP through an increased share in public spending. In Asia Pacific, the average annual share of its sub-national governments in public spending is 34% which correspondingly yields a higher % share in GDP. Hence, the LPP is advocating for a Fund Augmentation Reform for LGUs to increase the 16% annual average share of our LGUs in the national budget in order to sustain the gradual transition to a Federal form of government.

3. **We strongly advocate status quo wherein all 81 Provinces should remain as the autonomous sub-national level or independent "States" under the general supervision of the duly-elected President of the Federal Government, overseeing all its component Cities, Municipalities and Barangays.**

Instead of allocating and spending scarce and limited government resources in creating additional layers of bureaucracy for the proposed Regional States, we strongly support STATUS QUO by allocating said funds directly to LGUs (i.e. Provinces, Cities, Municipalities and Barangays) for the delivery of basic services. Each Province shall be empowered to impose within its territory or jurisdiction taxes, charges, and fees not being imposed by the Federal Government and shall determine the administration and distribution of local taxes among the local government units within its jurisdiction.

In its place, the League supports the strengthening of the existing Regional Development Councils, special metropolitan political subdivisions, or other similar bodies composed of Provincial Governors and Highly-Urbanized City Mayors and representatives from NGOs, as created under Sec. 14 of the 1987 Constitution, for purposes of administrative decentralization and inter-LGU coordination to strengthen the autonomy of the LGUs therein and to accelerate the economic and social growth and development of its communities.

4. **During the transition to a Federal form of Government, we urge the full implementation of the 1991 Local Government Code to ensure genuine local and fiscal autonomy.**

Hence, the LPP strongly urges the Duterte administration, the Oversight Committee created under Sec. 533 of RA 7160, and for Congress to exercise its Oversight function, the Department of Budget and Management (DBM) and all other National Government Agencies (NGAs), especially those whose functions and responsibilities have already been devolved to LGUs, to ensure the full implementation of the provisions of the 1987 Constitution, the 1991 Local Government Code and its Implementing Rules and Regulations (IRR) as per AO 270, Executive Order No. 507 on the transfer of appropriation for devolved services and facilities to the LGUs' IRA, the 1997 National Internal Revenue Code, and other laws and Supreme Court jurisprudence, in order to attain a genuine local and fiscal autonomy as a means to enhance the LGUs' powers, functions and responsibilities and resources of local governments that will result to a **gradual increased share of local revenues of all local government units (LGUs), both from internal and external sources of revenues, including the IRA,** through the following:

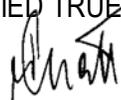
- a. Direct download to LGUs of funds for devolved programs, projects and services of National Government Agencies (NGAs) leading to an actual transfer of funds in the General Appropriations Act (GAA) following the strict implementation of Sec. 17 (h) of RA 7160 which states that: *"Regional offices of national agencies or offices whose functions are devolved to local government units as provided herein shall be phased out within one (1) year from the approval of this Code"*.

- b. Amend the DBCC Resolution on the determination of the Revenue base, which is still based on an old inoperative law, PD 144, as amended by PD No. 1741, which have already been superseded by RA Nos. 7160 (LGCode) and 8424 (1987 NIR Tax Code) and ensure the rightful computation of the 40% IRA share of LGUs from the National Internal Revenue Collections “actually realized”, as certified by the BIR, and not after deducting Special Funds and Special Accounts, in accordance to existing laws, to include the internal revenue collections of the Bureau of Customs (BOC) on VAT and excise taxes on imported goods;
  - c. Immediate release of due shares of LGUs from national wealth and other special laws, including the Assistance to LGUs or ALGU and other conditional grants, such as but not limited to the Assistance to LGUs, CMGP, and similar funds intended for the delivery of basic services. Henceforth, under a Federal government, the respective LGUs shall be the collecting agent for the national wealth and natural resources collections with the obligation to remit the due share to the Federal Government; and
  - d. Ensure a levelled-playing field to strike a balance between economic strongholds and those parts that are not so much economically developed by amending the Situs of Tax and in its place, adopt the Tax-of-origin fiscal policy to spread the gains of economic development in the countryside.
5. **The LPP will actively participate in the continued policy dialogues, public hearings to be conducted by Congress, as well as in President Duterte’s official advocacy to amend the Constitution of the Republic of the Philippines to gradually move towards a FEDERAL System of the Government.**

We strongly reiterate our recommendation that the LPP should have its duly-authorized Representative to be an official member of the Consultative Committee under the Office of the President, created under Executive Order No. 10, in order to provide the much-needed perspective from the local government sector to ensure the best possible revisions to the 1987 Constitution under a Federal form of Government.

ADOPTED, this 11<sup>th</sup> day of January, 2018.

CERTIFIED TRUE AND CORRECT:



**GOV. EDGAR M. CHATTO**  
*Secretary-General*

ATTESTED BY:



**GOV. AL FRANCIS C. BICHARA**  
*National Chairman*



**GOV. RYAN LUIS V. SINGSON**  
*National President*