

Comments on the Proposed Constitutional Amendments by the  
the Inter-Agency Task Force on Federalism (IATF) and the Constitutional Reform Movement (CORE)

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1. IATF

Comments on:

**A. Fiscal Strengthening of the LGUs (Sec. 6, Art. X):**

- a. **IATF proposal on pages 2 to 4**, particularly items A(4) Why is there a need to constitutionalize the Supreme Court ruling instead of legislative reform? and A(5) What are the benefits of increased share from the Internal Revenue Allotment?

The claim is that constitutionalizing the Supreme Court ruling will ensure a just and fair share of the LGUs in the IRA and the increased share of the IRA will resolve the perennial problem of unfunded mandates:

1. It is true that the broader base for IRA computation implied by the Supreme Court Mandanas ruling will give increased funding to local governments to fund unfunded mandates, however, including this and the specifics for the computation of IRA in the Constitution should be reconsidered or combined with provisions that hold local governments accountable or give specific remedial actions if they DO NOT fulfill their mandates even in the very basic Local Government Code of 1991 (LGC, R.A. 7160). In addition, steps should be considered and taken to help LGUs fulfill their basic mandates such as to improve the utilization of the IRA and planning and capacity at the local level, especially given the evidence in a forthcoming PIDS study that:
  - a. **Sec. 287 of the LGC** mandates local governments to “appropriate in its annual budget **no less than 20% of its annual IRA allotment for development projects.**” This is called the Local Development Fund. Historically, as in 2016, **local governments do not fulfill this mandate** by spending an estimate of **only 76% of IRA on development projects**. The increase in IRA because of the Mandanas ruling should come with safeguards to **ensure local government compliance with this basic mandate** especially since this translates in a larger amount of funds that should be spent on development projects and that the increased allocations to local governments reduces the amount available for the national government. This in turn would restrict the grant assistance for development projects that about 50% of municipalities claim to request from national government agencies directly and through the Regional Development Councils.
  - b. **Sec. 106(a) of the LGC** mandates each local government to have a **comprehensive multi-sectoral development plan and DILG guidelines require that these be updated every six (6) years**. COA reports suggest that the insufficient utilization of the LDF is primarily because of poor planning on the part of LGUs. Therefore, whether or not the Mandanas rule be included in the Constitution, there should also be safeguards that local governments fulfill this mandate to have updated comprehensive multi-sectoral

development. Especially, since **the evidence shows that in 2017 less than half municipalities had updated plans:**

- i. Only, 5% had updated CLUPs
- ii. Only, 40% had updated CDPs
- iii. Only, 31% had updated LDIPs

This and the LDF are basic mandates under the LGC of 1991 that have not been completely fulfilled by LGUs and of which safeguards and enforcements should be highlighted with any changes in the Constitution that these may impact or be impacted by.

**b. Term Limit (HCR No. 1 items B1 to B.3 and CORE Items (9) and (10) pages 6/7 and Item (13), page 8)**

In general, there is evidence that shortening the length of office creates a disincentive because of higher electoral expenditures due to more frequent elections but less than proportionate benefits while in office. The converse implies that lengthening the term of office might provide more incentive and time to adjust to the position and implement substantial mandates/reforms. The proposal to increase the term of office of the locally elected officials (LCE) and representatives is aligned with this. However, the proposal to maintain the maximum number of terms in the HCR No. 1 proposal should be substantiated since it effectively increases the maximum number of years in office of LCEs and representatives to 10 years. **The evidence of a forthcoming PIDS study cited above showed that the low compliance rate of the mandated updated development plans (enumerated above) in 2017 were under local chief executives that were on the average in office for six (6) years.** Extending the term is understandable but extending the maximum number of years in office does not seem to be supported by the evidence.

Specific comments:

1. With respect to the proposed changes to term and term limits:
  - a. **The proposed shortening of the term of office of a Senator must be explained.** There is some evidence that shows that there is a tendency of higher campaign expenditures and reduced campaign returns which may prove to be a disincentive to officials elected for this position.
  - b. The proposed lengthening of the term of office of both a member of the House of Representative and locally-elected officials to four (4) years is understandable since this would provide another year for the official to be able to set-up and implement desired policy and reforms in one term. This is also aligned, as converse, to the evidence of shortening of terms.
  - c. **However, the proposal to lengthen the maximum allowable consecutive years in office to twelve (12) from nine (9) needs to be justified.** Sparse evidence on term limits shows that politicians reaching term limits impose different tax and expenditure policies from their first years in office which also depends on certain

political affiliations. There is hardly any evidence of improved development outcomes with elected officials that have rendered maximum term limits.

2. With respect to the amendment to Sec. 8: “The term of office of elective officials [, except for barangay officials, which shall be determined by law,]”
  - a. **If the square brackets indicate a deletion of the enclosed phrase**, i.e. including barangay officials in the definition of elective officials, then **this proposed amendment enhances efficiency, equity and certainty in public service** by treating all elective officials the same as well as creating certainty in the term of office and reducing the cost for having to hold barangay elections separate from local elections.

## **B. Regional Development Authority**

### **IATF Item B(6) Creation of a Regional Development Authority (Strengthening the Regional Development Council) Section 14, Article X:**

- Under what office will the RDA belong to? What is the structure?
- **(11) Functions of the RDA:** The results of a 2019 PIDS study on the planning-budgeting framework for LGUs showed that though there are guidelines in place with regard to coordinating development plans across different levels of government, the link between city/municipal and provincial planning should be strengthened since the **mandate of the RDCs is only provincial**.
- **CORE Page 7, Item (12): RDAs will have a just share as determined by law “ON THE BASIS OF THEIR FINANCIAL NEEDS, ORGANIZATIONAL CAPACITIES AND RESOURCES.”** What is meant by this comment? Is there a proposed revision in the IRA formula?

## **C. Political and Electoral Reforms**

- Why should the development fund for political parties be included in the national budget?

## **D. Liberalization of Economic Provisions**

- PIDS fellows have expressed both support and concern with “unless provided for by law” highlighting that there should be caution and consistency in the final version of the amendment.