



LEAGUE OF CITIES OF THE PHILIPPINES

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Reference No. 2018-03-05

Advisory

FOR : THE HONORABLE CITY MAYORS

**SUBJECT : UPDATES ON THE EXECUTIVE SESSION WITH DBM
SECRETARY BENJAMIN DIOKNO ON 1 MARCH 2018
RE LBC No. 116**

DATE : March 2, 2018

Yesterday, 01 March 2018, LCP had a fruitful dialogue with DBM Secretary Ben Diokno with regard to Local Budget Circular No. 116 which sets the guidelines on the utilization of the P2.5 billion pesos assistance to cities for the public spaces program. We are grateful for the support and presence of the Cities present yesterday, which impressed the DBM Secretary.

As a background, in 2017 LCP had various discussions with DBM representatives for a package of assistance to cities since we had been disqualified on the Assistance to Disadvantaged Municipalities and the KALSADA Project. It was identified that a Public Space Program is an initiative that better suits the cities and that a P5B pesos funding will be set aside in the national budget to support this initiative. Regrettably, the budget reflected in LBC 116 as assistance to cities is P2.5 billion pesos. LCP organized the Executive Session to seek clarifications on the implication of the 50% cut to cities and explore alternative financing options to complement the significant cut. According to Secretary Diokno, the assistance to cities has been cut due to the P50 billion pesos fund requirement for the implementation of the Free Tuition Law or RA 10931. However, Secretary Diokno committed that his Department will defend the increased for assistance to cities in the succeeding budget deliberations. He asked city mayors and representatives to help him show the legislators that cities can utilize the fund properly.

We are delighted to share that there had been some quick gains in the following areas:

- 1. Deadline for the Submission of the Conceptual Design has been EXTENDED to 30 March 2018.** During the session, city mayors and representatives articulated that the 28 February 2018 deadline for the submission of Conceptual Design is too soon considering that LBC 116 was only uploaded in the DBM website on 29 January 2018 and that according to Item 3.5 of the same Circular, a series of workshops will be conducted to share best practices on public open



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spaces designs. It is LCP's position that it would be more logical to submit the conceptual design after the workshops have been conducted. Secretary Diokno saw the merit of our arguments and agreed to extend the deadline to 30 March 2018.

- 2. Available financing options identified.** Secretary Diokno shared that cities can tap the People Survival Fund, Municipal Development Fund, and the Greening Fund to finance their other public space projects. During the session, some city mayors and officials argued that these funds have its own limits. For instance, no disbursements have been made on the People Survival Fund due to its highly technical requirements while the Municipal Development Fund appeared to have a bias in assisting municipalities than cities. Secretary Diokno said that he will create a unit within the DBM to help cities access these funds. LCP welcomed the creation of the help-desk.
- 3. Current sharing formula will be revisited.** During the session, city mayors and representatives manifested that the current sharing formula of 50% land area and 50% population is simple but not responsive to the objectives of the public space program. There had been suggestions to include equal sharing as one of the components similar to the IRA or to revise the formula by increasing the weight for the land area to 60% since the program is about building public spaces. Secretary Diokno responded that DBM is open to suggestions on improving the current formula and encouraged city mayors and representatives to submit their recommendations.

As a next step, we are planning to organize an audience with the President to identify a fund within the President's budget to complement the 50% cut in the assistance to cities. We understand that several public spaces proposals cannot be funded by the existing allocation and we will continue to lobby for a fund to complement the cut for all cities. At the minimum, our goal is to assist the 41 cities that received an allocation of less than 10 million pesos within the year.

For your information.

Very truly yours,

Atty. Shereen Gail C. Yu-Pamintuan
Executive Director