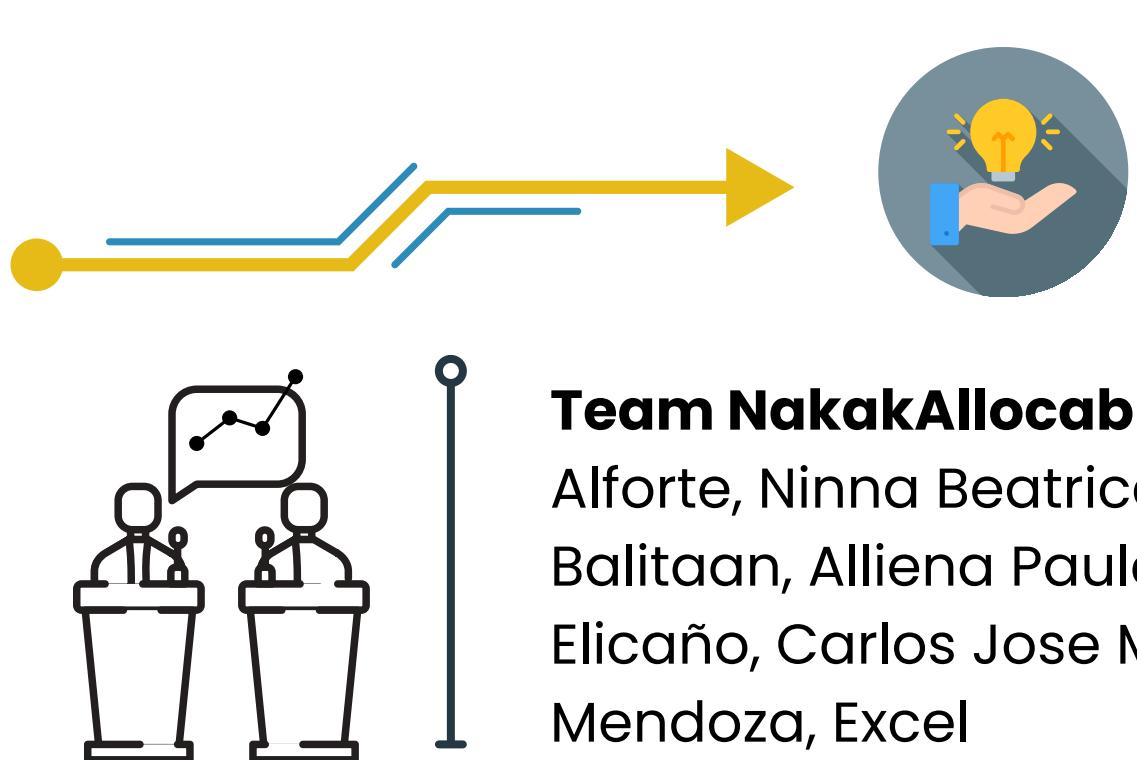


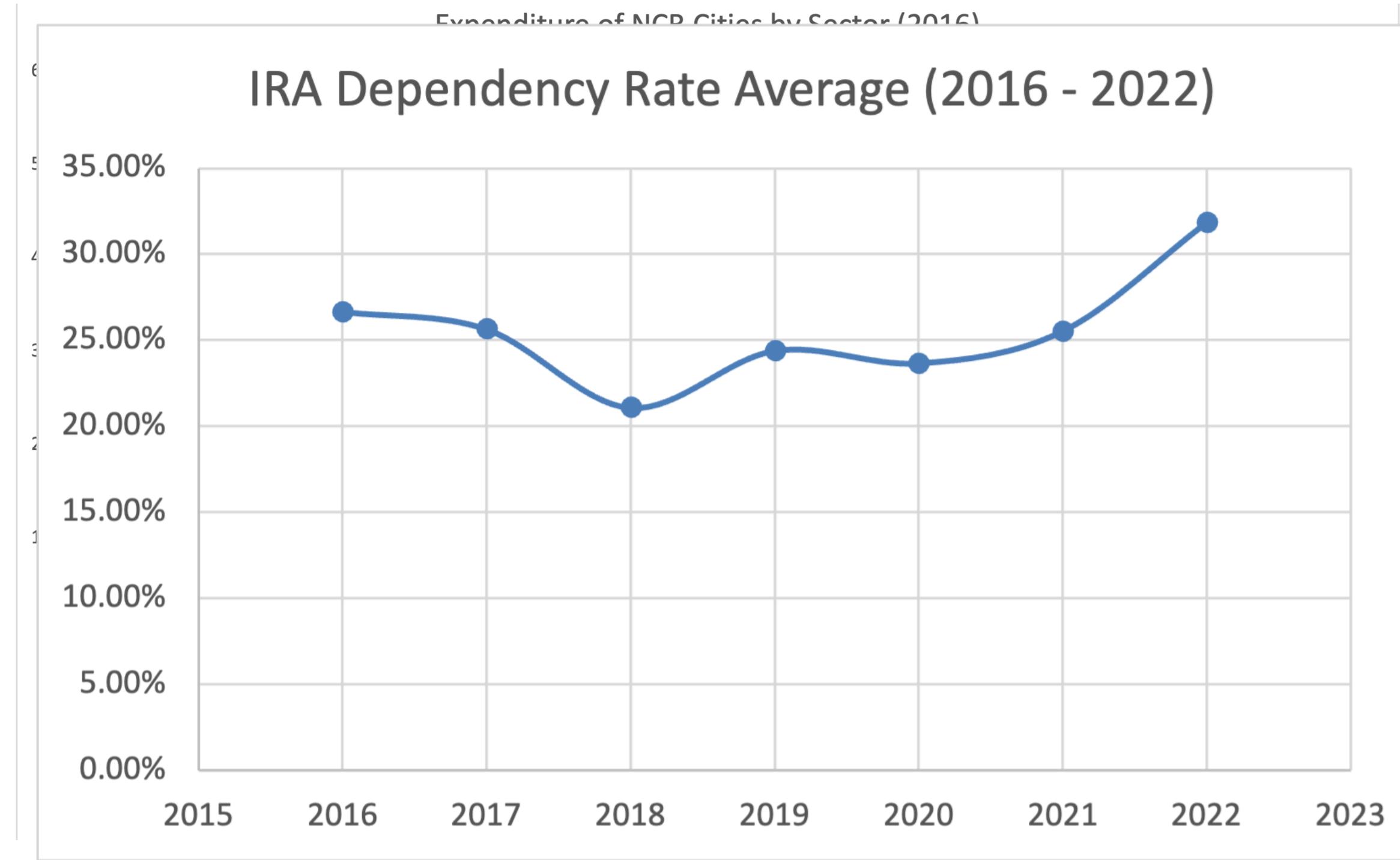
The Paradox of NCR: High Fiscal Capacity, Sub-Optimal Utilization



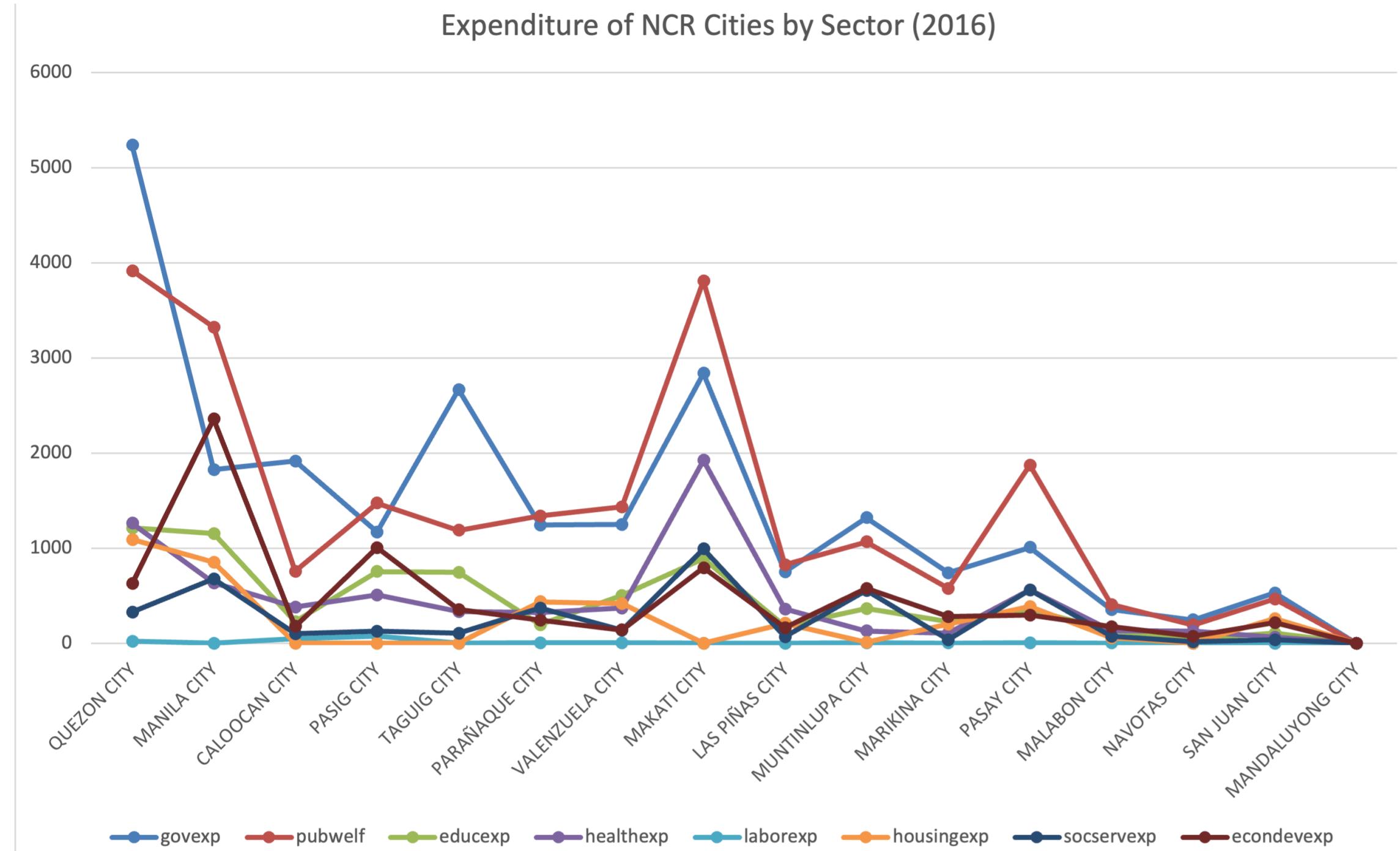
Did you know that NCR cities have a **high fiscal capacity?**

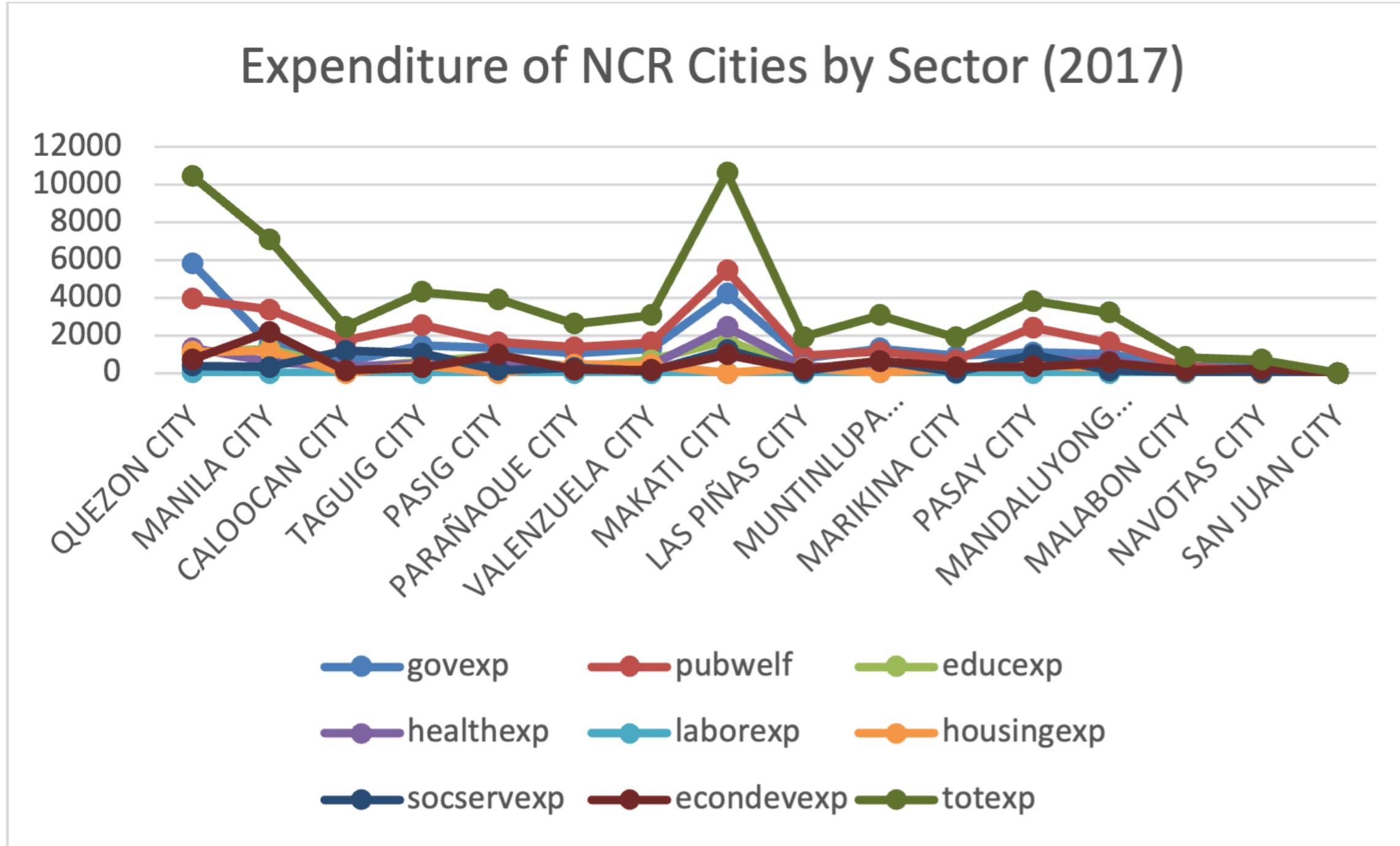
Expenditure of NCD Cities by Sector (2016)

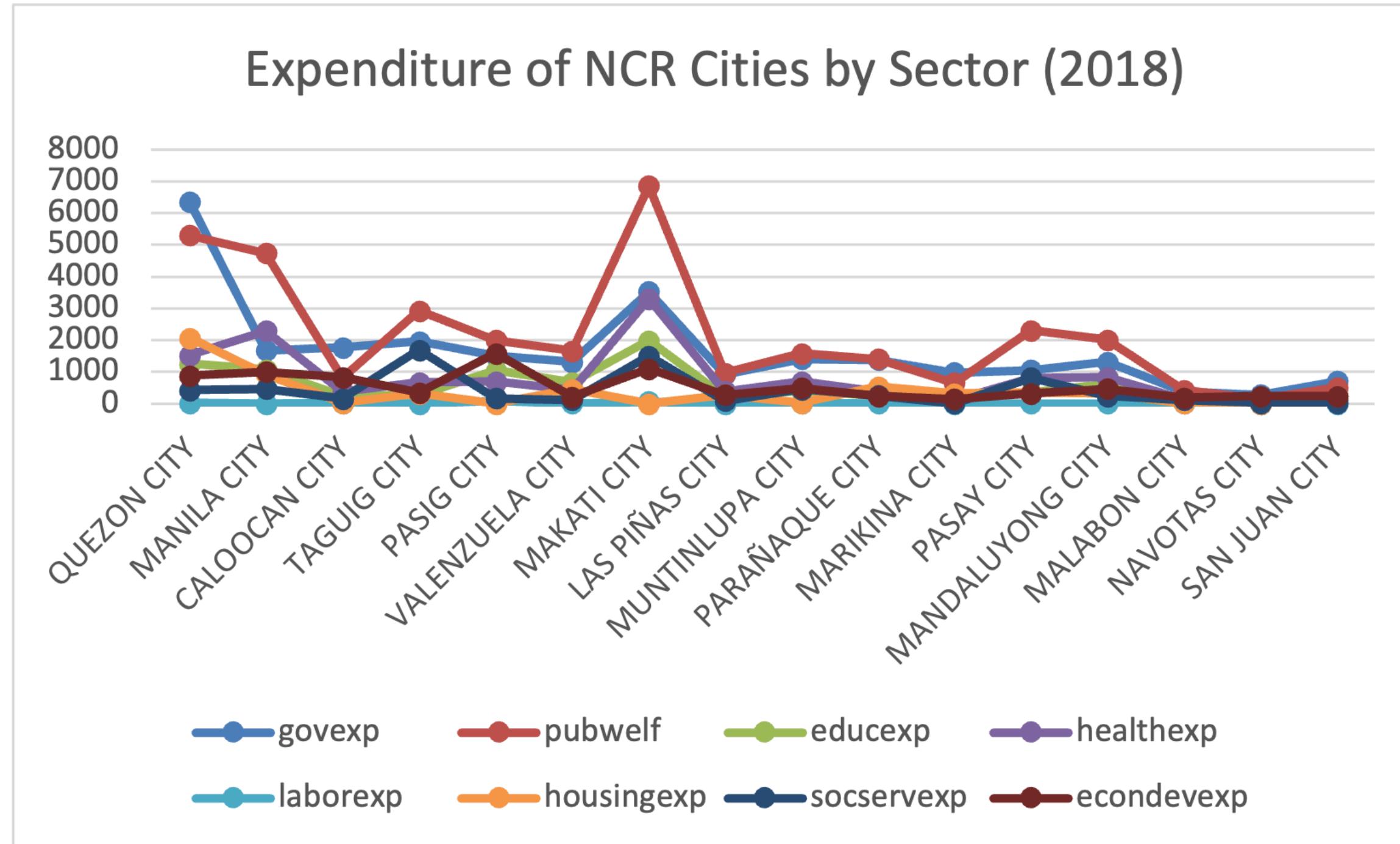
IRA Dependency Rate Average (2016 - 2022)



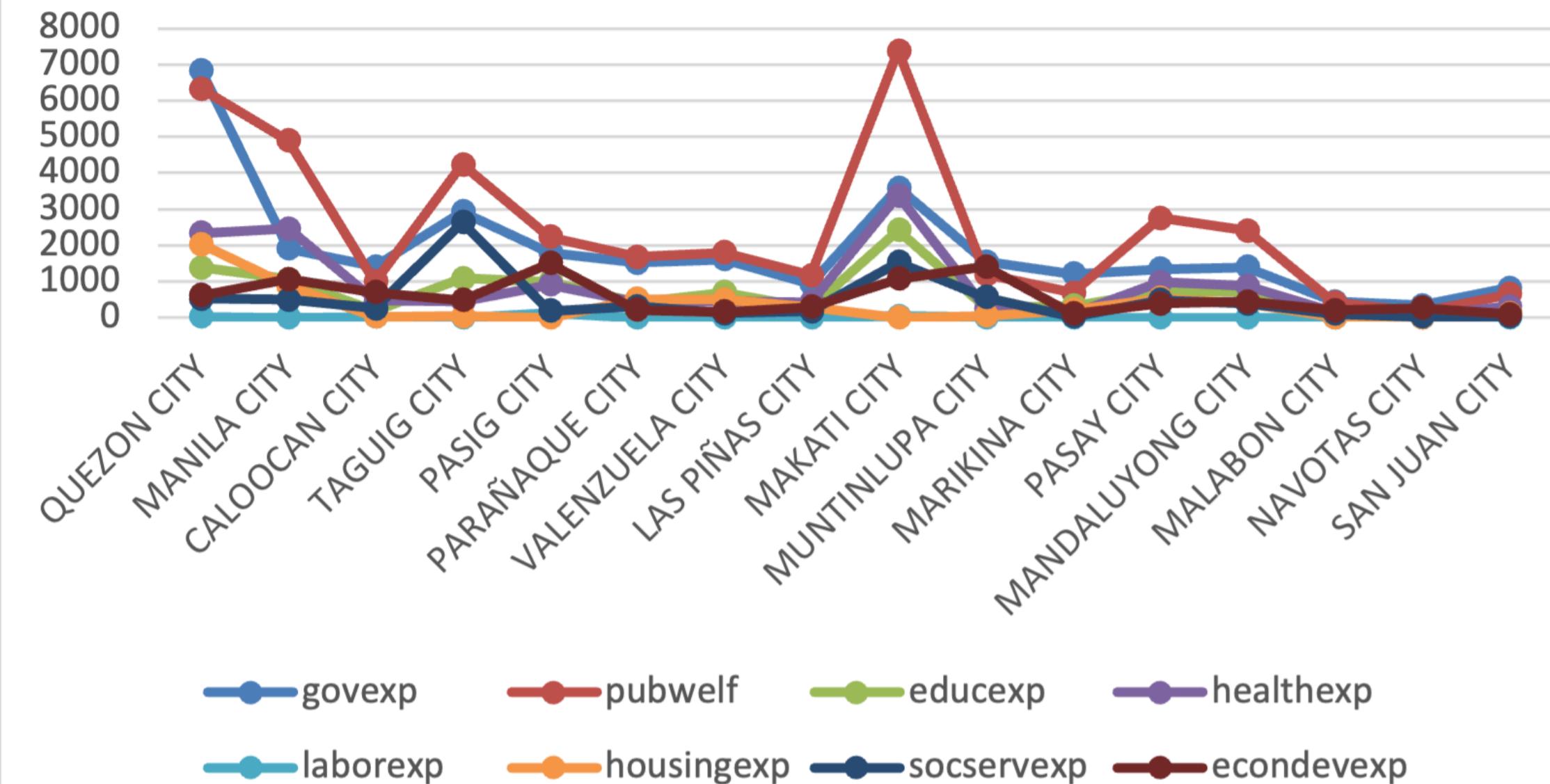
Expenditure of NCR Cities by Sector (2016)

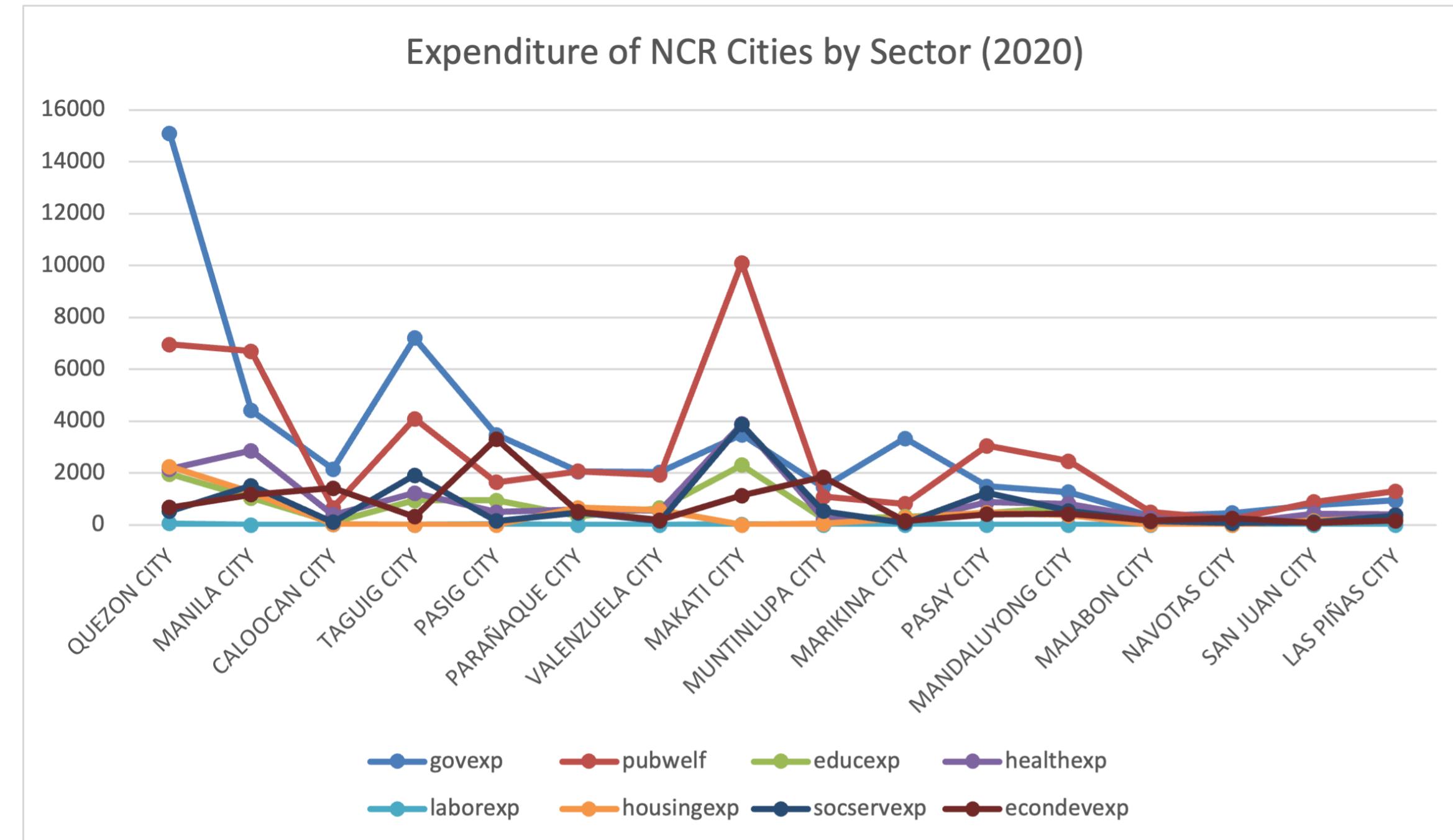


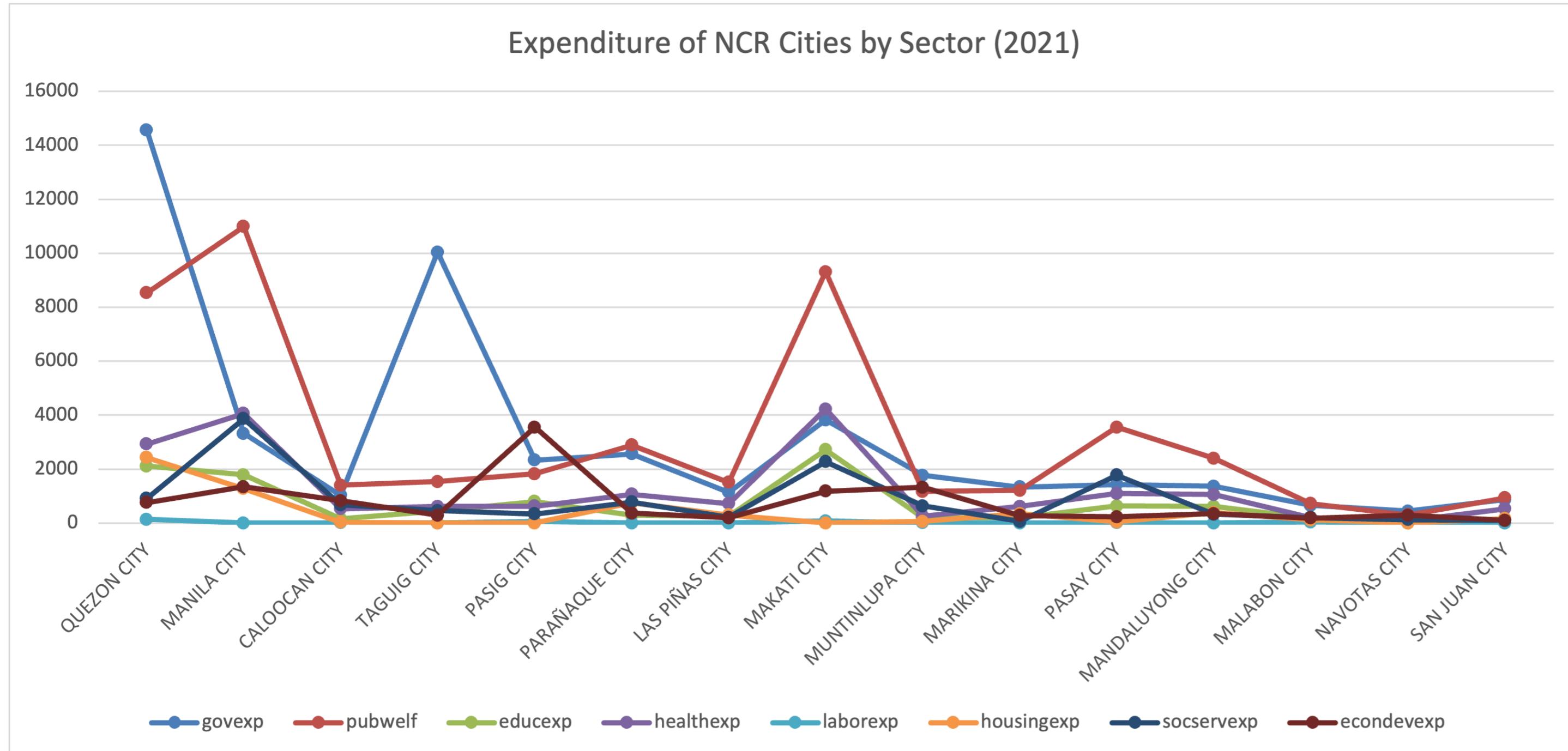


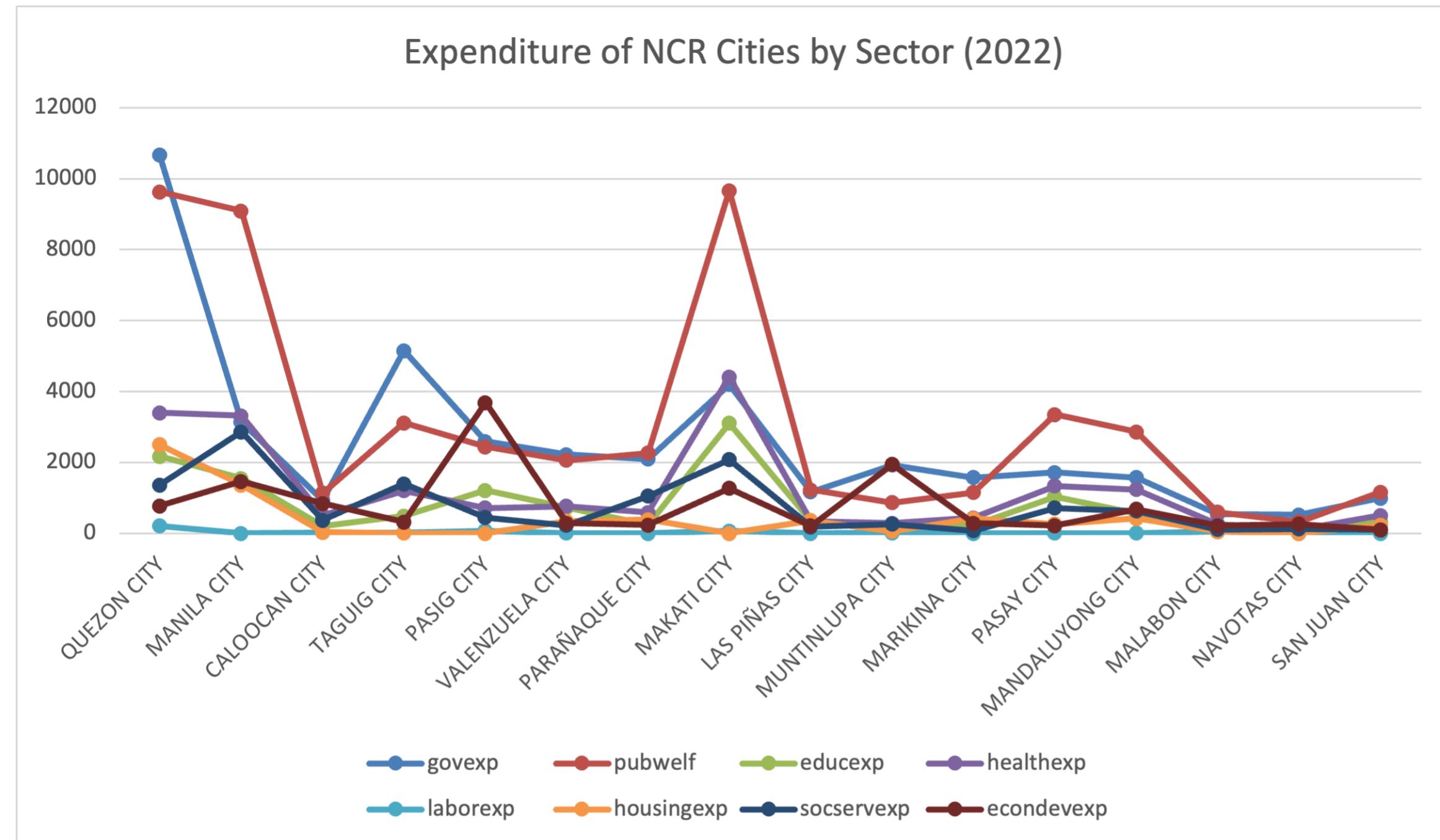


Expenditure of NCR Cities by Sector (2019)









**But did you also know that NCR cities face the challenge of
suboptimal utilization leading to excess income?**

Averaged Total Income vs. Averaged Total Expenditure, FY 2016-2022 (in millions PHP)





Problem Definition

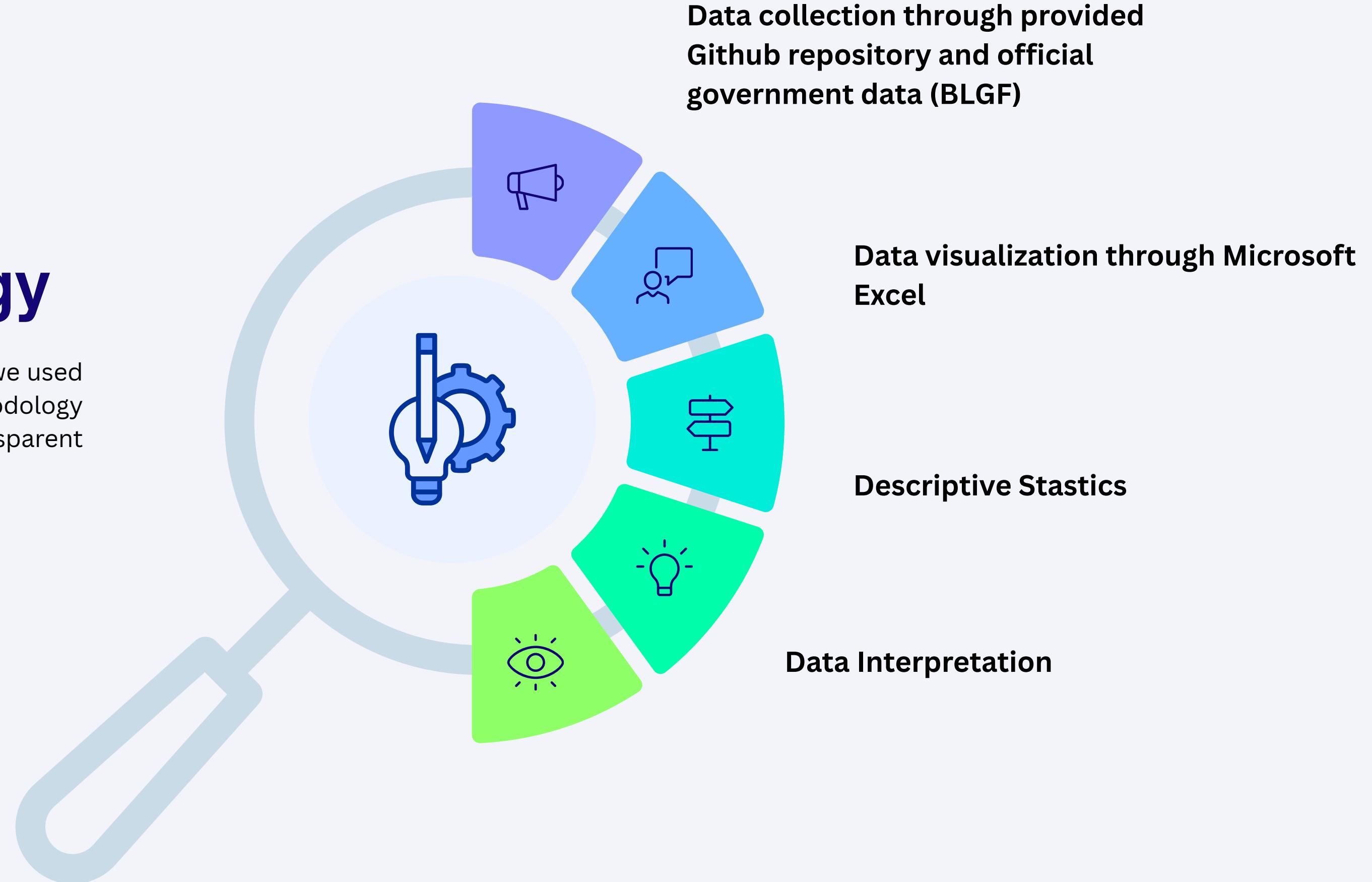
Suboptimal Fiscal Utilization

The situation facing NCR LGUs is analogous to a powerful engine (high fiscal capacity) that is only running at throttle (sub-optimal utilization), leaving substantial power unused instead of converting it entirely into accelerated public service delivery and infrastructural development.

NCR LGUs earn far more than other local governments, around 15× higher than provinces and 10× higher than non-NCR cities, driven mainly by strong collections from business taxes and real property taxes (Bureau of Local Government Finance)

Methodology

In developing our policy pitch, we used an evidence-based methodology grounded in reliable and transparent data sources.



Problem Analysis

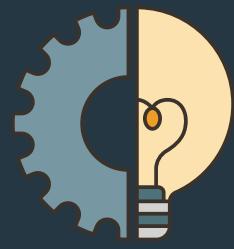
Excess Income Trend

**Local Chief Executives
Discretionary Power**

**Programmed budgets are not
entirely followed due to
underutilization**

**The looming challenge of full
devolution**





Alternative Solutions



Introduce a “Social Inequality Index” for Budget Distribution. Recommend that the IRA incorporate indicators such as:

- poverty incidence
- income inequality (Gini coefficient)
- access to basic services
- population

This index would adjust NTA shares so that cities with deeper inequality (e.g. Malabon) receive more support.



Establish timely review and oversight mechanisms for devolution transition

- Review and Monitoring of Devolution Transition Plans
- Non-LGU Partner Engagement
- Open Communication



Invest in an ARTA-aligned system that feeds real-time information on budget execution, procurement, and project progress.

Recommendation

We recommend investing in an ARTA-aligned system that feeds real-time information on budget execution, procurement, and project progress.



Feasibility

- Many NCR LGUs already use digital tools, making integration realistic.
- ARTA alignment reduces administrative barriers.
- Moderate cost and can be implemented in phases.

Impact

- Speeds up procurement and project implementation.
- Converts high fiscal capacity into actual services and infrastructure.
- Increases transparency and timely decision-making.

Risk

- Varying technical capacity may affect data quality.
- Possible resistance from officials wary of reduced discretion.
- Integration and data security issues may arise.

Call to Action

Creating Effective Lead Generation Campaigns

EMPOWER.



Empower effective governance and strong institutional frameworks, to translate financial resources to tangible development outcomes.

ESTABLISH.



Establish robust accountability mechanisms to prevent misappropriation of funds

ENSURE.



Ensure continuity of implemented mechanisms through partnership engagements for oversight and monitoring

Service



THANK YOU

