

**BY THE PRESIDENT OF THE PHILIPPINES**

**EXECUTIVE ORDER NO. 48**

**ESTABLISHING A PROGRAM FOR DEVOLUTION  
ADJUSTMENT AND EQUALIZATION**

**WHEREAS**, Republic Act 7160, otherwise known as the Local Government Code of 1991 conferred upon local government units (LGUs) specific functions, powers and responsibilities to continue and effectively implement the delivery of basic services and facilities devolved to them by the national government agencies (NGAs) and offices pursuant to the provisions of said Code;

**WHEREAS**, the NGAs concerned have effected the devolution of basic services, powers and responsibilities and the transfer of assets, liabilities, personnel, equipment and records to LGUs not later than June 30, 1992 pursuant to Executive Order 503, series of 1992;

**WHEREAS**, the EO 503, series of 1992, likewise directed recipient LGUs to provide appropriate funds in their respective budgets for maintenance and other operating expenditures of the transferred personnel and assets, among others;

**WHEREAS**, based on the results of the status appraisal on the functions and services devolved to the LGUs, there is an urgent need to undertake resource mobilization and augment the funding required to ensure the effective implementation and delivery of devolved services and maintenance of transferred assets and facilities;

**WHEREAS**, to establish increased participation in achieving the priority agenda for action of the national government on food security and poverty alleviation, there is the urgency to address the critical needs and recognize the vital roles of local government units at all levels;

**WHEREAS**, there is an urgent need to ensure the full and effective implementation of devolved basic services and facilities by LGUs through the establishment of a mechanism for addressing policy, program and resource issues arising from the devolution of functions and services to the LGUs towards autonomy, decentralization and efficient governance;



**NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA**, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order that:

**Section 1. Establishment of a Program for Devolution Adjustment and Equalization.** A Program for Devolution Adjustment and Equalization is hereby established to facilitate the process of enhancing the capacities of local government units in the discharge of the functions and services devolved to them by the NGAs concerned pursuant to the Local Government Code.

The Program shall seek to achieve the following objectives:

- a) Address the current shortfalls encountered by LGUs in the implementation of devolution-related programs, projects and activities;
- b) Establish a fund allocation system and equitable distribution schemes to cover the cost of devolution for the effective exercise of the devolved functions and services by the LGUs;
- c) Adopt and institutionalize a performance incentives system and counterparting schemes for LGUs to enhance their devolved functions and services;
- d) Provide the opportunities and access to resources and technical assistance that will enable LGUs to build their capacities for the effective discharge of the devolved functions and services;
- e) Strengthen cooperation and partnership among the key proponents in undertaking legislative and policy advocacy for the meaningful implementation of devolution;
- f) Develop and facilitate cooperative arrangements among NGAs, Government-owned and -controlled corporations (GOCCs), LGUs, private financial institutions and foreign bilateral and multilateral organizations for purposes of resource mobilization and funds generation;
- g) Ensure effective monitoring and assessment of devolved functions and services of LGUs and track performance and accountabilities of LGUs in attaining the objectives of devolution.

**Section 2. The Devolution Committee.** The Devolution Committee, as constituted in consonance with Book IV, Title Three, Sec. 533 (b) of Republic Act 7160, otherwise known as the Local Government Code of 1991, shall formulate and issue the appropriate rules and regulations necessary for the effective implementation of this Executive Order. The Devolution Committee may call on any government agency or instrumentality, as may be deemed necessary in the exercise of its mandate under this Executive Order.



**Section 3. The Secretariat.** A Secretariat is hereby created to coordinate and implement the provisions of this Executive Order and such policies, implementing rules and regulations, as may be promulgated by the Devolution Committee. The Devolution Committee shall adopt the appropriate and necessary organizational structure and staffing pattern of the Secretariat subject to existing rules and regulations governing such purposes.

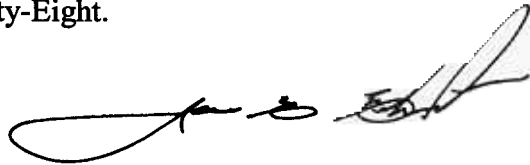
**Section 4. Funding.** To address the funding shortfalls of functions and services devolved to the LGUs and other funding requirements of the Program, the Devolution Adjustment and Equalization Fund is hereby created. For CY 1998, the Department of Budget and Management is hereby directed to set aside an amount to be determined by the Oversight Committee based on the devolution status appraisal surveys undertaken by the Department of Interior and Local Government. Said Fund shall be sourced from the available savings of the national government for CY 1998. For CY 1999 and succeeding years, the corresponding amount required to sustain the Program shall be incorporated in the annual General Appropriations Act. The Devolution Committee shall issue the implementing rules and regulations governing an equitable allocation and distribution of said Fund to the LGUs.

The Devolution Committee is hereby authorized to allocate an amount not to exceed one-half of one percent of said Fund for the operating and maintenance requirements of the Committee and the Secretariat.

**Section 5. Administrative and Implementing Guidelines.** The Devolution Committee shall adopt administrative and implementing guidelines as may be necessary to implement this Executive Order.

**Section 6. Repealing Clause.** All orders, issuances, rules and regulations or parts thereof, which are inconsistent with this Executive Order are hereby repealed or modified accordingly.

DONE in the City of Manila, this 7<sup>th</sup> day of DEC, in the year of Our Lord, Nineteen Hundred and Ninety-Eight.



By the President



**RONALDO B. ZAMORA**  
Executive Secretary

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